SNAPSHOT OF FARMERS' PERSPECTIVES:
PADDY AND WINTER CROPS (NOVEMBER 4-9, 2020)

Mercy Corps - Market Analysis Unit

December 16th, 2020

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 growing season and upcoming winter crop season. Data collection included phone interviews during November 4-9 as well as a small number of key informant interviews (KIIs) the following week. The study used a convenience sample of 183 farmers (76% paddy farmers and 94% winter crop farmers) from six townships, including Kyauk Taw, Minbya, Mrauk U, Pauktaw, Ponnagyun and Sittwe. The data represent a second-round panel of the same respondents interviewed October 7-13, 2020.

Key Highlights

- **Poor weather affected 73% of respondents in October but improved by November,** boosting farmers' outlook for the coming winter crop season.
- **Sixty-five percent of respondents reported higher than usual labor wages,** and 75% expected high wages to persist into December as paddy harvest continues.
- **Half of paddy farmers had begun harvesting by mid-November,** while expectations for paddy sales were mostly unchanged from the month prior.
- **Seventy-seven percent of winter crop farmers planned to sell "most" of their yield** this season (up from 62% in October), and by early-November most had begun cultivation.
- **Most winter crop farmers plan to grow staples like chili, long bean and eggplant,** and a quarter plan to increase land, fertilizer or labor inputs this season (over 2019 levels).
- **High labor costs could reduce workforce size and delay manual harvest**, leading to reduced paddy quality and output.
- **Fewer COVID-related restrictions may help reduce local labor shortages,** although land access and displacement from conflict continue to impact labor supply and wages.
- **Favorable November weather could boost winter crop yields and drive down prices** for common vegetables like long bean and eggplant.

I. Challenges and Expectations

Poor weather affected twice as many respondents in late-October compared to the month prior (73%, up from 38%) but began to improve in November (Chart 1). In KIIs, farmers said heavy rains in late-October complicated paddy harvest preparations and damaged nurseries; however, by early-November weather improved and reduced concerns about damage and pest. Conflict and COVID also remained problematic for half of respondents, with 49% saying conflict was a significant challenge and 61% saying the same of COVID. This was unchanged from the previous month, however respondents appeared somewhat more optimistic when looking ahead to November-December. Only 14% expected challenges from COVID to worsen (down from 54% in October) and 25% expected challenges to wane (up from 12%). In KIIs, respondents were optimistic about less COVID transmission—and thus fewer restrictions on activity—as rains subside and the monsoon flu season ends. However, expectations on conflict remained

static. Those expecting challenges from conflict to worsen or improve remain unchanged at 51% and 5%, respectively (Chart 2).

Eighty percent of respondents experienced at least one significant livelihood-related challenge in early-November, slightly less than the portion who said this the month prior. Poor labor-availability, access to inputs, transportation, or sales each affected 50-60% of respondents, with sales being slightly less problematic than the others (Chart 3). This is similar or slightly smaller than the portion who cited these challenges the month prior (with the exception of labor-availability, which worsened slightly). Looking forward to November-December, the portion of respondents expecting to experience each of these challenges was slightly larger than the month prior. Labor was a particular concern. Sixty-five percent of respondents reported higher-than-normal labor wages in early November, and 74% expected high wages into December. In KIIs, several respondents reported early-November day wages at 8,000MMK and 10,000MMK for women and men, respectively, although in other locations this was as low as 4,000MMK and 7,000MMK, respectively (in one location wages were equal at 8,000 MMK/day).

II. Expectations: Paddy Output and Sales

Second-round interviews with 139 paddy farmers previously interviewed in October provided a snapshot of expected paddy output and sales for the 2020 season.

Paddy Output – Most respondents continue to expect paddy output volumes similar to 2019, although the picture is mixed. As in October, in November growers were split between those who expect either larger or smaller total output compared to 2019. Those who expected change in output often projected up to 20-30% more or less their 2019 output. This is probably due in large part to cultivating more or less acres this year.[1] According to KIIs, some drivers of estimated output remain the same as those mentioned in October—such as reduced land access or limited investment in inputs due to conflict—but additional explanations included crop damage from late-monsoon rains in October (see *October MAU Farmer Snapshot*).

Paddy Sales – By early November, many respondents began harvesting paddy and fewer worried about future sales amidst loosening COVID restrictions. As of the second week of November, 47% of respondents had begun to harvest paddy although the great majority (93%) had not yet begun to sell it. With respect to expectations for selling paddy in the next 30 days, no one concern stood out more than others (Chart 4). In general, 60-70% cited either poor demand, low price, movement restrictions, or lack of transportation (market closure was just 6%). These rates are a slightly improved from last month (when 70-80% reported these concerns) and overall comparable to the portion who reported experiencing such challenges during the 2019 season, yet they are problems nonetheless. According to KIIs, the slight improvement in sales outlook may be due to loosening movement restrictions by early November; however impacts from conflict remain as unpredictable and worrisome for many farmers.

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[1] November output estimates were also sometimes higher or lower than those provided in October, although the reason for this revision in estimates is not entirely clear.

III. Expectations: Winter Crop Cultivation

Second-round interviews with 172 winter crop farmers previously interviewed in October provided a snapshot of expectations for the season which began roughly in November.

Winter Crop Expectations – Three quarters of respondents began winter crop cultivation by early November, and improving weather conditions fed growing optimism. Almost all respondents who planned to grow winter crops in early-October still planned to do so in November (among those who did not, armed conflict was the most common reason). By the second week of November, 65-75% of respondents had begun land prep, nursery care, or transplanting seedlings, although just 8% had begun to harvest.[2] Compared to responses in October, some said they planned to sell more of what they grow. In other words, the portion who said they planned to sell "most" of their yield rose from 62% to 77% from October to November, and the portion who would sell "very little" fell slightly from 15% to 8%. It is difficult to know the reason for this, although in KIIs some respondents said they may increase winter crop sales to balance losses on paddy.

Winter Crop Resource Allocation – Most respondents point to heavy reliance on common staple crops this winter, and 44% plan to increase allocation of acres, fertilizer or paid labor. This reliance on "safe" staple crops may mark an increase over last year. Most respondents said they would grow chili (67%), long bean (56%) or eggplant (52%), while 20-30% also cited ladyfinger, bottle gourd, bitter gourd, or cucumber—all higher than the prevalence of these crops among respondents in 2019 (see *Respondent Characteristics*). Indeed, half of all respondents said they would change their acreage, fertilizer use, or reliance on paid labor compared to 2019. For each of these, roughly 25-35% said they would increase investment while 10-15% said they would decrease investment (there was little difference among the three). KIIs suggest that the impetus to increase investment in winter crops in November may be driven by good weather, attractively high shoulder-season prices and uncertainty about paddy sales.

Respondent Characteristics: 2020 Winter Crop Farmers

Data in this snapshot is based on interviews with 172 winter crop farmers, of which 70% participated in Mercy Corps winter crop programs in past years. The following summary of their cultivation and marketing practices offer context for the data provided.

- **Land Use –** The respondents are generally land-owning smallholder farmers. During the 2019/2020 season, 81% grew winter crops in a separate plot, while 19% grew strictly in a home garden. Among those growing on separate plots, 86% own the land, which is generally near to their village. Many plots are less than one acre (36%) or one-to-two acres (38%), however 26% of respondents cultivate more than two acres of winter crops.

- **Inputs –** During the 2019/2020 season, more than 90% of respondents purchased fertilizer, pesticide/herbicide and seed for their winter crops, while two-thirds rented equipment and hired labor (male and female) and 41% used credit.

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[2] This question specified sale of "winter crops", however the sample includes some households which also grow monsoon vegetables, which may also explain the small number harvesting quite early.

- **Crop Varieties –** All respondents grow a variety of winter crops. During the 2019/2020 season, the most common winter crops reported were chili (30%), eggplant (23%) and long bean (20%), followed by cucumber, bitter gourd, bottle gourd and tomato (among many others).

- **Sales and Channels –** Nearly all respondents monetize their winter crops rather than grow only for consumption. During the 2019/2020 season, the main sales channels were traders (45%), town markets (30%) and village markets (18%).
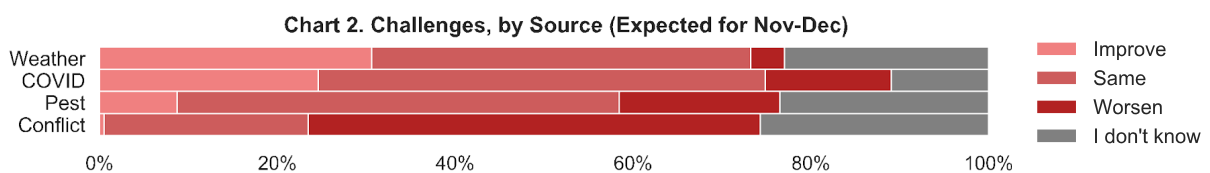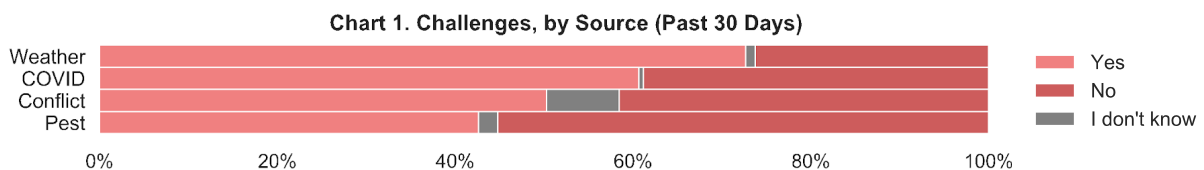
IV. Implications

Paddy Output – High labor costs during paddy harvest may cause growers who harvest manually to do so later than appropriate, reducing paddy quality and output. This late harvest can exacerbate losses from pest and increase the rate of broken grains broken during milling due to improper drying.
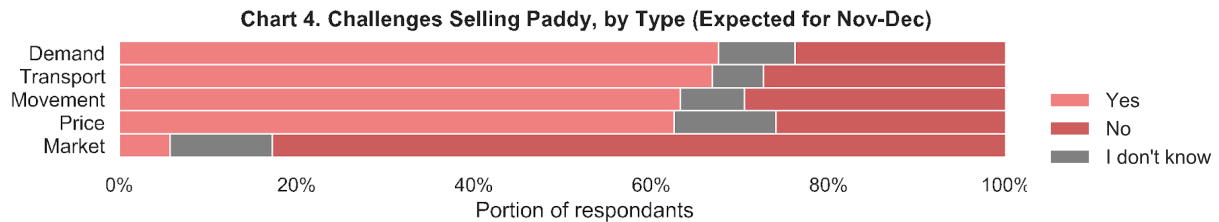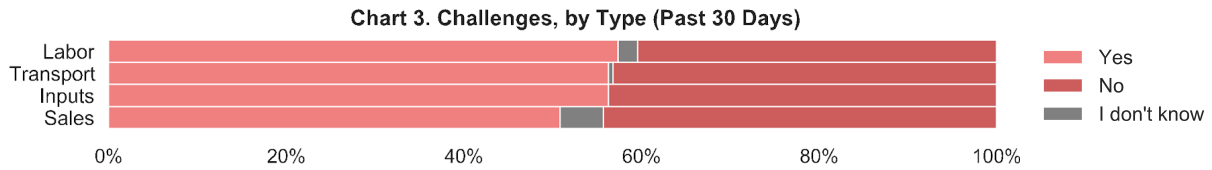
Labor Market Stability – Optimism about less spread of COVID as rains subside—and reduced government restrictions, if this is born out—may help alleviate agricultural labor shortages. Fewer COVID-related restrictions and waning fear of becoming sick, as the monsoon flu season ends, may lead to increased movement and help reduce some labor shortages (to say nothing of the public health effects of this). On the other hand, labor markets will continue to be heavily impacted by conflict.

Winter Crop Prices – Favorable early-season weather could lead to strong winter crop yields but also drive down prices for common crops like which do not store well, like long bean and eggplant. If many growers gravitate to common crops, market saturation could become problematic mid-season when supply is consistent, particularly if goods are also imported from central Myanmar.

V. Selected Charts

The below charts summarize responses pertaining to past challenges (Charts 1 and 3) and expected challenges (Charts 2 and 4) pertaining to livelihood activities.

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

Chart 2. Challenges, by Source (Expected for Nov-Dec)

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

Labor
Transport
Inputs
Sales

Legend:
- Yes
- No
- I don't know

Chart 4. Challenges Selling Paddy, by Type (Expected for Nov-Dec)

Demand
Transport
Movement
Price
Market

Portion of respondants

Legend:
- Yes
- No
- I don't know

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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