



Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

LIVELIHOODS & SOCIAL CHANGE IN RURAL MYANMAR

2016

QSEM Series
Round Five Report

funded by:

Livelihoods and Food Security Trust Fund



WORLD BANK GROUP



UKaid



European Union



Australian Aid



Swiss Agency for Development and Cooperation



DFID



USAID



Irish Aid



EMR

LIVELIHOODS AND SOCIAL CHANGE IN RURAL MYANMAR

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT – JANUARY 2016



WORLD BANK GROUP



ENLIGHTENED MYANMAR RESEARCH AND WORLD BANK
COMMISSIONED BY THE LIVELIHOODS AND FOOD SECURITY TRUST FUND

Funded by



Livelihoods and Food Security Trust Fund



This report has not undergone the review accorded to official World Bank publications. The findings, interpretations, and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the World Bank and its affiliated organizations, or those of the Executive Directors of the World Bank or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries

ACKNOWLEDGEMENTS

We thank the European Union and governments of Australia, Denmark, France, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, the United States of America for their contributions to the Livelihoods and Food Security Trust Fund. From the private sector, we thank the Mitsubishi Corporation for its kind contribution to the fund.

DISCLAIMER

This document is supported with financial assistance from Australia, Denmark, the European Union, France, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, the United States of America, and the Mitsubishi Corporation. The views expressed herein can in no way be taken to reflect the official opinion of any of the LIFT donors.

CONTENTS

EXECUTIVE SUMMARY	I
THE LIVELIHOODS CONTEXT	II
THE VILLAGE CONTEXT	IV
ENGAGING BEYOND THE VILLAGE	V
RECOMMENDATIONS	VI
CHAPTER ONE: INTRODUCTION	7
THE CONTEXT	9
RESEARCH DESIGN	12
THE ANALYTICAL FRAMEWORK	13
THE SAMPLE	14
THE FIELDWORK	14
REPORT STRUCTURE	17
CHAPTER TWO: THE LIVELIHOODS CONTEXT	18
INTRODUCTION	20
LIVELIHOODS	20
FARMERS	22
LABORERS	25
NONFARM BUSINESS	28
MIGRATION	30
SHOCKS AND VULNERABILITY	34
PROBLEMS AND SHOCKS	34
VULNERABILITY	36
CHANGES IN INFLUENCING FACTORS	39
ACCESS TO CREDIT	39
LAND	43

CHAPTER THREE: THE VILLAGE CONTEXT	48
SOCIAL CAPITAL	50
VILLAGE GOVERNANCE	54
TURNOVER OF LEADERSHIP POSITIONS	55
THE VILLAGE TRACT ADMINISTRATOR	56
THE VILLAGE ADMINISTRATOR	57
OTHER VILLAGE INSTITUTIONS	58
EMERGING IMPLICATIONS	60
CHAPTER FOUR: ENGAGING BEYOND THE VILLAGE	62
ENGAGING GOVERNMENT	64
INCREASING SERVICES	64
DECISION-MAKING AND INFORMATION FLOWS	66
MANAGING EXPECTATIONS	69
ENGAGING DONORS	71
AID RECEIVED	71
LESSONS FROM IMPLEMENTATION OF DONOR PROGRAMS	73
CHAPTER FIVE: CONCLUSIONS & RECOMMENDATIONS	76
RECOMMENDATIONS	78
LIVELIHOODS	78
VILLAGE GOVERNANCE	79
TOWNSHIP CAPACITY	79

TABLES

TABLE 1:	RESPONDENTS PER ROUND	16
TABLE 2:	AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (MALE, PEAK)	25
TABLE 3:	AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (MALE, NON-PEAK)	25
TABLE 4:	AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (FEMALE, PEAK)	26
TABLE 5:	AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (FEMALE, NON-PEAK)	26
TABLE 6:	NEGOTIATING CASUAL LABOR CONDITIONS ACROSS ROUNDS	27
TABLE 7:	MIGRATION PATTERNS BY LOCATION	31
TABLE 8:	SOURCES OF CREDIT BY PROXIMITY TO URBAN AREAS	42
TABLE 9:	PROGRESS OF LAND REGISTRATION ACROSS ROUNDS	44
TABLE 10:	SOCIAL RELATIONS IN VILLAGES BY AREA (AND CHANGE SINCE QSEM 4)	50
TABLE 11:	DISTRIBUTION OF GOVERNMENT ASSISTANCE BY TYPE OF VILLAGE	61
TABLE 12:	GOVERNMENT ASSISTANCE BY SECTOR, QSEM 4 AND QSEM 5	65
TABLE 13:	DONOR ASSISTANCE BY SECTOR (QSEM 4 AND QSEM 5)	73

FIGURES

FIGURE 1:	KEY EVENTS, HARVESTS & RESEARCH ROUNDS 2012 – 2015	12-13
FIGURE 2:	QSEM ANALYTICAL FRAMEWORK	14
FIGURE 3:	QSEM STUDY TOWNSHIPS	15
FIGURE 4:	PROPORTION OF RESPONDENTS WITH DIFFERENT INCOME SOURCES, AYEYARWADY REGION	21
FIGURE 5:	PROPORTION OF RESPONDENTS WITH DIFFERENT INCOME SOURCES, MAGWAY REGION	21
FIGURE 6:	ESTIMATED MIGRATION RATES ACROSS ROUNDS	30
FIGURE 7:	MIGRATION PATTERNS BY SOCIO-ECONOMIC GROUP (AS A PROPORTION OF HOUSEHOLDS WITH FAMILY MEMBER MIGRATING)	32
FIGURE 8:	SHOCKS & PERSISTENT PROBLEMS (NUMBER OF VILLAGES)	34
FIGURE 9:	NUMBER OF QSEM ROUNDS IN WHICH VILLAGES FACED WEATHER-RELATED PROBLEMS	35
FIGURE 10:	NUMBER & PROPORTION OF VILLAGES WITH ACCESS TO MADB LOANS	40
FIGURE 11:	INTEREST RATES PER MONTH BY TYPE OF LENDER AS (REPORTED BY RESPONDENTS)	42
FIGURE 12:	TURNOVER OF VTAS & VAS ACROSS ROUNDS	55
FIGURE 13:	NUMBER OF GOVERNMENT PROJECTS BY REGION ACROSS ROUNDS	64
FIGURE 14:	GOVERNMENT ASSISTANCE BASED ON VILLAGE ACCESSIBILITY	66
FIGURE 15:	NUMBER OF DONOR PROJECTS BY REGION AND QSEM ROUND	71
FIGURE 16:	DONOR ASSISTANCE IN QSEM 5 COMPARED TO QSEM 1 AND QSEM 2 (LIFT AND NON-LIFT FUNDED PROJECTS)	72

BOXES

BOX 1:	HOW HOUSEHOLDS MAKE A LIVING IN AYEYARWADY AND MAGWAY REGION	20
BOX 2:	THE IMPACTS OF TOTAL CROP FAILURE IN MANDALAY	23
BOX 3:	CASUAL LABORERS MAKING ENDS MEET IN MAGWAY REGION	26
BOX 4:	USING MICROFINANCE TO BUILD SMALL BUSINESSES IN MANDALAY & RAKHINE	29
BOX 5:	REMITTANCES ENABLE A FAMILY IN MANDALAY TO PURCHASE LAND	33
BOX 6:	A LACK OF RAIN AND LOWER ONION PRICES CREATE HARDSHIP FOR A FAMILY IN CHIN STATE	36
BOX 7:	CHANGES TO FISHING REGULATIONS IMPACT FISHERMEN IN THE DELTA	37
BOX 8:	CHALLENGES FACED BY THE POOREST OF THE POOR	38
BOX 9:	MADB CHANGES ITS LENDING PRACTICES IN AYEYARWADY REGION	41
BOX 10:	DEMANDS FOR ILLEGAL FEES FOR REGISTERING LAND IN SHAN STATE	45
BOX 11:	LAND REGISTRATION IN AYEYARWADY REGION REIGNITES OLD DISPUTES	47
BOX 12:	VILLAGERS IN CHIN STATE COOPERATE TO OVERCOME WATER SHORTAGES	51
BOX 13:	ROAD IMPROVEMENTS MAKE RICE BANKS VIABLE IN CHIN STATE	52
BOX 14:	VILLAGE ELITES MONOPOLIZE COOPERATIVE LOAN IN SHAN STATE	53
BOX 15:	MOBILIZING VILLAGERS IN RAKHINE STATE TO BUILD A SCHOOL	54
BOX 16:	A VTA TAKES RESPONSIBILITY FOR MADB LOANS IN AYEYARWADY REGION	57

BOX 17:	A VILLAGE AUDIT COMMITTEE IN CHIN STATE CEASES TO FUNCTION	59
BOX 18:	A TRACT VILLAGE DOMINATES DEVELOPMENT DECISIONS IN MAGWAY REGION	60
BOX 19:	TOWNSHIP DEVELOPMENT INSTITUTIONS	66
BOX 20:	A TALE OF TWO TOWNSHIP DEVELOPMENT SUPPORT COMMITTEES: RAKHINE AND CHIN STATES.	67
BOX 21:	PARTICIPATING IN MEETINGS PAYS DIVIDENDS IN MAGWAY REGION	69
BOX 22:	LIMITED OVERSIGHT IN IMPLEMENTATION OF THE EMERALD GREEN AND SCHOOL GRANTS PROJECTS.	70
BOX 23:	THE END OF A PROJECT IN MANDALAY REGION FUELS TENSIONS AND RESULTS IN ELITE CAPTURE	74

**LIVELIHOODS AND SOCIAL CHANGE
IN RURAL MYANMAR**

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT

EXECUTIVE SUMMARY

The Qualitative Social and Economic Monitoring of Livelihoods in Myanmar (QSEM) research program is a study of rural life in Myanmar.

QSEM examines people's livelihood strategies and activities, the wider factors that shape those strategies and how the broader social and institutional features of community life affect livelihood choices and outcomes. The research covers 54 villages in three states and three regions spanning the agro-ecological zones in which the Livelihoods and Food Security Trust Fund (LIFT) operates: (i) the dry zone (Magway and Mandalay regions); (ii) coastal zones (Rakhine State and Ayeyarwady Region); and (iii) hilly zones (Chin and Shan states). This report documents findings from the fifth round of research, which took place between December 2014 and February 2015.

Unlike previous QSEM reports, which focused on changes between respective research rounds, this report looks at changes over a three-year period from the beginning of QSEM in early 2012 to the most recent period of field research. The report draws on panel data documented in each village across all five rounds, as well as findings from previous QSEM reports.

A number of significant changes have been observed over QSEM rounds:

- 1.** Myanmar presents a mixed picture for agricultural livelihood development: Some areas have experienced improvement, while some remain vulnerable. Wages have increased but peak season labor scarcity remains a challenge.
- 2.** Access to credit has been a focus of both government and donor assistance. QSEM research indicates that villages across the country now have greater access to low-interest loans.
- 3.** Village governance has continued to change following the introduction of a *Ward and Village Tract Administration Law*. Village tract administrators have experienced increased levels of authority, while the influence of village administrators has declined.
- 4.** People have higher expectations of government, including in delivering government services, and are more willing to express discontent when their expectations are not met.

THE LIVELIHOODS CONTEXT

Mixed changes in agricultural livelihoods across QSEM villages.

Some QSEM research areas have seen notable improvements, while in other areas agricultural development has remained stagnant. Ayeyarwady Region has benefitted from NGO assistance and improved access to credit, while the movement toward permanent cultivation in Chin State has improved agricultural livelihoods across most villages there. In Shan State, increased access to the Chinese market has driven improvements in agriculture. However, in the Dry Zone and Rakhine State, farmers remain vulnerable to the frequent market and weather shocks that have featured across QSEM rounds. Farmers in these areas have been particularly affected by water

shortages. Farmers across the country remain affected by high labor costs that have constrained their productivity and in some cases forced them to change to less labor intensive and less profitable crops.

Laborers have seen wage increases and nonfarm income is playing a larger role in more households.

The QSEM study has documented steady wage increases across the states and regions where research was conducted, though laborers continue to struggle to find enough working days to make a living. There is evidence of changing pay structures in response to high demand for labor at peak times in the year.

Nonfarm enterprises have become more common as households have experienced improved access to capital through remittances, NGO or microfinance credit, or expanded government programs. In some areas, the study found evidence that public works projects were stimulating investment in local businesses.

Migration has increased consistently across research areas with Mandalay, Ayeyarwady and Chin seeing the most significant increases.

Since 2012, the factors driving migration have evolved. Findings across QSEM rounds show that migration can no longer be understood predominantly as a coping mechanism for people facing economic shocks. Instead, many people see migration as an economic opportunity to build capital or diversify their household income. People also have increasingly nuanced understandings of the risks and benefits of migration, with certain types and destinations falling out of favor due to perceived higher risks or lower returns.

There are some risks that particular groups may be left out of the transition process, leading to growing inequality.

QSEM reports have consistently documented the declining position of subsistence and small-scale fishermen. In addition, some households are less able to take advantage of the trend toward diversifying income from a variety of agricultural, nonfarm and migrant sources. This is particularly the case for households lacking both capital and productive labor.

The rural credit market has changed significantly.

Access to credit for rural communities has improved significantly. Perhaps the most noticeable expansion has come from the Myanmar Agricultural Development Bank (MADB), which has gone from a presence in 13% of QSEM villages in round one to over 70% in round five. Borrowing limits per acre have also increased which, together with evidence of increased flexibility in how MADB loans are managed, has led to positive impacts for farmers.

In addition to MADB, donor-funded microfinance and revolving fund programs, as well as government programs such as Emerald Green, are also increasingly providing

low-interest sources of finance for nonfarm livelihoods. However, as MADB remains the most widespread source of credit, and as it limits its loans to those holding land registration documents, the current system of credit provision favors larger, better-off farmers. Women, youth and the landless are among those who face continued constraints in accessing credit.

In addition, monthly interest rates have seen a small but noticeable decline across all types of credit sources. This has been driven by improved access to formal, low-interest credit sources and the resulting reduced need for high-interest loans provided by local moneylenders or personal networks.

THE VILLAGE CONTEXT

The rise of the village tract administrator (VTA) and the decline of the village administrator (VA)

Since the implementation of the *Ward and Village Tract Administration Law* in 2012, the center of power in village-level governance has changed. Between QSEM 3 and QSEM 4, all village tracts in the study held elections for new VTAs and almost half were replaced. Local-level governance functions have been consolidated into the VTA position in villages across the country. Previous QSEM rounds identified the VTA's salary and influence over government assistance to the village as driving their increased authority. Research in this round identifies additional factors reinforcing this trend, particularly the VTA's position as sole intermediary and source of information between the village and the township.

There has been a corresponding decline in village administrator influence, with variations between the central regions of Ayeyarwady, Magway and Mandalay and the states of Chin, Rakhine and Shan. In the case of the regions, villagers are seeking assistance directly from the VTA, reducing the influence of village leaders. In Chin, Rakhine and Shan, there is a continued reliance on village administrators but less incentive for those administrators to perform their functions.

Social capital remains strong despite signs that social bonds in villages may be weakening

Despite changes to governance, social capital in Myanmar villages remains generally strong: the research shows that approximately 80% of surveyed villages report "good" or "average" social relations. Despite this, some villagers face socio-economic barriers to participation in village activities, while social stigma toward people in lower socio-economic groups was also reported.

While a definitive trend is not clear, the research suggests that social bonds within villages may be weakening due to increased mobility and migration, and increasing reliance on economic activity beyond the village community. Combined with the decline in influence held by the village administrator and several examples of villages having difficulty mobilizing for communal activities, this is a trend that merits further examination.

Limited change for other village-level institutions

There were limited changes to other village institutions. The presence of recently constituted village development support committees was inconsistent, and where they did exist their influence was mostly limited. NGO-led village development committees were normally focused on specific projects with limited impact on broader village governance. Established socio-religious groups have remained largely unchanged, although Village Elder and Respected Persons (VERP) groups show some signs of declining influence. Individual elders often retain their influence however, through their relationships with the VTA or township-level officials.

The role of women remains a major challenge for local institutions, with few examples of women in village leadership positions. Even in examples where donor programs mandated female involvement, greater participation has not resulted in more influence in wider decision-making processes.

ENGAGING BEYOND THE VILLAGE

Rural communities continue to have limited abilities to inform decision-making processes about their development needs.

Government assistance to QSEM villages has increased significantly throughout the study, most noticeably in education, local infrastructure and access to credit. However, this assistance is generally provided from above and rural communities have limited influence over what kind of assistance they receive and how it is targeted. Many of the decisions regarding government assistance are made at the township level, far removed from the lives of most villagers. The Township Development Support Committee is charged with representing the population's interests, but is generally comprised of local elites who reside closer to township centers.

Villagers have increased expectations for government services.

Over the last several years, expectations among villagers have increased. People now expect increased levels of government services and are more willing to express dissatisfaction when they feel their expectations are not met. This change has provided space for local interest groups—both political parties and activist organizations—to mobilize around service delivery.

There have been significant variations across regions/states in the number of donor projects in QSEM villages. LIFT remains the main donor providing assistance.

Although the aggregate level of aid across the QSEM villages remained constant, there was a significant fluctuation at the region/state level. Significant decreases in the number of donor projects were identified in Mandalay, Ayeyarwady and Rakhine, in part due to the closure of humanitarian projects. With the exception of Chin State, there is limited access to alternative sources of donor assistance beyond support provided through LIFT partners.

Village development committees (VDCs) have lacked continuity, often disbanding once a project is completed. As a result, there is limited evidence that donor project mechanisms have successfully supported development of stronger village governance structures.

RECOMMENDATIONS

Develop a fuller understanding of how groups balance the range of available livelihood opportunities.

People have access to a small number of livelihood options and generally look to diversify in an effort to ensure food security, develop resilience to shocks and build capital. It is important that development actors identify which activities, and in what combinations, provide the greatest prospects for improved economic wellbeing within a given context.

Implement effective social protection mechanisms.

Development actors should particularly target groups that are less able to benefit from the transitions that are occurring in village life and help to establish effective social protection mechanisms or income generation schemes to support these groups.

Re-examine village governance structures.

There is increasing evidence that current village governance structures do not ensure active village participation in their own development processes. Ultimately, there is a need to review the current regulatory framework and develop effective governance mechanisms that provide villages with increased voice and improve accountability. This could involve re-investing authority in the village administrator, or strengthening some other form of representative body such as village development support committees. There is also a need to ensure that villages have access to information from the township level and that there is clarity about the roles and responsibilities of different stakeholders.

Build capacity at the township level and strengthen links to villages.

Under Myanmar's current reform process, many of the important local development decisions are being taken at the township level, either by township officials or by Township Development Support Committees (TDSC). Evidence suggests that many townships lack the capacity to implement projects or involve villages in the development process. In the future, it is important that development assistance focuses on linkages between townships and villages.

LIVELIHOODS AND SOCIAL CHANGE IN RURAL MYANMAR

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT

CHAPTER ONE: INTRODUCTION

VILLAGE PROFILE - SHAN STATE

This village in Shan State has seen significant developments over the three years the QSEM team has been visiting. The village has a population of approximately 515 people in 115 households. Almost 13 percent of households are headed by women.

There has been a large increase in corn cultivation. In late 2012, paddy was the primary crop, with corn, sweet potato and radish as secondary income sources. Increases in the price of corn caused farmers to clear vacant land and expand the amount of corn grown from 174 acres in QSEM 2 to 250 acres in QSEM 5. Paddy cultivation has fallen from 86 acres to 13 acres, grown by only three or four households in the most recent season. Corn is grown mostly for chicken feed which is exported through brokers to China. As supply of corn has increased, brokers have found it difficult to pay upfront and instead make farmers wait until they can sell on the produce. The returns from corn cultivation can be seen in the number of houses with new television sets and other appliances. Farmers are also increasingly buying plow machines, with the added benefit of reducing reliance on cattle as access to pasture land decreases.

The village is surrounded by three military bases, and has reported having to deal with land confiscation since the 1980s. With the start of political reforms in the early rounds of QSEM, villagers were given more flexibility to farm some of the confiscated land. In late 2013, one of the military bases decided to transfer ownership of over 60 acres of land back to previous owners. A female respondent proudly showed researchers the signed agreements acknowledging the return of 10 acres to her family.

“It is not easy being an administrator: it’s very busy and yet there is no salary. But if there is no administrator it will not be easy because people have differing opinions.”

It has become progressively more difficult to appoint a village administrator. There is very little interest in the job. When the team visited the village in QSEM 3 the position was vacant. This created difficulties both for resolving land problems and for any tasks that involved working with the township government. A village monk suggested to elders that they hold a village meeting to select a new administrator. The previous administrator was selected on the understanding that he only serves a one-year term.

Although located in a conflict area, the village has remained neutral as most of the population is from a different ethnic group. This changed a little in late 2014. For the first time, the village was asked to contribute to the ethnic armed group, selling some natural resources to make the payment. Some suggested that the ceasefire has allowed these groups to operate more freely closer to township centers.

The village has been relatively successful in accessing external assistance. There has been a long association with one donor, supporting education and microfinance activities. Microfinance, in particular, has facilitated the initial move to cultivating corn. These activities have subsequently been handed over to the Department of Cooperatives. Government programs have also increased, with a new water pump providing accessible water and solar panels distributed to poorer households.

The Qualitative Social and Economic Monitoring (QSEM) research program aims to monitor and understand rural livelihoods in Myanmar. The research examines how people in rural Myanmar make a living, the wider factors that shape their ability to do so, and how the broader social and institutional features of community life affect people's livelihood choices and outcomes. Through this research, the program aims to provide an understanding of what kinds of external assistance are likely to succeed in a given context.

THE CONTEXT

QSEM research has coincided with a period of rapid economic and political change in Myanmar. The first round of research was undertaken from March to May 2012, soon after the Government of the Union of Myanmar began to implement significant reforms following elections in 2010. Since then, a panel of 54 villages covering three states and three regions have been visited on four separate occasions, with the most recent round of research finishing in February 2015. The QSEM villages are located across Ayeyarwady, Chin, Magway, Mandalay, Rakhine and Shan.

When the QSEM research commenced in early 2012, rural livelihoods in Myanmar were constrained by a broad range of factors. Although nearly two thirds of the workforce in Myanmar is employed in agriculture, the sector was described in 2009 as "stretched to breaking point".¹ Profit margins for major crops such as paddy and pulses were slim. Farmers had high levels of debt and limited access to alternative means of credit aside from private moneylenders. Prices for crops were depressed as a result of an overvalued currency and an inefficient agricultural value chain. In addition, farmers living in Ayeyarwady Delta were still recovering from the destruction caused by Cyclone Nargis. In 2009/2010, over a quarter of the population was living in poverty.²

Social capital within villages was relatively strong. During the period before transition, villages had limited access to external development resources. In effect, they were largely left to look after their own needs. This appears to have fostered high levels of social capital in villages in Myanmar. Communities worked together to address their development priorities, with the village unit the primary social protection mechanism for those in need.³

This social capital was necessitated in part due to scarce access to services or development resources from external actors. Villages had limited opportunities to access resources from higher levels of government. Assistance from international actors expanded significantly in Ayeyarwady Region following Cyclone Nargis in 2008, and Rakhine State following Cyclone Giri in 2010. Prior to this, villages had limited experience with development projects from the donor community. When LIFT commenced, its implementing partners were the sole external providers of development projects in many villages.

1. See Dapice, Vallely & Wilkinson, "Assessment of the Myanmar Agricultural Economy": 2009

2. World Bank, "Ending Poverty and Boosting Shared Prosperity in a Time of Transition": 2014

3. Tripartite Core Group, "Post-Nargis Joint Assessment": 2008.

It is important to place the QSEM research in the context of the significant changes that have occurred in Myanmar from early 2012 to the present. These changes include:

A raft of regulatory initiatives took place at the national level, with wide-ranging implications locally. In February 2012, the national parliament passed the *Ward and Village Tract Administration Law*, which significantly re-defined village governance structures across Myanmar. Among the changes, the law implemented a form of election for village-tract administrators (VTA) who had previously been appointed by township-level officials. It also removed reference to 100 household leaders (commonly the same as village administrators or VAs). The implications of this law first became clear in QSEM 3, which documented the first VTA elections.

In the same year, two laws were passed that changed land management structures and provided people with the means to formally buy, sell, and trade farmland. *The Farmland Law* provided farmers with the right to register land use certificates in their names, effectively formalizing a type of private ownership of land. It also created new structures to register and manage land disputes and provided a right to compensation for compulsory acquisition of land. *The Vacant, Fallow and Virgin Land Management Law* provided individuals with the right to apply for leases of vacant, fallow or virgin lands and enabled farmers to apply to register such land if they can prove current usage of the land.

Myanmar's economy has responded to a number of key policy decisions, with implications at the village level. In early 2012, the government made changes to the regulation of Myanmar's exchange rate by introducing a managed float. This has been seen as a positive in providing additional fiscal contributions to Myanmar's budget from natural resource earnings. Other changes to the financial regulatory framework, including the passage of the *Microfinance Law* in 2011, have resulted in improved access to credit.

Other important policy changes have included the passage of the *Foreign Investment Law* and an opening up of the telecommunications market. These new policies are not directly targeted at the livelihoods of people living in rural Myanmar. Their impact has, however, been felt at the village level. In the year following the passage of the *Foreign Investment Law*, foreign investment was reported to have increased from US\$300 million to \$1,400 million. Over 80 percent of newly approved projects were in the manufacturing industry, a source of employment for people migrating from rural areas.⁴

The liberalization of the telecommunications market in 2014 has driven down the price of mobile phone ownership and made them accessible for many people in rural communities, with important economic and social implications.

These changes are indicative of the changing role of government in the lives of people in rural Myanmar. Government budgets for provision of basic services and local infrastructure have increased since the 2010-11 fiscal year. Expenditure on health tripled to 3 percent of the budget between 2011-2012 and 2014-2015, while the education budget increased from 310 billion *kyat* in 2011-2012 to 1.4 trillion *kyat* in 2014-2015. Despite this, as a proportion of overall budget expenditure these categories remain

4. Engvall & Nandar Linn, "Myanmar Economic Update: Macro-economy, Fiscal Reform and Development Options" in Cheesman et al, *Debating Democratization in Myanmar*: 2014.

the lowest of all ASEAN countries.⁵ Sub-national parliaments have also been formed. Budget flows managed by these parliaments represented 7.2 percent of the total national budget in fiscal year 2011-2012, increasing to 11.8 percent in 2013-2014.⁶ In April 2013, the national parliament also introduced a Constituency Development Fund providing 100 million *kyat* per township to be spent on local infrastructure, water supply and health or education needs.

The context has also influenced how the international community engages with Myanmar. At the time QSEM commenced in 2012, there were few donors working extensively in rural Myanmar, apart from assistance targeted for areas affected by cyclones Nargis and Giri. LIFT was the major exception, with its programs supporting over 2.8 million people since 2009. After sanctions were lifted in 2012, donor assistance grew both through a proliferation of aid programs from countries re-engaging with Myanmar and through renewed relations with international financial institutions.⁷ On the latter front, in early 2013, this resulted in negotiations to cancel some 60 percent of Myanmar's external debt and provide access to concessional loans from institutions including the World Bank and the Asian Development Bank.

Beyond the impacts from policy changes, climatic conditions have varied across QSEM rounds, with initial rounds seeing some regions seriously affected by adverse weather. This was particularly the case across the dry zone (represented by Magway and Mandalay regions in the QSEM sample), which experienced lower than usual rainfall during the first three rounds of QSEM and before that since 2010. Additionally, rice growing areas in Ayeyarwady Region and some parts of Rakhine State were suffering from salt-water intrusion and poor soil quality as a consequence of cyclones Nargis and Giri, respectively.

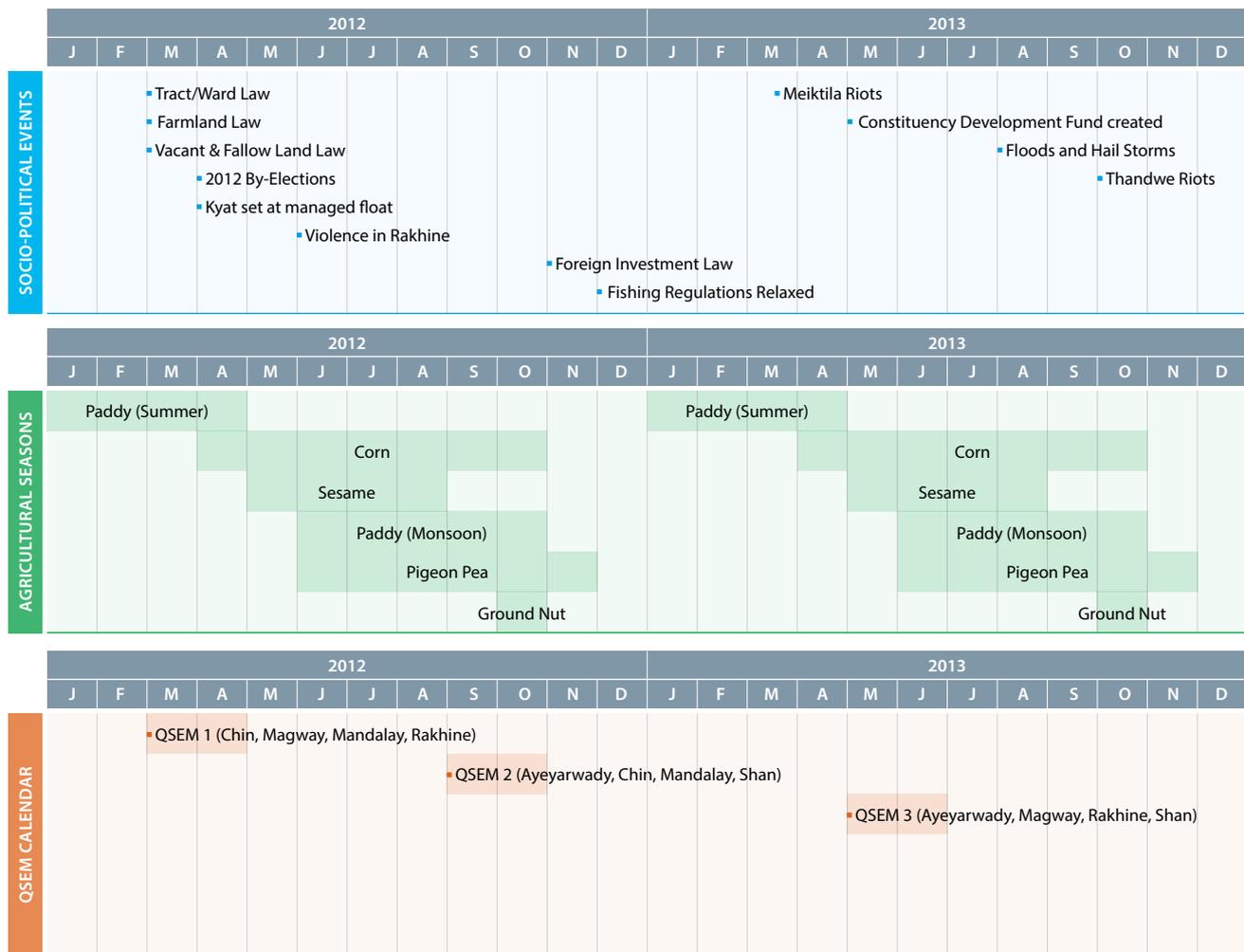
There have been mixed dynamics in the security situation across the country. From 2011 to 2013, the government agreed to ceasefires in conflicts with sixteen separate armed groups. These were a precursor to negotiations on a more permanent nationwide ceasefire agreement. As a result, the security situation in most of these areas has improved. This is not the case in Rakhine State, however, which has seen noticeable spikes in communal tensions. In particular, the Muslim population was targeted in extensive communal violence across large parts of northern Rakhine State in late 2012.

5. Expenditure for health moved from 1 percent of the overall budget to 3.4 percent, while education grew from 4 percent to 6 percent. UNICEF and MDRI, "Making Public Sector Finance Work for Children in Myanmar", 2014 and ESCAP, "Statistical Yearbook 2011". 2014-2015 numbers appeared in the Myanmar Times.

6. Nixon and Joelene, "Fiscal Decentralization in Myanmar: Towards a Roadmap for Reform": 2014.

7. The most recent Official Development Assistance (ODA) figures show an increase of 37 percent in ODA from US\$367 million in 2011 to US\$505 million in 2012 (www.aidflows.org accessed on 1 April, 2015). Overall figures are likely to have increased significantly since 2012. For example, the EU announced a package of €900 million for six years from 2014 to 2020. The United Kingdom aid budget for Myanmar has also increased from £32 million in 2010/11 to £56 million for 2014/15 (DFID, "Burma: Operational Plan 2011-2015", August 2012).

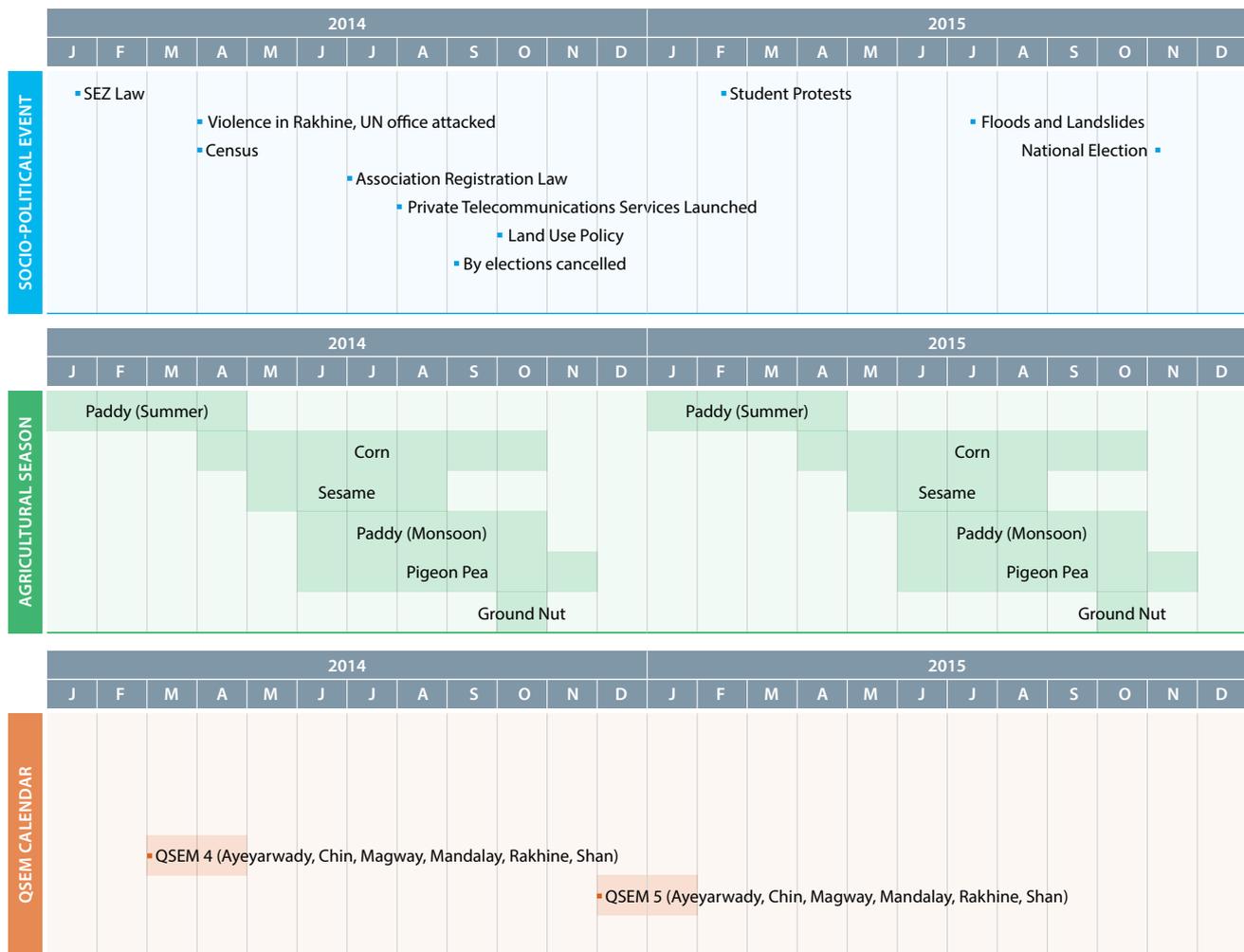
FIGURE 1: KEY EVENTS, HARVESTS & RESEARCH ROUNDS 2012 – 2015



RESEARCH DESIGN

It is in this broad context that research has been conducted for QSEM across five rounds. QSEM was designed to support the monitoring and evaluation program of the Livelihoods and Food Security Trust Fund (LIFT). LIFT works in rural areas of Myanmar and provides grants to implementing partners for projects that collectively aim to improve the food security and incomes of 2 million people across the country. In order to meet these aims, LIFT requires information on the livelihood needs, challenges and opportunities in target areas and how these vary by geographic area, target group and over time. With this in mind, there is a strong emphasis within LIFT on promoting learning, both through monitoring and evaluating program interventions and through research that provides a deeper understanding of context. QSEM aims to inform the strategic decision making of the LIFT Fund Board by helping the program to gain a better understanding of the local context.

FIGURE 1: (CONT'D) KEY EVENTS, HARVESTS & RESEARCH ROUNDS 2012 – 2015



THE ANALYTICAL FRAMEWORK

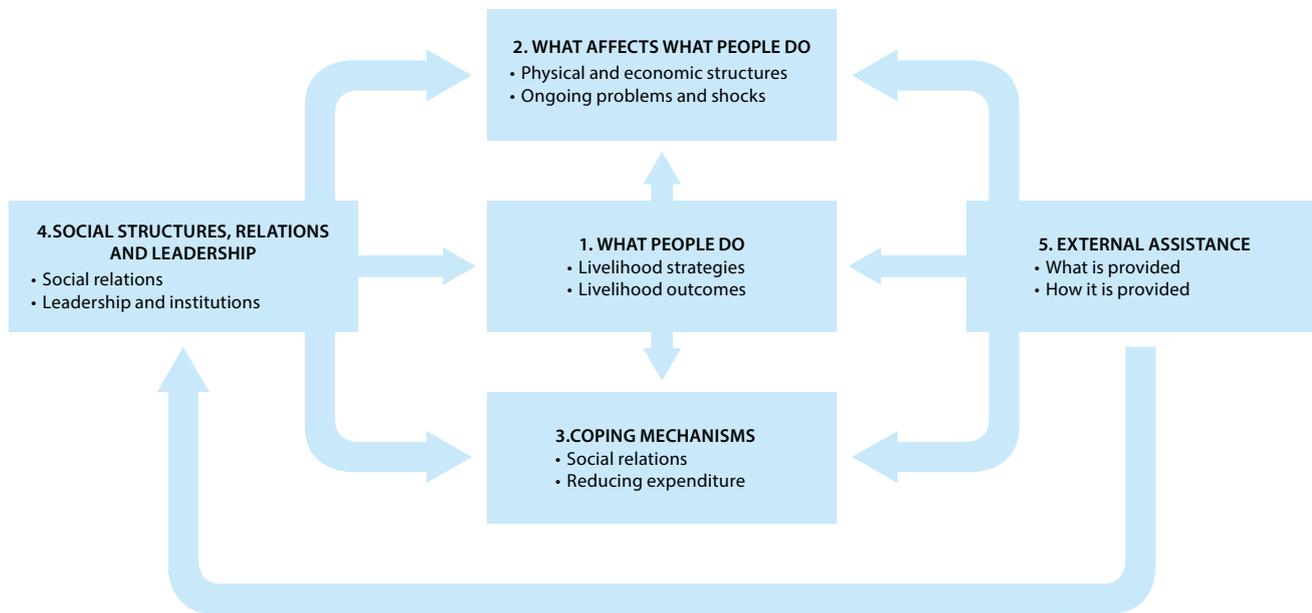
The overall QSEM program collects information on five topic areas, as shown in Figure 2. As QSEM is a longitudinal study, each report focuses on changes over time.

The study aims to answer the following questions:

- What livelihoods do people pursue in rural areas of Myanmar?
- What external factors affect these livelihoods?
- What coping mechanisms do villagers use in times of trouble?
- Which institutions play an important role in village livelihoods?
- What external assistance is being provided at the village level?

QSEM also aims to understand the relationship between each of these factors. This can ultimately provide a deeper understanding of how livelihoods choices are made and how they result in different outcomes.

FIGURE 2: QSEM ANALYTICAL FRAMEWORK



THE SAMPLE

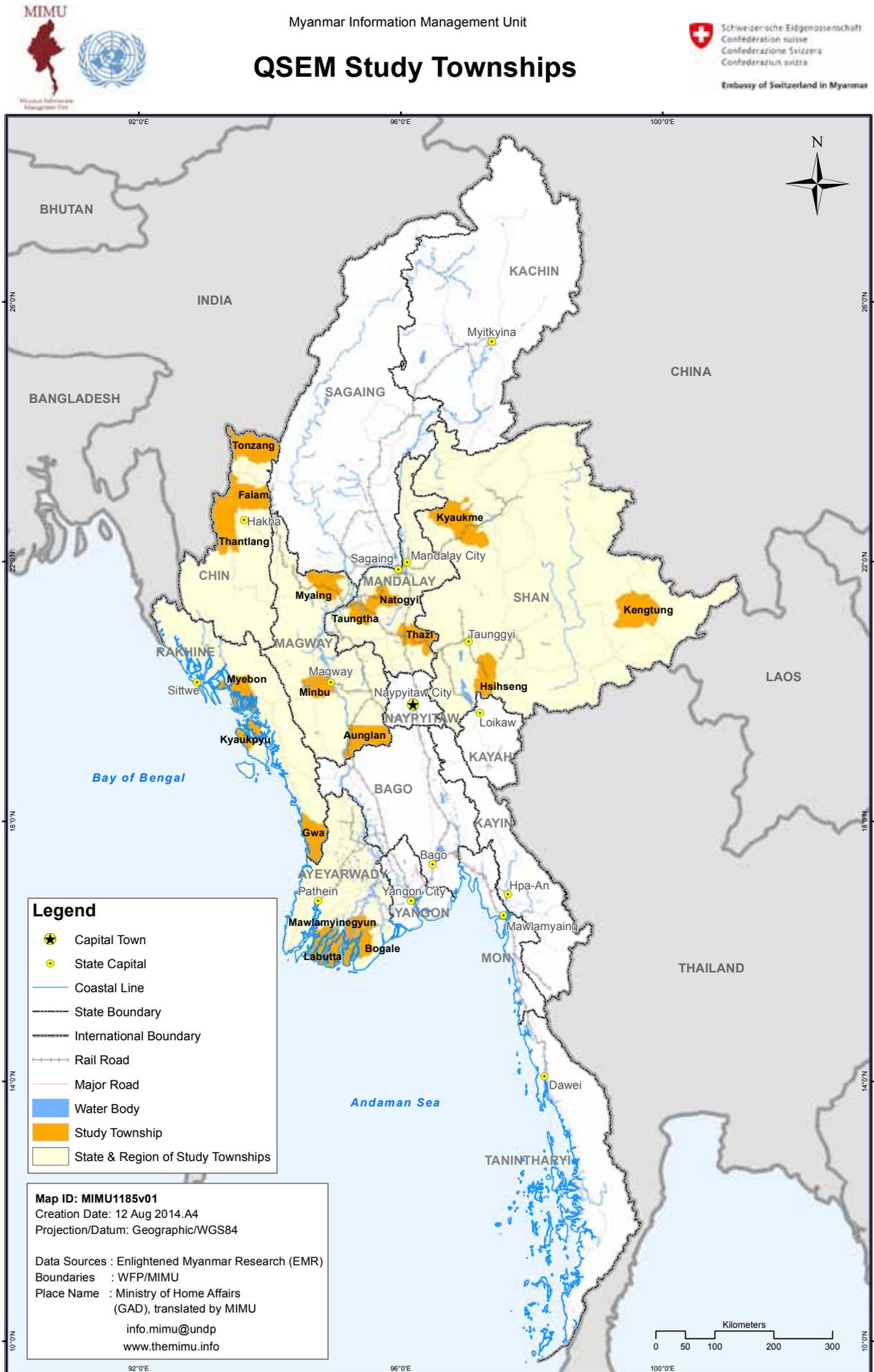
The research covered 54 villages purposively selected to represent variations across six states and regions. Two states or regions were selected from each of the three agro-ecological zones within Myanmar: the dry zone; the hilly areas; and the coastal area (including the Ayeyarwady region). Three townships were selected in different geographical areas within each state or region, – one in each of the three districts with the highest poverty levels in the state/region, conditional on LIFT presence – yielding 18 townships in total.

Within each township, three villages were selected based on variation in proximity to a trade center and access to water resources or roads, yielding 54 villages in total. In each township, one 'A' village was selected that was closer to the township center or had better access to roads, markets or water. A 'B' village was selected representing average levels of access in that township. 'C' villages were generally more remote or had worse access than other villages in that township. This sample approach allows for some comparison of villages based on their relative access within a given township. In this report, 'A' villages are referred to as 'accessible' villages, 'B' villages are 'average' villages and 'C' villages are referred to as 'remote'.

THE FIELDWORK

Each region or state was visited four times over the five rounds of research. The initial rounds of research aimed to cover both temporal and seasonal variation. For this reason the initial design was developed to stagger research locations across rounds. From QSEM 1 to QSEM 3, four of the six states or regions were covered in each round.

FIGURE 3: QSEM STUDY TOWNSHIPS



As the research developed, comparisons between locations were identified as being equally important as comparisons within locations. As a result, all six states/regions were visited in each of the final two rounds, with nine months between each round of research rather than the six-month intervals in earlier rounds.

The most recent round of research was conducted from December 2014 to early February 2015. Figure 1 provides a summary of the different rounds of research relative to major crop cycles. QSEM 5 research was conducted in the months following the 2014 monsoon harvest of paddy and a number of other key crops, including corn and sesame. Separate research teams of four researchers covered each state or region. Each team spent approximately three days and four nights in each of the nine villages in their region.

In total, 593 interviews and over 200 focus group discussions covering approximately 1,000 participants were conducted for QSEM 5. As with previous rounds of QSEM, the research primarily involved in-depth qualitative fieldwork using a range of research instruments. The main approach was to conduct key informant interviews and focus group discussions with representatives of a wide cross-section of villagers. These included the village head and other village leaders; village elders and religious leaders; individuals involved in decisions over aid; representatives from different livelihood groups including farmers, fishermen, laborers and returned migrants; and people from (potentially) vulnerable groups, including female-headed households, religious or ethnic minorities, disabled people and the elderly. New to this round, researchers were specifically requested to conduct a number of repeat interviews with respondents from lower socio-economic backgrounds who had been interviewed in earlier QSEM rounds. Researchers also documented standardized village level data for comparison across rounds.

More than 4,600 people have participated in interviews or focus group discussions in all five QSEM rounds.⁸ Across the five rounds, researchers have spent more than six months in the target villages in each region/state documenting changes. Table 1 provides a breakdown of the number of respondents per round.

TABLE 1: RESPONDENTS PER ROUND

Interview type/Gender	QSEM 1	QSEM 2	QSEM 3	QSEM 4	QSEM 5
Number of Key Interviews		251	172	485	593
Male interviewees				275	323
Female interviewees				207	270
Number of focus group discussions		175	21	200	204
Male participants				636	612
Female participants				354	388
Total male participants		708	393	914	943
Total female participants		328	154	561	658
Total participants		1036	547	1475	1601

8. This is the sum of all participants in key information or FGD interviews across rounds. A number of these respondents participated in more than one interview across rounds, meaning that the overall number of people interviewed is closer to 4,000 in total.

Unlike previous QSEM reports, which focused on changes between respective research rounds, this report looks at changes over a three year period from the beginning of QSEM in early 2012 to the most recent period of field research. The report draws on panel data documented in each village across all five rounds, as well as findings from previous QSEM reports. Case studies are drawn from the most recent QSEM round on the grounds that studies from earlier rounds have already been documented in previous reports. The exception to this is a series of case studies and village profiles based on repeat interviews with respondents across rounds.

REPORT STRUCTURE

The report is structured as follows:

Section 2 examines changes in livelihoods since the start of QSEM, focusing on the main livelihood categories. It also includes a focus on vulnerability and groups that are not benefiting as much as others. Finally, the section looks at the external factors that have most influenced livelihoods across rounds, in particular the availability of credit and the management of land.

Section 3 looks at changes in the village context, with a particular emphasis on social dynamics. This includes an examination of social capital at the village level and an analysis of the factors that influence changes in social capital. It also looks at the implications of new village governance arrangements.

Section 4 focuses on the interaction between villages and actors beyond the village level, with particular emphasis on the evolving role of the government and assistance provided by donors and NGOs.

Section 5 provides some conclusions and recommendations.

**LIVELIHOODS AND SOCIAL CHANGE
IN RURAL MYANMAR**

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT

CHAPTER TWO:
THE LIVELIHOODS CONTEXT

VILLAGE PROFILE - MAGWAY REGION

This relatively large and easily accessible village in Magway Region has a population of almost 1,600 people in 400 households. Well over half of the households are landless and work as laborers, close to 20 percent of families work on their own farmland and the rest are evenly divided between subsistence fishermen, government employees and small businesses. Laborers have more opportunities than in most rural villages with readily available work on farms, in clay production and as porters at the nearby river port.

Unlike other QSEM villages in the dry zone, this village has seen some positive changes in the agriculture sector. In the first round of QSEM, only three or four farmers grew sugar cane. The rest focused on beans and sesame in addition to paddy. A combination of government incentives and a better market has led to an increase in sugar cane cultivation, with over 15 farmers now combining sugar cane with some paddy. Farmers can obtain loans of 100,000 *kyat* (1 *lakh*) per acre from MADB which, for sugar cane, has risen from 20,000 *kyat* per acre in QSEM 1. They can also receive cheap loans for fertilizer from sugar cane mills. In addition, whereas farmers previously had to sell to government-owned mills at unfavorable prices, since QSEM 4 they can legally sell to private mills, including one in the village that used to operate illegally but became legal in 2014. Growing sugar cane also requires less labor.

Small landowners have not benefited: Whereas larger farmers diversify by growing various crops, smaller farmers have to stop growing paddy to grow sugar cane. As the upfront costs are high and farmers need to wait longer for returns, small farmers are not willing to take the risk. As a result, they have not seen any improvements in their agricultural livelihoods. They have, however, benefited from nonfarm activities, including additional income from small businesses or through remittances from family members working in Yangon.

Fishing households have suffered as a result of the sugarcane industry. One fisherman complained that his nets were frequently damaged from the sugarcane mill's waste dumped in the river and that his catch had decreased. He has since stopped fishing and works both as a porter and a farm laborer. Although work was available, these jobs didn't provide the regular income he earned from fishing.

The most significant changes in livelihood options in this village are related to migration. In early 2012, 53 villagers had migrated, mostly to Yangon, where a businessman from the village had set up a factory. As the factory became successful more villagers, mainly landless laborers, moved to Yangon. By the most recent round of QSEM, 150 people had moved to work in the factory. Another seven people decided to migrate to Thailand, following the advice of a broker who visited the village.

Because of the size and location of this village, it has always received government services including a high school and health clinic. In addition, the last three years have seen the construction of a small dam and an increase in electricity access from just over 10 percent of households in 2012 to almost 40 percent of households in 2015.

INTRODUCTION

In the three years since QSEM began, there have been some noticeable changes in people's livelihoods. QSEM research coincided with a period of economic and political reform in Myanmar. In some cases, these reforms have had significant impacts at the local level. Some regions have seen observable improvements in agricultural livelihoods. There has also been a significant increase in migration and a smaller but still noticeable expansion in nonfarm rural businesses.

Not all have benefited. Some groups have found it more difficult to take advantage of these emerging opportunities or have been adversely affected by reforms. Others continue to face ongoing challenges or remain vulnerable to shocks that send their households further into poverty.

This section examines how different livelihood groups have fared over the last three years across different regions. The types of challenges faced by rural communities are discussed. This analysis is used to develop a picture of vulnerability across the regions where QSEM research was conducted. Finally, the section looks at a small number of important factors that affect livelihoods, the extent to which these factors have changed over time and the implications for livelihoods.

LIVELIHOODS

Across most QSEM villages the main livelihood options are farming (either as a landowner or casual laborer), engagement in local nonfarm businesses and migration. Fishing also provided a source of income for some people in villages in Ayeyarwady, Rakhine and Magway.

QSEM research shows that changes in livelihood outcomes are driven both by returns within specific occupations and, equally importantly, how households combine a variety of different livelihood activities. Variations exist both across regions and across different socio-economic groups on how livelihood activities are combined to contribute to overall household income.

CHANGES IN LIVELIHOOD OUTCOMES ARE DRIVEN BOTH BY RETURNS WITHIN SPECIFIC OCCUPATIONS AND HOW HOUSEHOLDS COMBINE A VARIETY OF LIVELIHOOD ACTIVITIES.

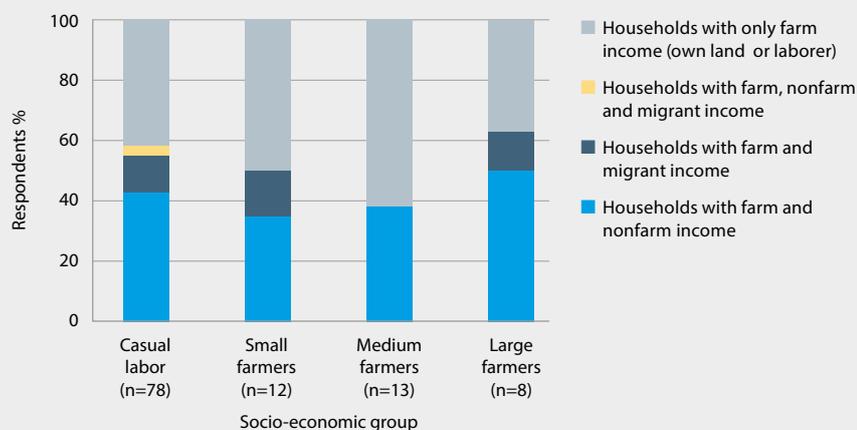
BOX 1: HOW HOUSEHOLDS MAKE A LIVING IN AYEYARWADY AND MAGWAY REGION

In all interviews, researchers documented the types of work being undertaken by the respondent's household members. These were divided into three categories: agricultural activities (farm income) as a landowner or casual laborer; local nonfarm activities as a business owner or employed laborer; and income from household members who have migrated. The results provide an insight into how households in different socio-economic groups balance their sources of income. In figures 4 and 5 below, responses from two regions are compared as a snapshot. Previous

QSEM reports documented that land ownership often correlates closely to socio-economic status. Small landowners and landless households, with some exceptions, are likely to be poorer.

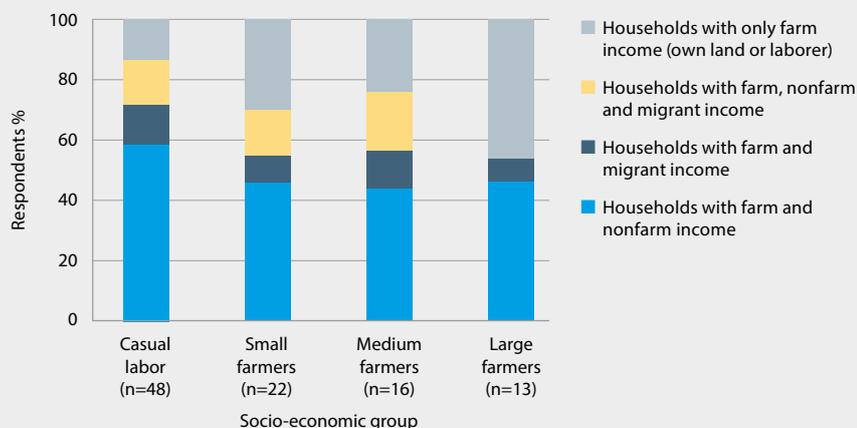
In Ayeyarwady Region respondents across socio-economic groups were more likely to rely solely on income derived from agricultural activities. Casual laborers were, on the whole, slightly more likely to have other sources of income, in particular nonfarm income, than small farmers and medium farmers. At least half the large farmers interviewed had another source of nonfarm income.

FIGURE 4: PROPORTION OF RESPONDENTS WITH DIFFERENT INCOME SOURCES, AYEYARWADY REGION



In Magway Region, there was a significantly greater degree of income diversification (with the exception of large farmers). Almost 90 percent of laborers interviewed had alternative sources of income, with 10 percent of those relying on both migrant income and nonfarm income.

FIGURE 5: PROPORTION OF RESPONDENTS WITH DIFFERENT INCOME SOURCES, MAGWAY REGION



The figures show that at least half the respondents interviewed had an alternative source of income for their households in addition to agricultural income.

FARMERS IN CHIN, SHAN AND AYEYARWADY HAVE BENEFITED FROM BETTER ACCESS TO CREDIT AND MARKETS AND IMPROVEMENTS IN AGRICULTURAL PRODUCTION.

FARMERS

Three years on, farmers in QSEM villages in Ayeyarwady Region and Chin and Shan states were benefiting from changes in the agricultural sector, even though in the early rounds of QSEM they struggled to make ends meet. The reasons behind these improvements varied from area to area. In villages in other regions, returns from the agricultural sector were more variable with fewer net improvements overall.

In Chin State, farmers benefited from a shift to permanent cultivation. QSEM 4 provided some detailed analysis of this trend. About a decade ago, farmers in a number of villages covered by QSEM in Chin State began moving away from shifting cultivation and toward permanent cultivation of vegetables in terrace plots or fruit trees such as oranges and *Myauk Ngo*.⁹ Over the course of the QSEM research, this trend had been identified in seven of the nine villages in Chin State, involving 50-70 percent of households in these villages. The move was initially driven by technical support from NGOs and financial assistance through remittances from migrant networks. Over the QSEM rounds, entrepreneurship is progressively playing a more important role, as farmers invest after seeing the returns of others and due to the fact that permanent cultivation requires less onerous labor. Government investment in roads has also supported this move, providing better access to markets.

Despite these underlying changes, farmers in Chin still remain susceptible to weather-related shocks. The season preceding QSEM 5 was an example of this. Across all nine villages, farmers claimed that water shortages had affected their harvest in 2014. This, combined with instances of pests affecting plantations and decreases in the price of key crops such as onion, provided some challenges this season. Yet farmers remained more optimistic about the future compared to three years ago.

“Business this year is better than last year. We can eat rice instead of porridge now.” – Farmer (Male), Chin State

“I will change from shifting to permanent cultivation...shifting cultivation can't ensure a constant yield unless the soil quality is normal and the weather conditions are normal.” – Farmer (Male), Chin State

In more recent rounds, farmers in Ayeyarwady Region have seen positive returns. In part, this is the result of a move toward farmers growing two crops per season in some villages. At the start of QSEM, only four of the nine villages covered in the research were capable of producing two crops because of salt-water intrusion. A number of farmers in two other villages are now capable of producing two crops, and it is currently being trialed in an additional two villages. Technical assistance from NGOs and improved access to credit to address the additional inputs for a summer crop played an important role in this expansion. Laborers have also benefited, with an estimated additional 20-30 days of employment per year in locations where a summer crop is grown. These changes have also been accompanied by a perceived return of soil quality to pre-Nargis days, a better international market due to the increasing use of *bay gyar*¹⁰ variety of seeds and perceived improvements to the rice value chain.

9. A native fruit grown in the hilly areas of Myanmar, referred to as Lampati in English.

10. Bay Gyar is a variety of paddy that is commonly grown in the Delta, in particular during the monsoon season.

FARMERS IN THE DRY ZONE
AND RAKHINE REMAINED
VULNERABLE TO PERSISTENT
WEATHER-RELATED SHOCKS.

Two thirds of villages in Shan State have also seen improvements in the agricultural sector. As was highlighted in the Shan State Village Profile in the introductory chapter of this report, these regions have responded to an increase in demand for corn from China. As prices have risen, farmers have increased corn cultivation, either at the expense of other crops or through clearing otherwise unused land. Most of this expansion has been driven by entrepreneurship from the farmers themselves with advice on markets, seeds and inputs from brokers and other private sector actors.

Remaining regions have seen few improvements in the agricultural sector. Farmers across Magway, Mandalay and Rakhine have seen limited changes in agricultural production across rounds. As a result, they remain vulnerable to the same weather and market shocks that have been reported since the start of QSEM. In the most recent round, paddy farmers in one township in Mandalay experienced a complete crop failure as described in Box 2 below. Farmers in the other two townships in Mandalay were somewhat fortunate: although the rest of the region faced water shortages, rain fell at the right time for their sesame crops, saving the harvest in these two townships. With the exception of an expansion into the growing of sugarcane, as described in the village profile above, farmers in both Magway and Rakhine faced water shortages affecting their crops. In Rakhine, this was offset slightly by increases in the price farmers received for their rice harvest.

"This season is a season of crops growing on land in the hope of rainfall." –
Small farmer (Male), Mandalay Region

"The more work we do on the farm, the more we are in trouble." –
Small farmer (Male), Rakhine State

BOX 2: THE IMPACTS OF TOTAL CROP FAILURE IN MANDALAY

In one township in Mandalay Region all three QSEM villages experienced massive losses on the 2014 monsoon paddy crop. The three villages have populations of between 340 to 820 people, comprised mostly of farmers and agricultural casual laborers.

Farmers used transplanting methods, moving seed plants into the paddy fields partway through the growing process. Many farmers lost their crops at this stage, as a lack of rain killed off the young rice plants. Other farmers transplanted successfully, but continued drought meant the paddy never matured.

As in previous years, farmers took loans from MADB and the local cooperative funds, but because of the crop failure they had difficulty paying them back when the December due date arrived. The loan repayment process is rigid, and most farmers do not have access to insurance services to mitigate the loss. As a result, many farmers were forced to sell their working cattle to pay off the debt. This has long-term effects on the ability of these farmers to return to profitable agriculture: Without working cattle they are unable to plant more than subsistence paddy. Buying new cattle requires either an infusion of capital, or access to cheap credit

that is not currently available. Interviews by QSEM researchers indicated that there was no outside assistance provided, either by the government or from NGOs.

The largest effect of the crop failure was a significant increase in migration. Previously, few farmers engaged in migration of any sort. Prior to the bad weather, farmers rarely faced food insecurity because they were able to plant enough paddy to live on and, in some cases, to sell. Now, without cattle and facing continued indebtedness and food insecurity, many moved to find seasonal work as casual laborers. Food insecurity became a driving force for migration. In one village, over 20 percent of the population moved to find work. Only the wealthiest farmers remained in the village.

The experience of this township highlights the vulnerability of much of the farming population to one-off shocks. The failure of one harvest, and the lack of a social, government, or NGO safety net, has driven a large number of farmers out of their livelihood and into casual labor or migration.

FARMERS VIEW THE
SHORTAGE OF LABOR
IN PEAK-SEASON AS A
SIGNIFICANT CONSTRAINT.

Farmers consistently cited peak-season labor shortages as their most significant constraint. Farmers reported that the price of labor is an important consideration in determining whether or not to grow crops, what crops to grow and how to grow them.

First, there are indications that farmers are limiting their production because of labor costs. This involved either allowing land to remain fallow or leasing the land to others. There were notably increased instances of the latter in the dry zone in later rounds. In Magway Region, for example, researchers identified some increase in the leasing of land to third parties by larger landowners. Leasing was invariably undertaken on a crop-share basis, with landowners receiving a proportion of the harvest often negotiated based on the quality of the land in question. Leasing land has also provided the landless with an opportunity to access Myanmar Agricultural Development Bank (or MADB) loans as farmers often split the loans.

Second, farmers in the dry zone are varying the crops they grow, in part due to labor costs. Farmers noted that the cost of labor was one factor that influenced their increased planting of sugarcane in some parts of the dry zone and *thanakha*¹¹ elsewhere. Both crops require less labor than more routine crops.¹² However, both also have limitations as replacement to paddy or as cash crops. *Thanakha* has limited profitability given its long maturation period (minimum of seven years, and more than 30 years for high quality *thanakha*). Sugarcane is more profitable: in QSEM 5 farmers in Magway reported prices of 32,000 *kyats* per metric ton. But sugarcane also requires good access to transportation infrastructure and processing facilities in order to be a successful cash crop.

Finally, there have been some increases in small-scale mechanization to reduce reliance on labor. As was discussed in some detail in QSEM 4, there was a small but noticeable increase in the use of small-scale agricultural machinery with significant variation across regions.¹³ The increase was most noticeable in QSEM villages in Shan and Ayeyarwady, the former being driven by private investment, whereas in the delta NGO programs and improved access to credit played an important role.

11. Ground bark used as a traditional cosmetic product.

12. The growing of sugar cane is also a response to the market and increased prices, whereas *thanakha* is seen as a risk mitigation strategy as it is more resistant to drought.

LABORERS

"There are more casual jobs for us this year. Also there are even job opportunities such as cutting wood to use as the raw materials for making bricks." –

Casual laborer (Male), Chin State

"It is difficult to find labor. We even ask the elderly and children if they can work." –

Large farmer (Male), Magway Region

In most regions, wages earned by casual laborers have increased across rounds. As the 2013 LIFT Household Survey makes clear, approximately half of the population in surveyed regions is landless, with the figures rising to two-thirds in coastal areas.¹⁴ Casual agricultural labor is the main source of income for 15.7 percent of households across regions,¹⁵ with less variation between regions. Table 2 to Table 5 below show wages respondents claim to have received or paid at peak and non-peak times across QSEM rounds for all areas except for Chin State.¹⁶ As tables 2 and 3 indicate, there has been a steady increase in the daily wage rates across rounds for both peak and non-peak times.

TABLE 2: AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (MALE, PEAK)

Region	QSEM 1	QSEM 2	QSEM 3	QSEM 4	QSEM 5	Change
Ayeyarwady	N/A	2500	3500	3500	4000	1500
Magway	1500	N/A	1500	1500	5000	3500
Mandalay	2000	2000	N/A	2500	3250	1250
Rakhine	2500	N/A	2500	2500	3000	500
Shan	N/A	3500	3500	3000-6000	3500-6000	~1250

TABLE 3: AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (MALE, NON-PEAK)

Region	QSEM 1	QSEM 2	QSEM 3	QSEM 4	QSEM 5	Change
Ayeyarwady	N/A	1500	1500	2500	3000	1500
Magway	1200	N/A	1200	1200	2500	1300
Mandalay	1500	1500	N/A	2000	2750	1250
Rakhine	2500	N/A	2500	2500	2750	250
Shan	N/A	3000	3000	3000	3500	500

The wage increases are equally applicable to women. Some tasks were distinctly divided on gender grounds, such as plowing (male) and weeding (female), while others, such as harvesting and post-harvest activities, involved both men and women equally. Table 4 and Table 5 show women received comparable wage increases to men in QSEM villages across all five rounds.

13. A qualitative methodology such as that used by QSEM is not ideally placed to capture changes in use of machinery. The approach does not offer a reliable method of measuring ownership of machinery but, instead, is based on the perceptions of respondents of increases in ownership across rounds. The responses, though, are consistent with findings in LIFT's Household Survey 2013, which showed increases in ownership of, in particular, power tillers in LIFT areas from 4.4 percent in of households in 2011 to 6.6 percent in 2013.

14. In 2013, 52.5 percent of households in LIFT villages and 55.9 percent in control villages owned land. Regional variations were significant with 75.6 percent owning land in hilly zones, 63.5 percent in the dry zone and 34 percent in the delta and coastal areas.

15. Casual labor was the primary source of income for 18.5 percent of households in the dry zone, 17.5 percent in coast and delta areas and 11 percent in the hilly zone.

16. For a variety of reasons, analysis of wage data in Chin State is less reliable. First, access to land is more readily available and as a result the number of households relying on income from casual agricultural labor is significantly lower. Agricultural labor is also relatively more likely to be undertaken through kinship networks, limiting the value of quantifying payment in monetary terms. The data that was collected collated agricultural and non-agricultural (e.g.: work on government infrastructure projects) labor in Chin State, providing for significant variation across daily rates.

TABLE 4: AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (FEMALE, PEAK)

Region	QSEM 1	QSEM 2	QSEM 3	QSEM 4	QSEM 5	Change
Ayeyarwady	N/A	2500	3000	3000	4000	1500
Magway	1200	N/A	1200	1200	4000	2800
Mandalay	2000	2000	N/A	2500	3250	1250
Rakhine	2000	N/A	2000	2000	3000	1000
Shan	N/A	3500	3500	4500	4750	1250

TABLE 5: AVERAGE DAILY WAGES FOR HARVESTING ACROSS ROUNDS (FEMALE, NON-PEAK)

Region	QSEM 1	QSEM 2	QSEM 3	QSEM 4	QSEM 5	Change
Ayeyarwady	N/A	1500	1500	2000	3000	1500
Magway	1000	N/A	1000	1000	2500	1500
Mandalay	1500	1500	N/A	2000	2750	1250
Rakhine	2000	N/A	2000	2000	2750	750
Shan	N/A	3000	3000	3000	3500	500

*“The poor (laborers) become well off and the well-off (farmers) become poor.” –
Medium farmer (Male), Mandalay Region*

In some areas these increases in wage conditions have resulted in some improvements for casual laborers. Box 3 below provides the example of a casual laborer in Magway Region who has benefited from the stronger negotiating position of laborers in his village. However, these improvements are dependent on a steady supply of labor opportunities throughout the year.

BOX 3: CASUAL LABORERS MAKING ENDS MEET IN MAGWAY REGION

A landless laborer, 52, and his wife, 50, along with their two children aged 12 and 7, live on the edge of a remote village in Magway Region. The family was identified by village leaders as one of the poorest in the village.

Both husband and wife work as laborers, planting or harvesting rice paddy or sesame, or collecting firewood or jaggery.¹⁷ Although employment opportunities are sufficient, in the lean season of May and June the family sometimes faced difficulty with food security. Twice in recent years they have had to borrow on their future labor for rice from one of the larger farmers.

The family previously lived in a village nearby where they owned 10 acres. They incurred high levels of debt and when, about five years ago, a fire destroyed most of that year’s sugarcane crop and the husband’s father was struck ill with malaria, they were forced to sell the land just to cover their basic needs. They attempted to subsist on casual labor, but had insufficient work to make ends meet. Four years ago they moved to this village, the wife’s birthplace.

In recent years they have seen their situation improve somewhat. Through the wife’s family network, they were able to access small amounts of capital and initial casual labor opportunities through which they established their own network. The husband was able to develop a network with other casual laborers. This improved

17. Jaggery is a traditional form of cane sugar consumed in Myanmar.

his access to regular work and strengthened his negotiating position with farmers. As farmers in the village are able to grow a number of different crops, laborers have access to sufficient paid days of work throughout the year. The man earns daily wages of 3000 – 4000 *kyats* on a fairly regular basis. In the lean summer months they borrow small amounts from friends to cover basic needs. They now also access more formal credit for investing purposes: last year, with a loan from the revolving fund, they purchased a pig, which was sold this year for 2 *lakh kyats*. They hope that they will soon be able to make larger livestock investments.

"We have no savings for a rainy day, as we have as many days with no income as we do with work." – **Casual laborer (Male), Ayeyarwady Region**

"Previously, if you had 4000 kyats, you could buy one viss of pork, which was enough to feed a whole family for a day. At present, if you have 4000 kyats you can get only about half a viss of pork." – **Casual laborer, (Female), Ayeyarwady Region**

ALTHOUGH WAGE INCREASES HAVE PRODUCED BENEFITS FOR LABORERS, THESE BENEFITS ARE OFFSET BY A LACK OF OVERALL WORKING DAYS IN THE AGRICULTURAL SECTOR OVER THE COURSE OF A YEAR.

More commonly, despite the increases in wages, the overall number of working days available for casual laborers over the course of a year remains insufficient. Based on discussions with respondents, researchers estimated that in most regions, casual laborers receive 70 to 80 days of paid agricultural work per year. This can increase by 20 to 30 days where there is a sizeable secondary season. For example, casual laborers in villages in Ayeyarwady Region that have started planting a secondary summer paddy crop benefited from this additional work. In addition, as the quote above indicates, the increases in wages need to be placed in the context of increased price inflation affecting living costs for laborers. As a result laborers still need to either identify secondary income sources, as in Box 3 above where the laborer commenced investing in livestock, or find other jobs, such as through migration.

Farmers believe that a consequence of laborers looking for alternative sources of income is that it reduces the overall supply of labor resulting in increased pressure to

TABLE 6: NEGOTIATING CASUAL LABOR CONDITIONS ACROSS ROUNDS

Round	Region	Example
QSEM 1		• None identified
QSEM 2	Mandalay & Ayeyarwady	• Wage advances as a form of credit – payment, at lower rates, in cash or in kind (paddy) during lean season in exchange for guaranteed labor in planting or harvesting.
QSEM 3	Magway	* Farmers rely more on family labor and plant less.
QSEM 4	Rakhine & Shan Rakhine Ayeyarwady Magway	• Full payment upfront (instead of half payment) at normal rates (instead of lower rates) to secure labor; • Fishing labor offered double size of normal loans upfront, ½ with interest & ½ interest free instead of all with interest in past. • Payment by plot of land rather than daily rate; • Farmers scattering seeds rather than paying labor to sow seeds; • Group negotiations to increase number of working days and reduce working hours.
QSEM 5	Ayeyarwady & Magway Magway	• Farmers offer co-ownership of livestock (ducks/goats) as incentive for laborers; • Offer land tenancy to assist laborers access MADB loans; • Farmers grow more <i>thanakha</i> and sugarcane instead of pulses to reduce reliance on labor.

pay higher wages. It would appear that in many QSEM villages, farmers are reaching a point where they can no longer meet wage demands while still making a profit. In response, both farmers and laborers have had to seek increasingly innovative ways to reach labor agreements. Across rounds, researchers heard of different approaches farmers are using to secure casual labor. Table 6 provides some examples. Initial efforts focused on changing the modes of payment from indebted labor to upfront payments. This progressed to payments based on output rather than daily rates. In the most recent rounds, examples of farmers offering incentives in the form of co-ownership of livestock were identified in Ayeyarwady and the dry zone. These examples highlight the stronger bargaining power of casual labor.

NONFARM BUSINESS

A majority of respondents interviewed had some form of income from nonfarm activities in their households. Using figures from QSEM 4, of the almost 500 people interviewed, 57 percent of households had income streams from local, nonfarm enterprises. Levels of reliance on nonfarm income vary significantly both across regions and across socio-economic groups.

The types of nonfarm enterprises have not changed significantly over time. QSEM 1 identified the most common examples as livestock, food production (for example jaggery and sugar processing) or cottage industries relying on available natural resources (charcoal, brick-making and the like) as well as small businesses such as money lending or small shops. These enterprises remained the main types of nonfarm business activities across all rounds. Businesses that have emerged more recently in some villages include motorbike taxis, solar panel distribution and vocational occupations such as hairdressing or tailoring.

“People in the village are doing better. They can buy TVs and solar panels. Mainly it is because of charcoal makers providing jobs for laborers. They have regular income. The village is more developed since the charcoal-making began.” – Village leader, Rakhine State

Researchers identified a steady increase in participation in nonfarm enterprises. Some villages, benefiting from improved markets for specific goods, saw dramatic increases over time. Laborers in a village in Rakhine, for example, previously sold firewood for charcoal production in Sittwe. In early 2012, when QSEM first visited, eight households had started producing charcoal in the village instead. In response to increases in the price of charcoal, this number has now increased to thirty businesses across the village. In most other villages the increases have been less dramatic but noticeable nonetheless.

A combination of factors is driving the increase in nonfarm enterprises. First, remittances have consistently played a role in enabling households to establish nonfarm businesses. As discussed in the section below, increased migration and remittances result in more funds to invest in local opportunities. Better access to credit has also had an impact. NGO programs providing microfinance and revolving funds have played a role, as described in Box 4 below. Increasingly, this is being

BETTER ACCESS TO CREDIT, REMITTANCES AND GOVERNMENT INVESTMENT IN PUBLIC INFRASTRUCTURE HAVE DRIVEN AN INCREASE IN PEOPLE ENGAGING IN NONFARM BUSINESSES.

complemented through expanded government programs such as the *Mya Sein Yaung* (or “Emerald Green”) program.¹⁸ These forms of credit have been particularly important in providing poorer villagers with opportunities to invest in nonfarm enterprises where they would otherwise not have had the means to do so. The breeding of livestock was one activity that saw observable changes in the most recent round as a result of improved access to credit. In particular, across Magway, Mandalay and Rakhine, researchers documented more households investing in goats and, to a lesser extent, pigs, with these livestock viewed as being able to provide more rapid returns. Commercial credit, including the availability of installment plans for purchasing income-generating items such as machinery or motorbikes, has also been beneficial.

BOX 4: USING MICROFINANCE TO BUILD SMALL BUSINESSES IN MANDALAY AND RAKHINE

A family in Mandalay Region has eleven members, seven of whom are old enough to work. Several daughters are hairdressers while other members are casual laborers. In 2010, the family got a loan from an NGO allowing them to buy two goats. Since then they have grown the business to approximately 50 goats, selling between 10 and 15 goats each year, each for up to 150,000 *kyats*. In 2014, this generated 2.5 million *kyats* in income for the family. The business has become the head of household’s sole occupation.

The family generally uses the children’s income from hairdressing work and casual labor for their daily expenses, allowing them to reinvest their income from the livestock business. In 2013 they bought pastureland for their goats (having previously used communal land) and in 2014 renovated their house. This household, the most successful example of the NGO’s project in the village, is now seen as a role model for other villagers who are increasingly turning to livestock as a supplementary livelihood.

A family from Ayeyarwady moved to a QSEM village in Rakhine in 2012 so the husband could work in illegal logging, shipping trees back to Ayeyarwady. The following year the husband left his wife, leaving her to look after their two children. She works as a casual laborer in paddy fields.

Two years ago she received a loan of 80,000 *kyats* from a local NGO at 2 percent interest. Using the funds she opened a small shop. She was able to pay off the loan in 10 months using the profits from the shop and her wages from laboring. Last year she took another loan, this time at 3 percent interest. Combining this money with savings she opened a rice bank, lending rice to nearby villages. In the eight to nine months before harvest she lent 100 *tins*¹⁹ of rice valued at 200,000 *kyats*. As the price of rice at harvest was 4,200 *kyats* per tin this has provided a healthy return on the loan. As an ethnic Bamar she wants to use her savings to leave Rakhine and move her family back to her native village in Ayeyarwady.

18. A new government cooperative program specifically aimed at providing access to credit for landless and poorer households.

19. Two townships in Rakhine use basket as the unit of measurement for rice as opposed to tin. The report uses tin to ensure consistency across regions. One tin is the equivalent of two baskets.

“They called tenders before. But then all tenders were already settled within networks. We couldn’t participate before, but now it is more transparent to call for tender process.” – Medium farmer (Male), Magway Region

“At the present, government gives permission to the VTA [to organize] tender processes that have a budget below one hundred lakh. The advantage of getting that permission is the villagers can get more job opportunities.” – Small farmer (Male), Chin State

Finally, there are some examples that government investment in public works has created nonfarm opportunities in a small number of villages. Since early 2014, increased government rural development projects have been perceived by respondents as a factor contributing to nonfarm business opportunities. In a small number of villages, local businesses have benefited directly: A villager in Magway Region said that he was able to obtain government contracts to supply rocks for a road construction. Similarly, in Rakhine a village benefited from being able to sell meals to construction workers working on a local road. Some respondents also identified more indirect benefits: in Chin State in particular, respondents have identified the benefits from better access to markets as a result of government investment in roads, as well as government salary increases resulting in increased spending and a better market for products.

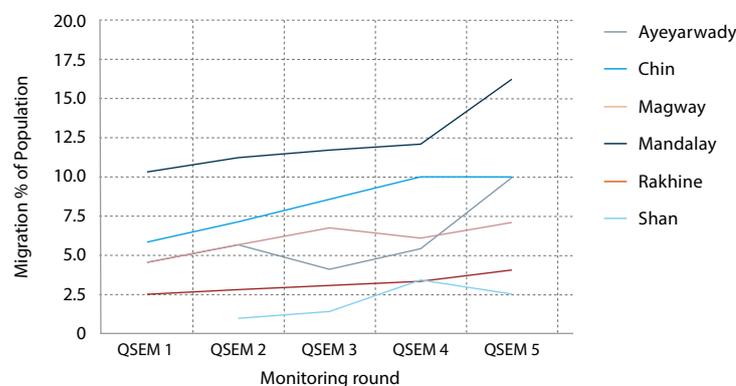
MIGRATION

“The migrants come back and show off. Then the ones who envy them also migrate.” – Small farmer (Male), Ayeyarwady Region

“I told my two daughters, who migrated, to return. But they never return as they believe the income of farming is not enough to feed their children.” – Small farmer (Female), Chin State

There has been a consistent increase in migration levels across regions since 2012. Figure 6 shows the estimated proportion of the population migrating in each region across the five rounds.²⁰ Although the figures are estimates, they indicate an increase

FIGURE 6: ESTIMATED MIGRATION RATE IN QSEM VILLAGES ACROSS ROUNDS



20. Estimates of proportion of population currently migrating based on calculations of village administrators or other village leaders. The estimates are weighted taking into consideration different population sizes of villages across the QSEM panel. These estimates are likely to be slightly higher than overall averages as village leaders tend to over-estimate.

in migration in all regions between 2012 and 2015. The biggest increases were in villages in Mandalay (from 10.2 percent to 16 percent) and in Ayeyarwady and Chin (both from approximately 5 percent to 10 percent). The villages in Rakhine and Shan states had the lowest migration levels overall and the smallest change: Rakhine increased from 2.5 percent to 4.1 percent while Shan increased from 0.8 percent to 2.6 percent.

“Nearly everyone in the village migrated to another area this year because of the drought.” – Small farmer (Male), Mandalay Region

As Figure 6 above highlights, vulnerability in a small number of villages can influence the overall numbers in some regions. The increase in Mandalay Region since QSEM 4 is one example. Two of the nine QSEM villages drove this major increase: In one village, crop failure led to a sharp increase in people seeking work elsewhere. The other village was affected by the closure of a nearby mine where many villagers had worked. Many workers left the village to find work elsewhere, including at a watermelon plantation where they now view themselves as seasonal migrants.

Households view migration as a coping strategy, a way to mitigate risk, a livelihood diversification option or an opportunity. Earlier rounds of QSEM viewed migration primarily from the lens of a coping strategy in response to hardship. The research now identifies distinct variations in the types of migration undertaken by different socio-economic groups or by region. Table 7 below documents types of migration reported by respondents in interviews.²¹ Whereas people from states prioritized international migration, respondents from regions opted more for long-term domestic migration and, to a lesser extent, seasonal migration. The variation is driven both by a history of international migration from states and the proximity to urban areas driving long-term domestic migration from the regions.

MIGRATION LEVELS HAVE INCREASED CONSISTENTLY ACROSS ROUNDS. MIGRATION PRACTICES VARY DEPENDENT ON GEOGRAPHIC LOCATION, SOCIO-ECONOMIC BACKGROUND AND MIGRATION NETWORKS AT THE VILLAGE LEVEL.

TABLE 7: MIGRATION PATTERNS BY LOCATION²²

Region/state	Number of migrants	Number of interviews	% of KI with family migrating	Type of migration				Gender	
				International	Long-term domestic	Seasonal	Not available	Male	Female
Ayeyarwady	24	112	17%	13%	71%	17%	0%	50%	50%
Chin	23	60	32%	96%	4%	0%	0%	61%	39%
Magway	36	99	27%	17%	78%	3%	3%	72%	28%
Mandalay	72	109	38%	4%	54%	33%	8%	60%	40%
Rakhine	23	103	17%	57%	43%	0%	0%	78%	22%
Shan	30	110	22%	60%	10%	30%	0%	60%	40%

Gender is a determinant of migration patterns. Overall, women were less inclined to migrate than men. The vast majority of women who migrated undertook long-term domestic migration, primarily looking for work in factories in the manufacturing sector in urban areas of Yangon and, to a lesser extent, Mandalay. The main exceptions were women from Shan and Chin States, who migrated internationally either as

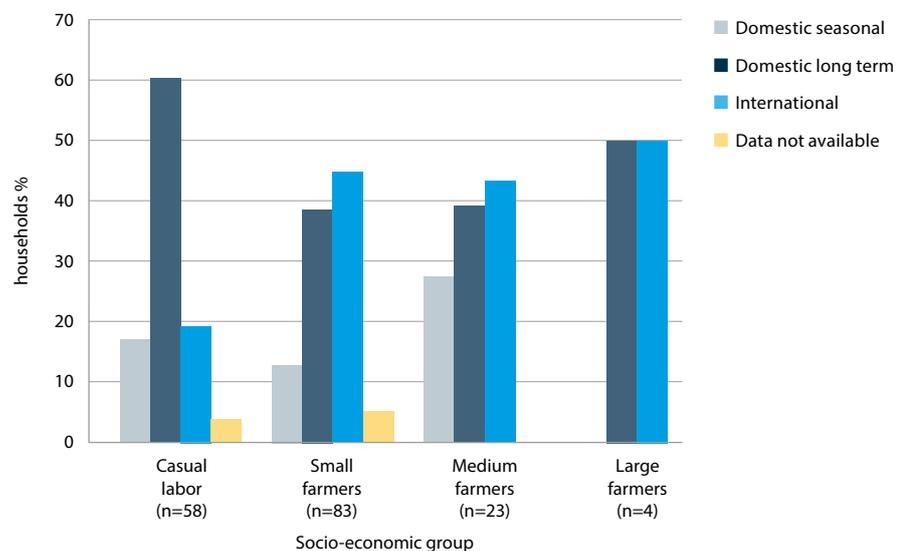
21. Researchers documented whether respondents had family members who had migrated and the type of migration of those family members. Overall numbers as a percentage are likely to be higher than actual migration levels as respondents with migrants in their household are oversampled to document their livelihood situation.

22. In Table 7, “Number of migrants” refers to the number of people identified to have migrated from households where a key informant was interviewed. As there are instances of more than two people migrating from the same household, the proportion of key informants with family migrating is not equal to the proportion of migrants by the number of key informant interviews.

domestic workers or in manufacturing. Destinations for these women varied based on pre-existing migration patterns and geographic locations. Women from Chin State moved to Malaysia, the United States and Singapore, whereas women in Shan State predominantly migrated to Thailand.

Migration patterns vary significantly by socio-economic group. Figure 7 below provides information on the types of migration undertaken by different socio-economic groups. The most significant variation exists in domestic long-term and international migration. Casual laborers strongly favored domestic long-term migration whereas landowners, whether small, medium or large, were equally likely to turn to international migration.

**FIGURE 7: MIGRATION PATTERNS BY SOCIO-ECONOMIC GROUP
(AS PROPORTION OF HOUSEHOLDS WITH FAMILY MEMBER MIGRATING)**



*“Even the pet dog can’t recognize his owner as they have to go away to find work.” –
Casual laborer (Male), Mandalay Region*

DOMESTIC LONG-TERM
MIGRATION, THE PREFERRED
OPTION OF CASUAL LABORERS,
IS A RESPONSE TO LIMITED
RURAL OPPORTUNITIES.

These patterns indicate that international migration is viewed as an investment, whereas domestic long-term migration is more a response to limited rural opportunities. Investment in international migration is not something available to all households. As the figures indicate, families with assets such as land are more likely to be in a position to send household members abroad. Similarly, as Box 5 below shows, investments in international migration are made on the assumption that returns will be more considerable. Casual laborers, on the other hand, view the benefits of migration relative to the employment opportunities available to them locally in their village. The incentives are less about the size of potential remittances and more about reducing burdens on households or attempting to make incremental improvements to living standards. Domestic migration opportunities therefore become more attractive.

BOX 5: REMITTANCES ENABLE A FAMILY IN MANDALAY TO PURCHASE LAND

In a village in Mandalay Region, approximately 50 people have migrated, either to Mandalay to work in a brick kiln, or internationally to Malaysia. The husband of one interviewee is in Malaysia, where he works in the livestock industry. While he is away his wife continues to work in small-scale agriculture and as a casual laborer in the village. Their two children attend school.

When interviewed in QSEM 1, the family owed two million *kyats* for migration expenses. For the first few years the husband would send 200,000 *kyat* in remittances most months and this was used to repay the debt. After several years later the debt had been fully paid off. Over the past year, the husband has been remitting up to 1.5 million *kyats* every five to six months. His wife used this money to purchase five acres of agricultural land (1.35 million *kyats*) and a house (1.5 million *kyats*). She continues to work to support herself and the children, saving the remittances for future investments.

Before moving to Malaysia the head of household worked as a goat herder. His work overseas is still with livestock. The decision to move overseas was driven by a lack of opportunities to improve their lot domestically. The head of household realized wages would be higher internationally. He has succeeded in turning his family from landless to landowning, and has generated significant capital that can be invested in a business or agriculture upon his return.

"It is not Malay anymore. Now it is A-Ma-Lay (Myanmar expression for a negative expression similar to 'oh my God')." –

Returned migrant/fishing laborer (Male), Rakhine State

"We have no interest in migrating to Thailand. We can become rich here if we eat two meals in place of three meals a day." – **Small farmer (Male), Shan State**

Despite high returns, there are continued concerns over the risks involved in international migration. In the early rounds of QSEM, examples of people facing negative international migration experiences were invariably anecdotal, with respondents repeating stories they had heard from neighboring villages. Across locations it is becoming increasingly common for researchers to hear directly from respondents or their families descriptions of incidences of failed migration. Examples in this round included households in a village in Rakhine State, who reported they were being asked to make payments for two men who were locked up in Malaysia, even though the families were not aware in which city the men were located. In Magway Region, 20 villagers used a freelance agent to migrate to Thailand. They were stopped by the police at the bus terminal and returned to their village. These stories highlight the risks of using informal brokers in international migration. The increased risks, combined with improved local economic opportunities, have also led to a perceived reduced interest in international migration, in particular in Shan State. Rakhine State was an exception: some youth prioritized illegal international migration as it was seen to offer more flexibility and carried a less onerous debt burden compared to migrating through legal means, such as through legitimate brokers.

SHOCKS AND VULNERABILITY

"Farmers slip and fall down as they keep looking at the sky hoping for rain." –
Small farmer (Male), Mandalay Region

"In the fishing business, only the owners remain well off" –
Fishing laborer (Male), Rakhine State

The positive changes that have taken place since 2012 have not been universally felt. QSEM research across rounds has identified a range of ongoing problems and shocks with varying negative impacts on livelihoods for rural communities. This section analyses the range of problems and the significance of their impacts on communities. Through this analysis, a number of groups are identified as having less capacity to partake in the changing local economy and, as such, are more susceptible to ongoing or worsening poverty.

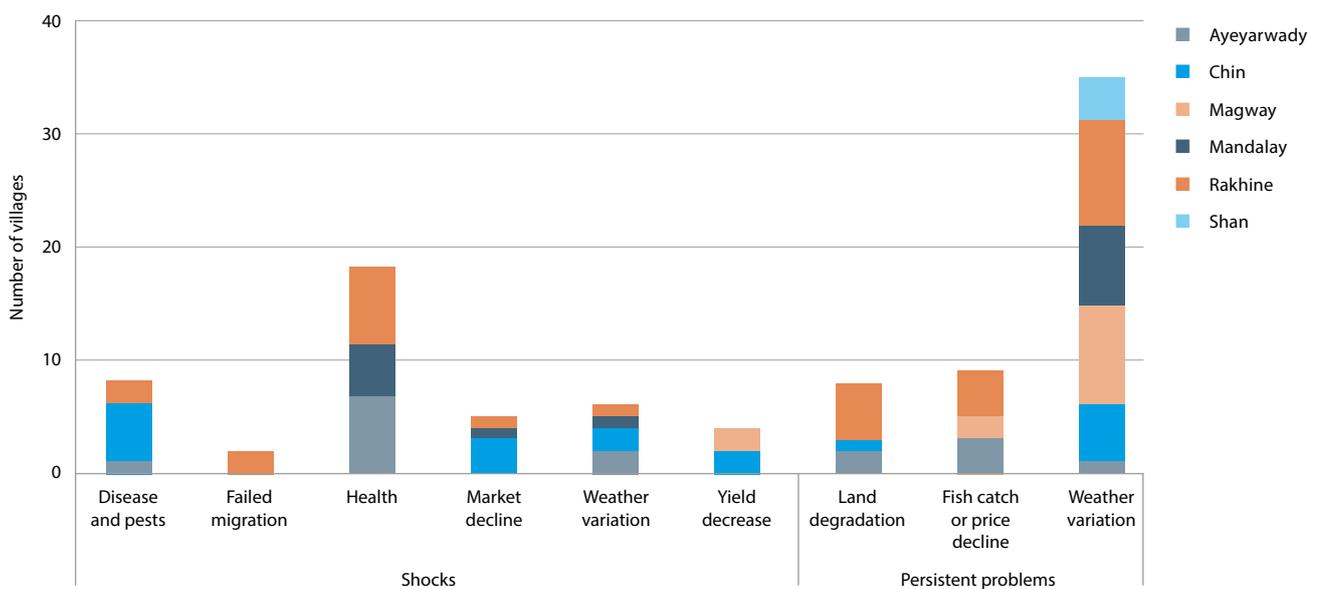
PROBLEMS AND SHOCKS

"The harvest is poor due to the drought and it is not enough to feed a family. However, farmers still have to do farming as there are no other choices." –
Small farmer (Male), Chin State

Three significant persistent problems were identified in QSEM: the negative impact of ongoing weather variation across seasons, worsening conditions for fishermen (in particular small and subsistence fishermen) and land degradation in a small number of villages. In each round, researchers documented shocks identified by villagers that had adverse impacts on livelihoods.

Figure 8 below provides a summary of those shocks and persistent problems identified in QSEM 5.²³

FIGURE 8: SHOCKS & PERSISTENT PROBLEMS (NUMBER OF VILLAGES)



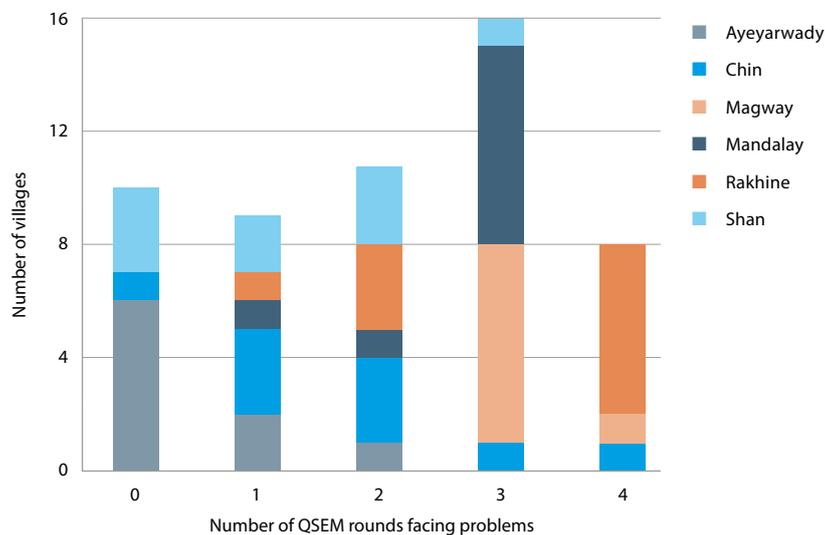
23. Persistent problems in Figure 8 are issues that were identified as shocks in QSEM 5 but were also identified in the same village in at least one previous round.

VILLAGES IN A NUMBER OF REGIONS, IN PARTICULAR IN RAKHINE AND MAGWAY, FACED PERSISTENT WEATHER-RELATED PROBLEMS OVER MULTIPLE YEARS.

As the figure above identifies, a majority of villages faced adverse weather conditions in QSEM 5.²⁴ This included villages in Rakhine and Ayeyarwady where houses were damaged by storms. In Shan State, five villages faced unusual rainfall patterns, with rain falling shortly after planting of a corn crop resulting in a small number of farmers having to replant their crops.

More significantly, several regions continue to face persistent weather related problems, in particular lack of regular rainfall. As Figure 9 below shows, over half the QSEM panel, or thirty-five villages, faced weather-related incidents in two or more rounds during the research. This was particularly prominent for villages in Rakhine State, where five villages had weather-related incidents every round, starting with Cyclone Giri in QSEM 1, and Magway, where all villages faced challenges in either three or four of the rounds.

FIGURE 9: NUMBER OF QSEM ROUNDS VILLAGES FACED WEATHER-RELATED PROBLEMS



The degree of severity of these weather related problems varied across regions and rounds. Research in 2012 and 2013 highlighted significant negative consequences for livelihood outcomes as a result of poor weather conditions across a number of regions. Conditions improved somewhat for the monsoon harvest in late 2013, with the exception of areas in the dry zone that continued to face difficulties. Although weather-related incidents were not as widespread across villages in QSEM 5 as they were in earlier rounds, several villages felt significant impacts. Researchers were asked to rank the impacts of shocks in QSEM 5 on a scale of one to five. The drought felt in one township in Mandalay was identified as having the most significant impact, rating five, as it destroyed paddy crops across all three villages visited.²⁵ Similarly, the lack

24. In earlier rounds of QSEM, labor shortages were identified as a significant shock across a number of regions. Labor was examined in this context in those rounds. Given that casual labor comprises the primary income source for at least a third of households across a number of regions covered by QSEM, issues relating to labor are no longer covered from the perspective of shocks but rather are dealt with as a livelihood option in itself.

25. It is understood that a number of townships in Mandalay faced significant rainfall shortages last season, including in the remaining two townships covered by QSEM. However, in those townships some rain fell at exactly the right time for the sesame harvest, resulting in limited impact on agricultural returns.

of rainfall in Chin State (see Box 6 below) affected all villages reasonably significantly (rating four), impacting both crop production and access to drinking water for household use. Although variable rainfall affected most villages in Rakhine State, it had less impact because small decreases in paddy harvest were offset with increases in price.

BOX 6: A LACK OF RAIN AND LOWER ONION PRICES CREATE HARDSHIP FOR A FAMILY IN CHIN STATE

The combination of a lack of rainfall and low market prices for onions has caused difficulties for a household in Chin State over the last twelve months. Last harvest, because the price of onion and garlic was high (between 300 and 500 *kyats per viss*) the family grew a full acre of onions. They also sold 10 pigs for additional income and received a good return from their store due to limited competition and demand from workers rebuilding the township road.

This year, however, has not been as successful. Firstly, the onion price dropped to 200 *kyats per viss*. In addition, a lack of rain meant they were only able to grow one quarter of an acre of onions. This caused a dramatic drop in their income, worsened by a decline in their shop income as the completed road repair enabled people to shop in the township and as several new shops opened in the village. As more farmers invested in pigs, it also became more difficult to find feed for livestock.

As a result of these shocks, and to deal with health issues, the household borrowed 200,000 *kyats*, double what it had in the previous year. They borrowed partly from relatives (0 percent interest) and partly from the local UNDP sponsored community fund (2 percent interest). The family head emphasized the decline in the onion market combined with the lack of rain as the most damaging shocks.

VULNERABILITY

"There is nothing left when the tide has gone out (we can't make enough to cover our costs)" – Fisherman (Male), Ayeyarwady Region

SOME GROUPS ARE LESS WELL PLACED TO BENEFIT FROM NEW ECONOMIC OPPORTUNITIES. THESE INCLUDE SUBSISTENCE FISHING HOUSEHOLDS AND HOUSEHOLDS THAT LACK BOTH LABOR AND CAPITAL.

The analysis of shocks and persistent problems above provides some insights into groups facing vulnerability. Most noticeably, conditions for small-scale and subsistence fishing households have progressively worsened over time to the point where many no longer believe it is a viable livelihood option. A number of households relied on income from fishing across villages in Ayeyarwady (three villages), Rakhine (four villages) and Magway (two villages). Those who continue to fish are doing worse now than at the outset of the QSEM research in 2012. Others have changed livelihoods due to fishing no longer being sustainable.

The reasons for the decline in fishing as a viable livelihood option vary across regions. In both Rakhine and Ayeyarwady, efforts to reduce regulation of the fishing industry affected small-scale fishermen. In Rakhine State, small-scale fishermen claim that they

are no longer able to compete against medium- and large-scale fishermen and, as a result, their fish catch has decreased to the point where it is no longer profitable. In Ayeyarwady Region, as explained in Box 7 below, a combination of worsening quality of catch for important types of fish such as *hilsa* and less oversight of fisheries management as a result of changes to regional regulations has affected subsistence fishermen.

BOX 7: CHANGES TO FISHING REGULATIONS AFFECT FISHERMEN IN THE DELTA

In two townships in Ayeyarwady Region, villagers perceived a recent relaxation of fishing regulations as having negative impacts on their livelihoods.

According to the freshwater fishing laws set in place by the regional government, fishermen using certain types of nets require licenses, which cost between 3,000 and 5,000 *kyat*. Previously, this regulation was enforced by township level officials visiting villages. Since late 2012 there has been a significant reduction in village visits, with villagers reporting they only see township officials when they have been ordered to visit by a higher authority.

As a result, respondents in one village reported that outside fishermen were fishing in their village more frequently and were said to be using illegal fishing methods such as chemical poisons and electric shocks. When confronted, these outside fishermen claimed to have paid for licenses. In interviews, local fishermen attributed their declining catches to the presence of outsiders and the illegal methods being used.

In another village, similar reports of chemical usage led to some small fishermen leaving their livelihoods for casual labor jobs. Villagers also noted that chemicals used for fishing were affecting livestock grazing along the riverbank.

Fishermen have responded to this decline in livelihoods in several ways. As identified in the profile at the beginning of this section, a number of villagers have increasingly turned to either agricultural casual labor or nonfarm businesses as alternative sources of income. In Rakhine State, where subsistence fishing overlaps with a commercial fishing industry, some small-scale fishermen have become low-skilled and low-paid casual laborers for larger-scale operations. Some have also attempted to overcome the challenges by investing in better equipment. This approach is high-risk, with few examples of fishermen succeeding.

Potentially linked to climate change, a small number of villages have seen deterioration of their natural environment creating hardship for some villagers. The decline in fish catch for subsistence fishermen in Magway Region, for example, has primarily been the result of deteriorating conditions in the river system. In another village in Magway Region, erosion has progressively reduced access to alluvial land. The land is allocated in plots to villagers and provides an important income source through cash crops. However, the amount of land available has decreased from approximately 250 acres in

2012 to fewer than 60 acres now as a result of current changes in the Ayeyarwady River. Similarly, farmers in several villages close to the coast in Rakhine State believe their land has become progressively more impacted by saltwater intrusion since 2012.

Within villages there are households that are more susceptible to shocks or have less capacity to benefit from the changes taking place in rural Myanmar. The 2013 LIFT Household Survey identified that better off households were more likely to claim improved incomes over the previous two years.²⁶ However, certain factors acted as constraints on efforts by households to improve their living standards. Households affected by ill health or disability, or those with aging family members, face particular challenges. Box 8 below provides examples of the impact of health problems on a household's capacity to earn income and on the consequences of shocks for the poorest villagers.

BOX 8: CHALLENGES FACED BY THE POOREST OF THE POOR

A household in Chin State has two working-age adults, four children and an elderly family member. The two adults have poor eyesight, which greatly reduces their ability to work. Last year, with the help of several villagers, they harvested enough corn to provide for just two weeks of consumption. They also worked at reduced rates for other farmers and carried firewood. But their poor eyesight limited the amount they were able to work to approximately one month.

"We receive 1500–2000 kyats per day. Some days we have to accept 1000 kyats. While others get 2000–3000 kyats per day. We can't work like others because of our poor eyesight." – Disabled casual laborer, Chin State.

This family is the most vulnerable in the village. They receive no government assistance and find it difficult to access donor programs. Instead, they rely on the good will of villagers. In the dry months, when food is frequently in short supply, they depend on contributions from relatives. Their status limits their ability to access formal credit. However, the local grocery store allows them to buy items on credit in the more critical months.

For another, less well-off family in Shan State, a legal case has sent them spiraling further into poverty. This family has four children. The family's main income comes from gathering food and wood from the forest and casual labor. Last year the eldest daughter was caught stealing jewelry and cash from another house in the village. The village administrator, after consulting with elders, reported the matter to the village tract administrator, who called the police. The 15-year-old girl was arrested and sentenced to two years at a youth reformation school in Mandalay.

The family has had to find money to pay for costs involved in going to hearings following the girl's arrest and to provide her with support over the period. The financial costs, in addition to the stress that the incident has created, have resulted in the family taking two of their children out of school. The boy, who was just twelve years old, wanted to move to a city to find money to help his family. Instead, he is now helping his father gather produce from the forest. Since the arrest, villagers claim the father has more of a problem with drinking alcohol and this is disturbing others in the village.

“We don’t eat any expensive food at all. Salt, corn and steamed beans is our regular meal. If there is no food we have to ask our relatives. But, we do not always dare to ask them every day. So on some days we have to drink to fill our stomachs.” – Casual laborer (Male), Chin State

In summary, taking advantage of the developments occurring in the rural economy requires access to capital, labor or vocational/technical skills. Development of the rural economy was being fuelled primarily by a combination of traditional investment in agriculture combined with increased efforts to diversify into local nonfarm businesses and migration. Some villages face context specific constraints. Within villages, households that face the greatest challenges are those that lack access to capital to invest in nonfarm businesses or better regulated migration strategies, as well as those with fewer family members, who are therefore less able to participate in migration, benefit from demand for labor or are forced to pay higher agricultural labor premiums.

CHANGES IN INFLUENCING FACTORS

Access to credit and land management issues have seen the most prominent changes among external factors that influence livelihoods. In early rounds, QSEM reported on a range of external factors that influence how people earn a living in rural Myanmar. As rounds have progressed, the focus has narrowed. The research has increasingly placed less emphasis on issues relating to markets, brokers, machinery and the price of inputs and outputs as consistent trends in these areas have been less noticeable.²⁷ However, two issues were consistently identified as being of significance and subject to important changes across the entire period of research: access to credit and land management.

ACCESS TO CREDIT

“Only the people sleep, but the interest on loans never sleeps” – Casual laborer (Female), Mandalay Region

“Before, if we wanted to take a loan, we had to pay an 8 percent to 10 percent interest rate. Now we have UNDP loans which have only a 2 percent interest rate. It is much better for us” – Medium farmer (Male), Shan State

Since research began in early 2012, important increases in availability of credit and decreases in interest rates have led to positive outcomes for rural communities. In QSEM 1 a lack of credit supply was seen as a reason for “villagers overwhelmingly borrowing from informal moneylenders at very high interest rates.”²⁸

Over time, reliance on private moneylenders has diminished as at first NGOs and then the government progressively increased access to alternative sources of credit. Through microfinance and revolving fund programs, donors and NGOs were at the forefront of providing improved access to credit. Across research locations, examples

26. The Household Survey (p50) states: “The higher the income households had, the more likely they were to declare that their average income had increased over the past 12 months. This was the case for 36 percent of households with an average monthly income of over 100,000 kyat per month, compared to 24 percent of those earning between 50,000–1000,000 kyat and 18 percent of those earning less than 50,000 kyat per month (p<.001).”

27. Qualitative research, particularly at the village level, is also not particularly well suited to monitoring some of these issues, which are reliant on documenting variations in prices and supply and often require research above the village level.

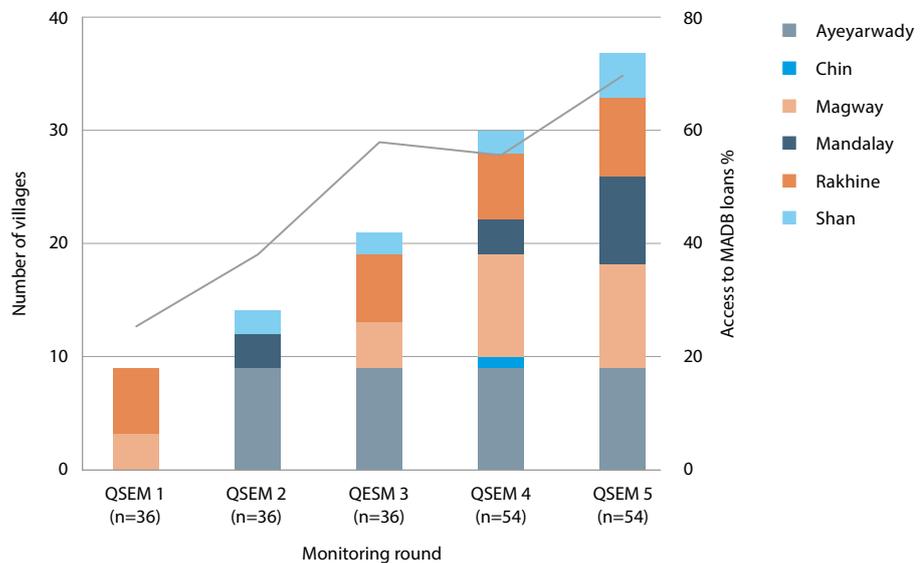
28. QSEM 1, pg 14.

IMPROVEMENTS IN ACCESS TO CREDIT, DRIVEN BY BOTH GOVERNMENT AND NGO INVESTMENTS, HAVE PRODUCED TANGIBLE POSITIVE OUTCOMES FOR RURAL COMMUNITIES.

were identified of villagers, often landless or casual laborers such as those identified in Box 4 above, using financing from these credit sources to invest in productive small enterprises or livestock. More recently, the Government of Myanmar has been increasing its role in providing credit both through the MADB and government-managed cooperative funds.

Perhaps the most noticeable changes have occurred in MADB financing provisions. A number of changes have occurred relating to MADB loans. Firstly, as Figure 10 below shows, the proportion of villages where MADB loans were being accessed has increased across rounds.²⁹ Farmers were only able to access MADB loans in approximately 40 percent of villages during QSEM 1 and QSEM 2. In QSEM 5, this had increased to approximately 70 percent of villages. Policy changes that led to increased demand for loans from farmers were the primary cause. Secondly, MADB started providing different loan sizes depending on the type of crops grown, enabling farmers to borrow more. Loans for rice farmers increased from 20,000 *kyat* per acre to 100,000 *kyat* per acre. However, MADB coverage and demand for their services remains limited in Chin State and, to a lesser degree, Shan State. Chin State farmers show limited participation largely because of low loan amounts for their primary crop. MADB provides only 20,000 *kyats* per acre for corn, barely covering transportation costs to access the loans.

FIGURE 10: NUMBER AND PROPORTION OF VILLAGES WITH ACCESS TO MADB LOANS



*"People now borrow as much as the lenders can give." –
Small farmer (Male), Ayeyarwady Region*

The growth in demand for MADB loans is also changing how loans are accessed. Previous rounds of QSEM reported that some large landowners were registering their land in 10-acre blocks under the names of different household members, including

29. Note that only 36 villages were covered per round in QSEM rounds 1-3, whereas all 54 villages were covered in QSEM 4 and QSEM 5.

women, to overcome MADB restrictions limiting loans to 10 acres per borrower. More recently, in Magway Region there was evidence that landowners and laborers were entering into tenancy agreements enabling casual laborers to access MADB loans in return for a guarantee of their labor. In Ayeyarwady Region, in response to a large number of borrowers failing to pay back loans and the limited effectiveness of group lending mechanisms, as reported in QSEM 3, the MADB has changed practices linking loans to land registration (see Box 9 below).

BOX 9: MADB CHANGES ITS LENDING PRACTICES IN AYEYARWADY REGION

In 2014 MADB changed the process by which it lends, moving from a group loan structure to individual loans for qualifying farmers. MADB administrators in all three townships covered by QSEM in the delta reported this change, noting it was in response to repayment issues in 2013.

Traditionally, MADB distributed loans to collective groups of farmers; groups of 10 (a “big collective”) or five (a “small collective”) received a loan and the obligation was to the group. Group members were not able to obtain subsequent loans until all other members had repaid prior loans.

Until 2012, most farmers successfully repaid loans on time. However, in 2013, a significant number of farmers with monsoon-season paddy crops defaulted, resulting in a large number of farmers in good standing also losing access to future credit. In addition, the implementation of land registration meant that farmers had identifiable assets against which loans could be leveraged.

The Ayeyarwady regional government ordered a change to the township-level MADB distribution system. Farmers in good standing regarding previous group loans and with registered land are now able to receive new loans individually. The process of loan distribution was delayed this year as a result of this change being implemented, but the new focus on individuals is likely to benefit farmers in coming growing seasons.

There is some evidence to suggest that more remote villages have less access to credit sources. As described in the methodology, QSEM villages were selected on the basis of proximity to urban centers.³⁰ Researchers in QSEM 5 calculated the types of credit available in each village.³¹ Table 8 below shows that in all regions/states (with the exception of Ayeyarwady) ‘accessible’ villages closer to urban areas were more likely to have access to different sources of credit. More remote villages had less access to different sources of credit. It is interesting to note that in the research ‘sources of credit’ was the category that showed the most consistent variation across the three types of village.

30. Villagers closer to urban centers and with better road or infrastructure access are classified as ‘A’ villages. ‘B’ villages are average villages, while ‘C’ villages are more remote or less accessible.

31. Some care needs to be used in confirming these figures. Sources of credit vary at the household level, whereas researchers primarily asked village leaders for this information. It is possible that not all sources are captured, or that village leaders vary in their approach to documenting sources. Qualitative research is not always the best method for capturing information on household approaches to debt and savings.

TABLE 8: SOURCES OF CREDIT BY PROXIMITY TO URBAN AREAS

Region/ state	"Accessible" villages	"Average" villages	"Remote" villages	Total sources
	Three villages per category per region/state			Nine villages per region/state
Ayeyarwady	19	19	20	58
Chin	17	15	12	44
Magway	16	19	13	48
Mandalay	12	9	10	31
Rakhine	15	13	11	39
Shan	12	8	9	29
Total	91 (37%)	83 (33%)	75 (30%)	

"There is a loan for livestock rearing from the government but nobody dares to take it. People are afraid that they will be handcuffed if they can't pay it off in time. As it is a loan from the government they cannot ask for more time." – Small farmer (Male), Chin State

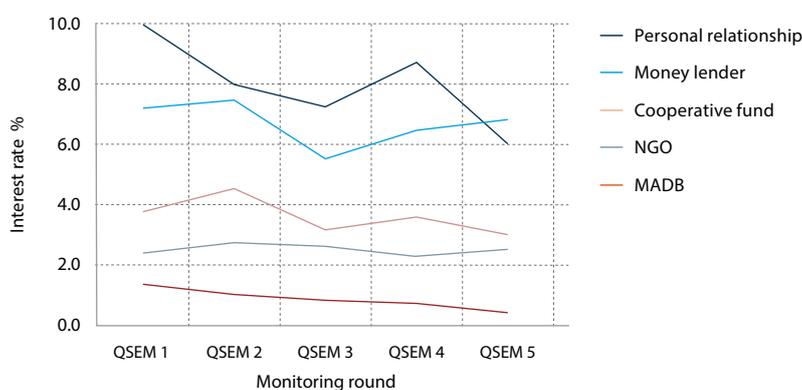
"The Emerald Green credit is convenient and beneficial for rich to invest in their businesses, but it is a little bit difficult for the poor to reach for it." – Small farmer (Male), Shan State

GREATER COMPETITION HAS RESULTED IN LOWER INTEREST RATES AND LESS RELIANCE ON PRIVATE MONEY-LENDERS. IN TURN, THERE ARE SOME INDICATIONS THAT DEBT BURDENS ARE NOW LESS ONEROUS.

There are variations in the type of credit available to different socio-economic groups. These variations can be seen most regularly in government programs. MADB provides the clearest example: because ownership of land is a pre-requisite for borrowing, and as the amount that can be borrowed is determined on a per-acre basis, access to credit favors medium and large landowners. For other forms of borrowing, in particular government cooperative funds and revolving or microfinance programs, the research found examples across research areas of village leaders playing a key role in determining which households can access credit. In practice, this reduced the availability of credit to poorer households as villages sought to minimize the risk of non-repayment. Box 15 provides an example from Shan State.

In addition to an increase in sources of credit, respondents also report a decline in interest rates across a number of those sources. Figure 11 provides a summary of average interest rates respondents claimed to have paid across the different types of lenders from early 2012 to QSEM 5 in early 2015. The figure shows a steady decline in

FIGURE 11: INTEREST RATES PER MONTH BY TYPE OF LENDER AS REPORTED BY RESPONDENTS



interest rates for government credit sources, MADB and cooperatives. The increased availability of credit has also resulted in less reliance on informal credit sources, such as personal relationships, leading to a decrease in interest rates for informal sources as well.

*“It looks like they are taking a loan from here and paying off the debt there” –
Small farmer (Male), Mandalay Region*

Indications are that debt burdens were not as onerous as they were in previous rounds of QSEM. Qualitative research is not particularly suited to measuring and tracking debt levels. However, across rounds researchers have found that the increased availability of credit has not necessarily correlated to larger debt burdens for respondents. In part, this is because agricultural outcomes in more recent rounds of QSEM have been largely positive, enabling rural households to pay back debt. Farmers in Ayeyarwady Region, for example, reported that in 2014 they were for the first time able to start paying down debt incurred after Cyclone Nargis in 2008. In contrast, those areas where debt burdens had increased for poorer households, in particular Rakhine State and Chin State, were also those facing continued weather-related problems.

LAND

Land management is another area that has seen significant changes over the last three years, although practical ramifications are less observable at this stage. The importance that the Government of Myanmar is placing on land management in this reform period is highlighted by the passage of new land laws in 2012. The land laws³² aim to increase security of tenure for farmers. The *Farmland Law* provides farmers with private use rights – enabling them to formally undertake transactions – and established a land registration and certification system. The government’s subsequent prioritization of the drafting of a National Land Use Policy to further clarify and harmonize existing laws further highlights the political importance of land reform in Myanmar.³³

The reforms have yet to lead to significant changes in practice, providing important insights into how reform processes play out at the local level. Previous QSEM research rounds, in particular QSEM 1 and QSEM 2, documented levels of land ownership and variations in ownership patterns across research areas. In more recent rounds, the research has focused in more detail on the implications of land registration. The following section examines changes in perceptions of security of land tenure following land registration and the extent to which those changes have affected practices in land management. Although the land registration process itself was a visible outcome for villagers, land management approaches have overall yet to change.

LAND REGISTRATION

*“People think that it is their land even without registration. They don’t register even if staff from the land survey department visit.” –
Village tract clerk (Male), Chin State*

32. The two main land laws passed in 2012 were the *Farmland Law* and the *Vacant, Fallow and Virgin Lands Management Law*.

33. A draft National Land Use Policy was released in late 2014. Extensive public consultation informed the drafting process. Civil society and other interest groups were invited to comment on the draft policy. See GRET, “Myanmar Land Briefing: National Land Use Policy”: Newsletter No4, 2015 and Namati, “Memo on Myanmar National Land Use Policy”: 2014.

Land registration was completed reasonably effectively across most QSEM villages. Table 9 shows progress in land registration from QSEM 3 to the most recent round of research. In half of regions/states land registration was completed effectively in a short period of time. In Ayeyarwady and Mandalay regions, all agricultural land was registered across the nine villages in each region. In Chin State, paddy land was registered across all villages. However, as the quote above indicates, there was less interest in registering other types of land.

TABLE 9: PROGRESS OF LAND REGISTRATION ACROSS ROUNDS

Region/state	QSEM 3	QSEM 4	QSEM 5
	Township (Villages) – Maximum three townships (9 villages)		
Ayeyarwady	2 (4)	3 (9)	3 (9)
Chin	No research	3 (9)	3 (9)
Magway	2 (6)	2 (6)	2 (6)
Mandalay	No research	3 (9)	3 (9)
Rakhine	2 (3)	1 (3)	2 (4)
Shan	1 (3)	3 (5)	3 (5)

Political and contextual factors have hindered land registration in some areas of Magway, Rakhine and Shan. As reported in QSEM 4, registration was not fully conducted in some townships in Rakhine State and Magway Region because of complex political considerations. In Rakhine, the government delayed registration in areas with Muslim populations because of concerns about citizenship and land ownership. In Magway, registration was delayed in townships with commercial petrol interests pending a review by the Department of Agricultural Land Management and Statistics (DALMS) into the extent of land subject to those interests. These complexities have led to limited progress in registration across the two areas. The only change since QSEM 4 was observed in one of the townships in Rakhine State, where the government was completing land registration on a village-by-village basis, focusing first on villages where there was no ownership of land by the Muslim population.

Registration in Shan State is constrained more by bureaucratic rather than political obstacles, as well as the challenges of service delivery in conflict areas. Registration has commenced in each of the three townships in Shan State covered by QSEM, but applies to only one or two of the three QSEM villages in each township. Across rounds, respondents noted that the inconsistency was the result of a combination of factors, including alleged limited capacity within DALMS and concerns over safety in areas affected by conflict. These factors, combined with complaints about bribe requests as documented in Box 10, indicate bureaucratic shortcomings in the land registration process in Shan State. Given that two of the townships were affected by conflict in the past, the research also highlights the challenge of providing services, including delivering key national-level reforms, in conflict areas.

LAND REGISTRATION WAS IMPLEMENTED EFFECTIVELY WITH THE EXCEPTION OF SEVERAL TOWNSHIPS WHERE POLITICAL/CONTEXTUAL CONSTRAINTS SLOWED THE PROCESS DOWN.

BOX 10: DEMANDS FOR ILLEGAL FEES FOR REGISTERING LAND IN SHAN STATE

In May 2014, the Land Record Department arrived in a village in Shan State to begin the land registration process. In interviews, several villagers reported that staff from the department demanded illegal payments for services, such as documenting names of actual owners on certificates rather than previous owners if ownership had changed as a result of death or selling of the land.

One villager reported that he had purchased an acre of land from a fellow villager five years previously under traditional land transfer methods and with the village head as a witness. When he applied for land registration, he was told he also needed to apply to change the name on the land certificate and that it would cost 120,000 *kyats*. He was unable to pay the fee and did not register the land.

The villager complained to a relative, an influential and well-off farmer with strong civil society networks. The relative challenged the officials, stating that the Shan people wanted to obey the land use law but would not pay illegal fees. According to the villager, his relative demanded an official receipt from the officials for any payment that was required. The officials refused to do so and left the village without completing land registration.

PERCEPTIONS OF LAND OWNERSHIP

"It is difficult to say that it is your land if you do not register it according to the new policy." – Village tract clerk (Male), Chin State

Government policy changes in recent years, including the implementation of land registration, have resulted in increased confidence in land security. Early rounds of QSEM identified concerns about the security of tenured farmland, consistent with previous concerns about land confiscation. QSEM 1 documented both new cases of land confiscation in QSEM villages and tensions relating to long-standing confiscation that had yet to be resolved.

These concerns have started to abate. A combination of perceived stronger ownership rights as a result of land registration and a decline in actual examples of land confiscation in recent rounds has resulted in increased confidence in land security. The transfer of ownership of previously confiscated land back to original owners also had an effect. The village profile from Shan State at the beginning of Section 1 provides an example: One of the three military bases responsible for confiscating land in that village under the previous government returned 60 acres of land. Villagers were made to sign agreements certifying that the military had been legitimate owners of the land. Despite this condition, villagers reported being content with the development.

"Magway used to be called "a big oil pot", but now almost no land can be used because of land grabbing." – Large farmer (Male), Magway Region

"If the government doesn't pay anything (for land acquired as part of the gas pipeline), we won't pay anything (referring to MADB loans) back to the government". – Small farmer (Male), Rakhine State

In several locations, concerns remain about the potential for land to be unfairly acquired. These concerns are more prevalent in locations where there are external economic interests, such as gas pipelines and special economic zones in Rakhine or oil interests in Magway, and where land registration has been relatively less effective. One QSEM village in Rakhine State, for example, was subject to a recent land acquisition in relation to the gas pipeline to China that ran through the village. Compensation for land use was paid in the first year, but villagers had yet to receive payments for subsequent years. As the quote above indicates, villagers are now more prepared to advocate if compensation is not forthcoming.

*“Now there is a fight for land as the price of corn is good.” –
Village administrator/large farmer (Male), Shan State*

Villagers also perceive that land is a more valuable commodity, in part due to land registration. Across rounds villagers claimed that land prices have increased significantly. In part, reported increases in land prices were the result of the increased certainty provided by land registration. In some areas, in particular corn growing regions of Shan State and areas close to the special economic zone under development in Rakhine State, this perception was also fuelled by increased local commercial activity.

However, perceived increases in land value were rarely accompanied by an increase in the number of land transactions or evidence of higher prices being paid. The vast majority of land transactions continued to be between villagers from the same or neighboring villages, with limited evidence of external buyers entering the market. The only documented exception in the most recent round was the purchase of land along the shore in one QSEM village in Rakhine State by an outside businessman, feeding perceptions among villagers about potential increases in the value of land in the area.

LAND MANAGEMENT PRACTICES

Despite changing perceptions among villagers, land reforms have yet to significantly affect land management practices. As noted above, there has not been a noticeable increase in land transactions. Although land disputes spiked over the registration period, the overall number of disputes has now stabilized at similar levels prior to registration, and in some cases even lower as the number of confiscation cases has decreased. To date, changes in the land law have not noticeably changed how disputes are managed.

There is also limited evidence of land registration resulting in increased land disputes. Overall, researchers in QSEM 5 identified fewer ongoing or new land disputes than in previous rounds. In QSEM 3 and QSEM 4 there was an increase in the number of land disputes in response to the land registration process: Parties with pre-existing tensions saw the registration process as a means of settling dormant disputes or reversing previous decisions. The majority of these disputes were resolved relatively quickly. The number of land disputes fell as land registration was completed in most QSEM villages, with only a handful of new cases being reported in QSEM 5. These were primarily inheritance cases. Despite the decline, a small number of complex long-standing cases remained and, as shown in Box 11 below, efforts to resolve these cases were not always successful.

ALTHOUGH LAND
REGISTRATION HAS CHANGED
PERCEPTIONS ABOUT LAND
OWNERSHIP THIS HAS
YET TO IMPACT ON LAND
MANAGEMENT PRACTICES.

BOX 11: LAND REGISTRATION IN AYEYARWADY REGION REIGNITES OLD DISPUTES

A village in Ayeyarwady was the location of a land dispute that impacted on village-level leadership. A number of years ago a farmer transferred rights to some of his land to pay off his debts. The new farmer regularly planted and harvested from that land until 2012, when the land law came into effect and the original owner tried to reclaim his land through the registration process.

The village administrator (VA) at the time decided in favor of the original owner. The farmer who had recently worked the land complained to officials in the township, who replaced the VA and assigned a temporary VA to deal with the matter. After an investigation, this temporary VA ruled in favor of the new farmer and provided him with a certificate of land registration. Villagers were not surprised by this outcome since the temporary VA and the new farmer were related.

Having made his decision, the temporary VA resigned his position. Ten household leaders selected a new VA. Meanwhile, the previous owner, despite losing his claim, nevertheless planted and harvested on the land the following year, with little response from the farmer who actually held the land certificate. When the previous owner tried to plant paddy again this year, the current owner went to the police, who enforced the land registration decision.

Despite the new land laws, people continue to resolve land disputes through village-level mechanisms. The *Farmland Law* provided for the establishment of farmland administration committees. However, there was limited evidence that these mechanisms were being used to resolve disputes. As the example above indicates, village leaders—in particular village administrators—continued to play the primary role in dispute resolution. The research identified only four villages (one each in Ayeyarwady, Mandalay, Rakhine, and Shan) in which farmland administration committees had played an active role in resolving disputes. In Mandalay and Rakhine, the committees were comprised solely of members from one village and therefore villagers were effectively using pre-existing mechanisms under a new name. The lack of activity by farmland administration committees indicates that most disputes involve parties from within the same village and, as a result, local leaders are used.

“Whenever I discuss land registration at township meetings, I get scolded. Township officials and villagers have different concerns and different ideas. So I am stuck in the middle.” –

Village administrator/Medium farmer (Male), Magway Region

Ultimately, the research suggests that the changes to the land law are not yet affecting how land issues are dealt with at the village level. Significant land reforms at the national level have made their way down to the village level in the form of the land registration process and changes in perceptions about ownership and value. However, they have yet to result in changes in the practice of land administration. Villagers in a number of areas claimed that it was not clear how township officials were meant to handle land transactions or disputes under the new policy. As a result, new transactions were not registered with the departments and villagers continued to rely on pre-existing dispute resolution processes rather than turn to the farmland administration committees.

**LIVELIHOODS AND SOCIAL CHANGE
IN RURAL MYANMAR**

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT

CHAPTER THREE:
THE VILLAGE CONTEXT

VILLAGE PROFILE - AYEYARWADY REGION

A village in Ayeyarwady Region highlights some of the effects of governance changes since the start of QSEM. This reasonably large village has 230 households, or close to 1000 inhabitants. About 40 percent of the population own land, farming paddy and mung beans in the summer harvest. Another 20 percent rely mainly on fishing although this fluctuates depending on the fish catch. As catches declined in QSEM 2 and QSEM 3, fishermen turned increasingly to agricultural labor or migration. Traditionally, landless households migrated for several months at a time during the non-peak season. More recently, as networks have become more established, they are increasingly migrating for more permanent work in Yangon and even overseas.

When researchers first visited the village in QSEM 2, the 100-household leader took responsibility for administrative affairs in the village. He had relatively strong networks at the township level and was perceived as someone who could get things done, although some villagers commented about the lack of openness in his dealings. In addition to overseeing development activities, his tasks included registering visitors, collecting data for national registration cards and providing recommendation letters and organizing applications for farmers wanting to access MADB loans. He even possessed an administrative stamp he could use as village leader.

In 2013, ten-household leaders across the village tract elected a village tract administrator (VTA). None of the leaders from the village were candidates, thinking they didn't have enough education to be elected. Shortly after the election, the village leader was informed that under the new law his position no longer existed. Another of the ten-household leaders, wanting to gain more influence in the village, lobbied the new VTA to take over as a *de facto* village leader. But the villager soon learned that under the new arrangements he wouldn't have much authority either.

Since the election, villagers are required to go to the village where the VTA lives whenever they need official documentation. Villagers complained that land registration was too time consuming because they had to register documents with the VTA in the rainy season when the roads were bad. The changes in governance have also altered perceptions about the role of village leaders. Nowadays, if the *de facto* village leader tries to organize anything people are less willing to participate. When the new school year was starting, he called a meeting to discuss recruitment of new teachers. But only one third of villagers participated and so there was no agreement on how to proceed. Similarly, some villagers believe that the change in governance has affected their ability to access services from NGOs and the government. Since the elections, there has been a reduction in the number of NGO projects and only microfinance activities are now operating. The government has provided some assistance to the local school, but this is part of a nation-wide initiative. Some villagers complain that they are not receiving as much assistance as neighboring villages.

The analytical framework includes an examination of social structures on the assumption that these structures have an influence on people's livelihoods. Across rounds the research has documented the quality of social relations in villages, changes in local-level institutions and the effects those changes may have on the lives of villagers.

This section lays out findings across these areas. First, the strength of social capital across QSEM locations and changes in social capital over time are examined. QSEM research across rounds has consistently identified strong social bonds within villages developed in part through the need to deliver public goods where neither the state nor other actors were present to provide these services. Next, the main factors likely to influence social capital are identified. The most influential factors across rounds were the quality of village leadership, contestation around external assistance, divisions in management of religious affairs and the management of land and natural resources. Finally, one of the more significant changes in rural Myanmar since 2012 has been the restructuring of village governance arrangements following the passage of the *Ward and Village Tract Administration Law* in 2012. Changes in village leadership subsequent to implementation of that law are identified, along with a description of the limited changes that have occurred in the role of women in leadership positions.

SOCIAL CAPITAL

*"If I volunteer for every task in the village, my wife will starve from hunger." –
Small farmer (Male), Mandalay Region*

Since research commenced in 2012, social capital in villages has been reported as being consistently strong. In QSEM 1, researchers observed that high levels of trust and strong community bonds enabled people to act to improve their livelihood outcomes. With several exceptions this has remained true across all rounds of research. In more recent rounds, researchers have been asked to measure social relations within villages.³⁴ Table 10 below provides a summary of social relations in villages for QSEM 5. There were few changes from last year. In approximately 80 percent of villages, positive or fair social relations were reported, evidenced by factors such as a lack of conflict within villages and a high degree of communal activity. Box 12 below provides an example of the importance of these types of communal approaches to livelihoods in Chin State.

TABLE 10: SOCIAL RELATIONS IN VILLAGES BY AREA (AND CHANGE SINCE QSEM 4)

Region	Good	Fair	Poor	Change since QSEM 4
Ayeyarwady	3	4	2	Social relations improved in two villages
Chin	6	3	0	
Magway	3	4	2	
Mandalay	3	4	2	
Rakhine	2	5	2	Social relations worsened in one village
Shan	0	7	2	
Total	17	27	10	

34. Researchers were asked to rank each village in the regions they visited. Villages with good social relations had a high degree of collective activities, such as socio-religious activities and contributions to village public goods. Villages with fair social relations had a lesser degree of these activities but did not have conflicts or tensions. Where relations were poor, different groups existed in the village and activities divided along group lines, occasionally with some disputes. The categorization draws from the approach used in The World Bank's *Post-Nargis Social Impact Monitoring reports*.

BOX 12: VILLAGERS IN CHIN STATE COOPERATE TO OVERCOME WATER SHORTAGES

Irrigation management in one village visited by the QSEM researchers in Chin State underlined the importance of community cooperation for livelihood outcomes. This village frequently faces water shortages, with particular impact on the irrigation of paddy fields. Villagers needed to cooperate in order to ensure a successful crop.

In 2014 when there was reduced rainfall, only those villagers with land bordering streams and rivers had easy access to water. Instead of taking all the water for their crops, they worked with villagers whose fields were further away to ensure runoff would drain into those fields.

This model of collective social action is not organized formally, but represents local cooperation for the good of the group. It usually includes a handful of farmers who are in the same area and would naturally depend on the same water source. While there is occasional low-level tension over usage, with certain farmers accused of using too much water, these disagreements are usually resolved by the farmers themselves and are rarely escalated to the village administrator level.

The high levels of social capital observed across rounds are somewhat at odds with a recent survey that identified low levels of trust in communities. A public perception survey conducted in 2014³⁵ found that almost 80 percent of respondents believed most people could not be trusted, with lower levels of trust in regions (18 percent could trust others) than in states (27 percent). People in the respondent's neighborhood were the group most likely to be trusted, but even then the rate was only just over half (56 percent). These results, which are well below similar surveys conducted in other countries, could indicate several factors. First, the concept of social capital in rural Myanmar is more complex than participation in collective pursuits. Even though villagers may work together for the public good this does not by itself result in the creation of trust. Alternatively, the results may have been shaped by the prolonged period of military rule and a corresponding lack of confidence in social institutions.

Nevertheless, social capital plays an important role in protecting households from potential vulnerability. Across rounds there were common examples of communal or village-wide responses to shocks faced by individuals or communities. This includes the example in Box 12 of villagers self-regulating to deal with water scarcity. Collectively organizing to support households facing sudden illness or injury has also been constant across regions and rounds. These communal approaches tended to be responsive rather than proactive. Less common, but still present in almost one third of villages, was some form of village fund or protection mechanism to provide safeguards against potential shocks. A quarter of QSEM villages had some form of community fund established, while several villages in Magway and Mandalay had long-standing rice banks in case of food shortages. As described in Box 13, dormant rice banks in three villages in Chin State became active again as a result of improved investment in local infrastructure.

THERE HAS CONSISTENTLY BEEN A HIGH LEVEL OF SOCIAL CAPITAL AT THE VILLAGE LEVEL. THIS PLAYS AN IMPORTANT ROLE IN PROTECTING HOUSEHOLDS FROM POTENTIAL VULNERABILITY.

35. The Asia Foundation, *Myanmar 2014: Civic Knowledge and Values in a Changing Society*, 2014.

BOX 13: ROAD IMPROVEMENTS MAKE RICE BANKS VIABLE IN CHIN STATE

In a township in Chin State, rice banks in three villages that had previously ceased functioning were restarted thanks to the initiative of local leaders. In all three villages, the rice banks had been started by an international NGO several years previously, but after the program ended in 2013 the rice banks stopped functioning. This was largely because unpaid debts by local farmers meant they were unsustainable.

Between QSEM 4 and QSEM 5, however, the rice banks were restarted. In one village, a CSO chairman convinced the villagers to pay back the debt they owed, allowing the rice bank to be restarted with that repaid capital. In the two other villages, village administrators forced villagers to repay their debts.

The impetus behind these initiatives was the completion of a road in the township. The remote nature of the township meant that all rice had to be purchased in Kalay and transported via the township capital to the villages for storage. Easier access to Kalay has meant better access to rice in bulk, lowering the costs for farmers and making the rice bank economically viable.

“Only the rich are invited whenever there are ceremonies in villages and the poor are left uninvited.” – Casual laborer (Female), Ayeyarwady Region

“I don’t participate in any organization. No one would let me in too as there are people who are more educated and richer than me in the village.” – Small farmer (Male), Chin State

Socio-economic status is the primary barrier to participation in social activities, with poorer families finding it more difficult to actively engage. Poorer families faced several constraints in actively participating in village activities. First, a number of social and religious activities require financial contributions that poorer households are less able to meet. Earlier rounds of QSEM identified that, across regions, it was common practice to take into consideration a household’s capacity to contribute to fundraising at the village level. Second, poorer villagers often need to prioritize earning a livelihood and may not have the time to actively participate in village activities. Third, as the quotes above indicate, a form of social stigma exists whereby poorer families may feel excluded or lack the confidence to participate in activities that are dominated by more influential village leaders. As Box 14 identifies below, the lack of participation in village affairs by poorer households can have significant repercussions for access to services.

BOX 14: VILLAGE ELITES MONOPOLIZE COOPERATIVE LOAN IN SHAN STATE

In a small village in Shan State the village leader was told by the village tract leader that it was possible to obtain loans from the township-level cooperative board. As this program was new to the village, the village leader discussed it only with the households closest to him and then submitted a proposal with the names of 25 villagers who had signed up.

The village leader received the cooperative loan. However, he did not distribute it to the 25 households. Instead, he and three other elders from the village split the amount between them – a total of 2.5 million *kyats* (100,000 *kyats* for each of the 25 applicants). The elder with the most informal influence in the village took 1 million *kyats*, while the three others took 400,000, 500,000, and 600,000 *kyats* respectively. In doing so they assumed significant financial risk, for if they have difficulty repaying the loan they would have to sell their cattle or land to avoid default.

Although the 21 villagers who had signed up for the loan knew about the distribution to the four elders, no one complained about it. Given the small size of the village, this suggests that villagers considered the distribution to be consistent with practices in their village.

“Men do not give a chance for women to provide opinions or ideas in meetings. They believe that men are better than women in thought.” –

Small farmer (Female), Chin State

“Before this UNDP project, women assumed that village meetings were not their concern. But now, most of the attendees at village meetings are women” –

Village Elder and Respected Person/Medium farmer (Male) Shan State

Gender too, remains a barrier to leadership in social activities. Although female participation in the social sphere is strong across rural villages, it is still rare for women to hold leadership positions in village institutions. The introduction of external assistance, in particular microfinance or revolving fund programs, has provided an additional means of encouraging active female participation in village structures. In some instances, these projects are either targeted specifically at women or allocate certain positions to women. Over time, as noted in the quote above, these can change perceptions about the participation of women in broader village meetings. However, even in villages where these changes were identified, greater participation did not necessarily correlate to more influence in decision-making processes at these meetings.

“It is hard to be a village administrator and I don’t want to be hated by others.” –

Former village administrator/Medium farmer (Male), Shan State

Although it is not clear if it is a definitive trend, there are some indications that village-level social bonds may be weakening. A combination of increased mobility and

reliance on economic activities beyond the village, together with diminished authority of village leaders, may make it more difficult to mobilize villagers to participate in communal activities compared to the past. Box 15 below provides an example in which collective action may have weakened over time.

BOX 15: MOBILIZING VILLAGERS IN RAKHINE STATE TO BUILD A SCHOOL

Seven years ago a new village was established by a group of fishermen in Rakhine State. It has since grown to 60 households. Education levels in the village are low and until recently there was no nearby government school. In 2011, the village administration committee proposed to fund a school themselves by making a deal with a local auction house. The fishermen sold their catch to the auction house at a slightly reduced price. In exchange, the auction house funded the school. The building was finished in 2014 at a cost of 2.5 million *kyat*.

Village leaders applied to the Township Education Office four times to receive recognition. The VA receives little support from the VTA and so the villagers themselves were responsible for convincing township officials. Each household contributed 1,000 *kyats* to cover the costs for applying. In February 2014, the government recognized the school. Soon after, three government teachers arrived. The village hired a house for the teachers, costing 30,000 *kyats*, with villagers paying 50 percent of the rent. In addition, a rotation system exists for parents to contribute rice to the teachers.

When the teachers returned to school following the *Thadingyut* holiday in October last year, there was a dispute with the landlord. To resolve the problem village leaders collected 1.5 million *kyats* via a similar arrangement with the auction house and a new house for teachers was built.

"Villagers do not want to sell at a low price to merchants anymore. We have to explain a lot to the villagers in order to get them to do it and it is hard to convince them. We will have to continue to use this method when the village has financial difficulties, otherwise, we won't use it."

As the quote above highlights, now that the school is built, village leaders are having difficulties convincing villagers that they should continue contributing in this way.

VILLAGE GOVERNANCE

*"Village heads are rarely good. And good village heads are really rare." –
Village Elder and Respected Person (VERP), Magway Region*

The quality of local leadership is crucial in influencing social relations. In a number of case studies throughout the research, the role of local leadership is highlighted as playing a primary factor in either mobilizing villagers to act for a collective good or overcoming issues that affect social relations, or in fracturing relations through generating competition or monopolizing space in villages.

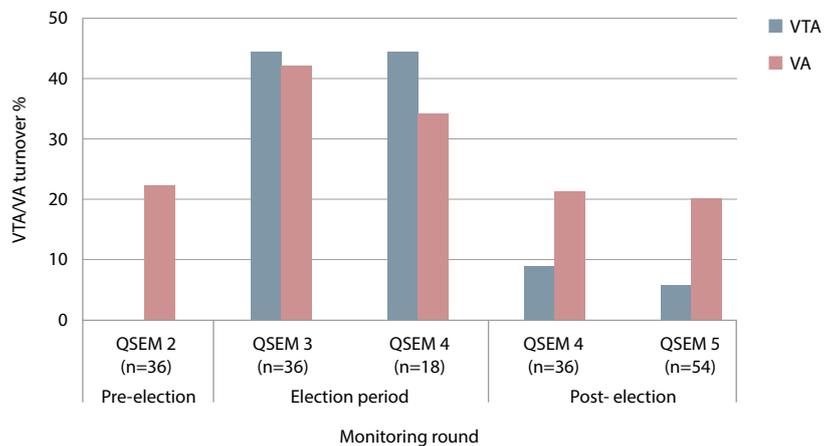
VILLAGE LEADERSHIP HAS BEEN SIGNIFICANTLY AFFECTED BY CHANGES IN LAWS RELATING TO VILLAGE GOVERNANCE ARRANGEMENTS.

Across the research period there have been significant changes to village structures with a reduction in village-level authority to deal with issues that arise. Research in QSEM 1 identified a range of formal and informal village institutions: Village administrators and religious institutions were common to all villages. Most villages also had one or more single-purpose groups, such as school, water or electricity committees or funeral service groups. Where villages benefited from aid programs, aid provider groups were typically established to facilitate those programs. In QSEM 1, village administrators were identified as the most important village level institution playing a central role in “decision-making, dispute resolution and collective action.” The informal institution of village elders and respected persons (VERPs) was identified as playing a complementary role focusing on social and religious affairs. Within a short timeframe and largely as a result of changes in the *Ward and Village Tract Administration Law* passed in 2012, the relative influence of these institutions has changed. Here, those changes are described along with implications for villagers.

TURNOVER OF LEADERSHIP POSITIONS

First, by way of context, Figure 12 below provides a summary of leadership changes across each round. As the figure shows, almost half of the village tract administrators were replaced in elections that were documented in QSEM 3 and QSEM 4.³⁶ Subsequently, there has been limited turnover of VTAs. In the last round, only three VTAs were replaced, all in Ayeyarwady Region and all as a result of administrative decisions at the township level rather than resignations. The same does not apply for village administrators, who continued to experience turnover rates of above 20 percent during each research period, even following the elections for VTAs.³⁷

FIGURE 12: TURNOVER OF VTAS & VAS ACROSS ROUNDS³⁸



36. The *Ward and Village Tract Administration Law* enabled, for the first time, the election of village tract administrators. The election process required each ten household leader from across the village tracts to cast a vote for their preferred candidate. In almost all cases the candidates were themselves village administrators (one hundred household heads) from one of the villages in the tract.

37. It should be noted that the position of village administrator no longer formally exists following passage of the *Ward and Village Tract Administration Law*. However, villagers (and administrators themselves) invariably continue to recognize one individual as the village leader (using local language versions of the terms “village administrator” or “one hundred household head”).

38. N represents the number of villages covered by QSEM research in each round. QSEM 2 and QSEM 3 covered two thirds of the village sample in each round. Both QSEM 4 and QSEM 5 covered all villages. Research in QSEM 4 included 36 villages where the results of changes to village leadership were documented in QSEM 3 and 18 villages where leadership changes were documented for the first time in QSEM 4. Turnover was not captured in QSEM 1 due to it being the first visit to those villages.

Village administrator leadership changes were more frequent in remote areas. In Shan State in particular, changes occurred in at least half of the villages across each round of research in QSEM 4 and QSEM 5. The village profile at the beginning of section 1 is one example in which villagers had to convince a local leader to take the post of village administrator.

THE VILLAGE TRACT ADMINISTRATOR

Authority continues to be increasingly consolidated in the position of the village tract administrator. The high turnover of VTAs during the election periods highlights the strong competition for these positions. Although elections have not been held since 2013, research shows that these positions have become increasingly influential across all six regions or states covered by QSEM with no noticeable exceptions. The QSEM 4 report ascribed this to the direct elections of VTAs, together with introduction of salaries and significant increases in government assistance in villages with VTAs acting as the interlocutor providing the VTA with greater influence. The increased importance of other committees within village tracts, such as farmland administration committees and village development support committees, and the influence of VTAs in nominating people to these committees was also identified as a factor.

Research in QSEM 5 identified several additional factors that have further strengthened the authority of VTAs. First, in a number of regions leaders previously viewed as village administrators are no longer officially allowed to act on behalf of the village. This means they cannot perform acts such as authorizing letters for identity registration, land transactions and so on. This is particularly the case in less remote areas in Ayeyarwady, Mandalay or Magway regions. Similarly, in these regions, some village leaders are now appointed by the VTA rather than nominated by villagers through 10-household leaders. As the village profile at the beginning of this section shows, leaders are more likely to act on behalf of the VTA rather than in representing villagers. Finally, as VTAs are the central liaison linking villages to townships, they have increased control over information flows to the village level. As is discussed in the next subsection, this creates a perception that VTAs are more likely to favor some villages.

The increased authority of VTAs also makes them susceptible to increased risk. As Box 16 below shows, another way of highlighting the increased authority of VTAs is by documenting their responsibilities. In the case below, a VTA became responsible for the overall MADB loan portfolio of villagers in his tract. In previous years, when loan sizes and demand were significantly lower, the VTA would have been able to mitigate this risk by divesting some of the responsibility to village administrators.

AUTHORITY FOR MANAGING VILLAGE AFFAIRS CONTINUES TO BE CONSOLIDATED IN THE POSITION OF VILLAGE TRACT ADMINISTRATORS, FOLLOWING PASSAGE OF THE WARD AND VILLAGE TRACT ADMINISTRATION LAW.

BOX 16: A VTA TAKES RESPONSIBILITY FOR MADB LOANS IN AYEYARWADY REGION

A VTA lives in a village covered by QSEM research. In June and July 2014 villagers across the tract took their normal MADB loans, which were due to be repaid by January 2015. The six villages in the tract borrowed a total of 1000 *lakhs kyat*. However, bad weather meant that many of the farmers were unable to pay back the loans on time. This had the potential to affect farmers' ability to grow paddy in the summer as they could not obtain new loans needed for seeds and fertilizer.

At the time, responsibility for loans across the tract was with the VTA. The risk of his reputation being damaged at the township level forced him to act: He contacted a wealthy friend who lives in the township and arranged a direct loan for the full amount of 1000 *lakhs kyat* at 3 percent interest. He then paid off the debt to MADB, which meant the farmers now owed him money.

As a result of the VTA's actions, farmers could borrow for the summer paddy. To date, however, very few have paid back the VTA who still owes his friend a large sum of money.

THE VILLAGE ADMINISTRATOR

"The village administrator works for the benefit of others but eats the meals prepared by his wife." – Village administrator/Medium farmer (Male), Shan State

There has been a corresponding decrease in the influence of village administrators. On paper, the law passed in 2012 did away with the position of village administrator, retaining only 10 household leaders and VTAs and formalizing the role of VERPs for specific tasks. In almost all QSEM villages, people typically still identify one individual (who in the QSEM villages is consistently male) as holding a leadership position within that village. However, in more practical terms, the abolition of the village administrator position has played out in two distinct ways across QSEM research areas.

First, in more central locations, the abolition of the VA was progressively becoming a reality. Researchers noted that across most of Ayeyarwady, Mandalay and Magway regions, the influence of the VA was becoming less prevalent. Villagers were still able to identify a leader within their community but for administrative matters were increasingly relying on the VTA. The village profile at the beginning of this section provides an example of this. Researchers hypothesized that this was more common in these areas for two interconnected reasons: First, better access between villages makes it easier to travel to the village tract office or the home of the VTA. Second, villagers were generally more familiar with government administration in the center of the country and had better networks and, as a result, were less reliant on the VA in the first place.

However, the VA position was still seen as crucial in many villages. From the perspective of VTA administrators and officials at the township level, the role of the VA

VILLAGERS STILL PERCEIVE A NEED FOR LEADERS AT THE VILLAGE LEVEL, IN PARTICULAR IN MORE REMOTE AREAS. HOWEVER, THERE IS SIGNIFICANTLY LESS INTEREST IN TAKING UP THESE ROLES.

may have diminished, but for villagers in a majority of villages they still played a crucial role. This was the case in Chin, Rakhine and Shan states and also in a number of villages in the regions. A number of examples highlight the importance that villagers placed on the role of village administrators. As reported in previous QSEM rounds, villagers in Shan State provided financial assistance or made village land available to the VA to enable them to supplement their livelihood in return for undertaking the role. Other examples covered in this report include the VA who advocated at the township level for recognition of a school in Rakhine State (Box 15 above) and the village elites who, through the village administrator, monopolized cooperative loans in Shan State (Box 14).

Nevertheless, the authority of the VA position was being undermined. For village leaders to effectively fulfill their functions they have traditionally relied on a combination of respect or legitimacy from villagers, commitment to represent the village, networks with external actors (in particular township officials) and jurisdiction to undertake the tasks demanded of them. The increasing authority of the VTA has limited the jurisdiction of village administrators and also limited their influence with external networks. Villagers across a number of areas complained that this resulted in village administrators who were no longer focused on or committed to their jobs.

OTHER VILLAGE INSTITUTIONS

“It is impossible for the youth to participate in the village administration matters as we are young.” – Youth leader/Small farmer (Male), Chin State

There have been limited concrete developments in other village institutions over the last three years. First, there have been few changes to village-level groups that predated QSEM research. QSEM 1 documented the types of institutions that existed at the village level. Aside from village administration, these included aid-provider groups, single-purpose groups, traditional groups such as VERPs, youth groups and religious groups. Across rounds there is limited evidence that the role of any of these groups has expanded or become more influential.

There are some indications that the VERPs are becoming less active across most regions, with the exception of Rakhine State. Although difficult to document, researchers noted a decline in the influence of VERPs across most locations. Whereas in the past a group of influential village elites would act as a collective to manage social and religious affairs and advise village administrators, this role was becoming less institutional and more dependent on the influence of specific individuals rather than a collective. One township in Rakhine State, however, provides an exception: Several years ago, communities in this township established a microfinance program popular among villagers and overseen by VERPs. The program existed in each of the three QSEM villages in the township. One result was that VERPs in the township maintained their traditional influence, with responsibility for the resolution of local disputes and determining the composition of most village institutions.

Although new institutions have been established across rounds, very few have taken hold. At first sight, the most significant change in village institutions beyond the changes to VAs and VTAs outlined above was the establishment of village

development support committees (VDSC) across all village tracts. The objective of the VDSCs was to provide advice to township administration on village development planning and to support village governments in implementing development programs. Although VDSCs were established across research areas in QSEM 3 and QSEM 4, there was little subsequent indication that they played an active role in village affairs.

A number of other initiatives were established on an ad hoc basis, but few were sustainable. Numerous examples existed of committees being formed to focus on specific issues. These included numerous village development committees (VDCs) created to administer the implementation of NGO programs, or initiatives such as those detailed in Box 17 below that were initiated by villagers themselves. As with the example in the box below, however, these initiatives were rarely sustained. There were few examples of initiatives taking a role beyond their original mandates or influencing village affairs more broadly.

BOX 17: A VILLAGE AUDIT COMMITTEE IN CHIN STATE CEASES TO FUNCTION

In November 2013, a village audit committee was set up in a village in Chin State at the direction of the village administrator. Members of the group were the VA, the VERPs, the president of one of the local community-based organizations (CBO) and representatives from youth and women's groups.

The VA encouraged the idea based on his experience of the activities of NGO groups. The village had received aid from various NGOs with their own auditing structures, and the VA thought it would be a good idea for the village to have its own institution to monitor cash flows and expenditures. The VA himself received large amounts of cash for aid projects and it is believed he saw the audit committee as protection from any accusations of corruption.

The mandate of the audit committee was to go through the financial accounts of the village administrative groups and any NGO-formed bodies every six months. However, in practice they only managed one audit, in October 2014, covering the accounts of local CBOs. The VA changed his view and refused access to his financial accounts. As a result, other groups refused access to their accounts. The audit group ceased operations.

Perceptions vary as to why this occurred: An informal leader gave the impression that there may have been some low level misuse of village funds. A more general perception in the village was that, although the CBOs and other groups had strong accounting methods and financial processes, the VA's methods were slipshod, with little documentation of expenditures, causing him to block the functioning of the committee.

EMERGING IMPLICATIONS

“When people see a statue of Buddha, they focus on the statue and not Buddha. When they see a monk in robes, they focus on the robes and not the meaning of the monk. When they see a village tract, they focus on the main tract village before the other villages.” – VERP/Large farmer (Male), Mandalay Region

Three interrelated trends are emerging as a result of the changing nature of governance structures in rural Myanmar. The first is a perception of inequality of treatment between ‘normal’ villages (that is to say villages that are neither tract villages nor where the VTA is a resident) and villages where the village tract administrator lives.³⁹ Across research locations, there were claims from villagers that their village, which were invariably ‘normal villages’, were at a disadvantage compared to the villages where the VTA resided. These claims generally relied on the presumption that the VTA had a vested interest in channeling resources to their preferred village and that their influence over information, ability to determine membership of various committees and access to township officials enabled them to do this. Box 18 below provides an example of how this perception developed in a village tract in Magway Region.

BOX 18: A TRACT VILLAGE DOMINATES DEVELOPMENT DECISIONS IN MAGWAY REGION

In a township in Magway Region, researchers held a discussion with the members of the VDSC about its activities and the level of involvement by various types of villages. It was found that members from the main village in the tract are regular participants at VDSC meetings, but that members of other villages have limited opportunities to discuss their village’s needs. In particular, a common refrain was that the VTA often attends these meetings and as a result is able to provide his village with more opportunities.

In this township, the VDSC received a budget each March. The committee examined proposals from the villages to ensure that projects do not cost more than 5,000,000 *kyats*. The committee then voted on projects and allocated the money. However, sometimes the funds were redirected.

For instance, in one tract with four villages, members of the VDSC voted to renovate a middle school building in the main village for the benefit of the whole tract, at a cost of 3,500,000 *kyats*. But when the budget was approved and implemented, the line item was changed to use the funds for road construction, a project that benefited only the main village where the VTA was from. Committee members from the other villagers did not know how, or why, the budget line was changed.

39. In every village tract, one village is designated as the tract village and will generally have an administrative office. The elected village tract administrator is often (although not always) a resident of this village. The research indicates that the village where the village tract administrator is resident has more sway over development resources than the tract village per se.

THERE IS A RISK THAT INADEQUATE LEADERSHIP AT THE VILLAGE LEVEL WILL RESULT IN DIFFERING TREATMENT ACROSS VILLAGES WITHIN VILLAGE TRACTS.

It is too early to establish if perceptions of differing treatment correlate with the actual situation. Despite perceptions that where the VTA lived influenced a village’s ability to access services, initial analysis of distribution of government projects across QSEM locations showed no correlation between the status of a village and the proportion of government services it receives. In fact, as Table 11 below indicates, normal villages represented by a village administrator were more likely to receive government projects in QSEM 5 compared to tract villages. There were no significant variations across states or regions, and in no locations did tract villages receive proportionally more projects than normal villages. This analysis should be viewed as preliminary.⁴⁰ Given the strength of the perceptions about the potential for favoritism in villages where the VTA resided, however, there is value in tracking these trends.

TABLE 11: DISTRIBUTION OF GOVERNMENT ASSISTANCE BY TYPE OF VILLAGE

Region/state	Tract village (VTA)	Tract village (VA)	Normal village (VA)	Normal village (VTA)	Total
Total Villages	22	2	28	2	54
Proportion of Villages	41%	4%	52%	4%	
Total Projects	54	7	91	7	159
Proportion of Projects	34%	4%	57%	4%	

A second trend is that villagers in normal villages were concerned about the lack of leadership at the village level. A primary complaint was that particular leaders were not sufficiently committed to the job and, as a result, villages missed out on opportunities or were insufficiently represented at inter-village meetings. As previously mentioned, this complaint has become increasingly directed at village administrators as their authority has diminished. No alternative source of authority to adequately represent the interests of villages has yet been identified.⁴¹

Third, the diminished role of village administrators and the lack of development of alternative village-level bodies raise issues about appropriate accountability mechanisms at the local level. The new regulatory framework seeks to balance the increased authority of VTAs with inputs from VDSCs. However, as noted above, there is little evidence of VDSCs operating as planned. Township-level development committees played a role in overseeing rural development tasks at a village level and provided some downwards accountability, along with township administrative offices. But, as the example in Box 17 above highlights, initiatives to develop upward accountability mechanisms at the village level are few and far between.

40. As the analysis does not compare across rounds it does not show if there have been changes in distribution since the implementation of the *Ward and Village Tract Administration Law*. The methodology for counting government projects is also qualitative by nature and therefore faces certain limitations.

41. It should be noted that under the new *Ward and Village Tract Administration Law*, VTAs are elected through a vote by ten-household-leaders and that this would in theory require some form of alliance among ten household leaders across villages within a tract to obtain a majority. Over time, such political incentives may lead to some form of adequate representation across villages.

**LIVELIHOODS AND SOCIAL CHANGE
IN RURAL MYANMAR**

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT

CHAPTER FOUR:
ENGAGING BEYOND
THE VILLAGE

VILLAGE PROFILE - RAKHINE STATE

The opening of the rural economy has increased the complexity of managing village affairs. In Rakhine State, dynamics in some villages are complicated by the interplay between increased investment as a result of the construction of a gas pipeline to China and mobilization around Rakhine identity.

One QSEM village in Rakhine State has a population of approximately 130 households. Two thirds of villagers own land and the remainder are casual laborers. There is limited access by road to the village, especially in the wet season. For this reason, the village still has a more traditional economy, with inhabitants often bartering rice for other commodities.

In 2012, construction of the gas pipeline went through the village, affecting land owned by 42 farmers and complicating relations with the government. Farmers received compensation in 2012 covering use of the land and damage to crops. In 2013, they received money for damage to crops, but last year they reported receiving nothing despite making requests to the township three times. Electricity lines are also being installed to follow the pipeline, though the village itself does not have electricity and won't be connected.

“Twelve months ago the village leader would never have let us hold meetings in this village. Now we can hold meetings, but he will attend and take notes of who came and what we discussed.” – Youth activist (Male), Rakhine State

These types of issues provide a platform around which to mobilize people. Some youth activists in the village have links to township civil society organizations, the Rakhine Social Network Group and a Rakhine nationalist party. Learning from these networks, they inform farmers of the need for land certificates to protect land—especially as the special economic zone is established—and mobilize people to petition the government for compensation. These issues are also politicized, with activists highlighting how little villagers are benefiting from infrastructure investments in the region, complicating the task of village leaders to maintain social order.

More broadly, the village is slowly seeing benefits from increased government assistance. The previous village leader had good networks with the township, which helped in negotiating government assistance, including for a new school building following Cyclone Giri. He was replaced just before QSEM 3 and it took the new VA some time to build his networks. Recently the village has benefited from the construction of a new pond and, after submitting a proposal three times, received support for more schoolteachers to enable two additional years of post-primary schooling. Villagers had previously covered these costs themselves. Villagers still complain that the quality of education is poor, however, noting that children who go to high school drop out soon after. The regional government has recently promised vocational training for youth as part of the development of a nearby special economic zone.

This village has seen few changes in terms of NGO programs. A cash-for-work program following Cyclone Giri ended in the early rounds of QSEM. There is ongoing livelihood assistance in the form of training and inputs for rice production.

National reforms have changed how villages interact with actors beyond the village level. Across QSEM rounds, the role of government in village service delivery has steadily expanded, which has implications for managing the expectations of villagers and for the work of donors. In QSEM 1, analysis of external assistance⁴² was focused almost exclusively on the role of donor programs in villages. In early rounds, government services were almost solely limited to education and credit. Since QSEM 3, there has been an increase in these areas as well as in investment in local infrastructure and health services. The number of government programs across QSEM villages is now at similar levels to donor programs.

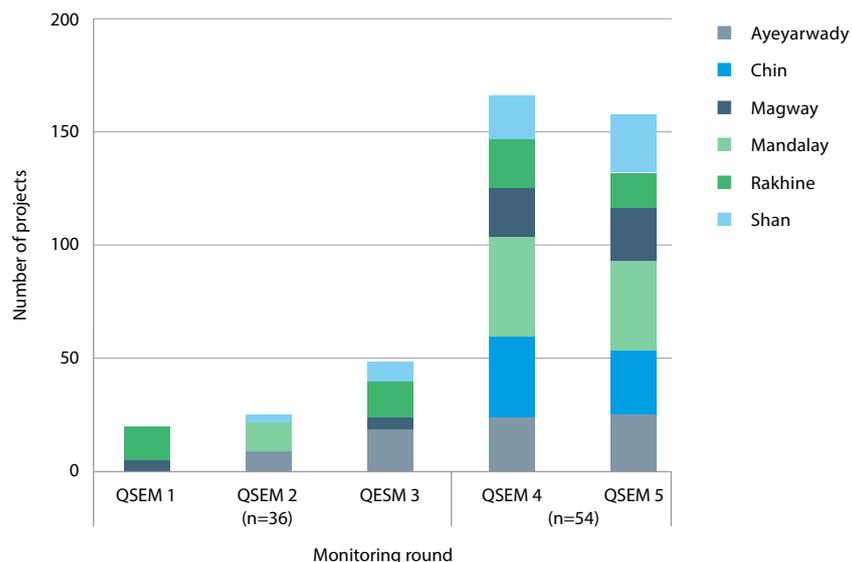
ENGAGING GOVERNMENT

QSEM research began as the Government of Myanmar started emphasizing a ‘people-centered development’ approach.⁴³ As Figure 13 below shows, early rounds of QSEM highlighted the limited role of government in service delivery and rural development at the village level. Since then, the Government of Myanmar accelerated efforts “aimed at rapid improvement of public services and development with ‘quick wins.’”⁴⁴ QSEM research has tracked how the government’s approach has played out in villages across the country, including the response of rural communities and implications for the government.

INCREASING SERVICES

“Households were asked to contribute more money to village administration this year, as guests from government organizations are visiting more often.” – Small farmer (Female), Chin State

FIGURE 13: NUMBER OF GOVERNMENT PROJECTS BY REGION ACROSS ROUNDS



42. It should be noted that the QSEM analysis uses the term external assistance from the perspective of villagers to mean assistance that enters into villages irrespective of the source, whether from government, donors or civil society.

43. See “Union Government to draw people-centered plan to achieve goals: President U Thein Sein”, The New Light of Myanmar, 7 January 2014.

44. Nixon, H & Joeline, C, “Fiscal Decentralization in Myanmar: Towards a Roadmap for Reform”: 2014.

GOVERNMENT PROJECTS AT THE VILLAGE LEVEL MORE THAN TRIPLED SINCE 2012, ALTHOUGH THERE HAS BEEN LESS OBSERVABLE INCREASE IN THE LAST TWELVE MONTHS.

Three areas best highlight the nature of the changes in engagement between the government and rural communities: (i) policy reform, particularly in land and fisheries as documented earlier in the report; (ii) an increase in government service provision and rural development assistance; and (iii) increased voice for citizens. Increases in government service delivery and rural development projects occurred across QSEM areas.⁴⁵ As Figure 13 above shows, government assistance in initial rounds was very low. In QSEM 1 and QSEM 2, less than one project per village was documented. By QSEM 5 three years later, villages were receiving approximately three different forms of government service, suggesting a more-than-tripling of government activity since early 2012.

The focus of assistance has not changed between QSEM 4 and QSEM 5. Table 12 below provides details on the distribution of projects by sector. Both education and access to credit are the main areas of support. For access to credit, this predominantly means MADB loans. In around half of the research areas – Magway, Mandalay and Shan – several villages also received cooperative loans. Education services include school infrastructure, teacher placements, school grants and stationery. Compared to QSEM 4, there was some increase in health projects and a decrease in infrastructure projects.⁴⁶

TABLE 12: GOVERNMENT ASSISTANCE BY SECTOR, QSEM 4 AND QSEM 5

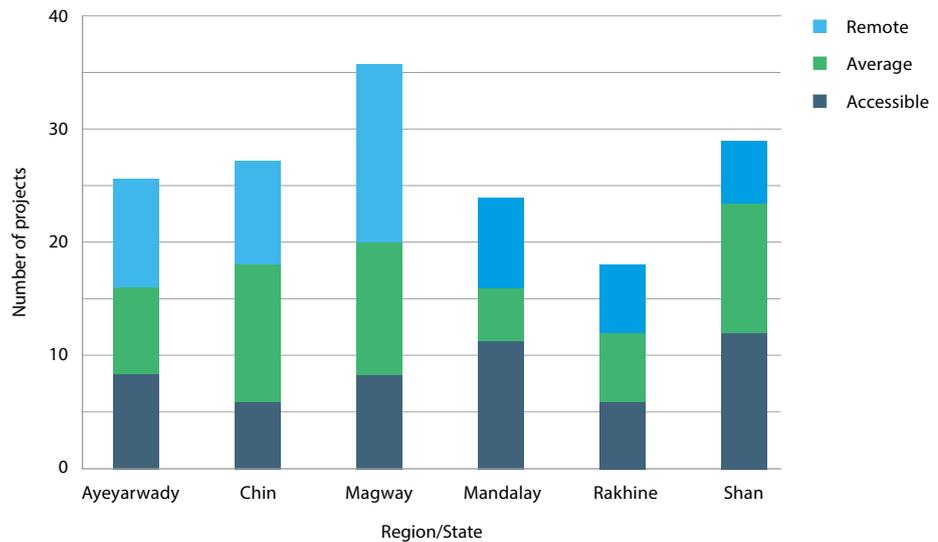
Sector	QSEM 4		QSEM 5	
	Projects	Proportion	Projects	Proportion
Education	57	35%	63	39%
Health	10	6%	15	9%
Infrastructure	41	25%	22	13%
Credit	55	33%	55	34%
Livelihood	2	1%	2	1%
Other	-	-	3	3%
Total	165		160	

There is no noticeable pattern of government assistance favoring either accessible or remote villages. The assumption that villages closer to township centers have better access to government services because of the strength of networks and the lower cost of delivering services is not borne out by evidence from the QSEM villages. As Figure 14 below indicates, the patterns varied by state and region. Accessible villages in Mandalay Region and Shan State, as well as average villages in Shan, were more likely to receive government programs than remote villages. In Shan State, remote villages were less likely to receive government assistance, perhaps indicating the challenge in delivering programs to those villages, particularly in areas affected by conflict. However, in Ayeyarwady and Magway, remote villages were considerably more likely to receive government assistance.

45. Researchers met with village administrators and other local leaders to document government and donor assistance in each village. The information was then cross-checked through the course of research in each village and tabulated per region. The methodology has some weaknesses because it only assesses projects specific to those villages and not services delivered above the village level. It also does not take into consideration differences in the scale or value of services delivered.

46. The decrease in infrastructure projects may in part be related to funding cycles for government infrastructure: funds were released just before research commenced in QSEM 4, but the funding cycle did not overlap as clearly with QSEM 5.

FIGURE 14: GOVERNMENT ASSISTANCE BASED ON VILLAGE ACCESSIBILITY



DECISION-MAKING AND INFORMATION FLOWS

Communities reported having limited ability to inform decision-making about government assistance and, as a result, assistance was rarely prioritized based on the perceived needs of communities. Decisions about the type and targeting of assistance followed two patterns: First, some programs were determined at the national level and delivered in a similar fashion either across the country or in specific geographic areas. These included school grants assistance and a new credit program called *Mya Sein Yaung*, (Emerald Green). Second, decisions about a range of other program were made through planning processes at the township level. Box 19 below outlines the structure of local institutions supporting development processes.

BOX 19: TOWNSHIP DEVELOPMENT INSTITUTIONS

The Asia Foundation's report on *Fiscal Decentralization in Myanmar: Towards a Roadmap for Reform* describes government institutions established to manage development processes at the local level.

Three key institutions exist at the township level: The Township Management Committee (TMC), which oversees overall township administration, is comprised of the Township Administrator (GAD) and heads of other government departments. The Township Development Affairs Committee (TDAC), which administers development programs and reports to the TMC, is headed by a community leader. All other TDAC members are representatives of government departments. Finally, Township Development Support Committees (TDSC) are comprised of eight members; two government officials and six representatives from interest groups including business, laborers and farmers. Although not directly managing resources, their role is to advise the TDAC. Representatives of these committees are supposed to meet monthly to report on development priorities identified by the government.

Below the township level, each village tract is supposed to establish a Village Development Support Committee, comprised of between five and seven respected leaders from those tracts. As is discussed below, these new institutions are yet to be fully active and membership to date has generally been determined by the VTA or government officials.

THE ABILITY OF VILLAGERS TO ACTIVELY PARTICIPATE IN AND INFLUENCE DECISION-MAKING ABOUT GOVERNMENT PROJECTS IS LIMITED. INSTITUTIONS LIKE TOWNSHIP DEVELOPMENT SUPPORT COMMITTEES, IF ADEQUATELY EMPOWERED, COULD POTENTIALLY PLAY AN IMPORTANT ROLE.

Villagers perceived the TDSC as being the most appropriate avenue for influencing township level decision making processes, although with significant variations across regions. These committees provide the possibility of greater representation in decision making processes about development projects at the township level. In QSEM townships, TDSCs are generally comprised of several government officials and community representatives. However, in most instances the community representatives are local leaders with close connections to township officials and who typically reside in more urban areas. Village leaders reported that a lack of information about meeting schedules and costs involved in attending township-level meetings limited their ability to participate. Box 20 below provides an example of two exceptions to this rule, where TDSCs have attempted to broaden representation. There was little to no indication of villagers being able to influence Township Management Committees or Township Development Affairs Committees except through the work of the TDSC.

BOX 20: A TALE OF TWO TOWNSHIP DEVELOPMENT SUPPORT COMMITTEES: RAKHINE AND CHIN STATES.

In a township in Chin State, the TDSC tried to develop a representative structure. In addition to the required members, delegates were appointed from each of nine areas in the township. The members met once a month and also held meetings in villages to better understand village needs and prioritize proposals.

However, after a new township administrator was appointed in mid 2014 only one delegate was permitted to participate in the township committee. Like other TDSC members, that delegate is from the town center. As a result, there are no links between the township-level committee and the villages for which they are approving projects.

In March 2013, a township in Rakhine State established a TDSC. The nine member group consisted of the township deputy general administrator, an officer from the township development committee and seven individuals from the villages. The village members were selected by holding popular votes in each of the town's three wards. The seven committee members were selected from among the top 30 vote getters in an open meeting involving the VTA and VA. Still, the views of the township administrator had the most influence. The TDSC's objectives were: 1) assisting in meeting the needs of rural communities by connecting them with various government departments and 2) communicating knowledge and information regarding development to the rural public.

The committee does not have the finances or staff to go from village to village but village administrators are often invited to participate in meetings that take place twice a week. Issues most commonly discussed include proposals for development projects and issues around land disputes. The conflict in Rakhine has also been discussed. Decisions and minutes of meetings are transmitted to

the district center. The TDSC in this township has had limited success delivering village-specific projects but has been more successful influencing land disputes and township infrastructure needs.

“It will be much better if the government gives us lump sums. There has been no such thing in the past.” – TDSC member, Rakhine State

The TDSC’s own budget is 1000 *lakhs kyats* from the Union *Hluttaw* (or parliament) for development, 3 percent of which is used for administrative costs. The TDSC can also advise other departments such as the Department of Rural Development and the Department of Health. However, members have noted that cooperation is mixed, with some Union departments seeing the TDSC as “meddling in their affairs”.

There was limited evidence of overall village or township-level development plans being used to guide decision-making processes. Most villages drafted and submitted proposals for village needs. However, systematic approaches to identify and prioritize these needs were rare. Rather, proposals were developed by village leaders on an ad-hoc basis, usually in response to requests or to advocate for specific needs. There were several examples of assessments preceding government assistance but these did not subsequently lead to the delivery of services. In three cases, researchers learned of government surveys to identify needs on specific issues. These included the collection of data on fishing communities in Ayeyarwady to identify vulnerability, and surveys of villages in Chin and Mandalay to provide assistance for crop failure. Despite the surveys, no assistance was subsequently provided in these instances.

“The child who cries gets more milk.” –

Casual laborer (Female), Ayeyarwady Region

“We can’t discuss the needs of the village with every villager as they all are busy with the struggle to make a living. So we discuss the matters with religious leaders and the responsible persons from committees and submit the request to the respective officials.” – Village administrator (Male), Chin State

Some villages found it difficult to get information about government assistance. As noted in the previous section, villagers across regions perceived that the ability to access government assistance was closely linked to the strength of networks between villages and townships. Box 21 below highlights how these networks provided villagers with information about the types of opportunities available and, importantly, access to and information about meetings on government programs. In a number of villages, respondents felt that their village leaders were ineffective primarily because they did not proactively seek assistance from the government or build external networks. This view was expressed particularly about village administrators, whose incentives to actively engage with township level processes had diminished greatly since changes in village governance were implemented.

BOX 21: PARTICIPATING IN MEETINGS PAYS DIVIDENDS IN MAGWAY REGION

The experience of a village in Magway Region shows the importance of strong networks between villages and townships and of participation in township meetings.

Villagers reported that they had recently been the beneficiaries of a rural development program funded by the Ministry for Rural Development partnering with a UN agency.

The township administration developed the project, which was designed to provide better access to water to a number of villages. However, many VTAs and VAs did not attend the meeting to determine which villages would benefit. Researchers found that of the three villages they visited in the township, only the leader of one village attended the meeting and that village received the support.

Villagers reported that the VTA (who lives in the QSEM village) was well positioned to access external assistance for his village: In addition to being capable in his duties, he had a good working network with the township and his brother in law was on the Township Development Support Committee. Realizing how important participation in township meetings was, the VTA formed a village-level working group of seven members (made up of 10 household leaders) who can step in if he cannot attend.

MANAGING EXPECTATIONS

“It is better that schools are supported with grants by the government, but because of this people from the village are not willing to support the needs of teachers like in the past.” – School teacher (Female), Shan State

Overall, villagers reacted well to increased government service provision, but their expectations also increased. On one level, villagers have responded positively to the significant increases in assistance from government. This was reported in some detail in QSEM 4 and reaffirmed by research in QSEM 5. However, the positive response should be placed in the context of limited expectations given the low levels of assistance prior to these changes.

“We have heard of the minister of irrigation from the radio but we have never seen him in our lives.” – Small farmer (Male), Rakhine State

This has provided space for interest groups, such as political parties and activist organizations, to mobilize communities around service delivery. To date this has predominantly occurred in response to land confiscation and land management issues. Previous QSEM reports provided evidence of this in relation to civil society groups that mobilized villagers in Ayeyarwady Region over land confiscation claims. The Village Profile at the beginning of this section provides an example of how expectations over compensation for land acquisition and increased service delivery are being used by activists in a village in Rakhine State to mobilize villagers, in part for political purposes.

Meanwhile, in the QSEM villages, government capacity at the local level to deliver on new programs is limited. Over time, this risks weakening trust in the services being delivered. Across a number of areas in the report there has been discussion of reform agendas being felt locally, but with limited capacity of government to follow through. Land registration, for example, has been rolled out across most QSEM areas. However, villagers are still using traditional systems for land transfers as there has been little clarity from townships on how the new system should operate. Similarly, there are signs that government capacity at the township level to implement and oversee new programs is limited. Box 22 provides two examples of these limitations in regard to the Emerald Green project in Mandalay and school grants in Ayeyarwady.

BOX 22: LIMITED OVERSIGHT IN IMPLEMENTATION OF THE EMERALD GREEN AND SCHOOL GRANTS PROJECTS.

Under the Emerald Green project, a village in Mandalay Region was allocated 300 *lakh kyats* from the Rural Development Committee. The project aimed to provide poorer members of the village with capital to invest in livelihoods, particularly raising livestock. Villages formed a seven-member village committee to administer the aid. The township RDC provided a four-day accountancy training course for committee members.

“If [the villagers] complained that this man got a loan or that man got a loan, instead of us, we cannot resolve that. We know our village and its needs well. So we announced a meeting to select those who wanted part of the loans, and we divided the money between the families who wanted a loan” –
Committee member, Mandalay Region

Instead of splitting the 300 *lakh kyats* among the poorer households, the committee offered a loan to any households who wanted one. Because the Emerald Green interest rate was so low at 1 percent per month, 90 percent of households took a loan. Each household received between 150,000 and 160,000 *kyats*. Wealthy families thought the loan size was too small.

Oversight by the township development committee on this project was clearly weak, as the village committee was able to redesign the Emerald Green loan program to fit what they perceived as the village’s needs. Indeed, when township-level committee members visited the village, poorer residents showed them already existing cattle and pigs, which were photographed as evidence of project outcomes.

Researchers noted the roll out of a government school grants project across almost all villages in Ayeyarwady. Researchers were informed that primary schools received 4 *lakh kyats* per school, sub-primary schools received 2 *lakh kyats* and middle schools received 10 *lakh kyats*.⁴⁷

A consistent story emerged across almost all villages visited in Ayeyarwady Region: School headmasters were required to take responsibility for the funds and were

47. The Ministry of Education and donor partners conduct their own, more extensive qualitative and quantitative assessments of the school grants funding to inform progress of the program.

provided with training on the rules of use through their township education office. When interviewing headmasters, researchers were not able to receive clear details on how these funds had been used or whether villagers or the school committees were consulted, as required under the guidelines for administering the grants. Few villagers knew details apart from the fact that the school had received some funding. Researchers reported that in some villages this had created misunderstanding and mistrust of headmasters.

ENGAGING DONORS

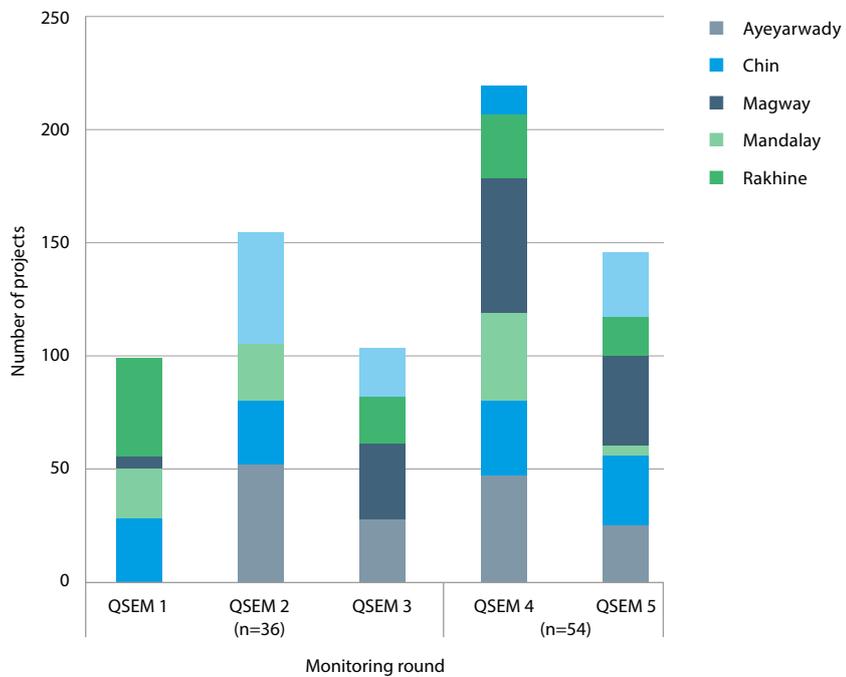
THE NUMBER OF AID PROJECTS HAS FLUCTUATED SIGNIFICANTLY AT THE REGION/STATE LEVEL WITH SIZEABLE DECREASES IN PARTICULAR IN RAKHINE AND MANDALAY.

LIFT remains the main donor providing assistance in QSEM villages but over time there has been significant variation in the number of projects within regions/states. The extent and type of projects supported across regions is documented below. This is followed by some analysis on common trends in community engagement with donor projects across the rounds of research.

AID RECEIVED

The number of aid projects in QSEM villages has fluctuated significantly at the region/state level. Figure 15 below provides a summary of the number of aid projects across QSEM rounds. If averaged-out by region, the data indicates that the number of aid projects in QSEM villages per round varied within a range of 25 to 40 projects per

FIGURE 15: NUMBER OF DONOR PROJECTS BY REGION AND QSEM ROUND



region, or 3 to 4 projects in each village. However, as the figure indicates, there were sizeable fluctuations in QSEM villages in a number of regions/states across rounds. Whereas aid in Chin State and, in later rounds, in Magway Region, remained relatively constant, there was a sizeable decrease in the number of projects in QSEM villages in Mandalay Region in the most recent round. Rakhine State, meanwhile, saw a decrease following QSEM 1 and then relatively constant levels of aid after that.

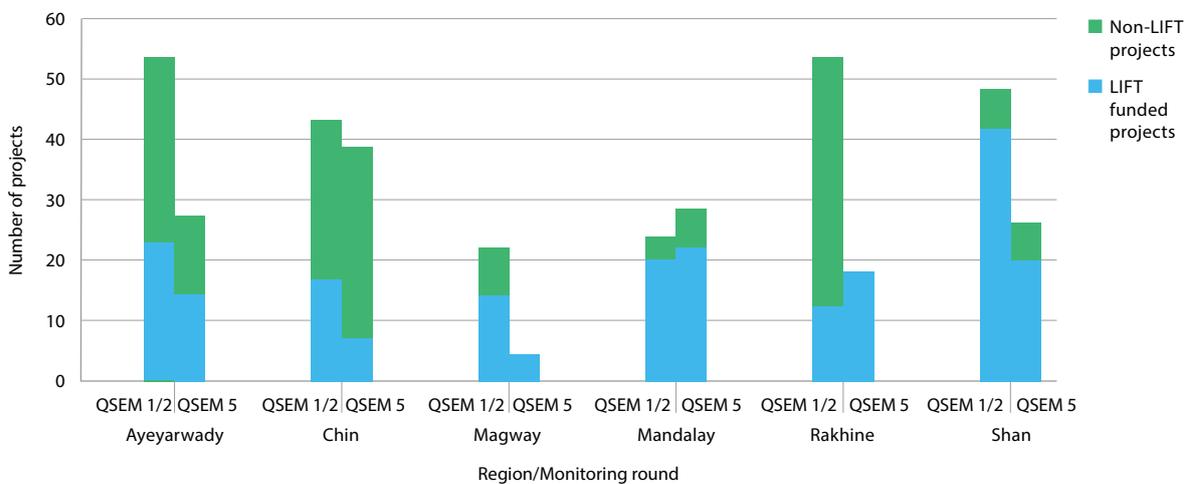
Two primary factors explain these fluctuations in regions: the shift from humanitarian to development assistance and area-based projects with fixed timeframes. In Rakhine and Ayeyarwady, aid levels at the commencement of QSEM research were reasonably high as villages were still receiving assistance from humanitarian aid providers following Cyclone Giri and Cyclone Nargis, respectively. Aid levels documented in the third round of research showed a significant decrease as humanitarian assistance ended. In each of these areas, this meant that the proportion of projects funded by LIFT across the QSEM villages increased, as shown in Figure 16 below.

The area-based approach combined with fixed project timeframes also explains variations across regions. This could be seen most clearly in the significant decreases in aid in QSEM villages in Mandalay and Shan. In Mandalay Region, researchers documented a reduction from 41 projects in nine villages in QSEM 4 to six projects across the same villages in QSEM 5. Similarly, QSEM villages in Shan State experienced a 50 percent decrease in donor projects between QSEM 2 and QSEM 3. These decreases were primarily due to the completion of projects from LIFT-funded implementing partners.

The figures also confirm that, with the exception of Chin State, there is limited access to alternative sources of donor assistance. Figure 16 shows that, with the exception of Chin State, LIFT is the main donor active in QSEM villages across research areas. In QSEM 5, approximately 80 percent of projects in QSEM villages across Magway, Rakhine and Shan were LIFT projects. There were also few noticeable changes in non-LIFT funded projects in these locations except for the cessation of humanitarian projects in Rakhine and Ayeyarwady discussed above. This indicates no significant new donor-funded initiatives being implemented at the village level in QSEM areas in recent years.

WITH THE EXCEPTION OF CHIN STATE, THERE ARE FEW ALTERNATIVE SOURCES OF ASSISTANCE ASIDE FROM LIFT IMPLEMENTING PARTNERS.

FIGURE 16: DONOR ASSISTANCE IN QSEM 5 COMPARED TO QSEM 1 AND QSEM 2 (LIFT AND NON-LIFT FUNDED PROJECTS)



Chin State is the main exception, with a range of other donors active in QSEM villages. In QSEM 5, less than 20 percent of projects in QSEM villages in Chin State were funded by LIFT. This is the result of historically high donor engagement in Chin State, primarily because of a combination of high poverty levels and proportionally high international migration linking villages to international networks. It also represents more recent investment in Chin State from new initiatives, for example, the 3MDG initiative that provided health training to all villages in the QSEM sample in the most recent round of research.

TABLE 13: DONOR ASSISTANCE BY SECTOR, (QSEM 4 AND QSEM 5)

Sector	QSEM 4		QSEM 5	
	Projects	Proportion	Projects	Proportion
Education	10	5%	7	5%
Health	7	3%	10	7%
Infrastructure	23	10%	14	10%
Credit	65	30%	50	34%
Livelihood	83	38%	51	35%
Other	32	15%	14	10%
Total	220		146	

Access to credit and livelihood programs have remained the main types of activities funded by donors across rounds. Table 13 shows that there has been no significant change in the types of activities funded by donors across QSEM villages over the last year. With the exception of access-to-credit programs where there is a significant overlap, donors targeted different sectors to those in which government is expanding assistance. Researchers found that approximately a third of both government and donor programs focused on access to credit. Donors also placed significant focus on livelihoods, while the government focused on education activities.

LESSONS FROM IMPLEMENTATION OF DONOR PROGRAMS

Researchers have generally identified a high degree of acceptance and demand for donor programs in QSEM villages. This report has already documented a number of case studies where donor programs have played an important role in developing agricultural livelihoods in villages or providing villagers with alternative sources of income. These examples have included the role of donors in supporting investment in corn (Village Profile Shan State) and the use of microfinance to support new livelihood activities (Box 4). Previous reports have also highlighted the importance of cash-for-work programs in supplementing income when agricultural work is limited, as well as the important role of donors in instigating investment in agricultural machinery and in facilitating the move to more permanent agriculture in Chin State.

The types of issues arising from implementation of aid programs have not varied greatly across rounds. The same types of issues have emerged in relation to community perceptions and the delivery of aid projects across rounds. This reflects the fact that projects in QSEM villages have been reasonably consistent, with LIFT projects dominating and these activities lasting several years, or across several QSEM research cycles.

The reliance on Village Development Committees (VDC) for implementing activities has not had an optimal impact on the sustainability of projects. Most projects established and relied on VDCs to manage implementation at the village level. Previous reports have highlighted how multiple projects existing in the same village often function with separate, and at times competing, VDCs. As later rounds of QSEM research started to cover the completion of project activities in villages, the research has indicated that VDCs face challenges in closing projects and sustaining their benefits. Box 23 below provides an example of this in Mandalay Region.

BOX 23: THE END OF A PROJECT IN MANDALAY REGION FUELS TENSIONS AND RESULTS IN ELITE CAPTURE

In a village in Mandalay Region, village social cohesion was damaged by a dispute over the closure of a LIFT-funded project. While this village has always struggled with local political division between USDP and NLD supporters, the perception among villagers is that the project worsened the situation.

The project included a community fund and the provision of agricultural machinery for village use, as well as the establishment of a VDC to run the project at a local level. The VDC leader was from a different political party than the village administrator, and over the life of the project tensions between them worsened. This was in part driven by perceived favoritism by the VDC leader when distributing assistance from the project-supported community funds.

In November 2014, as the project was winding down, a meeting was held to determine how to maintain the materials provided by project and how the community fund should be administered. This meeting devolved into an argument that was reported to the township, where officials responded by sending the police. The VA denied there had been a disturbance.

Research indicated that, since the end of the program, the VA has retained control of the equipment provided through the project. It is unclear whether villagers will have access to it once the harvest starts. There are also indications that, since the end of the project, there has been no disbursement of the community fund.

To date, there is limited evidence that project mechanisms have supported the development of stronger village governance structures. As VDCs are created specifically to administer projects, there is limited evidence that they have supported the strengthening of village governance structures more broadly. Researchers documented a small number of examples where donor projects supported the development of overall development plans for villages, including land-management plans in several villages in Rakhine State. However, as project structures were developed predominantly to support the delivery of projects, there was limited evidence that practices spilled over into broader village governance institutions or strengthened organizations such as nascent village development support committees.

"It is like the lucky draw, not everyone gets the support." –
Small farmer (Male), Shan State

"The people from organizations come and stay at this house and end up helping just those who live nearby." – **Small farmer (Male), Ayeyarwady Region**

Projects could also be strengthened by providing more systematic village-level information on targeting approaches and accountability mechanisms. As the quotes above highlight, in some villages people still perceived a lack of information or transparency in the targeting of projects as an issue. This was particularly the case when VDCs were dominated by a small number of villagers who distribute project benefits among their networks, creating the perception that projects are exclusive. Researchers also identified limited evidence of publicly available project information that would assist in mitigating these kinds of issues.

**LIVELIHOODS AND SOCIAL CHANGE
IN RURAL MYANMAR**

QUALITATIVE SOCIAL AND ECONOMIC MONITORING
ROUND FIVE REPORT

CHAPTER FIVE:
CONCLUSIONS AND
RECOMMENDATIONS

At a time of considerable political and economic reform at the national level, the QSEM research offers unique insights into the impact of the transition in rural Myanmar. Very few studies have the ability to revisit on a regular basis a sample of villages across a number of areas to document changes during a period of national-level reform. QSEM has been doing this for three years, visiting the same 54 villages in three regions and three states across five research rounds.

In some respects, the changes that have been documented in QSEM rounds have had considerable impact on the livelihoods of rural villagers.

- QSEM has documented improvements in agricultural productivity and investments in crops in villages in some regions and states. These were the result of a combination of donor support for agricultural programs, improved infrastructure providing better access to markets and improved availability of credit enabling investment in machinery or other agricultural inputs;
- Villagers appear to be profiting from opportunities opening up in urban areas. QSEM has identified a steady increase in the number of migrants, predominantly young men and women, obtaining work in Yangon. The increase in migration has, overall, been positively received, enabling families to diversify sources of income, mitigate limited rural work opportunities in non-peak seasons and invest remittances in local nonfarm businesses. The increase in numbers of migrants has also resulted in more cases of people facing abuse or exploitation in the migration process;
- Improved access to a range of government and donor credit products appears to have reduced the vulnerability of farmers and laborers to predatory interest rates, providing some respite in household debt;
- There have been an almost three-fold increase in government projects or services in villages covered by QSEM, with particular focus on investments in schools, access to credit and local infrastructure - albeit starting from a very low base.

There have been other important policy changes, but the ramifications are not yet clear as they play out locally.

- The decision to provide villagers with the ability to register land under new land laws was perceived as significant across QSEM locations, with high demand for registration. Since this occurred, however, there have been few noticeable changes in how villagers transact or manage land and the practical implications of the law are yet to be apparent;
- Significant reforms of village governance structures have occurred across the country with increased authority placed in the hands of village tract administrators reducing leadership at the village level. Although these changes are still new, initial analysis suggests they will have substantial impact on how villages engage with township authorities and may generate competition between villages.

Finally, there are some risks that particular groups may be left out of the transition process and that the changes will result in growing inequality among villagers.

- QSEM reports have consistently documented the declining position of subsistence and small-scale fishermen in Ayeyarwady, Rakhine and Magway. Across these areas, small-scale fishermen gave various reasons for their occupation no longer being viable as they were forced to look for alternative livelihood pursuits;
- The research identifies the vulnerability of villages in several areas, in particular Rakhine State and Magway Region, to persistent weather-related problems, in particular a lack of regular rainfall;
- As households place increased importance on balancing income from a variety of agricultural, nonfarm and migrant sources, this has also highlighted the vulnerability of some households who are not sufficiently able to benefit from these opportunities. In particular, households lacking both capital and productive labor are limited in their ability to diversify income sources.

RECOMMENDATIONS

There is a clear opportunity to influence a more inclusive and equitable development process in rural Myanmar. The rapid reforms that have occurred in Myanmar have produced some positive results. However, there is also room to ensure that the intentions of reforms, at least as far as they relate to people living in rural Myanmar, are realized in practice. This will be a challenge. Visible efforts to show a more responsive government create expectations at the village level. If the efforts are not followed through with tangible results, it will be increasingly difficult to manage these expectations. This report puts forward a number of recommendations on how donors can strengthen the active role they play in development in rural Myanmar.

LIVELIHOODS

The key to identifying opportunities for strengthening livelihoods in rural Myanmar is to understand how different groups balance a range of livelihood opportunities and which groups may miss out. As households tend to juggle several different livelihood activities to make ends meet this provides an opportunity to identify particular activities with greater prospects of increasing income generation and support investments in these areas, in the form of skills training, access to capital or the like. Dependent on the rural context, these opportunities could include improving agricultural productivity, strengthening the rural nonfarm economy and providing more secure and beneficial pathways to migration.

The rural context also requires an understanding that not all are able to benefit from the transitions taking place. Donors can help to establish effective social protection mechanisms or, based on their understanding of livelihood cycles, invest in the local economy through cash-for-work infrastructure programs that provide the most vulnerable with income generating opportunities at key times, such as between harvests, when limited agricultural opportunities exist.

Land management policies will continue to influence how the livelihoods of different socio-economic groups are shaped. At this stage, there is little documented evidence to suggest that changes in land ownership regulations have either improved access to land for those most in need or resulted in the poor being divested of land ownership. Given the ongoing efforts to draft a National Land Use Policy, there is a need for continued monitoring of the impact of government land management policy on different socio-economic groups across the country.

VILLAGE GOVERNANCE

There is a need to reexamine village governance structures based on the experience of implementing the new Ward and Village Tract Administration Law to date. There is increasing evidence that current structures provide insufficient arrangements for active village participation in development processes. Authority is vested in individual village tract administrators, who face conflicts in prioritizing between the tract as a whole and their own villages. There are insufficient avenues for village interests to be represented either through alternative bodies that can support the work of tract administrators, or through more public, open participation in general.

Ultimately, there is a need to develop effective governance mechanisms that provide villages with a voice in their development process and can improve accountability. This could involve reinvesting authority in the village administrator, or strengthening some other form of representative body such as village development support committees. It should also include clear instructions in the provision of information down to the village level and greater clarity on the roles and responsibilities of different stakeholders.

In parallel, there is a need to encourage good practices in existing village governance mechanisms. Accountable and participatory structures that already exist should be used in order to strengthen their legitimacy. At present, projects overly rely on project-specific governance structures such as village development committees, which not only have issues relating to sustainability but can also undermine formal village governance structures. Donors should seek to use pre-existing institutions instead of creating project-specific mechanisms. This can also be an entry point for embedding good principles, such as gender representation or transparency and financial reporting, in structures that already exist.

TOWNSHIP CAPACITY

Implementation of national reforms requires local government officials with sufficient capacity and resources to be able to follow and act on policy directives. QSEM research has identified a number of cases in which township-level government does not have this capacity. Deficiencies have been identified in, among others, the implementation of fisheries regulations, land transactions following the registration process, and oversight and accountability of government service delivery.

Moving forward, it will be necessary to focus on the linkages between townships and villages. This includes ensuring appropriate structures exist to provide information to the village level, or that village representatives are actively able to participate in

township processes. There is also a need to support government in identifying the most efficient levels at which to deliver different services and how to subsequently strengthen those mechanisms. This will require building the capacity of township officials to understand, implement and monitor reforms as they are rolled out locally. Donors can also support the work of local institutions by harmonizing their approaches and working with or through government, thereby reducing transaction costs government. The prevalence of multiple donor initiatives, often with ad-hoc management processes, provides challenges for government in coordinating programs. To the extent possible, donors should seek to build on or strengthen government initiatives and work through pre-existing institutions.



The World Bank Myanmar

No 57, Pyay Road, (Corner of Shwe Hinthar Road)
6 1/2 Mile, Hlaing Township,
Yangon, Republic of the Union of Myanmar

www.worldbank.org/myanmar
[www.facebook.com/
myanmar@worldbank.org](https://www.facebook.com/myanmar@worldbank.org)