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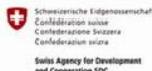
QUALITATIVE SOCIAL AND ECONOMIC MONITORING

ROUND FOUR REPORT



DECEMBER 2014

Livelihoods and Food Security Trust Fund



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Disclaimer

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Livelihoods and Food Security Trust Fund



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EXECUTIVE SUMMARY

The Qualitative Social and Economic Monitoring of Livelihoods in Myanmar (QSEM) research program provides a descriptive picture of rural life in Myanmar. It examines people's livelihood strategies and activities, the wider factors that shape these strategies and how the broader social and institutional features of community life affect people's livelihood choices and outcomes. The research covers 54 villages in six states and regions covering the different agro-ecological zones where 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 fourth round of research, which took place between March and May 2014.

A number of significant changes were observed compared to previous rounds of QSEM:

1. Villagers, overall, experienced positive livelihoods compared to previous years, although most of these changes were due to favorable weather and market conditions rather than structural changes;
2. The way people interacted with state institutions changed in small but noticeable ways. Reforms at the national level led villagers to place greater pressure on government institutions to perform their tasks;
3. The provision of government programs and services at the village level increased significantly.

LIVELIHOOD CHOICES AND OUTCOMES

Farmers overall benefited from positive agriculture returns

Although there was some regional variation, agricultural returns overall improved. This was due primarily to reduced weather and pest shocks and better prices for key crops. The underlying structural challenges facing farmers and landless laborers persisted, however: farmers remained as vulnerable to shock as before. The exception to this was in Chin State, where government investment in infrastructure and a move from shifting to permanent cultivation was starting to produce benefits for farmers.

There was a growing reliance on non-farm income streams

Reliance on non-farm income overall increased with variations by livelihood, socio-economic groups and across geographic locations. In Magway and Mandalay Regions, landless, casual laborers and small landowner households in particular, were increasingly likely to rely on some source of local, non-farm income. Approximately 90% of casual laborers interviewed had alternative sources of income other than from agriculture. The figures were only slightly lower for small landowners.

Migration continued to increase, but people's experiences highlighted the risks involved

As with previous rounds, a slack non-peak agricultural labor market combined with perceptions of improving economic opportunities in urban areas led migration to increase. Based on estimates from village leaders, migration levels

across the villages averaged between 3.8% of the population for Shan State up to 11.9% in Mandalay Region. But significant variations existed within regions and even across villages within townships, emphasizing the importance of social networks in influencing migration choices. Migration patterns also differed by gender, age and socio-economic group, with men more likely to migrate than women. Female migration was predominantly limited to people from lower-socio economic groups. Across several locations, cases of failed migration were also becoming more apparent. The consequences were particularly severe where it involved people seeking to illegally migrate internationally.

The positive trends in livelihood outcomes did not benefit all groups equally.

There are risks that the ongoing structural changes in the rural economy will exclude some social groups or lead to increased inequality. The most prominent group of marginalized poor identifiable in QSEM areas were subsistence fishermen, who have faced a persistent decline in fish catch over QSEM rounds. Landless or small landowner households with few members capable of working are also at risk, as their capacity to diversify their income sources is limited by a lack of labor. More broadly people from lower socio-economic groups found it more difficult to take advantage of structural changes.

WHAT AFFECTS WHAT PEOPLE DO

Peak season agricultural labor shortages continued.

Peak season labor shortages continued across all regions except for Chin State. This affected wages, payment conditions and mechanization. In almost all regions, peak season wages increased. Casual laborers were also able to negotiate more favorable payment conditions than in previous rounds. There was evidence of increased small-scale mechanization as landowners sought to reduce their reliance on casual labor. Although entrepreneurial larger landowners were the primary drivers of the increased investment in machinery, initiatives supported by local NGOs ensured more equitable use. There was, to date, limited evidence that this expansion in mechanization was resulting in reduced work opportunities for casual laborers.

Although casual laborers were able to command better rates in peak season, they still suffered from underemployment for the remainder of the year. Peak season wage increases covered only a small number of work days and so did not appear to lead to improved living standards. As a result, casual laborers had to combine agricultural work with other means of earning a living. Where other opportunities provided more certainty, laborers progressively reduced their reliance on agricultural labor.

Land registration progressed relatively smoothly, but with notable exceptions.

In most areas, the land registration process was straightforward. Across all of Ayeyarwady, Mandalay and Chin and parts of the other regions, the land registration process went smoothly, with some minor irregularities that, combined with limited information, provided opportunities for informal payments. The main issues with implementation were structural problems resulting in registration not progressing across a number of townships. In

Rakhine State, registration did not take place in a number of townships with significant Muslim populations: there, resolving land ownership issues was complicated by the fact that a proportion of the Muslim population lacked citizenship papers. In Magway, commercial petroleum interests in land meant registration also had not progressed in one township. Conflict in parts of Shan State also limited the ability of the Land Records Department to complete registration.

Land registration also resulted in a temporary increase in land disputes as long-standing disputes were triggered or individuals attempted to profit from changes in the land law. Similarly, although villages still viewed village administrators as key points of contact for resolving disputes, the changes in the law transferred authority to newly established farmland administration committees.

COPING STRATEGIES

Communities themselves still played the dominant role in social protection

There were few changes to the types of challenges faced by villagers during the twelve months prior to QSEM 4. Given the more positive livelihood outcomes seen in this round, there was a commensurate reduction in levels of shock faced by villagers. The most significant shocks included livestock disease, weather variation, water scarcity and decreases in crop prices. Labor shortage, however, remained the most prominent challenge, identified in over half the research villages. Households shocks were also similar to last rounds but there was a noticeable increase in reports of failed migration.

At a household level, the positive livelihood outcomes meant that some people were able to pay down debt, reducing their vulnerability to future shocks. At a community level, a small number of new community funds were established at the village level with the aim of providing some social protection for individuals. Although new, some were already facing challenges to remain financially viable and provide assistance in a non-arbitrary manner. Community collective action continued to play an important role in responding to individual emergencies.

SOCIAL RELATIONS

Social capital at the village level remained strong.

The vast majority of villages were deemed to have good or fair social relations. There were, however, particular groups who were less likely to participate in village social structures and, at times, were excluded from basic services. This included in-migrants looking for improved economic opportunities in a small number of villages across research locations and divorced women, particularly in the dry zone, who faced some social stigma. Villagers also reported small increases in violent crime in Magway and Ayeyarwady Regions. This had no observable impact on perceptions of safety in villages.

The space for villagers to engage with government authorities expanded in small but noticeable ways.

Changes in community engagement with the state were noticeable across all regions. Villagers perceived increased space to question village-level institutions

and government agencies above the village level, citing national reforms. Although not yet widespread, this translated into a small but noticeable shift in villagers making demands. Both in response to this and as a result of directives from above, government officials and village leaders were increasingly cautious in their engagement with the public. These changes were perceived to be small but important steps towards more accountable government institutions. They have also resulted in increased expectations, and these will need to be managed effectively.

Village governance institutions continued to change as power became entrenched in the role of village tract administrator

Policy changes, improved pay and increased government assistance at village level increased the influence of the village tract administrator. In contrast, village administrators reported receiving the same demands from villages but have less authority to act. New government prohibitions on village administrators raising funds, combined with the increased influence of village tract administrators, reduced incentives for village administrators to seek appointment or fulfill their duties.

These changing governance arrangements had important implications. Past QSEM reports have highlighted the central role of village leaders in maintaining social cohesion, resolving village disputes and liaising between villagers and government officials. The dynamics to date indicate that power was increasingly consolidated in village tract administrators, and that alternative institutions to either support village tract administrators in implementing their roles or acting as a check on their authority were little developed. The existing regulatory framework may need amending to provide such checks and balances.

EXTERNAL ASSISTANCE

Villagers were positive about the significant increase in government assistance, although accountability challenges remain.

The number of government projects has increased almost three-fold since the previous round of research. Government projects increased from 68 projects in QSEM 2/3 to 165 in QSEM 4, with an average of three projects per village. Government assistance for basic infrastructure saw the most significant increase, rising from five projects across regions in QSEM 2/3 to forty projects in QSEM 4. Education and access-to-finance projects also increased, and remained the most prevalent areas of support. The increases need to be weighed against very low initial levels of assistance.

Community members perceived these changes positively. Despite this, there was limited community involvement in decision-making processes about projects. Decisions were often made at the township level or above. The village-level decisions that were made tended to be made by village leaders, who did not consult widely beyond the leadership circle. The process for determining which proposals would receive assistance also lacked transparency. Villagers also expressed concern about the quality of goods provided and implementation mechanisms.

There were few changes in donor-funded programs. There were some increases in donor-funded activities in Ayeyarwady, Magway and Mandalay regions, and small decreases in other regions. Villagers reported having an increased ability to influence the design of donor projects. However, there continued to be some concerns about sustainability of projects once they were hand-over to village development committees

RECOMMENDATIONS

The most significant changes were identified across three key areas: livelihoods; state – society relations; and external assistance

On livelihoods the report presents a more nuanced understanding of how people combine agricultural, nonfarm and migration opportunities across regions and socio-economic groups. This understanding can support programming implications in the following ways:

- Where broader structural changes are having less influence on the agricultural sector focus on improving productivity combined with opportunities for casual laborers and strengthening social protection mechanisms to reduce vulnerability;
- Where structural changes impact on the agricultural sector support programs that ensure the changes benefit all equally reducing the risk of rising inequality;
- Support efforts to diversify income sources for poorer households, in particular in the dry zone and including a focus not only on migration but on sustainable local, nonfarm opportunities;
- Focus migration programs on the most vulnerable, including women, who are invariably from landless and small landowner households.

On state-society relations there is a need for an increased focus on developing appropriate mechanisms to manage expectations of villagers. Donors can play a role here through emphasizing the importance of effective accountability mechanisms in through their own programs. Donors should also engage with government to inform policy on the role of local institutions, including the relationships between village tract administrators and village administrators.

On external assistance, donors should draw on their experience to influence how government agencies deliver services to villages. This could include engaging in policy dialogue on local development issues, considering pilots that leverage government funds at the local level and working with government to build the capacity of effective local institutions, including Village Development Support Committees.

CHAPTER ONE: INTRODUCTION

The Qualitative Social and Economic Monitoring of Livelihoods in Myanmar (QSEM) research program aims to monitor and understand rural livelihoods in Myanmar. It examines the different livelihood strategies and activities of people in rural Myanmar, the wider factors that shape these strategies, and how the broader social and institutional features of community life affect people's livelihoods choices and outcomes.

QSEM is 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 Myanmar. To do so effectively, however, it faces several challenges. One is how to provide development assistance effectively in multiple regions of the country whose core development concerns and contexts vary greatly. Another is how to move from supporting short-term humanitarian needs to supporting sustainable development. A third is to ensure the LIFT program supports changing needs on the ground and identifies new issues as they emerge.

These challenges mean there is a need for information on the livelihoods needs, challenges and opportunities in LIFT target areas and how these vary by geographic area, target group and over time. With this in mind, there is a heavy emphasis within the 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 in these areas.

QSEM has two complementary components. First, periodic research is conducted at roughly six-monthly intervals in villages selected to represent the areas in which LIFT operates. The research is conducted in 54 villages across six states and regions covering the different agro-ecological zones where LIFT operates: (i) the Dry Zone (Magway Region and Mandalay Region); (ii) coastal zones (Rakhine State and Ayeyarwady Region), and (iii) hilly zones (Chin State and Shan State). Second, QSEM will conduct a number of thematic studies, focusing in more depth on issues that emerge from the village level fieldwork.

The first round of QSEM fieldwork was conducted from March to May 2012 and sought to understand the context for different livelihood strategies faced by the poor. The round covered Magway Region, Mandalay Region, Rakhine State and Chin State. As it was the initial round, QSEM 1 focused on the broader context. It sought to provide a more in-depth understanding of (i) the local physical, economic, social and institutional context in which LIFT projects worked and how these varied across areas; and (ii) how these local contextual factors shaped livelihoods choices villagers made and their well-being. It also sought to explore the nature of external assistance being provided (including that provided through LIFT) and how such assistance shaped the local context.

The second round of research was conducted from September to October 2012 and focused in more detail on livelihood activities. QSEM 2 was

conducted in Mandalay Region, Shan State, Ayeyarwady Region and Chin State. It built on QSEM 1 by presenting a more granular understanding of the main livelihood activities reported in both the LIFT baseline survey and in QSEM 1: agriculture, livestock-rearing, fishing and casual labor. It also examined coping strategies in the context of these livelihood activities, and examines social relations and external assistance in light of previous findings.

The third round of research was conducted from May to June of 2013, and focused on village-level change. QSEM 3 was conducted in Ayeyarwady Region, Magway Region, Shan State and Rakhine State. QSEM 3 focused on what changes had taken place since the start of the research. Changes identified were primarily relating to the broader context including land, village governance and local organizing, rather than changes in livelihood patterns.

ANALYTICAL FRAMEWORK

The overall QSEM program collects information on five topic areas, as shown in Figure 1. It aims to provide a descriptive picture of the topics within each box and to understand the relationships between the factors in the different boxes. First, QSEM aims to provide a descriptive picture of the topics within each box. 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? And what external assistance is being provided at the village level? As QSEM is a longitudinal study, each report focuses on changes over time. Second, QSEM aims to understand the relationship between the factors in the different boxes. Assessing the ways that different sets of factors are related to each other can ultimately provide a deeper understanding of how livelihoods choices are made and how they result in different outcomes.

METHODOLOGY

As with previous rounds of QSEM, research involved in-depth qualitative fieldwork using interviews with households and key informants such as village leaders, focus group discussions and informal group discussions with particular social and occupational groups such as farmers and women. Information from respondents was supplemented by direct observation by field research staff.

QSEM uses a purposive stratified sampling approach to create a sample of villages. The sample selects two states or regions from each of the three agro-ecological zones within Myanmar: the dry zone; the hilly areas; and the coastal area, including the Ayeyarwady region, yielding six states or regions in total. The states or regions selected are the poorest in each zone, conditional on existing or expected LIFT presence. Within each state or region, three townships are selected to be geographically dispersed across the state/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 are selected based on variation in proximity to a trade center and access to water resources or roads, yielding 54 villages in total. Initially, the research aimed to cover both temporal and seasonal variation. Research visits were staggered, with each state or region visited twice in 18 months.

FIGURE 1: QSEM ANALYTICAL FRAMEWORK

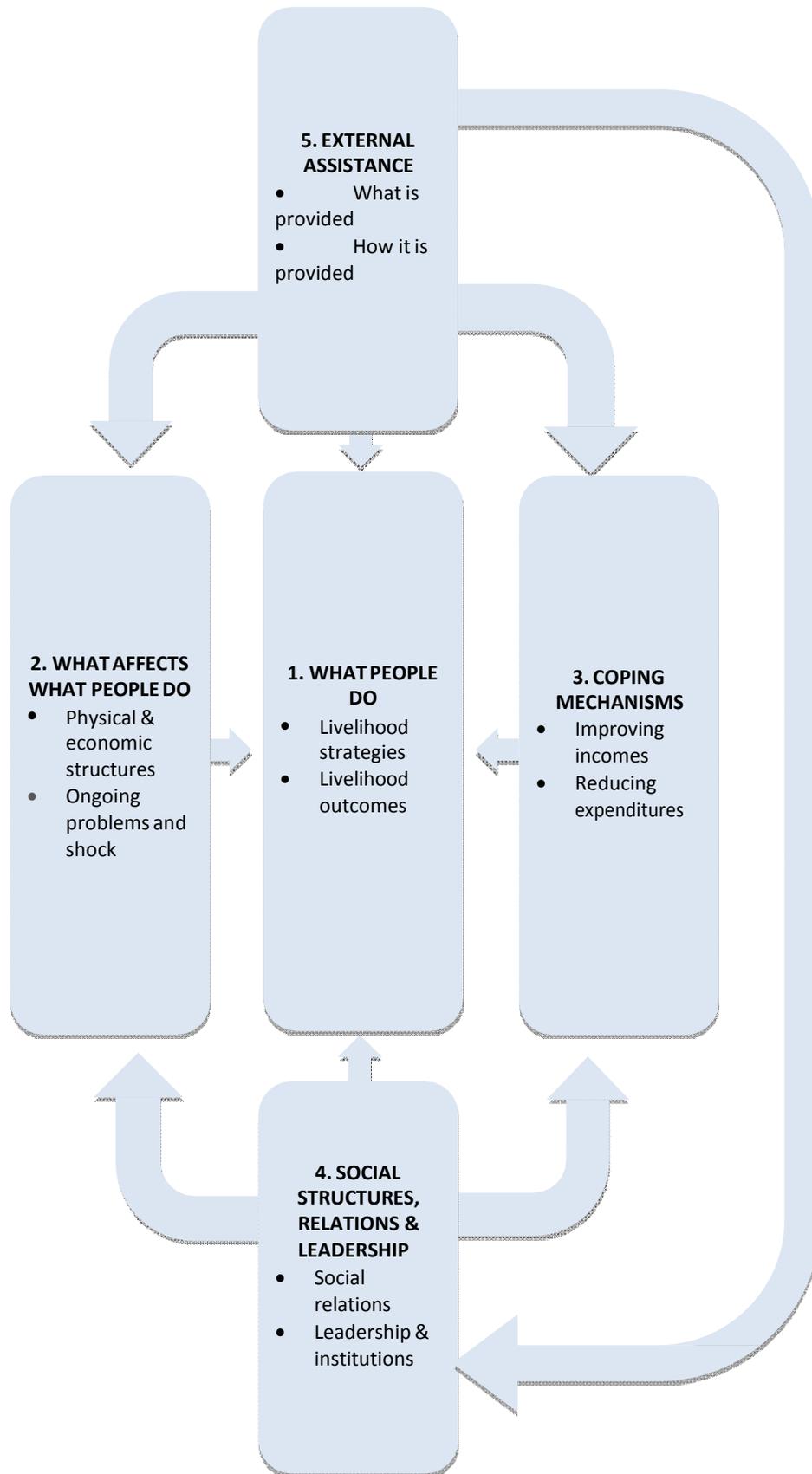
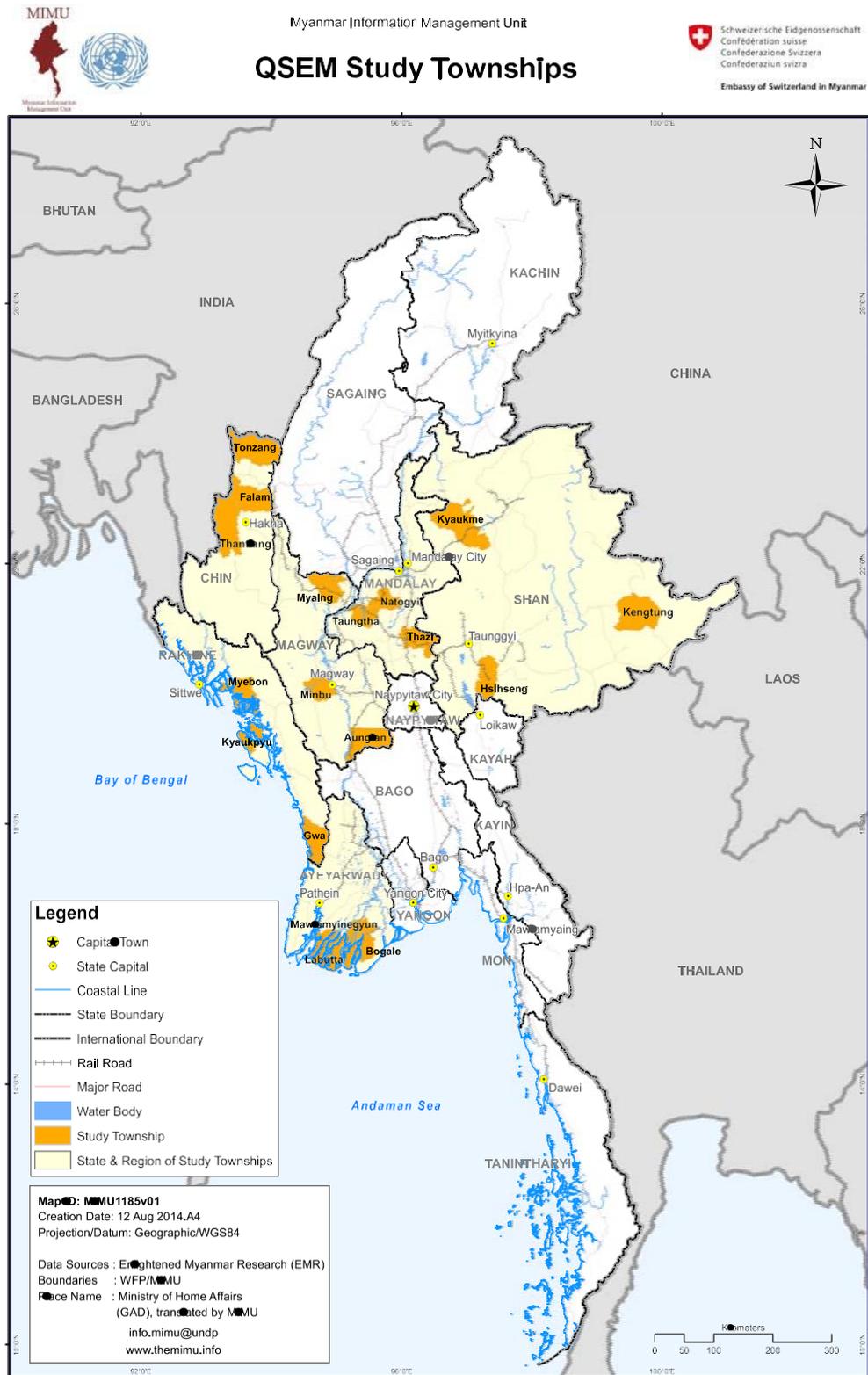


TABLE 1: STATES AND REGIONS IN QSEM

Region/State	QSEM 1 Mar-May 2012	QSEM 2 Sept-Oct 2012	QSEM 3 May-June 2013	QSEM 4 Mar-May 2014
Ayeyarwady				
Chin				
Magway				
Mandalay				
Rakhine				
Shan				

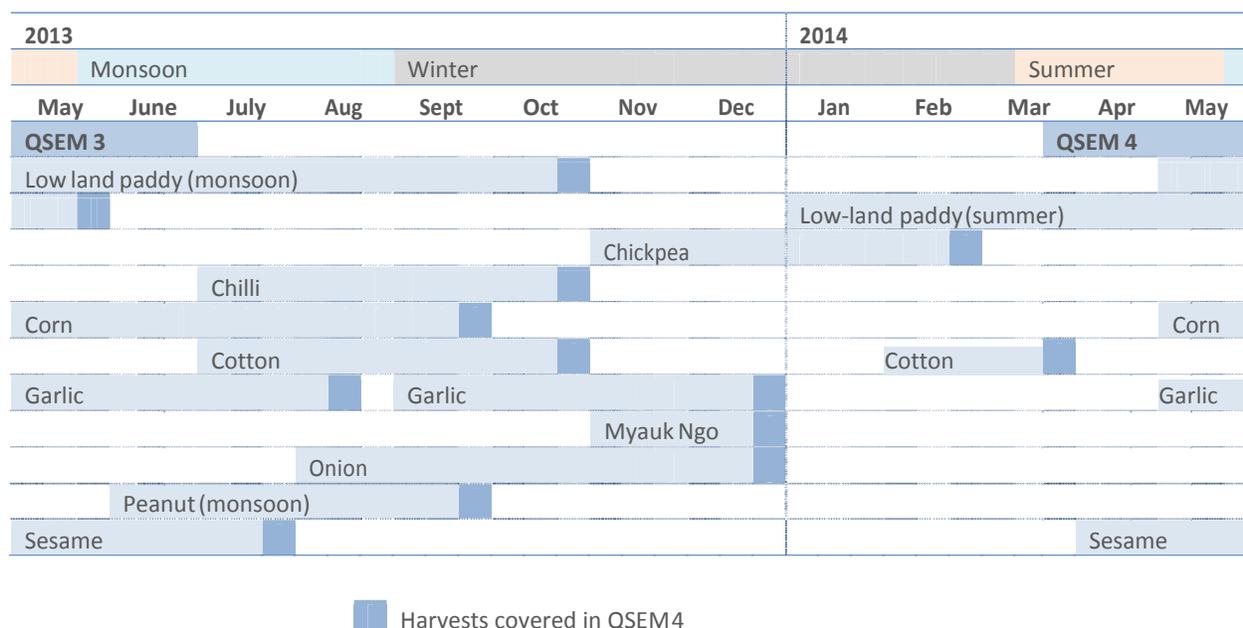
The most recent round of QSEM involved research in all six states/regions instead of the staggered approach. The nature of the changes being identified in the three previous rounds of QSEM emphasized the need to compare dynamics across all regions whilst providing additional time between rounds. As a result, the two final rounds of research, QSEM 4 and QSEM 5, were restructured to cover all six states/regions in each round rather than only four states/regions as in previous rounds. The fifth and final round of research will be conducted in late 2014 – early 2015.

FIGURE 2: QSEM STUDY TOWNSHIPS



QSEM 4 research covered two crop cycles across most areas. The research was conducted from March – May 2014, 10 months following QSEM 3. Findings from respondents therefore cover harvests from both a monsoon cycle, where crops were harvested following the monsoon in the second half of 2013 and a winter crop cycle in early 2014.

TABLE 2: QSEM 3 AND QSEM 4 CALENDAR RELATIVE TO CYCLES OF KEY CROPS



Research involved six teams of four researchers. Each team covered a state/region spending approximately three days and four nights in each of the nine villages covered by QSEM research in that state/region.

In total, 485 interviews and 200 focus group discussions were conducted covering over 1,474 respondents. Informants included a wide cross-section of the villagers including: the village head and other official village leaders; village elders and religious leaders; others who were involved in aid decisions; farmers, fishers, laborers and those in other occupations; people from (potentially) vulnerable groups, including female-headed households, disabled or injured people and the elderly; and young men and women. In addition, interviews were conducted across wealth groups. Researchers updated wealth rankings prepared in previous rounds of QSEM and respondents were identified to ensure representation from across the different wealth groups.

To the extent possible, the researchers tried to get perspectives on the same topics from various groups in order to triangulate the information received. In each village, the researchers collected standardized data to allow for comparative village, township and regional analysis. The researchers also collected case studies to provide in-depth explorations of the issues emerging.

TABLE 3: NUMBER OF KEY INFORMANT INTERVIEWS (KII) AND FOCUS GROUP DISCUSSIONS (FGD) PER REGION/STATE IN QSEM

Region/State	Number of KIIs	M	F	Number of FGDs	M	F
Ayeyarwady	75	47	28	31	85	79
Chin	72	35	37	36	105	53
Magway	86	53	33	35	88	80
Mandalay	87	40	47	35	112	72
Rakhine	74	47	27	32	136	35
Shan	91	56	35	31	110	35
Total	484	277	207	200	636	354

This round of QSEM also benefits from two additional levels of analysis. First, extended village-level research was conducted in a village each in Chin State and Ayeyarwady Region. Two researchers spent over a week in each of these villages to explore themes emerging from previous rounds of research in more depth. Second, almost one quarter of the QSEM villages were also covered by a separate but related World Bank study, *Poverty and Social Impacts Analysis in Support of the Myanmar National Electrification Plan Preparation*.¹ That study sought to understand energy consumption, approaches to payment and the quality of energy services across both urban and rural areas.

REPORT STRUCTURE

This report is structured following the QSEM analytical framework outlined above, tracking changes since the previous round of QSEM.

- Chapter two starts with changes in livelihoods, discussing changes in agriculture, increased diversification into non-agricultural businesses, and increased temporary and permanent migration. It also identifies how these changes affect different socio-economic groups.
- Chapter three continues with changes in factors affecting livelihoods, focusing on increased mechanization, impact of labor shortage, and developments in land registration and disputes.
- Chapter four finds little change in types of shocks and coping mechanisms, noting the emergence of institutionalized community funds to help households cope with emergencies.
- Chapter five analyzes changes in social relations, defined as relations between people and, increasingly, relations between people and the state.

¹ An electricity research team joined QSEM researchers in 13 QSEM villages. Villages were selected to cover each of the regions/states and provide representation from each of the four main means of accessing electricity: government service delivery; private company service; community or small-medium enterprise (SME) delivery; or individual connections through solar panels/generators.

- Chapter six examines the stark increase in government assistance as well as shifts in people's perception regarding government and non-governmental assistance.
- Chapter seven concludes with lessons learned and recommendations.

CHAPTER TWO: WHAT DO PEOPLE DO? LIVELIHOODS CHOICES & OUTCOMES

THIS CHAPTER EXAMINES CHANGES IN PATTERNS OF PEOPLE'S LIVELIHOODS CHOICES AND OUTCOMES, REPRESENTED BY BOX 1, "WHAT PEOPLE DO" OF THE OVERALL ANALYTICAL FRAMEWORK.

QSEM 4 SAW HOW POOR PEOPLE'S LIVELIHOODS IN RURAL VILLAGES WERE BEING AFFECTED BY STRUCTURAL CHANGES TAKING PLACE IN THE MYANMAR ECONOMY, BUT ALSO HIGHLIGHTED SOME RISKS.

IN MANY WAYS, PEOPLE'S LIVES AND LIVELIHOOD CHOICES STAYED THE SAME: FARMERS IN SOME AREAS HAD A BETTER YEAR THAN BEFORE DUE TO GOOD WEATHER AND PRICES, BUT REMAINED AS VULNERABLE TO SHOCK AS IN PREVIOUS ROUNDS, AND THEIR CHALLENGES OVER LABOR AND DEBT PERSISTED. LANDLESS LABORERS ALSO FACED DIFFICULTY GETTING ENOUGH WORK OVER THE COURSE OF THE YEAR.

YET SOME OF THE CHOICES THEY MADE REFLECTED BROADER STRUCTURAL SHIFTS. IN THE DRY ZONE, GREATER REMITTANCES AND THE UNCERTAINTIES OF AGRICULTURAL INCOME DROVE HOUSEHOLDS TO SEEK TO DIVERSIFY INTO NON-FARM LIVELIHOOD ACTIVITIES. IN CHIN STATE, FARMERS WERE BEGINNING TO BENEFIT FROM A SHIFT TO MORE PERMANENT FARMING PATTERNS, ADDED BY RECENT INVESTMENTS IN INFRASTRUCTURE. IN ALMOST ALL STATES AND REGIONS, MIGRATION INCREASED

YET IN ADDITION TO THE BENEFITS, QSEM 4 ALSO HIGHLIGHTED THE RISKS OF STRUCTURAL TRANSFORMATION FOR THE POOR. SOME VILLAGES SAW RISING INEQUALITY, HIGHLIGHTING THE RISKS OF SOCIAL EXCLUSION AND BARRIERS TO MOBILITY FOR MARGINALIZED HOUSEHOLDS, HIGHLIGHTING THE RISK THAT MARGINALIZED HOUSEHOLDS WILL BE LEFT BEHIND BY IMPROVEMENTS IN THE ECONOMY. IN THIS CHAPTER, WE PROPOSE A TYPOLOGY OF POOR HOUSEHOLDS AND EXAMINE PERCEPTIONS AND STRATEGIES AROUND MOBILITY.

OVERALL CHANGES

People in most areas reported having a better year than before. Previous rounds of QSEM identified weather-related distress, crop losses, and limited changes in livelihoods. In this round, however, villagers in almost all areas reported being better off now than twelve months ago. The reasons for this included good agricultural returns, an increase in non-farm diversification, and migration, and varied by region, as seen in the table below. Some improvements are a result of factors such as good weather, beyond the control of individuals or the state. Other improvements can be linked to structural changes in the broader operating environment in Myanmar. A number of marginalized and vulnerable social groups, however, found it harder to take advantage of these changes, and either did worse or only slightly better this year.

TABLE 4: AREAS RESULTING IN LIVELIHOOD IMPROVEMENTS PER REGION/STATE

	Agriculture	Nonfarm	Migration
Ayeyarwady	x		X
Chin	x		
Magway		X	X
Mandalay		X	X
Rakhine			X
Shan	x		X

AGRICULTURE

GOOD RETURNS

"This is the best yield since the village was struck by the storm Nargis." – President of Village Development Committee, Ayeyarwady Region

Agricultural returns overall improved, but with regional variation. Overall, QSEM 4 saw more positive returns on a number of crops compared to recent rounds, because of higher prices (notably of corn in Shan State, sesame in Magway, and paddy in Ayeyarwady) and/or because of better yields. However, there was variation by crop and region, as highlighted in Table 5, and some areas did not do as well. Farmers in the dry zone experienced a mixed year. Some villages in Magway enjoyed a good return on sesame and sugarcane but this was offset with average or poor returns in other crops such as groundnut. Farmers planting chickpeas and peanuts in Mandalay Region saw poor returns due to lower prices. In Rakhine State, farmers experienced a better year than before, with some increased returns on paddy and peanut, but previous years had been so bad, Rakhine farmers still did not report having a good year overall.

These improvements stemmed from factors beyond the control of most farmers, a reduction in weather and pest shocks and better prices for key crops. In previous rounds of QSEM, some farmers reported low quality yield due to unpredictable weather and pest infestation. This year, paddy farmers, particularly in Ayeyarwady, reported high quality yields from the monsoon harvest compared to a year before. These improved yields fetched higher

AGRICULTURAL OUTCOMES IMPROVED OVERALL AS A RESULT OF HIGHER PRICES FOR CERTAIN CROPS AND A REDUCTION IN SHOCKS, BUT NOT IN ALL REGIONS.

prices. In Labutta township in Ayeyarwady, for example, respondents stated that the price of a particular type of local paddy (*ManawThukha*) increased from 0.33 million *kyat* (about \$340) per 100 baskets last year to 0.45 million *kyat* (about \$460) this year. As indicated in Table 5, prices also increased for other key crops, which in some areas led farmers to change their livelihood strategies. For example, higher prices of corn in all research villages in Shan South and Shan North led farmers to plant more corn and less groundnut and sesame, and to plant on previously uncultivated land. In one township, this increase in planting led to a corn seed shortage, which was so severe it prompted people to demonstrate. In contrast, in previous years farmers with large landholdings often left some land fallow because they were uncertain about agricultural returns.

The underlying structural challenges facing farmers and landless laborers however, persisted. Although farmers had better agricultural outcomes overall and experienced less shock in this round, their underlying vulnerability to shock persisted. Farmers also continued to face peak season labor shortages and increases in the cost of peak season labor. Landless laborers also continued to struggle. Although labor shortages enabled them to negotiate better working conditions, non-peak on-farm jobs were scarce, so they continued to struggle to make ends meet. Dynamics around labor are explored further in Chapter Three.

The exception to this was in Chin State, where farmers were benefiting from broader structural changes in the agricultural economy. A move away from shifting cultivation and towards permanent cultivation, aided by recent investments in road infrastructure was producing dividends. In seven of the nine QSEM villages in Chin State, an estimated 50-70% of households had progressively shifted from practicing shifting cultivation² towards farming terrace plots, primarily to grow vegetables, or towards garden cultivation for fruits such as oranges, *Myauk Ngo*, and avocado. The shift towards terrace farming was mainly driven by aid programs, whereas the shift towards garden cultivation was driven mainly, initially, by better off farmers. These shifts towards permanent farming patterns have been described as a response to population pressure and a breakdown in traditional systems, but in the QSEM villages it appeared to be less a response to crisis and more a diversification and income-maximizing strategy more recently facilitated by better market linkages.

THE UNDERLYING STRUCTURAL CHALLENGES FACING FARMERS AND LANDLESS LABORERS, HOWEVER, PERSISTED. THESE INCLUDED CHALLENGES WITH LABOR, CREDIT AND VULNERABILITY TO SHOCK.

²Often also referred to as swidden or rotational fallow (*taungya*) cultivation.

TABLE 5: RETURNS FROM KEY CROPS PER REGION/STATE

	Chick pea	Chilli	Corn	Cotton	Garlic	"Myauk Ngo" ³	Onion	Paddy	Peanut	Pigeon Pea	Sugar cane	Sesame
QSEM 4 compared to QSEM 3												
Shan			Light Blue					Grey				
Magway								Grey		Grey	Dark Blue	
Rakhine								Light Blue				
Ayeyarwady								Dark Blue				
QSEM 4 compared to QSEM 2												
Chin					Grey	Light Blue	Grey					
Mandalay	Light Red	Grey		Light Blue						Dark Red		

Dark Blue	Better price and better yield	(much higher returns)
Light Blue	Better price or better yield	(higher returns)
Grey	Same price and same yield	(same returns)
Light Red	Worse price or worse yield	(lower returns)
Dark Red	Worse price and worse yield	(much lower returns)

BOX 1: PROCESS-TRACING CASE STUDY: SHIFT TO GARDEN CULTIVATION HELPS HOUSEHOLDS IN CHIN, BUT THE WEALTHY ARE BETTER ABLE TO BENEFIT

The experience of one of the QSEM villages in Thantlang township in northern Chin State shows how households benefited from a longer-term move from subsistence-based shifting cultivation to market-oriented garden (or orchard) cultivation, but how the poor had less of an opportunity to participate.

Prior to the last decade, most farmers in the village practiced shifting cultivation. Communal land was allocated to individual households by the village leadership on a scale that enabled minimum subsistence but left little surplus for market. Beginning around 2006, however, farmers began to transition to garden cultivation, especially of oranges. Individual entrepreneurs drove this move, with some financial support from a diaspora group based in the United States. The changes spread fast: whereas only a handful of households practiced garden cultivation at the beginning, eight years later, at the time of the research, some 140 out of 200 households in the village now own at least one plot of orange trees.

Many villagers claimed that they were better off as a result. Shifting cultivation had not enabled them to make ends meet or make productive investments such as paying school fees. People also pointed to the success of a few first movers, who showed that they were able to make money in a less-labor intensive way than before. One of the first to experiment began with 200 orange plants in 2006, and slowly expanded by planting 50 to 100 new plants annually once he started to see returns after three years. At the time of the research, he had around 600 plants and earned approximately 16 lakhs *kyat* annually. Although he received income from his orchard only once a year, the work was less physically demanding and he could afford to send his children to school in nearby Htanta Lang and to buy a new motorcycle, prospects that earlier would have been "just dreams."

³ A type of fruit

However, many other villagers, especially poorer ones, were less likely to take these risks, instead cultivating orange plantations in parallel to shifting cultivation. In starting their orchards, such farmers opted for seedlings rather than more expensive but higher value transplanted orange saplings. High costs also constrained poorer households from registering land. Only 19 out of the 200 households (the wealthiest and largest orange farmers) had registered their land, which previously had been communal land. For poorer households the 10,000 *kyat* registration fee was too high to invest in a venture that might not produce a positive return for several years, if ever.

Despite this, villagers viewed the prospects of the move to garden cultivation positively. Transporting produce to the nearest market remained a problem. Oranges needed to be carried by humans or donkeys some 30-60 minutes to the village and then by car, along poor roads, to the township capital, Htanta Lang, over two hours away. A number of farmers noted that current improvements to this road would likely enable them to use larger vehicles to transport their produce, increasing their returns.

NON-FARM DIVERSIFICATION

“Women in our village work at cigarette rolling. They can earn a daily income.” – Farmer, Mandalay Region

“For this year, we are able to run a snack and fermented plum juice shop. So we can say, it has not been a bad year.” – Widow, Magway Region

The trends in non-farm diversification highlighted the impact of economic structures, shock and external assistance on people’s livelihood choices in the dry zone: there, a slack non-peak agricultural labor market, a history of weather shocks, and an increase in remittances (itself facilitated by social networks) combined with external assistance to drive up non-farm diversification. The unpredictability of agricultural outcomes and agricultural work opportunities identified in previous rounds had led to some increased efforts by villagers to diversify by investing in secondary, nonfarm income streams. This trend was particularly noticeable in the dry zone regions of Magway and Mandalay.

Across Magway and Mandalay, local, non-farm diversification increased: there was a small but noticeable increase in small, non-farm businesses and reliance on non-farm income. In one township, Minbu in Magway Region, this increase was pronounced, and was due to an increase in small-scale petrol extraction. In other townships, the changes were less pronounced but still noticeable, with a handful of new micro and small-enterprises having opened in most villages between rounds. These developments correspond to the figures identified in LIFT’s mid-term evaluation that saw, for example, the number of respondents identifying income from “small business—trading, buying and selling” increasing from 7.8% to 14.4%.⁴

A HISTORY OF UNPREDICTABLE WEATHER AND AGRICULTURAL OUTCOMES, COMBINED WITH THE DIFFICULTY OF FINDING ENOUGH ON-FARM WORK IN NON-PEAK SEASONS, LED HOUSEHOLDS TO CONTINUE TO DIVERSIFY INTO NON-FARM INCOME STREAMS, USING CAPITAL FROM REMITTANCES, AID PROGRAMS AND OTHER SOURCES.

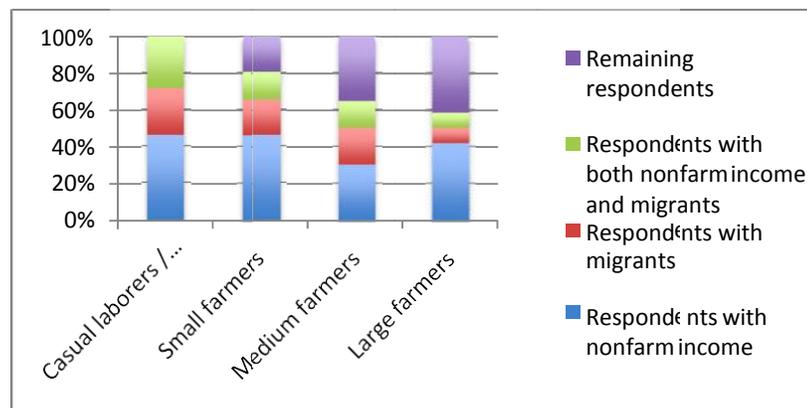
⁴LIFT Midterm Survey Results: April 2014, 37. Figures are across LIFT areas, not from the dry zone.

Reliance on non-farm income varied by livelihood and socio-economic group, with landless, casual laborer and small landowner households more likely than medium or large farmer households to have some source of non-farm income.

Figure 3 and Figure 4 below outline the proportion of respondents from households with one or more members receiving income through means other than agriculture. In both dry zone regions, over 90% of casual laborer or landless households interviewed had income sources aside from agriculture-related labor. This level of diversification was slightly lower for small farmers, with close to 20% in both regions relying solely on their agricultural activities, and significantly lower for medium and large farmers, 35%--50% of whom relied solely on agricultural returns in their household, with the exception of large farmers in Mandalay.

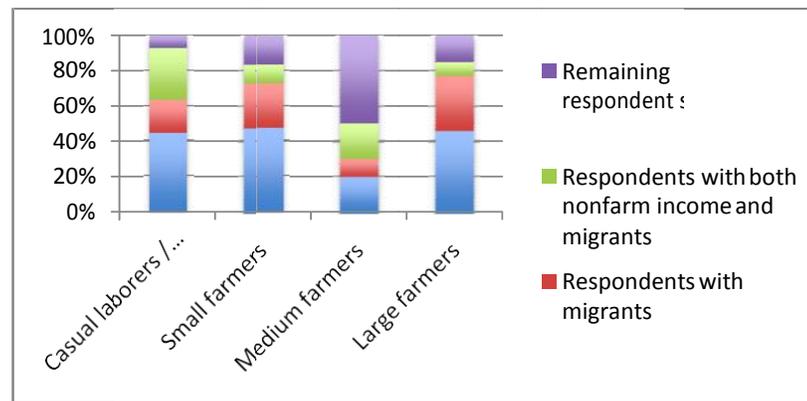
These patterns reflect the difficulties faced by casual laborers in getting enough days of agricultural work to support them over the course of the year, something that is explored further in the next section. The patterns were significantly more noticeable in the dry zone than in other regions. In the four other regions, correlations between livelihood group and reliance on additional sources of income were much less clear. With the exception of the better off in Shan State and landless in Rakhine State no other group had over 80% of respondent households with diversified income sources. In several instances, such as small landowners in Rakhine and Chin states, the proportion of respondents with no non-farm income was as low as half.⁵

FIGURE 3: PROPORTION OF RESPONDENTS WITH NON-FARM INCOME, MAGWAY REGION⁶



⁵ Similar numbers are observed for small and medium landowners in Ayeyarwady Region. However, as is discussed below, there were some inconsistencies with how migration data was captured in Ayeyarwady making these comparisons less reliable.

⁶ The figures do not provide information on the level of income supplementation. The data only outline the proportion of households obtaining some source of income aside from agricultural income. It does not provide information on the extent to which different socio-economic groups relied on these sources of income or the proportion of nonfarm income compared to other sources.

FIGURE 4: PROPORTION OF RESPONDENTS WITH NON-FARM INCOME, MANDALAY REGION

Aid programs and remittances were important sources of technical know-how and capital for such businesses. Villagers benefited from three forms of assistance in setting up nonfarm initiatives. First, aid programs provided training for vocational skills, which was successful in areas where there was already a pre-existing market for those skills or where outsiders, including NGOs, could facilitate networks to new markets. In several QSEM villages in Mandalay, for example, villagers benefited from training either in tailoring or in hairstyle products. Second, villagers were able to gain increased access to credit. Third, remittances from migration were also often an important source of capital in starting up new businesses.

BOX 2: PROCESS-TRACING: AID PROGRAMS & REMITTANCES ENABLE PEOPLE TO DIVERSIFY

The daughter of a village administrator in Thaugtha township, Mandalay, used to supplement her family's income by working in her friend's cigarette rolling business. After observing the business for a while, she applied for a 300,000 *kyat* loan from a microfinance organization to start her own cigarette rolling business. She then received further assistance from her father, who renovated part of the family's house to provide her and her employees with working space. At the time of research, her cigarette rolling business employed 10 workers who rolled cigarettes for several cigarette companies. She was able to make 30,000 *kyat* a week, which she invested in gold and in expanding her family's *thanakaplantatio*.

Another entrepreneurial villager in Thazi township, Mandalay, noticed an opportunity to start a tailoring business after observing that one NGO had provided tailoring training and sewing machines to six women in the village. When the training ended, the entrepreneur cut a deal with a garment factory for the new tailors to sew clothing for the factory. At the time of research, five out of the six tailors were working full-time in his business. One of the women, who came from a landless household, reported that she had managed to increase her income from 1400 *kyat* per day as agricultural laborer to 2000-3000 *kyat* per day as a tailor.

A resident of Myaing township in Magway left to Thailand seven years ago to improve his family's livelihood. At the time, he had to rent out his three acres of farmland and sell his cattle to finance his journey. After arriving in Thailand, however, he found that working in the offshore fishing industry did not allow him to

send much money back home. He then hired a broker to find him work in Malaysia, where he subsequently worked as a driver in an animal feed factory for five years. With his job in the factory, he was able to send around 200,000 *kyat* every month to his family in Myanmar. These remittances were a great help to his family, even enabling them to lend some money to others. Two years ago, his wife suggested that they should open a grocery shop in the village using savings from his remittances.

In February 2014, even though he could extend his visa in Malaysia, he decided to return home to be with his family. Celebrating his return, his family held a big religious ceremony which cost around 5 million *kyat*, 2.3 million *kyat* of which was donated by his relatives. Nowadays, in addition to the grocery store, he also breeds and sells goats. He makes 500,000 *kyat* every three months from his 20 goats. From their combined income, his family had recently managed to build a new brick house.

In one township in Ayeyarwady, better infrastructure also enabled such diversification. In Ayeyarwady Region, the construction of two new bridges had improved access to township markets for villagers from two QSEM villages. Villagers reported hearing of plans to build two more bridges. The improvements had not only cut the travel time to the township but also provided some new livelihood opportunities. In one village, for example, approximately 20 men had started to supplement their income by operating motorbiketaxis.

Through diversifying, households were able to get more regular income across the year. The agricultural cycle in the dry zone provided farmers with returns only at harvest time and limited the overall number of agricultural-based days of employment for casual laborers. Respondents invariably identified the benefits of a steady stream of income across the course of the year as a primary reason for seeking to establish nonfarm sources of income. Some respondents also noted that they were able to reduce their debt levels or the amount of money they needed to borrow in the agricultural off-season.

MIGRATION & REMITTANCES

"I found my friends doing better by migrating and I felt like I also wanted to do so. That's why I decided to go." – Landless casual labor and seasonal migrant, Mandalay Region

Trends in migration also highlighted how social networks and structural economic factors shaped people's livelihoods choices: the same slack non-peak agricultural labor market and weather shocks that prompted non-farm diversification also prompted a continuing increase in migration, which was facilitated by people's social networks. QSEM 3 observed the effects of such migration, including on remittances and a further tightening of the peak agricultural labor market. Similar trends were observed in this round of research, although there were some variations in migration patterns.

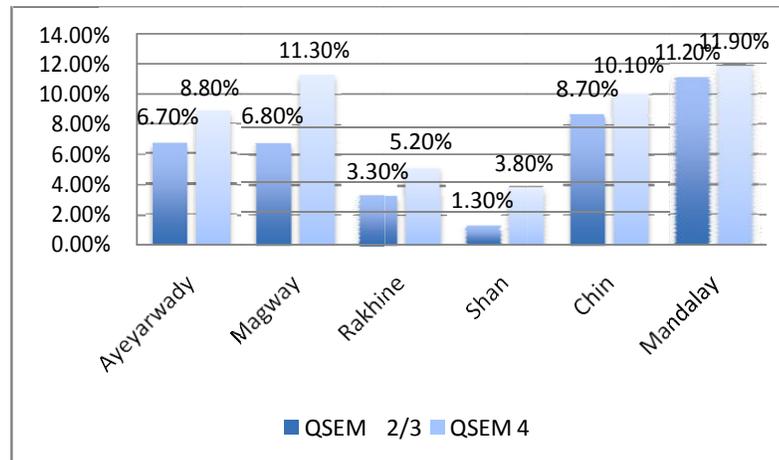
THIS HISTORY OF LABOR DIFFICULTIES AND AGRICULTURAL UNCERTAINTY ALSO LED TO A CONTINUING INCREASE IN MIGRATION, ITSELF FACILITATED BY THE ENTRENCHMENT OF PEOPLE'S SOCIAL NETWORKS IN RECEIVING LOCATIONS.

MIGRATION INCREASED

Migration continued to increase. Researchers asked village leaders to estimate the numbers of people currently migrating from their village.

Figure 5 estimates the average number of migrants as a proportion of the overall population per village, aggregated for each state or region, for QSEM 2/3 and 4.⁷ As the figures indicate, migration levels varied by state or region but in half the regions, at least ten percent of the population was estimated to be migrating.

FIGURE 5: ESTIMATED PROPORTION OF POPULATION MIGRATING PER VILLAGE



MIGRATION PATTERNS VARIED STRONGLY BY REGION

“First, it started with one or two people leaving. Now whole households are leaving. About seven households have left... It seems the earnings are higher in Yangon.” – Village Administrator, Ayeyarwady Region

Migration patterns differed by region, reflecting the access these regions had to certain labor markets—for example, the proximity of Ayeyarwady region to Yangon, or a history of social ties to particular destinations. International migration remained the preferred form of migration in Chin State and, to a lesser extent, Shan State. Lower but still significant levels of international migration also existed in Magway and Rakhine. In Chin, migration had traditionally first been to Malaysia as a stepping ground for more permanent migration to the United States, but respondents claimed that interest in this option had reduced, primarily due to improved economic opportunities in Chin State itself. Across regions, there was an increase in the range of destinations available for international migration. Whereas previously

⁷ For various reasons these figures are likely to be an over-estimate. The figures represent a rough estimate from village leaders. Village leaders are likely to over-estimate when asked to calculate numbers, for example by combining former and current migrants. Very few alternative sources of data exist. LIFT’s Midterm Survey, estimates that close to 10% of households (not population) receive some form of remittances from migration. Assuming that not all migrants provide remittances, this would indicate that the QSEM calculations, which calculate at the population and not household level, are high but not excessively.

international migration was concentrated primarily on Thailand and Malaysia, opportunities elsewhere in Southeast Asia (for example Brunei), in the Middle East and, for one village in Rakhine, even in Japan were now available.

Seasonal migration was prominent only in the dry zone. Almost 80% of households with migrants in Mandalay were involved in seasonal migration, and over 40% in Magway. In Mandalay seasonal migration correlated closely with age. One-third of migrants from respondent households were under twenty, and all but one of these sought seasonal migration opportunities. Many moved to the border regions with China or Shan State to look for work in the off-peak agricultural season. In Magway, the most significant seasonal migration was in the township where people attempted to benefit from petroleum extraction.

TABLE 6: MIGRATION PATTERNS OF KEY INFORMANTS PER REGION

Region/State	# of migrants ^o	# of KI interviews	% of KI with family migrating	Type of Migration			Gender	
				Int'l	Domestic	Seasonal	Male	Female
<i>Ayeyarwady</i> ⁹	18	77		17%	83%	0%	61%	39%
Chin	39	73	36%	95%	0%	5%	82%	18%
Magway	51	88	38%	24%	35%	41%	65%	35%
Mandalay	63	87	30%	6%	13%	81%	59%	41%
Rakhine	28	76	26%	39%	57%	4%	79%	21%
Shan	28	87	26%	71%	4%	25%	64%	36%

SOCIAL NETWORKS ENABLED MIGRANTS TO FIND JOBS AND IN SOME CASES REDUCED THE RISKS AND SPREAD THE BENEFITS OF MIGRATING

SOCIAL NETWORKS WERE CRITICAL IN SHAPING MIGRATION CHOICES

Variations in migration patterns were especially pronounced at village level, reflecting the importance of social networks in facilitating migration opportunities. Within townships it was quite common for migration rates to vary widely. For example, in Thar Si township in Mandalay, migration was estimated in one village at 1.2% of the population, 7.6% in the second village and 15.6% of the population in the third. This reflected the importance of social networks in facilitating migration opportunities.

BOX 3: PROCESS-TRACING: SOCIAL NETWORKS, POOR AGRICULTURAL RETURNS, AND AFFORDABLE TRANSPORT LEAD TO AN INCREASE IN MIGRATION

In one remote village in Myaing township, Magway, a decline in farm gate prices and an increase in the strength of social networks led migration to double this year. Jaggery was the primary income source for the village, but its price had

^o Key informants were asked if any of their family members were currently experiencing migration. This represents the overall number of family members experiencing migration. There can be more than one family member per key informant. Key informants with migrants from their households were also likely to have been over sampled on the basis that a small proportion of key informants were selected specifically due to their migration experiences.

⁹ In Ayeyarwady, the data for these questions relating to actual migration experiences was documented in a way that was different to other areas and as such is not comparable.

declined in the past three years. Villagers observed, however, that families of migrants who went to Singapore and to Shwe Li, a town bordering China to which transportation was affordable, were doing well: they had been able to rebuild their houses and donate more for religious festivals.

Social networks enabled migrants to find jobs. The villagers who went to Shwe Li sought work opportunities in stone carving factories. After they settled down and built their network, some of them found higher-paying jobs in construction or transportation, for instance as bus conductors. Low transportation costs meant the migrants could return to their village at least twice a year.

Social networks also helped to reduce the risks of migrating and ensure that the benefits of migration could be more widely felt by different socioeconomic groups in the village. A monk from the village had networks in Singapore through which he helped villagers obtain work as housemaids. This year, he had helped more women to migrate to Singapore by covering their initial cost of passport, ticket, and work permit. Once they arrived in Singapore, a friend of his acted as their agent. The arrangement was for the women to pay the agent fees and repay the monk in installments after they started working and receiving their new salary. The arrangement had two benefits. First, because the monk knew the agent receiving the women in Singapore, the women could be certain that they would not be trafficked. Second, since the agent fee and the initial cost of migration could reach 2,500-3,000 USD, asking the women to pay only after they started receiving their salary ensured that even women from poorer households would be able to migrate to Singapore if they so wished. The monk also assisted some men to find work in Singapore, but these men, unlike the women, would have to pay the agent fees and meet the initial costs of migration upfront.

As in previous QSEM rounds, there were gender, age and socioeconomic group differences in migration patterns. There were several dynamics. First, men were more likely to migrate than women. In the dry zone and Shan State the difference was not pronounced, with between 35%-41% of migrants being women. In Chin and Rakhine states the vast majority of migrants, approximately 80%, were men. Second, female migration was primarily limited to people from lower socio-economic groups. With the exception of Rakhine State, where women from various socio-economic groups migrated, in all other regions only women from landless or small landowner households were likely to migrate. The same correlation between socio-economic status and migration was less evident for male migrants. This indicates that migration for women was primarily a strategy influenced by economic necessity, and given the choice women would be less inclined to migrate than men.

There was also an increase in women and young people wanting to migrate. As with previous rounds, women factored in perceptions of personal safety in determining where to migrate, which limited their desire to migrate internationally. However, across most regions it was reported that there was an increase in interest among women for domestic migration, in particular to work in urban areas. There was also a perceived increase in youth seeking to

migrate. Almost 70% of migrants from the households interviewed were under 30 years of age. The research indicated an increase in those even younger seeking seasonal migration opportunities. This included teenagers in Magway finding work in coffee shops within their region or working in the border area with China. Groups of youths were also moving to Shan from Mandalay for four month contracts, for example to help in watermelon farming. In Shan south, there was allegedly some increased seasonal migration to work on opium plantations.

“Only one household has gone away. This is the first time for our village.” – Village elder, Ayeyarwady Region

Finally, there were reports of increased whole-of-household migration away from villages in Ayeyarwady. In eight of the nine villages visited, village leaders reported that a small number of households in their village had decided to move the whole family, primarily to Yangon. As the quotes above indicate, in these villages this was perceived to be a new phenomenon, indicating that some landless people were seeing their future elsewhere.

Although migration overall provided positive returns, particular forms of migration could also prove a high-risk strategy. Across several locations, researchers documented cases of failed migration. The consequences of this were most severe where it involved people seeking to illegally migrate internationally. Box 4 provides an example of failed migration from Mandalay Region.

BOX 4: PROCESS-TRACING: DIFFICULTIES FACED BY ILLEGAL MIGRANT WORKERS FROM MANDALAY

MIGRANTS FACED
CONSIDERABLE OVERALL RISKS,
HOWEVER, ESPECIALLY WHEN
ATTEMPTING TO MIGRATE
ILLEGALLY OVERSEAS, AND HAD
FEW AVENUES OF REDRESS
WHEN THINGS WENT WRONG
WITH AGENTS

In 2013, two siblings from Mandalay left to work in Thailand based on a broker’s promise that they would find work in 45 days. With a loan of 800,000 kyat (\$820) at an 8 per cent interest rate per month, they paid 650,000 kyat (\$660) for a broker’s fee, 120,000 kyat (\$120) for the agent’s fee in Myawaddy, a town bordering Thailand, and 30,000 kyat (\$31) for transportation. After arriving in Myawaddy, however, they found out that they needed a letter of employment from a company in Thailand to apply for a proper visa. They stayed in the agent’s house for a month while waiting for the letter to arrive. Tired of waiting, they tried to work with another non-registered agent. Instead of being sent to Thailand, they were sent to stay in a warehouse with 700 other prospective migrants. The living condition in the warehouse was terrible, with the migrants eating very little rice and dry fish curry everyday. They began contracting scabies and other diseases.

After six months of waiting in the warehouse, six migrants led the others to report the agent to the Ministry of Labour, Employment, and Social Security. The Ministry staff did not offer help. They tried reporting the case to the police station, but also to no avail. When they contacted the broker that connected them to their initial agent, the broker said he was not responsible for how things turned out. Soon after, their agent told them that the agency office had burned down and their identification cards and fake passports had been caught in the fire. They had no option but to return to their villages.

At the time of research, they had sold their cow to partially repay the loan they took. They worked as casual laborers, more indebted and in a worse economic condition than before they made the investment to migrate abroad.

SOME RISK OF INCREASING INEQUALITY

The positive trends in livelihood outcomes did not benefit all groups equally, highlighting the risk that ongoing structural changes in the rural economy will exclude some social groups or lead to increased inequality. The QSEM identified a (small) range of groups that did not benefit from these improved outcomes or who experienced increased hardship over the last twelve months. These groups fell into two categories: a group we will call the marginalized poor, who were essentially completely unable to realize sufficient returns on labor or land for their households and could not diversify or migrate to increase incomes; and the vulnerable poor, who, even if they did better this year, were not able to take advantage of structural change as much as those with greater access to credit or land.

MARGINALIZED POOR: THOSE UNABLE TO BENEFIT

A small number of groups were essentially completely unable to realize sufficient returns on their labor, land or any other productive asset to be able to support their households, and did worse this year even though most did better. The most prominent group facing hardship over the last year in QSEM villages was subsistence fishermen, who, despite some small improvements, have overall faced a persistent decline in the fish catch over QSEM rounds, the scale of which in some early rounds has been catastrophic. Households who depended on subsistence fishing for a living were present in all nine villages in Ayeyarwady, seven villages in Rakhine and two villages in Magway. It was identified as the primary source of income for approximately 13% of households in Ayeyarwady in QSEM 2. In at least half the villages in Rakhine, a combination of poor catches and a lack of capital to invest in new equipment to improve their catches meant that subsistence fishermen were worse off. In Ayeyarwady Region, people who relied on subsistence fishing as their primary source of livelihood had a poor quality of catch for one of the main fish catches (*hilsa*), whereas in Magway fishermen complained about changes in the river conditions that resulted in lower catches.

“The fish catch has declined. We don’t even know the price for big prawns (which we used to catch) anymore.” – Subsistence fisherman, Rakhine State

“The fish catch is not bad but the price of fish is not very good. The fish is injured because the big fish has been prying on smaller fish.” – Small commercial fisherman, Ayeyarwady Region

Households at risk of being excluded tended to be small, landless or small farmer households having limited members capable of working, which prevented them from diversifying, migrating, or seeking other returns on their labor. Such households by definition have no or very little land that they can use as an asset, and because they lack land as collateral, have fewer sources of credit and higher interest rates than landed households. These households,

CERTAIN MARGINALIZED SOCIAL GROUPS DID NOT BENEFIT FROM THESE IMPROVEMENTS AND WERE AT RISK OF BEING LEFT BEHIND. THESE INCLUDED SUBSISTENCE FISHING HOUSEHOLDS AND LANDLESS OR SMALL FARMER HOUSEHOLDS THAT LACKED ACCESS TO CAPITAL, WERE FUNCTIONALLY LANDLESS, AND BECAUSE OF THEIR HOUSEHOLD CHARACTERISTICS, INCLUDING SMALL SIZE, WERE UNABLE TO MIGRATE, DIVERSIFY OR SEEK OTHER RETURNS ON THEIR LABOR.

including some small landowning households, in particular in the dry zone, did not benefit from any improvements in agricultural returns and similarly were not in a position to diversify their income sources. As discussed above, just under 20% of small landowner households interviewed in Magway and Mandalay did not have alternative income sources within their household aside from farming. According to researchers, these households were predominantly either very small household units or had non-working age members such as the elderly or small children. As such there was less capacity for family members to either migrate or seek alternative sources of income and thereby seek returns on their labor.

VULNERABLE POOR: THOSE ABLE TO BENEFIT BUT ONLY SLIGHTLY

Other groups were benefiting, but not as much as those with greater access to capital or land. Where changes in livelihood patterns had occurred, lower socio-economic classes, small landowners and casual laborers, were more constrained in making the transition.

Small landowners and casual laborers found it more difficult to change agricultural patterns or invest in nonfarm opportunities. The benefits that resulted from changing agricultural patterns in Chin State or investments in nonfarm opportunities in the dry zone accrued disproportionately to the better off. This was most evident in Chin State and, in particular, in the move towards garden cultivation. As discussed in the box below, this transition was driven by better-off farmers and entrepreneurs with access to the required capital. Lower socio-economic groups were less capable of making these investments and, as a result, undertook the transition more slowly.

Similar impediments were observed in diversifying into non-farm income sources. In Magway, for example, the practice of petroleum extraction required some capital outlay for equipment such as pipes and machinery. Casual laborers commonly needed to pool capital in groups of five or six to meet these costs, whereas the better off were able to meet the expenses themselves and, as a result, solely benefit from the profits.

Broader structural constraints also restricted opportunities for the less well off. Issues such as access to credit or electricity connectivity were important facilitators of economic productivity and represented barriers for casual laborers or small landowners. Access to electricity provides an example of these impediments. Additional research was conducted on access to electricity in a small number of QSEM villages. Nine of the thirteen villages where research was conducted had some form of access to electricity beyond individual connections such as solar panels or generators.¹⁰ However, coverage was universal in only two of these nine villages. Elsewhere, coverage varied from a low of 38% to 67% of households in each village. The main constraints for accessing electricity were the costs of connecting to the network, generally between 3,500-5,000 *kyat* per household once electricity was available in the

OTHER SOCIAL GROUPS WERE ABLE TO BENEFIT, BUT LESS THAN THOSE WITH GREATER ACCESS TO CAPITAL OR LAND. STRUCTURAL CONSTRAINTS, SUCH AS A LACK OF ELECTRICITY, ALSO POSED BARRIERS.

¹⁰ Two villages had access through the grid. Three other villages had access through hydro schemes, one each managed by government, a private company and the community itself. The remaining four villages had access through community-managed generators.

village, and monthly rates, between 2,000-25,000 *kyat* depending on usage and type of service. These costs excluded poorer villagers from accessing electricity, often a prerequisite to developing alternative livelihood options.

Box 5: PROCESS-TRACING CASE STUDY: TRANSITION TO PERMANENT FARMING LEADS TO POSSIBLE INEQUALITY IN CHIN

There are indications that the shift in agricultural systems in Chin State is being experienced differently by different socioeconomic groups. A return on profits generally correlated with the capital available to make initial investments. Intermediate and poor farmers purchased seeds at almost no cost but had to wait 5 years or more for returns. Wealthier farmers, on the other hand, purchased transplants from Shan State for 300 *kyat*/plant which bore fruit in 2-3 years and at much higher yield. As these wealthier farmers were able to invest in not only more but also higher quality orange plants, they have consequently been the first and as yet only group to witness positive returns on their investment.

Differences in market entry across socioeconomic groups reflect a more fundamental divergence in approach to the transition. Wealthier farmers had transitioned to oranges as a primary livelihood activity. Intermediate and poorer villagers however had to hedge their bets and as such continued to engage in shifting agriculture for immediate consumption purposes. Perceptions differ too. Wealthier farmers described their orange growing initiatives as wealth creating opportunities, pointing to regional and local improvements in infrastructure that would address key access to market barriers. Intermediate and poor farmers were more likely to describe their investments in terms of seeking to cover basic costs or engage in less physically demanding labor.

Shifting cultivation has meant that, historically, economic levels across the village were relatively uniform and this economic equality was closely tied to communal social norms, but there were indications in these Chin villages that this was changing. Traditionally farmers were allocated use of communal land on an annual basis. The process of allocating communal land dominated social practices. The shift to orange production has increased individual control over land leading to the emergence of wealth accumulation by some local farmers at a rate disproportionate to the rest of the community. In this context, and with the move away from communal land management and the center of social practices, there is a possibility of implications for local governance structures and social relations more broadly in these communities.

PERCEPTIONS OF MOBILITY & ATTITUDES TO CHANGE

People's livelihoods strategies were shaped not only by real changes in the physical and economic environment, but also by their subjective assessment of their future prospects. Respondents were asked about their vision for the future and the factors that influenced how they viewed their future prospects. These perceptions varied considerably across socio-economic groups. Here, the five most prominent factors affecting perceptions of future economic opportunity are outlined.

First, people invariably linked investments in infrastructure to better economic opportunities. Rural communities that had seen some investment in infrastructure, in particular in roads, were most optimistic about future economic opportunities. In Chin State, road access had improved somewhat, albeit from a low base. Villagers identified those and other ongoing investments in infrastructure as a reason to be optimistic about their economic opportunities. Similarly, in several villages in Ayeyarwady, the construction of bridges linking villages with township centers led villagers to consider investing in motorbikes to enable them to take jobs as motorbike taxis in the township.

“Now, transportation systems are very reliable. So we will breed chickens, pigs and do coffee plantations. Previously, items are only sold within the village. But now they are being delivered in the cities.” – Farmer, Chin State

Second, nonfarm opportunities and migration were increasingly identified as important aspects of any strategy to improve livelihoods. As discussed above, people in rural communities were increasingly looking at either alternatives to agriculture or ways to supplement their agricultural income. This covered diversifying into nonfarm opportunities rurally or migrating. These pathways were increasingly seen as alternatives to farming when considering strategies to improve their livelihoods.

“Migration is resulting in better economic conditions. Now the casual laborers one after another have started owning motorbikes.” – Better-off farmer, Mandalay

“We cannot assume one is poor because he or she does not own a single plot of farmland... Compared to previous years, there are now more continuous job opportunities.” – Landless casual laborer, Magway

The land registration process had strengthened the perception of land ownership being a valuable commodity. Despite the move away from livelihoods dependent on farming, people continued to see the ownership of land as an important investment. The land registration process had increased the perceived importance of land as an asset that people could rely on in the future. In the dry zone, for example, farmers noted that having their land registered provided them with some security with the knowledge that they would be better placed to sell this asset if required at some point in the future. This was despite the fact, as is discussed in the subsequent chapter, that land registration had not, to date, resulted in an increase in land transactions. The landless also continued to prioritize the potential purchase of land as an important step towards improving their livelihoods, as the quote below identifies.

“It is important to acquire gold while you live in cities. It is important to acquire land while you live in villages.” – Landless casual laborer, Magway Region

Across regions, paying off debt was one of the first actions taken to improve economic mobility. In regions where crop returns were positive, farmers consistently identified their ability to make repayments on loans as one of the major benefits of the positive economic outcomes over the last year.

“Our outstanding debts to our creditors are much reduced in this year. We have extra money and we are able to buy more gold as savings. We can also raise pigs.”
– Casual laborer, Rakhine State

“I had outstanding debts until last year but now, after I have sold all my corn, it is all settled.” – Medium farmer, Shan State

“The selling price of one tinn (unit of measurement for one basket of grain) of sesame is 50,000 kyat this year. So people who are in debt have been able to settle up all their outstanding debts.” – Farmer, Magway Region

Education was identified as an important, although more expensive and longer-term, investment in the future. Although secondary education was identified as an important longer-term pathway towards improving economic well-being, it was also considered a considerable short-term burden. Families struggled to balance the costs of investing in education and the lost income opportunities with the potential benefits that could accrue in the future.

“First of all, I will make my children pass their matriculation and after that I will encourage them to continue their education and ask them to work as government officer.” – Small farmer, Chin State

“Our condition will be better once the students in our family finish school.” – Medium farmer, Magway Region

“If I cannot work over the coming five years, I will let my son leave school and send him to Malaysia.” – Farmer, Chin State

CHAPTER THREE: WHAT AFFECTS WHAT PEOPLE DO? SPOTLIGHT ON LABOR, LAND & CREDIT

THIS CHAPTER EXAMINES CHANGES IN THE STRUCTURAL CONDITIONS AFFECTING PEOPLE'S LIVELIHOODS CHOICES, REPRESENTED BY BOX 2, "WHAT AFFECTS WHAT PEOPLE DO" OF THE OVERALL ANALYTICAL FRAMEWORK.

THE CHAPTER FOCUSES ON CHANGES IN MARKETS FOR AND POLICIES AFFECTING THE THREE MAIN ASSETS OF RURAL HOUSEHOLDS: LABOR, LAND, AND CREDIT.

THE PEAK SEASON LABOR MARKET CONTINUED TO BE TIGHT: QSEM 4 FOUND THAT FARMERS CONTINUED TO FACE DIFFICULTIES FINDING LABOR IN PEAK SEASONS. THIS CAUSED AGRICULTURAL WAGES IN SOME REGIONS TO RISE AND ENABLED LABORERS TO NEGOTIATE BETTER EMPLOYMENT CONDITIONS THAN BEFORE. HOWEVER, LABORERS STILL STRUGGLED TO GET ENOUGH WORK DURING OFF-PEAK SEASONS, SO DID NOT SEE ANY SIGNIFICANT OVERALL BENEFITS FROM THIS. MEANWHILE, THESE LABOR SHORTAGES CAUSED SOME FARMERS TO INCREASE THEIR INVESTMENT IN SMALL-SCALE MECHANIZATION. BECAUSE THIS STARTED FROM A LOW BASE, HOWEVER, THIS DID NOT APPEAR TO HAVE MUCH IMPACT ON WORK OPPORTUNITIES FOR CASUAL LABORERS.

LAND REGISTRATION PROGRESSED SMOOTHLY, WITH SOME EXCEPTIONS. REGISTRATION DID NOT OCCUR IN SEVERAL TOWNSHIPS BECAUSE OF GOVERNMENT CONCERNS ABOUT THE IMPLICATIONS OF REGISTRATION ON CITIZENSHIP IN RAKHINE AND PETROLEUM INTERESTS IN MAGWAY. THE NEW LAND LAW ALSO CREATED INCENTIVES FOR SOME TO COMMENCE FARMING VACANT LAND OR TO SPLIT LAND TITLES TO OBTAIN GREATER ACCESS TO MADB LOANS.

THE CREDIT PATTERNS OBSERVED IN PREVIOUS QSEM ROUNDS MOSTLY PERSISTED, WITH SOME INCREASE IN CREDIT SOURCES AND SOME DECREASES IN INTEREST RATES.

LABOR

“Previously a group of casual laborers would come to my farm and ask for work. I had to say, ‘you should go and find another farm.’ But now if I need labor I have to go to another village and find them. And at most I find only three to four people.” –

Farmer, Mandalay

“Previously it was very difficult to find daily labor. Now in the village there is so much work, for example logging for firewood, building embankments. I don’t have as much holiday.” – Female laborer, Rakhine

“In harvesting season, I have to search for (laborers) until my feet hurt.” –

Landowner, Ayeyarwady

“When there is no work, we have to stand (farmers’ arrogance) but when there are lots of work opportunities we can, of course, tell them what we will do and not do.”

– Landless laborer, Mandalay

Farmers and landless casual laborers faced competing difficulties with the rural agricultural labor market. On the one hand, casual laborers found it difficult to command sufficient days of work over the course of the year to meet their subsistence needs, but on the other hand, farmers had difficulty getting enough labor during peak times. As the LIFT midterm survey documented, the average days of work a farm laborer could expect were 49 days for men and 42 for women in the monsoon season and 12 days (male)/16 days (female) in the offseason.¹¹ The lack of consistent work resulted in casual laborers looking at other alternatives to sustain their livelihoods, including migration. This in turn, however, had implications for peak season labor. Farmers continued to require more labor than was available. This section examines some of the implications of this.

TRENDS IN THE LABOR MARKET

In peak seasons, there continued to be a labor shortage across all regions except for Chin State. Peak season labor shortages were felt in all nine of the Ayeyarwady villages and almost all dry zone villages (seven of nine villages in Magway and eight of nine villages in Mandalay). In five villages each in Rakhine and Shan State villagers perceived difficulties in accessing labor. The only state that did not see peak season labor shortages was Chin State, where most people relied on family labor.

Labor pressures at peak times were heavily influenced by the lack of work available during non-peak times. Landowners and casual laborers claimed that increased migration and alternative nonfarm livelihood options in rural areas were resulting in agricultural labor shortages. However, casual laborers experienced job shortages over a significant part of the year and, in order to survive, had to combine agricultural work with other means of earning a living.

PEAK SEASON AGRICULTURAL
LABOR SHORTAGES CONTINUED,
WITH FARMERS HAVING
DIFFICULTY FINDING ENOUGH
LABOR, BUT LABORERS
CONTINUED TO HAVE
DIFFICULTY DURING NON-PEAK
TIMES IN FINDING ENOUGH
WORK TO MEET THEIR
SUBSISTENCE NEEDS.

¹¹ As noted in QSEM 2 this varies significantly between regions and even within regions.

Where other opportunities provided more certainty than agricultural labor, laborers were likely to progressively reduce their reliance on agricultural labor.

IMPACT ON WAGES, PAYMENT CONDITIONS & AGRICULTURAL PATTERNS

This had implications for wages, payment conditions, agricultural patterns, and mechanization.

Across almost all regions, peak season wages rose. Increases were less notable in Chin (where they increased only slightly for women) and Mandalay. Elsewhere, wages in peak season had risen between 500-2,000 kyat per day for both men and women. The largest increases, a doubling of wages in Magway Region, were a result of a combination of labor shortage from increased migration, high sesame prices leading farmers to pay more for labor in order to ensure a timely harvest and changes in payment conditions.

PEAK SEASON WAGES ROSE IN ALMOST ALL REGIONS, BUT THESE WAGE INCREASES DID NOT MAKE UP FOR THE LACK OF AVAILABLE ON-FARM CASUAL LABOR WORK DURING NON-PEAK TIMES.

TABLE 7: DAILY WAGES FOR MALE LABORERS FOR HARVESTING IN MONSOON SEASON (OCTOBER-DECEMBER), IN KYAT

	Male			
	Nonpeak season		Peak season	
	2012 ¹²	2013	2012	2013
Ayeyarwady	1000-2000	2000-3000	2000-3500	3000-4000
Magway	1500	1500-3500	2000	2000-4000
Rakhine	2000-3000	2000-2500	2000-3000	2500-3000
Shan	2000-5000	2000-5000	4500-5000	6000
Chin	4000	4000	4000	4000
Mandalay	1500	2000	2000	2000-2500

TABLE 8: DAILY WAGES FOR FEMALE LABORERS FOR HARVESTING IN MONSOON SEASON (OCTOBER-DECEMBER), WHEN DIFFERENT FROM WAGES FOR MALE LABORERS, IN KYAT

	Female			
	Nonpeak season		Peak season	
	2012	2013	2012	2013
Rakhine	1500-2500	1500-2000	1500-2500	2000-2500
Chin	1000-5000	1500-6000	1000-5000	1500-6000

Non-peak wage increases were less prevalent. There were some increases in the amount laborers could charge for their services in non-peak season in Ayeyarwady, Magway and Mandalay regions. This increase was less pronounced than in peak season. Increases in non-peak wages were not observed in other states.

Women and men continued to receive similar pay for similar work, apart from in Rakhine State. Across most regions there was little difference in wages between men and women, where performing the same jobs—though, as

¹² October-December 2012 was the monsoon season covered in the research period of QSEM 3, while October-December 2013 was the monsoon season covered in the research period of QSEM 4.

previous rounds of QSEM have documented, the kinds of tasks women tended to perform were the less highly paid ones. The main exception to this was in Rakhine State, where women generally received 500 *kyat* less per day in income even when performing the same tasks. There was also some variation in Chin State, however as people were less reliant on paid labor in Chin State, these differences were perceived to be less significant.

The wage increases did not appear to have resulted in improved living standards for casual laborers. Although the increases, in particular in peak season, on a percentage basis were relatively higher at between 10-25% in most areas, the benefits were limited by the fact that this only covered a small number of overall work days across the year. Respondents noted that wages at peak rates generally applied only to between one-half to one-third of the overall number of days casual laborers work. In addition, the increases need to be placed in the context of high inflation rates in Myanmar, with inflation estimated at approximately 6% for the fiscal year 2013-2014.¹³

CASUAL LABORERS WERE,
HOWEVER, ABLE TO NEGOTIATE
BETTER PAYMENT CONDITIONS
DURING PEAK TIMES THAN IN
PREVIOUS ROUNDS.

Casual laborers had, however, been able to negotiate more favorable payment conditions than in previous rounds. This varied by region, but invariably the approaches favored laborers, providing further evidence of the difficulties farmers face in recruiting casual labor. The changes included changes from being based on a daily rate to casual laborers being paid per plot of land, thereby allowing laborers to increase productivity, receiving higher rates overall than when previously calculated on a daily basis. In both Rakhine and Shan states, laborers in some villages traditionally requested half of their wages upfront at a reduced rate to overcome cash flow issues. This round saw cases of farmers instead paying laborers the full season's payment upfront but at normal rates. Similarly, in Rakhine state conditions for casual laborers for commercial fishing had improved. Laborers were offered 200,000 *kyat* (\$204) payment upfront, with half of this as an interest free loan and half as a loan with interest, whereas in the past they were offered only 100,000 *kyat* (\$102) as a loan with interest. Box 6 describes in more detail how changes in payment methods led to better working conditions.

Their stronger bargaining position also meant casual laborers had been able to negotiate better work conditions. The box above identified how laborers had benefited in almost all villages in Magway Region as group leaders had negotiated reduced working hours for their group. In Ayeyarwady, there was a tradition for larger farmers to recruit a small number of laborers on a longer-term basis to undertake both farm and house work. This, however, had changed recently as laborers negotiated different terms as identified in Box 6 below.

There were variations in negotiation between laborers from the same village and seasonal laborers. Laborers from the same village usually took wage advances from farmers, giving them less negotiating power. However,

¹³ See "Inflation Expected to Rise as Burma's Economy Grows", *The Irrawaddy*, 2 April, 2014 at <http://www.irrawaddy.org/business/inflation-expected-rise-burmas-economy-grows.html> (accessed 31 July, 2014).

there were examples of farmers not wanting to pay higher prices for seasonal migrants and, as a result, offering wage increases to local laborers.

BOX 6: PROCESS-TRACING: COLLECTIVE NEGOTIATION IN MAGWAY & AYEYARWADY ENABLES CASUAL LABORERS TO NEGOTIATE BETTER WORKING CONDITIONS

QSEM 4 found that in some areas the common practice among agricultural casual laborers to overcome cash flow issues by asking for a wage advance from their employers had changed due to better negotiating power. In the past, this had effectively functioned as a high-interest loan,

In several villages in Magway Region, for example, instead of asking for wage advances, laborers formed groups to negotiate with employers, obtaining increases of 500 *kyat* to 1,000 *kyat* per day. They also negotiated for more working days (from four days of harvest to six days of harvest) as well as shorter working hours each day (from 7-11am to 7-10am). Laborers no longer had to pay a service charge to the group leader that recruited them. Instead, if the group leader managed to recruit labor from a neighboring village, he would receive a day's worth of wages as commission from the landowner. In other villages in Magway, some farmers started to pay per plot instead of a daily amount at harvest time. The going rate was from 15,000 *kyat* to 20,000 *kyats* per plot, depending on the type of crop grown. This provided some guarantee to the farmer as it created an incentive for laborers to work faster. For laborers it amounted to an estimated increase of 500 *kyat* to 1,000 *kyat* per day.

Changes in conditions were also seen in Ayeyarwady. For example, one rich farmer, who owned 60 acres of farmland in Labutta township, reported that working conditions for his laborers had changed. With both his sons in school, he hired three casual laborers during the monsoon season and two during the summer season for 120,000 *kyat* each season—the same wage he paid the previous year. However, the casual laborers no longer were required to do household chores, such as cutting firewood and fetching water, in addition to their work. Instead, he said, laborers “go home after farming and eating their meals. They no longer think about doing household chores. We also do not ask them to do it. We have to demand fewer things and keep them happy because there is a labor shortage.”

The negotiating positions of men and women also varied. Across regions, it was perceived that women had to negotiate more to get wage increases. Two explanations were given for this. First, as men were more likely to migrate, demand for their labor was higher, so farmers were more willing to pay high wages. Second, the types of jobs assigned to men were perceived to be more demanding than women's jobs, so farmers were more willing to pay high wages.

Finally, labor shortages also led farmers to change their agricultural practices. Across several regions, examples existed of farmers changing their normal practices in response to labor shortages. These examples were most prominent in the two regions that had seen the highest increase in labor wages, Ayeyarwady and Magway regions. In Ayeyarwady Region, some medium farmers in one village were resorting to scattering seeds at planting time rather

LABOR SHORTAGES LED SOME FARMERS TO CHANGE AGRICULTURAL PRACTICES, AND LED TO AN INCREASE IN SMALL-SCALE MECHANIZATION. HOWEVER, THIS HAD NOT YET HAD ANY IMPACT ON THE AVAILABILITY OF CASUAL LABOR WORK.

than sowing them to reduce the number of workers they had to recruit. Elsewhere in the Ayeyarwady there were increased instances of cost sharing among small landowners, for example in renting cattle in the plowing season. In two villages in Magway, large landowners were only cultivating part of their land and renting out the remainder so as to reduce their reliance on labor. In another village, some farmers were leaving their land fallow and concentrating on petrol extraction instead.

IMPACT ON MECHANIZATION

"If you use machine, you have to use less human labor and you can also cover more acres in less time." – Medium farmer, Shan State

"[Machines] save time and there was no need to take cattle grazing. No need to worry about feeding animals. The work can be done in time." – Better off farmer, Ayeyarwady Region

There was some increase in small-scale mechanization. Compared to previous rounds of QSEM, there was an increase in the number and types of machines owned by villagers across research locations, with the exception of Chin State and Magway Region. Table 9 compares estimated machinery ownership across all QSEM villages for Mandalay, Rakhine and Shan.

TABLE 9: TOTAL ESTIMATED MACHINES PER QSEM VILLAGES & TYPE OF MACHINE

	Mandalay		Rakhine		Shan	
	QSEM2	QSEM4	QSEM3	QSEM4	QSEM3	QSEM4
Plough/Tractor	19	31	2	4	80	90
Harvester	-	-	-	-	2	2
Thresher	0	2	-	1	-	-
Corn-shanker	-	-	-	-	14	14
Other	0	2	-	-	-	-

There was significant variation in use of machinery across regions, with some regions starting from a very low base. The overall estimated numbers confirmed the low levels of machine ownership identified in LIFT's Midterm Survey.¹⁴ However, as highlighted in the table above, there was significant variation across regions. In Shan State, ownership averaged out at approximately 12 machines per village. In Mandalay, ownership almost doubled from 19 tractors in QSEM2 to 35 machines in QSEM4. In the nine research villages in Rakhine State, however, ownership of farming machines was almost non-existent. Although there was an increase in ownership it went from two tractors across the nine villages in QSEM3 to four tractors and a thresher in QSEM4. The degree of mechanization thus needs to be placed in context. In some regions it increased but still remained low, with some villages continuing to be entirely dependent on manual labor for their agricultural production.

¹⁴ Ownership of power tillers, tractors and threshers in LIFT villages was respectively, 6.6%, 1% and 1.7% of households across all regions. Ownership was significantly lower in control villages at 2.6%, 0.7% and 0.5% of households.

The increase in ownership of machinery was perceived to be driven primarily by concerns about access to labor. As will be discussed below, landowners continued to perceive that a shortage of labor existed. One response to this was to invest in machinery, enabling farmers to maintain or increase productivity while reducing reliance on casual labor.

BOX 7: PROCESS-TRACING: HIGH WAGES AND LABOR SHORTAGES ENABLE ENTREPRENEUR TO RUN A SUCCESSFUL BUSINESS RENTING OUT A HARVESTING MACHINE

An entrepreneur in Ayeyarwady started as an agricultural casual laborer and an owner of a small grocery shop. With savings he slowly accumulated, he started another business as a fertilizer distributor, in which he sold fertilizer on credit to other farmers. When farmers were not able to repay him on time, sometimes he would negotiate to farm on parts of their land, which allowed him to recoup some of his cost. Last year, however, yield was so poor that most farmers were not able to repay their fertilizer credit on time. He disliked the irregular income from the business and was forced to rethink his livelihood strategy.

He learned from a neighboring village that farmers were increasing their usage of the harvesting machine, even renting it out to some farmers in his village. He decided to purchase the machine at 1,960,000 *kyat*, with 1,100,000 *kyat* from his savings and the rest borrowed at 2% monthly interest rate. He then rented out the harvesting machine to other farmers at 25,000-30,000 *kyat* per acre during harvesting season. Because of the increase in labor wages as well as widespread labor shortage, the cost for farmers to rent the machine was lower than hiring labor during the peak harvesting season. His machine was able to harvest as much as 175 acres of farmland, significantly increasing his income.

Now the economic condition of his family is even stronger. He was able to fully repay the loan he took for the machine. With his profit, he had also started a rice brokerage, purchasing rice after harvest when price was lower and reselling it at a higher price later—a luxury not available to farmers who had to sell rice immediately to repay their loans. Though wealthy enough to purchase land, he explained that the prospect did not interest him because of the cycle of credit and debt he would have to enter into every season to purchase his inputs.

Small-scale mechanization was driven primarily by entrepreneurial larger landowners, who took advantage of high labor costs and labor shortages to rent out machines. In most cases, the introduction of agricultural machines into villages was through the initiative of a larger landowner who had access to capital and had seen the benefits of such machinery in other locations. Although these landowners purchased the machines primarily to use on their farmland, it was common for them to also rent out the machinery to other farmers, generally medium landowners. Box 7 provides an example of a local entrepreneur in Ayeyarwady who started farming land collected through money lending and subsequently invested in machinery along these grounds.

NGOs also supported greater access to agricultural machines. In some villages in the Ayeyarwady, Mandalay and Rakhine, machines had been made

available through programs supported by NGOs. In Ayeyarwady, for example, one international NGO facilitated access to machines for interested farmers by co-financing the purchase price. The NGO paid 70 per cent of the purchase price for machines up to 1,400,000*kyat* (US\$1,430), with the farmer covering the remaining 30 per cent upfront and making repayments to their Village Development Committee for the amount paid by the NGO.

Increased mechanization did not appear yet to have decreased work opportunities for casual laborers. A small number of respondents had voiced their concerns that an expansion in the use of machinery might lead to reduced work opportunities. This had not yet occurred. At this stage, respondents noted that the degree of uptake in use of machinery, combined with the low starting base, was insufficient to have an impact on the casual labor market.

LAND AND NATURAL RESOURCES

Apart from labor, land is often the key asset of rural households; the degree of security of tenure over land is thus critical in shaping their livelihoods strategies. The last QSEM report documented in detail findings relating to the implementation of the land registration process following the passage of the *Farmland Law* and the *Vacant, Fallow and Virgin Lands Management Law*. The report identified a substantial rollout of the land registration process across most regions with mostly effective establishment of farmland administration committees. The report documented a high level of interest in registering farmland, with farmers perceiving registration to give them greater security of tenure over land and protection against land confiscation, but in that round, it was too soon to tell whether the passage of the land laws would lead smallholder farmers to sell their land and become worse-off in the long run.

Overall, land management issues had stabilized since the last round, but the challenges that remained highlighted some of the complexities and political economy challenges around land in rural Myanmar and the risk of social exclusion from land and credit markets. Research for this round of QSEM was conducted two years following the passage of the laws that introduced significant changes in land management. Although land registration had proceeded relatively smoothly, problems were experienced in some areas that highlight the risk of certain social groups (people in Muslim townships in Rakhine; smallholder farmers in areas with large scale commercial interests; and people in conflict/remote areas) will be excluded from land markets—and, because land ownership certificates give access to MADB loans—credit.

LAND REGISTRATION

Land registration had progressed relatively smoothly in some areas but not others. As noted in the previous QSEM report land registration had progressed in at least half of the villages covered by QSEM. Table 10 provides details of progress: land registration had been completed in Ayeyarwady, Mandalay and on certain types of land in Chin, but problems were experienced in some townships in Rakhine and Magway and some villages in Shan.

TABLE 10: PROGRESS OF LAND REGISTRATION (NUMBER OF TOWNSHIPS/VILLAGES)

LANDOWNERS CONTINUED TO PERCEIVE LAND REGISTRATION AS A MEANS OF IMPROVING SECURITY OF TENURE. IN SOME AREAS, LAND REGISTRATION PROCEEDED SMOOTHLY, DESPITE SOME IRREGULARITIES...

	Townships (out of 3)		Villages (out of 9)	
	QSEM 3	QSEM 4	QSEM 3	QSEM 4
Ayeyarwady	2	3	4	9
Magway	2	2	6	6
Rakhine	1	1	3	3
Shan	2	3	3	5
Chin		3		9
Mandalay		3		9

**BOX 8: PROCESS-TRACING: LACK OF INFORMATION ABOUT LAND POLICY CHANGES
CREATES LOOPHOLES FOR CORRUPTION**

Though Myebon township is among the 10 townships in Rakhine where land registration has not occurred (see below), the township Settlement and Land Records Department staff reported that they could begin surveying land and collecting names of potential applicants for land registration. A farmer with four acres of farmland reported meeting a land surveyor from the township Settlement and Land Records Department who asked him to pay 5,000 *kyat* per acre to receive a land registration card. The staff said that he could then use the card to apply for loans from the Myanmar Agricultural Development Bank (MADB). The farmer could not afford the 20,000 *kyat* it would cost to cover his land, and was suspicious of the staff member's request, so he decided not to submit an application to register his land. In his perspective, since he had paid the annual tax on his land, he should not have to pay more for registration. At the time of research, only 3-4 out of 40 or so farmers in the village had paid the fee the staff asked for. Overall, farmers were not aware of the proper procedure to register their land: even though the same land surveyor had asked the applicants to submit accurate measurement of their land, they did not understand the purpose of this exercise.

Most irregularities in the land registration process were minor, though ambiguities in the registration process created loopholes for informal payments. Overall the land registration process was relatively straightforward. In some areas, land registration caused an increase in disputes (discussed below). In a number of villages, landowners also noticed administrative mistakes. For example, in several villages in Ayeyarwady, a small number of landowners complained that the size of their land was inaccurately recorded on their certificates. Most people, however, perceived these issues as clerical and easily addressed. There were, however, two reported cases of corruption, usually when there were ambiguities in the registration process. In Rakhine State, as is discussed in Box 8, land record department members reportedly sought fees from households wanting to put their names on lists for registration. In Ayeyarwady Region, villagers were asked to pay 20,000 *kyats* per acre to convert communal land, such as mangrove land to their interests. In both of these instances, land record department personnel were benefiting from a lack of clarity in the land registration process relating to these land interests.

There were more structural problems, however, in Rakhine, Magway, and Shan, highlighting the ways in which broader issues of (a) Rakhine social tension; (b) balancing commercial against smallholder interests in land; and (c) conflict and government capacity are playing out in service delivery in different parts of the country. The cases below highlight some of these dynamics.

TABLE 11: RISK OF EXCLUSION FROM LAND MARKETS

State or region	Township	Risk of exclusion from land markets by virtue of...
Rakhine	Myebon Kyaukpyu	Religion & ethnicity. Land registration on hold in two townships with significant Muslim or mixed Buddhist/Muslim populations, apparently the result of a statewide policy aimed at avoiding problems over citizenship—but bringing risks of exclusion from land registration services & participation in credit markets
Magway	Minbu	Location: living in area with potential government interest in natural resource extraction. Land registration did not take place in a township where potential petroleum interests existed: lack of clarity on legal framework and balancing needs of smallholder farmers with large-scale commercial interests. Farmers advocate through parliament.
Shan	Kyaukme Hsihseng	Conflict & remoteness. Government officials cannot travel to villages for land registration either because of an increase in conflict or a lack of staffing capacity. Risk of exclusion from land and credit markets by virtue of conflict and administrative capacity.

...BUT THERE WERE MORE STRUCTURAL PROBLEMS IN RAKHINE, MAGWAY, AND SHAN, WHICH HIGHLIGHT THE RISK OF EXCLUSION OF CERTAIN SOCIAL GROUPS FROM LAND MARKETS, BY VIRTUE OF ETHNICITY, LOCATION, OR CONFLICT.

In Rakhine, land registration did not take place in the two research townships with significant Muslim populations, apparently the result of a policy decision. Land registration did not take place in Myebon or Kyaukpyu, two of the townships in the study. According to respondents, this was a result of government policy not to undertake land registration in townships where there were mixed Buddhist and Muslim populations, apparently the result of a decision not to register land in 10 out of the 17 townships in the state with this kind of demographic.¹⁵ Although not formally clarified, this policy appeared to be aimed at avoiding difficulties that might arise with land registration in the context of Rohingya Muslims who lacked citizenship papers; however, one of the townships in which the registration did not take place was Kyaukpyu, a township where the vast majority of Muslims were in fact Kaman Muslims, who have citizenship, so the precise grounds of the policy were unclear.

¹⁵ According to respondents from Land Records Departments in Rakhine, land registration is not being implemented in ten of the 17 townships in Rakhine State. Two of these townships, Gwa and Kyaukpyu, were covered by QSEM research.

It was unclear what the impact of this decision would be on social and communal relations or on equity among different social groups. It was too early to tell how long-lasting this policy would be or what its impacts might be. Because the policy decision was township-wide, it affected both Muslims and Buddhists. Such a policy contains the risk of fueling perceptions of discrimination on the part of Muslims, perceptions of resentment on the part of Buddhists. If long-lasting, it contains the potential for inequity among social groups (as land certificates enable one to apply for MADB credit) and more broadly among different parts of the country in service delivery. However, little data were available on this.

Land registration had also not been undertaken in one township in Magway Region where there were commercial petroleum interests in the land. In some townships in Magway, including one covered by QSEM, a policy had been taken not to conduct land registration on the grounds that the implications of providing land certificates on land that might be used for commercial petroleum extraction in future were unclear. In this township, villagers contacted parliament members to advocate for land certificates, either because they wanted MADB loans or because they wanted permission to extract petroleum from the land themselves. Box 9 examines the details of the case.

BOX 9: PROCESS-TRACING CASE STUDY: SUCCESSFUL USE OF PARLIAMENT TO ADVOCATE FOR LIVELIHOODS CREATES DEMONSTRATION EFFECT FOR NEIGHBORING TOWNSHIP

In one Minbu township, land registration did not take place in the area of the township that overlapped with a petroleum field. Part of Minbu township in Magway overlapped with the Kanne petroleum field, which was classified as Myanmar Petroleum and Gas Enterprise (MOGE)'s petrol mining area. Since MOGE was a State-Owned Enterprise, the classification meant that the regional government had a standing agreement with MOGE to let villagers use the land for agricultural purposes, but not for oil extraction. When the land registration process began in other townships, villagers in Minbu township noticed that the township Settlement and Land Records Department staff never visited Minbu. When asked, the staff said that the registration was being processed, and that they did not have further information to share. Farmers in Minbu expressed concerns about the lack of land registration in their township because the lack of registration cards might prevent them from accessing loans from MADB, which required land ownership.

Villagers noted that Min Hla, a neighboring township that was also part of MOGE's petroleum extraction area had already finished registering land. Several villagers from Minbu argued that this might be because petroleum extraction in Min Hla was less profitable than in Minbu. Petroleum reservoirs in Min Hla were smaller and more suitable for individual extractors rather than large-scale operations.

Most instructive for villagers in Minbu, however, were the events that took place in Min Hla after the registration. First, believing that they had the legal rights to the land, villagers in Min Hla began extracting petroleum from their land instead of farming. To their surprise, military personnel came to Min Hla in June 2013 to stop these activities and warn them that petroleum extraction was still illegal.

BETTER-OFF HOUSEHOLDS
WERE ABLE TO PROFIT
FROM CHANGES IN THE
LAND LAWS.

Second, the villagers then asked for assistance from Min Hla's representatives in the parliament. Recognizing that the land in Min Hla was not the most fertile and that it would be more profitable for villagers to extract petroleum instead of farming, the representatives obtained official parliamentary permission for the villagers to extract petroleum in August 2013. Even though it was unclear whether the parliament members consulted other government institutions such as MOGE, the regional government, or the military, the villagers in Min Hla believed that it was safe for them to resume their petroleum extraction activities. The military personnel had not returned since.

Minbu villagers followed this example. Learning from Min Hla's experience, a local civil society organization contacted Minbu as well as Min Hla's representatives in the parliament to submit a proposal to the President to allow villagers in Minbu to register their land. Many farmers who included their names in the proposal expressed interest in registering land to obtain loans from MADB, though some also hoped to be able to formally extract petroleum from their land. At the time of QSEM4, the civil society organization had not heard back from the parliament members they contacted.

There were some cases of villagers farming on previously uncultivated communal land with an eye to gaining private land use rights in future, motivated by changes in the land law. The perception that land registration would ultimately lead to ownership led some villagers to cultivate previously uncultivated land in a village each in Magway and Rakhine. In both locations a number of villagers extended their farming of communal land both to improve immediate livelihoods but also specifically with an eye on acquiring an interest in the land following changes in the land law. Box 10 examines how different socio-economic groups drove this in each region.

BOX 10: CASE COMPARISON STUDY: GREATER FINANCIAL CAPITAL ENABLES BETTER-OFF HOUSEHOLDS TO PROFIT FROM CHANGES IN LAND LAWS

A comparison of two cases in which villages attempted to profit from changes in the land laws highlights the ways that remoteness and the need for greater capital investment in land-clearing can present barriers for poor households.

In one village in Rakhine, better-off households were able to use their social networks and capital to gain information about and take advantage of changes in the land policy framework in order to clear, cultivate and register forest land, prompting a shift in livelihoods away from fishing and towards farming. People in one village in Myebon township in Rakhine State mostly relied on fishing for their livelihood. They were allowed to clear parts of the village's communal forestland and use it for farming, but the clearance required intensive labor due to the long distance between the village and the forest and the density of the forest. Initially, only two better-off households made the investment to diversify their income to the agricultural sector. Through one household's contact in the township Settlement and Land Records Department, however, the villagers found out that they would be allowed to register the communal forestland under their own names provided they planted on the land for at least three years. Since then, 10 households had begun clearing communal forestland, hiring workers at 300,000 *kyat* for every 5 acres. They reported preparing the land to plant mangos and cashew nuts. The case illustrates the importance of one's network to obtain information regarding land registration and its possible benefits, as well as the importance of capital in utilizing this information. It remained unclear what the impact of reduction of communal forestland on poorer households would be in the long run.

In another village, where less labor and capital investment was required to clear such land, poorer households were also able to benefit: the difference in these two cases highlights the ways that differential access to financial capital enables better-off households to profit more from changes in the law. In contrast, in a village in Aunglan township in Magway where the communal forestland was located only eight miles from the village and the cost of clearing the forest was lower, those interested in clearing the forest to register the land were landless households. Similar with the case in Rakhine, after learning about the possibility of registering the land in the future, the number of households clearing the communal land and farming it increased from four to fifteen. At the time of research, each household had cleared around one to two acres of land. The landless households explained, "If we farm for two years in a row, we can apply for land registration cards. We hope to

grow more sugar cane.” In contrast, the better off households instead chose to focus on their sugar cane plantations that had given them good returns for the past two years. They found the returns of clearing more land to be too low to invest in it.

There was also more evidence of large landowners registering their land in the names of more than one family member to increase access to MADB loans. In one village in Ayeyarwady Region where large landowners were specifically asked, most openly confirmed that they had registered their land under separate names to get more land certificates, each covering ten acres. The certificates were registered in the name of different family members with the objective of enabling access to multiple loans from MADB, where loan amounts varied depending on the size of land up to a maximum of ten acres. This practice was first reported in QSEM3.

There were few changes in land transactions or land prices, apart from in locations with expected foreign or infrastructure investment. Overall, the research did not record any increases in land prices or land transactions following land registration. Change was identified in one village in Magway, where a village administrator used the land registration process as a means to convert four acres of agricultural land into residential land for farmers in his village (see Box 11 below). Where increases in land prices occurred it was more to do with increased interest in commercially strategic locations. Price increases were identified in one township, Gwa, in Rakhine where farmers noted Chinese investors had pushed up some land prices in coastal areas from 15 million *kyat* to 25 million *kyat* per plot over twelve months in anticipation of a special economic zone being established in the region.¹⁶ Similarly, land values had tripled in some areas of Kyaukme Township in Shan State for land located along a high way with increasing trade.

BOX 11: PROCESS-TRACING CASE STUDY: DEMAND FOR RESIDENTIAL HOUSING & ABILITY OF SMALLHOLDER FARMERS TO SELL DUE TO LAND REGISTRATION LEADS TO CONVERSION OF LAND USE

LANDOWNERS CONTINUED TO BE COGNIZANT OF THE ABILITY OF LAND OWNERSHIP TO PROVIDE ACCESS TO CREDIT, AND REGISTERED LAND IN MORE THAN ONE NAME AS A RESULT.

Last year, young couples in Myaing township, Magway, requested their village administrator’s assistance in making more residential plots available in the village. Recognizing the opportunity from the recent land registration process, the village administrator began negotiating with several villagers who might be interested in selling a portion of their farmland to be converted into residential plots. He found three farmers who were willing to sell a combined four acres of land for 12.5 million *kyat*. He only needed the capital to purchase the land. He found an investor in a rich migrant from the village living in Yangon who was willing to develop

¹⁶ It should be noted that similar speculation was identified in Kyaukpyu township, also in Rakhine, in the previous round although that was based on the actual establishment of a special economic zone, as opposed to a perceived act.

the four acres of land into 20 new residential plots. This migrant took the role of negotiating with the township Settlement and Land Records Department to re-classify the land as residential areas and issue the official permit.

The new residential plots measured 80 x 80 feet and the prices varied according to distance from the village. Those closest to the village sold for 0.95 million *kyat* per plot, but some others sold for as low as 0.4 million *kyat*. There was high demand for the plots, such that villagers interested in them must enter a lottery. Villagers reported that landless households and young couples who needed the plots the most might only be able to afford the cheapest lots.

LAND DISPUTES

Land registration led to a temporary increase in land disputes and to changes in dispute-resolution practices at local level. New disputes relating to land occurred primarily in areas where the land registration process had only recently been implemented. Approximately one third of villages where research was conducted had experienced some form of new land disputes in the twelve months prior to the research. Two of the three regions where new land disputes were most identifiable, Magway and Rakhine, were also regions where the registration process was ongoing over that twelve-month period. Rakhine State provides the clearest example of this. All of the seven new land disputes identified there occurred in the same township, Gwa, which was also the only township covered by QSEM in Rakhine State where land registration had been fully implemented. In contrast, in regions where the registration process was captured by the previous round of research, such as Ayeyarwady Region, there were few new disputes arising in this round. This indicates that the land registration process resulted in a one-off spike in disputes, rather than increased on-going contestation.

LAND REGISTRATION LED TO A TEMPORARY INCREASE IN LAND DISPUTES AND TO CHANGES IN DISPUTE-RESOLUTION PRACTICES AT LOCAL LEVEL.

TABLE 12: NUMBER OF VILLAGES WITH NEW LAND DISPUTES (IN THE 12 MONTHS PRIOR TO QSEM 4 RESEARCH)

State or Region	Villages with new disputes	Number of disputes	Types of disputes
Ayeyarwady	1	2	Land pawning, ownership
Chin	0	0	
Magway	5	9	Inheritance, land pawning
Mandalay	2	3	Inheritance, ownership
Rakhine	3	7	Ownership
Shan	5	6	Community land, land grabbing, inheritance

Disputes were either: (a) long-standing disputes re-activated by the catalyst of land registration; or (b) new disputes over individuals attempting to profit from changes in the law. It was clear that where competing claims already existed over land, the process of formalizing ownership through registration had reignited these claims. Parties with an interest in the land saw registration as a way to confirm their interest to the exclusion of other competing interests, thereby re-activating previously latent disputes. Box 12 provides an example from Rakhine State and documents how such disputes were resolved.

BOX 12: PROCESS-TRACING CASE STUDY: FACTORS CONSIDERED BY FARMLAND COMMITTEES IN HELPING RESOLVE LAND DISPUTES

In one village in Gwa township, Rakhine, a dispute arose between farmers from neighboring villages over a plot of land that had once belonged to the grandparents of farmers from a neighboring village but that had been farmed by smallholders in that village for many years. A farmer from Gwa Township in Rakhine inherited four acres of land from his father. During the land registration process, however, he and four other farmers faced competing claims filed by farmers from a neighboring village. The Village Tract Farmland Administration Committee attempted to clarify issues relating to the dispute. The farmer currently using the land revealed that the grandparents of the disputing party had indeed once owned his land, but their harvest was poor. Failing to meet the government's harvest quota at the time, they decided to abandon the land and left it fallow for many years. Later on, the village administrator at the time allowed other farmers to work on the abandoned land provided they paid the requisite taxes. This farmer's father then took the opportunity and took over four acres that was subsequently inherited to him.

The farmland committees resolving the land dispute viewed the fact that the smallholders had been farming the land and paying tax on it for years as factors in their favor. The Village Tract Farmland Administration Committee found that since the farmer had been paying government taxes as required, he should have the right to work on the land. The disputing party from the neighboring village disagreed, however, and they could not arrive at a resolution in that discussion. The Village Tract Farmland Administration Committee then referred the competing claims to the Township Farmland Administration Committee. That Committee proceeded by summoning the disputing parties and related witnesses twice, finally deciding the case in the farmer's favor.

There were also instances of individuals seeking to unfairly benefit from the introduction of land registration. In several cases, people saw the new system as an opportunity to illegally register their interest in land, relying on a lack of understanding about the process among other parties with an interest in the land. The case in Box 13 below provides an example of this occurring.

BOX 13: PROCESS-TRACING: ATTEMPTS TO EXPLOIT INFORMATION GAPS TO REGISTER LAND UNFAIRLY

A land dispute case in Taungtha township in Mandalay involved two siblings who inherited ten acres of farmland to be divided equally between them. When the government announced the application process for land registration in 2013, the brother applied to register the ten acres under his name, promising his sister that he would transfer her share after the registration certificate was officially issued. When this did not happen, his sister complained to the village administrator. In a meeting convened by members of the Village Tract Farmland Administration Committee living in the village and elders from the community, the village administrator advised the two siblings to share the land equally as specified by their parents. The village administrator told either of them that if they could not accept this decision, they could pursue the case through the township level court, but it would be a waste of money. The two siblings then agreed to follow the village administrator's advice.

Farmland administration committees were being used to resolve disputes, along with village administrators. Village administrators were still identified as the key point of contact for villagers seeking to resolve their disputes. However, as identified in both the boxes above, village administrators would seek the assistance of the newly established farmland administration committees to resolve disputes. This was done either by requesting the committees to investigate the disputes or by simply referring the disputants to the village tract administrators as the heads of the farmland administration committees for resolution.

Smallholder farmers faced some difficulty in resolving disputes at township level because of barriers such as high transport costs, hearings being held out of sync with the agricultural season, and alleged corruption. QSEM 3 identified a large number of emerging disputes from the Ayeyarwady Region, primarily a result of community mobilization by a farmers union. Although there had been few additional new disputes, those identified under QSEM 3 remained largely unresolved. Most of the disputes were referred upwards to the township level, where farmers faced difficulties in monitoring progress of their cases. Farmers claimed they were not able to obtain reliable information on when or how their cases would progress. When cases were progressing, they faced procedural challenges such as having to attend cases at short notice or in peak season and meeting the costs of travel to the township level only to find out those cases were adjourned. In short, many were pessimistic about progress, perceiving that claims were delayed because of "corruption at the local and township level." Officials in the Land Records Department, on the other hand, claimed it was difficult to organize cases to compel witnesses to attend and that some parties specifically failed to attend because they feared losing.

Larger-scale land confiscation cases were also challenging to resolve. One new example of changes in a land confiscation case was identified. In this case although the military had agreed to return land confiscation over ten years ago, the return of the land had created disputes both between neighboring villages

LONG-STANDING DISPUTES OR LAND CONFISCATION CASES WERE DIFFICULT TO RESOLVE. SMALLHOLDER FARMERS ALSO FACED BARRIERS TO RESOLVING LOCAL DISPUTES THAT HAD TO BE REFERRED TO TOWNSHIP LEVEL, INCLUDING HIGH TRANSPORT COSTS AND THE TIMING OF HEARINGS.

and also between villagers in one village. The box below outlines the efforts of villagers to resolve these disputes.

BOX 14: PROCESS-TRACING: CHALLENGES IN RESOLVING LAND CONFISCATION CASES IN SHAN

Ten years ago, military regiments 501 and 502 took over approximately 200 acres of land that belonged to a village in Kyaukme township, Shan state, and a neighboring village. They allowed farmers to work on the land as long as the farmers paid them three baskets of paddy per acre every season. At the time, some landowning farmers decided not to work on part of their land that was confiscated to avoid the fine; this allowed other farmers to step in and work on the vacant land.

When the government announced in 2013 that all land confiscated by the army would be returned, a dispute arose between farmers who had been working on the land for years and the original owners of the land. Issues also arose between the village and a neighboring village, with the latter demanding that land closer to them be handed over. If villagers in the first village wanted to continue working on the land, the neighboring village demanded a fine of three baskets per acre every season—the same amount the villagers used to pay the army.

Disputes related to this village were difficult to resolve because the position of village administrator happened to be vacant. Villagers resolved the dispute with the neighboring village by having village elders and 20 farmers explaining to the village administrator and the elders in the neighboring village that they had worked on the farmland in question for generations, so the land should not be handed over. Eventually the demands ceased.

For the intra-village dispute, however, villagers had to reach a resolution by consulting the village tract administrator who, along with the village tract farmland administration committee, was able to resolve the dispute on the grounds that smallholder farmers who had been cultivating the land should be allowed to continue, even if they were not the original owners. At the time of research, the village tract administrator had called a meeting inviting the disputing parties and members of the Village Tract Farmland Administration Committee in that village to resolve the issue. It was decided that since the farmers currently working on the land had done so for years, they should be able to continue doing so.

Villagers believed that land speculation lay behind the disputes. Villagers commented that the parties who challenged the farmers who were working on the land for ownership “want the land only to resell it.” As the price of corn rose in Shan north, the villagers expected land prices to rise with it.

NATURAL RESOURCE MANAGEMENT

Finally, there were examples of registration of communal land for forest preservation. In both Magway and Shan there were collective efforts across several villages to improve communal protection of forestland. In both cases, community groups mobilized to lobby government to provide community

ownership of forestland. Several villages had joined together to submit applications to the township-level Forestry Department and Land Records Department advocating for communal ownership of neighboring forests. Both the reasons and the instigators behind the initiatives differed in each instance. As Box 15 below outlines, in Magway Region, the initiatives were driven by the village elders and respected persons (VERP) group to protect natural resources against worsening climate conditions. In Shan State, the initiative was supported by a local NGO to protect the forest from private development. In both instances, however, villages felt that collective action was more likely to draw a government decision than action by individual villages.

BOX 15: CASE COMPARISON: INTER-VILLAGE COLLECTIVE ACTION TO IMPROVE NATURAL RESOURCE MANAGEMENT IN MAGWAY AND SHAN

In one township in Magway, a cross-village collective effort to register communal land was initiated by village elders, who encouraged and mobilized farmers to participate in the application process. Groups of farmers in six villages in Aunglan township applied to the township Settlement and Land Records Department, the Forestry Department, and the township General Administration Department, to register forestland under the communities' collective ownership. The farmers said, "Farming depends on weather conditions. The role of trees and forest is very important, so it is a good idea to apply for conservation of forestlands by communities in order to ensure rules and regulations regarding forestland and collection of firewood will be obeyed." It was especially crucial because the collective forestland was close to PeguYoma, a forest that was commonly used for wood logging. The village administrator from one of the six villages preferred his village to apply for ownership on its own and only on his own village's share of the forestland, because dealing with other villages was a hassle. However, farmers who participated in the application process believed that the application would carry more weight if it was submitted with other villages, and it would be more likely for the relevant government departments to respond. Farmers interviewed said they planned to apply for funding to grow more trees in the forest once the application for collective ownership was approved.

In contrast, an attempt to apply for community ownership of forestland in Eastern Shan State was initiated by an NGO. Unlike the case in Magway, in a village in Kengtung township in Shan, the effort to apply for community ownership over forestland that bordered three villages was initiated by a local NGO after a group of people from one of the villages cleared parts of the forest to farm. At the time, the village administrator and elders had to warn the neighboring village to discontinue all farming activities in the forest. Since then, a local NGO had been disseminating information on the benefits of registering the forestland to ensure all three villages conserved it. The village administrator admitted that their warning on encroachers would only carry legal consequences if the plot of forestland affected officially belonged to the village. At the time of research, the NGO was in the process of obtaining agreement from all three villages and preparing an application for the villages' collective ownership of the forest. Similar with the case in Magway, the NGO emphasized that attempting to register collectively would give the villages more leverage and make it more likely for the Forestry Department to respond.

ACCESS TO CREDIT

"If prices of maize are going up next year, our outstanding debts shall be settled and we are sure we will see rays of hope." – Farmer, Shan State

"The selling price of one tinn of sesame is 50,000 kyat this year, so people who are in debt have settled all their outstanding debt." – Farmer, Magway Region

There were very few changes in access to credit compared to previous rounds of QSEM. Previous rounds documented challenges with access to credit, including high interest rates, indebtedness, and repayment schedules that were out of sync with the agricultural season. In this round, available sources of credit increased in some areas. Some loan providers, notably MADB, increased the size of loans available. There were limited changes in interest rates overall. People did not report an increase in debt levels. Rather, positive economic outcomes had resulted in some respondents reporting paying down their debts. Table 13 summarizes credit sources and changes in interest rates across regions.

Additional sources of credit were available in some areas primarily as a result of increased use of government cooperatives. Government cooperatives were common in most villages visited in Mandalay across QSEM rounds. In other regions they were less common in previous rounds, with Ayeyarwady and Shan reporting cooperatives not being used at all and two villages in each of Magway and Chin reporting use of cooperatives.¹⁷ The current round of research found that the use of cooperatives had now increased to approximately one-third of villages in each of these regions. The increase was driven by Department of Cooperative staff under orders to expand their operations. Cooperatives provide loans of between 50,000–100,000 kyat¹⁸ with interest rates between 1.5-3%. These loans are relatively small and as a result the expansion of cooperatives has not significantly increased the overall sum of credit available. It has, however, provided access to additional sources of credit across socio-economic groups, including for the landless who are precluded from accessing one of the main sources of credit from MADB.

There were also some increases in loan sizes primarily as a result of changes in government policy. Respondents claimed that they could now access 100,000 kyat per acre from Myanmar Agricultural Development Bank (MADB) for lowland paddy, a five-fold increase since 2010. As reported in LIFT's midterm survey, increases in the amounts people could borrow from MADB had resulted in increased demand for these loans. In one village in Mandalay, for example, farmers taking out loans increased from 30 last year to 80 this year. These changes also meant villagers in areas that had traditionally avoided MADB loans, for example in several villages in Shan North, were now asking their village administrators to negotiate access to the loans for their village.

THERE WERE FEW CHANGES
IN DYNAMICS AROUND
ACCESS TO CREDIT
COMPARED TO PREVIOUS
ROUNDS, APART FROM SOME
INCREASES IN THE
AVAILABILITY OF CREDIT
AND REDUCTION IN
INTEREST RATES.

¹⁷ As of the time of research there were no cooperatives in Rakhine State.

¹⁸ With the exception of one township, Thar Si, in Mandalay Region were loans of up to 300,000 kyat were available.

TABLE 13: LIST OF CREDIT SOURCES AND CHANGES IN INTEREST RATES ACROSS REGIONS

Region	# villages with rate change	Source of credit	QSEM 2/3 monthly interest rate	QSEM 4 monthly interest rate (if changed)
Ayeyarwady	0 (out of 9)	MADB	0.71%	
	0 (out of 9)	NGO programs	1.8-2%	
	0 (out of 9)	Private moneylender	5-10%	
	0 (out of 9)	Gold shop	2-3%	
	0 (out of 7)	Fertilizer shop	2-3%	
Magway	0 (out of 6)	MADB	0.71%	
	0 (out of 3)	Cooperative loan	3%	
	6 (out of 7)	NGO programs	3%	1.5-2%
	7 (out of 7)	Private moneylender	7-10%	3-7%
	3 (out of 3)	Community funds	2-4%	2-3%
Rakhine	0 (out of 6)	MADB	0.71%	
	3 (out of 3)	NGO programs	NA	2%
	0 (out of 4)	Private moneylender	8-15%	
	0 (out of 4)	Community funds	3%	
Shan	0 (out of 4)	MADB	0.71%	
	2 (out of 2)	Cooperative loan	NA	3%
	0 (out of 1)	Savings group	3%	
	0 (out of 2)	Community funds	5%	
Chin	0 (out of 5)	MADB	0.71%	
	0 (out of 9)	NGO programs	2-2.5%	
	4 (out of 4)	Cooperative loan	2.5%	1.5%
	0 (out of 4)	Private moneylender	6-7%	
	0 (out of 1)	Community funds	3%	
Mandalay	0 (out of 8)	MADB	0.71%	
	0 (out of 3)	NGO programs	2.5%	
	6 (out of 6)	Cooperative loan	2.5%	1.5%
	4 (out of 9)	Private moneylender	5-10%	5-8%
	0 (out of 5)	Community funds	6%	

Although difficult to measure, the increases in sources of credit and size of loans has not necessarily led to an increase in debt levels. Researchers heard few stories of respondents needing to increase their reliance on loans. In some areas, particularly in Shan State, there was evidence that the inverse was the case. Farmers were benefiting from reasonable agricultural returns to pay down outstanding debt.

Finally, there was a general perception that government policy on MADB practices would change as a result of the new land registration process. At present, village tract administrators facilitate access to MADB loans for groups of farmers and individual loans are guaranteed by these groups. Across all regions with the exception of Shan State¹⁹, researchers heard farmers reporting rumors that the MADB would change its policy to all individuals to apply for loans on provision of land certificates following land registration. This had yet to occur with the exception of one village in Magway Region, visited late in the

¹⁹ Penetration of MADB loans was lower here than in other regions.

QSEM 4 round. In that village both farmers and MADB staff at the township level reported that the MADB was now accepting loan applications directly from individual farmers.

CHAPTER FOUR: COPING STRATEGIES

THERE HAVE BEEN FEW CHANGES TO THE TYPES OF SHOCKS FACED BY VILLAGERS OR IN HOW THEY HAVE RESPONDED TO SHOCK. OVERALL, PEOPLE FACED FEWER AND LESS INTENSE SHOCKS THAN IN PREVIOUS YEARS; AGRICULTURAL RETURNS WERE GOOD. COMMUNAL RESPONSES TO SHOCK CONTINUE TO OFFER SOME PROTECTION TO HOUSEHOLDS FACING DIFFICULTY.

IN THIS SECTION, KEY PROBLEMS VILLAGERS HAVE FACED OVER THE LAST TWELVE MONTHS ARE IDENTIFIED AND STRATEGIES USED TO OVERCOME THESE PROBLEMS EXAMINED. PREVIOUS ROUNDS OF QSEM HAD EMPHASIZED THE SIGNIFICANT CONSEQUENCES OF WEATHER-RELATED SHOCKS. AS THE RELATIVELY POSITIVE LIVELIHOOD OUTCOMES DISCUSSED IN PREVIOUS CHAPTERS WOULD INDICATE, THESE SHOCKS WERE NOT AS PROMINENT IN THE LAST TWELVE MONTHS. WHEN EITHER COMMUNITIES OR INDIVIDUALS WERE CONFRONTED WITH DIFFICULTIES, SIMILAR STRATEGIES AS IN PREVIOUS ROUNDS WERE USED TO ADDRESS THESE PROBLEMS. TRENDS IN RELATION TO THESE STRATEGIES ARE DISCUSSED BELOW.

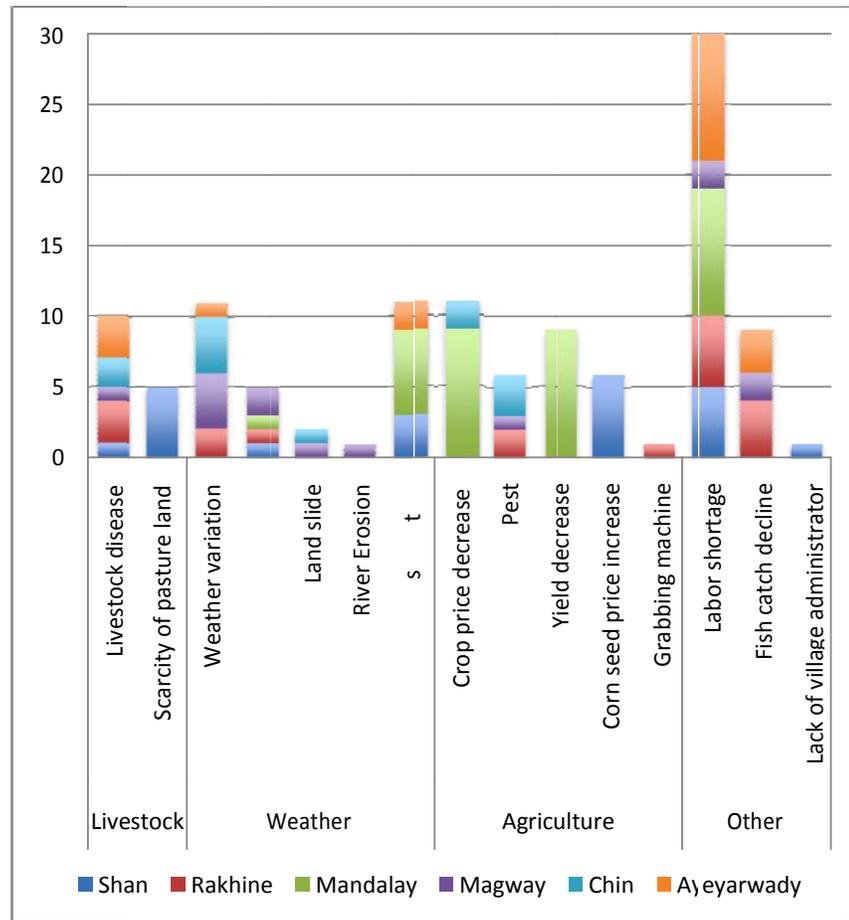
THE INTENSITY OF WEATHER SHOCKS WAS LESS THAN IN PREVIOUS ROUNDS, BUT LABOR SHORTAGES INCREASED, PRESENTING SIGNIFICANT CHALLENGES.

TYPES OF PROBLEMS AND SHOCKS

The range and intensity of challenges faced by villagers during the twelve years prior to QSEM 4 decreased. In previous rounds of research, a significant number of villages were consistently affected by weather-related shocks, which resulted in poor agricultural outcomes and stresses in livelihoods. The more positive livelihood outcomes seen in this round highlight this reduction in shock.

Figure 6 outlines problems and shocks faced across regions covered by QSEM. The most prominent shocks faced by communities included livestock disease, weather variations, decreases in crop prices and more persistent problems like water scarcity. Each of these problems and shocks was present in approximately 20% of villages covered. A slightly lower number of villages suffered from declining fish catches or decreases in yield. It is worth noting that although the impacts of weather variation were felt in almost 20% of villages, this was a significant decrease from the previous round of QSEM, where 55% of villages reported this. In addition to these shocks, over half of the villages identified labor shortages as an on-going problem within their villages.

FIGURE 6: SHOCKS REPORTED IN QSEM VILLAGES (BY # OF VILLAGES)



These shocks were more prevalent in some regions than others. Across the board, villages in Mandalay faced a much more significant number of shocks than elsewhere. Every village in Mandalay suffered from yield decreases and decreases in crop prices on particular crops. In addition, all the villages in Mandalay and Ayeyarwady Region faced labor shortages.

With one exception, household level shocks were similar to those in previous rounds. As in previous rounds, common shocks confronted at the household level primarily involved illness or injury. An emerging issue confronting households in this round of research was the consequences of failed migration. There was an increased reporting of cases of people seeking to migrate only to be confronted with additional challenges. These risks were particularly evident for migrants seeking to move overseas illegally.

COPING STRATEGIES

Responses to shock were at the household level, the community level, or initiated by government.

HOUSEHOLD/INDIVIDUAL RESPONSES

There were few changes in household-level responses to shock. The change, instead, was in the degree of emphasis placed on different approaches to dealing with shock. Because there were relatively positive livelihood outcomes, the need to deal with economic shock decreased. Compared to previous rounds, fewer households, even poorer ones, had to forage for food or forego meals. Other changes focused on the attempts of farmers to address labor shortages. These changes have been described in detail in the previous chapter. They primarily covered trialing different approaches to recruiting labor, changes in land use and an increase in mechanization.

There was also an increase in people paying down debt, in the process reducing their vulnerability to future shocks. This was also covered in the previous chapter, occurring principally in Shan State and in some parts of Magway Region.

In past QSEM rounds, migration was defined as a coping strategy at the household level to deal with financial pressures. The identification of female migrants primarily coming from lower socio-economic backgrounds, implying migration as a necessary livelihood strategy, was one part of a broader explanation on increases in migration. However, ongoing increases in migration despite casual labor opportunities available in villages suggested that migration was not driven purely out of financial necessity in rural communities. It was also influenced by a range of other factors, including the relative attractiveness of opportunities in receiving areas. For this reason, issues relating to migration are now being considered in the first chapter on livelihood choices rather than this chapter on coping mechanisms.

COMMUNITY RESPONSES

Village-level mobilization to address shocks was most common when the shocks were related to public goods or the social welfare of individuals in villages. Where shocks were the result of deficiencies in management of communal goods or infrastructure, local leaders were generally capable of

LOCAL LEADERS PLAYED A CRITICAL ROLE IN FACILITATING COLLECTIVE ACTION TO COPE WITH PROBLEMS FACING THEIR COMMUNITIES AND HELP DEAL WITH CRISIS.

mobilizing communities to address these issues. In chapter three, several examples are provided in relation to registering communal forests. In those examples, village administrators and “VER” (village elders and respected persons) groups helped mobilize communities and coordinate across villages to deal with these issues. Similarly, as set out in Box 16 below, in a village in Shan State faced with scarce access to water, a committee was established in the village to identify funds and coordinate work to address the issue.

Box 16: PROCESS-TRACING: LOCAL LEADERS FACILITATE CROSS-VILLAGE COLLECTIVE ACTION TO ADVOCATE FOR ASSISTANCE FROM ETHNIC ADMINISTRATION, NATIONAL GOVERNMENT AND NGOs

A case from a self-administered zone in Shan State illustrates how religious leaders engaged village leaders to mobilize five villages to collectively raise funds from government, the ethnic administration, and an NGO in order to build a water pipe to solve a water shortage facing their communities. A village in Hsihseng township in Shan State and several surrounding villages reported suffering water scarcity in the pre-monsoon period from February-May. The nearest water source was located three hours away, and villagers had to fetch water using carts and riding bicycles through steep terrain. To overcome this, the village monk organized a Water Source Committee consisting of five members from three villages to find more convenient ways to fetch water. The Committee subsequently applied for 12 million *kyat* from the Township-level Department of General Administration (GAD), the Pa O National Organization (PNO), and an NGO to build water pipes to the villages. The PNO responded with a promise to grant of 2.6 million *kyat* (approx. \$2650). At the time of QSEM4, however, only 1.2 million *kyat* (approx. \$1220) had been received. To make up for the difference between what they needed and what they received, villagers were levied 20,000 *kyat* (\$20) per household, gathering an additional 2.3 million *kyat* (\$2300). The amount was still far from what was proposed, but the Committee decided to go ahead with the project by purchasing the pipes and other plumbing materials on credit. Villagers then contributed manual work to connect the pipes. The NGO they contacted also ended up providing goods to the amount of 3 million *kyat* (approx. \$3500) comprising of 172 sacks of rice, oil, pulses, and salt. This was distributed among the volunteers. At the end the pipes could not reach the villages. They had, nevertheless, made it much more convenient for the villagers to access water. Instead of walking for three hours through rough terrain to fetch water polluted by day-to-day usage in villages uphill, villagers could now walk for two hours through easier terrain to fetch clean water.

A small number of new community funds were established to provide some social protection for individuals in a village. These funds generally provided assistance to villagers facing health needs or contributed to the costs of secondary education. In most areas they were still uncommon. However, they had existed in at least two villages visited in Chin State for some time, established with support from migrant organizations. There were also four new initiatives identified in Mandalay Region. In general, these were developed by village-level elites drawing from their knowledge of other funds in neighboring villages. Although new, they were already facing challenges to ensure that they

were financially viable and also that the support that was provided was available to all who fulfilled the criteria and not allocated in a discretionary manner. Box 17 examines the efforts of a youth in a village in Mandalay to establish such a fund.

Box 17: PROCESS-TRACING: COMMUNITY FUND IN MANDALAY PROVIDING SOCIAL ASSISTANCE

In April 2013, the son of a village administrator, a recent graduate from Mandalay University, decided to start a community fund, the *Shwe KyarThuka* Association, in his village in Natogyi Township, Mandalay. He saw a similar association in another village and felt it would be important to support people in his village. After calling a village meeting and receiving the backing of two monks native to the village but living in Mandalay, he formed an 18-member committee and raised 1,000,000 *kyat*.

Management primarily rested with the village administrator's son. He developed guidelines for how funds should be allocated. Of the initial capital, 200,000 *kyat* was set aside for emergency healthcare fund. The rest was lent out to 8 farmers at 3% annual interest. The Association has provided 10,000 *kyat* to each of 6 students from the village to sit their 10th grade examination and funds for villagers requiring treatment in hospital. Given the limited capital, the committee noted their biggest challenge was deciding how to allocate the funds.

One beneficiary was a villager who had an accident working on a local mine. Although his parents own land, he was looking for other opportunities to earn money so he could progressively buy land for his own family. In doing so, he injured his back in a mine accident and was hospitalized for two months. The community fund provided 30,000 *kyat*. An additional collection was also organized in the village and a further 100,000 *kyat* was raised. The villager can't recall who organized that collection or the overall costs of hospital, but noted that because of the village support his family did not suffer too much financially as a result of his accident.

As had been reported in previous rounds of QSEM, communities also played an important role in responding to individual emergencies. Although the proactive creation of social protection mechanisms such as community funds were still rare, responsive approaches were common. Where individuals or households in a village face were confronted with serious illness or injury or other emergencies, it was common for communities to mobilize to provide assistance, including in supporting the livelihood needs of the affected household. The case above of a man being injured falling in a mine in Mandalay highlights an example of this community response. Box 18 below shows a similar response from villagers in collecting funds to assist migrants caught by the police in Thailand. These responses were normally spontaneous and facilitated by the village administrator, members of the VER or the local monk.

There were limited cases of village mobilization in response to village-wide economic shocks. Where villages as a group faced economic issues directly impacting on their livelihoods, such as crop failure or poor market prices, responses were more commonly taken at a household level, as is discussed below. There was only one instance of villagers mobilizing to attempt

to address economic issues they faced. This was in Kyaukme Township in Shan North where the increase in corn production resulted in a popular seed variety selling out and prices almost doubling. The issue was taken up by villagers in a demonstration at the township level.

BOX 18: PROCESS-TRACING: COMMUNITY MEMBERS IN RAKHINE COLLECTING DONATION TO FREE MIGRANTS FROM THE POLICE IN THAILAND

In 2013, four villagers from Kyae Taw village in Rakhine who were working in Thailand as fishing laborers were caught by the Thai police attempting to cross the into Malaysia without passports. Their families back in the village, all landless laborers, received the news from the Thai police, who demanded a ransom of 15,000 *Baht* (approximately 400,000 *kyat*) per person. Knowing the families were not able to afford this sum, the village administrator organized a collective donation to free the migrants. 1,600,000 *kyat* was eventually collected from around 300 villagers; it was wired to a current migrant from the village living in Thailand to be handed over to the police. At the time of research, the migrants had been released from jail and were still working as fishing laborers in Thailand. There was no expectation that they would have to repay the amount collected by the villagers to secure their release.

GOVERNMENT RESPONSES

Although government assistance in general has increased significantly, assistance in dealing with shocks remained rare but not non-existent. As is discussed in the chapter on external assistance below, government has significantly increased the level of services it provides at a village level. This does not, however, appear to have resulted in increased government responsiveness to community shocks. Only two examples were identified of government responding to crises faced by communities with some form of support. In the first instance, in March 2014, the government provided a one-off payment of 7,000 *kyat* per acre to sesame farmers in NgahtoGyi Township, Mandalay Region, to compensate the farmers for crop failure of sesame. The decision to make the payment came about after villagers raised the issue with the Minister of Transportation during a visit he made to the township. In another example, several villages in ThaZi Township, also in Mandalay Region, were affected by a storm in April 2014. The Department of Social Security provided food, clothing and shelter for some of the storm victims.

Decision-making about provision of government services in response to shocks was unclear, with assistance being provided in an *ad hoc* manner. It was not clear why government assistance was provided in the cases above and not in other instances. Assistance appeared dependent on the submission of demands by affected communities and, as in the case of compensation for failed sesame crop above, on links to relevant officials with the authority to direct government departments to provide a response.

CHAPTER FIVE: SOCIAL RELATIONS AND INSTITUTIONS

SOCIAL CAPITAL AND COHESION CONTINUED OVERALL TO BE STRONG, AND ENABLED COMMUNITIES TO ORGANIZE COLLECTIVELY TO MEET COMMON NEEDS, SUCH AS HIRING TEACHERS FOR SCHOOLS AND FILLING OTHER GAPS IN SERVICE-DELIVERY. THERE WERE, HOWEVER, SOME INSTANCES WHERE SOCIAL GROUPS—MOST COMMONLY MIGRANTS, NEWCOMERS OF DIFFERENT ETHNICITIES, AND DIVORCED OR SEPARATED WOMEN—WERE EXCLUDED FROM VILLAGE SOCIAL LIFE AND DECISION-MAKING STRUCTURES.

NATIONAL REFORMS RESULTED IN SMALL BUT IMPORTANT CHANGES IN THE WAY VILLAGERS ENGAGED WITH THE STATE. ACROSS LOCATIONS, PEOPLE IDENTIFIED AN OPENING OF SPACE TO VOICE THEIR VIEWS TO GOVERNMENT. IN RESPONSE AND AS A RESULT OF GOVERNMENT POLICY, OFFICIALS WERE INCREASINGLY CAUTIOUS IN THEIR DEALINGS WITH VILLAGERS.

THERE WERE ALSO NOTICEABLE CHANGES IN VILLAGE LEADERSHIP. AUTHORITY BECAME INCREASINGLY CONCENTRATED IN THE HANDS OF VILLAGE TRACT ADMINISTRATORS, TO THE DETRIMENT, PRIMARILY, OF VILLAGE ADMINISTRATORS, WHOSE ROLE NO LONGER EXISTS. THIS HAS RISKS FOR SOCIAL COHESION, WHICH IN VILLAGES IS OFTEN DEPENDENT ON THE QUALITY OF THESE LOCAL LEADERS.

THESE TRENDS HAVE IMPORTANT IMPLICATIONS FOR VILLAGERS, AND AFFECT GOVERNMENT ADMINISTRATION AND DONOR ASSISTANCE. THERE ARE INCREASING EXPECTATIONS ABOUT THE ROLE OF GOVERNMENT. GIVEN THAT VILLAGE LEADERS ARE THE PRIMARY INTERFACE BETWEEN VILLAGERS AND THE STATE, THEY WILL PLAY AN IMPORTANT ROLE IN MANAGING THESE EXPECTATIONS. THERE IS A NEED TO DEVELOP, STRENGTHEN AND INCREASE THE ACCOUNTABILITY OF VILLAGE GOVERNANCE MECHANISMS, INCLUDING PUTTING IN PLACE APPROPRIATE CHECKS AND BALANCES.

SOCIAL RELATIONS

The fourth aspect of QSEM’s analytical framework examines the influence of social structures on people’s livelihoods. To date this has focused on the quality of social capital within villages, including examining changes in the way communities work together, changes in local-level institutions, and relations between villagers and local-level institutions. It has also included a discussion on conflict, crime and dispute resolution mechanisms.

In QSEM 4, the relationship between communities and the state emerged as an important new factor affecting social relations in villages. This section examines changes in social relations from several perspectives. First, it examines social capital and cohesion, which remained strong. Although social exclusion within villages was difficult to identify, some groups found it more challenging to participate in communal activities. Second, we examine the relationship between state institutions and people in rural communities. This covers both institutions above the village level and village institutions that act as the link between communities and the state. There have been significant changes on both these fronts. These changes are a direct consequence of the broader political changes occurring at the national level. The section discusses these changes and looks at how they affected social capital.

SOCIAL CAPITAL

As has been reported consistently across QSEM rounds, social capital at the village level was strong. Table 14 provides an overview of social relations within villages.²⁰ Approximately 80% of villages had good or fair social relations. In these villages, conflicts or divisions between groups of people were rare. In more than half these villages, relations were even better, as evidenced by a high degree of collective activities between villagers for the benefit of their village. Only 20% of villages had poor social relations. In these instances, inter-group cleavages and social tension were observed.

TABLE 14: SOCIAL RELATIONS IN VILLAGES BY REGION

	Good	Fair	Poor
Ayeyarwady	2	3	4
Chin	6	3	0
Magway	3	4	2
Mandalay	3	4	2
Rakhine	2	6	1
Shan	0	7	2
(n = 54)	16	27	11

²⁰ 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 contestation. This categorization draws from the approach used in The World Bank’s *Post-Nargis Social Impact Monitoring* reports.

...BUT THERE WERE MANY CHALLENGES TO SOCIAL COHESION, INCLUDING MARGINALIZATION FELT BY MIGRANTS, NEWCOMERS OF DIFFERENT ETHNICITIES, AND OUTSIDERS AND SOME EXCLUSION FROM SERVICES.

Where strong social capital existed, it continued to help regulate most aspects of village life. It was common for communities to be actively involved in managing basic infrastructure such as building or maintaining roads and providing of water for drinking and irrigation. Villagers also collectively filled gaps in service delivery, in particular in education, for example through paying for additional teachers in primary schools. Box 19 provides an example of this from Chin State. As noted in the previous chapter, there were also a number of examples of villagers collectively acting to form social protection mechanisms or support sick or injured villagers. These forms of engagement were in addition to the importance of social capital in preserving the social and cultural aspects of village life.

BOX 19: PROCESS-TRACING CASE STUDY: THE ROLE OF LOCAL LEADERSHIP IN ORGANIZING COLLECTIVE ACTION TO FILL GAPS IN SERVICE-DELIVERY IN CHIN

An example from Chin State traces the ways in which local leaders organized collective action to fill gaps in service-delivery. In 2013, a village in Chin State with a primary school and a secondary school had two of their high school teachers reassigned to other schools. The positions were left vacant for over two months despite the village administrator's repeated requests to the State Education Department for new teachers. The village administrator then held a village meeting to discuss this issue.

Prior to the reassignment, the village was already funding a teacher in the high school through a collective donation of 300 *kyat* per student per month because they never received enough teachers relative to the number of students they had. The villagers decided to hire two more teachers and increased their collective donation to 500 *kyat* per student per month. A university graduate and a high school graduate from the village were hired to fill the vacancies. Each teacher received a monthly salary of 50,000 *kyat* (approximately \$55).

Lacking teaching experience, the new teachers were assigned to the primary school and two primary school teachers were asked to teach in the high school instead. The arrangement was meant to be temporary. The plan was for the teachers hired using collective donations to be excused from their responsibilities when or if the government replaced the government-funded teachers. The village administrator reported that he had submitted another request to the State Education Department for new high school teachers, but had not yet heard a response.

There were, however, several challenges to social cohesion, including marginalization faced by groups in some communities, including migrants or people of different ethnicities. This manifested itself in several ways.

Migrants, outsiders and newcomers of different ethnicities were less likely to be actively involved in village social structures than others and sometimes were excluded from basic services. In some villages in areas of non-*Bamar* ethnicity, for example, government-placed *Bamar* teachers or healthcare workers had a limited role in village activities. A *Bamar* midwife in Chin State, for example, complained that her lack of language skills meant

villagers chose traditional midwives and she didn't feel that she was part of the community. The *Bamar* teachers in the same village had left their posts early, not to return. The same applied for migrants who settled in villages. Several villages covered by QSEM in Rakhine, Ayeyarwady and Shan experienced in-migration, predominantly from people from the dry zone looking for improved economic opportunities. Often in these instances, migrants restricted their involvement in village activities to a bare minimum, paying village fees and contributing to religious ceremonies where required. In some instances, as outlined in Box 20, their lack of engagement in village activities also meant they became discriminated against in accessing services.

BOX 20: CASE COMPARISON: DIFFERENT RESOLUTION OF EXCLUSION OF MIGRANTS FROM VILLAGE ACTIVITIES

A comparison of two cases from Rakhine State and Mandalay Region shows how local leadership and institutions can promote—or conversely decrease—the extent to which particular social groups are excluded from public life.

In one village in Gwa Township, Rakhine State, there were several recent migrants from Ayeyarwady who had moved in search of work. The migrant households reported donating for community events and participating in the election of 10 household heads, but not in other village activities. This appeared to be fostered—whether consciously or not—by informal village leaders. One of the migrant workers said:

“The village elders seldom invite us... We would not even know that there had been a meeting. We would attend religious ceremonies held by our employers, but we would not go to ceremonies we were not invited to. If we organize religious ceremonies we would also do it only within our own community.”

Meanwhile, the case of a village in Mandalay Region illustrates how local government intervention can help promote more inclusive public decision-making processes in villages. There, a village elder reported that migrants from another village who moved in 30 years ago were not allowed to take part in the village water management committee because the villagers wanted to retain control over their natural resources. In 2011, however, the village water pump broke and the committee mismanaged the repair: they borrowed 1.2 million *kyat* from a township mechanic, failed to fix the pump, and then asked the villagers to settle the loan. Thirty villagers including the migrants sent a joint complaint letter to the Township Administration Office. The letter reached a parliament member, who appointed the township USDP party staff to investigate the issue. The USDP party staff and the township administrator then came to the village to help settle the debt. They connected the village to the Water Resource Utilization Department who would finish the repair; and even though the complaint did not mention the exclusion of migrants from the management committee, the USDP party staff and the township administrator dismissed the committee and formed a new one that was more inclusive, allowing the migrants to participate. At the time of research, the new water management committee had accumulated over 3 million *kyat* in two years, and was lending some of it to villagers at a 5 per cent monthly interest rate.

In some areas, divorced or separated women were less likely to participate in village activities. A combination of perceived social stigma and a need to focus on earning a living led divorced women in these areas to participate less in village activities. This was particularly true in the dry zone where, according to researchers, the social stigma attached appeared higher than in other areas. For example, one woman interviewed in Mandalay, whose husband had migrated overseas and subsequently left her, became embarrassed by the constant questioning from others in the village about the status of her husband. As a result she stopped attending village activities.

CRIME

In contrast to previous rounds, in several locations, villagers reported a small increase in violent crime, but the increases were too small to be significant. In previous QSEM rounds, crime was rarely identified as an issue, but in this round there were a few increases, mainly in Magway and Ayeyarwady regions. These crimes covered murder and rape in addition to less violent acts such as fighting or theft. Given the low number of cases, it is not possible to draw conclusions about the increase, but it should be monitored in future rounds.

TABLE 15: VIOLENT CRIMES PER REGION (QSEM 2/3 vs QSEM 4)

	QSEM 2/3	QSEM 4	Type of Cases (QSEM4)
Ayeyarwady	0 cases	6 cases	Theft, fighting, stabbing
Magway	0 cases	5 cases	Rape, theft, murder, fighting
Rakhine	0 cases	1 case	Fighting
Shan	1 case	0 cases	
Chin	1 case	0 cases	
Mandalay	2 cases	1 case	Murder

Source: incidents mentioned by respondents as having occurred in their village in previous twelve months.

Villagers believed that such crimes were driven by alcohol use or the impact that returning migrants had on village social norms, but overall did not feel less safe than before.

One case, however, illustrates the risk of local corruption disrupting the justice system. Box 21 illustrates some of these dynamics.

BOX 21: PROCESS TRACING: PERCEPTIONS OF INEQUITY IN RESOLVING A CASE OF ASSAULT IN AN ALCOHOL SHOP IN MAGWAY & ABUSE OF POWER BY A VILLAGE OFFICIAL

One case in Magway region illustrates the impact that migration can have on social norms and the risk of corruption (or perceptions thereof) in disrupting the justice system. Villagers in a village in Magway Region reported that more alcohol shops had appeared in the village during the tenure of the present village administrator, who was elected in 2012. Villagers claimed the shops catered to an increasing number of returning migrants who had worked in Malaysia, who drank and gambled upon their return. Some suspected that the shops had negotiated a payment to the village administrator to ensure his tacit approval.

In 2013, a 60-year-old woman was assaulted by an owner of one of these shops. Her father-in-law reported the case to the police and asked for the alcohol shops to be closed down. The village administrator immediately negotiated with the police station commander to reduce the complaint to mere assault and persuaded the plaintiff to receive some compensation instead. Yet the complainant did not receive more than 200,000 kyat of the 500,000 kyat demanded, and the alcohol shop where the assault took place remained open. Frustrated, the complainant was heard complaining to his friends that the village administrator was biased to the alcohol shops. This led the village administrator and the owner of the alcohol shop to come and threaten him at his house. When he responded by threatening to sue them for trespassing, the village administrator retaliated by cutting the electricity supply to his house. By the time of research, the dispute was still unresolved and the complainant was still cut off from electricity.

ENGAGEMENT WITH THE STATE

“During the previous government’s time the village administrators wielded power. Now the villagers wield power. It is not easy to organize the villagers.” – Village Administrator, Chin State

“You can’t push them (farmers) too far. They make noise easily nowadays.” – MADB official, Ayeyarwady Region

“People are very difficult. They themselves are irresponsible. If I tell them something, what they will say is, they will complain. Our country is not fit for democracy.” Village Tract Administrator, Mandalay Region

Attempts by community members to advocate for their collective interests increased, usually facilitated by political parties or other external actors.

In all regions, researchers identified a small but noticeable increase in how willing communities were to question people in positions of authority about service-delivery. Pressure was being placed on village-level institutions and government agencies above the village level to change behavior. Although this was not yet widespread, it was perceived to be a small but important step towards increasing the accountability of government institutions. Institutions, in turn, showed initial signs of responding to this pressure. Officials at various levels described becoming more cautious in their engagement with communities to minimize the risk of complaints. Linked to this, there was an ongoing shift in authority from village leaders to village tract administrators. Here we examine these trends.

INCREASING VOICE FROM COMMUNITIES

This was driven by increased media openness, political party activity and the visibility of policy change in land, fishing and other key areas. This perception was fuelled by a number of factors. Villagers followed the changes occurring at the national level through the media. Respondents cited seeing phone numbers to lodge complaints about government performance listed in local newspapers and having greater access to a particular political TV station. Across most regions local political party representatives had held

THERE WAS AN INCREASE IN COMMUNITY VOICE AND THE WAY THAT CITIZENS ENGAGED WITH THE STATE AND LOCAL INSTITUTIONS. THIS WAS DRIVEN BY MEDIA OPENNESS, POLITICAL PARTY ACTIVITY AND POLICY CHANGE.

sessions to educate villagers on their rights. Although the issues that were discussed varied according to the local context, the message was invariably that villagers should feel empowered to lodge complaints. New policies, such as the land certification process, were tangible examples of reforms being felt locally.

TABLE 16: INCREASE IN CIVIC PARTICIPATION²¹

State/region	Level of increase (# villages)			Drivers
	None	Some	Significant	
Ayeyarwady	2	4	3	Political party campaigning; more access to media
Chin	7	2	0	Political party campaigning
Mandalay	3	2	4	More access to media
Magway	5	3	1	More access to media; CSO action
Shan	7	2	0	Experience of participating in community-driven development
Rakhine	3	2	4	Political party campaigning and more access to media

BOX 22: PROCESS-TRACING: VILLAGERS IN MANDALAY PROTESTING THE UNFAIR ALLOCATION OF TV RECEIVERS

In 2013, the township administration provided three TV channel receivers to a village in Mandalay. Without consulting villagers, the village administrator quietly took one of the receivers and gave the remaining two to households close to him. When asked, the village administrator claimed that he was just following orders from the village tract administrator. Villagers then went to see the village tract administrator themselves and reported the unfair allocation of TV receivers. The village tract administrator eventually came to the village, confiscated all the receivers, and redistributed them after consulting the villagers.

Increased perceptions of voice translated into action: there was a small but noticeable shift in villagers making demands. Across regions, researchers identified increased examples of people rejecting government services that did not meet local needs or that they believed were distributed unfairly. Box 22 below provides one such example. This was usually facilitated by political parties or other external actors. Similarly, there were more instances of villagers negotiating with government for assistance on terms more favorable to the villagers. In Labutta township, Ayeyarwady, 50 farmers wanted to join a cooperative established by the township cooperative department, but

²¹ Researchers were asked to classify villages based on the level of increase in attempts by villagers to advocate for their villages along some dimension—for example, in the realm of service-delivery or public goods.

only if the amount of savings the cooperative cut from each loan was reduced from 10,000 kyat to 5,000 kyat. After some negotiation through the village tract administrator, the cooperative department agreed to these changes.

PRESSURE ON GOVERNMENT INSTITUTIONS

Government officials appeared to respond to this pressure, becoming more cautious in their engagement with the public. This was primarily observed through increased caution among officials in engaging with communities. Officials, ranging from village administrators and village tract administrators to government employees, cited a combination of both policy directives and the fear of complaints as influencing how they engaged with the public. This was consistent across sectors, at various levels and across most research locations.²² It was also consistent with perceptions of communities of both a greater ability to raise complaints and an increased wariness on behalf of officials to enforce regulations.

BOX 23: PROCESS TRACING: SUBSISTENCE AND SMALL FISHERMEN IN AYEYARWADY AND RAKHINE FACING LESS ENFORCEMENT IN FISHING REGULATIONS

Fishermen in Kyaukpyu township in Rakhine reported paying less license fees compared to previous years. Staff from the township level Livestock, Fisheries, and Rural Development Department had stopped visiting villages to collect license fees, instead expecting the fishermen to pay the fees at the township office. Only 4 or 5 out of 25 fishermen in a village had paid the license fees at all, but all fishermen reported feeling safe to fish along the river without being fined. They also reported better access to the market: whereas previously non-license holders had not been allowed to sell their catch in the Kyaukpyu township market, by the time of research, they reported being able to do so. In the view of one of the fishermen, “Freedom is more apparent to us during the time of U TheinSein.”

In the past, license to fish in freshwater creeks in Ayeyarwady was allocated through a tender system, whereby large fish collectors would obtain multiple licenses, secure access to several river creeks, and subcontract them to middlemen to collect fish. This subjected subsistence fishermen who were caught fishing in the creek without permits to a fine of 5,000 *kyat* or having their nets confiscated. In this round of research, however, the tender system was reported to have changed. The Livestock, Fisheries, and Rural Development Department had divided the river creeks further into smaller fishing plots and introduced a limit of 10 plots per collector in the auction for licenses. Since then, subsistence fishermen in Ayeyarwady reported that they could fish more freely in areas between fishing plots without fear of being fined. Having limited the maximum number of plots each collector could access, the Livestock, Fisheries, and Rural Development Department also reduced the price of each license; this translated into further reduction of licensing fees the small and medium fishermen had to pay to the large fish collectors.

²² Though there was less evidence of communities mobilizing to advocate against state institutions in Shan and Chin states.

Some of these changes could be traced back to policy directives. At both the township and the village/village tract level, changes in regulations and policy directives had influenced the way officials act. At the township level, new fishing regulations and subsequent implementation by the Livestock, Fisheries and Rural Development Department provided a clear example of how this was playing out. Policy directives had aimed to lessen regulation for smaller fishermen. As Box 23 highlights, this had also changed the perceptions of fishermen about how they could engage with government officials.

Across regions, village administrators and village tract administrators had also been instructed to manage their interactions with villagers. Village leaders were informed by township-level officials in regular meetings that they were no longer authorized to collect fees from villagers to cover operational funds. Although this directive was largely unenforced in Chin and Shan State, in other regions, local leaders had ceased collecting fees for their own operational expenses. Contributions to other community services such as schools and basic infrastructure were less affected by these directives.

These directives were combined with an increased concern about potential for complaints from communities. The change in behavior cannot be attributed to policy directives alone. At the same time, concerns about potential complaints from communities were also influencing officials. As the quotes below highlight, across most regions, both village leaders and government officials at the township level felt subject to this increased pressure. The only variation here was the degree of civic engagement in Chin and Shan states, which was less noticeable than in other states. Several reasons were put forward for this, including that communities were less inclined to engage with state institutions in these states and that the lack of interest for local leadership positions in these states meant that communities were less likely to criticize those who did take up the positions.

IMPLICATIONS FOR SOCIAL RELATIONS

Although these changes were still nascent, there were several potential implications. At the village level, such changes often brought community members together to advocate in support of the common good. In a village in Rakhine, for example, villagers felt empowered to threaten to lodge complaints with the local government when a coconut plantation blocked village access to the local cemetery, forcing the plantation owner to reconsider. Similarly, as the Box 24 indicates, government intentions to expand road infrastructure in Chin State led villagers to mobilize to demand infrastructure on behalf of their village.

“I don’t think anything will happen. I submitted [the claim] over one year ago, and I haven’t heard anything. I asked in the village and the village leader told me it was being handled in the township. When we asked the township they said it was being handled at the state. They are waiting for us to give up.” – Small landowner, Ayeyarwady Region

The creation of expectations may also have implications for how villagers react should their expectations not be met. The competition between villages for a road in Chin State described above also highlights how villagers might be disappointed if services promised by government were not followed through

with. The noticeable changes at the local level were still quite recent and as a result, to date across regions there did not yet appear to be an issue in relation to management of expectations. There were, however, some instances, in particular in relation to the handling of land disputes, where villagers appeared skeptical about the commitment of government to resolve their cases.

**BOX 24: PROCESS-TRACING: VILLAGES COMPETE OVER THE BENEFITS OF
INFRASTRUCTURE, ENGAGING PARLIAMENT AND MEDIA IN THEIR ADVOCACY**

A case of competition over infrastructure between villages in Chin States illustrates how village leaders attempted to engage parliament and media in advocating for their village's interests.

In 2013, a village in Chin State submitted a proposal to the township administration office to construct a road connecting their village to another village, which was approved. During the construction, however, a neighboring village sent a letter to the township administration office complaining that the road made more sense being routed through their village. The Chief Minister of Chin State came to check on the situation, and he agreed that the soil condition in original village was less suitable for road construction due to risk of landslide. The construction therefore moved to the neighboring village instead.

Unhappy about this decision, the village administrator of the first village submitted a complaint to the parliament as well as the township administrator office. The villagers also contacted local reporters to publicize the case. Yet the township administration stated that as the new road construction had already included in the 2013 budget, it would be impossible to change. At the time of research, villagers were asking the township administration to provide them with funds so they could construct the road themselves. They were also contacting migrants from that village who lived abroad to incite donation. Tensions over the road construction had spilled over into other areas, such as education. The two villages share a school and questions were asked as to whether stationary provided to one particular village covered all the school or just students from that village.

VILLAGE INSTITUTIONS

"He (the village administrator) is like the village buffalo. He has to do all the work for the village." – Member of village elders and respected persons group Mandalay Region

"OK. The village tract administrator gets a salary. But why must I do my work? I do not get anything. I am not interested." – Village administrator, Mandalay Region

"These days we have to be careful about what we say. All [the villagers] think is that they will complain. I am fed up. I do not want to work anymore." – Village tract administrator, Magway Region

"(This position) is just a nuisance. No pay, just a lot of work." – Village administrator, Ayeyarwady Region

VILLAGE TRACT ADMINISTRATORS VS VILLAGE ADMINISTRATORS

New policies and community expectations had increased the influence of village tract administrators compared to village administrators.²³ It also affected the division of authority between the two groups of leaders. This built on trends noticed in previous rounds of QSEM. Although villagers still saw village administrators as the first point of contact on most issues that required engagement with the government, in reality, the primary authority rested with village tract administrators. These changes commenced following the passage of *Ward and Village Tract Administration Law* and elections that were held for village tract administrators, first reported in QSEM 3.

The influence of the village tract administrator had grown as a result of a combination of changes in policy, improved pay and more work. Following the *Ward and Village Tract Administration Law*, the implementation of several other regulations, such as the establishment of farmland administration committees and village development support committees, had further entrenched the legitimacy of village tract administrators. As the village tract administrator played a role in appointing members to these committees, the committees generally tended to follow his²⁴ interests. As will be discussed in the following chapter, government agencies had also significantly increased assistance at the village level, and village tract administrators played an important role in determining how this assistance was allocated. Villagers' proposals for different projects invariably had to go through the village tract administrator, as did projects initiated by government agencies. As the number of such programs increased, so too did the authority of the village tract administrator. Finally, the pay of village tract administrators increased. This, in itself, was viewed as a significant indicator of where power lay, especially given the parallel reduction of opportunities for village administrators to raise revenue.

In contrast, the role of village administrator was becoming increasingly constrained, exacerbated by their lack of pay or ability to raise funds. Village administrators perceived their job as being squeezed. Demands from villagers remained the same but village administrators now had less authority to act on those demands. Village administrators were still commonly the first port of call for villagers. However, their reduced authority and the fact they received no pay or capacity to raise operational funds meant that they had more incentive to refer matters up to village tract administrators rather than resolve issues themselves. Similarly, village administrators perceived they had less

THE IMPORTANCE OF THE VILLAGE ADMINISTRATOR COMPARED TO THE VILLAGE TRACT ADMINISTRATOR CONTINUED TO WANE, WITH THE ROLE OF VILLAGE ADMINISTRATOR APPEARING LESS ATTRACTIVE THAN BEFORE, LEAVING POTENTIAL GAPS IN LOCAL LEADERSHIP.

²³ This report continues to refer to the position of village administrator (usually the same as the 100 Household Head) although this and the 100 Household Head are no longer formally recognized under the changes in the *Ward and Village Tract Administration Law*. The report refers to this position on the grounds that people in villages, including village administrators themselves, generally refer to this position and there is normally common consensus among villagers about the individual performing this duty within any given village. The village administrator is commonly appointed by the village tract administrator, who may ask for recommendation from the ten household heads in each village.

²⁴ Usually 'his'.

authority to direct villagers or enforce village order. Almost all village administrators in Mandalay and Ayeyarwady regions, for example, noted that they faced increased difficulties to bring people together for community activities.

As a result, there was less interest in the role. Box 25 from Shan State provides an example of why village administrators were increasingly resentful of their positions and the challenges entailed in finding people who wanted to become village administrators.

BOX 25: PROCESS-TRACING: HIGH COSTS AND LOW REWARDS DECREASE INCENTIVES FOR BEING A VILLAGE ADMINISTRATOR

The case of a village administrator resigning from his role in a village in Shan State illustrates how high opportunity costs, a lack of operational budget and, in Shan State, conflict, make the role of village administrator less attractive. A small village in Shan State had two joint village administrators for the last eight years. One of the village administrators was always busy with village affairs such as organizing village meetings, coordinating the construction of the village monastery, attending village tract administrator-organized meetings and managing the village's relationship with outside actors, such as NGOs, the military, and the Shan State Army. The job was extremely time-consuming and, because of insufficient funds, he also had to allocate some of his own funds to travel to village tract administration meetings. Furthermore, negotiating with different groups at times threatened his safety. While the village administrator filled these tasks his wife had to do the farming instead. As his wife commented, "this [village administrator] work is not only time consuming, it is also a drain on our energy and financial resources".

As his wife started suffering from health problems, she urged her husband to resign. As a result he called a meeting of villagers to announce his resignation. But the villagers refused to accept, agreeing only when his wife threatened to leave the village.

IMPLICATIONS FOR SOCIAL RELATIONS

One of the most important factors affecting village social relations was the quality of local leadership. Changes in social cohesion in QSEM villages were most commonly linked to the influence of local leaders. Good leadership resulted in improved social relations, whereas poor leadership or lack of village leaders weakened social bonds.

Village leaders played an important role in maintaining or building social capital where cleavages existed but there were also examples of poor village leadership exacerbating or creating social tension. Examples existed of villages where social relations had improved since the previous round, frequently as a result of concrete steps taken by village leaders, led by village and village tract administrators, to bring opposing groups together in pursuit of a common goal. There were also, however, examples of poor village leadership either exacerbating pre-existing social tensions or generating new tensions. These examples could be categorized in two ways. First, in a small number of villages, village administrators or other village leaders were

LOCAL LEADERS PLAYED A CRITICAL ROLE IN PROMOTING OR UNDERMINING SOCIAL COHESION.

perceived to be poorly managing their duties or unjustly profiting from their duties. In a village in Magway Region, for example, villagers expressed resentment at the manner in which a village administrator had distributed communal land to landless villagers for residential housing. In Ayeyarwady, village leaders were incapable of resolving a dispute with a micro-finance provider after a member of the VER failed to repay debts and absconded from the village. The tension had resulted in villagers no longer attending village meetings. In Rakhine, a dispute over the misuse of funds by the board of trustees for a village monastery had resulted in different groups in the village reporting each other to the police. Development activities had ceased as board members from the old board and new board were also on the village development committee but refused to work together.

Competition for local leadership positions, in particular the position of village tract administrator, generated tensions in some villages. This was less observable compared to the previous round of QSEM because research was not conducted at a time close to elections for the village tract administrator. Despite this, in two villages, local political competition was described as negatively impacting on social tension. Box 26 from Ayeyarwady describes one instance of this.

**BOX 26: PROCESS-TRACING: APPOINTED VILLAGE TRACT ADMINISTRATOR IN
AYEYARWADY UNDERMINING COHESION IN THE VILLAGE**

A case in Ayeyarwady illustrates the role of a local political competition in stoking social tension. In one village, social relations deteriorated soon after the election for village tract administrator in 2013, when a complaint was made against the elected village tract administrator for taking 60,000 *kyat* from farmers' monsoon MADB loans. He was fired, and a special election held in December 2013. One contestant won with 33 votes against the other's 23 votes. The Township Administration Office, however, refused to accept the result and instead appointed a farmer as temporary village tract administrator. The temporary administrator claimed that election fraud was behind his appointment, but few were convinced.

The temporary village tract administrator struggled to gain support. He frequently sent letters to the township administration office complaining about a lack of cooperation from village administrators. Worse, the president of the Village Development Support Committee made it a habit to report all kinds of minor misdemeanor to the township office, including trivial cases such as villagers leaving paddy to dry at the side of village roads. This only increased tension among villagers, prompting the temporary administrator to again send a letter to the township office, requesting them to replace the president of the VDSC.

At the time of research, social relations were so bad that there was little collaboration between the temporary administrator and other village committees. School committees ran their activities without informing the administrator. The only people attending village meetings were those supportive of or related to the village tract administrator. Villagers claimed the administrator was unable to control social order with increases in alcohol-induced fighting, a stabbing incident and gambling. Parliament and other funding sources refused to disburse funds because of brawls

and bad social relations, so village development activities had virtually stopped.

VILLAGE DEVELOPMENT SUPPORT COMMITTEES

The only other change in village level institutions was the on-going establishment of village development support committees (VDSC).²⁵ These committees were recently established at the village tract level to act as the focal point for village development activities, reporting to township development support committees. Following the progress identified in QSEM 3, VDSCs had now been established across all regions. In most areas, the role of the VDSC was effectively to rubber stamp proposals from the village tract administrator and subsequently assisted in overseeing implementation.

There were a small number of examples of VDSCs acting independently of the village tract administrator. The research identified a handful of examples where the VDSC acted in a manner independent to the village tract administrator or even opposed the direction of village tract administrators. These examples are important, because where they are consistent with the mandate of the VDSC to oversee development in the villages, they offer a form of check on the authority of the village tract administrator. Box 27 provides an example of this in Hsihseng township in Shan, where the VDSC opposed the village tract administrator's use of village development funds to renovate the village administrative office.

Box 27: PROCESS-TRACING VDSC NEGOTIATING WITH VTA IN SHAN TO ALLOCATE MONEY FOR SCHOOL EQUIPMENT

In August 2013, VDSC members and the village tract administrator from a township in Shan State were asked by the township administrator to submit proposals for development projects in their villages. The proposals they eventually submitted included school construction, bridges, and roads. When 5 million *kyat* was granted to the village tract in April 2014, however, the village tract administrator told the VDSC that he planned to use the funds to renovate the village tract administration office. VDSC disagreed with this idea, emphasizing that the grant was meant for the development of the village tract and should only be used for that purpose. A VDSC member reported, "The village tract administrator wants to build a village administration office, but the VDSC members do not agree. This money is not for village tract administration; this is for all the villages in the village tract." The VDSC and village tract administrator finally agreed to use the funds to purchase tables and chairs for schools in the village tract instead.

²⁵ Village Development Support Committees are established for each village tract and are comprised of approximately seven respected members of the community with representatives from all or most of the villages within a village tract. The role of the VDSC is to provide advice to the township administration on village development planning and support the implementation of development programs. Although established to act as an alternative source of information to village tract administrators, in practice most members of VDSC are nominated by the village tract administrator.

CHAPTER SIX: EXTERNAL ASSISTANCE

GOVERNMENT ASSISTANCE HAS INCREASED SIGNIFICANTLY SINCE THE PREVIOUS ROUND. THE NUMBER OF GOVERNMENT PROJECTS ROSE ALMOST THREE-FOLD ACROSS QSEM LOCATIONS, WITH THE BIGGEST INCREASE BEING IN INFRASTRUCTURE PROJECTS.

VILLAGERS HAVE REACTED POSITIVELY TO THE INCREASE IN GOVERNMENT ASSISTANCE, IN PARTICULAR SINCE EXPECTATIONS WERE LOW. HOWEVER, VILLAGERS EXPRESSED CONCERNS ABOUT THE LACK OF PARTICIPATION IN DECISION-MAKING PROCESSES ABOUT GOVERNMENT ASSISTANCE OR ACCOUNTABILITY IN IMPLEMENTATION.

THERE WERE FEW CHANGES IN RELATION TO DONOR OR NGO DEVELOPMENT PROGRAMS. GIVEN THE EXTENSIVE EXPERIENCE OF DONORS IN DELIVERING VILLAGE-LEVEL DEVELOPMENT NEEDS, OPPORTUNITIES COULD EXIST TO INFORM MORE EFFECTIVE AND ACCOUNTABLE GOVERNMENT MECHANISMS.

OVERALL PATTERNS

THERE WAS A SIGNIFICANT INCREASE IN GOVERNMENT ASSISTANCE, MOSTLY IN EDUCATION AND ACCESS TO CREDIT, AND ALSO IN INFRASTRUCTURE.

The final aspect of the QSEM analytical framework concentrates on the role of external assistance in villages. In previous rounds of QSEM, this chapter focused primarily on assistance provided by non-governmental organizations with funding from donors, with LIFT being a significant funding source in QSEM villages. Key findings had been that trends in the types and levels of assistance provided had not changed significantly over time. Research across rounds documented that, whereas decisions about aid programming and targeting were often driven by implementing agencies, participation in implementation was generally open to all and targeting of beneficiaries was equitable. Research had also identified that communities had limited expectations that government would support development programs in villages.

This round of QSEM found significant increases in government assistance. There was an almost three-fold increase in the number of government projects across the six states and regions covered by the research. Whereas in the last round, on average just over one government-funded activity was recorded in each village, in this round this had increased to an average of three projects per village, with a total of 165 projects documented. Although there had also been an increase in the number of donor-funded projects, this was not as pronounced as the increase in government-funded projects (see Table 17). Overall, there were still more donor- than government-funded activities. It was not possible to compare overall funding amounts between government and donor programs, however people perceived government funding to be more significant because of a focus on infrastructure activities.

TABLE 17: GOVERNMENT AND DONOR PROJECTS ACROSS ROUNDS

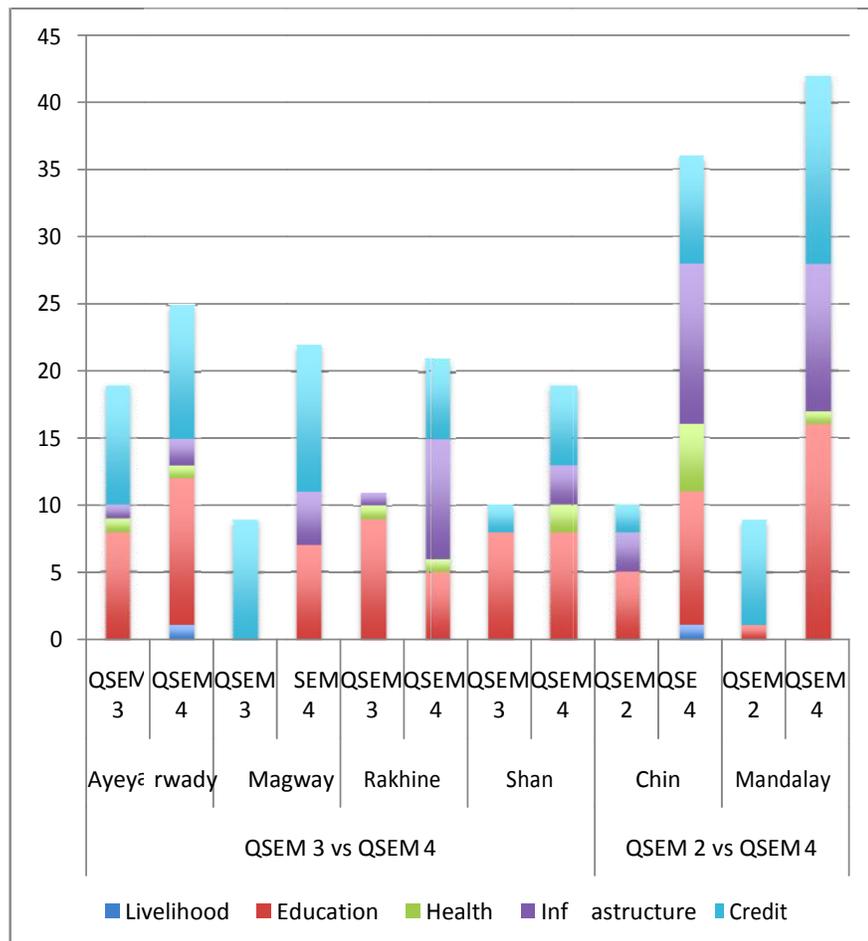
	Government		Donors	
	QSEM 2/3	QSEM 4	QSEM 2/3	QSEM 4
Education	31	57	13	10
Health	2	10	8	7
Infrastructure	5	41	5	23
Credit	30	55	45	65
Livelihoods	-	2	87	83
Other	-	-	31	32
Totals	68	165	189	220

Given that the most prominent change in external assistance was the increase in the role of government, it is the primary focus of this section. In this chapter we provide a summary of the types of programs the government was supporting. This is followed by analysis of decision-making processes for government programs and some discussion of community perceptions and implications for social relations. There were limited changes relating to donor-funded programs. However, some analysis is provided of linkages between government- and donor-funded programs.

GOVERNMENT ASSISTANCE

Government assistance has increased significantly across all regions. Across all 54 villages visited in QSEM, the number of government projects rose from 68 projects in QSEM 2/3 to 165 projects in QSEM 4. The most significant increases occurred in Mandalay Region and Chin State, where the number of projects respectively tripled and doubled. However, the reporting period was longer in both these regions as the early figures are from QSEM 2. In other regions, increases varied by 25% in Ayeyarwady region, to almost double in Shan and Rakhine State to up to 145% in Magway region.

FIGURE 7: NUMBER OF GOVERNMENT PROJECTS REPORTED IN QSEM VILLAGES, THIS ROUND COMPARED TO PREVIOUS ROUNDS



The overall increases came in the context of political transition and against the backdrop of historic low levels of external assistance. First, increases appeared closely linked to political transitions occurring at the national level and to the elections that are due in 2015. The increases in government assistance provided some evidence of government attempts to prove to rural communities that it was capable of providing basic services at the village level. As will be discussed below, both representatives of the Union Solidarity and Development Party (USDP) and members of parliament played an influential role in at least some of this assistance. Second, although there were

increases, they came from very low initial levels of assistance. As a result, community perceptions of government assistance need to be understood in the context of what previous rounds of QSEM had consistently reported as being very low expectations.

“Maybe it is because in the 2015 election they want us to vote for them, so they are trying to mobilize us.” – Villager, Mandalay Region, upon the village receiving assistance requested from a government minister

“The township administrator asked us to identify village needs and apply for funding. We received 5 million kyat for the whole village tract. We never received anything before this.” – Member of Village Development Support Committee, Shan State

“It is good that this government is looking after us. We received nothing from the previous government.” – Village administrator, Mandalay Region

Education and access to finance continued to be the most prevalent areas of support. Support for village primary schools and access to finance each comprised approximately one-third of the projects.

However, government assistance for local infrastructure had seen the most significant increase. This assistance covered primarily roads, drinking ponds and wells and bridges. It had increased from five projects across regions in QSEM 2/3 to forty projects in QSEM 4. These increases were also consistent with increased budgets reported at the township level. For example, the Rural Development Affairs Department in a township in Shan State reported a budget increase from 1.9 billion *kyat* in 2013-14 to 4 billion *kyat* in 2014-15 for infrastructure.

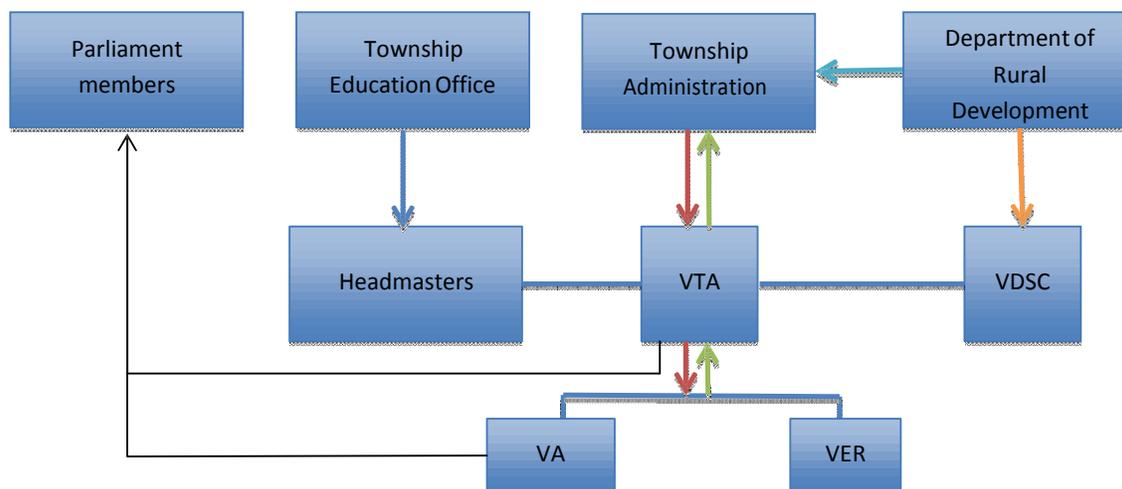
DECISION MAKING MECHANISMS

There were several ways for proposals to receive support from the government. The decision making process varied significantly depending on the source of funds. Figure 8 is an example of the main institutions responsible for providing assistance for projects at the village level and the decision-making processes corresponding to each institution. The main institutions were township administration offices, the Department of Rural Development, township education offices, and members of parliament (through constituency funds). For township administration offices, the Department of Rural Development and township education offices, how funds were allocated were tied, to a varying degree, to policy directives within each agency. Members of Parliament had much broader scope on how to utilize their funds.

Education activities were primarily determined by the Department of Education with limited public participation. With a few exceptions, the Department of Education determined the type of assistance for schools. In Mandalay and Ayeyarwady regions, the Department of Education had decided to focus on renovation of school toilets for this year. In Chin State, it focused on renovation of school buildings, including teacher housing. Education assistance was more limited in Rakhine, Shan and Magway, and in Shan State was predominantly in the form of stationery. In most instances, after the Department of Education decided on the assistance, the school headmaster would be

informed on behalf of the village. For school infrastructure, assistance was provided in the form of cash grants to be implemented by villagers, who usually provided in-kind contributions in the form of labor.

FIGURE 8: DECISION MAKING MECHANISMS IN VILLAGE-LEVEL EXTERNAL ASSISTANCE



Programs from the Department of Rural Development or township administration offices provided some scope for inputs from local leaders.

This occurred in several ways. First, village leaders, primarily through the village administrator or VER, identified projects and developed proposals that they raised with village tract administrators. Village tract administrators, at times consulting with VDSC's, subsequently determined the proposals to submit to township administration office. Second, proposals could come at the request of the township administration office. In Chin, Mandalay and Shan, township administrators asked village tract administrators to identify and submit proposals covering infrastructure or schools. In this process, village tract administrators generally consulted with village administrators or VDSC to determine which proposals to submit. The Department of Rural Development generally also used this same mechanism, with the township administration office facilitating interaction with village officials to determine priorities.

*"I want to run in the 2015 election. But I only want to be a village tract administrator. As a village administrator I do not have the right to do village development. As all these projects go through the village tract administrator, they steer all development project towards their own villages and nothing to our village. If I become a village tract administrator I could do more for my village" –
Former village administrator, Chin State*

Village tract administrators played a pivotal role. In general, the village tract administrator was the primary interlocutor between these government agencies and villages, determining which proposals to submit to the government.

There were several exceptions that by-passed the village tract administrator. First, most infrastructure projects appeared in villages with little or no consultation, implemented by government contractors. Second, in several locations, the Department of Rural Development engaged the VDSC instead of using the township administrator and village tract administrator. This

THERE WAS, HOWEVER,
LIMITED LOCAL
PARTICIPATION IN THESE
PROJECTS.

occurred in Hsihseng Township in Shan State and in Rakhine State. Third, members of parliament rarely used these mechanisms for identifying priorities for their constituency fund. They instead would decide themselves on projects to support, at times drawing on lobbying from village administrators or village tract administrators with access to these members of parliament.

Few projects were based on any formal assessment of needs. There was limited evidence that either government departments or village leaders would conduct an assessment of village needs prior to determining the types of assistance required. Decisions at the village-level were made by village leaders with local knowledge on priorities but there appeared to be limited consultation beyond village leader groups. There was only one example of government undertaking public consultations prior to determining assistance. In Ayeyarwady Region, the Department of Cooperatives held meetings with village administrators and VER and consultations with community members prior to determining whether or not to expand cooperative programs in villages.

Box 28: PROCESS-TRACING: VILLAGERS CONTRIBUTE FUNDS & LABOR AND USE THEIR VILLAGE DEVELOPMENT COMMITTEE TO REQUEST FOR ASSISTANCE FROM AN NGO IN BUILDING INTER-VILLAGE INFRASTRUCTURE

Magu village was separated from the nearest township market in Bogalay by multiple creeks and a large river. Though the actual distance between Magu and Bogalay was not that far, villagers used to have to take a motorboat for an hour through the creeks and river. This situation changed in 2013 when villagers received assistance from an NGO and the Township Development Support Committee to build four bridges connecting Magu and Tarpaung. From Tarpaung, a neighboring village, it would take the villagers only 10 minutes to cross the river to Bogalay.

One NGO began funding infrastructure projects in the village since 2012. From experience, villagers knew that it was more likely to receive assistance if they started building something first and asked for assistance only to finish it. Villagers therefore collected 300,000 *kyat* to begin building the pillars of four bridges connecting Magu and Tarpaung. Members of the Village Development Committee then prepared a proposal to the NGO to finish the bridges. After receiving confirmation that the NGO would fund only three of the four villages, the president of the village-tract level Village Development Support Committee who was also a member of the Magu Village Development Committee then submitted a proposal to the Township Development Support Committee to fund the last bridge. This proposal was eventually accepted.

The new bridges had cut the journey from Magu to Bogalay from one hour to 25 minutes—15 minutes by motorbike to Tarpaung, and then 10 minutes by boat to Bogalay. Villagers had better access to the township market. Some of them even changed their livelihood choices following the bridge construction: at the time of research, more than 20 people from Magu were working as motorcycle taxi drivers transporting people between Magu and Tarpaung. In an interview, a driver said it cost him 550,000 *kyat* to purchase the motorbike, but his family now had better income because they could make 10,000 *kyat* per day in net profit.

COMMUNITY PERCEPTIONS
OF GOVERNMENT
ASSISTANCE WERE MOSTLY
POSITIVE, THOUGH SOME
AREAS FOR IMPROVEMENT
WERE IDENTIFIED.

COMMUNITY PERCEPTIONS

Community perceptions of government assistance were positive. Despite having limited participation in determining the types of projects they received, most villagers viewed the increase in government assistance as a positive sign. This was primarily because it represented a relatively significant change from the limited government involvement in village development previously.

“Now the government has increased its village development activities, maybe next year I should propose activities for my village” – Village administrator, Shan State

Villagers identified several issues relating to the delivery of government assistance. First, the process for determining which proposals would receive assistance lacked transparency and took a long time. In all cases where village leaders submitted proposals, the waiting period for a decision from the township level was a minimum of six months. In some cases, villagers waited up to two years, or did not receive decisions at all. At times, when the needs were dire, village tract administrator would try to submit the same proposal multiple times without knowing whether any of them was considered. There was also almost no information available as to the process for selecting proposals and reasons why some proposals received funding whereas others did not.

BOX 29: PROCESS-TRACING: LACK OF FLEXIBILITY IN GOVERNMENT FUNDING PROCEDURES CAUSES PROBLEMS FOR VILLAGERS

After the Village Development Support Committee was established in village tracts around the country in 2013, they were asked to come up with priority proposals to develop their village tract. There was, however, no information on how the government would decide which proposals to fund.

In a village in Shan State the VDSC submitted a proposal for a drinking water well. It was only 7-8 months later that they heard that parliament had granted 1.5 million *kyat* for the proposal. The grant came too late: not knowing whether they would receive government funding, villagers contacted a charity in Kyaukme which then connected every house in the village to pipes providing them with potable water.

Representatives from the village then went to the Township Administration Office to explain the issue. They proposed for the government funds to be used for a water storage tank instead of a well, to further bolster their water supply. But the Township Office refused this proposal. If the funds were already allocated for a well, the staff explained, they could not be used for other purposes.

The well eventually created problems for villagers. Not only was it disbursed late (only 1.25 out of 1.5 million *kyat* was released as the first installment, with the remaining 250,000 *kyat* released only at the completion of the project), but 50,000 *kyat* was also cut from the funding as “village savings.” The total amount of money the villagers ended up spending to bore the well and purchase the engine was 1.6 million *kyat*, with villagers having to cover the difference. Worse, the water output was low so at the time of research the well was no longer used. The villagers reported that it would have been better to build a water storage tank as they asked.

“If the assistance is from government, it takes at least six months. If the assistance comes in coordination with an NGO, it takes about one to three months.” – Village administrator, Magway Region

“If the assistance is from the village development support committee, two months later it would be approved. If related to education, it takes six months only with close follow up. If we cannot follow up, we are not sure it would be approved.” – Village administrator, Rakhine State

Second, there were complaints about the quality of goods provided and implementation mechanisms. This was particularly the case where government sub-contracted implementation to companies rather than requesting that villagers manage implementation themselves. There were also some concerns about possible corruption in several of the projects.

“The government should stop giving out contracts for the implementation of their projects. The government should form committees like the NGOs are doing and employ villagers as daily wage earners. That way, villagers would have incomes and the project would be implemented effectively.” – VER member, Rakhine State

Finally, government projects were perceived as being too rigid. In a number of instances, villagers felt that projects proposed by government either did not correspond to village needs or duplicated other projects. Villagers had limited success in re-negotiating these projects, as identified in Box 29: Box 29.

DONOR PROGRAMS

There were limited changes relating to donor-funded programs. Researchers identified higher number of donor-funded activities this round in Ayeyarwady, Magway and Mandalay Regions, mostly in terms of new credit programs or livelihood assistance. Overall, however, there was limited change in the number or level of donor-funded assistance.

Perceptions of donor assistance remained positive, but some types of assistance were perceived more positively than others. Cash- and food-for-work programs, for example, were well received in sample villages in Rakhine and Chin States for building new infrastructure while providing work opportunity for laborers. In a village in Rakhine State where a donor-funded cash-for-work program to build an embankment took place alongside the construction of a water pond by a government subcontractor, villagers expressed preference for government infrastructure to be done through cash-for-work as well.

There was evidence of donor-formed revolving funds being replicated either by communities themselves or, in a few instances, by moneylenders. Community members in some areas established new revolving funds, drawing from the lessons of NGO-supported revolving funds nearby. Three such funds were recently established in Magway Region. Box 30 below provides an example of one such initiative. Similarly, a Village Development Committee in Rakhine State had decided to establish a revolving fund using, as seed funding, the allowances participants received for attending UNDP training programs.

SOME NGO-INTRODUCED PRACTICES, SUCH AS CREDIT GROUPS, HAD A SPILLOVER EFFECT AND WERE REPLICATED LOCALLY.

BOX 30: PROCESS-TRACING: COMMUNITY MEMBERS AND MONEYLENDERS IN MAGWAY ESTABLISHING REVOLVING FUNDS AND LENDING GROUPS REPLICATING NGO-FORMED REVOLVING FUNDS

Villagers in a village Aung Lan Township, Magway began saving to and borrowing from an NGO-formed revolving fund in their village in 2009. They were required to save 1,000 *kyat* per month, and were eligible for a loan of 50,000-100,000 *kyat* every six months with an interest rate of 3% per month. In 2013, however, the villagers who were borrowing from the fund decided that they preferred to start a revolving fund themselves rather than paying the interest from their loans to the NGO. They changed the terms and conditions in their own fund following a consensus among the members: the amount of loans was reduced to 20,000-50,000 *kyat* and installments could be repaid every two months instead of six months. The interest rate stayed at 3% per month, but 1% out of the 3% would be distributed as dividend among all the members who saved money in the fund, eligible to be withdrawn only five years after it was received. The remaining 2% contributed directly to the fund assets. Members of the fund reported that the fund's objective was to help people save for their old age since it was difficult to save on their own; if possible, the fund would also assist the development of the village. At the time of research, around 50 people were borrowing from and saving in the fund and the members were planning to repair the road between the village and the nearest highway with the profits.

In another village in the same township, moneylenders had begun forming microcredit groups that imitated those formed by an international microcredit provider. In the last round of QSEM, only one moneylender was found to do so, but in this round, three other moneylenders had followed his example. They stated that lending to groups was more convenient: because borrowers guaranteed one another, the moneylenders exerted less effort to settle outstanding loans. The first moneylender to imitate the NGO also succeeded in attracting borrowers away from other moneylenders by reducing his interest rate. As a result, the remaining moneylenders had to follow his lead and reduce their interest rates as well to be able to compete. The village administrator himself often acted as moneylender to other villagers, and he reported that, "As the group lending system emerged, no one wanted to borrow money from me anymore. This is why I had to reduce the interest rate I charged."

Training on new farming techniques often received negative feedback for requiring more time or labor than current practice. In several villages in Chin State, for example, farmers were taught to soak seeds in chemical water, peel the seeds, and plant them within half an hour—a practice they considered impractical. In a village in Shan East, farmers reported that the organic fertilizer they were trained to produce required more time and initial cost than the chemical fertilizer, which made it unappealing. Across regions farmers reported labor shortage and could not implement new techniques that required more, instead of less, labor. This was consistent with LIFT's findings that

THERE WAS SOME
IMPROVEMENT IN VILLAGER
FEEDBACK AND
PARTICIPATION
MECHANISMS IN
PROJECTS.

“well implemented [Farmer Field Schools] may fail to convince farmers if the technology or the new crop is not competitive with other practices and crops... where, in the short term at least, higher production doesn’t make up for additional labor costs.” (LIFT, 2014)

Issues regarding lack of participatory decision-making processes in donor-funded projects remained, but villagers reported being more able to influence the design of projects after they were announced. In previous rounds of QSEM, respondents said that project design was already decided before needs assessments were conducted. In some instances, this resulted in projects with questionable relevance to local needs. This concern continued to be reported in this round of research. There were, however, reports of villagers being able to influence or negotiate changes in the design of donor-funded projects after they were announced. An NGO running a credit program in Magway Region changed its group lending system to allow people with different livelihoods to be in the same group. Another NGO extended its repayment period from five months to ten months. In both cases, the changes were prompted by input from the villagers. Box 31 below discussed another case in Ayeyarwady where villagers bargained for an NGO to provide a harvesting machine instead of seeds.

BOX 31: PROCESS-TRACING: VILLAGERS BARGAINED FOR A HARVESTING MACHINE INSTEAD OF SEEDS

In 2013, in a village in Bogale township in Ayeyarwady Region, an NGO that ran a Farmer Farming School announced that they were donating 100 bags of paddy seeds to the 24 farmers in the school. The farmers explained that their main challenge was not a lack of high quality seeds, but rather labor shortage and being able to harvest in time before the rain arrived. They then asked for the NGO to provide a harvesting machine that they would share among them instead. The NGO staff responded that they did not have a project that could provide a harvesting machine. After some discussion, however, the staff agreed to the farmers’ suggestion to increase the amount of seeds the NGO donated so the farmers could resell the seeds in the market and use the proceeds to purchase a harvesting machine instead.

Soon after, the NGO provided the farmers with 200 bags of seeds that the farmers resold to a rice miller in the Bogale township market. They received 1.3 million *kyat* in proceeds and pooled together 600,000 more *kyat* to purchase the harvesting machine. They then started to rent out the machine for 20,000 *kyat* per acre (while giving priority to farmers in the group), slowly accumulating funds to maintain the existing machine and purchase a new one. At the time of research, the committee that managed this machine had accumulated 800,000 *kyat*.

Finally, villagers expressed concerns about the sustainability of donor-funded projects that were handed over to village development committees. As reported in previous rounds of QSEM, even though donors envisioned village development committees to last beyond the life of the projects, this had not been the case. Across regions, village development

committees ceased being active when donors phased out their involvement. As a consequence, villagers perceived the projects that these committees oversaw to have ended, too, thus absolving them from remaining responsibilities related to the projects. In a village in Magway Region, an NGO-initiated revolving fund simply stopped all its lending operations in June 2013 after the villagers experienced flooding and poor fishing catch. At the time, the NGO that helped set up the fund had ceased their monitoring activities and the committee managing the fund decided to stop enforcing repayment on the debtors.

CONCLUSIONS & RECOMMENDATIONS

In many ways, people living in rural Myanmar are dealing with significant changes that have important consequences for their livelihoods. The transition that is occurring, politically and economically, at the national level is feeding down to villages, influencing important issues like land ownership and village governance. Yet old challenges remain. Myanmar remains the country with the highest poverty levels in South East Asia. People's livelihoods continue to be subject to the vagaries of weather. Landowners face difficulties accessing labor in peak seasons whereas laborers find it difficult to make a living for the rest of the year. Government delivery of basic services at the village level continues to be minimal.

Across this round of QSEM there were a number of areas where trends identified in previous rounds continued and, on several important issues, there were also some significant changes. This section lays out the main conclusions from the most recent round of QSEM. Below we summarize key changes across each of the QSEM states and regions that have already been discussed in more detail throughout this report. We identify where there have been positive changes or increases (+) and summarize percentage changes compared to QSEM 2/3. It should be noted that, with the exception of some decreases in donor assistance, at an aggregate level, QSEM 4 found very few areas with decreases in conditions.

TABLE 18: SUMMARY OF CHANGES ACROSS REGIONS/STATES

	Livelihood Outcomes			Migration Rate (& increase)	Wages (Peak Season)	Gov't Assist (% increase)	Donor Assist (% increase)
	Farming	Non-Farming	Migration				
Ayeyarwady	+		+	8.8% (2.1%)	+	26%	95%
Magway		+	+	11.3% (4.5%)	+	144%	133%
Rakhine			+	5.2% (1.9%)		91%	-18%
Shan	+		+	3.8% (2.5%)	+	90%	-50%
Chin	+			10.1% (1.4%)		250%	-25%
Mandalay		+	+	11.9% (0.7%)	+	367%	6%

The section identifies three broad areas where changes have potentially the most significant policy and programming implications:

- Livelihood outcomes across most areas were positive. Mostly this was a result of farmers having a good season. However, for some it was also indicative of broader systemic changes. Understanding these changes can assist programming for livelihoods;
- There have been small but noticeable changes in how people engage with the government. This includes increasing expectations of government officials and changes occurring in local leadership. How these play out have important implications for rural communities;
- Linked to this, there has been a noticeable shift in delivery of government services in rural villages, albeit from a very low basis. Assuming this trend continues, efforts should focus on ensuring these services address the needs of communities and are delivered effectively.

After analyzing these areas where changes have been most noticeable, the section briefly summarizes trends that have continued from previous rounds.

LIVELIHOODS

MAIN FINDINGS

Although it has been a good year for people across most regions, explanations for this vary. The research identified that most people depended on one or a combination of three primary forms of livelihood, engaging in local, nonfarm activities and migration in addition to more traditional farming and fishing occupations.

Positive agricultural returns across most areas were the result of good prices and weather rather than any structural changes. As a result, vulnerability to agriculture-related shocks remains in these areas. The one exception to this is Chin State, where farmers are slowly starting to feel the economic benefits of a move from shifting cultivation to more permanent garden or plantation farming that started over five years ago, combined with more recent investments in infrastructure.

Reliance on the combination of agriculture, non-farm livelihoods and migration varies across regions and socio-economic groups. In particular, there was evidence of increased efforts to diversify income sources in Mandalay and Magway Regions, including through assistance from donor programs. This was most prominent among casual laborers and small landowners. The findings indicate that for these groups relying on agriculture alone in the Dry Zone has limits in its sustainability and that these regions may be more open to opportunities that exist in the non-agricultural economy.

Despite the positive outcomes over the last year, some groups benefited more than others. The potential for growing inequality was explored. A number of groups were identified that either did worse this year than in previous years or were less able to take advantage of the new opportunities present in rural Myanmar. In the former category, subsistence fishermen across

the board had suffered despite deregulation in fishing licenses aimed at removing restrictions on their activities. Small landowners and casual laborers with fewer active, working age household members were also particularly susceptible in that they faced limitations in their capacity to diversify income sources. Small landowners and casual laborers more generally faced greater constraints to change agricultural patterns or invest in nonfarm opportunities. Female migrants also were overwhelmingly from small landowner and casual laborer households, indicating that their migration choices were driven primarily as a result of economic vulnerability.

IMPLICATIONS

Developing a more nuanced understanding of how people combine agricultural, nonfarm and migration opportunities across regions and socio-economic groups can inform programming responses. This is broadly consistent with the approach laid out in LIFT's new draft strategy for 2014-2018. A number of programming implications arise from the analysis. They can be summarized as follows:

First, in areas where the agriculture sector is being less influenced by broader structural changes, focusing on improving productivity (for example through equitable access to mechanization) combined with providing opportunities for casual laborers in non-peak seasons (for example through cash for work programs for local infrastructure) and strengthening social protection mechanisms to reduce vulnerability.

Second, where the agriculture sector is impacted by structural changes, as evidenced in Chin State, develop programs to ensure that poorer socio-economic groups can benefit from these changes, thereby reducing the risk of rising inequality.

Third, support efforts to diversify income sources for poorer households, in particular in areas where this is occurring organically, as evidenced in the Dry Zone. These efforts should focus not only on migration as an option but also at developing more sustainable local, nonfarm opportunities.

Finally, migration is increasingly viewed as an alternative income source, with significant variations across the country. Respond to this by focusing on the migration choices of the most vulnerable. In particular, support programs with a focus on the migration options of women, especially from landless and small landowner households. This should combine supporting alternatives to migration with improving migration outcomes, for example through skills training, facilitating safer and more secure employment opportunities and providing support services to migrants most at risk of exploitation.

STATE — SOCIETY RELATIONS

MAIN FINDINGS

The second area of significance is that there have been small but noticeable and important changes occurring across most regions in how communities engage with the government. There is some evidence that

communities are both more aware of their ability to raise demands with government officials and are acting on this. There are also indications that this is impacting on how government officials and local village and village tract authorities engage with the public, acting more cautiously in undertaking their functions.

These changes are a combination of both actual policy decisions that are starting to be evidenced at the village level and perceptions from communities about the reforms occurring at the national level. Reforms in areas including elections of village tract administrators, land registration and fishing regulation along with policy directions restricting, for example, the ability of village officials to raise revenue are being noticed at the village level. This, combined with villagers' perceptions being influenced by information on the broader structural reforms occurring nationally, is affecting how villages interact with government officials.

Dynamics around village governance arrangements are crucial in managing the interface between communities and government authorities. Most villagers engage with government officials either through village administrators or village tract administrators. Increasingly, authority is being centered on the role of village tract administrators with limited evidence of other institutions being strengthened at the village level to support village tract administrators or provide appropriate accountability mechanisms.

IMPLICATIONS

The reform context requires increased attention to be focused on developing appropriate mechanisms to manage expectations of villagers. Two potential avenues exist for donors to engage in this area.

First, donor programs themselves can lead by example. This involves increasing the emphasis placed on establishing effective accountability mechanisms. Areas of importance include broadening participation in decision-making processes, publicly providing adequate information about project objectives and processes and financial disclosure, ensuring the public are aware of and can access effective complaints handling mechanisms and engaging village administrators and village tract administrators to strengthen capacity of village institutions to effectively manage development programs in their areas.

Second, donors should seek to inform policy about the role of local institutions. Given the crucial role village institutions play in facilitating the interaction between villagers and government officials, including in the delivery of development programs, work needs to continue on finding the right balance of powers for village officials. This includes identifying adequate and representative auxiliary bodies to the work of village tract administrators. LIFT can draw on the experience of partners in working through Village Development Committees and partnering with village authorities to provide policy advice to the government on potential structures and composition for local institutions. Potential options could include strengthening the representative nature and authority of VDSC's or re-examining the role of village administrators in light of changes brought in following the passage of the *Ward and Village Tract Administration Law*.

There is also a need to continue to monitor the impacts of the changes in local governance. The reforms that are shaping village governance and relations between villages and the state are new and have serious implications for rural communities. It is important to monitor these impacts over time, learn from how the reforms are being implemented and are affecting peoples' lives and amend or review policies on an on-going basis to respond to unintended impacts and ensure the reforms are in line with the needs of people living in rural communities.

EXTERNAL ASSISTANCE

MAIN FINDINGS

Government assistance down to the village level has increased significantly across all regions. The number of government projects in villages increased almost three-fold across QSEM locations. The most substantial increase was in local infrastructure projects followed by increased in education and access to credit programs.

Perceptions of government assistance have been positive to date, although issues exist in relation to implementing arrangements. The increase in government assistance has been well received by communities. This is primarily because community expectations are low as government services down to the village level were previously limited. As services continue, community expectations about the types of assistance provided and the mechanisms used for delivering services will increase. In particular, concerns existed about the limited ability to influence decisions about village needs and the lack of transparency in mechanisms used to delivery new government programs.

IMPLICATIONS

Opportunities exist for the experience of donor programs to influence how government agencies deliver services to villages. Some suggestions for this could include:

- Engaging on policy dialogue or developing working groups to share experiences on issues where there is an overlap between government programs and donor programs. In terms of projects, these appear to be primarily in areas of access to finance and local infrastructure, although there should also be some engagement of social protection mechanisms;
- Examine potential pilots that leverage government funds at the local level. This could include exploring opportunities to co-fund pilot projects in communities thereby introducing good practices of donor programs into government delivery mechanisms.
- As discussed above, support the development of appropriate accountability mechanisms for government programs based on experiences from donor-funded programs and work with government to define and build the capacity of effective local institutions that engage with both government and donors on behalf of communities. Village Development Support Committees are one potential option that could play this role.

OTHER TRENDS

Finally, QSEM 4 also examined a range of issues where trends from previous rounds were explored in further detail. Three particular trends are worth highlighting.

LAND

Although the land registration process proceeded smoothly in general several areas need further consideration. First, the lack of progress in a number of townships has the potential to create resentment within the population. Registration did not occur in several townships because of challenging contextual issues such as recognizing identity of minority groups or recognizing ownership over potential oil deposits. Directives to differentiate townships arbitrarily have the potential to fuel perceptions of discrimination among local communities and, as such, should be thought through very carefully. Second, initial evidence of the wider ramifications of the land registration process were beginning to be observed. This included changing practices in the form of splitting land registration to access MADB loans or encroachment into otherwise vacant land to strengthen ownership claims. These trends need to be monitored and the implications of escalation evaluated. Across both these areas there is also a need to provide adequate information to communities on land management and ownership processes and the implications of the new land law.

LABOR AND MECHANIZATION

Labor trends were similar to those reported in previous rounds of QSEM. Farmers continued to feel the pressure of labor shortages during peak seasons. This was viewed as an explanation for increased investment in machinery across a number of regions. Given variations across regions, and the particularly low level of mechanization in certain regions, continued investments in this area may be valid, especially where programs aim to ensure equitable access to usage. At this stage there was little evidence that increased mechanization was impacting on the labor market. The bigger influence on the labor market is the lack of predictable employment opportunities outside of peak season for casual laborers, emphasizing the need for identifying supplementary income sources at these times.

FISHERIES

Small-scale and subsistence fishermen continue to suffer. Across rounds, QSEM has drawn attention to a worsening of conditions for small-scale and subsistence fishermen. This trend continued in QSEM 4, despite easing of government regulations aimed specifically at these fishermen. Conditions appear impacted by a depletion of fish stock and changes to waterways including, possibly, as a result of climate change. QSEM coverage of villages with a reliance on fishing is limited. As such, more empirical evidence of these changes is required, combined with a strategy to address the decline or support livelihoods affected by these changes.



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