

SOUTHEAST MYANMAR (DEC. 2021)

FARMER SNAPSHOT

Mercy Corps - Market Analysis Unit

Jon Keesecker

December 8, 2021 - In the first week of November, the Market Analysis Unit (MAU) conducted phone interviews with farmers in Southeast Myanmar to better understand market access and the 2021 paddy season. Data are based on a convenience sample of 69 Mercy Corps program participants located primarily in Demoso, Hpruso and Pekon Townships. MAU reports are available online at www.themimu.info/market-analysis-unit.

Key Highlights

- **Most respondents spent savings and reduced non-food consumption in October** amid continued disruptions to markets and livelihoods;
- **Armed conflict and COVID-19 were barriers to acquiring consumer goods in October**, and market access concerns appeared more prominent than concerns about cash access;
- **Just 45% of respondents traveled outside their village to purchase goods in October**;
- **At least 20% of respondents had much difficulty finding many goods**, with cooking oil, non-food items and especially medicines being the most difficult;
- **Food insecurity indicators are concerning** but less so than expected given market access difficulties;
- **Half of all respondents have reduced planted acreage this year** and most report higher input prices.

Background

Instability from armed conflict and the COVID-19 pandemic continued in northern Kayah State and neighboring Southern Shan State in October and November. The region has struggled with conflict and COVID-19 for months and clashes have reached further down the Loikaw-Bawlakhe highway. As tensions continued in Pekon Township, clashes have intensified further south in Demoso, Hpruso and Bawlakhe Townships. As of November 1, UNHCR reported 10,000 newly displaced individuals in Pekon Township and a total of more than 85,000 displaced in Kayah State.¹ These challenges—coupled with those of the COVID-19 pandemic—continue to disrupt transportation and availability of goods in the region.²

Financial Health of Households

Nearly all respondents reported lower income in October compared to the same time last year, although many still have savings. Ninety-four percent of respondents said their monthly income was lower in October than last year, and none said it was higher. Despite these difficulties, 74% said their household had savings at the start of November. Moreover, one-third of those with savings said it would cover expenses for five months or more.³ That said, savings were least robust in Pekon Township; at least two-thirds of respondents in Demoso and Hpruso had enough to cover expenses for three or more months compared to just half in Pekon.⁴

¹ Myanmar Emergency Update, UNHCR, November 1, 2021.

² Market Actor Snapshot: Loikaw Township Retailers, MAU, November 21, 2021.

³ For comparison, the rate and level of savings compare favorably with measures taken at the same time in Central Rakhine. However, caution is advised when making comparisons between these populations which may be very different.

⁴ Township comparisons should be interpreted with caution as sample sizes are small. They are provided only where differences are most pronounced.

Most respondents reduced purchases or spent savings in October, and many borrowed or received assistance. The most common coping mechanisms in October included reducing non-food purchases (84%) and spending from savings (74%). Forty-five percent of respondents borrowed in October, although just 15% sold an asset. Among those who spent savings in October, 27% said they no longer had savings (respondents in Pekon were slightly more likely to still have savings, although their cushion was thinner). Twenty-three percent of respondents received some kind of unconditional aid in October, all of whom were in Kayah State.

Box 1. Sources of Household Income

Most households rely on farming for their livelihood, although many who are not currently farming instead rely on fishing, casual labor or other activities. Ninety-three percent of respondents live in villages and 65% are now farming. Seven percent of respondents are landless, while the average acreage among those currently farming is two. The major crops now under cultivation include paddy (69%), vegetables (49%), peanut (27%), sesame (24%), and maize (20%). Some also grow soybean and sunflower. Other important sources of livelihood for these households include on- and off-farm casual labor (33%), trading or retail (22%), and fishing (7%). Three percent of respondents rely heavily on remittances.

Livelihood Challenges and Impacts on Farming

With respect to households' livelihood activities—both farming and non-farming—respondents faced a diverse set of challenges in October. Fifty-four percent said acquiring inputs was difficult, and 43% said finding laborers was difficult. Fifty-two percent of respondents struggled with poor demand for their goods or services, and 46% said the prices they received were too low (all three townships were fairly similar in this respect). Respondents' methods of coping with these challenges were also diverse. Forty-three percent of respondents discounted the goods or services they sold, while others stored goods (35%) or kept them for consumption (38%). Some respondents also traveled in search of other buyers or markets (23%). Severe challenges have also caused some respondents to stop farming altogether. Among the one-third of respondents not currently farming, half said this is due to armed conflict and 14% said it is due to issues related to COVID-19.

Box 2. Paddy Cultivation Among Respondents

Wet-season paddy cultivation among respondents appears to be mainly for purposes of consumption. Sixty-eight percent of current paddy farmers had begun harvest by early-November, but only one-quarter said they will sell paddy this year (just 3% have done so already). As smallholders with few acres and multiple crops, most respondents have a fairly small total output. Three-quarters of paddy farmers grow short-duration paddy, one-third grow long-duration paddy, and the varieties they grow appear to be diverse. Most farmers who plan to sell paddy this year expect to sell to millers.

Among those currently farming, half reduced their planted acreage this year and most said price had increased for fertilizers, pesticides and agricultural machinery. Fifty percent of farmers said they are cultivating fewer acres this year than last year, while just 5% said they are cultivating more. Among those currently farming, at least 20% are now growing a crop which they did not last year, and 40% are not growing crops that they did last year. Nearly all respondents said agricultural input prices were the same or higher than last year, with the exception of seed which 26% of respondents acquired at lower prices. Eighty-eight percent said prices for renting farm machinery were higher than last year, and many said the same of fertilizers (71%) and pesticides (69%). Many

also reported higher prices for seed (45%) and labor (43%). Pekon respondents reported price hikes more often than respondents in Kayah State, particularly for fertilizer and seed.

Access to Markets and Goods

Respondents faced widespread barriers to acquiring goods in October, most notably health and safety risks from COVID-19 and armed conflict. Ninety-three percent of respondents said price increases were a barrier to acquiring goods in October, and 91% said declining income was a barrier. Moreover, 93% said COVID-19 risk was a barrier and 86% said the same of armed conflict. Eighty percent of respondents faced market closures and 83% faced poor transportation. Just 45% of respondents purchased goods outside of their village in the past month. Poor access to cash was also a problem but far less so (46%), so too limits on accessing savings (22%). Barriers to acquiring goods were very similar across all three townships.

Half of all respondents had much difficulty finding medicines in October, and one-third had great difficulty finding cooking oil, shelter products and other NFIs. Many respondents said it was fairly easy to find rice (58%) and even more said this of vegetables (75%), likely because both are grown locally for consumption (Chart 1). However, fewer than 20% of respondents found it easy to find other types of goods (e.g., meat, cooking oil, hygiene products and other non-food items), and this was particularly uncommon for shelter materials (11%) and medicines (10%). Medicines, cooking oil and NFIs were most difficult to find. Medicines were “very difficult” to find for 55% of respondents, and many said the same of cooking oil (34%), shelter products (36%) and other NFIs (39%). Meat and pulses were very difficult to find for 21% and 25% of respondents, respectively. All three townships reported a high level of difficulty finding medicines and NFIs, although in general respondents in Kayah State more often reported difficulty finding goods than respondents in Pekon Township.

Food Insecurity Indicators

Food insecurity indicators were noteworthy in October but perhaps lower than might be expected given the challenges accessing goods. With respect to the less severe indicators, 75% of respondents said they worried about not having enough food for their household during the past thirty days, and 74% said someone in their household consumed meals that were not healthy or nutritious due to lack of money (Chart 2). Moreover, 49% limited the types of foods they ate, 22% said someone in their household skipped a meal, and 16% said someone ate less than they thought they should. Fewer than 7% of respondents said someone in their household ran out of food or went hungry in October. As with market access and product availability, food insecurity indicators in Demoso and Hpruso were worse than in Pekon Township. Considering the difficulties accessing regional markets, it is possible that village-level access to rice and vegetables and/or in-kind assistance is preventing food insecurity indicators from being worse.

Implications

- **In-kind assistance remains an important aid modality** – As market access and availability of goods remains poor, in-kind aid is needed, particularly for critical NFIs;
- **Conflict-affected and less-productive villages may need targeted food assistance** – As safety concerns limit travel, aid to areas with less rice and vegetable output may help reduce food insecurity;
- **Months of perpetual livelihood disruptions may eventually exhaust household safety nets** – As conflict stretches on, depleted savings may lead to more negative coping behaviors;
- **The 2021 paddy output may be smaller than usual** – If conditions for large producers are like those for smallholders, total output may be reduced due to disruptions from conflict and rising input costs.

Chart 1. Product Availability

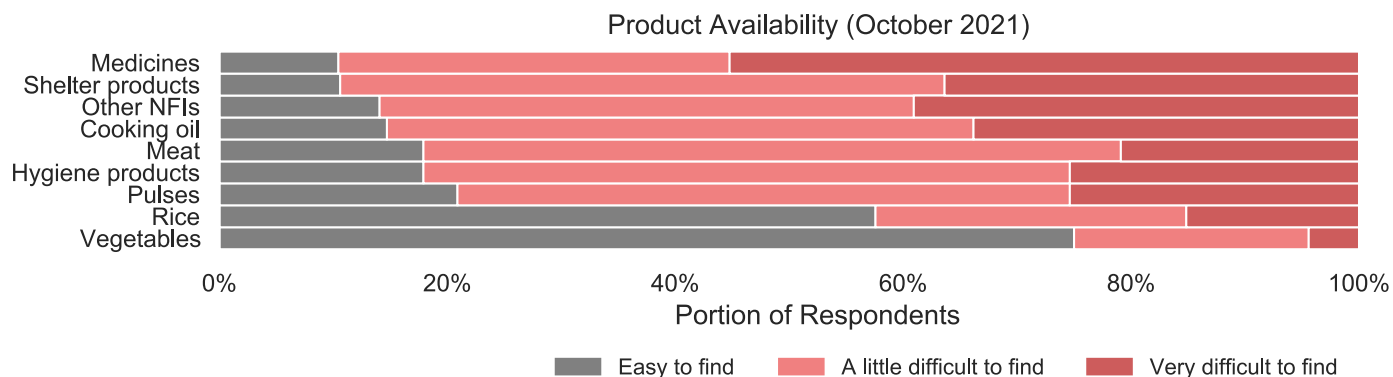


Chart 2. Food Insecurity Indicators

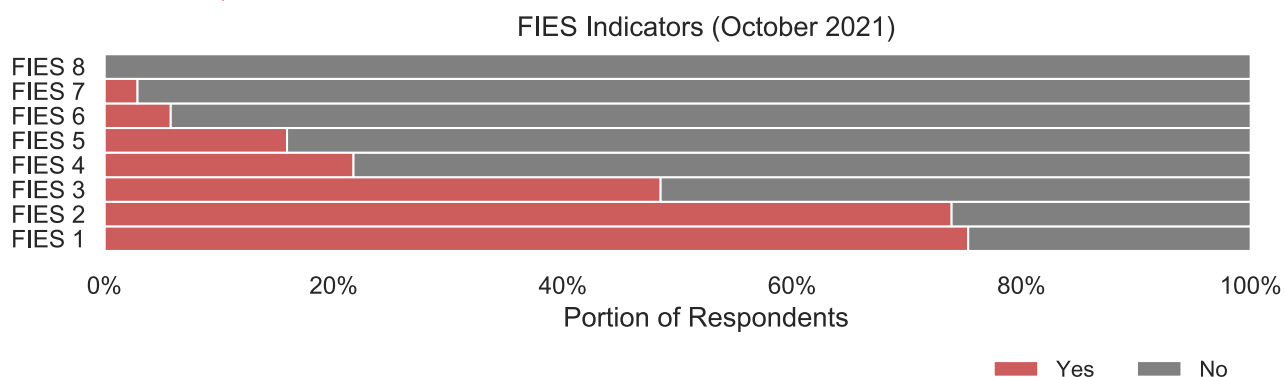


Table 1. Definitions of Food Insecurity Experience (FIES) Indicators

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?

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).

CONTACT

Jonathan Bartolozzi
Director of Programs
jbartolozzi@mercycorps.org

Jon Keesecker
Market Analysis Unit Team Leader
jkeesecker@mercycorps.org

4th floor of Rangoun Business Center,
No. (97), West Shwe Gon Daing Road, Bahan Township,
Yangon, Myanmar.
mercycorps.org

ACKNOWLEDGEMENTS

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