

CENTRAL RAKHINE STATE (DEC. 2021)

FARMER SNAPSHOT

Mercy Corps - Market Analysis Unit

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December 3, 2021 - In the first week of November, the Market Analysis Unit (MAU) conducted phone interviews with farmers in Central Rakhine State to better understand market access and the 2021 paddy season. Data are based on a convenience sample of 142 Mercy Corps program participants. This report is a follow-up survey of the same respondents interviewed one year ago. MAU reports are available online at www.themimu.info/market-analysis-unit.

Key Highlights

- Most respondents earned less income in October compared to last year, and some have no savings;
- Most respondents said the availability of most products was good in October, although some struggled to find medicines, cooking oil and other NFIs, and all struggled with rising prices;
- More than half of all respondents said access to cash was a barrier to acquiring goods;
- Food insecurity indicators have improved since October 2020, particularly the most severe ones;
- Three-quarters of respondents struggled to access livelihood inputs, and half struggled to find labor;
- Paddy farmers currently expect similar yields to last year, despite difficulties acquiring inputs.

Financial Health of Households

Most respondents reported lower income in October compared to the same time last year, and one-third said their household had no savings. In general, respondents painted a picture of financial hardship. Eighty-seven percent of respondents said their monthly income was lower than last year, and just 7% said it was higher. Moreover, 34% percent said their household had no savings at the start of November. Fifty-one percent of those with savings said it would cover expenses for only one or two months.

More than half of all respondents addressed household financial hardship by borrowing, spending from savings, selling an asset or reducing non-food spending. Common coping mechanisms in October included borrowing (67%), spending from savings (60%), reducing non-food purchases (59%), or selling assets (51%). Coping mechanisms were similar across townships, although spending savings was most often reported in Ponnagyun, Pauktaw and Mrauk U Townships.¹ Some respondents appear to be depleting savings, as 52% of those who spent savings in October said they no longer had savings at the start of November. Receiving unconditional aid was very rare among respondents (4%).

Box 1. Sources of Household Income

Most respondents' households rely on farming for their livelihood, although fishing and casual labor are also important for some. All respondents live in villages, and 97% are farmers. Among those who farm, all are growing vegetables this year (e.g., green chili, eggplant, cucumber, long bean) and 85% are growing paddy. However, other sources of livelihood are also important to these households, including fishing (22%), casual labor (12%), trading or retail (8%) and remittances (3%).

¹ The reason for this is unclear. It may be because these households faced greater need or because they had more savings to begin with.

Livelihood Challenges and Impacts on Farming

With respect to households' livelihood activities—both farming and non-farming—most respondents reported difficulty acquiring inputs and many cited weak demand for their goods or services. Seventy-three percent said acquiring inputs was difficult in October, and 53% said acquiring paid labor was difficult. Thirty-seven percent of respondents struggled with poor demand in October, and 48% struggled with low prices for their goods or services. Respondents in Sittwe reported receiving low prices more often than elsewhere, and respondents in Ponnagyun more often reported difficulty acquiring inputs. Fifty-seven percent of respondents said they sold goods or services at discounted prices in the past thirty days. Very few respondents traveled to find new markets (4%) or stored goods for selling later (1%).

With respect to farming in particular, very few have changed the crops they grow but one-third of paddy farmers have adjusted their acreage since last year. All respondents who farmed vegetables in 2020 are doing so again in 2021, although 5% of those who farmed paddy in 2020 are not doing so in 2021. Twenty percent of respondents who farmed paddy in 2020 have reduced their acreage since last year, while 13% have increased it (median acreage remained unchanged at five).² Virtually all respondents said prices increased since last year for all farming inputs, including seed, machinery, labor, fertilizers and pesticides.

Most respondents expect 2021 paddy yields to be fairly similar to last year. While many respondents do expect some change in yield this year, the median expected yield of 51 baskets-per-acre is similar to the median of 50 reported for 2020.³ The average expected change in yield is a 13% increase over 2021.⁴ That said, many farmers have yet to begin harvesting. As of the first week of November, just 29% of respondents had begun harvesting their paddy, and just 12% had begun to sell it. Sixty-nine percent said they will sell primarily to traders, while 13% will sell to households and 9% will sell to millers (8% will not sell any). These sales channels are fairly similar to those reported for 2020, albeit with a slight shift away from millers in favor of traders.

Access to Markets and Goods

With respect to acquiring consumer goods, most respondents said rising prices and declining incomes were barriers for them in October, and more than half said limited availability of cash was too. All respondents said rising prices was a barrier to acquiring goods in October, and 94% said declining income was a barrier. Fifty-four percent of respondents said access to cash was a barrier; cash difficulties were most common in Ponnagyun, Pauktaw and Sittwe Townships. On the other hand, several other factors were rarely a barrier, such as COVID-19 (7%), poor transportation (7%), market closures (3%) and armed conflict (none). Travel conditions appeared good in Central Rakhine State in October, with 94% of respondents (all of whom live in villages rather than main towns) saying someone from their household traveled to town to purchase goods in the past thirty days.⁵

Most respondents said goods were generally available in markets in October, although some faced difficulty finding medicines, cooking oil and other NFIs. Most respondents said finding rice, pulses, meat and hygiene products was “very easy”, and just 11-15% said it was “a little difficult.” Availability of vegetables was quite good, with 97% of respondents saying it was “very easy” to find them. Moreover, none of the goods covered were described as “very difficult” to find.⁶ However, there were some differences among products and townships. For example, there were more reports of difficulty finding goods in Sittwe and Mrauk U Township. For all townships, 34-40% of respondents said finding medicines, cooking oil or other NFIs was “a little difficult.”

² *Snapshot of Farmers' Perspectives*, Market Analysis Unit, November 2020.

³ Yield is here measured in “Burmese baskets” (16 pyi / basket) as opposed to a “Rakhine baskets” (approx. 6 pyi / basket).

⁴ This is because some farmers—particularly those who planted more acres—do expect better yields than last year.

⁵ The sample does not include respondents in restricted villages, or Muslim-majority villages with travel restrictions.

⁶ The survey asked about access to categories of products included in the MAU Market Price Reports.

Food Insecurity Indicators

About one-third of respondents reported some indicators of food insecurity during October, although these indicators were overall half as prevalent as this time last year. Fifty-seven percent of respondents said they worried about not having enough food for their household during the past thirty days, and 34-36% limited the types of foods they ate or consumed meals that were not healthy or nutritious due to lack of money (Chart 2). Twenty percent said someone in their household ate less than they should. However, more severe indicators of food insecurity—such as skipping meals, running out of food, going hungry, or not eating for a day—were each reported by no more than 4% of respondents. In general, food insecurity indicators were most prevalent in Pauktaw Township. That said, nearly all food insecurity indicators were less prevalent than in October 2020, when Rakhine State was emerging from Myanmar’s second wave of COVID-19 (Chart 1).⁷ In particular, several less-severe indicators (e.g., FIES 1, FIES 2, FIES 5) improved significantly compared to October 2020.

Charts 1 & 2. Food Insecurity Indicators

Chart 1. Indicators for October 2020

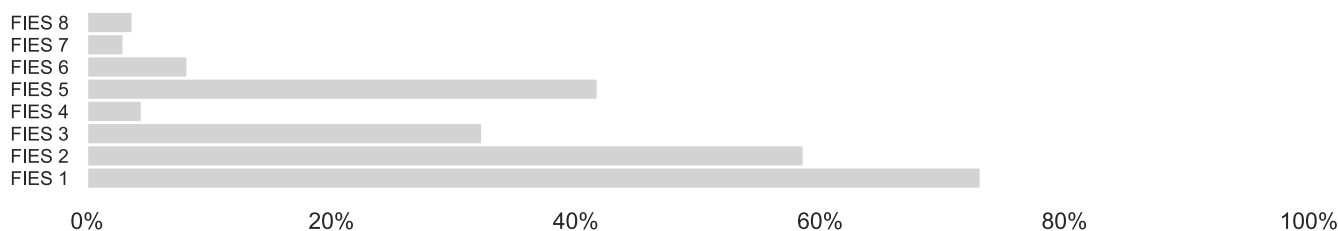


Chart 2. Indicators for October 2021

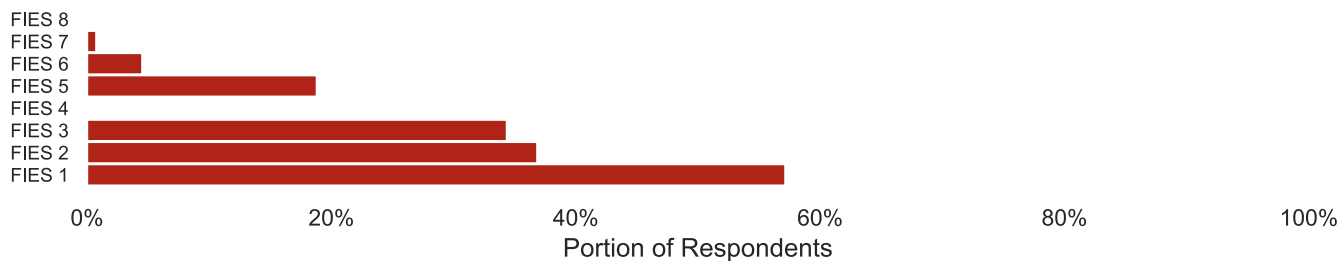


Table 1. Definitions of Food Insecurity Experience (FIES) Indicators

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?

⁷ Food Insecurity Snapshot: Rakhine State Farmers, Market Analysis Unit, February 2021.

Implications

- **Cash likely remains an effective mode of assistance in Central Rakhine State** – The relative accessibility of markets and goods suggests that in-kind support may not be necessary at present;
- **Farmers in Central Rakhine State may be adapting well to input prices increases** – Many farmers report acreage and expected yields similar to last year, suggesting stable investment despite challenges;
- **A second year of fairly stable harvest conditions could boost farmer confidence** – Continuation of the ceasefire in Central Rakhine State and reprieve from COVID-19 could encourage further investment;
- **The 2021 paddy harvest remains vulnerable to renewed armed clashes** – Although farmers appeared optimistic in early-November, renewed conflict or another COVID-19 wave could dash expectations.

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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ACKNOWLEDGEMENTS

Mercy Corps team members contributed to the review and editing of this report.