

Moving Towards Better Governance in Myanmar


*Another Development
Naushawng Development Institute
Open Myanmar Initiative
Salween Institute for Public Policy
Sandhi Governance Institute
Yangon School of Political Science
Yone Kyi Yar Knowledge Propagation Society*

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Knowledge-Net for a Better World

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Strengthening the Capacity of Civil Society in Myanmar

Moving Towards Better Governance in Myanmar

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Introduction

THE EAST ASIA INSTITUTE FIRST BEGAN WORKING WITH CIVIL SOCIETY ORGANIZATIONS IN MYANMAR IN THE SPRING of 2015 and this publication marks the successful completion of the second year of the program. This program has focused on developing the research and institutional capacity of Myanmar's civil society to produce important and original research on policy issues of domestic interest. Over the past two years, EAI and our Myanmar partners have learned a great deal from one another, and by sharing our experiences and the challenges we face in each of our countries we have built a close and collaborative partnership.

South Korea is often held up as a model of successful democratization, having transitioned peacefully from authoritarianism to democracy in 1987. This project was initially conceived with the support of the National Endowment for Democracy as a way for Myanmar's civil society to learn from the experiences of South Korea's democratization and build their research and institutional capacity to play a stronger role in their own governance process. The timing of the partnership proved fortuitous, as November of 2015 saw a historic election in Myanmar with a peaceful partial transition of power to the National League of Democracy. This transition has brought with it a host of challenges and opportunities for the country, as well as a new urgency to the mission of building a robust civil society that can serve as a bulwark against reactionary backsliding into authoritarianism.

We began in 2015 with four partner organizations, who chose to focus their research on budget monitoring as a practical issue from which to push for greater government transparency. After two workshops on institutional and research capacity building, each partner organization was allocated a budget-related issue to research based on their expertise. Although our partners faced many obstacles in completing their research, including a lack of publicly accessible data and resistance from officials to providing information, they were able to produce and disseminate a research report highlighting areas for improvement and tasks ahead for the new government.

The success of this endeavor spring boarded our 2016 program, which sought to expand our partnership and scope of research. Four new organizations joined, bringing the total number of participating organizations to eight, with one as an observer. The 2016 program used the think tank research production cycle as the foundation for its curriculum. In addition to attending three rigorous capacity-building workshops that covered agenda setting, research, production, and dissemination, each organization selected a local policy issue to investigate. Chosen topics ranged from education for ethnic minority students to community-based tourism, urban planning, and budgetary issues. Participants conducted original research using methodologies learned through this program, and their work was reviewed by outside experts before being presented at an international conference in Yangon.

This publication is the fruit of these labors. It represents a step forward not only for the organizations that produced the reports contained within, but also for Myanmar's civil society as a whole. As Myanmar continues on its journey towards democracy, it is essential to have a strong civil society network to bridge the gap between the government and civilians and to offer quality research and good ideas to promote better governance. EAI is proud of its role in building up these organizations and in sharing lessons learned from South Korea's journey towards democratic governance. We look forward to facilitating future research projects that contribute to the growth of this dynamic country.

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Preface

SINCE EAI INITIATED ITS CAPACITY BUILDING PROGRAM FOR NASCENT THINK TANKS IN MYANMAR IN 2015, BOTH countries have experienced dramatic moments as people pushed back against the delayed democracy of Myanmar and fought democratic retreat in South Korea. The end of the military regime through the general election in 2015 in Myanmar and the impeachment of the president through peaceful candlelight protests in South Korea are remarkable events in the political history of democracy. Nevertheless, we are well aware that these events do not mark the end of our journey. We have simply taken another step forward on the endless path to democracy and good governance that is slowly unfurling before us.

The second round of think tank capacity building in Myanmar culminated in the international conference on March 30, 2017, titled “Good Research, Good Governance: Policy Recommendations for a Better Myanmar.” During the 2016 program, EAI focused on supporting the policy research of our Myanmar partners while conducting training on the think tank research production cycle. More than 30 members from eight Myanmar organizations participated in three workshops, and at the end of a long year of difficult and sustained work, they presented their outcomes and policy recommendations. Their research was bolstered by feedback from outside stakeholders received during the March conference and individual local forums. This publication is a collection of these policy reports.

When I think back to the conference, I can vividly recall the satisfied faces of my Myanmar friends at the dinner table as we basked in our feeling of accomplishment. Then I remember the moment when I was asked, “What should we do next?” It brought the realization that our year-long achievement had become a stepping stone for another leap forward. I carry a deep appreciation for the passion of my Myanmar friends for their groundbreaking work and have been inspired by their active participation in our program. I am proud to say that EAI and its Myanmar partner institutions are participating in the grand process of democratization by providing practical ideas and recommendations that can solve the problems we are facing today.

A number of outside experts contributed their input, time, and resources to make this program a success: Professor Jae-Hyeok Shin of Korea University has taken a mentorship role in guiding the research of our Myanmar partners since the first round of the program; Dr. Chang Soo Jeong of Kyunghee University and Dr. Hanwool Jeong of Korea University led the workshop on government budget monitoring and research methodology; and Dr. Kaustuv Kanti Bandyopadhyay of Participatory Research in Asia (India), Dr. Thawilwadee Bureekul of King Prajadhipok’s Institute (Thailand), Dr. Tobias Basuki of Center for Strategic and International Studies (Indonesia), Ms. Maxine Tanya Hamada of INCITEgov (Philippines), Mr. Ryan Evangelista of the Center for International Private Enterprise (Philippines), and Dr. Alexander Dukalskis of University College Dublin (Ireland) did not hesitate to fly all the way to Yangon to offer valuable feedback and insight to these young researchers at the March conference. I would like to express my gratitude to them. Also, my EAI colleagues should be mentioned: Ms. Hyejung Suh, Ms. Natalie Grant, Ms. Sooyee Choi, and Mr. Benjamin A. Engel. Without their dedication, this program would not be possible. I would also like to express my special thanks to U Khine Win and the staff of Sandhi Governance Institute. They supported us throughout every moment of the program. Finally, this program would not have been possible without the National Endowment for Democracy (NED) and the Open Society Foundations (OSF). I am deeply appreciative of their generous support.

Young-Hwan Shin
East Asia Institute

ONLY POLICIES WHICH REFLECT REALITY AND ADDRESS ROOT CAUSES OF PUBLIC PROBLEMS WILL CONTRIBUTE TO A country's development. To formulate such kinds of policies, research is key. However, in Myanmar, policymakers are not used to evidence-based policy making and research institutions are in a nascent stage. In this context, the partnership between the East Asia Institute and our civil society organizations is very timely and I strongly believe that it will contribute, in an incremental way, to the development of the country and enhancing good governance.

I am aware of the fact that there is a long way to go for local organizations to become well-established research organizations. However, we all must start with small steps to achieve our long-term goals. In this case, EAI's support to us is very beneficial and provides us with a strong driving force to move ahead in our endeavors for building research organizations. For this, I am very much grateful to EAI and want to take this opportunity to express my sincere thanks to our partners for their cooperation.

Khine Win
Sandhi Governance Institute

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A Snapshot of Changes in the Budget Execution Before and After the New Government

Understanding Current Practices in Three Selected Townships in Myanmar

Sandhi Governance Institute

Yangon, Myanmar

July 2017

Introduction

Background

Historically, Myanmar has had an opaque and centrally controlled system. Myanmar, which was under socialist control for twenty-six years from 1962 to 1988 and then under military rule following the 1988 uprising until 2011, had a notoriously weak budget cycle, including budget execution at the local level, for many years. After the general election in 2010 and the by-election in 2012, there were some glimpses of the government budget cycle. When the National League for Democracy (NLD) became active after 2012, some elected MPs and the budget monitoring committee of the NLD party, together with the support of the Renaissance Institute, closely observed budget execution at the local level. They had the chance to monitor the discrepancies between actual costs and the estimated budget and evaluate the quality of projects under U Thein Sein's government.

Sandhi Governance Institute researched budget execution at the local level in May, 2016. At that time, our research focused on budget execution in three townships in the Yangon and Ayeyarwaddy Regions. This research explored the budget execution process under the previous government at the township level, how township officers decided figures for the budget, the level of discrepancies between the budget and expenditures, and the lessons these officers gained from the budgeting experience. At that time, most of the government officials at the township level were not willing to participate in Sandhi's research study and only limited information was available. This previous mini-research project served as baseline data for the NLD-led government on one component of the budget cycle - budget execution at the township level- as a point of comparison from which to judge the progress of new government efforts for this research project.



Research Objectives

- To track significant changes in the budget execution process at the township level under the new government;
- To understand the interest of citizens in the budgeting process under the changing political landscape;
- To identify gaps in order to improve citizen participation and increase transparency at the local level, and;
- To provide recommendations to respective government authorities to strengthen the checks and balances in the budget execution process.

Research Methodology

Sandhi's research team prepared questions for targeted groups. These included respective township officers from different government departments, development committees and other relevant committee members, MPs, and other stakeholders such as local authorities and CSOs. Research questions were chosen based on the previous assessment tools, and covered the process and procedure of budget cycle, stakeholders involved in the budget cycle, the degree to which budget planning aligned with local needs, strengths and weaknesses of current budget cycle, the experiences of the government officials interviewed, the most significant changes under the new government, and recommendations and comments to improve the budget cycle in Myanmar.

The following basic methodology was employed in undertaking this exercise:

- Key informant interviews with lawmakers, government officials involved in the budget execution process and budgeting, and key stakeholders such as development committee members from targeted townships in Yangon and Ayeyarwady regions.
- Short interviews with one regional minister and one vice-mayor to understand their perspectives on the current situation of budget execution at the local level.
- Desk reviews of motions in regional parliaments and news about active regional MPs on budget issues to gain a richer picture of the dynamics of the 2017/2018 budgeting discussions as well as the monitoring activities of MPs.
- Analysis of the information gained from the above exercises to compare the dynamics of the budget cycle under the previous government and the new government in order to develop strategic recommendations for better governance in the budgeting process.

The report is structured to provide the key points identified in the previous report related to the budget execution process at the local level in target areas, the most significant changes seen in new government, and areas to be improved. This is followed by some observations and conclusions drawn from synthesizing the information gained from the assessment exercises.

This report therefore aims to provide a 'snapshot' of the changes in budget execution before and



after the new government in Kyauktada and Pazundaung townships, located in the Yangon region, and Maubin Township in the Ayeyarwady region. It is not a comprehensive budget execution process survey or evaluation – its focus is clearly upon the current practices of key players in the budget execution process. We use this snapshot to provide recommendations for improving transparency and accountability in the budgeting process as well as the effectiveness and responsiveness of the budget execution to local needs, which can ultimately promote the credibility of the government and expand the low tax base of the country.

Research Scope

This research is mainly focused on the most significant changes and progress in the budget execution process at the township level, how the budgeting process has changed, the level of discrepancies between the budget and expenditures, and the lessons gained from the previous year's budgeting experience. Sandhi examined all available data with a particular focus on the capital accounts in these townships. Interviews were conducted in the Yangon and Ayeyarwaddy regions. Desk reviews on available reports and the activities of MPs related to budget planning, monitoring and review through Sandhi's network are also included as references in the report.

Research Limitations

Sandhi's staff was unable to extend this assessment to other states and regions owing to time and budget limitations. We thus limited our research to the Yangon and Ayeyarwaddy regional divisions, meeting with MPs and government officers as well as observing the activities of MPs in other regions via the news from media and websites. As a result, the data heavily rely on the activities of the interviewed groups and the most active MPs who appeared in the news. Research findings were triangulated with articles and reports that fell within the scope of this work to the greatest extent possible.

Summary of the key research findings in the previous report

At the township level, the budget consists of three main types of revenue and expenditures reported by government staff and local authorities. These are Development Affairs Organization (DAO) funds, local development funds, and budget expenditures allocated to the township-level departments of the Union Government Ministries. DAO funds are managed by regional government municipal organizations called "Township Development Affairs Committees" (TDAC) under state and region development committee laws. DAO funds consist of taxes and fees collected from local residents for the development of the town, and expenditures are decided from this source revenue. Local development funds consist of constituency funds, which are managed by the MPs of individual constituencies; poverty reduction funds, which are managed by Ministry of Rural Development, and; rural development funds, which are managed by the General Administration Department. Township-level government sub-national departmental revenues come directly from Union Ministry



departments in Nay Pyi Taw. These funds consist of union transfers to regional governments and state-owned enterprise (SOE) revenue. However, the role played by township level departments role in budget execution was very minimal. They were mainly responsible for current accounts, with regional government officials involved in capital account expenditures, particularly in the tendering process.

According to people Sandhi interviewed in our previous report on this subject, no one except the staff in charge and committee members knew how much money was available and how it would be spent. The participation of local residents was quite minimal. They had no clue and demonstrated zero interest in looking at the government budget. All budget-related documents, both regional and local, were internal and not made available to the public. Even if they had been available, different ministries use different formats and they were not easy to understand.

Although the budgeting procedure for all accounts was opaque to outsiders, the officials Sandhi interviewed were consistently able to answer questions regarding procedures very well. Financial management training was also available for government staff members. There were some cases where township officers did not receive the budget they had been allocated and it was spent by the regional government instead. However, because of the top-down system, most government officials dared not complain. During the assessment Sandhi conducted for the previous report, we found some cases where township offices did not receive any of the budget allocated for their townships in some budget years. However, they dared not complain about it, and even if they complained, nothing happened. Although there were some complaints about the budgeting process, most township-level staff members did not show an interest in capital accounts. As the budget format was very complicated, inconsistent, and available only in hard copies, most did not try to understand the total budget or check it properly. At the township level, nobody could answer whether their allocated capital account was underspent or overspent. Current accounts contained only the salaries of the staff and expenses for offices and buildings, with negligible allowances for office expenses.

The whole process of financial management was centrally controlled. One township officer of a DAO commented that lack of interest from the local residents made it difficult for the staff of the DAO to collect revenue. The lack of public support for local fund raising created barriers to collecting local revenue. Nevertheless, not all the township DAO officers Sandhi interviewed alluded to a proper consultation mechanism for budgeting as well as budget execution, let alone a responsive system to address the needs of the local people.

Research Findings and Analysis

This section includes formal processes and procedures as well as some changes seen under the new government.

Different types of funds at the local level

Under the new government, funds for expenditures at the township level have not changed and the types of funds available for expenditures at the township level remain similar. However, the interest



and attention of parliamentarians and some local CSOs has increased. There have been noticeable discussions regarding budget allocation and heated debates between regional governments and MPs. However, Sandhi observed an improvement in the effectiveness of fund allocation and the efficiency of spending for the people.

DAOs, as regional government municipal organizations, are accountable to Township Development Affairs Committees (TDAC) under state and region development committee law. The Executive Officer (EO) of each DAO, who acts as the secretary of this committee, is accountable to the Minister of Development Affairs of the respective state and regional governments. The TDACs, which are supervisory bodies formed of citizens from each township, are more active now than they were under the previous government.

Local development funds are the second type of funding that is executed at the township level. As this year's research was conducted in two townships located in downtown Yangon of the Yangon Regional Division and one township near Yangon in the Ayeyarwaddy Regional Division, use of the constituency funds was the most visible. Constituency funds, which are managed by the MPs of each district, have become very effective in some areas. Although hard data on poverty reduction funds, which are managed by the Ministry of Rural Development, and rural development funds, which are managed by the General Administration Department, is limited, township-level officers as well as NLD education and health committee members were quite positive regarding the changes these funds have brought about in their respective constituencies in the interviews Sandhi conducted.

Township-level government sub-national departmental revenues are the third type of local funding, and come directly from Union Ministry departments in Nay Pyi Taw. These funds consist of union transfers to regional governments and state-owned enterprise (SOE) revenue. The primary role of township-level departments is to propose projects to be included in budget planning. Regional-level departments decide which projects should be included in the budget. In the budget execution process, the main role of the township-level departments is to perform quality assurance and report to the regional-level departments on the progress and completion of projects. However, the township-level departments are also mainly responsible for current accounts, and the regional government is involved in capital account expenditures, particularly in the tendering process.

Capital Accounts

Processes and Procedures

Generally, township-level departments submit proposed activities for the next year to the township-level planning department in accordance with procedural dictates. Each Township Management Committee is formed with different government officials at the township level. The Township Administration Officer of the General Administration Department under the Ministry of Home Affairs acts as the Chairperson, and the Township Planning Administrative Officer acts as the Secretary of the Planning Section. The Township Planning Officer is the key player in the budget planning process.



Under the new government, many MPs at the state and regional division levels have actively become involved in the budget planning process. Based on the demands of their constituents, they request invitations to planning meetings from the township planning departments so that they can include the budget lines requested by their constituents.

The most significant change in the budget planning process since the new government took power has been the requirement for the approval of the township MP prior to the finalization of projects by the township planning department. According to the MPs Sandhi interviewed, they have been invited to join township planning meetings since the new government took power in April 2016. However, the challenge is that many MPs are still new to the budget planning process. Only a few MPs who are really interested in budgeting join the meetings. Most MPs do not join these meetings because either meeting times coincide with Hluttaw sessions or they don't understand the complex figures and information discussed at the meetings.

In the Yangon region, many people requested the building of overpasses in their townships because of complaints about car accidents and traffic problems from their constituencies. As a result, many projected overpasses have been included in the 2017/18 budget. When the regional planning department compiled the requests, and saw over 100 overpasses, the MPs decided to negotiate among themselves before finalizing the budget. They tried their best to negotiate the projects proposed by MPs in the regional parliament.¹ According to a regional parliamentarian, the estimated budget for planned activities in 2017/18 still primarily includes hardware to build roads and infrastructure, with hardly anything related to “software” such as manpower or training. Generally, the involvement of locally elected MPs and their attention to the expressed needs of local communities is visible under the new government, although it is still necessary to institutionalize participatory budgeting as an essential step in the process.

In the budget execution process, many MPs are involved in monitoring projects for both quality and discrepancies between the estimated and actual costs. The new government is actively involved in the budget execution of 2016/17 and, as a result, has been able to identify many projects with estimated budgets higher than their actual costs. In consultation with regional governments, leftover money from these projects is being reallocated for infrastructure improvements or other regional needs.

Yangon's divisional parliament cancelled the former government's plans to build two new flyover construction projects in the commercial capital during the 2016-2017 fiscal year. This project- which would have cost over 31 billion kyats (26 million USD) - would have used up almost 70% of the total budget for the region. The divisional parliament voted to use the funds for the development of 12 townships outside of Yangon's municipal areas instead.²

¹One MP from downtown Yangon shared his experience of negotiating among the MPs over budget planning.

²Htun Htun, April 7, 2016. “Rangoon Parliament Nixes Flyover Projects.” Retrieved from <https://www.irrawaddy.com/news/burma/rangoon-parliament-nixes-flyover-projects.html>



Some MPs have been as active as possible in requesting township-level budgets and monitoring the projects in their areas since joining the regional parliament in 2015-2016. Some townships, especially those that encompass downtown areas, have a smaller number of projects that are easy to monitor. However, other townships have so many projects that it is impossible to monitor all of them. Despite this, regional MPs have been able to identify numerous issues with the budget execution at local levels, even though their capacity is limited to monitoring the quality and progress of various projects.

There are generally three types of budget discrepancies that have been identified in the budget execution of capital accounts. They are 1) projects with estimated budgets higher than their actual costs, 2) fund requests for completed projects, and 3) fund requests for projects that have been granted, but no project activity has occurred. One MP requested that the Minister of Planning and Finance share the report on the actual costs of projects in each township. The MP stated that this information should be shared early, because if MPs are only able to receive it after the audit report is completed, it may take a year to obtain and thus limit the ability of MPs to take effective action. Under the new government, members of parliament in state and regional division parliaments have become active in monitoring the budget execution at the local level.

Current Accounts

Processes and Procedures

Normally, township-level department officers are tasked with preparing five categories for each annual budget. They usually do this by referring to previous budgets. After preparing the budget, the officers submit it to the regional government and the regional government department then submits it to their headquarters. The relevant ministry then allocates funding to the regional government and then they reallocate the funding to the township departments. For example, Education Department funding is primarily allocated to cover school expenses, with the possibility for townships to request additional budget lines in accordance with government policy. In the budgeting process, the accountant and township officer must become involved and negotiate at the regional level. The regional-level department then negotiates again at the national level. Budgets are only allocated to each township following these negotiations.

Interviews with township education and health officers revealed that while there is still room for improvement in the government budgeting processes and procedures, they feel that the 2016-2017 budget was more flexible than in the past. As the township officers projected the budget based on the budgets of previous years, there were some areas that needed adjustment. If a township does not spend all of the money allocated to them in the budget, they must return the unspent funds to the State. The new government has been encouraging township-level officers to be more transparent and accountable, and social media sites such as Facebook have been effective in decreasing corruption. However, due to budget delays, township departments sometimes have to spend their own money before they receive funds from the government. This year, they asked the Nay Pyi Taw Education and Health Departments



to include advances on the budget and changes were subsequently initiated. However, difficulties remain. Officers hope that in the near future, the current accounts processes and procedures will improve.

The Township Development Affairs Organization Fund

The only fund available to the regional government is the township Development Affairs Organization Fund, which is managed and raised by the township Development Affairs Organization (DAO). Since the new government took power, there have been some changes in the townships where this research took place. The township Development Affairs Committee was reformed to incorporate locally respected figures, such as retired government officials and businessmen. These committee members have become actively involved in township development affairs. They coordinate effectively with their local MPs. Some projects don't have enough funding, but local residents are happy to make cash or in-kind contributions to get things done.

In the Yangon Regional Division, the municipality (the Yangon City Development Committee, or YCDC) budget for the township level is spent from the regional municipal committee budget. Requests from respective ward committees, road committees, and local citizens, as well as proposals from the MPs for their constituencies, are reviewed and the YCDC then prioritizes projects for the year. Local-level staff does not know the total budget for 2017/2018. Municipal officers normally collect revenues directly from wheel taxes, rent from government-owned buildings and gardens, and so on. Sometimes, the discrepancies between the estimated budget and actual costs are so large that they need to be adjusted. As the regional government has to pay staff salaries from their municipality fund, the township doesn't have enough municipal laborers, especially day laborers, because they cannot provide steady employment. Because of this, the municipality sometimes ends up having to pay high daily wages for casual laborers.

The MPs in downtown Yangon have been trying hard to make the city cleaner, improve the drainage system, and make alleyways usable. They can also request funding from their municipality's welfare minister. According to the municipality committee members of downtown Kyauktada Township, the lack of coordination among different government departments is a major hindrance to their efforts to improve the situation of their township.

“After we built the road, the electricity department came and dug up the road again to put in electric posts. But they did not properly rebuild the road. When the road is bad, people blame the YCDC and we have to rebuild it again. The communication department also came and dug to repair their telephone lines then the road was destroyed...”

Other Funds

This assessment includes one additional type of funding source received from international organizations, such as the World Bank, in the township located in the Ayeyarwady Regional Division.

According to a health officer from Maubin Township, universal health coverage (UHC) assistance



from the World Bank is significant in their area. In his 28 years of experience working as a health service provider, public health funding has been available for poor patients. Currently, there is more healthcare assistance available for local residents than there was under previous governments. Travel allowances to fund patients who come to the hospital can be reimbursed by the township hospital. The health officer interviewed stated that their Township Health Department now has enough funding for poor people and the poor will no longer die due to lack of medical care in their village.

Township medical officers and district medical officers can propose projects that will benefit local residents to the Health Department, which provides funding from their own budget. Although local residents are not consulted or informed of each project, local health committees are. More rural health centers are being built and additional health staff members are being trained. Despite improvements in infrastructure and human resources, there is no money in the budget to buy furniture. The committee requested funding from the government, but ended up having to find local funding to buy some.

The officer we spoke to stated that local residents should also be consulted regarding these projects, so that they can advocate for their own needs as well. Community participation is still low in the whole budget process. The officer we interviewed said that he thinks the government should focus on equity rather than equality. Villages need more than towns in the health sector. Regardless, comparatively, there have been many improvements in the health sector.

How transparent and participatory is Myanmar's budget execution?

There have not been many significant formal changes in terms of transparency and participation in budget execution. In other words, procedurally, there is no information available related to budget execution and citizens have no chance to monitor the progress or quality of projects implemented in their areas. However, compared to the previous government, there is a great deal of news coverage related to budgeting at the local level from different regional divisions.

The new government has no governing experience and they don't know how to consult with people regarding their work. At the same time, bureaucrats who spent so much of their careers just obeying commands under military rule do not have experience in consulting with people. The new government does not share such information as which company will implement which project in which area in the parliament. As a result, it is only when communities complain of project mismanagement that the MPs learn of a project's existence, and must ask the regional government about it. The new government still seems to hold the mentality that sharing information with the public and asking for public opinion is a waste of time.

In Maubin Township, the involvement of senior citizens in the Township Development Affairs Committee (TDAC) can improve coordination with local residents in meeting their needs. As a result, local participation in township development projects has increased. In Yangon municipality, MPs are easily able to request funding from the municipality minister to fulfill the needs of their townships. However, local participation is not so visible in urban settings.

Civil society organizations and think tanks are still complaining that bureaucrats at both the national and local levels refuse to share information requested from the government departments. In reality, although the government has changed, the government officials are the same. The changing of leadership does not necessarily translate to the changing of old ideas and practices. There is still a long



way to go in terms of transparency and participation. For the 2017/18 budget, the MPs did consult with local residents to learn their needs and anticipate that their response will be effective.

The procurement process needs to be improved. In one regional division, the MPs complained that regional ministers were not sharing information related to the tendering process and that the MPs in turn were receiving complaints from constituents. As both cabinet members and the MPs are from the same party, these complaints led people to question their coordination. As new government members are not quite accustomed to democratic practices and procedures, the bureaucrats are still playing around with them.

Comparatively, the flexibility and response mechanisms of the new government in budget planning and execution have been greatly enhanced. Transparency and accountability, on the other hand, still have a great deal of room for improvement, especially among government ministers. The MPs have thus far been the real champions in this sense, acting as an effective liaison between local communities, other MPs, and government ministers. However, formal information-sharing mechanisms are still weak and no information is shared with the general public. The Open Budget Index report does not indicate any improvements thus far.

How effective and responsive is the budget execution to the needs of the local people?

The centrally controlled financial management system hasn't changed much under the NLD government. There is still a long way to go towards participatory budgeting. However, residents can make their needs known to their MPs. MPs request that township planning officers support local residents in getting what they need. However, the question here is whether some requests from local communities are personal, or if they represent the needs of the whole community, because there is no formal procedure for communities to gather, form a consensus, and approach MPs as a unit. However, nowadays, many regional-level MPs inform township-level officers regarding the priorities of local residents and are able to check whether these are reflected in the budget or not. Additionally, MPs actively check the capital accounts budgets for their regions, and there have been many regional parliamentary discussions related to the 2017/2018 budget. Regional-level MPs have also done their best to scrutinize the 2016/2017 budget and cut any line items they deemed to be neither beneficial to improving the socio-economic situations of their local communities nor priorities for their regions. According to interviewed personnel, MPs monitor the projects implemented in their districts as closely as they can.

Compared to the previous government, township-level government officers feel that current account spending has become responsive to the needs of local departments. Coordination among township-level departments is another issue affecting the ability to respond to the needs of locals. According to an interviewed MP, there are many discrepancies in both the 2015/16 and the 2016/17 budgets between budget estimates and actual expenses. MPs are trying their best to check the budget execution in their townships, but given their limited capacity, it is impossible to check everything thoroughly. The development affairs committee said that they provided as much oversight as they could. However, the MPs have limited knowledge on the budget process and procedure and admit that there are many areas they overlooked. The new government is planning to expand the currently low



tax base, but they still cannot improve their own image and credibility in the eyes of the people. As a result, they continue to struggle to increase their tax base. However, some government staff members seemed more relaxed and happier than in the past when it came to sharing information and their opinions freely during the interviews we conducted.

Not many civil society organizations are interested in monitoring the development projects implemented by the government because they feel that other issues take priority. Ordinary citizens do not know what projects are underway in their areas. Although they have the right to know about the budget, even if they get this information, they don't often show much interest. This is because having the chance to become involved in the work of the government is new to them. There should be more activities to encourage citizens to participate in the budget process. Under the NLD government, information regarding the budget allocated to each state and regional division government is easily accessible through the Facebook pages of MPs, although the information is limited to their individual networks.

Internally, township-level officials know the procedures and internal financial management systems that are in place quite well. Under the new government, there are many projects that are being questioned by MPs because of over-budgeting. Regional MPs are questioning capital accounts projects that are very expensive or that don't appear to improve or affect the socio-economic situation of their constituencies. The active involvement of MPs in many regions has improved the capital accounts budget execution as they aggressively compare estimated budgets with actual costs, closely monitor what is happening, and intervene in tendering as needed. However, the question now is the extent to which new ministers at both local and national levels can explore the numerous complex projects being implemented in different locations.

The most significant change is that now, government departments do not accept proposals from township officers without the approval of MPs. They are encouraged to discuss proposals with MPs first. In terms of allocating health funding, the Township Development Committee decides who the neediest are. According to a member of the Health and Education Watch Committee from Maubin Township, the budget process is still somewhat ineffective because it is not people-centered. Gaps between real needs and proposed budgets remain. The committee member interviewed proposed that MPs make field visits to monitor and assess the quality of projects after the projects are approved. In short, MPs should be involved in the whole budget cycle. Having learned from past mistakes, Maubin Township can now respond effectively to emergency situations effectively using money that has been allocated from the budget in advance. According to our interviewee, rural development projects are encouraging, but coordination between the General Administrative Department and the Land Registration Department is still weak.

Analysis of the problems with budget execution

After the landslide victory of the NLD party in November 2015, Sandhi conducted its first survey on budget execution at the local level with the support of the NLD. We found that the entire budget cycle



process was very opaque and that government officers we interviewed at the local level were not very willing to answer our questions or share data. Although only a short time has passed, we encountered a very different attitude during this second survey. Although budget data is still not publicly available, it is easier to access than it was in the past. Government officers looked relaxed when answering our questions. It is clear from our interviews that MPs are coming to understand the importance of budget monitoring. In essence, budget execution at the local level has seen a degree of improvement. The quality of government projects has increased. Roads that have long been in disrepair have been revamped and people approach their elected MPs freely to voice their opinions. MPs are able to monitor budget execution more effectively than they were before.

However, there is still much room for improvement, beginning with the budget planning process. Although the MPs said that they listened to the needs of their constituencies, many questions remained- for instance, how far afield did they go, and how many villages did they visit to collect information on local needs? How did they make decisions regarding the priority of those needs? According to our interviewees, MPs began to receive invitations to township planning meetings after the new government took power in April 2016. However, the challenge is that many MPs are still new to the budget planning process. Only a few MPs who are really interested in budgeting join the meetings. As stated above, the majority of MPs do not participate because of scheduling problems or limited knowledge.

In addition, the procurement process is still not transparent. New members of the government remain unfamiliar with the procurement procedure, and accusations that the tendering process is biased are numerous in many states and regions. Nepotism and favoritism are still widespread. According to one regional minister, there can be a fine line between bribes and donations. Regional governments need to organize many events for religious and special days, but does not have adequate funding. To address this issue, they have developed the practice of collecting donations from local businessmen and wealthy constituents. Sometimes, this donation collection period coincides with the selling of application forms for tenders. Some businessmen offer to wholly sponsor the events or donate a lot of money to the regional government. The new government has to be careful when accepting such donations or selecting tender bids to avoid the appearance of bribery or quid pro quo.

In addition, MPs are not invited to participate throughout the tendering process. They only become involved after a project begins in their district, at which point they don't know how the contracting companies carrying out the work have been selected. Currently, there are no clear rules about who should be involved in the tendering process, and in theory MPs could become involved. MPs we interviewed in the Yangon Regional Division said that members of different committees from the parliament, such as the budget committee, can ask regional governments about the tendering process. But in some regions, Hluttaws and regional governments seem to have some friction because of the lack of clarity regarding the tendering process. Procurement procedures should be institutionalized to facilitate effective monitoring. Some ministries did not cooperate with the MPs in checking the budget execution. In Maubin Township, the Rural Development Department is happy to coordinate with the Development Affairs Committee, but the General Administrative Department and the Land Registration Department do not coordinate without a great deal of pressure.



Sandhi has chosen to analyze Ayeyarwaddy Regional Division's capital account budget for 2016/2017 as a case study. The budget for 2016 was originally planned by the previous government. NLD MPs began to scrutinize this budget as soon as they took power. Although the new government combined several ministries, the budget for 2016/2017 was laid out in accordance with the structure of the previous government. The total 2016/2017 capital account budget for Ayeyarwaddy Regional Division was 4.06% of the total Union budget. The total population of Ayeyarwaddy Regional Division is 6.17 million out of a national total of over 51 million. 21.65% of the total was allocated to the Ministry of Construction and 17.25% to the Ministry of Livestock, Fishery and Irrigation in the 2016/2017 budget. Budgets for the Communication and Technology, Electrical Power, Health, Education and Agriculture, and Irrigation Ministries comprised 13.31%, 8.2%, 10.71%, 7.65% and 6.62% respectively of the total budget. The president pledged to increase the budget for health, education and social protection in 2016/2017. However, the figures for this regional division's capital account budget still point to a focus on infrastructure development such as the building of roads, bridges, telecommunications, and electricity, with relatively little money allocated to the health, education and agriculture sectors in comparison. While it is necessary to invest in infrastructure, there should be a parallel budget dedicated to human resource development and social protection. One MP whom we interviewed who also has an MBA pointed out that the budget shows investments in hardware rather than software. It means that the budget allocated more funding for infrastructure instead of spending a little on education, health and other social welfare programs.



Table 1: The 2016-2017 Capital Accounts Budget for the Ayeyarwaddy Regional Division (in Millions, MMK)

No.	Ministries	Budget Estimate	Percentage
1.	Central Organizations - Regional Offices	731.136	0.38
2.	Ministry of Border Affairs	659.463	0.34
3.	Ministry of Home Affairs	735.761	0.38
4.	Ministry of Immigration	1.38	0.0007
5.	Ministry of Religious Affairs	79.38	0.04
6.	Ministry of Social Welfare	534.042	0.28
7.	Ministry of Information	30	0.015
8.	Ministry of Education	14813.895	7.65
9.	Ministry of Health	20754.808	10.71
10.	Ministry of Labor	201.49	0.104
11.	Ministry of the Environment	1929.893	0.996
12.	Ministry of Agriculture	12841.545	6.63
13.	Ministry of Livestock	33421.728	17.25
14.	Ministry of Industry	11614.98	5.995
15.	Ministry of Science and Technology	1792.686	0.925
16.	Ministry of Energy	6017.987	3.106
17.	Ministry of Electricity	15891.212	8.2
18.	Ministry of Construction	41940.65	21.648
19.	Ministry of Transportation	100	0.0516
20.	Ministry of Railways	3639.155	1.88
21.	Ministry of Communications	25805.811	13.319
22.	Ministry of Co-operatives	5.63	0.0029
23.	Ministry of Finance	200.29	0.1034
Total Budget for the Ayeyarwaddy Region		193742.922	
Ayeyarwaddy Regional Budget as a percentage of the total national budget		4.06%	

Normally, MPs monitor the projects slated to be implemented in their areas. But such monitoring is not compulsory. With their major responsibilities laying in the parliament and mandatory field visits to their constituencies, MPs do not have much time to spend on the monitoring of the budget



execution. In addition, people expect their elected MPs to attend their special ceremonies, and the MPs and new regional government members, including the chief minister, spend a great deal of time at such events. The level of complexity of some projects that may encompass more than three or four townships makes close monitoring impossible. One example of this is the repairs to the sewage system in the Yangon Regional Division in the 2015/2016 budget. The project spanned numerous townships in downtown Yangon and it was difficult to decide who was primarily responsible for monitoring the project.

In the 2016/2017 budget, newly elected MPs found some budget lines for projects that had already been completed. Some projects had actual costs that were much lower than their projected costs, but the contractors did not return the leftover money during this budget year and delayed repayment for an extended period of time. In the Mandalay Regional Division, it was discovered that one road building contractor had been delaying the building of a main road between Mandalay and Pyin Oo Lwin for many years by paying bribes to the audit team under previous government. Under the NLD government, the Mandalay Regional Municipality Minister demanded that the contractor finish building the road in the 2016/2017 budget year. However, the minister also compromised with the contracting company to reflect the current soaring prices of road construction materials in the costs and made a new agreement to put the project into motion.

Nevertheless, compared to Myanmar's previous governments, budget execution has improved greatly. The Chief Minister of Magwe Region with his cabinet members was able to identify a surplus of nearly 10.3 billion MMK (\$8 million USD) in fiscal year 2016-2017 as a result of effective tendering and management of construction materials. He redirected the funding towards the construction and maintenance of roads and bridges in 25 Magwe Region townships. In addition, close monitoring by regional governments and MPs has been greatly increasing overall project quality. Officials were able to identify numerous projects in different areas with costs under their projected budgets. According to the township officers, people are using social media sites such as Facebook to reveal corruption among government officials and staff. Naturally, this habit helps to reduce corrupt behavior. The township officers interviewed also feel that accountability and transparency are important to improving the credibility of the government. They are happy to work with the committees formed of different stakeholders.

The Office of the Auditor General is led by the former rector of the Yangon University of Economics, which is a big step under the new government as he is well-known for his integrity as well as for professionalism. According to many sources from government ministries, government officials become paranoid about the auditing process after the budget year end which in 2017 is in April. For many years, government officials would negotiate with the internal audit team or the Office of the Auditor General. With this new appointee, officials are worried about the mismanagement of accounts, including revenues collected from government building rentals. Some MPs gathered information how much government buildings in their constituencies were charging for rent, and discovered that they were charging far below market rates and that revenue from these buildings was not being included in the revenue list.

Generally speaking, there have been some glimpses of improvement in the budget execution at the



local level during fiscal year 2016/2017, although formal processes and procedures are still weak. Communication between the legislative body and executive body needs to be improved at the regional level to facilitate better monitoring of budget execution at the local level. The participation of ordinary citizens is still lacking, but government officers and MPs are slowly beginning to acknowledge that accountability and transparency can promote the credibility of the government.

Recommendations and Conclusions

Since the NLD won 43 seats in the 2012 by-election, the NLD has tried to become involved throughout the budget cycle. After forming a budget monitoring committee, NLD MPs have actively collected information regarding the budget and monitored the budget execution of the township-level departments. Thus far, this monitoring has been primarily focused on capital accounts and the building of infrastructure in their districts. However, their monitoring capacity has been limited due to the reluctance of government officials to collaborate and share information.

In general, there are still many areas for improvement throughout the budget cycle, including the public sharing of information. The second Myanmar Citizen's Budget was one of eight documents published in September 2016 as part of the Open Government Initiative. This second version is more comprehensive and the information included is useful for citizens. However, local residents and CSOs are currently not very interested in monitoring government projects or budgets at the local level. To remedy this, it is necessary to raise awareness among ordinary citizens regarding the importance of becoming involved in budgeting. The capacity of local CSOs also needs to be strengthened in order to facilitate the education of local residents on these matters. One of the most major challenges for citizens and CSOs in getting involved in the budget process is the lack of comprehensive, publicly available information. There is currently no data that is officially available to the public. At present, neither regional governments nor township planning departments have made it a practice to invite local residents to participate in their work. MPs and CSOs active in local areas should be invited to join in the budget process, beginning with the tendering process.

Recommendations

Based on the observations and analysis of the information from this survey, we propose the following recommendations:

Institutionalize

- The government should set up clear processes and procedures throughout the budget cycle. There should be a clear procurement process and procedures, outlining in detail the roles and responsibilities of lawmakers and the regional government for the whole budget cycle. Only then can conflicting roles and misunderstandings be reduced and efficiency increased.



- A Budget Committee should be formed at the township level that incorporates a variety of stakeholders, including ordinary citizens, so that their voices and opinions can be reflected in the budgeting and budget execution processes.

Publicize

- Information related to budgeting, implementation, and monitoring and evaluation at the regional level should be made available on every regional government website. Information related to the procurement process needs to be shared in a timely and transparent manner. Only then can misunderstandings between legislative and executive bodies at the regional level be reduced.
- The amount of funding allocated to each state and regional division must be made publicly available. Data formats need to be consistent and easily understandable for ordinary citizens in the same way that citizen budgets are.

Build capacity

- It is also important to build the capacity of lawmakers and CSOs in budgeting
- Public awareness about budgeting can be raised through the use of social media, TV, radio, and public talks at the local level. Raised awareness can increase the participation of local residents and also help people understand the importance of tax compliance as a citizen.



The Roles of Committees in the Assessment of the Government Budget

Open Myanmar Initiative

Yangon, Myanmar

July 2017

Introduction

Open Myanmar Initiative, as a parliamentary monitoring organization established in 2013, co-authored a 2016 report titled “First Steps towards Participatory Budgeting in Myanmar”. In that report, OMI looked into the overall budget assessment of the Union Parliament of Myanmar with a particular focus on the Joint Public Accounts Committee.

Given the changes in leadership, composition and procedures of the parliament after the 2015 general elections, this report looks more specifically into the roles of other ad-hoc committees in assessing the Union government budget and identifies possibilities for these committees’ further involvement in budget assessment.

Since its establishment in February 2016, the new parliamentary term has seen a number of changes in parliamentary procedure. The parliament, with its majority NLD membership, has discussed amendments to the 2016-17 FY Union Government Budget, supplementary spending to the same budget and, at the time of writing, is debating the 2017-18 FY Union Government Budget Law. One significant change in this term of the parliament is delegation of budget review works to 17 budget assessment teams by Joint Public Accounts Committee. During the previous term, the JPAC did not rely very much on other committees to review the government budget.

As the parliament is only undergoing a full-fledged budget assessment session at the time of writing,³ it is premature to analyze the effectiveness of the current process. This report, then, is based on desk research and face-to-face interviews with ten MPs serving on different parliamentary committees and budget assessment teams. The report also suggests possibilities to further improvements in the budgetary assessment process.

³The 2017-18 Budget was approved in the Fourth Regular Session which runs until 17 March, 2017.



International Practices

In various legislatures, budget review work is carried out in committees rather than in plenary meetings. Given differences in legislative frameworks, the practices of the legislative budget review process vary. Sectoral committees such as health, education and agriculture committees are formed based on the structure of the budget. Forty percent of Organization of Economic Cooperation and Development (OECD) country legislatures have a special budget committee.⁴ There is always a Public Accounts Committee in Westminster-style legislatures to review the budget and its implementation.

In a 2010 IMF paper, three main options for legislatures reviewing the government budget are differentiated as follows:

- “A budget committee sets aggregate and sectoral spending ceilings; sectoral committees decide on detailed sector-specific appropriations within the ceilings provided by the budget committee.
- A budget committee considers overall fiscal policies and aggregates, but sectoral committees make recommendations that can result in higher sectoral expenditures.
- Only sectoral committees consider and approve appropriations in each sector. The budget committee, if it exists, provides assistance on the overall coherency of policies, but does not constrain total expenditure.⁵”

The Overall Budget Assessment by Parliament

The Union Budget Law is one of three types of laws which only the Union government can draft and submit to parliament.⁶ The two other types are Taxation Law and the National Plan. The Union Budget Law – which presents the overall budget for the coming fiscal year (FY) – is submitted to the parliament by the government “no later than January 15th” of each year as the fiscal year starts on April 1st.⁷ The committees tasked with reviewing the budget are required to report back to the Joint Bill Committee and the Joint Public Accounts Committee no later than January 30th while these two joint committees are required to report to the combined house not later than February 15th.⁸ But it is found that the joint committees this year could only report back to the parliament on March 6th, 2017. If parliament fails to approve the new budget proposed by the government by the end of the current financial year, the government can spend according to the previous year’s approved budget.⁹

Parliament can only reduce or reject the budget proposed by the government ministries.¹⁰ In previous years, the assessment of the budget was undertaken mostly by the Joint Public Accounts Committee after the proposed budget was been referred by the speaker of the combined house

⁴Ian Lienert (2010). “The Role of the Legislature in the Budget Process”. IMF Technical Notes and Manuals.

⁵Ibid.

⁶Constitution (2008), Section 103 (a).

⁷Pyidaungsu Hluttaw (2015). Union Budget Drafting Law.

⁸Ibid.

⁹Constitution (2008), Section 222.

¹⁰Constitution (2008), Section 103 (c).



(hereafter referred to as the parliament). The referral comes immediately after the first reading in the house. After the Joint Public Accounts Committee submits its report, the floor is open for individual parliamentarians to debate the bill.

Assessment of the Government Budget by Parliamentary Committees

Parliamentary committees are the key bodies of parliament. Hearings, debates, and policy-making discussions are undertaken at the committee level. The roles and responsibilities in reviewing the budget are important in that the committees should provide an effective oversight mechanism between the parliament and the cabinet.

In Myanmar's Hluttaw, there are sectoral committees formed in both the lower house and the upper house. But their roles and responsibilities do not include a review of the budget. This is why joint committees (teams) were formed to review the budget. The Joint Bill Committee and the Joint Public Accounts Committee set the fiscal priorities and provided technical assistances to these teams.

The Role of the Joint Public Accounts Committee

The Joint Public Accounts Committee is a key apparatus of the parliament in reviewing the government budget. It is one of two committees tasked by parliament to submit reports related to the government budget bill.¹¹ But JPAC has its own limitations in that they need to review the budget based on the Auditor-General report. It is to be noted that changes in parliamentary rules in 2013 allow JPAC to undertake field trips to project sites where capital expenditures are allocated if necessary.¹²

The Joint Public Accounts Committee is one of two joint committees formed by the combined house and is the focal committee for the assessment of the government budget. The Joint Committee includes an equal number of members from the Public Accounts Committees of both the lower and upper houses. The Deputy Speaker of the combined house serves as the chairperson of the joint committee. According to its roles and responsibilities¹³, the Joint Public Accounts committee shall:

- (a) Review in detail the yearly union budget proposed as the Union Budget Bill, and submit a report signed by its chairperson to the Speaker of the combined house.
- (b) Review the Union Auditor-General report into incomes and expenditures as budgeted in the Union Budget Law and any clarifications or actions submitted by the Ministry of Finance, and report findings to the house. (Note: The report usually includes discrepancies and echoes failures to comply with financial rules and regulations as identified by the Auditor-General report).
- (c) In reviewing the Union Auditor-General report, assess whether Union income was efficiently generated, whether expenditures were spent in accordance with the budget, and whether there was waste, leakage, damage, losses or misappropriations in implementing projects.

¹¹Pyidaungsu Hluttaw (2014). Pyidaungsu Hluttaw Rules, Section 103.

¹²Ibid.

¹³Ibid.



- (d) In reviewing the Union Auditor-General report, visit worksites, if necessary, to evaluate whether budgeted expenditures were spent correctly as allocated by the Pyidaungsu Hluttaw (the combined house).
- (e) Review any cases referred to the Joint Committee by the Ministry of Finance and report to the house.
- (f) Report to the Hluttaw by providing:
 - (i) An assessment whether specific expenditures allocated by the Pyidaungsu Hluttaw (the combined house) as per the budget proposal of the Union Government have been spent in compliance with the financial rules and regulations of the Ministry of Finance,
 - (ii) An assessment on whether any changes in budgeted items were in compliance with the rules and regulations of the Ministry of Finance,
 - (iii) Notifications of additional expenditures to the Pyidaungsu Hluttaw (the combined house) as per the request of the Ministry of Finance,
 - (iv) An assessment as to whether relevant government departments and government organizations have followed the recommendations of the Union Auditor-General.
- (g) Review the accounts kept under Presidential Order in relation to the business activities (by state-owned enterprises) of the Union Government and the Union Auditor-General report on these accounts.
- (h) Review the Union Auditor-General report into income generated by the Presidential Order and/or warehouse stocks and/or the Union Auditor-General's report on such stocks.
- (i) Invite official submissions from relevant government departments and organizations for clarifications, either verbally (i.e. in person) or in written form.

The joint committee collects reports from different budget assessment teams and compiles an overall report on the Government's accounts for the consideration of the combined house.

The Roles of the Public Accounts Committees

Public Accounts Committees are one of four standing committees in both houses. Each Public Accounts Committee has 15 members. According to its roles and responsibilities¹⁴, the committees shall:

- (a) Review the Union Auditor-General report into the undertakings of Union-level organizations, Union ministries, government departments, government enterprises and the Nay Pyi Taw Council. In doing so, the committees shall review the extent to which these organizations collect budgeted income and spend their budgeted expenditures effectively in accord with financial rules and regulations.

¹⁴Amyotha Hluttaw (2015). Amyotha Hluttaw Rules, Section 68.



- (b) Visit worksites, if necessary, to evaluate whether budgeted expenditures as allocated by the Pyidaungsu Hluttaw (the combined house) are spent correctly.
- (c) Report to the Hluttaw on the following matters:
 - (i) Any changes in budget compared with what was approved by the Pyidaungsu Hluttaw (the combined house) as per the proposal of the Union Government,
 - (ii) Failures to comply with the rules and regulations of the Ministry of Finance in changing budget lines,
 - (iii) Weaknesses in financial procedures that should be addressed by relevant government departments and enterprises,
 - (iv) Notifications of additional expenditures to the Pyidaungsu Hluttaw (the combined house) as per the request of the Ministry of Finance.

It is to be noted that despite both houses having their own Public Accounts Committees as required by the constitution and parliamentary laws, much of the actual budget review is undertaken by the Joint Public Accounts Committee. The Joint Public Accounts Committee must be formed with equal members from the house Public Accounts Committees, which generally do not engage in any activities as a separate house committee. The formation of the house PACs is only to serve as a foundation for the formation of the Joint Public Accounts Committee. The combined house cannot form a standing committee.

The Roles of the Joint Bill Committee

The role of the Joint Bill Committee in the assessment of the Union budget is very limited in that this Committee is only mandated to review the legal terms of bills and compliance with existing laws. According to new procedures, the Joint Bill Committee has been given the responsibility of coordinating the work of different select committees in reviewing bills. In the case of the Union Budget (and related bills), such a coordination role is better undertaken by the the Joint Public Accounts Committee.

The Joint Bill Committee also reviews recommendations from the Financial Commission, which includes both cabinet members and regional government chief ministers and ministers. This Commission is chaired by the president.

The Joint Committee also collects reports from different budget assessment teams and submits an overall report of key elements of the budget bill or government policies to the combined house.

The Roles of Joint Budget Assessment Teams

According to an MP, joint budget assessment teams were established during the previous parliamentary session (2013). In 2015, a total of 19 budget assessment teams were formed to review the National Plan and the Budget for 2016-17 FY. The 14-member teams were tasked with submitting reports to the Joint Finance and Planning Committee (for the National Plan) and to the Joint Public Accounts Committee (regarding the budget). Each committee was assigned a specific line ministry or ministries to review.



In July 2016, the new parliament established a total of 17 budget assessment teams to review budget amendments and the supplementary budget for 2016-17 FY. The only difference between the teams established during the previous parliamentary term and those established in July 2016 was that the teams are now required to report to Joint Public Accounts Committee, as the new parliament chose not to establish a Joint Finance and Planning Committee. This decision was due to parliamentary rules that allow the combined house to form only two joint committees – i.e. the Joint Bill Committee and the Joint Public Accounts Committee.¹⁵ For the same reason, the combined house has not named the budget assessment teams as ad-hoc committees. As a result, the budget assessments teams currently report in parallel: to the Joint Bill Committee regarding the principles of bills, and the Joint Public Accounts Committee regarding budgeted incomes and expenditures.

The formation of the budget assessment teams reflects the composition of committees in two houses, though in some cases team members come from committees working on unrelated issues. There have also been some instances where MPs with relevant expertise have been assigned to particular teams. “We have at least four to six members who hold engineering degrees in the team,” stated U Ba Myo Thein, an upper house NLD MP representing Yangon-5 Constituency. He is chairman of team No. 12, which reviews the budgets of the Ministry of Industry and the Ministry of Hotels and Tourism.

Like the committees, the budget teams include members from different political parties. With the exception of the team that reviews the budgets of the President Office, the Government Office, the Auditor-General’s Office, the Nay Pyi Taw Council, and the Nay Pyi Taw Development Affairs Committee, the other teams all include at least one military appointee, with most have two military appointees. Members of the Joint Bill Committee and the Joint Public Accounts Committee are not included in the budget assessment teams.

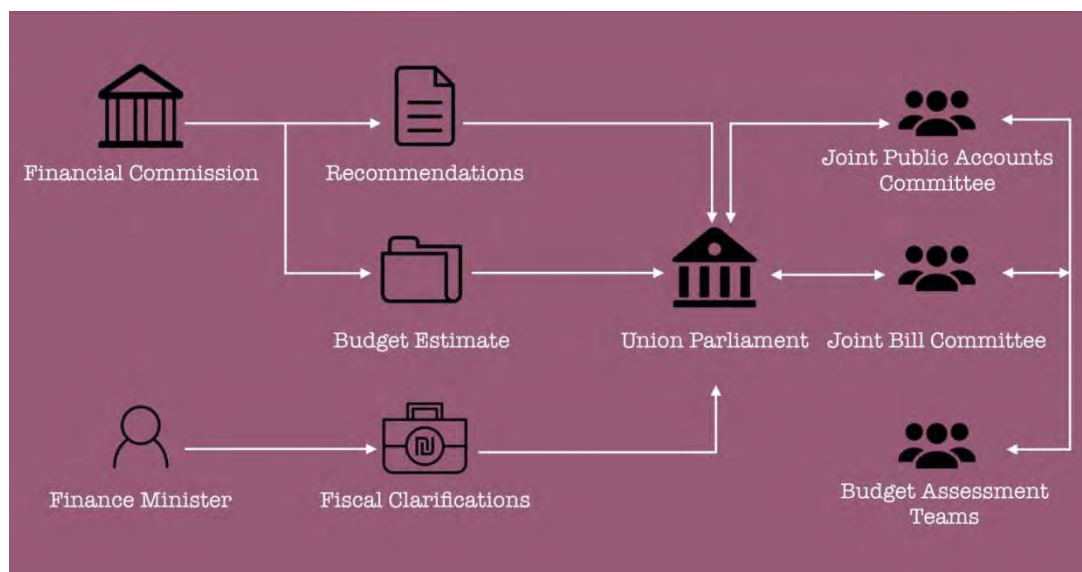
The teams have continued with the review the Government’s FY 2017-18 budget. It was reported that the members of the budget assessment teams had been informed that there would be no changes in the membership of the teams during the remaining parliamentary term. After the budget is approved by the parliament, the term of these teams will end.

It is to be noted that the budget assessment teams receive administrative support from committee offices, in most cases from the office of the chairperson of each team, since the chairs hold the same position in the committees in either the lower house or the upper house.

¹⁵Interview with Dr. Myat Nyana Soe, an upper house NLD MP, who has represented Yangon-4 Constituency since 2010.



Fig. 1: Illustration of the Parliament's Budget Review Process



The Budget Review Process of the Joint Committees and Teams

The budgets from different ministries are submitted to the parliament together with recommendations from the Financial Commission. According to the 2015 Budget Drafting Law, the government must submit the draft budgets to parliament no later than January 15th. The Joint Public Accounts Committee, being a focal committee, distributes the budget proposals to the relevant teams and also provides a briefing to the chairpersons and secretaries of the teams before the committees begin their assessment of the budgets. The briefing includes basic “Dos and Don’ts” for the teams as well as policy priorities, for example key projects that cannot be cut. The JPAC also provides some tips for reviewing the budgets from different ministries, such as the types of documents required for reviewing budget submissions. The teams are required to report back to the Joint Bill Committee and the Joint Public Accounts Committee by a set deadline. For the supplementary budget for 2016-17 FY, the deadline is the tenth day after the formation of the teams. For the budget for 2017-18 FY, the deadline is the sixth day after the distribution of the budget documents to the teams. These very short timeframes might be attributed to the fact that the parliament was not in session until January 27th, 2017, even though the government had duly submitted the proposed budgets to parliament by the stated deadline of January 15th, 2017.

The budget assessment teams may invite senior officials, ranging from permanent secretaries to director-generals and directors, to their hearings, which are open to interested MPs who are not members of the budget assessment teams.



Bringing interested MPs into hearings

Budget Assessment Team No. 1 invited MPs from Union Territory (Nay Pyi Taw) to its budget hearings. It provided an opportunity for MPs from the territory to review the draft budget and to question officials regarding planned expenditures in their own constituencies. The MPs also brought their experience with government-funded projects in the previous fiscal years in their constituencies. “They talked about failures to reflect their proposals in budget and problems in tendering,” said Naw Hla Hla Soe, an upper house NLD MP from Yangon-10 Constituency. She is secretary of team No. 1, which reviews the budget of the President’s Office, the Government Office, the Auditor-General’s Office, the Nay Pyi Taw Council, and the Nay Pyi Taw Development Affairs Committee.

The teams report their findings to the Joint Bill Committee and the Joint Public Accounts Committee in parallel. Yet not all of the budget assessment teams were able to meet the deadline and standards. According to one MP, only six or seven teams were able to effectively complete the review the government budget for 2017-18 FY. This reflects the same experience of the budget assessment teams in the previous parliamentary term.

Challenges faced by the budget assessment teams also include a lack of information and documents that are necessary to review the budget. “The estimates should carry more details. Now they are just rough estimates,” said U Ba Myo Thein. Despite the fact that the Union Budget Drafting Law details the documents to be included in the budget estimates, Dr. Myat Nyana Soe informed us that there are cases where some ministries do not put enough effort into providing the necessary information.

The Joint Bill Committee and the Joint Public Accounts Committee submit their reports to the combined house after compiling separate reports from the various budget assessment teams. After approving the reports of these committees by the house, the floor is then open to individual MPs to propose amendments. The parliament must approve the budget by the end of March. Otherwise, the government may utilize the previous year’s approved budget for ongoing expenditures. In the aftermath of the budget’s approval, the JPAC is the only committee given the responsibility of track government expenditures and the overall implementation of the budget.

Conclusion

In its 2016 report, OMI highlighted the fact that the JPAC was over-burdened with reviewing the government budget alone and that other select committees did not share in this responsibility. It is a welcome change that the budget assessment teams are playing an important role in this term of the parliament. At the same time, there are a number of ways in which the overall budgetary review process might be improved to become even more effective.



Regarding the formation of joint budget assessment teams, OMI believes that it would be more effective if members appointed to these teams had background experience or qualifications in areas related to the budgets they reviewed. In some cases, MPs have acquired the necessary experience by previously serving on such committees. Hence, parliament should consider both areas of expertise and the interest or willingness of an MP to serve as a member of the committee when considering committee membership.

Regarding the committee system, OMI finds that a link between the budget assessment teams and the existing house committees, which run throughout the entire year, is lacking. As a result, there seems to be a lack of scrutiny regarding the government's implementation of the budget by different ministries. This lack of scrutiny or oversight places the role of the existing committee system into question.

OMI believes that exploring new solutions to make the parliamentary system more effective is just as important as making them sustainable. This would require reviewing and fine-tuning the existing committee system and the governing rules and regulations of the parliament.

The budget is a key instrument for the parliament to impose checks and balances on other parts of the government. The parliamentary debates that occur throughout the year should be reflected in the budget, as it is the key bill that reflects the policy priorities of the government. Thus, the parliament should invest additional resources in order to build a more sustainable committee system for reviewing the government budget.

The parliament should also increase publicity regarding the formation and activities of the parliamentary committees, commissions and teams by publishing updated lists of committees and teams on the parliament's websites, in newspapers, or as a separate official publication from the parliament. This would promote the transparency of the parliament and increase the effectiveness of these organizations by helping them to communicate with organizations and stakeholders outside the parliament and outside the government.



Constituent Development Funds in the Yangon Region

Yangon School of Political Science¹⁶

Yangon, Myanmar

July 2017

Introduction

The Yangon School of Political Science (YSPS) participated in the CSO Capacity Building Program initiated by the East Asia Institute in 2015. Through this program YSPS previously conducted research on the Budget Execution of the Educational Construction Sector.

For the 2016–17 fiscal year, YSPS decided to carry out research on the execution of Constituent Development Funds in Yangon Region. This topic was chosen as it was the first occasion that newly elected MPs from the 2015 election and the new NLD administration were in a position to make decisions on how the funds should be dispersed. Although the CDF scheme started during the previous parliamentary session led by MPs from USDP, there was little transparency regarding the dispersal of funds and limited public participation in decision making. Very few people were aware of CDF and most thought that the projects were paid for by the USDP government. We believed that it would be very interesting to examine CDF projects implemented by the NLD MPs who had control of the Funds for the first time.

Research Methodology

The Yangon School of Political Science used qualitative and quantitative research methods in this study. Firstly, YSPS reviewed data resources from the internet and Constituent Development Law imposed by the Union Parliament. We also met and interviewed NLD MPs. We collected project data from each

¹⁶The Yangon School of Political Science (YSPS) would like to express its appreciation to all individuals, especially members of parliament and local respondents who participated in the Constituent Development Survey. YSPS also expresses its special thanks to partner organizations that joined in the previous workshop with East Asia Institute and gave comments and advice during the YSPS presentation. Finally it is very important to recognize the contribution of East Asia Institute through the Myanmar CSO Capacity Building Program.



constituency and tried to understand the process of CDF in the Myanmar context. YSPS then conducted deep desk reviews and developed questionnaires for an opinion survey of ten Townships in Yangon Region. Following the return of completed questionnaires, YSPS conducted field trips to conduct interviews with 30 MPs, 30 CDF committee members and 100 people from the 10 selected townships.

The list of townships we conducted interviews in is as follows:

- Kyauk Ta Tar Township
- Puzuntaung Township
- Mingalar Taung Nyunt Township
- Yankin Township
- Daw Pon Township
- Thingan Gyun Township
- Dagon Seik Kan Township
- Thanlyin Township
- Kyauk Tan Township
- Hlaing Thar Yar Township

Survey Sampling

The limited funding available for this research made systematic sampling for our interviews difficult. To cover the opinion of MPs and Implementing Committee Members, YSPS chose thirty MPs, thirty Committee Members and one hundred residents from ten townships in Yangon Region. The townships we surveyed included urban, suburban, and rural areas where different kinds of people live.

Literature Review – Key Findings

YSPS firstly carried out an extensive literature review on the implementation of CDF programs in Myanmar and in other countries. This revealed that the key purpose of Constituent Development Funds in other countries is to fulfill the needs of each constituency quickly and effectively. As fiscal decentralization initiatives, CDF funds are transferred directly to local governments and their constituents to enhance public participation and their decision making capacity on the drawing, proposing and implementation of development projects monitored by MPs.¹⁷

A key reason for putting Members of Parliament in a monitoring role of CDF implementation is that they are very familiar with the issues facing their constituencies and have the capability to deal with them effectively.

CDF was first introduced in India, Pakistan and the Philippines. By 2009, the number of countries implementing CDF programs had increased to 23.¹⁸ The CDF scheme was first implemented in

¹⁷Robertson, B., Joelene, C., & Dunn, L. (2015). Local Development Funds in Myanmar–An Initial Review. *The Asia Foundation*.

¹⁸Van Zyl, A. (2010). *What Is Wrong with the Constituency Development Funds?* (No. id: 2644).



Myanmar in the 2013-14 fiscal year, and the CDF Law was amended in 2014 to make its exercise more effective. Myanmar's CDF Law shares many similarities to CDF laws in other countries, and highlights public participation on project implementation.¹⁹

During President U Thein Sein's Administration, very few people were aware of the CDF scheme and most thought that the projects implemented in their constituencies were funded by the USDP party because the USDP logo was used on project advertising.²⁰ One resident from South Oakkalar Pa Township stated that during the 2015 election campaign, USDP MPs tried to persuade voters through the implementation and future promises of development projects within their constituencies.

One questionable point regarding the practice of CDF is that it significantly violates the Constitutional Principle of the Democratic System which is based on the separation of powers where the Legislative Sector intervenes in some areas of Administrative authority.

In Kenya, a report of the National Anti-corruption Campaign Steering Committee showed that the monetary handouts and all instances of money from politicians significantly influenced voting preferences.²¹ In Uganda, most voters did not judge their MPs on their capability to deliver legislation, but rather on their ability to deliver constituency development projects. According to an opinion survey conducted in Kenya and Uganda, most MPs and voters thought that MPs were the agents of development for their constituencies.²² Current NLD MPs also perceive that the CDF builds better relations between them and their constituents. Only one MP mentioned that it could be misused for election campaigns and weakens the system of checks and balances.²³

In other countries like Kenya and Tanzania, the amount of CDF is determined based on geographic size and the population density of each constituency. Poorer and more densely populated districts get more funds than wealthier areas with less population.²⁴ In Myanmar CDF law, although it states that the amount of CDF is allocated according to geographic size and population for each fiscal year, the amount of CDF actually allocated in the National Budget was the same for each constituency at 100 million Kyat (33000 million for 330 constituencies). It is, therefore questionable whether the CDF supports the real needs of constituencies effectively. For instance, in downtown areas like Kyauktadar and Panbedan Township which are already developed, YCDC has development projects and funds for it. One MP said that her constituency doesn't need CDF. Instead, CDF should be allocated to rural areas where a lot more support from the government is required. In areas on the outskirts of Yangon like Thanlyin and Kuauk Tan Township, the number of quarters and villages are much higher than in downtown townships and their development needs are much greater. Moreover, the allocation of CDF is not adequate for implementing projects like such as road paving and constructing bridges, which are viewed as priority needs.

Some townships with many quarters or villages like Hlaing Thar Yar Township, give each quarter

¹⁹Union Parliament Development Fund Law (March 12, 2014)

²⁰Interview with an MP from the Yangon Region Parliament

²¹Tshangana, A. H. (2010). Constituency development funds: scoping paper. *Cell*, 83(280), 2759.

²²Ibid.

²³Interview with an MP from Pyithu Hluttaw

²⁴Oxford Analytica, "Africa Wide CDF adoption belies limited efficacy". 2 April 2009



less than 2.5 million kyat in CDF, which is not even enough to pave a very short rural lane. In Thanlyin Township, the CDF implementing committee members decided that each CDF project proposal must also consist of donated money from residents to reach sufficient funds to enable projects to proceed. This means that very poor villages and quarters which need the most help from the government but cannot afford the donations, even for very small projects, will never have the opportunity to benefit from CDF.

Although Myanmar's CDF Law and Procedure tries to shield against corruption and the misuse of the CDF by MPs and Committee Members, it should also include more detailed provisions for forming committees and outlining the responsibilities of those committees and of committee members.

During the U Thein Sein administration, the government formed Township, Quarter and Village Development Committees to implement CDF. But those committees were abolished when the NLD administration came into power. There is currently no specific format for forming CDF committees. CDF law just mentions that one MP serves as a chairperson of the committee and the Administrative Director of the General Administration Department (GAD) as a secretary. Other MPs, the Township Audit Officer and Executive Officer of YCDC are also members. As a result, in some townships, if the relationship between MPs is not good, MPs who serve as committee members focus less on CDF implementation and GAD exerts more influence. Sometimes, they manipulate the use of CDF without the consensus of other committee members, and residents of the township lack information on CDF.

Although there was little transparency and less public participation in CDF projects during the USDP administration, after the 2015 election, citizen participation in CDF increased because most MPs tried to build more effective MP- Constituent relations. Most MPs hold public meetings and inform people about CDF and record the urgent needs and priority projects of their constituencies. In forming quarter and village committees, MPs let the residents of the constituency take part and put forward project proposals with their consensus. While there were some difficulties in forming implementing committees, no valid evidence of corruption or misuse of funds during the implementation of CDF projects was found.

In Kenya, MPs appointed the committee members from representatives of the community and reserve two places for representatives of religious organizations and one for active NGOs. Moreover, the legislation also reserves two places for female representatives.²⁵ In Tanzania, the legislation ensures that CDF committees include six members who are nominated from active NGOs.²⁶

There were no tender biddings in CDF implementation in Myanmar and most were carried out by volunteers from the community. In some projects, although some weaknesses of technical support occurred, compared with the same measure of projects by YCDC, the expenses for each project were much lower.²⁷

The role of the GAD in CDF implementation was relatively important as they handled the management and the financial accounting of the projects. Although some misunderstandings between MPs from NLD and GADs (who were originally bureaucrats from the military regime), when implementing CDF projects together, they found that coordination between them improved.

²⁵Ibid *supra* 21

²⁶Ibid *supra* 21

²⁷Interview with an MP from the Yangon Regional Government



Survey/Interview Findings

The Impact of Constituent Development Fund Projects

According to opinion survey results, 83% of MPs and 90% of Committee Members thought that the CDF really supports the needs of local people. (See Fig.1 and 2).

Q: The Constituent Development Fund really supports the needs of the local people

Fig.1 Answers from MPs

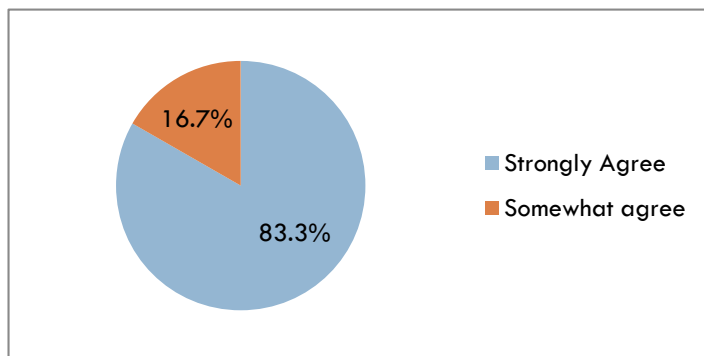
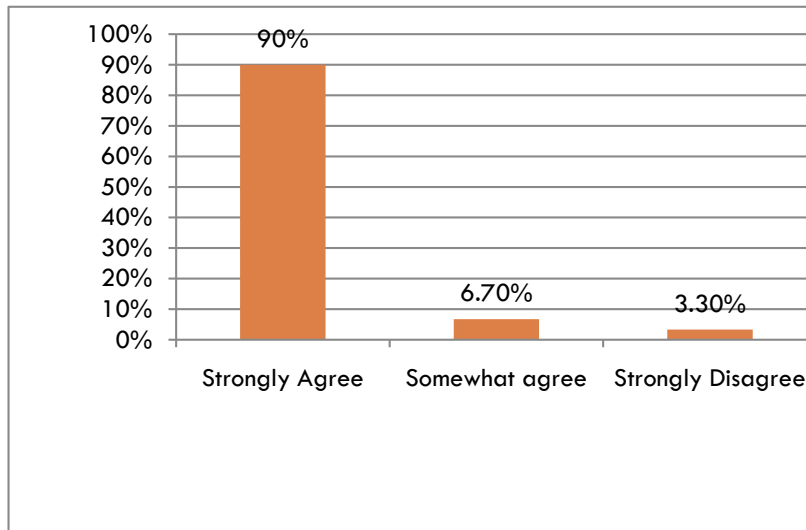


Fig.2 Answers from Committee Members



The survey found that in downtown areas like Kyauk Ta Dar Township, most of the CDF projects were able to meet the needs of the area through very small projects, such as installing CCTV cameras and backyard fences for security reasons, renovating the drainage and water sanitation system, and doing underground water projects. This was in contrast to meeting the needs of the poorest and more highly populated areas like Hlaing Thar Yar Township where significant government support is needed and the CDF provided couldn't cover the cost of the projects required.

In the outskirts of Yangon and in rural areas like Thanlyin and Kyauk Tan Townships, most



projects were for paving rural lanes, which costs a lot. CDF funding was unable to cover this and it was necessary to supplement the CDF with money donated by residents. Whilst this is possible in wealthier areas, it is not in poorer areas and so those areas in most need of support have been unable to benefit from CDF projects.

In opinion survey on CDF projects, 86.7% of MPs and 92.9% of Committee Members supported the idea that the amount of CDF should be based on the needs and development issues of each area (Fig.3 and 4).

Q: CDF amounts should be determined according to the needs and development of each area

Fig.3 Answers from MPs

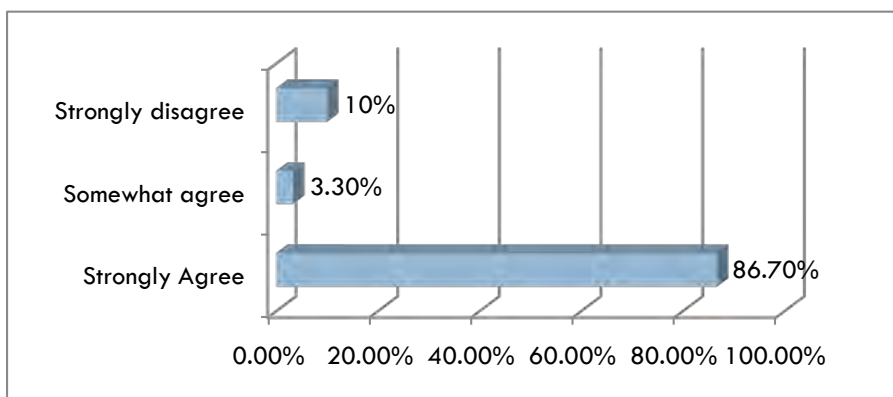
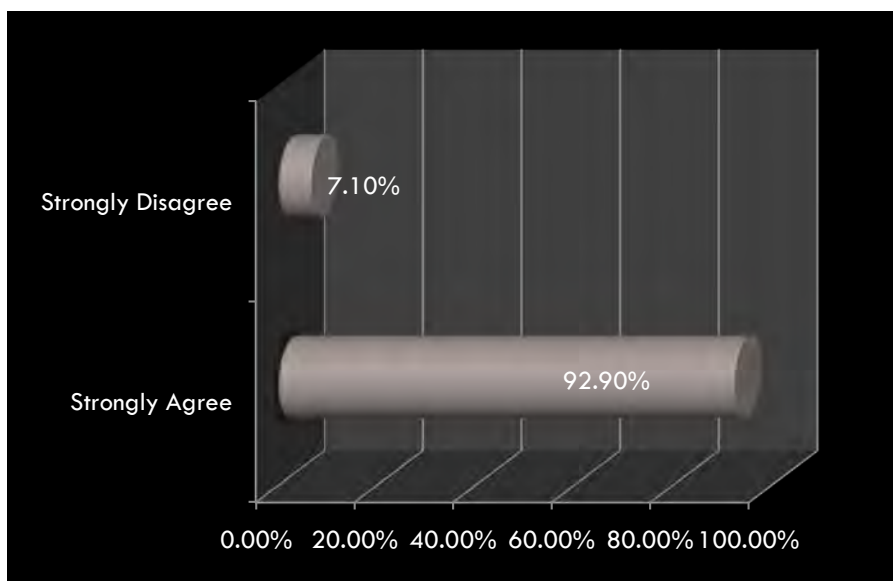


Fig.4 Answers from Committee Members

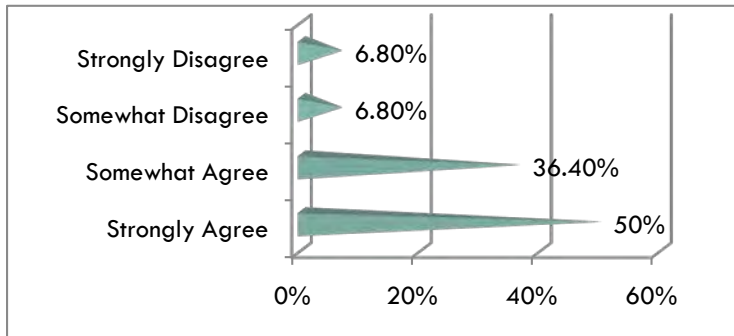


The public opinion survey looking at awareness of CDF projects showed that 50% of respondents felt that they were more aware of development project delivery during the NLD administration (See Fig.5).



Q: There were more development projects under the NLD administration

Fig. 5 Answers from members of the public

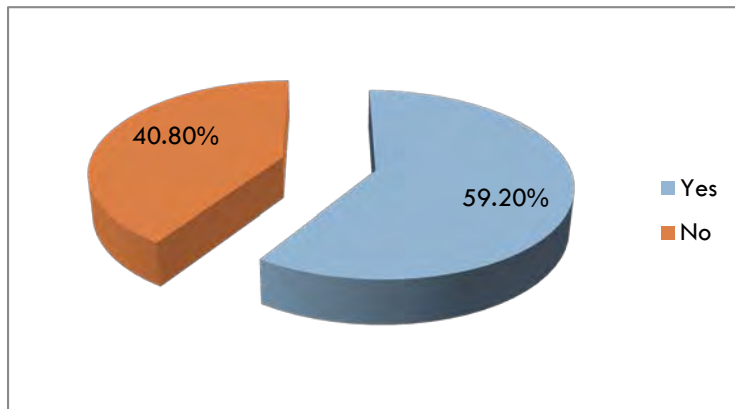


Public Participation

Before 2015, most people didn't know about the CDF and had no chance to participate in any stage of CDF project implementation. The public opinion survey on CDF projects shows a significant growth in awareness with 59% of respondents answering that they know about it (See Fig.6).

Q: Have you heard about Constituent Development Funds?

Fig.6 Answers from members of the public



When the NLD administration came to power, most MPs held public meetings trying to raise public awareness of CDF. They also let constituents participate in identifying priorities, choosing committee members, proposing projects and sometimes even checking the quality of complete projects.

Most MPs believe that the CDF schemes can be a good bridge for MP- Constituent relations. The opinion survey results showed that 70% of MPs and 73.3% of Committee Members thought that CDF raised the public awareness of development projects (See Fig.7 and 8)



Q: Have Constituent Development Funds raised public awareness of development projects?

Fig.7 Answers from MPs

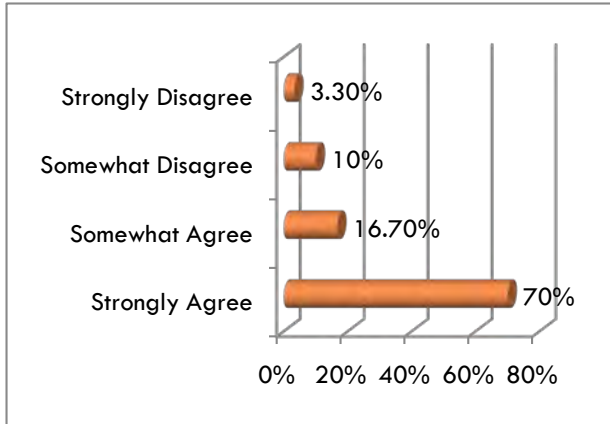
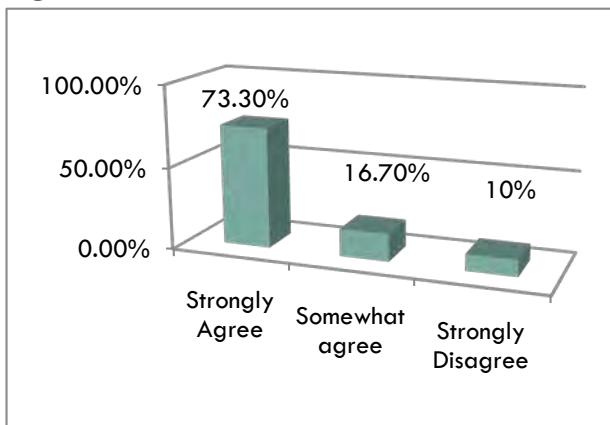


Fig.8 Answers from Committee Members

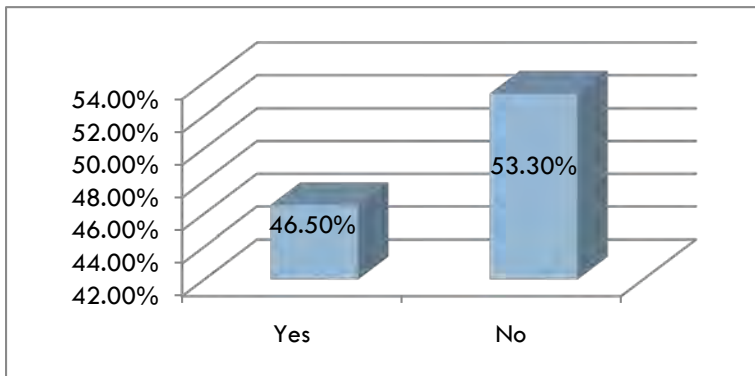


Although the results showed that 53% of respondents had not yet attended a public meeting for a range of reasons, (Fig.9), 46.5% were very interested in joining and 35.4% were somewhat interested in joining in the future, giving a total of 81.9% of respondents interested in taking part in public meetings (Fig. 10).



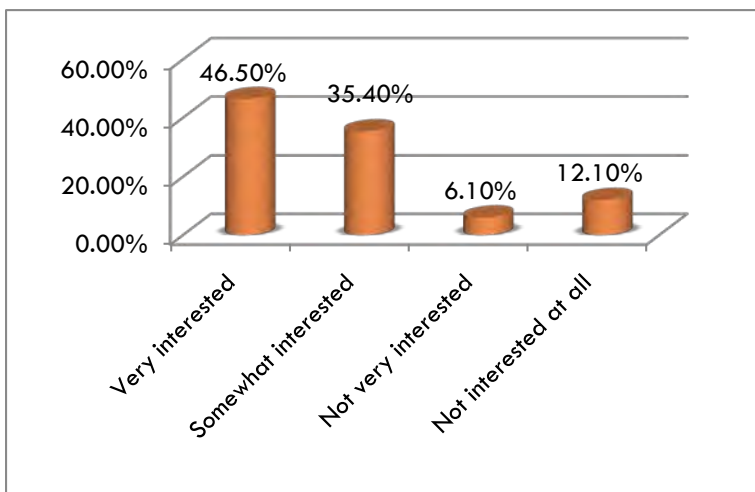
Q: Have you attended a public meeting?

Fig.9 Answers from members of the public



Q: Are you interested in attending a public meeting?

Fig.10 Answers from members of the public



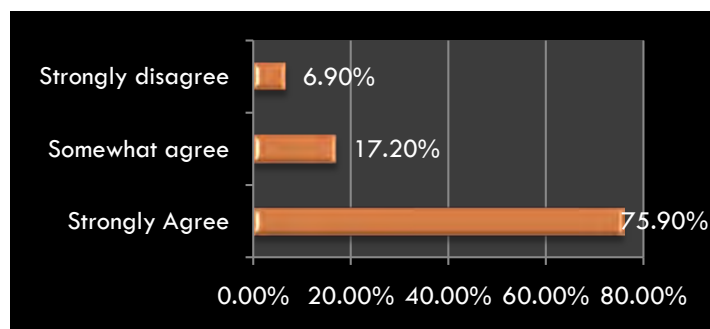
Project Implementation

The survey highlighted the importance of having better coordination between MPs and GADS for the effective implementation of CDF projects. Although MPs took the leading and monitoring role, the Administrative Directors who served as secretaries of the Township CDF implementing Committees dealt with the flow of funds and accounting. As such, they were seen as holding very important positions by those interviewed. However, it was very difficult to establish good relations between them because NLD MPs were activists and thought that Administrative Directors were loyal to the previous military regime and former army officers. By working on CDF projects together, they were able to build mutual trust and establish better relations. 75% of MPs said that they have good coordination with Administrative Directors on CDF projects and 93.3% of Administrative Directors gave similar answers (Fig.11 and 12).



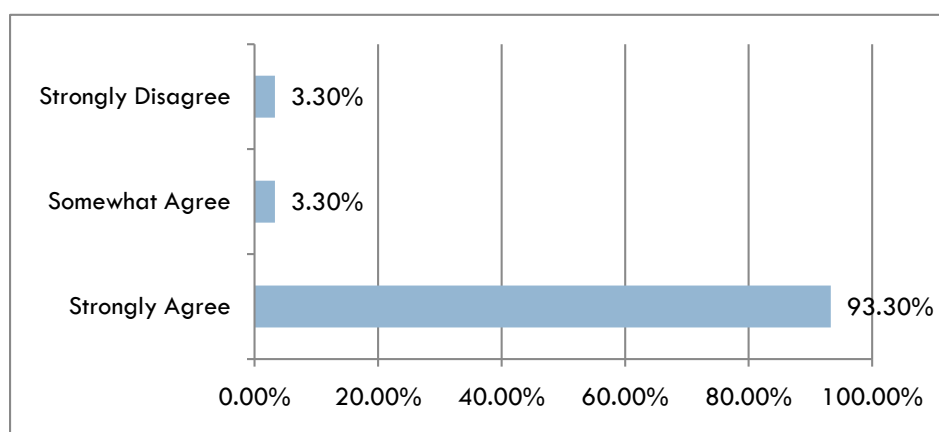
Q: Do you have good coordination with GADs?

Fig.11 Answers from MPs



Q: Do you have good coordination with MPs?

Fig.12 Answers from GADs



Some instances of non-coordination were found. One example was where one Administrator was unwilling to form a CDF Implementing Committee and put forward CDF project proposals, saying that his quarter did not need the development fund.

Founding CDF Implementing Committees

In most cases, the Member of Parliament from the Pyithu Hluttaw for each respective constituency served as the chairperson of the township committee, the Administrative Director of the GAD as the secretary, and other regional parliament members as members of the CFD committee. Some regional parliament members stated that they should be leading the CDF committees as they are very close to their respective constituencies and can monitor the projects very closely. In some constituencies, the relationship between MPs was not good and some said they were not even invited to project coordinating meetings. As the chairperson was always away from his or her constituency, the GADs had significant influence on project implementation and sometimes made decisions independently

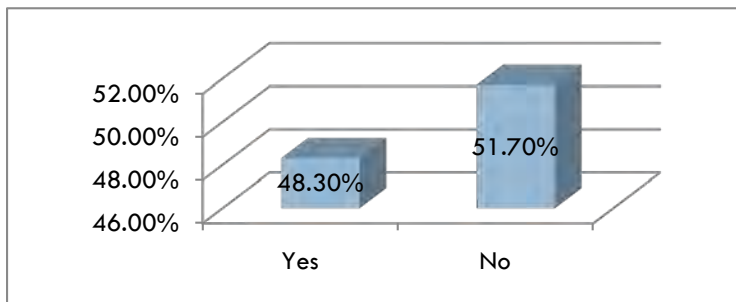


without the consensus of the committee.

48.3% of MPs in the opinion survey said that the specific roles and responsibilities of MPs should be put in the CDF Law to make implementation more effective. The other 51.7% said that it is not necessary to do this because the main focus and responsibility of MPs should be to legislate on important bills for their constituencies in the parliament (See Fig.13).

Q: Does the CDF law need specific provisions and instruction for the role and responsibilities for MPs?

Fig.13 Answers from MPs



In Quarter or Village Committees, most members were chosen by the consensus of the residents. 62% of MPs and 53% of Committee Members responded that there were no big problems in forming Quarter or Village Committee (See Fig. 14 and 15).

Q: Were there any difficulties in forming CDF Committees?

Fig.14 Answers from MPs

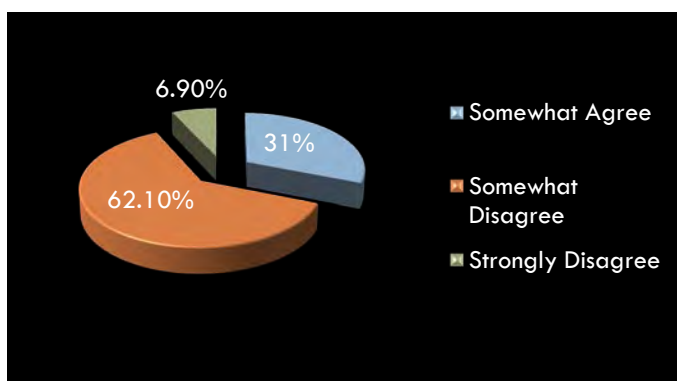
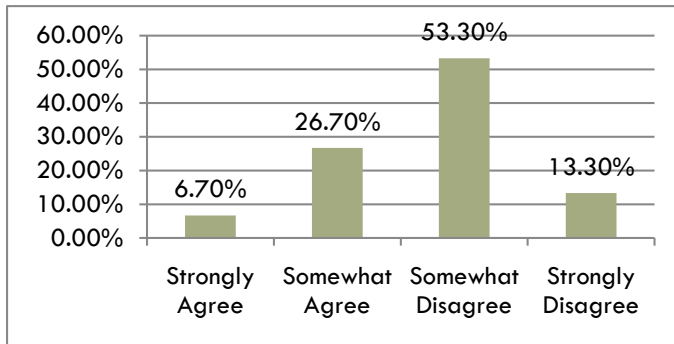




Fig.15 Answers from Committee Members



However, in some areas where there were high tensions between the NLD and the USDP, it was very difficult to form committees and sometimes impossible to put together project proposals.

In spending CDF money, no instances of corruption or misuse of funds was found because MPs and Administrative Directors were checking every step of the project implementation and the rate of public participation was high. In the opinion survey, 79% of MPs and 58% of Committee Members said there was no corruption in spending CDF money (See Fig.16 and 17).

Q: Did you experience difficulties in the flow of funds or corruption?

Fig.16 Answers from MPs

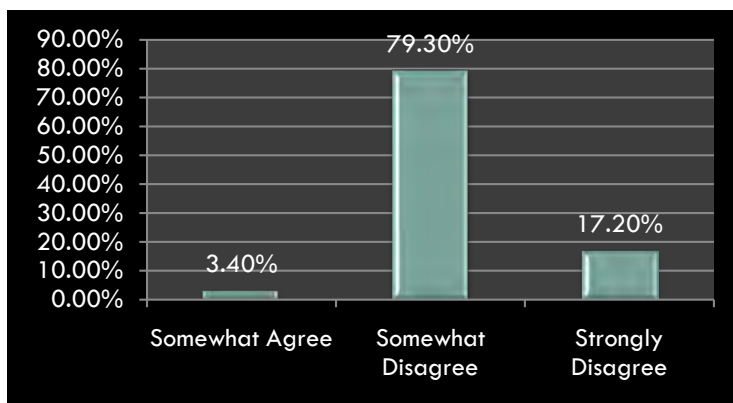
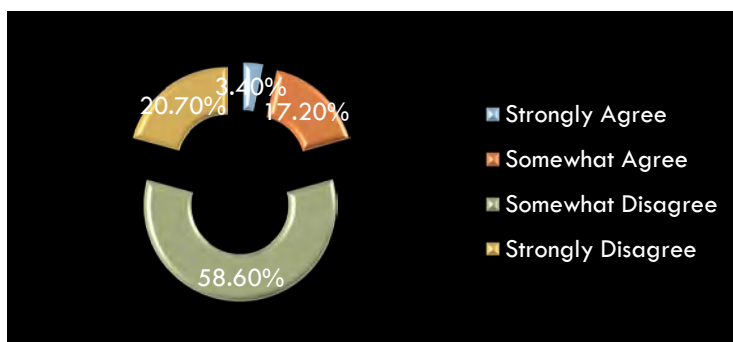


Fig.17 Answers from Committee Members





Within some Quarter and Village Committees, members had very poor financial literacy and required help from GAD staff to complete their financial accounts. Most CDF projects had no tender bidding and were not implemented by private companies. They were done by public volunteers and didn't have any technical support. Most MPs and committee members revealed that the quality of projects was better and less expensive than those of YCDC. 69% of MPs and 66% of committee members thought that they could manage CDF implementation very well (See Fig. 18 and 19)

Q: Did you have difficulties in managing CDF projects?

Fig.18 Answers from MPs

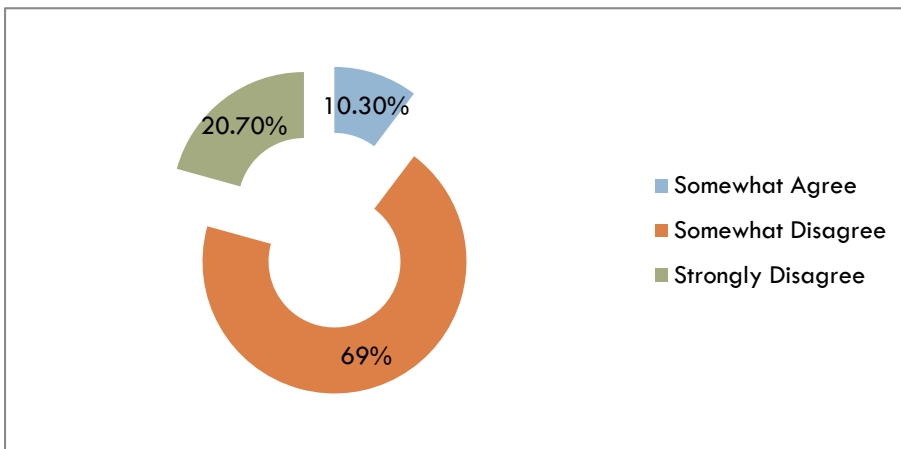
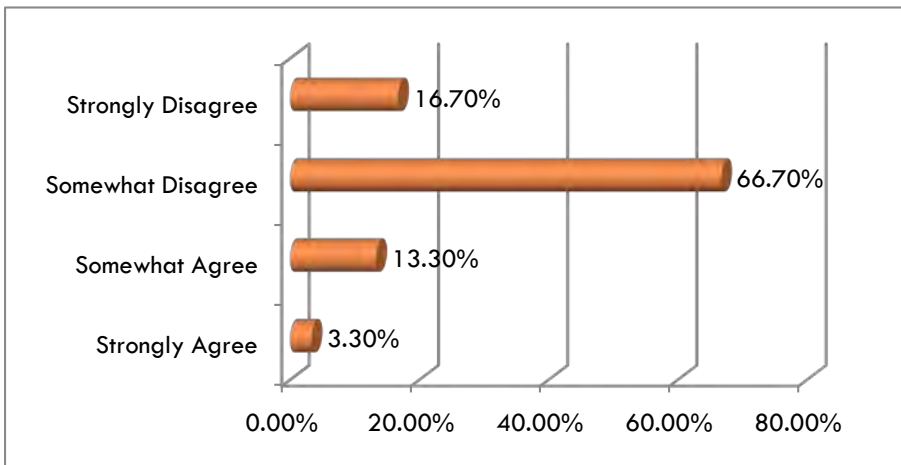


Fig. 19 Answers from Committee Members





Allocation of Funds

The most difficult part of CDF implementation was the allocation of the fund. The CDF Procedure states that each total project amount should not exceed five million kyat. This resulted in limited funds which were often insufficient to deliver the local development projects needed. In rural areas, most development works were for paving cement lanes which would cost more than five million kyats. In some cases, CDF committee members decided to collect donations from constituency residents. In our survey 46.6% of MPs strongly supported the CDF should be fully funded from the Union budget and not through collected donations from residents whilst 23.3% somewhat supported this. 55.2% of CDF committee members strongly supported full Union budget funding and 24.1% somewhat supported it (Fig.20 and 21).

Q: Should the CDF be fully funded by the Union Budget without using money donated by residents?

Fig. 20 Answers from MPs

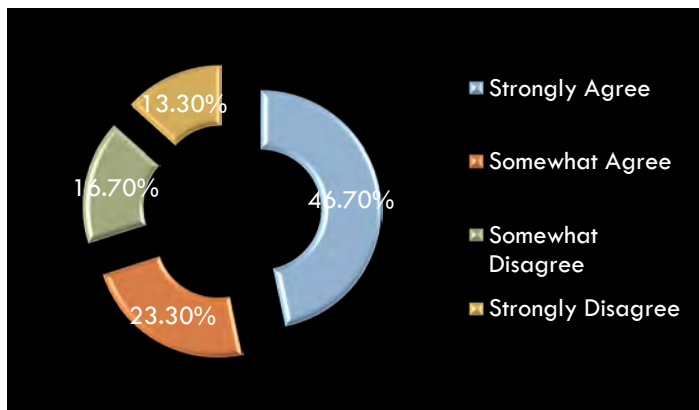
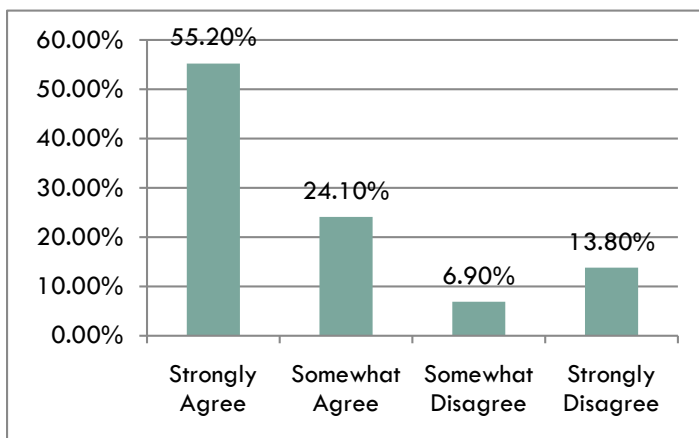


Fig. 21 Answers from Committee Members

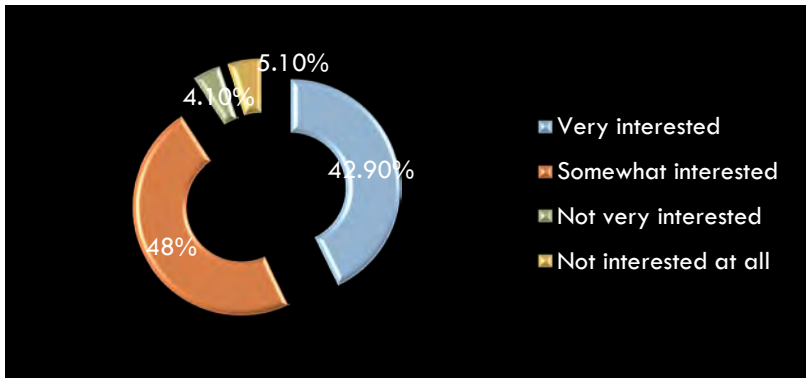




42.9% of local township residents surveyed answered that they are willing to donate their own money to facilitate the delivery of development projects and 48% would donate if they could afford to (See Fig.22).

Q: Are you willing to donate your own money for development projects?

Fig.22 Answers from Residents

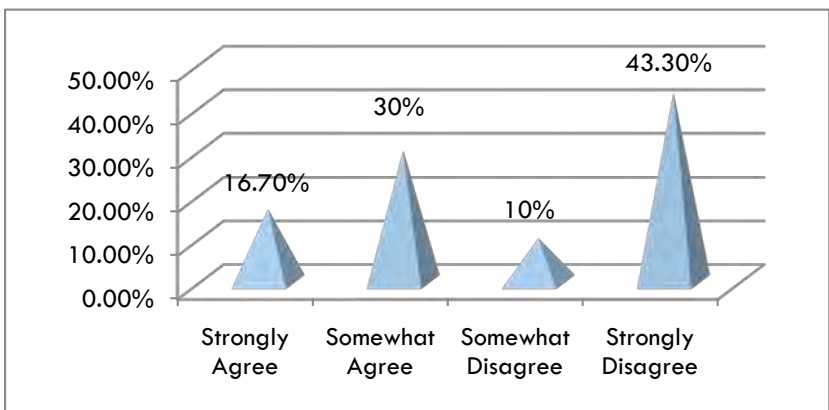


The Role of the General Administration Department (GAD)

The CDF law gives the GAD an important role in project implementation as the secretary of the committee. They deal with the flow of funds and financial accounts. In addition, quarter and village administrations are controlled by the GAD and usually follow instructions from the GAD. If MPs don't have the agreement of the GADs, it is very difficult to implement development projects. We found in our survey that 43% of MPs strongly disagreed that the GAD should hold this important role and 10% of them disagreed. Their preference was to have GAD help with the logistics and accounting for the project (See Fig.23).

Q: The GAD should have an important role in CDF projects

Fig.23 Answers from MPs





CDF Law and Procedures

The Law and the Procedure of the Union Parliament ensures a system of checks and balances between MPs and GADs to eliminate instances of corruption and misuse of funds. Under President Thein Sein's Administration, the government formed Township, Quarter and Village Development Committees. After the 2015 election, these were abolished by the NLD government and were not replaced. When CDF schemes started for the 2016-17 fiscal year, there were no specific formats for forming CDF committees and MPs and GADs formed them differently from constituency to constituency. Some MPs and Committee Members suggested that it should have a specific format. Some MPs claimed that CDF law needs exact and detailed instructions for the roles and responsibilities for MPs. In our opinion survey, 16.7% of MPs strongly disagreed that CDF laws and procedures were good enough and 36.7% disagreed (See Fig.24). In contrast 46.7% of Committee Members strongly agreed that the CDF laws and procedures were good enough and 23.3% agreed (See Fig.25).

Q: The Current CDF Law and Procedure are Adequate

Fig.24 Answers from MPs

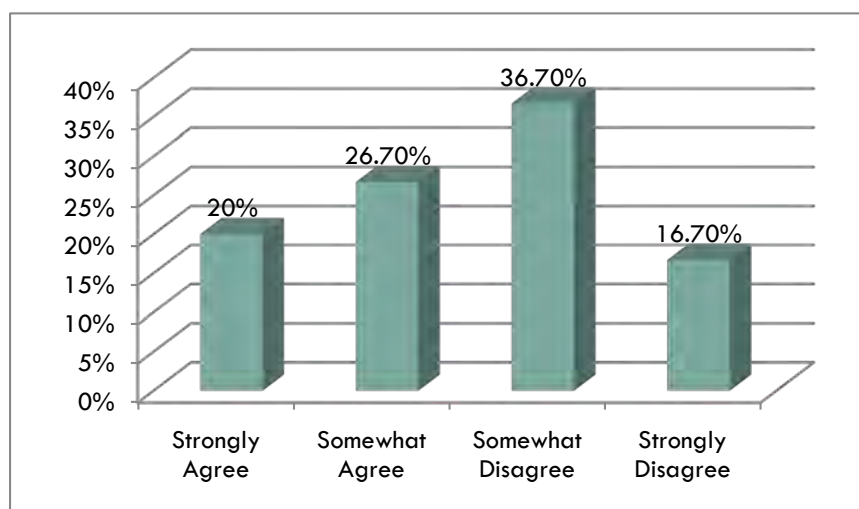
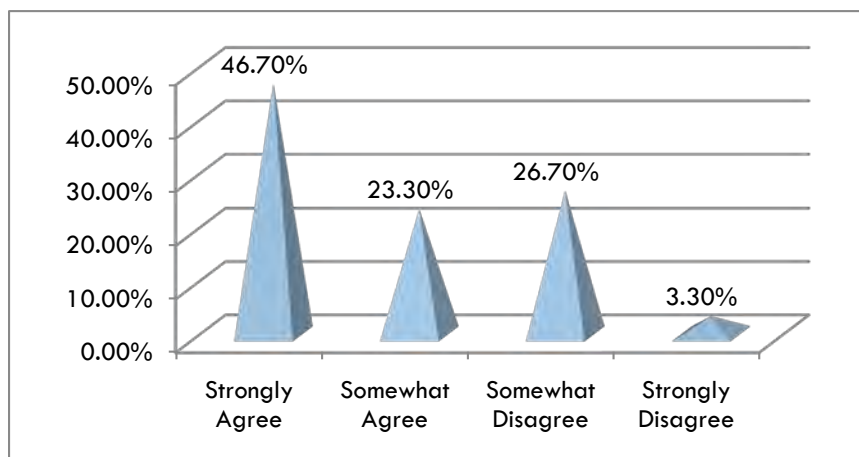




Fig.25 Answers from Committee Members



Recommendations

The MPs and CDF Committee Members should hold more public meetings to discuss the development of their constituencies and basic needs in order to increase public participation. In forming CDF committees, as an example from Kenya, the government let representatives from local NGOs and CSOs to participate in the CDF Implementing Committees. The involvement of CSOs can protect against corruption, misuse of funds, and help government officials reach their target populations. It would make the MPs focus more on the legislation without spending all of their time on project implementation, and reduce the influence of the GAD in CDF implementation. The CDF law and Procedure should be reviewed and some provisions inserted that would facilitate better and easier project implementation. The structure of Quarter and Village Committee should be in the same format and specific role and responsibilities described in the CDF Procedure. To make project implementation more effective, there should be a provision in the CDF Law stating that every MP must create a 3 or 5-year plan for the development of their constituency. Finally, the amount of funding allocated should be based on the geographic size and poverty of each constituency. To ensure the quality of the project, each project should be done with the technical support of township engineers free of charge.

In conclusion, Constituent Development Funds are very supportive of the needs of local people, but need greater public participation. In addition, the law and procedure governing CDF allocation and committee formation need more specific provisions and instructions to achieve its main goals effectively and produce successful results.



What are the Challenges and Problems of the Construction Procurement Process in Myanmar? A Case Study of Construction Procurement in the Mandalay Region

Yone Kyi Yar
Mandalay, Myanmar
July 2017

Introduction

The Importance of Public Procurement

Public procurement is one of the most important activities of the government for a variety of reasons. Public procurement affects the general public in different ways. First, it accounts for a large use of public money every year. According to the World Bank, governments generally spend between 10 to 15 percent of their GDP in the public procurement process.²⁸ These expenditures are meant for the development of public services, from the provision of education and healthcare to a clean water supply. If public procurement is managed badly, good services will not be delivered.

Public procurement also constitutes the largest domestic market in a developing country.²⁹ A huge amount of government spending is injected into developing countries through public procurement, and it plays a major role in boosting the economy and developing domestic markets. PPOA argues, “Depending on how it is managed, the public procurement system can thus contribute to the economic development of these countries.”³⁰ Again, public procurement can help develop the domestic industries, reduce regional economic imbalances, and so on.³¹ Many branches of government conduct different types of procurement every year, from building a new hospital or school to buying certain medicines or office supplies, all with the aim of achieving social and economic development. Therefore, with proper management and transparency, the benefits of public procurement can be huge for the people.

However, procurement processes are complex and not always transparent. With huge sums of money at stake, a complicated and opaque process can leave public procurement very prone to

²⁸OECD. *OECD Principles for Integrity in Public Procurement*. (OECD, 2009).

²⁹Ayoti, B. N. “Factors influencing effectiveness in tendering process in public sector, the case of Nyeri County, Kenya” (PhD diss., University of Nairobi, Kenya, 2012).

³⁰Ibid.

³¹Ibid.



corruption. Corruption can happen at every level of the procurement process, and it takes different forms. Transparency International (TI) describes corruption as follows:³²

“Corruption is ‘the abuse of entrusted power for private gain.’ ‘Private gain’ must be interpreted widely to include gains accruing to a government official, his or her family members, close friends, political party, favorite charity, hometown, or a corporate or other entity in which the official or the official’s family or close friends have a financial or social interest.”

Kühn and Sherman³³ also contend that corruption in public procurement means that taxpayer money is not used for the public interest, and thus the benefits that these expenditures should have provided to the public are lost.

Every year, because of corruption, an enormous amount of public money is wasted. According to the OECD,³⁴ governments around the world spend 400 trillion USD on public procurement, but a minimum of 400 billion USD is lost because of bribery. Corruption can negatively affect both the quality and quantity of public services and works. For example, the set number of school uniforms or books may not be delivered. Corruption may affect the quality of public services and works through the purchase of low-quality materials. For example, a hospital administration might purchase low-quality medicine for public hospitals.

In addition to the monetary cost, there are other damages that a nation may suffer because of bad or corrupt public procurement. “Corruption distorts the competition, quality and sustainability, and safety of public projects and purchases.”³⁵ Again, a distortion of competition can harm the business sector development directly or indirectly. Corruption and low-quality public projects or services can reduce the legitimacy of a government and erode public trust.³⁶

Since public procurement is very important in every country, special attention must be paid, not only to reduce corruption and bias, but also to increase the effectiveness and efficiency of procurement systems. Many developing countries face problems with corruption and bribery, unnecessary rules and regulations, difficult payment systems, difficulties in getting information about tenders, and a lack of transparency at different levels of the procurement process. It is critical to solve all of these problems if a government wants to effectively deliver services.

Our country, Myanmar, is also facing these problems in its public procurement process. In the recent democratic election, the NLD government gained power and has been working to overcome numerous problems, ranging from ethnic conflicts and economic hardship to corruption. Since people believe that the NLD government can reduce the level of corruption to some degree, we believe that

³²Transparency International. *The Anti-Corruption Plain Language Guide* (2009).

³³Kühn, S., & Sherman, L. B. “Curbing corruption in public procurement: a practical guide.” (*Transparency International*, Berlin, 2014), 1-40.

³⁴OECD (2009).

³⁵Kühn & Sherman, *Curbing Corruption*.

³⁶*Ibid.*



the very first thing they must deal with is the public procurement process. This is the primary motive behind conducting this research. We believe that this research will help our new democratic government engage in better reforms and deepen democratic consolidation.

Why Construction Procurement?

This study focuses on the construction procurement process. We selected this focus because there was no open and competitive procurement before 2013. The government initiated an open tender process in FY 2013-2014. Prior to 2013, construction procurements were offered and obtained through personal ties. There was no transparency and it was generally believed that the construction procurement process was the most corrupt area of procurement.

Now, although the construction procurement process has become open and competitive, neither government agencies nor private construction firms have much knowledge and experience in open and competitive tender processes, creating challenges for both sides. In this study, we will explore the problems and challenges of this newly developed process in Myanmar. Through our findings, we expect to contribute knowledge for better policy reform.

Statement of the Problem

Although Myanmar has a newly elected legitimate government, corruption is not yet under control and remains rampant throughout different sectors of the government, particularly public procurement. According to the Transparency International's Corruption Perceptions Index, Myanmar ranked 147 out of 168 countries and only scored 22/100 (the lower the score, the worse the corruption). Myanmar shares this position with the Democratic Republic of the Congo and Chad. At the same time, the people have placed high expectations on the NLD government to be clean, effective, and transparent. Thus, the problem of corruption has become a high priority for the NLD government.

As stated above, there are many problems occurring in public procurement that affect both government officials and private enterprises. For example, certain private firms are prohibited access to information about procurement, many civil servants are unqualified or lack knowledge about the process, public offices lack computers, payment systems are burdensome and outdated, and so on. At the same time, there is a rising demand from the public for the government to deliver effective healthcare, education and infrastructure services. Public sector reform has become crucial for the NLD. However, Myanmar lacks systemic knowledge or research that can guide effective reform. Few reliable research studies have been conducted concerning public sector management and administration. When it comes to public procurement, almost no studies have been conducted on the topic except for some studies that were done by the World Bank and USAID.

We have conducted this study in order to fill in some of the existing gaps in the research on public procurement. Our study focuses on identifying the problems and challenges in Myanmar's public construction procurement process so as to develop a better understanding that can be used in creating good policies and governance practices to address these issues and ultimately reduce the level of corruption.



Objectives of the Study

The overall objectives of this study are to evaluate the problems in the public procurement process. The specific objectives are as follows:

- To identify and understand the problems and challenges of public construction procurement;
- To point out the extent of corruption in public construction procurement;
- To contribute to the knowledge base of the public procurement process in Myanmar, and;
- To document both formal and informal practices and procedures in public procurement.

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Significance of the Study

The findings of this study will be beneficial for the development of better management practices in all public entities and departments that conduct public procurement. It will be useful in highlighting junctures and practices where corruption exists so that policymakers can effectively address and curb these practices.

Moreover, this research will provide an important piece of the foundation of knowledge about and understanding of the public construction procurement process in Myanmar. This will be helpful to other scholars and researchers who want to study this area further.

Methodology

This study relied on quantitative methodology. We also conducted personal interviews with different stakeholders; higher-ups in nine different (both regional and national) government departments, seven chairpersons and managing directors of private construction firms, and two regional MPs.

The Construction Procurement Process in Myanmar

Construction procurement in Myanmar is a five-stage process. The five stages are as follows:

1. Call for tenders
2. Selection of tender
3. Contracting
4. Implementation and quality control
5. Transfer of the project to the government

The first stage is the call for tenders. A department must put out an open call for tenders for any project costing more than 50 lakhs MMK. The government department conducting the procurement places a call for tenders in the national newspaper. From the announcement date, they start selling tender forms together with the construction design. It usually takes one month from the date of announcement to the tender opening day. Within that one-month period, private construction firms prepare the tender documents which usually include two parts: a price proposal and a technical



proposal. The companies have to calculate the estimated budget of the construction based on the design provided by the government and write a price proposal. Firms are also required to put down a certain amount of money for a tender deposit at the same time they submit the tender. The amount of this deposit is set by the soliciting department based on the total budget allocated for the construction project, and is usually one percent of the allocated budget. The tender deposit is refunded to unsuccessful tenders on tender opening day.

Tender selection has two steps. The first step is the evaluation of the price proposal and the second step is the evaluation of the technical proposal. The price proposal accounts for 70 marks and the company profile (technical proposal) accounts for 30 marks in the selection process. The company that scores the highest combined mark is awarded the tender.

On tender opening day, the tender selection committee uses their own budget estimate to choose the companies whose budget estimate falls between the upper and lower limits of the budget range set by the committee. Those companies that pass this first step go to the second step of the selection process. In this process, the selection committee examines the profiles of the companies (technical proposal) and reviews their experience, expertise, financial strength, and manpower to make sure that the company can implement the project successfully and on time.

Once the selection is done, the government and the winning company sign the contract. The contract includes all of the rules and regulations, specifications, and payment methods for the company. Together with the contract, the company must make a contract deposit or performance guarantee deposit, which is usually 5% of the project. The contract deposit is reimbursed once the project is completed and the government auditor has given their approval.

After signing the contract, the company can begin to work on the project. The progress and quality of the project are linked with the payment. There is a quality control (QC) team in each township. QC teams check the progress and the quality of each project. When the project is 25% complete, the company asks the QC team to conduct an inspection to check the progress and quality. If the project passes the inspection, the QC team gives their approval and the company can receive their first payment from the government. If the project does not pass the inspection and win the approval of the QC team, the company cannot be paid. The first payment may be 25% or 30% of the total project amount depending on the negotiation between the government and the company. Payment methods differ in each case. Payments may be issued in a 30, 30, 30, 10 percentage structure, a 25, 25, 40, 10 percentage structure, or a 50, 40, 10 percentage structure. The last 10 percent of the payment is the retention money.

When construction is complete, the company asks for a final audit and inspection from the government. The government auditor comes and checks the details and quality before transferring the completed construction project to the government. If everything matches the project specifications, the project is transferred to the government and the company receives their final payment (the retention money) together with their contract deposit. However, it usually takes at least six months for the final payment to be sent.



Literature Review

This chapter reviews the existing literature on challenges and problems in public procurement. It contains literature on factors influencing the procurement process.

Thai indicates that public procurement is influenced by many factors, and those factors are categorized into internal and external.³⁷ Internal factors include interactions between the various members, officials and systems of the procurement process, the ratio of staff to procurement contract actions, quality of staff, organizational structure, and so on. External factors include politics, the legal environment, the market situation, and social and environmental factors. Different forces and factors interact to shape the procurement process and outcomes.

Chimwani, Iravo and Tirimba also state:³⁸

“The realization of procurement goals is influenced by internal and external forces. Interactions occur between various elements; professionalism, staffing levels and budget resources, procurement organizational structure, regulations, rules and guidance, and internal control policies, and all need attention and influence procurement performance.”

Therefore, it is very important to understand how different forces are shaping the procurement outcomes. Since Myanmar is facing changes in both the internal and external factors because of the recent transition to democracy, we need to observe how these changes influence the dynamic of the public procurement in Myanmar.

Findings and Analysis

Throughout our research, we found problems and challenges in both government departments and private firms. We pinpointed five major issues, which are as follows:

1. An administrative burden for government departments and MPs
2. Bidding procedural problems
3. Corruption at different levels
4. Interest group interference with implementation
5. Problems with quality control teams and procedures

³⁷Thai, K. V. “Challenges in Public Procurement.” In K. V. Thai (Ed.). *Challenges in Public Procurement: an international perspective*. (Boca Raton, FL: PrAcademics Press, 2005).

³⁸Chimwani, B. I., Iravo, M. A., & Tirimba, O. I. “Factors Influencing Procurement Performance in the Kenyan Public Sector: Case Study of the State Law Office.” *International Journal of Innovation and Applied Studies*, 9(4), (2014):1626.



The Administrative Burden for Government Departments and MPs

Some government departments have difficulties in managing the procurement process as they do not have enough human resources, particularly engineers. These departments sometimes have to ask to borrow engineers from other departments. The lack of training and experience is a challenge in the procurement process. Human resource development is important in every procurement process. Barsemoi, Mwangagi and Asienyo contend the following:³⁹

“The monitoring and enforcement of quality standards is sometimes weak. Sometimes the failure can be traced back to problems in human resources capacity to monitor procurement process ...”

In interview number (3) conducted during this study, a government official said,

“...We never had this procurement experience before. Now we have to do this and we have to manage the entire procurement process. Since it is very new to us, sometimes we face difficulties in managing it. And our staff, they have never been trained on how to manage the procurement process. They just sell the application forms to the bidders as they are told to do, but they are the ones who deal directly with the private firms. So since they know nothing about procurement, they cannot answer anything if firms ask them anything.”

Thus the public procurement process becomes a burden for some departments as they do not have enough human resources or experience.

The tender selection process is also burdensome for MPs. MPs are involved in evaluating company profiles during tender selection, yet some MPs find it difficult to perform this task as they lack engineering knowledge. Even for those possessing technical expertise, it is very challenging to manage and review hundreds of tenders in a limited time period with inadequate human resources. At the same time, MPs must also attend to complaints lodged by their constituencies over construction project implementation in their districts as well as other objections. Again, MPs have to check the quality of the projects in their district. Because there are many construction projects done by different government departments, it is very challenging for MPs to take care of everything procurement-related at the same time. According to interview number (2) that we conducted with an MP,

“...I reviewed and evaluated more than 100 tenders in a period of less than six months. I am ok doing quality control and project implementation as I am an engineer. But for other MPs who are not engineers, it might be difficult for them.”

³⁹Barsemoi, H., Mwangagi, P., & Asienyo, B. O. “Factors Influencing Procurement Performance in Private Sector in Kenya,” *International Journal of Innovation and Applied Studies*, 9(2) (2014): 633.



Fixed Designs and Pre-Assessment Problems

Each department has fixed construction designs. For example, in the department of education, all of the two-story building designs are the same. They use the same design to call for tenders for all regions and areas in Myanmar, which creates complications. The design may be suitable for the central part of Myanmar where the soil is dry and not muddy, but it may not be as appropriate for mountainous areas. But with limited human resources in each department, it is not possible to conduct surveys and check the soil to develop suitable construction designs for each and every region. Thus, the departments continue to just use the fixed designs that already exist and do not take differing environmental conditions into account.

Private firms prepare their price proposals and budgets using these designs as a basis. While they are encouraged to do preliminary tests and pre-assessments before developing their proposals, not all private firms do this work. Private firms argue that time is very limited to prepare tenders, and contend that it is not easy to develop all of the required documents within the very short allotted period. The time between the announcement call and proposal deadline is usually one month, but in some cases it is not more than two weeks. According to the interview with managing director of a private firm, interview number (4),

“...Some project sites are too far and it is not easy to reach them. Even if we can go there, sometimes we need to do a soil test. It takes time and money. We cannot do all of these things to develop a proposal. No department provides funding for all of this travel and other assessment costs.”

Therefore, most private firms calculate and prepare their proposals without conducting adequate pre-assessments. When those firms win, they face problems during the implementation stage. For example, the foundation they are using is not suitable for the type of soil of the actual location, or the project site faces flooding every year and the foundation needs to be raised more than it is in the original design. According to an interview with an MP, interview number (1),

“The departments cannot make several designs for several regions. Human resources are limited and the departments do not have enough funding to do the groundwork and surveys before calling for tenders. So, if a construction firm is interested in bidding for a project, it is their duty to do the pre-assessment work before submitting their bid.”

Corruption

Although the NLD government has declared that they do not tolerate any form of corruption, they still have difficulties in handling this matter. We also have found some corrupt areas in the construction procurement process.

An interviewee from a private firm, interview number (4), stated, “New MPs and ministers are not



corrupt and corruption is not as bad as before, but we still need to pay money under the table to get things done smoothly. Corruption is still seen nearly everywhere. Company profiles are evaluated by MPs and bureaucratic officials, but some of those officials are still corrupt. Private firms can bribe corrupt officials to earn higher marks for their proposals in the tender selection.”

The involvement of MPs in the selection process is very new, and makes it difficult for bureaucratic officials to engage in corrupt practices. Because of this, government departments soliciting tenders often do not welcome the presence of the MPs, and the MPs encounter difficulties cooperating with these departments.

Another corrupt area found in the procurement process is in the quality control mechanism. Private firms need approval regarding the progress and quality of their project in order to receive their payment from the government. Thus it is very important to get the approval of the QC team. However, sometimes QC teams do not work in an ethical manner. Private firms have to make under the table payments to get the approval of the QC team.

To get their final payments and contract deposits, private firms need the approval of the government auditor. According to interview number (4),

“...If we do not bribe the auditor, it takes longer to get the payment. Sometimes, it takes more than a year. Without bribery, the process of getting our last payment is delayed.”

Problems in the Quality Control Process

The very first problem in the QC process is leadership. Township-level QC teams are composed of five to seven members, and the chairperson is always a township administrative officer from the General Administrative Department. Since they are not engineers and there are no clear guidelines for quality control, the QC process is still ineffective.

Another problem is gathering all of the QC team members together to conduct the QC inspection. Without QC approval, the firm cannot proceed with the project or receive their payment. Sometimes, because of delayed QC inspections, firms cannot finish their projects before the deadline.

Recently, third party QC teams were developed under the guidance of the Ministry of Construction and Electricity in order to improve the process. They reinforce the QC process, but the teams still have a limited number of people and remain ineffective. According to interviewee number (5),

“We welcome the development of third party QC teams. But they cannot reach all of the construction sites and their effectiveness is still limited.”

QC teams involve MPs and are really good in terms of checking corruption practices in the QC process. However, some MPs do not have technical expertise and cannot participate effectively in the QC process. Sometimes, it even creates an additional burden for the MPs.



Interest Group Interference

Companies have difficulties in implementing the project as they have to face third party interest groups. These interest groups generally consist of the different development committees of the local area, e.g. the school development committee or hospital development committee in a village. The majority of committee members are elders or senior citizens of the area and are not engineers. In some cases, they make extra demands of the companies that are very difficult for the companies to refuse. For example, if the contract is to build a school building, the school development committee might demand that the company pave the area around the building as a donation. According to one interview with a private firm, interviewee number (1),

“Sometimes we provide the extra work as they demand as a donation, as long as it is still profitable for us. However, in some cases, their demands are too high and exceed our profit margin, and we cannot.”

Moreover, these interest groups also ask the companies to change the architecture or make demands concerned with the building that are technically impossible. However, they are not engineers and they do not understand these things. It can be difficult for the companies to explain these sorts of technical issues to the committee members. According to interviewee number (1),

“We explain to them that their demands are not technically possible. But they do not accept it and it is very difficult for us. Every day we have to deal with them on the ground and because of such demands, sometimes we cannot proceed with our work.”

Recommendations

This chapter provides some recommendations to solve the problems described above.

All staff involved in the public procurement process should have the proper training and education to handle it efficiently. More human resources should be allocated to manage the public procurement process. According to Banda,⁴⁰ “many procuring organizations do not have staff members with right competency” and government should give “much greater emphasis to developing such competence.”

MPs should not be involved in the public procurement process. The main function of MPs is to legislate. Public procurement falls under the executive branch and the separation of powers should be

⁴⁰Cited in Barsemoi, Mwangagi & Asienyo (2014).



clear. MPs should focus more on their primary function of legislation. Since the public procurement process is complicated and burdensome, the effectiveness of involving MPs should be considered deeply.

To solve the problem of fixed design, government should give clear information and explain the process, the nature of the work, and the constraints they have to the private firms once they start selling tender forms. The government should encourage them to do pre-engineering ground work more effectively. Again, this is also related to the human resources problem. Since the staff members who sell the forms are not familiar with these issues, it is difficult for the firms to ask questions about the procurement projects and they cannot clarify certain things. The government also should develop a communication channel for the firms where firms can ask the questions and clarify the things they need to know. The channel must be officially established and it must be accessible to every bidder.

To curb corruption and promote the procurement mechanism effectively, the OECD⁴¹ recommends enhancing the following:

- Integrity
- Transparency
- Stakeholder Participation
- Accessibility
- E-procurement
- Oversight and control

Integrity

TI defines integrity as “behaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions that create a barrier to corruption.”⁴² The OECD contends that integrity is the very foundation of curbing corruption in public procurement.⁴³ It recommends that countries apply national integrity standards for all public officials and introduce specific standards for procurement officials. It also mentions that many OECD countries have specific codes of conduct together with proper training to help procurement officials follow ethical and moral values and adhere to specific standards in their daily work.

Myanmar should also develop specific codes of conducts for the staff members that are involved in the procurement process, and there should be trainings for them that teach the importance of ethical and moral values and bring these values into their daily practice.

Transparency

Transparency is important and it plays a critical role in fighting against corruption. Various initiatives to develop transparency at all level and stages of the public procurement process are necessary.

⁴¹OECD (2016). *Preventing Corruption in Public Procurement*. OECD.

⁴²Transparency International (2009).

⁴³OECD (2016).



Concerned with transparency, Kühn and Sherman also contend that:

“Transparency needs to pervade all steps in the procurement cycle, from the earliest decisions on needs assessments, developing a procurement plan and budget allocation, to bid evaluation, implementing the contracts and auditing performance.”⁴⁴

To promote transparency, all of the data and information about procurement should be made accessible to the public. The information should also be disseminated through different media channels to reach the general public. Information should be spread widely and in a timely manner. The government should also encourage the active participation of CSOs and activist groups to ensure transparency at different levels.

Stakeholder Participation

Transparency and accountability should always exist alongside one another. To promote government accountability, OECD countries involve different stakeholders in the procurement process, including anti-corruption offices, civil society organizations, the media, private organizations, and so on. To promote stakeholder participation, there should be frequent and regular public-private dialogues where everyone can raise their voices and everyone can be heard. These dialogues should be open to the media to disseminate the information to the public. This will hold those responsible for procurement more accountable and reduce the risk of corruption.

Accessibility

It is important to give firms of all sizes access to public procurements. Excessively complex bureaucracies and burdensome regulations hinder the participation of small and medium-sized firms (SMEs) in the public procurement process. The OECD argues that simplifying unnecessary tendering procedures and streamlining bureaucracy may facilitate SME participation in public procurement.⁴⁵ Not only does it encourage SME participation, it also cuts out opportunities for corruption. To encourage SME participation, the government should review the procurement process and reduce the number of unnecessary steps and bureaucracies. Moreover, the government should announce upcoming procurements well in advance to encourage SMEs to participate in the competition as SMEs have limited resources to prepare for the bidding.

E-procurement

The use of ICT technology can increase transparency and reduce the risk of corruption as it cuts out direct personal interaction, as well as reduce the amount of bureaucracy involved.⁴⁶ And e-procurement process would strengthen all of the measures described above. For example, if e-procurement was used, citizens would have easy access to the information online which would in turn facilitate citizen participation.⁴⁷

⁴⁴Kühn & Sherman, *Curbing Corruption*.

⁴⁵OECD (2016).

⁴⁶Ibid.

⁴⁷Kühn & Sherman, *Curbing Corruption*.



However, using ICT technology can be challenging in developing countries where the majority of staff members and employees do not use computers in their day-to-day work. Therefore, the government should create initiatives to train their staff in the use of ICT technology, and should also offer specific training on how to conduct e-procurement. There should be a systematic digitalization of the procurement process to promote transparency, increase information accessibility for the public, and reduce opportunities for corruption.

Oversight and Control

Oversight and control is crucially important throughout the procurement process in evaluating the tenders, managing contracts, and ensuring the quality of a project or construction. For oversight and control, both internal control and quality control need to be ensured. The government should develop guidelines for an internal control process to verify “whether legal, administrative and financial procedures are followed.”⁴⁸ The government should have an internal agency or third party to oversee the internal process to ensure that all procurement staff follow the principles and guidelines. For example, Germany has a Federal Procurement Agency in the Ministry of the Interior.

The government should also develop specific guidelines for QC teams to follow. The government has to make sure that QC inspection is done in timely manner and ensure that the QC team is not a hindrance to work progress. In addition, the head of the QC team should be someone who has background knowledge of the engineering process. Otherwise, the leadership of the QC team will be problematic. Moreover, the recent introduction of third party QC teams needs to be further encouraged and expanded. The government should invite freshly graduated engineers or engineering students to participate in QC teams, which will be beneficial to both sides as students gain experience and the government expands its pool of human resources.

There should be a complaint channel where people can report concerns about projects or construction in their region directly to the relevant departments. For example, if the local people are not happy with a new hospital building, there should be a channel for them to report this. But there should be an engineer to receive the reports and complaints, so the engineer can talk to the respective company effectively regarding technical issues. The report channel should be for both for the general public and firms involved in procurement. That way, firms can also report the difficulties they face on the ground.

⁴⁸OECD (2016).



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Understanding the Street Vending Business in Downtown Yangon Kyauktada, Panbedan, Latha and Lanmadaw

Salween Institute for Public Policy⁴⁹

Yangon, Myanmar

July 2017

Introduction

Yangon, the previous historical capital city and present main commercial city of Myanmar, has the largest population of any city in the country with around 7.3 million people.⁵⁰ According to the traditions of urbanized cities, likewise, the Yangon regional government has been facing and addressing more social, political and economic issues than other states and regions.

Among these issues, the vending businesses in Yangon's main townships in the downtown area are one of the most sensitive and central issues for urban maintenance and sustainable growth. Currently, there are nearly 30,000 vendors⁵¹ providing inexpensive food and consumer goods to low-income residents. Admittedly, the vending business has become one of the causes of traffic congestion, pedestrian congestion, street bribery, and urban pollution.

⁴⁹The Salween Institute for Public Policy (SIPP), first and foremost, would like to give our very great appreciation to the East Asia Institute (EAI), our main supervisor, who supported us financially and technically in the implementation of this research and who advised throughout the writing process.

SIPP would like to acknowledge and thank those who have generously given their time to provide us with useful information and helpful data for our research: U Nyi Nyi Oo (Board Committee member) and Daw Kyi Pyar (Member of Parliament of the Yangon Regional Hluttaw). The Institute would like to give special thanks to our social studies students: Myat Myat Mon, who keeps running updates on news and articles on street vendors, and Ye Kyaw Thu and William Hay Thar Lay from the liberal arts program, who helped in the data collection process. The working group would like to express deep appreciation to Saw Kapi, Executive Director of SIPP, who motivates and helps us by guiding and giving us precious advice as well as Ying Lao Noan Vo, Deputy Director of SIPP, who took the time to review and edit our research drafts.

This descriptive research paper is intended to help increase the public understanding of the vending business in the townships of Yangon.

The main researchers on this project were Shine Ko Ko Lwin and Nu Tsen Mun, and they were assisted by David Brang Ja, Myat Myat Mon and Zaw Myo Min.

⁵⁰Save the Children. (2016). Lives on Loan: Extreme Poverty in Yangon.

⁵¹Pyar, D. K. (2016, December 9) Personal interview on street vendor policy with S. Z. David.



After the landslide victory of the NLD in the November 2015 election, a new cabinet of the regional government came to power and the government proclaimed it would change Yangon City. As part of this policy change, the new street vendor policy was introduced. This vendor policy change prohibits vending along eleven thoroughfares. These thoroughfares include five major east-west roads—Bogyoke Aung San, Anawratha, MaharBandoola, Merchant and Strand, and six major north-south roads—Pansodan, Sule Pagoda, Latha, Lanmadaw, and Phone Gi. Food vendors have been relocated to the night market over Strand Road. The legalization of vendors who were unregistered and unlisted in the past, without any cost to those vendors, was a praiseworthy piece of this policy legislation. At the moment, the government is working to find new places for the remaining vendors who have not yet been relocated.

This paper explores the socioeconomic life of Yangon street vendors, as well as problems caused by these street vendors. Simultaneously, this paper examines the new policies on street vendors of the Yangon regional government as well as how they are carrying out the policy changes, and explores the impact of these policy changes. In addition, the future plans and designs of the regional government for vending businesses are also included in this paper as a topic of urban planning for the future.

Research Methodology

Research Questions

This study has four research aims: 1) to learn about the socioeconomic lives of street vendors, 2) to identify the problems caused by street vendors, 3) to learn what government policies on street vendors are and how these policies are being implemented, and 4) to identify the impact of government policy changes.

Research Target Areas

There are six downtown townships in Yangon: Botahtaung, Pazundaung, Kyauktada, Panbedan, Latha, and Lanmadaw, which are the most highly populated and congested townships in the region. Among them, four townships – Kyauktada, Panbedan, Latha and Lanmadaw – were chosen as the target of this study, since they include the NLD government's new night markets project and the eleven banned thoroughfares along which street vendors used to operate. Another reason for choosing these four townships is that 6,000 out of the 30,000 street vendors in the Yangon region make their living in these areas.

Duration of Study

This study was conducted during December 2016, shortly after the street vendors who sell food and fruits were forced to relocate to YCDC's three planned night markets. These planned night markets are located along Strand Road, Maharbandoola Park Road, and Bank Road. Three respondent groups comprised this study: Authorities from YCDC (n=2), MPs from Yangon Region Hluttaw (n=1), and street vendors (n=109). The total number of respondents was 112. All interviews and survey samples were completed at the end of January, 2017.



Research Methodology

Both quantitative and qualitative research methodologies were used in this study. For qualitative research, by using a semi-structured questionnaire, in-depth interviews were conducted with two authorities of YCDC who are directly concerned with street vendors: YCDC Executive Board committee member Daw Than Myint Aung, and Deputy Head of the YCDC's administrative department U Nyi Nyi Oo. We also interviewed one Member of Parliament from Yangon Regional Hluttaw whose constituency is included in the Yangon night market project, which directly affected street vendors.

From the in-depth interviews conducted with the two YCDC authorities, we learned about the existing government policies on street vendors and how they are being enforced and implemented. We learned that the two YCDC departments that are most responsible for street vendors are the Administration Department and the Markets Department. The Administration Department has the authority to give permission for street vendors to operate, and the Markets Department has the authority over the management of new markets for street vendors.

From our in-depth interview with MP Daw Kyi Pyar from the Yangon Regional Hluttaw, we learned about the role of the Hluttaw in street vendor policy in the Yangon Region. The MPs in the regional Hluttaw are in charge of initiating vendor policy.

A total of one hundred and nine street vendors (n=109) who work in the four downtown townships targeted in our research were asked to participate in surveys with structured questionnaires. Questionnaires were brainstormed and revised until they were clearly understandable and answerable. Pre-testing was done randomly with some vendors and revisions were made. A simple random sampling technique was used to address three topics: the demographic profile of street vendors, the socioeconomic life of street vendors and challenges street vendors face after relocation. Because we wished to conduct exploratory research, some of the survey questions were open ended. Non-participatory observations were made throughout the study.

Statistical Analysis

Information and secondary data were collected in August 2016 from many sources, including government announcements, orders, laws, and INGO reports. The data was examined after collection. Only completely answered questionnaires were used for analysis. The Raosoft Sample Size Calculator was used to determine the sample size. The Statistical Package for Social Science (SPSS), version 12.0.1, was used to implement the statistical analysis. Simple descriptive statistics were used to show frequency and percentage of vendor data. Face-to-face interviews with authorities were conducted through semi-structured questionnaires to gain in-depth knowledge of government policy.



The Socioeconomic Life of Vendors

According to national census data, the population of the Yangon region is 7.3 million⁵² and the estimated population living in extreme poverty is 2.4 million.⁵³ These 2.4 million people are struggling to earn a basic income from unskilled jobs such as casual labor, vending, tri-shaw driving, garment factories, and bricklaying.⁵⁴ The second most common type of unskilled job is vending, with the municipal government estimating 30,000 vendors in the whole region of Yangon.

Therefore, when conducting this research, there were many questions to ask. Who are the vendors? Where do they come from? Why did they choose the vending business? How has the vending business helped them? To what degree do they abide by the law? Do they really know the rules and regulations?

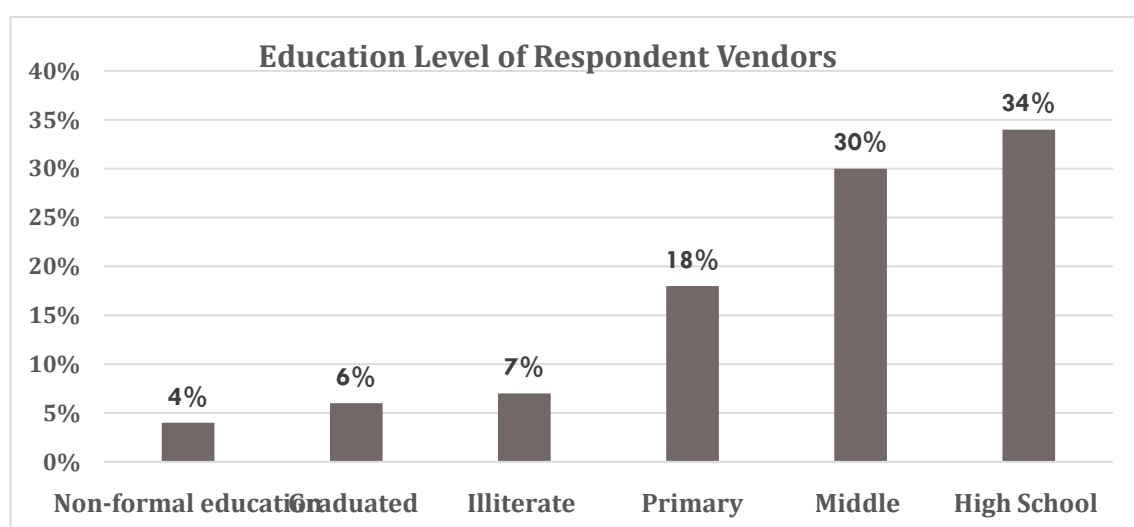
To learn the answers to these questions, we conducted a survey of 109 vendors who work in Kyauktada, Panbedan, Latha and Lanmadaw Townships. We surveyed vendors who sell commodities (72%) and food (28%) separately. Most food vendors have already been relocated to Strand Road and registered, while commodities vendors are still working in their original places.

Age, Education and Family Members

The sex composition of respondents was 46% male and 54% female. 32% percent of respondents have more than six family members, 46% of respondents have four to six family members, and 22% of respondents have two to four family members. Thus, we can say that most respondents have four or more family members and a large number indicate that the livelihoods of many family members depend upon their vending businesses.

Twenty-five percent of respondents were over 50 years old and 70% were 18 to 50 years old. The percentage of respondents under 18 years old was 5%.

Fig.1 Education level of vendors surveyed



⁵²Save the Children. (2016).

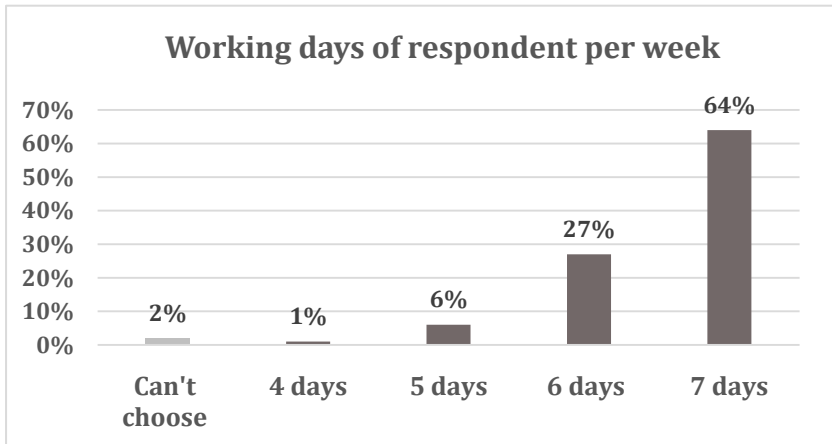
⁵³Ibid.

⁵⁴Ibid.



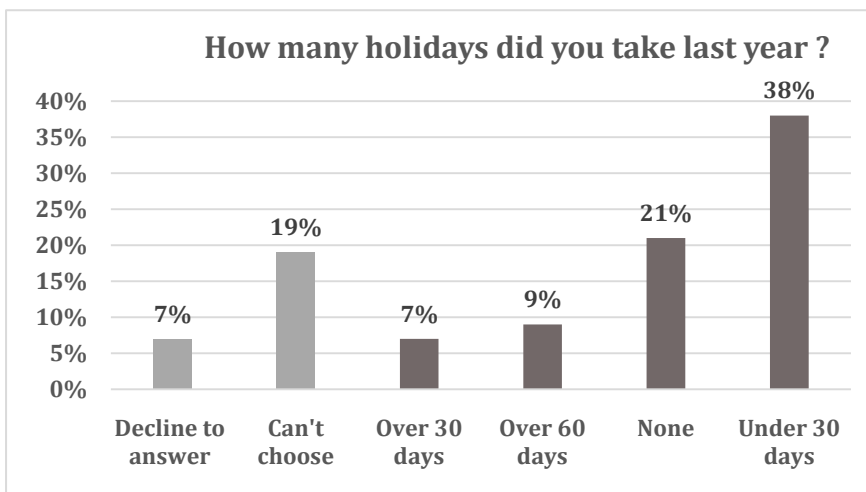
Vendors have wide-ranging educational backgrounds spanning between illiterate and university graduate. For 34% of respondents, high school is the highest level of education attained, 30% only completed middle school, 18% of respondents attended primary school and only 6% had graduated from university. An additional 7% of respondents were illiterate and 4% received only informal education.

Fig. 2 Working days of respondents per week



The majority of respondents in the areas surveyed work seven days a week. More than half of the respondents (64%) regularly work seven days per week, and 27% run their vending businesses six days per week.

Fig.3 Holidays taken by vendors last year

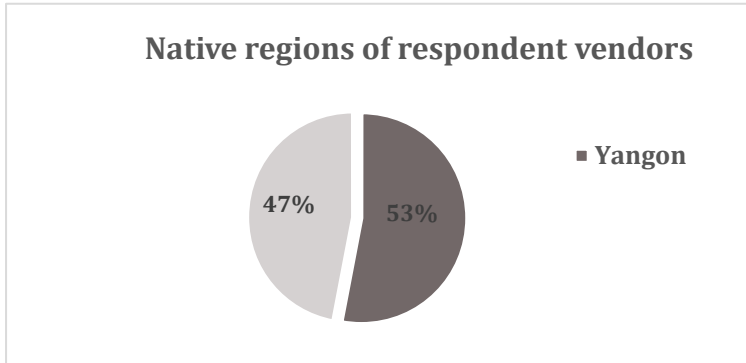


One-third of respondents running their own businesses did not take any holidays last year. More than one-third took fewer than 30 days of holidays. Some respondents took over 30 days and a small number took over 60 days of vacation time (9% and 7%, respectively).



Native Region and Current Place of Residence

Fig. 4 Native regions of respondent vendors



The majority of respondents were natives of the Yangon region. When asked where they lived before they started their vending business, 47% of respondents stated they were migrant workers and 53% stated they had been living in Yangon since they were born.

The previous question showed that the majority of respondents were not immigrants from other regions. However, the majority of respondents previously ran their vending businesses outside of the area our research targeted, with most of those coming from Hlaing Tharyar, Shwepyithar, Tharkayta and Dala townships.

The following figure illustrates the percentage of respondents who live outside the townships surveyed. Seven percent of the respondents live in Latha, 11% in Lanmadaw, and six percent live in Panbedan and Kyaukdata, while 70% live in other towns.

Fig.5 Current place of residence of vendors

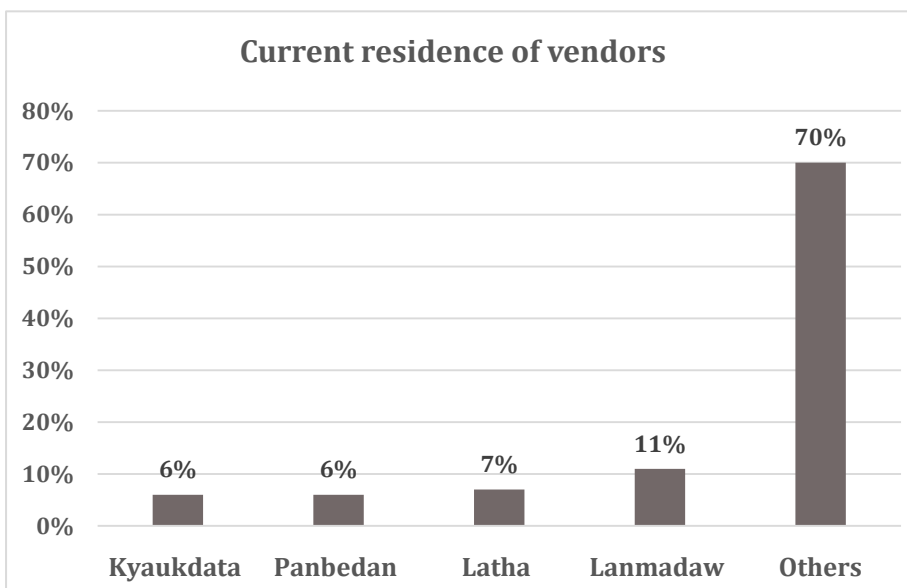
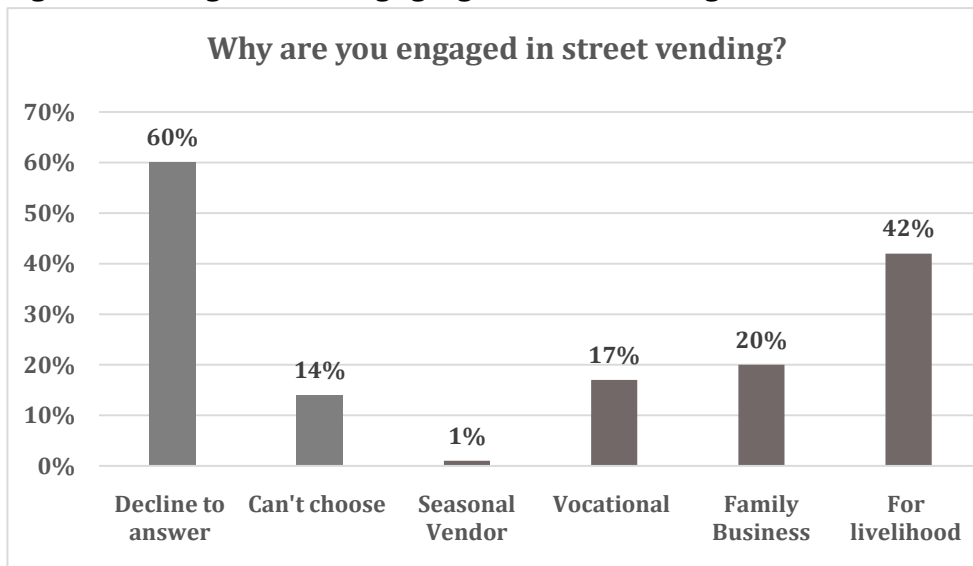




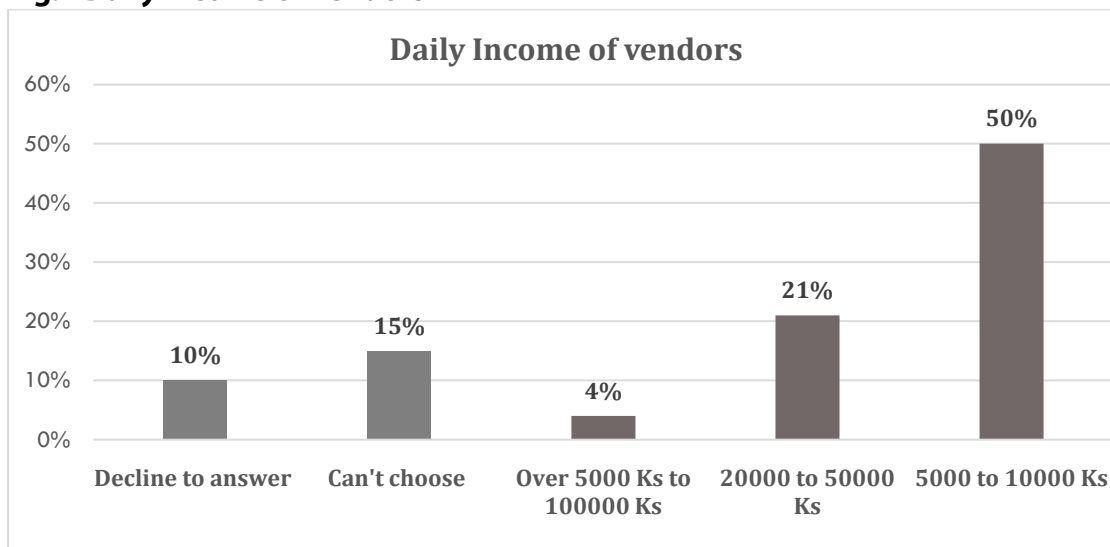
Fig.6 Reasons given for engaging in street vending



Vendors have different reasons for engaging in the vending business, but most respondents are in this profession to make a living. Some are doing it as a vocational, seasonal or family business. 42% of respondents answered that they are working for economic reasons and have no other choice. 20% of respondents stated that vending is a family business passed on from generation to generation, and 17% were vocational vendors who were working to gain experience in their field to further their professional careers such as optician, cook or electrician. The fewest (1%) respondents were seasonal vendors from other regions, and had come just to get extra income in the off-season of their regular professions, such as farming and agriculture. In other words, they were temporarily unemployed and lived in the countryside.

Income, Savings and Debt

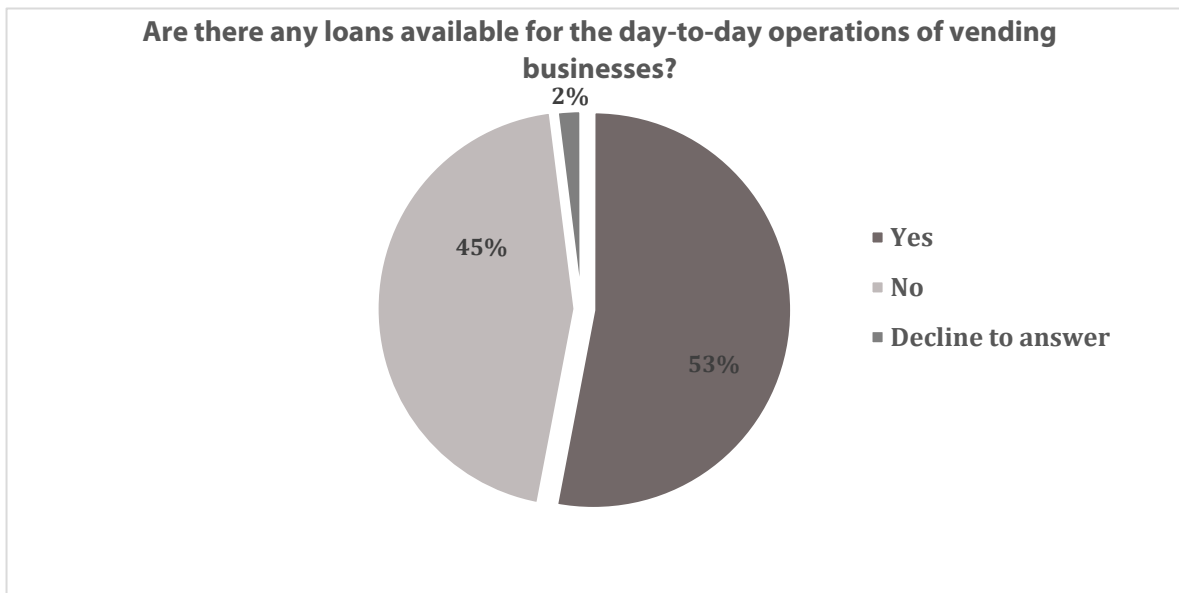
Fig.7 Daily income of vendors





The daily income of vendors was higher than 3,600 MMK, which is the stipulated minimum wage. Some earn a huge income from their businesses. When asked about daily income, 50% of respondents openly replied that they earn a daily income of 5,000 to 20,000 MMK and 21% stated they earn 20,000 to 50,000 MMK. However, more than 4% of respondents proudly said that their income is at least 50,000 to 100,000 MMK for a day of vending. 10% of respondents declined to answer because they were worried that they would have to pay tax if they stated their real income. According to our observations, garment vendors and Chinese food vendors from Latha Township earn a daily income of over 50,000 MMKs to 100,000 MMK.

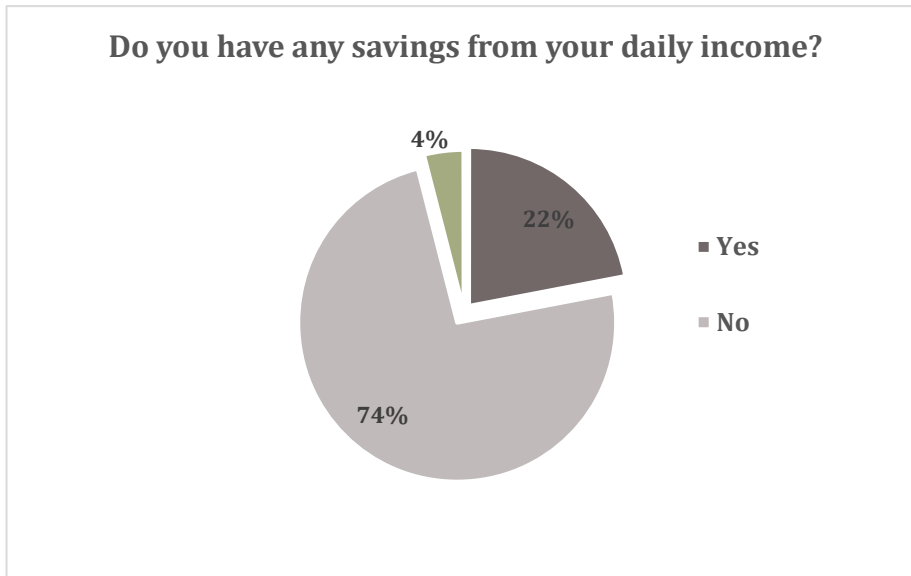
Fig. 8 Loans for vending businesses



Over half of respondents receive loans for their daily vending business. Nearly half of respondents can stand without loans on their own. When asked whether any loans existed for daily vending businesses, 53% of respondents answered that they went into debt for their business and have even had to pay interest. 45% of respondents indicated that they did not have any debts.



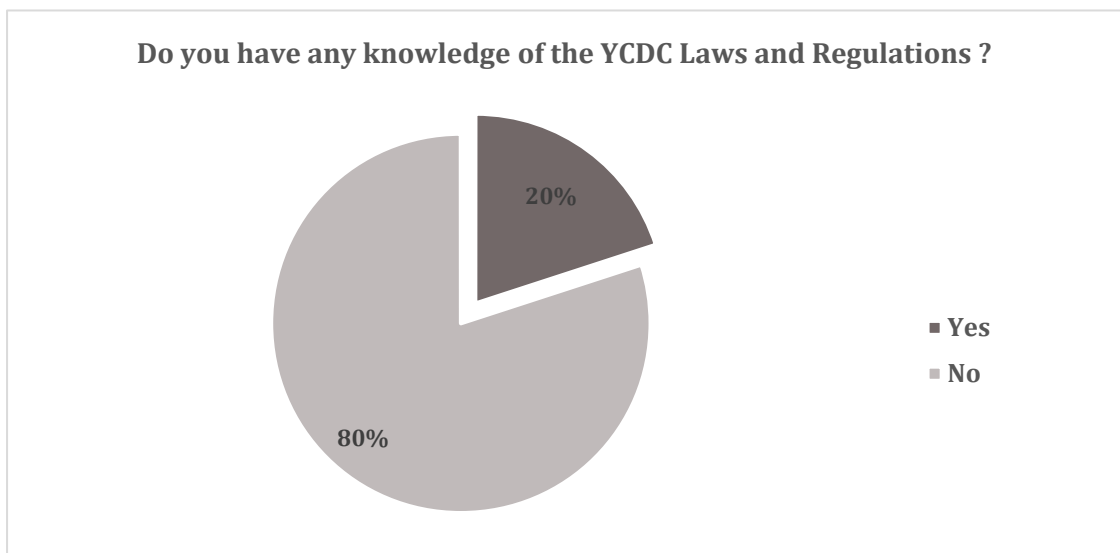
Fig.9 Savings from daily income



When asked whether they have any savings from their daily income, 74% of respondents answered “No,” and 22% of respondents gave the answer “yes”. Thus, the majority of respondents are unable to save money from their daily vending income.

Knowledge of YCDC Laws and Regulations, Licensing, Illegal Vending, and Bribes

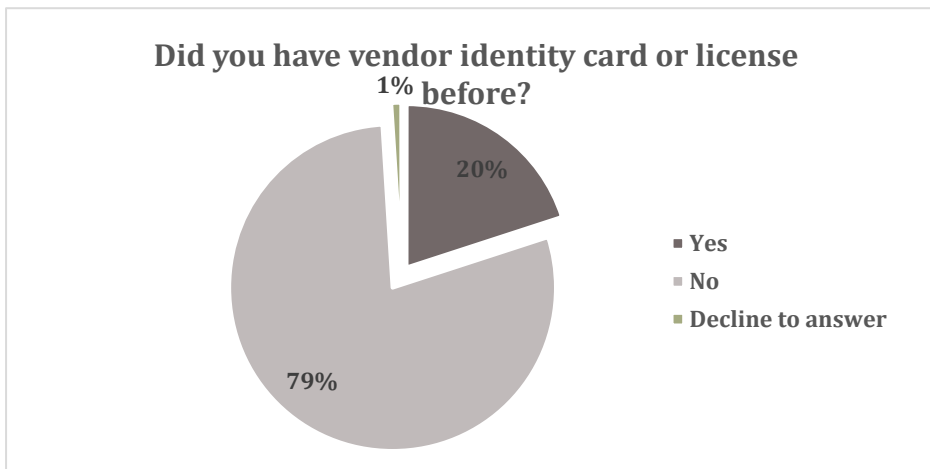
Fig.10 Vendor knowledge of YCDC laws and regulations



Respondents mostly reported no knowledge of YCDC laws and stipulated regulations. When asked whether they had any knowledge of YCDC laws and regulations, 80% of respondents answered “no,” but a minority (20%) answered “yes”.



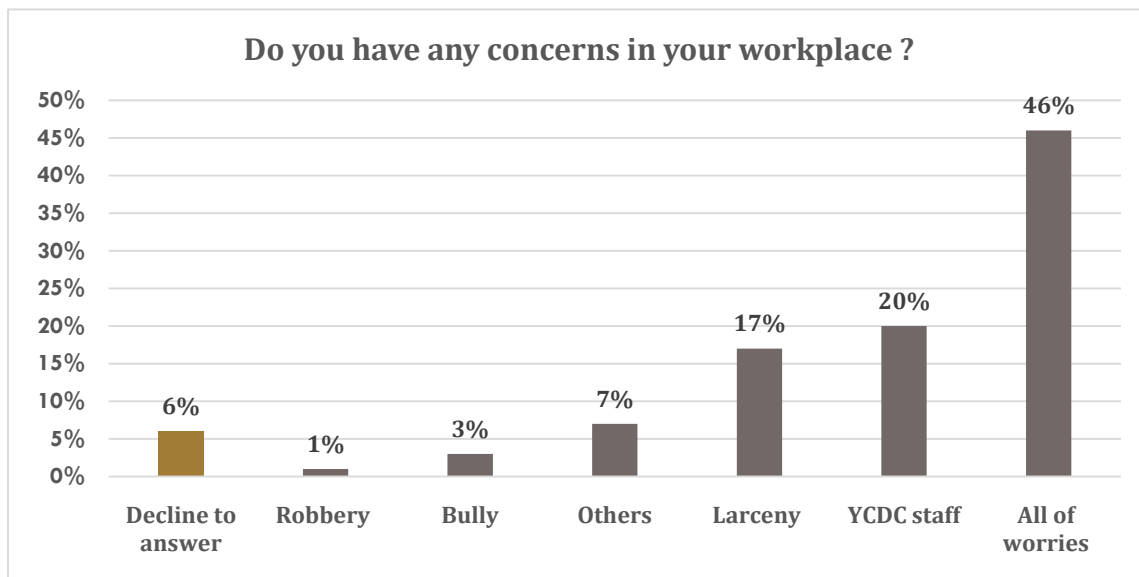
Fig.11 Percentage of vendors with an identity card or license before the current registration initiative



At the time of research, the YCDC government accepted the registration of illegal vendors as legal vendors. Identically, when asked about having an identity card, the majority were not legal vendors. However, 20% had been legal vendors since several years ago. 1% declined to answer.

Concerns in the Workplace

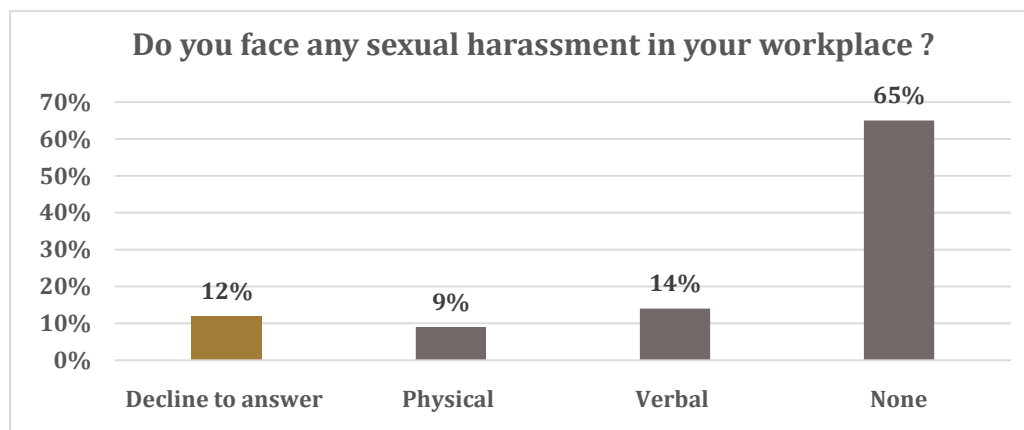
Fig. 12 Concerns held by vendors in the workplace



When asked about their concerns in the workplace, 20% of respondents stated that they worry about YCDC staff, 17% are concerned about larceny, 3% about bullying, and 46% about all of the above. Six percent of respondents declined to answer and 7% said they worry about other things. As the largest single percentage except “all of the above,” it is clear that street vendors worry about YCDC staff.



Fig.13 Sexual harassment of female respondent vendors in the workplace



As mentioned previously, 54% of respondents, or 58 persons surveyed, were female. Thus, we asked about sexual harassment in the workplace. 65% of women answered that they do not face any sexual harassment in their workplace, but 14% of female respondents answered they face verbal harassment and 9% of female respondents answered that they face physical sexual harassment. 12% of respondents declined to answer.

Problems caused by Street Vendors

Traffic Congestion

Traffic congestion has been one of the main reasons for relocating street vendors since the Yangon Regional Government created the night market on Kannar main road (formerly known as Strand Road) along the Yangon River, which was intended to not only to manage Yangon's growing night life but also to reduce gridlock by relocation.⁵⁵ According to the data of the Yangon City Development Committee, it is estimated that there are 30,000 street vendors in total in Yangon.

The total number of street vendors in the four downtown areas we surveyed is over 6,000 vendors, and they always prefer to sell where there are many people and cars. However, the roads in these four townships are not wide enough for many street vendors. Therefore, this new night market which is under the direction of Yangon Region Chief Minister, U Phyo Min Thein, and managed by the Yangon City Development Committee, is currently relocating around 1,600 vendors of the 6,000 to the night market and around 250 vendors the morning shift along Strand Road, a new place, since it is said that relocation will be one way to reduce traffic.⁵⁶

In addition, in September 2016, it was announced that vendors would soon be banned from the 11

⁵⁵Eleven. (2016, September 26). *YCDC compiles list of street vendors*. Retrieved from <http://www.elevenmyanmar.com/local/6055>

⁵⁶Aye, M. N. (2016, November 24). *Yangon's new night market open for business*. Retrieved March 14, 2017, from <http://www.mmtimes.com/index.php/national-news/yangon/23863-yangon-s-new-night-market-open-for-business.html>



major thoroughfares that cut through the downtown grid since Anawrahta, MaharBandoola, Merchant and other prominent roads are always crowded with heavy traffic and pedestrians. Daw Than Myint Aung, YCDC member, used this as the reason that vendors were told to move to the night bazaar on Strand Road.⁵⁷ As of now, Strand Road is still facing traffic problems similar to those prior to the relocation.

According to our findings, although relocation was aimed at reducing traffic jams, traffic jams continue to plague the dwellers of Yangon. According to the news, shopper Shwe Mhone Ei, a 17-year-old student, said, “They opened the night market to reduce traffic, but now traffic on Strand Road is worse than ever.” Another person was quoted as saying, “Displacing some sidewalk stalls has done absolutely nothing to help traffic flow downtown, increased congestion in some side streets, and has even created new opportunities for traffic jams along the waterfront.” U Htain Lynn, a taxi driver from Ahlone Township, also mentioned that nothing special had changed with regards to the traffic jams. It does not appear that relocating the street vendors has solved the gridlock.

Food Safety and Hygiene

Food safety and hygiene is also another issue for street vendors. As street food is popular and widely consumed, action was required on food safety and hygiene.⁵⁸ The research released at the 42nd Myanmar Health Research Congress in 2014 found that “more than one third of the 150 samples (of street food) collected were positive for either *Staphylococcus aureus* or *Bacillus cereus*, two common types of bacteria that can lead to food poisoning. Almost one quarter contained dangerous levels of bacteria. Thirty samples from each of the five downtown townships were collected and tested. Of the 150 samples, 52 or around 35 percent contained either *Staphylococcus aureus* or *Bacillus cereus*. Of the 32 samples with *Staphylococcus aureus*, 23 had bacteria levels considered immediately dangerous, while 14 of the 20 *Bacillus cereus* samples were dangerous.”⁵⁹ The Yangon Region Chief Minister, U Phyto Min Thein, who masterminded the night market plan, said that opening the night market on Strand Road “will provide affordable access to healthy food by getting vendors off the main roads.”

Another of the primary motivations of the government to move food and fruit street vendors to the night market systematized with water and some sanitation system was to ensure food safety. YCDC is providing water, electricity, cleaning and mobile toilets, but vendors will pay for those services.⁶⁰ The Yangon-based Consumer Protection Association (CPA) insisted in 2013 that street food is often not safe to consume, and vendors need food safety education.⁶¹ According to research conducted by the CPA, over 80 percent of the more than 1,000 street food stalls in central Yangon are not hygienic

⁵⁷Lin, Z. Y. (2016, November 17). *Street vendors to be banned on Yangon's busiest roads*. Retrieved from <http://www.mmtimes.com/index.php/national-news/yangon/23724-street-vendors-to-be-banned-on-yangon-s-busiest-roads.html>

⁵⁸Myint, S. Y. (2014, January 20). One-third of street food has dangerous bacteria: study. Retrieved from <http://www.mmtimes.com/index.php/national-news/9309-one-third-of-street-food-has-dangerous-bacteria-study.html>

⁵⁹Ibid *supra* 55.

⁶⁰Ibid *supra* 55.

⁶¹Mann, Z. (2013, November 21). *Rangoon's Street Food Attracts Diners, But It May Not Be Clean*. Retrieved from <https://www.irrawaddy.com/multimedia-burma/photo-essay/rangoons-street-food-attracts-diners-may-clean.html>



and are selling unhealthy food, and as many as 80 percent of street food stalls in Yangon do not meet basic hygiene standards.

There is still a growing food safety risk because of this lack of hygiene, since food safety depends on the people who prepare and sell the food. Some vendors might have knowledge regarding health and hygiene, but this knowledge does not translate into practice. One of the customers said, “If I want to eat I at least try to find a clean roadside food stall.”⁶² Another added, “Sometimes I even ask the sellers to wear gloves, but generally they don’t like it when I say this.”⁶³ YCDC Secretary Daw Hlaing Maw Oo said that in the near future, vendors will be trained on better hygiene and food preparation, and those vendors who do not attend such training will be prohibited from operating stalls. “In upgrading, we need to upgrade in quality. We have a plan to upgrade the knowledge of all vendors. We have no plan to move them away. The plan is only to upgrade them to a higher level. Later, there are plans to link the Strand Road night market area up to Bogyoke Market,” she added.⁶⁴ The City Development Management By-Laws (1999) give YCDC responsibility for handling street food sanitation in Yangon.

Illegal Renting and Bribery

The lucrative trade in street vending space started in 1999, when YCDC, under the military regime State Peace and Development Council, issued identity cards to vendors, to bring some order to street side sales and make it easier to collect taxes. Each card allowed its holder to trade in a certain township.⁶⁵ When the USDP Government came into power in 2011, this kind of card and taxation system stopped.⁶⁶ However, pavement in downtown Yangon is still seen as a commodity to be traded between street vendors and homeowners, with some prime spots selling for up to 1 million MMK.⁶⁷

“People who were not wearing uniforms used to collect taxes of around 500 MMK every three days, but have not come for a month.”

Ko Aung Naing, Clothing Vendor

“The price of renting a space is highest in Latha and Lanmadaw townships, where the street markets are most concentrated.”

Daw Sein Myint, Fruit Vendor

“I have been selling here for five years through an agreement with a local house owner. I have to give them money and I pick up all my rubbish. People from YCDC also collect taxes, though they have not collected any recently.”

U Tin Myint, Food Vendor

Source: *Myanmar Times* News, 18th August 2016

⁶²Myint, S. Y. (2014, January 20)

⁶³Ibid.

⁶⁴Min, A. K. (2017, February 27). *A fiesta of colours and bargains – The Night Market*. Retrieved from <http://www.mmmtimes.com/index.php/special-features/232-food-and-entertainment-2017/25104-a-fiesta-of-colours-and-bargains-the-night-market.html>

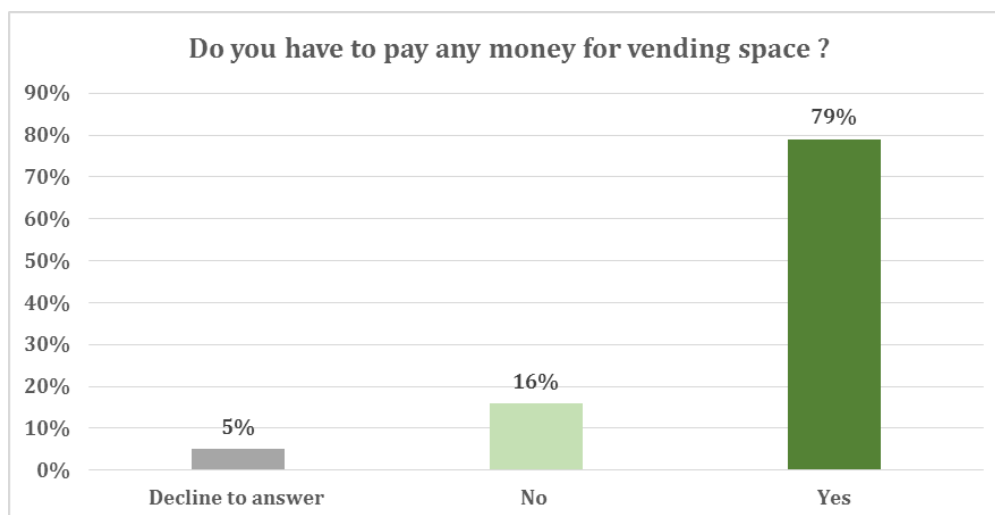
⁶⁵Lin, Zay Yar. (2016, August 18). *Yangon bans lucrative trade in pavement space*. Retrieved from <http://www.mmmtimes.com/index.php/business/22012-yangon-bans-lucrative-trade-in-pavement-space.html>

⁶⁶Ibid.

⁶⁷Ibid.



Fig 14 Respondents who have been paying for vending space



To learn about street bribery among vendors, we asked the question “Do you have to pay any money for vending space? 79% answered that they have to pay money (bribes) and 16% do not have to pay because they have been relocated already. MP Daw Kyi Pyar admitted in an interview that vendors, YCDC staff, and some residents are still participating in street bribery, but stated that “when we relocate the vendors, this street bribery problem will be solved”. Thus, we can deduce that those who are selling in their original places and some of the relocated vendors are involved in the bribery process because YCDC is not collecting any money for vending space, but there is still some bribery among some staff and residents.

Policy and Impact

Laws and Regulations

Since the colonial era, there have been several laws, regulations and notices that apply to street vendors. In 1989, under the rule of the State Law and Order Restoration Council (SLORC) government, the YCDC permitted street vending and collected change for vending places. Nonetheless, new vendors increased and did not apply for registration. Thus, the quantity of illegal vendors increased. When the previous government came to power, policy changed, and apparently the rules and regulations became strict.

In 2013, the previous law was repealed and the new Yangon City Development Law (amended September 4, 2014) was adopted. Section 5 of this law deals directly with street vendors. The relevant section is summarized below.



Section 11 (H) of Chapter 3	The Committee (YCDC) shall prescribe discipline relevant to street shops and street vendors. ⁶⁸
Section 20 E	The Committee shall manage, monitor and cancel vendors who are not permitted to sell. ⁶⁹
Section 63 (A)	No one shall be allowed to block, destroy or pollute the public streets and roads without permission of the committee. ⁷⁰
Sub-section (3) of Section 63 (B)	The placing of goods to sell or dry in the sun in the public streets shall not be tolerated. ⁷¹
Section 66 (E) of Chapter 19	No one shall be allowed to operate street vendor shops for pedestrians without permission of the committee. ⁷²
Section 68 of Chapter 20	Those who are found guilty of failing to follow one of the above laws shall be sentenced to up to one year imprisonment or shall have to pay fine of at least ten thousand kyats, up to five lakh kyats, or both of these penalties shall be applied. ⁷³
Section 70	Those who are found guilty of committing or failing to follow one of the above regulations shall be sentenced up to six months of imprisonment or one shall have to pay a fine of at least ten thousand kyats to four lakh kyats, or both of these penalties shall be applied. ⁷⁴

By the stipulation of the law, the Markets Department and Administration Department are responsible for managing vending hours and locations, and have the power to prescribe rules and regulations for street vending. From time to time, YCDC can also put forth notifications and orders to manage street vendors. In the process of relocating vendors and banning selling on the eleven main roads, YCDC put up 200 sign boards as notifications to not sell food or commodities.

⁶⁸Yangon City Development Law, 2014.

⁶⁹Ibid.

⁷⁰Ibid.

⁷¹Ibid.

⁷²Ibid.

⁷³Ibid.

⁷⁴Ibid.



Image.1. Notification stating nobody has the right to own or rent the roads and pavement



Six months ago, a new registration process for street vendors was initiated. If we compare the differences in standards of the past and current registration processes, the current registration process admittedly has better standards. Among the vendors we surveyed, none stated that they had to pay any money or bribes. Moreover, the collection of personal information from vendors has become more systematic and detailed. Even a QR code system has been used in the new registration cards for the vendors.

Image 2. Present Identity card (left) and previous identity card (right)





The Policy Implementation Process

On July 10, 2016 the YCDC started collecting a list of vendors.⁷⁵ From September 22 to 25, a registration process was made. According to this registration, Kyauktada, Panbedan, Latha and Lanmadaw townships were occupied by a total of 6,041 vendors. As the next step, on August 16, 2016 the YCDC clarified that nobody has the right to own or rent the roads and pavement as vending space by putting 200 sign boards downtown. At the same time, the YCDC prepared to supply water and electricity at the designated relocation sites. Japan's Sumitomo Corporation donated portable toilets and CCTV cameras for the night market. The YCDC government was trying to prepare for relocation. Relocation lists were made for Kyauktada, Panbedan, Latha, Lanmadaw, Botataung and Pazuntaung townships.⁷⁶ Although the initial list included six townships, in reality the policy was implemented in only four.

After the municipal government visited China, Thailand and Singapore to observe their street vendor policies, they started implementing their street vendor policy in four Yangon downtown townships: Kyauktada, Panbedan, Latha and Lanmadaw.⁷⁷

Becoming the Night Market

On November 23, the YCDC initiated relocation to Strand Road night market for 1,600 vendors selling food and fruits. Shop spaces were 32, 36 and 64 square feet in size. As a service charge, the largest shops will pay 300 MMK daily, while the small shops will pay 150 MMK. Electricity will cost 7,000 MMK per month. The allotted time for selling is 3 pm to 9 pm. Meat and vegetable sellers have permission to sell from 6 am to 11 am. At this current night market, there are 37 CCTVs, 51 aerial masts, and over 40 portable toilets for facilities.

The total quantity of street vendors in the four townships targeted by the policy and our research is about 6,000. Over 1,600 street vendors have been relocated along Strand Road. Food, vegetable and fruit street vendors were prioritized for relocation. YCDC also sent sandal and commodities sellers to the Bank Road. Moreover, street vendors were also relocated in front of the High Court, which is one of the heritage sites of Yangon City.

The Purpose of YCDC's Current Street Vendor Policy

In the period of new government transition, this policy is being implemented to make Yangon cleaner and bring street vendors under government control. Myanmar is working to rise to the standard of other countries. The night market is one of the ways for Yangon to catch up to the standards of other international cities. Another problem is the traffic jam issue. People walk on the road instead of on the pavement because the street vendors and their goods block the pavement. Currently, all the roads and pavements are very complicated in the downtown area because of the lack of control over street vendors. That is why they started planning to relocate street vendors from the four downtown township areas.⁷⁸

⁷⁵Ibid *supra* 54.

⁷⁶Ibid *supra* 64.

⁷⁷Interview with YCDC Committee Member No.5, 2017

⁷⁸Interview with the Deputy Head of the YCDC's Administration Department, 2016.



The Challenges of Street Vendor Policy

In our in-depth interview with Daw Than Myint Aung, YCDC Committee Member No.5, she stated that the most challenging thing for authorities is to get consent from street vendors to relocate because they are worried about their business at the newly designated locations.⁷⁹

Upcoming Plans of YCDC

YCDC has a plan to implement the relocation of street vendors in other townships after they have completed it in these initial four townships. U Nyi Nyi Oo, the deputy head of YCDC's administrative department, stated, "We can't guarantee that all street vendors will be provided places at the market. The municipal body is trying to implement similar markets in other townships if the first project succeeds."⁸⁰

Daw Than Myint Aung, YCDC Committee Member No. 5, said that she could not confirm where the hawker center would be built. However, they have a plan to choose to build it in a crowded place where there are no traffic jams and there will also be a variety of food for consumers. A new location for a night market is in the works. Before building the hawker center, the YCDC authorities said that they need to plan for traffic, lights and CCTVs to prevent theft and robbery.⁸¹

The Impact of Street Vendor Policy

Slow Sales Rates

The first problem faced by street vendors who have moved to the night market is the slow sales rate. Mya Mya Win, a 55-year-old fruit seller who used to operate her shop on Latha Street, said "Frankly, I don't like moving here [the new night market on Strand Road]. Sales are low and money is not circulating. Sales have been really bad since opening day. Now, I pay more for transportation. And at the old place I had a convenient place to keep the fruit when I packed up at the end of the night. I need a new one."⁸²

⁷⁹Interview with YCDC Committee Member No.5, 2016.

⁸⁰Paing, T. H. (2016, December 1). *Relocated Street Vendors Complain of Insufficient Space*. Retrieved March 14, 2017, from <http://www.irrawaddy.com/news/burma/relocated-street-vendors-complain-insufficient-space.html>

⁸¹Interview with Y.C.D.C Committee Member No.5, 2017.

⁸²Satt, M. (2016, December 1). *Cramped and damp, Yangon's new night market disappoints*. Retrieved March 14, 2017, from <http://www.mmtimes.com/index.php/lifestyle/24000-cramped-and-damp-yangon-s-new-night-market-disappoints.html>



Inconvenient Location

Located at the bottom block of downtown, the new market is an inconvenient trip for families living in the upper blocks downtown and the northerly townships. Therefore, there are fewer customers in the relocated places than there were in the downtown area. Zin Mar Lwin, a banana seller, said customers are discouraged from shopping at the night market because it is beside a busy six-lane road.⁸³ Another vendor also said that there are few customers at the new night market. “Street vendors in other townships along Strand Road suffer from a lack of customers; only this [Chinatown, Latha] area has a lot of people,” apple vendor U Aung Than said, adding that “as a result, many vendors are facing debt and they cannot pay the wholesalers back



because their goods spoil or there are no customers.”⁸⁴ “Many fruit sellers are getting into debt with their wholesalers,” said Aung Myint Oo, who previously sold seasonal fruit in Latha Township and has now rented his place to another vendor because he lost 50,000 MMK in three days when he shifted to the night market.⁸⁵ Director Daw Moe Moe Lwin of the Yangon Heritage Trust, a non-profit organization for both buyers and sellers, explained “It is difficult to relocate a market because it is a place for both vendors and buyers.”

Vendors don't have much choice other than selling in their newly designated places in the night market because the YCDC will take their space back if they find out that they are not selling there. Those who fail to regularly come to the market are at risk of losing their allocated places.⁸⁶

Weather

Weather is another aspect that vendors worry about. Currently, there is no shelter to protect against sun or rain. The logistics are problematic for vendors due to the market's proximity to the river, and there are concerns over potential flooding when the monsoon season hits. U Zaw Win, who sells Indian snacks on the Panbedan section of the night market, said there was not enough space for vendors and it was too exposed to the weather. Stalls will be buffeted by the wind and rain during the wet season.⁸⁷

⁸³Ibid.

⁸⁴Mon, S. M. (2017, February 8). *Vendors struggle to adjust to new Yangon night market*. Retrieved March 14, 2017, from <http://frontiermyanmar.net/en/vendors-struggle-to-adjust-to-new-yangon-night-market>

⁸⁵Ibid.

⁸⁶Ibid.

⁸⁷Ibid.



No chance to sell alternative goods at the new locations

Street vendors who have been relocated are not allowed to sell alternative goods. They must sell only the goods that are recorded on their identity cards because of the rules and regulations of the YCDC. If they sell other goods not mentioned on their identity cards, their identity cards will be revoked if they are caught.

Street vendors would like to sell seasonal and alternative goods to maintain their businesses. Therefore, vendors are concerned about the future of their businesses during the upcoming seasons because of the YCDC's prohibition against selling alternative goods.⁸⁸

Voices of Vendors for the YCDC

Administration

According to the survey, the street vendors recommended that the municipal government should not be corrupt and should have a separate department to handle street vendor affairs effectively and proactively. (Survey suggestion from nine respondents about administration)

Vending Locations

According to the survey and interviews of street vendors, nearly 30% preferred selling at their original places rather than at the newly designated locations. They would like to suggest that the municipal government allow them to sell at their original places if they agree to abide by rules and regulations. Street vendors also want the YCDC to divide day and night shifts systematically, taking into consideration each vendor's situation of original places and goods.

The Yangon municipal government also should consider the inconveniences faced by street vendors in their newly designated sales plots (slow sale rates and inconvenient location) and give them more space to settle their goods and to have enough places for consumers. Street vendors working in the new locations also suggest that the YCDC arrange for weather-proofing for the rainy season.

A majority of street vendors surveyed stated that the YCDC also needs to review its relocation plan because some street vendors are getting more space by giving bribes to the authorities. As a result, there is a lack of equality among street vendors who are working in the new places and sometimes it leads to quarrelling and arguing among street vendors.

Policy

The YCDC also should have a better policy for street vendors to meet international standards. They should give identity cards to commodities street vendors that permit them to engage in vending legally. Five respondents that we surveyed pointed out that only food and fruit street vendors could do business at the relocated places legally as they have got the identity cards for it.

Transportation

Six respondents stated that food and fruit street vendors were unable to earn much at the newly designated locations as they have to spend more money on transportation. The newly created vending locations also need traffic lights and crossings to be safe from traffic dangers.

⁸⁸ Interviews with vendors, 2016.



Conclusion

According to the survey findings, more than half of street vendors in our research area are natives of the Yangon region. More than 60% of vendors in our research area work without a day off for the whole week. They take fewer than 30 days off per year. In addition, more than half of vendors have loans to run their business. The street vending business is the second-most-chosen job for people who are living under extreme poverty. Proper support and regulation for the street vendor business can lead to the alleviation of urban poverty. When the NLD government came into power, the attitude towards street vendors changed. Legalization and the designing of street vending areas and facilities in vending areas were warmly welcomed.

On the other hand, participation and knowledge about YCDC laws and regulations of street vendors in the process of policy change needs to be increased. Transportation to the night market is still not easy to access. The YCDC should include commodities vendors in their plans for future vending zones.

Policy Recommendations

To the government – Street vending is the second largest profession for people living under extreme poverty in Yangon. The Yangon Regional Government should design policy, laws and regulations to protect and handle street vendors strategically and systematically. If such policy is designed and implemented well, it could be one of the solutions to extreme poverty in Yangon. The YCDC should also take action against bribery, and provide their staff with awareness and training to manage and handle the street vendor affairs gently. The YCDC government should support awareness with training programs, and periodic monitoring should be done for street food vendors. The knowledge of street vendors about YCDC rules and regulations should be raised.

To the street vendors – Street vendors should cooperate with the YCDC for registration to legitimate their vending business. Doing so would enable them to conduct their business with dignity and they also would not need to fear municipal officers anymore and would not need to bribe them. They should organize independently and take collective action to raise their voices to be heard by policy makers, and establish their participation in shaping policies and the implementation processes that affect their livelihoods.⁸⁹ Vendors should form a permanent committee to contribute ideas and cooperate with the YCDC government.

To civil society organizations (CSOs) – Civil society organizations (CSOs) should do more research in the Yangon region on street vendors, including on their current rights and entitlements under the law, and catalyze a discussion on the topic to promote an agenda of progressive change⁹⁰ towards better street vendor policy, rules and regulations. CSOs also should advocate to the regional and municipal governments and collaborate with them to implement this policy effectively for street vendors' livelihoods.

⁸⁹Tangworamongkon, 2014.

⁹⁰Ibid.



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Annex

Image 3. Map of targeted research area: Lanmadaw, Latha, Panbedan and Kyauktada Townships.



Image 4. YCDC's notification for vendors who are not selling in their proper places.





Community-Based Tourism in Myaing and Thandaunggyi Assessing Community Participation and the Impact of CBT Initiatives on Host Communities

Another Development⁹¹

Yangon, Myanmar

July 2017

Introduction

In 2011, Myanmar ended a long period of isolation, resulting in a significant increase in the number of international visitors for the country's tourism industry. Since 2014, community-based tourism and eco-tourism have begun to emerge in the country alongside mainstream tourism. In addition, the incoming government encouraged community-based tourism initiatives in their 100-Day Plan and as a result, many new potential CBT opportunities have been identified.

This research aims to explore the community's participation in CBT initiatives and the impact of CBT on host communities including how CBT could be seen as an engine of household income and therefore local economic development. This study specifically focuses on the community-based tourism of Myaing, Magway Region and Thandaunggyi, Kayin State which were both initiated under the previous government.

We outline the methodology of the research while the backgrounds of the two community-based tourism initiatives of Myaing and Thandaunggyi are mentioned prior to presenting the results of the study in the latter part of this paper. Findings of the community's participation in CBT initiatives and the impact of CBT initiatives on host communities are presented and conclusions are drawn. Through this research, we hope to clearly capture key factors which may prove useful in future comparative research.

In the course of the study, AD has realized that, while CBT in and of itself, may not be the focus of

⁹¹The AD Team would like to thank ActionAid Myanmar and Thandaunggyi's Tourism Working Group for letting us conduct this research in their respective areas. The AD Team also would like to express heartfelt thanks to Saya Aung Min Naing, manager of Myaing's CBT initiatives and Reverend Bo Thar, chairperson of Thandaunggyi's Tourism Working Group for their kind support and logistical arrangements for the AD team throughout the data collection process.

Last but not least, heartfelt thanks also go to participants from both communities involved in this research and the East Asia Institute (EAI) for technical support. This research could not have been done without their time and support.



our broader work it has proved to be a vehicle to access a number of our cross-cutting thematic concerns such as youth, women's empowerment, rural economic development and social enterprises. AD has identified links to a number of the U.N. Sustainable Development Goals (SDGs) which we are working towards in Myanmar.

Overview

Firstly, this section discusses the concepts, definition and principles of CBT briefly to understand general views on CBT as perceived by different professionals, practitioners and academics. Secondly, tourism policy frameworks in Myanmar developed for the tourism industry during the previous government are discussed. Thirdly, the landscape of the tourism industry in Myanmar and community-based tourism initiatives in Myanmar are briefly reviewed in order to capture current tourism industry trends and CBT operations across the country.

Concept, Definition and Principles of Community-Based Tourism (CBT)

Different ideas and concepts are found in much of the literature regarding CBT. According to Goodwin and Santilli⁹², the participatory approach or so-called "bottom up" method has emerged for community-based projects along with the failure of "top-down" approaches as recognized by both conservation and development organizations. While CBT is developed as a community-based project particularly for the tourism industry, the concept of CBT is a product of the participatory approach derived from NGOs. The concept is also found to be consistent with grassroots development: promoting community participation, equity and empowerment. However, the concept of CBT is used flexibly and there is no consensus as different practitioners hold different views. Thailand Community-Based Tourism Institute defines CBT as follows:

“(It is) tourism that takes environmental, social and cultural sustainability into account. It is managed and owned by the community, for the community, with the purpose of enabling visitors to increase their awareness and learn about the community and local ways of life.”⁹³

According to the ASEAN CBT standard, the concept of Community-based Tourism is presented as follows.

“Community-based tourism (CBT) is a form of tourism that seeks to empower communities to manage tourism growth and achieve community aspirations relating to their well-being, and includes economic, social and environmental sustainable development.”⁹⁴

⁹²Goodwin, H., & Santilli, R. (2009). Community-based tourism: A success. *ICRT Occasional paper*, 11(1), 37.

⁹³www.cbt-i.org

⁹⁴ASEAN Community-Based Tourism Standard. 2013



Based on the concepts held by different institutions, it can be seen that the participation of the community is key and the impact of CBT is also well considered in terms of social, environmental and cultural conservation. Meanwhile, WWF International suggests that a major proportion of the benefits from CBT need to remain within the community which thereby becomes the core beneficiary of CBT. There are a variety of definitions of CBT from different practitioners and no consensus on a specific definition is found. The following is the standardized definition of Community-based Tourism for ASEAN countries.

“Community-Based Tourism (CBT) is tourism activity, community owned and operated, and managed or coordinated at the community level that contributes to the well-being of communities through supporting sustainable livelihoods and protecting valued socio-cultural traditions and natural and cultural heritage resources.”⁹⁵

Principles for CBT are discovered in much of literature and many of the principles are more or less the same as the ASEAN Community-Based Tourism Standards, which are as follows:

- Involve and empower the community to ensure ownership and transparent management;
- Establish partnerships with relevant stakeholders;
- Gain recognized standing with relevant authorities;
- Improve social well-being and maintenance of human dignity;
- Include a fair and transparent benefit-sharing mechanism;
- Enhance linkages to local and regional economies;
- Respect local culture and tradition;
- Contribute to natural resource conservation;
- Improve the quality of visitor experiences by strengthening meaningful host and guest interaction, and;
- Work towards financial self-sufficiency.⁹⁶

Tourism Policy Frameworks in Myanmar

The tourism industry is set as a national priority sector for the country's economic development and a number of policies have been developed for the tourism sector. The most significant policies are the 2012 Responsible Tourism Policy; the 2013 Policy on Community Involvement in Tourism (CIT), and the Tourism Master Plan 2012-2020 set out by the Ministry of Hotels and Tourism in line with guidance from the Global Sustainable Tourism Council criteria. The 2012 Responsible Tourism Policy encourages local communities to engage in tourism development and to be aware of the impact of tourism on their environment, culture and local economy. The role of women is also taken into account in the policy outline while CSOs and NGOs are encouraged to take a role in assisting in the

⁹⁵Ibid

⁹⁶Ibid



development and implementation of tourism-related projects.

The policy on Community Involvement in Tourism clearly sets out a way to achieve a medium level of community participation in the development of the tourism sector.

“This means that communities must be consulted and involved in decision-making processes on tourism planning and management, which directly affect their livelihoods. However, final decisions shall be made in coordination with the private sector and with the approval of the public administration.”⁹⁷

Another way that the CIT policy encourages community members is to start their own small and medium businesses. They are also welcome to act as investors or joint venture partners with the public or private sector. The core principles of CIT policy include local community participation in tourism development, willingness of the local community, respecting local culture, traditions and beliefs, sound business planning of CBT enterprises, rights over tourism resources and respect for land and land ownership.

The Tourism Master Plan 2013-2020 serves as a roadmap for the future development of the tourism industry in Myanmar to be implemented in line with the principles of the responsible tourism policy. Maximizing the contribution of tourism to national GDP, employment and income generation is the goal of the Master Plan through increasing the number of international visitors to seven million annually by 2020.

Landscape of Tourism and Community-Based Tourism Initiatives in Myanmar

After decades of limited contact with the outside world, with the political reforms started in 2011, the arrival of international tourists has soared from 762,547 in 2009 to 4,681,020 in 2015⁹⁸ and the contribution of the tourism sector to Myanmar’s GDP for 2017 is forecast to be 7.8 percent annually until 2026.⁹⁹ Meanwhile, the global tourism trend has shifted more to nature conservation and responsible tourism and away from conventional mass tourism industry, while community-based tourism has been widely adopted as an alternative means for economic development as well as for the protection and conservation of the natural environment.

The government of Myanmar has also identified and encouraged the development of community-based tourism across the country, not only to attract incoming international visitors, but also to promote the involvement of communities in the tourism industry even though community-based tourism is a relatively new concept in Myanmar. There are at least six CBT initiatives operating in Myanmar at the time of this study. These include the Pa-O Self-Administered Zone in Shan State; Indawgyi Lake in Kachin State; Thandaunggyi in Kayin State; the Ayeyawady dolphin sanctuary in

⁹⁷Policy on Community Involvement in Tourism. 2013

⁹⁸Tourism statistics 2015

⁹⁹Oxford Business Group, 16 May 2016. “Myanmar’s tourism industry set to expand rapidly.” Accessed online at <http://www.oxfordbusinessgroup.com/news/myanmar%E2%80%99s-tourism-industry-set-rapidly-expand>



Mandalay Region, and Demawso in Kayah State. In addition, ActionAid Myanmar has established a CBT initiative in Myaing Township near Bagan which has been well-received. Community Environment Tourism in Pa-O Region and Indawgyi Lake in Kachin State were developed by Fauna and Flora International. Peace Nexus, the World Conservation Society and the International Trade Centre initiated the Thandaunggyi, Ayeyawady dolphin sanctuary and Demawso projects, respectively. Another seven community-based tourism projects are also planned for coming years.¹⁰⁰

The main rationale for choosing Myaing and Thandaunggyi among the six CBT initiatives is their good reputation from the outset. Secondly, involvement of international non-governmental organizations is seen in both Myaing and Thandaunggyi's CBT initiatives. Thirdly, although these two community-based tourism initiatives are in the early stages of operation, AD was aware that there were a number of significant differences between the two operations.

Scope and limitations of the study

This study specifically focuses on community participation in CBT initiatives and the impact of CBT on host communities. In this research, community participation mainly refers to the involvement of local people in tourism development through providing services and products to visitors; attending meetings regarding tourism development; presenting their perspectives and ideas for CBT initiatives and involvement in decision-making processes. Aspects of economic, environmental, social and cultural life are emphasized as impacts on CBT host communities. Creation of jobs in the community, the well-being of community members; profit distribution among the local people; additional commercial opportunities and services for community members, household income and selling local products are main outcomes of the economic aspects of CBT. Deforestation in the community, water and waste management due to CBT initiatives, awareness of natural resources and a sense of care for the environment are covered under the environmental impacts. Road conditions, access to electricity, and interaction with visitors including foreigners are focused on as social impacts. Cultural preservation, the ways local people live, and the behavior of teenagers due to CBT initiatives in communities are studied as cultural aspects.

Apart from emphasizing the participation of the community in CBT development and the impact of CBT on host communities, the principles of ASEAN CBT standards discussed in the literature review section are also applied as a tool of analysis in order to see whether Myaing and Thandaunggyi's CBT initiatives fit in those standards since Myanmar is a member of ASEAN.

This research is a small-scale study of CBT initiatives with a focus on community participation and impact of CBT initiatives on two host communities only and thus it needs further research on other aspects of CBT initiatives in order to be more comprehensive. We cannot make generalizations about Myaing and Thandaunggyi's CBT cases for CBT initiatives across the country. We must also highlight a gap in our current understanding of the environmental impact on our two target

¹⁰⁰Eleven Myanmar (17.2.2016). Five community-based tourism projects underway



communities. There has been no access to baseline data or an opportunity to explore details such as tree-felling or increased plastic waste within the interviews and survey questions and this will need to be considered more carefully.

A Brief Introduction to Myaing, Magway Region

Myaing is located in the dry zone of Myanmar, Magway Region and the location of community-based tourism initiatives is just a few minutes' drive from Myaing. The CBT site is also close to the famous ancient city of Bagan and Nyaung Oo in the Mandalay division. People living across Myaing Township are traditional farmers and their main livelihood is agriculture. The population of Myaing is 225,771 in total. The urban population is 7,706 while the rural population is 218,065 according to the Magway regional census of 2014. The majority of the population in the Myaing area is Burmese and practice Buddhism. Not many attractive tourist spots can be found in the Myaing area, but the lifestyle of the rural people, their culture, traditional dances, and their friendliness are what the foreign visitors find fascinating. Thus, ActionAid Myanmar initiated a community-based tourism project in collaboration with the four villages in Myaing Township.

Background of Community-Based Tourism Development in Myaing

Prior to developing community-based tourism initiatives with the four villages in Myaing Township, ActionAid Myanmar first engaged with the local community through the Yinn Daing Taung Dam implementation project. For local farmers, access to water for irrigation is crucial for producing rice as the rainfall in the region is not enough for agricultural production. Thus, the main source of water for the farms comes from the dam.¹⁰¹ Apart from helping the community with agriculture, ActionAid Myanmar wanted to help the local people to generate extra income as they have no income after the agricultural season. Meanwhile, the community has experienced a migration of young people to foreign countries for the purpose of job hunting and to support their families. So, ActionAid Myanmar decided to introduce community-based tourism initiatives for the community.

A prerequisite for the community development projects is that women's participation is fully integrated. Four villages, namely: KanGyi Taw village 1 and 2, SuLae Pan village and Inn Yaung village, were finally identified for community-based tourism development and series of consultations with the village leaders and villagers took place. After reaching a consensus with the local people, ActionAid Myanmar collaborated with the Ministry of Hotels and Tourism. When the Minister paid a visit to the CBT site, he was convinced and agreed to the development of the CBT project. In November 2015, CBT started operations near Yinn Daing Taung Dam.

Myaing's CBT initiatives target only foreign visitors and have a two-year exclusive contract with PEAK/Journey Adventure Tour Agency. 1,000 visitors were to be sent to the CBT site in 2016 and it is intended to expand in the coming years. The four villages rotate the hosting duty one after another and they are well informed in advance regarding the date of hosting duties before the foreign visitors arrive at the CBT site. For each visitor, 55 USD is charged for visiting the CBT site and it is distributed

¹⁰¹Mizzima-Community-Based Tourism - A semi-home stay in a dry zone. Aung Thura. 2016



according to the services provided to the tourists. 10 dollars out of the 55 goes to a community fund spent on community development projects for the villages. The activities that the visitors can do during their stay at the CBT site are biking around this community, planting trees, dancing, wearing thanaka, and singing with a traditional musical instrument. In addition, local and traditional food is served to the tourists.¹⁰²

A Brief Introduction to Thandaunggyi, Kayin State

Geographically, Thandaunggyi is located in the northern part of Kayin state, about five hours drive from Yangon and it is covered by many mountains and diverse landscapes. The ecosystems of the town have been well preserved up to now and its cool climate is a big draw. Many attractive places and historic buildings can be found around the Thandaunggyi area, such as the Old British Fort built 100 years ago on a small hilltop and with a unique spiral staircase, the Tea Factory also built 100 years ago to produce tea, the Karen New Year Mountain, and a Hindu temple. The inhabitants of the town are mainly Karen people and the population living in the town totals 6,798. During the colonial era, the town was used as a resort for soldiers and administrators for the purpose of recreational activities. In addition, the town is famous for its folktale about Dawparkho, also known as Nawbubaw, which is now a prayer mountain and is always occupied by pilgrims from different parts of the country regardless of religion. Due to the outbreak of fighting between the Karen National Union and the government in 1989, Thandaunggyi was a forgotten town for many years. The tension continued until the signing of the bilateral ceasefire agreement between KNU and the previous government led by U Thein Sein in January 2012. The town is now regarded as safe and open to all again.

Background of Community-Based Tourism in Thandaunggyi

Community-based tourism in Thandaunggyi was implemented by the local community with technical support from international organizations the Hans Seidel Foundation and Peace Nexus. The backdrop to the community-based tourism of Thandaunggyi derives from the bilateral agreement between the Karen National Union (KNU) and the government led by former President Thein Sein for the sake of keeping sustainable peace. The initiative was also realized as a means for building confidence in the peace process between the KNU and the government while improving the livelihood of the people living in the conflict-affected area in Kayin State.

The very first meeting of Thandaunggyi's tourism working groups was held in December 2014 after a series of consultations with all stakeholders from both KNU and the government. From the working groups meeting, the structure of the Thandaunggyi Tourism Development Working Groups was set up and preparations for tourism development were carried out (see Appendix I). Last year, the state government officially issued eight B&B licenses to community members to operate and host guests, both foreign and local.

¹⁰²Ibid



Research Findings

This section presents the findings of CBT on firstly Myaing and then Thandaunggyi's communities. We specifically focus on:

- Community participation;
- Economic impact;
- Environmental impact;
- Social impact, and
- Cultural impact.

Community Participation

Community participation here includes services and products provided by local people to the visitors, involvement of local people in meetings for CBT development, voices and opinions of community members in decision-making processes, and whether local people are informed or not when it comes to CBT development.

Community Participation in Myaing

Fig. 1: Do you, in any way, provide services or products to visitors?

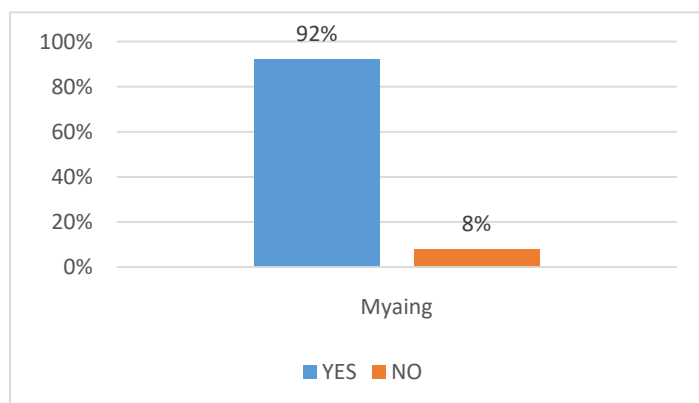


Fig. 2: Have you been involved in any type of meeting where you discussed tourism development in your community?

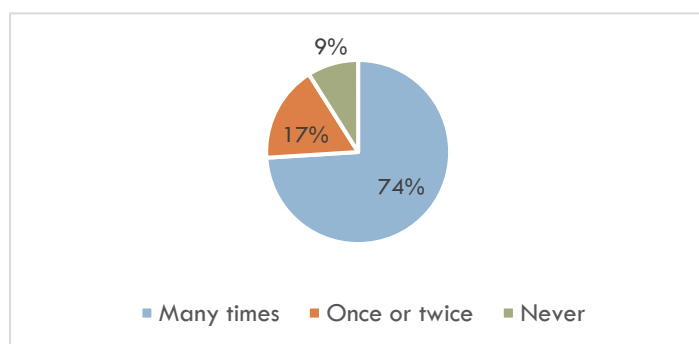




Fig. 3: Have you been asked your opinion on tourism by those who plan tourism development?

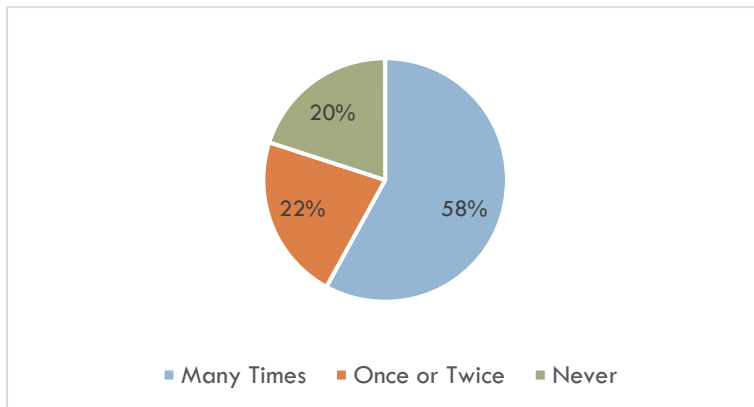


Fig. 4: When major decisions concerning tourism development in your community were made, were you informed?

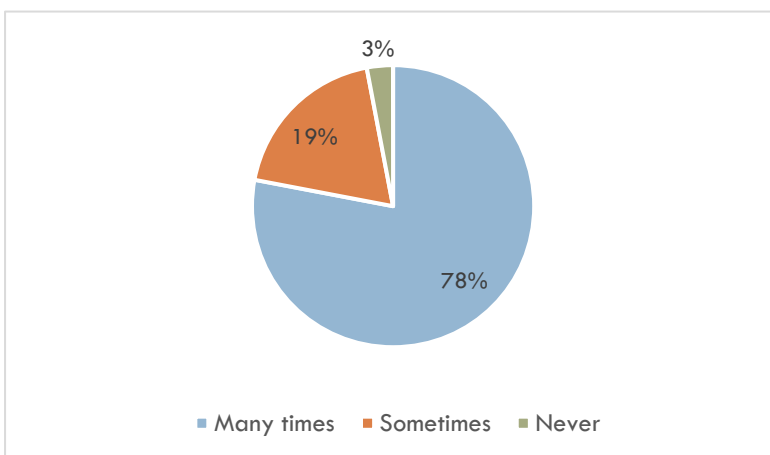
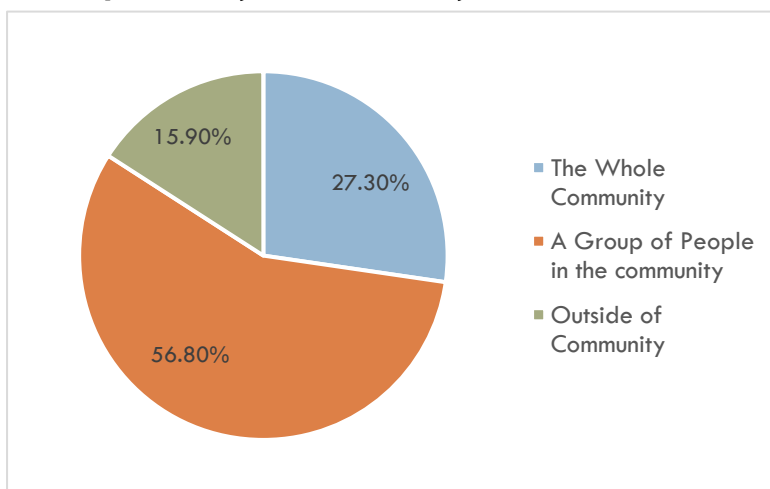


Fig. 5: Who do you think primarily makes major decisions concerning tourism development in your community?





The interviews with the KII and IDI also mentioned the participation of the community. The following are quotes taken from KII and IDI interviews.

“Everyone in the community knows about the project and almost all of them are involved in the project.”

“As CBT is a community-based project for the community members, most of the decision making is done by the majority of the members.”

Regarding the participation of women, one of the KII interviewees commented as follows.

“In the past, women were left behind whenever it came to development projects for the community. But now they become independent, run their own businesses and can work with dignity. Besides, their opinions, leadership and cooperation are appreciated.”

Impact of Myaing’s CBT initiatives

Table 1: The Economic Impact of CBT on Myaing

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	Household income has increased because of tourism	69.4%	25%	5.6%	0%	0%
2	Younger generations are able to earn additional income from doing tourism-related jobs	55.6%	36.1%	8.3%	0%	0%
3	Tourism creates many new jobs in the community	55.6%	36.1%	8.3%	0%	0%
4	Community members have better well-being because of tourism	54.3%	40%	5.7%	0%	0%
5	Tourism encourages wide profit distribution in the community	45.5%	45.5%	9%	0%	0%
6	There are additional commercial opportunities and services related to tourism available for local people	44.1%	47.1%	8.8%	0%	0%
7	Local products can be sold at higher prices	37.1%	37.1%	22.9%	2.9%	0%



One of the KII participants also talked about the creation of jobs from CBT projects and increases in income, saying “The job opportunities and income are increased. For the whole year, we had only five months to work in the past but now we can work the entire year.”

Table 2: The Environmental Impact of CBT on Myaing

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	CBT creates a sense of love and care for natural resources and the environment among community members	51.4%	45.7%	2.9%	0%	0%
2	CBT increases an awareness of natural resources among community members	51.4%	45.7%	2.9%	0%	0%
3	Systematic waste management has been developed because of CBT	48.6%	48.6%	2.8%	0%	0%
4	Systematic wastewater management has been developed because of CBT	42.9%	48.6%	5.7%	2.9%	0%
5	CBT creates a waste problem	14.7%	11.8%	8.8%	44.1%	20.6%
6	CBT creates a water shortage	2.9%	2.9%	14.7%	55.9%	23.5%
7	CBT creates a wastewater problem	3.1%	9.4%	12.5%	43.8%	31.3%
8	Deforestation is increasing because of CBT	0%	0%	5.9%	52.9%	41.2%
9	Natural scenery is damaged by many constructions related to CBT	0%	0%	11.8%	55.9%	32.4%

Hardly any of the respondents thought that natural scenery would be damaged by the large amount of construction related to CBT. A no-plastic zone is to be found in the community. One of the KII participants said:

“Visitors are encouraged to plant a tree and doing this aims to raise awareness for environmental conservation. We also have special talks by experts like U Tun Lwin, weather forecast expert on natural disaster risk reduction. We have come to have more knowledge on environmental protection through participating in the talks. We did not have this kind of opportunity before.”



Table 3: The Social Impact of CBT on Myaing

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	CBT improved the electricity in the community	36.1%	36.1%	22.2%	5.6%	0%
2	Local roads have been developed to a good condition to facilitate CBT	33.3%	50%	13.9%	2.8%	0%
3	The water supply system has been improved to facilitate CBT, which also can reduce the problem of drought in dry season	27.8%	47.2%	16.7%	8.3%	0%
4	CBT creates the problem of land sales	2.9%	11.8%	5.9%	61.8%	17.6%
5	The number of immigrants in the community has increased because of CBT	5.7%	14.3%	22.9%	42.9%	14.3%
6	The number of emigrants has increased because of CBT	5.7%	8.6%	8.6%	48.6%	28.6%
7	Drug problems have increased because of CBT	5.7%	8.6%	0%	60%	25.7%
8	Conflicts between tourists and community members have increased	2.9%	2.9%	11.4%	51.4%	31.4%

One of the KII participants also discussed the social impact of the CBT projects as follows.

“Along with the CBT initiatives, healthcare is given priority for the community and we can now access a clinic for both visitors and community members. Starting from this year, education has also been getting better.”



Table 4: The Cultural Impact of CBT on Myaing

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	Community members have improved their language skills from communicating with foreign tourists	29.4%	58.8%	8.8%	2.9%	0%
2	Community members acquire new knowledge from communicating and talking with tourists	47.1%	44.1%	8.8%	0%	0%
3	CBT helps preserve local culture, traditions, customs and wisdom	44.1%	47.1%	5.9%	0%	0%
4	Local people change their way of life due to CBT	31.4%	48.6%	14.3%	5.7%	0%
5	Teenagers are exposed to modern fashion (e.g. short pants, spaghetti straps, strapless) because of the increasing number of tourists	11.4%	17.1%	37.1%	25.7%	8.6%

One of the KIIs also said that “the traditional culture was almost fading away, but now it has come alive and we are even able to promote it as we present to the visitors.”

Community Participation in Thandaunggyi

Fig. 6: Do you, in any way, provide services or products to visitors?

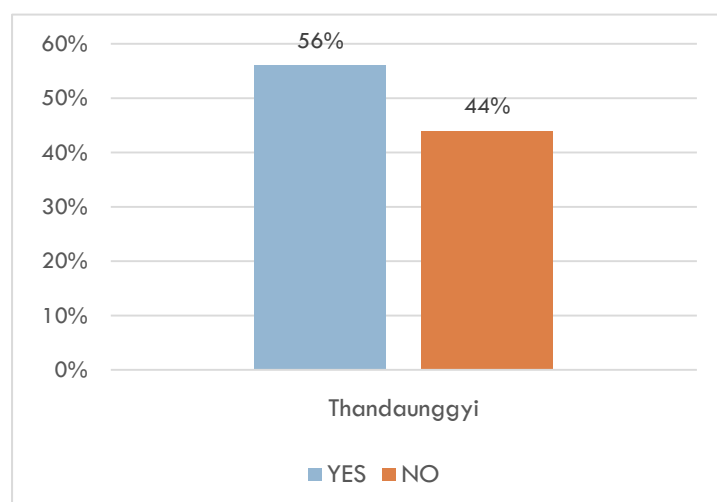




Fig. 7: Have you been involved in any type of meeting where you discussed tourism development in your community?

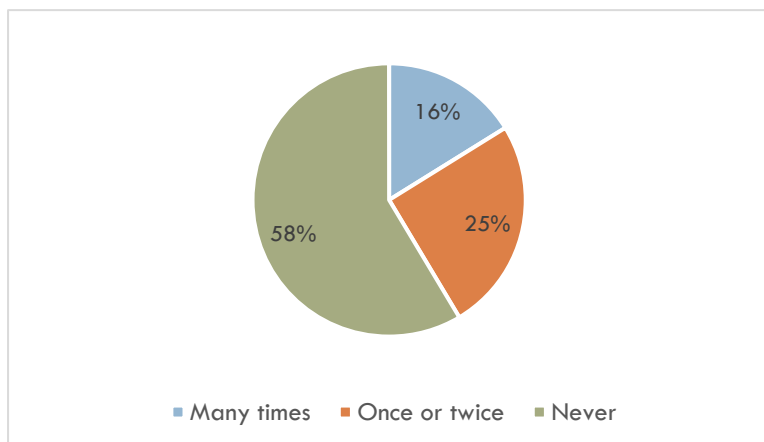


Fig. 8: Have you been asked about your opinion on tourism by those who plan tourism development?

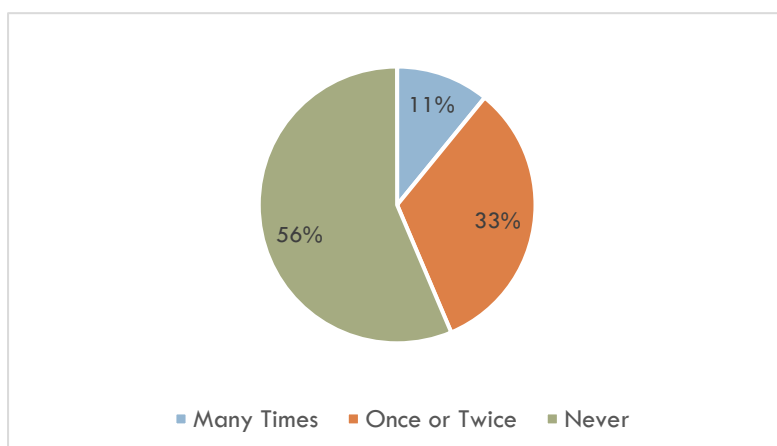


Fig. 9: When major decisions concerning tourism development in your community were made, were you informed?

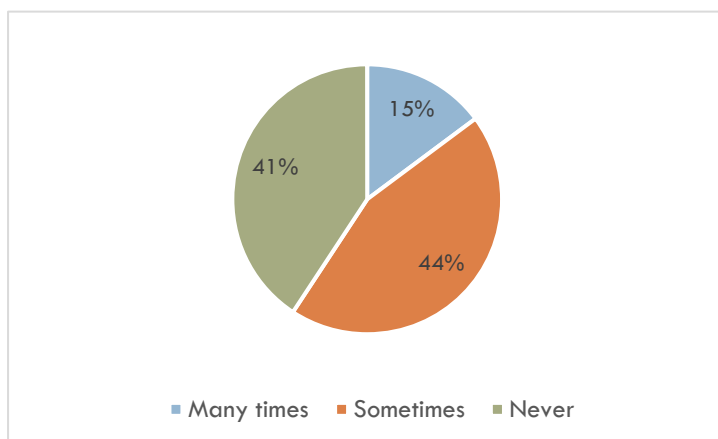
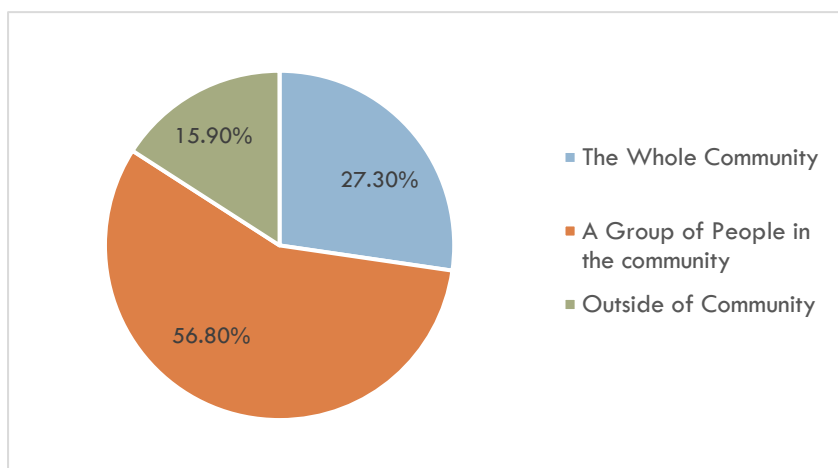




Fig. 10: Who you think primarily makes major decisions concerning tourism development in your community?



The key informant interviewees also mentioned that a CBT working committee took on the decision-making role. The interview with the key informant interviewee stated that the participation of the community in the CBT initiatives was low in terms of percentage. In addition, IDI participants described community involvement in the tourism development process as follows.

“Only church leaders, B&B owners and some youth interested in these projects are involved. More participation from the community members is needed.”

“The involvement of community members is weak although working groups and the B&B committee meet from time to time for the project.”

The level of participation of women and youth was hard to gauge according to one of the key informant interviewees.



Impact of Thandaunggyi's CBT initiatives

Table 5: Economic Impact on Thandaunggyi

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	Household income has increased because of tourism	16.1%	44.6%	19.6%	5.4%	14.3%
2	Younger generations are able to earn additional income from doing tourism-related jobs	14.3%	42.9%	21.9%	7.1%	14.3%
3	Tourism creates many new jobs in the community	10.5%	49.1%	14%	21.1%	5.3%
4	Community members have better well-being because of tourism	14%	40.4%	24.6%	10.5%	10.5%
5	Tourism encourages wide profit distribution in the community	11.5%	42.3%	26.9%	11.5%	7.7%
6	There are additional commercial opportunities and services related to tourism available for local people	14.3%	44.6%	19.6%	10.7%	10.7%
7	Local products can be sold at higher prices	19.3%	36.8%	21.1%	8.8%	14%

The KII participants did not seem very satisfied regarding the creation of jobs. One of the participants commented that “Not many job opportunities have been created yet, but it is expected to create more employment as the project is intended to expand after tourism-related training is provided to the community members.” One of the KII participants also said that “the volume of sales for honey, tea and coffee has increased along with the initiation of CBT in the community.



Table 6: Environmental Impact on Thandaunggyi

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	CBT creates a sense of love and care for natural resources and the environment among community members	19.6%	39.3%	14.3%	8.9%	17.9%
2	CBT increases an awareness of natural resources among community members	12.5%	41.1%	21.4%	17.9%	7.1%
3	Systematic waste management has been developed because of CBT	12.7%	36.4%	16.4%	20%	14.5%
4	Systematic wastewater management has been developed because of CBT	10.75%	33.9%	25%	23.2%	7.1%
5	CBT creates a waste problem	12.7%	23.6%	27.3%	23.6%	12.7%
6	CBT creates a water shortage	13%	16.7%	20.4%	38.9%	11.1%
7	CBT creates a wastewater problem	14.8%	25.9%	10.7%	27.8%	14.8%
8	Deforestation is increasing because of CBT	15.1%	13.2%	13.2%	41.5%	17%
9	Natural scenery is damaged by many construction projects related to CBT	10.9%	29.1%	14.5%	32.7%	12.7%



Table 7: Social Impact on Thandaunggyi

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	CBT improved the electricity in the community	7.1%	32.1%	30.4%	19.6%	10.7%
2	Local roads have been developed to a good condition to facilitate CBT	8.9%	42.9%	19.6%	14.3%	14.3%
3	The water supply system has been improved to facilitate CBT, which also can reduce the problem of drought in dry season	3.8%	28.3%	26.4%	32.1%	9.4%
4	CBT creates the problem of land sales	17%	30.2%	17%	24.5%	11.3%
5	The number of immigrants in the community has increased because of CBT	9.4%	30.2%	35.8%	15.1%	9.4%
6	The number of emigrants has increased because of CBT	9.4%	20.8%	30.2%	28.3%	11.3%
7	Drug problems have increased because of CBT	15.1%	30.2%	15.1%	20.8%	18.9%
8	Conflicts between tourists and community members have increased	11.8%	21.6%	31.4%	17.6%	17.6%



Table 8: Cultural Impact on Thandaunggyi

No	Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	Community members have improved their language skills from communicating with foreign tourists	16.4%	50.9%	9.1%	12.7%	10.9%
2	Community members acquire new knowledge from communicating and talking with tourists	13%	55.6%	7.4%	14.8%	9.3%
3	Meeting outsiders provides valuable experience for local people as they can learn about different cultures and knowledge from tourists	14.8%	50%	11.1%	13%	11.1%
4	CBT helps preserve local culture, traditions, customs and wisdom	16.7%	40.7%	27.8%	9.3%	5.6%
5	Because of CBT, local people of all ages are proud of their unique culture	18.5%	38.9%	20.4%	13%	9.3%
6	Local people change their way of life due to CBT	11.5%	38.5%	23.1%	13.5%	13.5%
7	Teenagers are exposed to modern fashion (e.g. short pants, spaghetti straps, strapless) because of the increasing number of tourists	11.3%	28.3%	34%	15.1%	11.3%

One of the IDI participants also highlighted the value of culture as follows:

“We can showcase our traditions, culture and places to visitors. For instance, the Karen traditional dress is rarely worn except on special occasions for the Karen people. Now we have come to value our culture and dress more and more for the visitors are proudly wearing our dress.”



Conclusions and the Way Forward

The findings mentioned above have highlighted the participation of the communities in Myaing and Thandaunggyi's CBT initiatives as well as the economic, social, environmental and cultural impacts of CBT on them respectively. It would be hard to compare the situation of Myaing and Thandaunggyi in every detail as these two CBT projects have very different backgrounds and their operations have only been in place for a year. Nevertheless, from the lessons and experiences of both areas, it would be of interest to explore what kind of model could be developed to further apply and promote CBT in other areas and communities. According to the findings, however, both initiatives have community participation: women's participation is equal in Thandaunggyi while more women participate in Myaing. This seems to relate to the policy of women's involvement in community development required by ActionAid Myanmar.

The management of Myaing's CBT initiatives is mostly done by ActionAid Myanmar at the moment as the community members are not yet capable of handling communications with the tour agency, but it is said the entire management will eventually be transferred to the community. In Thandaunggyi, the community members only receive technical support from external partners and the community members themselves have to manage and carry out CBT activities. Individual community members from Thandaunggyi's CBT own and run small businesses through providing B&B services while community members from Myaing's CBT cooperate collectively for food and other initiatives. This highlights the involvement of local people in the CBT initiatives of Thandaunggyi and Myaing. In addition, a participatory approach or the so-called "bottom up" method fits in the cases of Myaing and Thandaunggyi's CBT initiatives as the promotion of community participation at the grassroots, equity and empowerment for community members are integrated in CBT initiatives of Myaing and Thandaunggyi.

According to Community Involvement in Tourism Policy (CIT), the participation of the community in Myaing and Thandaunggyi's CBT initiatives could be said to meet the medium level of community involvement as community members participate in CBT initiatives. However, control of management and decision-making still has some way to go. In terms of community mobilization or CBT initiatives, the four villages of Myaing's CBT are well organized as ActionAid Myanmar had a good relationship and engagement with the community for several years prior to developing CBT. In Thandaunggyi, community mobilization for CBT initiatives seems a bit weak. This could be partly because Thandaunggyi was identified as an unstable area for travel during the conflict period between the KNU and the government, and collaboration between non-profit organizations and community members seemed rare, and thus the community mobilization in Thandaunggyi is different from Myaing's CBT. Another aspect would be that Thandaunggyi's CBT site is geographically larger than that of Myaing's CBT. Regardless, community mobilization for CBT initiatives in Thandaunggyi should be done through community advocacy in the long run so that a larger number of community members are well informed and involved in further development of CBT and thereby the participation of local people in tourism development will be promoted.

The CBT initiatives of Myaing and Thandaunggyi are seen to be in line with almost all of the CBT principles set by ASEAN, but neither of the initiatives seems to be paying much attention to linking



their existing CBT developments to the local and regional economic growth. The degree to which national and local governments work together to create an ideal niche for Myanmar in supporting the growth of tourism and in particular its value chain could be strengthened. An understanding of the people who influence the agenda for tourism where community-based participation can be properly scaled up should be studied further. Apart from emphasizing the creation of jobs, income generation, community development, environmental conservation, and cultural promotion through CBT development, there should be a focus on the integration of the CBT initiatives of Myaing and Thandaunggyi with local and regional economic growth in order to increase the GDP of the respective region and state. Thus, both the Myaing and Thandaunggyi CBT initiatives should put more effort into highlighting the importance of developing CBT for rural and regional economic growth and thereby advocate the benefits of CBT initiatives to policy makers and government.

With regards to the impact of CBT initiatives on the host community in terms of social, economic, and culture, both CBT initiatives seem to have more positive than negative impacts on their communities. This does not mean, however, that this situation will remain the same in the coming years and thus the CBT initiatives of Myaing and Thandaunggyi should be prepared for possible negative impacts of developing CBT on host communities in the long run. In doing so, case studies of CBT initiatives from ASEAN countries and setting strategic policies for CBT initiatives will be of vital importance to handling and lessening the negative impacts on the community. Further exploration of the environmental impact is also needed.

The CBT initiatives of Myaing and Thandaunggyi take different approaches to operation. As the CBT initiatives of Myaing and Thandaunggyi emerged from different backgrounds and political settings, they possess characteristics of their own. While Thandaunggyi's CBT initiatives were mainly adopted as a development means and appeared out of the backdrop of keeping sustainable peace between the KNU and the government and to support people living in the conflict-affected area, the CBT initiatives of Myaing emerged from the background of supporting rural farmers and to help them generate extra income after their harvesting period. Both Myaing and Thandaunggyi's CBT initiatives are officially recognized by government officials and have the involvement of INGOs which provide technical support for CBT initiatives. Most importantly, community participation is taken into account in both Myaing and Thandaunggyi's CBT development. In the case of Myaing, the connection with the private sector also plays a critical role for the marketing of CBT initiatives. However, it is too soon to assume that the two CBT initiatives of Myaing and Thandaunggyi will be sustainable in the long run.

Local economic development (LED) supports sector-specific programs to develop competitive value chains and creates opportunities for networks of enterprises to actively participate in the local economy and benefit from greater global market linkages, either through sector driven initiatives or economic clusters. LED encourages improvement in the investment climate which can lead to an enabling environment to create and retain jobs and improve local incomes. LED provides a framework for governance that can stimulate synergies among local and national government partners while enabling a vision of economic transformation leading to sustainable and inclusive patterns of growth in a defined territory.

As many more CBT initiatives are expected to appear in the future and the concept of CBT



attracts many more rural communities in Myanmar, CBT developers should learn from the cases of Myaing and Thandaunggyi. In addition, a solid strategy for CBT initiatives, the participation of community members, networking with the private sector and recognition of government are some of the key considerations for new, emerging and potential CBT initiatives.



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Appendix I: Methodology

For this research, a mixed method of quantitative and qualitative approaches was employed. Survey questionnaires, key informant interviews and in-depth interviews were applied for data collection. 57 surveys, 4 key informant interviews and 2 in-depth interviews were conducted for Thandaunggyi's CBT projects while 37 surveys, 2 key informant interviews and 2 in-depth interviews were done for Myaing's CBT initiatives. Survey Questionnaires were adopted from the study Community-based tourism: local participation and perceived impacts by Liedewij van Breugel. Purposive sampling and snow ball sampling techniques were applied to the survey questionnaires in order to fulfill the purpose of this study through inviting participants involved in the CBT initiatives. Prior to responding to the survey and interview questions, participants were asked to take part voluntarily in the study and they were allowed to stop or not answer if they found the questions difficult to respond to.

The data collection in Myaing took place from October 3-5, 2016 and in Thandaunggyi from September 26-29, 2016. Surveys were delivered to participants and collected after their completion. For the key informant interview (KII) and in-depth interviews (IDI), interviews were primarily conducted in the Burmese language. The majority of participants were those who are involved in the process of CBT initiatives of respective communities. The manager, chairperson of the CBT initiatives and tour operators were involved as in-depth interviewees while B & B owners, officials from the General Administrative Department and community leaders took part as key informant interviewees.

For the data analysis, SPSS software was employed for the quantitative data and content analysis was applied for qualitative data. A coding table was developed and reading, rereading approaches were used for interpretation and categorizing the subtopic of the data from KII and IDI interview scripts.



Appendix II: In-depth Interview and Key Informant Interview questions for CBT in Myaing and Thandaunggyi

Name/ Age/ Education/ Gender

General questions

- How long has CBT been running in this community?
- Who initiated the community-based tourism development in your community?
- Why did you want to develop CBT in this community?
- Why do you think CBT is best suited to this community?
- What are the attractions and destinations in the community for visitors and tourists?
- Please tell us about the operation of CBT in the community briefly?
- Roughly, how many of tourists and visitors come and visit this place?
- Who are the majority of visitors? (national or international)

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Participation in CBT

- How much of the local community is involved in CBT?
- What is the percentage of the participation of women and youth in the development of tourism in your community?
- Do they participate in the meetings and discussions regarding CBT?
- Who is involved in the decision-making about CBT?
- How are you involved in CBT?
- Impact of Tourism
- What are the economic impacts of implementing CBT in the community? (e.g. job opportunities and income increase)
- What are the environmental impacts of implementing CBT in the community? (conservation of forest, water and land)
- What are the social impacts of implementing CBT in the community? (getting better education, transportation, hospital)
- What are the cultural impacts of implementing CBT in the community? (cultural exchange, culture maintenance)



Appendix III: Structure and Timeline of the Thandaunggyi Tourism Development Working Group



Meeting	Outcomes
December 2014	Structure and objectives of group decided; agreed to apply for overnight stay permit for international visitors
January 2015	Assessment visits to nearby tourist sites, planned hospitality training
March 2015	Discussion of the license approval process
May 2015	Attendance of Ministry of Hotels and Tourism official to advise on licensing process, agreement to send a community member for further hospitality training
July 2015	Planning for tour conductor training, marketing for foreign tourists, and waste management in the town



Broken Future

A study of Ethnic Kachin Students (from Kachin Independence Organization-controlled areas) in the current Myanmar Education System

Naushawng Development Institute

Myitkyina, Myanmar

July 2017

Introduction

It is the case that ethnic Kachin students who transfer from the Kachin Independence Organization-controlled area face unequal treatment and difficulty. Although much unequal treatment and discrimination exists in Myanmar, this issue has remained unmentioned even as political, economic and social reforms, including education reforms, take place in Myanmar and armed conflict occurs. Notably, this difficulty increased following the breakdown of the ceasefire and resumption of fighting in 2011. But this study focuses on the possible discrimination in the current education system since equal access to education is a basic right. In order to understand the students who are transferring to government schools from the KIO-controlled area, a number of interviews were conducted with students and parents who live in both KIO-controlled area and the government-controlled area, as well as teachers, education officials, and social workers, especially those who are working in education.

In this report, the key issues that arise through analysis of interviews, press, and reports are education policy and law, both domestic and international. It also provides a general background on the conflict related to education and its effects on current education policy and law. In the main section, there will be mention of the discrimination in the current education system of Myanmar, the students who become the victims of political conflict that also leads to a loss of trust in the government and that also might affect ethnic national reconciliation. Last but not least we will also include some case stories.

It is the hope that this report can contribute to these efforts in Kachin as well as Myanmar and spark further research and greater discussion about the needs of ethnic Kachin students who are coming from the KIO-controlled area and the protection of human rights, including the right to non-discrimination.



Methodology

This research study focuses on qualitative research which included group discussions and in-depth interviews. The research included 15 discussions which were conducted from January to March 2017 with 10 students, two parents, one education officer from the Kachin Independence Organization, and three NGO employees who are working on education issues in Kachin State.

The students interviewed range in age from fourteen to twenty. The snowball sampling method was used to find interviewees. The purpose of the interviews was to document the issues these particular Kachin Students from KIO-controlled areas faced when attempting to access education in government-controlled areas in Kachin State. The study was conducted in Myitkyina, Wai Maw and Laiza, but this study does not necessarily represent the broader situation of all Kachin students in Kachin State. Most interviews were assisted by social workers and were conducted with students living in easily accessible areas. However, the majority of students in Kachin state are difficult to access for interviews as they are widely spread throughout the state.

However, all of the issues that arise in this report highlighting the situation of Kachin students include the perception of NGO and social workers, as well as the parents of these students in general. Our research suggests the need for more extensive studies focusing on the difficulty that Kachin students face in government schools and provides the basis for an analysis of the relevance of equal opportunity to access to education in government schools under the just law.

A brief history of education and conflict in Myanmar

The origins of the conflict in the country can be tracked back into in the pre-colonial period in Myanmar. Before the British colonists came in, the Burmese territory was home to different kingdoms. While the Burmese military always claims that the British colonists caused the divide among ethnic groups, members of minority ethnic groups feel that the internal extension of the Burman king, or Burmanization, of minority ethnic areas caused mistrust between the majority Burman and minority ethnic groups in Myanmar. During British rule, the Burmans were excluded from the military while other ethnic groups like the Karen, Kachin and Chin were favored. Even during World War II the Burmans were allied with Japan while other ethnic Karen and Kachin fought against Japan along with the British.¹⁰³ Before withdrawing from Burma, the British tried to unite all of the ethnic groups to live together in the territory of Burma. As a result, the Panglong Agreement of 1947 was made promising autonomy to minority ethnic groups for internal administration, rights and privileges, which are regarded as fundamental in democratic countries.¹⁰⁴ But the new government failed to implement the promise, and the ethnic Karen started an armed rebellion in 1949, and other various ethnic armed groups were formed in the following years and fought against the central government. On February 5, 1951, a group of Kachin students formed the Kachin Independence Organization (KIO) and rebelled

¹⁰³Kyaw Yin Hliang, the Politics of Languages Policy in Myanmar

¹⁰⁴Panglong Agreement, 12 February 1947,

http://peacemaker.un.org/sites/peacemaker.un.org/files/MM_470212_Panglong%20Agreement.pdf



against the central government.¹⁰⁵ Myanmar's prolonged civil war and conflict have existed since independence in 1948.

In the process of nation building, the successive Myanmar governments were unable to define the concept of Myanmar national identity by promoting and prioritizing the Burman majority language and culture while excluding other ethnic groups. As a consequence, ethnic minorities felt like second-class citizens in Myanmar and faced forced assimilation. For example, only the Burmese language has been used as an official language since independence while other ethnic languages are even not allowed to be taught in most of the country.

These long-standing conflicts led to the development of parallel education systems in conflict-affected areas, with government, ethnic armed opposition groups, faith-based providers and community-based schools providing education. These groups are both with and without links to the government education system or ethnic armed opposition groups.¹⁰⁶ In 1994, the Myanmar government and KIO made a ceasefire agreement, but it was broken in 2011 because a political solution was never reached. During this period, the Kachin independence Organization shared the same education policy as the Myanmar government.¹⁰⁷ For example, students from KIO areas were allowed to take exams of grade 11 while teaching the same curriculum, but there was never a formalized, written agreement, and the situation changed rapidly after the ceasefire was broken in 2011. Now, as Myanmar transitions to a better democracy from the previous authoritarian regime, the successor Aung San Suu Kyi, leader of the NLD government, committed to political dialogue through so-called 21st century Panglong conferences. Since the peace process was started in 2011 by President Thein Sein, bilateral ceasefire agreements have been signed with 14 ethnic armed groups.¹⁰⁸ The government invited all of the ethnic armed organization EAOs to sign the Nationwide Ceasefire Agreement (NCA), but most EAOs demand all-inclusiveness and a review of the NCA framework. At the same time, fighting is intensifying, especially in Northern Shan and Kachin States, the NCA remains fragile, and the supporting peace process by the Tatmadaw still remains fraught with challenges. It does not seem as though the NLD government is able to convince them.

Despite their importance, health and education issues have not been part of the discussion during the peace process. More progress has to be made regarding education and health in order to raise these issues in the peace process and political dialogue. Even though the conflict is ongoing, these two issues should be on the table and urgently need to be discussed. Otherwise, many Kachin students, especially those from KIO-controlled areas, will continue to face difficulties joining schools in government-controlled areas, losing their dreams as they are left behind. This in turn creates further misunderstandings and mistrust with the government and might lead to more tension and gaps in national reconciliation.

¹⁰⁵ <https://bugashihtawn.wordpress.com/labau/>

¹⁰⁶ Polina Lenkova, Conflict Sensitivity in Education Provision in Karen State, December 2015, publish by Thabyay Education Foundation, p-7

¹⁰⁷ Interview, officer from the KIO education department, 2/3/2017

¹⁰⁸ Polina Lenkova, Conflict Sensitivity in Education Provision in Karen State, December 2015, publish by Thabyay Education Foundation



As the steps of education were reformed, President Thein Sein's government approved the new National Education Law in September 2014 despite many criticisms. Later, the NLD government amended the law again as the National Network for Education Reform (NNER), which consist of hundreds of students and education organizations in Myanmar, demanded 11 points that including an amending of the current exam and university entrance systems, the adoption of teaching methods that ensure that students develop independent thoughts; and the guarantee of freedom for the languages of all national ethnic groups and inclusion of mother-tongue-based multi-lingual education.¹⁰⁹

The Myanmar National Education Law and fulfillment of international obligations

As we all are living in one country, everyone should have equal opportunities for education regardless of ethnicity or political opinion. The law of the government should not discriminate against anyone or leave them behind, and the government has a responsibility to ensure that everyone is equal before the law. According to Myanmar's National Education Law Chapter 3 section 4(a), "Every citizen shall join in the effort to develop and improve education."¹¹⁰ Moreover, Myanmar is a signatory country of the International Covenant on Economic, Social and Cultural Rights (ICESCR) and therefore is responsible for following the obligations outlined in this agreement. In the convention, Article 13-1 states that "The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace"¹¹¹ Myanmar is also a member and signatory country of the Convention on the Rights of the Child (CRC) and therefore needs to follow and implement it. In the Convention, Part I Article 2 No.1 states that "States Parties shall respect and ensure the rights set forth in the present Convention to each child within their jurisdiction without discrimination of any kind, irrespective of the child's or his or her parent's or legal guardian's race, color, sex, language, religion, political or other opinion, national, ethnic or social origin, property, disability, birth or other status."¹¹² The government has to follow the international obligations they have agreed to and remove the laws that are contradictory to these obligations, creating laws that treat everyone in the country equally.

¹⁰⁹<http://elevenmyanmar.com/local/govt-accepts-students%E2%80%99-demands-principle>, Accessed on 20,4,2017

¹¹⁰National Education Law, 30 September 2014, www.asianlii.org/.../laws/nel2014h

¹¹¹International Covenant on Economic, Social and Cultural Rights, <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx>

¹¹²Convention on the Rights of the Child, <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx>



Main findings

Discrimination

Kachin students from KIO-controlled areas face discrimination when they transfer and join schools in government-controlled areas. The word “Illegal student”¹¹³ is an extremely discriminatory term that most of the students have heard as an accusation from teachers and friends. This term also carries the meaning of “outlaw” or “rebel student” and indicates marginalization from the school community. The Burmese language has been predominantly used as the official language of the country since Independence Day. Most Kachin students do not speak Burmese well because schools in the KIO/KIA-controlled areas use Kachin as the medium of instruction (Jinghpaw). Despite the language difference, they follow the same curriculum as the Myanmar government. This makes it difficult for Kachin students who transfer schools to follow subjects taught in Burmese, and some students have been laughed at by friends and even teachers for their poor pronunciation or speech. This is especially true of those who attend Burman majority schools.

In 2015, the Myanmar government changed the exam system to require students at the fourth (Grade 5) and Standard 8 (Grade 9) to take government exams. This policy has also been a challenge for Kachin students from KIO/KIA-controlled areas because they have to take the exams even if they have already finished Standard 9 (Grade 10) or Standard 10 (Grade 11) in KIO schools. This results in many Kachin students from KIO/KIA-controlled areas missing the chance to attend school in Myanmar government-controlled areas.

Victims of political conflict

There are over 20,000 students in the KIO/KIA-controlled areas, with around 1000 students taking the matriculation exams held by the KIO education department every year since 2011.¹¹⁴ Some of these students join the programs run by KIO such as nursing, the intensive English program, the teacher training school, the Federal Law Academy, Mai Ja Yang Pre-college, and the agriculture school after finishing Standard 10. However, there are not enough places at these schools to accommodate all of the students who wish to pursue higher education. According to the Naushawng Community School (NCS) student survey, least one third of students who have completed Standard 10 in KIO schools still want to join schools in Myanmar government-controlled areas. Between 1993 and 2011, the KIO/KIA government shared the same education policy as the Myanmar government, but this stopped in 2011¹¹⁵ after the conflict resumed.

¹¹³Interviews #1,2,3,4,5,

¹¹⁴Interview with head of KIO education department on 2/3/2017

¹¹⁵Ibid



Table: (1) 2015- 2016 Number of student taking Matriculation Exam in KIO control areas

No	Location	Number of Student in total			Taking Exam			Passed Exam			Failed the Exam			Percentage (%)	
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Passed	Failed
1	Laiza	1019	989	2008	995	976	1971	738	833	1571	255	175	430	80.00%	20%
2	Special Region Hpare	126	113	239	126	113	239	81	95	176	45	18	63	73.60%	26.40%
3	Alen Bum School	320	542	862	320	542	862	130	291	421	190	251	441	48.84%	51.16%
4	Central Division	2627	2616	5243	2601	2514	5115	1861	2113	3974	737	404	1141	77.70%	22.30%
5	Eastern Division	2826	3101	5927	2821	3098	5919	1889	2405	4294	932	693	1625	72.70%	22.30%
6	Southern Division	403	312	715	370	279	649	325	253	578	45	26	71	89%	11%
7	Western Division	1088	1076	2164	1083	1074	2157	833	898	1731	248	178	426	80.25%	19.75%
8	Northern Division	2579	2564	5143	2514	2508	5022	1808	1554	3362	706	954	1660	67%	33%
	Total	10988	11313	21801	10830	11104	21934	7665	8442	16107	3158	2699	5857	73.30%	27%

Source: Kachin Education Department

During the 17-year government-KIO ceasefire (1994-2011), the KIO Education Department put its students through MOE exams at all levels, allowing them to transfer more easily and to matriculate with government-recognized qualifications. However, since the ceasefire broke down in 2011, these ties have been cut, and according to South and Lall, an official Kachin State government decree was issued disallowing these students from taking the exams.¹¹⁶

Table: (2) 2012-2013 Student list of Fail and Passed the Matriculation Exam (Grade 11)

No	School Name	Student in total			Taking Exam			Failed			Passed			Percentage	
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Passed	Failed
1	High School Laiza	36	93	129	36	92	128	16	36	52	20	56	76	41%	59%
2	High School Mai Ja Yang	33	62	95	33	62	95	20	35	55	13	27	40	58%	42%
3	High School N-Gum La	11	12	23	11	11	22	3		3	8	11	19	13.64%	86.36%
4	Htoi Ningshawng	8	7	15	8	7	15	6	5	11	2	2	4	73.33%	26.67%
5	External	4	4	8	4	3	7		2	2	4	1	5	28.57%	71.43%
	Total	92	178	270	92	175	267	45	78	123	47	97	144	46.07%	53.93%

Source: Kachin Education Department

During the ceasefire period, the Myanmar government and KIO had a verbal agreement which allowed students attending Standard 10 (Grade 11) in KIO schools to take the matriculation exam in Myanmar government-controlled area schools. But this verbal agreement ceased when the conflict resumed and the Myanmar government changed its system to only allow exams in the eighth standard. This also could mean lower grades for the KIO education and let them enter into the legal fold. There has been no further discussion over education or health issues since then, even during the peace process negotiation. Those students become the victims of political conflict and their dreams have vanished because of the political conflict that has now lasted over six decades.

Moreover, if the situation continues like this, there will be further misunderstandings between the KIO and the government and likely lost trust from the Kachin people as well. That will have a direct or indirect impact on the current peace process, and the wider gap will also affect ethnic national

¹¹⁶Kim Jolliffe and Emily Speers Mears, *Strength in Diversity: Towards Universal Education in Myanmar's Ethnic Areas*, published by The Asia Foundation, October 2016.



reconciliation. Therefore, education should not be politicized by any party and the needs and future of the students who are potential resources for the development of the country should be put first.

The integration of Kachin Students into the Myanmar education system will be beneficial to both sides. This also means an expansion of the workforce which directs greater benefit to the country's economic development. The creation of difficulty or refusal to allow Kachin students to join government schools will hinder the integration of the Kachin people in Myanmar.

Case stories

Case One

My name is Dumhpau Hkawn, and I am 21 years old. I finished Standard 10 in the 2012-2013 school year from high school in Laiza. After that I was thinking of attending nursing school, but it was not possible because my mother could not support me. But one day I received information from my relative who lives in Mai Ja Yang about a French food cooking training program in Yangon. I was able to join the program for one year, and then I worked at an Italian restaurant in Yangon as soon as the training course finished. At that time, I received the bad news that my mother was sick and she asked me to come back home. I was preparing to attend Standard 10 at Mingalardone high school in Yangon, and the recommendation from my high school had already been received. But I resigned from my job and just went back home because my mother was really sick.

Even though I am home, I am always thinking of taking the matriculation exam at a Myanmar government school one day. Later I managed to join a boarding school in Waimaw and tried to attend Standard 10 (Grade 11) around June 2016 but failed. At that time, only my father supported me in trying to attend the Standard 10, but most of my family members and friends were saying that I was crazy. In the beginning, we were informed that it was possible to attend Standard 10 and we believed the government would allow it. But later we were informed that it was not possible to attend the school or to take the matriculation exam. The teacher told us we are only allowed to take the Standard 8 (Grade 9) exam and then attend Standard 9 if we passed the exam. I told our teacher that I don't have time and money to live at this boarding school and attend Standard 9 the whole year and had only prepared to attend Standard 10. Later, they told us that we could go back to home for a while since we were finished taking the Standard 8 exam, and could return to take the Standard 9 exam in May as distance education. The teacher also told us we better take the Standard 8 exam even if we don't have time to attend Standard 9 because it is legitimate already.

I want to finish Standard 10 in the Myanmar government school because from my experience working in Yangon, most of my friends from Yangon were able to join the university as distance education while they worked and later they earned a university degree. But we are unable to do this because KIO cannot provide us with distance education. Nowadays, every job requires a degree, but for us the education is over. Our Standard 10 is not recognized by the Myanmar government and that makes it really difficult to study in the Myanmar government school.

Moreover, we had many difficulties at the time that we stayed at boarding school in Waimaw,



especially financial difficulties. It was also hard to catch up with the study and lessons because I had already taken a break from school while I worked.

Before the conflict resumed in 2011, students from here were able to take the matriculation exam in the schools in Myanmar government-controlled areas. Therefore, I think the Myanmar government is putting pressure on us even though most students from this area want to join the government school. I would openly say that the Myanmar government is suppressing us.

I want to tell the Myanmar government to recognize the education of KIO, for example, whether we pass the matriculation from the KIO or the Myanmar government schools, they should have to recognize them both as equal. We study the same subject and lessons, and the Myanmar government should not discriminate against us saying their education is better than here. They have to recognize and accept the quality of our education. That will be good for everyone.

When we first arrived at the Myanmar government school, they thought that we came from the jungle and knew nothing. But later they found out that most of the students who come from KIO-controlled areas are more outstanding than the students who are from Myanmar government schools. In the beginning, we also worried and lacked confidence that we would be able to follow the class because they looked down on us. But later we found that we are not bad compared to them.

Some teachers also looked down on us and divided us because we don't speak Burmese very well and they told us "You come from the KIO/KIA school which is illegal." If a teacher wanted us to say something they would point and say "The student who is from the illegal school, stand up."

My dream is to serve my people as much as I can. I really admire politicians and I don't want to join the army, but I want to do something for my people by working in an NGO. As for my future plans, I am planning to attend pre-college in Mai Ja Yang. After that I will work as a teacher.

Case Two

My name is Htoi Nan; I am 19 years old. I finished Standard 10 (Grade 11) at a high school in Laiza. But I attended school in my hometown, Bansau Village, until Standard 7. I just moved to Laiza as an Internally Displaced Person (IDPs) in 2011 after the fighting resumed. I tried to attend Standard 10 at a school in the Myanmar government-controlled area in 2016 but failed. I joined the Intensive English Program in Mai Ja Yang after I finished high school in Laiza. I would like to take the matriculation exam in a Myanmar government school because the graduate certificate of Standard 10 recognized by the Myanmar government is required whenever you are going to study higher education in Myanmar. Before there were no problems when you went to join the Myanmar government schools, and I don't know why we were not allowed to attend this year. We were allowed to attend by taking the entrance exam before, for example, I needed to take the Standard 9 entrance exam if I wanted to join Standard 10. But this year, we were only allowed to take the Standard 8 exam even though we finished Standard 10. Therefore, we just took the Standard 8 exam at No. 2 Basic Education High School (B.E.H.S), Wai Maw and returned home. I was very upset at that time because I just took the test, while not everyone agreed to do that. In the beginning, I was full of dreams that I would pass the matriculation exam with many distinctions. But in the end I couldn't accomplish my mission.

At that time, there were many military vehicles passing in the areas almost every day while we



were also barred from attending Standard 10. I feel very upset that the Myanmar government is discriminating against us so much. In the school, teachers told us we need to take the Standard 8 exam because this makes you legitimate if you are coming from an illegal school. They also said that we can attend Standard 10 if we like, but we were not permitted to take the matriculation exam in the end.

In order to solve this problem, the leaders of both parties have to consider not harming civilians on the matters of education, health and the economy, even though the military fighting means these should be separated. The Myanmar government should not block students who come to attend their schools, because that really harms the future of children and also has a negative impact on the development of this country because this kind of painful experience really destroys their dream. The leaders of both parties have to solve this problem through dialogue.

At present, I am working at a shop owned by Chinese people in Laiza and I have to work from 6:00 AM to 6:00 PM. I want to become a good interpreter in the future.

Experiences of the Philippines and Singapore

The Philippines

The Philippines, like Myanmar, is also a multiethnic and multilingual nation with more than 170 languages. In the Philippines, most Filipinos speak Filipino as their first language but English as a second language. But article XIV of the 1987 constitution, which addresses language policy in education, provides that: For purposes of communication and instruction, the official languages of the Philippines are Filipino and, until otherwise provided by law, English. Regional languages are auxiliary official languages in the regions and shall serve as an auxiliary medium of instruction therein.¹¹⁷ Mother tongue-based multilingual teaching has been successfully integrated in the Philippines, especially in primary education, so that students can express themselves and interact more comfortably in their native languages. This is basic for enriching the classroom experience.

With mother tongue-based multilingual education, students are not only able to easily understand the lessons, thereby increasing student confidence and motivation to learn, but are also able to maintain their culture. This also contributes to the ethnic harmony and peace of the country.

Singapore

Singapore is an island nation and city state, and is one of the most developed countries in Asia. When we look at Singapore in general, it appears to be a Chinese dominant unitary state. But a closer look reveals the language policy in the country. In Singapore, there are three major ethnic groups: Chinese (74.1 %), Malay (13.4 %), and Indian (9.2 %). The remaining 3.3 % are classified by census-takers in the category “Others”, and include Eurasians, usually considered “indigenous”, and anyone else not fitting the other three categories.¹¹⁸ The constitution of Singapore stipulates that “Malay, Mandarin,

¹¹⁷Ricardo Ma. Nolasco, Ph.D. Acting Chair, Komisyon sa Wikang Filipino, THE PROSPECTS OF MULTILINGUAL EDUCATION AND LITERACY IN THE PHILIPPINES, September 17, 2008

¹¹⁸Leimgruber, Jakob RE. "The management of multilingualism in a city-state: Language policy in



Tamil and English shall be the four official languages of Singapore” and specially recognizes the Malay as an indigenous people, with their language as the national language of Singapore.¹¹⁹. This shows respect and recognition of other ethnic minorities in the country. Apart from that however these four official languages are constitutionally enshrined as being equal.

Moreover this kind of multilingual system is beneficial to the education sector as well. There is no racial discrimination in any institutions, which contributes to ethnic harmony. As a result, Singapore has enjoyed economic growth and become one of the richest countries in the world.

Conclusion and recommendations

As the country moves forward with prolonged political conflict and civil war, many Kachin students from KIO/KIA-controlled areas are becoming the victims of this conflict. Myanmar as a signatory country to certain international conventions needs to fulfil its obligations. Thus, the Kachin students from KIO-controlled areas should not be left out of the current education system. Both parties should consider the education of Kachin students from KIO-controlled areas and education should not be politicized, as it harms the education of students. The education issue should be put on the agenda of every peace process and political dialogue between the Myanmar government and the KIO. The government also needs to act as a facilitator in order to create federal education policy that does not leave behind the voices of ethnic minorities and participate in the education reform process. Moreover, a multilingual education policy should form part of a long term, dynamic solution to supporting Myanmar’s rich and unique cultural and ethnic diversity. All stakeholders should coordinate and work together to improve the situation. Education must be the platform that enables the Kachin student integration process effectively.

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¹¹⁹Ibid



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