

Project report

Building on what's there

Insights on social protection and public goods provision from central-east Myanmar

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Building on What's There:
Insights on Social Protection and Public Goods Provision from Central-East
Myanmar

1. Introduction

After decades of military rule in Myanmar, the political and economic transitions now underway are already impacting on the provision of social protection services and public goods at the local level. The progress made towards reaching cease-fires with armed groups around the country has allowed for expansion of the Myanmar government apparatus and services in some of these areas. Government expenditures on health, education, and to a lesser extent social welfare and rural development have increased substantially since 2009¹. Specific groups of individuals such as pregnant mothers and the elderly are now receiving assistance including direct cash transfers from state ministries, largely financed by international donors.² Furthermore, a National Social Protection Strategy is now in place and the newly elected National League for Democracy (NLD) government are planning to expand state-provided welfare, social services and other public goods.³

These are all positive developments. Often ignored in attempts to support livelihoods through state-mediated social protection and public goods initiatives, however, is Myanmar's extensive economy of non-state social protection and public goods provision. Developed over decades of military rule, and partly in response to the lack of state-supported programs, there are numerous and well-developed localized mechanisms of risk-sharing, social protection and public goods provision operating across Myanmar. However, little is known about the relative importance of these networks for households when compared to government support; the extent of the fiscal burden that falls on households; and households' opinions on this system of care.

This brief endeavours to fill this gap by providing initial insights on the dynamics of care and public goods in rural and urban areas of two significantly different but geographically contiguous townships in central-east Myanmar: Buddhist-majority Taungoo township in north-east Bago Region which has been continually administered by the government since soon after independence in 1948; and Christian Karen-majority Thandaungyi township in northern Kayin State, which saw ongoing conflict between the Myanmar military and the Karen National Union (KNU) until a ceasefire in 2012⁴. Large-parts of Thandaungyi remain under mixed government and KNU administration. The proximity and variation between the sample townships presents a unique opportunity to compare systems of social protection and public goods provision as well as perceptions of the government in regions with different histories.

Based on qualitative fieldwork and a 1,000 household survey conducted in both

¹ The share of the Union budget spent on social services increased from 10% to 33% between 2009 and 2015. World Bank. 2015. Myanmar Public Expenditure Review 2015.

² For example see UNICEF. 2015. Social Protection in Myanmar: The impact of innovative policies on poverty.

³ National League for Democracy 2015 Election Manifesto (English), pg 9, 17.

⁴ See Annex 1 for a map of the townships.

townships in early 2016, it is clear that non-state welfare systems and actors are essential to social protection in both areas, shaping expectations of the state and placing a significant burden on households to contribute to these institutions. ‘Convergence’ of state and non-state institutions is thus as much an issue in areas of central Myanmar as it is in ‘mixed’ areas surveyed, a conclusion with potential implications throughout Myanmar. Further research on the roles and interaction of state and non-state mechanisms - especially in different contexts - is needed to inform social protection programmes and the provision of public goods in Myanmar.

The brief is organized into four sections. Section 2 provides an overview of the current system of social protection and public goods provision in the sample townships. Section 3 explores the relative importance of taxation and donations in helping finance the current system as well as perceptions of these contributions. Finally, Section 4 explores lessons that can be learnt by state institutions from non-state mechanisms of care and public goods.

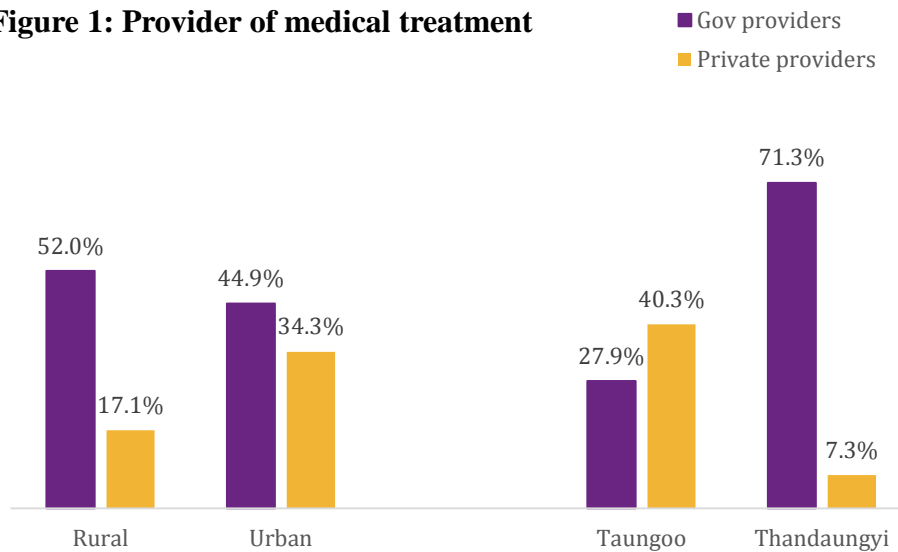
2. Provision of Social Protection and Public Goods

A diverse range of state and non-state actors play a significant role in the provision of social protection and public goods in all areas of Myanmar – including areas entirely under government administration, areas exclusively under the administration of ethnic armed organisations (EAOs), and those under mixed – both government and EAO – administration. Much of the literature on non-state service provision in Myanmar has focused on health and social assistance systems managed by EAOs, and to a lesser extent community-based and civil society organisations operating in these contexts.⁵ The brief complements that work by focusing on provision of health care, education, various forms of other social support, roads and electricity both in areas under exclusive government administration and areas under mixed administration.

Health care

Access to private and government health care varies significantly between townships as private hospitals and clinics are rare in rural and less accessible mountainous areas. As a result the vast bulk of respondents in Thandaungyi reported seeking treatment from government facilities (hospitals and clinics), contrasting with Taungoo where the availability of private clinics and hospitals helps explain why 40% of respondents received assistance from these institutions (Figure 1).

⁵ See Jolliffe, K. 2014. *Ethnic Conflict and Social Services in Myanmar’s Contested Regions*. The Asia Foundation. Yangon.

Figure 1: Provider of medical treatment

Note: Respondents were asked “When you or someone in your family gets ill, where do you seek treatment?”, ranking 1 to 3 from most common to least common.

In both townships there are specific areas where the government is the dominant health-care provider. For example over 60% of respondents who had received assistance for maternal health reported the government as the main source. Interviews and focus group discussions with pregnant women, the majority of whom reported being visited by midwives or attending government-sponsored maternity health centres, corroborate this finding.

In other areas provision of care is more diffuse. With respect to health emergencies and disability care, for example, of the 15% of respondents who reported receiving assistance in the past year, family, neighbours and village associations accounted for the bulk of providers, with only a quarter receiving some form of support from the government.

In view of the reliance on private providers as well as the multitude of costs not covered in government facilities, it is not surprising that out-of-pocket expenses for health care were cited as a significant proportion of household expenditure. Almost 70% of households estimated they spent between 10 and 20% of their income on health with a sizable proportion of families (12%) saying it was their largest cost, outstripping food, accommodation and transportation.⁶

Education

Myanmar’s state education system is the main provider of primary and secondary education throughout much of the country. Faced with decades of chronic funding shortages and civil conflict, however, a number of alternative educational institutions – such as monastic education, community-based schools and EAO education systems– expanded during Myanmar’s authoritarian period. State and region governments have been permitted to issue private school licences since 2012. Private, fee-based education thus comprises a small but growing section of Myanmar’s overall education system. However, government schools remain by far the dominant primary

⁶ Out-of-pocket expenses accounted for 78% of all health care expenditures in Myanmar in 2011, according to the World Bank.

and secondary education provider in the sample townships – especially in rural and mountainous areas such as Thandaungyi.

The 2008 Myanmar Constitution and the Myanmar Ministry of Education do not permit the collection of fees for state-provided education in Myanmar. However, there are a range of other expenses associated with schooling which can form significant barriers to education for children from disadvantaged backgrounds. These include the cost of books, uniforms and exam fees, obligatory contributions to ‘Teacher and Parent Associations’ as well as additional private ‘tuition’ which is offered after-school, often by school-teachers themselves. The survey finds that a variety of institutions assist in allaying these costs for households, the most significant of which is the government itself.

A quarter of households received assistance with unmanageable costs associated with education, including financial payments for curriculum materials as well as additional tuition at various institutions. The government was cited as the largest provider of assistance, followed by NGOs (predominantly in Thandaungyi) as well as family and places of worship. Government support is more common in Thandaungyi and was targeted towards poor households, with 31% of the poorest households receiving government assistance, compared with less than 10% for wealthier households. The significance of state education assistance highlights an acknowledgement that despite official restrictions on fees, the costs associated with education can be prohibitive and form a significant barrier to educational attainment, especially for poorer households.

Social welfare

In both townships, family, neighbours and local welfare groups were by far the most significant providers of social assistance, with national and international NGOs, places of worship, and the government also playing roles.

Food and water insecurity

In the year prior to the survey, 10% of rural respondents reported receiving some form of assistance for extreme caloric or water shortage. National and international NGOs were the most common providers of assistance, followed by family, government and village associations. There was some variation across townships, with rural households in Thandaungyi more likely to receive assistance from NGOs than those in Taungoo who accounted for the bulk of households receiving government assistance.

Flooding assistance

Flooding in the study areas, which are just outside of Myanmar’s ‘dry-zone’, occurs rarely. However, occasional downpours can create major crises for villages, for example in 2014 when torrential rains burst the banks of the river that runs through Taungoo and flooded rural areas east of the town. The survey found that local self-help and welfare groups were the source of more than half of all support provided for flooding crises in the past year, with the government providing support in just over 20 percent of such cases.

Pensions and social insurance

Around 5% of households reported a family member receiving a pension from the government, while 8% of respondents said they were members of the Social Security Board (SSB), the government social insurance scheme financed through employee and employer co-contributions. Despite the range of health services to which SSB members are entitled, their household health expenditure is similar to non-members. This suggests the scheme is not fully utilized, potentially due to lack knowledge about its benefits or, as some SSB staff suggested, the substantial burden of paperwork involved.⁷

Elderly care and funerals

Less than 10% of households reported receiving assistance for elderly care in the past year. Of those who received assistance, over half reported support from village or ward associations and neighbours. In Thandaungyi churches and welfare groups were also cited as major providers of support. A similar pattern is seen in relation to funerals, for which 20% of households reported receiving assistance in the past year. Respondent families, neighbours and local village associations were again cited as the most common providers of support.

Forms of assistance

Across areas of assistance in social welfare (as well as in health and education), government support is strongly associated with in-kind assistance through use of facilities and access to expertise – for example treatment of pregnant women at state clinics by government midwives. In contrast, non-state assistance was in the form of cash or in-kind assistance.⁸

Road Construction

Official responsibility for road construction in Myanmar is split between a number of authorities.⁹ However, the bulk of respondents attribute local roads to their own efforts. This is despite the fact that greater resources have been committed to fulfilling these responsibilities since the transition to civilian rule in 2011. Almost 70% of respondents in rural areas attributed their local road purely to ‘self-reliance’ or to a partnership with other authorities such as the local headman or the central government. This contrasts with urban respondents, just under half of whom attributed roads to self-reliance. There is some variation in attribution of roads across townships, with ‘self-reliance’ roads slightly less common in Thandaungyi than Taungoo.

It is important to note that the notion of ‘self-reliance’ can be slippery, and in reality many of these projects receive some form of assistance – either financial or in-kind - from some tier of the Myanmar government, including the local ward or village headman. However, as citizens often initiate the road construction process by stimulating consensus and soliciting donations, many frame the resulting project to be of a self-reliant nature despite this government support.

⁷ Interview with Social Security Board Clinic staff, Taungoo, March 8 2016.

⁸ These patterns reflect the findings of a 22,000 household survey conducted in all states and regions of Myanmar in 2015. See Griffiths, M. 2015. ‘Social capital and resilience’. Briefing note for LIFT.

⁹ Inter-town roads are built and maintained by the Union Ministry of Construction, the Myanmar Armed Forces. Urban roads are the responsibility of municipal authorities. In rural areas, responsibility is more fragmented and ambiguously allocated to the General Administration Department, the Department of Agriculture and the Department of Rural Development.

Electricity

The Ministry of Electrification and Energy (MoEE) is the primary government actor responsible for the national grid expansion and upkeep in Myanmar. MoEE manages the national electricity grid and at a local level supports expansion and maintenance of the grid through construction of transformers, poles, and wires. It finances these activities predominantly through transfers from the Union budget though local maintenance is also funded through collection of monthly electricity meter bills.

Municipal authorities - or development affairs organisations (DAOs) - are technically only responsible for the provision of streetlights within the core urban areas of towns. In practice, however, some DAOs – as part of state and regional government apparatus – also promote electrification at a local level.

In rural areas, the MoEE is responsible for connecting households to the national grid. In addition to government-financed grid extension, MoEE also partners with private companies to deliver electricity infrastructure and services in rural areas. The Department of Rural Development (DRD) under the Ministry of Agriculture, Livestock and Irrigation is focused on household electrification through mechanisms such as solar panel distribution.

In this context, 68% of households reported having access to some form of electricity (grid, solar or mini-grid). The number of people who attribute electricity to government provision varied between townships, with Taungoo respondents (39%) more likely to report receiving electricity from the government than households in mountainous Thandaungyi (25%). Rather, the majority of respondents in Thandaungyi attributed access to ‘self-reliance’.

Of those who had access to electricity, 70% of respondents in Taungoo reported connection to an electrical grid, compared with only 36% in Thandaungyi. Thandaungyi respondents with access to electricity used solar panels as their primary source of electricity, compared with 6% percent in Taungoo. 32% of respondents reported having no form of electricity in their home.¹⁰

3. Taxation, donations and perceptions of legitimacy and responsibility

Underpinning the current system of social protection and public goods provision in Myanmar are various mechanisms of state and non-state taxation and contributions which together determine the real tax burden of households. Lough et al. define the real tax burden as: *All payments – whether cash or in kind, including labour time – that are made as a result of the exercise of political power, social sanction or armed force (as opposed to market exchange).*¹¹ Accordingly, when studying real taxation, it is essential to consider both tax payments to government officials such as income or land tax, along with contributions to non-state authorities and groups. Whilst these donations are rarely considered ‘tax’ in a Myanmar context, in practice their

¹⁰ A sizable proportion of these respondents said they visited family or friends and/or a monastery or church to use electricity.

¹¹ Lough et al. 2013. ‘Taxation and livelihoods: A review of the evidence from fragile and conflict affected rural areas.’ Working Paper for International Centre for Tax and Development and Secure Livelihoods Research Consortium.

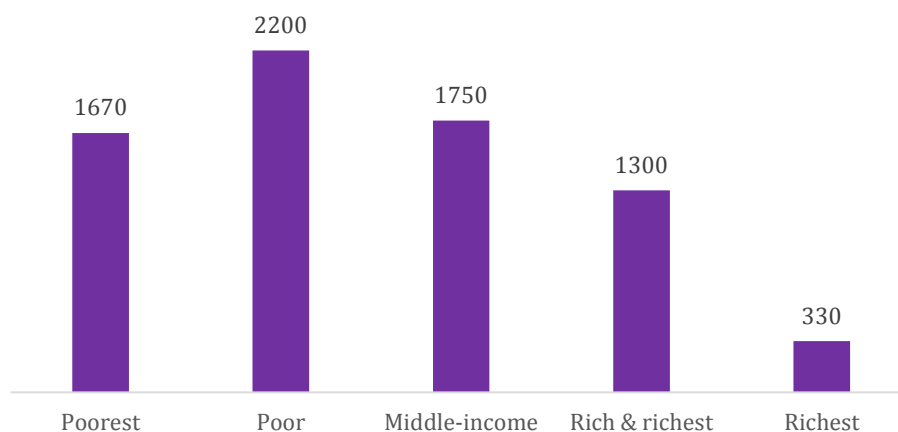
collection exhibits many of the same characteristics of strong social obligation and coercive enforcement as taxation. The below analysis focuses on formal state taxes as well as financial contributions to non-state actors.¹² The section on informal public good provision then explores the various contributions – financial, labour and in-kind – through which respondents have supported road construction and electricity provision in the local community.

Formal taxes

About two thirds of respondents reported paying no or less than 10% of household income on tax in the six months prior to the survey. Average tax payments amounted to 3% of total household expenditure in Taungoo and 4.4% in Thandaungyi.

The most common tax paid was for land use, collected by local authorities and levied by acreage (in rural areas) or size of dwelling (in urban areas).¹³ Land tax appears to be highly regressive (Figure 2).

**Figure 2: Land tax paid
(Kyats in past year)**



Moreover, respondents in the mixed administered mountainous area of Thandaungyi paid twice as much land tax (1120 kyat) than those in Taungoo (500 kyat). These findings may again be partly explained by larger plots in Thandaungyi containing plantations of betel-nut, tea, coffee etc. compared with smaller-scale rice-paddy farming in Taungoo as well as a larger proportion of urban households owning agricultural land. The variation in land-tax burden by household poverty also suggests that land ownership is weakly related to wealth – raising questions about the equitable targeting of land-based taxation by authorities. Given the importance of land tax in government revenue and economic policy more broadly, further research determining how tax is levied and collected is essential.

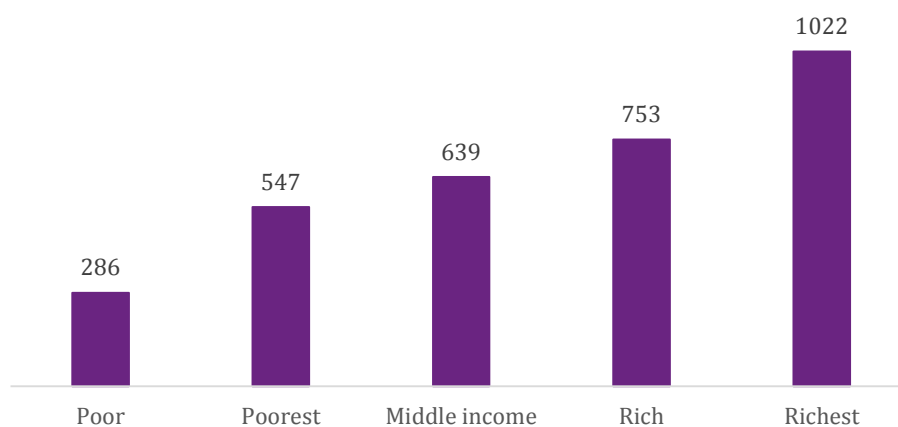
¹² An approximation of household expenditure on ‘bribes’ was not possible in this survey. However, respondents were asked about small ‘gifts’ given for government services such as receipt of documents. 38% of those who received such documents said they had made a contribution, 500 and 1000 kyat being the most common amount.

¹³ 51% of respondents in Taungoo and 53% in Thandaungyi saying they had paid land tax in the six-month period preceding the survey.

Contributions and donations to non-state actors

Households in both townships made substantial contributions to various non-state institutions and mechanisms of reciprocity and risk-sharing such as religious actors and associated welfare groups as well as local ward and village assistance associations. 70% of respondents reported making donations in the past month – with almost no variation across townships, urban and rural areas or household wealth. These contributions were significant, comprising an average total of 8.5% of annual household expenditure. In contrast to formal state taxation these donations were highly progressive (Figure 3).

Figure 3: Daily Contributions to Non-State Institutions (Kyats Per Day)



Real tax burden

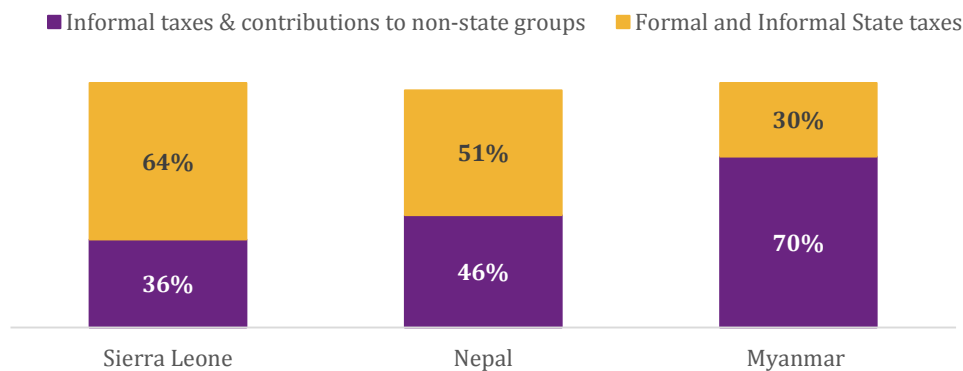
Contrary to popular perception that Myanmar-nationals pay little or no tax, the preliminary data in this study suggests that the overall tax burden is substantially higher than is recognized, even with the exclusion of bribes/tea-money and labour contributions to public good projects explored below. When contributions to state and non-state institutions are combined, the average ‘real’ tax burden for respondents was 12.2% of household expenditure. Of pure financial contributions to state and non-state authorities, formal state taxes comprised 30% with 70% directed to non-state groups in the form of contributions/donations.

Whilst drawn from a small sample, this data suggests that the ‘real’ tax burden – and the proportion of household budget directed to informal tax - is significantly higher than other contexts such as Nepal and Sierra Leone where there is available data on household contributions to non-state institutions (Figure 4).¹⁴¹⁵

¹⁴ Adapted from Mallett et al. 2016. ‘Taxation, livelihoods, governance: evidence from Nepal.’ Note: Figures in original paper do not add up to 100%.

¹⁵ Also see Table 4 in Olken and Singhal 2011. ‘Informal Taxation’. American Economic Journal: Applied Economics. They find informal tax comprises just under 4% of household expenditure in Ethiopia, 1.5% in Indonesia and less than 1% in Vietnam, Philippines and Albania. Data is not directly comparable with this paper, however, due to the inclusion of labour contributions.

Figure 4: 'Real' tax burden in Sierra Leone, Nepal, and Myanmar



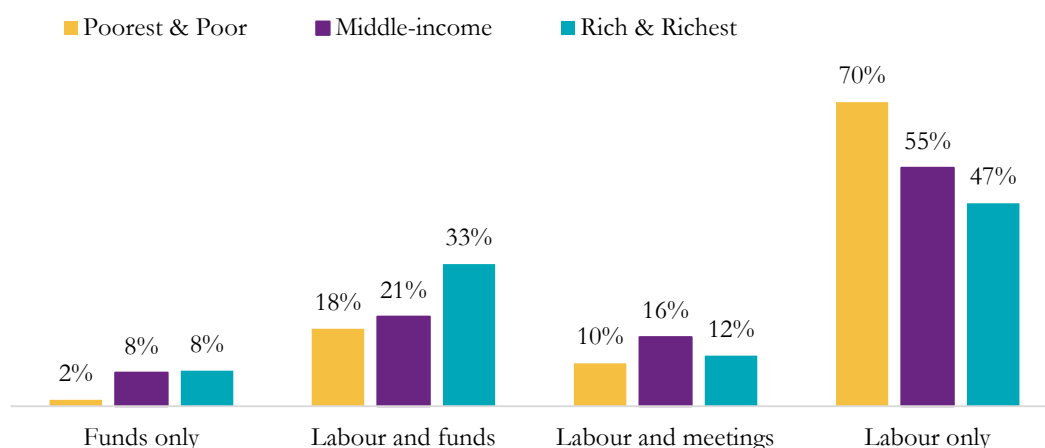
Informal contributions to road construction and electricity provision

In addition to payment of formal taxes and contributions to non-state actors, informal contributions are a common source of financing of local public goods such as arterial roads and local electricity systems in the sample townships.

Over 60% of respondents in both townships reported personally making a contribution of some form to the construction of local roads with the dominant contribution being in the form of labour (92%). Poor households were most likely to solely contribute labour whereas richer households contributed both labour and funds or funds only, suggesting a degree of progressive taxation (Figure 5).

Just under half of respondents who assisted in road construction in Taungoo reported making a financial contribution, compared with less than 5% in Thandaungyi.

Figure 5: Distribution of Contribution to Road Projects



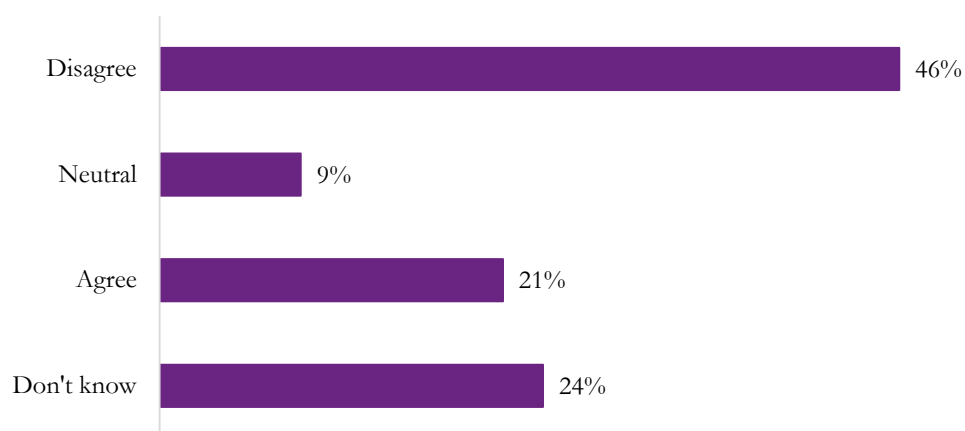
In the case of electricity provision, over one third of respondents reported helping bring electricity to the local community and provision of labour in erecting poles and wires was the most common contribution (71%). The poor and poorest households were more likely to contribute labour than rich households. As with roads, Thandaungyi respondents were much less likely to have contributed monetarily to

electricity projects than in Taungoo with 65% of Taungoo respondents reporting financial contributions for electricity, compared with less than 20% in Thandaungyi.¹⁶

Perceptions of state and non-state taxes/contributions

When asked about their perception of taxes and their redistribution, about half of all respondents accepted the right of the authorities to tax the local population. But only 22% of respondents were confident that the authorities made sure that everyone paid their fair share of taxes (Figure 6). In this respect respondents in Myanmar were more sceptical about the fairness of tax collection than their counterparts in Nepal and Sierra Leone. In similar surveys 49% of rural Sierra Leonean respondents and 62% of Nepali respondents stated that state taxes are fairly applied and collected, compared with just over 20% in the sample Myanmar townships.¹⁷

Figure 6: State tax is fairly applied
(Percent)

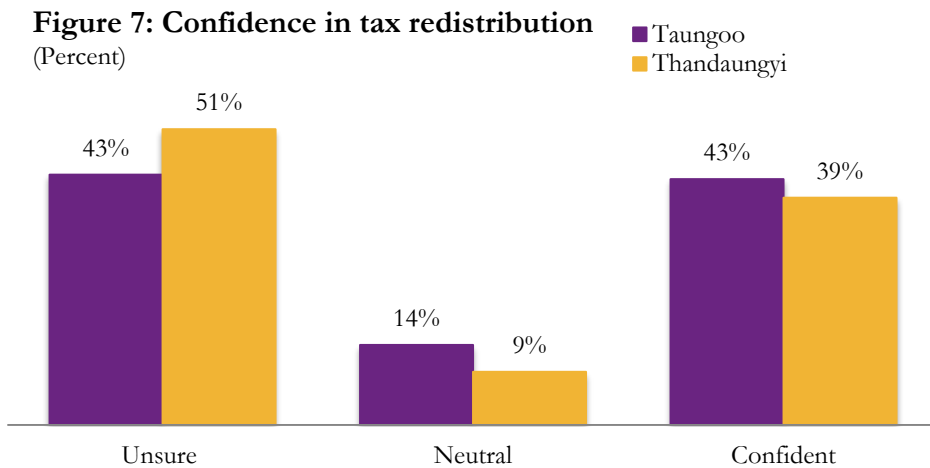


Note: Respondents were asked, "If people do not pay their taxes, the authorities force them to pay. How strongly do you agree?"

Nearly half of the respondents (41%) also held little confidence that tax revenues were redistributed to where they were needed most (Figure 7). Whilst there is little variation across poverty quintiles, 10% more respondents in Thandaungyi (36%) said they were totally unsure as to where tax was redirected than in Taungoo (26%).

¹⁶ This is born out in the proportion of respondents who reported having to pay for poles, transformers and wires in Taungoo (59%; 72%; 64%) compared with Thandaungyi (20%; 28%; 35%).

¹⁷ The survey conducted for this study did not differentiate between formal and informal tax contributions to the state (eg. income tax or license fees compared with bribes paid to government officials). Thus, figures for Nepal and Sierra Leone are the combined assessments of formal and informal taxes paid to agents of the state. See Mallett et al. 2016. 'Taxation, livelihoods, governance: evidence from Nepal'; and Jibao et al. Forthcoming 2016. "Informal taxation in Sierra Leone." International Centre for Tax and Development Working Paper.



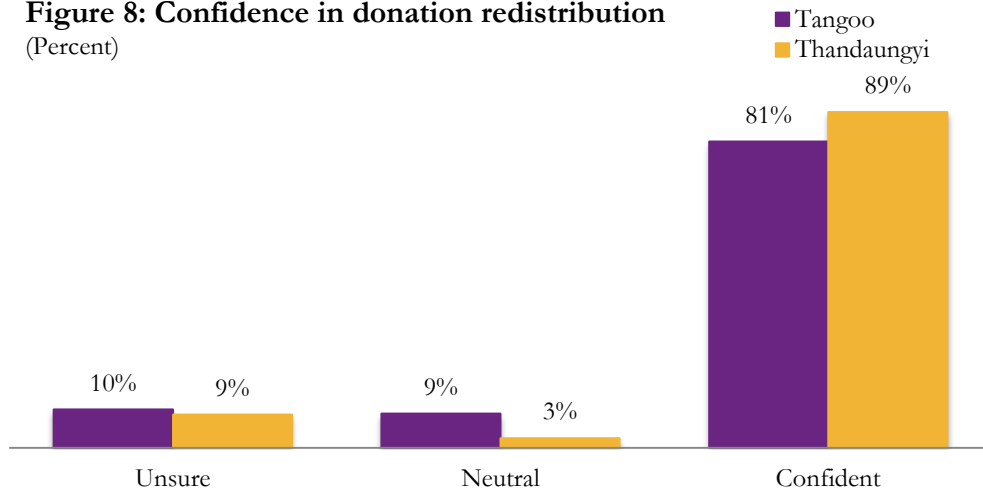
Note: Respondents were asked “How confident are you that your taxation goes to where it is needed most?”

When asked whether it was fair if the tax they pay is spent elsewhere in Myanmar, almost half of all respondents agreed. In contrast, about one quarter said it should only be spent in the local community.¹⁸ A much larger proportion of Taungoo respondents said it was fair compared with Thandaungyi respondents, almost 40% of whom viewed it as unfair for taxes raised in the local area to be spent elsewhere in Myanmar.

Non-state contributions were perceived more favourably. Respondents were overwhelmingly confident (85%) that contributions made to religious or charitable groups were redistributed to where they were needed most. These contributions were perceived as spiritually meritorious, and respondents were consistently confident that donations to these institutions were redistributed to the neediest members of the community both locally and elsewhere in Myanmar. Similarly, the vast bulk of respondents (96%) who made contributions to road projects believed that their actions drew good spiritual merit or grace.

¹⁸ Answers varied according to wealth, with poorer respondents more likely to say that the taxes they pay should only be distributed in the community. Meanwhile, middle income and rich respondents were more likely to say redistribution elsewhere in Myanmar was fair.

Figure 8: Confidence in donation redistribution
(Percent)



Note: Respondents were asked “How confident are you that your donations go to where it is needed most?”

One major reason for this confidence is the element of directness between benefactor and beneficiary in many charitable and religious projects. Fundraising often occurs for a specific and visible deliverable such as the purchase of a new fence at a local school or the provision of a cash payment to a family who are suffering a health emergency. The fundraising campaign will usually be led by local authorities such as a headman or volunteers from a welfare group – often with the support of monks, pastors and other religious actors. For larger initiatives, these individuals will form a project committee to oversee fundraising, record and redistribute donations, and/or completion of a project. Once fundraising is completed, the names of individual donors are imprinted on items purchased, and/or a list of contributions is made publically available – in some cases in the local ward or village office.

Interestingly, villages which received support from a Myanmar government loan scheme were consistently more confident that their formal taxes were redistributed to where they were needed most.¹⁹ Yet their assessment of whether tax was fairly imposed was similar to respondents in villages which received no such support from the government. This suggests that receipt of government assistance alone can improve assessment of the capacity of the state to redistribute from the rich to the poor but does not improve perceptions that taxes are fairly levied – a key element in legitimizing the fiscal and social contract between citizens and the state.

Perceptions of Responsibility

Despite the significance of informal contributions to both road and electricity projects, the majority of respondents saw the provision of these goods as a government responsibility. In the case of roads, the majority (60%) of respondents stated that it should be the responsibility of the central government, municipal government or local government to construct roads. There was some variation by township, with 24% in Taungoo stating that the local community should contribute to road construction compared with 11% in Thandaungyi.

¹⁹ This loan scheme, the Green Emerald programme coordinated by the DRD, was functioning in selected villages throughout both townships.

The majority of respondents (64%) also said that electricity is the responsibility of the central or municipal governments. A small proportion (<5%) said that electricity should be provided through community self-reliance. These findings highlight that the bulk of respondents continue to see both road construction and electricity provision as a government responsibility despite the widespread practice of informal taxation.

With respect to social welfare, perceptions were very different. The importance of non-state mechanisms of social protection in Myanmar derives from strong perceptions of the responsibilities of citizens and non-state institutions in care. These sentiments were borne out in the survey results, with 80% of respondents saying they thought monasteries, churches or mosques should be the primary carer for people when they suffer. This answer reflects the fact that decades of limited state support in social welfare has cultivated a void of care which has been filled through everyday people and non-state actors providing support for the needy.

Contrasts can be drawn here with health-care provision, for which respondents relied upon government health facilities for treatment as well as private clinics and hospitals where available. Whilst perceptions of responsibility for health-care were not collected in this study, the health-care data highlights the practice of relying on a range of providers for different forms of support – with particularly strong expectations of family and local institutions to provide supplementary financial and in-kind support to pay for bills and medicine in government or private facilities, assist with transportation and post-discharge care. In this context it is unsurprising that when asked whether it was more important to receive assistance from government, neighbours/family, or both, almost half said that both were equally important. Expanding state social support without engaging the broader range of providers of care and public goods may overlook an opportunity to incorporate important accountability mechanisms.

4. Conclusions and Policy Implications

The qualitative fieldwork and survey conducted for this study suggest that local communities in both sample townships contribute a substantial proportion of their income and labour for necessary services, such as health, roads, electricity and basic social assistance. Weak state provision has created opportunities for the emergence of both private provision as well as bottom-up forms of community-based collective action in both the government administered township and the mixed administration township. This is evidenced by the fact that individuals surveyed make substantial donations to religious-based and local community organisations, with 70% of the overall household tax burden accruing to non-government actors. If a similar dynamic prevails in other parts of the country this suggests that the popular notion that Myanmar people pay little tax is likely false.

Across both townships local networks of social support from families, neighbours, village welfare association associations and religious institutions were more significant providers of support for a range of services than the Myanmar Government. ‘Convergence’ of state and non-state institutions is thus not just an issue in areas under ‘mixed’ or armed group control but also in areas that have been under government administration for decades. Myanmar’s newly elected governments at

Union and state/region level, and the development partners supporting them, need to take this system of non-state support seriously as they seek to improve state service delivery.

First, state authorities could develop and coordinate activities with non-state welfare institutions, fostering new relationships of downwards accountability which are essential to developing faith in the government as an effective provider of care and public goods.²⁰ One option may be to develop strategies for achieving social protection outcomes at a township level, allocating specific service-delivery and oversight responsibilities to a range of state and non-state actors. Such strategies could seek to take advantage of state efficiencies – for example in construction of clinics or hospitals – whilst leveraging non-state efficiencies in information dissemination, fundraising and transportation.

Second, non-state welfare networks could be important nodes for the dissemination of information about existing government schemes, especially informing everyday people of their entitlements. Given the esteem with which welfare groups are held by their local communities, municipal governments could also seek to partner with them in tax collection – especially for funds which are clearly directed to local projects.

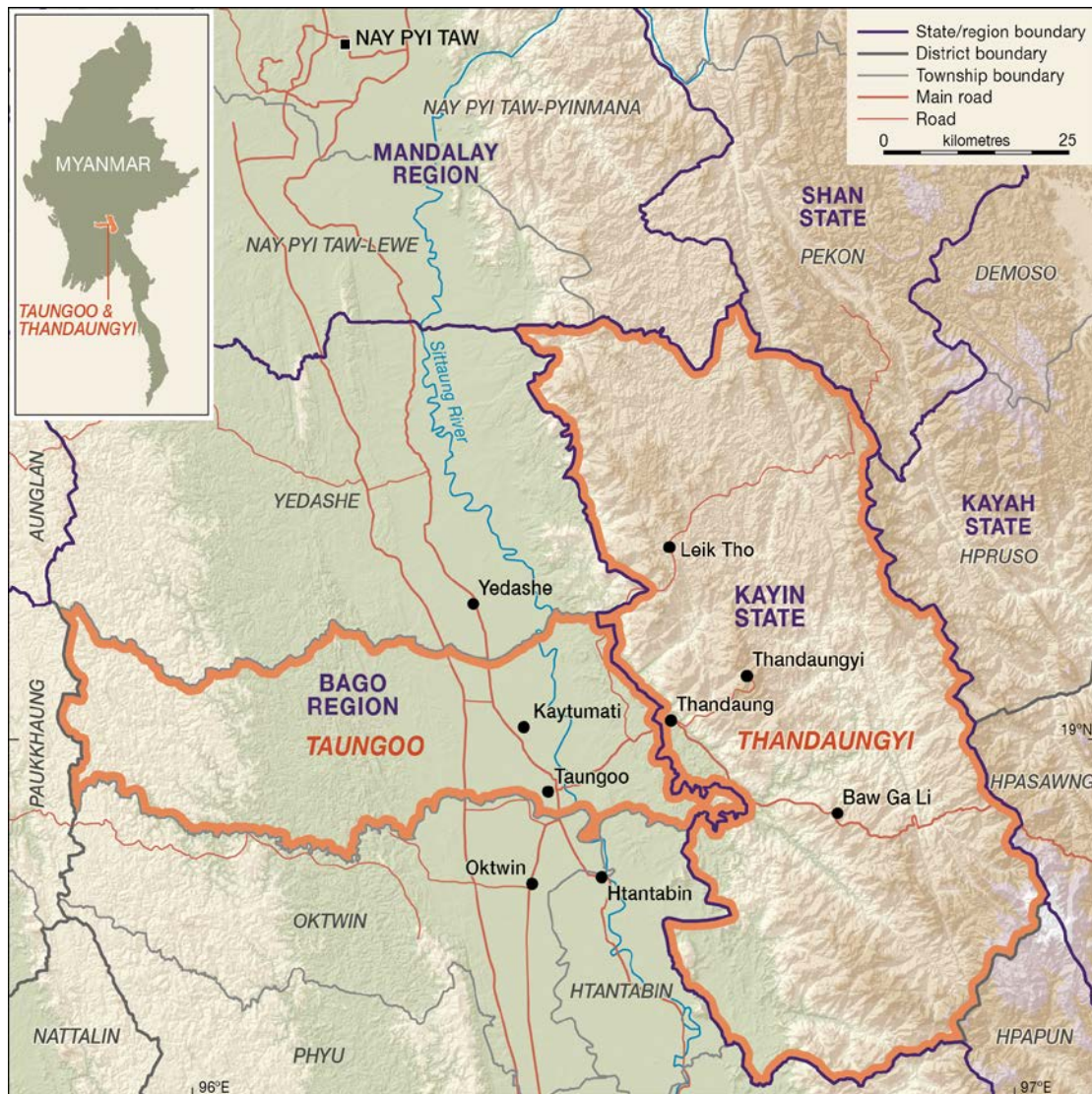
Third and at a functional level, agents of the state could learn how non-state contributions cultivate such trust and legitimacy. Clearly communicating both the problem being addressed by a project and the proposed solutions, emphasising directness between contributor and beneficiary, promoting the meritorious nature of financial and labour contributions, and offering social recognition for payments could all help build the legitimacy of Myanmar's tax system and government apparatus more broadly. Enlisting trusted local actors into positions of organizational oversight and disseminating evidence of tangible outputs could play a critical role in ensuring local trust in taxing authorities.

Finally, any attempt to increase formal tax collection and improve social protection outcomes must be grounded in a realistic assessment of both formal and informal taxes and contributions (including labour) made by households to state and non-state actors for social support and public goods provision. Reforming and improving state mechanisms of taxation is essential to cultivating trust in the state as an institution of care and redistribution and must become a key element in ongoing decentralization and local governance reforms.

The political and economic transitions now underway in Myanmar have opened the possibility of real change in how the state supports and provides for citizens in need. Greater commitment to state welfare and public goods provision must be coupled with a willingness to learn from non-state actors in order to improve social protection outcomes and address the ingrained scepticism of the state amongst Myanmar's most vulnerable people.

²⁰ On the importance of social accountability mechanisms in successful social protection schemes, see Hickey, S. and King, S. 2016. 'Understanding Social Accountability: Politics, Power and Building New Social Contracts'. *The Journal of Development Studies*.

Annex 1: Map of Taungoo and Thandaungyi townships



Map courtesy of The Australian National University's CartoGIS Team

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