

CENTRAL RAKHINE STATE (JAN. 2022)

FARMER SNAPSHOT

Mercy Corps - Market Analysis Unit

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In the first week of January, 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 125 Mercy Corps program participants in Kyauktaw, Minbya, Mrauk U, Pauktaw, Ponnagyun and Sittwe townships. This report is a follow-up to surveys in November and December 2021 and a report on the same respondents one year ago. MAU reports are available online at www.themimu.info/market-analysis-unit

Key Highlights

- Respondents saw incomes rise in early January, although many still earned less than last year;
- Thirty-six percent of respondents grew their savings in early January, while 29% depleted it;
- Forty-two percent of respondents reduced non-food spending to deal with financial challenges;
- Seventy percent of respondents suffered crop damage from pests, which likely reduced vegetable supply and helped drive up some vegetable prices in January;
- Livelihood inputs remained expensive for many, yet other market-related challenges receded;
- Concerns about high prices for consumer goods remained ubiquitous, despite decent availability;
- Access to medicines remained difficult for some respondents;
- Food insecurity indicators improved in early January, yet they remained slightly worse than last year.

Financial Health of Households

In early January household incomes were improving from the previous month, although there were only modest changes in household savings. Fifty-one percent of respondents said their household income was the same or higher than at this time last year (Chart 1). Twenty-six percent of respondents said their income was higher than last year, up from just 5-8% who said this in November and December. Income improvements were greatest in Minbya, Mrauk U and Ponnagyun townships, where just 35-45% of respondents reported lower income than last year. The portion of respondents with savings was unchanged in early January (82%), although levels of savings changed somewhat. Thirty-six percent of respondents saw their savings increase in early January, while 29% saw it decrease (Minbya and Ponnagyun townships had a larger share of gains). As a result, the overall portion of respondents with savings equal to two or more months of expenses rose from 57% in December to 67% in January (Chart 2).

Respondents' means of coping with livelihood challenges were largely unchanged from the previous month, with continued emphasis on spending savings and reducing non-food expenses. In early January, 63% of respondents said they spent savings in the past thirty days, and 42% reduced non-food spending—both down only slightly from December (Chart 8). Other coping behaviors remained relatively uncommon as of early January. That said, asset sales and especially new borrowing were somewhat more widespread than in the previous month. Twenty-nine percent of respondents borrowed (up from 14%) and 23% sold an asset (up slightly from 17%). Increases in new borrowing and asset sales were observed mainly in Sittwe, Pauktaw and Kyauktaw townships.

Livelihood Challenges and Impacts on Farming

Many respondents complained of high input prices and pest damage in January, but other livelihood-related concerns receded. Seventy percent of respondents said crop damage from pests was a major challenge in January, up from 63% in December. Moreover, retailer interviews suggest that pest damage may have reduced vegetable supply and helped drive up prices.¹ The portion of respondents who struggled with low prices for their goods or services fell from 50-60% in past months to 25% in early January, and just 18% of respondents said weak demand was a challenge (Chart 7). Many respondents still struggled to access livelihood inputs (53%), although with paddy harvest largely concluded, the portion who struggled to find labor fell to just 12% in January.

In early January most respondents had begun selling their recent paddy harvest and many were optimistic about the overall paddy output in their township. The portion of respondents selling paddy reached 86% in early January, up from 50% in December. With harvest largely behind them, respondents were increasingly optimistic about the total output in their communities. The portion of respondents who believed the total paddy output in their township would be the same or higher than last year rose again in January, up from 59% in early December to 70% in early January. In fact, the portion of respondents who believed total output would be higher than last year reached 41% (it was just 23% the previous month). Optimism about paddy output was greatest among respondents in Kyauktaw, Minbya and Ponnagyun and weakest among those in Sittwe.

Besides pest damage, very few winter crop farmers expected various other market-related challenges to disrupt their winter crop sales this season. No respondents expected transportation limits or market closures to inhibit their crop sales, and almost none anticipated poor demand. A few respondents continued to worry about low vegetable prices, but this was fewer than in December (11%, down from 15%).

Chart 1. Income Relative to Last Year

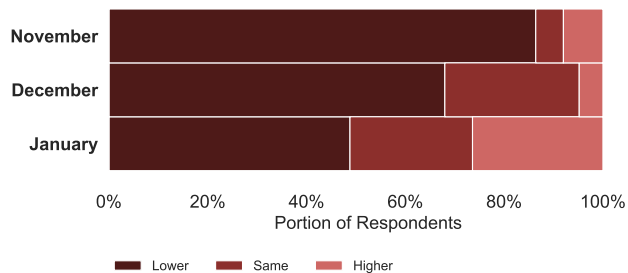


Chart 2. Level of Savings

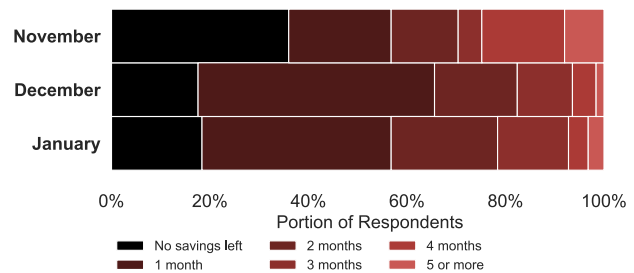


Chart 3. Income-Related Challenges

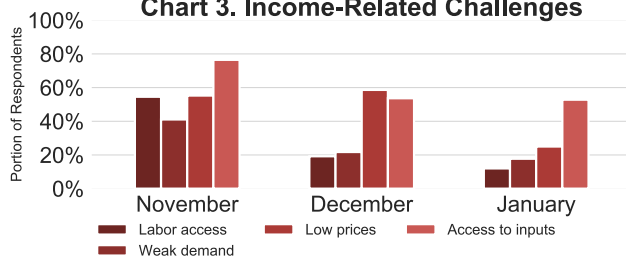
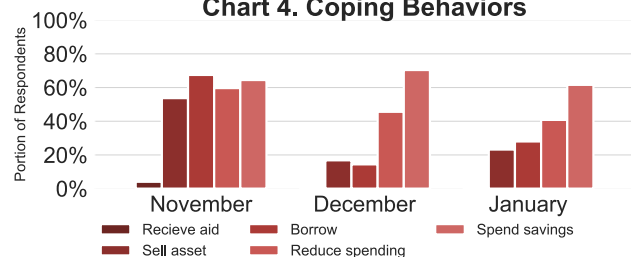


Chart 4. Coping Behaviors



Access to Markets and Goods

The portion of respondents who said limited or declining income prevented their purchase of consumer goods declined in early January, although worries about high prices for these items remained widespread. More than half of all respondents (56%) said limited or reduced household income prevented their access to goods,

¹ Market Price Report – Rakhine, Market Analysis Unit, December 2021.

although this was down significantly from 72% in December (Chart 6). This improvement was visible across townships, except in Sittwe where the portion of respondents worried about their income rose from 58% in December to 74% in January. For the third straight month, more than 95% of respondents said high prices prevented access to goods. Thirty-six percent of respondents also remained concerned about access to cash (down slightly from 41% in December), but none said COVID-19 or armed conflict was a major concern.

Travel behavior changed slightly in January, with fewer respondents leaving their village to buy goods. Travel to other townships to buy goods remained rare in January (2%), and travel to towns was less common than before (Chart 9). The portion of respondents who said someone from their household traveled to town to buy goods in the past thirty days fell from 95% in December to 70% in January (this was observed across townships).

The availability of consumer goods in Central Rakhine State appeared to be quite good in early January, although a small number of respondents still struggled to find various NFIs. All respondents said agricultural products like rice, pulses, vegetables, meats and even cooking oil were “easy to find” in January. Moreover, the portion of respondents who said various NFIs (e.g., hygiene, medicines, shelter) were easy to find climbed from 53-79% in December to 80-98% in January. Among the categories of goods measured, medicines were most difficult to find with 20% of respondents reporting “a little difficulty” locating medicines in shops.

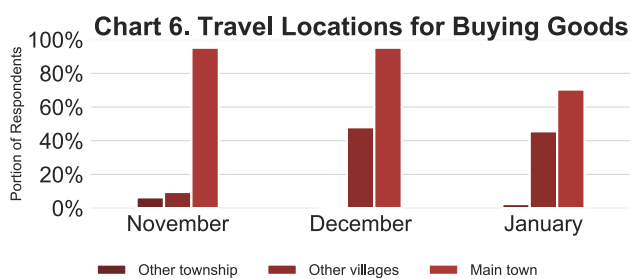
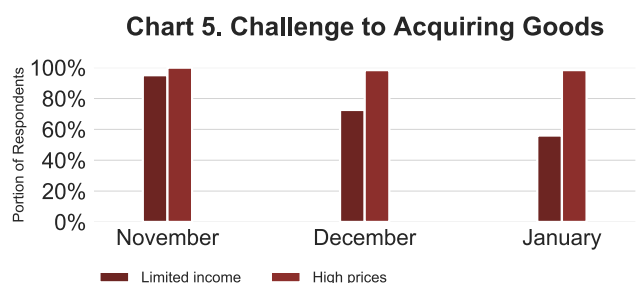
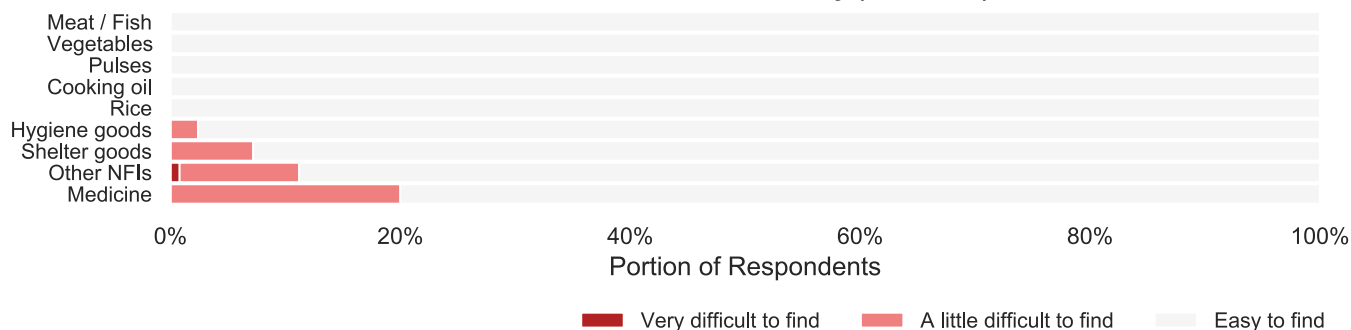


Chart 7. Product Availability (Jan. 2022)



Food Insecurity Indicators

Food insecurity indicators appeared to be improving in January and the most common indicators were half as prevalent as they were the previous month, yet the picture remained slightly worse than January of last year. Thirty-eight percent of respondents said someone in their household worried about not having enough food to eat in early January (down greatly from 70% in December), 42% said someone was unable to eat nutritious food (down from 58%), and 30% said someone ate limited varieties of food (down from 40%). One outlier was the portion of respondents who said someone in their household ate less than they thought they should due to lack of money or other resources, which rose from 6% in early December to 18% in early January (Charts 3 and 4). Month-to-month improvements in food security mirrored those observed at this time last year, although food

insecurity indicators remained slightly worse than last year with respect to consumption of nutritious and diverse foods.

Chart 8. Food insecurity Indicators in Early-December

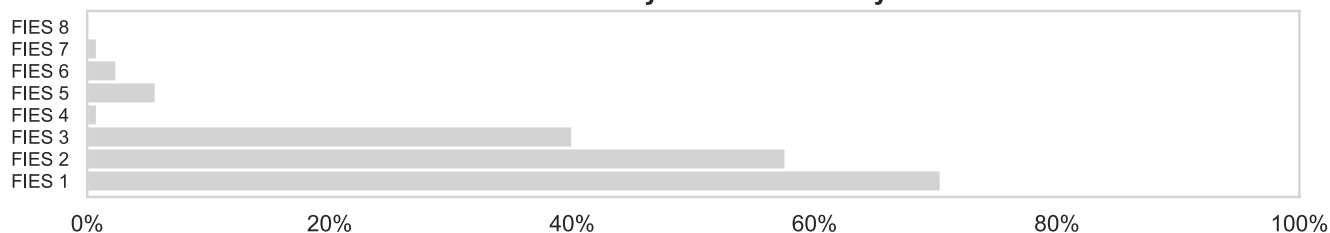


Chart 9. Food Insecurity Indicators in Early-January

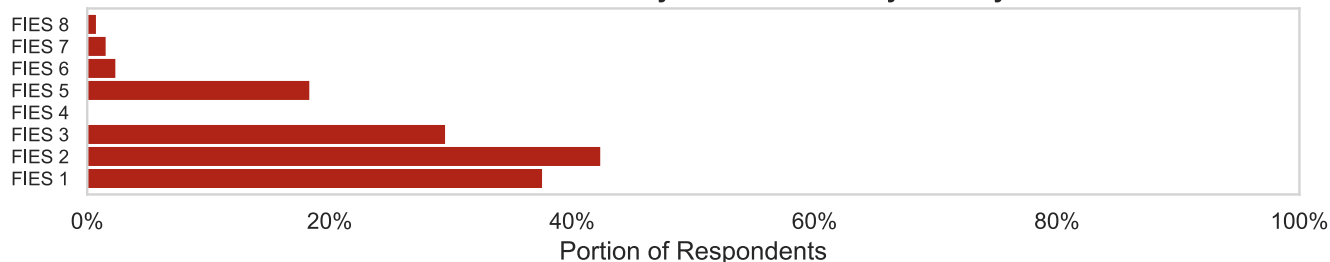


Table 1. Definitions of Food Insecurity Experience (FIES) Indicators

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

- **Cash assistance likely remains an effective aid modality in Rakhine State** – Food and NFIs remain available while access to cash remains poor, suggesting that cash assistance could be very effective;
- **Crop damage from pests could contribute to higher vegetable prices this winter** – Until or unless traders tap into additional local produce supply, vegetable prices may be higher than normal;
- **Food assistance for the most-needy remains important given high consumer prices** – Higher winter crops prices may prove welcome to farmers, but they could negatively impact nutrition in non-farmer households which must purchase vegetables;
- **The need for household assistance will likely rise in coming months** – The positive livelihood and food security improvements tied to the end-of-year paddy and winter crop harvests likely amount to a seasonal peak, with most households facing much harder months ahead.

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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