

Rapid HEA Assessment Report

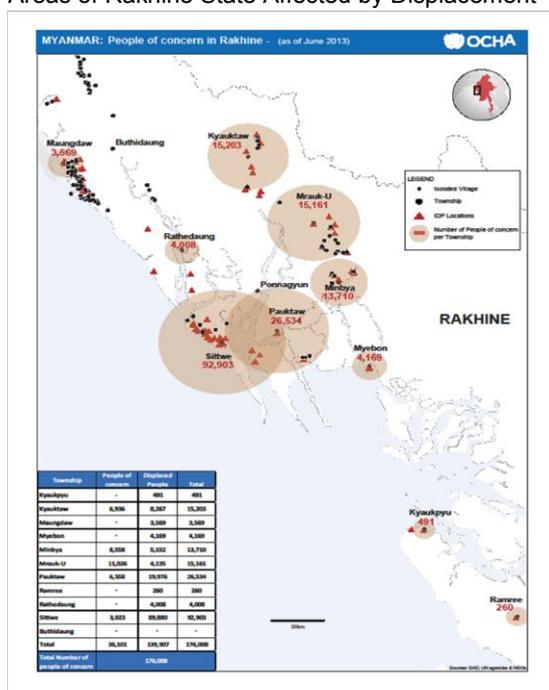
Rakhine State, Myanmar: August 2013¹

Muslim Coastal IDP Camp Sub-Zone

Background and Methodology

Rakhine State is one of the least developed parts of Myanmar and is characterized by high population density, malnutrition, low income poverty and weak infrastructure compounded by storms and floods that are recurrent in the area. In June 2012, an alleged rape and murder of a Buddhist woman followed by the killing of 10 Muslim pilgrims triggered long-simmering tensions between the ethnic Rakhine and Muslim population. This resulted in inter-community violence and displacement in parts

Areas of Rakhine State Affected by Displacement



of Rakhine State which flared again in October 2012. As of mid-July 2013, partners estimate that the number of people displaced across Rakhine State has reached approximately 140,000 people with a further 40,000 people indirectly impacted by the violence and on-going tensions.²

In response to this situation, the Government, as well as national and international humanitarian organisations, have provided life-saving assistance such as food, shelter, non-food-items (NFIs), water and sanitation, medical and education services to IDPs. While such interventions remain of extreme importance, as the situation moves beyond the initial emergency response, it is becoming necessary to identify early recovery options for the re-initiation of livelihood activities. Linked to this is the need gain a more thorough understanding of whether and how affected households are able to meet their basic needs both now and in future.

In order to meet these needs, the HEA (household economy approach) assessment methodology was selected because of the comparative advantages that it presents, in particular with regards to gap identification and understanding of livelihoods options. The ensuing rapid HEA (household economy approach) assessment was undertaken by Save the Children and Oxfam as one of a series of pilot exercises to strengthen situation analysis in food security crises. As part of this assessment 3 conflict-affected livelihood sub-zones were assessed – Rakhine Urban/Peri Urban; Muslim Coastal IDP Camp and Muslim Coastal Host Village. It should be noted that a rapid HEA is not a substitute for a full HEA but is an adaptation specifically designed for emergency response when a full HEA baseline is not available.

¹ Field work was undertaken in July 2013. The reference year information refers to the period July 2012 to July 2013.

² 'Rakhine Response Plan' 15 July 2013, UNOCHA

The rapid HEA assessment essentially followed the same methodology as a standard HEA³ with the following differences: i) an online training was conducted to prepare team members⁴ prior to the start of face-to-face training; ii) classroom training was reduced from 5 to 2 days, which included tailoring the interview forms to the local context; iii) 3-4 days of fieldwork were conducted per livelihood sub-zone instead of 10-12 days meaning that 3-4 communities per sub-zone were visited instead of 8-12 communities; iv) 3 days of analysis were conducted instead of at least 9 to finalise data entry and cleaning, analyse reference year information, compile bullet points for the report and set up a single zone analysis spread-sheet. Evaluation results and recommendations for the rapid HEA methodology are further outlined in annex 1.

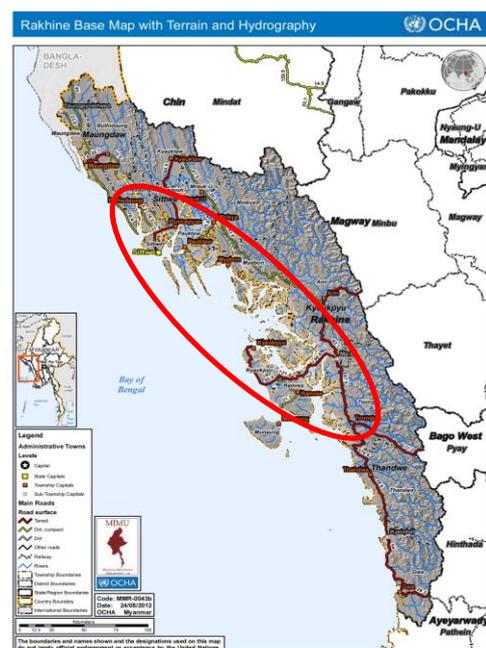
Due to the reduced amount of communities visited, a rapid HEA is not considered to be as reliable as a full HEA baseline. For this reason the results obtained through rapid HEA are only considered valid for one year whereas in the case of a full HEA the results are normally held to be valid for a 5 year period notwithstanding a major shock in the area during this period. In the case of the MCIC sub-zone the number of communities visited was also less than that normally seen in a rapid HEA meaning that the results presented here should be considered as tentative.

Zone Description

The rapid HEA assessment for the Muslim Coastal IDP Camp (MCIC) Sub-zone was conducted in 3 Muslim IDP camps⁵ located in the Kyauk Phyu and Sittwe Townships of Rakhine State. This sub-zone, circled in red on the OCHA map below, is part of the wider Rakhine Coastal Livelihood Zone.

This livelihood sub-zone was newly created following two waves of conflict occurring in June and October 2012. Rakhine State has an overall population of 3.3 million people, with the amount of people displaced by conflict thought to be 140,000 people. From this amount, approximately 100,000 people are located within the Muslim Coastal IDP Camp Livelihood Sub-Zone. Due to restrictions on movement the different camps within the zone are largely disconnected from each other with travel only possible within camps or 'enclaves' where Muslim IDP camps have been established in locations where pre-existing Muslim communities which were not directly affected by the conflict are residing. There is little access to land or other productive assets and the main markets and business centres in Rakhine State are also inaccessible limiting opportunities for work.

Muslim Coastal IDP Camp Livelihood Sub-Zone



³ For more information on the HEA methodology, please see *The Household Economy Approach: A Guide for Programme Planners and Policy-Makers* or *The Practitioners' Guide to HEA*, both of which are available at <http://www.feg-consulting.com>.

⁴ The assessment team members were Richard Casagrande, Thang Zang Lian, WarWar Shein (SCI), Eiei Yi Mon, Aye Lwin (Oxfam) and Sophie Martin-Simpson (SCUK). Davina Jeffery (SCUK) facilitated the rapid HEA assessment with technical backstopping provided by Alexandra King (FEG).

⁵ Muslim IDP camps visited were - i) Kyauk Phyu Township: Kyauk Ta Lone Camp; ii) Sittwe Township: Thet Kal Pyin Camp; Say Ta Maw Gyi Camp.

Although markets were found to be functioning in areas accessible to MCIC households, food needs are currently being met to a large extent through the provision of food aid by WFP. Despite this, and the fact that incomes have reduced drastically since the displacement, it was found that income levels are considered to be the main determinant of wealth within the livelihood zone. Income levels are related to the type of activities open to different households. Poorer households tend to be engaged in casual labour activities and petty trade, while better off households, who have higher levels of education, savings and connections, are more able to gain employment in NGOs or to start new businesses. Due to a lack of casual labour opportunities (most of which has been one-off NGO Cash for Work projects or limited casual labour associated with casual labour or fishing), poorer households are also gaining a significant proportion of income through child labour.

The sub-zone is seen to have 3 distinct seasons. These are: i) rainy season which lasts from Jun-Oct; ii) winter which lasts from Nov-Feb; and, iii) summer which lasts from Mar-May. Rainy season brings with it seasonal flooding, and storms which in bad years can cause destruction and damage as in the case of Cyclone Giri in October 2010. Rainy season also sees labour opportunities and access to natural products such as firewood decrease, while market prices increase slightly due to more difficult access. This means that this season can be labelled as the 'hunger' season for vulnerable households. However the impact of conflict is far more profound.

During the 2012 conflict, households in the MCIC zone lost the majority of their productive (fishing equipment, business premises) and non-productive assets (home, clothes). In addition to this, the lack of direct access to markets has led to an increase in commodity items for most goods of 10-20%. Finally, due to the limited opportunities and purchasing power within the camps or enclaves, income levels are drastically reduced and the cost of labour and items produced within these areas has reduced. The type of work people are doing has also changed significantly. Prior to the conflict the majority of middle income and better off households owned significant land and/or were engaged in fishing, while poorer labourers found work within fishing and agriculture. Many of these opportunities are no longer available. Continued ethnic conflict/tension is seen as the main hazard facing communities in the MCIC sub-zone, and as communities already have limited coping mechanisms remaining, the lack of a resolution to the situation is of grave concern.

Timeline and Reference Year

In interviews at community level, key informants were asked to rank the seasons over the last 5 years, with '1' indicating a poor season and '5' indicating an excellent season. This is summarised in the table below. According to community ranking, the year immediately prior to the assessment period (Jul 2012-Jun 2013) was ranked as a very bad year in terms of food security, and the worst year recorded. This was due to the outbreak of conflict between Rakhine and Muslim communities which led to the displacement of those within the livelihood zone.

TIMELINE			
Year	Yearly Performance (1-5*)		Event
2012-2013	July-June	1	Conflict between Muslim and Rakhine Communities
2011-2012	July-June	2	Tension between Muslim and Rakhine Communities
2010-2011	July-June	2	Cyclone Giri occurred in Oct 2010
2009-2010	July-June	3	

2008-2009	July-June	3	
<p>*Yearly performance ranking:</p> <p>5 = an excellent year for household food security (e.g. due to good prices, good production etc)</p> <p>4 = a good season or above average year for household food security</p> <p>3 = an average year in terms of household food security</p> <p>2 = a below average year for household food security</p> <p>1 = a poor year (e.g. due to flooding, conflict) for household food security</p>			

In the process of displacement, a high proportion of assets, both productive (fishing assets, livestock, vehicles etc.) and non-productive (houses, clothes etc.) were lost, and households have been unable to replace them. Further to this, due to the extremely high tensions still existing between communities and government policies regarding the displacement, movement outside of the Muslim camps/small localities is restricted, leading to a loss of income opportunities. This restricted movement has also had a negative impact on market prices for most commodities although costs of labour and items which are produced within the enclaves have reduced.

Although tension between the Rakhine and Muslim communities had not resulted in violence during the previous year (Jul 2011-Jun 2012), those residing in the camps, felt that tensions at this stage had already started to have a negative impact on their food security situation. This was seen mainly in terms of reduced income, as Rakhine community members and traders began to interact less with Muslim businesses and community members leading to a reduction in trade. The year Jul 2011-Jun 2012 was seen as somewhat similar to the year Jul 2010-Jun 2011 in terms of food security. While community tensions were felt to be lower, Cyclone Giri affected the area in October 2010 leading to loss of fishing assets, which was a main source of income for some sections of the community.

The baseline information on food, income and expenditure presented in this report refers to the period July 2012 to Jun 2013, the year directly following the first outbreak of conflict which occurred in June 2012.⁶ In HEA a reference year is usually selected which does not have large amounts of external assistance or abnormal events, however in this case the most recent year was chosen for 2 reasons: a) the main objective of the rapid HEA was to understand how people are living now and the most recent reference year facilitates this; b) choosing a reference year before the 2012 conflict would not have facilitated the identification of potential livelihood responses relevant to the current situation.

Seasonal Calendar

As communities within the Muslim Coastal IPD Camp (MCIC) sub-zone are living in camps, sources of food and activities do not change to a large extent according to seasonality. The scaling up or down of external assistance would have a far more profound effect on food security, as seen in individual communities where cuts in supply have occurred during the reference year. However, despite this, a weak 'hunger season' effect does exist across communities during the rainy season (Jun-Oct).

⁶ For communities which were only impacted in the October 2012 conflict, a reference period of 8 months (Nov-Jun 2013) was utilised and this data was scaled up to represent a full year.

Activity/Event	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Rainy Season												
Winter Season												
Summer Season												
Trishaw/Business/Petty Trade												
Casual Labour	↓	↓	↓	↑	↑	↑					↓	↓
Storm/Flood Hazard												
Remittance												
Commodities Prices (esp. rice)	↑	↑	↑					↓	↓	↓		↑
Schooling period												
Schooling expenditure	↑											↑
Festivals	↑	↑		↑								↑
Health (Diarrhoea, Dengue, Malaria)	↑	↑									↑	↑
Hunger Period												
Firewood/Wild Product Collection	↓	↓	↓									↓
Availability of Goods	↓	↓	↓									↓

During the rainy season, expenditure tends to increase due to the following factors – a) Commodity prices increase slightly in general due to increased cost of transportation during this time. While many items e.g. hygiene kits, food rations etc. are being provided by external actors in the camps, they do not cover all household needs, meaning that households are still utilising market purchase; b) The Ramadan religious festival together with the start of the school year during these months requires increased household expenditure. In addition as flooding is common, and sanitation within the camps is generally poor, there is an increased risk of disease which also leads to additional expense incurred for health related purchases; c) Firewood collected locally is important for poorer households both in terms of own usage for cooking, and also as an item for sale. Although collection of firewood is becoming less possible as MCIC areas become increasingly affected by deforestation, during rainy season, the wet conditions make firewood collection even more difficult, reducing income levels and increasing expenditure amongst the poor and very poor.

Although there is a stated increase in demand for goods during Ramadan, it was felt that overall the impact of the rainy season was negative regarding household food security. For camp communities living in areas with Muslim host communities Oct-Dec was seen as the most food secure time as more agricultural labour is required due to the harvest.

Wealth Breakdown

During focus group discussions held with community representatives in each community, participants were asked to identify appropriate wealth groupings within their community using local definitions of wealth and the quantification of their assets. The table below presents the results of this process.

Wealth Group Information							
Wealth Group	% HHs	HH size	Average monthly income (Kyat ⁷)	Sources of Income	Productive Assets	Non-productive Assets	Level of education
Very Poor	25-35%	5-7	12,500 – 20,000	Unskilled labour, child labour, petty trade	None	0.1 tikles gold	None or Primary School
Poor	25-35%	5-7	20,000 – 50,000	Petty trade, sale of assets, labour (unskilled & child)	None	0.25 tikles gold	Primary or Middle School
Middle	20-30%	5-7	50,000 – 125,000	Employment, petty trade, sale of assets		1.5 tikles of gold, savings	Middle or Upper School
Better Off	10-20%	5-7	125,000 – 500,000	Business or wholesaler, remittances, sale of assets	Capital/stock, premises/fishing boat, mobile phone	4 tikles of gold, savings	Upper School or University

The main determinant of wealth in this livelihood sub-zone was found to be income. While income levels across the board were found to have sharply reduced following the conflict (now approximately half that seen in Rakhine host and camp communities), income levels earned per month were still found to increase significantly from very poor to better off households. The ability of households to earn income was closely related to the types of work opportunity that the household is able to access. Poorer households were found to be more reliant on income from casual labour, child labour and petty trade, while richer households with better social networks and education levels are engaged in formal employment or in running their own businesses (including fishing). Income generated from the sale of assets, primarily jewellery, was found to be stable across wealth groups, apart from in the case of the very poor who do not possess significant assets.



Despite the sale of assets, ownership of some jewellery was still deemed to be a determinant of wealth, with the amount owned increasing across wealth groups. While most productive assets were lost during the displacement, richer households have, in general, been able to re-establish business premises or continue with fishing within the camp settings through the use of savings or sale of assets and have purchased or taken with them mobile phones. Ownership of premises, fishing boat or a mobile phone is therefore also seen as an important indicator of wealth in these communities. In

⁷ 1 USD = 970 Burmese Kyat

addition, educational attainment was found to increase across wealth groups, with the very poor often not investing in education and the better off in general expecting their children to attend university.

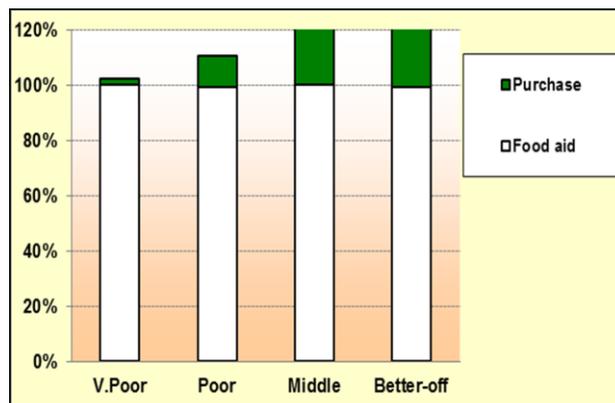
The travel restrictions placed on the camp communities were found to be the major constraint in increasing access to income across all wealth groups. For poorer wealth groups, this is seen in terms of access to unskilled and skilled labour opportunities and the high competition for labour in areas they can access. For richer groups, the major impact has been a loss of customers, inability to form trade relations outside of the immediate area and increased costs related to obtaining goods from inaccessible areas. Further to the travel restrictions, as most assets were lost and savings/remittances have been used in meeting basic needs, poorer households do not have sufficient capital to enable the start-up of businesses or other income generating initiatives. Even if capital were available it is unlikely that businesses would succeed due to low demand associated with the aforementioned travel restrictions.

Better off households within the MCIC sub-zone provide poorer households food and lending or sharing of WFP food rations is common. In areas where host communities are present, the host community often provide significant support, in particular in the period following displacement, IDP households were provided with food and other items. The host community are hosting a significant number of relatives within their homes and provide them with their basic needs, while IDP households share their ration in order to contribute to the household's food sources. In addition a significant amount of remittances are being provided, particularly to better off households who have good social/family networks by those working in Yangon and elsewhere.

Sources of Food in Reference Year

The graph below presents the sources of food for households in different wealth groups in the MCIC sub-zone for the period July 2012 to June 2013. As can be seen, during the reference year all households within the sub-zone obtain 100% of their basic food needs (2100 kcal per person/per day) through food aid provided by WFP. It was also found that all households purchase an additional amount of food from local markets. The amount of additional food purchased increases across wealth groups with better off and middle wealth group households tending to eat significantly over their minimum food requirements at around 120%.

The main staple in the sub-zone is rice. Although WFP rations do include sufficient quantities of rice and other items to meet basic needs, poor middle and better off groups were found to purchase additional higher quality rice which they mix with the WFP ration rice. Poorer households in particular also reported selling WFP rations in order to purchase higher quality rice for mixing and other preferred items. Households selling items felt that they were able to do so due to the ration being set against a household size of 6, meaning smaller households or those with children who do not eat as much have surplus to sell. As it was hard to establish an average amount sold across households, WFP food in the graph is still seen to total 100% of food needs.

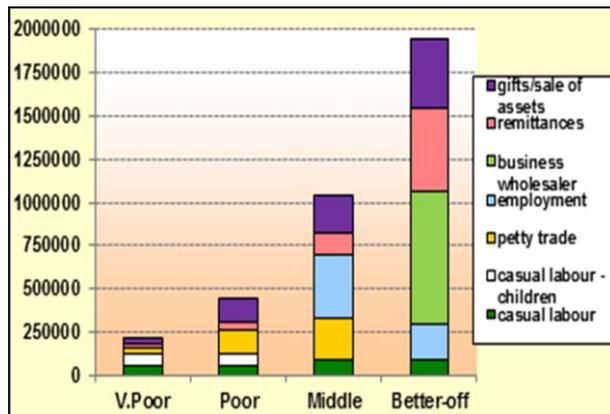


In addition to rice, other core items of the diet which are consumed every day are oil, green leafy vegetables, onion and chilli with increasing quantities consumed across wealth groups. In addition to these basic items, as we move across the wealth groups, better off households purchase increasing amounts of sugar and noodles. Poorer households supplement their diet with potato, eggs (a low cost

protein) and when possible fish and meat, whereas richer households will purchase higher quantities of meat and fish and fewer eggs. These protein items were found to be the highest expenditure items amongst food items purchased.

Sources of Cash Income in Reference Year

Regarding sources of income for the MCIC sub-zone, it can be seen that all groups rely on several sources of income in order to meet their expenditure needs. Very poor households are mostly reliant on casual labour which is divided between adult and child labour. For adults the main source for labour is NGO casual labour schemes, with those living in areas including Muslim host communities



also able to gain fishing or agriculture casual labour activities. However, due to the large amount of IDPs and reduced income amongst Muslim host communities due to movement restrictions, labour opportunities for IDPs are scarce. This has made child labour a necessity for poorer households, with many children working in local restaurants/tea shops/market stalls or doing agricultural work such as weeding, for a third of the price of an adult male (500 kyat per day). Amongst the very poor, a smaller amount of income is gained through petty

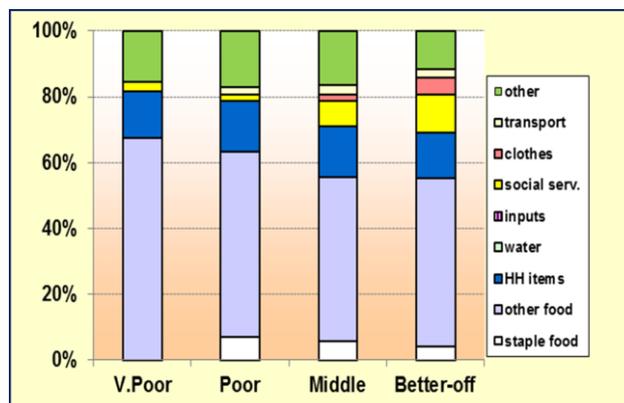
trade, which is usually a supplementary income and consists largely of sale of items received by humanitarian agencies (food etc), locally collected firewood, or wild foods which are growing in the vicinity. Begging is also increasingly common.

As we move across the wealth groups, the amount of casual labour decreases both in terms of adult and child labour. For the poor group the most significant income source is petty trade, although for the poor group, this activity includes a broader range of initiatives, such as small tea/snack shops etc. The middle group, due to higher education levels, has been better able to gain employment from NGOs as community mobilisers or other types of work, which contributes significant income overall to this group. The better off, who in most cases owned relatively large-scale businesses prior to the conflict have been able to utilise their savings and trade connections to re-establish themselves in the camps. While income levels are far lower than prior to the conflict, these households have been able to generate relatively high income levels through purchase of goods (food and non-food items) through ethnic Rakhine intermediaries.

In addition to the aforementioned sources of income, households from all wealth groups have been able to gain support from relatives working in Yangon or further afield through remittances. For the very poor, poor and middle groups this has contributed approximately 10% of income, whereas for the better off, due to better social networks, this rises to approximately 20%. Finally, better off, middle and poor groups have gained approximately 20% of their income in the past year through sale of assets. The middle group and poor groups also gained approximately 5-10% of income in the form of gifts from neighbours or others locally. Sale of assets occurred mainly in the months immediately following displacement, while market and external aid systems were not yet functional.

Expenditure Patterns in Reference Year

Although sufficient food aid is provided to all households in the MCIC sub-zone to meet basic needs, it was found that the proportion of expenditure dedicated to food purchase remained significant. As the main staple, rice is distributed the proportion spending on staples is relatively low and is only a factor for poor, middle and better off groups, who buy additional higher quality rice to mix with WFP rations. However some items considered essential to the diet are not distributed, including fish/eggs, onion, potato and green leafy veg as well as condiments e.g. chilli and garlic, leading to the relatively



high food purchase expenditure. The amount spent on food does decrease across wealth groups with the very poor spending approximately 65% and the better off spending 55% proportionally.

Spending on households items was found to represent a similar proportion of expenditure across wealth groups. The main items purchased were charcoal/firewood for cooking and candles. A small amount of expenditure is used for transportation to and from markets by the poor, middle and better off, with the latter 2 groups also spending a small amount on clothing. Household spend on 'other' was found to account for approximately 15-20% of overall spend across wealth groups and largely consisted of betel and/or tobacco purchase, with the middle and better off groups also spending notable amounts on tea shops where they gather with other community members to socialise.

The proportional spending on social services is fairly low across all groups but was seen to increase markedly for the middle and better off groups. This is due to the fact that while all groups spend a small amount on healthcare, usually in the form of purchase of medicines, only the middle and better off groups are currently spending money on education. Education within the camps is currently informal, as the formal education system is not operational in the camps, although some children from better off households are being educated in different towns.

Markets

As noted previously, communities within the MCIC livelihood sub-zone are facing severe restrictions on movement. This is due to the fact that these communities were previously living in majority ethnic Rakhine areas. Following the conflict, communities directly affected were placed into camps within the same townships, either as stand-alone communities, or in small enclaves where Muslim villages not directly affected by the conflict were already located. Due to the continuing high tensions, those living in the IDP camps or enclaves are prevented from leaving these areas, meaning that they are unable to access previous places of work, business premises or their previous homes. In addition they are cut-off from the main markets in the area, including markets previously used by these communities.

Despite these restrictions on movement to ethnic Rakhine areas, market purchase, perhaps somewhat surprisingly, remains an important source of goods for all households within the MCIC sub-zone. Small shops, selling a good variety of commodities have been established in the camps and for camp communities located in enclaves, access to host community markets, which have also expanded following the conflict is also possible. In addition for the enclaves, vibrant markets have

been established at the 'border' or the Rakhine/Muslim area where a large variety of goods are traded. Goods which are not currently available can usually be ordered, albeit at a higher cost, meaning availability of items is not a problem. Most large shops, on the Muslim side, are owned by host community members, or households from the MCIC sub-zone who, were larger traders before the conflict and have maintained their connections with ethnic Rakhine traders.

Muslim traders will place orders with Rakhine traders for the goods and commodities that they require, and these items will be taken to border areas, or the entrance of camps, either directly, or through the use of motor-trishaws or other transportation. For IDP camps within enclaves, as the cost of transportation is relatively high it is usually the larger shop owners or wealthier households that make these trips. Due to the increased cost of transportation and the inability to buy goods directly, prices for most commodities have increased by approximately 10% when compared to pre-conflict



years. Smaller traders tend to buy goods from larger traders for sale in IDP camp markets or host village markets, and sell these items in smaller quantities. In this case there is usually an additional 10% increase in commodity prices to cover the increased cost of purchase for smaller vendors.

The above means that while commodities required are generally available, the cost of purchasing these items has increased markedly in particular for poorer households who tend to purchase items in smaller quantities, meaning access to these goods is limited. The exception is for IDP camps located within enclaves, where items including vegetables and/or fishing is being conducted. While some of these goods are sold to Rakhine traders through the 'border' markets, the majority are sold locally. This means that prices for these goods can actually be slightly lower than pre-conflict times due to the reduced number of customers (Rakhine households cannot travel to these areas) and the lack purchasing power amongst Muslim IDP and host village households.

According to traders, the lack of purchasing power amongst IDPs and Muslim Host communities is the main constraint to expanding their businesses. However, it should be noted that supply lines are also liable to change. Rakhine traders reported facing pressure from local groups, who do not want them to maintain links with Muslim traders. If this were to occur the communities in the MCIC zone would be cut-off from market supplies, which would have a large impact on their quality of life and ability to meet their basic needs. Access to sufficient cooking fuel, candles, and food items required for sufficient dietary diversity such as eggs, would be a particular concern.

Hazards & Coping Strategies

As noted previously, the main hazard facing communities in the Muslim Coastal IDP Camp livelihood subzone was found to still be ethnic conflict. During focus group discussions it was found that the following coping mechanisms would be deployed by community members if tensions were to increase or if other shocks occurred:

- a) Reduction in food expenditure: All wealth groups stated that they would reduce food consumption during times of hardship. The items which are reduced first are those which are seen as 'luxury' items including meat, sugar and noodles. Following this, if needed other items can be reduced including fish, eggs, oil and condiments. For all households some amount of fish/eggs, green leafy vegetable, onion and basic condiments (turmeric, chilli, MSG, salt and garlic) were seen as absolutely essential to complement WFP food rations;

- b) Reduction in other expenditure: All wealth groups, and in particular better off households, would also reduce expenditure in other areas during times of crisis. Spending in tea shops and on tobacco and betel were the main areas of reduction, although reduction in spending on clothing was also cited by the more wealthy groups. Some middle and better off households said that they would remove their children from school. Costs associated with firewood and candles were felt to be essential and therefore could not be reduced.

If households had additional money, the poorer households would prioritise purchase of additional food items. Increasingly across wealth groups, households said they would invest in small businesses e.g. purchase a trishaw, open a small commodities shop, open a tea shop etc.

Key Parameters for Monitoring

The key parameters listed in the table below are things that make a substantial contribution to household food and income sources for poorer households in the Muslim Coastal IDP Camp Livelihood Sub-Zone. These things should be monitored to indicate potential losses or gains to local household economies, either through on-going monitoring systems or through periodic assessments. It is also important to monitor the prices of key items on the expenditure side.

Quantity	Price
Casual Labour (Unskilled/Skilled)	Labour Wage Rates (Unskilled/Skilled)
No. Camp Level Traders	Trishaw Rates (purchase costs)
Firewood/Charcoal Sales	Market Prices: Fish, Beef, Green Leafy Veg, Charcoal, Firewood, Betel, Tobacco ⁸

HEA Scenario Analysis

Scenario (or outcome) analysis is the term used to describe the process of taking information on the current situation (the monitoring data) and combining it with information on the reference year (the baseline) to project total income for the current year. Three types of information are combined for HEA scenario analysis: information on baseline access, information on a hazard or change (i.e. factors affecting access to food/income, such as crop production or market prices) and information on coping strategies (i.e. the sources of food and income that people turn to when exposed to a hazard). The approach can be summarised as follows:

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

The output from an outcome analysis is an estimate of total food and cash income for a projected period, once the cumulative effects of projected hazards/changes and income generated from coping strategies have been taken into account.

Regarding coping strategies, only those strategies that are appropriate responses to local stress are included. In this context, appropriate means 'considered a normal response by the local population' and 'unlikely to damage local livelihoods in the medium-longer term'.

The next step is to compare projected total income against two clearly defined thresholds to determine whether an intervention of some kind is required. These thresholds are defined as follows:

⁸ If WFP food rations are cut or reduced, rice and oil prices should also be monitored as without distributions these would also become significant expenditure items for all households.

- 1) 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.
- 2) 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 and can include a number of items that can nonetheless be considered essential in terms of sustaining a minimum locally acceptable standard of living.

For this context, the scenario that was envisaged was based on the possibility that forms of abnormal support to households may cease and households within the MCHC sub-zone may exhaust their assets and become less able to support others. In this case, our outcomes were modelled on the basis of a reduction of food aid, gifts and sale of assets to zero. In addition as child labour is seen as a negative coping mechanism, this was also set to zero.

The items included in the 2 baskets for this context are as follows:

Survival Threshold	Livelihood Protection Threshold
Food: Rice, Fish, Green Leafy Vegetables, Oil, Non-Food: Soap, Firewood/Charcoal	Food: Eggs, Sugar, Tea, Condiments, Onions Non-Food: Candles, Transport, Clothes, Betel/Tobacco ⁹ , Livelihood Inputs, Drinking Water (Bottled) Services: Education, Health

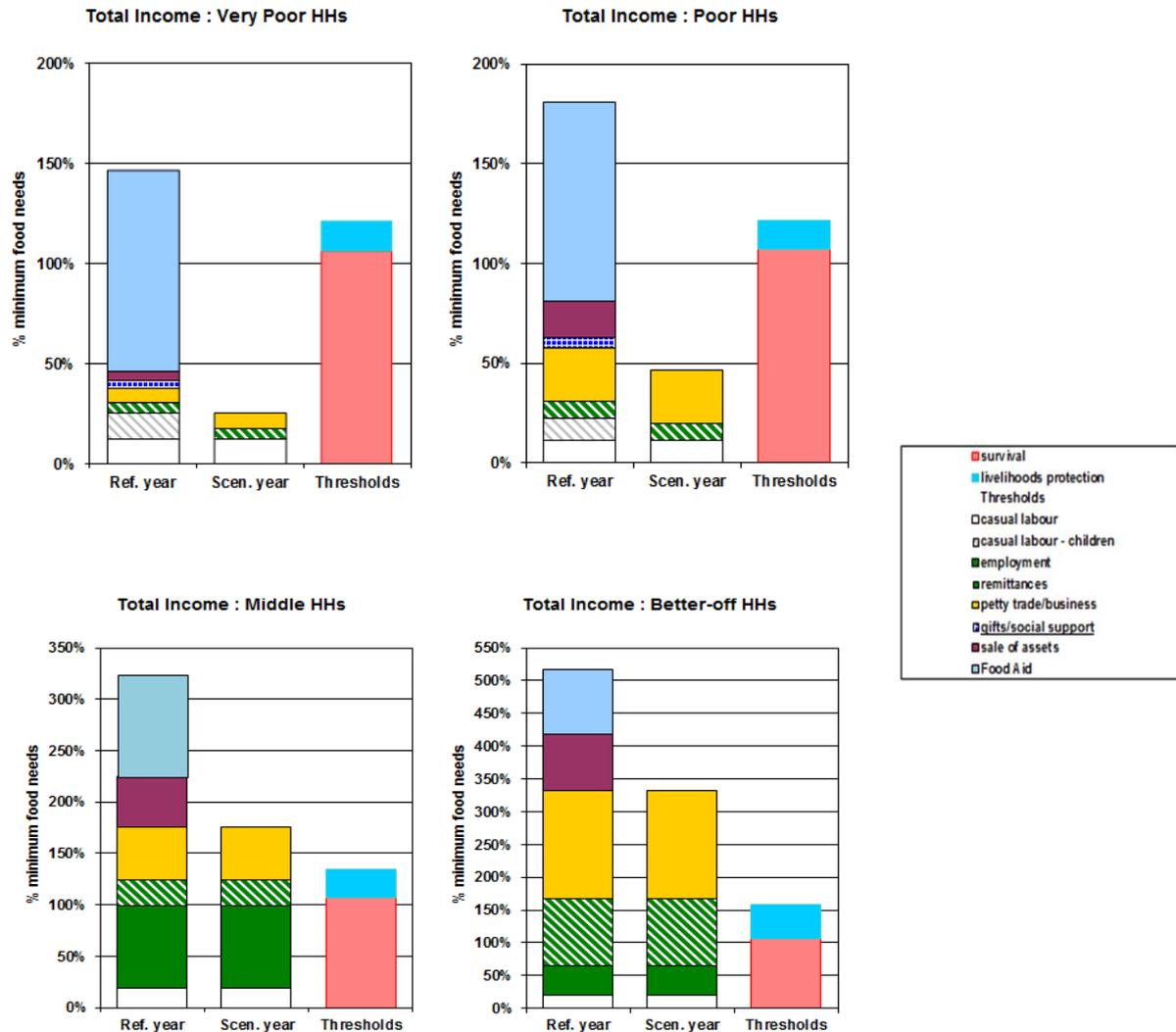
The coping mechanisms which were included in the scenario are as follows: a) Reduction of spending on all items not appearing in the Survival and LP Baskets to zero; b) Reduction of spending on LP food items, transport and school uniforms to half of reference year spending; c) Reduction of expenditure on Betel/Tobacco to one quarter of reference year spending. Due to the constrained access to labour and other income generating opportunities, no coping mechanisms related to an increase in income were considered.

Given this scenario, the figures below present the results for all wealth groups. As can be seen, under this scenario, the very poor and poor wealth groups would face a deficit in meeting both their survival and livelihood protection thresholds. For the very poor the deficit in meeting their survival needs is 75-85% with a further 10-20% deficit to reach the livelihood protection threshold. The poor are in a marginally better situation with a 55-65% deficit in meeting their survival needs and a further 10-20% needed to enable them to meet their livelihood protection threshold.¹⁰

The middle and better off households do not face survival or livelihood protection deficits under this scenario, although close monitoring is recommended to track changes in this regard.

⁹ It was decided to include a reduced amount of betel/tobacco in the livelihoods protection basket as this is considered by all households to be a basic necessity. Even the poorest households tend to spend money on betel/tobacco and so if all spending on these items was taken out of the LP basket, it would in effect mean reduced spending on other items in reality.

¹⁰ While survival thresholds remain the same across wealth groups, the livelihood protection threshold can differ across groups as some items, for which we do not want any group to reduce spending i.e. education & livelihood inputs are included at the baseline level of spending for each respective group.



Proposed Response Options

The following provides a brief summary of the main points of information gathered:

- The MCIC sub-zone has been newly created due to conflict related displacement and with limited opportunities for income and production due to movement restrictions;
- MCIC communities are reliant on food aid to meet their basic needs, although market purchase remains important for dietary diversification and meeting general household needs;
- Households are predominantly reliant on labour, trade and business for sources of income with poorer households utilising child labour to meet their income needs;
- Ethnic conflict has been the largest threat to food security over the past 5 years and remains a core worry for many within the livelihood zone;
- There is a seasonal 'hunger period' for very poor households during rainy season (Jun-Oct) where increased prices combine with decreased access to income opportunities;
- As households are unable to reach the main areas of business and markets, they have faced large reductions in their income sources post-conflict;
- Ability to expand current incomes is constrained by lack of demand for labour and low purchasing power of those residing in MCIC areas together with lack of capital;

- Markets for commodities are accessible, although price increases of 10-20% compared with pre-conflict prices means that access to goods is retrained;
- The only exception to this is for locally grown products and the cost of labour, where decreased demand means that prices for these items/services has reduced;
- Markets are expandable supply if demand increases, without further inflationary effects, however, this is reliant on the continued ability of Rakhine traders to supply Muslim traders;
- If food aid and local sources of gifts/loans were removed, the very poor and poor wealth group would not be able to meet their survival or livelihood protection needs;
- The middle and better off households in MCIC communities would be able to meet their survival and livelihood protection needs, but their ability to do so is likely to reduce over time.

With the above points in mind it is possible to return to the original questions posed at the outset of this report and to provide some guidance in terms of potential response options.

1. Can affected households meet their basic needs? As noted, it appears that poor and very poor households in the MCIC sub-zone would not be able to meet their basic survival and livelihood protection needs without on-going external assistance. In addition, these households are already engaging in negative coping strategies including child labour and taking children out of school. In addition, without an improvement in the ability of households to earn sustainable incomes, middle wealth group households may also fall below the livelihood protection threshold in the medium term (6 months) without external assistance. It may be useful to consider the following during programme planning:

- Very poor and poor households should continue to receive in-kind external food support to meet their basic food requirements (2100 Kcal pp/pd);
- In addition very poor, poor and middle wealth group should have access to top-up cash grants (for those who cannot work) or regular cash for work opportunities to i) enable them to make other needed purchases, ii) reduce the use of negative coping strategies and, iii) support business which have been established in MCIC areas;
- On-going monitoring should be conducted to ensure that the market continues to function, and to ensure that households in these areas are able to meet their needs without use of negative coping strategies;

2. What livelihood recovery options may be appropriate? Although options for livelihoods are severely constrained, the following could be seen as options to improve livelihoods moving forwards:

- Advocacy should be continued with the government to ensure that displaced communities in the MCIC sub-zone have access to productive assets and income generating activities e.g. through providing land to households;
- If cash is injected into communities through on-going cash for work and cash grant activities it may be viable to provide grants to potential small business owners to establish small businesses (although this would need to be in addition to activities meeting basic needs to avoid sale of stock to meet basic needs);
- As the decrease in fish production and increase in labour prices in Rakhine areas is due to reduced Muslim labour, reintroduction of Muslim labour in these areas may represent a potential step towards reconciliation.
- It would be ideal to establish links with Rakhine traders who are supplying Muslim traders to explore potential opportunities to improve livelihoods. However this would need to be done with a strong protection lens so as not to exacerbate external pressures on traders to drop these links.