

# QUALITATIVE SOCIAL AND ECONOMIC MONITORING

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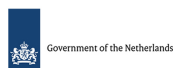
## Livelihoods and Food Security Trust Fund



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## EXECUTIVE SUMMARY

**The overall QSEM program aims to provide a descriptive picture of rural life in Myanmar.** It examines different 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 livelihoods choices and outcomes. Specifically, it explores how external assistance affects individual behavior, coping mechanisms, and community social structures. How do those social structures shape the local economic environment? How do coping mechanisms affect livelihood choices and outcomes? 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.

**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. QSEM aims to inform the strategic decision-making of the LIFT Fund Board by helping the program to gain a better understanding of livelihoods needs, challenges and opportunities in LIFT target areas and how these vary by geographic area, target group and over time.

**This report is based on the third round of QSEM research. QSEM 3 was the first round in which all villages in the sample were revisited, so it focuses on changes at the village level, which began to emerge clearly for the first time.** The changes highlight how Myanmar's national transition may be playing out at the village level in rural areas. Although there were few significant changes in livelihood patterns, there were emerging changes in land management, village governance, and local organizing.

**The main findings that emerge from QSEM 3 include:** (a) little change in the basics of people's livelihoods; (b) incremental change in certain aspects of the village livelihoods context and new dynamics around recurrent challenges, particularly in land but also in labor and credit; (c) perceived intensification in the kinds of problems and shocks people face and some changes in coping, particularly in migration; and (d) flux in village governance, collective bargaining and other aspects of village institutions. As in previous rounds, there was regional variance in all these areas.

## METHODOLOGY

**QSEM has two complementary components.** 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.

**Two rounds of QSEM are planned per year over a period of three years.** QSEM adopts a staggered strategy, with each state or region visited twice during the dry season and twice during the rainy season over a three-year period.

**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 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, as well as coping strategies, social relations, and external assistance.

**The third round of research, on which this report is based, was conducted from May to June of 2013, and focuses on village-level change.** QSEM 3 was conducted in Ayeyarwady Region, Magway Region, Shan State and Rakhine State. The third round of research was the first time all villages in the sample were repeated; therefore, QSEM focuses on what changes have taken place since the start of the research. Because the changes were concentrated not in livelihood patterns but in broader aspects of the village context—including land, village governance, and local organizing—this report focuses on broader changes rather than presenting descriptive detail on livelihood patterns as in previous studies.

**Teams of three researchers spent approximately three days and four nights in each village and conducted key-informant interviews, focus group discussions and in-depth interviews with selected households across wealth strata with over 500 people.** Informants included a wide cross-section of the village 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. To the extent possible, the researchers tried to get perspectives on the same topics from each group 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.

## OVERALL CHANGE TRAJECTORY

**As might be expected given the short period of time since the beginning of QSEM, there were few changes in basic livelihoods, apart from the cost of**

**peak season labor in some areas.** For the most part, farmers grew the same crops, had the same landholding sizes, and used the same type and amount of fertilizer and pesticides as in previous research rounds. There were also very few changes in the use or cost of seeds, or in the use, availability or cost of fertilizer or pesticides. There was also little change in the use of tools, though there was some scattered, small-scale mechanization in a few villages. There were also few changes in crop patterns or landholding sizes or in patterns of fishing and livestock. The major change in agricultural inputs in QSEM 3 was that the cost of peak season labor increased in some areas, particularly Ayeyarwady.

**There were some changes too in the intensity of problems and shocks faced by villagers.** Although the kinds of problems and shocks people faced remained similar, villagers reported ongoing year-on-year weather related distress, which caused crop losses. In a number of villages, farmers reported crop losses, reportedly because of unusual weather patterns. In some areas, they reported limiting the amount they spent on inputs such as fertilizer to avoid exposure to the risk of crop loss. There was also an increase in migration, which farmers perceived to be linked to the rising cost of labor and labor shortages in the peak season.

**There were emerging changes in the village livelihoods context, in particular around land, and some changes in the dynamics around long-standing issues of labor, migration, and credit.** Three main issues arose:

- **First, there were emerging changes around land at village level as a result of the new land laws put in place by the government the *Farmland Law and the Vacant, Fallow and Virgin Lands Management Law of 2012*.** In most village tracts, land management committees had been set up to help implement the land laws. Villagers also reported corruption with the implementation of the land laws, raising issues around political economy at the village and township levels as Myanmar's reform process unfolds.
- **Second, farmers continued to report labor shortages at peak season, and also in some areas reported an increase in the cost of labor.** Although there was little hard evidence of the reasons for this, farmers perceived this to be linked to an increase in distress-related out-migration.
- **Third, there was some increase in credit provision, and some increasing indebtedness.**

**Finally, there were notable changes in village governance, which, like land, was a direct result of government policy changes.** This took two forms:

- **First, there were changes in village tract administration as a result of the new village ward and tract law, the underlying dynamics of which highlight emerging village political economy issues.** Three out of four states and regions in the study had held village tract elections at the time of the study. In some villages, new leaders had emerged and there was a high degree of competition over the village tract administrator post, spurred by

the possibility of using the post for private gain. In some cases competition over these elections spurred social tension.

- **Second, several new cases of local organizing and collective bargaining arose.** They were linked to various issues, including land, foreign investment, and the upcoming 2014 elections, highlighting local communities are making use of the openings afforded by transition. These changes highlight changes in local organizing, and issues relevant to Myanmar, foreign investment and development.

## LAND

**The main changes observed around land were related to the two new land laws adopted by the government in March of 2012, the *Farmland Law* and the *Vacant, Fallow and Virgin Lands Management Law*.** At the time of the research, these laws had begun to be implemented in about half of the villages in the sample. The registration process differed by region, with farmland administration bodies set up in Ayeyarwady, Magway and Rakhine but not for the villages in Shan State.

**Although the law does not require farmers to be represented on the farmland administration committees, farmers were in fact represented on all village tract committees already set up in the QSEM sample in Ayeyarwady, Magway, and Rakhine. The land registration process in all areas also involved some form of community verification.** In Ayeyarwady, Magway, and Rakhine, the committees consisted of a mix of farmers, village elders, and village tract, township, and land department officials. In Shan State, where no formal farmland administration bodies were found at the time of the research, villagers instead reported that the village tract administrator and an official from the township Settlement and Land Records Department had organized land registration simply by coming to the villages and asking village administrators to provide a list of farmers who wanted to register.

**Although it is difficult to verify such claims, there were several reports that village administrators or officials from the township-level Settlements and Lands Records Departments had engaged in corrupt or collusive practices.** Nevertheless, the fact that villagers *perceived* and *reported* corruption is itself noteworthy and raises village political economy concerns that are worth monitoring as the land registration process unfolds. Some of the alleged cases identified were ones in which the benefits of land reform appeared to be captured by elites.

**It was too early to tell in this round what the practical ramifications of the laws would be for smallholder farmers.** Although an informal market in land existed before the laws were passed, many of the highly indebted smallholder farmers interviewed nevertheless reported being pleased that the laws formalized their ownership over land, giving them the opportunity to sell formally. This appeared to be driven by a perception that formal land use certificates gave extra protection to farmers from land confiscation, thus increasing security of tenure and rendering the land more valuable. Overall, land prices varied widely, and appeared to have increased, especially in areas of international investment.

**Some of the most visible changes in QSEM 3 were related to the nature of land disputes, expectations around land, and local organizing.** There was a notable rise in village-level land disputes in the one area with an active farmers' union. The new land disputes were mostly local and triggered by the land registration process or driven by debt, rising prices or previously unresolved issues. The cases were exacerbated by the informal and extra-legal nature of previous land transactions. No cases of inter-village land disputes were reported in QSEM 3, though there were cases of disputes between individuals in different villages, usually as a result of some families losing land they had put up as collateral.

**The main change in QSEM 3 related to land confiscation was that attitudes of villagers appeared to have changed, with villagers more likely to pursue restitution and re-open old cases of land confiscation.** For example, in one village in Bogalay township in Ayeyarwady, people reported that they were planning to ask for compensation for land appropriated years ago by the government for building a road after a local member of parliament discussed with them land registration issues and incited them to approach farmland administration committees with grievances. Few cases of large-scale land-grabbing were identified, apart from pre-existing cases for which villagers were trying to get compensation.

## LABOR

**As in previous QSEM rounds, farmers continued to report peak season labor shortages, which were exacerbated by the short time windows available for planting and harvesting.** Because of year-on-year crop losses caused by unpredictable weather, farmers in Ayeyarwady and Magway reported that they were now unable to pay the usual season's worth of wages to laborers in advance in order to secure their services at harvest time. Laborers thus had to seek 'advance wages' from several farmers at once, dispersing their loyalties, making it more difficult for farmers to secure the services of casual laborers when they needed them. In some regions, the cost of peak season labor also rose, exacerbating these peak season labor shortages.

**Farmers cited out-migration as a cause of increasing labor shortage and cost, but the evidence on this was inconclusive.** In Ayeyarwady, labor costs at harvest time increased in all villages regardless of the increase in migration; whereas in Magway the labor cost for harvesting remained the same between 2012 and 2013. Furthermore, the going rate for labor for harvesting was exactly the same across all villages in Magway, even though the level and growth of migration differed significantly among villages. Instead of increasing wages, farmers in Magway reported coping by substituting family labor for hired labor and by planting less. Ayeyarwady farmers, by contrast, did not reduce their inputs despite their financial struggles.

**While farmers struggled at peak times, laborers continued to struggle in non-peak times, reporting difficulties in finding enough work during that period.** They supplemented their income in various ways, including by keeping livestock, and migrating seasonally to other villages, or long-term to Nay Pyi Taw, Yangon, Mandalay, or abroad. As in previous QSEM rounds, there were

distinct differences in wages across regions and townships and for different tasks and genders.

## DEBT AND CREDIT

**Although there were some changes in the credit supply, with villagers reporting that the credit supply had increased that interest rates had mostly decreased, particularly in Ayeyarwady and Magway, the impact of this on farmers was unclear.** In several cases, farmers reported that they still struggled with debt, and that with low profit margins, the ability to borrow money simply had the potential to push them further into debt.

**Some problems were reported with MADB loans, including over alleged misappropriation of funds at village level.** In Ayeyarwady, every village reported that MADB borrowers had difficulty in repaying loans. There, several cases of alleged misappropriation of funds at village level arose.

## MARKETS

**The impact of an increase in price information for farmers was limited, highlighting the relative importance of market accessibility and debt in the negotiating power of farmers.** Bigger farmers reported preferring to sell produce to their existing buyers; rice millers also functioned as creditors. Smallholder farmers reported that even with good price information they needed to sell quickly because of indebtedness and high interest rates, combined with a lack of storage facilities. Finally, farmers also reported that they had had good price information for two or three years, so the price they were offered for their produce by brokers did not differ significantly from prices in township markets.

**Farmers also reported constraints to collective selling or bargaining, particularly for smallholders.** In Labutta, for example, farmers reported that they couldn't sell collectively because harvesting times were different, and people wanted to sell their crops at different times. The aforementioned high cost of transporting paddy to township capitals meant that it was too expensive for them to rent a boat and transport their goods to the township capital in order to seek a better price for their goods.

## COPING STRATEGIES

### TYPES OF SHOCKS

**With some exceptions, the kinds of problems and shocks people faced were similar to those in previous rounds of research.** They included both community-wide problems, such as communal violence and unusual weather patterns, and household-level shocks, such as health problems. Weather unpredictability was the most common kind of shock—over half of villages reported weather-related shocks, including excessive or irregular rainfall and, in Shan State, hail stones.

### DRIVERS OF DECISION-MAKING

**People decided how to cope with problems and shocks in different ways—depending on whether the shocks were sudden or persistent—all involving some combination of trying to reduce risk and diversify sources**

**of or maximizing income.** Farmers reported seeking to reduce their exposure to weather risk by planting less on only fertile parts of land, by reducing pesticide use, and by increasing reliance on family or shared labor—these strategies sometimes reduced their outputs. Farmers also sought to diversify their household livelihoods, such as sending their children to seek jobs outside the village. These decisions were also affected by social priorities and not simply a straightforward economic calculus.

**Health problems posed particular challenges** for poor families, who often drove themselves far into debt to cope with sudden health shocks.

#### COPING PATTERNS

**Households relied on themselves and on community and social mechanisms to cope with hardship, and rarely expected government assistance.** It was common for neighbors to help one another cope with sudden individual shocks by lending one another rice and water, and for villagers to cope with common problems, such as livestock disease, by pooling resources and sharing costs. Villagers did not voice any expectations that the government was responsible for providing safety nets.

**Some of the coping strategies employed, particularly selling or pawning productive assets, led to greater long-term hardship.**

**Migration as a coping strategy increased in QSEM 3.** As in QSEM 1 and 2, migration patterns varied by region, with people reporting a desire to move to cities in search of work. Alternative strategies included diversifying livelihoods, or selling or pawning productive assets, but this came with other, longer-term problems.

**For casual agricultural laborers, seasonal migration patterns were less predictable than in previous rounds and work was subsistence-based rather than representing an opportunity to save.** Because casual laborers were affected by the financial difficulties of farmers, they had to seek work where they could find it. Instead of being pegged to the agricultural season in predictable ways, their patterns thus shifted to a kind of ‘shuttle’ migration, where they simply followed the work, staying for as long as the work lasted, and then returned home immediately.

**As in previous QSEM rounds, social norms affected the different patterns of migration for men and women and young and old.** Young people cited not only economic opportunity but also social factors as a driver for migration, and it was the existence of social networks in the destination location that appeared to be an important driver for migration, which is consistent with the differences in migration figures out of villages. Despite these networks, however, migrants reported facing risks in destination locations.

#### SOCIAL RELATIONS AND INSTITUTIONS

**Some of the main changes visible in QSEM 3 generally were in the realm of village governance, social relations, and institutions. The main dynamics were threefold.**



**First, as described in the section on land, there were distinct changes—albeit with regional differences—related to village institutions and leadership as a result of the policy changes introduced by the new *Ward and Tract Administration Law*.** Some village level disputes arose over land and village governance issues, mainly in the one area with an active quasi-political group, a farmers’ union, as old disputes re-emerged in the new space created by reform and policy change. Even in other areas, there were changes in the propensity of village actors to attempt to negotiate collectively on behalf of their interests.

**Secondly, wider national issues around conflict and communal violence affected livelihoods or village governance in certain areas.** In Rakhine State, the outbreak of communal violence in one township affected people’s livelihoods at village level by distorting traditional market dynamics. The site of the violence, Kyaukpyu, is also the terminus of the new Shwe oil and gas pipeline. While no violence occurred directly within the three QSEM villages, villagers’ livelihoods were affected by a drop in demand for rice and livestock, a drop in the price of corn, and an increase in the price of fish resulting from the violence. Nevertheless, although the violence had hurt their livelihoods, social and ethnic identity appeared to trump economic self-interest in the way that villagers perceived the conflict and calculated their interests. As in QSEM 2, villagers in previously conflict-affected villages in Shan State reported that their lives had become easier since the ceasefire, primarily because they had to pay far less informal tax to the army and non-state actors. Informal taxes dropped by as much as fifty percent, as it did in Hsihseng in Southern Shan State, where it dropped from 100,000 *kyats* to 50,000 *kyats*.

**Social capital—that is, the norms of trust and reciprocity among people that enable them to work collectively toward shared goals—remained relatively strong in QSEM areas.** Social capital enabled villagers to act collectively to benefit their livelihoods, often filling gaps in service delivery, renovating or building village infrastructure, or contributing to externally funded projects. Such community contributions also extended to inter-village projects.

**Despite this overall strength in social capital, however, there were several issues emerging surrounding social exclusion and marginalization,** either on the basis of economic inequality, ethnicity or religion. Villages in Rakhine affected by wider communal violence in their township saw high levels of trust at village level among the homogenous village population, but these gains correlated with increasing distrust of groups outside the village. Elsewhere, several villages faced tension over village administrator elections, which spilled over into social life.

**Determining the prevalence of issues around marginalization and social inclusion had been difficult for previous QSEM rounds.** In the QSEM 3 round of research researchers conducted many more in-depth household interviews with poor households than in previous rounds, and approached issues of marginalization more indirectly. This approach yielded more information that begins to trace the pathways and motivations of social exclusion. Some pathways appeared largely class-based or financially motivated: in some villages



in Shan State, villagers reported that richer and poorer people played different roles in weddings and other public events, and one village reported exclusion from school based on feelings of marginalization. In Rakhine State, poor households reported that because poorer people were dependent on richer people within their villages to gain access to informal credit, they were generally reluctant to upset social hierarchies.

**Social exclusion also appeared to take on religious dimensions: in Ayeyarwady, one village reported that different religious groups had little contact with each other.** The corollary to this lack of trust between religious groups—increased social bonds within religious groups—was reflected in the social capital dynamic in villages in one Rakhine township that had been affected by inter-communal violence, Kyaukpyu. There, villagers reported that they had stepped up collective efforts to provide security patrols. To help one another cope with these restrictions, richer people in the village lent rice to the poor, and if villagers had to go to the hills for any reason, they went in a group. Thus, the increased strength of these social bonds within religious groups was precipitated by the total deterioration of already weak trust and social bonds across religious groups.

#### VILLAGE INSTITUTIONS

**The changes introduced by the *Ward and Village Tract Administration Law* were the catalyst for many of the village governance-related changes visible in QSEM 3.** The laws contain for the first time the provision for village tract administrators to be elected, thus potentially providing a formal structure for bottom-up representation that has a basis in law—a sharp contrast from previous top-down village governance arrangements.

**There were several changes or dynamics related to village governance as a result of both the introduction of the laws and wider national changes.**

- First, the village tract institutional map changed somewhat, with the introduction of new village tract committees.
- Second, there were changes around the role of the ‘100 household leader’ under the new law, with some villages maintaining this position and others eliminating it.
- Third, there were some changes in the relative importance and function of different institutions, with shifts in the role of the village tract administration and the role of informal leaders.
- Fourth, the village tract administrator election became, in many townships, an important locus of competition and negotiation.
- Finally, the motivations for participating (or, in Shan State, not wishing to participate) in such elections revealed some important dynamics around power and the village political economy, namely the importance of social standing and also of the ability to make money through occupying the post, on the one hand, but of pushback on corruption matters and increased accountability measures exercised by ordinary people on the other.

## EXTERNAL ASSISTANCE

**QSEM 3 builds on the two previous QSEM rounds that sought to map broadly the context of external assistance, as well as aid decision-making and social dynamics.** Specifically, QSEM 3 examined questions of villagers' perceptions, attitudes, and expectations towards aid. The overall picture of aid that emerged was overall similar to QSEM 1 and 2 with respect to levels and type of aid provided, with some increases in government service provision and assistance in school and healthcare infrastructure.

**There was little change in the priorities of villagers**—villagers everywhere continued to ask for help with infrastructure, health care, schools and teachers, and livelihoods. Providing for education remained a particular problem in all areas, while dealing with environmental problems remained a priority in Rakhine and Shan States. In dealing with these issues, villagers in all states and regions appeared to expect little assistance from government, which accords with recent research conducted in Myanmar, such as *The Listening Project* (2009).

**In some areas villagers complained of receiving inappropriate or insufficient assistance.** Villagers in Magway, for example, had received training in farming techniques, which they welcomed, and in making shampoo, sewing, and beauty courses, which they saw as less useful, since there was little market for beauty services in the villages. Two villages in Rakhine State reported receiving no assistance at all.

**Villagers continued to expect little assistance from central government.** There was evidence in all states and regions of villagers' continued interest in donating their time and labor to assistance projects.

**The processes set up to deal with complaints were normally not used apart from for serious problems.** Villagers instead preferred to deal with aid problems in familiar ways: through talking with others, including project staff, in person and negotiating with them. Accordingly, under QSEM 3, only two cases of formal complaints were registered. However, in some villages, there were informal complaints about the effectiveness, relevance, or timeliness of aid received. Farmers in three villages in Kyaukme township in Shan State, for instance, reported that village leaders distributed peanut seedlings to villagers after the growing season, and many could not make use of the assistance. Another complaint, reported also during earlier QSEM rounds, was lack of transparency by village development committees.

## CONCLUSIONS & IMPLICATIONS

The conclusions and implications of the QSEM research (including from previous rounds) involve a mix of research, policy and practical interventions. They include:

### LAND

- The need to monitor closely the impact of the new land laws on land ownership structures, land prices and landlessness at village level;

- The need to pay attention to the local level dynamics of land, including inter-village disputes, the impact of international investment, local level land disputes and indebtedness

#### LABOR

- The need to better understand local labor markets, particularly the links among labor, migration, landlessness and land accumulation

#### CREDIT & FINANCIAL SERVICES

- The need for more affordable credit products targeted at farmers with borrowing and repayment terms approximating needs and cash flows from farming.

#### RISK-MANAGEMENT PRODUCTS

- The need for pilot interventions to develop a range of new financial products that better match and support the livelihood strategies of the poor, including micro-insurance services.

#### COLLECTIVE ACTION INTERVENTIONS

- The importance of understanding the relative lack or weakness of collective action mechanisms for improving the welfare of farmers.

#### MARKET ACCESS AND INFORMATION

- The need to understand the constraints on the bargaining power of farmers. The core issue in QSEM 3 did not appear to be a lack of information, but rather that farmers could not do much with the information because of problems with market access, the cost of transport to markets, a lack of storage facilities, or other constraints.

#### CONFLICT, MARKETS AND LIVELIHOODS

- The need to monitor the ongoing impact of conflict in Rakhine State upon livelihoods and to understand better the impact of the ceasefire and political party competition in the lead-up to elections on illegal activity in Shan State

#### CLIMATE ADAPTATION

- The need to better understand the ongoing effects of weather-related distress on farmers and to build climate resilience.

#### FISHERIES

- The need for research and policy interventions to better understand and manage the apparent depletion of fish stocks.

#### COPING STRATEGIES

- The need to better understand the role of different types of remittances (including domestic remittances) and migration in the rural economy, including impacts on the local labor market and the role of remittances in coping with shock.
- The need to build and strengthen formal channels for remittances, including region/state remittances.

#### VILLAGE GOVERNANCE, PARTICIPATORY PLANNING

- The need to monitor the evolution of participatory planning capacity at village level, particularly in the context of changing village governance arrangements.
- The need to ensure that the new village development support committees are sufficiently broad-based and representative, have effective accountability mechanisms, and effective links to the village level.
- Donors should take steps to end the proliferation of village committees, ideally by using the government-mandated village development support committee to channel aid, and take transparency measures to avoid elite capture.
- The need to monitor village political economy and corruption issues

#### AID EFFECTIVENESS

- The need to strengthen grievance handling and other accountability measures should be strengthened.

## SECTION ONE: INTRODUCTION

## 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.

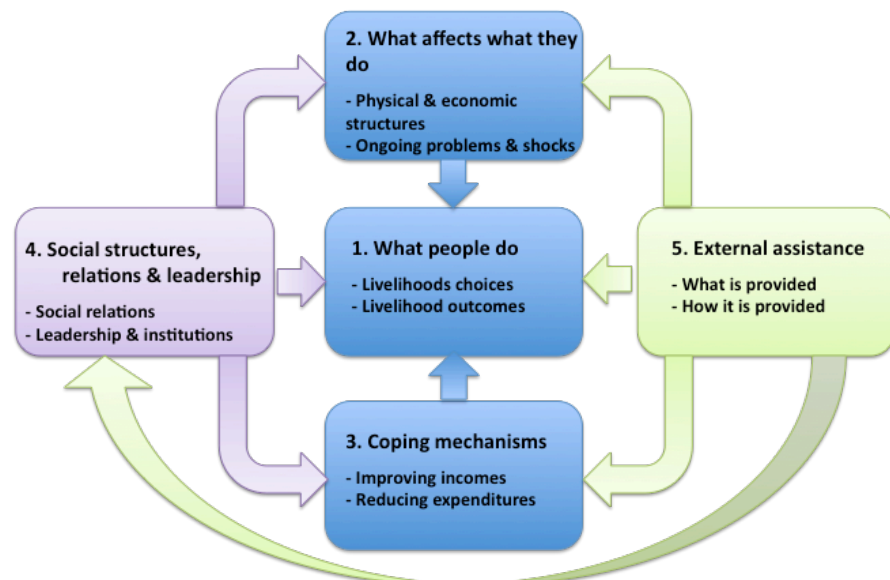
The second round of research was conducted from September to October 2012 and focused in more detail on livelihood activities. QSEM 2 was conducted in Mandalay Region, Shan State, Ayeyarwady Region and Chin State. It built on QSEM 1 by presenting a more granular understanding of the main livelihood activities 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, on which this report is based, was conducted from May to June of 2013, and focuses on village-level change. QSEM 3 was conducted in Ayeyarwady Region, Magway Region, Shan State and Rakhine State. The third round of research was the first time all villages in the sample were repeat villages. This report thus focuses on what changes have taken place since the start of the research. Because the changes were concentrated not in livelihood patterns but in broader aspects of the village context, including land, village governance, and local organizing, this report focuses on broader changes rather than presenting descriptive detail on livelihood patterns as in previous patterns. Instead, the report focuses on what is changing, why, and how.

## CHAPTER TWO: ANALYTICAL FRAMEWORK & METHODOLOGY

### ANALYTICAL FRAMEWORK

FIGURE 1: OVERALL ANALYTICAL FRAMEWORK FOR QSEM



The overall QSEM program collects information on five topic areas, as shown in the boxes in **Error! Reference source not found.** 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. How does external assistance affect what people do, their coping mechanisms, and social

structures? How do those social structures shape the local economic environment? How do coping mechanisms affect livelihood choices and outcomes? 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.

**To achieve the above objectives, QSEM 3 relied on 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.

**TABLE 1: STATES AND REGIONS IN QSEM**

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

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 Delta 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. The research aims to cover both temporal and seasonal variation, so the research visits are staggered, with each state or region visited twice in 18 months.

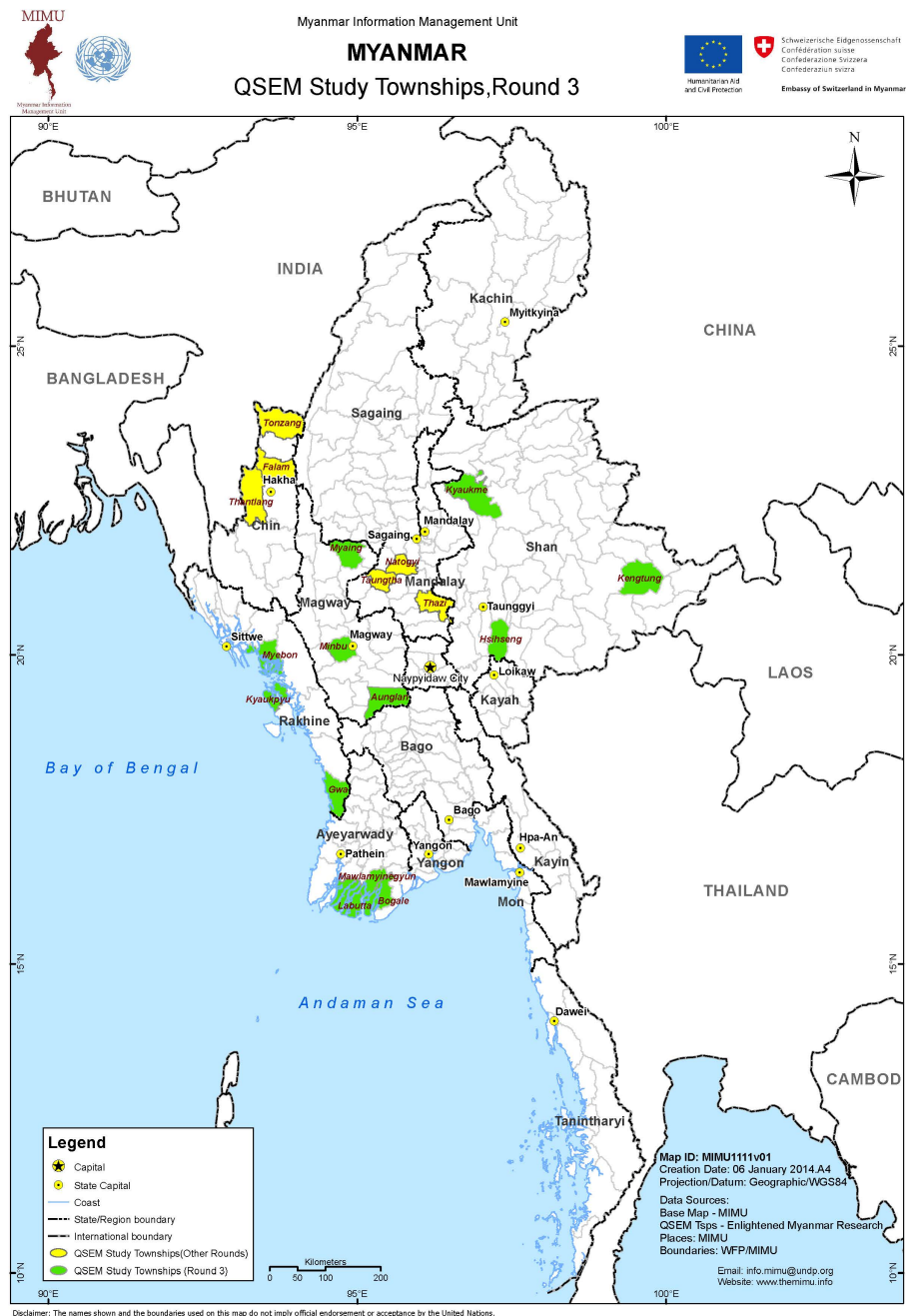
**Five rounds of QSEM are planned over a period of three years.** QSEM adopts a staggered strategy, with each state or region visited at least three times over a three-year period, including visits during both the dry season and the rainy season. The table below gives a list of townships visited and the number of interviews and focus group discussions conducted in each village for QSEM 3.

**Teams of three researchers spent approximately three days and four nights in each village and conducted key-informant interviews, focus group discussions and in-depth interviews with selected households cross wealth strata with over 500 people.** Informants included a wide cross-section of the village 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. To the extent possible, the researchers tried to get perspectives on the same topics from each group 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.

FIGURE 2: QSEM STUDY TOWNSHIPS



Teams of three researchers spent approximately three days and four nights in each village and conducted key-informant interviews, focus group discussions and in-depth interviews with selected households cross wealth strata with over 500 people. Informants included a wide cross-section

of the village 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. To the extent possible, the researchers tried to get perspectives on the same topics from each group 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 2: NUMBER OF KEY INFORMANT INTERVIEWS (KII), FOCUS GROUP DISCUSSIONS (FGD) AND IN-DEPTH HOUSEHOLD INTERVIEWS ACROSS WEALTH STRATA**

Region/ State	Village level			Total		Township level			Total	
	# KII	# FGD	# HH inter- views	M	F	# KII	# FGD	# HH inter- views	M	F
Ayeyar- wady	21	6	87	110	47	7	0	0	7	0
Magway	13	5	77	70	53	11	0	0	7	4
Rakhine	30	6	90	129	24	12	0	0	11	1
Shan	20	4	77	84	30	6	1	0	8	4

Interviews were conducted across wealth groups, with wealth ranking based on community-reported criteria based on the relative size of landholdings in each region.<sup>1</sup> The table below gives the wealth ranking criteria for small, medium and large farmers used in each region. These criteria are different for each region as they were developed by local communities based on land ownership patterns in the area. These criteria, listed in Table 3, guide the usage of small, medium and large farmer categories throughout this report.

**TABLE 3: WEALTH RANKING BY REGION IN QSEM 3**

Region	Smallholder Farmers (# acres)	Medium Farmers (# acres)	Large Farmers (# acres)
<b>Ayeyarwady</b>			
(Freshwater villages)	<5	5-15	>15
(Saltwater villages)	<10	10-25	>25
<b>Magway</b>	<5	5-15	>15
<b>Rakhine</b>	<8	NA	NA
<b>Shan State</b>	<5	5 to 10	>10

<sup>1</sup> There were two reasons for using land as the main wealth criterion and using different criteria across states and regions: (1) Land was the main source of wealth and so the easiest rough proxy; (2) Landholding sizes differed substantially between states and regions, which, combined with the fact that the purpose of the wealth ranking was to understand dynamics across wealth strata within rather than across communities, would have lent little utility to cross-regional comparisons.

## REPORT STRUCTURE

### Section One: Introduction

This introduces the objectives and methodology of QSEM and provides an overall picture of changes since QSEM 1.

**Chapter 1: Objectives.** This gives an overview of the objectives and history of QSEM.

**Chapter 2: Analytical Framework & Methodology.** This outlines the methodology, regions covered and analytical framework used to conduct the second round of QSEM.

**Chapter 3: The Overall Change Trajectory.** This provides an overall picture of what has and has not changed at village level since previous rounds of QSEM.

### Section Two: The Village Livelihoods Context

This section contains the main QSEM 3 analysis.

**Chapter 4: Livelihoods.** This examines issues around land, labor and credit, which are the main areas of change in QSEM 3.

**Chapter 5: Coping Strategies**

**Chapter 6: Social Relations and Institutions**

**Chapter 7: External Assistance**

### Section Three: Conclusions

**Chapter 8: Conclusions and Implications**

## CHAPTER THREE: THE OVERALL CHANGE TRAJECTORY

In QSEM 3, changes at the village level began to emerge clearly for the first time. During previous rounds of research, researchers were new to either all of half the villages in the sample. QSEM 3, in contrast, was the first round in which all villages in the sample were 'repeat' villages, enabling researchers to track changes since previous fieldwork rounds and better understand recurrent issues.

**The changes identified highlight how Myanmar's national transition may be playing out at the village level in rural areas.** Although there were few significant changes in livelihood patterns, there were emerging changes in land management, village governance, and local organizing. The story emerging from the QSEM 3 villages is one of: (a) few observable changes in the basics of people's livelihoods; (b) some structural changes on issues that are important for the village livelihoods context, in particular in land but also in labor and credit; (c) perceived intensification in the kinds of problems and shocks people face and some changes in coping, particularly in migration; and (d) flux in village governance, collective bargaining and other aspects of village institutions. As in previous rounds, there was regional variance in all these areas.

*The main changes in QSEM 3 were not in basic livelihood patterns, but rather in land, village governance and local organizing, with some changes too in relation to labor, migration and other problems and shocks.*

**Change came in several forms.** In some areas, change appeared to be systemic or to herald the beginning of longer-term trends. These included, for example, areas such as land management, where national policy changes were starting to be felt at the local level. In other areas, changes were responses to seasonal variation, outside factors, or shock, such as conflict in Rakhine. This report focuses on the former type of change, though identifies the latter when relevant to the analysis or to the evolution of the local context in LIFT areas.

#### BASIC LIVELIHOODS PATTERNS

**As might be expected given the short period of time since QSEM began, there were few changes in basic livelihoods for farmers.**<sup>2</sup> Despite an increase in availability of credit services and a lowering of interest rates, farmers largely grew the same crops, had the same landholding sizes, used the same type and amount of fertilizer and pesticides, and used the same seeds as in previous research rounds. The persistence of farmers' behaviors despite the change in credit may be partially explained by their limited ability to cope with risk, which inhibited their readiness to test new brands of seeds or farming techniques. In addition to access to credit, labor was the other main area of change perceived as affecting farmers' livelihoods; this is expanded upon later in the report. There were few changes in market accessibility or the cost of transport to markets. Other changes affecting farmers were specific to particular geographic areas, and are detailed in the annexes to this report.

**Changes in fishing patterns and in livestock-rearing were also minor.** Changes in fishing patterns varied between Ayeyarwady and Rakhine. In Ayeyarwady, the main change was in the fishing licensing process, where the government made attempts to limit the role of middlemen in the fishing license auction process. In Rakhine, there were some changes in outputs and prices. In Gwa township, fishers reported that fishing conditions had improved since QSEM 1 and that their catch had increased. In Kyaukpyu, which was affected by communal violence, the price of fish increased. Such changes are detailed in the main body of the report and annexes. In livestock-rearing, there were almost no changes in livelihood patterns, except for in Kyaukpyu township in Rakhine State, where most of the cattle brokers had been Muslims, who after the conflict no longer were able to trade, causing demand for livestock to decrease.

#### LAND, LABOR, MIGRATION AND CREDIT

**There were, however, emerging changes in the village livelihoods context, in particular around land, and some changes in the dynamics around long-standing issues of labor, migration, and credit.** Three main issues arose:

- **First, there were emerging changes around land at village level as a result of the new land laws put in place by the government.** In most village tracts, land management committees had been set up to help implement the land laws. Many farmers were pleased that the laws gave them the opportunity to buy and sell land. On the other hand, villagers also reported corruption with the implementation of the land laws, raising

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<sup>2</sup> Because there are few changes in this area, the report does not focus on these aspects, instead presenting a few details in the following chapter and some more information in annexes.

issues around political economy at the village and township levels as Myanmar's reform process unfolds.

- **Second, farmers continued to report labor shortages at peak season, and also in some areas reported an increase in the cost of labor.** Although there was little hard evidence of the reasons for this, farmers perceived this to be linked to an increase in distress-related out-migration.
- **Third, there was some increase in credit provision, and some increasing indebtedness.** Villagers reported both an increase in the credit supply and, particularly in Ayeyarwady and Magway, a decrease in the interest rate. The impacts however were mixed. It is too early to assess the longer-term impacts; however some farmers reported that access to increased credit merely pushed them further into debt.

#### PROBLEMS AND SHOCKS

**There were some perceived changes in the intensity of problems and shocks faced by villagers.** Although the kinds of problems and shocks people faced remained similar to previous rounds, in a number of villages people reported crop losses as a result of ongoing year-on-year weather related distress. In some areas, they reported limiting the amount they spent on inputs such as fertilizer to avoid exposure to the risk of crop loss. Farmers also reported increase in migration, which they perceived to be linked to the rising cost of labor and labor shortages in the peak season, though the evidence on this was mixed.

#### SOCIAL RELATIONS AND INSTITUTIONS

**Finally, there were notable changes in village governance, which, like land, was a direct result of government policy changes.** This took two forms:

- **First, there were changes in village tract administration as a result of the new ward and village-tract administration law, the underlying dynamics of which highlight emerging village political economy issues.** Three out of four states and regions in the study had held village tract elections at the time of the study. In some villages, new leaders had emerged and there was a high degree of competition over the village tract administrator post, spurred by the possibility of using the post for private gain. In some cases competition over these elections spurred social tension. In other areas (parts of Shan State), however, the post of village tract administrator was not considered desirable because of the pressures wrought by the wider context and history of conflict. There was thus considerable regional variance over these issues.
- **Second, several new cases of local organizing and collective bargaining arose.** They were linked to various issues, including land, foreign investment, and the upcoming 2015 elections, and they highlight how local communities are making use of the openings afforded by transition. Some of the most visible changes in QSEM 3 were related to the nature of land disputes, which increased substantially in QSEM 3, as well as expectations and local organizing around land. Developments in Mawlamyinegyun

township in Ayeyarwady are demonstrative of these dynamics, even if not typical of QSEM villages: there, seventy new land disputes in one tract arose as a result of organizing led by a newly-established farmers' union.

## SECTION TWO:

### THE VILLAGE LIVELIHOODS CONTEXT

## CHAPTER FOUR: LIVELIHOODS

### INTRODUCTION

**This section examines changes in the village context that affect people's livelihoods choices and outcomes:** in terms of the overall analytical structure, it examines how the physical and economic structure (outlined in box 2 of the analytical framework diagram earlier in the report) affects how people make a living. Previous QSEM reports provided a detailed focus on basic livelihood patterns, documenting the livelihood choices and outcomes of different groups. As there were few changes in such basic livelihood patterns in QSEM 3, in this report these details are presented in Annex 1, which includes a breakdown of geographic variation. This section instead seeks to understand changes in the wider livelihoods context.

**The chapter focuses on land, labor and credit.** In relation to land, national policy reforms have started to have an impact in villages. The chapter documents how these changes are being managed at village level. Labor patterns continued to remain complex. Farmers continued to face challenges accessing labor in peak seasons. Their response to this varied across regions. Laborers continued to face challenges in finding work in non-peak seasons. Access to credit increased in the QSEM villages and, in some areas, interest rates decreased. This chapter documents some of the varied impacts of these changes.

### LAND

**The main changes observed around land were related to the two new land laws adopted by the government in March of 2012, the *Farmland Law* and the *Vacant, Fallow and Virgin Lands Management Law*—laws that are critical inasmuch as they affect one of the most valuable assets of farmers.** Since these laws were passed, there has been much debate in policy circles about the likely implications of the laws on smallholder farmers and on landlessness in rural areas, with some arguing that although certain aspects of the laws are intended to protect smallholder farmers, in fact they are likely to weaken their security of tenure and increase landlessness.<sup>3</sup>

**This report presents evidence on the changes that have emerged in the QSEM villages as a result of the laws.** The longer-term impact of the laws will depend as much on how they are implemented and how related issues are negotiated as on the texts of the laws themselves. In this report we thus do not examine the legislative strengths and weaknesses of the laws, as such analysis has been done elsewhere, but instead present findings on how the laws are unfolding and on aspects of the broader village context and political economy.

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<sup>3</sup> See, for example, Displacement Solutions, *Myanmar at the HLP Crossroads: Proposals for Building an Improved Housing, Land and Property Rights Framework that Protects the People and Supports Sustainable Economic Development*, Displacement Solutions, 2012, and Food Security Working Group's Land Core Group, *Legal Review of Recently Enacted Farmland Law and Vacant, Fallow and Virgin Lands Management Law*, Food Security Working Group, November 2012.



**BOX 1: THE FARMLAND LAW AND VACANT, FALLOW AND VIRGIN LANDS MANAGEMENT LAW**

The *Farmland Law* and *Vacant, Fallow and Virgin Lands Management Law* are two of a complex web of land laws in Myanmar. The main changes are as follows:<sup>4</sup>

**Farmland Law**

- Farmers are able to register land use certificates in their names, though the process for doing this is not clearly specified
- Farmers can freely buy, sell and pawn land, though land remains the ultimate property of the state.
- Land use certificates are issued by a farmland administration body and registered by the Settlement and Land Records Department. Disputes are heard by farmland administration bodies.
- The law recognizes that farmers should be compensated if land is taken for another purpose.

**Vacant, Fallow, Virgin Lands Management Law**

- Citizens, investors, government entities and NGOs can apply to lease between 5,000 and 30,000 acres of vacant, fallow or virgin lands for up to 30 years
- Land already being used by farmers can be formally recognized and reclassified as farmland, with land use certificates then given to farmers
- Farmers may apply to use up to 50 acres of land not already being used if they can show that they can develop and manage the land

Source: Food Security Working Group's Land Core Group, *Legal Review of Recently Enacted Farmland Law and Vacant, Fallow and Virgin Lands Management Law*, Food Security Working Group, November 2012

**LAND MANAGEMENT**

**The new land laws had begun to be implemented in about half of the villages in the sample.** At the time of the fieldwork, the process of registering for land use certificates for farmland had begun in five out of nine villages in Ayeyarwady, six out of nine villages in Shan, and three out of nine villages in Rakhine. In Magway, registration had begun in only one village, but others reported it was due soon.

**The land registration process differed by region. In Ayeyarwady, Magway, and Rakhine, the land registration process was conducted through the entities outlined in law.** In these regions, the farmland administration committees specified in the law had indeed been set up at village tract and township level. These committees were managing the land registration process. In Shan State, no formal village tract level farmland administration bodies were found. Instead, villagers reported that the village tract administrator and an official from the township Settlement and Land Records Department had

*Land registration had begun in about half the villages in the sample, with regional variation in implementation arrangements*

<sup>4</sup> Details can be found in Food Security Working Group's Land Core Group, *Legal Review of Recently Enacted Farmland Law and Vacant, Fallow and Virgin Lands Management Law*, Food Security Working Group, November 2012.

*Farmers were represented on all the farmland administration committees, and in all areas land registration involved some form of community verification—but the farmers represented were large and medium rather than smallholder farmers.*

organized land registration simply by coming to the villages and asking village administrators to provide a list of farmers who wanted to register.

**Although the law does not require farmers to be represented on the farmland administration committees, farmers were in fact represented on all village tract committees already set up in the QSEM sample in Ayeyarwady, Magway, and Rakhine.** The farmers, however, tended to be those with large or medium landholdings, which leaves open the question of whether the interests of smallholder farmers in particular, and village non-elites in general, are adequately represented. Despite this, though, in Ayeyarwady villagers reported generally being satisfied with the committees, in part because they were headed by the Village Tract Administrator, whom the villagers had elected themselves.

#### **BOX 2: FARMERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE LAND LAWS**

In Ayeyarwady, Magway and Rakhine, every farmer interviewed knew about the new *Farmland Law* and its provisions to issue land use certificates, but knew much less about the *Vacant, Fallow and Virgin Lands Management Law*. In the Shan State villages, knowledge about the new land laws was less widespread, and tended to be restricted to farmers with larger landholdings.

Farmers reported that they had received information about the *Farmland Law* from the radio, from notice-boards set up by NGOs and the village administration, and from meetings and loud-speaker campaigns organized by the village administration. They reported also receiving such information by word-of-mouth.

Their knowledge about the specifics of the laws varied, as did their motivations for registering land. Farmers told researchers that the law gave them the right to sell and pawn land freely and that it gave them the right to compensation if their land was confiscated. Some farmers reported that they were motivated to register for land use certificates in order to sell or pawn their land, often to cope with debt, whereas others reported that they were motivated in order to be protected in case of land confiscation.

**The committees consisted of a mix of farmers, village elders, and village tract, township, and land department officials.** In Magway, Ayeyarwady and Rakhine, the committees consisted of: (1) the village tract administrator; (2) the township administrator's assistant (a clerk in the township office); (3) a representative from the township-level Settlement and Land Records Department; (4) one or two village elders/respected people chosen from the village-tract level committee set up to manage village tract administrator elections (*ya mei ya hpei*, the 'mothers and fathers of the village'); and (5) one or two farmer representatives.

**In all areas, land registration involved some form of community verification.** In Ayeyarwady, Magway, and Rakhine, any application by farmers to get land use certificates for a particular plot of land had to be endorsed by both the village administrator and the people who had use rights over neighboring plots. In Shan State, village administrators used notice-boards to

announce the land registration process and to publicize a list of different claims over land. The list was posted to enable villagers to protest if they disagreed.

### BOX 3: VILLAGE POLITICAL ECONOMY ISSUES OVER LAND

*“Now I am getting afraid. I feel that if I am getting afraid, I will kill you.” –  
Farmer, Rakhine State*

**In one village in Rakhine, apparent corruption and collusion meant that the benefits of land reform appeared to be captured by elites.** In this village, alleged corruption meant that provisions in the land laws intended to enable farmers to benefit from vacant land were used to transfer land use rights to business owners.

In the village in question, several people reported a case in which two business owners had approached a villager to apply for vacant land—then covered by trees—in his name. Under the *Vacant, Fallow and Virgin Lands Management Law*, farmers may apply to use up to 50 acres of vacant land if they can show their ability to use it productively. To do this, the villager would have had to show his ability to clear the trees, something that was far beyond his budget. It also required having a land map, getting a letter from the village administrator, and interacting with the Settlements and Land Records Department.

The villager reported that the two business owners, along with the village administrator and three officials from the Settlement and Land Records Department, had approached the villager, saying that they could provide the money to clear the land if he applied for the land use rights in his name. After getting the rights, however, they planned to sell them<sup>5</sup> to a larger business owner from outside the village for 120 *lakh kyats*. The officials proposed splitting the profit seven ways: one part for the villager, one for the village administrator, two for the businessmen, and three for the land records department. The villager in question reported that he had already received his pay-off of approximately 12 *lakh* but had already spent some of it on drinking alcohol and on other pursuits.

The research teams triangulated the story with several other sources within the village, all of whom confirmed it and offered a consistent description of events. The morning after talking about this case, however, the villager in question said that he was not sure why he had told the research teams about it, saying “Now I am getting afraid. I feel that if I am getting afraid, I will kill you.”

**In two villages in Ayeyarwady, cases of alleged corruption highlighted the ways that previous rice production quotas created incentives for using land in locally unsustainable ways.** There, farmers reported that to meet their production quotas, they had to use the local mangrove forest as farmland and for many years had given informal payments to government officials to be able to clear mangrove to do this. As a result, no mangrove was left in or around the villages.

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<sup>5</sup> This is technically not permitted under the law, but the intended sale may have been informal.

*Although this is hard to verify, villagers also reported several cases of alleged corruption with the implementation of the new land law, which in at least one case enabled the benefits of land reform to be captured by elites.*

**Although it is very difficult to verify such claims, there were several reports that village administrators or officials from the township-level Settlements and Lands Records Departments had engaged in corrupt or collusive practices.** Because the reports are hard to verify, we do not attempt to draw any conclusions about how widespread such corruption may be. Nevertheless, the fact that villagers *perceived* and *reported* corruption is itself noteworthy and raises village political economy concerns that are worth monitoring as the land registration process unfolds. The cases in Box 3 highlight some of these impacts.

#### LAND OWNERSHIP

**It was too early to tell in this round what the practical ramifications of the laws would be for smallholder farmers.** One commonly-made critique of the new laws is that, because farmers may now sell, mortgage or trade their land use rights freely, the laws may lead to increased landlessness as smallholder farmers pursue short-term gain at long-term expense. Because the registration process had only just begun during QSEM 3, however, it was too early to see much evidence of this. Indeed, before the land registration process, farmers had already informally bought and sold land use rights, and at the time of the research, there was a lull in the buying and selling of land as farmers waited to get their certificates to enable them to do this legally.

**Although an informal market in land existed before the laws were introduced, many of the highly indebted smallholder farmers interviewed reported that being pleased that the laws formalized their ownership of land, giving them the opportunity to sell their land legally.** In Ayeyarwady and Magway regions (less so in Rakhine and Shan), many smallholder farmers reported being highly indebted to larger farmers and had already informally used their land as collateral for loans that they were unable to repay. The same smallholder farmers reported that they were happy that they could now legally sell their interest in land.

**It was unclear why smallholder farmers welcomed the formalization of land use rights despite the previous existence of an informal market in land, but there was a common perception that the land laws had increased security of tenure, rendering land more valuable.** Indeed, in some areas, villagers reported that the price of land had risen, which they attributed to the new land laws.<sup>6</sup> For example, in one township in Shan State, villagers reported that they thought the price of land had gone up because the land use certificate registration process gave stronger rights to land, rendering it more valuable. This was a township whose residents had previous experience of land confiscation: villagers reported that they believed the price of land had increased because the land use certificates gave them the right to compensation in case of future confiscation.

*It was too early to tell if the new laws would drive landlessness, though some smallholder farmers, especially those in debt, did report wanting to register to sell land or pawn it more freely.*

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<sup>6</sup> Here we report merely on villagers' perceptions of what drives land prices, rather than the actual causes of any price increases.

**TABLE 4: ROUGH ESTIMATES OF AVERAGE FARMLAND PRICES PER ACRE IN QSEM VILLAGES<sup>7</sup>**

	May-June 2012, reported price per acre ( <i>lakh kyat</i> )	May-June 2013, reported price per acre ( <i>lakh kyat</i> )
Ayeyarwady	8	10
Magway	2-6	3-7
Rakhine (Kyaukpyu)	4-5	18
Rakhine (Gwa, Myebon)	2-5	3-6
Shan (farmland)	30	40
Shan (shifting cultivation)	3	3

*Land prices varied widely. Smallholder farmers welcomed the formalization of land use certificates, believing it rendered their land more valuable.*

**Land prices varied widely.** Without land valuations, it is difficult to report comprehensively on land prices. What was clear, though, was that land prices varied greatly by region, and that overall they appeared to have increased. As might be expected, land prices in remote villages tended to be lower than in those close to township capitals. The most commonly reported estimations of land prices, which, although rough, give some indication of regional differences and of changes over time in the land price, are outlined in Table 4.

**An additional change seen in QSEM 3 was that MADB regulations had some impact on at least *de jure* land ownership structures.** MADB loans are set at a certain amount per acre and are capped at ten acres per person. In all villages in Ayeyarwady, villagers reported registering land in different names—including women’s names—in order to become eligible for more money. This led to a fragmentation of ostensible land titling, although the *de facto* land use remained the same. Because such certificates were kept within families, villagers did not believe this would result in future conflict,

**The township where land prices had increased most had significant international investment.** This township, Kyaukpyu, was the site of the terminus of the Shwe Gas pipeline, which villagers believed had driven up land prices. They reported that the price of one acre of farmland had gone up from about 4-5 *lakh* before the pipeline to about 18 *lakh*, which they believed was because landowners were now unwilling to sell their land for less than the 18 *lakh kyats* per acre negotiated by villagers as compensation by the pipeline.

#### LAND CONFLICT & NEGOTIATION

**Some of the most visible changes in QSEM 3 were related to the nature of land disputes, expectations around land, and local organizing.** Many more land dispute cases were reported in QSEM 3 than in previous rounds. But it was the type and distribution of cases that was most interesting, rather than the overall number: whereas in most townships the number of village-level disputes remained steady, many new land dispute cases arose, which were overwhelmingly in one township where a farmers’ union had emerged and was

<sup>7</sup> Caution is urged in interpreting these figures: they are based on rough estimates given by villagers, and are not taken from a representative sample. They should thus not be taken as representative of land prices: instead, they should be taken as a very rough estimate of regional differences in land cost and increases over time.

actively educating and assisting farmers. In the same township, decades-old but unresolved disputes also began to re-emerge.

**The new land disputes were mostly local and triggered by the land registration process or driven by debt, rising prices or previously unresolved issues. The cases were exacerbated by the informal and extra-legal nature of previous land transactions.** Although many QSEM villages had experienced previous cases of larger-scale land confiscation by outside actors, this was rare in QSEM 3, where there were only two new smaller-scale cases. Instead, most of the new land dispute cases that arose were local, village disputes. These disputes often arose in part because previous transactions around buying, selling and pawning land were informal and based on a social contract, creating a grey area wherein now, in the period of national reform, the parties involved appeared to feel they could renegotiate the terms of previous agreements.

#### VILLAGE AND INTER-VILLAGE LAND DISPUTES

An analysis of the dynamics of the township below illustrates some of the factors at play with such disputes.

#### BOX 4: COLLECTIVE BARGAINING AND LAND DISPUTES IN AYEYARWADY

**In Mawlamyinegyun township in Ayeyarwady Region, there was a significant rise in the number of small-scale land disputes.** Although the number of new land disputes across the township is not known, in one village tract alone, the village administrator reported 70 new land dispute cases across the six villages in the tract.

**In this township, a farmers' union and a fishers' association had been set up to represent the interests of smallholder farmers and fishers and enable collective bargaining.** Former members of the NLD political party had set up the unions and at the time of the research were in the process of getting it registered legally. In the township, many farmers had already joined.

**Farmers who belonged to the union reported that it aimed to include all farmers in Myanmar and wanted to promote farmers' rights "by farmers' voting power in 2015."** The link to the elections appeared to be connected to farmers rather than any particular party: indeed the local head of the NLD in that village reported that the union's founder had been previously expelled from the NLD for breaking party rules. Farmers in the QSEM villages who belonged, however, conflated the union with the NLD itself, reporting that they greatly admired Daw Aung San Suu Kyi and believed her party would help them reclaim land they had previously lost.

**The main aim of the union was to help farmers retrieve land previously confiscated by outside actors, but farmers were more focused on reclaiming land they had lost to richer villagers by being unable to repay debts.** In the villages in the sample, many smallholder farmers had informally 'lost' their land use rights to richer villagers from whom they had borrowed money using their land as collateral, but whom they had been unable to repay because of high interest rates and year-on-year crop losses, combined with low profit margins.

**Leaders of the union began to organize and provide information to farmers and fishers about land and fishing rights; subsequently many joined.** In the aftermath

*There were changes around village-level land disputes and local organizing, with a rise in one area of land disputes.*

of this and the new land registration process, many new land disputes emerged.

**The main drivers of these village-level disputes appeared to be indebtedness and rising land prices, with the land registration process and changing attitudes of farmers acting as catalysts for change.** Most cases that emerged were connected to debt. The land registration process in the township was based on a community-based verification system to enable the village administrator to show whose land was whose. In these villages, however, many smallholder farmers who had informally lost their land through debt had begun, with the advent of the farmers' union and land registration, to want to reclaim their original farmland. The larger landholders, however, did not want to return this land.

**Other cases were driven by land prices and highlighted current renegotiations over land in light of the informal, social nature of previous transactions.** For example, in one village in Ayeyarwady, where the price of land had gone up in some cases from 8 to 12 *lakh* per acre in a year, many new disputes had arisen. There, one farmer called Daw Khin Htwei had bought four acres of land seven years ago from a small farmer, U Shwe Yo, for 8 *lakh* per acre. The two signed an informal contract in front of the village administrator.

With the advent of rising prices and the possibility to register for land use certificates enabling legal rights to buy, sell, and pawn land, U Shwe Yo, asked Daw Khin Htwei to pay 2 *lakh* more per acre over what she had paid in order for her to be able to register in her name. Daw Khin Htwei disagreed, saying, *"I bought this land at the agreed price, and in any case I am unable to pay more."* U Shwe Yo and Daw Khin Htwei could not reach agreement, so they took the case to the Village Land Management Committee (the farmland administration committee).

**The farmland committee, however, was too overloaded to take on the case,** and indeed throughout the region—and particularly in Mawlamyinegyun township—the committees reported having many more land dispute cases than they could handle. At the time of the research, the case had thus not been resolved. A village tract administrator reported although that someone from the farmland administration committee would be delegated to resolve disputes, they were so busy with other land administration tasks they had not been able even to visit the village to examine the case, despite his offer to cover the cost of their petrol to do so.

**In this township, decades-old but unresolved issues around land began to re-emerge in the new space created by reform.** Older people in these villages reported that many farmers had started to abandon their farmlands about 20 years ago because the government required them to sell a portion of their paddy to the government at the official, low rate. Others said that farmers had stopped working their farms because of pest attacks. Calculating that the return was too small, many farmers either abandoned or returned land. Under the old system, such uncultivated land returned to the state, which in turn could redistribute it. However, some people complained that this land distribution was unfair—in one village, for example, the headman had reportedly allowed only his friends and relatives to work the land. With the advent of the new laws, many of the families who had long since abandoned their lands wanted to reclaim them.



Farmers believed they had a number of routes to pursue in case of land disputes, usually seeking assistance from the administrative branch of government, but also, now, political parties and, in one township, the farmers' union. They reported that in case of dispute, they would first go to the village (tract) administrator for assistance, and then to the township administration or the new village tract level farmland administration committee. There was no regional variation in these preferences, and nor were issues reported around the legitimacy of the village tract administration or the farmland administration committees. In two villages in Rakhine State in which eleven farmers from two villages had negotiated a dispute successfully, farmers reported they could seek help from political parties—in this case the Rakhine Nationalities Development Party—and in Mawlamyinegyun township in Ayeyarwady Region, where a farmers' union had been set up, farmers reported that they would seek help from the union.

#### BOX 5: RESOLVING VILLAGE-LEVEL DISPUTES OVER LAND

**One village in which such conflict emerged illustrates some of the dynamics around resolving such disputes.** In this case, a farmer had pawned 5.6 acres of land to his relative in exchange for credit, which increased to 11 *lakh kyats* and 110 baskets of paddy over 16 years. In 2013, however, the relative died. His surviving son asked for the loan to be repaid straightaway or to be given four acres of land. The farmer refused, saying that he was unable to repay the money and unwilling to hand over land. A dispute ensued, which came before the village administrator. The village administrator, along with the “100 household leader” and village elders and respected people, proposed a negotiated settlement, in which the farmer would be allowed to grow 1.6 acres of the land, with four of his acres going to the lender—but only in practice, not in name. If and when the farmer could afford to repay his debt, the land would be returned accordingly. The dispute was thus resolved through local negotiation using village structures, rather than through external actors.

**No cases of inter-village land disputes were reported in QSEM 3, though there were cases of disputes between individuals in different villages,** usually as a result of some families losing land they had put up as collateral. If these villages were in the same village tract, people said that they would ask the village tract administrator to help resolve the case. There were no cases across village tracts.

#### LAND CONFISCATION & NEGOTIATIONS WITH OUTSIDE ACTORS

**The main change in QSEM 3 related to land confiscation was not so much that there were many new cases, but rather that attitudes of villagers appeared to have changed, with villagers more likely to pursue restitution and re-open old cases of land confiscation.** In some villages in Ayeyarwady, Rakhine and Shan, farmers reported a history—before the current set of reforms—of land confiscation, but in most of these cases villagers were planning for the first time to try to get compensation, with the help of a diverse set of actors, including village administrators and politicians. For example, in one village in Bogalay township in Ayeyarwady, people reported that they were

*Villagers appeared more likely than before to attempt to get compensation for previous cases of land confiscation. New large-scale land-grabbing cases were rare.*



planning to ask for compensation for land appropriated years ago by the government for building a road. They were planning to do so because their local member of parliament had come to the village to talk about land registration and had explained that they could approach the farmland administration committees for help if they were dissatisfied in land issues. In another village, in Shan State, farmers reported they were trying to reclaim land confiscated about ten years ago for a failed bio-diesel project (though in another Shan State village, shifting cultivation land had been confiscated by the military and there was no current action on it). In yet another village, in Rakhine, farmers reported that they were planning, with the help of the Rakhine Nationalities Development Party, to ask for compensation for land confiscated about seven years ago by a large company with ties to the former government.

**The two cases in Box 6 illustrate some of the dynamics around negotiation over land with outside actors.** Both were from the same township, Kyaukpyu in Rakhine State, which has experienced significant international investment in the form of the Shwe Oil and Gas pipeline.

#### BOX 6: NEGOTIATING LAND WITH OUTSIDE ACTORS

**In Rakhine State, an incident arose in two villages in Kyaukpyu township, a fertile and heavily forested area.** There, people had managed the land for generations through the traditional *dama ucha sanit*, or “first come, first farm” system, where whereby whoever brings a large machete to clear land gets the right to work it. This was not a formal system, but rather a locally-agreed upon system. In these two villages, some twenty farmers had been using land thus cleared as pasture for cows.

**In 2012, the *Vacant, Fallow and Virgin Lands Management Law* was introduced, containing provisions enabling people to apply for land officially classified as vacant, and after this villagers reported that a former government official from Shan State, who had worked for the Ministry of Agriculture, had appropriated the land to grow bananas.** The village administrator reported receiving a letter from this individual on May 9<sup>th</sup>, 2013 stating that he owned nearly 300 acres in the area, including the six acres of pastureland being used by the farmers.

**The village administrator, who had a sixth-standard education, asked in other nearby villages what could be done and was told by his peers to lodge a formal complaint with the signatures of the farmers.** On the 15<sup>th</sup> of May, the village administrator and farmers sent their letter to the Kyaukpyu District Office, saying that they opposed the confiscation of the land, which they believed had happened through collusion between the man and the township land records department.

**The farmers involved believed that the man had been able to do this because he had more information about the law than they did.** “If the land records department had explained how we could register the land under our own names, we would have done so,” they said. “Every year we pay 15,000K an acre for this land, but they never give us a receipt. Now this man has come from Shan State and taken all our land. We can’t stand it.” The farmers said they would be satisfied only if they got compensation for their land. At the time of the research, they had also appealed to the township administration, but had not received any response.

*There were examples of large-scale collective bargaining on the part of farmers vis-à-vis foreign investors*

**In another village in Kyaukpyu township, farmers organized—with the help of a political party and their newly-elected village administrator—to get their full share of compensation paid by an international investor for their land, which had been misappropriated by the former village administrator.** In this village, in 2012, the Shwe Gas project was laying a pipeline across the land of 19 farmers in the village. The company gave 18 *lakh kyats* (1,800,000 kyats) per acre to each of the affected farmers, but paid the money through the village headman. However, villagers reported that the village headman kept a large percentage of the compensation for himself, and that none of the 19 farmers received the full amount. Eight of the farmers, apparently connected to the headman, accepted a payment of 11 *lakh kyats* (1,100,000 kyats) per acre, while the other eleven refused this reduced amount.

**At first, these eleven farmers went down to the pipeline construction area and held a demonstration** with signs saying, “We cannot give permission for this project!” Then in February 2013, there was an election for a new village headman, and the incumbent lost. Upon taking up his duties, the new headman had a meeting with the Rakhine Nationalities Development Party and village elders about village affairs, who advised him to apologize to the farmers for his predecessor’s misappropriation of funds. Together with village and district officials, they decided that instead of having the farmers demonstrate, they could all work together to write a letter to the Shwe Gas company to explain the problem. In doing so, they were successful in getting the full 1,800,000K per acre of compensation for the eleven farmers who had not accepted the reduced amount in the first place. Indeed, the Shwe Gas company paid the difference, not the previous village administrator who had allegedly misappropriated the money, and who had none left to pay.

**Villagers explained that under the old system, they did not think it was a good idea to complain or protest, but that the elections of village tract administrators had changed this dynamic.** When the new village headman, he realized that the question of compensation was something that the farmers wanted to have addressed, and since he owed his position to them and to the other villagers, it was an opportunity to try to solve the problem. Villagers did not, however, intend to pursue any further action against the old village administrator himself.

## LABOR

**One of the main issues facing both farmers and landless laborers was labor.** As with previous QSEM rounds, farmers reported high labor costs and peak season labor shortages, but non-peak income opportunities for landless laborers were scarce.

### FARMERS

**As in previous QSEM rounds, farmers continued to report peak season labor shortages, which were exacerbated by the short time windows available for planting and harvesting.** With very low levels of even small-scale farm mechanization, farmers relied on labor to be able to plant and harvest their crops on time, but reported that it was difficult to find enough labor when they needed it. Farmers perceived this shortage to be caused by a

*Farmers continued to report peak season labor shortages, and reported year-on-year weather distress. In Ayeyarwady and Magway, this disrupted the ability of large farmers to pay a season's worth of wages in advance to casual laborers, thus having wider effects. In Magway, farmers substituted family labor for hired labor and reported planting less.*

range of factors. They most commonly cited an increase in out-migration, but also, depending on the region, competition from higher-paying sources (including, in one Shan township, opium-growing) and, in Ayeyarwady and Magway, the deepening of their own financial struggles.

**Farmers in Ayeyarwady and Magway reported that, because of year-on-year crop losses caused by unpredictable weather, they were now unable to pay the usual season's worth of wages to laborers in advance in order to secure their services at harvest time.** In Ayeyarwady, farmers reported that they could only pay half the usual amount in advance. Laborers thus had to seek 'advance wages' from several farmers at once, dispersing their loyalties.

*"(At harvest time), we get tired out by walking to and fro to try to bring (casual laborers) to work." – Farmer, Ayeyarwady*

**Because of this, farmers reported that it was more difficult to secure the services of casual laborers when they needed them.** The laborers, they reported, were busy at harvest time working for several farmers, and did not necessarily keep their promises to work at harvest time when needed. However, farmers were in a poor negotiating position at harvest time, because they desperately needed this labor: they did not have much recourse if a casual laborer said he was already working and could only come the week after. It was unclear if this would make farmers less likely to provide advance wages in future.

**In some regions, the cost of peak season labor also rose, exacerbating these peak season labor shortages.** The cost of labor for planting and harvesting (but generally not for plowing, which is less time-sensitive) increased in almost every village in Ayeyarwady, three villages in Rakhine and five villages in Shan. Table 5 shows some of the aggregate detail for the harvesting price across regions.

**TABLE 5: DAILY WAGES FOR HARVESTING**

State/Region	2012 kyat/day (male)	2013 kyat/day (male)	2012 kyat/day (female)	2013 kyat//day (female)
Ayeyarwady	1500-2500	2000-3500	1500-2500	2000-3500
Magway	NA	1500	NA	1500
Rakhine	1500-3000	2000-3000	1200-2500	1500-2500
Shan <sup>8</sup>	2000-5000	4500-5000	2000-5000	4500-5000

**Farmers in Ayeyarwady and Magway usually cited increasing levels of migration as a reason for labor shortages or for the rising price of labor, along with the intense time pressures of planting and harvesting.** Landless laborers in these regions did report migrating, both seasonally and long-term, in

<sup>8</sup> The 2013 figures should be interpreted with caution, as they are from only one township, Kengtung, whereas the 2012 figures are from all nine villages. If the 2012 figures are taken also from Kengtung only, the figures would be exactly the same.

*Farmers perceived the rising cost of labor to be linked to an increase in out-migration, but the evidence on this was inconclusive.*

search of work elsewhere. Farmers and laborers in both regions reported that such out-migration had risen, and claimed that migration was causing or exacerbating labor shortages at peak times.

**A look at migration and labor patterns at village level in these regions, suggests a more complex and less conclusive picture.** There are too few QSEM villages in these two regions to draw any conclusions simply by examining the cross-village data, and the actions of farmers are drawn more from their perceptions of such causal links rather than any strict causal relationship. Nevertheless, a look at the migration data provided by village administrators shows no obvious discernible relationship.

**TABLE 6: LABOR & MIGRATION IN AYEYARWADY AND MAGWAY<sup>9</sup>**

Township	Village	Out-migrants as % of village pop. 2012	Out-migrants as % of village pop. 2013	Harvesting wages 2012/2013	% increase 2012-2013
<b>AYEYARWADY</b>					
<b>Labutta</b>	Kyun Chaung	4%	5%	2500/3000	20%
	Pauk Two	12%	14%	1500/2000	33%
	Kan Gyi Dauk	5%	5%	2500/3000	20%
<b>Bogalay</b>	Kyun Ka Lay	DNA	DNA	2500/3000	20%
	Ma Ngu	2%	2%	2000/2500	25%
	Nga Khu Chaun	8%	10%	2500/3500	40%
<b>Mawlam-yinegyun</b>	Hti Sa Kaung	2%	6%	2500/3500	40%
	Myit Kyi Boe	8%	8%	1500/2000	33%
	Phyar Lake Aw	5%	8%	2500/3500	40%
<b>MAGWAY</b>					
<b>Minbu</b>	Sine Shin	7%	9%	1500/1500	0%
	Kone Tan	5%	8%	1500/1500	0%
	Pat Pae	1%	3%	1500/1500	0%
<b>Myaing</b>	Myae Ni Pyin	9%	12%	1500/1500	0%
	Myae Yint	21%	28%	1500/1500	0%
	Tha Min Chaut	DNA	7%	1500/1500	0%
<b>Aunglan</b>	Nyaung Pin Seik	3%	6%	1500/1500	0%
	Kyae Tay	1%	1%	1500/1500	0%
	Kyauk Tan	1%	1%	1500/1500	0%

**The dynamics around labor and migration differed between Ayeyarwady and Magway.** In Ayeyarwady, labor costs at harvest time increased in all villages regardless of the increase in migration. Non-seasonal, long-term out-migration rose in five out of the eight villages for which there were data in Ayeyarwady, but labor costs at harvest time went up in all villages, as shown in

Table 6. In Magway, the dynamics around labor and migration were quite different. There, the labor cost for harvesting remained the same between 2012 and 2013. Furthermore, the going rate for labor for harvesting was exactly the

<sup>9</sup> All percentages are rounded to the nearest percentage point.

same across all villages, at 1500 *kyats* a day, even though the level and growth of migration differed significantly among villages. Like the farmers in Ayeyarwady, farmers reported that they experienced labor shortages at harvest time; they also reported financial hardship and year-on-year losses caused by unpredictable weather. Unlike in Ayeyarwady, though, the cost of labor did not rise. Farmers in Magway reported that they simply could not afford to pay higher labor costs. To cope with labor shortages they instead substituted family labor for hired labor and, because family labor was limited, limited their farm inputs and planted less.

**In Ayeyarwady, in stark contrast to Magway, farmers did not reduce their farm inputs despite their financial struggles.** In the Ayeyarwady villages, farmers also experienced weather problems, financial struggle and continual weather-related crop loss. There, however, farmers did not reduce their farm inputs or substitute family labor for hired labor. It was unclear what lay behind the differences. Larger land areas on average in Ayeyarwady and the intensity of paddy farming may also mean that farmers cannot rely as readily on family members to supplement labor shortages.

#### LABORERS

**Although farmers struggled at peak times, laborers continued to struggle in non-peak times, reporting difficulties in finding enough work.** In Ayeyarwady, landless laborers reported being able to find about 30-60 days of labor a year in villages growing one crop, and 45-100 days of labor in villages growing two crops. They supplemented their income in various ways, including by keeping livestock, and migrating seasonally to other villages, or long-term to Nay Pyi Taw, Yangon, Mandalay, or abroad.

#### BOX 7: A LACK OF PRODUCTIVE ASSETS CONSTRAINS LIVELIHOODS

**The case of a household in a village in Ayeyarwady, where labor costs rose significantly, illustrates how landless laborer families still struggle to make ends meet throughout the year and the extent to which limited household assets (in this case a lack of appropriate fishing nets) constrain earnings.** The family consisted of a husband, wife, and three children: one 15 year old and a child in third and fifth grades at school respectively. They lived in a small bamboo hut on stilts with a thatched roof, which had been provided to them by an NGO in the aftermath of Cyclone Nargis in 2008.

**The family owned few possessions and had no savings, but wanted to put their two younger children through school.** Apart from a few clothes, a mosquito net, and one particular kind of secondhand fishing net, the family owned little. They owned no jewelry, clock, bed, chair or other furniture. The wife reported that although the two younger children were in school, her eldest daughter, from a previous marriage, had never been to school and was illiterate. Since Cyclone Nargis, she had seen NGO staff in her village, which had enabled her to see the kinds of opportunities available to people with an education, and she now wanted to put her two younger children through school.

**Nevertheless, the family struggled to do this, patching together income from a range of sources throughout the year, and being constrained by a lack of assets (eel traps and particular fishing nets) that would have enabled them to make**

*Laborers continued to report struggling in non-peak times. As in previous rounds, there were distinct differences in wages across regions and townships and for different tasks and genders.*

**more money.** The husband was the primary income-earner, and pursued different strategies in different months. He reported the year's cycle as follows. In April, the Myanmar New Year, he usually worked as a farmhand, helping to prepare farmland, and in doing so was able to get about ten days for 3,000 *kyats* per day (30,000 *kyats* for the month). In May, there was no farming work, but he was able to earn about 1,500 *kyats* per day fish by fishing for *nga pot the*, a kind of small fish only available in May, using a secondhand fishing net he owned, yielding approximately 40-45,000 *kyats* for the month. From June to September, he fished for eels using traps, which cost about 500 *kyats* each. However, because he could only afford twenty traps, his catch was small. During these months, he was able to save approximately 1,000 *kyats* per day after spending for his household. From October to December, farm work was again available. In January and February, however, there were few jobs available. During this time, the family lived off their small savings and tried to eat using locally harvested wild vegetables. But harvesting such vegetables was difficult and dangerous: to forage for them, the family had to go through muddy farmland and forest containing lots of snakes. The family reported that in April, the wife and daughter took fish from the fish collector and resold it throughout the village. They also harvested very small crabs in May took the oil from the fish collectors and sold it back. In June and July, they were able to get about 45 days of work transplanting for farmers. In August and September, there were almost no jobs. The family had no extra income and no savings, but they tried to give their children access to school. The daughter tried to get income through picking wild vegetables.

**The family was not confident enough to take out microcredit loans.** They said they did not want to take loans from microcredit sources because they were afraid they would not be able to repay their debts on time.

**Although the family struggled, they reported that they did not miss meals but sometimes just had rice, fish paste and mango to eat.** Their children in addition got half a hardboiled egg each.

**As in previous QSEM rounds, there were distinct differences in wages across regions and townships and for different tasks and genders.** Wages overall were lowest in Magway, where the daily agricultural wage was 1500 *kyats* per day for the kinds of tasks commonly performed by women, namely planting, weeding, and harvesting, and 2000 *kyats* per day for the kinds of tasks commonly performed by men, namely plowing and harvesting pigeon pea. Wages were marginally higher in Rakhine. There, wages were consistently lower for women than for men, even for the same type of work. Wages across Rakhine townships were similar, apart from in one township where the demand for labor had increased sharply in the aftermath of Cyclone Mahasen, which destroyed embankments that needed to be repaired in time for planting. Wages were highest overall in Shan State, particularly in Kengtung township in Shan East, which borders Thailand. There, the daily wage rate for planting and plowing was 5000-6000 *kyats*, and was 4500-5000 *kyats* a day for harvesting; the wage rate for transplanting reached 10,000 *kyat* per day, up from 8000 a year beforehand.

**BOX 8: THE MALE-DOMINATED NATURE OF THE JOB MARKET CAUSES A FEMALE-HEADED HOUSEHOLD TO STRUGGLE**

**In Rakhine, one woman, Daw Khin Win, a 48 year old divorced woman with hearing problems, lived with her 18 year old daughter, 8 year old son and 80 year old mother.** She reported that she and her daughter were the primary breadwinners of the family. Both mother and daughter worked to do transplanting for 20 days each June. After that, they both worked every year to help build embankments. Farmers in Rakhine after harvesting were afraid of saltwater intrusion so purposely took five days to build embankments. Helping to build embankments provided about 40 days of work per year at 1,500 kyats per day. Both men and women worked on embankments: men dug the soil and women carried it. After building embankments, both mother and daughter carried firewood for charcoal businesses within the village. In this village, about ten households engaged in charcoal production. She was able to work about three weeks per year doing this kind of work. After that, by the time the harvesting season had arrived, both mother and daughter did harvesting for about twenty days. This was about 1500 kyats per day. They reported that it was difficult for them to survive as a family. If there were no jobs available, the family borrowed rice or money from their neighbors and village shopkeepers. They also took advance money from farmers and the households doing charcoal production. The eight year old son was not in school: the family could not afford it. He had been enrolled up to third grade, but they could not afford to keep him in school further.

**The family reported that sometimes they went hungry. In their houses there was no adult man, and she had a disability (her semi-deafness), so reported she rarely was hired.** She reported that compared to other families, they had fewer job opportunities. They reported that they sometimes missed meals, having to eat a combined lunch and dinner. Often they ate only rice and *ngapi* (fish paste).

**In this village, the main livelihood was fishing, which was done only by men. So if there was no man in the family, the family struggled.**

*In Shan South, political party competition appeared to be stoking opium production.*

**In Hsihseng township in Shan South, the upcoming elections appeared to provide incentives for allowing greater opium production, allowing laborers to be attracted away from their usual farms towards the higher wages offered through growing opium.** In this township, people reported that they could earn double the usual agricultural wage by working in the highlands on poppy production. A village administrator in this area claimed that after the ceasefires, villagers had a better understanding with the army and non-state armed groups. The area was in the Pa'O autonomous region, and there, one Pa'O national organization official reported that if the government was not strict about controlling opium production, they themselves had no incentive to be strict about it, particularly since elections were coming up in 2015.

## DEBT AND CREDIT

**In QSEM 3, there were some changes in the credit supply, with villagers reporting that the credit supply had increased and, particularly in Ayeyarwady and Magway, that interest rates for all livelihood groups had decreased.** Table 7 provides details of this decrease in interest rates. It shows



that the interest rates offered by different credit providers dropped in almost all villages in Ayeyarwady, some in Magway, and a few in Rakhine and Shan.

*There were reports of an increase in the credit supply, but the impacts were mixed. Problems were reported with MADB loans, including with misappropriation of funds at village level.*

**Although it was too early to ascertain the impact of the decrease in interest rates or the increase in the credit supply on farmers, there were several cases where farmers reported that, because of their low profit margins they still struggled with debt.** Here, though, there were regional differences. In Ayeyarwady, it was common for borrowers to borrow from several different sources, and to repay one source only by borrowing from another, playing different repayment cycles off against one another. In one village in Ayeyarwady where women had borrowed off one major microcredit provider, villagers reported that ‘all the women in the village hid’ when the microcredit provider came to collect repayments, hiding in the fields or at home. In Ayeyarwady, Magway, Rakhine and Shan, farmers reported that even though the credit supply had increased, they had difficulties in repaying loans because of unpredictable weather. Farmers appeared to be unwilling to take risks, saying they dared not invest too much in case of bad weather.

**TABLE 7: CHANGE IN INTEREST RATES FROM DIFFERENT SOURCES<sup>10</sup>**

Region	# villages w/rate change	Source of credit	QSEM 1 or 2 monthly interest rate	QSEM 3 monthly interest rate in villages w/decrease
Ayeyarwady	9 (out of 9)	MADB	NDA	0.71%
	8 (out of 9)	NGO programs	2-3%	1.8-2%
	9 (out of 9)	Gold shop	3-5%	2-3%
	9 (out of 9)	Private moneylender	5-20%	5-10%
	7 (out of 7)	Fertilizer shop	3-5%	2-3%
Magway	6 (out of 6)	MADB	1.41%	0.71%
	2 (out of 9)	Private moneylender	7-10 %	%
	4 (out of 9)	Community funds	5%	2-4%
Rakhine	6 (out of 6)	MADB	1.41%	0.71%
	2 (out of 4)	Community funds	4%	3%
	0 (out of 8)	Private moneylender	8-15%	NA (no change)
Shan	2 (out of 2)	MADB	1.41%	0.71%
	2 (out of 2)	Community funds	5%	5%
	0 (out of 6)	Corn broker	7%	NA (no change)

**There were also some problems reported with MADB loans: in Ayeyarwady, every village reported that MADB borrowers had difficulty repaying their loans, because of alleged misappropriation of funds.** Farmers in every Ayeyarwady village reported that borrowers had not followed MADB procedures. Although MADB lends money to farmers, a common practice was for landlords to agree that tenant farmers would borrow MADB funds, but would split the proceeds, so that both the landlord and the tenant farmer could borrow 50,000 *kyats* per acre each. The tenant farmers were able to repay their

<sup>10</sup> Figures have been rounded to the nearest percentage, apart from the MADB rates, which otherwise would appear the same even though they fell approximately 50%.



funds, but the landlord farmers, who spent the money on consumables rather than investing it in farming, were unable to repay. However, because the repayment of such loans was structured on a group basis, it meant that the entire group defaulted. In one village alone, 14 such cases were reported. In other cases, landowners who were not farming their land at all—and whose land was pawned to pawn shops—used their land in order to borrow from MADB, with their applications certified by the village administrator, who ignored the fact that their land was not used for any productive purpose.

**TABLE 8: DEBT ESTIMATES ('000 KYAT)<sup>11</sup>**

Livelihood group	Min QSEM 1/2	Min QSEM 3	Max QSEM 1/2	Max QSEM 3	Average QSEM 1/2	Average QSEM 3
<b>Ayeyarwady</b>						
Farmers	50	50	2000	2000	800	800
Landless	10	10	200	200	80	80
Fishers	10	10	500	500	100	100
<b>Magway</b>						
Farmers	100	100	1500	3000	1000	1500
Landless	40	5	100	1000	60	500
<b>Rakhine</b>						
Farmers	50	12	300	700	150	200
Landless	10	5	NDA	300	100	170
Fishers	10	15	600	780	50	150
<b>Shan</b>						
Farmers	10-150	20	NA	750	NA	200
Landless	NA	40	NA	100	NA	50

**Box 9: REPORTED EMBEZZLEMENT OF MADB FUNDS BY VILLAGE OFFICIALS**

In one village, the former village administrator reportedly embezzled MADB funds by falsifying the signatures of borrowers in order to get loans; this village administrator reportedly told villagers that they would not be eligible for loans that season, and instead pocketed the funds. This was discovered when MADB sent a letter to the new village administrator requesting help in getting farmers to repay: farmers told the new village administrator that they had never received the loans in the first place. At this point, the former village administrator confessed to having misused the funds, along with funds from the Settlement and Land Records department, promising to sell his land in order to repay these debts. The new village administrator said that they were not reporting the case to the authorities because it meant that the civil servants from the MADB and Settlement and Land Records Department who had colluded with the former village administrator would be fired.

<sup>11</sup> These figures should be taken as rough estimates only, because they were gathered not through a quantitative survey based on random sampling, but rather on household interviews and focus group discussions with households chosen through purposive sampling designed such that approximately 80% of the interviewees would be from poorer households.

## MARKETS

*Farmers faced constraints to their bargaining power, but price information did not appear to be the biggest constraint: instead, relationships of indebtedness and market accessibility appeared to be more significant.*

Although there were few significant changes in markets or the relationship between brokers and households, the QSEM 3 research had several findings related to market accessibility, constraints to bargaining and price information that added nuance to the findings of previous rounds. The main one of these was around the relative importance of price information versus structural issues of market accessibility, debt, the broker/household relationship, transport costs and storage facilities in the bargaining power of households.

Although previous rounds of research highlighted some constraints to getting price information, in the region where the use of mobile phones to get price information increased (Ayeyarwady), the impact was limited. There were several reasons for this, all of which highlight the importance of the broker/household relationship, debt and credit and other factors in the bargaining power of farmers. Bigger farmers reported that they already had phones and decent price information or had pre-existing connections with rice mills and traders, and so preferred to sell their produce to their usual clients. Often, rice millers in Ayeyarwady also functioned as moneylenders, from whom large farmers could borrow money at cheaper rates than elsewhere: farmers thus had an incentive to maintain their pre-existing relationships with certain rice millers and to continue to sell to them. Smallholder farmers reported that the driving factor behind their negotiation was their need to sell quickly because of indebtedness and high interest rates, combined with a lack of storage facilities. They reported having to sell their produce immediately after harvest because they were in debt, and had no facility to hold onto it while waiting for a better price. In the region, an NGO had posted rice prices in villages, which were updated every 15 days, but farmers said that this was of limited use because they had to sell rice on the spot with whatever price. In Labutta, farmers reported that they needed to sell their rice immediately to be able to repay debts before high interest rates drove up their debts even further. Finally, farmers also reported that they had had good price information for two or three years, so the price they were offered for their produce by brokers did not differ significantly from prices in township markets.

Farmers also reported constraints to collective selling or bargaining, particularly for smallholders. In Labutta, for example, farmers reported that they couldn't sell collectively because harvesting times were different, and people wanted to sell their crops at different times. The aforementioned high cost of transporting paddy to township capitals meant that it was too expensive for them to rent a boat and transport their goods to the township capital in order to seek a better price for their goods.

## CHAPTER FIVE: COPING STRATEGIES

This section identifies key problems and shocks and identifies how people respond to such problems. In the previous section, we examined key areas of change in the broader context likely to influence people's livelihoods. This included a discussion on how those changes are being managed in villages. This section focuses on the kind of community-level or individual problems or shocks that affect people's livelihoods choices and outcomes, and examines the decision-making process used to address problems when they arise.

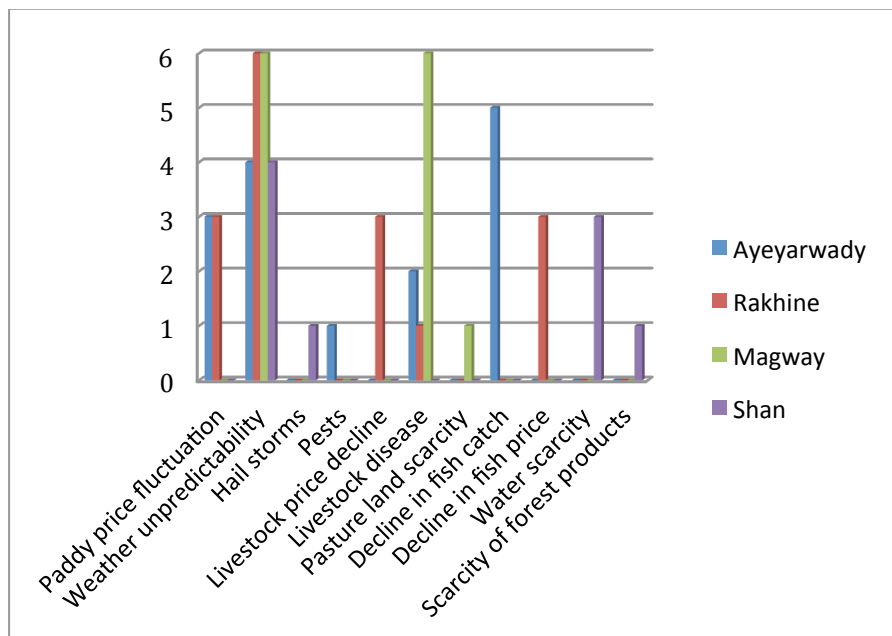
### TYPES OF PROBLEMS AND SHOCKS FACED

With some exceptions, the kinds of problems and shocks people faced were similar to those in previous rounds of research, and included both community-wide problems, such as communal violence and unusual weather patterns, and household-level shocks, such as health problems. Over half of villages reported weather-related shocks, including excessive or irregular rainfall and, in Shan State, hail stones. Problems with pests were reported in Ayeyarwady, Rakhine, and Shan. Other shocks included livestock disease, a decline in the fish catch in some townships, and scarcity of water. In one township in Rakhine State, Kyaukpyu, communal violence at township level caused changes in the price of rice, corn and livestock.

*The unpredictability of weather continued to be a major problem, particularly in the Dry Zone, but also in Rakhine and in half of the villages in Shan and Ayeyarwady.*

Figure 3 below provides an overview of the kinds of shocks experienced in villages. In addition, there were household level problems and shocks, which included health problems, theft, and job scarcity. Household-level case studies of problems, shocks and coping are at the end of this chapter.

FIGURE 3: SHOCKS REPORTED IN QSEM 3 (# VILLAGES OUT OF NINE)



Weather unpredictability was the most common kind of shock. Farmers continued to report the kind of year-on-year weather unpredictability they reported in previous QSEM rounds. As has been detailed elsewhere in this report, this caused farmers to employ a range of coping strategies, including

reducing inputs, relying increasingly on family labor or labor sharing, attempting to diversify livelihoods, and cultivating less land.

### DRIVERS OF DECISION-MAKING

**People decided how to cope with problems and shocks in different ways, all involving some combination of trying to reduce risk and diversify sources of or maximizing income.** Their strategies depended on if they were sudden shocks (such as health problems, prompting families to borrow money or sell assets) or persistent problems, for which some longer-term means of coping was possible (such as persistent weather unpredictability, causing farmers to reduce risk and employ strategies to diversify their household income).

**The attempts of farmers to reduce their exposure to weather risk sometimes reduced their outputs.** The way that farmers responded to weather risks varied, but in some areas—particularly Magway—farmers reported reducing their use of pesticides, hiring untrained draught cattle, planting less, relying more on family or shared labor, and planting only on their most fertile land, leaving their other land uncultivated. As a result, their output suffered, as did labor opportunities for landless laborers.

**Farmers also reported seeking to diversify their household livelihoods.** A common way to do this was for them to send their sons and daughters elsewhere to seek a living. This was not simply a response to unpredictable weather, but also because young people reported not wanting to work in paddy fields because it was too difficult and unprofitable. Farmers reported using remittances from their children to reinvest into their farms. In parts of Shan State, young people reported migrating seasonally to opium-growing areas in order to earn more money for their families. In Myebon township in Rakhine State, farmers reported switching to prawn farming in order to cope with saltwater intrusion into land and bad weather. **Error! Reference source not found.** at the end of this chapter illustrates how households sought alternative livelihoods and adapted to the changing environment to make ends meet.

**Social priorities, and not simply a straightforward economic calculus, also helped to shape people's coping strategies.** In two of the nine villages in Magway, for example, school-age girls regularly migrated seasonally during the school holidays to work as housekeepers in Mandalay and Monywa, but elders in their villages decided this was too risky when they received news from another village of human trafficking. Social perceptions also shaped people's views of what kind of work was gender-appropriate: migrating to work in construction, for example, was considered inappropriate for women, and not simply because the work for physically taxing, but because women faced social risks. *"There are all kinds of people in construction,"* said one respondent, *"and if women did it, there would be a likelihood that she would meet unsavory people or people would say dirty things to them."* Similar gender-bound dynamics were at play in one township in Shan State, Kengtung, though they played out in a different way: there, respondents at township level reported that it was common for young girls to travel across the border to earn income for their families through sex work but that young boys were expected to earn merit for their families by spending time as novice monks.

**Box 10: PAWNING PRODUCTIVE ASSETS AND DIVERSIFYING LIVELIHOODS TO COPE WITH CATASTROPHIC HEALTH EXPENDITURE**

In many villages, the researchers found that villagers even from better-off families had trouble dealing with emergency expenditures, particularly related to health care. They coped with these shocks by selling their assets, taking on credit, and supplementing their income by taking on secondary livelihoods.

In one village in Kyaukpyu township in Rakhine State, the father of a well-off man called U Mront Hlaing fell ill and needed emergency treatment just after the family had spent a great deal of money on renovating their house. The family borrowed money to meet the cost of treatment, but U Mront Hlaing was unable to continue to earn extra money as a carpenter because he had to devote his time to caring for his father. To cope with this financial hardship, after his father died he took out 150,000 *kyats* in loans from the village fund at an interest rate of 3-4%, which had to be repaid within six months.

**This loan compounded his problems and caused him to rent out his land:** in 2011 U Mront Hlaing did not have enough money for his farming inputs, so he had to rent land to other people, who paid him by giving him a portion of their yields. But yields that year were low. U Mront Hlaing got only twenty baskets of paddy from his land, which was only half of what his family needed for the year. U Mront Hlaing had three children in primary school and, because they valued education, did not wish to take them out of school, which meant the family had high costs.

**U Mront Hlaing decided to change his livelihood strategy,** buying a small fishing net to supplement his income through fishing. When one of his creditors asked for his money back in 2012, U Mront Hlaing and his wife also decided to pawn almost a third of their farmland. After doing so, however, they no longer had enough rice for their own use, and at the time of the research continued to struggle.

*Health problems posed particular challenges for poor families, who often drove themselves far into debt to cope with health shocks.*

**Health problems posed particular challenges for poor families, who often drove themselves far into debt to cope with sudden health shocks.** Such shocks were usually catastrophic: it was rare for people to have savings to be able to cope with such problems, so—for sudden problems such as accidents, rather than for ongoing, persistent health problems—people commonly borrowed to pay for treatment, regardless of the interest rate, thus driving themselves into debt. A common pattern was for people to first try local traditional medicine before trying to take common painkillers such as Paracetamol or buying cheap medicines from shopkeepers who dispensed and advised on medicine even though they had no medical training, and only attempting to see a doctor once these strategies had failed. To see a doctor, people commonly had to borrow money, which they did regardless of the interest rate.

**Box 11: A LACK OF SAVINGS, COMBINED WITH A HEALTH EMERGENCY, CAUSES A FAMILY TO FALL INTO POVERTY**

In Shan State, a lack of savings and illness and death in a family caused a family to fall into poverty. There, in a Pa'O village near Taunggyi, a 39 year old woman with a 19 year old daughter and 5 year old son had a husband who passed away in 2012. The main income earners were her daughter and herself. In the village, during March to May, a time with scarce labor opportunities, the woman goes to the forest five miles away from the village and works there digging tree roots in order to get wood that she can sell as firewood. She was able to earn 2000 kyats in five days of doing that work, which she felt was not worth it. In order to survive, she borrowed money from better-off farmers and relatives. She took loans from 3-4 credit sources. The rest of the year, she worked in farming, earning 1500-2000 kyats per day<sup>12</sup>, weeding for 45 days a year, digging for pigeon pea roots for 15 days, harvesting sesame for 15 days, and harvesting and shucking corn for 15 days. She reported that until 2012, she had owned some farmland, but her husband had got sick, so she had to pawn it to get 200,000 kyats for him. She has so far been unable to repay her debt and reclaim her land. In total, the woman earns about 180,000 kyats a year (less than 500 kyats a day, 50 cents). The family income is supplemented by the daughter. The daughter does the same thing, earning about the same amount of money. So the family in total earns less than 1000 kyats a day. The family was recognized within the village as being poor and as a result had to pay less than other households for collective activities. For example, if another household within the village had to contribute 20,000 kyats for school rebuilding, this household was required to pay only 10,000. These household contributions, however, represented a large portion of income. Families were asked to contribute for many things, including payment of teacher salaries (about 2 kg of rice a month per household), and payments to a fund to hire a three-wheeled car for the army (the government army) to which households had to occasionally give money. They also contribute for the village administrator to attend township level meetings: for this, each household is asked to contribute approximately 500 kyats, on an occasional basis. The woman lived in a bamboo and thatch house. She reported that her usual meal was rice with green chili, three times a day, but with no meat, fish, or vegetables. Sometimes, when in season, people in the village also ate soybeans. If she ran out of money, she borrowed rice from neighbors or relatives. Sometimes she picked wild vegetables from the hillside to eat. She said, "*Life is full of difficulties.*" Her husband had died, her farmland was pawned, and she survived from occasional casual labor work. She also reported that job opportunities were scarce. Job opportunities had become scarcer since the advent of small-scale mechanization in their village: corn harvesting and shucking had been the main source of opportunities for casual labor in her village, but since the introduction of these machines in her village, she had less work.

**People's choices about how to cope were also affected by the availability of public services and the local labor market.**

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<sup>12</sup> This is lower than rates outlined elsewhere in the report for Shan State because of localized variation. Wages in Shan South were lower than elsewhere.

**BOX 12: THE LOCAL LABOR MARKET AND AVAILABILITY OF PUBLIC SERVICES SHAPES A HOUSEHOLD'S COPING STRATEGIES**

**In a village in Magway, a 48 year old widow with two adult sons and a 14 year-old daughter reported that she had taken her daughter out of school because the high school was in another village and was prohibitively expensive.** To attend the high school, the family would have had to buy a bicycle for their daughter, pack a lunch box every day, and pay higher school fees, which the family could not afford. In addition, the widow had fallen ill, and so expected her daughter to take care of the family's goats and perform other household tasks.

**In order to make a living, each member of the family contributed income through a combination of migration, casual labor and livestock-rearing.** The sons earned 50,000 *kyats* each a month working in a restaurant in Monywa, half of which they sent home (600,000 *kyats* a year). The daughter also began working. Between April and August, she worked on farms transplanting, harvesting and weeding, earning approximately 85,000 *kyats* in total for 85 days work. After the harvest season, when her mother's health had improved somewhat, she went to Monywa for five months to work at the same restaurant as her brothers, earning 30,000 *kyats* a month. In doing so, she was able to save 80,000 *kyats* to bring home (she reported spending the rest on clothes, nail polish and other beauty products; the sons too spent the rest of their money on clothes and other personal items). While she was away, her mother took care of the family's goats on days when she felt well, and hired a nephew to do so on other days. Through rearing goats, the family was able to earn about 150,000 *kyats* per year.

**The family also reported borrowing money to help smooth consumption,** repaying it when they sell their goats. They were using some of their remittances to renovate the roof of their house. *"My sons are bachelors, so they may feel shame if their house is not very nice,"* the widow reported.

## COPING PATTERNS

Households relied on themselves and on community and social mechanisms to cope with hardship, and rarely expected government assistance. It was common for neighbors to help one another cope with sudden individual shocks by lending one another rice and water, and for villagers to cope with common problems, such as livestock disease, by pooling resources and sharing costs. Villagers did not voice any expectations that the government was responsible for providing safety nets.

### INCREASING INCOME

**In addition to diversifying livelihoods, coping strategies to increase income included selling or pawning productive assets, but this came with its own problems.**

Box 13 illustrates some of these dynamics.



**BOX 13: SELLING PRODUCTIVE ASSETS TO COPE WITH HARDSHIP LEADS TO HIGHER LONGER-TERM INPUT COSTS OR GREATER HARDSHIP**

**Two cases from Rakhine And Ayeyarwady illustrate the hardships faced by families who pawned or sold productive assets to cope with difficulty.**

**In the villages of Gwa Township in Rakhine State, unusual weather had caused a fall in paddy and peanut yields.** Farmers in the area had taken on debt and sold their productive assets in order to survive, but this led to longer-term problems.

**One village facing this situation was Kudo Lei, where people grew paddy during the monsoon season and peanuts during the hot season.** U Htun Shwe, for example, was a farmer who made his living working the four acres of paddy land he owned. In earlier years, he had taken out loans from the Myanmar Agriculture Development Bank and from relatives in order to have the money for the inputs to grow his paddy crop. He had also taken money out of a revolving fund set up by an NGO. Normally, his paddy crop yielded 90 baskets per acre and his peanut crop about 80.

**In 2012, however, these yields had dropped to 60 and 40 baskets respectively, and so U Htun Shwe was unable to pay back the loans he had taken out.** On top of that, there were very hard rains during the rainy season, just as the seedlings were growing, so that many of the seedlings did not grow. There were pest and rat attacks, and the rainy season ended too soon, leaving the land without sufficient moisture, all further reducing the yield of the crop. U Htun Shwe was unable to repay his loans and so sold his two cows for 300,000K. This year, 2013, however, he reported that he would have to rent cattle to work his land at a cost of 35 baskets per season, making it even more difficult for him to meet his living expenses.

**In one village in Ayeyarwady, the decline in the fish catch was so steep it caused a better-off fisher to sell his main productive asset (a boat) in and switch to casual labor, seeing a 2/3 drop in income and difficulties in meeting living costs, mitigated somewhat by domestic seasonal migration.** U Myint Swe, a married man with two daughters, owned a boat which he used to fish *nga thalauk (hilsa)* as his main income source. But last year, in 2012, after the decline in the fish catch was so steep, he talked the situation over with his wife and decided to start working as a full-time farm laborer because he already had the skills and experience doing so. He had, in fact, owned ten acres of farmland, which he was forced to sell after Nargis in May 2008. In this respect, having had the experience of doing farm work in the past put him in a better position than many other fisherman faced with livelihoods difficulties – at least he had other options.

**During the dry season, he heard from other fisherman that the catch had declined even further, prompting him to sell his boat for 400,000 kyats.** In any case, he had worried that his boat would fall into disrepair if it sat unused on land for much longer. At one point, he went to Yangon for about three weeks, where he earned 80,000K. “Going to work in Yangon works out well. I can stay at my younger sister’s place, so living expenses are low. After the end of this farming season, I’m going to go back to Yangon. I expect I’ll be able to send some money home.” Because of the vicissitudes of the climate and environmental changes, U Myint Swe had gone from

being a farmer, to a fisherman, to a casual migrant laborer in the course of about six years.

**In previous years, U Myint Swe had earned about 1,800,000K a year from fishing, with an additional 150,000K from casual labor. With the decline in catch, his income decreased by two-thirds.** He used to be able to save between 300,000-400,000K a year, often buying gold jewelry as a form of savings. After their changes in fortune, U Myint Swe said he had taken 100,000K on credit from a relative at 8% interest. He also had trouble meeting the expenses of the family. Because the family does not always have enough money, U Myint Swe said, “Sometimes my wife can’t start cooking on time because I haven’t got anything to give her to buy things in the market. Other times we have to skip meals.”

The family had a few other coping strategies: U Myint Swe’s wife, Daw Thandar, worked as a casual laborer in paddy-farming for a month each year, which would normally earn her 1200K a day, but since she had to sell her labor ahead of time for 700K a day, she only made about 30,000K for the duration. The couple had sent their elder daughter to live with U Nyunt Shein’s younger sister in Yangon, who undertook the costs of putting her in primary schools (their other daughter, at age two, is not yet of school age). The couple had also received help from neighbors and family – while U Nyunt Shein was in Yangon to work for a month, neighbors helped look after the family, and his uncle also gave him *nipa* palm for free to use as thatching.

#### MIGRATION & REMITTANCES

*“If you work in farming, leeches crawl up your legs and suck your blood. Farming is not a proper job for a woman. If you go to the cities for work, you can keep your nails long and beautiful.” – Young woman from farming household, Ayeyarwady*

*“There are so many people from Ayeyarwady in Yangon that they could start their own village. There is one neighborhood in Hlaingthayar township called ‘Golden Tray’ (Shwe Linban). It should be called ‘Ayeyarwady Tray’.” – Respondent, Ayeyarwady*

**Migration as a coping strategy increased in QSEM 3, though in some regions this was minimal.** In all four states and regions, out-migration increased. In Ayeyarwady, out-migration increased in six out of nine villages. In Magway and Rakhine, it increased in almost all villages, though in Rakhine the increase was minimal in four of the villages. In Shan, there were few changes in migration.

**As in QSEM 1 and 2, migration patterns varied by region, with people reporting a desire to move to cities in search of work.** Although the overall numbers of out-migrants (compared to the village population) were still low, villagers perceived them to be significant.

In **Ayeyarwady**, villagers reported that out-migration had gone up (by about a percentage point in a year overall, though far more in certain villages) because of continual weather-related problems and resulting farming losses, which motivated households to migrate in search of new opportunities. Out-migrants

were from across the socioeconomic spectrum, and were mostly moving to Hlaingthayar township in Yangon, where there was a strong community from Ayeyarwady and where private developers had made small plots of land available for sale for between 7-20 *lakh kyats*, beyond the reach of casual laborers but within reach for medium and large farmers.

In **Magway**, seasonal migration to cities was common: during the non-peak agricultural season. There, people sought work in cities (mainly Monywa, Mandalay and Yangon) as domestic workers, brick-layers, brick makers and stone cutters. In Rakhine and Shan, patterns varied by township.

In **Shan**, there were few changes in migration patterns, apart from in Hsihseng township in Shan South, where there was a small increase in seasonal migration to Thailand, and in one township in Shan North, Kyauk Me, where a few migrants had returned because of the decline in the Thai baht.

**For casual agricultural laborers, seasonal migration patterns were less predictable than in previous rounds and work was subsistence based rather than representing an opportunity to save.** Researchers observed that because casual laborers were affected by the financial difficulties of farmers and had to seek work where they could find it, their patterns of seasonal migration were less predictable than in the past: instead of being pegged to the agricultural season in predictable ways, their patterns were more like ‘shuttle’ migration, where they simply followed the work, staying for as long as the work lasted, and then returning home immediately, because they could not afford to stay on. These kinds of patterns were reported in three villages in Ayeyarwady, five villages in Rakhine, every village in Magway, and two villages in Shan. Landless laborers were not able to save through such work or send money home; they earned money merely for their own subsistence.

**As in previous QSEM rounds, social norms affected the different patterns of migration for men and women and young and old.** A common perception was that men were able to withstand physical toughness and cope with the worst kinds of situations wherever they went, whereas women needed to be protected and stay closer to home. In Ayeyarwady, migrants were mostly men; villagers reported that the kinds of jobs available to women—factory and sales jobs—were harder to get and that it was easier for men to seize opportunities and ‘follow the work’, leading a more transitory life, than for women. In other areas, when women migrated, they often took their children with them. Extremely young children were left behind to be taken care of by grandparents, but children of three or four years of age or above were taken along to help working in the fields—or to be left in the migrant workers’ huts all day with other children while their mothers worked.

**This was true too for young people, who commonly cited not only economic opportunity but also social factors as a driver for migration.** In Ayeyarwady, for example, village elders and parents of youth migrants in seven out of nine villages reported that it was becoming increasingly common for young people in their villages to migrate elsewhere in search of work, even if their parents did not agree. They reported that, in addition to the possibility of being able to earn up to 50,000 *kyats* a month in cities such as Yangon, they

*Migration levels reportedly increased. The patterns of domestic seasonal migration of casual laborers shifted in response to the inability of struggling farmers to pay a season’s worth of wages in advance. Social as well as economic factors drove migration, including the existence of relatives and friends in migration-receiving areas.*

were motivated by the lure of urban life and the experiences of their peers. In these villages, people reported that young people with families of their own migrated for economic reasons, but that the motivations of young single people were more social.

**Indeed the existence of social networks in the destination location appeared to be an important driver for migration.** In Ayeyarwady, Magway, and Rakhine, villagers reported that migrants ‘followed their friends’ and tended to migrate to areas where they had good social networks” the common pattern was for the migrant to send for their friends and relatives once they had identified job opportunities in the destination location. Once those social networks became deeper and more established more and more migrants left to go to the same place.

**This was consistent with the differences in migration figures out of villages.** Although there were too little villages to draw conclusions based on a quantitative comparison of villages, when we examined the migration data at a village level, we noted striking differences in migration levels out of villages, even within the same township. For example, in Myaing township, migration figures ranged from 5.9% in one village to 21.3% in another. The village where migration figures were 21.3% was similar in most respects to other villages in the survey, but for the fact that people from that village had long-since been migrating to cities and thus had well-established social networks there.

**TABLE 9: VILLAGE DATA ON OUT-MIGRATION IN MAGWAY**

Township	Village	# migrants QSEM 3	Population QSEM 3	% of out-migrants QSEM 3
<b>Minbu</b>	Sine Shin	42	447	9.4%
	Kone Tan	25	313	8.0%
	Pat Pae	30	1175	2.6%
<b>Myaing</b>	Myae Ni Pyin	75	665	11.3%
	Myae Yint	305	1431	21.3%
	Tha Min Chaut	100	1708	5.9%
<b>Aunglan</b>	Nyaung Pin Seik	70	1745	4.0%
	Kyae Tay	15	1251	1.2%
	Kyauk Tan	3	565	0.5%

**TABLE 10: VILLAGE DATA ON OUT-MIGRATION IN AYEYARWADY**

Township	Village	# migrants QSEM 3	Population in QSEM 3	% migrants QSEM 3
<b>Labutta</b>	Kyun Chaung	48	958	5.0%
	Pauk Two	60	433	13.9%
	Kan Gyi Dauk	12	231	5.2%
<b>Bogalay</b>	Kyun Ka Lay	21	DNA	DNA
	Ma Ngu	11	681	1.6%
	Nga Khu Chaung	33	342	9.6%

<b>Mawlamyinegyun</b>	Hti Sa Kaung	25	427	5.6%
	Myit Kyi Boe	16	205	7.8%
	Phyar Lake Awa	37	447	8.3%

This was true too in Ayeyarwady, The village with the highest migration level, Pauk Two, was not worse off than the other villages: rather, it was close to Kanbe, a larger town, and its residents had long-established relationships there and in Yangon. Nga Khu Chaung, a village in Bogalay township with 9.6% migration, had a slightly different story: there, the village was in fact worse off than many others. It lay on low land and had poor land quality, and thus was a single crop village in which farmers struggled. It also had large numbers of youth, who migrated out.

#### BOX 14: USING AGENTS TO SEEK WORK ABROAD

**In a village in Ayeyarwady, a fisher, Ko Nyan Htet, reported that because of the decline in the catch of *hilsa* (a type of fish) over the past two years, his income had dropped, preventing him from repaying his debts to the *daing* (“fish collector”).** His wife, Ma Khin Mya, worked as a casual laborer to supplement their income, but earned only 700 *kyats* per day, because she received her pay on credit and thus had to accept low wages. Because of their financial difficulties, the family decided to take their 14 year old daughter out of school.

**In order to cope, Ko Nyan Htet decided to work in construction in Thailand.** He engaged an agent in the village, who charged about 550,000 *kyats* for transportation to Thailand and other services. The agent arranged a two-year bonded contract for Ko Nyan Htet at a salary of 360,000K per month. In the process of going to Thailand, Ko Nyan Htet also had to pay for three trips to Yangon, costing another 150,000K. In order to meet these costs, Ko Nyan Htet sold his boat and nets for 400,000 *kyats* to meet these costs, and took out a further 500,000 *kyats* on credit (300,000 *kyats* at 10% a month, and 200,000 *kyats* at 20% a month<sup>13</sup>). He and his wife reported that through these strategies, they hoped to put their daughter back in school.

*“Before, there was only one phone in a village. A ‘hello’ cost 500 kyats; a ‘yes’ cost 1000 kyats. Now that has changed.” – Village administrator, Ayeyarwady*

**Villagers cited the spread and decreasing cost of telecoms as a factor enabling villagers to migrate and respond more quickly to job opportunities in cities.** They reported that previously, there might not even be one land line in a village; one would have to go to a village tract village to find a phone. Now, however, with the cost of mobile phones decreasing, there might be up to ten phones in a village, so communications were much easier. In Myebon township in Rakhine, for example, villagers said that there was greater information flow between those who had left and those who were at home. For

<sup>13</sup> Although this rate appears high, it was cross-checked and found to be correct.

example, if family members elsewhere noticed job opportunities, they now were able to communicate that easily to their family members, who could migrate quickly for work.

**As in previous QSEM rounds, it was common for migrants to spend or borrow a large amount of money to engage the services of agents for migrating abroad.** Such services were often expensive, as illustrated in Box 14, in which a family sold their main productive assets and took out large high-interest loans to do this.

**As in previous QSEM rounds, migrants reported facing risks in destination locations.** One of the challenges migrant workers reported was their lack of skills. They reported that because of this, they were often asked to do the most dangerous and least well-paid jobs. They said that for example, if they worked in construction they were asked to go to the top of the scaffolding, and if they were iron welders, they were asked to stay closest to the fire, but that they had no choice but to do so.

## CHAPTER SIX: SOCIAL RELATIONS AND INSTITUTIONS

The fourth aspect of QSEM's analytical framework looks at the influence of social structures on people's livelihoods. This is done from several perspectives. First, we look at the social capital that exists within villages, including documenting how communities work together and whether or not there have been changes in social relations. Second, areas affecting social capital are discussed, focusing particularly on crime, conflict and the dispute resolution mechanisms to overcome these issues.

**Some of the main changes visible in QSEM 3 overall were in the realm of village governance, social relations, and institutions. The main dynamics were threefold:** First, we have described in the section on land, there were some changes both in the level of village disputes (mainly in the one area with an active quasi-political group, the farmers' union), with old disputes re-emerging in the new space created by reform and policy change. Even in other areas, there were changes in the propensity of village actors to attempt to negotiate collectively on behalf of their interests. Second, wider national issues around conflict and communal violence affected livelihoods or village governance in certain areas (one township in Rakhine State, and one township in Shan State). Finally, there were distinct changes—albeit with regional differences—related to village institutions and leadership as a result of the policy changes introduced by the new *Ward and Village-Tract Administration Law*.

**In this chapter, we trace these changes, but first examine issues of social capital and inclusion in order to provide some context.**

### SOCIAL CAPITAL, SOCIAL INCLUSION AND COLLECTIVE ACTION

Previous QSEM reports, along with other social research in some of the QSEM areas<sup>14</sup>, have identified social capital at village level in QSEM areas to be relatively strong, enabling villagers to act collectively to benefit their livelihoods. By social capital, we refer to the norms of trust and reciprocity among people that enable them to work collectively to pursue shared goals—for example, people may look after one another's children during busy harvest times or lend one another money during times of hardship. As previous reports have examined, this is remarkably strong overall in QSEM villages, and has enabled villagers to engage in collective action to improve village livelihoods. In QSEM 1, for example, people in almost all villages had organized to perform religious ceremonies, and people in about half of villages had organized to provide public services at village level or to renovate small-scale infrastructure (for example, by contributing cash for school buildings, rebuilding pathways or cleaning drinking water ponds). Although there were exceptions to this, such as in some Ayeyarwady villages in QSEM 2 where the influx of aid had bred social tension, overall the social bonds within communities were strong.

*Some of the main changes in QSEM 3 were in social relations, village governance and institutions.*

*Overall, social capital remained strong.*

<sup>14</sup> Several studies have been done on social dynamics at village level, including the Social Impact Monitoring (SIM) studies in Ayeyarwady and the 'What Lies Beneath?' analysis of village institutions.



*However, some villages faced issues with social inclusion and tension. Conflict-affected villages in Rakhine State also had strong social bonds within the village and religious group but very weak bonds with outsiders.*

*A few villages reported issues of social exclusion based on economic inequality, religion or ethnicity.*

**Overall, social capital remained strong in QSEM 3. These levels of trust and social bonds enabled villagers to act collectively in pursuit of shared ends, related often to filling gaps in service delivery, renovating or building village infrastructure, or contributing to externally-funded projects. Such community contributions also extended to inter-village projects.** In Magway, there were new examples of collective action since the last round of research, wherein villagers organized to fill gaps in service delivery and renovate infrastructure. Such activities took place in five of the nine villages, and included building water tanks, buying a generator, renovating a village road, and building water pipes. A similar dynamic was on hand in Ayeyarwady, Rakhine, and Shan. In the Shan State villages, researchers reported that villagers continued regularly to carry out collective activities for their villages: one village in Hsihseng township, for example, had raised money to match contributions from an external institution to help build a village school. In Ayeyarwady, such collective activities included building jetties and inter-village roads.

**Although collective action for village infrastructure was usually organized in such a way to allow poor people to share less of the financial burden than their richer neighbors, poorer households tended to report that any financial rather than labor contribution was a burden.** Usually, collective action for village infrastructure did not arise spontaneously but was organized with the help of the village leader, and structured to enable poorer people to pay less than richer people. People contributed labor, services, or money. Those who contributed money sometimes said it was a burden to contribute, though they nevertheless felt it was necessary for their communities.

**Despite this overall strength in social capital, however, the picture was not homogenous, and some villages faced issues with social inclusion and social tension.** Here, there were three main issues. First, some villages faced issues with social inclusion and marginalization, either on the basis of economic inequality, ethnicity or religion. Second, villages in Rakhine affected by wider communal violence in their township saw high levels of trust at village level among the homogenous village population, but only because of increasing distrust of groups outside the village. Finally, several villages faced tension over village administrator elections, which spilled over into social life.

**Researchers in previous QSEM rounds found it difficult to ascertain the prevalence of issues around marginalization and social inclusion.** In previous QSEM rounds, villagers did not report such issues to be widespread, and it was difficult for researchers to understand whether this was a function of not wishing to report such issues or lose face in the presence of outsiders.

*“Who is going to trust or respect penniless people?” – Member of poor household in Rakhine State, describing why poorer people rarely participated in public meetings*

**In the QSEM 3 round, however, a few villages reported issues of social exclusion based on economic inequality or religion, which prevented certain social groups from accessing basic services or participating in public life.** In the QSEM 3 round of research, researchers conducted many more in-depth household interviews with poor households than in previous rounds,



and approached issues of marginalization more indirectly, which yielded more information. In some of these villages, poor households reported cases of exclusion.

**In Rakhine State, poor households reported that because poorer people were dependent on richer people within their villages to gain access to informal credit, they were generally reluctant to upset social hierarchies.** *“Far from leading, we find it difficult to borrow money whenever we are in need,”* reported one person, adding that this would be jeopardized if *“poor people became pushy”* and tried to take too much of a leading role in village public life. He added that poorer people were too busy trying to make a living to survive and did not have time to participate in public life in the way that rich people could.

**In some villages in Shan State, villagers reported that richer and poorer people played different roles in weddings and other public events, and one village reported exclusion from school based on feelings of marginalization.** In these villages, people reported that although a cross-section of villagers were involved in public events, rich people acted as ushers and poorer people cooked and washed up. In some of the mixed Shan and Pa’O villages, villagers reported that trust and social bonds across ethnic groups were good, highlighting the extent to which Shan and Pa’o groups helped one another in celebrations and in offering alms to monks. However, in one village in Shan East comprised mainly of the Lahu ethnic minority group, villagers reported that their children had been shunned when attending a school at a nearby predominantly Shan village, and that as a result they no longer wished to attend school—highlighting the extent to which perceptions of identity-based exclusion can affect the take-up of public services.

**In Ayeyarwady, one village reported that different religious groups had little contact with each other.** There, an international NGO had included households from a neighboring village for an assistance scheme, including three Muslim households in a predominantly Buddhist list. In focus groups, villagers reported that they were not happy with the residence of Muslims in their community, saying, *“They have a different skin color, characteristics and religion.”* The three Muslim households reported that indeed they did not participate much in public celebrations or special occasions within the village, but said, *“It doesn’t matter for us. We just live in our house with our families. We don’t have any contact with others.”*

**This lack of trust and weakness of social bonds across (rather than within) religious groups was reflected in the social capital dynamic in villages in one Rakhine township that had been affected by inter-communal violence, Kyaukpyu.** In Kyaukpyu, the livelihoods of people in villages in the QSEM sample were indirectly affected by communal violence at township level that took place in October 2012—violence that is examined later in this section. Although there was no violence in the villages themselves, villagers reported that they had stepped up collective efforts to provide security and help one another cope with the perceived increased level of insecurity. They did this by collectively taking turns in assigning duties for village security during the conflict period. During this time, every household had to take turns doing village

patrols over a period of a month. During this month, villagers did not go to forests to gather vegetables (as they normally would), and they did not travel to the township capital, where the violence had broken out. To help one another cope with these restrictions, richer people in the village lent rice to the poor, and if villagers had to go to the hills for any reason, they went in a group. In order to do so, they had to rely on their bonds of reciprocity within the village and within their own religious group, reciprocity that extended across socioeconomic groups.

**The increased strength of these social bonds, however, came about only within the religious group, and came about because of the total deterioration of (already weak) trust and social bonds across religious groups**—villagers reported that they were banding together and helping one another because they were afraid that if they encountered ‘Bengalis’<sup>15</sup>, they would be killed. In the language of social capital, in other words, ‘bridging’ social capital, which connects heterogeneous social groups, was weak, even though ‘bonding’ social capital, which connects members within a homogenous group, was strong. Studies have suggested that the lack of such ‘bridging’ social capital can be a constraint on economic development and for enabling latent societal conflicts to be resolved peacefully.

**Finally, many villages saw social tension arise over the village administrator elections.** Such tensions either reflected pre-existing cleavages and factions within the villages, or caused splits to deepen. They are discussed later in this section.

## CONFLICT, CRIME AND DISPUTE RESOLUTION

**QSEM 3 saw three main changes in the nature and impact of conflict, crime and dispute resolution.** These included (i) the outbreak of communal violence in one township in Rakhine State, which affected people’s livelihoods at village level; (ii) some changes in Shan State as a result of the peace process; and (ii) changes in village level disputes, which were mainly over land and village governance.

*Communal violence in one Rakhine township affected the livelihoods of villagers: there was a drop in demand for rice and livestock, a drop in the price of corn, and an increase in the price of fish.*

### RAKHINE VIOLENCE

**In Rakhine, the QSEM villages in one township, Kyaukpyu, were affected by communal violence.** Until late 2012, the population in Kyaukpyu, a deep sea port in Rakhine State that is also the site of the terminus of the Shwe Oil and Gas pipeline, was a mix of Buddhists and Muslims. Most of the Muslims were Kaman Muslims, who are recognized by the government as one of the official ethnic groups of Myanmar. At the time of the first QSEM round of research in early 2012, there had been no violence in the township, but later that year tensions grew following violence elsewhere in the state. In October 2012, these tensions erupted into violence. According to official records, during the violence, eleven people died (nine Muslim and two Buddhist), 891 houses were burned down

<sup>15</sup> The Muslims in Kyaukpyu were in fact Kaman Muslims, who are officially recognized by the government as one of the ‘official ethnic groups’ of Myanmar and are distinct from the Rohingya elsewhere in Northern Rakhine State, but were nevertheless commonly referred to by villagers as ‘Bengali’ or ‘kalar’.

(almost all Muslim) and over 5,000 people were displaced (almost all Muslim). Most Muslims fled in boats bound for Sittwe, but approximately 1700 of them remained in the township, and were taken to a military-guarded camp outside the town, where they were living at the time of the QSEM 3 research.

**Although the conflict took place in the town, it affected people's lives and livelihoods at village level.** The three QSEM villages in Kyaukpyu, which were selected for the research sample long before violence broke out in Rakhine State, all happened to be Rakhine Buddhist villages, reflecting the general demographic of the township in which heterogeneous or minority groups were found mainly in urban areas rather than in rural villages. No violence took place in the villages themselves. Nevertheless, residents of the villages reported that the violence had affected their livelihoods.

**There were four main dynamics: a drop in demand for rice, a drop in the price of corn, a drop in demand for livestock, and an increase in the price of fish.** First demand for rice had dropped. Villagers had previously sold rice to buyers within the township, but demand dropped once the majority of Muslims fled Kyaukpyu town. Villagers reported that the main commercial fishing employers in the township had been Muslims, who owned boats that went out to sea for two to three weeks at a time. Before the violence, these boat owners regularly had bought rice in bulk to feed their crew on such trips; now, however, the employers, crew and boats were gone, and thus the market for this rice. Second, villagers reported a drop in the price of corn: the corn brokers in the township had been Muslims, who exported the corn to Bangladesh, but this demand disappeared once the Muslims fled. A similar dynamic was in play for livestock: villagers reported that most of the cow brokers in the township had been Muslims, and that there was healthy demand for their livestock from the Muslim community, from whom demand spiked sharply around religious festivals, such as *Idul Adha*, when cows were usually slaughtered. Since the violence, demand for cows had dropped. Meanwhile, however, the price of fish had gone up, because the fishing trade in the township had been dominated by Muslims. Now that the Muslim fishing boats were no longer going out to fish, the local supply had dwindled.

**Nevertheless, although the violence had hurt their livelihoods, social and ethnic identity appeared to trump economic self-interest in the way that villagers perceived the conflict and calculated their interests.** When (the Rakhine, Buddhist) villagers were asked how they felt about the disappearance of Muslim traders from the township, they overwhelmingly reported that they approved of this, even though it had hurt them economically, expressing views such as *"It is better not to have kalar,"* and *"It is good that they have left: they are a different religion and nationality and we don't like them living here."* The villagers made no distinction between the Kaman Muslims of Kyaukpyu, who have citizenship, and the Rohingya<sup>16</sup> population elsewhere in Northern Rakhine

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<sup>16</sup> The use of the term 'Rohingya' to denote the roughly 800,000 stateless Muslims in Northern Rakhine State is politically sensitive in Myanmar, where the government—and much of the population, colloquially—refers to them as 'Bengali', to emphasize their view that these populations have no right to citizenship. In this report we refer to them as 'Rohingya', the more common

State, who are stateless, referring to all darker-skinned people in the area as 'Bengali' or 'kalar'.

#### CEASEFIRE IN SHAN STATE

**As in QSEM 2, villagers in previously conflict-affected villages in Shan State reported that their lives had become easier since the ceasefire, primarily because they had to pay far less informal tax to the army and non-state actors.** In Hsihseng, a township in Shan South, residents of all three villages said that the amount of informal money they had to pay had lessened dramatically, reporting that whereas in 2011, each household had on average had to pay 100,000 *kyat* a year, in 2012, this had dropped to 50,000 *kyat* a year. They reported that such payments had been extremely burdensome, particularly in the months of March, April and May each year when work was slow for casual laborers. As of May 2013, when the research was conducted, villagers had not had to pay any extortion money. Indeed in villages in Shan North and Shan East (Kyauk Me and Kengtung townships), the attitudes of village leaders towards the army appeared to have changed: in these townships, soldiers had come on their regular quarterly patrol, on their own expense, but once they had left, village leaders asked villagers whether the soldiers had taken chicken, ducks or other animals from them, saying that if they had done so, the villagers had the right to complain and seek redress.

#### CRIME & SMALL-SCALE VILLAGE CONFLICT

**As in previous QSEM rounds, crime was rare,** and there were no noticeable changes in levels of crime. The case in

Box 15, from an ethnic minority area in Shan State, outlines the ways in which some crimes were perceived not simply as an affront to one aggrieved party or individual, but also to the entire community, with the resolution of crime attempted through administrative and social means rather than by involving the police.

#### BOX 15: RESOLVING CRIME THROUGH ADMINISTRATIVE & SOCIAL MEANS

**A motorcycle theft case in a village in Shan State highlights how village authorities, ethnic organizations and villagers interacted to find an acceptable way to resolve a crime case.** The village was located in Hsihseng township in the Pa-O National Autonomous Region, where representatives of the Pa-O National Organization, a ceasefire group still holding arms, were responsible for monitoring village affairs and protecting the interests of the Pa-O people. Part of this involved working with village headmen to resolve problems.

**In the village, a man was alleged to have stolen a motorcycle from Hti Tamaung, another village two miles away,** also in the Pa-O National Autonomous Region. The case was reported to the village headman, himself also a Pa-O, and settled in cooperation between the leaders of both villages and the representatives of the Pa-O National Organization in the two villages.

**The proposed resolution of the theft involved not only compensation for the aggrieved party, but also for the village to compensate for collective loss of face, and to the ethnic organization itself, and used social sanction (the threat of ostracism) to motivate the fine to be paid.** Together, the village headmen and Pa’O National Organization representatives proposed a solution. The thief was to pay several fines: 300,000 *kyats* in compensation for the motorcycle being stolen (the motorcycle was not new and had been ridden for several months before it was recovered, so that this was the assessed value); 100,000 *kyats* to the village to make up for the bad reputation he had brought to the village, and 350,000 *kyats* in “apology fees” to the village leaders of the PNO representatives. Despite their description, these fines were apparently not destined for the private use of any individual but rather to be donated to village needs.

**If the thief did not agree to pay these fines, the leaders threatened that they would transfer the case to the township office of the PNO.** The thief also had to sign a statement promising that he would not commit theft again. If he were to break this contract, the village headman and the PNO representatives said that he would not be allowed to live in the village any longer and would be kicked out.

*“If there is someone who is hard to handle, they get scared if we tell them that we’ll hand their case over to the government, so most cases end up being settled here in the village.” – Village Headman*

**The threat of having the case handed over to the national justice system—and the perceived flaws of that system—appeared to make it easier to handle the problem locally.** The headman explained that the Pa-O were reluctant to deal with the “government,” meaning the police or army, because they were not Pa’O and were likely to be unsympathetic and demand money to solve the problem. It was therefore in everyone’s interest to handle the problem locally.

**The case arose against a background of accommodations between government administrators and members of the Pa-O National Organization.** Although government representatives and administrators were present in the villages of this region, people reported that they tended to interact more with representatives of the Pa-O National Organization. They reported that although the village had a police station, they preferred to handle crime cases locally or through the PNO, and only through the police as a last resort.

**The disputes in the village routinely handled by the government were related to land; other disputes were handled locally.** In the village, only land disputes were handled exclusively by government officials. Other cases, such as this case of motorcycle theft, were typically handled by the village administrator and the PNO representatives. The most common kinds of problems in the village were drunken and unruly behavior and fights between married couples. Villagers reported that when such crimes occurred, the two parties were each charged a fine, the proceeds of which went into a fund for the school or the village temple, and the amount of which was left to the discretion of the various authorities involved.

## VILLAGE INSTITUTIONS & LEADERSHIP

**The changes introduced by the *Ward and Village Tract Administration Law* were the catalyst for many of the village governance-related changes visible in QSEM 3.** At the time of the research, every village in Ayeyarwady, every village in Magway, every village in Rakhine, and three villages in Shan had been able to participate in elections for their village tract administrator and had begun to implement the laws.

**The laws contain for the first time the provision for village tract administrators to be elected, thus potentially providing a formal structure for bottom-up representation that has a basis in law—a sharp contrast from previous top-down village governance arrangements.** They also give formal recognition to the role of village elders and respected people (*ya mi yat hpa*, the ‘mothers and fathers of the village’) and standardize formal village governance arrangements around the country though, which previously had varied. However, because they eradicate the previous role of the ‘100 household leader’, and because not all villages are village tract villages, they have the potential to leave leadership gaps at village level even though technically village tract administrators are responsible for all villages in a tract.

**There were several main changes or dynamics related to village governance as a result of both the introduction of the laws and wider national changes.** First, the village tract institutional map changed somewhat, with the introduction of new village tract committees. Second, there were changes around the role of the ‘100 household leader’ under the new law, with some villages maintaining this position and others eliminating it. Third, there were some changes in the relative importance and function of different institutions, with shifts in the role of the village tract administration and the role of informal leaders. Fourth, the village tract administrator election became, in many townships, an important locus of competition and negotiation. The motivations for participating (or, in Shan State, not wishing to participate) in such elections revealed some important dynamics around power and the village political economy, namely the importance of social standing and also of the ability to make money through occupying the post, on the one hand, but of pushback on corruption matters and increased accountability measures exercised by ordinary people on the other. We consider each of these dynamics in turn.

### VILLAGE INSTITUTIONS AND LEADERSHIP

**In QSEM 3, the map of village institutions—at least in village tract villages—changed somewhat,** with the introduction of the farmland administration committees and village development supporting committees at village tract level, though many of these committees had not yet begun to be active, so it was too early to tell what their actual function would be. At the time of the QSEM 3 research, every QSEM village tract in Ayeyarwady, Magway, and Rakhine had set up these committees, but none of the village tracts in Shan State: government policy changes in this area had yet to be reflected there. Some villages had also set up the new formal committees consisting of village elders (*ya mi yat hpa*), which played a role in managing elections for the village tract administrator. In addition to these new institutions, one township in

*There were several changes related to village governance. First, the map of village institutions changed somewhat, with the introduction of new village tract committees.*

Ayeyarwady also saw the introduction of a farmers' union, as outlined earlier in this report.

*Second, there were ambiguities in the law around the role of the '100 household leader', and a possible village governance gap as a result.*

**The lack of reference in the law to the role of the '100 household leader' at village level led to ambiguity and, in some villages, a leadership vacuum.**

Townships dealt with the lack of reference to the '100 household leader' in the law in a variety of ways. In some townships, such as in Labutta and Mawlamyinegyun in Ayeyarwady, the newly-elected village administrators appointed *de facto* '100 household leaders' in villages, in one case after extensive consultation with village elders. In other townships, however, such as in Bogalay in Box 21, the role of the '100 household leader' effectively disappeared from villages, which caused confusion and a leadership gap at village level.

**BOX 16: LAW CREATES A LEADERSHIP VACUUM IN NON-TRACT VILLAGES IN BOGALAY**

**In the villages in Bogalay, the decision of the village tract administration to stick with the letter as well as the intent of the law and not appoint '100 household leaders' at village level created a problematic leadership vacuum at village level.**

The new law only refers to and makes provisions for the election of "10 Household Leaders," who elect the village tract administrators through secret voting, but does not explicitly refer to the function of the '100 Household Leader', who in the past acted as *de facto* village leader. In the Bogalay villages, people reported that this was a problem, as they did not know who to rely on to take responsibility for issues facing their communities and to help resolve disputes. Villagers reported that in the past, the '100 household leader' had led meetings and discussions on teachers, students and other educational matters, but that even though schools were soon due to reopen, no such discussions had been held as it was unclear who was responsible for organizing them. They also reported that in the past, issues around land and farming had gone to the "100 household leader", but that they now had to travel to the village tract to deal with land registration and other related issues, which was expensive and time-consuming. Finally, they reported that disputes—including marital disputes—had in the past been resolved with the assistance of the '100 household' leader, but that they now did not know to whom to turn.

*The village tract appeared to become an ever-more important locus of power compared to the village.*

**Third, there were some changes in the relative importance and function of different institutions, with the village tract appearing to become an ever more important locus of power compared to the village, and changes in the relative importance of the *ya mi yat hpa*, village elders and respected people.** This varied by region. In Ayeyarwady, villagers reported that village tract administrations had become strong because of their increased administrative role, including in registering land, dealing with land disputes, and handling applications for drawing lots for new SIM cards—a role that because of its content had a great impact on the lives of ordinary people. In their role in registering land, they had the power to approve the registration of land of even the oldest and most respected people within villages: villagers thus perceived them to be important. In one village in Ayeyarwady, the increased role of the village tract administrator brought with it a shift in the importance of youth: in that village, there had been social tension, but the village tract



administrator, a young man, organized all youth in the village to overcome this tension. This led the young people to become active in other village institutions, including the village community fund, and to become as active as village elders in public life. In Magway, newly-elected village tract administrators changed the membership of pre-existing village committees, including, in eight of nine villages, the school committee, and in two villages, the water management committee. They also instituted other reforms, highlighted the apparent concentration of power in the village tract administrator's hands. There was little evidence from Rakhine State on the relative importance of the village tract compared to other institutions, and in Shan State the dynamics around village tract administrations varied considerably from the other regions, as will be seen below.

**Out of these new roles, though, it was the power to handle land registration that appeared to be most important.** In most places, many of the other new institutions that had been set up at village tract level, including the village development supporting committees, had been set up formally but were not yet active.

#### ELECTIONS FOR VILLAGE TRACT ADMINISTRATOR

**Fourth, there were changes related to the election of village tract administrators, with the elections becoming an important locus of competition in some areas.** The elections played out in different ways in QSEM villages, highlighting changing dynamics at village level around leadership, accountability and other village governance issues. It was too early to tell what the long-term impact of the laws was likely to be, but the varied election experiences highlight some of the issues villagers are facing and how they are engaging with these changed arrangements.

**Competition or social tension around the elections arose in about a third of villages, apart from in Shan State, where the post was not considered desirable.** In Ayeyarwady, Rakhine and Magway, strong competition or social tension around the electoral process arose in three out of nine villages each. In Shan State there was less competition: there, the post of village tract administrator was not considered as desirable as elsewhere, because of conflict (discussed below).

**The cases where competition or social tension emerged were case studies in emerging village democracy.** There were several dynamics.

#### BOX 17: VILLAGE POLITICAL ECONOMY AND ACCOUNTABILITY CONSIDERATIONS IN LEADERSHIP CHANGE IN AYEYARWADY AND MAGWAY

**In one village in Ayeyarwady, villagers reported that they had voted for new leadership for their village because their previous village administrator had been corrupt.** They reported that the previous village administrator had taken informal payments from villagers for many types of transactions. For example, if a couple fought in the village, he charged them a fine, which he pocketed. He had also reportedly instituted a system whereby seven people from each 100 households were assigned to take care of village security for a day, with a 1500 *kyat* fine if they failed to show up for work, but that because most people did not want to do this,

*In some areas, tensions arose over the village tract administrator elections, in many cases highlighting underlying political economy issues.*



he earned about 10,000 *kyats* a day due to villagers missing their duties. This practice had recently stopped when a teacher from the village complained to the township administration, who ordered the incumbent village administrator to put a stop to this practice.

**When campaigning for the election, the incumbent village administrator promised villagers that they did not have to repay their personal debts to him if they promised to vote for him.** Nevertheless, villagers voted for the teacher, prompting the previous village administrator to leave the village.

**Villagers' motivations for electing new administrators were also related to issues of administrative competence and, in some cases, wealth.** In one of the villages in Magway that elected a new village tract administrator, two candidates ran against each other: one incumbent village leader who had been misusing village funds by borrowing from it for himself, but who was otherwise good at his job, and another candidate who was rich and good at managing money. Villagers decided to elect the second candidate, on the assumption that he would manage the money better than the incumbent. In the second village, the previous village administrator had not had enough money to attend township meetings, which placed a burden on village elders to collect money for him to do so. Village elders decided that someone with adequate funds should be in such a position, and a richer candidate was duly elected.

**In some villages, they became a means for villagers to exercise accountability over their leaders and to raise village political economy concerns.** Village political economy considerations were raised elsewhere too: for example, in Magway, where four out of nine villages elected a new administrator, one of the villages reported that this was because the previous village tract administrator had misused community funds. In one village in Rakhine, villagers elected a new leader on the basis that their former leader had been a 'drunkard'. In this village, there was strong competition for the post of the village tract administrator, and the 'drunkard' lost, but his family were not happy with this and increased their gambling, drinking and bawling in the village, prompting the new village tract administrator to create a set of village bylaws prohibiting gambling, alcohol sales, and drunken or disorderly behavior, punishable by fines.

**In other villages, the village elections both reflected and caused social tension—and in some cases highlighted the extent to which villages were willing to organize collectively around alleged election irregularities.**

*"Candidates who participate in the election are in competition for the chair of the administrator position. If they become leaders, they will be highly esteemed and can have authority." – A village development committee member, Rakhine State.*

*"People usually want this position as dignitaries have authority and power. And (now that some) reforms have been made, they want the salary offered in the position." – Villager, Rakhine State*

**Candidates for election cited several motivations for running, including social standing and the possibility to earn the official salary, but villagers sometimes cited the opportunity to make money under the table.** For example, in four out of nine villages in Rakhine State, candidates said that social standing was a factor in choosing to run for office. Villagers cited the same—the ability to have power within the community—but also cited the opportunity to make money from informal payments. It was unclear, however, how much money could actually be made from such a position, as the revenues coming into the village were limited, and the post clearly demanded time and effort.

#### **BOX 18: VILLAGE ELECTIONS AND SOCIAL TENSION**

**In Magway, where four out of nine villages voted for a change in their village administration, two villages reported that social tensions had emerged over the village tract administrator elections.** In one of these villages, the previous village administrator had reportedly misused money collected by villagers for schools and had taken out loans from MADB on behalf of villagers and misused them. Now, competition had emerged over the elections, with a candidate emerging to contest the election. This election had, however, caused tension. Members of two opposing groups in the village became hostile.

**In a village in Gwa township in Rakhine, there had been previous tensions in the village following a death of a monk.** When the replacement for the monk came, factions arose in the village, with some approving him and others not. These tensions played out in the election for the village tract administrator, with one faction being unsatisfied with the outcome. When the losing faction brought their complaints to the township administration office, irregularities in the election came to light. Even though another election was held in a more democratic fashion, the factionalism in the village has not been healed.

**In that particular village tract, the township administration had appointed a ‘supervisory committee’ to choose the village administrator.** This committee was comprised of five village elders, two from one faction and three from another. Villagers perceived this arrangement as unfair, since the faction with three members would automatically choose their candidate.

**The losing faction, being unhappy, sent a letter to the township administration office, asking them to examine the voting process.** When the township officials came, they deemed the voting process as not in accordance with the law, as the village tract administrator is chosen by ‘10 household’ heads and not a supervisory committee, which is supposed to only oversee the process. The election was thus re-held.

**During the second election, the person who had sent the letter of complaint to the township administration office was elected, while the first winner lost, though some accused the new winner of paying bribes and winning unfairly.** They alleged that the new winner had used unfair means to win the election and that he had paid a bribe of 300,000K to the Township Office in order to get them to come to the village quickly, investigate, and force the village to hold a new election. At the time of the research, the two sides of the village tract were still not talking.

This was different, however, in Shan State, especially in Shan South, where being a village leader was not considered desirable because the office holder was placed in a difficult position between rebel groups and the government. Villagers also had limited Burmese language skills, which they cited as a constraint.

**Box 19: VILLAGE GOVERNANCE ARRANGEMENTS DIFFER IN SHAN SOUTH**

Villagers in the three formerly conflict-affected villages in Hsihseng in Shan South reported that being a village administrator was not considered desirable, and as a result had put different administrative arrangements in place. They reported that when soldiers came to their village to ask for bamboo and other contributions, administrators had to arrange for collections to be made, and thus were placed in a difficult position. They also said that village administrators were obliged to attend meetings of the Pa’O National Organization, which was extremely time-consuming. Some villages had thus instituted a system whereby responsibility for the administrator post was distributed, on a rotation basis, among village elders.

Almost no villages saw changes in the wealth ranking of core leaders or the educational level of village administrators, apart from two villages in Ayeyarwady, which reported having chosen leaders from poor households for the first time.

## CHAPTER SEVEN: EXTERNAL ASSISTANCE

**The first round of QSEM, conducted in Mandalay, Magway, Rakhine and Chin, found a mixed picture on external assistance.** Although levels of external assistance had increased in those regions in the year prior to fieldwork, there were still many unmet needs at the village level, particularly in community infrastructure—something that, along with livelihoods assistance, community members tended to prioritize. QSEM 1 found that the most common way for aid providers to distribute aid was through village committees, but that aid decisions tended to be made by aid providers rather than by community members.

**QSEM 2 examined aid decision-making and the social dynamics of aid in greater depth.** Overall, the picture was similar to QSEM 1. While there was overall little change in external assistance, there was marked regional variation, with aid-related social tensions identified in Ayeyarwady that arose because of tensions over village committees.<sup>17</sup>

**QSEM 3 examined questions of villagers' perceptions, attitudes, and expectations towards aid, which tended to be similar throughout all regions and states.** The overall picture of aid that emerged was overall similar to QSEM 1 and 2. Ayeyarwady Region, one of two of the most recent repeat regions, continued to have the most complex picture in relation to aid because of the legacy of assistance after Cyclone Nargis in 2008. Shan State, the other most recent repeat, together with Rakhine State and Magway Region, which had not been visited since QSEM 1, had received lower levels of aid than Ayeyarwady Region, which also had appeared to have an impact on villagers' perceptions and attitudes.

This section outlines some of these dynamics.

### AID RECEIVED

**There were few overall changes in aid levels.** Aid levels were similar in all regions, apart from in Ayeyarwady, which continued to receive higher levels of aid than the other remaining states and regions. Overall, it appears that aid levels everywhere may have started to drop somewhat since QSEM1, though there were new projects in four villages in Magway.

**There were also few changes in the types of aid provided by region.** The pattern of the type of aid provided was similar to that found under QSEM 1 and 2. Livelihood assistance appeared to be more common in Shan, Rakhine and Magway, where there were agricultural and animal husbandry-related trainings. Also common were small-enterprise training sessions. Villagers in Hsihseng and Kyaukme in Shan State also received implements such as seeders and weeders when they received seeds or fertilizer. Three villages in Gwa Township in Rakhine State received training on environmental conservation and natural disaster risk reduction.

*There were few changes in the level or type of assistance provided, though there was some increase in government service provision in education and health.*

<sup>17</sup> Details of this can be found in the QSEM 2 report.

**Since QSEM 1, the number of aid projects in the nine villages in Rakhine dropped**, from 54 to 38 during QSEM 3. Most of the organizations had come to Rakhine State in response to Cyclone Giri in October 2010, and so many left after the emergency response. Although none of the QSEM villages in Rakhine State had been directly affected by communal violence in the state, villagers said that a UNDP project had been stopped in their village. The reason they were given was that the main office in Rakhine State had been closed because of the violence.

**In accordance with government policy changes, villages in all regions and states received funds for school and healthcare infrastructure, and to encourage parents to enroll their children in school.** The Ministry of Education provided money to build primary schools, toilets, or to make infrastructure repairs. Villagers in all areas spoke of how their village received 1,000,000 *kyats* for such projects, and about the nation-wide increase in teachers' salaries. Parents reported receiving 1000 *kyats* as an incentive to enroll their children in school. Textbooks and blank exercise books were also distributed. Two villages reported that the government had started building clinics in their villages.

**There were a few changes in credit provision.** As has been outlined earlier in the report, the Myanmar Agricultural Development Bank increased the amount of their loans and reduced interest rates. In one village in Mawlamyinegyun Township in Ayeyarwady Region, a private company had moved into a village to offer low-interest credit to farmers. Elsewhere, two other private companies provided financial services to the landless. Meanwhile, in Ayeyarwady, one major microcredit provider adjusted their loan policies in response to the high numbers of people defaulting. People taking out loans now had to demonstrate some kind of equity in order to be eligible.

### NEEDS, PRIORITIES, AND COMMUNITY PERCEPTIONS

**There was little change in the priorities of villagers.** Villagers everywhere continued to ask for help with infrastructure, health care, schools and teachers, and livelihoods. Villagers in Magway Region specifically asked for help creating more jobs in their area.

**In some areas, villagers complained of receiving inappropriate or insufficient assistance.** Two villages in Rakhine State reported receiving no assistance. Villagers in Magway had received training in farming techniques, which they welcomed, and in making shampoo, sewing, and beauty courses, which they saw as less useful. The villagers themselves explained that there was little market for beauty services in the villages. The researchers observed that while there may be markets for such services in cities, in the villages people do not have the money for them. Similarly, the villagers were not able to make use of sewing programs because there were not enough sewing machines in the village, and villagers found it cheaper to buy ready-to-wear clothes rather than making their own. Where there were programs targeting farmers, such as credit programs, some beneficiaries complained that the amounts they received were not enough to cover their needs.

*In Ayeyarwady, villagers expressed a reluctance to invest much time and energy into aid projects, citing a variety of factors.*

**As aid patterns shifted from emergency relief handouts to longer-term development planning some villagers in Ayeyarwady reported that aid was less appealing;** this appeared to be a common phenomenon. There, though not in other regions. In many parts of Ayeyarwady Region, villagers had received extensive aid after Cyclone Nargis. As the nature of projects changed away from providing immediate assistance towards long-term development, villagers reported that they were receiving fewer things but had to participate in more long-term programs, expressing a view that the many procedures to be followed and meetings to be attended interfered with their livelihoods. As one villager put it, *“The way the programs are now, we have to attend meetings often. We can’t do our own work well – we just want to do our own work.”*

**The researchers also observed that in some Shan villages, villagers were suspicious of external agencies** having a presence in the village, fearing that they may be spying on illegal activities such as opium-growing. In two of the three villages in Shan East, villagers also expressed little interest in external assistance because they were well off financially.

**Providing for education remained a problem.** In five out of nine villages in Rakhine State, students could attend only primary school in their own villages, and had to go elsewhere for the higher levels. Finding and keeping teachers at government schools remained difficult. The central government has sent out some teachers to Rakhine State, but villagers reported that they sometimes left because of low pay and isolation. Some villages had started to hire their own teacher, which required contributions from villagers. Although the contributions were adjusted according to their ability to pay, some villagers reported taking their children out of school because they could not afford the payments. Villagers in Magway reported similar problems. In the three Pa-O villages of Hsihseng, the local schools were not recognized by the central government, and therefore were ineligible for government assistance.

**Dealing with environmental problems remained a priority in Rakhine and Shan States.** Villagers in Rakhine State spoke of their need for infrastructure like roads, and spoke of recurring repair costs to embankments. Salt water intrusions into farmland continue to be an annual concern. People in the three villages of Hsihseng in Shan South had trouble with getting sufficient water for drinking and agricultural use because their sources were far away.

**Villagers in all states and regions appeared to expect little assistance from government.** Villagers saw themselves as having to take responsibility for themselves and their communities, especially in more remote areas.

**These findings resonate with previous research done in Myanmar in recent years,** such as the *Listening Project*, which was a research project undertaken in 2008-2009 to understand Myanmar villagers’ perceptions of outside assistance, especially in cyclone-affected areas.<sup>18</sup> The *Project* found similar attitudes towards the central government, although their finding suggested that

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<sup>18</sup> CDA Collaborative Learning Project, *Listening Project: Field Visit Report Myanmar/Burma* (Cambridge, MA: 2009) pp. 16-17.

many saw aid as coming from abroad, through international organizations. Villagers saw aid positively as something that could build unity, challenge local practices, and model changes in behavior. They liked it best when they were consulted on village needs and priorities, and when projects helped them use the resources they already had to be self-reliant in the long-term. Many perceived aid providers as having their own agendas.<sup>19</sup>

### AID DELIVERY, TARGETING, AND DECISION MAKING

**Overall, there were few changes in aid delivery, targeting, or decision-making** under QSEM 3 in comparison to the two earlier rounds. During the research for QSEM 1 and 2, there had been reports of problems associated with the proliferation of village committees. In Rakhine State, four villages had village development committee set up in accordance with NGO requirements, and in two of those, villagers said the committees were not founded in accordance with their needs and preferences.

### COMMUNITY CONTRIBUTIONS

**Villagers continued to expect little assistance from central government.**

There was evidence in all states and regions of villagers' continued interest in donating their time and labor to assistance projects. Villagers spoke of their interest in and willingness to build roads and water ponds, for example. The tradition of donating one's labor (*lout abei*) was strong everywhere. In Shan State, villagers reported that while people were interested in contributing their labor to building schools, roads, and village fences, they did so in a rotation system. To deal with the possibility of either the army or non-state armies coming into the villages, some villagers had to be on stand-by. The researchers did not see any evidence of forced labor in the QSEM (in the Myanmar language, the verb *chaw hswe* is used).

**The researchers observed that while many villagers preferred to be involved in cash-for-work programs if possible, they would nevertheless still work on infrastructure projects even if no money was forthcoming.** During previous rounds of QSEM, villagers in Hsihseng township in Shan South, for example, had been beneficiaries of cash-for-work programs to work on village infrastructure. Under QSEM3, people from those same villages were working on similar infrastructure projects, such as building schools, without receiving any cash from an agency.

**The limits of villagers' willingness to participate in projects may be hard to gauge, however, particularly when institutions they see as powerful are involved, such as the central government.** Academic observers of Myanmar politics have observed that the habit of obeying and being subservient to superiors is deeply engrained.<sup>20</sup>

*Villagers continued to cite little expectation of assistance from the central government.*

<sup>19</sup> CDA 2009: p 16.

<sup>20</sup> Interview with Dr. Mary Callahan, Yangon, 15 November 2013. See also David Steinberg, - *Burma/Myanmar: What Everyone Needs to Know* (Oxford University Press, 2010).



Although there were complaints over aid, formal complaints mechanisms were rarely used.

## TRANSPARENCY, AID EQUITY, AND COMPLAINTS

**The processes set up to deal with complaints were normally not used apart from for serious problems.** Villagers instead preferred to deal with aid problems in familiar ways: through talking with others, including project staff, in person and negotiating with them. Villagers frequently grumbled openly to the researchers about specific projects, but they felt reserved or hesitant (*aanaade* in the Myanmar language) to complain too directly. Some villagers in Ayeyarwady District, when airing their grievances about their Village Development Committees to the researchers, were also quick to point out the good things that the committee had also done.

**Overall, villagers also spoke of not wanting to get “involved in something complicated,” (*alout ma shoutchinbu*).** Furthermore, there was little previous tradition of complaining formally, and so villagers generally did not think to write letters of complaint.

**Under QSEM 3, only two cases of formal complaints were registered.** The first was in Rakhine State in a village where an organization had set up a cash-for-work program to clear trees in mangrove forests. Many villagers did not understand the nature and terms of the project and cleared the forests, expecting to get paid. When they were not, the village administrator submitted a letter to the Association and a satisfactory solution was eventually found. The second case was in Magway Region, where villagers in one village were not happy with the Village Development Committee that a local NGO, Swan Ye, had set up. They complained to the research team and eventually contacted Swan Ye headquarters but no action had been taken. Communication between the organization and the village had been cut off. In one village in Ayeyarwady Region, an NGO had set up a suggestion box as a place for villagers to submit complaints. Villagers claimed that their complaints appeared to have been destroyed and did not reach town-level NGO officials.

**In some villages, there were informal complaints about the effectiveness, relevance, or timeliness of aid received.** Farmers in three villages in Kyaukme township in Shan State reported that village leaders distributed peanut seedlings to villagers after the growing season, and many could not make use of the assistance. In Hsihseng township, an NGO ran a project to provide seedlings, tools, and technical training for hillside cultivation. Villagers complained that they did not have the time to attend the trainings, which were giving at busy times of the year. There were similar problems with timing in programs run by NGOs in Kengtung and Kyaukme.

**As under the earlier QSEM rounds, some villagers reported that village development committees did not operate in a transparent manner.** Villagers in Magway, for example, said that these committees held discussions privately. The researchers observed that relations between the committees and villagers in three villages there was weak. Similar concerns over village development committee transparency were raised also in three villages in Rakhine. In two villages, villagers reported not understanding how much they would earn from cash-for-work programs and then being verbally abused by the village development committee when they inquired and being aggressively redirected to implementing partners for information on the project.



**In Ayeyarwady, villagers reported that the quality of communication between villagers and village development committees had declined.** As noted earlier, villagers in Ayeyarwady reported becoming gradually less interested in aid projects, both the increase in time required to attend meetings and a decline in the actual level of aid received. This has the corollary effect of deteriorating lines of communication with village development committees.

**In Ayeyarwady, there were some complaints about how revolving funds were operated.** Villagers complained that they could not take out money when they wanted to, or as much as they wanted to, but had to wait their turn. Others were not happy because items had been given to groups, rather than individuals. For example, it was not clear who had responsibility for the upkeep of power tillers. Some villagers complained that the people who were put in charge of such items used them first and allowed their friends and family to use them before others. Similar grievances were reported in Shan (three villages) and Rakhine (one village), where the principal grievance was that the timing of fund distributions did not match planting cycles; therefore, farmers were unable to receive funds at the most critical times.

## CHAPTER EIGHT: CONCLUSIONS & IMPLICATIONS

**This concluding chapter draws out the conclusions and likely implications for LIFT of the QSEM research done in rounds 1, 2 and 3. QSEM 1** highlighted overall regional comparisons and also identified common aspects of the village context. Among other things, it highlighted: the constraining impact of a lack of credit and high debt for households; variance in market access across villages and regions; the impact of water shortage and unusual weather patterns for farmers; a drop in fish yields and apparent rent-seeking in getting fishing licenses; the importance of migration in coping with hardship; the overall strength of social capital within villages; the relatively closed decision-making style of village administrations; and the concentration of aid decision-making power in aid providers rather than recipients. QSEM 2, which focused on getting a more detailed understanding of livelihood patterns, found that many of these issues persisted, but also examined emerging cross-cutting themes and region-specific issues, such as: unpredictable weather patterns in the Dry Zone; the relationship between labor, migration and landlessness; and the impact of a history of conflict on livelihoods in Shan South. It also began to identify changes, for example, emerging social tensions over aid in Ayeyarwady.

**Along with the findings of QSEM 1 and 2, the QSEM 3 report identifies emerging issues at village level, highlighting possible entry points for policy dialogue, practical implications for LIFT programming, or areas in which further research is needed.** This concluding chapter lays some of these out, highlighting also the issues from previous reports that persist.

### LIVELIHOODS

There were few changes in basic livelihoods in the QSEM round 3. Nevertheless, there were changes in the village livelihoods context related to land and labor that warrant further monitoring. Furthermore, a number of livelihoods issues challenges identified in previous rounds persisted, including those related to credit, risk and weather.

#### LAND

**QSEM 3 highlighted some of the emerging interactions between the implementation of the new land laws with land ownership structures, land prices and landlessness at village level: this will have to be monitored closely as this process unfolds further in order to understand impacts on the landless and on small farmers.** The concern is that the implementation of the land laws will weaken security of tenure for farmers and contribute to landlessness as farmers sell land or as unclear tenure or a lack of market information is exploited. In QSEM 3, it was too early to tell whether smallholder farmers were likely to sell their land use rights and become landless, but many of the highly indebted smallholder farmers reported being happy that the laws gave them the opportunity to sell their land. Before the laws were passed, there was an informal market in land in which informal land use rights were traded freely. Nevertheless, a common perception was that land registered under the new laws came with increased security of tenure and therefore was worth more; land prices also increased in areas with heavy international investment.

These dynamics may have serious impacts upon landless laborers and smallholder farmers, so will need to be monitored closely.

**QSEM 3 did not find much evidence of large-scale land-grabbing per se; although there was much flux and negotiation around land in the QSEM villages, the dynamics of this tended to be local-level ones involving inter-village disputes between neighbors, debt and collective organizing.** This is not to say that over the three rounds of QSEM research that no cases of land-grabbing were identified or that such issues are not an issue in the rest of the country: indeed in QSEM several cases were identified, though many of these pre-dated QSEM<sup>21</sup>. QSEM 3 instead highlighted a variety of village-level dynamics which have received little attention but have a large impact on the welfare of the rural poor. These issues include land prices, land speculation, the impact of international investment, local level land disputes and indebtedness.

#### LABOR

**There is a need to better understand local labor markets.** QSEM 2 highlighted the shortage of agricultural labor at peak season. This persisted in QSEM 3, and in some areas, farmers complained of rising labor costs. Landless laborers say there is not enough work throughout the year and struggle to get by, yet the peak season agricultural rate, which varies by region, is high, and farmers complain of labor shortages in the peak season. In Ayeyarwady, the cost of labor rose, as might be expected. But in Magway, where farmers also complained of labor shortage, the price did not rise; instead farmers substituted family labor for hired labor and planted less. Farmers attributed a rise in the labor cost to rising levels of migration, but it was unclear if this was the case. There is a need to understand in much greater depth the links among labor, migration, landlessness, and land accumulation: this will have not only policy implications but an implication upon LIFT programming.

#### CREDIT & FINANCIAL SERVICES

**QSEM 1, 2 and 3 identified the need for more affordable credit products targeted at farmers, but in ways that do not push them further into debt and that enable farmers to hold onto their harvest to sell for better prices.** There is the need for more and more affordable credit products targeted at farmers with borrowing and repayment terms approximating needs and cash flows from farming. QSEM 3 highlighted the ways that a straightforward expansion of credit is by itself—and in a complex environment with low agricultural productivity—no panacea and may not be sufficient unless it leads to increased household income. There is a need for more flexibility in the credit

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<sup>21</sup> These cases, however, tended either to be (a) old cases dating from the era of the previous government, for which villagers were now attempting to claim compensation; (b) cases of attempted land-grabbing (such as the case of attempted confiscation of forest land by a group of navy officers' spouses in Rakhine in QSEM 1) in which villagers were making (in these cases successful) attempts to organize collectively and block such attempts; or (3) cases of land appropriation involving compensation, in which villagers and farmers played an active role in negotiating the terms of such compensation—and where the issue was more one of environmental sustainability, the long-term impacts on farmers, or the knock-on effect on land prices.

products offered to farmers so that they can hold onto their harvest for better prices.

#### RISK-MANAGEMENT PRODUCTS

**QSEM 2 and 3 identified the need for pilot interventions to develop a range of new financial products that better match and support the livelihood strategies of the poor, including micro-insurance services.** Because of year-on-year weather distress, farmers sought ways to limit their risk exposure, including, in some areas, by planting less, and by being reluctant to try new and unfamiliar seed, even when supplied for free. (This is not inconsistent with other LIFT findings that farmers are indeed willing to try and to pay for new seed when they have seen from other farmers that it works). Large price fluctuations and declines in crop prices identified in QSEM 2, combined with the risk aversion identified in QSEM 3, also provide the opportunity for exploring risk management products such as micro and weather-linked insurance services. LIFT has a proposal to scope the prospects for micro-insurance; this should be supported.

#### COLLECTIVE ACTION INTERVENTIONS

**Collective action mechanisms for improving the welfare of farmers, such as farmer cooperatives, were uncommon in the QSEM: this emerged in QSEM 2 but was highlighted further in QSEM 3.** In QSEM 2, no examples of such collective action to improve livelihoods were found, such as informal pooling of produce or cooperatives, apart from renting trucks together to transport produce. This stands in contrast to the comparative strength of other collective action mechanisms in QSEM villages, for example in the social and religious sphere or to maintain community public goods such as drinking water ponds or small roads. Understanding these dynamics better is a key area to explore. There have been a number of successful efforts elsewhere in the world to collectivize farmers and other producers that have successfully increased the incomes of farmers through increasing economies of scale in procurement of inputs; disseminating technological improvements and best practices; transporting produce to markets; and increase negotiating power in markets—but there have also been stories of failure. Understanding these dynamics better will be important in understanding the likely efficacy of related aid interventions.

#### MARKET ACCESS AND INFORMATION

**Market access, indebtedness, the difficulties of collective action and other issues appeared to be more of a constraint for farmers than price information.** Although QSEM 2 highlighted the need for better information, in QSEM 3 this had changed: the core issue did not appear to be a lack of information—which farmers got through mobile phones or word-of-mouth—but rather that they could not do much with the information because of problems with market access, the cost of transport to markets, a lack of storage facilities, or other constraints. In Ayeyarwady, there were some increases in the use of mobile phones to get price information, but this did not have a significant impact: bigger farmers already had phones or had pre-existing connections with rice mills and traders, to whom they preferred to sell; smallholder farmers had to sell their produce immediately after harvest to repay debt and lacked

storage facilities; and farmers reported that for two to three years running they had good price information. They also cited the high cost of transporting paddy to township capitals as a constraint on their bargaining power.

#### CONFLICT, MARKETS AND LIVELIHOODS

**Conflict had a tangible impact on markets and livelihoods in two QSEM townships, but in different ways: in Rakhine, the issue was one of communal violence; in Shan, the issue was one of political party competition and illegal activity.** In Kyaukpyu township in Rakhine, communal violence broke out that displaced most of the Kaman Muslim residents of the township capital. Although the QSEM villages (which happened to be Buddhist Rakhine villages) were not directly affected by violence, local markets were disrupted and their livelihoods suffered: the conflict affected trade in corn and livestock, casual labor opportunities and the prices of fish. There is a possibility that elsewhere in Rakhine, where LIFT operates, the dynamics of such violence may worsen both in the aftermath of the census and/or the lead-up to the 2015 elections, which would have a knock-on effect on livelihoods: this will be something to monitor closely. In Hsihseng township in Shan South, the dynamics around conflict and livelihoods were different. There, the ceasefire had improved villagers' livelihoods, in the sense that they no longer had to pay informal taxes to the army and non-state armed groups. However, the beginnings of political party maneuvering in the lead-up to elections meant that the Pa'O authorities were unwilling to crack down on young people's involvement in the opium trade, citing a lack of incentive to prevent people from earning money in the context of needing to earn votes in future.

#### CLIMATE ADAPTATION

**QSEM 1, 2 and 3 have highlighted the ongoing effects of weather-related distress on farmers.** Both the QSEM 2 and 3 reports highlighted the prevalence of weather-related shocks in all regions studied, and also identified the linkages between extreme weather patterns, the accumulated distress of associated crop losses and, in some areas, migration. There was not enough evidence to be able to say whether such weather distress was part of the normal weather cycle or was linked to climate change. In many areas, residents complained that such weather patterns were unprecedented: for example, in Shan State, villagers complained of hail stones, which they said they had never seen in their lifetimes. In the Dry Zone, farmers also complained that the weather had become worse and complained of unpredictability, but other research commissioned by LIFT shows no historic fundamental change in rainfall patterns in the Dry Zone, where weather unpredictability is a function of the local environment.

**Regardless of whether such patterns are linked to climate change or are cyclical, however, it appears clear that more work is needed to understand the adaptation capacity of poor communities to climate change and build climate resilience, and also to understand better the attitude of farmers towards risk.** LIFT already supports climate adaptation through support to access to water and is cognizant of the relationship between climate change and disaster risk, and has done research to identify actual trends in climate such as changes in temperature and rainfall patterns in the Dry Zone. Further discussion is needed to understand and identify steps that might be needed to build the

adaptive capacity of the poorest communities such as changes in crop management practices, crops planted and risk-mitigation measures.

#### FISHERIES

**QSEM 1 and 2 identified a depletion of fishing stocks and recommended research and policy interventions are needed to better understand and manage this.** Although there were too few fishing villages in the QSEM sample to draw wide conclusions, fishing households in the QSEM reported a steep decline in catch sizes and reported having to spend more time fishing to catch the same amount of fish. The causes of this drop were not clear, but households reported that big fishing trawlers used fine fishing nets that captured all species of sea life in the area. Fishing households themselves, however, reported a range of harmful and environmentally unsustainable fishing practices, such as poisoning rivers. There is thus also the need for interventions that raise awareness and seek to change environmentally unfriendly fishing practices such as the use of poison and explosives.

**QSEM 1 and QSEM 2 also identified rent-seeking in the fishing licensing process, but this appeared to be changing in QSEM 3 as a result of government intervention,** showing the impact of administrative changes at the local level.

#### COPING STRATEGIES

##### MIGRATION & REMITTANCES

**There is a need to better understand the role of different types of remittances (including domestic remittances) and migration in the rural economy, including impacts on the local labor market, but also to understand how remittances are used within the household and are used to cope with shock.** In all rounds of QSEM thus far, respondents have highlighted high levels of migration. Numbers are difficult to get and are probably under-reported (the QSEM research got numbers based on the household list, but this probably under-reports those who have left for work), but appear to be high. Rural households also consistently cited remittances as being important for their coping strategies, and farmers both perceived the cost of labor to be affected by outmigration and cited weather distress as a motivation to migrate themselves. Understanding the patterns of migration and remittances better, and the interactions between migration, coping strategies, labor, and landlessness, is a clear area for further research.

**Researchers, policymakers and the aid community should also focus on building/strengthening formal channels for remittances.** As QSEM 2 pointed out, the absence of formal remittance services—including for region/state remittances— is a major gap and interventions are needed across the spectrum from research to better understand existing informal channels and effective fees paid for remittances; pilot projects that seek to bring together NGOs, mobile payment providers and banks to experiment with effective and easily accessible models for handling remittances; and policy support so as to develop a favorable policy infrastructure for the development of formal remittance service providers.

## SOCIAL RELATION, INSTITUTIONS & AID EFFECTIVENESS

### VILLAGE GOVERNANCE, PARTICIPATORY PLANNING

**There is a need to monitor the evolution of participatory planning capacity at village level, particularly in the context of changing village governance arrangements.** The rural development strategy framework currently being developed by the government is centered on participatory village planning at the village level. For this to be successful and to avoid elite capture, communities will need to be supported in appropriate ways to do this. The QSEM research findings related to this are mixed. On the one hand, QSEM identified a possible gap in formal village government arrangements as a result of the clause in the village, ward and tract law that eradicates the village leader and ‘100 household’ leaders. On the other hand, all QSEM rounds have identified the strength of informal village leaders and social capital at village level. The capacity of villages to plan for their own development—and the best arrangements for them to do this—will need to be monitored as this unfolds.

**One of the key issues is the role of the new village development support committees: the government should take steps to ensure that they are sufficiently broad-based and representative, have effective accountability mechanisms, and effective links to the village level.** LIFT should also pay attention to the relations between these committees and LIFT-supported VDCs, some of which have been trained in village development planning.

**In line with the recommendation from QSEM 2, donors should take steps to end the proliferation of village committees, ideally by using the government-mandated village development support committee to channel aid, and take transparency measures to avoid elite capture:** The QSEM 2 report highlighted social tension that had arisen over aid in several villages in the Ayeyarwady Region. In these villages, overlapping membership, jealousies and disharmony among different committees set up by aid organizations had created factions, that spilled over into other aspects of village life. There is room for LIFT to engage with government over using committees established by government decree to end committee proliferation and putting in place measures to ensure that such committees are sufficiently participatory and representative of a cross-section of the village population. To be effective, appropriate transparency measures would have to be put in place to avoid elite capture.

### VILLAGE POLITICAL ECONOMY

**The government and donors should also monitor village political economy and corruption issues.** Although such cases are hard to verify, several reports emerged in the QSEM 3 research, particularly vis-à-vis land registration and also related to MADB credit. These issues played out in ways that hurt the poor. Understanding the incentives around such corruption, including inadequate budgets, lack of internal controls, and the expectations of villagers, will be vital in ensuring that as Myanmar’s transition unfolds, such constraints are minimized. LIFT could also do useful work in promoting village and/or social audits.

### AID EFFECTIVENESS

**Grievance handling and other accountability measures should be strengthened.** Transparency, accountability and grievance-handling measures emerged as an area that could be strengthened by implementing partners.



## ANNEXES

### ANNEX ONE: AGGREGATE MONITORING OF LIVELIHOOD PATTERNS

**This pull-out section reports in aggregate on a number of ongoing indicators that are tracked across each QSEM round.** Since there were few changes, most numbers are not reported, but details can be got from the research teams. A more in-depth examination of the findings of this section is in the section of the report on the village livelihood context.

#### AGRICULTURE

**There were few changes in crop patterns or landholding sizes.** In Shan State, more households planted corn than before because it had fetched a high price in the previous season. In Myebon township in Rakhine, the amount of arable land had decreased because of saltwater intrusion during Cyclone Mahasen in May 2013. Apart from this, however, there were few significant changes in either crop patterns or landholding sizes.

**There were also very few changes in the use, availability or cost of fertilizer or pesticides.** The only change in fertilizer use was in Ayeyarwady, where the cost of peak season labor rose. There, farmers switched to cheaper government-issued fertilizer, reporting that they did so in order to keep their overall input costs manageable. Farmers reported being satisfied with this new fertilizer despite its shorter shelf life, because its instructions were printed in the Myanmar language. There was also almost no change in the use or cost of pesticides.

*In agriculture, there were few changes in crop patterns, landholding sizes or fertilizer, pesticide and seed use or prices, but there were broader changes around land as a result of policy changes.*

#### BOX 20: PROBLEMS WITH THE QUALITY OF FERTILIZER

**Farmers reported problems with the quality and authenticity of fertilizer.** In Ayeyarwady Region, farmers in reported that, in contrast to larger farmers who bought in bulk and could afford to buy reliable fertilizer from regular supplier shops on credit with some advance payment, smallholder and medium farmers bought in an ad hoc manner and were sometimes cheated with fake fertilizer. They reported that they could not tell in advance which fertilizers would be of good quality; instead this depended on luck. Overall, they reported being led unwilling to take risks by switching brands.

*"We won't use a brand of seed we haven't used before, because if we lose, everything will be gone." – Farmer, Shan State, referring to corn seed*

**There were also very few changes in the use or cost of seeds, and farmers were reluctant to risk trying new seeds.** In Magway, the price of locally-procured peanut and sesame seeds increased due to poor yields the previous year, and in Shan State, the price of corn seed increased significantly because of a spike in local demand, causing shortages. Overall, farmers' limited ability to

cope with risk made them unwilling to switch to untested brands of seed, even when supplied by NGOs. As one farmer in Rakhine who had received paddy seed from an NGO put it, *"We accept that the paddy seeds are good quality. But we dare not use it, as it is new for our region. If there's something wrong with it, we'll go hungry."*

**The main change in agricultural inputs in QSEM 3 was that the cost of peak season labor increased in some areas. Farmers also continued to report peak season labor shortages.** This differed by region. In Ayeyarwady, the cost of peak season labor for planting and harvesting increased between 20-40% in a year. In Rakhine and Shan, the cost of labor rose in some townships. In Magway, by contrast, where farmers reported shortages in labor, the cost of labor remained steady. These issues are examined in more depth in Section 3.

**Overall there was little change in the use of tools, though there was some scattered, small-scale mechanization in a few villages.** In two villages in Ayeyarwady, better-off farmers bought newly available harvesting equipment from Bogalay on installment. They reported that this helped them to meet the tight time constraints of harvesting. In Shan State, some villages reported introducing husking machines, which saved money for farmers and increased the quality of their output, but which also meant there was less work available for casual laborers. There were no changes in the use of tools or mechanization in Magway or Rakhine.

#### CREDIT

**There were some changes in the credit supply,** with villagers reporting both an increase in the credit supply and, particularly in Ayeyarwady and Magway, a decrease in the interest rate. Poor households, however, still found it difficult to get enough credit.

**The impacts of this increase in the credit supply, however, were mixed.** Although it was too early to assess the longer-term impact of these changes, there were several cases where farmers reported that, because of their low profit margins and weather-related distress, borrowing more money merely pushed them further into debt. There were also several cases of reported embezzlement of MADB funds. Dynamics around debt and credit are discussed further in Section 3.

#### MARKETS

**There were very few changes the main markets for crops, the process of selling, or in the relationship between brokers and households.** In Kyaukpyu township in Rakhine State, there were changes in broker relationships around rice, corn and livestock due to communal violence, discussed earlier in this report. In one village in Shan State, farmers reported that their usual relationship with a tobacco broker had been disrupted: there, they had only used one broker, but that year he did not come, leaving farmers with a surplus of tobacco that they found difficult to sell locally. Apart from this, though, there were no major changes.

**There were, however, still regional differences (predicated on the crop type and volume of produce) in how households engaged with brokers.**

Farmers in Ayeyarwady and Rakhine, farmers reported relying on brokers who came to their villages to sell their crops, whereas in Magway and Shan they reported selling to brokers in township capitals. These regional differences reflected differences in the volume of typical crops grown. In Ayeyarwady and Rakhine, farmers grew primarily paddy in large volumes, and reported that it was too expensive to take such large amounts of goods to the township markets themselves. In Magway, however, where farmers tended to produce higher-value cash crops such as peanut (in smaller volumes), farmers could afford to take the produce to the townships themselves. This was also true of Shan State, apart from the one township in Shan East, Kengtung, where farmers grew paddy: there, farmers relied on brokers who came to their villages.

**As outlined in the main report, farmers got more price information through mobile phones in Ayeyarwady, but this had limited impact, mainly because price information was already good or because of indebtedness or a lack of storage facilities. Farmers also reported constraints to collective selling or bargaining, particularly for smallholders.**

**There were almost no changes in market accessibility.** In three villages in Magway, people reported that they had better access to markets because more households owned cars and motorbikes. In one of these villages, this because villagers had earned money doing artisanal digging for oil in the other two villages, villagers had bought vehicles using remittances. In all other villages across the four states and regions, however, there were no changes.

**Farmers reported some changes in prices.** In a few villages in Ayeyarwady, and in Magway, there was an increase in the price of green gram, which farmers reported was because of the export markets of China and India; in Magway farmers also reported some minor changes in the price of sesame and sugar. In the one paddy-growing township in Shan East, farmers reported a sharp increase in the price of paddy, which they attributed to a spike in demand from China. The price of corn, which was grown in two townships in Shan State (Shan North and Shan South), also increased, though farmers reported they could not benefit overall from this, because they had to use their corn profits to buy rice for their households to compensate for weather-related crop losses in paddy. In Ayeyarwady, the price of one kind of paddy increased, but farmers suffered crop losses because of rain and floods.

#### SHOCKS

*“Farmers can earn a lot when conditions are good. But (abnormal) rainfall drives us crazy. We’ve had so much abnormal weather recently that we feel worried even when a gentle wind caresses our ears.” – Farmer, Ayeyarwady*

**Farmers continued to experience weather-related distress, but apart from this—and conflict in Rakhine—there were few other changes to agriculture shocks.** Approximately two-thirds of villages (23 out of 36) experienced unusual weather patterns: four out of nine in Ayeyarwady, five out of nine in Magway, five out of nine in Rakhine, and all nine out of nine villages in Shan State. In Rakhine, the number of villages experiencing weather-related problems had increased from two villages in QSEM 1 to five villages in QSEM 3 a year later. In two of the villages, this caused crop losses, though in the other

three it did not. In one township in Rakhine, farmers experienced communal violence as a shock: this violence had an impact on the price of rice, corn and cows, and is discussed in the section on social relations. In Shan State, six of the nine villages reporting weather shocks reported unusual rainfall; the remaining three experienced hail stones, which older people within the villages said was unprecedented in their lifetimes.

#### OUTPUTS

**This weather-related distress causes crop losses.** In Ayeyarwady, three out of nine villages reported crop losses compared to a year beforehand because of over-rainfall at harvest time, though two villages experienced an increase in yields because of there being no rainfall during the harvest season. In Magway, farmers reported having seen unusual rainfall patterns for three or four years in a row, and reported a decrease in yields for certain cash crops (peanut and sesame) compared to the year before. In Rakhine, three villages experienced crop losses. In Shan, all five villages that grew monsoon paddy experienced crop loss, as did the three villages in Shan East that grew summer paddy.

#### CASUAL LABOR

**The patterns of casual labor were similar to those in previous rounds, except that casual laborers reported having to seek more diversified sources of income due to the weather-related financial difficulties of farmers.** Laborers in Ayeyarwady reported that, whereas they had in the past taken a whole season's worth of wages in advance, farmers were no longer able to pay this, so laborers had to seek other sources of income. In Magway, laborers reported that farmers were hiring less labor: they substituted family labor for hired labor, so less work was available. In Rakhine State, foreign investment had an impact on the local labor market in one township, Kyaukpyu: there, the Shwe Oil and Gas pipeline paid higher wages for casual labor than the going agricultural rate, so respondents reported that men were now unwilling to work for less than that. More detailed information on casual labor can be found in Section Three.

#### FISHING

**There were only minor changes in fishing patterns, apart from some changes in the auction process in Ayeyarwady and some changes in markets and outputs in Rakhine.** Fishing was a major source of livelihoods only in Ayeyarwady and Rakhine. In Ayeyarwady, the main change was in the fishing licensing process. There, in an apparent attempt to break the role of middlemen in the fishing license auction process, the Fisheries Department moved the location of the auction of fishing licenses from the region to the township level to make the process more accessible, and restricted participation to fishers and fish collectors. The new policies were announced in the newspapers, on radio and through township administration meetings, but—because information on such changes were distributed through village administrators who were otherwise busy with land registration, most villagers reported being unaware of the changes and so could not benefit. In Rakhine, there were some changes in outputs and prices. In Gwa township, fishers reported that fishing conditions had improved since QSEM 1 and that their catch had increased. In Kyaukpyu, which was affected by communal violence, the

price of fish increased: there, Muslims had been predominant in the fish trade, but because of the violence were no longer fishing, causing scarcity.

### LIVESTOCK

**There were almost no changes in livelihood patterns around livestock,** except for in Kyaukpyu, where most of the cattle brokers had been Muslims, who after the conflict no longer were able to trade, causing demand for livestock to decrease.

## ANNEX TWO: VILLAGE GOVERNANCE

### BOX 21: THE WARD OR VILLAGE TRACT ADMINISTRATION LAW

The *Ward or Village Tract Administration Law*, passed in 2012, contains the following provisions:

- It sets clear parameters on how administrator the level should be elected or selected
- The law will promote a more uniform system of election or selection: Before enactment of this law, there was no clear legal framework for elections or selection, leading to wide variation among villages. In some villages, *yat mi yat hpa* selected the leader, while in others there was ballot voting or appointment by township officials.
- Households in groups of 10 will elect “10 Household Leaders,” who will elect village tract administrators through secret voting. Only the “heads of households,” who in the vast majority of cases are men, will be allowed to vote.
- The new law does not explicitly refer to the function of the “100 Household Leader,” leaving many villages without a leader. Previously, the 100 Household Leader acted as village leaders, no matter the number of households in the village. This role was often more powerful than that of the village tract administrator, and he<sup>22</sup> was responsible for administrative, security and development affairs, while also playing a role in dispute resolution. He also acted as a conduit between higher authorities and would seek to mitigate the demands of the states from the villagers.
- Township administrators must formally appoint five elders (*yat mi yat hpa*) to supervise the (s)election process. Before the new law was enacted, the *yat mi yat hpa* were seen as an informal group with which township authorities did not deal directly in most cases. Formal, organized groups of *yat mi yat hpa* are associated most closely with Bamar regions of the country.
- The law stipulates specific terms for the ward and village tract administrator, fixed at three times serving in the role.
- The functions and duties of the ward or village tract administrator are similar to the previous position of village tract State Peace and Development Council chairman. These duties relate towards the state, much less towards the citizens.
- Unlike previously, the village tract or ward administrator post carries a salary, with a certain amount allocated for office expenditures.

*Courtesy Susanne Kempel. See also “Village Institutions and Leadership in Myanmar: A View from Below” by Myanmar Development Research and Susanne Kempel and MDR 2012*

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<sup>22</sup> The village tract administrator was usually a ‘he’.