

Livelihood Profiles

Two Livelihood Zones in Thazi and Minbu Townships, The Dry Zone, Myanmar

Assessed Using the Household Economy Approach (HEA)

December 2011

Report Prepared for:

Oxfam UK

Network Activities Group (NAG)



Funded by:

LIFT

Report Prepared by:

Alexandra King, Food Economy Group (FEG)

FIELD TEAM MEMBERS

Thazi Township: Khun Thein Soe, Nay Tun, Hnin Hnin Khaing, Nay Lynn Soe, Sein Lin, Thi Way Zin, Thein Thein Aung, Alexandra King

Minbu Township: Htar Htar Ei, Myo Zaw Aung, Myo Lwin, Pan Ei Phyu, Lwin Mar Oo, Naing Win Latt, Jonathan Brass, Puspasari Indra,

TABLE OF CONTENTS

Introduction

Background to the Assessment	3
The Household Economy Approach.....	3
Contents of the Livelihood Profiles.....	6
Field Methodology.....	7
Summary and Comparison of Livelihood Zones.....	7

Thazi Rainfed Lowland Livelihood Zone Baseline Profile..... 10

Zone Description.....	10
Markets.....	11
Reference Year.....	12
Seasonal Calendar.....	12
Wealth Breakdown.....	13
Sources of Food in the Reference Year (2010-11).....	14
Sources of Cash in the Reference Year (2010-11).....	15
Expenditure Patterns in the Reference Year (2010-11).....	16
Hazards.....	16
Coping Strategies.....	17
Key Parameters for Monitoring.....	17
Scenario Analysis.....	18
Programme Implications.....	19

Minbu Rainfed Upland Livelihood Zone Baseline Profile..... 20

Zone Description.....	20
Markets.....	21
Reference Year.....	22
Seasonal Calendar.....	23
Wealth Breakdown.....	24
Sources of Food in the Reference Year (2010-11).....	25
Sources of Cash in the Reference Year (2010-11).....	25
Expenditure Patterns in the Reference Year (2010-11).....	26
Hazards.....	27
Coping Strategies.....	27
Key Parameters for Monitoring.....	27
Scenario Analysis.....	28
Programme Implications.....	29

INTRODUCTION

Background to the Assessment

In 2011, Oxfam GB obtained a three-year Memorandum of Understanding with the Ministry of Agriculture and Irrigation for livelihoods programming in Minbu and Pauk Townships in Magway Division and Thazi and Meiktila Townships in Mandalay Division. In order to design a comprehensive programme, it was decided that a baseline of the current household economic situation was required and that an HEA should be carried out.

The purpose of the assessment was 1) to carry out a comprehensive baseline HEA assessment in two livelihood zones, including an analysis of where different socio-economic groups are placed in relation to survival and livelihood protection thresholds; 2) to run scenarios exploring the expandability of various livelihood strategies and the likely impact of shocks; and 3) to identify indicators for an early warning system.

The assessment included fieldwork in Minbu and Thazi Townships and covered two livelihood zones: the Thazi Rainfed Lowland and Minbu Rainfed Upland Livelihood Zones.

The Household Economy Approach¹

The profiles in this report describe the major characteristics of two livelihood zones in the Dry Zone, Myanmar. The information for these profiles was gathered using the Household Economy Approach (HEA). This section explains some of the terms used in HEA and in this profile.

Livelihood Zone: The first step in an HEA baseline is to define **livelihood zones**. Usually done on a map, this delineates geographical areas within which people share broadly the same patterns of access to food (i.e. they grow the same crops, keep the same types of livestock, etc) and access to markets.

Wealth Breakdown: Where a household lives is one factor determining its options for obtaining food and generating income. Another factor is wealth, since this is the major factor determining the ability of a household to exploit the available options within a given zone. For example, better off households owning larger farms in general produce more crops and are more food secure than their poorer neighbours. Land is just one aspect of wealth, however, and wealth groups are typically defined in terms of their land holdings, livestock holdings, capital, education, skills, labour availability and/or social capital. Defining the different wealth groups in each zone is the second step in an HEA baseline, the output of which is a **wealth breakdown**². For the purpose of this assessment, a household was defined as people eating from the same pot and also sharing the same resources.

Household Economy Baseline: Having grouped households according to where they live and their wealth, the next step is to generate **household economy baseline** information for typical households in each group for a defined reference or baseline year. Food access is determined by investigating the sum of ways households obtain food – what food they grow, gather or receive as gifts, how much food they buy, how much cash income is earned in a year, and what other essential needs must be met with income earned.

Household Coping (or Response) Strategies: Once this baseline is established, an analysis can be made of the likely impact of a shock in a bad year. This is done by assessing how access to food and income will be affected by

¹ This section has been adapted from the *SNNPR Livelihood Profiles Introduction and Regional Overview*, prepared by FEG for the USAID FEWS NET project and the Ethiopian Government's DPPC.

² It is important to bear in mind for this analysis that we are thinking of wealth in relative (and local) terms. Statistical data may indicate that 80% or even 90% of the population in a particular area lives below the national poverty line, but this is measuring poverty on a national, absolute scale. In a livelihoods analysis we are interested in understanding some of the differences between different groups within the community and the reasons for these – in which case it is not particularly useful to lump 80% or 90% of the population together into one group.

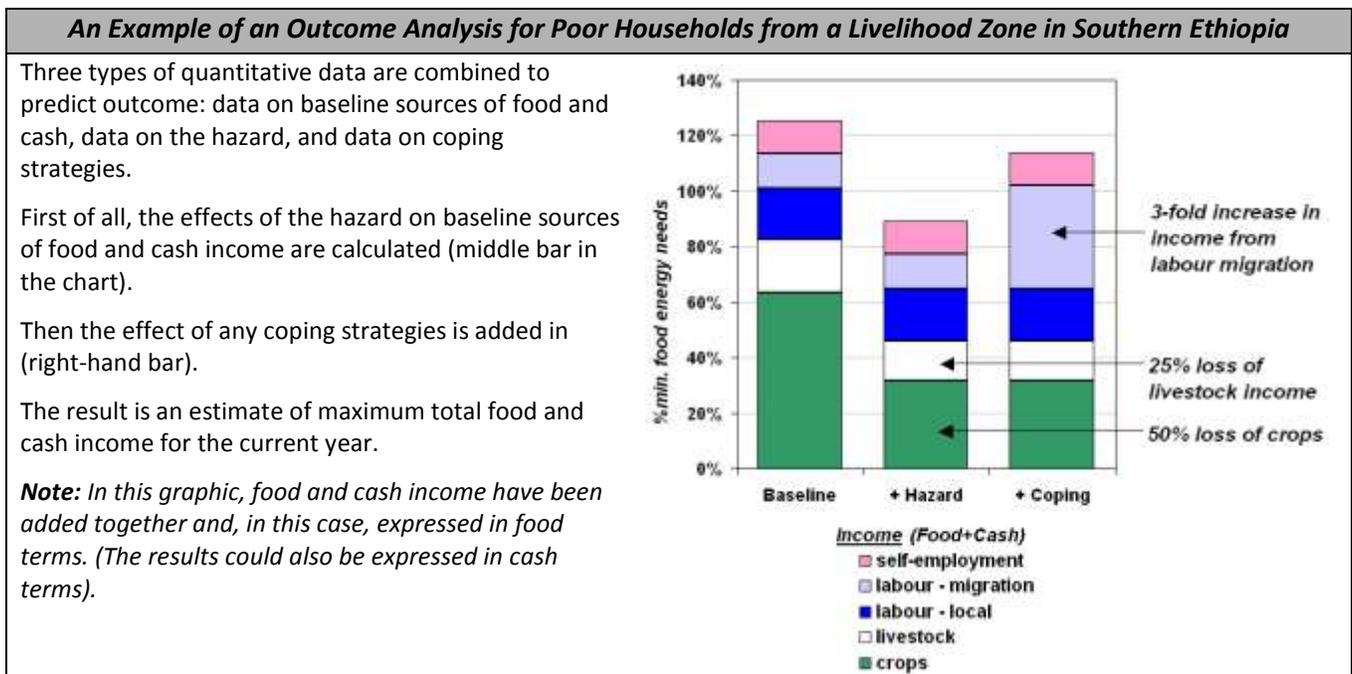
a shock, what other food and income sources can be added or expanded to make up initial shortages, and what final deficits emerge.³

Outcome (or Scenario) Analysis: The objective of outcome (or scenario) analysis is to investigate the effects of a shock or change on *future* access to food and income, so that decisions can be taken about the most appropriate types of intervention to implement. The rationale behind the approach is that a good understanding of how people have survived in the past provides a sound basis for projecting into the future. Three types of information are combined: (i) information on baseline access, (ii) information on hazard (i.e. factors affecting access to food/income, such as own production or market prices) and (iii) information on household response strategies (i.e. the sources of food and income that people turn to when exposed to a hazard). The approach can be summarized as follows:

$$\text{Baseline} + \text{Hazard} + \text{Response} = \text{Outcome}$$

The idea is that once the baselines have been compiled they can be used repeatedly for this type of outcome analysis over a number of years – until significant changes in the underlying economy render them invalid. A good HEA baseline will generally be valid for between 5 and 10 years. What varies is the prevailing level of food security, but this is a function of variations in hazard, not variations in the baseline. Put another way, the level of crop or livestock production may vary from year to year (hazard), but the underlying pattern of production (the baseline) does not usually change very rapidly.

The output from an outcome analysis is an estimate of total food and cash income for a projected period, once the cumulative effects of current hazards and income generated from coping strategies have been taken into account (as illustrated in the figure below).



The next step is to compare projected total income against two thresholds to determine whether an intervention of some kind is required.

³ The term response strategy is preferred to coping strategy for two reasons. Firstly, the term coping strategy is often used to refer to regular components of everyday livelihood (e.g. firewood sale), which strictly speaking are only coping strategies when intensified in response to a hazard. Secondly, 'coping' can be taken to imply that the strategy in question is cost-free, which is not always the case.

The two thresholds – the **Livelihoods Protection Threshold** and the **Survival Threshold** – are described in the figure below. The **Survival Threshold** is the amount of food and cash income required to ensure survival in the short-term (i.e. to cover minimum food and non-food needs). Minimum non-food needs will generally include the costs of preparing and consuming food plus any cash expenditure on water for human consumption. The **Livelihoods Protection Threshold** is the amount of food and cash income required to protect local livelihoods. This means a level of income that gives people the option to maintain expenditure on basic non-food goods and services at the levels prevailing in the reference year. This does not mean that people will have exactly the same standard of living as in the reference year (since the livelihoods protection basket excludes most non-essential items such as betel and tobacco), nor that they will pursue exactly the same activities as in the reference year. But it does mean that – provided they prioritise these items – people can continue to spend similar amounts of money on inputs for crop and livestock production and on health and education as in the reference year.

Besides these essential non-food goods and services, the **Livelihoods Protection expenditure basket** can also contain a number of items that – while not absolutely essential for survival – can nonetheless be considered essential in terms of sustaining a minimum locally acceptable standard of living. It is usually quite easy to identify these items through discussions with local key informants. Another important point about the **Livelihoods Protection Threshold** is that, as defined here, it is set relative to local conditions rather than relative to international standards, such as Sphere.

Comparison of Projected Income against Two Clearly Defined Thresholds

Projected total income (including income from coping) is compared against two thresholds defined on the basis of local patterns of expenditure.

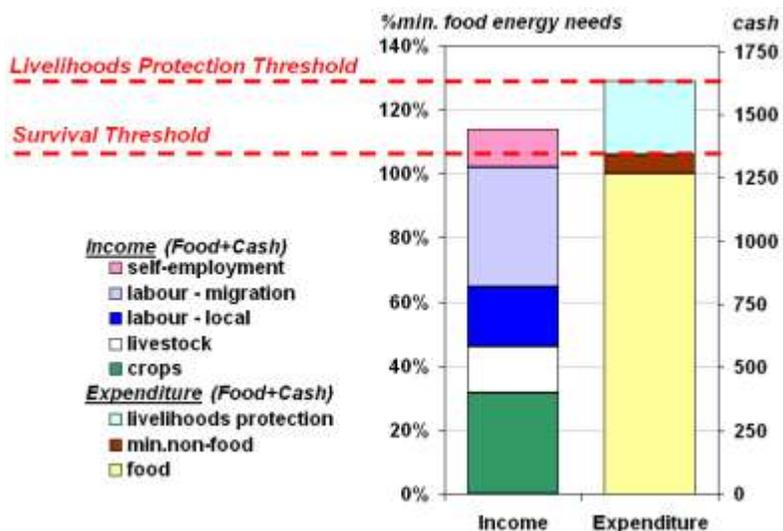
The Survival Threshold represents the total income required to cover:

- 100% of minimum food energy needs (2100 kcals per person), plus
- the costs associated with food preparation and consumption (i.e. salt, soap, kerosene and/or firewood for cooking and basic lighting), plus
- any expenditure on water for human consumption.

Note: Items included in categories b) and c) together make up the minimum non-food expenditure basket, represented by the brown bar in the expenditure graphic.

The Livelihoods Protection Threshold represents the total income required to sustain local livelihoods. This means total expenditure to:

- ensure basic survival (see above), plus
- maintain access to basic services (e.g. routine medical and schooling expenses), plus
- sustain livelihoods in the medium to longer term (e.g. regular purchases of seeds, fertilizer, veterinary drugs, etc.), plus
- achieve a minimum locally acceptable standard of living (e.g. purchase of basic clothing, coffee/tea, etc.)



Regarding coping (or response) strategies, it is not usual to include every possible strategy in the calculation of outcome. This would have the effect of minimising and almost certainly under-estimating the need for assistance as measured by the deficit. Instead, only those strategies that are appropriate responses to local stress are included. In this context, appropriate means both ‘considered a normal response by the local population’ and ‘unlikely to damage local livelihoods in the medium to longer term’. In many agricultural areas, it may be usual for one or more household members to migrate for labour when times are hard. Provided the response is not

pushed too far (i.e. too many people migrating for too long a period of time), this can also be considered an appropriate response to stress. In HEA, therefore, the most important characteristic of a coping strategy is its cost, where cost is measured in terms of the effect on livelihood assets, on future production by the household, and on the health and welfare of individual household members. Note that cost is not just a function of the type of activity, but the extent to which it is utilised (as in the livestock sale and labour migration examples described above). High cost strategies are not included in the analysis.

Contents of the Livelihood Profiles⁴

The profiles that follow are divided into a number of sections:

Zone description offers a general description of local livelihood patterns (crop production, livestock rearing, agricultural labour, off-farm income generation etc.).

Markets contains basic information on the marketing of local production and on any importation of staple food into the zone.

Seasonal Calendar sets out the timing of key activities during the year. This is followed by four sections that provide the core information on the 'household economy' of the zone.

The **Wealth Breakdown** section describes four or five main wealth groups ('very poor', 'poor', 'middle' and 'better-off'), explaining the differences between these groups and how this affects potential access to food and cash income.

The **Sources of Food** and **Sources of Cash Income** sections examine patterns of food and income access at each level of wealth, relating these to the characteristics of each group. An annual picture is presented, with food expressed as a percentage of 2100 kcals per person per day. The sources of cash income are presented in absolute Myanmar kyat earned per year.

The **Expenditure Patterns** section is of interest in showing what proportion of their annual cash budget households at the different wealth levels spend on food, on household items, on production inputs, etc.

The sections on **Hazards** provide information on the different types of hazard that affect the zone, differentiated by wealth group where this is appropriate.

Response Strategies describe the various strategies available to different types of household in the zone in difficult years.

Early warning involves identifying and interpreting key events that indicate that a crisis may be developing. The section **Key Parameters for Monitoring** suggests the key indicators to monitor in each livelihood zone, based upon an understanding of local livelihood patterns.

The section on **Scenario Analysis** looks at the impact of a few basic shocks on livelihoods, including crop failure, reduced availability of casual labour opportunities, and increased staple food prices. Other scenarios can be examined if decision makers are interested in the impact of different shocks (or positive changes).

The final section, **Programme Implications**, outlines some ideas for longer-term programming.

⁴ This section has been adapted from the *SNNPR Livelihood Profiles Introduction and Regional Overview*, prepared by FEG for the USAID FEWS NET project and the Ethiopian Government's DPPC in 2006.

Field Methodology⁵

The profiles presented here have been compiled through a combination of fieldwork and reference to existing secondary data sources. The fieldwork to gather baseline household economy information was undertaken by two newly-trained field teams of OXFAM and NAG staff in October-November 2011. Ten villages in Thazi and eight villages in Minbu were visited during the assessment.

Most of the field data was collected directly at village level from community key informants and focus groups through lengthy semi-structured interviews. Three interviews were conducted with separate groups of community leaders in each village on the following topics: wealth breakdown, production and prices, and seasonal calendar and timeline. Separate interviews were conducted with representatives of 4-6 wealth groups in each village, covering typical household assets, sources of food, sources of cash income, expenditure patterns and bad year coping strategies. Information was gathered for a specific reference year (2010-2011), which was a relatively normal year in the Thazi Rainfed Lowland Livelihood Zone and a below normal year in the Minbu Rainfed Upland Livelihood Zone.

Meetings were also held with district officials and with traders.

Summary and Comparison of Livelihood Zones

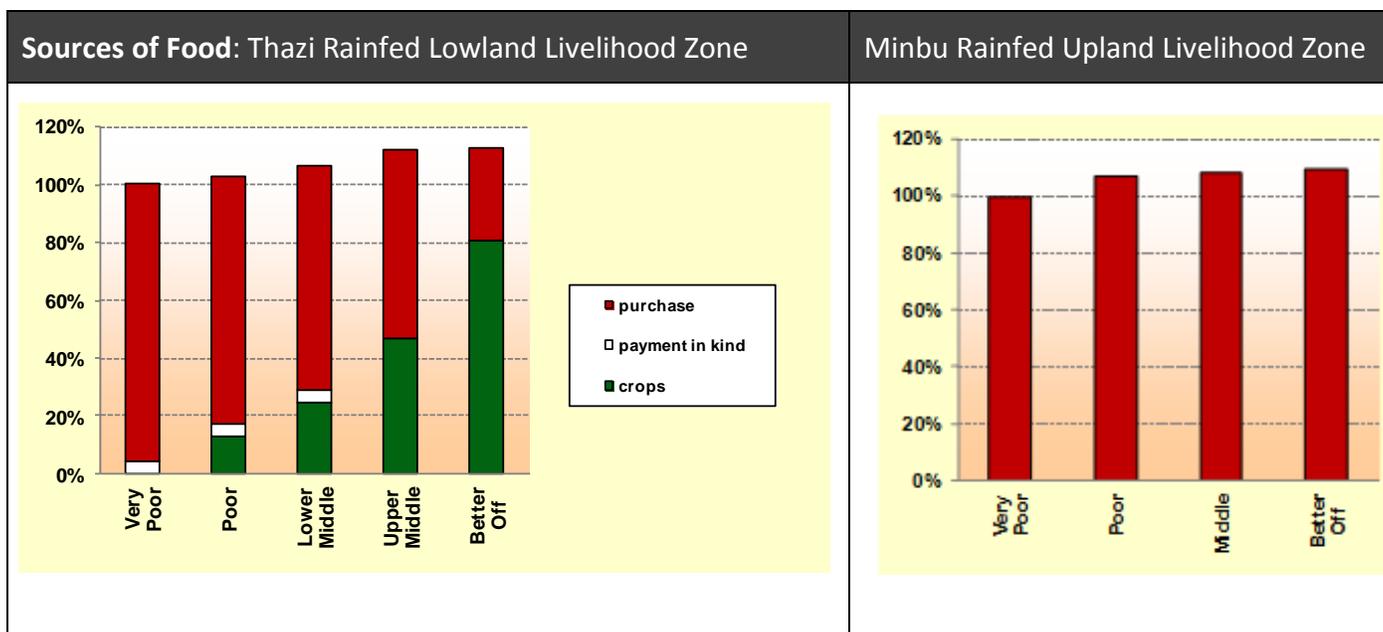
Although the two geographical areas covered by this assessment are both rainfed, they are different livelihood zones for a number of reasons: types of crops grown, sources of food consumed, seasonal calendar, proportion of landless households, and off-farm sources of income. The following tables provide a summary of the characteristics of each livelihood zone.

Thazi Rainfed Lowland Livelihood Zone		
Main crop	Paddy rice	<p>Crop production, livestock production, local and migrant wage labour and self-employment are the basis of livelihoods in the Thazi Rainfed Lowland Livelihood Zone. The zone is located in the western plain of Thazi Township</p> <p>The main crops grown are paddy, chilli, chickpeas and sesame. Small quantities of sunflower and groundnuts are also grown. In terms of staple food crop (i.e. rice) production, this is a food deficit zone. Fields are tilled using oxen for draught power or hand tractors. The main constraints to crop production include irregular rainfall, insufficient capital for inputs, shortage of draught power for timely land preparation, and a lack of knowledge on good cultivation practices. The main livestock kept are cattle, primarily raised for draught power. A very small proportion of households keep goats and pigs.</p> <p>The poorest households in this zone are landless and are highly vulnerable to fluctuations in the price of staple foods due to low cash incomes and a heavy dependence on market purchases. Low-paid local agricultural labour is the most important income source for landless households and much of this is done in nearby wealthier villages. Other income sources for the poor include local off-farm labour, migrant labour (for building construction, road construction, mining, agriculture and factory work) and various types of self employment. The self-employment options vary considerably from one village to the next, depending on locally available resources and market access, and include bamboo, firewood and charcoal sales and recycling metal.</p>
Other crops	Chilli, chickpeas, sesame, sunflower, groundnuts	
Livestock	Cattle, chickens	
Income sources	Agricultural labour, construction labour, labour migration, firewood and charcoal sales, bamboo sales	
Food sources	Purchase, own crop production	

⁵ For a more detailed description, please refer to 'The Practitioners' Guide to HEA', written by FEG and SCUUK, 2007.

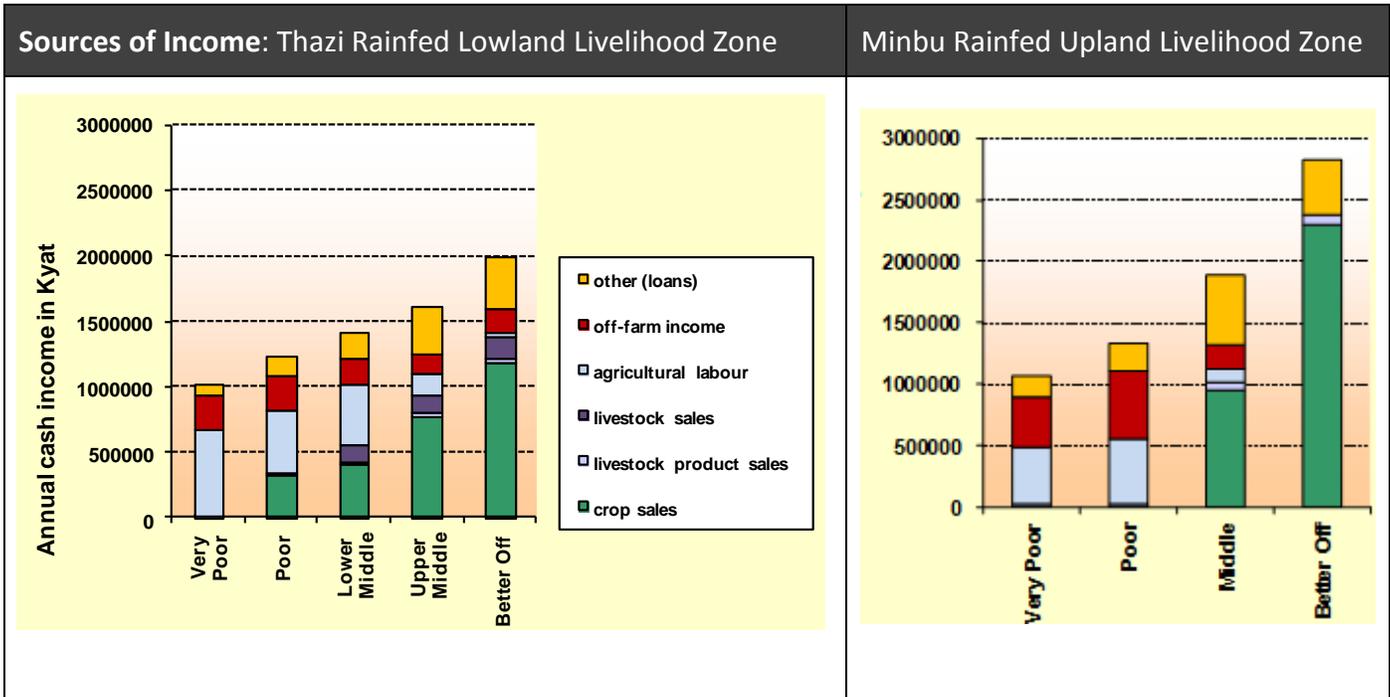
Minbu Rainfed Upland Livelihood Zone		
Main crop	Sesame	Crop production, wage labour and self-employment are the basis of livelihoods in the Minbu Rainfed Upland Livelihood Zone. The zone is split into two different geographical areas by a hilly grazing area with oil fields. Agriculture in this zone is based on the production of oil seeds (including sesame, groundnuts and sunflower), pulses (including green gram, pigeon peas, cowpeas, chickpeas, and lab lab), and cotton. Paddy rice, the main staple food, is not grown in this livelihood zone, but is grown in other parts of Minbu Township, including in villages with irrigated land. Almost all crop production is sold and households from all wealth groups purchase the vast majority of their food needs, which is unusual in a rural, agricultural livelihood zone and makes households from all wealth groups vulnerable to fluctuations in food prices. The main constraints to crop production include traditional farming practices, poor quality seeds, limited investment for inputs and unpredictable weather conditions. The main livestock kept are cattle, primarily for ploughing. A few households keep goats and pigs. Since approximately half the population of the zone is landless, wage labour and self-employment are central to livelihoods in this zone. The poorer wealth groups engage in local agricultural work, migrant labour, road construction, oil field labour, charcoal burning, plum picking, and gypsum collection, amongst a variety of other activities. Most able-bodied people in landless households work nearly full time, for very low wages, averaging only about 1000 kyat per day in the reference period August 2010 – July 2011. Local agricultural work is the most important income source.
Other crops	Groundnuts, green gram, pigeon peas, cotton	
Livestock	Cattle	
Income sources	Agricultural labour, oil field labour, construction labour, charcoal burning, plum picking, gypsum collection	
Food sources	Purchase only	

The following graph compares the **sources of food** in the two livelihood zones. The main difference is that households with land in the Thazi Rainfed Lowland Livelihood Zone consume some of the crops that they produce, while households with land in the Minbu Rainfed Upland Livelihood Zone do not.



The following graph compares the **sources of cash income** in the two livelihood zones. In both cases, landless households (the very poor group in Thazi and the very poor and poor groups in Minbu) obtain their cash income from agricultural labour, off-farm income sources and loans. Better off households obtain most of their income from crop sales and loans. In the Thazi zone, better off households supplement these sources with livestock product (milk) sales, livestock sales and a small amount of agricultural labour. Income from livestock is minimal in the Minbu zone. It looks like cash incomes are much higher for middle and better off households in the Minbu

zone, but this is slightly deceptive. Farming households in the Thazi zone consume some of their crop production, whereas their counterparts in Minbu sell all of their production.



The following graph compares the **expenditure patterns** in the two livelihood zones. Households in the Minbu zone spend a higher proportion of their income on staple food (rice). For the poorer wealth groups, this is because the price of rice in the reference year was higher in Minbu than in Thazi. For the better off wealth groups, this is partly because of the price difference, but mainly because the middle and better off groups in Thazi consume their own rice production for at least part of the year.

