

Subnational Governance in Myanmar Discussion Paper Series

Municipal Governance in Myanmar

An Overview of Development Affairs Organizations



Matthew Arnold, Ye Thu Aung, Susanne Kempel, and Kyi Pyar Chit Saw

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The ***Subnational Governance in Myanmar Discussion Paper Series*** is a collaborative research initiative between MDRI-CESD and The Asia Foundation. The paper series aims to provide Myanmar policy-makers at national and local levels, civil society organizations, the business community, development partners, and other interested stakeholders with timely research on subnational governance issues that directly inform policy and reform processes. The research behind the series incorporates the perspectives of a range of government, political, non-governmental, civil society, and community stakeholders in subnational governance, while also bringing to bear the most relevant policy analysis and international experience. MDRI-CESD and The Asia Foundation welcome input and suggestions on published, ongoing, or future research.

The **Myanmar Development Resource Institute's Centre for Economic and Social Development** is an independent think-tank dedicated to the economic and social transformation of Myanmar. The Centre undertakes participatory policy research studies related to economic reform, poverty reduction, sustainable development, and good governance in Myanmar. It also provides training and education services for key institutions and organizations contributing to the ongoing process of reform.

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Preface

The Myanmar Development Resource Institute's Centre for Economic and Social Development (MDRI-CESD) and The Asia Foundation are pleased to present this 7th volume in the *Subnational Governance in Myanmar Discussion Paper Series*.

The pace of change in Myanmar is rapid and constantly evolving, and decentralization and local governance are issues of critical importance to the country's long-term development, as well as priorities in the government's reform agenda. As such, there is a real need for timely research and analysis on key reform areas related to decentralization and local governance. As an extended collaboration between The Asia Foundation and MDRI-CESD, this series of discussion papers aims to provide Myanmar's policymakers at national and local levels, civil society organizations, the business community, development partners, and other interested stakeholders with research findings on subnational governance issues that directly inform policy and reform processes.

While Myanmar has historically been a rural agrarian society, urbanization is increasingly significant for the country's development. Yangon and Mandalay, as the country's largest cities, receive much attention with their booming economies and many new construction projects, yet other towns and cities across the country are also seeing rapid change as Myanmar's transition unfolds. Development Affairs Organizations (DAOs), often referred to as municipal offices, are found in each township and provide water and sewage services, trash collection, and road maintenance, as well as manage the provision of business operating licenses and construction permits, and the collection of building taxes.

While DAOs are the primary municipal governance agencies for Myanmar outside of Yangon City, Mandalay City, and Nay Pyi Taw, there is limited understanding of how they are structured and what they actually do. To address this significant information gap regarding municipal governance, this research report provides an extensive overview of DAOs. The paper methodically defines their history, structures, functions, and key business processes at the state/region and township levels, and the extent to which they have been redefined in recent years as the country has embarked on political and administrative reforms.

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Table of Contents

Acronyms	v
Executive Summary	vi
ONE: Introduction	1
TWO: Historical Origins and the Modern Evolution of Development Affairs Organizations.....	5
THREE: Legal Mandate and Positioning within Subnational Governance	10
3.1 Legal mandate for DAOs	10
3.2 Positioning of DAOs within Myanmar’s subnational governance system	12
FOUR: Functions of DAO Offices in the States/Regions and Townships.....	16
4.1 State/Region DAO Offices	16
4.2 Township DAO Offices	18
FIVE: Township Development Affairs Committees and Key Relationships.....	34
5.1 Township Development Affairs Committees	34
5.2 Key Relationships	39
SIX: Policy Considerations	45
6.1 Operational challenges and policy priority areas	45
6.2 Political significance of DAOs for Myanmar’s transition.....	51
References	54
Annexes.....	56
Annex 1: 2014 Census Results for Urban and Rural Populations	56
Annex 2: State and Region Government Structures	57
Annex 3: 31 Core Tasks of Municipal Governance in Myanmar	58
Annex 4: SLORC Law 5/93	59
Annex 5: Schedule II of the 2008 Constitution	60
Annex 6: Evolution of Municipal Laws in Myanmar	62
Annex 7: Organigram for State and Region DAO Offices	63
Annex 8: Functions of Department of Rural Development	64
Annex 9: Organigram of Township DAO Offices	65
Annex 10: Example of Variance in DAO Fines and Penalties	66
Annex 11: Schedule V of the 2008 Constitution	67
Annex 12: Terms of Reference for Township Development Affairs Committees.....	68
Annex 13: Self-identified Organizational Development Priorities of DAO Personnel	69

Acronyms

CSO	Civil society organization
DAO	Development Affairs Organization
DDA	Department of Development Affairs
DRD	Department of Rural Development
GAD	General Administration Department
MCDC	Mandalay City Development Committee
MoBA	Ministry of Border Affairs
MoC	Ministry of Construction
MoHA	Ministry of Home Affairs
MoLFRD	Ministry of Livestock, Fisheries, and Rural Development
MSME	Micro-, small- and medium-sized enterprise
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
TDAC	Township Development Affairs Committee
UCSB	Union Civil Service Board
YCDC	Yangon City Development Committee

Executive Summary

Myanmar is undergoing governance reforms of historic significance, resulting in changes to subnational and local governance, decentralization, and the nature of central-local relations. Traditionally, Myanmar has been an agrarian society but urban areas are increasingly important—with almost a third of the population now residing in cities and towns. In this context, municipal governance is assuming greater importance to the country’s development and political transition. While the 2008 Constitution and subsequent reforms have delegated some functions to the 14 newly-established state and region governments and established new mechanisms at the township level, Myanmar remains a highly centralized state. However, municipal governance is a nascent exception to this. All of Myanmar’s townships now have Development Affairs Organizations (DAOs) (*si-bin tha-ya-ye apwe* in the Myanmar language) which are important urban agencies with responsibilities for providing a significant range of social services and for overseeing local economic governance.

The key characteristics of DAOs are as follows:

- They are the only fully decentralized government agencies under the control of state and region governments.
- They are unique as they are fully self-funded, must use their revenues in the township where they were collected, and they have significant discretion over revenue use. Every other subnational governance actor receives its budget one way or another from the Union Government.
- They are major social service providers, providing services that range from urban water, sewage, garbage collection, roads and bridges, to street lighting and drainage, and they also oversee local economic governance through issuing licenses and permits to local businesses, collecting taxes and fees, and holding auctions to operate local ferries and toll roads.
- They are the only local government actors overseen by a dedicated local committee—the Township Development Affairs Committee (TDAC)—which has decision-making power and the majority of its members are elected by the community.

In a country without a separate ‘third tier’ of government, DAOs represent one of the most significant interfaces between the Myanmar state and the general public. As a result, if DAOs become more responsive, accountable and transparent, they could not only deliver better public services but also rebuild Myanmar’s fractured citizen-government relations. However, little is known about the origins and history of DAOs, their current legal mandate, their functions, structures and processes or their challenges. This report provides an overview of how DAOs manage municipal governance in Myanmar and concludes with considerations for further policy development. The municipal governance of Yangon City and Mandalay City is not covered in this report because unique provisions for the Yangon City Development Committee (YCDC) and the Mandalay City Development Committee (MCDC) allow them their own distinct city administrations.

Historic Origins and Legal Framework

The current legal framework for municipal administration in Myanmar can be traced back to the Burma Municipal Act of 1874. In major cities, this act delegated power for municipal governance to the municipal committees. Municipal laws were updated under the Burma Municipal Act of 1884 and the Upper Burma Municipal Law of 1884. In 1898, a new Municipal Law was enacted for the whole of

Myanmar. This law conferred power to tax and provide a range of municipal services such as water, roads, sanitation, drainage and street lighting; administer licenses for land, markets, animal slaughtering, vehicles, boats, and jetties; supervise public works projects; and issue certificates for births, deaths, and marriages. The mandate also included health (construction and maintenance of clinics and hospitals), education (construction and maintenance of schools), safety (fire safety and disaster preparedness) and security (including a specific municipal police force).

The 1898 Municipal Law in its general form lasted for 95 years, only being fully repealed in 1993. It was replaced by the 1993 Development Committees Law, which was amended in 1997, transferring responsibility for municipal affairs from the General Administration Department (GAD) under the Ministry of Home Affairs (MoHA) to the newly-created Ministry of Border Affairs (MoBA) and its Department of Development Affairs, which then became responsible for both urban and rural development. In 2011, in accordance with Schedule II of the 2008 Constitution, the only government agency to come under the full control of the new state and region governments were DAOs. No longer part of a Union ministry, DAOs now focus only on urban governance, and subsequently, each state and region parliament (*hluttaw*) has enacted Development Affairs Laws to define municipal governance for their respective areas. The 14 state and region Development Affairs Laws which have been passed since late 2012 are all based on the 1993 Development Committees Law, and are therefore largely similar.

Structure and Functioning

Within the respective state/region governments, DAOs are under the full authority of the state/region minister of development affairs, who is answerable to the state/region chief minister. Below this level of political leadership, a director-level civil servant supervises the DAO offices in all of the respective townships. At the township level, the DAO offices consist of two complementary entities: a semi-elected Township Development Affairs Committee (TDAC) responsible for oversight and coordination, and a Township DAO Office comprised of professional civil servants who manage the direct delivery of social services and oversee local economic governance. Within Myanmar's township-level governance system, DAOs stand out as the only fully decentralized government agency, and operate in a complex environment otherwise dominated by Union ministries.

The core purpose of DAOs is to provide a wide range of social services to urban communities and economic governance for local businesses. All DAO activities must be self-funded, and revenue comes from a variety of local sources. DAOs are one of the largest social service providers in Myanmar, with a diverse mandate that sets them apart from Union ministries. The services that DAOs deliver include: trash collection, construction and maintenance of small roads and bridges, drainage, urban water supplies, street lighting, maintenance for parks and play grounds, and management of cemeteries and crematoriums. However, despite urban planning being part of the DAO legal mandate, there is no

dedicated urban planning function at either the state/region or township levels, and this hampers integrated urban development and service provision.

Social Service Duties and Functions

- | | |
|------------------------------|--|
| ▪ Town planning | ▪ Parks, swimming pools, public baths & recreation centers |
| ▪ Water supply | ▪ Road rules, street naming & addresses |
| ▪ Sanitation | ▪ Cemeteries and crematoriums |
| ▪ Sewage disposal | ▪ Removal of cemeteries |
| ▪ Disaster preparedness | ▪ Other development works in the public interest |
| ▪ Street lighting | ▪ Other duties as needed |
| ▪ Roads and bridges | ▪ Public buildings under the charge of DAOs |
| ▪ Vagrant persons on streets | ▪ Demolition of squatter buildings |
| ▪ Animal control | ▪ Construction permission for private buildings |

Economic governance in Myanmar is dominated by the Union Government, its line ministries and township offices. These provide business permits and licenses for the most lucrative sectors, especially for the development of natural resources, and they also issue licenses to import and export goods. In the context of local economic governance, DAOs play a critically important role through providing the licenses, permits and other approvals required for the functioning of local businesses, and especially for micro-, small- and medium-sized enterprises (MSMEs). This includes issuing licenses for a range of businesses (market vendors and roadside stalls, butchers, hotels, restaurants and so-called ‘dangerous

Economic Governance Duties and Functions

- | | |
|---------------------------|---|
| ▪ Markets owned by DAOs | ▪ Bakeries and restaurants |
| ▪ Privately-owned markets | ▪ Dangerous trade |
| ▪ Cattle markets | ▪ Lodging houses |
| ▪ Slaughterhouses | ▪ Breeding of animals and disposal of carcasses |
| ▪ Roadside stalls | ▪ Ferries |
| ▪ Small loan business | ▪ Slow-moving vehicles |

trade’ businesses such as local factories, health clinics, laboratories, and blacksmiths); issuing construction permits for both commercial and residential projects; and, undertaking routine inspections of businesses. In addition to these routine roles for a wide range of businesses, DAOs play unique roles for some key local businesses such

as regulation of slaughterhouses and livestock markets, administration of small ferries, and management and supervision of local markets.

As mentioned, DAOs receive no funding from the Union Government or their respective state/region government. Revenues for DAOs come from three main sources:

1. *User fees*: Households and businesses may be charged a building and land fee, a street lighting fee, and a garbage collection and water supply fee, if such services are delivered. DAOs may also apply a ‘wheel tax’ to vehicle owners.
2. *Regular license fees*: Local businesses are the mainstay for DAO revenue generation. A vast array of local businesses require licenses from DAOs to function.
3. *Tender license fees for certain businesses*: DAOs hold public auctions for the licenses to operate slaughterhouses and ferries and charge for these.

The rates for business licenses vary between the 14 states/regions. In every township, DAOs have bylaws that define all rates and how to issue licenses and tenders, and these are revised periodically. In most places, tender license fees, particularly those for slaughterhouses, are the biggest source of DAO revenue. However, in the Mandalay and Yangon Regions, ‘wheel’ and land taxes are growing sources of revenue. DAOs provide important sources of revenue for most states and regions. However,

state/region governments cannot use DAO revenues outside of their specific remits. The funds DAOs raise can only be used in the townships where they were collected, with the exception of the 5-10% that are transferred intra-state/region between DAO offices. DAOs could potentially raise greater revenues given that they have an expansive mandate and can adjust their rates without having to seek approval from a Union ministry.

DAO revenues are spent on staff costs and public works, in the form of *capital* and *ordinary* expenditures. Uniquely for a state agency in Myanmar, the staff costs at a Township DAO Office are capped at no more than 30% of the respective township's annual revenue. Priorities for expenditures are locally defined. In terms of capital expenditures, emphasis is generally placed on roads and bridges, drainage, and trash collection. All Township DAO Offices have their own bank accounts where they keep their revenues. Any surpluses remaining at the end of a fiscal year must be turned over to the state/region government's budget department, and ultimately to the Union fund. DAOs are permitted to take loans from the state/region government and non-government entities, including foreign ones, but they have been reluctant to borrow due to concerns over their ability to repay.

Township Development Affairs Committees

The establishment of TDACs with inclusion of public representatives is one of the most significant changes in the management of municipal affairs in Myanmar's modern history. For the first time in many decades, the state has authorized a form of citizen representation and substantive oversight over a township-level government body. In all 14 states and regions, TDACs have seven members: four from the public and three from the government. The terms of TDAC members are generally 5 years

TDAC Composition

<i>Township elder</i>	Elected	Chairperson
<i>DAO executive officer</i>	Appointed	Secretary
<i>Township elder</i>	Elected	Member
<i>Business sector representative</i>	Elected	Member
<i>Social sector representative</i>	Elected	Member
<i>GAD Deputy Township Officer</i>	Appointed	Member
<i>DRD Deputy Township Officer</i>	Appointed	Member

and they coincide with the term of the respective state/region government. Few TDAC members are women and TDAC candidates cannot be members of political parties. TDAC community members are indirectly elected through methods that vary

from one state/region to another. While indirect elections have improved community representation in the TDACs, they fall short of universal standards for representative local democracy.

The respective roles and responsibilities of the TDAC vis-à-vis the Township DAO Office are not clearly set out in the state/region municipal laws but there is an emerging consensus that the TDAC has overall decision making power for DAO affairs, is responsible for setting municipal priorities, ensuring coordination with other government actors and communities, deciding on local development projects, and conducting public outreach. The Township DAO Office is responsible for day-to-day management of municipal service delivery and economic governance matters, and its executive officer has paramount authority. According to Township DAO Office staff, the establishment of the TDACs has resulted in better public outreach and relations with local communities have improved.

Policy Considerations

DAOs face both operational and structural challenges, many of which are related to a lack of human and financial resources, and a difficult citizen-government relationship. There is a pressing need for improvements to social services, revenue collection and management, and public engagement, which also applies to Myanmar governance more broadly.

Operational challenges and needs

Revenue collection and management: Collecting revenues from a range of sources and then effectively managing these for service delivery is perhaps the largest operational challenge facing DAOs. Identifying ways to increase revenues is a priority in order to deliver quality services without over-burdening local businesses and the public. The specific challenges include:

- Lack of compliance in paying taxes and fees.
- DAO budget surpluses have to be turned over to state/region governments (who remit the surpluses to the Union Government) at the end of the year, making budget planning problematic and limiting incentives for increased revenue collection.
- Multi-year budgeting is not possible as projects have to be completed within one fiscal year, which complicates efforts to implement large-scale projects.
- Medium and smaller-sized towns struggle to raise enough revenue.
- DAO planning tends to be rudimentary, without strategic planning or budgeting, nor is there much cross-sectoral collaboration and planning with the other government agencies operating in urban areas.

Social services: While DAOs are able to provide services in some sectors quite routinely, such as roads and bridges, they are often unable to provide other core services, namely urban water and sewage systems. With some regional variance, the largest priority for improvement is expanding local infrastructure—constructing or improving roads, bridges, and drainage. A second common priority is that of improving garbage collection, which is particularly significant for how DAOs are perceived by communities. A third area of priority is improving urban water supply.

Public engagement: DAOs represent one of the primary interfaces between the Myanmar state and the public, along with the GAD and DRD. Improving the ability of DAOs to interact and communicate with the public is imperative for improving the country's historically difficult citizen-government relations. Given the importance of public participation for DAOs to fulfil their mandate, improvements in this area are likely to result in greater satisfaction with the delivery of municipal services, which is a prerequisite for improving tax revenue. It is also worth considering whether universal suffrage in electing TDACs would enhance public interest in, and a sense of ownership over, municipal affairs.

Local economic governance: DAOs are paramount to local economic governance in Myanmar. Thus, improving the relationships between DAOs and local businesses is of critical importance for boosting 'inclusive growth'. Since businesses pay the largest percentage of the fees and taxes collected by DAOs, local business owners often express concern about DAOs' lack of transparency and accountability, how DAOs prioritize public works projects, and how DAOs determine the rates that businesses pay for taxes and fees.

Enforcement capabilities: DAO staff are concerned about their inability to make people pay their required taxes and fees. Although DAOs can impose fines and take people to court if they fail to pay, in reality going to court is a drawn out process and usually ineffective. Generally, DAOs must depend on the GAD or the police from MoHA for law enforcement, and this too is time consuming and ineffective.

State/Region DAO Offices: Since the State/Region DAO Offices no longer have a Union ‘mother ministry’, they must undertake such aspects of governance as policy development, human resources management, financial systems management, and procurement themselves. As these roles were previously under ministries in Nay Pyi Taw, extensive capacity building is now required for the State/Region DAO Offices.

Donor priorities: Rural areas have received substantial development assistance by international donors but there is also a need to consider development assistance targeting wide-scale social services and economic growth in urban areas, given increasing urbanization. Because DAOs deliver important social services and support local economic growth for some 15 million people, they are ideal government actors for development agencies to utilize in improving the quality of people’s lives.

Structural challenges and needs

The removal of the DAOs from the MoBA left them without a ‘mother ministry’ in Nay Pyi Taw. The resulting lack of a central guiding hierarchy means that DAOs are in an unprecedented state of flux and readjustment. In effect, there are now 14 unique DAO systems across the country, each with its own legal mandate, policies, staffing, and training programs. This means that DAOs are the nascent bureaucracies of state and region governments, but this presents a wide range of challenges.

Human resources systems: Human resources policies need to be adequately assessed in DAOs across the country in order to ensure that state/region civil servants are as well supported as Union civil servants with regard to their transfers, promotions, and training.

Capacities versus mandate: Given their wide-ranging responsibilities, the capacity of DAO staff needs to be thoroughly assessed to ensure that they have the knowledge and skills needed for their roles and responsibilities. This is particularly important as DAOs must raise their own funds in order to deliver their services.

Urban planning: With the exceptions of Yangon City and Mandalay City, there is no integrated urban planning in Myanmar. Instead, in urban areas projects are undertaken by an uncoordinated group of government agencies responding to immediate needs and with budgets no longer than one year. Although DAOs have a mandate for urban planning, they are not carrying this out presently. If DAOs did engage in urban planning, they would be able to address both immediate needs as well as carry out longer-term projects.

TDACs: The introduction of TDACs, with members of the community holding the majority of seats, has caused tensions with civil servants who, after decades of military control under the MoBA, are not used to citizens having some authority over their work. However, TDACs also present important opportunities for improving how DAOs function, particularly in terms of public engagement and participation.

Legal review: The provisions in state and region municipal laws need to be reviewed in order to clarify the roles and intent of TDACs vis-à-vis Township DAO Offices and State/Region DAO Offices. How TDACs should be elected also needs to be more clearly stipulated, and electing them based on universal suffrage should be considered as well.

Government and DAO coordination and collaboration: Local coordination is a pressing challenge given the many different government departments at the township level and the proliferation of committees as well as local development funds. There is no national body or actor that can help guide policy formulation for municipal governance, provide technical support to the 14 DAO systems and coordinate specific issues such as the rates of taxes, permits and fees. Nor is there a national forum or association through which DAOs can collectively communicate, share experiences, and lobby the Union Government for support. The creation of a Myanmar municipal association or similar forum would be ideal for such purposes.

Political Significance of DAOs for Myanmar's Transition

DAOs have functional, structural, and political significance to Myanmar's transition. The traits of self-funding, accountability to the state/region governments, and an expansive mandate define DAOs as a significant experiment in Myanmar's push towards greater decentralization. Improving the operational effectiveness of DAOs can enable them to play a particularly strong role in improving local social services and stimulating economic growth. In the absence of a 'third tier' of government, DAOs are only one among many other institutions involved in local governance. They are hybrid entities with decentralized responsibilities and revenues but without the full powers and structures of a true local government. In Myanmar's current transitional context, it would be valuable to reconsider the structures and processes of municipal governance in ways that go beyond current institutions. As Myanmar's transition towards democracy continues, and urbanization increases, demands are likely to increase for greater local control over governance matters, for better-quality municipal services, and for greater community representation. More responsive, accountable, and transparent DAOs can stand as 'flagship' government agencies to demonstrate how Myanmar governance can steadily deliver better and better services and rebuild Myanmar's fractured citizen-government social contract, eroded as it is by decades of authoritarianism. There is no better place to start this process than where local communities are directly paying for services and hence have a right to demand nothing less.

ONE: Introduction

Municipal governance is a critical component of Myanmar's subnational administration. According to the 2014 national census, 29.6% of Myanmar's population of approximately 50.2 million is resident in urban areas (See Annex 1).¹ Moreover, while Myanmar's general population is growing at 0.9%,² the rate of urbanization is estimated at roughly 2.8%.³ In the coming decades, managing such significant levels of urbanization will require substantial improvements to the country's subnational governance structures and, in particular, those for municipal governance.

This report explores the key actors responsible for much of Myanmar's municipal governance outside of Yangon City, Mandalay City and Nay Pyi Taw Union Territory: Development Affairs Organizations (DAOs). Spread across the country, hundreds of DAOs manage local municipal affairs at the township level. With a shared background and common mandate, the intention of this report is to outline the critically important roles that these local municipal offices play for the country's increasingly urban population.

The municipal governance of Yangon City and Mandalay City is not covered in this report because there are unique provisions for the Yangon City Development Committee (YCDC) and the Mandalay City Development Committee (MCDC), which allow them their own distinct city administrations.⁴ As one DAO officer noted regarding Myanmar's municipal governance, "The rest of the country is not like YCDC or MCDC."⁵ Nay Pyi Taw, the Union Territory, also has unique provisions for the Nay Pyi Taw Council which are based on the 2008 Constitution.⁶ Instead, this report describes municipal governance for the vast majority of urban areas outside of these three major cities.

The 2008 Constitution made significant changes to the subnational administration of Myanmar. As detailed in earlier research papers by The Asia Foundation and MDRI-CESD, the most significant of these reforms was the creation of 14 new state and region governments, each with executive, legislative and judicial functions.⁷ However, Myanmar remains a highly centralized state. Although, according to the 2008 Constitution, the new state and region governments have designated responsibilities and revenue sources, they do not have their own bureaucracy that functions independently of the Union Government. Subnational governance in Myanmar is still based upon the functioning of Union ministries that maintain offices at the state/region, district, and township levels. The Ministry of Home Affairs' General Administration Department (GAD) is paramount within this system of subnational governance. This means that while Myanmar has two tiers of government, i.e. the Union and state/region-levels, there is effectively no third tier of government, namely 'local

¹ This varies extensively, from as high as 70.1% in Yangon Region to as low as 14.1% in Ayeyarwaddy Region. The criteria for 'urban' and 'rural' are not clear in the census' reporting, but are believed to be based on ward and village tract zoning.

² *World Development Indicators (2014) - Population growth (annual %)*. Available from <http://data.worldbank.org/indicator/SP.POP.GROW>

³ World Bank. 2015. *East Asia's Changing Urban Landscape: Measuring a Decade of Spatial Growth*, p. 106.

⁴ See the Yangon City Development Affairs Law 2013; YCDC Election Bylaw 2014; Mandalay City Development Affairs Law 2014; and MCDC Election Bylaw 2015.

⁵ Interview with DAO director in Shan State.

⁶ 2008 Constitution, Article 284.

⁷ For further information, see Nixon, et al. 2013. *State and Region Governments in Myanmar*.

government’ that has distinct responsibilities and revenue sources, and discretion over managing those.

A nascent exception to this situation are DAOs, which are referred to as *si-bin-tha-ya-ye-apwe* in Myanmar or in the vernacular as ‘municipal offices’.⁸ All of Myanmar’s townships - outside of Yangon City, Mandalay City, and Nay Pyi Taw Union Territory - have a Township DAO Office that is under the full control of the respective state or region government where they are located. Township DAOs have two complementary entities: a Township Development Affairs Committee (TDAC) and a Township DAO Office. The TDACs are generally composed of seven members, including four indirectly-elected community representatives, while the Township DAO Office is composed of professional DAO civil servants. For the purposes of this report, unless otherwise noted, ‘DAO’ will apply to both entities—the TDAC and Township DAO Office.

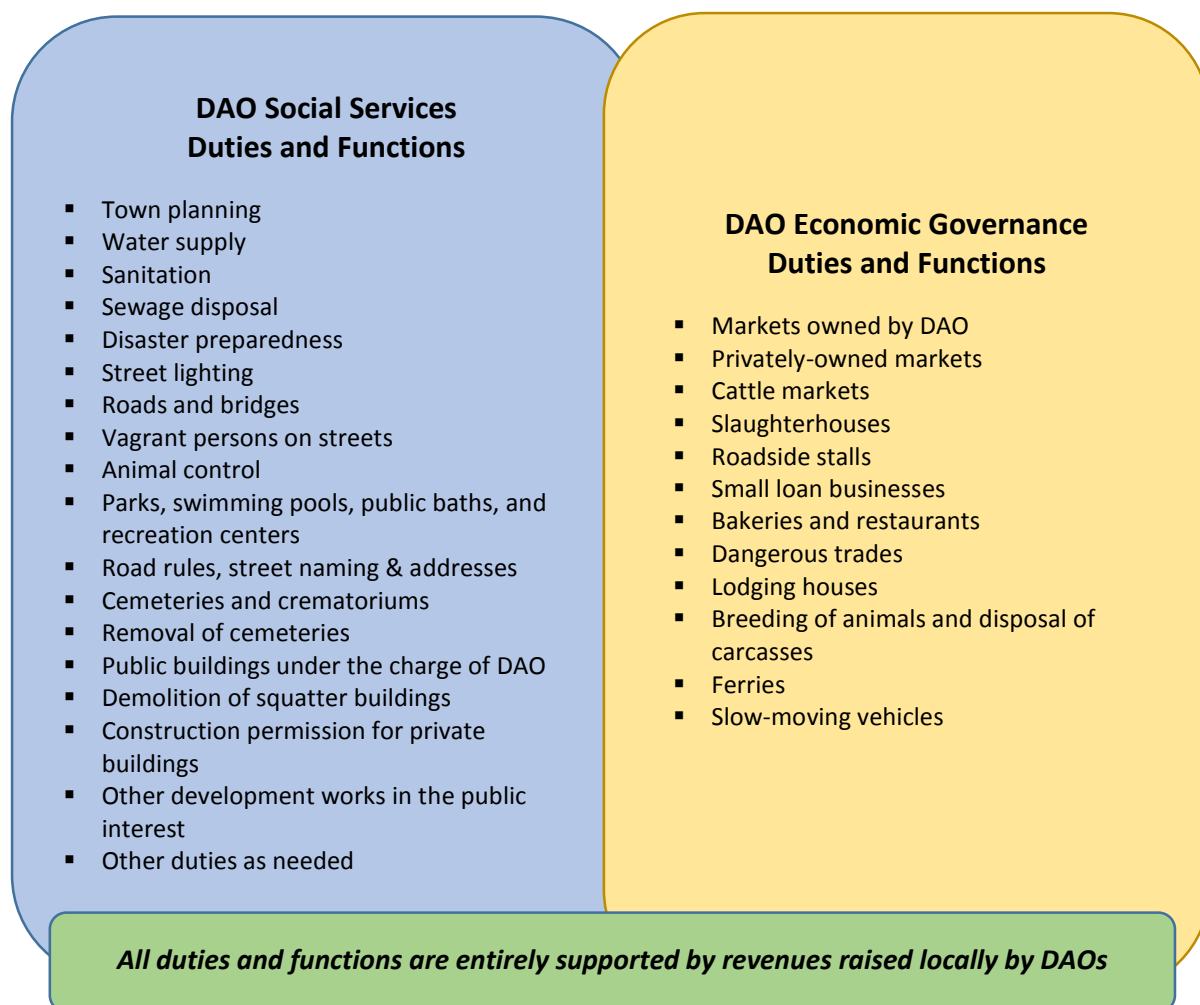
The significance of DAOs is multifold:

- First and foremost, they are the only fully decentralized government agency under the control of state and region governments. Every other subnational actor is part of a Union ministry, primarily reporting to Nay Pyi Taw (see Annex 2).
- Second, DAOs are unique in that they are fully self-funded, must use their revenue within the township where it was collected, and have significant discretion over its use. Every other subnational governance actor receives its budget one way or another from the Union Government fund.
- Third, DAOs are major social service providers—for everything from urban water, sewage, garbage collection, roads, bridges, street lighting, and drainage—and are also paramount to local economic governance, issuing local businesses with licenses and permits, collecting taxes and fees, and managing local auctions for ferries and toll roads. This contrasts with Union ministries that tend to focus on one sector apiece.
- Lastly, DAOs are the only local government actors with oversight by a dedicated local committee (the TDAC) that has decision-making power and the majority of its members elected by community. The other three township-level committees, mandated by President Thein Sein in 2012 to improve local governance and strengthen community participation, have only an advisory function or are composed entirely of government officials.⁹

The core duties and responsibilities of DAOs are clearly defined in their legal mandate, and focus on social service provision and local economic governance in urban areas. They carry out 31 core tasks of municipal governance derived from the British colonial era that have been consistently implemented, despite the frequent evolutions of Myanmar’s bureaucracy under military rule (see Annex 3).

⁸ *Si-bin-tha-ya-ye-apwe* translates as development affairs organization. The word ‘organization’ (*apwe*) is important as it designates that DAOs are no longer a department under a Union ministry.

⁹ These are the Township Management Committee, Township Development Support Committee, and Farmland Management Body. The main difference with the Township Development Support Committee (TDSC) is not so much the composition of members, but that the TDAC has decision-making powers and the TDSC is only advisory. For details on the composition and responsibilities of township-level committees, see Chit Saw and Arnold. 2014. *Administering the State in Myanmar*, Annexes 1-3.



This report details the origins and history of DAOs, their current legal mandate, duties, and functions, and concludes with a discussion of policy considerations for their further development. The report is largely descriptive, focusing on the functions, structures and processes that define DAOs. Given so little is known about DAOs, this report provides critical information on the functions, structures and processes that define them officially rather than a technical assessment of their actual functioning.

With these aims in mind, the methodology for this research paper was based on extensive qualitative interviewing, as well as a review of relevant laws, financial gazettes, media accounts, and the DAO's own policy guidelines. Key informant interviews, focus group discussions, and workshops were conducted between October 2014 and March 2015 with former and current DAO staff, members of TDACs, state/region government ministers, government officers, ward/village tract administrators, and civil society organizations.¹⁰ As an introductory overview to DAOs, it should be noted that the research primarily focused on DAO staff. Research questions focused on ascertaining the mandates, roles, and structures of DAOs, and contextualizing these within the wider governance environment, particularly for municipal affairs. Interviews and workshops were conducted in Mon and Shan States, Tanintharyi and Ayeyarwaddy Regions, and the Pa-O Self-administered Zone. Special efforts were made to conduct interviews at all levels of DAOs, starting with the state/region ministers responsible

¹⁰ A total of 45 interviews and focus group discussions were conducted. The Asia Foundation and VNG International also conducted training workshops for DAOs in Shan State and Ayeyarwaddy and Tanintharyi Regions in March 2015, with a total of 420 DAO participants.

for them, then state/region directors for DAOs and finally down to committee members of TDACs, as well as the Executive Officers and staff of individual Township DAO Offices.

TWO: Historical Origins and the Modern Evolution of Development Affairs Organizations

This section provides a brief overview of the origins and evolution of DAOs in order to better contextualize their current roles and responsibilities. The history of municipal administration in Myanmar is not widely known, and it is only possible to provide a general overview. During the immediate pre-colonial era, municipal governance did not differ significantly from wider public administration. The *Myo Wun*, the governor of a township or town, provided 'general administration' for the respective territory on behalf of the monarch.¹¹ However, under the British, more distinct notions of urban governance were introduced. The current legal frameworks for municipal administration in Myanmar can be directly traced to 24 March 1874 when the British Burma Municipal Act was enacted.

The 1874 British Burma Municipal Act gave the power for municipal governance to a Municipal Committee in seven cities: Rangoon, Moulmein, Bassein, Akyab, Henzada, Prome, and Tounghoo.¹² Municipal Committees were assigned powers to collect a wide range of taxes, including those for land, boats, carts, vehicles, animals, and water.¹³ They administered the licensing process for markets, animal-slaughtering and jetties, and were also given responsibility for the construction of roads, schools and hospitals. As needed, the Municipal Committees supervised other public works projects too. Some members of these committees were elected and some were appointed by the British government. For instance, in 1874, the Yangon Municipal Committee had 32 members, and only 6 were government appointees.¹⁴

As a result of the urbanization that followed the advent of British rule, municipal laws were updated under the Burma Municipal Act of 1884.¹⁵ Municipal Committees were formed in additional cities and allowed to operate under their own name and office seal, guaranteed perpetual succession, and had the right to sue and be sued in their corporate names. Moreover, the Municipal Committees had

¹¹ U Ba U provides this description: "[T]o make sure the security of the respective township and its surrounding areas, to make sure the accuracy of weights and scales of buyers and sellers when they are doing business in the respective township, to make sure the correct amount of tax collection from merchants, sellers and businessmen, to make sure there had to be twelve entrance gates in the respective town and each gate was guarded by the gate keeper who had to keep the list of strangers who will come inside and go outside of the township, to make sure there had no visitor in the town without informing and getting permission from administration, to make sure there had no crime in the town, and if there had crimes and criminal arrested, the case was submitted to the upper level and executed according to the upper level decision." U Ba U. 2011. *Myanmar Administration*, p. 152.

¹² The British Burma Municipal Act contained six Chapters: 1. Preamble, 2. Appointment of Committee, 3. Office and Committee Meetings, 4. Powers of Committee, 5. Functions of Committee, and 6. Punishment, Persecution and Collecting Taxes. U Ba Khin. 2009. *Gradual Development of Development Affairs Laws and Articles on Development Affairs Works*, pp. 2-9.

¹³ District Councils and District Cess Funds were also formed to provide basic administration for rural areas. These local entities were under the supervision of District Commissioners.

¹⁴ Committee members were elected by the resident ethnic communities of a city instead of a geographic constituency. For example, the Yangon Municipal Committee in 1882 had narrowed to 22 members: 5 Burmese, 5 Europeans, 1 Chinese, 2 Hindus, 2 Muslims, 1 from the Merchant Association, and 6 government appointees.

¹⁵ In the 1884 Municipal Law, there were 9 Chapters and 161 Sections. The 9 Chapters are as follows: 1. Definition, 2. Formation of Municipality, 3. Formation of Municipal Committee, 4. Collection of Taxes, 5. Funds and Properties, 6. Powers on Health, Sanitation and Others, 7. Offences on Public Health, Security or Welfare, 8. Supervision, 9. Appendix.

expanded responsibilities and could collect taxes and fees from their respective areas to provide services for health, sanitation, fire safety, disaster preparedness, education, and security. The two Municipal Laws of 1874 and 1884 were applicable only to Lower Myanmar. After the annexation of Upper Myanmar, the Upper Myanmar Municipal Law was introduced in 1887.¹⁶ The Upper Myanmar Municipal Law did not cover the so-called Frontier Areas.¹⁷

In 1898, a new Municipal Law was enacted for the whole of Myanmar.¹⁸ This iteration of municipal law did not differ strongly in substance from earlier ones, but did add new powers and responsibilities.¹⁹ The 1898 Municipal Law included provision of street lighting (a novelty of electrification), and expanded collection of fees for the services that Municipal Committees delivered such as urban water supply. Additionally, Municipal Committees could now issue certificates for births, deaths, and marriages. In their respective urban areas, Municipal Committees were responsible for maintaining roads, drainage, and ponds. Regarding local health and sanitation, the administration of hospitals and clinics were in their mandate. Setting up markets, opening parks for recreation, and providing security were also in their remit, as well as maintaining their own municipal police. In addition, their tasks included opening new schools and supporting existing ones to improve public education.

In accordance with the 1898 Municipal Law, the powers of the Municipal Committees under the British were very similar to the current practices of Development Affairs Organizations—for instance, administration and stipulation of conditions for ferries, jetties, slow-moving vehicles, animal slaughterhouses, and so on. Interestingly, while Municipal Committees carried out functions that are still common today, they also undertook tasks that have since shifted to Union ministries, notably in the security, health and education sectors. Partly due to its comprehensiveness, the 1898 Municipal Law lasted for 95 years in its general form, and was only fully repealed in 1993.

Myanmar gained independence in 1948, beginning a relatively brief period of parliamentary democracy. However, elections were not held immediately for Municipal Committees and District Councils, which provided a similar role for larger rural areas.²⁰ Hence, in accordance with the Local Authorities (Suspension) Act of 1946, those persons appointed by the government ran the Municipal Committees in the interim. In 1949, for the first time after independence, an election was held for the Yangon Municipal Committee, while elections for Municipal Committees were held for other major cities in 1951. In 1953, the Democracy Local Administration Act was enacted. This act was intended to

¹⁶ In this law, there were just four Chapters and 22 Sections. The chapters were: 1. Introduction, 2. Formation of Committee & Powers and Duties of Committee, 3. Financial & Legal Procedures, and 4: Penalties.

¹⁷ Lower Burma roughly consisted of the southern and coastal areas of what is now Myanmar: the Ayeyarwaddy, Bago, Tanintharyi, and Yangon Regions as well as Rakhine and Mon States. Upper Burma traditionally refers to the central area of what is now Myanmar: present day Mandalay, Sagaing, and Magway Regions. Frontier areas traditionally include what is now Chin, Kachin, Shan, Kayah, and Kayin States.

¹⁸ There were 10 Chapters and 249 Sections in the 1898 Municipal Law. The chapters were: 1. Preamble 2. Constitution of Municipalities, 3. Organization of Municipal Committees, 4. Taxation, 5. Funds and Property, 6. Powers for Sanitary and Other Purposes, 7. Offences Affecting the Public Health, Safety or Convenience, 8. Control, 9. Supplemental, and 10. Small Towns.

¹⁹ In addition to adding more Municipal Committees, Town Committees were also created for towns rather than cities.

²⁰ District Councils were created by the 1921 Rural Self-Government Act, which also created District Commissioner's Local Funds for rural areas.

replace the colonial-era administration with greater public participation and control by local communities across the whole country.

When the Burmese military, the Tatmadaw, took power in 1962 through a coup, the 1953 Democracy Local Governance Act was repealed. However, the 1898 Municipal Act and the 1921 Myanmar Rural Self-Government Act were maintained as the primary guides for both urban and rural administration.²¹ Municipal Committees continued to be the office of administration for urban areas, while District Councils were such for rural areas. In 1972, the Revolutionary Council government restructured the ministries. Consequently, Municipal Committees and District Councils now fell under the purview of the General Administration Department (GAD), as part of the Ministry of Home Affairs and Religious Affairs.²² In 1974, local governance actors, such as Municipal Committees and District Councils, were amalgamated into Township Development Committees with a focus on both urban governance and rural development.²³ During the era of Burma Socialist Program Party rule, from 1974 to 1988, a further municipal law was enacted, the 1984 Municipal Law, but it made only minor revisions.²⁴

Following the 1988 military coup and the formation of the State Law and Order Restoration Council (SLORC) government,²⁵ additional changes were made to local administration via the 1993 Development Committees Law. Among other issues, this 1993 law clearly established that the Development Committees reported to the Ministry of Home Affairs and its respective officials. However, in January 1994, the Development Committees were moved out of the Ministry of Home Affairs' General Administration Department and placed under the newly-created Ministry of Border Affairs (MoBA).²⁶ In this manner, the agencies that originated as Municipal Committees and District Councils, and then evolved into Township Development Committees, were now housed in a new department, the Department of Development Affairs under the MoBA. This change in functions necessitated a formal legal amendment of the 1993 law, which was only done in 1997.²⁷ According to this 1997 amendment, all of the GAD's administrative functions for development affairs were officially shifted to MoBA. From 1997 until the change in government in April 2011, the MoBA was responsible

²¹ Moreover, a number of additional colonial-era laws were continued: 1892 Government Management of Private Estates Act, 1899 Government Buildings Act, 1946 Buildings (Regulations of Construction and Repair) Act, 1898 Ferries Act, 1947 Cattle Slaughter Prohibition Act, 1879 Hackney Carriage Act, 1914 Local Authorities Loans Act, and the 1946 Local Authorities (Suspension) Act.

²² In 1972, the Ministry of Local Democratic Governance and Local Organizations changed into the Ministry of Home Affairs and Religious Affairs. Accordingly, the Department of Local Democratic Governance Strengthening, which oversaw Municipal Committees and District Councils and had been under the Ministry of Local Democratic Governance and Local Organizations, was also shifted to be under the GAD of the Ministry of Home Affairs and Religious Affairs.

²³ A presence at the district level ended, and district councils and the district commissioner's local funds were abolished. See the DRD webpage, <http://www.drdmyanmar.org/index.php?page=YWJvdXQ>

²⁴ The 1984 Law has not been repealed yet and is still applicable for committee formation and "mayor" appointments, particularly for the largest cities.

²⁵ Later renamed as the State Peace and Development Council (SPDC).

²⁶ The full name of this ministry at the time was the Ministry of Progress of Border Areas and National Races.

²⁷ The 1994 shift to MoBA was authorized through SLORC Notification No. 15/94, dated 30 January 1994. Via this notification, the ministry became the Ministry of Progress of Border Areas and National Races and Development Affairs. Aung Myat Kyaw. 2013. *Study on Myanmar Democratic Local Organizations and Laws*, p. 55.

for both municipal governance and rural development through its Department of Development Affairs.²⁸

The 2008 Constitution had major ramifications for subnational governance, and municipal governance in particular. The constitution moved the Department of Development Affairs out of the MoBA and spread its component subnational offices between the 14 states and regions and under the full remit of the new state and region governments that were created in April 2011. In accordance with Schedule II of the 2008 Constitution, it was the only government entity that was placed under the total control of the state and region governments, and the Department of Development Affairs was abolished as a department of MoBA.²⁹

No longer part of a Union ministry, the Department of Development Affairs became Development Affairs Organizations (DAOs) for each of the 14 new state and region governments and focused only on urban governance. Each state and region parliament (*hluttaw*) subsequently enacted Development Affairs (municipal) Laws for their respective areas. Within the state/region governments, DAOs are under the supervision of the state/region minister of development affairs—one of nine ministers forming the cabinet for each state and region government. Like all state/region ministers, the minister of development affairs is selected by the chief minister. Below this level of political leadership, a director-level civil servant is the senior leader for DAOs in each state and region, supervising the DAO offices in all of the respective state/region townships.



The MoBA's mandate to work on rural development did not shift to the state and region governments along with the DAOs, but rather went to the newly-constituted Ministry of Livestock, Fisheries, and Rural Development (MoLFRD) in June 2013.³⁰ Within this new ministry was a dedicated Department of Rural Development (DRD), whose staff came primarily from the defunct Department of

²⁸ Interview with a deputy director in Ayeyarwaddy Region.

²⁹ The official order moving staff from the Department of Development Affairs to state and region governments was issued on 31 March 2012.

³⁰ President Office Order No. (67/2013), dated 9 August 2013. According to the DRD website, "On June 2012, [the Department of Development Affairs] DDA was renamed as DRD and her organization structure was compacted. Meanwhile, the main focus of development activity was shifted from both urban and rural development measures to only rural development one." <http://www.drdmyanmar.org/index.php?page=YWJvdXQ>

Development Affairs.³¹ In this manner, responsibilities over urban areas (DAOs) and rural areas (DRD) were once again officially separate.³²

In conclusion, today's DAOs have an extended history dating to the British colonial era and several iterations through two successive military regimes. Despite the contortions of this evolution, many of the basic roles and functions of DAOs, and municipal governance more widely, have been remarkably consistent, based as they are on the 1898 Municipal Law.

Municipal structures in Yangon, Mandalay and Nay Pyi Taw

Municipal affairs in **Yangon** and **Mandalay** cities are organized differently than in the rest of the country. The two cities are managed by the Yangon City Development Committee (YCDC) and the Mandalay City Development Committee (MCDC), which are responsible for municipal service delivery and public works (waste management, water supply, roads and bridges, parks and sports grounds, street lighting, funeral services and firefighting etc.), city planning, urban land administration, tax collection (including business licensing and registration), public health, and urban development.

The YCDC and MCDC have delegated administrative functions under the authority of the Yangon Region and Mandalay Region Governments. As such, they are not fully autonomous local governments. The establishment of separate municipal bodies for large Myanmar cities dates back to the colonial era, with the first municipal government for Yangon established in 1874. In the early 1990s, during the rule of the SLORC, fundamental changes to the structure of the YCDC and MCDC took place, which included legislation that required the establishment of SLORC-appointed committees to head the two entities.

Following changes to the laws and by-laws governing the YCDC and MCDC over 2013-2014, both the YCDC and MCDC are now managed by committees that are partly elected by the public. The chairmen of the YCDC and MCDC are Ministers of Development Affairs in the Yangon and Mandalay Region Governments. These governing bodies are unique in that they allow for consolidated management of townships—33 for Yangon and 7 for Mandalay. They are large government agencies, with the YCDC, for instance, employing over 10,000 people.

The Union Territory of **Nay Pyi Taw**, as the capital of Myanmar, is administered differently from the MCDC, YCDC, and the states and regions. It is managed by the 10-member Nay Pyi Taw Council, of which nine members are selected by the president and one is appointed by the military. The GAD plays a key role and is responsible for general administration of the eight townships in the Union Territory.

³¹ When this change occurred, the Director General of the Department of Development Affairs became the Director General for the Department of Rural Development, while the directors for each state and region, in turn, became the senior leader for each state and region's DAO system under the supervision of the respective state/region government. Another shift was the lack of offices for the new DRDs. Many DAOs and DRDs are still co-located until the DRDs can secure their own buildings. Lastly, one challenge for basic functioning of DAOs was that they had numerous empty staff posts because DAO staff left to join the DRD offices when they split from 2011 to 2013. Multiple interviews with DAO staff in Shan State.

³² All wards are automatically under the purview of DAOs but parts of village tracts can still be designated as 'development affairs areas.' Through 2014, DAOs still undertook a minimal amount of work in rural village-tracts, while some DRD offices still undertook public works in peri- or semi-urban locales. However, starting in the 2015-2016 fiscal year, it is apparent that DAOs will focus on urban areas only (primarily wards), while the DRD will focus on rural development in village tracts. Interview with DAO staff in Ayeyarwaddy Region.

THREE: Legal Mandate and Positioning within Subnational Governance

In order to understand the role that DAOs play in Myanmar's municipal governance, this section details the current legal mandate for DAOs. Furthermore, in order to contextualize the role that DAOs are legally mandated to provide, the latter half of the section explains how they fit into the wider system of subnational governance, particularly at the township level.

3.1 Legal mandate for DAOs

Given its modern history, the current legal mandate for DAOs stems from the previous SLORC/SPDC era. Specifically, the legal basis for DAOs is the State Law and Order Restoration Council's (SLORC) Law No. 5/93, namely, the 1993 Development Committees Law, described in the previous section (see Annex 4). According to the 2008 Constitution's Section 188, state and region *hluttaws* have the right to enact laws for the entire, or any part of a state or region, related to matters listed in the constitution's Schedule II (please see Annex 5). 'Development Matters' is listed under the Management Sector of Schedule II.³³ Within the main articles of the 2008 Constitution there is no explicit mention of DAOs, or municipal governance more generally.

Within this remit, state and region governments have the authority to pass their own Development Affairs Laws as the guiding basis for DAOs. Starting in late-2012, all 14 state and region governments developed their own Development Affairs Laws, which can effectively be considered their 'municipal laws'. These laws are all largely based on SLORC Law No. 5/93.³⁴ Considering this common origin, the 14 state and region laws are quite similar in terms of basic structure and provisions. The only notable differences concern TDAC structures and processes, which will be detailed below, and fines and penalties, which will be detailed in Section 3. For a full summary of the changes to municipal laws over different eras, see Annex 6.

The following nine state and region Development Affairs Laws have essentially the same legal structure as SLORC Law No. 5/93 and hence with one another:

State or Region	Name of Law	Date Enacted	Number of Sections
Mon State	2012 Hluttaw Law #6	7 October 2012	90 Sections
Sagaing Region	2012 Hluttaw Law #9	9 October 2012	89 Sections
Kayin State	2012 Hluttaw Law #6	17 December 2012	97 Sections
Magway Region	2012 Hluttaw Law #5	14 January 2013	95 Sections
Kayah State	2013 Hluttaw Law #8	29 March 2013	90 Sections
Chin State	2013 Hluttaw Law #3	30 March 2013	93 Sections
Kachin State	2013 Hluttaw Law #5	20 May 2013	100 Sections
Rakhine State	2013 Hluttaw Law #1	26 April 2013	97 Sections
Bago Region	2014 Hluttaw Law #3	25 March 2014	92 Sections

³³ Within Schedule II, 'Development Matters' is listed as *si-bin-tha-ya-ye* in the Myanmar copy of the constitution, which directly translates as 'development affairs'.

³⁴ The primary reason for this seems to be the exigency to move quickly with new laws following the movement of DAOs under the newly-created state and region governments.

Only five state and region Development Affairs Laws differ marginally from SLORC Law No. 5/93 and one another. As mentioned, these differences concern the organization of TDACs and, to a lesser degree, the definition of fines and penalties.

State or Region	Name of Law	Date Enacted	Number of Sections
Ayeyarwaddy Region	2012 Hluttaw Law #3	24 April 2012	93 Sections
Tanintharyi Region	2013 Hluttaw Law #12	17 December 2012	97 Sections
Shan State	2013 Hluttaw Law #3	15 October 2013	95 Sections
Mandalay Region	2013 Hluttaw Law #3	8 April 2013	120 Sections
Yangon Region	2013 Hluttaw Law #5	30 September 2013	90 Sections

In terms of variance in the laws regarding TDAC formation, SLORC Law No. 5/93 stipulated that the GAD should form ‘development committees’ with ‘suitable citizens’ to carry out the duties and functions of the committees and that the chairpersons shall be appointed.³⁵ However, SLORC Law No. 5/93 did not detail the committee’s structure or any process by which the members should be selected. As the country has moved away from military authoritarianism, the current Development Affairs Laws offer much more detailed provisions for the composition and selection of Township Development Affairs Committees (TDACs), when compared to SLORC Law No. 5/93.³⁶ In all 14 states and regions, TDACs have seven members, four of whom must be community representatives.

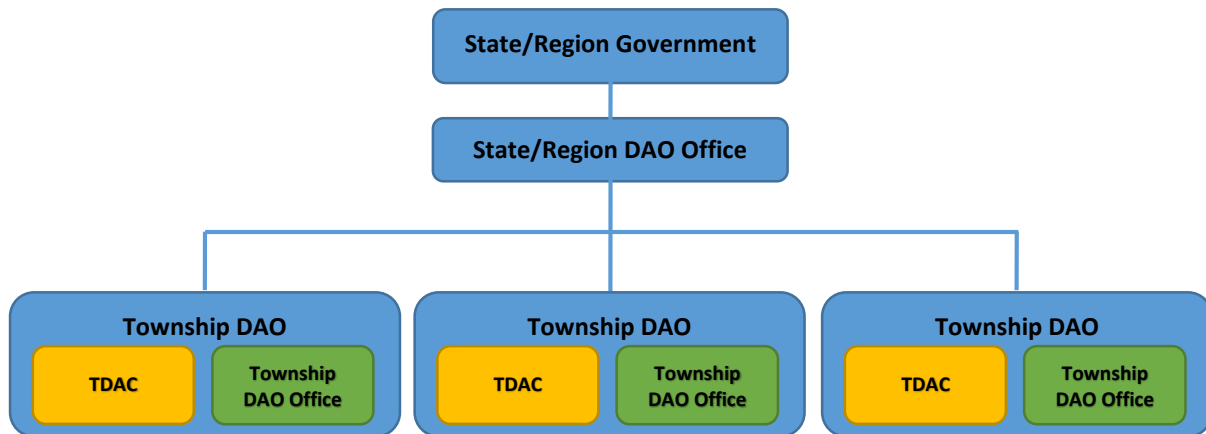
More generally, the most significant change resulting from the 2008 Constitution is the placement of DAOs under the full control of the 14 state and region governments, rather than a Union ministry. State and region governments are led by a chief minister supported by a cabinet of nine ministers focused on assorted sectors. However, these ministers have no dedicated ministries to support their work. Effectively, as the study *State and Region Governments in Myanmar* highlighted, they are “ministers without ministries”.³⁷ However, DAOs are the lone exception to this situation. Each state and region government has a minister of development affairs whose mandate focuses on managing their DAOs, which no longer have a connection to any Union ministry. In this sense, DAOs are a nascent state/region civil service (or bureaucracy) as they are answerable only to their respective state/region government. As such, DAOs stand out as a decentralized government agency that contrasts with the ongoing dominance of Union ministries functioning at subnational levels.

Within this new context, there are some variances in the structures of DAOs within the states and regions. For 11 of the states and regions, the general structure for DAOs is fairly standard, and largely mirrors the basic structures of those from the SLORC/SPDC era. The assorted DAO offices within a state or region can, in turn, be understood as that state or region’s ‘DAO system’.

³⁵ See Sections 4 and 5. Note that historically, once the committee had been formed, the GAD was just a normal member of it. Currently, there is still GAD representation in the committees, but they are now formed and managed by the DAOs.

³⁶ Kachin, Bago, Mandalay, Mon, Shan, Tanintharyi, Ayeyarwady and Yangon now clearly define the TDAC structure. In Ayeyarwady, the Committee Structure is not mentioned in their Development Affairs Law, but it was followed by notifications that did so. For the four remaining states and regions (Kayah, Kayin, Chin and Rakhine) committee structures are not as precisely defined though it is still stipulated that committee members are to be seven (four from the public and three from the civil service). In the Development Affairs Laws of Sagaing and Magway, the committee structure is not mentioned; however, their laws mention that the TDAC shall be formed with ‘suitable citizens’ living within the DAO’s boundary.

³⁷ See Nixon, et al. 2013. *State and Region Governments in Myanmar*, page 28.



As depicted in this diagram, in each state and region government there is a DAO Office in the capital city, which is led by a director who supervises the township DAOs. Generally, there is no state/region-level development affairs committee to complement that work. The minister of development affairs, with approval from the chief minister, sets development policies and oversees DAO work on the whole. The State/Region DAO Office in the state/region capital is, in turn, mainly responsible for coordination and staff management for the whole state/region. In contrast, at the township level, the TDAC and Township DAO Office work together to prioritize public works and municipal management.

Only three states and regions—Mon, Yangon and Shan—have development affairs committees at the state/region level to mirror those at the township level. In these states and regions, the minister of development affairs serves as the state/region development affairs committee’s chairperson, and the state/region director for DAOs serves as the committee’s secretary. In Shan State, there is a further distinction made to the state’s DAO structure. DAO sub-offices are located in Lashio and Kengtung to cover Shan North and Shan East, respectively. These regional offices are meant to improve coordination, given the large size of the state, which has over 50 TDACs and is the largest DAO system in the country. Complicating this system further is the presence of all of the country’s six self-administered zones and one division in Shan State which, according to the 2008 Constitution, can make their own development affairs laws, but in reality still follow their respective state/region development laws and rely on their DAO staff.³⁸

3.2 Positioning of DAOs within Myanmar’s subnational governance system

Before proceeding to a detailed accounting of the duties and functions of DAOs, it is necessary to first situate them within Myanmar’s ‘graded territorial’ system of subnational governance. At the subnational level, the Republic of the Union of Myanmar comprises seven states and seven regions,

³⁸ According to the 2008 Constitution’s Schedule III, the Pa-O Self-administered Zone is allowed to prepare its own municipal law, but this law must be compliant with Shan State’s municipal law. To date, the Pa-O Self-administered Zone’s DAOs are still following the Shan State municipal law but a dedicated municipal law is being prepared by the Shan State DAO Office. It can be assumed this is the situation for the other self-administered zones and division in Shan State. Multiple interviews with TDAC members and the executive officer in Pa-O Self-administered Zone.

six self-administered zones and a division, and one union territory—the capital Nay Pyi Taw.³⁹ The smallest formal administrative unit is the village tract, which consists of a cluster of villages, and wards, which are sister units to village tracts, but are in semi-urban and urban areas. Wards and village tracts are grouped into townships, where the Union ministry offices are located. Collections of townships are organized as districts, which in turn form the respective state and region.⁴⁰

Townships are the key building blocks of public administration in the country and their administrations are headed by a GAD officer from the Ministry of Home Affairs (MoHA).⁴¹ Townships do not yet have an elected representative body. Nevertheless, it is at the township level that many key functions of government take place, such as population registration, land management, and most forms of tax collection. The 74 districts form a middle tier of administration, linking the Union Government and the 14 state and region governments with all 330 townships, and they are headed by a senior official from the GAD. Self-administered zones, and the one self-administered division, have a constitutional status in many ways equivalent to a state or region, and can form their own indirectly-elected and appointed “leading bodies” led by a chairperson.⁴²

While state and region governments are perhaps the most significant new structures in subnational governance, as instigated by the 2008 Constitution, President Thein Sein has pushed governance reforms further by decreeing the creation of collective bodies at the district, township, and village tract/ward levels.⁴³ These are primarily management committees, development support committees, and farmland management bodies. The township level has an additional committee of note: the TDAC, whose legal provisions are now based on state/region law, as just described, rather than on presidential decrees or Union laws.⁴⁴

There are currently no official plans for elections of local legislative bodies at the township or district level.⁴⁵ Rather, the township and district GAD administrators play a primary role in the assorted management and development committees that have evolved, some of which have community representatives. Indeed, these committees now consume a large part of township administrators’ time as they must focus on prioritizing and implementing local development projects. The impetus for expanding local committees came from President Thein Sein himself, largely in the form of presidential decrees, and these are meant to complement the indirect election of village tract/ward administrators that began in late-2012 (namely via 10 household heads).

³⁹ States and regions, despite the terminology distinguishing historically ‘ethnic’ states from majority *Bamar* regions, are constitutionally equivalent. The six self-administered territories are the zones of Naga in Sagaing Region, Danu, Pa-O, Palaung, Kokang, and the Self-Administered Division of Wa (all in Shan State).

⁴⁰ Constitution of Myanmar, Art. 49-51.

⁴¹ For a detailed overview of the GAD, see Chit Saw and Arnold. 2014. *Administering the State in Myanmar*.

⁴² Constitution of Myanmar, Articles 275 and 276.

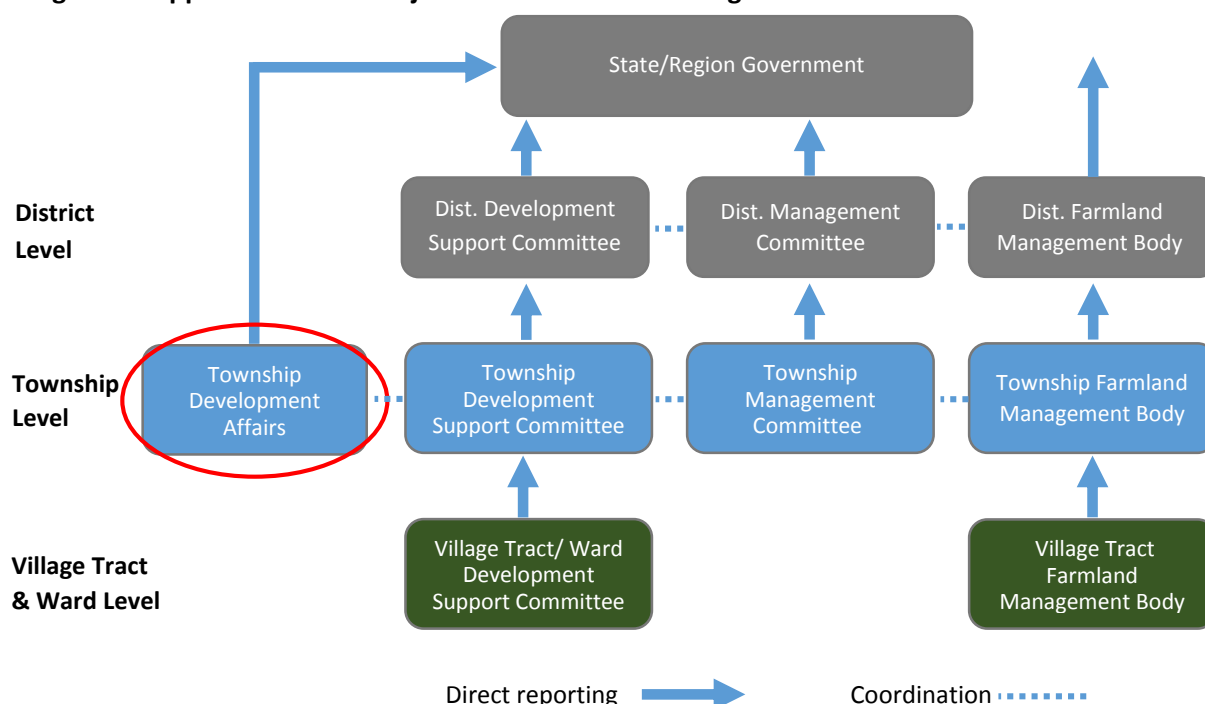
⁴³ Republic of the Union of Myanmar, The President’s Office. (26 February 2013). “*Notification for the formation of Township, Quarter (or) Village Tract Development Support Committee*”, Order # 27/2013; (unofficial translation).

⁴⁴ See President’s Office Notification 27/2013 (26 February 2013).

⁴⁵ The governing Union Solidarity and Development Party (USDP) has even proposed that there be elected bodies for both townships and districts, but no specific plans for this have been publicized. Htet Naing Zaw. 2013. ‘USDP Announces Surprise Constitutional Amendment Proposal’.

Together, these committees form key pillars in President Thein Sein’s ‘people-centered development’ priorities and are explicitly intended to improve community participation in governance and development.⁴⁶ The composition, roles, and functions of these assorted committees vary. However, the GAD plays a central role in convening, coordinating and communicating the discussions, recommendations and decisions of these assorted committees within the state administration, and particularly up to the state and region governments.⁴⁷

Diagram 1: Approximation of major committees functioning at subnational levels⁴⁸



The GAD’s role is strongest in the district and township management committees, where district and township administrators act as chairpersons. District and township management committees are the most powerful committees in any one locality, being composed entirely of local government officials responsible for administration, security, and social services. GAD township deputy administrators are still involved as members of the other committees—the township development support and development affairs committees. This means the management committees and farmland management bodies have appointed senior government officials leading them, while the development support committee and TDAC are chaired by persons indirectly elected from the community. At the village tract level, the village tract administrator, who is elected by the heads of 10 households, is the chairperson of all village tract committees. The village tract clerk serves as secretary.

It is within this complex system of subnational committees, dominated by the GAD, that TDACs and their sister Township DAO Offices exist. They stand out as being more autonomous from the other

⁴⁶ Union Government, President’s Office Notification No. 27/2013.

⁴⁷ This has become an increasingly complex task as the assorted committees are involved in prioritizing projects for multiple local development funds, all of which require numerous consultations with a plethora of government actors, other committees, and approval from both district administrators and state and region governments or Union ministries. Interviews with township administrators.

⁴⁸ Chit Saw and Arnold. 2014. *Administering the State in Myanmar*, p. 36.

committees given that they have dedicated laws governing their existence—the 14 state and region Development Affairs Laws passed since 2012—and that the 2008 Constitution placed them under the direct control of the state and region governments. The specific roles and responsibilities of TDACs and Township DAO Offices will be discussed in subsequent chapters, but it is important to highlight that while they do have dedicated legal provisions and fairly unique roles and mandates, they still must operate within a complex local governance system that is formed primarily of Union ministries.

FOUR: Functions of DAO Offices in the States/Regions and Townships

As described in Section 2, stemming from their historical origins, the core operational focus of DAOs is still at the township level. Township DAOs are composed of twin parts: a TDAC that oversees and supports a Township DAO Office. For most states and regions, there is a State/Region DAO Office, but no parallel state/region-level committee. There is no DAO presence at the district level. This section outlines the basic roles and responsibilities for these two levels of DAOs (state/region and township), and when needed, explains any exceptions between the 14 states and regions.

While this section will detail the basic functions of DAO offices, Section 5 will define the significance of the TDACs. This separation is useful for describing the two halves of the DAOs because the functions for DAO offices and their professional civil servants are clearly defined in the 14 state/region Development Committee Laws, and are largely consistent with how DAO Offices functioned when they were still under MoBA. In contrast, the purpose and functioning of local development affairs committees have evolved significantly since 2011. TDACs have assumed much greater roles in terms of public representation and engagement when compared with their predecessors in the SLORC/SPDC era.

4.1 State/Region DAO Offices

The key function of State/Region DAO Offices is to coordinate and supervise Township DAO Offices rather than any direct implementation.⁴⁹ State/Region DAO Offices are led by a director (at the director-level of gazetted civil servants) who is the senior DAO civil servant for every state and region's DAO system. There is some variation, but State/Region DAO Offices are generally composed of three departments: 1) Administration, 2) Engineering, and 3) Law, Tax and Security (see Annex 7). Under the director serve several deputy directors supervising a regional staff of upwards of 30 to 40 personnel. Within any DAO system, given that their mandate emphasizes civil engineering works, there is a strong presence of engineers, and hence the dedicated department.

The State/Region DAO Office reports directly to the state/region government's minister of development affairs. A primary purpose of State/Region DAO Offices is to link their DAO systems—spread as they are around numerous townships—with the political leadership of the respective state/region government to ensure that DAO activities mesh with government priorities. For instance, the Shan State Government has made a policy priority of improving water supplies, while in Ayeyarwaddy Region the priority is to construct cement roads and improve drainage.⁵⁰

The minister of development affairs' portfolio includes sports, social welfare, and labor. However, central to his or her work is setting the policy priorities of DAOs, in consultation with the chief minister and the cabinet. A primary role of the minister is to ensure balance between the many wants and needs of local communities versus the longer-term policy goals of a state/region government, and given the resources available. Ensuring such focus is critical for implementing more expensive and technically sophisticated projects, such as constructing roads and improving water supplies.⁵¹

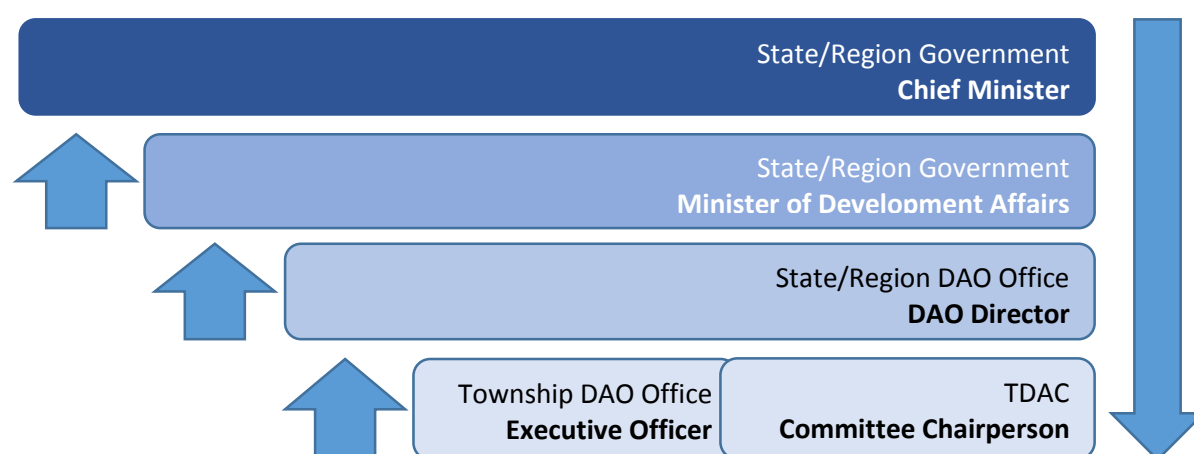
⁴⁹ Interviews with state/region DAO directors.

⁵⁰ Interviews with two different state/region DAO directors.

⁵¹ Interview with state/region DAO director.

As mentioned, only three states and regions (Mon, Yangon, and Shan) have state/region-level development affairs committees, and in these places, the State/Region DAO Office also responds to the guidance provided by these committees. These state/region development affairs committees have some indirectly-elected community representatives as well as senior government officials.⁵² The preference of the other 11 states and regions for not having state/region-level committees stems from historical precedent, i.e. they did not exist prior to 2011, and there is a desire to keep structures simple. As noted by one DAO officer in Ayeyarwaddy Region: “We don’t need the region level committee. It never existed before. We don’t think it is necessary.”⁵³ This preference also reflects the fact that most DAO work is delegated to the township level.

In practice, State/Region DAO Offices delegate significant decision-making power to the Township DAO Offices, particularly with regard to annual planning, designing activities, crafting budgets, and routine municipal management and service provision. A more significant role of the State/Region DAO Offices is that of channeling the policy priorities of state/region governments—for example, for road construction or drainage—and for signing-off on projects and budgets once they are submitted for annual approval. Additionally, State/Region DAO Offices are responsible for the wider management tasks of their respective DAO system, such as human resources, finance, and reporting to the state/region government. Another important role is maintaining the bylaws required for the DAO system, which will be detailed later in this section.⁵⁴ Below is a diagram illustrating the hierarchy of DAO systems.



Each DAO system must be fully self-funded. Just as State/Region DAO Offices do not directly implement any municipal projects or provide services to the public, they also do not collect any revenue. Instead, State/Region DAO Offices are funded via the transfer of between 5-10% of revenues from the Township DAO Offices. In some states and regions, such as Tanintharyi and Shan, the amount collected for the State/Region DAO Office varies slightly, depending on the size of the township. For example, in Tanintharyi Region, the cities of Dawei and Myeik set aside 5% of their revenues for the

⁵² For instance, in Shan State, the committee’s chairperson is the minister of development affairs, the DAO director is secretary, and there are also two vice-chairpersons who are indirectly elected community representatives who are ‘elders’ from Kengtung and Lashio. There are three more community representatives from the social and economic sectors, plus another three community representatives with ‘technical backgrounds’. Lastly, there is a representative from DRD and the DAO deputy directors from Kengtung and Lashio.

⁵³ Interviews with DAO staff in Ayeyarwaddy Region.

⁵⁴ Interview with DAO director in Ayeyarwaddy Region.

regional office, while the smaller townships only set aside 3%. In Ayeyarwady Region, all Township DAO Offices send 5% of their revenues to cover the regional office.

Additionally, in some states and regions, the State/Region DAO Office's mandate requires that larger townships share their revenue to support smaller townships that need funding.⁵⁵ State/region DAO directors prioritize which projects should be supported in the smaller townships that have limited local revenue.⁵⁶ Overall, this is a minimal amount and an important tenet of DAO systems is that 90-95% of revenue must be spent in the township where it was raised. Important within State/Region DAO Offices are budget units, which track revenues and expenditures for the Township DAO Offices, but also manage the State/Region DAO Office's own budget.

Overall, State/Region DAO Offices play an important role in managing the DAO systems of their respective states and regions. This is a major shift for them in terms of purpose. Under the MoBA through 2011, the Department of Development Affairs offices in the state and region capitals were largely intermediaries within the normal hierarchy of a Union ministry. After the placement of DAOs under the state and region governments, they became totally unique government actors in Myanmar as they now oversee a state/region system of government offices that provide a wide range of social services, manage local economic governance, and collect significant amounts of revenue. The size of a DAO system, i.e. the state/region offices and all township offices, is significant, as large numbers of staff, responsibilities, and revenues fall under the full control of state/region governments. For example, the DAO system for Shan State covers over 80 DAO offices and employs upwards of 1,500 fulltime civil servants, and Ayeyarwaddy Region has over 50 offices and 1,200 staff.

There is no longer a significant connection between DAOs and the Union Government in Nay Pyi Taw. As detailed in the last section of this paper, this is an opportunity for state and region governments to further Myanmar's decentralization. This is also a major challenge for the DAOs as they must now learn to be self-sufficient, both in terms of basic financial resources, but more generally in terms of policy development, human resources, and procurement since they no longer have a 'mother ministry'.⁵⁷

4.2 Township DAO Offices

This section describes the functions of Township DAO Offices. As they are the foundation of municipal governance in Myanmar, this section begins with a description of their jurisdiction and basic structures, and then details the technical aspects of DAO functions, particularly in terms of social services, local economic governance, and revenue collection and management.

4.2.1 Jurisdiction and Office Structures

It is important to first detail where Township DAO Offices are located. All townships in the country—outside of Yangon City, Mandalay City, and Nay Pyi Taw Union Territory—have a Township DAO Office

⁵⁵ In Shan State, 10% of revenue in a township with high DAO income is reallocated to smaller and medium-sized towns, while 90% is kept in the township where it was collected. Interview with DAO minister, Shan State.

⁵⁶ Interview with DAO director in Shan State.

⁵⁷ This term of 'mother ministry' was mentioned repeatedly to signify the lack of a ministry in the capital able to provide basic support to field offices.

in their administrative center, alongside other common township offices from Union ministries, such as the GAD's Township Administration Office. In addition, within some townships there may be a limited number of DAO offices in what were previously known as 'sub-township' administrative centers but are now referred to as 'towns'.⁵⁸ These are not full Township DAO Offices and they do not have sister TDACs to complement their work.⁵⁹ The total number of local DAO offices in the country is unknown, but an educated guess would be around 400 across the 14 states and regions.

The jurisdiction of these DAO offices has narrowed since the 2011 formation of state and region governments to just focus on the 'urban' areas of townships, i.e. wards.⁶⁰ As described previously, this change stems from the abolition of MoBA's Department of Development Affairs and the placement of responsibilities for rural development with the Department of Rural Development of the Ministry of Livestock, Fisheries, and Rural Development (for a comparison of the DRD's functions, see Annex 8). Given that separation, Township DAO Offices, which used to cover an entire township, are now supposed to concentrate on urban areas, while township DRD offices concentrate on rural areas, i.e. village tracts.⁶¹ The GAD zones village tracts and wards and Township DAOs play no role in this zoning.⁶² However, DAO projects can still take place within limited parts of village tracts, especially those that border urban concentrations. DAOs can designate areas within village tracts as 'development affairs areas' where commercial activities are increasing and municipal services are needed—for instance, if there is a market in a large village.⁶³ Moreover, in a particular village tract, as sister organizations, DAOs and the DRD may cooperate on a development project such as establishing or maintaining a bridge or culvert.⁶⁴

It is unclear if this concentration on wards is a comprehensive directive coming from Nay Pyi Taw, but there seems to be an inherent dynamic for DAOs to concentrate on urban areas, i.e. wards, given that the DRD receives significant resources from the Union Government as well as from international donors for its work in rural areas/village tracts.⁶⁵ Regardless, this move seems popular with DAO staff as they must raise their own revenues primarily from the businesses concentrated in urban areas, so they prefer to be able to concentrate their scarce resources in those areas.⁶⁶ In some states and

⁵⁸ This change in terminology occurred in 2014, when the national Parliament asked government actors to stop using 'sub-townships' in order to be consistent with the 2008 Constitution. They are usually placed in areas that have a high urban concentration or because the geographic features of a township disperse its population and it becomes useful to have another field office to serve a particular area. For example, in Shan State, there are 55 Township DAO Offices, plus 29 town DAO offices, for a total of 84 DAO offices across the state. This is exceptional, however, and most states and regions do not have so many town offices. For instance, in Ayeyarwaddy Region, there are 26 township offices and 7 town offices.

⁵⁹ Interview with Township DAO Office staff member in Ayeyarwaddy Region.

⁶⁰ Under SLORC Law #5/93, Development Committees were responsible for both urban and rural areas. Following the changes in laws and structures, starting in 2011, this mandate was narrowed for DAOs, trimmed as they were from the DRD.

⁶¹ This is not always a precise divide and there is often overlap, largely because much of Myanmar is very rural and the distinction becomes subjective to local officials. There is also a recent history of 'DAO' projects in village tracts as, until recently, the DRD was part of the Department of Development Affairs.

⁶² It is unclear if there are set criteria for this designation. It is apparent that much of it goes back to the colonial era, and any changes are based on local, subjective decisions by the GAD. For comparison, there are 3,133 wards in the country versus the 13,620 village tracts that primarily receive DRD attention.

⁶³ Interview with the DAO director in Ayeyarwaddy Region.

⁶⁴ Interview with TDAC public members, DAO executive officer, and DRD officer in Ayeyarwaddy Region.

⁶⁵ Interview with minister of development affairs, Shan State.

⁶⁶ Interviews with TDAC public members and a DAO executive officer in Ayeyarwaddy Region.

regions, this transition to focus only on wards has been made official, such as in Mon State and Ayeyarwaddy Region.

Another significant structural aspect of DAOs at the township level is that a grading of townships is used to determine the size of the office. The grading goes from A to E, with A being the largest.⁶⁷ This contrasts with other township-level government offices such as the GAD's Township Administration Office which tends to be uniform in size, regardless of a township's population. Given the DAO's grading of townships, Township DAO Offices can vary significantly in staffing, from 10 or fewer staff, to upwards of 100.⁶⁸ Also, in contrast to other actors that have uniform ranks for managers (such as GAD Township Administrators all being at the assistant director level), the senior managers of each Township DAO Office can vary in civil service rank, depending on the grade of the township. This can range from a staff officer for a small, primarily rural township of E Grade, all the way up to a deputy director for a large A Grade township, such as a state/region capital city like Patheingyi or Dawei.

Given the DAO's township grading system, structures of Township DAO Offices can vary accordingly (see Annex 9 for an example organigram). All Township DAO Offices are led by an executive officer, who, in turn, is supported by a deputy who is an executive engineer. All Township DAO Offices will have at least two departments (administration and engineering), though larger Township DAO Offices may have up to five departments.⁶⁹ Having just two departments is common, and under them tend to be the following sub-departments:⁷⁰

<p>Administration Department:</p> <ul style="list-style-type: none"> ▪ Sanitation ▪ Markets and slaughterhouses ▪ Revenue ▪ Administration ▪ Compliance/discipline 	<p>Engineering Department:</p> <ul style="list-style-type: none"> ▪ Water ▪ Electricity ▪ Roads and bridges ▪ Parks and recreation ▪ Machinery
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Staff in Township DAO Offices are professional civil servants. The vast majority of current staff were previously MoBA personnel who transferred to the newly-created DAOs after 2011.⁷¹ Now, with no 'mother ministry' in the Union Government, the prospects for reassignment between state and region DAO systems are limited. In order to move, staff must secure special permission from the respective chief ministers—another source of discontent for some DAO staff.⁷² Although DAO personnel can

⁶⁷ Some states and regions also have a 'special' grade for their largest cities, usually their capitals.

⁶⁸ For example, in Ayeyarwaddy Region the different township grades have *on average* the following numbers of staff: Grade A - 90, Grade B - 46, Grade C - 34, Grade D - 23, and Grade E - 16.

⁶⁹ These can vary, but are commonly-seen departments such as administration, sanitation, tax, markets, and engineering. Interview with DAO Director in Tanintharyi Region at Asia Foundation/VNG workshop.

⁷⁰ Interviews with TDAC members, executive officer and executive engineer in Ayeyarwaddy Region.

⁷¹ Whatever their MoBA posting happened to be in 2011, became their permanent duty station under the new state/region DAOs. This meant that some staff felt 'marooned' in a state/region where they had no particular connection. When originally assigned under the MoBA, they assumed that they would be moved again at the end of their regular three-year posting. This dissatisfaction is particularly acute for DAO staff who started their careers expecting to be promoted to high-level Union civil servant posts, but instead ended up in a state/region-level system with more limited opportunities for advancement.

⁷² Multiple interviews with DAO staff in Ayeyarwaddy Region and Shan State.

transfer easily within a state or region, and now often more easily than before,⁷³ the possibilities for promotion are limited due to the small number of senior posts in any state or region. This means that staff must often wait for years until more senior colleagues retire and they can be promoted.⁷⁴ The limited prospects for transfer between states and regions and promotion within DAO systems have resulted in concerns about staff morale.⁷⁵

The human resources systems for DAOs are relatively unique as they no longer have a 'mother ministry', and they are now only involved with the Union Civil Service Board (UCSB), which provides their interaction with Nay Pyi Taw. The recruitment of DAO personnel is undertaken both locally and nationally. With UCSB support, gazetted officers are recruited nationwide, while non-gazetted officers and daily-wage staff are recruited locally with no UCSB involvement.⁷⁶

When there is an opening for a gazetted position in a township, the Township DAO Office informs the respective regional office which then submits a recruitment request to the state/region government. Once approved, the township DAO advertises the position, primarily in newspapers. Shortlisted applicants must then take a written exam, which is prepared and supervised by the UCSB. Candidates who pass the exam are then interviewed by the DAO in the respective township office. A selection board of UCSB, DAO, and state/region government officials oversees the process for each appointment.⁷⁷

Promotions do not require such extensive UCSB involvement. Gazetted officers can be promoted by the State/Region DAO Office with the concurrence of the state/region government and in accordance with UCSB guidance and national civil servant laws and bylaws. However, if the promotion is from non-gazetted to gazetted status, then the UCSB must provide final approval for each promotion. Promotions for non-gazetted staff are made by the State/Region DAO Office, with final approval by the state/region government. Demotions and dismissals are made by the State/Region DAO Office, with approval of the state/region government and in accord with UCSB guidance and national civil servant laws and bylaws.

In summary, DAOs have unprecedented control over the hiring, firing, transfer, and promotion of staff. In essence, DAOs and their supervising state/region governments have the same human resources authority as a Union ministry. Notably, DAOs are the only government entity at the subnational level with such comprehensive authority over its personnel, albeit with the supervision of state/region

⁷³ Transfers within a state or region only need the approval of the State/Region DAO Office and the state/region government. There is no involvement of any other government actor, such as the UCSB.

⁷⁴ This is particularly problematic for senior staff. For example, a state or region DAO system has only one director. If that person is only 51, then all of the deputy directors must wait up to nine years for any chance of promotion.

⁷⁵ This was raised in repeated interviews. For instance, if an office is led by a notably bad executive officer, everybody suffers waiting for him or her to be promoted or transferred, which could take a long time.

⁷⁶ Myanmar's civil service is divided into 12 levels, the top six levels comprise the commissioned civil service (gazetted), and the bottom six the non-commissioned (non-gazetted). Commissioned civil servants are recruited through the Union Civil Service Board in Nay Pyi Taw or direct transfer from military service. Any government official in the commissioned service, whether they work for a Union ministry or a state/region government, must be approved in Nay Pyi Taw. Non-commissioned officers, which include all staff up to the Deputy Staff Officer level, are hired directly by a ministry or state/region government.

⁷⁷ Interview with a DAO executive officer in Shan State.

governments.

Training provisions for DAO staff have evolved significantly since 2011 when DAO personnel were still under the MoBA. Currently, DAOs in states and regions can send their civil servants to two types of training schools: those available to all Myanmar civil servants and the MoBA institute. Regarding the former, DAO staff can attend either the Civil Service Training Institute, in Phaung Gyi, just outside Yangon, or the Central Institute of Civil Service, in Zee Bin Gyi near Pyin Oo Lwin.⁷⁸ Note that these schools serve Lower Burma and Upper Burma, respectively. As regular civil servants, DAO personnel can attend these schools alongside government employees from Union ministries. Four types of trainings are offered at these schools: regular training, special refresher training, middle-level training, and senior-level training. These trainings target civil servants from the level of junior clerk up to the level of deputy director general.

Given their recent history under the MoBA, DAO staff are also able to attend the MoBA's Central Training School located in North Dagon of Yangon Region.⁷⁹ Both gazetted and non-gazetted DAO personnel can go to the Central Training School. Courses available include both specialty topics aimed at technical experts, such as engineers,⁸⁰ as well as courses offered routinely to all levels and types of civil servants.⁸¹ There are also mandatory training programs for cadres of civil servants newly entering the civil service or being promoted. For instance, routine training is provided to new DAO executive officers as they prepare to lead Township DAO Offices. This is a six-week course which covers administration, rules and regulations on financial management and tax collection, monitoring and supervising, engineering knowledge, and wider policy matters.

Aside from these three civil service academies, there are also some localized in-house trainings conducted by senior DAO staff who have attended Union-level trainings. These trainings are often organized by the State/Region DAO Offices and are provided regionally or directly in the townships. Training topics include leadership/management, office management, roles and responsibilities, and so forth. To date, almost no DAO staff have received trainings from international organizations and experts.

⁷⁸ The Central Institute of Civil Service (Phaung Gyi) originated as the Central School of Civil Service in 1965 under the Ministry of Home Affairs, and then moved to the Civil Service Training and Selection Commission in 1977.

⁷⁹ The Central Training School opened as the training school of the Department of Peace and Development Affairs under the Ministry of the Progress of the Border Areas and National Races and State Peace and Development Affairs in 1998.

⁸⁰ Examples include Senior Administration, Executive Officer Management, Advanced Engineering, Leadership, Finance Regulation, Urban Planning, Basic Engineering, Management, Clerical Work, Training-of-Trainers for Administration, and Store Keeping.

⁸¹ Examples include Staff Affairs; Finance: Rules and Regulations; Tax: Rules and Regulations; Office of the Auditor General's Financial Regulations; Engineering; Computers; Border Areas and National Races; Ministry Works; and Other Ministry Works.

4.2.2 Social Service Provision

Key Social Service Duties and Functions

- Town planning
- Water supply
- Sanitation
- Sewage disposal
- Disaster preparedness
- Street lighting
- Roads and bridges
- Vagrant persons on streets
- Animal control
- Parks, swimming pools, public baths & recreation centers
- Road rules, street naming & addresses
- Cemeteries and crematoriums
- Removal of cemeteries
- Public buildings under the charge of DAOs
- Demolition of squatter buildings
- Construction permission for private buildings
- Other development works in the public interest
- Other duties as needed

DAOs are one of the largest, though least understood, social service providers in Myanmar. They deliver a significant range of services (as part of their 31 core duties and responsibilities) which are directly funded through local taxes and fees, among the other revenues that DAOs collect. In contrast to other major social service providers in the country, such as the Ministry of Education and the Ministry of Health, DAOs have a diverse mandate to provide services ranging from water, sewage and trash collection to street lighting, roads and bridges, and drainage. This section will provide a brief overview of the major social services that Township DAO Offices provide. It is hard to generalize about these too much as the depth, quality, and actual provision, vary extensively across the country.

Trash collection: Township DAO Offices manage the collection of garbage and its disposal outside of municipal areas. For this, small fees are collected from both households and businesses. Usually the actual trash collection is undertaken by daily laborers. The frequency of trash collection can vary considerably, from daily to monthly or more intermittently. Some DAOs designate trash drop off points for neighborhoods and even provide standard trash bins, while others collect trash

left along the streets. Garbage is dumped outside of urban areas.

Roads and bridges: Arguably the most consistent priority for Township DAO Offices is the construction and maintenance of small roads and bridges within municipal areas. Major roads between townships, as well as between states and regions, are the responsibility of the Ministry of Construction (MoC). The Department of Rural Development Township Offices are, in turn, responsible for small roads in rural areas. For road construction, Township DAO Offices take full responsibility for the major roads in an urban area.⁸² However, it is common practice for DAOs to share costs with local communities for roads in residential neighborhoods, and citizens often contribute 25-75% of the total cost, with the DAO providing the balance, along with engineering and the required machinery.⁸³

Drainage: Similar to roads and bridges, Township DAO Offices undertake relatively small projects to facilitate drainage in urban areas, including the construction of culverts, canals, and gutters along roads. Drainage tends to be a priority in areas such as Ayeyarwaddy Region where the terrain is flat and rainfall is heavy.

Urban water supplies: The legal mandate of DAOs includes provisions for them to provide urban water supplies. However, most areas of the country, including major cities, rely primarily on private tube

⁸² There are different types of roads: earthen, gravel, tar/asphalt, concrete, and concrete topped with asphalt. DAOs focus on upgrading roads—priorities are main urban roads, access roads, and bypass roads. For these types of roads, DAOs bear 100% of the cost.

⁸³ Communities typically form their own local committee to manage their responsibilities and set the amount for their contribution.

wells and public ponds. There are townships where urban water systems are provided, for instance, with lakes and ponds supplying a town or city via a network of pipes or concrete cisterns that people access with buckets.⁸⁴ In these locales, the DAOs collect small fees for providing water.

Street lighting: A common task of Township DAO Offices is to provide street lighting. DAOs provide the lamps and pay the electricity bills for lighting along streets, while the poles and cables are owned by the Electricity Department of the Ministry of Electric Power. Within city parks, Township DAO

**Key Economic Governance
Duties and Functions**

- Markets owned by DAOs
- Privately-owned markets
- Cattle markets
- Slaughterhouses
- Roadside stalls
- Small loan businesses
- Bakeries and restaurants
- Dangerous trades
- Lodging houses
- Breeding of animals and disposal of carcasses
- Ferries
- Slow-moving vehicles

Offices provide everything. DAOs do not provide any electricity to individual households in urban areas. Rather, the Myanmar Electric Power Enterprise, a state-owned enterprise of the Ministry of Electrical Power, provides all electricity.

Outside of these core functions, Township DAO Offices provide a range of other services. Within their legal mandate, DAOs are allowed to provide sewage services. However, most urban areas in Myanmar still rely on septic tanks, if anything, rather than centralized sewage systems, including waste treatment plants. Along with urban drinking water provision, sewage systems stand out as a DAO development priority given how few sewage systems there are in Myanmar—and that DAOs are legally mandated to provide such systems. Additionally, DAOs are responsible for the management of cemeteries and crematoriums. Lastly, Township DAO Offices provide the maintenance for parks and playgrounds.

Despite being within their legal mandate, a conspicuously missing function of all DAOs at both the state/region and township levels, is a dedicated urban planning function. No DAOs have dedicated urban planning units. DAO staff highlighted this as a major weakness in many of their interviews for this study. They stated that given Myanmar's rapid rate of urbanization, the basic tasks of urban management are inherently becoming more complicated, and rising urban populations require dedicated planning efforts to accommodate them.⁸⁵

4.2.3 Local Economic Governance

Economic governance in Myanmar is dominated by the Union Government. This stems from the historical legacies of socialist economic policies and centralization under an authoritarian military regime. Providing permits and licenses to do business in the most lucrative sectors, especially natural resources, is the exclusive domain of the Union Government, as is issuing licenses to import and export goods.⁸⁶ Although much of this interaction is channeled directly to Nay Pyi Taw, especially in the case of large corporations, Union ministries maintain offices down through the administrative hierarchy to the subnational administrations in states/regions, districts, and finally down to townships. It is at these

⁸⁴ For instance, only in four of Ayeyarwady Region's townships do DAOs provide water supplies. These mostly consist of large rain-fed ponds. Concrete tanks are built around the ponds and local people collect water with buckets and carts. Some townships pump water from such a pond to a tower-tank and then pipe the water to people's houses.

⁸⁵ Interview with *hluttaw* speaker in Tanintharyi Region.

⁸⁶ Bissinger and Maung Maung. 2014. *Subnational Governments and Business in Myanmar*, p. 10.

lower levels, particularly in townships, where almost all of Myanmar's businesses, which are largely MSMEs, interact with government.

As is the norm for all types of local governance, the GAD plays a particularly strong role in local economic governance, and most notably through its township offices.⁸⁷ Economic governance functions provided by the GAD include excise management and fee and tax collection, as well as provision of the recommendations necessary for a range of licenses and permits, including land transfers, construction permits and operating licenses.⁸⁸ A variety of other Union ministry departments are also present at the township level and engage in economic governance functions. Examples include the Internal Revenue Department, the Directorate of Industrial Supervision and Inspection, and the Township Health Department.⁸⁹

It is within this local economic governance context, focused as it is on the township level, that DAOs play a critically-important role in providing the licenses, permits and other approvals required for the basic functioning of local businesses, and especially MSMEs. These interactions with businesses are undertaken by dedicated Township DAO Office fieldworkers who work throughout urban areas collecting taxes and fees, licensing businesses, and undertaking inspections.

Licenses: Under their core duties and functions is the "stipulation of conditions" for a wide range of businesses, which allows Township DAO Offices to provide business licenses. These businesses include market vendors and roadside stalls, butchers, hotels, and restaurants.⁹⁰ They also issue licenses for businesses that are involved in a 'dangerous trade', including factories, health clinics, laboratories, and blacksmiths. In this way, most MSMEs in urban Myanmar have an operating license of some sort granted by a Township DAO Office; the most common of these are restaurants and small shops.⁹¹

Construction permits: Township DAO Offices also issue construction permits for both commercial and residential projects in urban areas. In order to erect buildings, businesses must obtain a construction permit from their Township DAO Office. This first entails collecting recommendations from the township fire and health departments, police, and ward administrator. Along with proof of land ownership, these recommendations are then taken to the GAD township administrator who then

⁸⁷ At the state/region and district levels, the GAD has little direct engagement with businesses. In districts, GAD administrators approve licenses for shops selling alcohol and can approve land grants.

⁸⁸ Ward and village tract administrators are the lowest level of the GAD's hierarchy, and their engagement with businesses is limited to providing recommendation letters for certain licenses and permissions.

⁸⁹ For example, the Internal Revenue Department (Ministry of Finance) collects income and commercial taxes from businesses; the Directorate of Industrial Supervision and Inspection (Ministry of Industry) conducts inspections of businesses as part of the licensing process, as well as technical inspections of industrial enterprises; and the Township Health Department (Ministry of Health) provides recommendations for businesses to obtain construction permits and operating licenses.

⁹⁰ To obtain a DAO license, businesses provide a completed application form, a fee, an ID card copy, a household list, and a ward administrator's recommendation to the DAO. It is not always necessary to visit the Township DAO Office to obtain a license, as the required paperwork and fee collection can be done by DAO field staff. Licenses are renewed annually, again often by DAO field staff making visits to businesses.

⁹¹ Township GADs are also a common place from which businesses must obtain licenses and permissions. Licenses for particular activities, including the sale of alcohol and real estate, are issued by the GAD. In rural Myanmar, where DAOs do not function, many types of operating licenses are issued by the DRD.

checks land records and, if everything is in order, passes it to the Township DAO Office for final approval.⁹²

Inspections: Conducting routine inspections of businesses is another core task of Township DAO Offices. DAO staff conduct some inspections on their own, such as those for market vendors. They also participate in larger inspection teams, such as for pharmacies, which receive annual inspections from a team that also includes officials from the Food and Drug Administration, township GAD, township medical office, police, and fire department.⁹³

In addition to these routine roles for a wide range of businesses, DAOs play unique roles for some key local businesses:

- ***Slaughterhouses:*** Township DAO Offices regulate slaughterhouses by conducting public auctions for operating licenses and supervising the sale of meat. In this way, Township DAO Office approval is crucial in deciding where a slaughterhouse can be located and how many should be allowed. DAOs also establish and supervise livestock markets in urban areas.⁹⁴
- ***Ferries:*** Township DAO Offices are responsible for the administration of small ferries across rivers and lakes in urban areas. This entails holding public auctions for ferry operating licenses, as well as supervising the functioning of ferries.
- ***Markets:*** Township DAO Offices manage local markets. Some of these markets are owned by DAOs, where they provide full supervision and maintenance. DAOs also grant permission for the establishment of privately-owned markets and provide some supervision as well.

In addition to the technical requirements for economic governance, DAOs provide more general services to businesses. Businesses have wide-ranging infrastructure requirements and can petition DAOs to construct roads and bridges and improve drainage where needed. As with local communities, cost sharing for this local infrastructure is common between DAOs and business owners. For example, if a business or a group of businesses want to improve the road in front of their business, the Township DAO Office may provide labor and machinery but the business would be asked to provide the construction materials.⁹⁵ Other services to business duplicate those provided to the wider urban population—trash collection, street lighting and water, for instance.⁹⁶

Lastly, it is important to note that for both social service provision and local economic governance, township DAOs are permitted to impose fines and penalties. Stemming from SLORC Law No. 5/93, the 14 state and region municipal laws have chapters dedicated to the ‘Imposition of Administrative Penalties’ and ‘Offences and Punishments’. These provisions cover penalties and punishment for violation of (or) non-compliance with DAO rules and regulations. In terms of penalties and punishment rates, there are significant variations between the states and regions. For instance, in Sagaing Region, fines for prohibiting DAO staff from carrying out public works projects range from 5,000 to 20,000

⁹² Bissinger and Maung Maung. 2014. *Subnational Governments and Business in Myanmar*, p. 21.

⁹³ Bissinger and Maung Maung. 2014. *Subnational Governments and Business in Myanmar*, p. 22.

⁹⁴ This also includes “Supervising the keeping and breeding of animals within the development area and disposal of carcasses.”

⁹⁵ Multiple interviews with TDAC members and DAO staff in Ayeyarwaddy Region and Shan State.

⁹⁶ For assorted reasons, the quality of these services is sometimes rather poor, but does not seem to be a significant obstacle to business performance—instead it is more of nuisance. Bissinger and Maung Maung. 2014. *Subnational Governments and Business in Myanmar*, p. 27.

Kyats, while fines in Ayeyarwady Region range from 50,000 to 500,000 Kyats.⁹⁷ Overall, township DAOs have been raising fines and penalty rates for the past few years (see Annex 10).⁹⁸ Penalties can also include imprisonment such as 1 year in prison for the illegal slaughter of cows and buffalos, and 6 months in prison for the illegal slaughter of goats, sheep, and pigs.

4.2.4 Revenue Collection and Budgets

Revenue Collection and Management

As detailed in previous sections, DAOs offer a wide range of social services with priorities being water, drainage, trash collection, and roads and bridges. To provide these services, DAOs must collect revenues locally. As explained previously, DAOs receive no funding from the Union Government. Although DAOs are involved in allocating local development funds in collaboration with other township-level agencies, these are not in the form of direct transfers to them.⁹⁹ Additionally, as explained previously, in some state/region DAO systems, there may be limited intra-state transfers from larger townships to smaller ones of approximately 5-10% of total DAO revenues. Overall, revenues for DAOs come from three main sources: 1) user fees charged to households and businesses for services, 2) regular license fees for businesses, and 3) tender license fees for certain businesses, primarily in relation to public auctions.

Please note that the budget data presented in this section are the most recent from publicly-available government gazettes (for the 2013-2014 fiscal year), and are only the mid-year projections. Given the limited nature of these data, the intention is to provide readers with a general sense of the scale of DAO finances.

User Fees: Within the jurisdictions of DAOs, individual households generally pay ‘four property fees’. These fees are collected all at the same time, with the frequency varying between townships, but usually at quarterly intervals. Businesses also pay the common user fees, e.g. street lighting, garbage and water, plus vehicle registration. All of these user fees are collected directly by DAO staff. Water, street lighting, and garbage collection are only collected if a service is actually provided.¹⁰⁰ These fees are:

1. *Building and land fee:* The calculation for this is based on rent paid over a year; not the ‘actual rent’ but rather a valuation of possible rent, which is charged at 10%. In this way, properties that are not actually rented are still paying the fee.¹⁰¹

⁹⁷ See Section 79 of the 2012 Sagaing Development Affairs Law and Section 84 of the 2012 Ayeyarwady Development Affairs Law.

⁹⁸ Two chapters of State/Region Development Affairs Laws are ‘Imposition of Administrative Penalties’ and ‘Offences and Punishment’, which largely mirror the same sections in SLORC Law No. 5/93.

⁹⁹ For further information, see Robertson and Joelene. 2015. *Local Development Funds in Myanmar*.

¹⁰⁰ However, there is some public criticism, particularly from businesses, that fees are collected, but services are not always delivered. Bissinger and Maung Maung. 2014. *Subnational Governments and Business in Myanmar*, p. 25.

¹⁰¹ Building tax is based on the standard rental rate which is determined by DAO staff and based on the location, size and condition of the building. It does not matter whether the building is rented or not. The building owner still pays 10% of the annual value of the rent. DAO staff collect the tax from whoever is using the building.

2. *Street lighting fee*: In areas that have street lights, DAO staff collect small fees from building owners or residents. This is a standard rate and does not vary depending on the size of the property. The revenues collected for this specific fee are given directly to the Ministry of Electricity.
3. *Garbage collection fee*: Township DAO Offices periodically send teams to residential neighborhoods to collect garbage. Residents are charged a standard fee for this, regardless of the size of their property. Businesses, however, must specifically request Township DAO Offices to collect their garbage, for which they are charged varying rates, depending on the amount of garbage.
4. *Water supply fee*: In townships that provide water, DAOs collect a fee for this service. It is a standard fee regardless of the amount of water actually used.

Additionally, households may pay other fees to their Township DAO Office that are not directly related to their property. An important one is the ‘wheel tax’, which consists of two halves: 1) a charge to vehicle owners resident in a township when they register a vehicle, and 2) a charge for vehicle owners coming into the township but not registered there. Vehicle registration is under the remit of the township transportation department, which is under the Ministry of Transportation. Normally, people and businesses wishing to register vehicles must first come to the Township DAO Office to pay the required wheel tax, after which the transportation department registers them.¹⁰² The second type of wheel tax requires payment from those who do not have vehicles registered in a particular township but when entering the township, they are asked to pay a small fee, usually at a booth located at the edge of the town or city.

Additionally, DAOs collect revenue from several other sources. DAOs charge a service fee for inspecting new building construction, as well as renovation projects, to assess if they comply with zoning and engineering requirements.¹⁰³ Lastly, DAOs also collect revenue by annually charging businesses to use billboards and signs. These fees vary depending on the respective township’s DAO bylaws and the size of the billboard or sign.

Regular License Fees: Local businesses are the mainstay for DAO revenue generation. Almost all local businesses require a license from DAOs to function. These include roadside stalls, bakeries and restaurants, small loan businesses, lodging houses, and a vast array of ‘dangerous trade’ businesses. The criteria for ‘dangerous’ is unclear but in general these tend to be businesses involved with food, local factories, or general goods (see Table 1 for a list of these).¹⁰⁴ Many of these license fees are collected directly by DAO field staff who visit the businesses for this purpose. At times, however, DAOs hold an auction to select a contractor to collect fees from large numbers of local businesses and individuals, such as the license fees paid by market vendors and roadside stalls. Market vendors and roadside stalls may also have to pay a small fee to DAOs to use public space if, for instance, they put

¹⁰² Motorbike owners are the most common taxpayer of this kind because they must register their vehicle every year. Wheel tax rates vary depending on vehicle types and sizes.

¹⁰³ The rate for this is set at 1% of the total construction cost if the building is in an urban area where a DAO office has long demarcated the area as a development affairs area. The rate is only 0.5% for a building outside an urban area where a development affairs area has only recently been demarcated.

¹⁰⁴ Interview with TDAC members, an executive officer and an executive engineer in Ayeyarwaddy Region. In SLORC Law 5/93, ‘dangerous trade’ was defined quite widely as ‘any work which may cause danger to human life or its health, destruction or obstruction to property either due to the nature of the work or the manner it is carried out.’ See Chapter 2, Article 2k.

chairs and tables out on a sidewalk or along a street. Fees for vehicles, namely the wheel tax, are also generally collected by a local firm that wins the bid for the right to collect such fees.

Table 1: Types of ‘Dangerous Trade’ Businesses

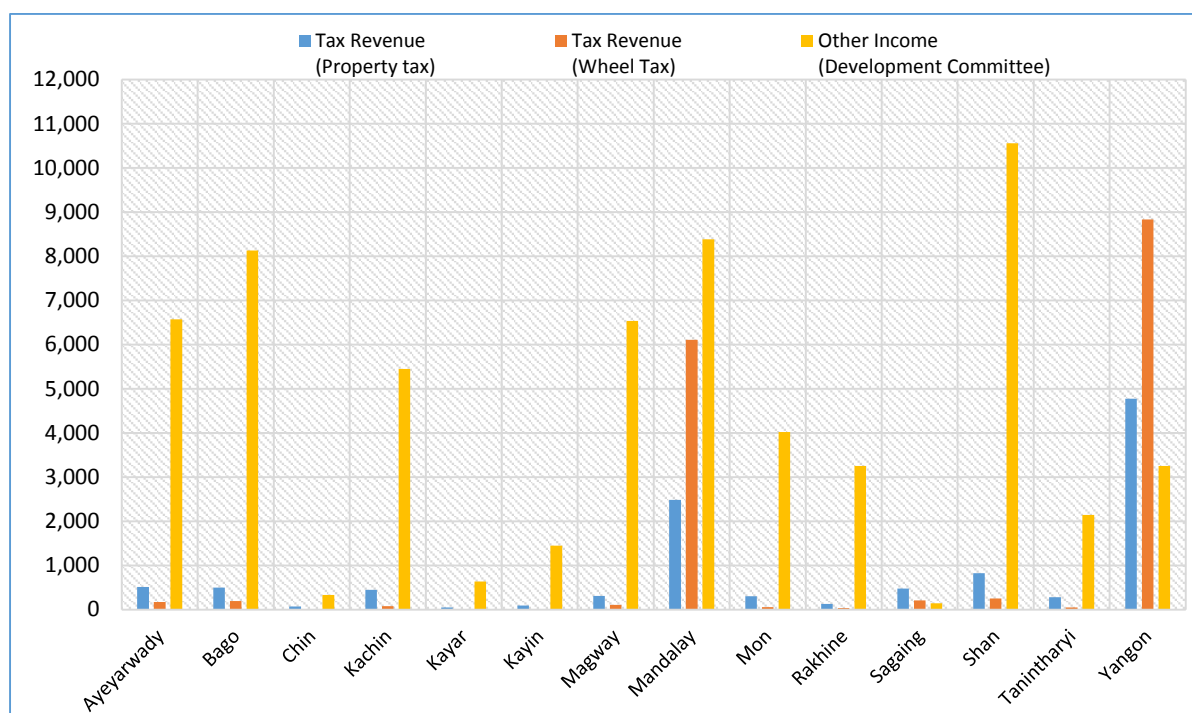
Food Related	Other
Tea shop; noodle shop; beetle nut shop; Myanmar traditional food shop; confectionary; cold storage for fish; soft drinks; <i>halawa</i> shop; soft drink factory; sausage shop; coffee shop; beverage shop for alcohol.	Small rice mill; cooking oil factory; salt factory; vermicelli factory; leather factory; furniture factory; health clinic and laboratory; printing house; boat maintenance facility; ship yard; lime powder factory; saw mill; beans factory; wholesale market; beauty salon; watch repair; photo shop; goldsmith; tailor; bicycle and motorcycle repair shop; lumber yard; car accessories shop; fish paste shop; fan without motor shop; blacksmith; firewood; CD/VCD shop; electronics shop; battery shop; stove and ceramics shop; gold shop; nail and hardware shop.

Tender License Fees: As mentioned in the previous section, DAOs play a unique role for a set of businesses that are acquired through public auctions, notably slaughterhouses and ferries.¹⁰⁵ Public auctions are also used for pawnshops and managing jetties, i.e. piers for large ships to dock. The bylaws for these auctions can vary significantly. For instance, slaughterhouse auctions in some states/regions focus on licenses to run a slaughterhouse, regardless of the amount of livestock slaughtered, while in other states and regions, the auction is for the right to slaughter livestock, but the actual fee collected depends on the number of animals slaughtered, i.e. the headcount. Also as already explained, DAOs hold public auctions to allow businesses to collect certain DAO user fees, such as motor vehicle wheel taxes, and to implement some social services, such as garbage collection. However, the types of services that private business bid on to undertake for DAOs vary from one state/region to another. For instance, garbage is collected by a private business in Taunggyi, Shan State, but directly by the DAO in Patheingyi, Ayeyarwaddy Region.

The significance of these DAO rates for licenses and services varies across the 14 states and regions, and particularly for those that have significant urban areas, i.e. actual towns and cities, versus more rural states and regions whose ‘urban’ areas often include large villages. In general, there is a tendency to charge larger, wealthier townships higher rates. Figure 1 highlights the most significant revenue sources for the 14 states and regions. Note that ‘other’ revenue includes that from the tender license fees.

¹⁰⁵ Ferries under the DAO jurisdiction can be motorized or non-motorized, but tend to be ‘taxi boats’, i.e. those with oars, not motors, and only used locally.

Figure 1: Major Sources of projected DAO revenues (2013-2014 fiscal year in millions of Kyats)¹⁰⁶



In most places, tender license fees, and particularly slaughterhouse tender license fees, are the biggest sources of DAO revenue. For example, in Myangmya Township of Ayeerwaddy Region, a fairly typical township, slaughterhouse revenue is 60% of total revenue, while in Myeik Township of Tanintharyi Region, it is 50% of total revenue. It is also noteworthy that in Mandalay and Yangon Regions, outside of Yangon City and Mandalay City, the wheel tax is a major source of revenue given the rapid rise in vehicle ownership in recent years. Land taxes also play an increasingly important role for Mandalay and Yangon Regions, given booming real estate prices.

DAOs provide important sources of revenue for most states and regions. It is essential to note, however, that state/region governments cannot use DAO revenues outside of their specific remits, i.e. they cannot use DAO funds to pay for healthcare needs or schools, for instance. DAO funds can only be used in the townships where they were raised, aside from the 5-10% that goes to the regional DAO office for its overhead and for transfers to smaller Township DAO Offices. It is also important to note the potential for DAOs to raise greater revenues, given that they have an expansive mandate and can adjust their rates directly, rather than having to go through a Union ministry. As outlined in Schedule V of the 2008 Constitution, other major sources of state/region revenue include excise taxes, embankment taxes, assorted land taxes, and public works projects, which are collected by a range of actors such as the GAD, Ministry of Construction, and Ministry of Agriculture (see Annex 11).¹⁰⁷

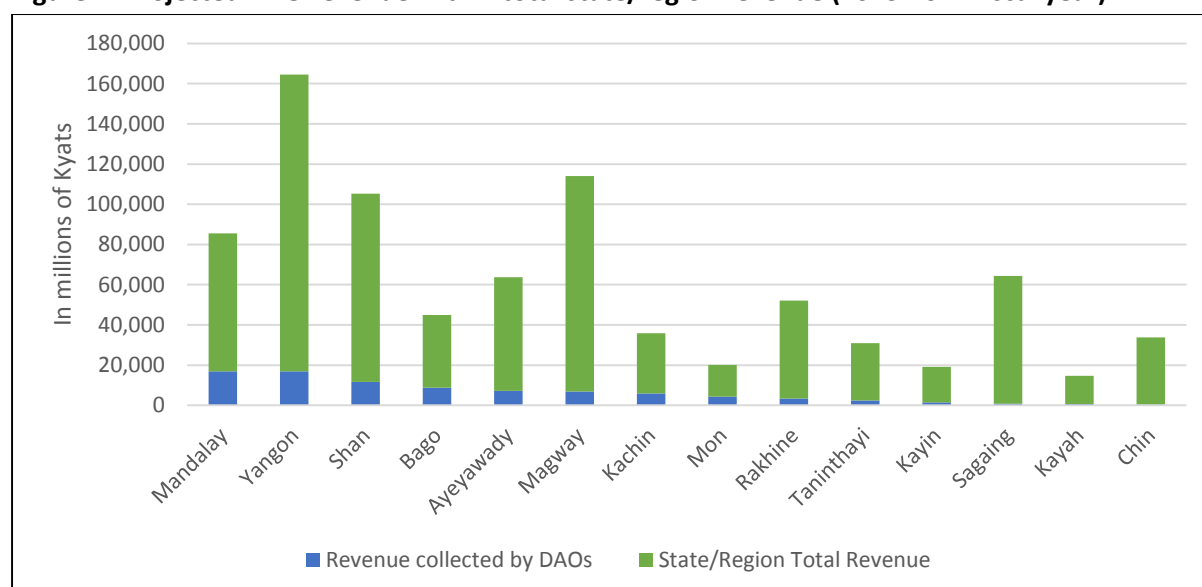
Lastly, it is important to note how the assorted rates are set for DAO revenue collection. Somewhat uniquely, DAOs have bylaws for every township that define all rates and how to issue licenses and tenders. The bylaws also set the prices that can be charged by private businesses that win public auctions. For example, slaughterhouses that win an auction must sell meat at the rates set in their

¹⁰⁶ Government Gazettes 66-21, 66-24, 66-28, and 66-35. All were published between May and August 2013.

¹⁰⁷ For further details, see Dickenson-Jones, et al. 2015. *State and Region Public Finances in Myanmar*.

township's respective bylaw. In order to set license rates, DAOs periodically announce prospective rates to the public and ask for feedback.¹⁰⁸ TDACs review the feedback and make suggestions, which are then posted again for public feedback. When there are no complaints received after a certain period, these rates are then sent to the state/region government for final approval.¹⁰⁹ The rates set vary greatly between townships. There is an implicit emphasis on establishing lower rates in poorer townships.¹¹⁰

Figure 2: Projected DAO revenue within total state/region revenue (2013-2014 fiscal year)¹¹¹



DAO Expenditures

DAO revenues are spent on staff costs and public works, in the form of *capital* and *ordinary* expenditures. Uniquely for a state agency in Myanmar, the number of staff that a Township DAO Office can have is capped based on its respective township's annual revenue. No more than 30% of annual revenue is allowed for staff costs. The personnel levels are set in the township DAO bylaws, as passed by the state/region *hluttaws*. Township DAO Offices universally tend not to use their full staff allotments, but largely appear to spend between 15-20% of their revenues on staff costs.¹¹² However, this percentage is rising as the national *hluttaw* most recently raised the pay rates for all civil servants in March 2015, including those for DAO personnel. Staff costs also include the provision of pensions to former DAO staff who have retired in a particular township, including for whatever time had been accrued under the MoBA—a major financial burden.¹¹³

¹⁰⁸ If businesses have problems with rates, they can complain at a Township DAO Office. Moreover, business owners can also check the rates at Township DAO Offices.

¹⁰⁹ These bylaws are reviewed and approved by the DAO Director and the state/region minister of development affairs.

¹¹⁰ Bylaws tend to emphasize the inherent 'tax capacity' of a township. Multiple interviews with DAO staff.

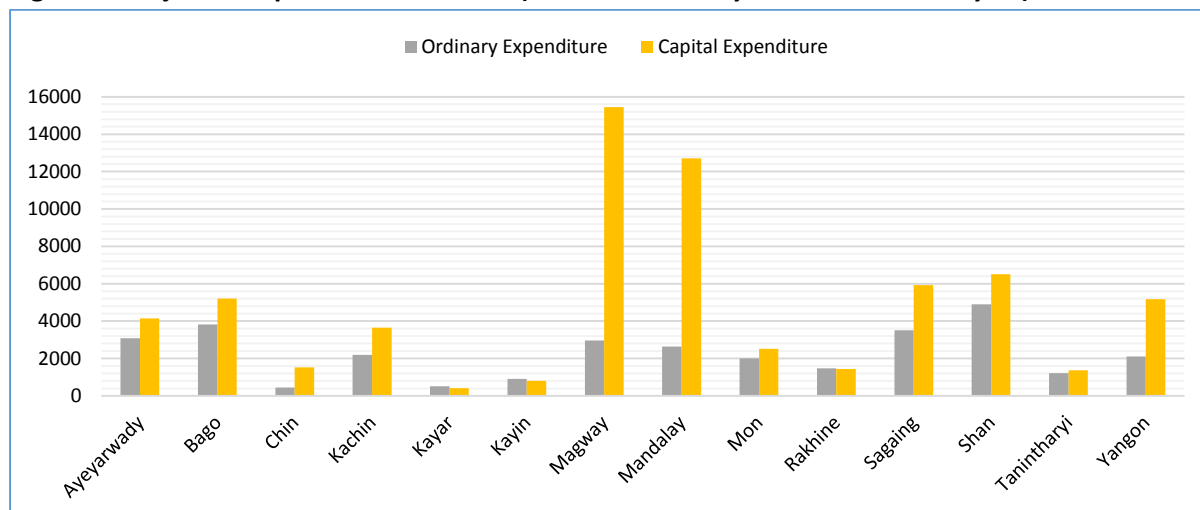
¹¹¹ Government Gazettes 66-21, 66-24, 66-28, and 66-35. All were published between May and August 2013.

¹¹² For example, Taunggyi has provisions for 500 DAO staff but now only has approximately 300, while Patheingyi has provisions for 255 staff, but currently only employs 124 staff. The Myeik DAO spends 12% on staff costs, and the Dawei DAO spends 17%.

¹¹³ These pensions are now fixed in whatever township the staff member was last working in, another source of discontent. Interview with DAO executive officer in Shan State.

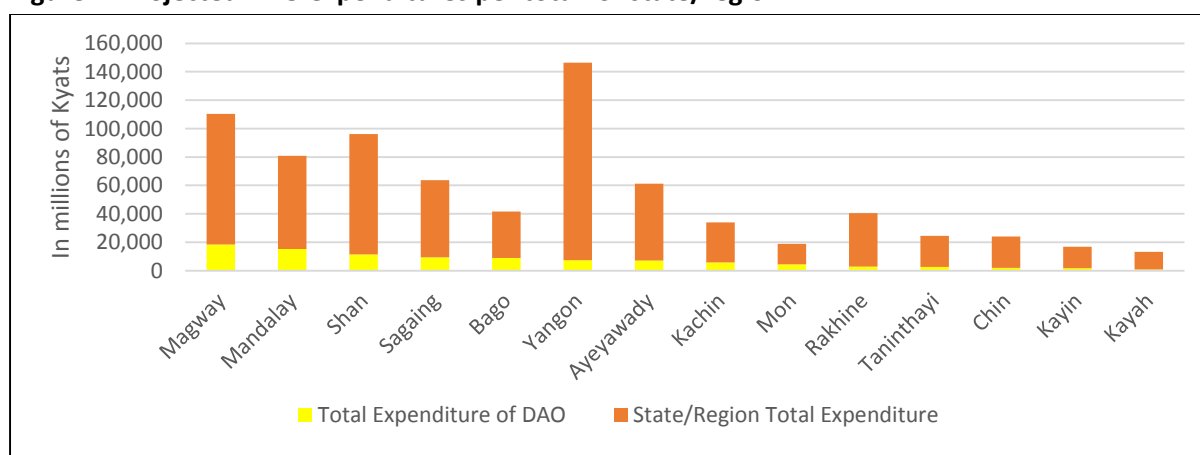
Aside from staff costs, expenditures cover capital and ordinary expenditures. Capital expenditures cover costs to construct new things, such as roads and bridges. Ordinary expenditures cover a range of ongoing costs, primarily the maintenance of local infrastructure such as city parks, street lights, equipment, and roads and bridges. Other costs can include community events or training programs.

Figure 3: Projected expenditures of DAOs (2013-2014 fiscal year in millions of Kyats)¹¹⁴



Priorities for expenditures are locally defined. While these expenditures must be officially approved by state/region governments, in practice there is little micro-managing of local projects. In terms of capital expenditures, there is generally an emphasis on roads and bridges, drainage, and trash collection, but this can vary. For instance, funds for improving water supplies are 30-35% of the Shan State DAOs' expenditures. In Ayeyarwady Region, the construction of roads and bridges is the first priority so most of the expenses go for this work.

Figure 4: Projected DAO expenditures per total for state/region¹¹⁵



Budgeting by DAOs follows national patterns. Myanmar has two budgets per year: an original budget plan (Base Estimate – BE) for targets and a revised budget (Revised Estimate – RE) given actuals. Township DAO Offices prepare their BE in August for the coming fiscal year, based on their possible revenues and for capital and recurrent costs. After Township DAOs prepare a BE, they submit it to

¹¹⁴ Government Gazettes 66-21, 66-24, 66-28, and 66-35. All were published between May and August 2013.

¹¹⁵ Government Gazettes 66-21, 66-24, 66-28, and 66-35. All were published between May and August 2013.

their state/region government's budget department, which, following review and approval by the state/region government, submits it to the Union Government as part of the whole state/region budget.¹¹⁶ While a BE is for a coming year, an RE is submitted halfway through the course of a current year to account for actual developments vis-à-vis revenues and expenditures.¹¹⁷ After an RE is approved, it cannot be changed again. State/region governments' budget departments keep track of all township DAO accounts.

Table 2: Average BE and RE for Township Grades (2014-2015 fiscal year in Kyats)¹¹⁸

Grade	Average of Baseline Estimate (BE)	Range of Baseline Estimate (BE)	Average of Revised Estimate (RE)	Range of Revised Estimate (RE)
A	650,900,000	430,000,000 – 988,000,000	715,132,000	500,350,000 – 1,083,920,000
B	289,210,000	250,000,000 – 337,000,000	330,004,333	287,678,000 – 360,000,000
C	244,330,000	168,840,000 – 28,400,000	244,735,375	174,363,000 – 367,714,000
D	166,750,000	126,900,000 – 229,200,000	166,574,250	139,060,000 – 190,000,000
E	87,590,000	70,870,000 – 108,900,000	89,213,333	74,693,000 – 113,000,000

All Township DAO Offices have their own bank accounts at branches of the Myanmar Economic Bank (MEB) where they keep their revenues. In their bank accounts are two lines: 'deposit' and 'withdrawal'. Revenues are put in the 'deposit' line. When their budget is officially approved by the respective state/region government, money is taken from the 'withdrawal' line only against the BE or RE, as submitted and approved by the state/region government. In the new fiscal year, Township DAO Offices must start with a zero balance. What this means is that any surpluses remaining from the previous fiscal year, based on the RE, must be turned over to the state/region government's budget department and ultimately to the Union fund.¹¹⁹

Conversely, if DAOs are running a deficit, they must get a supplement from their state/region government as a loan, which they must pay back in 1 year at a 13% interest rate. As the interest rate is high, to avoid taking a loan from their state/region government, DAOs usually shift project activities to the next budget year if they are not hitting their revenue targets.¹²⁰ DAOs are also permitted to take loans from non-government entities, including foreign ones, but have been reluctant to do so due to concerns over their ability to pay back the loans.

¹¹⁶ Note that the state/region *hluttaws* do not approve the budgets for individual townships. The state/region *hluttaws* are responsible for approving the overall budget submissions to the Union Government, a part of which will be the DAO budget.

¹¹⁷ The RE should be no more than 10% higher than the BE. Interview with TDAC members and an executive officer in Ayeyarwaddy Region.

¹¹⁸ This is an illustrative example of BE and RE ranges from Ayeyarwaddy Region's Township DAO Offices. In US\$ (\$/1,100 kyats), this means, for instance, that a large city like Patheingyi (Grade A) had a BE of approximately US\$900,000 while the other grades tend to range closer to US\$200,000 or less per year.

¹¹⁹ Why surplus DAO money ultimately goes to the Union fund is unclear, but it appears to be a result of DAOs' history under the MoBA. DAOs no longer have the MoBA as their 'mother' ministry, but the underlying fiscal architecture largely remains the same. Interview with a state/region minister of development affairs.

¹²⁰ Interview with DAO staff in Ayeyarwaddy Region.

FIVE: Township Development Affairs Committees and Key Relationships

Having provided a comprehensive explanation about one half of township DAOs, i.e. the Township DAO Office, this section describes the complementary roles and functions of the other half: the Township Development Affairs Committee (TDAC). The second sub-section below details the relationships that define the functioning of DAOs at the township level.

5.1 Township Development Affairs Committees

The establishment of TDACs, with the inclusion of members of the public, is one of the most significant changes in how municipal affairs are managed since Myanmar's transition began in 2011. For the first time in many decades, the TDAC provides an opportunity for at least some public representation on, and oversight over, a government body at the township level.¹²¹

President's Office Notification 27, February 2013 stipulated that all states and regions must draft municipal laws "in order to form a township development affairs committee including persons elected by majority vote from the local people and elder representatives of the township."¹²² However, the Notification did not set out in any further detail how many members these committees should have, what type of members, and in what ways these should be 'elected'. These omissions effectively left the details to be set by the respective state/region governments, as detailed in Section 3 of this paper.

In all 14 states and regions, TDACs have seven members: four from the public and three from the government. Of the four public members, two have a background as township elders (*myo mi myo pa*), one is a representative from the business sector, and one is from the social or civil society sector. The government representatives are the Township DAO Office's executive officer, the deputy township administrator from the GAD, and the deputy township officer from the DRD.¹²³

TDAC Composition¹²⁴

<i>Township elder</i>	Elected	Chairperson
<i>DAO executive officer</i>	Appointed	Secretary
<i>Township elder</i>	Elected	Member
<i>Business sector representative</i>	Elected	Member
<i>Social sector representative</i>	Elected	Member
<i>GAD Deputy Township Officer</i>	Appointed	Member
<i>DRD Deputy Township Officer</i>	Appointed	Member

The terms of TDAC members are generally 5 years and coincide with the term of the respective state/region government, which in turn follows the election cycle for the national Parliament. The exceptions to this are a 4-year term in Tanintharyi Region and a 2-year term in Rakhine State. However, as most TDACs were

established only in 2013 (following the passing of the respective state/region municipal laws starting in late 2012), this first term will be shorter than 5 years in most states/regions, and will expire in early

¹²¹ Towards this, the general purpose of TDACs is twofold: to reflect public priorities and to ensure successful project implementation. Interview with TDAC members and an executive officer in Ayeyarwaddy Region.

¹²² See President's Office Notification 27/2013, 26 February 2013.

¹²³ Multiple interviews with TDAC members and DAO staff in Shan State, Mon State, Ayeyarwaddy Region, and Pa-O Self-administered Zone.

¹²⁴ In most states/regions, the towns (formerly known as sub-townships) do not have a committee, but only a DAO Office staffed by civil servants. However, in Ayeyarwaddy Region, committees have been established in towns, but with a fifth public member replacing the DRD deputy officer as the DRD is not present in towns.

2016 when the current state/region governments step down following the 2015 general elections.¹²⁵ The public members of the TDAC do not receive a salary or honorarium.¹²⁶ Although precise figures for the country are unknown, few members of the TDACs are women.¹²⁷ It is also important to note that TDAC candidates are not allowed to be members of political parties and some age restrictions are imposed as well.¹²⁸

The election process for the four public members of the TDACs varies between the states and regions. However, the laws share the commonality that a person elected as an ‘elder’ representative should be the TDAC’s chairperson and that the Township DAO Office’s executive officer should be the committee’s secretary. Interestingly, this provision maintains full continuity with SLORC Law No. 5/93.¹²⁹ In some states and regions, the election process is set out in bylaws, while in others there are no clear written regulations to carry out this process, and it is decided by the state/region minister of development affairs.

It is important to emphasize that in no state or region are TDAC public members elected through universal suffrage, i.e. the casting of ballots by every person over 18 years of age.¹³⁰ To the contrary, public members are indirectly elected from communities through different methods whereby the ward administrators play a key role. For example, in Shan State and Ayeyarwaddy Region, each ward administrator nominates one candidate for the TDAC, and the nominees then vote amongst themselves at a large meeting overseen by the Township DAO Office and the GAD.¹³¹ In Mon State, prospective candidates nominate themselves after which a meeting is held where all ward administrators cast ballots for their favorite candidates.¹³²

The election process is the same for all four TDAC public members. Between these four, there are stipulations that two be designated as ‘elders’, one as a ‘business sector representative’ and the last as a ‘social sector representative’. These are rough designations and the individuals are not chosen by those sectors, e.g. business groups or civil society, but rather merely highlight TDAC members with a

¹²⁵ Mon State TDACs seem to be the exception with their terms not expiring until 2017. Multiple interviews with TDAC members and DAO staff in Pa-O Self-administered Zones, Shan State and Ayeyarwaddy Region.

¹²⁶ Interview with minister of development affairs in Tanintharyi Region; multiple interviews in Ayeyarwaddy Region.

¹²⁷ For example, in all of Shan State, only three women were public committee members of the state’s 86 committees. Interview with DAO deputy director in Shan State.

¹²⁸ That TDAC members are not allowed to have an explicit political party affiliation does not mean that party politics does not play a role in the functioning of TDACs. With the state/region level of governance having elected MPs, there are inherently increasing political dynamics locally and many of these manifest themselves in the township level committees, including TDACs. However, this topic was beyond the scope of this report but is worth further research.

¹²⁹ Under Law No. 5/93, the executive officer is the secretary of the committee (Section 6), and if the committee cannot be formed, or the committee is unable to carry out its duties and powers, the executive officer or a suitable citizen may be assigned with responsibilities to carry out the duties and powers of the committee (Section 7). This stipulation is the same in current development laws made by the 14 states and regions.

¹³⁰ There is no official rationale for utilizing indirect elections. The most common argument by state/region governments appears to be that direct elections based on one-person-one-vote are too expensive and cumbersome to conduct. The same argument mirrors this for village tract and ward administrators who are elected indirectly by 10 household leaders and not directly by each adult citizen in the respective village tract/ward.

¹³¹ Interview with DAO deputy director in Shan State.

¹³² Multiple interviews with DAO deputy director and TDAC members in Mon State.

business or civil society/social sector background who are expected to take a particular interest in that sector. The three different ‘types’ of public representatives are only different in the sense that the bylaws decree they must have an elder, business sector/professional and/or someone with a CSO background.

In general, it appears that competition for seats on TDACs has been limited, with candidates not embarking on election campaigns. Thus, the general public’s interest in TDACs has been low.¹³³ While indirect elections have arguably improved community representation in TDACs, they fall short of universal standards for representative local democracy and democratic elections.

Municipal Elections in Yangon and Mandalay

On 27 December 2014, the first municipal elections since 1949 took place in Myanmar’s main city of Yangon. The elections were for seats on the **Yangon City Development Committee (YCDC)**, the municipal administrative body of Yangon City. In Yangon, a total of 115 committee seats were up for election: four for the top municipality level, 12 for the district level, and 99 for the township level. Both elected and appointed members comprise the committees at the different levels. None of the candidates were allowed to be members of political parties. The YCDC election by-law (2014) stipulates that only one member per household is eligible to vote. Many Yangon households did not fulfill the eligibility criteria, resulting in only 409,889 of Yangon’s 870,000 households being eligible to vote. In total, 106,089 voters cast ballots.

On 3 May 2015, elections for the **Mandalay City Development Council (MCDC)** took place utilizing the one-vote-per-household system. These were only for the six elected members of the 13-seat MCDC top committee and not for district and township levels. In total, 60,249 of the 99,312 people eligible to vote cast ballots.

While the YCDC and MCDC elections were conducted in a peaceful manner and there were few official complaints, the low public participation, various eligibility restrictions on voters and candidates, the lack of a cap on candidate campaign expenditure, and voting systems based on household heads, meant both the YCDC and MCDC elections were problematic.

In contrast to the other major township-level committees that have community representation—the Township Development Support Committees and the Farmland Management Bodies—only TDACs seem to play more than an advisory role. Legally, TDACs have some decision-making power over the direction and functioning of Township DAO Offices, although in practice the executive officer, who is the secretary of the committee, still exercises paramount authority in a Township DAO Office. According to the state/region municipal laws, TDACs have authority over taxation (setting rates and levying taxes and fees), expenditure for municipal services, and inspection of construction and maintenance of government buildings. Moreover, TDAC tasks include drawing up rules for municipal affairs, overseeing implementation of municipal services, and coordination with other government entities.¹³⁴ For an example of a Terms of Reference for TDACs, in this case from Mon State, see Annex 12. However, it is important to note that the DAO director and the state/region minister of development affairs have to sign-off on township-level rates as well as budget and activity plans.

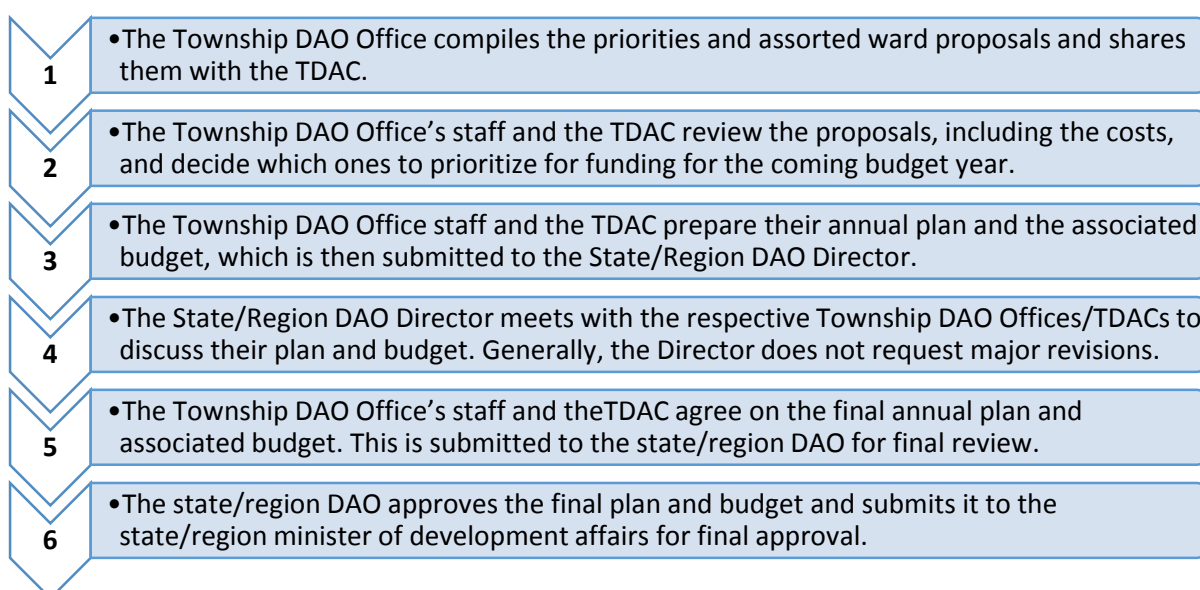
¹³³ Several compounding issues are likely shaping the public’s interests in TDACs. Firstly, and foremost, may simply be a lack of awareness given that they are relatively new institutions in their current form. Secondly, the Myanmar public tends to assume that old military regime practices are still in place with TDAC members appearing to be hand-picked from among those that government officials know. This means that new local governance structures are still being interpreted within old contexts.

¹³⁴ Mon State municipal law, October 2012.

Composed as they are of the twin entities of a Township DAO Office and a TDAC, township DAOs have a nascent, and at times conflicted, understanding of their component parts and respective roles and responsibilities. This is principally because TDACs in their current form now have the novel presence of community representatives. The respective roles and responsibilities of the TDAC vis-à-vis the Township DAO Office are not clearly set out in the state/region municipal laws, but it seems there is emerging consensus on some rough parameters:

- The Township DAO Office is responsible for day-to-day management of municipal affairs, i.e. carrying out the 31 basic duties and functions prescribed in state/region municipal laws.
- The TDAC is responsible for setting municipal priorities, ensuring coordination with other government actors and communities, deciding on local development projects, and conducting public outreach.¹³⁵
- Decision making within the TDAC tends to be consensus-based, with the Township DAO Office's executive officer playing a central role.¹³⁶
- TDACs should meet regularly, preferably at least once a week, to ensure there is strong coordination between this body and the implementing agency of the Township DAO Office.
- TDACs meet and coordinate with the three other township-level committees, particularly in relation to prioritization of local development funds allocated directly to the township (such as constituency development funds and, in some cases, poverty reduction funds).

In collaboration with Township DAO Offices, TDACs play a key role in setting priorities for annual planning and budgeting of township DAO funds and within the DAO's area of responsibility. The annual process through which this is done generally follows the steps below:¹³⁷



The establishment of TDACs, defined as they are by a majority of community representatives (four of seven members), has resulted in a number of changes and challenges for municipal governance. DAO

¹³⁵ In some locations, TDAC members also collect data on needs from the wards, propose priority projects, inform the public about the municipal law, and deal with complaints.

¹³⁶ Multiple interviews with TDAC chairpersons in Mon State, the minister of development affairs in Tanintharyi Region, Township DAO Office staff in Tanintharyi Region, and the DAO director in Ayeyarwaddy Region.

¹³⁷ Interview with DAO executive officer at The Asia Foundation/VNG workshop in Tanintharyi Region.

staff consistently highlight that the main advantage of having a TDAC with members of the public, is that public outreach has improved, and with it, the local community's relationships with the Township DAO Office. DAO staff, long-serving civil servants with a history inside the military-led MoBA, now find that the TDAC's public members can ensure much better engagement with ordinary citizens. This means more easily resolving issues with the public, better explaining DAO activities and intents, facilitating greater public participation, and ensuring that priority setting by the DAOs better correlates with the public's own priorities.

One dynamic supporting this trend is that TDAC public members are, by definition, from the local area, in contrast to most DAO staff. This helps to improve trust with local communities, who are then more willing to participate in public works implementation.¹³⁸ Another perceived improvement from having TDAC public members is that Township DAO Offices are now more transparent with their budgets since they have to report the budget to the TDAC as the TDAC approves expenditures and monitors the quality of the public works projects being implemented.¹³⁹ As was noted by one DAO executive officer:

In the past it was just the executive officer and the staff who made decisions and managed projects, but now we have four civilians from the local area. Their main purpose is to bring people's voices into the process. With the committee, there have been lots of road improvements as the committee members can get the communities to contribute more—and they can use their clout and reputation to get the communities involved in development affairs activities. Committee members also engage with street vendors who occupy public land without permission and encourage them to follow rules. They are like a bridge to the community so that the DAO can improve relationships and understanding with the local people. They are also very good for transparency as they can talk a lot to CSOs and communities to explain all the projects.¹⁴⁰

A TDAC public member further noted:

Committee members are essential to get communities to agree to contribute to the development affairs budget when implementing public works. Together, communities and the Township DAO Office can double the amount of concrete roads. The public has more confidence in the Township DAO Office when it has committee members who are civilians.¹⁴¹

However, there are challenges to how TDACs and Township DAO Offices relate to one another. A significant challenge has been different perceptions over the extent to which TDACs should exercise authority over Township DAO Offices, and enforce decisions that may not be supported by the DAO executive officer and his staff. This is compounded by the lack of clarity in the state/region development affairs laws about how to resolve such disagreements, particularly those between long-

¹³⁸ Multiple interviews with DAO executive officer in Shan State, TDAC members and executive officer in Ayeyarwaddy Region, and Township DAO Office staff in Shan State and Pa-O Self-administered Zone.

¹³⁹ Multiple interviews with executive officer in Pa-O Self-administered Zone, TDAC members and executive officer in Ayeyarwaddy Region.

¹⁴⁰ Interviews with TDAC members and an executive officer in Ayeyarwaddy Region.

¹⁴¹ Interviews with TDAC members and an executive officer in Ayeyarwaddy Region.

term municipal officers who feel they are the technical experts versus TDAC public members who push for community needs.

This has been pronounced in technical areas where DAO staff feel that the public members do not fully understand DAO legal mandates or operational constraints, such as available resources.¹⁴² Conversely, it was also noted that this was particularly a problem in the initial year of having TDACs in 2012-2013. As public members in TDACs have become more familiar with DAO mandates and capacities, their expectations have become more realistic. The positive benefit of this learning is that public members are, in turn, able to explain to local communities the practicalities of what Township DAO Offices can accomplish.¹⁴³

Lastly, given ambiguities in the state/regions' development affairs laws, another challenge that has arisen for Township DAO Offices is the need to take orders from the state/region minister of development affairs, or concomitantly the State/Region DAO Office, as well as from a TDAC. This may at times result in tensions between the assorted actors and in less-than-efficient planning, budgeting and project implementation. A common perspective was that this is problematic as the orders from the state/region level interfere with the mandate of the TDAC, namely that of strong local participation and accountability.¹⁴⁴

5.2 Key Relationships

No Union Government actor—be it the President's Office, ministries, or parliament—provides oversight, coordination or guidance to DAOs. The only minor exceptions to this rule are the human resources support provided by the UCSB for recruiting new staff, which is a relatively minimal role, and that DAO staff can attend courses at the MoBA's Central Training School. Otherwise, the responsibilities of DAOs are fully decentralized to the state/region governments, and there does not appear to be a Union-level actor who serves at the national level as a focal point for municipal governance issues.

DAOs do have routine contact with Union ministries regarding local social services and development projects that pertain to both DAOs and specific line ministries, such as water management, electricity, and road construction. For this, state/region ministers of development affairs and DAO staff may attend high-level meetings and seminars with government ministries in Nay Pyi Taw. However, there do not appear to be joint meetings between senior staff from state/region governments and DAOs with the Union Government where municipal affairs are specifically discussed. The lack of a focal point and/or coordination body for DAOs at the Union level is problematic as their specific interests and concerns are not represented, discussed, and addressed at the highest level of government.

The lack of Union-level attention to municipal governance issues is compounded by the lack of a DAO association to facilitate interaction between the state and region DAO systems. State/region ministers of development affairs and senior DAO staff from the different states and regions rarely meet with one another, and do not have networks or associations to represent their interests regarding

¹⁴² Interview with DAO executive officer in Shan State.

¹⁴³ Interviews with minister of development affairs, Mon State and DAO executive officer in Shan State.

¹⁴⁴ Multiple interviews with DAO staff in The Asia Foundation/VNG workshops in Ayeyarwaddy Region.

municipal governance. This contrasts with many other countries that have established associations of local governments and municipalities.

Coordination within states/regions and between the state/region and township levels varies significantly and often excludes TDAC members. In Shan State, both DAO staff and TDAC members meet twice yearly in a joint seminar with the state minister of development affairs and the DAO director to discuss achievements and challenges.¹⁴⁵ Tanintharyi Region does likewise, but only with DAO staff.¹⁴⁶ In Ayeyarwaddy Region, Township DAO Office executive officers come together in their respective districts once a quarter with their DAO director.¹⁴⁷ The lack of horizontal bodies or fora within the individual states and regions and across them, means that DAOs do not have a regular opportunity to exchange information, identify shared interests, or coordinate and formulate positions on municipal affairs vis-à-vis the Union Government. As a result, measures to ensure consistency and performance among DAOs across the country are limited.

Interaction between DAOs and Union Government departments at the township level mainly concerns coordination of public works and the allocation of local development funds with the township committees (covered in Section 3). This takes place in the form of township coordination meetings and direct contact between Township DAO Office staff, TDAC members and the respective Union departments. The main Union departments with which DAOs engage are:

- Ministry of Electricity: DAOs are responsible for street and park lightning insofar as they erect and maintain electricity poles and lamps and collect user fees. They need to liaise with the MoE that supplies the electricity, which the DAOs pay for.¹⁴⁸
- General Administration Department: Coordination occurs mainly in the Township Management Committee, of which the GAD is the chair, and about issues related to law enforcement and the removal of squatters, township planning, and assorted administrative matters.¹⁴⁹
- Department of Rural Development: Due to the historically close relationship between DAOs and the DRD, they still share offices and heavy equipment in many townships. Some village tracts have areas still under the joint responsibility of both entities, and thus they need to coordinate closely, particularly on small-scale infrastructure development such as small roads.¹⁵⁰
- Ministry of Construction: While smaller roads within urban areas fall under the responsibility of DAOs, the MoC constructs and maintains larger roads and highways between towns and cities. DAOs and the MoC meet regularly to coordinate road construction and maintenance work along with the DRD, and in some areas also with the MoBA.¹⁵¹
- Ministry of Health: While DAOs issue licenses and collect fees from businesses involved with food (restaurants, market stores, and slaughterhouses, for instance), the Ministry of Health is responsible for ensuring that standards for health and hygiene are maintained. As such, there

¹⁴⁵ Interview with DAO director in Shan State.

¹⁴⁶ Interview with DAO director in Tanintharyi Region.

¹⁴⁷ Interview with DAO director in Ayeyarwaddy Region.

¹⁴⁸ Interview with DAO director in Ayeyarwaddy Region.

¹⁴⁹ Multiple interviews with TDAC members and executive officer in Ayeyarwaddy Region, GAD deputy township administrator in Tanintharyi Region, and DAO staff in Ayeyarwaddy Region.

¹⁵⁰ Multiple interviews with TDAC members and DAO staff in Tanintharyi Region.

¹⁵¹ Interview with DAO director in Ayeyarwaddy Region.

are joint inspections of such establishments.

- Police Department: For all law enforcement issues, DAOs rely on township police departments which are under the Ministry of Home Affairs. These range from traffic control, illegal occupation of municipal land, and payment of overdue fines and taxes.

Relationships between DAOs and other government departments at the township level are sometimes challenging due to a lack of integrated planning, limited resources, and overlapping areas of authority between DAOs and Union ministries, especially in relation to the GAD. Moreover, DAOs have limited means to enforce their regulations and often have to rely on other departments for such matters. Communication and basic capacity gaps compound problems, as illustrated by two DAO directors:

It is a huge challenge that administrative and municipal affairs are often with different departments. For example, the DAO often doesn't know when new parts of the towns are developed and are not informed by other departments—so these new city quarters spring up and 5 years later the DAO gets blamed for all the problems [...] This lack of coordination is a problem.

The DAOs should do urban planning as per the law, but we can't. So there is a gap between practice, duties and responsibilities. According the law, the DAO has responsibility for the water system, but it is very expensive and we have limited budget. As for electricity, we collect tax and maintain the main electricity line, but the Electricity Department is supposed to supply the electricity. We are given responsibility, but coordinating with other departments to fulfil this responsibility is a challenge.

As outlined in Section 3, there are four key committees at the township level, of which the TDAC is one. TDACs generally engage closely with the Township Management Committee and the Township Development Support Committee, but much less with the Township Land Management Body.¹⁵² The frequency of engagement varies greatly, but in most locations they hold weekly or bi-monthly coordination meetings. This interaction relates to the allocation of local development funds.¹⁵³ These include constituency development funds and poverty reduction funds, which have been initiated over the last few years by the national Parliament and the President's Office. Coordination also includes assorted rural development funds allocated through the DRD as well as the DAOs own locally-generated funds.¹⁵⁴ The vast majority, approximately 80-90% of constituency development funds and the poverty reduction funds, are allocated to rural areas and the remaining for urban areas, which is of interest to DAOs.

In the coordination meetings between the different township-level committees, the members discuss

¹⁵² TDACs also have limited engagement with the Township Planning and Implementation Committee (TPIC), which was set up before the four other committees were established to coordinate planning. While the four committees have taken over most local coordination functions, TDACs and Union ministry departments continue to submit annual plans to TPICs that in turn submit them to higher authorities for use in annual budget allocations by the Union Parliament. Interviews with township planning department staff in Mon State, DAO director in Ayeyawaddy Region, and TDAC members in Mon State.

¹⁵³ For further details, see Robertson and Joeline. 2015. *Local Development Funds in Myanmar*.

¹⁵⁴ Multiple interviews with DAO staff in Ayeyawaddy Region; TDAC members in Tanintharyi Region and Ayeyarwaddy Region; minister of development affairs in Ayeyarwaddy Region; representatives of a township development support committee in Mon State; DAO director in Tanintharyi Region; and DAO staff in Ayeyawaddy Region.

and approve projects for small-scale infrastructure projects submitted by ward and village tract administrators and ward/village development support committees. They also share information about the plans of different departments and the DAOs, and ensure that the funds they are allocated do not overlap those of other actors.¹⁵⁵ Occasionally, if DAOs cannot fully cover the cost for a given project themselves, through the committee meetings, DAOs are able to combine funds with other departments and/or their development funds.¹⁵⁶ As the paramount coordination body for local governance actors, led by the GAD township administrator and composed only of government officers, the Township Management Committee also allows DAO staff, led by the executive officer, to directly coordinate some activities with other government departments. For example, this may cover where to dump garbage, where to place a new market or cemetery, or resolving issues related to land.

In terms of relationships with local communities, the ward administrator is the primary person with whom DAOs engage—while in village tracts where DAOs are active, the interaction will be via village tract administrators. Much of this interaction focuses on the selection and implementation of local development projects, primarily infrastructure. Ward administrators put forward suggestions for local development projects directly to DAOs (for example, paving of roads, improvement of street lights, repair of water and/or sanitation systems, etc.). Suggestions and recommendations also proceed via GAD township administrators, who forward proposals through the Township Management Committee and/or the Township Development Support Committee, which consider it along with other proposals eligible for local development funds or direct funding from the TDAC or government line departments.¹⁵⁷

At times, DAO staff also involve ward administrators in their annual planning process by requesting comments on the priorities set out in the DAO's draft development plan and related budget for the upcoming year. DAOs coordinate closely with ward administrators for project implementation, particularly when activities require mobilizing local community contributions—for example, labor or funds for road construction.¹⁵⁸ Finally, DAOs make extensive use of ward administrators for information dissemination, such as announcing changes in tax and fee rates for local businesses.

Aside from these interactions with governance actors and structures, DAOs have a variety of relationships with the wider public. DAOs, both staff and TDAC members, widely believe that public participation is fundamental to the successful management of municipal affairs. However, such engagement, both in terms of participation in municipal affairs and compliance with rules and regulations, is currently low. The challenges DAOs face vis-à-vis public participation and compliance cover a range of issues, including lack of interest in municipal affairs, chronic littering, and non-payment of fees and taxes.¹⁵⁹ Many DAO staff and TDAC members see changing this situation as a priority. There is also a distinct awareness of the reliance of DAOs on public goodwill and the payment of assorted taxes and fees in order to fulfil their core duties and functions. As one state minister of

¹⁵⁵ Multiple interviews with GAD executive secretary in Shan State; TDAC members and DAO executive officer in Ayeyarwaddy Region; GAD township administrator and TDAC members in Pa-O Self-administered Zone; and DAO staff in Shan State.

¹⁵⁶ Interviews with DAO staff and TDAC members in Tanintharyi Region.

¹⁵⁷ Interviews with TDAC members in Ayeyarwaddy Region.

¹⁵⁸ Interviews with TDAC members in Mon State.

¹⁵⁹ Multiple interviews with TDAC members in Ayeyarwaddy and Tanintharyi Regions, minister of development affairs in Mon State, and minister of development affairs in Ayeyarwaddy Region.

development affairs noted:

*Budget constraints are a problem, and most of our work is based on the willingness of the people. If people don't comply with rules and regulations, we cannot improve work; such people need to pay tax and fees properly and timely. In my experience some people try illegally to get municipal water, people litter in many places, try to evade tax, [and commit] vandalism of lamp posts. It will take time to improve municipal works. The committee and the office cannot do it all. Promoting public awareness of municipal work is needed, so NGOs and state government should carry out public awareness initiatives.*¹⁶⁰

At the same time, there is also a readily apparent perception by much of the public that they do not always get much benefit out of their engagement with DAOs. Issues of corruption, poor service delivery, and few avenues for engaging with DAOs in a meaningful manner figure prominently in this regard. There are, however, instances where strong collaboration has developed. For instance, DAO staff and TDAC members cite the example of 'cost-sharing' to build cement roads through residential neighborhoods. Such projects benefit from the synergies that result when communities see that projects are in their self-interest and, therefore, they are more willing to cooperate. For example, a local community can establish a short-term committee, i.e. a 'road improvement committee', to manage the project and interact with DAO staff.¹⁶¹

There is generally limited engagement between DAOs and local civil society organizations (CSOs). Funeral services are one of the few areas for routine engagement. Free funeral service associations have to obtain permission from the Township DAO Office to hold cremations and/or construct their own crematorium if the DAO's crematorium has broken down.¹⁶² At times, DAOs utilize local religious organizations to increase awareness about health and education issues related to municipal affairs, such as garbage collection. More generally, CSOs approach DAOs to request service improvements or local infrastructure projects. At times, DAOs provide technical advice to local NGOs, for instance, regarding the maintenance of a small water management system.¹⁶³

DAOs generally do not have any formal involvement with politicians and political parties. The exception are both national and state/region members of parliament (MPs) who work with DAOs to set priorities for local development projects, especially projects involving constituency development funds. State/region MPs are also involved with approving annual DAO state/region budgets, and sometimes refer municipal issues from local communities to their chief minister, who then passes them on to the respective DAO offices for resolution.¹⁶⁴

DAOs increasingly receive enquiries from Myanmar's mass media. However, DAO staff are generally unsure of how to deal with journalists' requests, though they express strong interest in learning to do so. In Ayeyarwaddy Region, a DAO media liaison team has been established.¹⁶⁵ Rather than communicate through the media, DAOs stress that the main communication channel they have to

¹⁶⁰ Interview with minister of development affairs, Mon State.

¹⁶¹ Interview with minister of development affairs, Ayeyarwaddy Region.

¹⁶² Interview with free funeral service CSO in Ayeyarwaddy Region.

¹⁶³ Interview with DAO staff in Tanintharyi and Ayeyarwaddy Regions.

¹⁶⁴ Multiple interviews with TDAC members and executive officers in Tanintharyi and Ayeyarwaddy Regions and the DAO director in Ayeyarwaddy Region.

¹⁶⁵ Multiple interviews with DAO staff during The Asia Foundation/VNG workshops in Ayeyarwaddy Region.

reach the public is through TDAC public members and ward administrators, and to a lesser extent, through village tract administrators. These individuals are widely viewed as bridges between the DAOs and the public, and there is a general sentiment that transparency and information sharing with the public has improved in recent years.¹⁶⁶

While it is clear that public members of TDACs and local administrators communicate with the public, which is an improvement over the past, there are few examples of structured, regular or wide-scale engagement with the public or of the public having routine access to information. For example, no minutes are released from TDAC meetings, decisions are generally not communicated publicly in a format accessible to ordinary citizens, the criteria for granting local development funds to local projects are not well-known to the public, and ‘town hall’ type meetings on municipal priorities are largely non-existent. This pattern, in general, seems to be a reflection of a lack of familiarity with these forms of public engagement rather than intentional opposition to them. However, the risk in this current situation is that TDAC public members and local administrators become ‘information bottlenecks’ in the absence of more general public access to information and engagement.

¹⁶⁶ Multiple interviews with TDAC members in Ayeyarwaddy Region and Mon State.

SIX: Policy Considerations

This report is only an introduction to Myanmar's municipal governance, and although it has provided a comprehensive description of the history, legal mandate, and key roles and responsibilities of DAOs, it has not attempted to provide a detailed technical assessment of how DAOs function. Such an assessment would be of value if undertaken in the near future, as Myanmar strengthens its municipal governance.

This concluding section highlights some of the challenges that DAOs commonly confront, and outlines reform areas that are critical to strengthening DAOs in order to improve social services, economic governance, and municipal governance more generally. The report then concludes by highlighting why DAOs are politically significant in Myanmar's historic transition to greater local governance.

6.1 Operational challenges and policy priority areas

Following decades of limited economic growth and military authoritarianism, the range of governance reforms needed in Myanmar are many. The specific challenges facing DAOs are likewise immense, but follow general patterns: few resources to fulfill their mandate and a citizen-government relationship that is mutually distrustful. Given that, this section summarizes and elaborates on key operational challenges discussed previously in order to make recommendations regarding possible solutions.

The challenges presented below are primarily from the perspective of DAO staff and TDAC members, rather than from other interest groups such as the general public or the business community. For this study, it was not possible to conduct a comprehensive public perception survey on municipal governance issues. However, it stands to reason that, in general, the public believes that there are pressing needs for improvements to social services, revenue collection and management, and public engagement. These sentiments are not limited to the municipal sector, but apply to Myanmar governance issues more generally.

6.1.1 Operational challenges and needs: DAOs' expansive remit

Two major dynamics shape the operational challenges that DAOs face, both of which make them unique as a government agency:

1. DAOs are fully self-funded, must use the majority of their revenue (> 90%) within the township where it was collected, and have significant discretion over its use; and
2. DAOs are major social services providers responsible for meeting a wide range of public needs, and are also paramount to local economic governance.

The pressures to raise their own money entirely and manage it to respond to a wide range of development needs are significant. This stands in contrast to every other government actor at the local level, who tend to focus on a particular sector, have relatively little discretion to act and be held accountable for their performance.

In terms of the specific operational challenges facing DAOs, those commonly identified by DAO staff and TDAC members are:

Revenue collection and management: Collecting revenues from a range of sources and then effectively managing these for service delivery is perhaps the largest operational challenge facing DAOs. There is

widespread concern amongst DAO staff and TDAC members about not being able to deliver quality social services due to a lack of revenue. Identifying ways to increase revenues is a priority, but there is also concern about avoiding over-burdening local businesses and the public.¹⁶⁷ Below are some key challenges:

- *Compliance*, across the whole range of revenue sources, is a problem. Echoing a universal sentiment, one DAO executive officer noted that “the public dislikes paying taxes.”¹⁶⁸ This is compounded by the DAO’s lack of capacity and authority to enforce compliance. Importantly, it also represents dissatisfaction among local businesses and the public with the services provided, resulting in a reluctance to pay taxes and fees.
- *DAO budget surpluses* have to be turned over to state/region governments (who remit the surpluses to the Union Government) at the end of the year. This means that budget planning has to be particularly precise and becomes very problematic as the end of the fiscal year draws closer. DAO staff noted this rule also limits incentives for increased revenue collection, particularly in the latter half of each year, and it would be better if surpluses could be carried over to the next fiscal year.¹⁶⁹
- *Multi-year budgeting* is not possible. All projects have to be completed within one fiscal year and money cannot be spread over several years, which complicates efforts to implement large-scale projects, such as water systems, sewage systems, or major roads.
- The bigger towns raise enough revenue to cover their base costs, but *medium and smaller towns struggle*.¹⁷⁰ Many states and regions allow for some transfer of funds from large to small Township DAO Offices, but the small ones become dependent on the 10% transfer from larger towns and lose incentive to improve local revenues.¹⁷¹
- *Planning tools* tend to be rudimentary. There is a lack of integrated strategic planning and budgeting. There is also little cross-sectoral planning between government agencies that could strengthen urban planning.

As the only local government actor that is self-funded, improving revenue collection and management is worthy of prioritization. The needs are extensive, ranging from improving compliance for revenue collection and better record keeping that moves beyond paper-based ledgers, to greater transparency regarding the taxes, fees and rates that the public and businesses should pay. This must be combined with introducing clear incentives for improved revenue collection, i.e. it must be made clear to businesses and the public how revenues are utilized, and in what ways increased revenues will improve municipal services in line with public priorities. Other areas for improvement include resolving deficiencies within the fiscal architecture, such as the lack of multi-year budgets and the annual requirement to return DAO surpluses to the Union fund. There is also a need to reduce opportunities for corruption—for instance by scrutinizing the system of ‘recommendation letters’ necessary to secure permits and licenses, and considering the adoption of a self-declaration system for businesses, with concomitant risk-based auditing.

¹⁶⁷ Interview with minister of development affairs, Shan State.

¹⁶⁸ Interview with DAO executive officer in Shan State.

¹⁶⁹ Interview with DAO executive officer in Shan State.

¹⁷⁰ Interview with minister of development affairs, Shan State.

¹⁷¹ Interview with DAO executive officer in Shan State.

Social services: While DAOs are able to provide services in some sectors quite routinely, such as road construction and garbage collection, they are rarely able to provide some other core services—namely, urban water and sewage systems. Improving social services across the board is necessary. DAOs have a crucial role to play in expanding Myanmar citizens’ access to improved social services. While international development assistance has funded improving the education and health sectors, as well as rural development, targeting support to DAOs as well could improve services for a large proportion of Myanmar’s population. Strengthening DAOs should also be attractive to development partners if sustainability is a criterion as DAOs are self-funded and must use their revenues locally.

Within the wide range of DAO duties and functions, DAO staff and TDAC members have identified several clear priorities (see Annex 13).¹⁷² In terms of social services, the highest priority for improvement is expanding local infrastructure through constructing or improving roads, bridges, and drainage. However, the degree of need varies somewhat. For instance, in the Irrawaddy River Delta, Ayeyarwaddy Region DAOs are making a wide-spread effort to improve the number of concrete roads in residential neighborhoods. A second common goal has been to improve garbage collection. This latter service is seen as particularly significant for improving local perceptions of governance, and hence DAO relationships with communities. A third area of interest is improving urban water supply which, as mentioned previously, is largely non-existent. This has long been a problem due to large capital costs for city-wide water utilities, with similar hopes and challenges applying to sewage systems.

Public engagement: A common complaint of both DAO staff and TDAC members is that public participation in most aspects of municipal affairs remains very low. DAOs, along with the GAD and DRD, are a primary interface between the Myanmar state and the public. Improving the ability of DAOs to interact and communicate with the public is imperative to improving the country’s turbulent citizen-government relationship. Given the importance of public participation in order for DAOs to fulfill their mandate, improvements in their public engagement are likely to result in greater satisfaction with the delivery of municipal services—a prerequisite for improving tax revenue.

Much progress could be made with public engagement if there were accessible guidelines or operational procedures setting out what DAOs do, and what is expected of the public according to the law. TDAC public members also have a strong role to play in expanding engagement and deepening trust with local communities. Many tools for improved public engagement are available. Examples of these tools include: ‘town hall’-style meetings to glean community perspectives; participatory budgeting and planning processes; public campaigns organized jointly by DAOs, civil society groups, and the business community; public posting of key announcements; allowing public attendance at TDAC meetings; and filing key documents and forms for easy access by the public. It is also worth considering whether elections for TDAC positions would be better through universal suffrage, and whether removing some of the restrictions on TDAC representatives would enhance public interest and a sense of ownership over municipal affairs.

Local economic governance: DAOs are paramount to local economic governance in Myanmar. The micro-, small- and medium-sized enterprises found outside the three major cities have to deal with

¹⁷² These views were expressed in the municipal governance training sessions provided to DAO staff in Ayeyarwaddy Region, Tanintharyi Region and Shan State in March 2015. The trainings were jointly provided by The Asia Foundation and VNG International.

DAOs to assure their basic functioning. Improving the relationships between DAOs and local businesses is thus of critical importance to boosting ‘inclusive growth’ across Myanmar. It is telling that TDACs are meant to include a local business representative and this shows the importance of businesses to DAOs’ mandate. Economic governance is complicated, needless to say, but improving its efficacy is important, both to boost economic growth across the states and regions and for improving the revenues that DAOs must collect for expanding local social services.

Businesses’ relations with DAOs are in some ways quite positive, but in other ways, relationships display significant challenges. These often mirror those of the wider public. As actors who bear much of the burden of paying fees and taxes to DAOs, local businesses often feel that there is not enough transparency and accountability in terms of how DAOs function, and how they publicly declare official rates for taxes and fees.¹⁷³ Generally speaking, neither businesses nor the public know how much DAOs collect nor how and where revenue is spent. Overall, businesses appear to want to know how the processes of municipal affairs work—i.e. why the DAO chose a particular road or building for renovation, how it did so, and when the work will finish.

Enforcement capabilities: A major area of concern for DAOs is the lack of enforcement capabilities. Although DAOs can officially impose fines and bring people to court if they do not comply, in reality, this is a drawn-out process and ineffective. One limited area where enforcement is strongest is that of water provision, which is generally not provided anyway. If people do not pay the water fees, the water supply can simply be turned off.¹⁷⁴ In contrast, Mandalay and Yangon CDCs have their own judges and police so they can enforce their laws and regulations more effectively.¹⁷⁵ Generally, DAOs must depend on the GAD or police from the Ministry of Home Affairs for any law enforcement needs, which tends to be time-consuming and ineffective.¹⁷⁶

State/Region DAO Offices: Many of the above considerations inherently emphasize Township DAO Offices and TDACs, given that they are the crux of DAO systems. However, the State/Region DAO Offices also have a unique role to play, particularly in terms of maintaining 14 distinct civil services that receive little-to-no support from the national government in Nay Pyi Taw. Now, without a ‘mother ministry’, the State/Region DAO Offices must play an increasingly important role in such matters as policy development, human resources management, financial systems, and procurement. As these roles were previously played by the Union Government’s MoBA, extensive capacity building is now required in the state and region capitals.

Donor priorities: Another issue of interest is strategic planning and prioritization for international donors. Rural areas have received substantial development assistance, both before Myanmar started to reform in 2011, but especially afterwards. While this is sensible given the country is primarily rural and agrarian, there is also a need to consider development assistance that targets wide-scale social

¹⁷³ Bissinger and Maung Maung. 2014. *Subnational Governments and Business in Myanmar*, p. 24. An international initiative that could prove useful for responding to this situation is the Open Government Partnership (OGP). Active in 65 countries, the OGP provides a platform for domestic reformers committed to making their governments more open, accountable, and responsive to citizens. For further information, see <http://www.opengovpartnership.org/>

¹⁷⁴ Interviews with DAO staff in Ayeyawaddy Region.

¹⁷⁵ A key difference between the YCDC and MCDC versus DAOs is that the former have greater involvement in land management issues, particularly as they can issue land grants. Interview with Mon State *hluttaw* speaker.

¹⁷⁶ Interviews with TDAC members and DRD official in Ayeyarwaddy Region.

services and economic growth in urban areas.¹⁷⁷ This is imperative given the rate of urbanization in the country, generally estimated at 2.8%. In terms of prioritizing social services and tangible quality of life improvements, as well as supporting local economic growth, DAOs are the ideal government actor with which to engage. With changes in governance structures since 2011, DAOs are now able to concentrate their resources on smaller areas. Likewise, working with them allows international donors to channel scarce resources to generate positive change for the significant numbers of people increasingly crowding into Myanmar's urban areas. DAOs provide ready access to 15 million people, which is a significant opportunity for donors to effectively target development assistance.

6.1.2 Structural Challenges and Needs: Adjusting to decentralization

The most significant structural change to recently shake DAOs was their removal from the MoBA and their placement under state and region governments, starting in 2011. While it was significant that responsibilities for rural development were given to the DRD rather than DAOs in 2011, this did not fundamentally reshape DAOs' actual duties and responsibilities. Instead, it just allowed DAOs to concentrate on urban areas rather than across entire townships. In contrast, the removal from MoBA left DAOs without a 'mother ministry' in Nay Pyi Taw. The resulting lack of a central guiding hierarchy means that DAOs are in an unprecedented state of flux and readjustment. In effect, there are now 14 unique DAO systems across the country, each with its own legal mandate, policies, staffing, and training programs. This means that DAOs are the nascent bureaucracies of state and region governments, but this presents a wide range of challenges.

Human resources systems: The changes that DAOs are undergoing are profound. This has resulted in concern among DAO civil servants. Many staff became 'stuck' in locations that were not their homes when DAOs changed to state/region government control in 2011. As the 14 states and regions now have separate DAO systems, the possibilities for transfers between states and regions are limited and the opportunities for promotions to higher positions within a state or region are also limited.¹⁷⁸ Overall, there is a need to assess the challenges of this transition in terms of human resources systems; namely, how state/region civil servants can be adequately supported in a country where most civil servants still work for Union ministries.

Capacities versus mandate: Many operational challenges faced by DAOs are interwoven and have compounding effects upon one another.¹⁷⁹ Delivery of basic services is hindered due to lack of revenue, lack of public participation and compliance. The lack of revenue is related to the fact that DAOs are fully reliant on locally-raised revenue but there is low tax/fee compliance by the public and businesses. Low compliance is due to limited enforcement and the unwillingness of local people to pay taxes as they are not satisfied with the services delivered (reflecting a breakdown in the social contract between tax payers and DAOs).

¹⁷⁷ As was highlighted by one TDAC chairperson: "Rural development is improving, but not urban." Interviews with TDAC members and DAO staff in Tanintharyi Region.

¹⁷⁸ In Myanmar's public sector culture, greater respect is generally paid to a Union official than to a 'local' one. This is why the term Development Affairs *Organization* is so significant and emotionally-charged. In Myanmar, the word 'organization' indicates that DAOs are no longer a part of a Union ministry, which they were when they were still the *Department* of Development Affairs. Interviews with DAO executive officers in Shan State and Ayeyarwady Region.

¹⁷⁹ Interview with DAO director in Shan State.

As with many other government agencies, conducting systematic functional reviews would help catalyze reform efforts following decades of authoritarianism. Given their wide ranging mandate, conducting functional reviews of DAOs to assess their roles and responsibilities against capacities is necessary to determine priorities and the feasibility of reforms. This is particularly important for DAOs as general service providers that are self-funded. As an illustration, one DAO Director noted in regard to seemingly endless tasks: “For example, we should take care of detaining people begging or who are mentally ill, but with what capacity?”¹⁸⁰

Urban planning: There is no urban planning in Myanmar outside of Yangon and Mandalay. Urban areas are managed in the same manner as any other area—by a system of government agencies conducting development projects, largely based on immediate needs and 1-year budgets. The population concentrations in urban areas have complex needs, and these require development plans that allow multiple sectors to relate to one another, and financial resources that can be spread over time. DAOs have a mandate for urban planning, but presently this is not acted upon in a systematic manner.¹⁸¹ Resolving this functional gap would allow DAOs to act upon immediate needs, but also to better focus their resources over the longer term.

The second major structural issue confronting DAOs is the newfound functional significance of TDACs. DAOs are the only local government actor linked directly to a local committee (the TDAC), with the majority of its members elected by the community. This development has caused tensions, but also opportunities for improving how DAOs function as there is a new layer of engagement required with the TDAC’s public members. Needless to say, this requires quite significant shifts in procedural and institutional culture for DAOs given that they are coming out of decades under the military-dominated MoBA.

Legal reviews: While ‘new’ municipal laws have been passed, in reality these were largely based on SLORC Law #5/93, which in turn was based on archaic colonial-era law.¹⁸² Overall, there is a need to review the provisions of the state and region municipal laws. This point was stressed by DAO staff and TDAC members with regard to certain needs. One example is that of further clarifying the role and intents of TDACs vis-à-vis Township DAO Offices and State/Region DAO Offices. Currently, some tensions exist between DAO staff and TDAC public members because legal provisions regarding how they should relate to one another are ambiguous or even non-existent. This is compounded by both the State/Region DAO Offices and the TDACs asserting decision-making authority over the Township DAO Offices.

Government coordination: Considering the changes that have swept township-level governance, local coordination is a pressing challenge. This is particularly so with regard to the proliferation of township-level management and development committees, as well as local development funds. Coordination at these levels is compounded by the lack of integrated, township-level planning processes. While resources are available at the township level, the bureaucratically-separate ‘stove pipes’ of Union ministries means that such resources cannot always be

¹⁸⁰ Interview with DAO director in Ayeyawaddy Region.

¹⁸¹ DAOs do not have dedicated staff or departments for urban planning, so any planning undertaken is spread over the whole system, e.g. even with the GAD and township-level committees. Some DAOs mentioned preparing basic 5- or 10-year plans for local roads and bridges.

¹⁸² Interview with TDAC members and DAO staff in Mon State.

effectively shared. For instance, DAOs used to have heavy machinery when they were part of the MoBA, but this equipment is now often under the DRD, requiring inter-agency cooperation and planning for its use.

A related need, given the shift of DAOs to states and regions, is the lack of a national body or actor which can help guide policy formulation for municipal governance or provide technical support to the 14 DAO systems.¹⁸³ A problematic example concerns the rates of taxes, permits and fees. With no Union Government support or coordination, variance between the states and the regions is increasing, which causes tensions, especially with businesses.¹⁸⁴ Moreover, there is no national forum or association that allows DAOs to communicate with each other to share experiences or lobby the Union Government for support. The creation of a Myanmar municipal association or similar forum would be ideal for allowing this type of interaction and lobbying.

6.2 Political significance of DAOs for Myanmar's transition

Myanmar is undergoing governance changes of historic significance. Subnational and local governance, decentralization, and the nature of central-local relations are critical to the future of Myanmar. The 2008 Constitution clarifies some formal division of responsibilities and powers between the Union Government and subnational levels, notably, the new state and region governments. However, subnational governance in the country is still dominated by Union ministries, such as those for health and education, and the omnipresence of the Ministry of Home Affairs' GAD.

The one exception to this general situation are DAOs. There are now 14 DAO systems across the country, each with its own legal mandate, policies, staffing, and training programs—with all reporting only to their respective state and region government. In this manner, DAOs are the nascent bureaucracies of the states and regions, albeit only focused on municipal governance. Myanmar's Union Government, under the leadership of President Thein Sein, has prioritized improving subnational service delivery and inclusive economic growth. It can be expected that the next government will do the same. The dynamic of self-funding and an expansive mandate define DAOs as a significant experiment in Myanmar's move towards greater decentralization. Improving the operational effectiveness of DAOs can enable them to play a particularly strong role in improving local social services and economic growth.

DAOs also have political significance in Myanmar's transition. Aside from being the nascent core of state/region bureaucracies, a Township DAO Office is also the only government actor that has a dedicated township-level committee (TDAC) with a majority of community representatives. With the movement of DAOs to state and region governments, and the DRD to the Ministry of Livestock, Fisheries and Rural Development, what is significant in terms of historical development is that Myanmar has now reverted to a subnational governance system that allows for clearer distinctions between rural and urban governance. As such, greater clarity is emerging within the bureaucracy over who is primarily responsible for urban versus rural development. Myanmar now has a trifecta of

¹⁸³ Apparently the President's Office has a special commission that selects the country's best performing DAOs each year. Other than this, it is not likely that more large-scale systematic support is being provided. DA Committee Chair, Thanbyuzat Township, Mon State; 9 March 2015.

¹⁸⁴ Interview with DAO executive officer in Shan State.

agencies providing cross-sectoral ‘general’ administration and development support: the DRD, DAOs and the paramount GAD.

Myanmar currently has no ‘third tier’ of government—only Union and state/region governments. What are found at the township level are not distinct governments—they are merely local offices of Union ministries, with the most significant being the GAD’s Township Administration Office. As Myanmar’s transition unfolds, there will be greater calls for more local control over governance matters. Given their unique characteristics—a dedicated committee with majority community representation, full detachment from the Union Government, self-funded from local communities, and an expansive mandate covering many essential services—it must be questioned whether DAOs will be able to evolve into a more distinctive third tier of government, and a truer form of a ‘municipal government’.¹⁸⁵ The precedents for this in Myanmar are the Yangon City Development Committee (YCDC) and the Mandalay City Development Committee (MCDC), but these are largely under the authority of the respective region governments, and do not have fully elected city councils.

While DAOs play a central role in municipal governance in Myanmar, the Township DAO Office is only one of several institutions involved in municipal affairs. It is a hybrid entity with decentralized functions, but without the full powers and structures of a municipality. Moreover, the township DAOs do not exist as fully independent entities, though in practice they carry out their functions without much interference from the state/region DAO level. While public representation has increased through the important introduction of TDACs, these do not constitute fully elected local councils. Overall, DAOs can therefore not yet be considered a separate third tier of government. This lack of a full mandate contributes to some of the challenges described above, particularly in relation to the lack of holistic planning and integrated service delivery.

Overall, within the transitional context of Myanmar, there is an opportunity to reconsider the structures and processes of municipal governance in ways that go beyond current institutions. Perhaps a reconfiguration of municipal entities and their mandates is needed. As urbanization increases, there will likely be demands for more local input, both from a growing middle class and from an expanding business community. Important related questions include:

- In what ways can integrated municipal management best be strengthened—through stronger cooperation between Union ministry departments and DAOs, through transferring further functions and authority to the DAOs, or through establishing new institutions with a comprehensive mandate over municipal affairs?
- Whether new or reconfigured institutions are established or not, it is worth considering in what ways public representation in municipal governance can be strengthened in line with the country’s transition towards democracy. Should township municipal institutions remain under the purview of the state/region governments, as is currently the case, should they be fully under the authority of elected local township councils (based on the principle of universal suffrage) or would other configurations be desirable?

Framing these two considerations is the role that DAOs or municipal actors, more generally, can play in rebuilding Myanmar’s fractured citizen-government social contract, eroded as it has been by

¹⁸⁵ Municipal is defined, according to the Oxford Advanced Learner’s Dictionary, as pertaining to a town or city or its governing body. Municipality is defined as *a town, city or district with its own local government*.

decades of authoritarianism. DAOs represent one of the most significant interfaces between the Myanmar state and the general public. Within Myanmar's rapidly expanding urban areas, ordinary citizens, be they within households or businesses, must routinely engage with DAOs for a wide range of needs. In numerous interviews, DAO staff and TDAC members highlighted the challenges of having to raise their funding entirely from local communities who express pessimism about the quality of governance in general and about local social services, in particular. In this regard, DAOs are in a unique position, in contrast to centrally-funded Union ministries, as they can develop better relations with ordinary Myanmar citizens. If they are more responsive, accountable, and transparent, DAOs can serve as 'flagship' government agencies that demonstrate how Myanmar's governance can deliver better and better services. The best place to start to achieve this is where local communities are paying for it, and hence have a right to demand nothing less.

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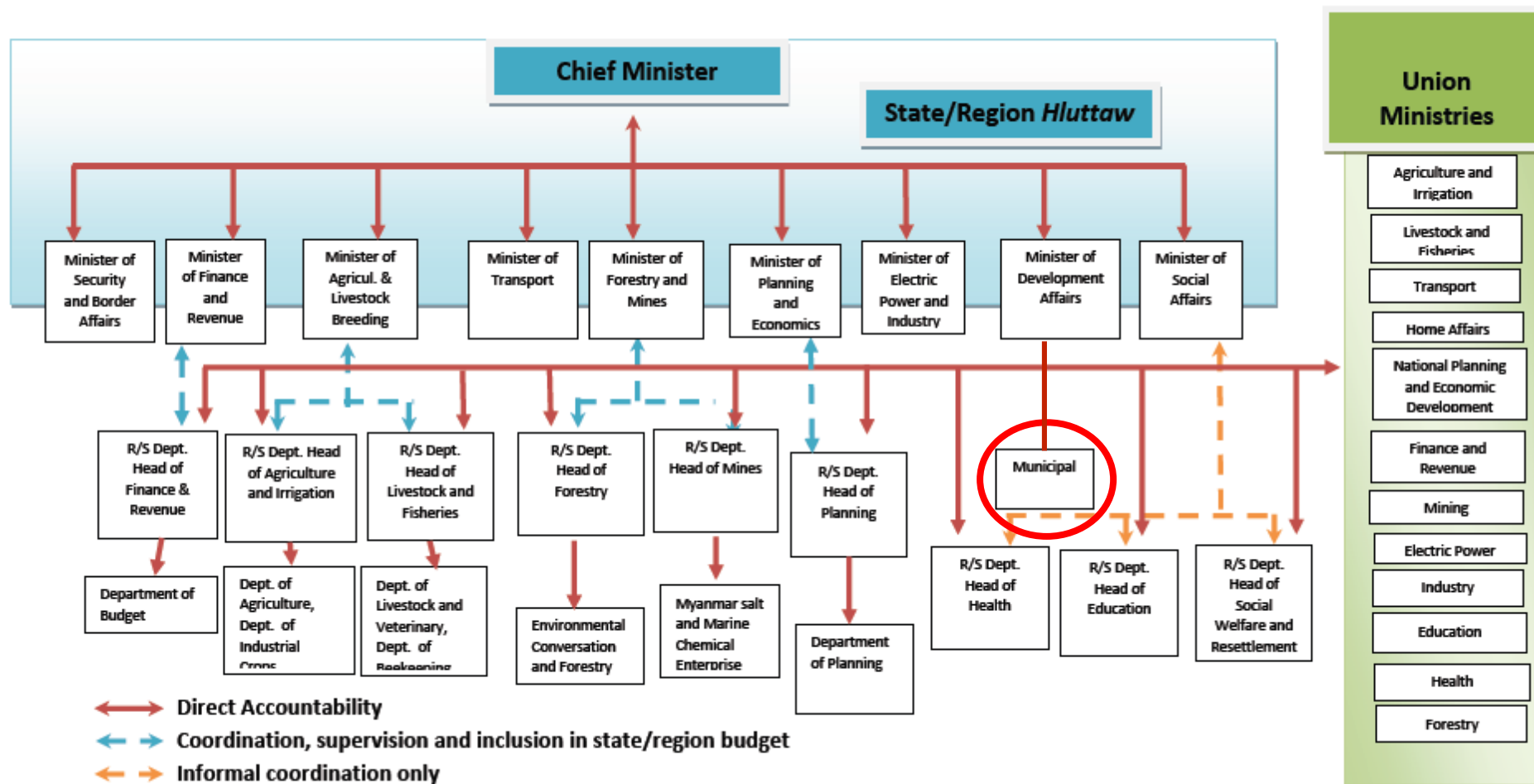
Annexes

Annex 1: 2014 Census Results for Urban and Rural Populations

State/ Region	Total			Urban			Rural		
	Both sexes	Males	Females	Both sexes	Males	Females	Both sexes	Males	Females
Union	50,213,067	24,225,304	25,987,763	14,864,119	7,112,105	7,752,014	35,348,948	17,113,199	18,235,749
Kachin	1,643,054	854,633	788,421	590,462	296,675	293,787	1,052,592	557,958	494,634
Kayah	286,738	143,461	143,277	72,444	35,842	36,602	214,294	107,619	106,675
Kayin	1,502,904	739,234	763,670	329,127	163,266	165,861	1,173,777	575,968	597,809
Chin	478,690	230,005	248,685	99,905	47,300	52,605	378,785	182,705	196,080
Sagaing	5,320,299	2,518,155	2,802,144	909,478	429,654	479,824	4,410,821	2,088,501	2,322,320
Tanintharyi	1,406,434	700,403	706,031	337,513	164,642	172,871	1,068,921	535,761	533,160
Bago	4,863,455	2,324,214	2,539,241	1,070,346	500,845	569,501	3,793,109	1,823,369	1,969,740
Magway	3,912,711	1,814,993	2,097,718	591,396	272,670	318,726	3,321,315	1,542,323	1,778,992
Mandalay	6,145,588	2,919,725	3,225,863	2,137,025	1,028,779	1,108,246	4,008,563	1,890,946	2,117,617
Mon	2,050,282	986,454	1,063,828	570,432	272,999	297,433	1,479,850	713,455	766,395
Rakhine	2,098,963	992,906	1,106,057	354,941	167,692	187,249	1,744,022	825,214	918,808
Yangon	7,355,075	3,517,486	3,837,589	5,156,646	2,441,689	2,714,957	2,198,429	1,075,797	1,122,632
Shan	5,815,384	2,908,259	2,907,125	1,394,691	692,494	702,197	4,420,693	2,215,765	2,204,928
Ayeyawady	6,175,123	3,010,195	3,164,928	873,046	413,181	459,865	5,302,077	2,597,014	2,705,063
Nay Pyi Taw	1,158,367	565,181	593,186	376,667	184,377	192,290	781,700	380,804	400,896

Data Source: *Population And Housing Census of Myanmar, 2014, Provisional Result*, Census Report Volume (1), Department of Population, Ministry of Immigration and Population, August 2014, (see Table 3, pg. 10).

Annex 2: State and Region Government Structures



Annex 3: 31 Core Tasks of Municipal Governance in Myanmar

As articulated in SLORC Law 5/93

1. Drawing up plans and carrying out town planning;
2. Carrying out works for water supply;
3. Carrying out works for sanitation;
4. Carrying out works for disposal sewage;
5. Carrying out works for lighting of roads;
6. Construction, supervision and maintenance of markets owned by the Committee;
7. Granting permission for the establishment of privately-owned markets and supervising them;
8. Establishing cattle markets and supervising them;
9. Stipulation of conditions in respect of roadside stalls;
10. Stipulation of conditions in respect of bakeries and restaurants;
11. Stipulation of conditions in respect of dangerous trade;
12. Carrying out precautionary measures against fire, flood, storm and natural disaster;
13. Establishing cattle slaughter houses, granting permission for slaughtering of cattle for public consumption and supervising sale of meat;
14. Administration of ferries;
15. Stipulation of conditions in respect of small loan business;
16. Administration of Slow-moving Vehicles;
17. Construction and maintenance of roads, bridges;
18. Prescribing road bye-laws and the use of road, name of road, and number for the building;
19. Construction and maintenance of buildings under the charge of the Committees;
20. Granting permission for construction of private buildings within the Development Committee boundary limit and supervision thereof;
21. With the approval of the Ministry, granting permission for the construction and supervision of private buildings in rural area outside the Development Committee boundary limit specified by notification;
22. Demolition of squatter buildings;
23. Granting permission for opening lodging houses and supervision thereof;
24. Supervising the keeping and breeding of animals within the development area and disposal of carcasses;
25. Arresting of wandering insane persons, lepers, and beggars and handing over to the authority concerned;
26. Rounding-up, keeping in custody of wandering animals and disposing them;
27. Construction and maintenance of gardens, parks, playground, swimming pools, public baths and recreation centres;
28. Allotting and supervising cemeteries, constructing and maintaining crematoriums;
29. With the approval of the Ministry, demolishing of cemeteries and using of land for other purposes;
30. Executing other development works in the public interest; and
31. Carrying out other duties assigned by the Ministry from time to time.

Annex 4: SLORC Law 5/93

Composition of The State Law and Order Restoration Council's Law No. 5/93 (The 1993 Development Committees Law)

- Chapter I: Title and Definition
- Chapter II: Formation of Development Committees
- Chapter III: Formation of Committee
- Chapter IV: Duties and Functions
- Chapter V: Powers of the Committee
- Chapter VI: Collection of Taxes
- Chapter VII: Administration of Development Works
- Chapter VIII: Administration of Slow-moving Vehicles
- Chapter IX: Administration of Ferries
- Chapter X: Administration of Animal Slaughter
- Chapter XI: Supervision
- Chapter XII: Appeal
- Chapter XIII: Finance
- Chapter XIV: Organizational Set-up
- Chapter XV: Maintenance of fund and Auditing of Accounts
- Chapter XVI: Prohibitions
- Chapter XVII: Imposition of Administrative Penalty
- Chapter XVIII: Offences and Punishments
- Chapter XIX: Miscellaneous

Annex 5: Schedule II of the 2008 Constitution

State and Region Legislative List

1. Finance and Planning Sector

- (a) The Region or State budget;
- (b) The Region or State fund;
- (c) Land revenue;
- (d) Excise duty (not including narcotic drugs and psychotropic substances);
- (e) Municipal taxes such as taxes on buildings and lands, water, street lightings and wheels;
- (f) Services of the Region or State;
- (g) Sale, lease and other means of execution of property of the Region or State;
- (h) Disbursement of loans in the country from the Region or State funds;
- (i) Investment in the country from the Region or State funds;
- (j) Local plan; and
- (k) Small loans business.

2. Economic Sector

- (a) Economic matters undertaken in the Region or State in accord with law enacted by the Union;
- (b) Commercial matters undertaken in the Region or State in accord with law enacted by the Union;
- (c) Co-operative matters undertaken in the Region or State in accord with law enacted by the Union.

3. Agriculture and Livestock Breeding Sector

- (a) Agriculture;
- (b) Protection against and control of plants and crop pests and diseases;
- (c) Systematic use of chemical fertilizers and systematic production and use of natural fertilizers;
- (d) Agricultural loans and savings;
- (e) Dams, embankments, lakes, drains and irrigation works having the right to be managed by the Region or State;
- (f) Fresh water fisheries; and
- (g) Livestock breeding and systematic herding in accord with the law enacted by the Union.

4. Energy, Electricity, Mining and Forestry Sector

- (a) Medium and small scale electric power production and distribution that have the right to be managed by the Region or State not having any link with national power grid, except large scale electric power production and distribution having the right to be managed by the Union;
- (b) Salt and salt products;
- (c) Cutting and polishing of gemstones within the Region or State;
- (d) Village firewood plantation; and
- (e) Recreation centres, zoological garden and botanical garden.

5. Industrial Sector

- (a) Industries other than those prescribed to be undertaken by the Union level; and
- (b) Cottage industries.

6. Transport, Communication and Construction Sector

- (a) Ports, jetties and pontoons having the right to be managed by the Region or State;
- (b) Roads and bridges having the right to be managed by the Region or State; and
- (c) Systematic running of private vehicles within the Region or State.

7. Social Sector

- (a) Matters on traditional medicine not contrary to traditional medicine policies prescribed by the Union;
- (b) Social welfare works within the Region or State;
- (c) Preventive and precautionary measures against fire and natural disasters;
- (d) Stevedoring;
- (e) Having the right of management by the Region or State, the following:
 - (i) Preservation of cultural heritage;
 - (ii) Museums and libraries.
- (f) Theatres, cinemas and video houses; and
- (g) Exhibitions such as photographs, paintings and sculptures.

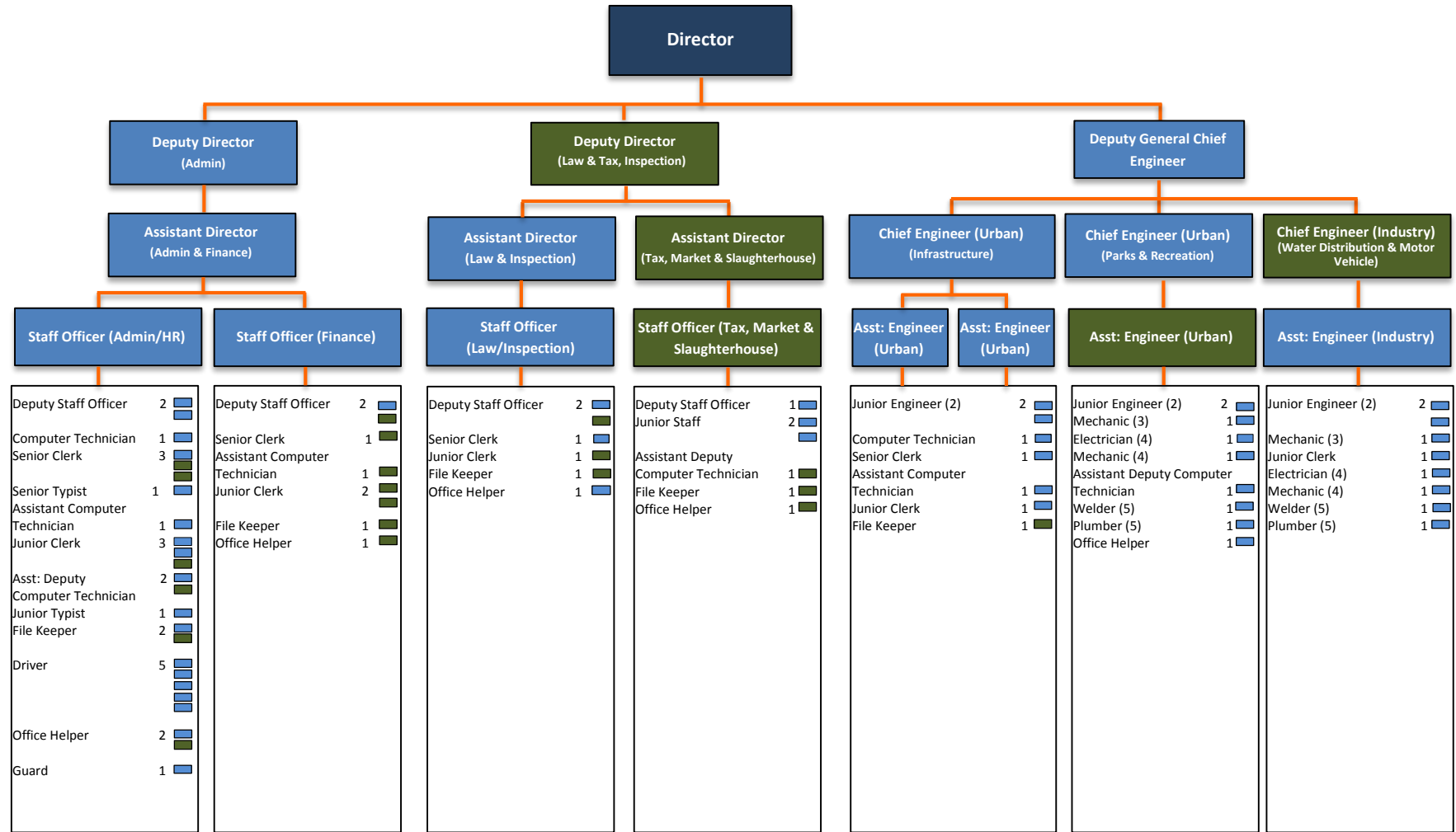
8. Management Sector

- (a) Development matters;
- (b) Town and housing development; and
- (c) Honorary certificates and awards.

Annex 6: Evolution of Municipal Laws in Myanmar

<i>Laws</i>	Enacted by	Amended by	Repealed by
<i>The Municipal Act, 1847</i>	The British Government		
<i>The Hackney Carriage Act, 1879</i>	The British Government		SLORC, 1993
<i>The Burma Municipal Act (XVII of 1884)</i>	The British Government		
<i>The Upper Burma Law, 1887</i>	The British Government		
<i>The Government Management of Private Estates Act, 1892</i>	The British Government		SLORC, 1993
<i>The Municipal Act, 1898</i>	The British Government		SLORC, 1993
<i>The Ferries Act, 1898</i>	The British Government		SLORC, 1993
<i>The Government Buildings Act, 1899</i>	The British Government		SLORC, 1993
<i>The Local Authorities Loans Act, 1914</i>	The British Government		SLORC, 1993
<i>The Myanmar Rural Self Government Act, 1921</i>	The British Government		SLORC, 1993
<i>The Local Authorities (Suspension) Act, 1946</i>	The British Government		SLORC, 1993
<i>The Buildings (Regulation of Construction and Repair) Act, 1946</i>	The British Government		SLORC, 1993
<i>The Cattle Slaughter Prohibition Act, 1947</i>	The British Government		SLORC, 1993
<i>The Democracy Local Governance Act, 1953</i>	Government of Burma, 1953		RC, 1962
<i>The Municipal Law, 1984</i>	BSPP Government, 1984		Still valid
<i>Development Committee Laws, 1993</i>	SLORC Government, 1993	SPDC, 1997	
<i>Current Development Laws in States and Regions</i>	State/Region Governments, 2012-14		

Annex 7: Organigram for State and Region DAO Offices



The Original workforce
 The Additional workforce

Organizational Structure
 Officer Personnel – 18
 Functionary Personnel – 67

 Total – 85

Annex 8: Functions of Department of Rural Development

The **objectives** of the establishment of Department of Rural Development are as below:

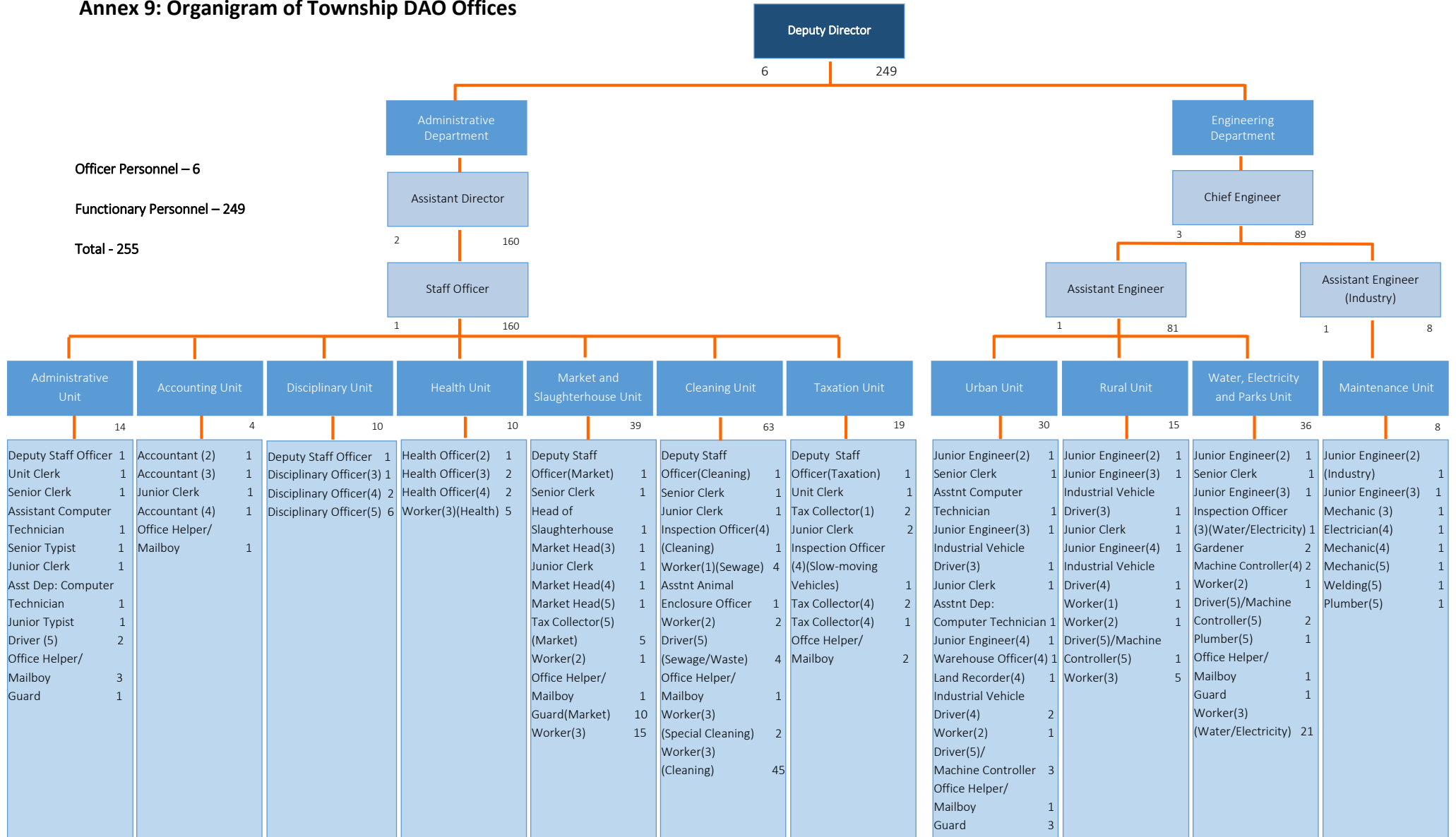
- 1) To assist the National Rural Development and Poverty Alleviation Program;
- 2) To improve socioeconomic life of rural populace and to narrow down the development gap between urban and rural areas; and
- 3) To preserve Myanmar's rural cultures.

In order to achieve the stated objectives, the Department of Rural Development set up 12 main **rural development tasks**. These are as below:

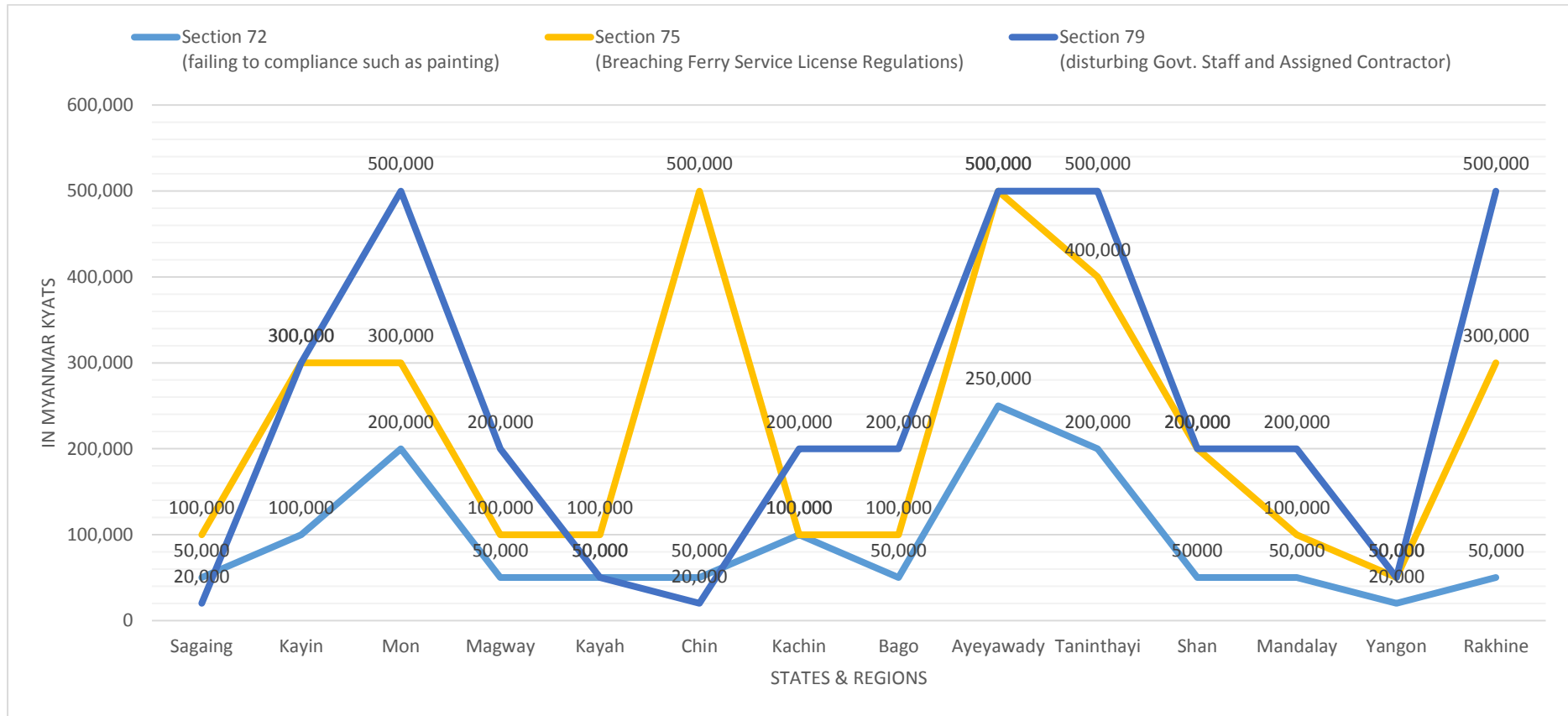
1. Construction and maintenance of rural feeder roads and bridges connecting one village to another, village to town and inter-districts roads;
2. Provision of rural safe drinking water;
3. Undertaking work for rural sanitation;
4. Construction of rural housing;
5. Undertaking rural electrification works through renewable energy sources;
6. Intervention for the promotion of productive activities in rural areas;
7. Creation and promotion of rural economy;
8. Launching microfinance program for rural households;
9. Addressing human resources development in rural areas;
10. Preservation of rural cultures and traditions;
11. Formulation and implementation of strategic development plans with the aims of narrow down the socioeconomic gap between urban rural areas;
12. Taking appropriate measures which assist the 8-tasks National Rural Development and Poverty Alleviation Program.

Source: See the DRD's website: <http://www.drdmyanmar.org/index.php?page=YWJvdXQ>

Annex 9: Organigram of Township DAO Offices



Annex 10: Example of Variance in DAO Fines and Penalties



Annex 11: Schedule V of the 2008 Constitution

1. Land revenue.
2. Excise revenue.
3. Water tax and embankment tax based on dams and reservoirs managed by the Region or State and tax on use of electricity generated by such facilities managed by the Region or State.
4. Toll fees from using roads and bridges managed by the Region or State.
5. (a) Royalty collected on fresh water fisheries; (b) Royalty collected on marine fisheries within the permitted range of territorial water.
6. Taxes collected on vehicles on road transport and vessels on inland waterway transport, in accord with law, in a Region or a State.
7. Proceeds, rent fees and other profits from those properties owned by a Region or a State.
8. Fees, taxes and other revenues collected on services enterprises by a Region or a State.
9. Fines imposed by judicial courts in a Region or a State including Region *Taya Hluttaw* or State *Taya Hluttaw* and taxes collected on service provision and other revenues.
10. Interests from disbursed by a Region or State.
11. Profits returned from investment of a Region or State.
12. Taxes collected on extraction of the following items from the forests in a Region or a State:
 - a. Taxes collected on all other woods except teak and other restricted hardwoods;
 - b. Taxes collected on firewood, charcoal, rattan, bamboo, birdnests, catch, thanetkha, turpentine, eaglewood and honey-based products.
13. Registration fees.
14. Taxes on entrainments.
15. Salt tax.
16. Revenue received from the Union Fund Account.
17. Contributions by development affairs organizations in a Region or State concerned.
18. Unclaimed cash and property.
19. Treasure trove.

Annex 12: Terms of Reference for Township Development Affairs Committees

Composition

1) <i>Elected Influential Person</i>	Chairperson
2) <i>Municipal Officer (Executive Officer)</i>	Secretary
3) <i>Social sector representative</i>	Member
4) <i>Business sector representative</i>	Member
5) <i>Academic representative</i>	Member
6) <i>GAD Deputy Township Officer</i>	Member
7) <i>Rural, Livestock and Fisheries Department Deputy Officer</i>	Member

Roles and Responsibilities:

- 1) With supervision of Mon State Development committee, the township committee can implement the following activities:
 - a. Borrowing and getting loans from the Union Government, State/Region government and domestic and international organizations in line with the laws, rules and regulations;
 - b. Implementing municipal affairs with support from domestic and international organizations or individuals;
- 2) Ownership, inheritance and law suit of the name and logo;
- 3) Funding can be saved with different bank account and can be spent for municipal functions and it can also be increased with requirements;
- 4) Funding from foreign sources can also be saved with different bank account and it can be spent with the permission of Chief Minister through the Development minister;
- 5) Private bank can be set up with application in line with the law;
- 6) Auditing, accounting and management of funding has to be performed;
- 7) Development priorities submitted by villages and wards has to submit to the Mon State Development committee and work and cooperate together with Township Development body;
- 8) Mobilize people participation and suggestion for Township Development body for township development activities;
- 9) Awareness raising and mobilizing public for township development rules and regulations;
- 10) Implement activities assigned by Mon State government and Mon State Development committee;
- 11) Submission of township development suggestions and ways to Mon State Development Committee and implement with the approval;
- 12) Officer of the Township Development Body, secretary of the committee, has to perform the decisions of the committees with the funding in line with fiscal rules and regulations;
- 13) Estimated budget of Township Development body for five year plan has to be drawn with the requirements;
- 14) Recommendations and suggestions submitted by the Township Development Committee has to be implemented by Township Development Body and if it cannot be implemented, it has to submit to Mon state Development Body;
- 15) Mon state development body has to monitor, supervise, approve and permit the following functions:
 - a. Township Development body Civil servants functions according to the Union Civil Servants Laws;
 - b. Fiscal activities according to the Ministry of Finance;
 - c. Auditing functions according to the Union Office of the Auditor General;
 - d. Civil servants functions according to Mon state development law and law amendment;
 - e. Fiscal functions and auditing process;
- 16) Report of Township development committee has to submit to State Development Committee.

Annex 13: Self-identified Organizational Development Priorities of DAO Personnel

The trainings were conducted in February and March 2015 and over four hundred DAO officials participated.

	Top Needs or Priorities	Top Workshops & Training Needs
Taunggyi Shan State	Not Applicable	<ol style="list-style-type: none"> 1. Management & Leadership Skills 2. Public Engagement/Public Participation 3. Participatory Planning & Plan Execution 4. Financial Management, Budgeting & Procurement 5. Developing Organizational Strategies & Goals 6. Assessing Organizational Needs 7. Project & Performance Management 8. Interagency Cooperation 9. Staffing Capacity: Evaluate Job Duties, Descriptions
Patheingyi Region	<ol style="list-style-type: none"> 1. Insufficient safe drinking water supply 2. Low public participation, poor public mindset 3. Tax Evasion; Taxes and Fee Collection 4. Poor Committee coordination 5. Understanding of municipal laws 6. Poor department coordination 7. Shortage of staff, pensions and salaries 	<ol style="list-style-type: none"> 1. Assessing Organizational Needs 2. Developing Organizational Strategies & Goals 3. Project & Performance Management 4. Public Engagement / Public Participation 5. Management & Leadership Skills 6. Organizational Process Mapping 7. Staffing Capacity: Evaluate Job Duties & Descriptions 8. Participatory Planning & Plan Execution
Hinthada Region	<ol style="list-style-type: none"> 1. Upgrading roads, bridges 2. Drainage & culverts (mosquitos – Denghi Fever) 3. Garbage/trash collection & disposal 4. Procurement of vehicles and machinery (backhoe, garbage truck, fire engine, water truck, vacuum truck) 5. Safe, clean water supply 6. Market buildings/renovate shopping areas 7. Street lighting 8. Parks and playgrounds 9. Bus terminals 10. Traffic signs 11. Building a new city hall 	<ol style="list-style-type: none"> 1. Assessing Organizational Needs 2. Project & Performance Management 3. Developing Organizational Strategy & Goals 4. Management & Leadership Skills 5. Other: <i>individual capacity building, analytical skills, emerging technologies</i> 6. Interagency Cooperation 7. Public Engagement / Public Participation 8. Staffing Capacity: Evaluate Job Duties, Descriptions
Mawlamyaing Mon State	<ol style="list-style-type: none"> 1. Tired of ineffective workshop 2. Want effective workshop with solutions 3. State officials in Mon State appear to be inundated with international donor agencies 4. Would like to do a workshop which identified priorities 5. Would like to do specific capacity-building activities based on (a) geography or (b) thematic based training 	Not Applicable
Dawei Region	<ol style="list-style-type: none"> 1. Lack of funds: How to increase Tax Collection and Tax Rates 2. Increasing public compliance with existing laws 3. Drainage due to poor streets, culverts and channels 4. Not enough equipment, machinery 5. Water supply – safe drinking water 	<ol style="list-style-type: none"> 1. Assessing Organizational Needs 2. Developing Organizational Strategy & Goals 3. Project Performance Management 4. Public Engagement / Public Participation 5. Financial Management, Budgeting & Procurement 6. Organizational Process Mapping

The Subnational Governance in Myanmar Discussion Paper Series is a collaborative research initiative between MDRI-CESD and The Asia Foundation. The paper series aims to provide Myanmar policy-makers at national and local levels, civil society organizations, the business community, development partners and others interested stakeholders with timely research on subnational governance issues that directly inform policy and reform processes. The research behind the series incorporates the perspectives of a range of government, political, non-governmental, civil society and community stakeholders in subnational governance, while also bringing to bear the most relevant policy analysis and international experience. MDRI-CESD and The Asia Foundation welcome input and suggestions on published, ongoing, or future research.



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