

YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF ECONOMICS

MASTER OF ECONOMICS

EFFECT OF MICROFINANCE ON RURAL

DEVELOPMENT IN KYAUKTAN TOWNSHIP

(CASE STUDY OF MYA SEIN YAUNG MICROFINANCE)

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SEPTEMBER, 2019

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KYAUKTAN TOWNSHIP
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A thesis submitted as a partial fulfillment towards the requirements for the degree of
Master of Economics, M.Econ (Economics)

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September, 2019

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MASTER OF ECONOMICS

This is to certify that this thesis entitled “**Effect of Microfinance on Rural Development in Kyauktan Township (Case Study of Mya Sein Yaung Microfinance)**” submitted as a partial fulfillment towards the requirements for the Degree of Master of Economics has been accepted by the Board of Examiners.

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ABSTRACT

Microfinance credit is essential role for rural development in Myanmar. This study tries to analyze the effect of Mya Sein Yaung microfinance on rural development of selected villages in Kyauktan Township. In this study descriptive method is applied to achieve the objective of the study. A sample of 165 respondents was asked with a structured questionnaire from Kyauktan Township. The respondents have received direct benefits such as increasing income, increasing ownerships and better housing conditions by receiving loans and investing in their income generating activities and indirectly the infrastructures of the villages such as school buildings, rural roads. This study suggested that the committee members in villages with Mya Sein Yaung Project should be effective and active. It would be better if the project staff could provide the knowledge about how the loans should be used effectively in order to increase their income and improve their life.

ACKNOWLEDGEMENTS

First of all, I would like to express my deepest gratitude and heartfelt thanks to Professor Dr. Tin Win, Rector of Yangon University of Economics and Professor Dr. Daw Nilar Myint Htoo, Pro-Rector of Yangon University of Economics for giving the chance to do research. I would like to express my great appreciation to Professor Dr. Daw Cho Cho Thein, Head of Department of Economic, for her permission to write my paper and guidance to accomplish this paper.

I would like to present my great appreciation to my supervisor, Daw Thin Thin, Lecturer of Department of Economic, for giving me all the necessary guidance, suggestions and advices to complete my paper. I want to express my gratitude to all professors, lecturers and tutors in Yangon University of Economics.

I would like to acknowledge the officers and staffs of Department of Rural Development in Nay Pyi Taw and Kyauktan for providing the necessary data and information. Furthermore, my sincere thanks and appreciation goes to the village administrators. I am also very thankful to all my respondents for their contribution and patience to answer my questions.

Finally, I wish to say grateful thanks to my parents and my sister who were always supporting and encouraging me with their best wishes and my friends who are contributed in various ways to accomplish my paper.

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LIST OF ABBREVIATIONS

ASCAs	Accumulating Savings and Credit Associations
CDF	Constituency Development Fund
CGAP	Consultative Group to Assist the Poor
DAC	Development Assistance Committee
INGO	International Non-Government Organization
LDFs	Local Development Funds
LIFT	Livelihoods and Food Security Fund
MDGs	Millennium Development Goals
MEB	Myanmar Economic Bank
MFIs	Microfinance Institutions
MSY	Mya Sein Yaung
NGO	Non-Government Organization
OECD	Organization for Economic Cooperation and Development
PRF	Poverty Reduction Funds
RDF	Rural Development Fund
RNFE	Rural Nonfarm Enterprises
SPPRG	Myanmar Social Policy and Poverty Research Group
VRF	Village Revolving Funds

CHAPTER I

INTRODUCTION

1.1 Rationale of the Study

Microfinance plays an important role in the rural development of developing countries. Microfinance is a source of financial services that provide the microloans to poor people who are lacking access to credit. Microfinance can provide poor people in terms of job opportunity, increase income and saving directly and improving living condition, better health and education etc., indirectly. Poor people are need credits to improve their socio-economic conditions and reduce poverty.

Rural development is one of the most important factors for the growth of the economy of developing countries. Improving the living standard or well-being of rural residents and making the rural areas more productive are the main objectives of rural development. In other words, the rural development means development of the people living in rural areas through implementation of various rural development schemes. Therefore, the governments of developing countries have designed many rural development projects for the enhancement of socioeconomic conditions of the poor people in rural areas. The rural development projects aims to help the poor and needy people to improve their socioeconomic conditions and to narrow the gap between the rural and the urban areas.

In November 2011, the microfinance law was enacted in Myanmar and since then, some 176 foreign and domestic microfinance institutions have been established within the country. Rural development is the process of improving the quality of life and economic well-being of the people living in rural areas. In Myanmar, 70.4% of total populations live in the rural area and 29.6% of rural populations are poor. Poor people in rural areas are unable to access the formal banking sector due to the lack to collateral, poor infrastructure such as transportation and communication necessary to reach formal banks in township level and limited exist of banks. Rural urban migrants and other poverty stricken people living in the sub-urban area of the township need to

have access to credits to invest in small business. Since, they have no access to financial sector; microfinance is the only way to access loans.

Rural development is the major priority of the government of Myanmar. The development of rural areas is very important because it affects majority of the population. Since 2011, the government has been undertaking several initiatives for rural development in Myanmar. Under the rural area development strategic framework, many rural development projects have been developed and implemented for raising socio-economic status of rural population. The government has managed to support community development projects with Local Development Funds (LDFs) which comprise the Poverty Reduction Funds (PRF), the Constituency Development Fund (CDF) and the Rural Development Fund (RDF). Among various rural development projects, Mya Sein Yaung (MSY) project or the Evergreen Village Development Project is one of the Rural Development project in Myanmar.

The Evergreen Project or MSY is an initiative which emerged from a National Rural Development Strategy Framework that was held on 18 November 2014. Under the program, loans were offered to villages for village-level revolving funds in order to finance household businesses with aims of creating job opportunities, increasing food security and increasing household income. There are 10131 villages in which Mya Sein Yaung Project has being implemented in Myanmar since 2014-2015 up to now. This study attempts to analyze the direct and indirect effect of Evergreen Village Development Project or Mya Sein Yaung project on the selected villages in Kyauktan Township.

1.2 Objectives of the Study

The objectives of the study are

1. To identify the direct effect of Mya Sein Yaung Microfinance on household's job opportunities, income and saving of selected villages in Kyauk Tan Township.
2. To identify the indirect effect of Mya Sein Yaung Microfinance on rural development of selected villages in Kyauk Tan Township.

1.3 Method of Study

In this study, descriptive method is used in order to achieve the objective of the study by focusing a quantitative approach. The required data for this study was

collected based on both primary and secondary sources. The primary data were collected by conducting personal interviews with structured questionnaire to the sample households from the selected villages in Kyauktan Township. The secondary data were collected from reports of Department of Rural Development, journals, articles and websites.

1.4 Scope and Limitations of the Study

This study focuses on the direct and indirect effect of Mya Sein Yaung project on the members of the Mya Sein Yaung Project from the selected villages of Kyauktan Township in term of saving, income generation activities, livelihoods status, household assets and physical infrastructure. This study selected 165 households who borrow credit from the Project from 3 villages of kyauktan Township according to the 25% of total population.

1.5 Organization of the Study

This study is organized into five chapters. Chapter (1) is the introduction of the study. Chapter (2) presents literature review. Chapter (3) describes overview of Mya Sein Yaung Village Project. Chapter (4) explains the profiles of the selected villages and analysis of the effect of microfinance on rural household's development of selected village in kyauktan Township. Chapter (5) concludes with findings and suggestions.

CHAPTER II

LITERATURE REVIEW

2.1 Concepts and Definitions of Microfinance

Microfinance can be defined as the small loans for poor, who are lacked in their financial power, most commercial banks are reluctant to loan out to these people, because they have not enough background deposit for these loans. Microfinance is the provision of savings accounts, loans, insurance, money transfers and other banking services to customers that lacks access to traditional financial services, usually because of poverty. There are two main mechanism for the microfinance services (1) relationship-based banking for individual enterprises and small businesses and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

Microfinance is the arrangement of financial services including loans, savings, insurance, money transfers and remittances offered to the lower income groups or poor entrepreneurs, who otherwise cannot avail the standard banking services. The motive behind Microfinance is to give people in poverty a privilege to become self-sufficient by offering them crucial banking services at a considerable Microfinance refers to small-scale financial services for both credits and deposits that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas (Robinson,1998).

Microfinance, or micro-lending, seeks to fill this gap in developing countries' banking systems by providing small loans to poor people. The idea was pioneered by Muhammad Yunus, an economics professor in Bangladesh, who founded the Grameen Bank in the village of Jobra in 1974. Since then, Microfinance Institutions (MFIs) have sprung up in Africa, Asia, Latin America, Eastern Europe, and even in the United States.

MFIs are initially funded by governments, international organizations such as the World Bank, or private foundations. Their loans can be as small as \$25, but they are large enough to fund simple businesses. Microfinance has grown spectacularly since its beginnings in a single village. As of 2010, MFIs had close to 100 million borrowers around the world.

Most often the Microloans are given for the development of micro or small enterprises that does not have any collateral against which the standard loan could be raised. The borrower is required to pay interest on the borrowed amount, but the interest rate is minimal. Also, the Microloans are given to those who live in developing countries and who are working in varied trades such as, carpentry, fishing, and transportation. Microfinance helps as them in acquiring finance to expand their tiny a business and other financial needs. It also helps in improving a contribution of women in economic activities by providing economical resources to invest.

2.2 Microfinance Standards and Principles

Microfinance is the small loan for the poor people in the rural areas and it creates the means for greater employment and income-generation, allows the poor to smooth consumption and meet social, religious and other obligations, offer financial protection from crises and disasters, encourages schooling and empowers the marginalized- especially women. Microfinance is considered a tool for socio-economic development, and can be clearly distinguished from charity. Families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to repay a loan, should be recipients of charity. Others are best served by financial institutions. Some principles that summarize a century and a half of development practice were encapsulated in 2004 by CGAP and endorsed by the Group of Eight leaders at the G8 Summit on June 10, 2004. There are (11) keys principle of microfinance.

(i) The poor need a variety of financial services, not just loans

Just like everyone else, poor people need a wide range of financial services that are convenient, flexible, and reasonably priced. Depending on their circumstances, poor people need not only credit, but also savings, cash transfers, and insurance.

(ii) Microfinance is a powerful instrument against poverty

Access to sustainable financial services enables the poor to increase incomes, build assets, and reduce their vulnerability to external shocks. Microfinance allows poor households to move from everyday survival to planning for the future, investing in better nutrition, improved living conditions, and children's health and education.

(iii) Microfinance means building financial systems that serve the poor

Poor people constitute the vast majority of the population in most developing countries. Yet, an overwhelming number of the poor continue to lack access to basic financial services. In many countries, microfinance continues to be seen as a marginal sector and primarily a development concern for donors, governments, and socially-responsible investors. In order to achieve its full potential of reaching a large number of the poor, microfinance should become an integral part of the financial sector.

(iv) Financial sustainability is necessary to reach significant numbers of poor people

Most poor people are not able to access financial services because of the lack of strong retail financial intermediaries. Building financially sustainable institutions is not an end in itself. It is the only way to reach significant scale and impact far beyond what donor agencies can fund. Sustainability is the ability of a microfinance provider to cover all of its costs. It allows the continued operation of the microfinance provider and the ongoing provision of financial services to the poor. Achieving financial sustainability means reducing transaction costs, offering better products and services that meet client needs, and finding new ways to reach the unbanked poor.

(v) Microfinance is about building permanent local financial institutions

Building financial system for the poor means building sound domestic financial intermediaries that can provide financial services to poor people on a

permanent basis. Such institutions should be able to mobilize and recycle domestic savings, extend credit, and provide a range of services. Dependence on funding from donors and governments-including government-financed development banks-will gradually diminish as local financial institutions and private capital markets mature.

(vi) Micro-credit is not always the answer

Micro-credit does not appropriate for everyone or every situation. The people who are destitute and hungry and currently have no income or means of repayment need other forms of support before they can make use of loans. In many cases, small grants, infrastructure improvements, employment and training programs, and other non-financial services may be more appropriate tools for poverty alleviation. Wherever possible, such non-financial services should be coupled with building savings.

(vii) Interest rate ceilings can damage poor people's access to financial services

It costs much more to make many small loans than a few large loans. Unless micro-lenders can charge interest rates that are well above average bank loan rates, they cannot cover their costs, and their growth and sustainability will be limited by the scarce and uncertain supply of subsidized funding. When governments regulate interest rates, they usually set them at levels too low to permit sustainable microcredit. At the same time, micro-lenders should not pass on operational inefficiencies to clients in the form of prices (interest rates and other fees) that are far higher than they need to be.

(viii) The government's role is as an enabler, not as a direct provider of financial services

National governments play an important role in setting a supportive policy environment that stimulates the development of financial services while protecting poor people's savings. The key things that a government can do for microfinance are to maintain macroeconomic stability, avoid interest-rate caps, and refrain from distorting the market with unsustainable subsidized, high-delinquency loan programs. Governments can also support financial services for the poor by improving the business environment for entrepreneurs, clamping down on corruption, and improving access to markets and infrastructure. In special situations, government funding for

sound and independent microfinance institutions may be warranted when other funds are lacking.

(ix) Donor subsidies should complement, not compete with private sector capital

Donors should use appropriate grant, loan, and equity instruments on a temporary basis to build the institutional capacity of financial providers, develop supporting infrastructure (like rating agencies, credit bureaus, audit capacity, etc.), and support experimental services and products. In some cases, longer-term donor subsidies may be required to reach sparsely populated and otherwise difficult-to-reach populations. To be effective, donor funding must seek to integrate financial services for the poor into local financial markets; apply specialist expertise to the design and implementation of projects; require that financial institutions and other partners meet minimum performance standards as a condition for continued support; and plan for exit from the outset.

(x) The lack of institutional and human capacity is the key constraint

Microfinance is a specialized field that combines banking with social goals, and capacity needs to be built at all levels, from financial institutions through the regulatory and supervisory bodies and information systems, to government development entities and donor agencies. Most investments in the sector, both public and private, should focus on this capacity building.

(xi) The importance of financial and outreach transparency

Accurate, standardized, and comparable information on the financial and social performance of financial institutions providing services to the poor is imperative. Bank supervisors and regulators, donors, investors, and more importantly, the poor who are clients of microfinance need this information to adequately assess risk and returns.

2.3 Concepts of Rural Development

The term ‘rural development’ is widely used in both the developed and the developing countries of the world. There is however no universally acceptable definition of rural development and the term is used in different ways and in vastly

divergent context. As a concept, it can notes overall development of rural areas with a view to improve the quality of life of rural people. In this sense it is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities-village and cottage industries and crafts, socio-economic infrastructure, community services and facilities, and above all, the human resources in rural areas (Chambers, 1987).

Rural development is being regarded as a design to improve the socio-economic conditions of the rural people, by extending benefits of development to the people living in rural areas. It means developing better physical, social and economic conditions of the rural poor living in the rural areas. It can be simply said the improvement of transformation in economic and social lives of rural people and rural development means overall improvement of the quality of life for rural people. Moreover, it is about reduction of poverty, increasing productivity, providing basic services such as education, health, water, sanitation and basic infrastructure, etc.

There are three theoretical approaches which are used to define ‘rurality’ - (1) by a negative: everything which is not urban is rural. Urban is defined in terms of the inhabited space, population density and concentration and diversification of activities. Rurality, therefore, means low density, with little artificialization, dispersion of activities and communities. (2) Sociological: rurality is defined in terms of socio-cultural criteria relating to social relationships, the value system, lifestyle and consumption patterns. (3) Economic: the pattern of economic activity is taken into account in the definition of rural. It is about areas where economic activities are little diversified and where agricultural activity is dominant in terms of its share of jobs and income (Abdelhakim & Pellissier, 2008).

In geographic term, ‘rural’ means an area which is marked by non-urban lifestyle. Rural settlement system consists of villages. Agriculture is the dominant occupation of rural societies. Most rural residents in many developing countries are engaged in and depend on local agriculture, forestry, fishery resources and other traditional small businesses to make a living. At the same time, the term ‘development’ means quantitative as well as qualitative change. The rural development essentially means desired positive change in the rural areas – both in a quantitative as well as qualitative sense.

The concept of rural development was borne in the context of agriculture and for a long time it encompasses agricultural development. Since 1970s, the concept has

become more definite in its interpretation and it is being regarded as a design to improve the economic and social life especially, by extending benefits of development to the poorest, small farmers, tenants and landless. Now, rural development is not exclusively restricted to any single activity or area, it goes many or all areas which anyway affect upgrading, enlisting and petrifying improvement of transformation in socioeconomic lives of rural people.

Moreover, some scholars has been viewed the rural development as the restructuring of the economy in order to satisfy the material needs and aspirations of the rural masses, and to promote individual and collective incentives to participate in the process of development (Kalu , Ibiam , Stephen , & Ijeoma). This involves a host of multi-sector activities, including the improvement of agriculture, the promotion of rural industries, the creation of the requisite infrastructure and social overheads, as well as the establishment of appropriate decentralized structures in order to allow mass participation (Kalu , Ibiam , Stephen , & Ijeoma).

The ultimate objective of rural development is of improving quality of life of rural poor. The effort to rural development includes sustained increase in per capita output and incomes, expansion of productive employment and greater equity in the distribution of the benefits of growth. Rural development can be regarded as “a strategy designed to improve the economic, social and cultural life of people living in rural areas”. Increased employment, higher productivity, higher income as well as education and health are the central goals of rural development. Thus, rural development is the means to the “process of improving basic needs, increasing productivity and employment facilities and developing potentials of rural resources through integration of spatial, functional and temporal aspects”.

Development of rural area means the development of the people living in rural areas through implementation of various rural developmental schemes. The objectives of development include sustained increase in per capita output and incomes, expansion of productive employment and greater equity in the distribution of the benefits of growth. Rural development over the years has emerged as a strategy designed to improve the economic, social and cultural life of specific group of people as well as living in rural areas. Increased employment, higher productivity, and higher income as well as ensuring minimum acceptable levels of food, clothing, shelter, education and health in the main objectives of rural development. Thus it can be said that rural development means development of infrastructure. In every country, rural

development must constitute a major part of development strategy if a larger segment of those in greatest need are to benefit (Dhawan, 2005).

2.4 Role of Microfinance on Rural Development

Microfinance is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. Microfinance institutions are established to promote the financial activities mainly saving and credit in community. Microfinance's activities are focused on reducing poverty level of community people. Poor, disadvantaged, marginalize and women are in mainstream of microfinance's programs.

Microfinance is the provision of tiny loans to the poor to help them established or expand an income-generating activity, and thereby escape from poverty. Where there is no formal banking system in any rural area, microfinance is a way to help alleviate poverty in rural communities. Different studies fluctuate on the number of poverty stricken people in the world, but some studies say that around 300 million to 360 million are in "absolute poverty" (Premchander, 2009). Furthermore, research has shown that over 2 billion people do not have access to formal credit institutions (Hudon, 2009). Access to monetary resources helps people create profits and lessen poverty around the globe. Since microfinance is a system that distributes small loans to poor people in order for them to generate income and start their own small businesses, it has the capability to lessen poverty as well as promote entrepreneurship, social and economic development in poor communities (D Lazar & P Palanichamy, 2008).

Agricultural finance has the unique features of supporting a large number of rural populations in developing countries and to reduce poverty. On the one hand, it provides people the possibility to gain livelihood, and on the other hand it provides the people with opportunities to live with self-respect (Coady, Grosh, & Hoddinott, 2014). It is the responsibility of the state to provide adequate policy framework for proficient and cost efficient mechanism for rural finance market to support agricultural and rural development (Barrett & Clay, 2003). A majority of peasants in developing countries have no access to any banking system or microcredit (Schady, 2002). Microcredit has the potential to play a role in increasing access to financial

services and proximity between clients and cooperatives (Roodman & Morduch, 2009).

Verma, Renu. (2008), in her article concludes that microfinance is expected to play a significant role in poverty alleviation and rural development [J. Ref.No.30, P/163]. Microfinance has, in the recent past become one of the more promising ways to use core development funds to achieve the objectives of poverty alleviation. Further he stated that certain microfinance programs have gained prominence in the development field and beyond. The ultimate aim is to attain social and economic empowerment. These microfinance institutions may very well have had a major impact on improving the standard of living of millions of poor people as well as on promoting economic development. Therefore microfinance has become one of the utmost active involvements for economic enablement of the poor.

Rural development aims to improve livelihoods by implementing comprehensive development for rural areas where a majority of people in poverty line. Agriculture is a centrally important sector of rural economy. It is widely accepted that agriculture is the best way to reduce rural poverty. Therefore, improving the productivity of agriculture is crucial in any rural development strategy. Growth in agriculture productivity has been recognized and targeted to raising the incomes of the rural poor and thus reducing poverty.

The incomes of local people need to be increased in order to improve their lives. Income generation activities can be divided into agricultural and non-agricultural income generation. As most local people obtain income from agriculture, income generation through improved agricultural productivity should be considered when implementing rural development.

Rural poverty reduction requires both raising farm productivity and increasing nonfarm employment. Farming is the mainstay of the rural economy, so improving the productivity of agriculture must be emphasized in any rural development strategy. Moreover, expanding the rural nonfarm economy and improving rural infrastructure are imperative for broadly based growth in agriculture and non-agriculture. Policies and carefully targeted investments are needed to (i) enable rural nonfarm enterprises (RNFE) to diversify and grow in size and productivity, (ii) provide the infrastructure base (roads, power, and water supply) for greater economic dynamism in the countryside and rural townships, and (iii) help workers make the transition from farm to nonfarm activities (enhance their mobility) (ADB, 2007).

Furthermore, through implementing rural development programs and project, quality education and health care can reach for all in rural areas. Education and health promote the development of human capital that is essential to increase rural farm and nonfarm productivity, and better equip the rural poor for entry into the nonfarm workforce.

In order to develop an economy, the development of infrastructure such as transportation and telecommunications, is indispensable. At the same time, there are various other factors which inhibit economic development in rural areas, such as limited access to necessary information, limited transportation and inadequate communication means (roads, public transportation services, etc), and electricity. The development of transportation and telecommunication infrastructure, including rural electrification infrastructure, telecommunication networks, local roads and public transportation is important. Improvement of general economic infrastructure such as roads, communication systems, and power supply, as well as local infrastructure such as wells, ponds, etc.

Since rural development intends to reduce poverty, it must clearly be designed to increase production and raise productivity. It is believed that improved food supplies and nutrition, together with basic services such as health, education and cultural activities would directly improve the physical wellbeing and quality of life of the rural poor, but also indirectly. Microfinance is important for rural development because of rural areas need to develop for poverty reduction and socio-economic lives of rural people.

2.5 Concept of Poverty

In general, poverty is the lack of necessities such as basic food, shelter, medical care, and safety. However, what is a necessity to one person is not uniformly a necessity to others. Needs may be relative to what is possible and are based on social definition and past experience (Sen, 1990). Valentine (1968) says that “the essence of poverty is inequality. In slightly different words, the basic meaning of poverty is relative deprivation.” A social (relative) definition of poverty allows community flexibility in addressing pressing local concerns, while objective definitions allow tracking progress and comparing one area to another.

According to the World Bank (2001), “poverty is pronounced deprivation in well-being”, where well-being can be measured by an individual’s possession of

income, health, nutrition, education, assets, housing, and certain rights in a society, such as freedom of speech. Poverty is also seen as a lack of opportunities, powerlessness, and vulnerability. This broadens the definition of poverty to include hunger, lack of shelter, being sick and not being able to see a doctor, not being able to go to school and not knowing how to read, not having job, fear for the future. Poverty further entails lack of representation and freedom. Indeed, the poor themselves see powerlessness and voicelessness as key aspects of their poverty (Narayan, D, Chambers, R, Shah, M. K. and Petesch, P, 2000).

Poverty was defined as having less than US\$370 of annual income per capita, and absolute poverty as less than US\$250 by the World Bank's "World Development Report" (1990). These indicators were calculated based on the idea that human beings require approximately US\$1 a day to obtain minimum nutrition needs. In 2018, the World Bank said that the international poverty line is currently valued at \$1.9 in terms of 2011 purchasing power parity, which equalizes its purchasing power across all countries and currencies.

In the OECD/DAC Guidelines on Poverty Reduction, poverty is described as the lack of the following five capabilities:

- Economic capabilities: to earn an income, to consume, and to have assets
- Human capabilities: to have access to health care, education, sufficient nutrition, clean water, and hygienic living conditions
- Political capabilities: human rights, to participate in political and policy-making process, and to be able to have an influence on decision-making.
- Socio-cultural capabilities: to participate as a valued member of the community with social status and dignity
- Protective capabilities: to prevent vulnerability from food insecurity, illness, crime, war, and conflict.

2.6 Village Revolving Funds

According to CGAP focus note, May 2006, VRF is a credit fund to the members of a small group managed by the members themselves, with no professional management or supervision of the approval, disbursement, and collection of loans. These funds are referred to by a variety of names, including Community Managed Loan Funds, Self-managed Village Banks, Accumulating Savings and Credit Associations (ASCAs), and community-based finance. According to Menkhoff &

Rungruxsirivorn (2009) improving the supply side of rural credit markets is one of main objective of VRFs. Menkhoff & Rungruxsirivorn (2009) also demonstrated common features of VRF customers such as an intermediate income level, which is generally lower than customers of formal financial institutions. Another common feature identified is the purpose of borrowing which includes production as well as consumption purposes and credit terms are in between typical formal and informal terms.

2.7 Reviews on Previous Studies

Aisha Imtiaz, Hafiz Zahid Mehmood, Waqar Akram & Muhammad Irfan (2014) studied the Impact of Microfinance on Poverty Reduction (A Case Study of District Faisalabad, Pakistan). They tried to shows the effect of micro-financing of small business and the implications for poverty reduction. They had gathered the data from 200 respondents that ware 15 percent of the total population. The required information was collected through interviewing schedule, by using face-to-face survey method. They found that the poverty gap index was noted 40 percent and it reduced to 28 percent after taking the loan. The squared poverty gap index was noted 29 percent and it reduced to 25 percent after getting the loan. The poverty index for rented house respondents was noted 93 percent and it reduced to 85 percent after taking the loan. The depth of poverty was noted 39 percent and it reduced to 27 percent after taking the loan. The severity of poverty was noted 29 percent and it reduced to 24 percent after getting the loan. So, they found that poverty before taking loan was higher and it reduced in those respondents who had taken the loan. The results showed that the poverty has been reduced by financing the peoples.

Dr. Roopali Patil (2017) studied the Impact of Microfinance on Rural Development (with special reference to Gulbarga Division of Karnata State). He mainly concentrates on how microfinance institutions have contributed to the improvement of standard of living of people in Gulbarga division. He conducted samples size of 485 respondents who were selected randomly irrespective of age, education and income level from Gulbarga district. He found that there is a noticeable and positive impact of microfinance activities on the living standards, empowerment and poverty alleviation among the poor people in the society.

Tin Htay Oo (2018) studied Sustainable Livelihood for Rural Community of Mya Sein Yaung Rural Project in Pantanaw Township. The objective of his study is to

identify the household monthly income, household economics status, social status and household asset ownership of Mya Sein Yaung Rural project members in Pantanaw Township. A sample of 310 respondents was asked with a structured questionnaire from Pantanaw Township. He found that the provision assesses of Mya Sein Yaung Rural Project are potentially working in the way of ensuring sustainable livelihood of the poor. The project has contributed to the borrowers by enhancing their quality of life in term of a better livelihood, a higher income, better housing situations and increase household assets.

Thiri Htet (2017) Studied Impact of Microfinance on Household Living Standard (A Case Study of Ngwe Toe Lian Microfinance Co-operative Credit Society in Minhla Township).The objective of her study is to analyses the impact of microfinance on household's living standard. Descriptive method is applied and the 100 respondents were conducted in Ngwe Toe Lian Microfinance Co-operative Credit Society by using face to face interview with structured questionnaire. She found that microfinance loan takers are hawker and farmers who have not regular income and basic education. After borrowing from microfinance institution, they have increased their family income, saving, housing situations and they spend money on their children education.

CHAPTER III

OVERVIEW OF MYA SEIN YAUNG PROJECT

3.1 Microfinance Institutions in Myanmar

Myanmar is one of the LDCs with per capita income of approximately US\$ 832 in 2011. Myanmar has an estimated population of 61 million in which 26% of the population is living under poverty line in 2009. Significantly high poverty concentration is in rural area where almost 85% of total poverty is living. The financial sector of Myanmar is small and underdeveloped. According to Central Bank data on July 2012, four state- owned banks and 19 private banks are being dominant in the financial sector of Myanmar. Overall, the outreach of the formal banking sector is severely constrained so that only less than 20% of the population has access to formal financial services. In Myanmar, microfinance programs are started in the late 1990s as part of the UNDP Human Development Initiative (HDI) and while it has gone significantly since, it is still in nascent stage.

After microfinance law was issued in November 2011, not only INGOs, LNGOs, and cooperatives, but also many local and foreign companies have legally entered into microfinance business of Myanmar. Moreover, the scale and outreach of informal providers; individual money lenders, community - based organizations, self-help groups in microfinance services are also widespread mostly in the rural areas of the country. In the sectoral assessment of microfinance in Myanmar in January 2013, it is estimated that current microfinance outreaches is 2.8 million microfinance clients, with a total loan portfolio of 236 billion kyats (US\$283 million). As of February 2013, Myanmar Microfinance Business Supervisory Committee has licensed (142) microfinance organizations, including (6) INGOs, (12) NGOs, (68) Cooperatives, (54) Local companies and (2) Foreign companies. About half of them (63) have deposit taking licenses which mean that they can accept compulsory and voluntary deposit from their clients. Well known LNGOs such as Yangon Young Women's Christian Association (YWCA), Yandana Myitta, and Mingalar Myanmar have legally entered into microfinance services of the country. Loan providing status of all the microfinance providers in Myanmar is shown in Table (3.1).

Table (3.1) Microfinance Providers in Myanmar

Categories	Individual Institutions	No. of branches/ outlets	No. of borrowers	Outstanding Loan Portfolio (Kyats)
State Owned Bank	MADB	205	1,420,000	84,000,000,000
	MSLE	143	208,778	313,417,900,000
Private Bank	MLFDB	53	-	-
	PACT-UNDP	105	365,410	52,701,000,000
	PACT MFI	16	57,128	4,234,502,910
	GRET-MFI	4	6,155	840,041,000
	Save the Children MFI	-	7,737	367,747,782
	World Vision MFI	12	13,282	1,910,033,328
	Proximity Design MFI	8	16,000	3,113,831,000
	AMDA	-	1,510	55,109,960
	Total	-	1,197	165,077,000
Cooperatives	Central Cooperative Society MFIs	46	32,851	1,125,690,000
	Financial Cooperatives Union of Savings and Credit Federation	1,625	476,632	16,500,000,000
Specialized Agricultural Companies	Rice Specialization Companies	38	57,502	20,092,708,226
	Other Agricultural Specialized Companies	22	140,000	20,000,000,000
Women's Union		16	4,800	48,000,000
Total		2,293	2,808,982	518,571,641,206

Source: CGPA, Microfinance in Myanmar Sector Assessment, January 2013

In Myanmar, the supply of microfinance is growing diversity in with more than 250 licensed local and international microfinance institutions (MFIs). As of March 2018, there are (3) NGO groups, (19) INGO groups, (106) Local Companies groups, (45) Foreign Companies groups and (4) Partnership Firms groups are licensed, which does not include cooperatives. Microfinance is being operated in 21,400 villages, 1,921 quarters and 241 townships at December 2018. Microfinance is broadly seen as a key development tool to promote financial inclusion and alleviate poverty in Myanmar.

3.2 Background Information of Mya Sein Yaung (MSY) Village Project

Myanmar is a developing country in the Southeast Asia and trying to achieving sustainable development of the country. Myanmar is comprised of 14 States and Regions, one Union Territory, which is Nay Pyi Taw Council, and two Sub-States, 73 Districts, 330 Townships and 63,899 Villages, and 70.4% of total population lives in rural areas. 29.2% of the rural population (about 10.5 million of rural people) is in grass-root level. Therefore, rural development in Myanmar is essentially critical for achieving sustainable and all-round development of the country. The government of Myanmar has set up Strategic Framework for Rural Development and the Strategic Framework include five strategies for rural development, which are:

- (i) Prioritizing and Implementing All-round Development Strategy;
- (ii) Synergy of Development Intervention and Multiplying Impacts Strategy;
- (iii) Good Governance Process for Progressive Rural Development Strategy;
- (iv) Sustainable Financing for Rural Development Strategy; and
- (v) Effective Collaboration Strategy, the project will be implemented via a village revolving fund mechanism.

In accordance with the rural area development strategic framework, the Department of Rural Development of the Ministry of Agriculture, Livestock and Irrigation has been implementing the Evergreen Village Development Project (Mya Sein Yaung - MSY), starting from 2014-2015 fiscal year in order to create job opportunities, to increase household income, to increase household incomes and to ensure food and nutrition security by implementing the subsistence livestock farming.

The project has been implemented with the government fund as a revolving fund in order to undertake the sustainable rural development activities by people-

centered approach in line with Rural Development Strategic Framework developed by the Department of Rural Development and local and international experts, and to fulfill the requirements of rural people because according to the assessment conducted by LIFT Fund and SPPRG, it is found that 75% of the rural households need interest free loan or soft loan to undertake the livelihoods and incomes generating activities. The project model is based on World Banks National Community Driven Development project, Koreas “New Village Movement” and Thailand-based CP Company’s Village Fund project models with some modifications to accommodate local conditions.

The principal objective of the Evergreen Village Development Project (Mya Sein Yaung - MSY) is to support the objectives of the Myanmar government in reducing the poverty index from 32% to 16% by the year 2015 according to the Millennium Development Goals (MDGs). The key objectives of Evergreen Village Development Project (Mya Sein Yaung - MSY) are:

- (1) To reduce the rural poverty by increasing job opportunities and household incomes,
- (2) To ensure food and nutrition security by undertaking subsistence livestock farming,
- (3) To implement village development activities by rural people themselves to meet the needs of villages, spending the increased interest rate from the revolving fund,
- (4) To improve the capacity of rural community and to grow the resilient communities that can respond the unexpected disasters in strong manner.

Table (3.2) Mya Sein Yaung (MSY) Project in Myanmar (2014 to 2018)

No	States / Regions	District	Township	Project		Household	Population
				Unit	Village		
1	Naypyitaw	2	8	86	95	21055	86048
2	Kachin	4	17	325	397	64320	341757
3	Kayah	2	7	83	125	11632	62138
4	Kayin	4	7	264	297	20612	68097
5	Chin	3	9	206	310	22074	108387
6	Sagaing	10	37	803	898	135301	723206
7	Tanintharyee	3	10	154	166	17665	83790
8	Bago	4	28	881	1020	149994	658447
9	Magwe	5	25	673	705	110826	512651
10	Mandalay	7	23	707	743	111922	505963
11	Mon	2	10	133	149	26554	117793
12	Rakhine	5	17	544	623	64096	199950
13	Yangon	2	13	271	279	54325	212801
14	Shan	12	52	1602	2382	188418	925903
15	Ayeyarwady	16	26	1524	1957	236279	985561
	Total	71	289	8256	10146	1235073	5592492

Source: Department of Rural Development

The Mya Sein Yaung village Project has been implementing in 288 townships in (70) Districts of self-administered regions and in (14) States/Regions and Union Territory (Nay Pyi Taw). Totally has been implementing in beneficial villages (10146), unit (8256) in (14) States/Regions and Union Territory (Nay Pyi Taw) between 2014-2015 fiscal years and 2018-2019 fiscal years. According to Table (3.2), 2382 villages are the largest beneficial village by Shan State. 1957 villages are the second largest beneficial village by Ayeyarwady Division. 95 villages are the smallest beneficial village by Nay Pyi Taw Council.

**Table (3.3) Performance of the Evergreen Village Development Project
(Mya Sein Yaung-MSY) (2014 to 2019)**

Year	Number of Villages
2014-2015	1450
2015-2016	3000
2016-2017	2017
2017-2018	1500
2018 (6months)	200
2018-2019	836

Source: Department of Rural Development

In Table(3.3), the Evergreen Village Development Project (Mya Sein Yaung-MSY) was implemented in 1450 villages in 2014-2015 fiscal years, 3000 villages in 2015-2016 fiscal years, 2017 villages in 2016-2017 fiscal years, 1500 villages in 2017-2018 fiscal years, 236 villages in 2018(6 months) fiscal years, 836 villages in 2018-2019 fiscal years in 288 townships in (70) Districts of self-administered regions and in (14) States/Regions and Union Territory (Nay Pyi Taw). The project is being implemented in 1128 villages in 2019-2020 fiscal years, a total of 10131 project villages, and the project is going to be extended to cover the remaining villages every fiscal year, based on the availability of funding.

3.3 Characteristics of Mya Sein Yaung Village Project

Evergreen Village Development Project (Mya Sein Yaung-MSY) has been implemented by the Department of Rural Development with the government fund in order to undertake sustainable rural development activities. The Evergreen Village Development Project (Mya Sein Yaung – MSY) provides Kyat 30 million (approximately USD 21, 000) to each project village as a revolving fund from the government budget. The implementation method of the project is to set up the revolving fund in each project village and to operate the fund sustainably by increasing the amount of fund through receiving low and affordable interest rate.

For providing the villagers with the microfinances from the project revolving fund, the village committee can set the amount of interest rate (from 0.5% to 1.5% per 100 kyat monthly) by the consensus of the village level committee's meeting. The activities to be undertaken with revolving fund include agriculture, livestock,

fisheries, electrification, manufacturing, small-scale enterprises, livelihood and income generating activities.

The characteristics of Mya Sein Yaung Village Development Project are as follows:

- (1) Revolving Fund is common ownership of each project village;
- (2) Repaying the fund and its interest to the village committee;
- (3) Managing the fund by the villagers themselves and setting the interest rate;
- (4) Lending the credits to the villagers for increasing the amount of fund with its interest;
- (5) Utilizing the fund in the village development activities by the common agreement of all villagers;
- (6) Setting the period to repay the interest, based on types of the activities;
- (7) Reducing the poverty thanks to income generating activities;
- (8) Carrying out measures at village level in line with democratic practices;
- (9) Undertaking the development activities with accountability and transparency;
- (10) Nurturing good practices of gender equality;
- (11) Encouraging good practices of cooperation between the village community and the government staffs, and building their capacity.

In the rural area development strategic framework, it is mentioned to prioritize 280 townships in 69 districts with the high poverty index and high grass-root population. In those regions, in alignment with the objective to implement the rural area development by people centered method, the people centered projects are being implemented with the aides of the World Bank in 640 villages of 15 townships, 64 villages of 5 townships with the aides of Asian Development Bank, 50 villages with CP Group of Companies from Thailand, and 1,450 villages with the budget of Ministry with the approval of the Union government.

3.4 Criteria for Selection of Villages

The selection of villages is based on the following criteria and discussion with the residents of the respective states/regions and the relevant organizations.

1. The poor villages,
2. The village has the potential to do a living that can increase income with low interest loan,
3. The village must at least 80 household and above,
4. Being feasible to implement livestock farming (Potential to do livestock farming with own capacity),
5. Governance of Law and order (Free from illicit alcoholic drinks, gambling, narcotic drugs),
6. The enthusiasm of the residents and the credibility to reimburse the loan.

Nonetheless, in addition to above criteria, future extension of project coverage will also involve villages that really need development support upon the approval of the Ever Green Village Project implementation central committee as the priority villages. Moreover, the following businesses are prioritized although the businesses are not limited because the types of businesses are different depending on the regions.

1. Installation of electrical power supply system with solar energy,
2. Economically viable cattle farming (cow, pig, goat, chicken, duck) within own capacity,
3. Economically viable fishery and fish farming within own capacity,
4. Agricultural business,
5. Rural production business,
6. Other businesses to earn living.

Each village is to receive Kyat 30 million (approximately USD 21, 000) as a village-owned revolving fund. The Fund does not require any pay back to the government but the principal amount is not to shrink or disappear. The village households can borrow from the Fund with very low interest rate (0.5% to 1.5% per month) for income generation purpose. Village fund committee can use collected interests for village infrastructure development and regional development. The income generation activities are not limited to but prioritized as subsistence and commercial livestock farming (cow, pig, goat and poultry); subsistence and commercial aquaculture and fishing; cropping; solar electrification; village industries; and livelihood activities (which can be different within localities).

3.5 Implementation Process of Mya Sein Yaung Village Project

Mya Sein Yaung Village Project (MSY) is implemented with the Revolving Fund established to increase the family income of the rural people. In order to implement the MSY project, the central committee for the implementation of MSY project was established to support the administration, financial and technological assistance. The Ministry of Livestock, Fisheries and Rural Development will be mainly responsible to implement the MSY project and cooperate with the delivery units, the respective ministries and the state/region governments, regional administrative departments, the private organizations, the local and foreign donors, Peace and Transparency groups, the district/township/ village development aide committees.

At township level, the implementation processes to be carried out are as follows:

- Task (1) - Organizing Township Level Committees
- Task (2) - Selecting the project village through the consultation meeting of township officers,
- Task (3) - Forming Village Level Committees,
- Task (4) - Conducting trainings,
- Task (5) - Opening Village Bank Account for the Project at Township MEB (Myanmar Economic Bank)
- Task (6) - Transferring Revolving Fund to Village Bank Account
- Task (7) - Confirming the loan proposals through field inspection Advising, supervising and providing necessary technical assistance
- Task (8) - Compiling financial reports and submitting to District and State/Regional Committees
- Task (9) - Auditing and inspecting the implementation activities
- Task (10) - Organizing village level project evaluation meeting.

At the village level, the number of committee member to be selected from each household is one person. The implementation processes to be carried out are as follows:

- Task (1) - Organizing Village Committees through village assemblies
- Task (2) - Attending Project Capacity Building Trainings
- Task (3) - Opening Village Bank Account for the Project at Township MEB

- Task (4) - Setting the amount of interest rate, credit, rules and regulations
- Task (5) - Publicizing this information
- Task (6) - Receiving loan proposals, checking and confirming
- Task (7) - Submitting those proposals to township level Committees and receiving approval for eligibility of the proposals
- Task (8) - Providing credits to villagers
- Task (9) - Managing credits and collecting interest of the credits,
- Task (10) - Inspecting the activities and reporting to Township Level Committees and
- Task (11) - Evaluating the project through village assembly

The different levels of the MSY village committees also continue carrying out the respective tasks. All the residents of the villages have to the right to fully own the fund and need to assist in administering and long lasting of their welfares. In every green village, the village green fund administration committees will be founded to administer the fund, to authorize the loan, to calculate the interest, to recollect the loan, to make settlement and to audit the financial statement.

As the village fund is increasing capital, the necessary skill trainings will be provided by the cooperation of the Ministry and the local and foreign non-government organizations at union and township levels in order to run the program which needs expertise. At the township level, the trainings to support the projects and financial management trainings will be provided by those two organizations to the members of the green village township task forces and the members of the green village fund administration committees in the villages.

3.6 Expected Benefits of Mya Sein Yaung Village Project

It is assured that the benefits of the project will equally contribute and be beneficial to both men and women as well as to the vulnerable groups. By the extension of MSY project implemented, grass-root level households in project villages will enjoy the following advantages.

1. Increase income of the grass-root level families,
2. Improvement in living standard of the resident by receiving electricity supply,
3. Creating job opportunity and technological transfer for the residents,

4. Growth in cattle farming and dairy cow farming in the cattle farming region,
5. The regional abundance of meat and dairy produce in the region and exportation of the surplus to other regions,
6. Development of fish farming with own capacity,
7. Increase in the consumption of fish in the region and gain extra income by the importation of the surplus to other regions,
8. Improvement of agriculture and agricultural products,
9. Development in the rural production business,
10. Acquiring good practices of democratically cooperation and improvement of performance for the rural residents,
11. Decrease poverty index due to above mentioned advantages.

These expected benefits of Mya Sein Yaung Village Project will also help to achieve rural development as the project's expectations targeted to achieve the advantages of rural development. Most expected benefits of the project focuses on improving rural family income and employment through the improvement of agricultural production and livestock. Moreover, the project has practiced democratic manners and rural people's cooperation for the rural development.

CHAPTER IV

SURVEY DATA ANALYSIS

4.1 Survey Profile

Kyauktan Township is one of ten townships in South part of the Yangon Region. Kyauktan Township is located in the lower part of the country and it lies between north latitudes 26 Degree, 22 Minutes and 26 Degree, 42 Minutes; and east longitudes 96 Degree, 22 Minutes and 96 Degree, 3 Minutes. The distance from east to west is 37 miles and from south to north is 20 miles. The total area of Kyauktan Township is 352.76 kilometers. Thongwa Township in the East, Gulf of Martaban in the south, Yangon Sea in the west, Thanlyin in the north of the Kyauktan Township. Most of the people in township are cultivating and farming.

Kyauktan Township is organized with 13 wards, 45 village tracts and villages 80. In Kyauktan Township 44674 people live in urban area and 124387 people live in rural area. The total population of Kyauktan Township is 169061, with 83082 males and 85979 females. The number of houses, households and population are show in table (4.1).

Table (4.1) The Number of House, Household and Population by age of Kyauktan Township

Categories	House	Household	Above18		Under18		Total
			Male	Female	Male	Female	
Urban	9719	10961	15325	16994	6297	6058	44674
Rural	27921	31835	41343	43225	20117	19702	124387
Total	37640	42796	56668	60219	26414	25760	169061

Source: General Administrative Department, Kyauktan Township, 2019

were farming and livestock. The total number of housings, households and population of each village are presented in Table (4.2).

Table (4.2) The Number of House, Household and Population by age of Study Villages

No	Village	House	Household	Above18		Under18		Total
				Male	Female	Male	Female	
1	Pardagyi	662	662	947	1078	417	432	2874
2	Kyanpin	472	485	612	665	304	298	1879
3	Kayinchaung	228	329	568	576	224	219	1587

Source: General Administrative Department, Kyauktan Township, 2019

According to Table (4.2), among these three villages, Pardagyi village has the highest population with 2874 people while Kayinchaung village has the lowest population with 1587 people.

4.2 Survey Design

Descriptive method is applied for this study. The required data which can fulfill the objectives of this study is collected by survey with the use of structured questionnaire. The structured questionnaire consists of three sections. In section one, the general information of the selected households such as age, education, marital status, occupation, and so on and so forth are included. Section II consists of information concerning with credit. The final section comprises the conditions of households before and after project.

This study focuses on villages which are located in Kyauktan Township where Mya Sein Yaung Project had being implemented in 2014-2015 fiscal years. There are 18 villages in this township which has being implemented in 2014-2015 fiscal years. For this study, 3 villages out of 18 villages in Kyauktan Township are selected to study the impact of this project on the rural development. Sample households were chosen by simple random sampling method. As for the respondents, this study met and conducted in-depth interview with 90 female and 75 male and together 165 respondents in total.

Table (4.3) List of Sample Village

No	Village Name	Total Member	No. of Respondents	
			Total	Percent
1	Pardagyi	279	70	42.42
2	Kyanpin	197	40	24.24
3	Kayinchaung	217	55	33.34
Total		639	165	100

Source: Survey data, 2019

The sample size covers (25%) of loan received households. Pardagyi village was selected 70 respondents (42.42%) out of 279 household. Kyanpin village was selected 40 respondents (24.24%) out of 197 household. Kayinchaung village was selected 55 respondents (33.34%) out of 217 household.

4.3 Analysis of Survey Data

4.3.1 Gender Distribution of Respondents

Table (4.4) shows sex distribution of the respondents who were included in the survey.

Table (4.4) Gender Distribution of Respondents

No	Village	Gender		Total	Percent
		Male	Female		
1	Pardagyi	29	41	70	42.42
2	Kyanpin	13	27	40	24.24
3	Kayinchaung	33	22	55	33.34
Total		75	90	165	100

Source: Survey data, 2019

According to the Table (4.4), there are 29 male and 41 female are contain in Pardagyi village, 13 male and 27 female in Kyanpin and 33 male and 22 female in Kayinchaung Village respectively. It can be seen that females contribute of the respondents with the percentage of 54.55% while share of males is 45.45% of the respondents. Therefore, the numbers of female respondents are greater than its counterparts.

4.3.2 Age Distribution of Respondents

In the survey, the respondents were allocated into five age groups, which were categorized into 18-30; 31-40; 41-50, 51-60 and above 60. Respondents who were at least 18 years old were decided to be eligible in the survey. Therefore, respondents aged 18 and above were allowed to include in the survey. According to survey, the oldest age of respondent was 78 years while the youngest respondent was 22 years old at the time of survey. Table (4.5) shows the age distribution of respondents in the survey.

Table (4.5) Age Distribution of Respondents

No	Age	Pardagyi	Kyanpin	Kayinchaung	Total	Percent
1	18-30	2	1	2	5	3
2	31-40	16	5	12	33	20
3	41-50	28	11	18	57	35
4	51-60	15	20	18	53	32
5	Above 60	9	3	5	17	10
Total		70	40	55	165	100

Source: Survey data, 2019

As shown in Table (4.5), the largest distribution of the respondent's age group was 41-50, which contributed 35% of total respondent. The second largest age group of respondents was aged between 51 and 60. This group contributed 32%. 20% of respondents aged between 31 to 40. The respondents who were older than 60 contributed 10% while respondents aged between 18 and 30 had the smallest share, with 3 % of total respondents. Overall, about 90% of respondents belonged to middle-aged groups under 60.

4.3.3 Education Background of Respondents

In the survey, the education background of respondents was collected by grouping into five categories: (i) monistic education (ii) primary school; (iii) middle school; (iv) high school; and (v) graduate. Table (4.6) provides frequency distribution of respondents by educational qualification.

Table (4.6) Education Background of Respondents

No	Education Level	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
1	Monistic Education	0	3	2	5	3.03
2	Primary School	46	30	34	110	66.67
3	Middle School	19	5	13	37	22.42
4	High school	4	2	4	10	6.06
5	Graduate	1	0	2	3	1.82
Total		70	40	55	165	100

Source: Survey data, 2019

According to Table (4.6), there were no respondents who were illiterate in the survey. They could at least attend monistic education, contributing to 3.03% of sample population. The majority of the respondents, 66.67% had primary level of education, followed by 22.42% with middle school level of education. Then, 6.06 % had high school level of education. Only 1.82% of respondents were graduated. Therefore, about 8% of respondents reached the higher education level. On the other hand, majority of respondents has low educational background.

4.3.4 Marital Status of Respondents

In the survey, the marital status of respondents was grouped into four categories: namely, (i) single; (ii) married; (iii) widow/widower; and (iv) divorced. Table (4.7) represents the marital status of respondents included in the survey.

Table (4.7) Marital Status of Respondents

No	Marital Status	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
1	Single	9	3	6	18	10.91
2	Married	47	30	43	120	72.73
3	Widow/ Widower	13	6	6	25	15.15
4	Divorced	1	1	0	2	1.21
Total		70	40	55	165	100

Source: Survey data, 2019

According to Table (4.7), nearly three-quarters of respondents or 73 out of 100 were married. This group contributed 73% to total sample respondents. Single-person group contains only 11 respondents out of 100, contributing 11%. There were two respondents who were divorced. The remaining 25 respondents were widows or widowers and they contributed 15% to sample population.

4.3.5 Family Size of Respondents

In the survey, the respondents were asked about the number of family members to know the size of their family. The family size of the respondents ranged from two members in minimum to above eight members in maximum. Table (4.8) represents the family size of the respondents in the survey.

Table (4.8) Family Size of Respondents

No	No. of Family Members	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
1	2 Members	4	0	0	4	2.4
2	3 Members	14	5	16	35	21.2
3	4 Members	40	18	18	76	46.1
4	5 Members	10	9	13	32	19.4
5	6 Members	2	5	5	12	7.3
6	7 Members	0	1	1	2	1.2
7	Above 8 Members	0	2	2	4	2.4
Total		70	40	55	165	100

Source: Survey data, 2019

As shown in Table (4.8), majority of respondents had four family members. This group represents 46.1% respondents out of 100. 35 respondents had three family members, which represents as the second largest group, 21.2% of sample population. Moreover, about one fifth of the respondents had 5 family members. Then, 12 respondents had six family members while 4 respondents had the family size of two. The family size of seven has 2 respondents. The biggest family size included above eight members, and there was 4 respondent having above eight family members.

4.3.6 Number of School Children in Family

The following table (4.9) shows the number of children who are currently attending school.

Table (4.9) Number of School Children in Family

No	Number of School Children in Family	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
1	Nil	38	22	30	90	54.55
2	1	16	10	18	44	26.67
3	2	15	8	7	30	18.18
4	3	1	0	0	1	0.60
5	>4	0	0	0	0	0
Total		70	40	55	165	100

Source: Survey data, 2019

According to the table (4.9), 54.55% of the respondents had no school children in their family. 26.67% of the respondents had 1 school children in their family. 18.18% of the respondents had 2 school children in their family. Only one or 0.60% of respondent had 3 school children in her family and there are no respondents who had more than 4 school children in their family.

4.3.7 Working Family Members

Table (4.10) describes the number of family members who have earnings that contribute in their family's income.

Table (4.10) Number of Working Family Members

No	No of Family income earners	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
1	1-2	32	18	34	84	51
2	3-4	37	20	21	78	47
3	>5	1	2	0	3	2
Total		70	40	55	165	100

Source: Survey data, 2019

According to the table (4.10), about 51% of the respondents had less than 2 family income earners in their family. 47% of the respondents had 3 to 4 family income earners in their family. 2% of the respondents had more than 5 family income earners in their family and the rest. The welfare of the family is associated with the earning capacity of the family. It is show that the greater number of working members of a household, the greater the total income of the household. Food security of a household depends on the number of members having sources for regular income.

4.4 Information Relating with Sample Household's Borrowing

4.4.1 Credit Provided for Targeted areas by Mya Sein Yaung Village Project

Mya Sein Yaung Village Project is implemented with the Revolving Fund established to increase the family income of the rural people. Accordingly, loans were offered to villages for village-level revolving funds in Mya Sein Yaung project. The revolving fund provided by the government is common ownership of each project village. The implementation method of the project is to set up the revolving fund in each project village and to operate the fund sustainably by increasing the amount of fund through receiving low and affordable interest rate. Loans are provided by MSY project in targeted area for village development activities. Each village are provide with amount of 30 Million for livestock, agriculture, own business activities and others. Table (4.11) shows the provision of loans for target areas in the township.

Table (4.11) Provision of Loans for target areas in the township

Year	Pardagyi		Kyanpin		Kayinchaung	
	Household	Amount of Loan (million Kyats)	Household	Amount of Loan (million Kyats)	Household	Amount of Loan (million Kyats)
Revolving Fund 2014-2015	185	30.00	297	30.00	200	30.00
Revolving Fund 2015-2016	261	32.00	158	32.70	200	32.70
Revolving Fund 2016-2017	259	34.80	235	37.80	217	37.00
Revolving Fund 2017-2018	287	37.70	250	40.90	204	34.90
Revolving Fund 2018-2019	272	40.90	197	46.50	217	39.50

Source: Department of Rural Development, Kyauktan Township

According to Table (4.11), it can be seen that each village had been provided 30 million as the village development funds by the government in 2014-2015. The loans of each village had distributed to different households in these villages. During this year, in Pardagyi village, 185 households had taken the loans to invest their businesses, in Kyanpin, 297 households and in Kayinchaung, 200 households took the loans respectively.

In 2015-2016, Pardagyi village had taken 32 million loans by 261 households, in Kyanpin village had taken 32.70 million loans by 158 households and in Kayinchaung village had taken 32.70 million loans by 200 households.

In 2016-2017, Pardagyi village had taken 34.80 million loans by 259 households, in Kyanpin village had taken 37.80 million loans by 235 households and in Kayinchaung village had taken 37 million loans by 217 households.

In 2017-2018, Pardagyi village had taken 37.70 million loans by 287 households, in Kyanpin village had taken 40.90 million loans by 250 households and in Kayinchaung village had taken 34.90 million loans by 204 households.

In 2018-2019, Pardagyi village had taken 40.90 million loans by 272 households, in Kyanpin village had taken 46.50 million loans by 197 households and in Kayinchaung village had taken 39.50 million loans by 217 households. The households of each village had invested the loans on their businesses such as farming, livestock, fisheries and trading.

4.4.2 Status of Borrowing from Other Loans

Easy access to credit is important for the rural area. Table (4.12) mentions the credit sources of sample households from the studied areas.

Table (4.12) Status of Borrowing from Other Loans

No	Status of Borrow from other Loan	Before Project		After Project	
		No. of Respondents	Percent	No. of Respondents	Percent
1	Yes	36	22	4	2
2	No	129	78	161	98
Total		165	100	165	100

Source: Survey data, 2019

Before the Mya Sein Yaung Village Project members, respondents had to take loans from the illegal/ legal local money lender when they need their investment for their income generation activities. According to the Table (4.12), 22% of respondents borrow from other loan and 78% respondents do not borrow from other loan before the Mya Sein Yaung Village Project member. The main sources of loan are local money lender. The interest rate of above mentioned sources is range from 3% to 15% and average interest rate is 9%.

After the Mya Sein Yaung Village Project members, the main source of the loan become Mya Sein Yaung Village Project. One of the advantages is the average interest rate of the loan reduce. According to the Table (4.12), 2% of the respondents borrow from other loan and 98% respondents do not borrow from other loan after the Mya Sein Yaung Village Project member. So, after Mya Sein Yaung Village Project member, the other type loans were slowed down.

4.4.3 Reasons of Borrowing

Most of the microfinance institutions like government, NGO, INGO and private microfinance institutions usually lend to the borrowers with the purpose of improving livelihoods of them through income generating activities which can be implemented with credit they borrowed. The following table mentions the reasons of borrowing.

Table (4.13) Reasons of Borrowing

Purpose	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
Agriculture	16	19	21	56	33.94
Livestock and Fishery	18	9	15	42	25.45
Trade	22	8	14	44	26.67
Vocation	14	4	5	23	13.94
Total	70	40	55	165	100

Source: Survey data, 2019

According to the table (4.13), 33.94% of respondents are the largest purpose of loan group by agricultural and 26.67% of respondents are the second largest

purpose of loan group by trade. 25.45% of respondents are purpose for Livestock and Fishery and remaining 13.94% of respondents are purpose for vocation.

Table (4.14) Amounts of Loan

Loan(Kyats)	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
100,000 -200,000	70	24	48	142	86.06
200,001 - 300,000	0	15	0	15	9.09
300,001 - 400,000	0	0	7	7	4.25
400,001 -500,000	0	1	0	1	0.60
Total	70	40	55	165	100

Source: Survey data, 2019

According to the Table (4.14), 86.06% respondents are the largest loan group by MMK100,000 to MMK 200,000 and 0.60% respondents are the smallest loan group by MMK 400,001 to MMK 500,000. The village committee members can borrow larger amount of credit depending on the Village Committee decision. The analysis reveals that most of the respondents borrowed the agricultural loans and between MMK 100,000 to MMK 200,000. 40 respondents were received 2 times from MSY loan in Kyanpin village. 70 respondents from Pardagyi village and 55 respondents from Kayinchaung village were received 4 times depending on the Village Committee.

4.4.4 Opinion of Respondents on Interest Rate

The price of commodities can influence the production and consumption of these commodities. Producers often decide how much they should invest based on the interest rate they have to pay. Table (4.14) reveals the respondents' opinion on the interest rate what they have to pay for their borrowing.

Table (4.15) Opinion Concerning with Rate of Interest

No	Particular	Pardagyi	Kyanpin	Kayinchaung	Frequency	Percent
1	Very Low Interest Rate	35	16	28	79	48
2	Moderate Interest Rate	35	24	27	86	52
3	High Interest Rate	0	0	0	0	0
Total		70	40	55	165	100

Source: Survey data, 2019

As shown in Table (4.15), 48% of respondents are replied very low interest rate and 52% of respondents are agreed that the interest rate in Mya Sein Yaung Fund were moderate compared to other sources of loan. Therefore, loans offered by Mya Sein Yaung fund were affordable to villagers compared to other sources of loans.

4.5 Comparison on Socio-economic Conditions before and after Project

Rural development project such as Mya Sein Yaung project aims to improve their socioeconomic conditions of rural people and to narrow the gap between the rural and the urban areas. As such, Mya Sein Yaung village-level revolving fund offers loans to villages in order to finance household businesses with aims of creating job opportunities, increasing food security and increasing household income. The successful rural development should provide the benefits to the beneficiaries of the project. Thus, the respondents in three study villages were asked the households' income and ownership situation before and after the projects. Moreover, they were also asked their livelihood status and benefits of Mya Sein Yaung Project which they had received after the implementation of the project.

The effects of Mya Sein Yaung Village project on Kyauktan Township can be seen with the base of occupational status, annual family income, housing situation, saving, Income and expenditure status. Situation of benefits on respondents by MSY project are to improve the family income, creating job opportunity and development in the rural production business.

4.5.1 Comparison of Occupation Before and After MSY Project

In the survey, respondents were asked their occupation by dividing into seven occupation categories: (i) daily wages, (ii) farming; (iii) trading; (iv) livestock and fisheries; (v) dependents; (vi) unemployed; and (vii) others. Table (4.11) shows frequency distribution of respondents by occupation. Table (4.16) show the comparison of occupation before and after MSY project.

Table (4.16) Comparison of Occupation Before and After MSY Project

No	Occupation	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	Daily Wages	6	3.64	4	2.42
2	Farming	56	33.94	56	33.94
3	Trading	44	26.67	42	25.45
4	Livestock and Fishery	27	16.36	40	24.24
5	Dependent	9	5.45	2	1.21
6	Unemployed	4	2.42	3	1.82
7	Other	19	11.52	18	10.92
	Total	165	100	165	100

Source: Survey data, 2019

As shown in Table (4.16), daily wages workers are decline from 3.64% to 2.42% after project. Respondents who were engaged in farming represent the largest percentage in the survey. They have no changing occupation before and after project accounting to 33.94%. Respondents included in the trading sector are decrease from 26.67% to 25.45% after project. After receiving loan, Respondents who were involved in livestock and fisheries are noticeably changed from 16.36% to 24.24%. Dependent are also reduced from 9 to 2 persons while unemployment also reduced 2.42% to 1.82% after project. Respondents who were involved in others such as government staff, teacher, factory staff, cycle carry, sewing are also reduce from 11.52% to 10.92%.

4.5.2 Annual Family Income Before and After MSY Project

The incomes of local people need to be increased in order to improve their lives. Mya Sein Yaung project aims to increase income of rural family by providing loans with low interest. Accordingly, by implementing Mya Sein Yaung project, households in project villages are expected to increase income of the grass-root level families. Thus, the respondents were asked whether their monthly income increased after they borrowed loans from Mya Sein Yaung project compared to situation before the implementation of Mya Sein Yaung project. Table (4.17) shows the comparison of

family income per month before and after implementation of Mya Sein Yaung Project.

Table (4.17) Comparison of Monthly Family Income Before and After MSY Project

No	Monthly Income (Kyat)	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	Under 50,000	3	2	0	0
2	50,001 – 100,000	15	9	4	2
3	100,001 – 150,000	23	14	19	11
4	150,001 – 200,000	29	18	30	19
5	200,001 – 250,000	31	19	24	14
6	250,001 – 300,000	19	11	34	21
7	300,001 – 350,000	10	6	11	7
8	350,001 – 400,000	7	4	11	7
9	Above 400,000	28	17	32	19
Total		165	100	165	100

Source: Survey data, 2019

According to Table (4.17), there was an increase in monthly family income when monthly incomes before Mya Sein Yaung project were compared to incomes after the project. Before 2014 the project was not launched yet, there were 2% of respondents whose monthly income was less than 50,000 kyat and 9% of respondents with monthly income between 50,000 and 100,000 kyat. However, after 2014 when the project has started, the percentage of respondents whose income was below 50,000 kyat and between 50,000 and 100,000 was decreased to 0% and 2%, respectively. This means that income of respondents increased after implementing Mya Sein Yaung project in their villages. Similarly, the income groups of 100,001 to 150,000 kyat and income of 200,001 to 250,000 kyat before 2014 decreased from 14 to 11 and 19 to 14 after 2014.

The growth in income per month can be clearly seen in Table (4.16). The villagers had earned their business income through increasing their business investment. Moreover, the villagers could start the new businesses in their villages by investing their MSY loans; consequently, their monthly income increased after

implementing the project in their villages. The number of respondents whose income of 150,001 to 200,000 kyat before 2014 increased from 18 to 19 after 2014. Likewise, the number of respondents whose income of 250,001 to 300,000 kyat before 2014 increased from 11 to 21 after 2014. Within the income group of 300,001 to 350,000 kyat, the number of respondents increased from 6 to 7.

Similarly, the number of respondents increased in high income group of between 350,001 and 400,000 and above 400,000, contributing 7 and 19 respondents respectively. Therefore, the increase in monthly family income shows that the economic conditions of respondents became better after the implementation of Mya Sein Yaung project. The effect of Mya Sein Yaung project contributes sustained increase in income of local community.

4.5.3 Comparison of Monthly Family Expenditure Status of Respondents Before and After Project

The following table shows the family expenditure status of respondents before and after project.

Table (4.18) Family Expenditure Status of Respondents Before and After MSY Project

No	Monthly Expenditure (Kyat)	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	Under 100,000	23	13.93	11	6.67
2	100,001 – 200,000	66	40	70	42.4
3	200,001 – 300,000	44	26.67	44	26.67
4	300,001 – 400,000	16	9.70	22	13.33
5	Above 400,000	16	9.70	18	10.93
Total		165	100	165	100

Source: Survey data, 2019

According to Table (4.18), there was a positive changed in monthly family expenditure when monthly expenditure before Mya Sein Yaung project were compared to expenditure after the project. Under MMK 100,000 expenditure respondents were decreased from 13.93% to 6.67% after project. Between one lakh to two lakh use respondents were increased from 40% to 42.4%. Respondents who are

used between MMK 200,001 to 300,000 are unchanged at 26.67%. Between MMK 300,001 to 400,000 use respondents were increased from 9.7% to 13.33%. Above MMK 400,000 use respondents were increased from 9.7% to 10.93%.

4.5.4 Family Income and Expenditure status of Respondents Before and After Project

Table (4.19) shows the family income and expenditure status of respondents before and after project. There was a positive change in family income and expenditure status of respondents, before Mya Sein Yaung project were compared to incomes after the project.

Table (4.19) Family Income and Expenditure Status of Respondents

No	Particular	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	Income > Expenditure	26	16	51	31
2	Income = Expenditure	103	62	110	67
3	Income < Expenditure	36	22	4	2
Total		165	100	165	100

Source: Survey data, 2019

According to the Table (4.19), before 2014 when the project was not launched yet, 16% of respondents said that their total household income is greater than household expenditure, 62% of respondents reported that they have equal income and expenditure and 22% of respondents reported that they faced financial shortage. After 2014 receiving the project funds, 31% of respondents said that their total household income is greater than household expenditure and 67% of respondents reported that they have equal income and expenditure. This situation proved that they can increase their livelihood status because of increase income generation activities by using loan. 2% of respondents reported that they faced financial shortage during the current period because of family member has been sick, lost job, decrease crop yield and poor sale of their trading.

4.5.5 Annual Household Saving Before and After MSY Project

Microfinance can increase the people's income through the employment opportunities and thereby their savings. Although the amount of credit is quite small, it can support for the poor households. Table (4.20) shows the comparison of monthly family saving before and after Mya Sein Yaung Project.

Table (4.20) Comparison of Monthly Family Saving Before and After MSY Project

No	Monthly Saving (Kyat)	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	No Saving	126	76.37	76	46.06
2	Under 50,000	20	12.12	43	26.10
3	50,001 – 100, 000	11	6.67	29	17.50
4	100,000 – 150,000	2	1.21	10	6.10
5	150,001 – 200,000	1	0.61	1	0.61
6	200,001 – 250, 000	0	0	1	0.61
7	250,001 – 300, 000	1	0.61	1	0.61
8	300,001 – 350, 000	0	0	0	0
9	350,001 – 400, 000	0	0	0	0
10	Above 400,000	4	2.41	4	2.41
Total		165	100	165	100

Source: Survey data, 2019

According to Table (4.20), it is found that the comparison of before and after Mya Sein Yaung project in family saving per month of sample households. Before 2014 when the project was not launched yet, there were 76.36% of respondents can't save money. 12.12% of respondents had saved under 50000 Kyats, 6.67% of respondents had saved between 50,001 to 100,000Kyats, 1.21% of respondents had saved between 100,001 to 150,000Kyats, 0.61% of respondents had saved between 150,001 to 200,000Kyats, 0.61% of respondents had saved between 250,001 to 300,000Kyats, 2.42% of respondents had saved above 400,000Kyats.

After 2014 when the project has started, there were only 46.06% of respondents can't save money. 26.1% of respondents had saved under 50000 Kyats,

17.50% of respondents had saved between 50,001 to 100,000Kyats, 6.1% of respondents had saved between 100,001 to 150,000Kyats, 0.61% of respondents had saved between 150,001 to 200,000Kyats, 0.61% of respondents had saved between 200,001 to 250,000Kyats, 0.61% of respondents had saved between 250,001 to 300,000Kyats, 2.42% of respondents had saved above 400,000Kyats.

4.5.6 Uses of Saving

Right use of saving can enhance income generating activities. Furthermore, it can support people's hope for their current and future life. With their savings they usually use for extension in business, for donation and for the future. Uses of saving are as following.

Table (4.21) Uses of Saving

No	Particular	Frequency	Percent
1	No Saving	76	46
2	Expand Business	74	45
3	Donation	2	1
4	For Future	13	8
Total		165	100

Source: Survey data, 2019

According to the table (4.21), 46% of respondents can save nothing.45% of respondents save for the purpose of extend business and only 1% save for donation. 8% of respondents save for the future.

4.5.7 Housing Situation Before and After MSY Project

The comparisons of housing situation of Pardagyi, Kyanpin, Kayinchaung Villages from the study are as between before the project 2014-2015 fiscal years and after the project 2019-2020 fiscal years. The following table is shown the number of respondents by housing situation.

Table (4.22) Housing Situation Before and After MSY Project

No	Type of House	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	Brick	5	3	9	5
2	Wood and Brick	31	19	32	19
3	Wood	102	62	105	64
4	Wood and Bamboo	16	9	12	8
5	Bamboo	11	7	7	4
Total		165	100	165	100

Source: Survey data, 2019

In table (4.22), indicate that the housing situation of Pardagyi, Kyanpin, Kayinchaung Villages before and after receiving MSY project fund. Housing situation, there are 5 numbers of Brick houses, 31 numbers of houses are Wood and Brick, 16 numbers of houses are Wood and Bamboo, 102 numbers of Wood houses and 11 numbers of Bamboo houses before receiving the project funds in the study areas.

After receiving the project funds, the people in the villages earned increasing monthly incomes from their business. Consequently, they can reconstruct their houses to be better conditions. Therefore, the type of housing has been significantly changing from before the project. The table clearly shown that, there are 9 numbers of Brick houses, 32 numbers of houses are Wood and Brick, 12 numbers of houses are Wood and Bamboo, 105 numbers of Wood houses and 7 numbers of Bamboo houses in the study year.

4.5.8 Household Assets Ownership Status Before and After Project

Changes in livelihood can be traced thought the households' assets ownership. In rural area, electronics assets such as telephone, refrigerator, air-con are still regarded as a luxury and such a kind of property. The following Table (4.22) shows the comparison of before and after project in term of household assets ownership.

Table (4.23) Household Assets Ownership Status Before and After Project

No	Assets	Before Project		After Project	
		Frequency	Percent	Frequency	Percent
1	Television	125	75.75	140	84.84
2	Refrigerator	10	6	23	13.93
3	Air-con	2	1.21	3	1.81
4	Phone	57	34.54	164	99.39
5	Generator	6	3.63	7	4.24
6	Car	0	0	0	0
7	Cycle	82	49.69	153	92.72
8	Bicycle	9	5.45	40	24.24
9	Fan	4	2.42	56	33.93

Source: Survey data, 2019

According to the Table (4.23), after getting loan from project, the ownership of sample household are increased more than before. Televisions are increase from 75.75% to 84.84% and refrigerators are increased from 6% to 13.93%. Air-con and phone are also increased from 1.21% to 1.81% and 34.54% to 99.39%.Generator are increased from 3.63% to 4.24% and cycle are increased from 49.69% to 92.72%. From 5.42% to 24.24% is increased by bicycle and 2.42% to 33.93% is increased by fan. Most of the respondents have improved their household assets after getting loan from project. It could be said that loans provided to the respondents improved their economic positively.

4.6 Indirect Benefits of MSY Project for the Selected Villages

Rural infrastructures are designed to improve the economic and social life, by extending benefits of development to the people living in rural areas. Accordingly, Mya Sein Yaung project allows the villages to build physical infrastructure such as village road, electricity, health care center and school which are essential for rural development through the interest received from the borrowing of revolving fund to the villagers in order to achieve sustainable development of rural areas. However, the villagers and the MSY committee must propose the required infrastructure for their village and must submit to the Rural Development Department. If the village has

enough basic infrastructures as mentioned above, the village can lend the received interest to the villagers for the next period.

4.6.1 Amount and Use of Interest From Lending in Pardagyi

The following table describes the amount and use of interest from revolving fund in Pardagyi village from 2014-2015 to 2018 to 2019 fiscal year.

Table (4.24) Provision of Loan in Pardagyi Village

Time of Loan	Start Date	Payment Date	No. of month	No. of people	Amount of Loan	Amount of interest
1	24.3.2015	24.9.2015	6	185	29,200,000	2,628,000
2	21.10.2015	21.4.2016	6	261	32,000,000	2,880,000
3	13.5.2016	13.11.2016	6	259	34,800,000	3,132,000
4	23.12.2016	23.6.2017	6	287	37,700,000	3,393,000
5	10.8.2017	10.5.2018	9	272	40,900,000	4,405,000
6	13.7.2018	13.5.2019	10	279	38,200,000	5,730,000

Source: Survey data, 2019

According to the Table (4.24), the first time of loan in Pardagyi village was nearly 30 million Kyats which covers 185 borrowers from the village. For that time, the total interest received from the loan was 2,628,000 Ks. In the second time of total loan was increased to 32 million Kyats which covered 261 villagers. The interest received for that time was 2,880,000 Kyats.

In the third time of total loan was increased to 34.8 million Kyats which covered 259 villagers. The interest received for that time was 3,132,000 Kyats. In the fourth time of total loan, there are 34.8 million Kyats which covered 287 villagers. The interest received for that time was 3,393,000 Kyats. In the fifth time of total loan, there are 37.7 million Kyats which covered 272 villagers. The interest received for that time was 4,405,000 Kyats. In the sixth time of total loan was increased to 38.2 million Kyats which covered 279 villagers. The interest received for that time was 5,730,000 Kyats. Pardagyi Village has somewhat the basic infrastructure such as primary school, village library, villages - dispensary, electricity is implemented by the government, NGO, INGO before the MSY project. Therefore, this village lends to the

villagers the money which is received from the interest of the previous lending the loan.

4.6.2 Amount and Use of Interest From Lending in Kyanpin

The following table describes the amount and use of interest from revolving fund in Kyanpin village from 2014-2015 to 2018 to 2019 fiscal year.

Table (4.25) Provision of Loan in Kyanpin Village

Time of Loan	Start Date	Payment Date	No. of month	No. of people	Amount of Loan	Amount of interest
1	25.6.2014	25.2.2015	8	297	29,410,000	3,500,000
2	1.7.2015	1.2.2016	7	6	3,500,000	367,500
3	27.4.2015	27.2.2016	10	158	32,700,000	4,905,000
4	6.7.2015	6.2.2016	7	6	4,200,000	378,000
5	7.4.2016	7.2.2017	10	235	37,800,000	5,670,000
6	2.4.2018	2.2.2019	10	250	40,900,000	6,135,000
7	5.10.2018	5.2.2019	4	15	3,000,000	180,000

Source: Survey data, 2019

During the 6th 2014 to 2nd 2015, for the first time of loan in Kyanpin village can lend 29,410,000 Kyats for 297 villagers. For that period, the interest received was 3,500,000 Kyats. Unlike Paradagyi, in Kyanpin village, some borrowers pay the interest at once after they borrow to the Committee. The MSY Committee decides to lend more money to further villagers those who want to borrow with the interest received of lending within the same year. Therefore, the time duration for lending and borrowing is not standardized. During 7th 2015 to 2nd 2016, the amount of loan received from the interest within the same year is 3,500,000 Kyats which lends to 6 villagers further.

In the third time of total loan was increased to 32.7 million Kyats which covered 235 villagers. The interest received for that time was 4,905,000 Kyats. In the fourth time, the amount of the interest received from third loan 4,200,000 Kyats which covered 6 villagers. The interest received for that time was 378,000 Kyats. In the fifth time, there are 37.8 million Kyats which covered 272 villagers. The interest

received for that time was 5,670,000 Kyats. In the sixth time, there was increased to 40.9 million Kyats which covered 250 villagers. The interest received for that time was 6,135,000 Kyats. In the seventh time, the amount of the interest received from sixth time loan 3,000,000 Kyats which covered 15 villagers. The interest received for that time was 378,000 Kyats.

In Kyanpin village, Nursery School (RC Concrete - 30' ×20'×10') was built by 50% of interest received from loan (7.46million) and public donation 1.3million, a total of 7.12million Kyats. As implemented Nursery School, the parent who has children under 5 from Kyanpin village can leave their children at the school safely and do their house-chore or other home economy which can increase income. They can save time and do more work, and the result is that they can earn their socio-economics conditions can develop more.

4.6.3 Amount and Use of Interest From Lending in Kayinchaung

The following table describes the amount and use of interest from revolving fund in Kayinchaung village from 2014-2015 to 2018 to 2019 fiscal year.

Table (4.26) Provision of Loan in Kayinchaung Village

Time of Loan	Start Date	Payment Date	No. of month	No. of people	Amount of Loan	Amount of interest
1	25.6.2014	25.4.2015	8	200	29,400,000	3,528,000
2	3.6.2015	3.4.2016	10	200	32,700,000	4,905,000
3	13.7.2016	13.4.2017	7	217	37,000,000	3,885,000
4	27.6.2017	27.4.2018	10	204	34,900,000	5,235,000
5	13.7.2018	13.7.2019	12	217	39,500,000	3,555,000
6	19.2.2019	19.7.2019	5	21	3,550,000	266,250

Source: Survey data, 2019

In 2014-2015 fiscal years, the first time of loan in Kayinchaung village was nearly 29.4 million Kyats which covers 200 borrowers from the village. For that time, the total interest received from the loan was 3,528,000 Ks. In the second time of total loan was increased to 32.7 million Kyats which covered 200 villagers. The interest received for that time was 4,905,000Kyats.

In the third time of total loan was increased to 37 million Kyats which covered 217 villagers. The interest received for that time was 3,885,000Kyats. In the fourth time of total loan, there are 34.9 million Kyats which covered 204 villagers. The interest received for that time was 5,235,000Kyats. In the fifth time of total loan, there are 39.5 million Kyats which covered 217 villagers. The interest received for that time was 3,555,000 Kyats. In the sixth time, the amount of the interest received from fifth time loan 3,550,000 Kyats which covered 21 villagers. The interest received for that time was 266,250Kyats.

In Kayinchaung village, Asphalt Paving (990'×10') was implemented by 50% of interest received from loan (6.34million) and public donation MMK 776500, a total of 8.8million Kyats. As there is asphalt paving in the village, the villagers can go easily from place to place with less risk such as dangerous of snack. Furthermore, the village streets become more cleans, their health condition can be improved and thereby the living conditions of the villagers can also increase.

4.6.4 Opinion of Respondents on Effect of MSY Project

Stakeholder's opinion on project is essential and very important for achieve the objectives of the project. The following Table (4.27) shows the opinion of respondents on effect of MSY Project.

Table (4.27) Opinion of Respondents on Effect of MSY Project

No	Variable	Frequency	Percent
1	Better Education for Children	75	45
2	Better Health	17	10
3	Better Social dealing	23	14
4	Extend Business	109	66
5	Better Income	165	100
6	Can Buy Family Properties	45	27
7	Can repair housing	135	82
8	Can save money	89	54
9	Avoid high interest rate taking from others	160	97
10	Can buy farm land	0	0

Source: Survey data, 2019

According to the Table (4.27), 66% of respondents said that they can do own business, extra job and extend their existing business after receiving loan from Mya Sein Yaung Rural Project. All of the respondents said they have better income received from their income generation activities after receiving loan. 45% of respondents said that they can provide their children education more than before the project and 10% of respondents said they have better health situations after project as the income increase.

As the increase in income, 54% of respondents said they can save money after the project and 82% of respondents said they can repair housing situations. 14% of respondents said they have better social dealing after Mya Sein Yaung Rural Project have been implemented. 27% of respondents said they can buy family properties such as television, refrigerator, air-con, phone, generator, cycle, bicycle, fans. Before the Mya Sein Yaung Village Project members, respondents had to take loans from the illegal/ legal local money lender with higher interest rate when they need their investment for their income generation activities. 97% of respondents said they can avoid high interest rate taking from others sources of loan.

CHAPTER V

CONCLUSION

5.1 Findings

Each village had been provided 30 million as the village development funds by the government in 2014-2015. The loans of each village had distributed to different households in these villages. The genders of respondents are 45% male and 55% female. This study is 35% of the 41 to 50 year ages are the most village borrowers. The most of respondents are primary education level. 73% of respondents are married. This implies that married respondents seem to have more lent them single respondents. Almost 86% of the respondents had 3 to 5 members in their family and 45% of the respondents had less than 2 school children in their family. Almost 51% of respondents had less than 2 family income searchers in their family. 34% of the respondents are farming and 27% of the respondents are trading. The monthly income of household about 19% is MMK 200,001 to 250,000 the largest monthly income and 73% is less than MMK 300,000 monthly income.

After the Mya Sein Yaung Village Project members, they can borrow the credit without collateral with lower interest rate. 34% of respondents are the largest purpose of loan group by agriculture and 27% of respondents are the second largest purpose of loan group by trade. 86% of respondents are the largest loan group by MMK 100,000 to 200,000 and only 0.60% of respondents are the smallest loan group by MMK 400,001 to 500,000. 48% of respondents view very low interest rate and 52% of respondents view moderate interest rate.

There was an increase in monthly family income when monthly incomes before Mya Sein Yaung project were compared to incomes after the project. 57% to 68% of household's family income had increased more than MMK 200,000 per month before and after project. About 43% to 32% of household's family income had decreased less than MMK 200,000 per month before and after project. The absolute amount of sample household's income slightly increased after project. However, if the

purchasing power of money is considered it cannot be exactly concluded that the household's income is increased.

Before the project, among 165 respondents 76% can save nothing and 24% can save several amount levels. After becoming member of Mya Sein Yaung Village Project, among 165 respondents 46% can save nothing and 54% can save several amount levels. Most of them can save under MMK 50,000 per month. With their savings they usually use for donation, extension in business and for the future use. 8% of respondents save for the future and 1% for donation. 45% of respondents save for the purpose of extend business.

Moreover housing situation, there are 5 numbers of Brick houses, 31 numbers of houses are Wood and Brick, 16 numbers of houses are Wood and Bamboo, 102 numbers of Wood houses and 11 numbers of Bamboo houses before receiving the project funds in the study areas. After receiving the project funds, the type of housing has been significantly changing from before the project. There are 9 numbers of Brick houses, 32 numbers of houses are Wood and Brick, 12 numbers of houses are Wood and Bamboo, 105 numbers of Wood houses and 7 numbers of Bamboo houses in the study year. Household Assets Ownership analysis of before and after project also increased.

Result on joining the project 76% respondents respond better in their economy and livelihoods status, 24% respondents replied the same. There is on respondents worse in their livelihoods status after joining MSY project. All of respondents said they have better income and 82% of respondents said they repair housing. 66% can extend their business. 97% enjoy to joining with MSY Rural Project due to avoid high interest rate and 54% of respondents can save money. 27% can buy family properties such as golden ware and other assets. 45% said they get supportive efforts from MSY Rural Project such as child education, 10% are better health and 14% are better social dealing. This shows that Mya Sein Yaung project had positive effect on borrowers.

The village-level committee make the decision for setting interest rate to allocate their community, make decision for selection of applications for funds, provide information for funds and collecting interests. The people have received many benefits such as increasing income, increasing ownerships and better housing conditions from Mya Sein Yaung project funds by receiving loans and investing in their income generating activities. Moreover, the committees implemented the infrastructures such as school buildings and rural road in their respective villages. As

there asphalt paving, the villagers can go easily from place to place. With the development of communication, the living conditions of the villagers are also increase. As there is pre-primary school, the parents can leave their children safely there and do their work in peace of mind. They can save time and do more work, and the result is that they can earn their socio- economics conditions will develop more. Therefore, the respondents had agreed that Mya Sein Yaung project can improve their monthly incomes as well as the infrastructures of the villages.

5.2 Recommendations

According to the survey result, it was found that most of the respondents have achieved the following expected benefits of Mya Sein Yaung Village Project after the five year implemented.

1. Increase income of the grass-root level families,
2. Improvement in living standard of the resident by receiving electricity supply,
3. Creating job opportunity and technological transfer for the residents,
4. Growth in cattle farming and dairy cow farming in the cattle farming region,
5. Development of fish farming with own capacity,
6. Improvement of agriculture and agricultural products,
7. Acquiring good practices of democratically cooperation and improvement of performance for the rural residents,
8. Decrease poverty index due to above mentioned advantages.

However, the expected benefits such as the regional abundance of meat and dairy produce in the region and exportation of the surplus to other regions, increase in the consumption of fish in the region and gain extra income by the importation of the surplus to other regions, development in the rural production business are still needed to achieved.

The village-level committee of Mya Sein Yaung project plays important role in the rural development project. As such, the village-level committee make the decision for setting interest rate to allocate their community, make decision for selection of applications for funds, provide information for funds and collecting interests. The unfavorable condition for the Committee is that, if the borrower default to repay the loan, the MSY Committee must compensate instead of the borrower. If

there will be such case, MSY Committee can decide to borrow only the people who are sure to repay. Therefore, the achievement for rural development through Mya Sein Yaung project solely depends on the Mya Sein Yaung village Committee. Finally, achieving the objective of the Mya Sein Yaung Project for Rural Development may be difficult. Therefore, selecting the Mya Sein Yaung Committee members is very important.

Since Mya Sein Yaung project prioritizes the rural grass-root families, the village committee has to study the average condition of the income and economically fulfillment of the households. Base on the study, only those who are in real need should be decided to prioritize and include in the plan. Furthermore, every selection process has to follow criteria with transparency and credibility. Likewise, the development activities carried with Mya Sein Yaung fund should be undertaken with accountability and transparency. Monitoring the project and measuring of project outcome are essential for success of projects. Results can use feedback for future development projects.

Finally, the necessary skill trainings should provide as necessary to the township level responsible staffs who will act as responsible persons on behalf of the Ministry and for the village committees, by the cooperation of the Ministry and the local and foreign non-government organizations in order to run the program which needs expertise. The project staff should provide the knowledge to borrowers that if they properly use their loan amount in their business, their income also will be increased for them.

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APPENDIX

Survey Questionnaire for study the Effect of Mya Sein Yaung microfinance on rural development in Kyauktan Township

Question No -

Enumerator Name -

Village Name -

Date -

Part (1) General information of Respondents

I. Information of the Respondents

No	Description	
1	Name	
2	Age	
3	Level of Education	
4	Marital Status	

II. Information of Family Members

No	Name	Relationship	Age	Education	Occupation	Income
1						
2						
3						
4						
5						
6						

Part (2) Information concerning with credit

No	Description	
1	Time for Loan	
2	Interest rate	
3	Purpose of Loan	1. Firm <input type="checkbox"/> 2. Livestock and fishery <input type="checkbox"/> 3. Trade <input type="checkbox"/> 4. Vocation <input type="checkbox"/>
4	Repayment Type	
5	Amount of Loan	
6	View on Interest rate	
7	Number of Time on loan	
8	Borrowing From Other Loans Before Project	Yes <input type="checkbox"/> No <input type="checkbox"/>
9	Borrowing From Other Loans After Project	Yes <input type="checkbox"/> No <input type="checkbox"/>

Part (3) the conditions of households before and after project

I. Comparison of Occupation Before and After MSY Project

No	Description	Before Project	After Project
1	Occupation	Daily Wages <input type="checkbox"/> Farming <input type="checkbox"/> Trading <input type="checkbox"/> Livestock and Fisheries <input type="checkbox"/> Dependent <input type="checkbox"/> Unemployed <input type="checkbox"/> Others <input type="checkbox"/>	Daily Wages <input type="checkbox"/> Farming <input type="checkbox"/> Trading <input type="checkbox"/> Livestock and Fisheries <input type="checkbox"/> Dependent <input type="checkbox"/> Unemployed <input type="checkbox"/> Others <input type="checkbox"/>

2	Income	Under 50,000 <input type="checkbox"/> 50,001 – 100,000 <input type="checkbox"/> 100,001 – 150,000 <input type="checkbox"/> 150,001 – 200,000 <input type="checkbox"/> 200,001 – 250,000 <input type="checkbox"/> 250,001 – 300,000 <input type="checkbox"/> 300,001 – 350,000 <input type="checkbox"/> 350,001 – 400,000 <input type="checkbox"/> Above 400,000 <input type="checkbox"/>	Under 50,000 <input type="checkbox"/> 50,001 – 100,000 <input type="checkbox"/> 100,001 – 150,000 <input type="checkbox"/> 150,001 – 200,000 <input type="checkbox"/> 200,001 – 250,000 <input type="checkbox"/> 250,001 – 300,000 <input type="checkbox"/> 300,001 – 350,000 <input type="checkbox"/> 350,001 – 400,000 <input type="checkbox"/> Above 400,000 <input type="checkbox"/>
3	Expenditure	No Saving <input type="checkbox"/> Under 50,000 <input type="checkbox"/> 50,001 – 100,000 <input type="checkbox"/> 100,001 – 150,000 <input type="checkbox"/> 150,001 – 200,000 <input type="checkbox"/> 200,001 – 250,000 <input type="checkbox"/> 250,001 – 300,000 <input type="checkbox"/> 300,001 – 350,000 <input type="checkbox"/> 350,001 – 400,000 <input type="checkbox"/> Above 400,000 <input type="checkbox"/>	No Saving <input type="checkbox"/> Under 50,000 <input type="checkbox"/> 50,001 – 100,000 <input type="checkbox"/> 100,001 – 150,000 <input type="checkbox"/> 150,001 – 200,000 <input type="checkbox"/> 200,001 – 250,000 <input type="checkbox"/> 250,001 – 300,000 <input type="checkbox"/> 300,001 – 350,000 <input type="checkbox"/> 350,001 – 400,000 <input type="checkbox"/> Above 400,000 <input type="checkbox"/>
4	Saving	Under 50,000 <input type="checkbox"/> 50,001 – 100,000 <input type="checkbox"/> 100,001 – 150,000 <input type="checkbox"/> 150,001 – 200,000 <input type="checkbox"/> 200,001 – 250,000 <input type="checkbox"/> 250,001 – 300,000 <input type="checkbox"/> 300,001 – 350,000 <input type="checkbox"/> 350,001 – 400,000 <input type="checkbox"/> Above 400,000 <input type="checkbox"/>	Under 50,000 <input type="checkbox"/> 50,001 – 100,000 <input type="checkbox"/> 100,001 – 150,000 <input type="checkbox"/> 150,001 – 200,000 <input type="checkbox"/> 200,001 – 250,000 <input type="checkbox"/> 250,001 – 300,000 <input type="checkbox"/> 300,001 – 350,000 <input type="checkbox"/> 350,001 – 400,000 <input type="checkbox"/> Above 400,000 <input type="checkbox"/>

II. Family Income and Expenditure status of Respondents before and after project

No	Description	Before Project	After Project
1	Income > Expenditure		
2	Income = Expenditure		
3	Income < Expenditure		

III. Uses of Saving

No	Particular	
1	Expand Business	
2	Donation	
3	For Future	

IV. Housing situation before and after MSY Project

No	Type of House	Before Project	After Project
1	Brick		
2	Wood and Brick		
3	Wood		
4	Wood and Bamboo		
5	Bamboo		

V. Household Assets Ownership status before and after project

No	Assets	Before Project	After Project
1	Television		
2	Refrigerator		
3	Air-con		
4	Phone		
5	Generator		
6	Car		
7	Cycle		

8	Bicycle		
9	Fan		

VI. Opinion of Respondents on Effect of MSY Project

No	Variable	Yes	No
1	Better Education for Children		
2	Better Health		
3	Better Social dealing		
4	Extend Business		
5	Better Income		
6	Can Buy Family Properties		
7	Can repair housing		
8	Can save money		
9	Avoid high interest rate taking from others		
10	Can buy farm land		

VII. Opinion of Respondents on their Livelihood Status after MSY Project

Better	
Same	
Worse	

Village Administrator

No	Description	Note
1	House	
2	Household	
3	Population	
4	Male	
5	Female	
6	Village Area	
7	Main Business	

Mya Sein Yaung Administrator

No	Description	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
1	Amount of Loan					
2	Member of Households					
3	Interest Rate					
4	Amount of Received From interest					
5	Total (interest +loan)					
6	Firm					
7	Livestock and fishery					
8	Trade					
9	Vocation					
10	Implementation by interest					

Opinion of MSY Administrator on Effect of MSY Project

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Opinion of Village Administrator on Effect of MSY Project

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