



Livelihoods and Food Security Trust Fund



LIFT Uplands Programme: Scoping Assessment Report

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List of Acronyms

ABC	Agri-business company
ASEAN	Association of South-East Asia Nations
BGF	Border Guard Force
CBO	Community Based Organisation
CF	Community Forestry
CSO	Civil Society Organization
CP	Charoen Pokphand Group
DFID	UK Department for International Development
EAG	Ethnic Armed Group
EPA	Environmental Performance Assessment
ESIA	Environmental Social Impact Assessment
FAO	Food and Agriculture Organisation of the United Nations
FFS	Farmer Field School
FMO	Fund Management Office
GAD	General Administration Department (Ministry of Home Affairs)
GDP	Gross Domestic Product
IDA	International Donor Assistance
IDP	Internally Displaced Person
IHLCA	Integrated Households Living Condition Assessment
INGO	International Non-Governmental Organisation
IP	Implementing Partner
IPM	Integrated Pest Management
KIO	Kachin Independent Organization
LAUSC	Land Allotment and Utilisation Scrutiny Committee
LIFT	Livelihoods and Food Security Trust Fund
LIFT-FMO	Livelihood and Food Security Trust Fund – Fund Management Office
Local NGO	Local Non-Governmental Organization
MADB	Myanmar Agricultural Development Bank
MDRI	Myanmar Development and Resource Institute
MDRI- CESD	Myanmar Development and Resource Institute-Centre for Economic and Social Development
MIMU	Myanmar Information Management Unit
MMK	Myanmar Kyat
MLFRD	Ministry of Livestock, Fishery and Rural Development
MOAI	Ministry of Agriculture & Irrigation
NAPA	National Adaptation Plan of Action
NBSAP	National Biodiversity Strategy and Action Plan
NCA	National Ceasefire Agreement
NGO	Non-Governmental Organisation
NSAG	Non-State Armed Group
NRM	Natural Resource Management
NSDS	National Sustainable Development Strategy
OCHA	UN Office for the Coordination of Humanitarian Affairs
PES	Payments for Environmental Services
PMF	People’s Militia Force
PRC	People’s Republic of China
RCSS	Restoration Council of Shan State
SAZ	Special Administrative Zone
SLRD	Survey and Land Records Department
SME	Small-Medium Enterprise
SMF	Small-Medium Farmer
SSPP	Shan State Progressive Party

SWOT	Strength Weakness Opportunities Threat
TNLA	Ta'ang National Liberation Army
UN	United Nations
UNDP	United Nations Development Programme
UNODC	United Nation Office for Drug Control
UNOPS	United Nations Office for Project Services
UNREDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation
VFVL	Vacant, Fallow, Virgin Land
WASH	Water, Sanitation and Hygiene

Figure 1: Map of Myanmar (source: MIMU, 2013)



Foreword

Since 2011, LIFT has funded fifteen projects in the Upland areas, mostly in Chin, Kachin and Shan States.

In 2014 LIFT redefined its strategic direction to better align to the rapidly changing context resulting from Myanmar's economic and political reform. LIFT is now extending its programmes under this strategy, including the establishment of a major new programme for Myanmar's Upland areas. The new Upland's Programme will support innovative projects that reach across the diverse range of communities typical of the Upland areas, including those affected by conflict.

This scoping study for an Uplands Programme was commissioned to help identify needs, outcomes and potential interventions relevant to the complex environments of the upland areas. Central to the study was an analysis of the conflict context along with the identification of potential conflict-sensitive livelihood solutions. The study took place between September 2014 and January 2015.

In addition to the scoping report, the LIFT Fund Board visited projects and stakeholders of LIFT implementation partners and others in Kachin State in July 2014, and Chin State in February 2015. These visits provided valuable perspective for the programme decisions that have followed the completion of the scoping study.

The Uplands Programme that has been developed on the basis of this scoping study aligns with the four purpose level outcomes that guide the new LIFT strategy:

- Increased incomes of rural households
- Increased resilience of poor rural households and communities to shocks, stresses and adverse trends
- Improved nutrition of women, men and children
- Improved policies and effective public expenditure for pro-poor rural development

The programme will target the three main population groups of the Upland areas with any one or more of seven thematic intervention types:^[1]

1. *Displaced people*: Inside or outside IDP camps. This includes those who have faced a history of regular displacement (either permanent or temporary), and also the receiving communities that may need help to manage the influx of new villagers.
2. *Remote communities* with low food security and poor access to services.
3. *Productive communities* with potential for engagement in value chain development.

Important to the scoping study was the determination of 12 conflict sensitive principles that will guide and underpin all activities, both design and implementation, of the new Uplands Programme. These principles now feature in the new Uplands Programme Framework,

^[1] Rural finance; farm advisory services and producer groups; equitable and sustainable natural resources management; off farm employment, new livelihoods opportunities and safe migration opportunities; nutrition; social protection and access to collective/public services; pro-poor advocacy, evidence based learning and CSO capacity development.

developed since the completion of the scoping study and published on 10 July 2015.

This study is a significant piece of work, but given the scope and diversity of Myanmar's Uplands it can only remain a light insight to the development challenges in these areas. Nevertheless, the study has made a strategic contribution to determining LIFT's response to Upland development. I trust it will be an equally useful resource to inform the design and implementation of projects that LIFT, and others, will support over the coming years.

Steve Dowall, Lead Technical Officer, LIFT

1. Introduction

1. This scoping assessment was undertaken between 15 September 2014 and 15 January 2015 by UNOPS consultant experts as part of a process exploring the development of a *Livelihoods and Food Security Trust Fund (LIFT)-Uplands Programme Framework*.
2. The scoping report presents the rationale supporting a LIFT Upland Areas Programme framework and defines its incremental value through presentation of background and key findings, identification of Upland spatial and thematic priorities, lessons learned, coordination with other initiatives, and risks and recommendations.
3. The proposed report has been developed in close accord with the new LIFT strategy (October 2014), the issues and themes of which are defined for Upland Areas at a programme level herein.
4. The team acknowledges the dynamism of Myanmar Upland areas and rural economies and the limitations of the assignment. This report is descriptive of Myanmar Upland areas, relevant issues and key themes. It describes some of the necessary political, legal, regulatory, scientific and practical grounds for addressing Upland area poverty and food security to guide potential implementing partner (IP) interventions and create synergies with other Upland project stakeholders and resources.
5. In the interest of encouraging a set of coherent activities (i.e. a 'programme'), the team has assembled recommendations it believes reflect well a wide range of current Upland contexts. It has done this simultaneously acknowledging the need for '*flexibility*' in the proposed framework, i.e. that implementing partners have sufficient latitude to propose activities closely aligned to local contexts.
6. Based on its findings, the team proposes three broad Upland area subzones. Opportunities and vulnerabilities are disaggregated by subzone for each of the major thematic areas, providing a rationale for further consultation between: LIFT and focal states; township level targeting by IPs in proposal development; and by LIFT in project selection. Recommendations are discussed throughout the report.
7. The in-field portion of the assignment (22 Sept-28 October 2014) was extremely useful to the preparation of the report, although its scope and timeframe were acknowledged to be brief given the complexity and diversity of Myanmar Upland areas. The assignment team nonetheless received substantial inputs from a wide range of Upland stakeholders, including but not limited to: current and potential LIFT IPs, international non-government organisations (INGOs) and ethnic community-based organisations (CBOs), rural farmer households, credit/savings groups, village leaders, Union line ministries, state and township government authorities, non-state armed ethnic groups (NSAGs), the private sector, the LIFT Fund Management Office (FMO), the LIFT Fund Board and other donors. Representatives of most stakeholder groups were interviewed at length in Yangon and within several of the programme's proposed Upland areas (e.g. Kayin, S. Shan, and N. Shan States), and the consultant team was provided with abundant written information.
8. Given notable transitions (e.g. unfolding policy reforms, new market developments and new infrastructure), unforeseen opportunities and new challenges will arise. On an ongoing basis, Upland programme findings and trends will need to continue to be monitored to capture the important development concerns specific to locales.

9. Conflict sensitivity is important across the breadth of proposed Upland commitments and actions. Conflict-sensitive principles have been developed to accompany findings, and aim to build responsiveness and practicality in programme design, and sustainability and resilience into programme commitments. Together, these aim to assist the programme to actively respond to opportunities, provide tailored approaches capturing limits/risks and, overall, to be well positioned to strengthen the responsiveness of Upland area poor at all levels.

1.1. LIFT strategy

10. The Livelihoods and Food Security Trust Fund (LIFT) was established in 2009 to support Myanmar in its work towards “eradication of extreme poverty and hunger,” one of the Millennium Development Goals.¹ LIFT is a multi-donor fund aiming to reduce by half the number of people living in poverty, and works on the principles of aid effectiveness, where donor resources are pooled to enable programme coherence and greater impact. **LIFT has received funding from 13 donors² to date. The United Nations Office for Project Services (UNOPS) is contracted as Fund Manager to administer the funds and provide monitoring and oversight.³**
11. LIFT’s *goal* is to contribute to sustainably reduce the number of people in Myanmar living in poverty and hunger. LIFT’s *purpose* is to increase vulnerable populations’ livelihoods resilience and the nutrition of poor people in Myanmar by focusing on interventions that increase income, food availability, utilization and stability of access to food.⁴
12. LIFT funding is designed to target **smallholders and the landless**, specifically focusing its resources to reduce vulnerabilities and strengthen the productive potentials and means of:
 - i) Smallholders with land, labour or commercial potential to *step up* through enhanced capacity and linkages to market production.
 - ii) Subsistence households without commercial potential to *hang in*, using agriculture (and agro-forestry) as a safety net and improving food security and nutrition outcomes in Myanmar’s period of economic transition.
 - iii) Landless labourers and marginal farmers to *step out* of agriculture into other more productive sectors of the economy, including potentially off-farm livelihoods where more productive roles in agriculture are unavailable.⁵

1.2. Rationale supporting a distinct LIFT ‘Upland Areas’ programme

13. Poverty in Myanmar is high and predominantly rural,⁶ and is comprised of both income/consumption (e.g. food poverty) and non-income (e.g. nutrition, water and sanitation, exclusion and ‘voicelessness’) dimensions. Myanmar is ranked 149th out of 187

¹ In 2000, 189 countries agreed collectively on eight goals to be achieved by 2015. See: <http://www.un.org/millennium/declaration/ares552e.htm> for more information.

² As of February 2015, Australia, Denmark, the European Union, France, Ireland, Italy, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, the United States of America, and the Mitsubishi Corporation had contributed a total of \$206 million.

³ LIFT Strategy document (September 2014).

⁴ Note that this is consistent with the Government of Myanmar’s *Rural Development Strategy for Poverty Reduction*.

⁵ See also: Dorward, Andrew. (2009). “*Integrating Contested Aspirations, Processes and Policy: Development as Hanging in, Stepping up and Stepping Out*”. School of Oriental and African Studies, University of London. www.eldis.org/go/home&id=43496&type=Document.

⁶ “The proportion of poor is higher in rural than in urban areas (29.2% vs. 15.7%).” Tiwari, Bishwa Nath, Shafique Rahman, Khine Tun. (2011) “*Poverty, Food Insecurity and Vulnerability: Issues and Strategies (Myanmar)*”. P. 5

countries in the 2012 Human Development Index with a poverty rate of between 26% and 38%.⁷

14. Myanmar upland areas roughly comprise eight States (Chin, Kayah, Kayin, Karen, Kachin, Mon, some parts of Rakhine,⁸ and Shan) and two Regions (Sagaing and Tanintharyi). Together, they cover approximately two thirds of Myanmar's total land area with a combined population of approximately 26.6 million.⁹ Most of Myanmar's upland areas are populated by diverse non-Bamar ethnic nationalities which, depending on how they are counted or categorised, number upwards of at least 130.¹⁰ Some Upland areas have been living under ceasefire agreements for years, while others have been home to intermittent conflict with Union armed forces (i.e. the Tatmadaw).¹¹
15. With some exceptions, poverty incidence is higher in the States than in the Regions, though poverty also varies within Regions and States—"suggesting that there are pockets of poverty even in a moderately poor Region/State."¹² Where in Myanmar over 35% of children are stunted and poor households spend over 70% of their income on food, food poverty and malnutrition rates are also high.¹³
16. Several transitions are occurring within Myanmar at the moment, and each is relevant in framing an 'Upland Areas' agenda. These include:
 - A shift from rule by one senior general to a dispersal of centres of **political** power across legislative and executive branches at the Union and State/Region level. This has resulted in federal powers being decentralised to State/Region and local levels. It has also resulted in the end of censorship and the release of many political prisoners. As recognized by both ethnic armed groups and government executive levels, decentralisation competence should be featured further in any peace process dialogue.
 - A series of reforms aimed at opening the **economy** to both greater competition and to foreign investment.
 - A new attempt at negotiating a peaceful end to decades of armed **conflict**.
 - The onset of **digital** connectivity, which is likely to happen faster in Myanmar than previously happened elsewhere in the world.
 - The shift from Myanmar being an **aid** orphan, to the arrival of massive donor funding.
 - An **agricultural transition**, in which upland *taungyar* farm modalities are increasingly under threat, and dispossession appears to be increasing at least in part as a result of economic, market, conflict and donor transitions.

⁷ <http://hdr.undp.org/sites/default/files/Country-Profiles/MMR.pdf>

⁸ Rakhine State also contains important Upland Areas. LIFT has been working with partners to implement a \$22M program to rebuild livelihoods in more than 220 communities in the state, and requested it not be considered at present within context of this Upland Areas framework.

⁹ Out of a total of ca. 52 million people in Myanmar. It is noted that the Upland population figures differ substantially here from those recently reported within the provisional Ministry of Immigration and Population/UNFPA 2014 census (outlined in section 2.4 of this report), and which should be further clarified following the publishing of the main results, in May 2015.

¹⁰ The government officially recognizes 135 ethnic groups, categorized into eight main ethnic groups. The dominant ethnic, Bamar, constitute around two-thirds of the population. It is noted that persons may also identify with more than one ethnic nationality. See Steinberg, David. 2001. *Myanmar: The State of Burma*. Georgetown University Press.

¹¹ LIFT Annual Report (2013), p. 50.

¹² *Ibid.* P. 8.

¹³ *Ibid.* P. 5. The lower figure is from the Integrated Household Living Conditions Assessment (IHLCA 2). The higher figure is from the World Bank's analysis of the ILCHA 2 data.

- The **retreat of the military** as an institution involved in the everyday administration of the country, a process that started around eight years ago.¹⁴
17. Acknowledging similar exchanges within the initial eleven LIFT ‘Hilly Area’ Projects (2011-2014)¹⁵ and evolving potentials for accessing areas ‘emerging from conflict,’ the LIFT Fund saw unique programme, geographic and thematic needs and opportunities for a potential Upland Areas programme. It further noted that, where well considered, such a programme could contribute to more sustainable community and household socio-economic development benefits, including food security, social stability and enhanced environmental protection, civil society and peace processes, and gender outcomes.
 18. The LIFT Fund further grounded its assessment and lessons learned in additional scoping by the LIFT FMO,¹⁶ and leading to this Upland Areas Programme development assignment.
 19. **US\$60-65 million** was proposed for the programme, of which **a percentage (an estimated US\$20-25 million donor commitment)** would be **dedicated to activities in ‘areas emerging from conflict.’** It is envisaged that LIFT will use an Upland Areas Programme framework to select and contract a number of IPs, each of whom will implement a project that contributes to the achievement of the desired results articulated within the framework.

1.3. The assignment

20. LIFT contracted the Upland area consultant team for the period between 15 September 2014 and 15 January 2015. The scoping mission took place between 15 September and 6 December 2014 and involved: a desk review of project documents (15-22 September); briefings with UNOPs FMO and with the LIFT Fund Board in Yangon (26 and 27 September respectively and 7 October); and field visits to Southern Shan State (29 September to 3 October), Naypyidaw (9 to 10 October) and Northern Shan State (13 to 16 October). The team returned to lead an Upland Areas Stakeholder/Implementing Partner workshop in Yangon (17 October) and conduct interviews with a variety of Upland stakeholders in the Yangon area (18 to 19 October). The team subsequently undertook a field visit to Kayin State (20 to 25 October) as well as additional Yangon-based stakeholder meetings (26 to 30 October) and debriefings with the LIFT Fund Board and FMO in Yangon (31 October).
21. A Draft Scoping Report was prepared in November and reviewed by the LIFT FMO/Fund Board in mid-December, 2014. The team received the reviewer’s comments, and submitted finalised versions of the deliverables in mid-January, 2015.
22. Approximately 70 person-days were made available to each of the consultants (Aaron Becker, U San Thein, U Cin Tham Kham, and Channsitha Mark) for the whole task. Mary Callahan - a Political Advisor familiar with Myanmar and Upland Area political economies - provided support for 25 days.
23. The time available to the team to develop the scoping assessment was extremely limited relative to the scale, complexity of issues covered and the strategic significance of the programme. The team maintained a jam-packed schedule, and worked diligently over the six-week in-country mission. The brevity and limited coverage of the field phase meant the team was dependent upon information and contacts provided by LIFT FMO, and while the

¹⁴ This should not be confused with a transition to civilian control of the military or a decrease in military political influence. There are no signs of a reduction of military presence in thousands of outposts across the country.

¹⁵ These were: six LIFT projects in Shan (including one in Kokang Special Region), two in Kachin and three in Chin.

¹⁶ In 2014, LIFT developed the following two scoping papers: i) “LIFT Upland Areas Programme Concept: with special focus on areas emerging from conflict”; ii) “Newly Accessible Areas: Next Steps for LIFT.”

team is grateful and indebted to FMO staff assistance, there were limited opportunities to interact with a wider range of stakeholders and communities. The wider implications developed from our findings might therefore be re-confirmed via additional consultations.

1.4. Gaps in knowledge and further consultations required

24. While poor levels of nutrition, sanitation and hygiene, and a lack of clean water in Upland areas were examined, and the prevalence of malaria, multi-drug resistant tuberculosis (TB), HIV/AIDs, illegal drug use and insufficient rural health care services were identified as key constraints, the health sector was not thoroughly assessed during the assignment.
25. **The LIFT Upland Areas Programme would benefit from State and sub-state level consultations** (e.g. involving government, NSAGs, business, CBOs, INGOs, beneficiary households, etc.).
26. This will be important, not least of all, **to further targeting of interventions at township, village tract and village levels.** The consultation should be considered mandatory, and where sufficient time is provided, it will help to pave the way toward development of supportive programme and IP operating environments.
27. The ‘challenge’ in working with IDPs requires the flexibility to tailor local responses as they arise. Thus, **further consultations pinpointing IDPs, as well as their issues and needs, is also required.**
28. The above consultations should be organised with conflict-sensitive principles in mind, and should aim to:
 - support improved stakeholder dialogue and participation as well as clarify LIFT expectations and **approach**;
 - ensure official support and ‘green lights’ are secured from the start;
 - ensure that the focus of proposed Upland interventions are developed pertinent to the locale.
29. Overall, additional consultations will also provide an opportunity to deepen the analysis of Upland context and themes (such as IDPs, social safety nets and protection, and migration). This will be useful to confirm the team’s assessment, in conjunction with programme targeting.
30. These consultations could also potentially form an initial basis for ongoing sub-zone/state and sub-state project coordination and could be useful in building partnerships with IPs, as well as testing and refining the programme’s conflict-sensitive principles.

2. Geography of the Myanmar Uplands

2.1. Broad description of the 'Uplands'

31. Myanmar Upland areas comprise seven States (Chin, Kachin, Shan, Kayah, Kayin, Mon and some part of Rakhine) and two Regions (Tanintharyi and upper Sagaing). Together, they cover approximately two-thirds of Myanmar's total land area and have a combined population of approximately 26.6 million. The region is home to diverse ethnic nationalities, and is characterised by substantial forest and natural resource endowments, poverty and food insecurity. The poverty rate ranges from a low of 11.4% in Kayah state, to a high of 73% in Chin state.
32. Smallholder subsistence farmers in the region cultivate rice, maize or millet in traditional rotating fallow systems (shifting cultivation). As populations have increased, land and resources have also become scarcer, and rights to control revenues contested. Some farmers, because of food insecurity, have sought to increase their incomes through the opium economy (notably in Kayah, Kachin and Shan states). Many Upland areas are very remote and isolated, with limited infrastructure, and households face significant challenges in terms of access to new knowledge and skills, health, education, public and extension services, as well as to finance and markets for agriculture products and economic development.
33. Unique Upland area factors are highlighted throughout this document and include (but are not limited to):
 - comparatively low population densities (see Section 2.4 and Map i, Annex 5);
 - unique income, production and agro-ecological conditions (e.g. landform and soil units, cultivation practices; levels of surface flooding);
 - heavy reliance on its natural resource base (Map v) and substantial though dwindling forest coverage (Map iii);
 - high ethnic diversity (Map iv);
 - decades of conflict, a burgeoning opium economy (Map vi); and
 - high rates of food insecurity and poverty (see sections 4.1 & 4.2).
34. Upland areas might also be generally characterised according to their: low levels of extension service; lack of access to public services; high levels of dispossession due to debt; high rates of inward and outward migration (Map vii); potentially significant reliance on remittances; susceptibility to conflict and IDPs (Map viii); remoteness and lack of access to markets, information, knowledge and alternative livelihoods; and, overall, limited opportunities for the effective participation of households and notably women in poverty reduction and food security decision making.
35. Unique to the entire Greater Mekong Subregion, nearly all the river and tributary systems within Myanmar originate in their own Upland areas. The total natural renewable water resources (including flow from incoming or border rivers) is estimated at 1,167.8 km³/year.¹⁷ With the exception of one transboundary river (the Thanlwin, which originates in China and forms a border with Thailand spanning 110km), effective interventions that improve Upland maintenance and protection of ecosystem services can help to build up livelihood and poverty alleviation measures based on life-giving

¹⁷ FAO. (2014). "AquaStat: Water Report 37."

agricultural and domestic water resources for rural and urban dwellers, irrigation, hydropower, navigation and trade.

36. 'Upland area' means different things to different stakeholders. The Government of Myanmar does not currently administer or regulate populations or territory under the 'Uplands' definition, and they do not exist as a statutory category.
37. While cognisant of spill-over effects (e.g. migration), anomalies (e.g. Upland plateaus), and the need to incorporate consideration of adjacent and/or integrated 'Upland relevant' areas, themes and issues, the LIFT team has agreed on the following simple definition of Upland areas to enable a differentiation of the targets of its proposed programme (and from Myanmar lowlands, or non-Upland):

Figure 2: Upland Areas Programme Definition

The LIFT Uplands Programme targets Myanmar's hilly regions, lying mostly in states and regions forming a horseshoe shape and adjacent to borders with Bangladesh, India, China, and Thailand. Characteristics of uplands include, but are not limited to:

- moderately high to steep slope elevations of < 255meter (765 ft.);
- diversity of language and ethnicity, characterised by topography and elevation and governance systems;
- presence of natural resources and biodiversity;
- predominance of *taungyar* (traditional shifting cultivation) and subsistence farming;
- substantial movement of populations, according to seasons, following, and/or due to conflict;
- limited accessibility (e.g. to towns, markets, schools, new knowledge, skills, etc.);
- the absence of affordable, reliable microcredit and rural finance options.

Recognising dynamism in relationships, influences and connections to other parts of Myanmar and neighbouring countries (i.e. India, China and Thailand), the above definition need not exclude support to important lowland or non-subsistence based areas where a case is made that they directly impact Upland area target themes and priorities.

2.2. Three proposed geographic/geopolitical Upland subzones

38. Positioned where South, East and South East Asia meet, Myanmar's Upland areas are of key strategic importance at the crossroads of Asia (Figure 1). In the interest of defining the geographic parameters of the Upland Programme, the team viewed distinct historical and geo-political subzones based on proximity to neighbouring countries as a useful means for beginning to broadly characterise diverse Upland Areas. In brief, the three Upland area subzones consist of:
 - **The Northwest (NW) subzone (Chin and the Naga Hills of Sagaing)**, which borders India over a distance of 1,468 km. Here the topography is rugged, with steep slopes and narrow valleys dissecting its terrain. The population density is relatively low, as is donor coverage. Out-migration is high and related to extremely food insecurity and poverty. Local communities in remote areas are primarily engaged in subsistence agriculture, while more accessible areas produce cash crops for local and cross-border trade with India. Civil armed conflict is, by and large, not an important issue within the subzone.

- **The North-Northeast (N-NE) subzone (Kachin and northern Shan)**, which borders China for over a distance of 2,129 km. Its topography includes high mountain ranges in the north, leading to high plain and plateau areas in the south. The subzone is rich in natural forests, high value timber and non-timber forest products, precious stones and minerals. In comparison to the NW subzone, the poverty rate is lower, and the population density higher. Significant land concessions occur in the subzone resulting in the dispossession of farmers from their land. There is also ongoing armed conflict in the subzone, contributing to considerable numbers of IDPs. Drug abuse and addiction, human trafficking and illegal logging are other imperative issues within the subzone.
- **The Southeast (SE) subzone (southern and eastern Shan,¹⁸ Kayah, Kayin, Mon, and Tanintharyi)**, which for the most part borders Thailand over a distance of 2,416 km.¹⁹ The Mongla Special Region in eastern Shan is an exception, bordering China, Laos and Thailand. It has been heavily influenced by both financial aid from China and opium profits.²⁰ Low population density and high poverty in eastern Shan are in part related to displacement due to long periods of conflict and land dispossession. The topography of south and eastern Shan and Kayah are more or less undulating plain and plateau. Mountain ranges extend from north to south along the border of Thailand in eastern Kayin, Mon and Thanintharyi. Conflict-sensitive programming will be important in the subzone given the occurrence of sporadic armed conflict, high numbers of IDPs, and mixed administrative systems (government and NSAGs).

39. As discussed further in this report, conflict, agriculture systems, administrative systems, and geographic and political boundaries are also considered in grouping states/regions within these subzones.

2.3. Agro-Ecology

40. Agro-ecosystems are defined as “biological and natural resource systems managed by humans for the primary purpose of producing food as well as other socially valuable non-food goods and environmental services.”²¹
41. An agro-ecosystem includes not only *in situ* agricultural activities (i.e. the farm) but also wider complexities including how the critical values of land, water and ecosystem resources are utilized by agricultural production. This concept is inclusive of diverse agricultural systems and methods of farming, and thus appropriate for framing Upland areas based on a variety of agricultural practices (e.g. intensive, conventional monoculture farming, integrated agro-forestry, *taungyar* shifting cultivation, etc.), important Upland natural resources, energy and ecosystem flows.
42. **The three proposed Upland subzones broadly correlate to three distinct Upland agro-ecological zones.** Figure 3 illustrates these unique characteristics, based on elevation, existing land use and socio-economic conditions.
43. Subzone land and agro-ecosystem characteristics are important to understand, not least as they underscore basic assets available to smallholders and fundamental conditions

¹⁸ It was recognized that eastern Shan straddles both the N-NE Subzone and the SE subzone, adjacent to China, as well as Laos and Thailand. It has been grouped with the SE subzone given greater perceived similarities and linkages with the SE in terms of conflict, ceasefire agreements, administrative structures, agriculture and market linkages.

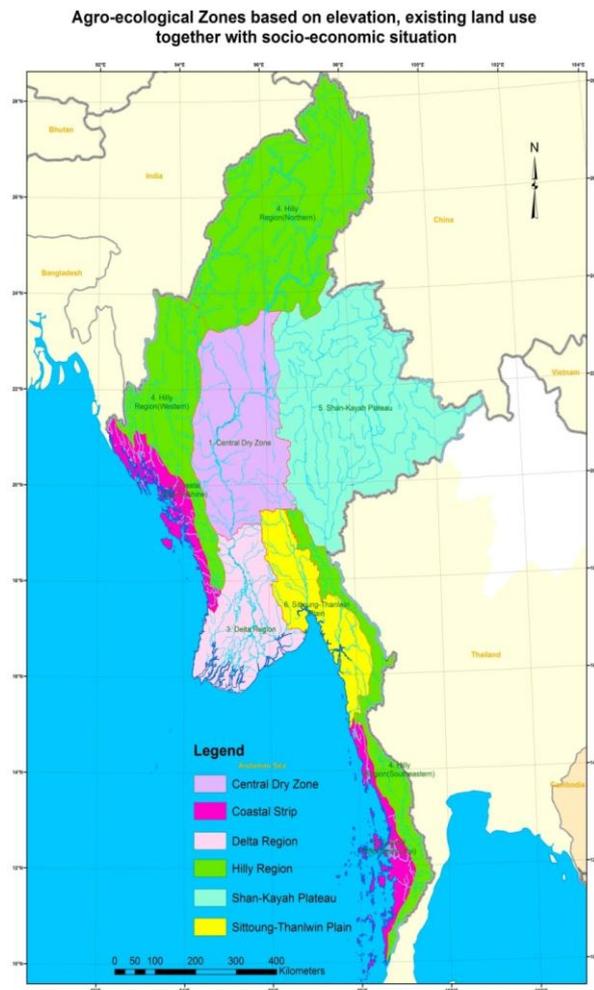
¹⁹ <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html> (accessed 10 November 2014).

²⁰ The Economist. (Jan 27, 2005). “A very special region: sex and drugs in Shan state.” <http://www.economist.com/node/3600073>

²¹ Wood, Stanley, Kate Sebastian and Sara Scherr. (2000). “*Pilot Analysis of Global Ecosystems. Agroecosystems.*” International Food Policy Institute and World Resources Institute.

determining existing and potential vulnerabilities and opportunities. Agro-ecosystems form an initial basis for defining subzones and programme interventions. Broad subzone agroecosystem characteristics are presented below, and are further detailed in a **Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis (Annex 2)**.

Figure 3: Upland Agro-ecological zones²²



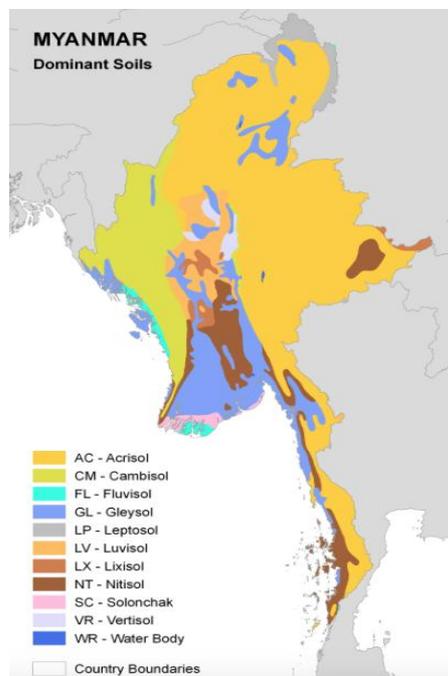
2.4. 2.3.1 Northwest subzone agro-ecology

44. The Northwest (NW) subzone is situated in the western part of Myanmar and is mainly composed of Rakhine Yoma, Chin Hills and the Upper Sagaing-Naga hills. Geographically, the subzone is located between 92°23' and 94°30' east longitude and 21° and 27° north latitude. It is bounded by India and Bangladesh in the northwest, Kachin and the central Dryzone in the east, and Rakhine State to the South. This region is comprised primarily of the Chin State and upper Sagaing division-Naga administrative units.
45. Mountain ranges in the area are moderate to steeply sloped. The highest parts of the region have a maximum elevation of over 3000 meters. The elevation of the majority of the area is about 400 meters.

²² MOAI/FAO/UNDP. (2004). "Study on variations in Support Activities in different Agro-ecological Zones and Socio-Economic situation of Myanmar". The team regrets it was unable to find a map more up to date than this 2004 agro-ecological map.

46. The northern part of the region — covering the Chin Hills Falam and Mindat stations — receives an average annual rainfall about 1500mm, with the Naga hills receiving about 2000mm. In the southern part, the western slopes of the Rakhine Yoma receive more rain (3000-4000mm). Temperatures in the subzone vary distinctly from south to north, as elevation rises. Falam station, for example, recorded a mean maximum temperature of 23°C, and a mean minimum temperature of 14°C.
47. Nearly 69% of the total subzone area is covered by the forest land, followed by ‘scrub lands’ at 37%. Notably, agriculture takes place on only 3.4% of the total area.
48. Notwithstanding, agriculture is widespread, with upland crops being cultivated along a continuum, from the bottom to the top of the hill/mountain ranges. Farmers mainly practice subsistence agriculture, growing upland rice, maize, millet, taro, various legumes, with limited areas of paddy rice on terraces where irrigation is possible. Sesame, chilli, and fruit trees are cultivated to provide additional income, and animal husbandry (e.g. *mythun*, cattle, goat, pig, chicken) are used both for social purposes and for sale in times of hardship. In more accessible areas, links to local and cross-border markets with India have been established with cash crops including tomatoes, cabbage, garlic, potatoes, pumpkin, mustard leaf and fruit trees. To limited success, the government has more recently promoted plantations of tea to reduce shifting cultivation practices.
49. The dominant soil types of the region are forest soils²³, and indeed **most Upland Areas of Myanmar are dominated by Acrisol soils.**²⁴ When protected by forest cover, these soils absorb heavy rains, but they erode quickly once the forest cover has been cleared.

Figure 4: Myanmar Dominant Soils



(Source: FAO/NRL from Harmonized World Soil Database (HWSD) – FAO)

²³ FAO. (2008). “Geographical distribution of 10 dominant soil types in Myanmar.” Natural Resource Management and Environment Department.

²⁴ Acrisol soils are found on old land surfaces with hilly or undulating topography. They are found in regions with a wet tropical/monsoonal, subtropical and/or warm temperate climate with light natural forest vegetation.

50. A summary of NW Upland agro-ecosystem constraints and opportunities is provided below.

Table 1: Summarised NW Upland Subzone agro-ecosystem/NRM constraints and opportunities

Subzone	Constraints	Opportunities
Northwest Uplands (Chin, Sagaing and Naga Hills)	<ul style="list-style-type: none"> • Low population densities; • Little to no state investment in infrastructure has resulted in limited accessibility and transportation; • Remoteness: creating difficulties in accessing formal markets and services; • Steep and rugged topography and shallow topsoils limit arable land, leading to relatively small land holding sizes and shifting cultivation; • Fragile landform, improper farming practices and deforestation accelerates soil erosion and land degradation, land slides; • Low farm productivity; • Lack of capital to invest in agro-based small-scale industries (such as silk production, <i>mythun</i>, competitive wine making, ginger cultivation and temperate fruit crops); • Land laws do not support the safeguard for shifting cultivation on common land; • A lack of knowledge and skills to promote ecotourism potential; • Currently very limited CBO/NGO coverage — the subzone can be characterized as an ‘aid orphan’. 	<ul style="list-style-type: none"> • Market and resources readily flow from/to India; • Gentler slopes with better soils along border areas present strong opportunities for crop and livestock development; • Agro-forestry and reforestation potential based on economically valuable perennial trees and non-timber forest products (NTFPs), including: temperate fruit trees, grape cultivation, elephant foot jam, silk, medicinal herbs and orchids and <i>mythun</i>; • State investment in rural infrastructure is improving; • Abundant ecotourism potential, with a welcoming populace and, overall, the absence of conflict.

2.3.2 North and Northeastern subzone agro-ecology

51. The North and Northeastern (N-NE) subzone is composed of two sub-ecological zones: i) the southern lowlands and mountain ranges and ii) the northern and eastern highlands.
52. Geographically, the subzone stretches between 94°00’ and 101°30’ east longitude and 22° and 28° 30’ north latitude. It is adjacent to: the Naga hills of Upper Sagaing in the west; China in the north and east; the Central Dry Zone; and the Southern Shan-Kayah Plateau in the south. It is primarily located in Kachin State and the Northern Shan Plateau.
53. The southern lowlands sub-ecological zone is composed of the Ayeyarwady and Chindwin river valleys, with mountain ranges that run from north to south along these river basins. The northern part of the region includes lofty mountains and the highest peaks of Myanmar, Hkakabo Razi (5887 meters) and Gamlang Razi (5834 meters), which are covered by permanent snow. The Ayeyarwady is formed by the meeting of the Nmai Hka and Mali Hka, two mountain rivers originating in the subzone.

54. The dominant land type of the north and eastern sub-ecological zone is forest, covering 84% of the total land area. Agricultural land use predominates more fully in the plains covering the areas of southern part of the region, and in the Northern Shan Plateau.
55. The region falls within the sub-tropical zone of Myanmar and receives around 4000 mm of rain annually (at Putao). The southern part of the region falls in the transition zone and receives significantly less rainfall (less than 2000 mm annually). Maximum and minimum temperatures may vary distinctively from the southern (lowlands) to the north (high mountains).

Table 2: Summarised N-NE Upland subzone agro-ecosystem/NRM constraints and opportunities

Subzone	Constraints	Opportunities
North-Northeast Uplands (Kachin and northern Shan)	<ul style="list-style-type: none"> Continued armed conflict (increasing IDPs); Notable increases in deforestation and land degradation due to prevalent subzone logging and mining concessions; Soils (especially in Shan) that are highly acidic and prone to erosion and hence require amelioration; Weak border trade law enforcement, permitting imitation or low quality agricultural inputs and insufficient quarantine to limit the spread of diseases and livestock infections; Dispossession of farmers' land by 'legal land grabs' and state army confiscations; Significant trade in illegal forest products to China; Limited capital and a reluctance by local businesses to invest in post-harvest and food processing industries; Remoteness and rugged topography in some places limits household access to markets and services. 	<ul style="list-style-type: none"> National ceasefire negotiation processes may resume and stand to positively impact the subzone; Good and/or active business relationships between farmers and businessmen from China present near the border (i.e. Shan); Some existing food processing and agro-business industries to build upon; Successful community forestry initiatives in place, including the establishment of Forest User Groups, and sustainable Upland agriculture and agroforestry models; An active civil society presence; Well-established tea plantations available for further value chain development; Widespread growing of CP corn presents opportunities to improve the social and ecological suitability of crop regimens; Many sites suitable for mini and macro-hydropower, indicating the potential to enhance access to electricity.

56. Agricultural practices within the subzone include shifting cultivation in hilly and mountainous areas, where staple crops of upland rice, maize, and millet are interspersed with tea, opium, cheroot leaf and temperate fruit tree plantations. Field crops such as pulses, vegetables, and oilseeds are cultivated more extensively on plains and plateau areas, and are gradually being overtaken by monoculture corn and commercial fruit tree plantations (e.g. orange, lychee, dog fruit), as well as cultivation of pineapple and watermelon. Sugar cane and rubber plantations are found on low-lying hills and plains near main roads leading to China. Households traditionally raised cattle and buffalo for draught power, although they are increasingly being replaced with tractors. This transition

is reportedly due in part to a high demand for beef in China, which has spurred the development of new commercial scale chicken and pig farms in the subzone.

57. The subzone has experienced armed conflict, resulting in many IDPs and the loss of their land, livelihood and food security. A conflict-sensitive approach is therefore required in the design and implementation of all programme interventions.

2.3.3 Southeast subzone agro-ecology

58. The Southeast (SE) subzone consists of the granite and limestone mountain ranges of southern and eastern Shan, Kayah and Kayin States. These form a continuum with the Yunan Highlands of China, Kayin and Mon States, and the Tanintharyi Region. Geographically, the area extends between 98° and 99°41' east longitude and 10° and 22° north latitude. The subzone is bounded by Thailand to the east, the Northern Shan Plateau in the north, and the Central Dry Zone, Sittoung-Thanlwin Plain and Tanintharyi coastal areas in the west.
59. The Shan-Kayah Plateau is located in the center of Myanmar's Eastern Highlands — the oldest mountain formations in the country. The Shan Massif continues southward to Kayah. Beyond Kayah State, the Eastern Highlands continue southwards to Tanintharyi. While some areas exceed 200 meters (e.g. the Ashaimyin Ahnaukmyin taung measuring 2362 meters), the majority of the plateau averages 854 meters in height. Where the Thanlwin River flows across the middle of the plateau from north to south, many faults and valleys are found in this region and that descend to wide coastal plains and wetland basins. Steep slopes of up to 75° can be found in the high mountain ranges, though the average slopes of the Shan-Kayah Plateau are just slightly above 10°.
60. Temperatures are much lower than in the Central Dry Zone due to differences in elevation. Average minimum temperatures are around 15°C, and maximum temperatures do not exceed 21°C. Average annual rainfall is 1413 mm in Taunggyi, 1221 mm in Keng Tung and 4000 mm in Hpa an.
61. Most areas in southern and eastern Shan and Kayah are covered by forest and scrubland (40% and 52% of the total area, respectively). The dominant soils are the S2 (65%) and S5 (34%) and S1 (alluvium and meadow soils) found within basin areas.
62. The combined major land use types of Kayin and Thaninthari regions are forest (73%) and scrubland (27%). The dominant soil types of the region are S2 and S5, which are by and large characteristic of forest soils.
63. Households in the subzone practice shifting cultivation only in remote areas. Tea, cheroot leaf plantations and opium are grown in high mountain areas by ethnic villages (i.e. south and eastern Shan, Kayah and Kayin). Commercial agriculture in the subzone occurs primarily within the lowlands and mountain valleys, with intensive cultivation of potatoes, tomatoes, cabbage, cauliflower, ginger, eggplant, and pumpkin. Other field crops grown on plain and plateaus of southern Shan (especially in Kalaw, Pindaya, Pinlaung and Nyaungshwe Townships) include groundnut, wheat, upland and paddy rice, and CP corn. Agro-forest and fruit tree systems may be found in Kayin, Mon and Thanintharyi, and where cardamom, beetle nut and large scale fruit, rubber and oil palm plantations are cultivated.

Table 3: Summarised SE Upland subzone agro-ecosystem/NRM constraints and opportunities

Subzone	Constraints	Opportunities
<p>Southeast Uplands (southern and eastern Shan, Mon, Kayah, Kayin and Thaninthari)</p>	<ul style="list-style-type: none"> • Continued active armed conflict (a need to ‘wait and see’); • Dispossession of farmers’ land by ‘legal land grabs’ and confiscation by the state army (E-Shan, Thanintharyi, Mon, Kayah); • Deforestation due to logging and mining (Shan, Kayin), palm oil and rubber (Mon, Thanintharyi) concessions; • Severe land degradation and soil erosion (S-Shan); • Intensive cash crop agriculture requiring high inputs, with uncertainty about sustaining profits; • Porous and long border prone to migration/labour shortages, human trafficking and illegal timber and wildlife trade; • Taxes imposed on NTFPs (e.g. cardamom in Kayin) restrict their trading potential; • Need for investment capital (rural financial services) to expand and improve agro-forestry systems (e.g. Kayin); • Financial service providers limit their operations to commercial agriculture areas, despite their proximity to vulnerable and remote Upland Areas. 	<ul style="list-style-type: none"> • Well-established market chains for local products that will be boosted by planned ASEAN highways; • Strong potential for producer and value chain development for organic vegetables and other agricultural products; • Well-developed knowledge and skills in commercial vegetable production (S Shan), ecological agro-forestry systems (Kayin), and rubber plantation and latex production (Mon); • Private sector investment for agri-business exists and could be expanded, including post-harvest value adding industries, vegetable and seed drying, animal feed production and agro-input trading; • Well-established tea plantations conducive for further value chain development; • A burgeoning tourism industry that could be tapped to develop opportunities and benefits for rural communities; • Ongoing policy work supporting tax exemptions for sustainably produced non-timber forest products.

2.5. Population

64. Population has implications on the developing programme and its potential to achieve value for money. A focused address is required that balances Upland vulnerabilities and needs (many of which are closely associated with ‘remoteness’) and opportunity (which may be associated with ‘connectedness’, or of more populated areas).
65. The Myanmar Ministry of Immigration and Population and the United Nations Population Fund (UNFPA) jointly launched provisional census results in August 2014, and main results were released in May 2015. As interpreted for Upland area programming purposes, the provisional results indicate a potential LIFT target population of approximately 11.7 million people, or ca. 22.8% of Myanmar’s total population.
66. Provisional census results (Table 4) indicate that population density is highest in northern Shan, followed in descending order by southern Shan, Kachin, Kayin, Tanintharyi, eastern Shan, Chin, Mon (south), Kayah and Sagaing (Naga).
67. The percentage of the population living in rural areas of Upland States and Regions differs slightly, with southern Shan in the first place, followed in descending order by northern Shan, Kayin, Tanintharyi, Kachin, eastern Shan, Chin, Mon and Kayah (and where the population in rural Naga hills is currently unknown).

Table 4: Estimated Population in the Upland Programme Area (Source: MIMU and 2014 census – provisional results)

State / Region	Townships included	Area (Km2)	Pop density	Population*	Households	HH Size
Chin	9	36,072	13	478,690	91,387	5.1
Kachin	18	89,039	18	1,643,054	269,234	5.1
Kayah	7	11,731	24	286,738	57,244	4.8
Kayin	7	30,385	49	1,502,904	308,217	4.7
Mon (South)	2	3,634	119	433,740	89,819	4.6
Sagaing (Naga)	3	13,386	9	116,952	18,788	6.0
Shan East	10	37,093	22	826,243	161,485	4.7
Shan North	19	60,559	43	2,585,666	495,024	4.9
Shan South	21	57,806	42	2,403,475	514,529	4.4
Tanintharyi	10	43,343	32	1,406,434	283,066	4.8
Total	106	383,047	31	11,683,896	2,288,793	4.8

* Only enumerated population, some areas in Kachin and Kayin were not enumerated (about 115,000 people to add).

2.4.1 Northwest subzone population

68. Within Chin, the population density of Tonzaang, Madupi, and Kanpetlet townships are reported to be 9 persons/sq.km, which is notably lower than other areas of the State. Population densities in all Naga townships range from between 6 to 12 persons/sq.km.²⁵
69. Ethnic communities serve as the traditional custodians of their respective Upland Areas and natural resources. The team believes that even at such low population densities, programme interventions safeguarding Upland customary land tenure and developing livelihood security for remote, lower population communities is justified. This is especially the case where Upland livelihood and food security improvements would safeguard important Upland natural resources and ecosystems and their generative flows to many additional downstream households and livelihoods.²⁶ Consultations at state and sub-state levels, and with potential LIFT IPs, will be useful in further gauging beneficiary targets, numbers, potential impacts, transaction costs, and value for money.

2.4.2 North-Northeast subzone population

70. In Kachin State, lowland commercial farming areas (e.g. Myitkyina Township), jade and gold mines areas of (Hpakant and Mogaung Townships) and areas where illegal logging is occurring (Bhamo Township) are noted to have relatively high population densities of around 50 to 69 persons/sq.km.
71. In Kachin, several townships are noted to have very low population density, in the range of 0.4 to 3 person/sq.km. The ethnic nationality groups living in these remote Upland areas require sustainable livelihood and food security support, and deserve the programme's further attention.
72. In northern Shan, townships including Nawngkhio, Kyaukme and Hsipaw have for the most part adopted intensive monoculture farming. The townships of Mabein, Mongmit, Namtu are more remote and have lower population densities, ranging from 10 to 30 persons/sq.km. Namhsan (50 persons/sq.km) previously developed tea as an important local industry. This industry is however declining, and there are significant opportunities to improve tea cultivation, processing and marketing.

2.4.3 Southeast subzone population

73. In southern Shan, Kunhing, Keythi, Laihka, Nansang and Mongkaing townships have relatively low population densities, of about 19 to 21 persons/sq.km. Given their remoteness, many households have been engaged in opium production.
74. Besides growing subsistence crops of upland rice, maize has been introduced more recently and is widely cultivated in the subzone. Maize seed is directly exported to China via the Hsipaw road link. Local road networks in the subzone are in fair condition in the dry season. Soybean is also grown, but not as widely as maize due to limited local market demand. If conditions were improved, for instance through the establishment of improved cultivars and oil expellers as is the case near Loilen, then soybean cultivation might be further expanded or even grown as a companion crop alongside maize. This would diversify smallholder incomes, as well as enhance soil fertility and thus contribute to

²⁵ Its noted the Yangon-based NGO, EcoDev is carrying out the GIS-guided communal boundary demarcation for some shifting cultivation communities in Nagaland.

²⁶ These benefits are considered substantial. Further stocktaking capturing their scale and value is required.

income stability in the longer term. Soybean meal and other by products might also be easily developed and marketed as aqua feed for delta and coastal area aquaculture.

75. Danu and Pao SAZ regions and Inle Lake zone in southern Shan have high population densities, and many local farmers are engaged in intensive commercial farming.
76. In eastern Shan, Lahu and Akha ethnics are found in Kengtung and also scattered in Mongkhet and Mongyang townships, where the population density is only 7 persons/sq.km. The entry of Chinese-owned rubber plantations in eastern Shan, Akha and Lahu taung-yar encroached upon farmlands used for shifting cultivation, resulting in the loss of land, sources of food and livelihoods of farming households. In this difficult position, local farmers were forced to sell their lands, and many now work as labourers on the rubber plantations. This area is still in need of interventions advocating and securing traditional land tenure, as well as technical capacity and awareness raising for improved sanitation, hygiene, nutrition and natural resource management.
77. Mese and Shadaw townships of Kayah State are small in size, and have low population densities. Mese notably holds great ecotourism potential as a border town where tourists flock to the nearby Mae Hong Son in Thailand. Most other townships in Kayah State are currently developing their industrial and extractives potential.
78. Thandaung Gyi township is the only upland area in Kayin State. Its population density is 26 persons/sq.km, which is around six times lower than populations found in the State's plain areas. Market access is improving in the township, and integrated horticulture and silviculture (agro-forestry) – integral to local community livelihoods and food security – is gradually being expanded.
79. Thanbyuzayat and Ye townships of Mon State have high population densities, where Mon ethnic people are concentrated in plain areas. Populations in upland areas are low, with ethnic Karen communities being primarily engaged in *taungyar* shifting **cultivation**.

3. Political Economy of the Uplands

3.1. Subzone Political Economy

80. Sandwiched between the regional super powers of China and India, Myanmar has for centuries been protected – and to a certain extent it still is – by the geographical barriers posed by its mountains. However, these mountain ranges and the consequent inaccessibility of many of the border areas have also hindered development of the Upland areas.
81. Remote and porous borders, with varying regulatory frameworks, capacities and interests, characterise Upland political economies. The borders have given rise to regular *out-migration* patterns and an outward-looking orientation, while remoteness and poverty incidence within interior Upland regions are attracting a burgeoning opium economy and drawing labour in this regard (*in-migration*).
82. Uplands ethnic nationality groups span official national boundaries and many have kin relations with communities on the other side of the borders between Bangladesh, India, China and Thailand. Upland dwellers tend to self-identify as one or another of the smaller non-Bamar, non-lowlander ethnic nationality categories, and their settlement patterns are historically associated with different elevations.²⁷ Over time, localised and regional conflicts, massive displacement, migration, and food security and livelihood drivers have produced highly diverse ethnicities. Ethnic diversity is a key feature of Upland area settlement, and natural barriers are associated with linguistic and cultural sub-group identification in some communities.
83. The complexity of the different non-Bamar ethnic nationalities has led to different dynamics in how groups relate to one another – including the relationship between a particular ethnic group and the government, the relationship among different ethnic groups, and within one ethnic community. Beyond the major ethnic groups and Ethnic Armed Groups (EAGs), there is need to consider the large number of smaller ethnic groups, often unarmed and living in remote locations, who are sometimes even further excluded and with different relations to the government (such as the Akha, Lahu and Rawang).
84. Managing Myanmar's diverse cultures and ethnicities has always been a difficult challenge for the colonial and post-colonial states. Following independence from the British, the Upland region was devastated by civil war, with ethnic nationalities seeking autonomy in their areas. Many believed that they had been treated as second-class citizen and were marginalized in power sharing without being given access, resources or ownership to develop opportunities as they saw fit. As a consequence, a number of ethnic nationalities began to assert themselves through armed conflict against the Myanmar government. The country's demographic composition has also challenged the country's development and peace process. According to the Southeast Asia scholar Benedict Anderson, Myanmar as a country has suffered from a geographic disadvantage that leverages the influence of minority groups, i.e., the minority populations are located in the border regions where they are able to transit from Myanmar and neighbouring countries such as China, India, and Thailand.

²⁷ For example, a defensible position of upland terrain and topographical surface suitable for shifting cultivation were the first selection criteria for settlement sites of the Chin tribes of pre-annexed times. Lower elevations are typically worked in by Palaung, who return to their home in Uplands before dark. Kachin and Karen may adopt a combination of permanent wet-rice mono-culture on bottom land, and shifting cultivation for upland rice on adjacent forested hill sides. The Shan –Danu have adopted lowland valleys in Uplands as their home for wet-land paddy growing.

“In different way, and for different reasons, each of these neighbours participated in Burmese politics by offering sanctuary, funds, arms, or political support to contestants within the Burmese political arena.”²⁸

3.1.1. Northwest subzone political economy

85. The political economy of the NW subzone is characterised by a border regime that at once allows for porousness but is also (in places) heavily securitised, due to the India-based secessionist movements that historically have been given refuge on the Myanmar side of the border in Sagaing Region and Chin States. Since India’s launch of its ‘*Look East*’ policy 1995, India has been engaged with the former and current governments, and has held on-going negotiations with the Myanmar Defence Services about security in this region. Until recently, India’s view of the borderlands with Myanmar was largely one focused on national security considerations and the expansion of its strategic footprint in Southeast Asia.
86. Throughout much of the NW Uplands, the presence of the central state has historically been spotty, allowing for the movement of armed groups, products and people between India and Myanmar. The food insecurity of farmers from Chin State has probably been a ‘push factor,’ as has been documented in many studies.²⁹ Food insecurity is a direct result of the difficult terrain, as well as historical bans on the transport of key food commodities across state and region borders.
87. The historically ‘light footprint’ of the national state in the northwest, however, has notably **afforded traditional forms of governance and customary tenure to be sustained**, even after the 1990s, when the Tatmadaw began expanding its presence in both Chin State and the Sagaing Region. While the arrival of state security forces resulted in occasional crackdowns on smuggling, migration and other movement across the borders, they often took the form of rent seeking and were arbitrary and random in their enforcement.

3.1.2. North-Northeast subzone political economy

88. The NNE subzone is probably the most diverse in terms of ethnicity and political economies, largely due to the varying experiences of war, drugs, migration and the exploitation of valuable natural resources due to these areas’ remoteness from central Myanmar.
89. In northern Shan State, resource wealth, smuggling and drug trade routes have been concentrated in the hands of non (or ‘anti’) state armed groups, with varying degrees of ceasefire implementation. Militia forces established decades ago by the state, but largely operating outside the chain of command, Chinese investors and brokers, and economic holdings associated with the Defence Services, are key players in the region. With the dramatic expansion of government defence services in the 1990s, ostensibly to promote development of the region, the number of army garrisons multiplied by a factor of 20 or more, and mega projects – such as the Chinese pipeline – eventually followed.

²⁸ Anderson, Benedict. (1998). *“The Spectre of Comparisons: Nationalism, Southeast Asia and the World.”* London; Verso.

²⁹ See by example: U San Thein. (August 2012). *Study on the Evolution of the Farming Systems and Livelihoods Dynamics in Northern Chin State.*

90. In northeast and eastern Shan State, so-called **'peace settlement groups'** (i.e., armed groups that concluded ceasefires in the 1990s) have largely been **in the driver's seat politically and economically**. Indeed, their authority was legalized by means of the 2008 constitution's provisions for 'special autonomy zones' (e.g. Mongla) and 'special autonomy divisions' (e.g. Wa). As was the case in the NW subzone, government presence in the Northeast and eastern areas was minimal before the 1990s ceasefires, and remains today almost non-existent in Mongla and Wa areas.
91. In contrast with India relations, **China's view of its borderlands with Myanmar has been considerably more proactive and intrusive**. Beijing, and especially the commercial and provincial elites in Yunnan, viewed the 1989 collapse of the Burma Communist Party (which had some moral – but little direct financial – support from the People's Republic of China, PRC) and the new ceasefires as a timely opportunity to reap the bounty of Myanmar's natural resources. Yunnan was at the time the poorest of China's provinces, and while the eastern seaboard had driven China's overall growth, Yunnan's remoteness constituted a major barrier to development there. At both the Yunnan and PRC central government levels, a series of **subsidies and other incentives drew Chinese companies into Myanmar for large-scale resource extraction** initially. This was later followed by two-way trade and development of hydropower (*Annex 5, Map ii*) and other commercial ventures, including plantation agriculture. Chinese companies made deals with the former regime, the families of powerful Myanmar generals, as well as with ceasefire groups, militias and other illicit forces operating in the northern subzone.
92. Since 2011, active conflict has resumed between the Myanmar Army (Tamadaw), and the Kachin Independent Army (KIA) and its allies: the Ta'ang National Liberation Army (TNLA); the Restoration Council of Shan State (RCSS); and the Shan State Progressive Party (SSPP). In the north, these clashes have resulted in over 100,000 IDPs in Kachin state³⁰ and over 5,000 IDPs in northern Shan.³¹ Human rights abuses have been reported, and perhaps as a consequence, both the drug trade and military activities have increased significantly.

3.1.3. Southeast subzone political economy

93. The SE subzone political economy is **still subject to unpredictable armed conflict and is host to immensely valuable trade routes and natural resources**. During the Cold War, Thailand not only tolerated but also facilitated armed insurrection along this borderland, which was seen as a buffer between anti-communist Thailand and socialist Burma (and, more relevantly, the PRC). As the Cold War drew to a close, Thailand grew closer to the early post-1988 military regime and reaped windfalls of energy and natural resource concessions. Armed anti-state groups along the borders have either been embraced or subject to repression at times, depending on Bangkok politics and the resources at stake. **Throughout the last 20 years, 2-4 million Myanmar people have crossed into Thailand – some seasonally, some with more permanence – for work in sweatshops, agriculture, the hospitality industry and domestic service (*Annex 5, Map vii*).**
94. These regions are subject to the regulation of shifting networks of Thai and Myanmar state agencies, the regulatory apparatuses of NSAGs, different branches of Thai and Myanmar police, ceasefire groups from the 1990s (some of which are now known as 'Border Guard Forces'), UN agencies, international development NGOs, factory owners, criminal gangs, tour operators, mercenaries, and religious authorities.

³⁰ Kachin News Group, 28 November 2013. "Myitkyina IDPs camps suffer food shortage."

³¹ Interview with Karuna Lashio, Social Services Director, 15 October 2014.

95. Fifty years of warfare in this area have resulted in a kind of **serial displacement that may be unique to the Southeast**. There are **refugee camps** along the border but few IDP camps (like those in Kachin and Rakhine states) inside Myanmar (*Annex 5, Map viii*). Instead, farmers have coped by moving – often as whole villages with social structures intact – a short distance from their fields whenever the violence and depredation have escalated, and returning when they have felt safe to do so. Some villages have been displaced in this manner 20-30 times over the last several decades.

3.2. From the ceasefires to a ‘Peace Process’

3.2.1. Government reform agenda

96. It is important to understand that international support for reforms and development planning are scrutinised in respect to the peace process, while by the same measure, social and economic development planning may be perceived negatively by ethnic groups. In Upland ethnic areas, even modest development undertakings have been perceived as: seeking to ‘buy peace’ and extend government control in ethnic areas without proper political negotiation; presuming in advance the outcome of negotiated settlements; disregarding long-standing grievances, and overall; undercutting meaningful consultation.

97. President Thein Sein has undertaken strategic reorganisations of ministries and departments. But these kinds of reorganisations are still in very early stages of implementation, so it is difficult to know how to proceed effectively and accountably.

3.2.2. Challenges to ceasefire arrangements

98. Since a series of bilateral ceasefires were negotiated between the Government and various ethnic armed groups³² in 2011 and 2012, there has generally been a reduction in armed conflict in the South East, although occasional tension and skirmishes still occur in Kayah, Kayin and Mon state due to ‘miscommunications’ and spurred by the movement of troops.³³

99. Sporadic outbreaks of violence have also occurred in southern Shan state and since 2011, hostility increased as well in the northern subzones. The reasons behind these clashes are complex and probably involve some of the following: i) elite competition over strategic and national interest on economic projects (i.e. highway, hydropower dams, oil and gas pipeline); ii) increased military build-up, particularly in the area where potential projects might be located; iii) government attempts to clamp down on illegal economic activities or to wipe out NSAGs; iv) NSAGs actions to eradicate and destroy poppy plantations established by the People’s Militia Force (PMF) and Border Guard Forces (BGF); v) distrust and suspicion regarding the movement of armed forces; and vi) failures to adhere to agreements over control areas.³⁴

100. More recently, since the latest bilateral ceasefires were signed, conflict-affected Upland communities have reported increased vulnerability to natural resource extraction. With increasing foreign investment and development plans supporting trans-border connectivity and trade, industrial estates, commercial agriculture, mining and logging, the opium economy and lucrative tax regimens have reinforced attempts by multiple stakeholders to centralize their authority and influence over the allocation of a depleting Upland natural

³² 14 out of 17 Non-State Armed Groups.

³³ Min Zaw Oo, *Understanding Myanmar’s Peace Process: Ceasefire Agreements*, Bern: Swisspeace, 2013.

³⁴ Burma News International. (2014). *Deciphering Myanmar’s Peace Process: A Reference Guide*.

resource base. Whether these groups (e.g. government, NSAGs, investors, extractors, etc.) proclaim and/or compete to represent either their own and/or the legitimate interests of communities, many local communities are becoming further marginalized in the process of economic reforms, and this has added further fuel to ethnic conflict.³⁵ Other notable sensitivities and emerging 'shadow economy' issues include concerns regarding eventual re-integration of combatants into more productive roles, and whether 'peace' may actually make their livelihoods and incomes more insecure.

3.2.3. The 'Peace Process'

101. In 2013, the government shifted focus from its work with individual ethnic groups to seeking a joint agreement with all NSAGs in the signing of a nationwide ceasefire agreement (NCA). In a point in fact: what is happening at present is not strictly a 'peace' negotiation. Rather, it is a negotiation aimed at producing a document – i.e. a 'nationwide ceasefire' – but that will have no binding authority. This represents an important (albeit symbolic) agreement to open a dialogue on what the future of the country (and its resource-rich Uplands) will look like.
102. 'The peace process' is as important to Myanmar's development as other areas of reform, including constitutional amendment and political and economic liberalization. The peace process is not a standard two-sided negotiation and does not follow any 'model' from other countries, except at the most abstract level of analysis. There are currently between 16-18 armed groups at the table (most, though not all, defined in ethnic terms), with widely varying interests, capabilities, territorial claims and agendas. The 'government' side is no less complex.
103. At the end of 2014/early 2015, the negotiation between the Nationwide Ceasefire Coordination Team (NCCT) and Union Peace-making Work Committee (UPWC) appeared 'stuck' and commitments to the peace process came into question. Issues that contribute to this situation include: disarmament (Myanmar army proposed Disarmament, Demobilization and Reintegration [DDR] before NCA while NSAGs have proposed a federal army); ceasefire codes of conduct; the recruitment and deployment of troops; and taxation. The NCA process was compounded by events in Kachin and areas in northern Shan State. Although discussions between the government and leaders of ethnic armed groups occurred in January 2015, and the NCA was due to be signed in February 2015, the main NSAGs including the KIO and its allies were not present at those talks (and indeed were fighting the government army at that time). If the NCA goes unsigned, the status of both NSAG governance and the 2015 general elections will also remain unclear.
104. While there are reasons to be hopeful that the current process has 'greater legs' under it, it is also important to recognize that 65 years of violence has created a reservoir of distrust that will not disappear with the signing of an NCA. Moreover, every stakeholder affected by the negotiations – armed group, military, government, private sector and civil society – is now embroiled in internal debates about whether the post-2015 government will uphold anything signed before then. Indeed, most are evaluating whether a better deal can be had in the next government.

³⁵ The Border Consortium. (2014).

3.3. Pre-existing tensions and conflict-related issues

105. The following sections discuss a number of key challenges and conflict factors that need to be considered by the Upland areas programme:

3.3.1. Governance

106. The Upland areas being considered by the programme have experienced state formation conflicts, and were never integrated into a single state/union. Unlike other states and regions, the governing systems and structures in many parts of Upland Areas are complex. There are three different type of administration and governance in Upland Areas, including: i) areas administered by the government, ii) areas administered by NSAGs; and iii) areas where both the government and NSAGs administer in parallel or in combination.
107. The structure of state and region governments has been established, and is intended to execute the policies of the Central (Union) government through decentralized structures. However, the decision making power still resides mostly at the Union level. The decisions involving economic projects in the ethnic nationalities areas are often made in a 'non-transparent' environment. For example, hydropower dam construction and mega development projects have resulted in forced relocation, land confiscation, and militarization. Critically, these projects have lacked proper analysis, meaningful consultation and effective engagement with other local power holders, including NSAGs who control some of those areas, local leaders and the community. Therefore, these projects have faced great objections from the local community and civil society, intensified the armed struggle between the government army and NSAGs, and contributed to ongoing mistrust.
108. Often, the state and region governments do not have full authority and coverage in the entire Upland area (for instance those areas controlled by NSAGs). In such cases, development projects being carried out by state and region governments in NSAG-controlled areas are perceived as a means of expanding government dominance and strengthening security or military presence in the area. It was also shared with the team during the assessment that government staff, being predominantly from Bamar ethnic nationalities, are perceived as an extension agency from the central government who do not fully understand ethnic nationality issues and concerns and are yet accountable to them. This weakens local trust in the central government.
109. One of the root causes of the protracted conflict is that the government is only engaged in ceasefire negotiation and is yet to engage in political dialogue addressing ethnic nationalities' grievances related to such issues as identity, security, and inclusion in socio-political and economic power. Although some dialogue between NSAGs and the government is beginning to happen, it is still very limited, and occurs only on an occasional basis rather than a regular or structured form.
110. Households play a limited role, if any, in political and economic reform processes, although there is some engagement from CSOs and CBOs in policy reform. Ordinary citizens lack access to information and dialogue platforms on change processes happening in the country, which prevents their meaningful participation in these processes. This is further compounded by a continued failure of state and local governments to address inequality and marginalization of the excluded and vulnerable groups (such as ethnic nationalities, smallholder farmers and other less privileged groups).

111. The self-administered zones (SAZ) set up under the 2008 constitution provision were meant to provide ethnic nationalities with a greater role in leadership and decision making power. However, many SAZ leaders expressed that they were still under the influence of the General Administration Department, and that the top-down practices over the past decades were barriers to more inclusive, bottom up and democratic approaches to Upland development.
112. The governance issues in Upland areas are often mentioned as constituting a risk for conflict between different forces and groups because they are related to the need for military and constitutional reform, which would ensure a more effective decentralization process to the states and regions (especially tax and revenue sharing) and address the lack of rule of law.
113. The intricacies of the relationships between various actors and stakeholders in the Uplands areas require careful analysis and management within each specific location. A stakeholder analysis was completed by the study and contributed to the study conclusions and recommendations.

3.3.2. Economic development

114. Remote Upland border areas are rich in natural resources, including: timber (teak and other hardwoods); precious metals (gold, tungsten, antimony, lead, rare earth); stone (jade, marble, limestone); precious gems (ruby, sapphire, spinel); as well as rich in its agro-ecosystems, land area, and forest products.³⁶ **The benefits derived from this natural wealth have historically bypassed local communities**, and continue to do so, contributing to resentment and conflict. On the other hand, it is also noted that local communities themselves are engaged in illegal activities (such as illegal logging and trading activities), and which may comprise their main livelihood and income sources.
115. In general, **Uplands communities throughout Myanmar have been marginalised from political and economic power**, while the logging bans, investment policies and market demands of neighbouring countries have resulted in rapacious resource extraction and commercialization of agriculture for export. The dramatic and sustained growth of the Asian regional economy has led to the unprecedented movement of people, capital and goods across these borders. **Displacement, dispossession and debt are an unfortunate 'norm' for many of Myanmar's smallholder uplanders.**
116. During the military regime (1988-2011), the imposition of investment sanctions was led by the US and resulted in withdrawal of most foreign aid. Myanmar managed by using its natural resources and strategic location to reach agreement with neighbouring countries such as China and Thailand and other ASEAN nations. Indeed, the ties with ASEAN and its neighbours, especially China and Thailand, were key in cementing the military regime's hold on power. **Myanmar 'natural resource diplomacy' was instrumental in shaping these foreign relations.**³⁷
117. Years of economic isolation and decades of violent conflict have left Upland areas with limited economic development. This has spurred informal markets, elite rent-seeking and more nebulous 'shadow economies,' for example where some armed forces are engaged in promoting the opium economy, unregulated investment, illegal trade and trafficking of persons, natural resources and guns across borders. Most economic opportunities are

³⁶ Myanmar Peace Monitor, Burma News International. (Sept 2013). "Economics of Peace and Conflict."

³⁷ Global Witness. (Oct 2003). "A Conflict of Interest: The uncertain future of Burma's forest."

monopolized and controlled by the traders, brokers or large companies (both local and international).

118. There is a slow transition from a centralised, planned economy to market-based economy. However, legislative reform and transition has yet to contribute to a more fair and just distribution of resources, in particular with regard to land and natural resource issues. The poor are mostly smallholder farmers who rely on agriculture but have little or no access to land use rights, factors of production and basic or extension services, so they are very vulnerable to economic shocks and debt cycles.
119. The proximity to, and porous borders with, neighbouring countries (particularly China and Thailand) also affect Upland local economies. Over the past two decades, there has been increased natural resource extraction, infrastructure development and commercial agriculture projects in border areas, with significant wealth being generated. Many of these projects have been fuelled by demand for food, energy and commodities within the region. While many of these projects are implemented, Myanmar Upland areas remain relatively poor and rural householders' land tenure system and food security are at risk. In addition, they impacted negatively on Upland natural resource and environment sustainability.
120. In supporting the Myanmar economy and regional connectivity, there is a growing emphasis on regional integration of economies, trade, infrastructure, and energy. Current plans include the 2015 single Association of Southeast Asian Nations Economic Community (AEC), the Silk Road initiative, the Kaladan Multi-Modal Transit Transport project and other hydropower dam construction projects. Nevertheless, the challenge remains of ensuring full political and economic inclusion of all different stakeholders in the Upland areas. The current lack of inclusion contributes both to entrenched political regimes and stakeholder relations that impede more equitable economic growth and the distribution of wealth. Thus, limited consultation and ownership potential in economic projects are likely to exacerbate the existing tensions and conflict in the Upland areas if they ignore the needs of key conflict stakeholders and promote increased resources for some groups over others. They may also further contribute to displacement, dispossession and debt among Upland smallholders.

3.3.3. Opium economy

121. Upland area livelihoods are highly dependent on agriculture and forestry. However, given the **limited alternative livelihood opportunities**, many people have sought security in the opium economy. Poppy cultivation has long been a feature in Upland areas, although it underwent a steady decline between 1997 and 2006. This was due to a number of opium bans in key opium cultivation areas declared by ceasefire groups in northern Shan State.
122. However, since 2006, opium cultivation in the Golden Triangle – Myanmar, Laos and Thailand – has doubled.³⁸ According to UNODC's 2013 report, opium cultivation increased by 13% (from 51,000 to 57,800 hectares) and opium production increased by 26% in 2013 to an estimated 870 tonnes, despite eradication efforts. The main increase has been in Myanmar, and especially in Kachin and Shan States (Annex 5, Map xi).

123. Additional concerns³⁹ regarding opium production include:

³⁸ Transnational Institute. (2012). *Financing Dispossession: China opium substitution programme in northern Burma.*

³⁹ Points provided by this report's Programme Review Committee.

- Opium is a cash crop, characterised by high value per weight and, therefore, low transport costs. Storage is not a problem, and opium tends to increase in value with age. Many remote Upland areas are ideal for its cultivation. Moreover, the market generally comes to the producer.
- Political instability raises villagers' liquidity preferences, and conditions which may favour the production of drug crops over food crops.
- Opium is one of the most effective medicines available to highland villagers in remote areas. In addition to controlling pain, it is an effective antitussive and anti-diarrheal medication.
- Opium frequently functions as a currency, underwriting liquidity across Upland economies and where persons growing opium are offered easy access to credit.
- Opium is more 'forgiving' of land than rice under shifting cultivation. A rice swidden can be used for three years at most. A good opium field can remain productive for up to 20 years.
- In China's Yunnan Province, Thailand, and, most recently, Laos, attempts to suppress opium production resulted in the unintended consequence of moving opium smokers to heroin use – first smoking, then injecting.
- There are high rates of drug use in several Upland Areas (for example in Kachin and Shan States).

124. Emerging issues regarding methamphetamine production in Upland areas have more recently been reported. This is closely related to the networks and trade of opium.

125. The Uplands Programme does not view itself as a drug eradication or replacement programme. Nevertheless, **poverty is clearly a key factor determining opium cultivation and the economy** in Upland areas, and where farmers are suffering from food insecurity.

126. The interventions of international NGOs, UN agencies and governments to provide farmers with sustainable alternative livelihood options have, thus far, been insufficient, and even counterproductive. As an example, China's opium substitution programme has promoted "short-term economic gains for Chinese companies" whose "resource extraction activities are threatening local communities' livelihoods and land tenure security, and have caused great damage to the environment."⁴⁰

127. The Programme recognizes the value of partnerships and learning, targeting its support to promote sustainable livelihood and income diversification initiatives on the whole in Upland Areas, as outlined elsewhere in this report.

3.3.4. Land Tenure and Dispossession

128. Land and tenure issues are potentially very contentious in Upland Areas. In 2012, the Vacant, Fallow and Virgin Lands (VFVL) Management Law was enacted. The act was intended to encourage investment in the agriculture sector and promote large-scale farming by agribusiness companies. Under VFVL law only permanent farmland can be issued a land use certificate. The shifting cultivation land (taungya land), which is a traditional, seasonal agriculture and tenure practice in upland areas, is not currently entitled to formal tenure security. The Farmland Law (March 2012) also states that land

⁴⁰ Transnational Institute. (2012). "Financing Dispossession - China's Opium Substitution Programme in Northern Burma." P. 3

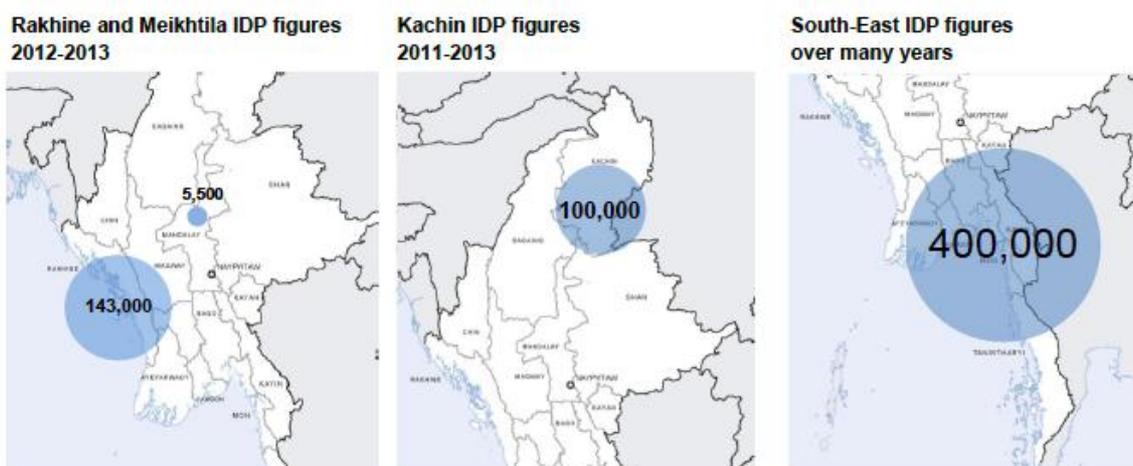
can be legally bought, sold and transferred on a land market with land use titles. While farmers have engaged in (informal) land transactions for decades, the major difference under the Farmland Law is that anyone without an 'official land use title', much like the VFVL law, stands to lose their land use rights, income and livelihood base.

129. Those lands without formal title may be classified as 'wasteland', leaving them open for economic concessions. Smallholder farmers in Upland areas without land certificates are unable to access formal finance (from banks or micro finance institutions) to invest in their agricultural productivity. This makes them prone to informal credit channels with high interest rates and leads to debt and further dispossession.
130. In addition, the Foreign Investment Law (FIL), approved in November 2012, may also pose additional obstacles for smallholder farmers, since it is intended to further liberalise land available to a wider market and encourage Foreign Direct Investment (FDI) into the country.
131. Land and forest resources under the control of ethnic nationality farming communities as well as NSAGs in Upland Areas are currently under increasing pressure of dispossession. Since VFVL law does not recognize customary tenure and practices in Upland areas, such lands are not formally or fully registered with the Settlement and Land Records Department of the Ministry of Agriculture. Furthermore, in the NSAG-controlled areas (e.g. in Kayin and Kachin States), existing land policies have not been taken into account or integrated in the new Union land policy. Except for land cases filed and sent to the Land Management Committee and parliament (Hluttaw) for resolution, there is currently no adequate mechanism to address conflicts in this regard.
132. Boundary disputes and demarcation issues are another dimension of land conflict in Upland areas. Land is not only the main source for livelihood, it also represents power, as a source of resources and wealth. In recent years, there has been an increase in clashes among NSAGs and between NSAGs and the government over boundaries. Some examples are the clashes between the Tamadaw and Karen National Union (KNU) army in Kayin State, and between the Pa-O National Liberation Organization and the Shan State Army (South) in Shan State. These conflicts are likely to continue if there is no guarantee to different armed groups on territor and administrative control of defined areas.

3.3.5. Internally Displaced Persons (IDPs)

133. The assessment team defines IDPs as people and groups who have been forced or obliged to leave their homes or places of habitual residence, and in particular as a result of, or in order to avoid, armed conflict, violence, and human rights abuses. IDPs may become temporary refugees when they cross an international border for a short period to seek shelter during clashes.

Figure 5: IDP snapshot, 2012-2013



(Source: OCHA. Nov 2013. *Myanmar: Countrywide Displacement Snapshot*).

134. The first two maps from the left margin (Figure 5, above) represent IDPs in traditional camps. The third is a vastly different experience. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA) countrywide displacement snapshot (November 2013), ca. **649,0000 persons have been displaced by violent conflicts**. At present, there is no accurate way to know how many of these IDPs originated from or reside in Upland Areas. The figure in 2014 may have changed slightly, with some IDPs returning and/or moving to other non-camp locations, though such changes would be minimal. OCHA reports that around US\$ 160 million is required to support their needs.⁴¹

135. Areas where large numbers of IDPs are currently located, include:

- The North-Northeast subzone (Kachin and northern Shan): IDPs in the NNE subzone have been living in camps for over two years. This situation is expected to continue over the medium to long-term. As such, the livelihoods of these people require special attention.
- The Southeastern subzone (southern Shan, Kayah, Mon, Thaninthari and Kayin States):

In particular in Kayah and Kayin States, IDPs are in high number and the peace process is opening up access to new areas. The subzone presents new opportunities for dialogue, negotiation, trust building and the review of policies and practices related to both the ceasefire and development.

136. While many long-standing armed conflicts have resulted in ceasefire agreements in recent years, other decades-old conflicts remain ongoing (for example in Kachin and northern Shan states). In most cases, there has been no clear agreement outlining refugee and IDP return issues, although there has been some discussion and several initiatives had been implemented.⁴² There has also been little progress with regard to demilitarization and withdrawal of military troops in the conflict-affected communities, and therefore, the security and confidence of IDPs to return remains in question.

137. Although some firm positions⁴³ on IDP issues (both by the government and NSAGs) have been presented, the results have been mixed at best. There is however a clear desire by the various displaced communities to return to their former areas, resume their livelihoods and move on with their lives.

138. While refugees constitute a significant population to be considered and targeted, plans addressing their status and resettlement in Myanmar are at present unclear. Furthermore, although there has been some discussion between the Myanmar and Thai governments, and among international community, development partners and NGOs working with refugees (particularly those located in Thailand), the NCA is yet to be signed and a

⁴¹ OCHA. *Myanmar: Countrywide Displacement Snapshot (November 2013)*

⁴² The Myanmar Peace Support Initiative and Myanmar Peace Center helps facilitate different agencies and actors to engage in assistance to and support of the IDPs. Although, MPSI is a government body, and currently has little to do with NSS and Kachin State.

⁴³ E.g. Rakhine Action Plan.

concrete plan for their repatriation and reintegration still needs to be agreed to by the Myanmar government and relevant NSAGs. A ‘wait and see’ approach is thus suggested. The LIFT Upland Area Programme work and approach with IDPs will nevertheless establish an important foundation and models for the engagement and/or potential to work with refugees in the future.

139. There are a series of fundamental questions that should be considered by Upland Programme IPs, for example: whether the returnees wish to or would be allowed to return to where they lived prior to their displacement; whether those who are unable to return to their places of habitual residence will be provided compensation; the extent to which government, NSAGs, and international community will provide economic and livelihood opportunities for returnees; how to address the issue of land confiscated by former governments, military entities, and crony companies; and ensuring returnees have land and/or other opportunities to rebuild their livelihoods and productivity.

3.4. Considerations regarding LIFT programming

140. As the peace process has advanced, LIFT has committed itself to identifying and seizing opportunities where possible to improve livelihoods and food security using a conflict-sensitive approach. While the Uplands Programme has not been designed to build peace per se, its operating environment clearly requires such conflict-sensitive programming. Inclusive **improvements to livelihoods and food security, rights formulation and access to new opportunities through the Uplands Programme could help to support peace.**

141. The LIFT Upland Areas Programme will be dedicated to supporting activities in ‘conflict-affected areas’ and/or ‘areas emerging from conflict’ defined as follows:

- **Conflict-Affected Area:** An area (defined by people and territory) impacted by ongoing or recent conflict, associated with a post-conflict, or experiencing an explosive or protracted series of events. These areas fall under the 1990s ceasefire agreement and are the focus of recent discussions between the Government and EAGs.
- **Area Emerging from Conflict:** Area (defined by people and territory) where bilateral ceasefires have been recently signed/ agreed with Minister U Aung Min and that are possible to access. Area where EAGs are present and where the governance and administration are mixed and/or run in parallel (i.e. both Government and Ethnic Armed Group).

142. While the distinction between the above areas is useful for planning, implementing and managing the programme, the team suggests that by more broadly **considering all Upland Areas of Myanmar as ‘potentially conflict affected,’** a useful programme position and important reminder can be developed, namely that **for LIFT, conflict sensitivity is important across the breadth of its proposed Upland commitments and actions.**

143. The political economy and existing conflict situation in Upland Areas poses serious challenges for smallholder farmers and rural households who are struggling to live and improve their livelihoods. Since little progress has been made in the area through national political and economic reform processes, and the ceasefire agreement, it also poses a dilemma for others (e.g. LIFT) who are engaged in trying to improve the situation.

144. The team recognizes that while LIFT is not a peace-building fund, political dialogue and peace are critical to any potentials for engaging in conflict-affected areas. The LIFT Fund will need to be comfortable with this role to operate in conflict areas.
145. The complexities and higher level of risk and lack of previous experience in most areas emerging from conflict suggest a need for **more rigorous analysis** and **LIFT FMO interaction for defining, identifying, designing and managing the Upland portfolio** on the basis of *Conflict-sensitive Principles*.

3.4.1. Managing conflict within the programme

146. It is suggested that LIFT should not jump quickly into an area that is highly contested by different armed actors without proper procedures and consultation with the government and NSAGs. The developments at Union, state/region levels, and especially at local levels – where the tension and conflict lie among different groups – must be closely monitored.
147. Unique monitoring mechanisms that manage both risks and opportunities and promote group dialogue and negotiation might need to be set up. LIFT is advised to negotiate with the government (at Union and state/region levels through mechanisms such as Steering Committees) and NSAGs, and to allocate sufficient time for appropriate engagement in active conflict areas.
148. ‘Three green lights’ evincing approval/support of key stakeholders for the operationalisation of programme work will be required. In particular, Conflict Sensitive Principle 2 (*Engagement with power holders*) and Principle 3 (*Stakeholder consultation and engagement to ensure transparency*) are recommended where IPs consider design and implement projects. Where possible, IPs will be encouraged to provide the government and NSAGs with the same materials and access: (e.g. natural resource management (NRM) capacity building, appropriate choice of development project, information and project monitoring provisions, etc.).
149. Dynamic environments, ‘social due diligence,’ scoping and monitoring and evaluation (M&E) systems will likely be required in many of these areas, and where trust building may take precedence--and in as much, M&E will need to utilise qualitative methods to solicit stakeholder views and perceptions.
150. Overall, the team suggests that LIFT and IPs should make efforts to be ‘process oriented’ (as compared to a ‘results’ orientation), in order to ensure high levels of consultation and engagement with stakeholders. There is need to devote enough time to build relationships and trust on the ground and at different levels and to conduct a lot of negotiations to build understanding among all relevant stakeholders and actors of the Programme’s interventions in conflict areas. These include beneficiary households as well as the government, NSAGs, CSOs and the private sector. Moreover, the Programme should encourage dialogue and linkages between different actors/stakeholders to solve common issues and achieve improved livelihoods and inclusive economic governance and development.

3.4.2. Partnership and stakeholders

151. The LIFT programme and IPs should consider channelling their support in a way that encourages partnerships and collaboration between power holders and beneficiaries, and

creating economic opportunities that support links between different actors and help to manage the risks of their working together.

152. The team recognizes that working inclusively with stakeholders/actors is significant for LIFT and IPs to improve the livelihood situation of rural household and smallholder farmers in Upland areas, particularly in highly contested and conflict-affected areas.

153. Key questions that need to be addressed in IP proposals, and as LIFT considers work within these areas include:

- How might LIFT ensure that its projects do not exacerbate conflict by excluding NSAGs (ceasefire and non-ceasefire groups), ethnic nationalities community and other groups in the Uplands?
- How might development assistance be channelled to actors and areas when the conflict between NSAGs and government forces is quite active and yet resolved, particularly in the Northern subzone?
 - The LIFT programme and IPs are advised to understand and strategically partner with local structures capable of connecting with local power holders (e.g. NSAGs) and that have working relationships with both communities and authorities.
- How might the needs of NSAGs and their communities be addressed without confronting the government who has power and control in those areas?
 - LIFT and IPs are suggested to engage and build understanding with the government and secure a 'green light' to operate in the restricted area. Evidence of this should be required in the proposal phase.
- How can the needs of smallholder farmers be brought to the attention of those in positions to influence the political economy context within which they operate? For example: the government and Tamadaw, NSAGs and other forces, the agribusiness companies, brokers and middlemen traders, and those who are involved in drug trafficking and opium economy etc.
 - On a case by case basis, where conflict is highlighted, LIFT and IPs will need to consider the necessity and appropriateness of relationship building with each stakeholder, and explore opportunities for the creation multi-stakeholder platforms that bring these actors together to discuss their livelihood and food security issues, needs and concerns.

154. Because of the potential complexity of the area – with many formal and informal groups/institutions – the following are some of the top level risks and proposed mitigations for managing consultation and potential partnerships with:

The Union government

155. The Union Government may create conflict by generating suspicion on the part of NSAGs and local groups that the Programme/an IP project undermines their efforts in peace process by supporting and strengthening the government through development projects.

156. A close relationship with the government (or certain government department) could, however, increase the 'external' legitimacy with others.

157. Where appropriate, the Programme/IPs are advised to consider:

- Making linkages to government projects, resources and investment plans that benefit the larger community.
- Ensuring that projects demonstrate that where they have engaged the government, that work addresses the concerns and needs of the community and other stakeholders (including NSAGs and ethnic leaders).
- Carefully consulting with many organizations and local groups who work with the government, and to find where there is value addition to the Programme.
- **Avoiding agreements with the government to begin implementing the Programme before having consulted and obtained agreement from NSAGs, ethnic leaders and their communities.** Clear evidence of such an agreement could be considered as part of the IP guidelines.
- **Focusing on capacity development for government departments, particularly in relation to governance, accountability and learning, so they can become more responsible to their community.** The Programme should also advocate for changes in policy and practice that contribute to more sustainable livelihood and development.

Non-state armed groups

158. Conflict stands to put both LIFT and IPs at high security risk – some areas are highly sensitive (e.g. Kachin, and the northern Shan areas where the fighting is still active), so some programme or organizations are not allowed by the government to engage or work in those areas. Furthermore, most of the NSAGs are technically ‘illegal’ organisations, therefore, LIFT and IPs may risk the relationship and legality of operation within the country or area.
159. **Many international organizations may not be able to interact directly with NSAGs, or may not be willing to do so due to the risk of jeopardising their relationship with government. Large NGOs are also at risk, and LIFT might consider providing ‘an umbrella’ or ‘subzone platform’ to ensure that they can interact meaningfully without risk of misperception from the government.**
160. In some areas, NSAGs are quite diverse, which leads to the risk of not choosing the right or representative partnership/ stakeholders. This could ultimately affect Programme results and effectiveness. Sometimes those whom the programme chose to work with could gradually become ‘gatekeepers,’ and hinder project progress.
161. Some NSAGs do not have strong legitimacy within their community.
162. As LIFT and IPs intend to operate in and across the complex administrative and governance functions present in many Upland Areas, **both the plans and policies of the government and NSAGs in locales must be considered in programme development.** Consultation and discussion with all stakeholders and communities should be incorporated at an early stage into the design of the programme, and should reflect analysis/discussions regarding the appropriateness of how to proceed and implement such policies. Even where policies formulated by NSAGs or the government may not be recognized by the other party, LIFT and IP programme efforts must still consider all policies as relevant and aim to address them to the benefit of local communities.
163. Where appropriate, the Programme is advised to consider:

- Reaching out to local communities or local ethnic leaders and consulting with them on how to best approach the NSAGs.
- Ensuring a wide range of groups are engaged in the Programme and, where possible, such as in areas emerging from conflict, work with the liaison office on development and capacity development initiatives that are in line with the bilateral ceasefire agreement.
- Take time to build trust and understanding between NSAGs and the Programme before making any agreement to enter into a formal partnership.
- Ensure the government acknowledges and agrees to engage with NSAGs and work in conflict-affected areas. While this approach could put the Programme at risk, it is essential to try to explore such initiatives with the local authorities, state and Union governments.
- It may not be wise at the moment to provide financial support to NSAGs. Instead it may be better to engage and develop their capacity (if the environment permits). For some NSAGs, for example KNU, where policies are in place to facilitate development and humanitarian aid in their communities, the team proposes that the Programme should make efforts to understand and follow such a policies if they are in line with development practices.
- Ongoing monitoring of the project and partnerships is particularly important in conflict-affected areas.

Local authorities

164. **The capacity of IPs and the programme to engage with township level authorities in mixed control areas** is an issue that needs to be addressed. Some partners indicate that township authorities feel they are not allowed to interact sufficiently with the NSAGs (and where stakeholders in general must be met in separate/successive meetings). State level authorities have more capacity to do so, but remain dependent on the approval of the Union presidential office for even simple meetings.
165. This means that local level authorities are still very reluctant and poorly equipped to build meaningful engagement in areas of mixed control, even with regard to what may be wholly technical aspects. This situation varies across states, but will be a considerable obstacle for IPs to consider as they build relationships and dialogue.
166. The Programme may be dependent on Union level approvals to operate in most areas emerging from conflict. **These are issues crucial to programming and that require LIFT's attention and clarification.**

CSOs and NGOs

167. Many local groups in the newly accessible areas are not registered and will likely remain that way until they have sufficient confidence of no interference by government. The programme is **advised to consider both registered and non-registered groups**, international or local, and ethnic based.
168. Taking side to the conflict parties (e.g. NSAGs) because some organizations are ethnic based and may have some feeling and sentiment toward the government, or one group over the others.

169. Many CBOs are weak in capacity to engage with different actors, e.g. including armed forces and the private sector. (How might LIFT facilitate?).
170. If the funding or programme is only targeting well established organizations, then there is the risk of marginalizing the representatives from local communities who may be informal and not well structured but have the right ideas and/or be well connected across parties in conflict.
171. If/where NGO/CBOs not understand the complexity of the area and specific issues of the community and conflict actors, there are risks of the programme doing harm to the peace and development process being initiated and implemented in the area.
172. Civil society and local community identity and security may also be put at risk where they expose themselves by working in the conflict area, and engaging with NSAGs and other armed forces. In considering the security of INGOs/CBOs and of potentially requiring LIFT to maintain a 'low engagement profile in such areas, the following issues arise:
- Is LIFT willing to assume a low profile?
 - LIFT should ensure that funding allows IPs and CBOs to do appropriate context analysis and build relationships with the local community where their programme is operating (i.e. via project preparation funding).
 - Develop the capacity of local CBOs, and where capacity may not only target livelihood or technical capacities and support, but also including:
 - awareness and understanding of natural resource management, legal frameworks (in extraction industry and transparency initiative, and farming contract), etc.
 - In addition, the negotiation, dialogue capacity, stakeholders' analysis and engagement, development of communication strategies, in bargaining power and facilitation competence to promote constructive engagement of CBOs with other conflict actors and the government.
 - With communication outreach and identification of potentials, further diversifying and reaching out with LIFT funding to different and new civil society actors in the area.
 - By example, to small groups that are active but yet able to connect across conflict parties. The funding could be a small amount, with support in financial management and reporting capacity for accountability issues.
 - Local context, conflict dynamics and local language are highly considered in reaching out and approach local groups in conflict-affected area.
 - LIFT would need to operate in a terrain that balances its oversight requirements with respect for the analysis and decision of CBOs when they could or could not implement certain activities. (This could be identified carefully in risk management during full proposal stage). Effective programming and their security must be balanced, and some funding flexibility would be required.

The private sector and businesses

173. The private sector may, or may not, be interested in engaging with the Programme. They might simply use the Programme to expand their business activities and control, and in ways that may or may not benefit, or be appreciated by the community and CSOs.
174. The approach used should emphasise constructive engagement by the Programme or IPs. An example is when businesses involved in mining, hydropower and agri-business may, or may not, practice international standards related to social and environmental issues.
175. Where appropriate, the Programme is advised to consider:
- Where extra effort might be needed to keep engaging the private sectors because they may have little interest.
 - Working with the state/regional governments and local authorities to put in place the legal framework for participation from private sector. Other stakeholders to work with include the Trade Promotion Department, national and local chambers of commerce and industry, and institutions that have extensive business community networks.
 - Linking to government initiatives and policies and developing their capacity with regard to transparency initiatives and corporate social responsibility, economic governance, international standards, and norms and practices in private sector engagement.
 - Building the capacity of businesses, including through technical inputs, assistance in working with and between farmers and their groups, human rights, grievance handling, dialogue, and public consultation and engagement.

3.4.3. Working with IDPs

176. Given the large numbers of IDPs requiring significant support and attention, the fragility of current peace negotiations and ongoing clashes in Upland Areas, the team suggests that the Programme consider how IDP issues, their needs, concerns and security could be addressed within IP project design and implementation. Consultation with IDP communities is a must for IPs before moving to any intervention.
177. A specific IDP sub-programme is suggested in this regard and the allocation of LIFT fund for 'conflict-affected areas' might be usefully focused on IDPs either inside or outside of camps. This includes persons, households and communities who face a history of regular displacement (either permanent or temporary) and who seek the security necessary to stabilize and improve their well-being.
178. Before commencing any funding on IDPs issues, LIFT is advised to consult with local groups – for example, the joint strategy team in Kachin and North Shan who work on IDP issues – as well as taking the time to discuss with a range of IDPs to identify and reflect their needs, interests and concerns in the Programme.
179. The Programme recognizes that addressing IDPs' individual and community needs is likely to include not only the provision of small infrastructure, training, livelihood and food inputs and seed packages, but also a willingness to support discussion (both with IPs and on the LIFT FB) on key human, livelihood, property and resource access right issues with different actors (especially key conflict actors) and other relevant institutions.

180. It is suggested that in the first place LIFT should focus on its core business, which is about livelihood restoration. LIFT might consider support for:

- Education and vocational training;
- Physical and technical inputs for livelihood development – related to agriculture, off-farm employment, trade, small business start-up, etc.;
- Affordable micro-credit;
- Psycho-social support;
- Facilitating IDPs and host community planning to meet their own needs, and ensure IDPs' participation in local development planning;
- Resettlement and reintegration (where the political situation is improving). This would only be possible on a small scale, although it might be linked through to the work of other development partners;
- Small-scale demining, where necessary, to enable IDPs to put their land back into productive use;
- Facilitating dialogue between IDPs, NSAGs and government to ensure that IDPs' concerns and needs are addressed within the frame of the dialogue and negotiation process. LIFT or IPs could support this consultation and coalesce issues and practical needs information to feed into the peace process and negotiations between government and NSAGs.

181. Modalities: There has been important learning regarding other's experiences and approaches with IDPs, and this should be incorporated into LIFTs Upland Programme for IDPs. For example:

- i. Focusing solely only on humanitarian aid limits possibilities for addressing long-term livelihood options. This occurred where agencies failed to closely monitor the political and economic situation, and particularly the conflict and violence committed by conflict actors, and their impact on the situation of IDPs;
- ii. Limited access to IDPs due to security concerns remains an important consideration. In many areas, it remains unclear whether this was due to government and/or NSAGs legitimate security concerns or other agendas, or because of the infrastructure limitations, or a combination of both. Here again, regular monitoring of the security situation is required;
- iii. The fact there are inherent difficulties in identifying IDPs and their needs, both short-term and long-term, as well as ensuring the understanding of the traditional community support and leadership structure. Conflict-sensitive programming is imperative to project design and implementation.

182. The team further suggests that the Programme:

- Consult with INGOs, CBOs, government, NSAGs and others who may be involved with IDPs to learn from and understand their perspective. All discussions should employ conflict-sensitive principles;
- Secure site access from Union and state-level government and local powers (i.e. NSAGs and ethnic leaders);
- Select and visit camps to discuss parameters assisting sub-programme design;

- Work with local people, CBOs/CSOs and NGO networks who have greater access to IDPs, and encourage their inputs in the sub-programme's design;
- Empower IDPs to actively engage as capacitated stakeholders, and not only as beneficiaries;
- Differentiate affected IDPs, for example, children, women, adult and different ethnic and religious groups to ensure their specific needs, and concerns are heard and incorporated;
- Develop a focus on community-based programming. This will lead to discussions regarding security, rehabilitation, social justice and reconciliation, social and economic wellbeing and good governance;
- Continue to seek comprehensive coordination to: i) ensure the programme is addressing pertinent needs and wider strategic issues; ii) harness the collaboration of different actors and development partners, and; iii) ensure the overall impact and effectiveness of the sub-programme through committed partnerships, monitoring and adaptive management.

183. As noted, the programme approach and model will need to maximize community participation in decision-making processes relating to the allocation of resources and how to address the community needs and issues, especially the IDPs themselves, while not neglecting the host village in the targeted area. More broadly, the approach will build a strong sense of community ownership as well as strengthen local community mechanisms' abilities to address the needs of the most vulnerable.

184. Before (new) IPs engage in project design, LIFT should ensure they would be adopting the correct approaches, and have an overall view of issues and needs of IDPs, relevant stakeholders, etc.

185. IPs will need to factor in the general assessment and connect these issues and needs to the overall peace negotiation process and ceasefire agreement (both national and bilateral agreement) to ensure that the specific target and projects will contribute to the overall and broader positive impact of the situation of conflict and IDPs in the country.

186. Furthermore, the programme would need to set the foundation for further discussion, dialogues and negotiation of IDPs issues, needs, and concerns (on livelihood, property, reintegration and resettlement and resource access rights) with key conflict actors – government and NSAGs – and other stakeholders (local leaders, national and international agencies).

4. Food security and livelihoods in the Uplands

Myanmar's Upland areas are complex, and rapidly changing. The context demands pragmatic responses that are culturally and context appropriate, with approaches well-grounded in on-going and transparent consultation. In aligning the work with LIFT's main goal and new strategy, the programme enters the Upland areas through the 'doorposts' of poverty and food security.

4.1. Upland Poverty

187. The team acknowledges that, to date, it has been uncommon to group and present data for Myanmar Upland Areas as a specific category, and that available data is usually aggregated by administrative area (such as individual states and regions). While the reliability of obtainable data is noted, the team nevertheless attempts to draw upon available statistics across a number of 'Upland' states/regions to underscore meaningful Upland Area themes.

188. Myanmar is endowed with abundant natural resources. While it was once the richest country in South East Asia, after decades of military dictatorship, conflict and isolation, it has become one of its poorest. From a statistical perspective, the rate of poverty for Myanmar is 25.6% (urban 15.7%, rural 29.2%).

189. Compared to Myanmar lowland areas where poverty stood at 21.6% (urban 16.9%, rural 26.4%), the poverty incidence rate was greater in Upland areas at 27.7% (urban 20.04%, rural 35.32%) in 2010 (Table 5 and 6, below).

Table 5: Poverty Incidence, State/Regions with Uplands, 2010

Upland Area	Poverty incidence				
	Urban	Rural	Overall	% of Total	National Poverty
Kachin	23.4	30.6	27	2.6	2.9
Kayah	2.3	16.3	9.3	0.3	0.1
Kayin	16.8	17.5	17.2	2.8	1.9
Chin	52.1	80.0	66.1	0.7	2.1
Sagaing	16	14.9	15.5	10.3	6.1
Tanintharyi	16.7	37.5	27.1	2.7	3.5
-Shan (S)	8.3	31.2	19.8	3.7	3.6
-Shan (N)	16.3	43.1	29.7	3.5	5.1
-Shan (E)	28.6	52.3	40.5	1.1	1.9
Mon	17.8	16	16.9	4.3	2.7
Rakhine	22.1	49.1	35.6	7.2	12.2
Upland	20.04	35.32	27.7		

Table 6: Lowland Poverty Incidence, 2010

Lowland Area	Poverty incidence				
	Urban	Rural	Overall	% of Total	National Poverty
-Bago ⁴⁴ (E)	20.9	20.1	20.2	5.6	4.4
-Bago (W)	15.6	15.9	15.8	4.5	2.8
Magway	15.8	28.2	22.0	8.5	8.9
Mandalay	14.1	31.6	22.9		15
				14.4	

⁴⁴ It should be noted that Bago contains some Upland areas.

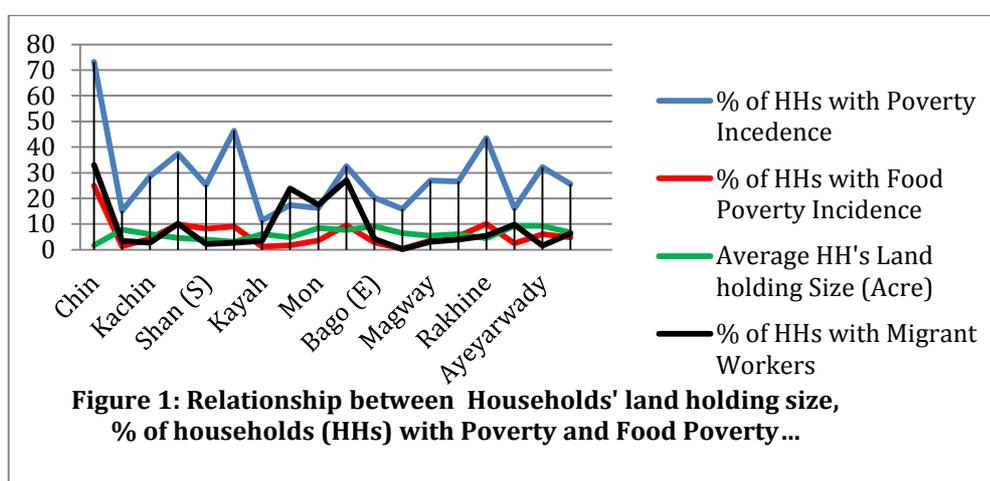
Yangon	11.9	28.7	20.3	12.9	8.1
Ayeyarwady	23.1	33.9	28.5	14.8	18.6
Lowland	16.9	26.4	21.6		

(Source: IHLCA, 2010)

190. In the Uplands, **Chin State stands out with the highest poverty incidence (at 66.1%)**, followed by Eastern Shan (40.5%), Rakhine (35.6%), northern Shan (29.7%), Thanintharyi (27.1%), Kachin (27%), southern Shan (19.8%) and Kayin, Mon, Sagaing and Kayah at < 18% respectively.⁴⁵

191. Table 7 below illustrates national and sub regional levels of: i) poverty (income/non food poverty); ii) food poverty and; iii) migration (a rough indication of a number of vulnerabilities, including local wages and remittances, conflict, and demographic shifts.)

Table 7: Poverty at State and Sub-region Levels, 2010



Source: Data combined from IHLCA 2010 and "The role of remittances for poor and non-poor rural and urban households in Myanmar" (UNDP, 2012).

192. According to the Integrated Households Living Conditions Survey in Myanmar Poverty Profile,⁴⁶ with some exceptions, **poverty incidence is often higher in Upland states than in either regions or lowland areas** (Table 5-7).

193. Out of the national total number of 324 townships in the country the following broad trends can be observed:

- 52 townships were classified as being extremely vulnerable;
- 49 townships were classified as being highly vulnerable;
- 62 townships were classified as being moderately vulnerable; and
- The remaining 122 townships were found to have a relatively lower level of vulnerability.⁴⁷

⁴⁵ In the same ranking, but with alternate figures see: Tiwari, Bishwa Nath, Shafique Rahman, Khine Tun (2011). "Poverty, Food Insecurity and Vulnerability: Issues and Strategies (Myanmar)". These data show that Chin stands out with the highest poverty incidence (at 73%), followed by Eastern Shan (46.4%), Rakhine (43.5%), Northern Shan (37.4%), Thanintharyi division (32.6%), Kachin (28.6%), Southern Shan (25.2%) and Kayin, Mon, Sagaing and Kayah at < 20% respectively.

⁴⁶ UNDP. (2009-2010). http://www.mm.undp.org/content/myanmar/en/home/library/poverty/publication_1/.

Figure 6: Region/State Mapping of the Proportion of Households in Poverty



(Source: Data combined from IHLCA 2011 data, copied from “The role of remittances for poor and non-poor rural and urban households in Myanmar” UNDP, 2012).

194. As determined by potentials and capacities for food production and opportunities for income generation, in 2003, 29 of the 52 extremely vulnerable townships were located in **Shan State** (which is composed of 54 townships with 15,513 villages). All townships (9 townships with 1,355 villages) in **Chin** and two-third of townships in **Kachin** State (18 townships with 2,630 villages) are also reported to be highly vulnerable.⁴⁸
195. It is acknowledged that the information above is out of date. Additional and more up to date information regarding vulnerable townships is required.⁴⁹
196. According to recent personal communications with the Director, MNPED of Shan State, there are 14 townships with about 3401 villages that have the problems of accessibility with limited livelihood opportunities in current years. Similarly in Kachin State, about 8 townships comprised of 1191 villages were considered to be vulnerable townships (based on one local NGO’s rating system).
197. While poverty incidence data is useful to considering Upland Programme targeting, it must be grounded in additional concerns, notably: state and local commitments achieving poverty alleviation and food security; IP working histories in these areas; their capacities

⁴⁷ UNOP-MYA. (2003). Report no. 03/059.

⁴⁸ *Ibid.*

⁴⁹ Significant information deficiencies were encountered and that could not be addressed within the time frame of the assignment. It is noted the team made numerous and concerted efforts to obtain state, region and township level data, including directly contacting relevant officials and stakeholders in Kachin, Shan North and South, Tannintharyi, Mon and Naga states. Where information was provided, this tended to be qualitative and/or completely outdated. LIFT and IP State/region and township level consultations for further targeting within subzones are required.

and expertise; local level estimations of opportunities and vulnerabilities; and potential for complementarity and leveraging.

4.1.1. Northwest subzone poverty

198. In the interest of investigating NW subzone poverty, the aggregate poverty incidence is 73.3% for Chin State, and 15.1% for the whole of Sagaing region. Although there were no separate poverty incidence data available for the Naga area, it is surmised its poverty rate would not fall be lower than 40% given significant deficiencies in transportation and communication infrastructure, limited access to markets, public social, financial and technical services.
199. Of all Myanmar states/regions, Chin is the worst off in terms of both food and overall poverty. Migration is also consequently the highest in Chin, where it's adopted as a coping strategy to solve food income poverty.
200. Overall poverty incidence is 15.1% and food poverty incidence is only 1.3% in Sagaing. Quantitative poverty incidence data for Naga Self-Administered Zone (Naga SAZ, 'Naga land' or 'Naga Hills') were not available. However, it is not unlike remote areas of Chin, where both practice shifting cultivation for subsistence. Naga SAZ is comprised of three townships: Leshi, Lahe and Namyum. Accumulated evidence gathered in team communications with local NGOs and SAZ agricultural staff indicate both income and food poverty in that area are driven by limited food availability and poor accessibility, with the worst poverty found in sub-township areas of: Htan Per Gwe, Don Hee, Nan Yun, La Hei, and Mo Bile Lut.
201. To date, remote areas of Chin and Naga hills (along the border with India) have received minimal development programme interventions of either government or development agencies. Periphery areas along the Manipura River are steep, fragile and prone to erosion due to limited suitable land available for agriculture. More generally, the post-2011 sub union governments in Chin and Naga Hills have, however, started to invest in rural infrastructure in these areas, which has begun to enhance accessibility to some of these areas.
202. The Head of Naga Special Administration Zone is selected by members of the Leading Body from elected State/Region *Hluttaw* representatives and is appointed by the President.⁵⁰ The Chief Minister of Sagaing Regional Government backs up the Head's functions. The Border Areas and National Races Development Affairs Department has carried out infrastructure connectivity in Nagaland, recently extending earthen road construction up to ca. 485 miles (including 133 miles from Lahei through Don Hee to Nan Yun).⁵¹
203. Households' land holding size, which is mainly limited by the farming practices and farm tools used in Chin and Naga hills (i.e. not as much by available arable land), and limited technical knowledge keep farmers in subsistence or under subsistence conditions.
204. In this regard LIFT support might provide essential resources and capacity building for sustainable agriculture and livestock keeping, agro-forestry, niche product and cash crop growing, etc., to move forward from upland rice-based subsistence toward better market links and more suitable on- and off-farm skills to help these areas reduce poverty and ensure food security.

⁵⁰ Constitution Sec. 262 (f)

⁵¹ Team communication with Naga SAZ administrative staff.

4.1.2. North and Northeast subzone poverty

205. The overall poverty rate in Kachin State (upland and lowland areas) is 28.6%, and 37.4% in northern Shan State upland and lowland areas.⁵² The recent production of commercial monoculture crops, e.g. jatropha plantations⁵³ for biofuel, plantations of rubber, sugarcane, teak and other perennial fruit trees implemented utilizing private sector⁵⁴ and IDA funds (e.g. under a Chinese opium crop substitution programme) goes hand-in-hand with land confiscation by the state for agri-business and has resulted in the dispossession of small farmers' from their land.⁵⁵ Armed conflict in the subzone has also caused displacement and poverty.

206. Over the last fifteen years, high yielding maize varieties promoted through contract farming developed by Charoen Pokphand Group (CP) and its contractual branches in light of rising demands for China-based poultry feed have led to significant numbers of farmers in Shan State converting to growing of corn. The result has not benefited all farmers in the same way, and while profitable to some, others have experienced only moderate increases in farm income. For many small farmers, converting to CP corn has meant only low yields but at high input costs.⁵⁶ There are nevertheless a variety of contractual mechanisms available, and that LIFT might choose to explore further (Table 14). Prolonged dry spells occur on average every three years in maize growing townships, and this has exacerbated low yields.

207. Where smallholder farm families shift limited land, labour and resources from subsistence and local production to CP corn-based commercial production, they might experience increased rates of malnutrition and/or under-nutrition in transition. This might also result where smallholders inadequately adjust to the substitution of cash purchases for securing food needs. In either case, home gardening options and improved low cost/low input techniques – raising yields and protecting soil – should be considered wherever commercial contractual monoculture and maize farming are undertaken.

208. In the Palaung Special Administration Zone, smallholder based traditional tea estates has advanced over the years with the significant inputs of seasonal migrant labours coming from the dry zone to pick tea leaves. Today Palaung tea is impacted by severe natural resource depletion (i.e. soil and water degradation) and severe competition from the Chinese tea industry. This has likely contributed to opium cultivation and resulted in many migrants moving on to other places for work, and outside of the country. At present, local tea estates experience labour shortages, and the revival of Palaung tea industry is being considered through restoration and protection of its natural resource base.

209. Pest and disease hazards and declines in crop prices occur every four years, on average. Where handled inappropriately, **excessive use of pesticides** in intensive cropping has proven **unsafe for both farm producers and consumers**.⁵⁷ This is also the case in southern Shan, and the South East.

⁵² IHLCA, 2011

⁵³ As much as 3 million hectares are being proposed to provide national fuel security through cultivating jatropha for biofuels. Chao, Sophie ed. (2013). "Agribusiness, large scale land acquisitions and human rights in SE Asia." Forest Peoples Programme. P. 4

⁵⁴ Key investors are coming from China, Thailand, Taiwan, Hong Kong, Singapore, India, Malaysia, Vietnam and South Korea. *Ibid*, p. 4

⁵⁵ See: Transnational Institute. (2012). *Financing Dispossession: China opium substitution programme in northern Burma.*

⁵⁶ See: Woods, Kevin. (Sept 2014). "CP Maize Smallholder Production in rural Shan State, Myanmar: Debt, Dispossession and Differentiation." Land Core Group.

⁵⁷ See by example:

- Mya Thwin, Thet Thet Mar. (2003). "Current Status of pesticide residue analysis of food in relation with food safety." FAO, WHO;

210. For longer-term sustainable use of lands, organic composting at farm levels, and integrated pest management and organic manure production at both community and industrial levels will be useful to developing the suitability and resilience of numerous Upland Area commercial and subsistence farm practices.

4.1.3. South and Southeast subzone poverty

211. South and Southeast subzone poverty incidence is for upland and lowland areas as follows: **46.4% for Eastern Shan, 32.6% for Tanintharyi**, and 25.2% for southern Shan, with the rest of the areas falling below 20% in (ascending order): Kayin, Mon and Kayah states. Eastern Shan State suffers similar land dispossession issues due to China's opium crop substitution programme and land confiscation by the state army.

212. The majority of households in Upland areas identify as small ethnic groups who practice shifting cultivation, while Shan ethnic groups tend toward lowland paddy cultivation. Pao and Danu ethnic groups practice commercial vegetable production using high input and intensive agriculture practices in southern Shan, and suffer from unstable farm market prices, debt through broker input/credit/purchase arrangements, and degrading steep slope upland soils.

213. The excessive use of pesticides and chemical fertilisers on the intensive cash crop and vegetable growing areas has been causing intoxication/illness to farmers, and rendering food unsafe for consumers in this subzone as well.

214. Intensive crop growing in Danu SAZ has caused soil fertility declines and required expensive and time-consuming soil amelioration.⁵⁸

215. Kayah State represents only 1.7% of Myanmar's land area. Despite its size, the topography varies from 450 to 6000 ft. above sea level. Kayah State occupies the southern part of the eastern highland. Population density averages ca. 24 persons/sq.km. Poverty incidence trends in Kayah State lowland and upland areas are ca. 11.4%, or 14.22% below the Union level.

216. Kayah State is bounded in the east by Mae Hong Son district of Thailand, Pekon township of Shan State in north, and Taung Oo district of Bago Region in the west and thus **ideally suited for trade, transit trade and tourism** under anticipated ceasefire agreements in the near future. There are ca. 400,000 tourists a year in the vicinity of Mae Hong Son, from which tourism routes could be developed through the Kayah border town, Mae Sae. Mineral deposits and hydropower potentials lay the foundation for development under responsible investment schemes. Lack of regional security, illegal logging, deforestation and large numbers of IDPs pose major barriers to development. There will be **a great need for the settlement of IDPs** when/where peace is brought about.

217. Kayin state is rich in natural resources and endowed with vast areas of fertile lowlands and wetland area, suitable for irrigated commercial agriculture and all the way into delta areas adjacent Thanlwin. Rubber plantations and tropical humid perennial fruit crop trees are found in low-lying mountain areas, as well as arcana nut, teak and other hardwood

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- Nga Htun. (July 18, 2011). "Farmers at Risk of Pesticide Poisoning". The Irrawaddy.
 - The Irrawaddy, (2009). "Melamine, Chemical Dyes—What's the next poison to spike Burmese Food?" Vol. 17, No. 3.

⁵⁸ Other means achieving soil restoration and fertility enhancements could be explored via the programme. For example, wild sunflower is grown locally, is rich in phosphorus and useful in improved compost making/soil.

plantations.⁵⁹ Based on field observations during field trip and discussion with local communities, while recently emerging from conflict, farmers hill areas visited had good road transportation and market access. There were **strong eco-friendly agro-forestry systems** and substantial primary income earnings from various crops including: cardamom, mangosteen, coffee, durian, dog fruit and forest trees.

218. The main constraint for farmers included access to investment capital to expand new plots, and high taxation and restrictions on the trade of non-timber forest products (e.g. cardamom). Farmers in remote areas with no access to good road transportation practice shifting cultivation growing upland rice for subsistence. For security reasons, many farmers in the area were in the past or currently unable to harvest their crops on time, which forces them into precarious situations in such insecure areas.
219. Tanintharyi borders the Andaman Sea to the west and the Tanintharyi Hills (or Tenasserim Range) border to the East, where a long narrow coastal plain area runs in parallel to higher ridges and peaks. The previous government granted nearly 400,000 ha of virgin and forest land to agribusiness companies allowing establishment of rubber and oil palm plantations (the area has 99.3% of the nation's oil palm plantations and 19% of its rubber plantations).⁶⁰ Exploitative logging and deforestation occurred in tandem with plantation establishment, and destroyed critical natural habitat further jeopardizing endemic and endangered species (e.g. Gurney's Pitta) and other globally significant environment values (e.g. climate resilience).
220. Reportedly, a great portion of current **investment** in Tanintharyi is monopolized and directed by elite and outside business interests, which **has deprived local people of their livelihoods** and accelerated poverty. Poor road infrastructure, limited employment alternatives, financial and public services further compound the situation.
221. Tanintharyi Range **hill dwellers reside in areas that have been affected by conflict**, extending from Yebyu to Bokpyin township. It was reported that following the signing of bilateral ceasefires, people (mostly of Kayin ethnicity) living in scattered villages were consolidated, resettled and officially registered by GAD.
222. A number of small villages, however, have informally settled in reserve and protected forest areas (e.g. Tanintharyi Reserve). The Forest Department is currently attempting to relocate them, offering opportunities to lease forestland for their livelihoods under specified terms. Conservation of natural resources and biodiversity as well as livelihood improvement to the local poor people through integrated agro forestry and inclusive growth for smallholders are important issues in this area.
223. Mon State is largely lowland plain area, but meets the Dawna Range that runs along the eastern side of the State and forms a natural border with Kayin State. Rice, rubber, durian, mangoes are common agricultural products. Upland areas in Mon State, where they exist, are in the township of Thanbyuzayat and Ye, and sub-township of Lamaing.
224. While not a major focus of this programme, it is worth mentioning that in addition to the horse-shoe shape of Myanmar uplands, there is a notable anomaly of the in South-central Myanmar, i.e. **the Bago (or Pegu) Yoma mountains** which extend ca. 270 miles north-

⁵⁹ Myanmar Ministry of National Economic Development and Planning. (2013). "Socio economic development action plan of Kayin State, 2014-15."

⁶⁰ Myanmar Ministry of Agriculture, FY 2009-2010.

south between the Irrawaddy and Sittaung rivers. Hill dwellers in this area include those of Kayin and Bamar ethnicities and some practice shifting cultivation.

4.2. Upland Food Security:

225. Food security exists when “all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.”⁶¹

226. Food security has three core dimensions – all of which are primary concerns of Upland Areas – consisting of:

- The production and physical **availability** of food crops in a geographical area;
- Economic and physical **access** to food (critical in Upland Areas); and
- **Utilisation** or proper use of food by households.

227. Related to the three dimensions of food security is **vulnerability** – which refers to a range of external factors and risks – and that exposes people to food insecurity across the other three dimensions.⁶² This includes issues related to health/disease, deforestation, soil erosion and land degradation, conflict and displacement, and remoteness. Land tenure has also more recently been linked as a strong predictor of food and nutrition security.⁶³ A number of these are confounding and interactive risks that affect everyone in a given community, and thus stand to intensify food security and poverty further.

228. Household purchasing power depends on income to purchase available food, or goods or services they could trade for food. Table 8 below presents in the far right column a ‘food output and poverty rank.’ This represents the difference between a region/state’s food availability and economic access – i.e. by combining an area’s poverty rate and its amount of per capita food availability – where the state/region with the lowest food poverty (or highest food availability) ranks first (i.e. Kayah, at 1), and it’s opposite ranks last (i.e. Chin, at 10).⁶⁴

229. Of the ten areas listed above, **Chin State has the highest overall poverty, and so is its food poverty, at 25%**. The table, however, shows a lack of correspondence (e.g. where Kayah State has the lowest food poverty and lowest poverty of all the states/regions as well, but stands in fourth out of ten in terms of per capita food availability).

230. “...food production could not ensure food security unless people have sufficient income to purchase those food items. This requires an increase in employment, labour productivity (hence wage rates) and income earning opportunities for the poor who lack enough agricultural land for cultivation.”⁶⁵

231. The incidence of food poverty varies greatly across regions/states. The national food poverty incidence was 4.81 in 2009/10, meaning just under 5% of the population were food poor/food insecure. Nevertheless, food poverty incidence was close to 10% in five

⁶¹ South Asia Food and Nutrition Security Initiative (SAFANSI), October 2014.

⁶² Tiwari, Bishwa Nath, et. al. (2011) *Poverty, Food Insecurity and Vulnerability: Issues and Strategies, Myanmar*. P. 18.

⁶³ See: Anu Rammohan, Bill Pritchard. (Dec 2014). *The role of landholding as a determinant of food and nutrition insecurity in rural Myanmar.* World Development, Vol. 64. Pp 597-608.

⁶⁴ *Ibid*, p. 23

⁶⁵ Tiwari, Bishwa Nath, et. al. (2011), p. 24.

regions/states including Thaninthari, Rakhine, and Shan (north, south and east), and in Chin, where 25% of the population experienced food poverty.

Table 8: Purchasing Power, Access to Food⁶⁶

Area	Incidence of Food Poverty, 2010. ~Total Urban-Rural Area~	Per capita food output of five Major Crops, 2009. (Rice, maize, wheat, pulse, soybean) ~Total five groups, Kg~	Food output/Poverty Rank
Chin	25.0	296	10
North Shan	9.9	447	9
Tanintharyi	9.6	266	8
East Shan	9.1	591	7
South Shan	8.2	435	6
Kachin	4.3	400	5
Mon	3.6	340	4
Kayin	1.7	372	3
Sagaing	1.3	642	2
Kayah	1.2	421	1

232. Households must have access to food to utilise it to sustain their health and nutrition (see Section 4.8, Nutrition). And while access to food is a critical dimension, at times, *food availability* becomes a greater concern in remote Upland areas where there is *inadequate infrastructure*, transportation and communication.

233. Related to food access (as well as market development, employment diversification, health improvements, etc.), infrastructure in the Uplands is still very poor, by and large. State and local plans are underway to improve upland roads and access to electricity.

Table 9: Example of access to electricity in State/Regions with Upland Areas

Area/Access to electricity from different sources	Kachin	Kayah	Kayin	Chin	Shan	Mon	Tanintharyi
State area, sq. mile	34279	4510	11731	13907	60155	4693	16729
Hill region %, appox.	75	95	40	99	95	25	47
Total households number	217309	47514	1315439	81055	221825	340971	207153
Electrification ratio, %	26	41	23	16	9	31	9
Number of villages with access to:							
(a) Grid electrification	1	53	46	(-)	374	254	573
(b) Off-grid electrification	283	42	79	326	786	318	1611
No. Electrified villages	2295	416	1938	1026	13424	628	2588

Source: Myo Aung San. (Year, ca. 2013-14). *Rural electrification in Myanmar: Policies and recent initiatives (Grid and off-Grid), Electricity Supply Enterprise*. Ministry of Electric Power

234. These areas also have minimal external funding support. As and where these **remote areas become increasingly accessible, they present important gaps the Programme could help to address.**

⁶⁶ *Ibid*, p. 7, 21 and 24, as based on ILHCA (2010) and FAO/WFP data (2009)

235. Approximately 73% of Myanmar’s population lacks access to electricity, and deficiencies are particularly pronounced in remote Upland areas (*Table 9*). The consumption of electricity is ca. “20 times less than the global average,” making it one of the lowest in the world. Existing power infrastructure meets only “about half of the current demand, resulting in frequent blackouts and the rationing of the electricity supply.”⁶⁷
236. A network of transboundary highways and feeder roads are being developed to boost regional integration and connectivity. In line with the programme’s collaborative/partnership approach, **IPs will be requested to document ongoing and planned infrastructure potentials within their proposals**, as well as describe the management of associated benefits and risks.
237. Upland areas also lack alternative income opportunities, experience low farm productivity due to land degradation and deforestation and, by and large, invest less in long-term soil conservation improvements due to a lack of security in legal tenure.⁶⁸ This also suggests a strong poverty-environment link.
238. In addition, Upland areas lack access to basic public services, including water and sanitation and mother and child nutrition education. Current **underinvestment compounds inappropriate food utilization practices**, and results in serious nutritional deficiencies still evident in expectant Upland mothers and children less than 5 years. Investment providing direct benefits to women and children is a LIFT priority.

4.2.1. Northwest subzone

239. Farmer capacities, the NW subzone’s steep slopes, shallow and poor soils limit farm sizes and agricultural productivity are all factors that impact on food security. **Low yields of major crops** – such as maize, millet and bean – are typical of smallholder farms in the east and west along Manipur River in Chin State (sub-tropical zone). Within the temperate zone, along the border of India, yields consist mainly of upland rice, chilli and ginger crops. Hailstorms at harvest time, long cloudy and rainy days with cold temperatures during blooming times and droughts during germination and young plant stages help determine yields – factors that are reported to be increasingly unpredictable. People suffer severe food shortage at times of crop damage and/or given yield loss for these reasons.
240. Livestock breeding in the subzone is mostly underdeveloped,⁶⁹ and home-garden and agro-forest diversity, which stand to positively impact household nutrition, are limited at present. Nutrition is a key factor in achieving food security, and **large health gains are perceived by the team in targeting child malnutrition and maternal and child health**.
241. It has been noted that in Chin State, population growth has shortened the length and extent of crop field rotations (from 5-7 years instead of the previous 8-10 years), which again prevents recovery of soil fertility and is reducing agricultural productivity.⁷⁰

⁶⁷ World Bank. *Myanmar overview*. <http://www.worldbank.org/en/country/myanmar/overview>. Accessed 28 Nov 2014.

⁶⁸ Investments raise particularly urgent land issues, including land tenure. See: i) Food Security Working Group (Feb 2011), Upland Land Tenure Security in Myanmar—An Overview; ii) Cotula, L., FAO/International Institute for Environment and Development: SOLAW Background Thematic Report-TRO5B, “Land Tenure Issues In Agricultural Investment”, and others.

⁶⁹ Indeed it is an important livelihood, but transformation and marketing are very limited. At present, apparently cattle and water buffalo are being sold to China, where they fetch a nearly double price. It was reported that this may also be a strong driver that has reduced the availability of draught animals in Kachin and North and Northeast Shan-- and has helped to spur a shift over to small tractors, increasing mechanization.

⁷⁰ Baroang, Kye. (2013) “*Myanmar biophysical characterization*.” USAID. p. 10

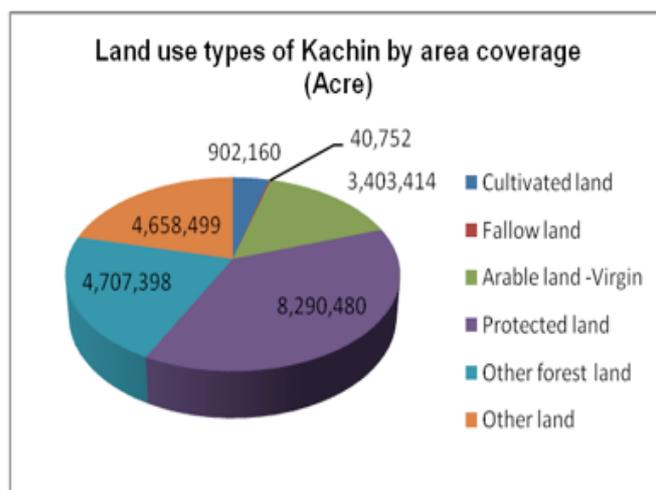
242. In cooler, higher elevation areas (above 4000 ft) with better access to main roads, temperate fruit trees (e.g. apple, pear, orange, persimmon, plum, and avocado) and vegetables (e.g. cabbage, potato, tomato, pumpkin, mustard leaf) are grown as major cash crops on irrigated terraces. There are noted instances, where cultivation is being undertaken by encroaching into unprotected sub-alpine forest areas where soils are susceptible to erosion and landslide. The harvesting and marketing periods of some crops coincides with the monsoon season, when landslides block many roads. These issues impact the economy and food security (notably availability) of Chin State and Naga SAZ small holders and landless.

243. Naga SAZ farmers rely mainly on shifting cultivation and paddy yields of 15 baskets per acre (315 kg/acre), which may be only sufficient to feed household members. The *taungyar* farm size is not usually more than 3 acres. Naga people supplement rice with millet, taro, cassava and maize. Due to extremely poor accessibility, milled rice costs MMK 100,000 per 50 kg bag (and where the prevailing price at Myanmar proper is significantly less, at MMK 24,000 per 50kg bag).⁷¹

4.2.2. North-Northeast subzone

244. The NNE subzone is well endowed with rich natural resources (e.g. forests, gold, jade) and abundant land for agriculture.⁷² In Kachin, for example, nearly a quarter of land is considered arable and cultivatable (*Figure 7*).⁷³ As such, food insecurity in the subzone may be due less to poor soils or resource base, and is perhaps more related to armed conflict and dispossession of farmers from their land.

Figure 7: Kachin land use types by area coverage



245. Shifting cultivation, small livestock and temperate fruit tree plantations predominate in hilly areas and lowland paddy, agro-forestry, fruit tree plantations, rubber, teak and bamboo plantations and livestock raising are characteristic of lowland areas of Kachin. There are four main types of agriculture practiced in northern Shan: paddy rice and irrigated cash crops in lowland; rubber plantation on low elevation areas with warmer

⁷¹ Team communication with Naga stakeholders: i) Agricultural Township Officer, Khantee, Nagaland, and ii) Naga NGO *Resource Rights for the Indigenous People*, Yangon.

⁷² Myanmar Ministry of Planning and Economic Development. *State and Region Socio Economic Development Plan for 2014-15*.

⁷³ See: Transnational Institute. (2012). *Financing Dispossession: China opium substitution programme in northern Burma.*

climate; permanent upland crops on rolling and gently slope land (which are being replaced by CP corn); and shifting cultivation of upland crops on higher mountain areas and tea plantations.

246. Food insecurity is experienced mainly in remote areas where shifting cultivation and tea plantations are practiced, with poor transportation and community infrastructure. The tea industry may soon collapse due to labour shortages to harvest tea leaves, reduced quality and regional price competition. Opium cultivation has been reintroduced into these areas, and especially where either/both government and ethnic militias hold power. The Programme sees important opportunities, both for increasing local production of annual crops and via agro-forestry, but also in supporting value chain development of local products, such as organic vegetables and tea.

4.2.3. South and Southeast subzone food security

247. In addition to intensive commercial cash crop production and lowland paddy rice, upland corn cultivation is widely adopted in southern Shan where accessibility and transportation is good (especially in Kalaw and Pindaya townships). Increasing input costs and unstable farm gate purchase prices challenge profits and has left many farmers in debt. In other areas where double governing bodies (government and ceasefire militias) share power, leaves for cheroot making, tea plantations and lowland paddy rice and opium cultivation are widely adopted and these areas are more or less perceived to be food secure.

248. In eastern Shan, **food insecurity is most prevalent in high hill areas** where ethnic nationalities reside. These groups practice shifting cultivation, lack market access, health and agriculture services, and suffer food insecurity particularly where accelerated by conflict. People who have been suffering from land dispossession for rubber plantation funded by the Chinese opium crop substitution programme are also suffering from food insecurity.

249. Food insecurity and poverty, LIFT's focus, are relevant to IDPs and remote Upland Areas experiencing armed conflict, which limits farm operations, personal security, movement, and access to markets to buy from and sell local products. This is the case in Kayin and Thaninthari, where many displaced persons attempt to return to cultivate both paddy and non-paddy areas.

250. As noted, **multilayer agroforestry systems** were, however, noted in several Kayin areas the team visited, and with comparatively intact/healthy ecosystems and producing a diverse range of food products, environment sustainability (and evident household and community pride in their home and forest gardens) were appreciated and widely adopted in Thandaunggyi, Leitho and Bawgali Townships. These were also areas recently emerging from conflict, and where significant remittances to households were noted. Trade restrictions and heavy taxation of cardamom (their main income source) limits farmers' net income, and may lead to indebtedness and food insecurity.

251. Where possible, the following intervention areas appear highly appropriate to the Programme: support for community forestry; increased diversification of agro-forestry systems and building niche market links for high-value products; working with the Forestry Department to establish sustainable off-take parameters for NTFP extraction; and securing tax exemption for cardamom grown on household plots.

4.3. Agriculture

252. Agricultural production is closely linked in Uplands to poverty and food security, and so will be important for LIFT to address. Agriculture in Myanmar takes place on 12.4 million hectares (ha), covering ca. 18% of the country's total land area of about 68 million ha.⁷⁴ yet accounts for ca. 38% of Myanmar's GDP, and employs ca. 70% of the labour force.⁷⁵
253. Agricultural development is currently considered the most important driver of growth in the country, and in the Uplands in particular. Major crops grown in Upland Areas include cereals (rice, wheat, maize and millet), oil seeds (groundnut, sesame, sunflower and mustard), various legumes (pigeon pea, mung bean, butter bean, chick peas, soybean), industrial crops (including sugar cane, rubber and tobacco), plantation crops (e.g. tea, coffee, oil palm, opium, various fruit trees) and other miscellaneous crops and livestock (cattle, pigs, chickens, goats, etc.). Rice remains the country's most crucial agricultural commodity, but is primarily grown in the country's lowland areas.
254. Economic liberalization and rapid development are bringing tremendous changes to farming practices, investment, and mechanization, as well as changes to the upland natural resource base where severe strains are being placed on clean water, carbon storage and the quality of soils. LIFT will need to seize these opportunities if it is to assist smallholders and landless in this transition period.
255. Diversification of traditional crops is occurring, with many subsistence farmers having and/or gradually adopting higher value commercial crops. This situation presents serious constraints (technical, investment, organizational) to Upland farmers to reach existing opportunities, as well as some specific risks for the more vulnerable households (e.g. land tenure).
256. Just under 50% of the Myanmar's land area is forested and/or considered unsuitable for agriculture, including many Upland mountain areas and deforested hill slopes.⁷⁶ Due primarily to deforestation and unsustainable agriculture practices, soil degradation in Upland Areas is widespread. Both soil erosion and nutrient depletion poses constraints to Upland agriculture production.
257. Broad sustainable Upland food production practices (subsistence and commercial) are required, with agricultural improvements developed that ensure the continuation and health of much-needed environment goods and services.
258. Accelerated demand for land for commercial-scale agricultural production has sharply increased demand for water resources for agriculture, industry, urban needs and hydropower development.⁷⁷ Agriculture currently consumes the majority of freshwater supplies in the country (90.9%, *see Table 12*), and excessive fertilizer and pesticides are

⁷⁴ Food and Agriculture Organization of the United Nations. 2012. *Myanmar Country Profile*. Rome.

⁷⁵ <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html> (accessed 14 January 2014).

⁷⁶ Ministry of Agriculture and Irrigation. (2011). "Myanmar Agriculture at a Glance." Nay Pyi Taw.

⁷⁷ Asian Development Bank. (April 2013). "Myanmar: Agriculture, natural resources, and environment initial sector assessment, strategy, and road map." P. 6

polluting many water sources.⁷⁸ As agricultural crop production is intensified, pesticide utilization is expected to increase in the future.⁷⁹

259. At present, much of the Upland agricultural sector is characterized by smallholder debts that exceed annual household incomes.⁸⁰ High levels of indebtedness are further compounded by increased demands for land and resources, and which have provoked land and tenure conflicts.

260. The Programme recognizes that some Upland areas consist of 'lowland' plateaus. Many of these areas are engaged in the cultivation of cash crops that are more or less accessible to developing markets. In general, they will require interventions different to those proposed for highlands (i.e. more remote areas which are still more or less subsistence oriented).

261. The Programme should provide sufficient latitude addressing both smallholder vulnerabilities and growth potentials in both Upland and its 'lowland' areas, and between 'subsistence' and 'commercial agriculture.' The team recommends interventions including:

- Soil and water management, including improved soil fertility management, improvements to sloping land practices and improved water management;
- Crop and value chain research supporting livelihoods diversification and enhancing market access and food security;
- Sustainable crop intensification and diversification;
- Improved commodity standards;
- Related small-scale livestock and fodder crop productivity improvements;
- Community level improvements to manage climate change risks and improve nutrition;
- Improved access to capital and low-cost and replicable mechanization;
- Improved knowledge and cropping techniques for both subsistence and commercial agriculture;
- Access to diversified seed stock;
- Post-harvest management, storage and processing of crops; and overall
- Institutional strengthening and capacity building to upland farmers, community organizations and producer groups to support multiple programme goals (e.g. sustainable food production, inclusive growth, integrated land-use planning, etc.).

4.4. Agro-ecosystems and natural resources

4.4.1. Enhancing investments in Upland Area agro-ecosystems

262. Sustainable agriculture and improved upland agro-ecosystem/natural resource management are core to achieving the LIFT strategy in Upland areas, not least where agro-ecosystems underscore upland politics, economies, market potentials, conflict, climate change and resilience, food security, land and productivity issues. As noted, ownership, transparency, accountability and sustainability are paramount aspects of Upland natural

⁷⁸ By example, see: Myint Su, Steve Butkus. "Pesticide Use Limits for Protection of Human Health in Inle Lake Watershed." Living Earth Institute. <http://www.living-earth.org/docs/inlelake.pdf>

⁷⁹ Agenda 21. "Natural resource aspects of sustainable development in Myanmar." <http://www.un.org/esa/agenda21/natlinfo/countr/myanmar/natur.htm#toxic>

⁸⁰ Dapice, David O. et al. (2011). "Myanmar Agriculture in 2011: Old problems and new challenges." Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government, Harvard University.

resources and markets, and their allocation, utilization and management are a central concern to these areas socio-economic development, civil society development and the closing of extreme inequality gaps.

263. Up till now, however, many of the goods and services that Upland area natural ecosystems provide remain either partly invisible and/or are not valued or traded in conventional markets, with current land use decisions based on the value and utility of only one or a few agro-ecosystem services (e.g. timber from a forest, or ‘the land area available’).
264. There is at present poor consideration (and essential planning) done by government department^s responsible for agricultural and forestry extension and that link their technical interventions to researched market demands and value chain needs.
265. At present, there are **significant deficiencies in science-based natural resource and ecosystem service data**, and yet accounting for multi-sector utilisation, needs, allocation and management. (i.e. one needs to know they have to be able to manage, allocate and utilize it sustainably). This lack of information, combined with market failures, has **undervalued upland agro-forest ecosystems, their economic potentials, current provisioning, supporting and regulating services** (e.g. water, food, health, culture, environment, fuel, livelihoods, etc.).
266. Capacity for improved valuation and applications remains weak, and systems (such as water) are threatened by non-point source pollution (i.e. pollution coming from diffuse sources, e.g. land runoff, precipitation, drainage, seepage or hydrologic modifications), *ad hoc* development planning, the needs of other sectors and aquifer depletion. **Utilization and spatial planning must be underpinned by sufficient understanding of upland watersheds and the Upland natural resource base itself** (e.g. what are its recharge characteristics, geomorphic properties and related basic parameters for determining sustainable use). This type of understanding is the basis upon which management and capacity interventions may be built, multiple uses, future and current climate resilience considered, sustainable finance mechanisms structured and policy commitments developed.
267. In this regard, it is recommended that the Upland Areas Programme should:
- Support establishment of vital ecosystem research and that ascertains upstream and downstream (market) values for their services.
 - Engage multiple Upland stakeholders in different sectors and at different scales to work together to coordinate actions, align goals or reduce trade-offs and, overall, recognize and accurately incorporate all legitimate agro-ecosystem interests (e.g. individual households, communities, CBOs as well as state and business interests).
 - Expand the network of partners able to share knowledge, offer technical assistance and professional training, and invest to develop and effectively implement successful landscape initiatives.
 - **Improve modalities and mechanisms for communication, negotiation, planning and conflict management.** These are discussed further under proposed interventions and recommendations supporting Subzone Steering Committees).

4.4.2. Natural Resource Management

268. A core theme of the LIFT Upland Areas Programme is to address the main barriers to sustainable ecosystems, forest and agriculture lands, which can be linked to the policy,

legal and regulatory environment, the peace process, human and institutional capacities, market development, climate change, access and transfer of knowledge, technology, governance and other aspects relevant to the management of ecosystems and land.

269. Upland landscapes consist of a mosaic of significant natural and/or human-modified ecosystems, with 'a characteristic configuration of topography, vegetation, land use, and settlements that is influenced by the ecological, historical, economic and cultural processes and activities of the area.'⁸¹
270. All Upland Areas sustain rural and urban livelihoods and provide other important and economically valuable services (such as: **provision** of food, nutrients, fuel and fibre; **regulation** of erosion, water flow and quality for agriculture/industry/domestic use, natural hazard mitigation and carbon storage; **supporting** soil formation and protection, habitat for biodiversity; and **cultural protection** of traditional land management practices, sacred groves as sources of water) that are not currently (or very rarely) captured in either investment planning or provided by current markets.
271. **Land** is not only space and territory but also a traditional form of social relevance for local people. In customary terms, land is the identity, culture, spiritual value and livelihood of Upland area communities. Land is also of political relevance to the constitutional devolution of some degree of authority to states and regions, and is a particular concern in respect of the peace process, customary rights, and for areas 'newly accessible' due to ceasefires.
272. Some individuals and communities in Upland areas have been displaced from their land for decades by conflict tension, while others are losing their traditional access and land tenure rights. An estimated 25% of farmers in Myanmar are considered landless agricultural labourers.⁸² In the agrarian/resource-based societies of Upland Areas, land entitlements provide command over assets and resources and socio-economic potentials.
273. Across the country, massive land grabbing by the military forces and associated businesses occurred in the early 1990s and continued for nearly two decades. Current mechanisms to register community agriculture and forestry land do not provide a secure legal guarantee for land tenure, nor do they recognize either customary or NSAG practices and policy. Speculation in land and insufficient safeguard considerations in some contract farming is driving dispossession in both urban and rural Upland areas.
274. For the most part, **upland rice and maize are staple crops** in remote Upland areas, though food consumption patterns are changing in many localities. Drivers of crop regimen changes include land-tiller ratio, mobility and access to markets and credit, remittances from migrants, innovative farmers adopting new niche-products and land improvement practices, and the interventions of the private sector, UN agencies, INGOs, local NGOs and government agencies.
275. **Subsistence shifting cultivation (*taungyar*)**⁸³ practices are important in Upland areas (Table 10), but with increased population and land pressures resulting in shortened fallow

⁸¹ Ecoagriculture. (Oct 2013). "Policy focus, No. 10: Defining Integrated Landscape Management for Policy Makers."

⁸² LIFT Household Survey, p. 81.

⁸³ In traditional terms, *taungyar* means 'mountain cultivated land' or land for food crops--which were some times mixed with fruit trees with land use either in shifting or permanent cultivation. Reportedly, foresters adapted the term to refer to plots that farmers could cultivate for seasonal food crops within an area demarcated as protected forest. Thus, over the years *taungyar* has gradually come to define 'shifting cultivation' which is how the team has chosen to apply it. It is nevertheless recognized that the term is applied in different areas in different

periods, it is leading to semi-permanent and permanent farm plots. In this way, a subsistence-based economy is also gradually transforming into a cash economy, and **commercial agriculture is increasing**. Accordingly, customary land tenure systems are now in **transition from communal and ancestral land ownership to privately owned land and use rights**, and which could have impacts on peace process discussions.

276. Survey and Land Records Department data indicate that between 2011 and 2012, 277,238 acres were under shifting cultivation in Chin State. This constituted 80% of total crop cultivated areas and where ca. 90% of farmers were cultivating *taungyar* farms. **The vast majority of taungyar farmers are smallholders**. It was also reported that in the entire Shan State the number of taungyar farmers **working less than 5 acres**⁸⁴ holding size in 2013-14 was 59,236 persons, which, if true, represents 96% of all taungyar farmers.⁸⁵

Table 10: Land use patterns of Myanmar Agriculture in States/Regions home to Uplands

Upland State/Area	Total cultivated acres	Paddy growing acres, % of total	Non-paddy crops acres, % of sown total	Shifting cultivation, % of total acre	Total Population
Kachin	823,481	51.08	24.31	10.66	1,643,054
Kayah	175,138	28.53	49.95	20.47	286,738
Kayin	967,761	59.47	0.46	7.78	1,502,904
Chin	286,675	8.3	0.26	80.9	478,690
Shan South	136,1395	18.63	18.63	2.08	2,403,475
Shan North	127,3817	17.19	17.19	10.7	2,585,666
Shan East	545,310	29.04	29.03	12.8	826,243
Mon	<i>Data unavailable at present.</i>				433,740
Tanintharyi					1,406,434
Total	543,3577				11,683,896
Myanmar total	29,320,000				
	19 % of total Myanmar sown area				

Source: Survey and Land Records Department (2012). MIMU Census 2014.

277. A reliable conclusion from the assignment is that **taungyar farming is a widespread livelihood in Upland Areas**, albeit typically practiced in lower density forested areas with limited economic opportunities and difficult access. There are also perceived differences across the Uplands, where it may be less important in the SE subzone, and more important

ways. In forest areas, it may mean shifting, slash & burn cultivation, whereas in gently rolling hills that are not forested, it means high land cultivation areas (in contrast to the low lands). In some places, it the term also applies to perennial crops.

⁸⁴ Which is not surprising, as shifting cultivation is very labour intensive and one household might only cultivate 1 and 3 acres depending on family labour availability. There is exchange of labour, but rarely hired labour for *taungyar*.

⁸⁵ Ministry of Agriculture & Irrigation, Survey and Land Records Department. 2011-12.

in Chin, Naga and Northern Kachin. These **marginalized and smallholder farmers are a key Upland vulnerable group deserving LIFT support** for livelihood and food security improvements, to both *hang in* and *step out*.

278. The position of the Programme is to provide support **for improving the range of smallholder Upland farming** for livelihoods, food security, climate change adaptation, improved soil and water management, etc. Interventions proposed span diverse agricultural practices, ranging from **taungyar subsistence farming** (assisting farmers to hang in and step up) **to commercially viable cropping by smallholders and their small businesses** (to step up). They will also assist **smallholders and landless households to tap into alternative livelihoods, and off-farm employment opportunities** (to step out of agriculture, and into other sectors).

Land allocation: supporting a pro-poor orientation, safeguards for customary land use and tenure

279. The previous military government allocated '**virgin, fallow and vacant lands**' (VFVL) to agribusiness companies and select interest groups by promulgating VFVL Instructions beginning in 1992. In 2012, the government adopted the new VFVL Law. The land concession process is driven by a variety of forces (e.g. Ministry of Agriculture), resulting in a pro-business focus. At the risk of oversimplification, it may be said that while the President, Minister of Forestry and others may promote unique agendas, current/key drivers aim for agri-business companies to play a key role in commercial agricultural development. In addition, the application of this land law in ethnic and ceasefire areas has been advocated to preclude (and thereby undermine) peace negotiation processes.

280. The shifting cultivation lands (taungyar farms) are designated as 'non-permanent' land due to the nature of rotating land in-and-out of cropping and fallow periods. As such, taungyar land in its fallow state is reclassified as available 'waste-land' for allocation to commercial enterprises.

281. The newly enacted **Farmland Law (2012)** is promoting the liberalization of agricultural land markets, but in implementation, does not prioritize **tenure security to smallholder farmers** who typically lack access to credit and are prone to seek informal credit channels with high interest rates. With low repayment capacities, smallholder **farmers have to sell some parcels of their limited land area** to the point they **become dispossessed**. As a consequence, "land issues have shot up in importance from 2013-2014," whereas 'land issues' received little attention "before political reforms made it safe to lodge complaints about land."⁸⁶

282. Under the Farmland Law, the Survey and Lands Records Department of the Ministry of Agriculture and Irrigation (MOAI) scrutinizes farmland use and issues land use certificates only to those farmers who are working on 'permanent' farmlands. There is no flexibility to allow recognition of land use where farmers practice shifting cultivation and more permanent cultivation areas both in parallel and rotation. The same may be said in the relationship between agriculture and forestland.

283. Land alienation of smallholder farmers is occurring under the VLFL, but also due to low crop yields, debt, a lack of social safety nets and weak/non-existent agriculture financing. This scenario weakens Upland area crop diversity and indigenous soil management

⁸⁶ Southern Shan Local Development Organization.

regimens, taking both seeds and land out of the hands of smallholder farmers, and reducing traditional food security/livelihood coping strategies and rural farmers' self-reliance. The extent of land concessions from the 1993 to 2012 in states and regions where Upland areas are located is summarized in Table 11.

284. It was reported that many companies that received concessions had no agricultural or commercial farming track record. It was also reported that many of the companies granted licenses were associated with construction companies diversifying their portfolios after the Asian financial crisis in the 2000s, and where the government attempted to help elite interests to recover quickly by offering land concessions and other incentives.⁸⁷ Yet, there have been very few land resettlement schemes for the rural poor and landless. Kachin State was among the largest market for land concessions, with the former government granting 30 per cent of the Union total in that state alone.⁸⁸
285. It is of great **importance that land concession processes account for the needs and livelihoods of poor and landless people in the Upland Areas**. This is also important to IDPs who have lost access to land and livelihood opportunities, making them extremely vulnerable and eliminating many of their coping strategies.

Table 11: Land Concessions in Upland Areas, 2012

State/Region	VFVL land, ha	No. of Concessions Granted	Forest lands, ha	No. of Concessions Granted	Total land granted, ha	% of Land Concession by Region/State
Kachin	558,950	846	13,729	6	572,679	30.17
Kayin			8,172	200	8,172	0.43
Chin	706	13			706	0.04
Shan	131,053	723	10,135	20	25,107	7.44
Kayah	14,142	358			14,142	0.74
Tanintharyi	197,355	248	201,539	296	398,894	21.01
Union Total	1,539,172	4,881	359,170	13,441	1,898,342	100

Source: Survey and Land Records Department and Forest Department (2013)

286. While private agri-business companies and entrepreneurs may generate employment, the **modalities adapted should be inclusive and involve smallholder farmers in contractual farming in ways that enrich their lives** (See section 4.5.1, Upland Market Development).
287. In addition to safeguarding the rights of farmers, the Programme is advised to afford **freedom of choice in agriculture production and engagement of the participation of private sector**. This is in line with the LIFT strategy's recognition that it "must strengthen the responsiveness of poor at all levels to opportunities that emerge." Possible strategies for sustainable agriculture development include support for agricultural mechanization, applying modern agro- technologies, and developing and using improved varieties. These are expected to be detailed further at the project level within IP proposals and as based on local agro-ecological conditions, market demands, food security needs, and emerging livelihood opportunities.

⁸⁷ U Cin Tham Kham. (March 2011). "Alleviating the Negative Impact of Agro-industrialization on Small Farmers in Uplands," which provides anecdotal evidence and quotes related to the research of Economist Dr Mya Than of the Singapore Economic Research Institute.

⁸⁸ Perhaps given Chinese investments, Beijing policy, and/or Yunnan interests.

288. Forest and other wooded lands are categorized under private, public and other forms of ownership. There are three types of forests within Myanmar's legal classification: reserved forest, protected public forest and un-classed forest. Whatever the legal classification may be, they are all owned by the State except for some community forests, which are owned by local people with long-term lease permission from the government.⁸⁹
289. At present, land complaints in conflict-affected areas are dealt with inconsistently through local negotiation between EAG representatives and state/regional-level officials under the auspices of ceasefire undertakings. It has been noted that this is 'a political issue', and not subject to remedy under the present legislation.
290. On a more positive note and as a start, the **national land use policy** formulating commission (LAUSC) states that they recognize they must address ethnic national customary land rights. Government willingness to devolve aspects of administrative decision-making power to community levels in some cases (e.g. recognition of joint forest management certificates) suggests community-driven development with devolution of natural resource use rights could be possible. This kind of devolution is critical to the strengthening of tenurial rights and key to sustainable and effective NRM. Accordingly, community organizations *might then be* supported for managing Communal Farmlands to manage community 'fallow rotational farmlands' in *taungyar* areas and in accordance with customary practices, in a sustainable manner and with equity. So there **may be potentials to build upon**.
291. Actions that will help to formalise the rights/involvement of local people in Upland area agro-ecosystem and forest product value realization include advocacy and support for:
- **Formal recognition of local customary law arrangements** relating to land and solving land problems;
 - Recognition of legitimate customary land use claims through the flexible application of statutory law;
 - Commitments to create legal mechanisms for the formal recognition and registration of communal land use property rights, while also protecting the rights of individual households to break away from such communal arrangements in appropriate circumstances;
 - Advocacy relating to the issuance of farmland Land Use Certificates in the name of a community that will manage the land collectively in a productive and sustainable manner for its intended purpose;
 - Promotion of communal use of forestlands in a sustainable manner in compliance with land use and land management plans (an example is the Joint land use certificates model being tried by the Land Core Group in Lashio Township that could serve as a basis for a more detailed process);
 - **Participatory spatial planning**, which is key to sustainable resource use;
 - Putting in place appropriate land use, zonation, forest and agricultural development policies at local, State and national levels.
292. It is recognized that important aspects of the above will need to occur under the auspices of ceasefire and peace process implementation, invoking work with ceasefire parties on the part of IPs in transparent adherence to the programme's conflict-sensitive principles/ways of working.

⁸⁹ FAO. (2006). "Global Forest Resources Assessment 2005: Progress toward sustainable forest management."

Upland Area natural resource degradation: supporting sustainable land, forest and water management

293. As noted above, crop production in upland areas is increasingly being commercialized through contract farming arrangements. In general, this commercialization promotes hybrid seeds and monoculture crops heavily reliant on chemical fertilizers, pesticides, fossil fuels and large quantities of water.⁹⁰ Furthermore, where social and environment safeguards and potential minimum economic guarantees are not and/or insufficiently considered in contract arrangements, and/or where smallholders are poorly informed and do not understand well the nature and obligations entailed in ‘binding contracts,’ they may perceive their interests and work neglected at the bargaining table and at market time (see section 4.5.2 for inclusive modalities).
294. While only about 10% of the total water resources available to the country are utilized, irrigated agriculture in 2009 used 90.9 % of available water supplies.⁹¹ Industrial water use both in lowland and upland areas is expected to rapidly accelerate with further economic development⁹² and, if poorly considered, could place unacceptable burdens on local resources and specifically on upland agriculture, irrigation and economic potentials, household access to clean drinking water, and other watershed, energy, pollution and water issues.
295. The water-resource sector will also be directly affected by climate change (i.e. where warmer temperatures increase evaporative loss of surface water resources, and increase crop water demand).

Table 12: Water use distribution, Myanmar (2009)

Usage	Share
Domestic	6.0%
Industrial	3.1%
Agriculture	90.9%

Source: Dr. Khin Ni Ni Thein, presentation to Mekong Environment Symposium, Ho Chi Minh City, Vietnam. (March 2013).

296. Overall, the resilience of Upland agro-ecosystems is challenged, and in many cases is being degraded. This loss will have important socio-economic consequences. Examples include the mismanagement of upland vegetation coverage and a lack of natural forest protection (less than 1% of the country is protected) and restoration. This has led to landslides, soil erosion, loss of soil fertility, and exerted a chain of events impacting both up and downstream economies.
297. Forests are an important part of Upland agro-ecosystems, and important to the LIFT strategy, given their importance to upland household and community food security, economic potentials, and important provisioning, supporting and regulating service benefits (e.g. in the form of water, food, nutrition and health, culture, environment, fuel, climate mitigation, incomes and livelihoods, all of which underscore LIFT’s strategic outcomes.)

⁹⁰ Specter, Michael. “Seeds of Doubt.” The New Yorker. August 25, 2014. P. 46.

⁹¹ Baroang, Kye. (2013). “Myanmar biophysical characterization.” P. 12

⁹² Dr. Khin Ni Ni Thein. (March 2013). Powerpoint presentation to Mekong Environment Symposium.

298. The main visible forms of agro-ecosystem degradation include: i) soil erosion, b) loss of soil fertility, and c) deforestation. This is caused by a number of factors, including, but not limited to:

- **Natural causes** and effects exacerbated by climate change (decreased soil fertility in substantive Upland areas, increased intensity and severity of floods and droughts), and;
- **Human causes**, including deficiencies in land use and sustainable planning, demographic changes, logging, fuel wood collection, inappropriate crop selection and agriculture techniques, lack of land tenure, low awareness, and overall insufficient private sector, government and institutional support for sustainable land and resource management.

299. Myanmar is endowed with one of the Asia-Pacific region's highest forest coverage areas (49% of total land surface), yet it also has one of the world's highest deforestation rates (per annum) which has reduced the ecological services that Upland watersheds provide to agriculture.⁹³

300. Estimated area changes between 1990 and 2010 indicate that Myanmar lost an average of 372,250 ha or 0.95% per year. In total, this amounted to approximately 19% of the country's forest cover (7,445,000 ha).⁹⁴ Overall Myanmar's deforestation is ranked behind Indonesia and Malaysia, but it is still ahead of other neighbouring Mekong nations (e.g. Cambodia, Laos, Vietnam, and Thailand), which provides an opportunity for conservation, or further degradation.

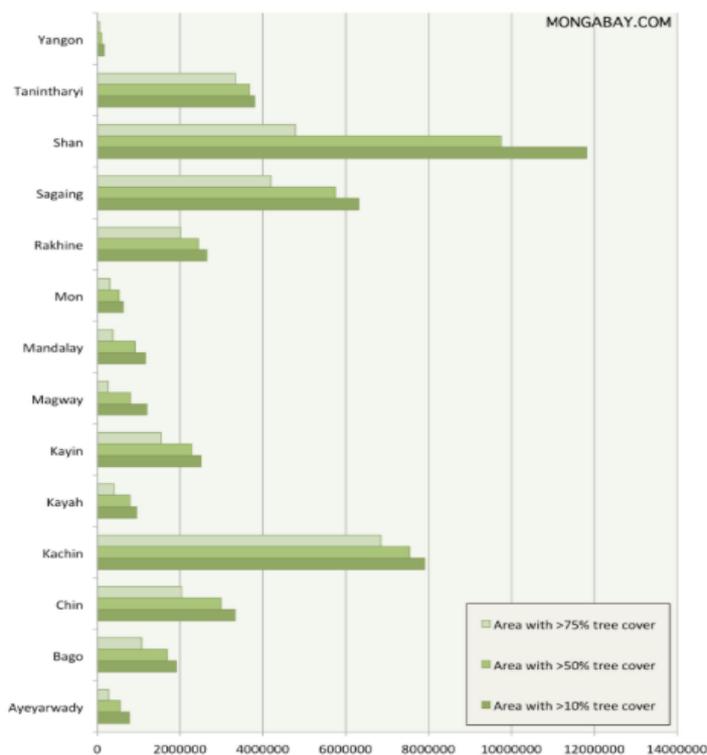
301. About 10% of Myanmar's forests are classified as primary forest, the most biodiverse and carbon-dense type, while 87% consist of naturally regenerated forest and the remaining 3% are planted forest. Its dense **natural forests are almost exclusively in its Upland Areas, and notably in Shan (25%), Kachin (19 %), and Sagaing (14%)**. These states and regions have also had the highest aggregate loss of forests, amounting to nearly 850,000 hectares between 2000 and 2012.⁹⁵

⁹³ UNREDD. http://www.unredd.org/AsiaPacific_Myanmar/tlbid/104264/Default.aspx

⁹⁴ UN FAO. (2010) "Forest Resource Assessment for Myanmar."

⁹⁵ Using a 50 % tree cover threshold. See Myanmar Environmental profile: www.mongabay.com

Table 13: Myanmar forest cover, 2012 (ha)⁹⁶



302. Forest loss has been positively correlated with different regions’ commercial forest potential and local economy conditions.⁹⁷ Drivers of deforestation in Myanmar include conversion for agriculture, both subsistence and industrial; legal and illegal logging, including establishment of teak plantations; and various types of mining. There are also concerns that the growing population (particularly the poor) along with increased emphasis on forest-related trade may significantly threaten Myanmar’s forestlands. The **expansion of subsistence agriculture and commercial agriculture in Myanmar accounts for two-thirds of the area deforested overall.**⁹⁸

303. Myanmar has annual GHG emissions of 265 million tCO₂e/year², with its most **significant emissions coming from agriculture and deforestation.**⁹⁹

304. Assuming a baseline based on historical emissions, **avoided emissions (i.e. of not cutting its forests) are estimated to be 372,250 ha per year, with 98 tC/ha**, which is the approximate amount of tons of carbon stored per ha in the country’s forests annually.¹⁰⁰

305. Protection and sustainable management of Upland forests is in accord with Myanmar’s international commitments contributing to global environment benefits. Upland deforestation and degradation has exacerbated the intensity of floods and droughts impacting agricultural productivity and food security. At the wider level, this undermines long-term human wellbeing, sustainable economic development and achievement of

⁹⁶ Myanmar environment profile: www.mongabay.com (accessed 23 Nov, 2014)

⁹⁷ ADB/GEF/UNEP. (2006). “National Performance Assessment and Subregional Strategic Environment Framework in the Greater Mekong Subregion: Myanmar National Environmental Performance Assessment (EPA) Report.”

⁹⁸ Kissinger, G., M. Herold, V. De Sy. (Aug 2012). “Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers.” Lexeme Consulting, Vancouver Canada.

⁹⁹ Climate Analysis Indicators Tool (CAIT) Version 9.0. (Washington, DC: World Resources Institute, 2011) World Resources Institute.

¹⁰⁰ FAO. (2009). *State of the World’s Forests*. (<ftp://ftp.fao.org/docrep/fao/011/i0350e/i0350e04c.pdf>)

Millennium Development Goals. At the local Uplands level, this impacts poor rural communities who depend directly on the flow of forest ecosystem services for their livelihoods.

306. There is conflict over tenure in some areas, and the boundaries of household land, community and protection forests are not always clear. Conflict needs to be resolved to the level **that agro-forest ecosystem tenure becomes clear and can be mapped, zoned and incorporated into respective local spatial plans, and managed accordingly.**
307. Forest cover status and land capability of protection forests needs to be evaluated so that areas for rehabilitation can be identified. **Villages and townships need to prepare forest and land management plans that best serve legitimate and inclusive economic and social needs within the frameworks of village, township, state and national plans.** This is also an opportunity for LIFT to address emerging tensions between IDP returns and conservation efforts, with proposals for responsible engagement by LIFT IPs.
308. Four types of plantation are classified in forest planting, including commercial, local supply, industrial, and watershed plantations.¹⁰¹ **The quality of Myanmar's natural forests has "dropped** day by day because selected good quality trees are harvested with little or no attention given to the rest of the forests through improvement felling, thinning, etc."¹⁰² As one result, a major constraint for plantations has been in ensuring seed supply due to "poor access to quality seed sources as a result of legal/illegal overexploitation that removes seed-bearers."¹⁰³
309. One scheme was mentioned whereby the forestry department allowed villagers to grow food crops in a demarcated area for three years, and provided them with commercially viable tree species (e.g. teak, rubber) to plant on their behalf as commercial plantation. The government plan entailed taking both the land and the trees after three years (i.e. where the government won, and the villagers lost). Having lost access to their cultivation land, villagers then cut down the government trees and replanted annual food crops. In this case, the government was hesitant to reclaim the land when it realized that villagers needed to survive (i.e. nobody won, food security was jeopardized and no commercial trees were produced).¹⁰⁴ **Inclusive agri-business potentials (see section 4.5.2), community forestry and agroforestry** may provide a means to achieving win-wins (tree production and local food security), with their suitability grounded well in local environment, social and economic contexts.
310. Thus, in addition to tenure and changes in farming practice, such synergies require coordinated planning and management across Upland Area landscapes.
311. Studies and surveys indicate that **crop pests and diseases are significant** (but not dominant) **constraints** to crop production.¹⁰⁵ Anecdotal findings also indicate some **misuse in farmer pesticide and fertilizer applications**, and which could negatively impact soil and household health. It is not clear at present how climate change might impact pests, and further research is required to increase preparedness and planning.

¹⁰¹ Htun, Khin. (2009). "Working Paper Series: Myanmar Forestry Outlook Study." FAO. P. 15

¹⁰² *Ibid*, P. 12

¹⁰³ *Ibid*, P. 15

¹⁰⁴ Experience of one team member in Samalung, a relocated Wah village for people displaced by conflict, and located in Hsipaw Township of Shan State. Land use certificates were developed in this case to allow for agroforestry (intermixed seasonal crops, fruit trees, and commercial timber species) and supported by technical inputs, community credit and savings, etc.

¹⁰⁵ Baroang, Kye. (2013). "Myanmar bio-physical characterization: summary findings and issues to explore." USAID.

312. Alongside geostrategic factors, poor land allocation, issues in political organization and with conflict, distance from centres (limited transportation and communication infrastructure) and a depleting resource base, all inhibit advancement of the poor. Issues assessed by the mission indicate that subsistence and low income households in Upland Areas are in need of options and improved techniques of cultivation, livestock raising, seed sourcing and propagation, Integrated Pest Management (IPM) and sloping land protection and restoration techniques. Notable sustainable land, water and forest management interventions that could help to diversify rural livelihoods, increase Upland agro-ecological productivity, increase food security and farm incomes recommended for the Programme include:

- i. **Increased sustainable Upland agro-ecosystems** through: climate smart and nutrition sensitive practices with agro-forestry and in annual and commercial crop production; improved food security with home gardens; and community forest planning, reforestation and management.
- ii. Upland Area **watershed and landscape management** that promotes collaboration between local authorities, communities and the agribusiness sector and technical agencies for: watershed management, climate change adaptation and biodiversity conservation by building capacity for targeted technical services, inclusive partnerships with agri-business, spatial planning supporting local customary use and revenue generating mechanisms – such as Payments for Environmental Services (PES) – to supplant losses that may be incurred from foregoing more destructive/extractive industries.

4.4.3. Climate Change

313. Compounding social, economic and environment issues, climate change poses additional hardships on the livelihoods of Upland communities, and may further hamper household development activities in areas ranging from agriculture, forestry, animal husbandry, public health, and water resources, to biodiversity, industry, transport, and the energy sector.

314. Upland Area poor are often highly or solely dependent on climate-sensitive agriculture for their livelihoods, have little to no savings with which to absorb economic shocks, are excluded from key decision-making processes, and lack access to critical social services, infrastructure, and information with which they might be able to adapt to climate change, either by avoiding or building their resilience to its impacts.

315. Climate change influences agriculture and food production by directly changing agro-ecological conditions, and indirectly by affecting crop production, growth and the distribution of incomes. This affects the supply and demand for agricultural products.¹⁰⁶

316. Water resources are closely associated with LIFT's focus on food security, and climate change also affects this sector. Water shortages during key crop stages can critically impact growth and yields. Climate change will also influence both pre- and post-harvest losses of agricultural crops with impacts on crop production.¹⁰⁷ A recent example is the

¹⁰⁶ Nyunt Nyunt Win. (2013). "Myanmar: Report on Food Security & Nutrition Data Cataloging." Integrated Food Security Phase Classification (IPC) Asia Project OSRO/RAS/102/EC. P. 19

¹⁰⁷ *Ibid*, p. 19

reduced water availability that has led to localized vegetable crop losses and reduced fresh food availability in some Chin townships, which could further jeopardize food security.¹⁰⁸

317. Human and plant health are also affected by climate, which is an important factor determining the range and abundance of infectious pathogens, pests and vectors.

318. LIFT's outcome 2 seeks to increase the climate resilience of rural households and communities. In close accord with Myanmar's National Adaptation Plan of Action (NAPA) to Climate Change (2012), the team believes that **adaptation and mitigation needs must be considered as an important factor addressing poverty alleviation of poor Upland communities**. In this regard, the Upland Programme considers **support aligned with reducing the climate change vulnerability of rural and subsistence farmers** through the NAPA priorities of:

- Supporting locally relevant, ecosystem-based adaptation technologies and crops;
- **Building the resilience** of Upland area rural and subsistence farmers through crop diversification and climate resilient varieties;
- Diversifying home gardens and high-income fruit and vegetable crops through climate smart approaches; and
- Introducing new agricultural practices that promote food security and nutrition and improved livelihoods, hence strengthening the capacity of farmers to adapt to climate change.

319. Policies are emerging at different levels (local, national and sub-regional) that encourage the adoption of such practices, and new tools and innovative financing mechanisms are being introduced in Myanmar (and elsewhere) to reduce the impacts of climatic risks on farmers.¹⁰⁹

320. Urgent and locally relevant Upland area adaptation needs will require further assessment by IPs. It is proposed that the LIFT Uplands Programme supports policies and interventions that target: **capacities, collaborative arrangements and multi-sector landscape planning**

¹⁰⁸ Food Security Information Network. (2014). "Food Security Update: Early Warning and Situation Reports."

¹⁰⁹ For example:

- Cooperation being developed between the Government of Myanmar, UNEP and UN-Habitat towards the implementation of the Myanmar Climate Change Alliance (MCCA) Programme, which aims to build capacity to integrate climate change considerations into policies, and develop the National Climate Change Strategy and Sector Action Plans in Myanmar.
- Myanmar government initiatives to implement Myanmar Action Plan on Disaster Risk Reduction. Additionally, with assistance from UNDP and others, the government has begun to develop climate change adaptation measures to address poverty alleviation and sustainable development via the NAPA with adaptation needs to be further identified as projects are mainstreamed into national socio-economic sectors plans. Please refer to the Myanmar NAPA: <http://unfccc.int/resource/docs/napa/mmr01.pdf>
- ADB's Greater Mekong Sub-region CORE Environment Program is helping regional governments and practitioners to assess risks and plan for climate adaptation, strengthening national monitoring systems, and developing and testing adaptation and mitigation options with rural communities and small enterprises. See: <http://www.gms-eoc.org>
- The Union and perhaps state level work mentioned above are an important first step toward helping the poor and vulnerable to prepare for climate impacts. At the household and community-based level, a number of initiatives led by INGOs and CBOs in Uplands are also underway. Interestingly, (although currently only covering Africa, the Caribbean and Pacific) the Technical Centre for Agricultural and Rural Cooperation aims to identify and document agricultural practices, tools and policies that have "helped farmers to continue to produce food under adverse changing climate, understand the extent of the impacts of such solutions and draw lessons from scaling them up." Similar lesson-learned tool sets and best practices for climate smart community-based approaches appear useful for LIFT to consider. See: <http://www.cta.int/en/article/2014-08-13/documentation-of-proven-practices-tools-or-policies-that-promote-resilience-and-help-farmers-to-addr.html>

for **assessing vulnerability and building community resilience; and, overall, increasing climate change resilience through support for Upland Area community-based adaptation planning and mitigation.** A number of project activity options are potentially useful for framing climate interventions further, including the development of sustainable agriculture with site-stable agro-forestry interventions and improvements to commercial cropping regimens, integrated pest management, home garden diversification, community-based NRM, etc.

321. Obtaining or developing additional relevant studies assessing climate change impacts on upland agro-systems and crops is advisable.

4.5. Markets and value chains

322. Myanmar is still in the early days of its economic and market reforms that, however, began in 1990. Following years of economic stagnation, it is now touted by many as one of the fastest growing and most promising, albeit highest risk economies, in the Asia Pacific. Real annual GDP growth of “6% on average over 2009-2013”, and anticipated real annual GDP growth of “9.1% for the fiscal year 2014-15”¹¹⁰ with the number of middle class consumers ... expected to double by 2020” are given as examples of Myanmar’s market potential.¹¹¹ It was reported that: the process to start a foreign owned entity in Myanmar ‘is no more than 2 weeks,’ with minimal capital inputs required (all be it a temporary license), that foreign direct investment until recently ‘has grown by 50%, year-over-year,’ and; its exports, commodities and (until recently) manufactured goods are apparently also rising both in terms of volumes and prices.

323. Despite the optimism and seemingly encouraging possibilities, much remains to be done — not least of all where pro-poor growth continues to be constrained by a **legacy of inequality, conflict, lack of information, misguided policies, and weak formal economic regulatory and financial institutions.**

324. It has been argued that the country’s “statistical net is so poor that it is almost impossible to know what the real growth rate is, and that it is probably below the official figure.”¹¹² Indeed, in the World Bank’s annual ‘*Doing Business*’ 2015 report, Myanmar has come in 177 out of 189 countries surveyed (and just above Eritrea, Congo, Libya and South Sudan). Among certain indicators — for example the ease of ‘starting a business’, ‘enforcing contracts’, and ‘protecting minority share investors’ — Myanmar ranks below these African countries (at 189/189, 185/189, and 178/189 respectively).¹¹³ Myanmar also stands at 103 in the ranking of 189 economies on the ease of trading through formal market channels across borders.¹¹⁴

325. Agriculture, forestry and fisheries comprise the largest part of the country’s GDP (at ca. 38-43%, above industry and services), and account for the majority (ca. 66-70%) of all employment.¹¹⁵ Significant natural resources exit Myanmar unprocessed, i.e. where added values might have been kept in country. While cronyism and the private sector were also strong in the past, **reforms are opening additional opportunities for the private sector to shape inclusive access to resources, technologies, and markets.** This presents the

¹¹⁰ http://usa.chinadaily.com.cn/world/2014-01/27/content_17261444.htm

¹¹¹ Euromonitor. (June 2014). “*Markets of the Future in Myanmar.*” P. 132

¹¹² The Economist. (Jan 2014). “*Myanmar’s economy: Reality check- Optimism about business prospects on the final frontier may be overblown.*”

¹¹³ World Bank. (2014) “*Doing Business 2015: Myanmar.*” Pp. 16, 47 and 64.

¹¹⁴ *Ibid.*, p. 100

¹¹⁵ CIA World Factbook. <https://www.cia.gov/library/publications/the-world-factbook/fields/2048.html#bm>. Accessed 28 Nov, 2014.

developing LIFT Upland Programme with both opportunities and threats to Upland rural communities and smallholder farmers to consider.

326. Myanmar was the target of sanctions by the west and large-scale resource extraction and investment by its neighbours, and perhaps especially in the subzones. As such, many Upland areas (and particularly in the North and South East) experienced significant government interventions in the regulation of its markets and human and natural resources. Economic development remains not only a factor in Upland areas of conflict, but is also an essential requirement in its peace and longer-term sustainable development. Limitations in local economic development and employment opportunities are evident in both Upland elite rent-seeking (i.e. increasing one's share in wealth, without actually increasing wealth or its distribution) and in sustaining and expanding large informal economies. At present, there is:

- No reliable data on the nature and scale of informal markets, and;
- Extremely limited market 'intelligence' among Upland farmers.
- Perhaps as a consequence, smallholder farmers have difficulty accessing markets, market information and demands.
- There were monopoly practices acknowledged in the assignment, and apparently held by commodities brokers (e.g., *Aungban*) that heavily influence control local officials, permits, credit and prices.
- As noted, large-scale agri-business is driving upland farmers to produce mono-culture crops and which may not be well suited to the culture, food security, soil types and ecosystems of Uplands, and rely much on neighboring country and global markets outside of local knowledge, control and ability to negotiate.

4.5.1. Upland economies and market development

327. Ongoing and recent dispossession of upland farmers (the scale of which is acknowledged yet not fully determined by the team) from their land by commercial agriculture ventures,¹¹⁶ large-scale development projects and foreign investment, all exacerbate some of these issues. Past donor and government practices of short-sighted/quick-fix development solutions continue, along with local corruption, weak state/national legal frameworks and unequal opportunity/access.

328. In order for LIFT to consider agri-business investment, IPs would be required to work with communities to identify suitable Upland production potentials, and perhaps where there is scope for sustainable expansion (e.g. of both interested farmers and crop areas). It is recommended that LIFT pay attention to anticipated improvements to its environment and social management mechanisms, in order to harness potential synergies from positive economic, social and environment outcomes. For example, **principles for private sector engagement** based on transparency, responsible investment and good governance are recommended for programme consideration, as well as potential for advocacy and policy improvements.

329. As regards income inequality, in the short term, a **programmatic emphasis on securing the working assets (e.g. land tenure) of subsistence and smallholder crop farmers** would help to build, or at a minimum preserve, a more level playing field.

330. Private sector investment in the Upland rural economy is expected to grow substantially, and **LIFT will need to play an active role in ensuring that policies and investment**

¹¹⁶ See: Transnational Institute, Burma Centrum Netherlands. (May 2013). "Access denied: Land Rights and Ethnic Conflict in Burma."

benefit—not dispossess—the rural poor. Economic development via the LIFT Programme presents important opportunities, but must be well grounded to avoid further conflict, hoarding of resources and dispossession.

331. In light of Upland food security, the direct relationship of the entire country's economy and socio-political wellbeing to Upland Area natural resources and ecosystem service flows, and for appropriate market modalities to result, the LIFT Upland Programme is advised to further consider and review proposal potentials with greater emphasis for incorporation of:
- i. **Conflict sensitivity** (both in assessment and trust building);
 - ii. **A communications strategy** (that includes consultation, awareness building, and research and information sharing); and
 - iii. Improved LIFT environment and social management systems and due diligence¹¹⁷.
332. Adopting a stronger focus on conflict-sensitive programming, communication and due diligence may help ensure that the LIFT Upland Areas Programme is not only **'doing no harm'** (avoiding and mitigating), but also serving in its rightful role as a generator for **'doing good'** (i.e. identifying key opportunities and enhancing the benefits of its investment).
333. As noted, Upland business environments are complicated, and the pronounced absence of small to medium registered enterprises is some indication of this, although some businesses may be unregistered. Opaqueness in taxation regimens, conflict, balancing a delicate terrain of allegiances, unclear resource ownership and informal underground markets contribute to the dearth of SMEs, as does the lack of rural finance and investment in public roads and electricity, which are pre-conditions for rural-based industrial development (*section 4.7, Rural Finance*).
334. The Upland Framework will strongly encourage IPs to ensure that their concept proposals are based on essential **value-chain, market and agro-ecosystem research**, and that **alternative cultivation techniques and crop selection potentials proposed are rationalized within the Upland Areas context** (e.g. its resources, tenurial situation, culture, capacities, conflict, livelihood and food security practices, etc.). More tangible Upland market concerns (e.g. selection of crops, the need for creative solutions solving a lack of mechanisation, means of processing for value-adding, post-harvest storage, etc.) are to be kept in sight.
335. Beyond the farm gate or a regional distribution centre, many smallholder farmers producing monoculture crops have no clear idea of the routes/chains by which their products will travel and eventually be consumed or utilised.
336. The agriculture sector has declared, as one of its priority areas, the needs of local consumers. In order to contribute to rural development, such needs must be balanced alongside export of surplus agricultural products.¹¹⁸ In kind, food security will likewise need to be rationalized within IP market and income generation proposals, whether by building food purchasing power through off-farm employment, or via agricultural

¹¹⁷ Aspects of these points are missing from LIFT's "Voluntary Operating Principles for Engagement in Myanmar."

¹¹⁸ Nyunt Nyunt Win. (2013). "Myanmar: Report on Food Security & Nutrition Data Cataloging." Integrated Food Security Phase Classification (IPC) Asia Project OSRO/RAS/102/EC. P. 28

production. While acknowledging the diversity of livelihood systems, in general a step-wise progression is recommended by the team whereby:

- i) Household food security needs are secured through home garden and local production systems and
- ii) Where surplus crops might then be developed for local and regional markets (i.e. where accessing market information is more readily available), and;
- iii) Where these steps are satisfied, to then consider more distant global market potentials (which are considerably more difficult to plan around/for given policy shocks and that larger companies may simply be developing surplus to build their own purchasing power and/or offsetting more important or primary sources elsewhere).

337. Given the importance of: i) agriculture and forestry to Upland rural economies, and ii) fostering Upland stability by ensuring that economic development is inclusive of smallholder households and those who may otherwise have difficulty finding work (such as the landless, former soldiers, women and youth), potential IPs could consider:

- Developing subzone **agro-market development strategies**, and, as accommodated by Programme, supporting food, livelihood and natural resource sustainability, climate resilience and building inclusive enabling environments, communication, policies and business models that strengthen effective cooperation between Upland stakeholders (including the private sector, government, and smallholder farmers and their organizations).
- Developing project strategies that would ideally aim to **build both the capacity of smallholders, as well as local agricultural SMEs along the value chain**. This as might be supported by research conducted by institutional partners, universities and vocational schools for information sharing/future curricula development.

4.5.2. Inclusive agri-business modalities

338. While remaining open to innovative approaches proposed by IPs, the team suggests agri-business company (ABC) potentials working with small and medium farmers (SMFs) might be framed and/or channelled in the Uplands Programme through four main modalities.

339. Underscoring these modalities are: **promotion of “fair deals”** based on evaluated market demands, environment, economic, social sustainability and risks, etc.; **value additions for unprocessed goods**, e.g. before export; and **reducing costs between farm gate and markets to increase efficiencies**. It is noted that no ministry is currently dealing with these issues in a practical way.

340. Adding value to products also requires addressing limitations in labour, production techniques, and mechanization (which might be provided via private sector/local business).

341. There is a significant gap between markets, and the extension/training matching market requirements (e.g. in quantity and quality of product, in harvest and processing standards, etc.), and it will be useful to know more clearly the extent to which extension services reach into Upland programme framework areas – both in theory and practice.

342. There are **existing monopolies and vested interests that prevent this from happening**, and that **should be considered, addressed and/or engaged**. Here again, LIFT should promote best practices and principles for private sector engagement based on transparency, responsible investment and good governance, etc.
343. To be eligible to enter into contract farming or collective action, it is recognized many farmers and businesses could be **empowered with suitable business ethics** (e.g. not breaking a contract and selling their product to a middle man just because he/she showed up at the farm gate with cash in hand a few days before a scheduled pick up). Such a model might be accompanied via the mobile training programme of a potential implementing partner.
344. Where market demands are understood, and **parameters for sustainable agro-ecosystem, product development and supply/off-take are established**, possible areas under agribusiness options 2, 3 and 4 might include:
- Bamboo and NTFP processing, vegetable drying and cold storage business in Pao and Danu SAZs in Shan State;
 - Organic coffee production, certification and marketing in Danu SAZ, Kayin State, Than Daung township;
 - Silk worm and mulberry culture in Chin State;
 - Agro-forest niche products (Kayin State);
 - Pine resin processing in Shan State (East) and northern Chin State;
 - Small holder based rubber production in northern Shan State;
 - Organic tea production and processing in Palaung SAZ in northern Shan State;
 - Organic ginger production in Naga SAZ, Chin State and southern Shan State;
 - Temperate fruits in Shan State, including strawberries and apples;
 - Elephant foot yam in Naga SAZ, Chin State, Kachin, East Shan and Tanintharyi;
 - Pineapple processing in northern Shan State;
 - Range land management for *mython* ('black cow') in Chin State.

Table 14: Potential agri-business modalities/benefits to small-medium farmers.¹¹⁹

Potential Agri-business modality	Investment by ABCs	Expected benefit for small & medium farmers
1.Contract farming		
(i) Price contract	<ul style="list-style-type: none"> • Guaranteed price for specified quality and specified time. IP helps to facilitate, provide training, and facilitate contracts and their upholding. 	<ul style="list-style-type: none"> • Reduced price risks and possibly higher prices depending on bargaining power
(ii) Resource provision	<ul style="list-style-type: none"> • Provisions of inputs, cash loans and advisory services. This might be considered in partnership with rural finance (e.g. as established in sugar industry with banks). 	<ul style="list-style-type: none"> • Access to working capital and advisory services.
2.Coordination by value chain actors		
	<ul style="list-style-type: none"> • Participate in value chain roundtables or innovation-based platform discussion to 	<ul style="list-style-type: none"> • Improved productivity and better prices through reduced

¹¹⁹ Adapted from: Byerlee, Derek and Dolly Kyaw, U San Thein, and L Seng Kham. (2014). "Agribusiness Models for Inclusive Growth in Myanmar: Diagnosis and Ways Forward." Paper prepared for presentation at the "2014 World Bank Conference on Land and Poverty- Washington DC, March 24-27, 2014.

	coordinate actions, upgrade value chains.	transaction costs in value chain.
3. Collective actions by SMF		
	<ul style="list-style-type: none"> Cooperatives, farmers' organizations or private–public commodity boards provides advisory services, R&D, processing and marketing activities, participatory guarantee systems or collective certification (e.g. for coffee, or forests, etc.). 	<ul style="list-style-type: none"> Better prices and improved productivity; organized SMFs pay member fees or share knowledge, resources and outputs in return for services.
4. Independent SMFs in spot markets		
(i) Upstream support	<ul style="list-style-type: none"> Provide financing and advisory services 	<ul style="list-style-type: none"> Access, know-how and inputs upgraded.
(ii) Downstream support	<ul style="list-style-type: none"> Invest in storage, processing, cold chains, market infrastructure, etc. 	<ul style="list-style-type: none"> Improved market prices, diversified new products, access to post harvest mechanization, warehouse financing, etc.

345. Although many farmers are enterprising, given varied levels of risk tolerance, access to new technology, credit, knowledge, etc. the team recognizes that only a small fraction of any given population is destined to become an entrepreneur, and so Programme efforts might be tailored accordingly.

346. While increasing productivity and incomes, **linking agri-business companies and market opportunities for farmer capacity development and vocational training** are important parts of the solution (and might perhaps even encourage employment development in Upland cities, simply training/re-training Upland farmer workforces will not resolve broader inequalities and political problems. And rather, that resolving Upland inequities and **protecting smallholder land user rights, tenure, food security and incomes** means that Upland smallholders don't become landless in the first place.

347. **LIFT should consider providing support and advice to improve current and potential contractual arrangements.** The risk here is that if LIFT shies away from the issue, it might be unable to respond to farmers' existing and most urgent needs for advice and support. Environmental and social risks and some broker practices, for example those associated with CP corn development, are acknowledged as being potentially harmful to smallholder farmers, not only in Myanmar but in Laos and Thailand as well.¹²⁰ The question then is how to approach such issues pragmatically and in an opportune manner. Farmers will continue to grow corn given significant profits. **LIFT and its IPs should thus be considering ways to better inform and protect farmers, maintain and build soil fertility, provide low-cost loans and promote mutually beneficial brokerage relationships.**

4.5.3. Productive interest groups and inclusive multi-stakeholder planning

348. Although farmers talk and share with one another, they are poorly organized, and only a few farmer-initiated producer groups were encountered in the mission (perhaps as a legacy of the military regime which discouraged self-organization and freedom of assembly). Many farmers therefore lack the means for mechanization, storage and post-harvest processing.

¹²⁰ See: Daniel Ahlquist, Townsend.

Against this backdrop, the establishment of farmers' productive interest groups/associations and farmer fields schools (FFS)¹²¹ could assist market negotiation, processing, organize improved transport and overall serve as platforms for technical, input, activity and knowledge sharing. These could be linked to **proposed village revolving funds** and support appropriate **village development planning**.¹²² They might, for example, range from a veterinary network to address animal mortality, and IPM and plant protection to address crop pest/disease, to agricultural processing for fruit trees, tea or coffee, water user groups, bee/apiculture development, WASH collaboration, etc.

349. As mentioned earlier, Upland Areas are rich in natural resources (e.g. gems, timber). The lifting of international economic sanctions and liberalization of foreign trade are expected to boost natural resource use and industries throughout the country.¹²³ The question is: is it possible to develop and manage natural resources in ways that provide greater and more equitable income and decision making benefits? Where possible, this would greatly serve short-term development goals.
350. Given current business development models, and a general lack of social and environment safeguard considerations, businesses that are investing in Upland Areas are likely to be primarily interested in short-term assets (i.e. that mature in 15 years or less). This raises the question of whether Upland states/regions (whose authority is unclear, and whose budgets cover only two years) will be able to develop realistic growth budgets and plans after that point. Once again, this question underscores the **need for inclusive, multi-stakeholder and multi-sector planning for resource allocation, utilization and management**. Moreover, multi-stakeholder engagement and consultation **will require conflict-sensitive programming**. IPs will need to rationalize and describe means of possible coordination in this regard, and ensure these are aligned to local possibilities and conditions.
351. While it is recognized there are limitations given the Programme's time frame, there are a number of important and related issues to address and that might be tackled through improved policy/advocacy, including, not least, resolution of ownership issues (e.g. conflict) and taxation structures. Overall, the **protection of productive assets to ensure "resource management secures the greatest benefit for citizens through an inclusive and comprehensive national strategy, a clear legal framework, and competent [transparent and accountable] institutions."**¹²⁴ (Please refer to the *Yangon Statement on Human Rights and Agribusiness in South East Asia* and the *Natural Resource Charter*).¹²⁵
352. In addition to the immense undervaluation of ecosystem services and their provisioning services, and in response to urgent market driven natural resource management changes afoot in the Uplands, the team recommends the LIFT Upland Area's Programme actively consider adopting market and value-chain approaches which might include:
- **Equity impact investments** that generate specific beneficial social and environmental effects in addition to financial gains.

¹²¹ As successfully piloted in several 2010-2014 LIFT Hilly Region projects.

¹²² The team recognizes that village development planning means different things to different people. By example, as government planning documents, they could be inappropriate to use in areas affected by conflict, as it would involve taking a side.

¹²³ Example, mining auctions alone bring in ca. US\$1-2 billion/year. Euromonitor. (June 2014). *"Markets of the Future in Myanmar."* P. 132.

¹²⁴ Precept 1 of the *Natural Resource Charter*. The *Charter* is a set of economic principles for governments and societies on how to best manage the opportunities created by natural resources for development.

¹²⁵ A potentially useful (though non-binding) measure that LIFT may wish to explore with the Ministry of Environmental Conservation and Forestry's (MOECF) Environment and Conservation Department (ECD), and who appeared receptive to the concept in Naypyidaw meetings. The ECD is also notably charged with improving Myanmar's ESIA regulations, policy, frameworks and developing practice.

- **PES mechanisms** that capture critical downstream ecosystem benefits and support upstream NRM, agriculture and forest ecosystem protection and management. Demand driven, action-oriented research in this regard may be directly linked to LIFT outcomes to increase rural incomes, improve policies for public expenditure, and promote climate resilience. PES varies from narrow and stand-alone market-based definitions (including schemes where private buyers and sellers arrange voluntary and conditional transactions for the delivery of ecosystem services), to broader public-private and national schemes. The level of analysis and facilitation to develop smaller scale mechanisms should be possible to accomplish by IPs within the LIFT three-year time frame, and could therefore be considered for piloting in several sites.
- **Promotion of tax policy beneficial to Upland Area environments and economies**, for example through removing inappropriate subsidies and instead paying smallholders, their communities and other landholders to restore and protect environmental assets. Where farmers sustainably manage their land they should be rewarded with benefits (e.g. tax concessions).¹²⁶
- Related **Green Economy approaches** that are low carbon, resource efficient and socially inclusive.

353. These suggestions stand to bolster LIFT Upland Programme recommendations promoting landscape scale and multi-sector approaches, as well as LIFT’s potential for “doing good.”

4.6. Non-farm employment and livelihoods

4.6.1. Alternative livelihood development, and non-farm employment

354. Landless and poor farmers in the Uplands adopt a wide range of activities, and in diverse ways, to meet their income and food security needs. Wage labour in farm and off-farm activities (e.g. mining, carpentry, construction, logging) is common, however, a majority of the landless are still likely to consider their main livelihoods as farming and are often engaged as casual labourers in crop production or livestock raising either in the locale or as seasonal migrants elsewhere.

355. In addition to agri-business and Upland market development potentials described later, alternative livelihoods may be supported by the Programme via:

- Exploring on-farm alternatives:** improved land tenure for smallholder farmers; improved Upland farming systems; sustainable on-farm intensification and diversification via well-grounded commercial agri-business and niche product potentials; ecological and organic agriculture; apiculture; rural ecotourism; livestock breeding and development; small scale forest-based enterprises and community forestry; adding value to agriculture and forestry through certification regimens; and benefit-sharing mechanism such as PES, to name a few.
- Supporting off-farm employment and non-farm vocational training**, for example through the development of ecotourism potentials, or supporting artisanal and traditional handicrafts, industrial and service sector/ community partnerships to reduce migration and stimulate local value chains (i.e. rural, semi-urban satellite towns and in-country urban potentials).

¹²⁶ Sturmer, Jake and Alex McDonald. (06 Nov 2014). “Short-term political fixes pose threat to environment and future prosperity, scientists warn.” Australian Broadcasting Corporation. See: <http://www.abc.net.au/news/2014-11-06/short-term-political-fixes-on-environment-pose-threat-to-future/5869696>

- iii. **Facilitating external employment potentials**, both regionally and internationally, which would require additional scrutiny to ensure safe migration, suitable working conditions and remuneration. (*See migration and remittances, below*).
- iv. Promoting **local and regional social and economic arrangements** to foster smallholder and landless livelihood options. It must be recognized, however, that while in the positive sense, these relationships can lead to mutual sharing of productive resources, negative relationships might also result. Such negative outcomes may be characterized by unfair or exploitative wages or physical conditions and lost assets (for instance due to prostitution, abuse of domestic workers and land grabbing).

356. Some of the more obvious Upland area location-specific potentials are outlined per subzone in Annex 2. Other and more specific options should be evaluated based on the opportunities and vulnerabilities described for locales within IP proposals.

4.6.2. Migration and remittances

357. Migration and remittances vary widely in Upland Areas, and depending on the locale, proximity to the border, conflict drivers, the migrant age, relationship to family members, access to credit, alternative livelihood options, etc. Upland border areas are porous, and have given rise to regular **out-migration** patterns and an outward-looking orientation, while remoteness and poverty incidence within interior Upland Areas are attracting a burgeoning opium economy and drawing labour in this regard (i.e. '**in-migration**'). This is a relatively new phenomenon, as there was minimal migration prior to 1988. Thus, over the last 20 years, Myanmar has grown to be the largest migration source country in the Greater Mekong Subregion (GMS)¹²⁷ (*Annex 5, Map vii*). It is also the greatest source of trafficking victims, with ethnic minorities being disproportionately represented in that category.

358. Landlessness, a lack of employment opportunities and insufficient incomes are causes of migration, with many fleeing fighting, displacement, and land expropriation. While there is no figure over the internal migration, it is estimated that up to 10% of Myanmar population migrates internationally.¹²⁸ Population mobility of the Upland across the border, in particular to/from Thailand, China and Malaysia, has complex and unique push and pull factors related to livelihoods, social-political issues, national and local security, not least of all including **the opportunity for better wages and demand for less skilled labourers in neighbouring countries**.

359. Such mobility patterns are clearly evident in Upland Area regions and states. As mentioned, the commercialization of agriculture and extractive industries (such as timber and mining) has resulted in huge confiscation of farmers land and resulted in smallholder farmers becoming landless. As farmers lose land, they migrate in search of alternative livelihood opportunities.

360. Urbanisation, regionalisation and integration of adjacent regions inside Myanmar and with the Asian economy as well as the population growth, resettlement, and movement trends provide an increasing movement of people and goods across the border and within the

¹²⁷ International Office of Migration, Myanmar (2013): <http://www.iom.int/cms/en/sites/iom/home/where-we-work/asia-and-the-pacific/myanmar.default.html?displayTab=map>

¹²⁸ Republic of the Union of Myanmar, "Five Year National Plan of Action for the Management of International Labour Migration (2013 – 2017)."

country, and in particular in Upland areas, which is having a huge impact on land tenure and conflict dynamics of the region.

361. The flux of temporary and permanent migration from southern and central Myanmar to the northern parts of the country may be due to a combination of economic pressures in the dry zone and commercialization of agriculture in the Uplands. There may be the perception that there is 'land in the hills', natural resources and other opportunities to exploit in remote border areas, with the result that Upland smallholders are being pushed out of their land due to inequitable development and ongoing fighting between the government and ethnic armies.
362. In 2013, the total (formal) migrant remittances back to Myanmar were estimated to be in the order of US\$ 300 million,¹²⁹ and informal remittances are reported to be as high as US\$ 8-10 billion.¹³⁰ The remittances sent home by migrants could provide a means to contribute to Upland subzone economic development. However, at the present time, these **remittances are primarily used for survival and/or consumption, with little left for investment and other productive purposes.** Remittances are usually sent via informal channels that, at present, negate the possibility of leveraging funds through formal financial institutions.
363. The **creation of livelihood, awareness, and social protection conditions** may help to provide safe and secure migration and contribute to socio-economic development.
364. It is also recognized there is a larger legal issue that must eventually be addressed, where **many ethnic minorities lack access to legal status as national citizens.** This creates a myriad of vulnerabilities for upland people, from access to land tenure, to credit and other basic rights as citizens. These are factors have been considered in the development of the Upland programme.
365. **Within the context of migration, human trafficking takes place, with Myanmar serving both as a source as well as a point of transit.** Men, women, and children are trafficked for sexual and labour exploitation in Thailand, China, Malaysia, Bangladesh, South Korea, Macau, and Pakistan.¹³¹ Reports indicate a trend that Shan and Kachin women and girls are being trafficked across the China border to work in the sex industry or become brides to Chinese men.¹³²
366. While there are no reliable estimates of the number of Burmese who are trafficked, most observers believe that the number of victims is at least several thousand per year.¹³³ If Upland Areas programme development is successful at generating income and employment, it may impact positively on this situation.

¹²⁹ <http://press.anu.edu.au/myanmar02/pdf/ch05.pdf>

¹³⁰ \$US 8 billion: <http://www.mmtimes.com/index.php/special-features/194-your-money-2014/11067-hundi-remittance-lives-on.html> ; \$US 10 billion- <http://www.economist.com/blogs/banyan/2013/05/myanmars-remittances>

¹³¹ US Department of State, Trafficking in Persons Report (2011)

¹³² See: UNIAP Siren human trafficking data sheet, Myanmar (http://www.no-trafficking.org/reports_docs/myanmar/myanmar_siren_ds_march09.pdf) and Fisher, Jonah (11 Jan 2015). "Sold in Myanmar and trafficked in China". BBC News. <http://www.bbc.com/news/world-asia-30272273>

¹³³ UNIAP: The Human Trafficking Situation in Myanmar (2009)

4.7. Rural finance

4.7.1. Micro-finance

367. New Upland investment has, by and large, benefited large farmers who have land and finances to invest in production. Many cash-starved small farmers, however, are caught in a poverty trap, **locked into debt through high cost informal lending arrangements** (e.g. 10-20%/ month), facing high input costs (often related to the informal lending market), low crop yields (due to poor suitability to upland soils, lack of mechanization, etc.) with lowering benefit-cost ratios due to intensive monoculture cropping and soil erosion— to such a point that they are forced to sell their land, even becoming labourers on land they once owned.
368. Of current formal micro-finance providers, the largest institutions are: the Myanmar Agriculture Development Bank (MADB, at 37%), UNDP's microfinance program (PACT, at 19%) and the Myanmar Small Loan Enterprise (MSLE, at 14%).¹³⁴ Of formal credit, “two of the top three loan providers are state-owned banks/organizations, which signals the **lack of diversity among the types of institutions offering credit.**”¹³⁵ The next largest category of loan providers includes specialized agricultural companies, which comprise over 60 companies. As of September 2012, the microfinance client pool had an estimated four million micro clients with a total loan portfolio of approximately US\$270 million.¹³⁶
369. There are six kinds of providers of microfinance services in Myanmar, namely: i) the informal and semi-formal sector; ii) banks; iii) cooperatives; iv) NGOs; v) specialised agricultural development companies; and vi) government organisations.¹³⁷ Of these, MADB has about half of the estimated micro-finance clients.
370. There is expected to be an increasingly closer **link between land registration, and loan access**,¹³⁸ and where local administrative departments would have a role in deciding which crops are prioritized and endorsed for loans. This is a particularly critical issue for many Upland smallholders, who may have neither land use certificates nor access to loans.
371. As mentioned earlier, there are few links or coordinated planning between agricultural extension (via MOAI and MLFRD) and essential market research. It is recognized that local savings groups could also play a useful role in land use planning, collective bargaining and improving local marketing power.
372. Donors and international NGOs have created many village-based organizations. According to an IFC report, MADB reported that there were 12,000 of these community organizations serving 1.4 million people.¹³⁹
373. Despite such figures, there is a major microfinance gap **in Upland Areas, and there are opportunities for operational improvements** that the Programme should consider. For instance, significant finance is directed to paddy areas, and not to non-paddy areas. Farmers in several cases mentioned the **need to extend loan terms and that repayment**

¹³⁴ Based on outstanding loans as a percentage of the total loan portfolio.

¹³⁵ Kim, Mariana. (April 2013). *Rural Poverty Alleviation in Burma's Economic Strategy: A Comparative Evaluation of Alternative Interventions to Increase Rural Access to Capital*. P. 11

¹³⁶ *Ibid*, P. 11

¹³⁷ Duflos, Eric and Paul Luchtenburg, Li Ren, and Li Yan Chen. (2013). “*Microfinance in Myanmar Sector Assessment*.” IFC.

¹³⁸ As understood from discussions with MADB, where in the near future there is the expectation they will ask that land certificates be provided as one condition to granting loans.

¹³⁹ *Ibid*. P 9-10.

be placed beyond harvesting times, i.e. where at present they sell crops at significantly reduced prices (and where post-harvest storage facilities would have also been useful).

374. This indicates a need to build rural savings, address support linkages between micro-credit and technical provision, and of transferring skills to local community-based counterparts to build indigenous micro-credit systems (a ‘micro-credit plus’ approach) in managerial, financial, technical and institutional terms.
375. Additionally, as described below, there is a recognized need to link micro-credit to local social protection, pro-poor micro-insurance, remittances, debt relief measures, and to expand rural finance potentials in general.

4.7.2. Rural Finance

376. Small Upland businesses, where they exist, might be important engines for job growth and economic development. The Ayeyarwady Delta has the highest number of registered SMEs (6079), followed by Yangon (6031), with the latter having a greater proportion of large-scale industry.
377. In States and Regions that are home to Upland areas, Kayah State has the least number of SMEs (316), followed by Chin (538) and Kayin States (922); northern Shan, southern Shan and Kachin have more. The number of cottage industries was approximately six in eastern Shan, 17 in Chin, 44 in northern Shan, and 152 in Kayin State, with the total for all Upland States constituting only 6% of the Union total.¹⁴⁰
378. Concerning potential Programme investment in SMEs, with foreign investment likely to increase, the industrial sector will certainly grow much faster. An independent survey of ca. 900 business owners in nine conflict-affected countries¹⁴¹ – which is potentially relevant to the Uplands setting – identified ten priority business barriers in these areas. It is worth noting that political instability was the only obstacle in the top ten related to conflict, but only a small percentage of respondents viewed it as an impediment to running their business.¹⁴² While conflict is certainly an underlying reason for many barriers, the top five barriers identified by respondents included: i) lack of access to electricity, ii) lack of access to credit, iii) a lack of adequate tools and machinery, iv) attracting investors, and v) a lack of skilled labour, the first four of these were directly related to credit, and could be removed with better access to finance.
379. These findings are not dissimilar to the situation in many Upland rural areas, where the (few) existing and potential SMEs stand to generate employment and incomes for both the landless and smallholders. Nevertheless, potential IPs will be required to ensure a high level of due diligence in their scoping of rural finance for SME opportunities, apply the Programme’s conflict-sensitive principles, and establish benchmarks, grievance mechanisms and risk management systems in conflict-affected areas.
380. As noted, while microfinance exists in some areas, there is at present no access to either i) loan guarantee funds or ii) equity impact investment for SMEs:

¹⁴⁰ Combined Directorate of Industrial Supervision and Inspection (DISI) Reporting and MIMU SME mapping.

¹⁴¹ SPARK Amsterdam. (2013). “*Opportunities and Challenges to SME Development in Conflict Affected States—findings from the Tracer Survey.*” Bosnia, Kosovo, Macedonia, Montenegro, Serbia, Burundi, Rwanda, Liberia, Occupied Palestinian Territories.

¹⁴² *Ibid*, p. 24

- i) **Loan guarantee funds** are a way for individuals or SMEs in urgent need of assistance to acquire funds without putting excessive risk on the lending institution. Loan guarantee funds mitigate that risk by ensuring a third party (e.g. LIFT fund, or a government agency) will purchase the debt from the lending institution and take on overall responsibility for the loan.¹⁴³ Because a guarantee fund does not actually make loans, but instead issues guarantees against its capital, the guarantee fund is able to issue more in guarantees than it actually holds in capital (typically from 5 to 10 times the amount of capital), if the partner banks or the fund are in agreement.¹⁴⁴

In addition to this multiplier effect, another advantage is the funds ability to provide formal credit to underserved groups. For example, when rural households and small business currently need credit, their only options are limited microfinance opportunities through CBOs, and informal market lenders and traders (which as noted is problematic as it may come at prices 5-10 times higher than banks.) By accessing the formal credit market through the use of guarantees, borrowers are able to lower their costs of capital and their risks significantly, and the business practices of both borrowers and existing financial institutions are improved.¹⁴⁵

- ii) **Equity impact investing.** The aim of equity impact investing is to generate “specific beneficial social and environmental effects in addition to financial gain.” This is a distinct subset of “socially responsible investing ... but while the definition of socially responsible investing encompasses the avoidance of harm, impact investing actively seeks to make a positive impact—investing, for example, in non-profits that benefit the community or in clean technology enterprise.” Impact investing need not always be profitable, for instance in cases where investors factor in larger social and environment goals.¹⁴⁶ In this regard, further study and consultation with IPs would be required to know where (sector, value-chain) this would be most viable in the Upland context.

381. The Programme suggests improving access to rural finance, and support for innovative financing mechanisms, which may possibly include loan guarantee funds and equity impact investment potentials.

¹⁴³ USDA “socially disadvantaged farmers loans” might prove one reference point. See:

http://www.fsa.usda.gov/Internet/FSA_File/sdaloans11.pdf

¹⁴⁴ O'Bryan, William E. (2010). “*An Analysis of Small Business Loan Guarantee Funds.*” P. 14.

¹⁴⁵ *Ibid.* P. 15

¹⁴⁶ For impact investing support research, tools, training and resources, refer to the *Global Impact Investing Network*: <http://www.thegiin.org/cgi-bin/iowa/aboutus/team/index.html>

4.8. Nutrition and WASH

4.8.1. Nutrition

382. Myanmar is considered to be food sufficient and diets include (on average) sufficient caloric intake (an indicator of the *quantity* of intake). Over time, there has thus been a downward trend in malnutrition in the country.¹⁴⁷
383. Food alone, however, is not enough where there exist geographic and seasonal disparities, as well as the malnutrition that still detrimentally impacts young children. It is currently estimated that **stunting (height-for-age) impacts ca. 35.1% of Myanmar’s children under five,**¹⁴⁸ and that “one in three children under the age of five years is underweight and will not reach his/her full potential in terms of growth, intellectual development and adult work capacity.”¹⁴⁹
384. The reported “**high prevalence of certain micronutrient deficiencies**” (e.g. debilitating iron deficiency anemia and infantile beriberi) therefore indicate that the *quality of diets* (defined as diet diversity ensuring of consumption of foods rich in essential micronutrients) remains insufficient.¹⁵⁰
385. As noted in the section on food security (4.2), the proportion of the population living below the minimum level of dietary energy requirements is measured by a proxy measure known as “food poverty incidence.” In terms of rural-urban differentials, malnutrition and food poverty are higher in rural areas of the country, with remote areas – such as found in Uplands – being particularly disadvantaged. For example, when disaggregated by states, Chin has the highest food poverty incidence (at 25%), followed by northern Shan (9.9%), Tanintharyi (9.6%) and eastern Shan (at 9.1%) (*Table 5*).
386. The underlying causes of Upland area malnutrition may be linked to a variety causes, including: poverty; food availability; remoteness and accessibility; exposure to food borne infections (e.g. where diarrhoea impairs nutrient absorption); maternal and infant care practices (e.g. where malnutrition during fetal development may also be brought on by a malnourished mother); a lack of access to health and nutrition services; and women’s access to income generation and decision making opportunities.
387. Access to water and sanitation services and dietary diversity are also important underlying causes of malnutrition, and underscore **the importance of the Programme’s tackling of malnutrition through a multi-sectoral approach, i.e. linking agricultural, post-harvest storage, health and water and sanitation, and, potentially, conditional cash-transfer interventions.**
388. The Upland Areas Programme will aim to help improve the income and financial conditions of subsistence and smallholder farmers, and should ensure that they are also able to access food in the right places, at the right times and in the right form.
389. Given the first 1000 days of a child’s life determine their health prospects for life, as well as the high correlation between maternal education and lower rates of stunting and

¹⁴⁷ National Plan of Action for Food and Nutrition. Draft Feb. 2013. P. 3

¹⁴⁸ Scaling Up Nutrition. (2013). Myanmar country statistics: http://scalingupnutrition.org/wp-content/uploads/2014/11/SUN_Compendium_ENG_20141026_36Myanmar.pdf

¹⁴⁹ Nyunt Nyunt Win. (2013). “*Myanmar: Report on Food Security & Nutrition Data Cataloging.*” Integrated Food Security Phase Classification (IPC) Asia Project OSRO/RAS/102/EC. P. 27

¹⁵⁰ National Plan of Action for Food and Nutrition. Draft Feb. 2013. P. 3

underweight children, the team recommends, in general alignment with the Myanmar National Plan of Action for Food and Nutrition, that proposed **nutrition interventions will specifically target pregnant and lactating women, infants between 0 and 2 years old, and underweight children aged 0-5 years.** Interventions might potentially include: the promotion of breast feeding; nutrition information, education and communication; dietary management for acute malnutrition and related infections; the introduction of calorie and nutrient dense safe foods; instruction regarding food preparation and environment sanitation; deworming; and vitamin and mineral supplementation.

390. The team recognizes that further targeting of malnutrition and food insecurity in Upland area States, Regions and Townships will be required, and that this may in part be accomplished through IPs' further identification and assessment of vulnerable and at risk areas and populations and/or additional LIFT or partner surveys.

4.8.2. WASH

391. Unimproved hygiene, inadequate sanitation, and unsafe drinking water account for a percentage of total Upland Area disease burdens and child mortality. Interventions in WASH are highly cost effective and capable of preventing many devastating disease burdens. Following the adoption of the National Health Policy, national guidelines were established in 1995 to achieve sanitation for all by 2000.¹⁵¹ Priority was accordingly given to sanitation and hygiene from the highest level of government down to the village level.¹⁵² Myanmar is reported to have less WASH private sector involvement in general compared to the other Southeast Asian countries.¹⁵³

392. Upland areas suffer from poor access to safe and reliable sanitation and water services. While statistics vary, it has been estimated that:

- Approximately **25% of rural Upland populations do not yet have access to improved sanitation facilities** (i.e. with at least adequate access to excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta), and;
- That approximately **20% of rural Upland populations do not have access to improved water sources** (i.e. with reasonable access to an adequate amount of water, such as a household connection, public standpipe, borehole, protected well or spring, and rainwater collection).¹⁵⁴

393. While remarkable progress appears to have been made in water and sanitation and most States/Regions with Upland areas contain at least one WASH programme, there is still significant room for improvement.¹⁵⁵ Ravine and hill streams remain primary water sources, and rudimentary and/or dilapidated water infrastructure may be found throughout Upland Programme areas. Diarrhoea and cholera are key issues to address, and that acutely impact (i.e. kill) children under five.

¹⁵¹ Ministry of Health, 1995

¹⁵² D. Bajracharya, Chief Water and Environmental Sanitation Section, UNICEF Myanmar. "Myanmar's experience in Sanitation and Hygiene promotion: lessons learned and future directions."

¹⁵³ Finnish Water Forum. (2013). "Preliminary findings of the Myanmar WASH sector Background Paper."

¹⁵⁴ World Bank, 2010.

¹⁵⁵ Some studies (ref.??) suggest that these may be overstated, considering the observations and comparisons with other countries that have similar health conditions.

394. As evidenced by the types of diseases causing significant economic loss, many Upland water sources remain unprotected and are easily contaminated by animal and human waste. **A programme to improve community sanitation practices, latrines and water supply would further reduce the burdens of hygiene and sanitation-related diseases in Upland Area communities.**
395. A programme component is thus suggested and that may be tied closely to small-scale water and sanitation infrastructure and community education to protect water sources through awareness raising on the relationship of fresh water, health and disease, as well as protection of watersheds. In this regard, **the Programme's WASH option could be tied to schools** where many Upland schools are still served by hand pumps, open wells and rainwater collection, and where schools are an ideal place for conveying life skills, health and hygiene.
396. Potential technologies to be employed by projects might, by example, include: construction and maintenance for water storage and rainwater harvesting; well aprons to protect hand dug household ground wells; improved latrine design (e.g. dry latrines, earth dry latrines or wet permeable latrines); and simple sewerage connections. Water storage is also a necessary consideration in areas with irregular access to running/clean water. Well aprons will protect water sources from pollution. Latrines that are appropriate to the precise characteristics of the site will prevent the seepage of human excreta into groundwater and water sources that feed food production systems.
397. Cleaner, safer, water sources and appropriate disposal of human waste will reduce the risk of hygiene related diseases and hence reduce the work burden for household members and the costs of care and treatment of sick individuals. Once implemented, the Programme will need to continue to examine cost-efficiency and scale, and rationalize proposals based on appropriateness to households, schools and community facilities and the differing topography of Upland Areas.
398. Implementing Partners will be advised to compliment the work with effective contemporary methods of behaviour change to improve family hygiene. It is also recommended that IPs work closely with the 3MDG Fund (also managed by UNOPS) to try to develop synergies by focusing on similar areas.
399. **HIV, malaria and multi-drug resistant TB stood out in discussions as serious health concerns impacting Upland area households**, and consequently the productivity and incomes of households. Additional discussions between LIFT and the 3MDG regarding these core health concerns appear **pertinent to LIFT's main objectives and beneficiary targets.**

4.9. Social protection

4.9.1. Social safety nets and protection

400. 'Social safety nets' and 'social security' are sometimes used as alternative terms for 'social protection.' In social insurance, the beneficiary is expected to contribute some amount or resource, while social assistance involves no contribution.¹⁵⁶ Social protection in Myanmar is largely limited to social insurance schemes that are available only to workers in formal sectors, and that for the most part do not apply to Upland Area smallholders and landless.

¹⁵⁶ Tiwari, Bishwa Nath, Shafique Rahman, Khine Tun. (2011) *"Poverty, Food Insecurity and Vulnerability: Issues and Strategies (Myanmar)*. P. 51-2.

There was no recognizable crop disaster or agriculture insurance scheme available to Uplands smallholders that the team was made of aware of.

401. Some welfare services, however, do serve disadvantaged groups, but have extremely low coverage (e.g. orphanages managed by Buddhist monks). More commonly, villages with relatively **intact traditional social structures and/or active local CBOs have established informal social protection mechanisms** (ranging from village rice banks, post-harvest storage facilities, inventory credit systems and communal support and students wishing to study at university, to revolving funds which ensure access by disadvantaged households). **Support for operational improvements, expansion and capacity building for local CBOs** in the above regard are important considerations.
402. Of the donors that support assistance programs (such as those following Cyclone Nargis in 2008), some provide cash for work, funds in exchange for restoration or repair of rural infrastructure, or seed grants for home gardening, livestock raising and small trading. Overall, the Upland area social protection **projects should be designed to help the most vulnerable to meet food, nutrition and other basic needs.**
403. The Programme is encouraged to consider IP projects in the above regard and specifically in cases where social safety nets might be applied to address farmer indebtedness and relief. Additional analysis of social safety nets and protection for each of the three proposed subzones would be useful and further ground the assessment.

4.9.2. Cash transfers and debt-relief

404. Wealth redistribution is a means of addressing pervasive inequality issues, but it is generally a longer-term solution. In the short term, the Programme considers **targeted cash transfers to critically in-debt farmers.** The scope and scale of this work will require further ground truthing, but where implemented with appropriate due diligence and in line with conflict-sensitive principles, it may contribute to improving the livelihoods of poor smallholders and the landless, as well as social cohesion and community stability.
405. As noted, the assignment confirmed significant Upland farmer and household indebtedness in Shan, albeit anecdotally, and **a more rigorous investigation of farmer indebtedness is advisable.** Discussion within the team nonetheless arose regarding the potential to re-organise smallholder farmer debt through cash transfers and given strong evidence indicating cash transfers might be useful for: reducing hunger and food security; improving health and increasing food consumption and spending;¹⁵⁷ protecting productive assets; encouraging livelihood diversification; and, overall, “helping poor households cross critical thresholds for participation in markets and economic growth, at the same time as immediately addressing poverty and vulnerability.”¹⁵⁸
406. There is also evidence of important second-order effects, with cash transfers helping to improve school enrolment and attendance¹⁵⁹ and women’s empowerment (where cash transfers are directed to them). Cash transfers may also “... diversify livelihoods and improve their long-term income generating potential by funding the costs of job seeking, allowing them to accumulate productive assets and avoid losing them through distress inability to repay emergency loans. Transfers allow households to make small investments; and in some cases take greater risks for higher returns.... Whilst local economic

¹⁵⁷ Arnold, Catherine, Tim Conway and Matthew Greenslade. (April 2011) “DFID Cash Transfers: Evidence Paper.” UK DFID. P. 20

¹⁵⁸ *Ibid*, p. 33

¹⁵⁹ *Ibid*, p. 23

development is not the primary objective of transfers, they can provide a stimulus to the local economy [and trade reforms] by increasing demand for consumption goods, inputs or assets.”¹⁶⁰

407. At the simplest level, cash transfers could be utilized by the Programme to deal with i) reducing the outstanding principal balance (partially or fully), ii) buying debt and offering lower/more reasonable interest rates, iii) extending loan terms, and/or iv) other debt-relief interventions.
408. It is also recognized that informal market lending mechanisms (ranging from family members to unscrupulous brokers) would need to be addressed, and who might only consider these measures where borrower debt default is considered a greater potential risk or loss than its relief.
409. Through potential IPs, the **Programme is advised to further scope and consider options in this regard**. Scale and scope issues that should be addressed include considerations regarding: i) financing of **either full or partial debt relief**; ii) **conditional** (e.g. requiring children to attend school) **or unconditional transfers** (without prior requirements); iii) **whether to** structure the intervention as a cash for work or **public work programme**; iv) **necessary institutional arrangements, guidelines and payment mechanisms**; v) linkages to **complimentary arrangements** (e.g. vocational training, microcredit, nutrition programmes); and vi) not least of all, the **beneficiary targeting options** (e.g. via self-targeting, geographic targeting, highly indebted individuals only, or providing access to SMEs that employ smallholders).

4.10. Governance and inclusiveness

4.10.1. Governance, Participation and Extending Services

410. The team suggests Upland Area Programme coordination through a **complimentary and partnership approach that recognizes**; i) current Upland area operational possibilities (particular to and defined by local contexts);¹⁶¹ ii) the new LIFT strategy and its willingness to work with IPs, government, business and CSOs to build constructive engagement, cost share, and long term programme sustainability; and iii) the significant levels of inefficiency and disorganization between ministries, donor programs, IP efforts, etc.
411. The proposed complimentary and partnership approach suggests the Upland Area Programme should be developed to build leverage towards shared goals supporting LIFT poverty alleviation, food security and to avoid duplication of effort. Upland IP guidance is informed by: the Programme’s conflict-sensitive principles (i.e. it does not force partnerships); trusted IPs’ local understanding of possibilities to harmonize investments; and the means for identifying and managing risks and enhancing benefits and opportunities that leverage the LIFT portfolio.¹⁶²

412. The approach recognizes:

¹⁶⁰ *Ibid*, p. 34

¹⁶¹ IPs will need to consider this work differently depending on the area, e.g. between areas emerging from conflict, areas without conflicts, dynamic areas with good communications, isolated areas with poor communications, etc.

¹⁶² E.g. The IP will be requested to highlight potentials leveraging of the LIFT investment and means of managing associated risks of joint investment. By example, the IP might highlight a government funded road that is 65% complete, and that is an important opportunity offering new market potentials; or a government funded health worker is accepted by the community, and the IP proposes to support this person by providing WASH training support.

- Distinct roles, responsibilities, activities, plans, and potentials of stakeholders, and develops momentum, builds sustainability, inclusive development and cooperation, and
- The need to address and improve *ad hoc* donor and government resource and planning coordination, which creates a huge **gap between township/government planning and INGO budgets and plans, with neither being captured in the others' mandates.**

413. Upland area governance and administration may be very complex, and conflict-sensitive principles will need to be applied to ensure the Programme does not favour only one side of the peace process. The approach thus also, importantly, recognizes a need for conflict-sensitive programming, and the identification and management of risks that may be associated with different partnerships.

414. Where appropriate, consultative platforms (perhaps facilitated by LIFT, and specifically including EAGs and relevant departments/officials) could help to underscore the programme's conflict-sensitive principles and communication strategy, as well as coordinate existing and planned private sector investment, government infrastructure and donor support initiatives.

415. Where aligned well in IP proposals, the work of both current and/or planned development partners may broaden the leveraging potential of LIFT investments. The presence of existing IPs and donor programmes may, conversely, reflect an area that is already sufficiently being dealt with and/or even overcrowded. IPs will be requested to outline these factors, as well as their knowledge of, and proposed linkage with these initiatives, in concept development.

416. The complexity of, as well as changes occurring in, Upland agro-ecological systems also require strengthened management and new approaches for achieving multiple objectives. In the interest of building synergies, sustainability and development coordination, **integrated multi-sector planning approaches should be encouraged**, that help to empower communities to “dare deal with government staff.”¹⁶³ This approach supports transparent negotiation of multiple stakeholder, sector and landscape goals and their mainstreaming within village, township, state and regional planning.

417. The Programme proposes accounting for and incorporating multiple use and needs, for instance in agricultural production, provision of ecosystem services such as water flow regulation and quality and climate change mitigation and adaptation, local livelihoods, human health and well-being. Building upon planning of village development committees and townships, stakeholders are keen to discuss and solve shared problems, capitalize on new opportunities, reduce trade-offs and strengthen synergies among different objectives.

4.10.2. Limitations in Access

418. Poverty and hunger in Upland Areas arise in part from conflict and geographic isolation. Upland poverty and hunger are a legacy and current reality of public-private and local-national power dynamics. This has resulted in: i) low crop yields and livestock productivity; ii) a lack of external employment and new income opportunities; iii) poor cultivation techniques; iv) degraded lands and heightened climate change impacts; v) limited market

¹⁶³ Northern Shan, local CBO. The programme intends to create coordination possibilities for where it could work. It is recognized, however, that ‘dealing with the government’ may/may not be the appropriate response in conflict affected areas.

access and a lack of infrastructure; vi) lack of access to basic services; vii) lack of access to credit, rural finance, and; viii) lack of site-suitable crop potentials and low-cost inputs.

419. Furthermore, where government development support programs may exist in the Uplands, they are yet to develop the wider local ownership, capacities and accountability processes necessary for local level “buy-in” and sustaining interventions beyond the life of the project (and which in the worst case could strengthen a counterproductive ‘hand-out’ mentality).

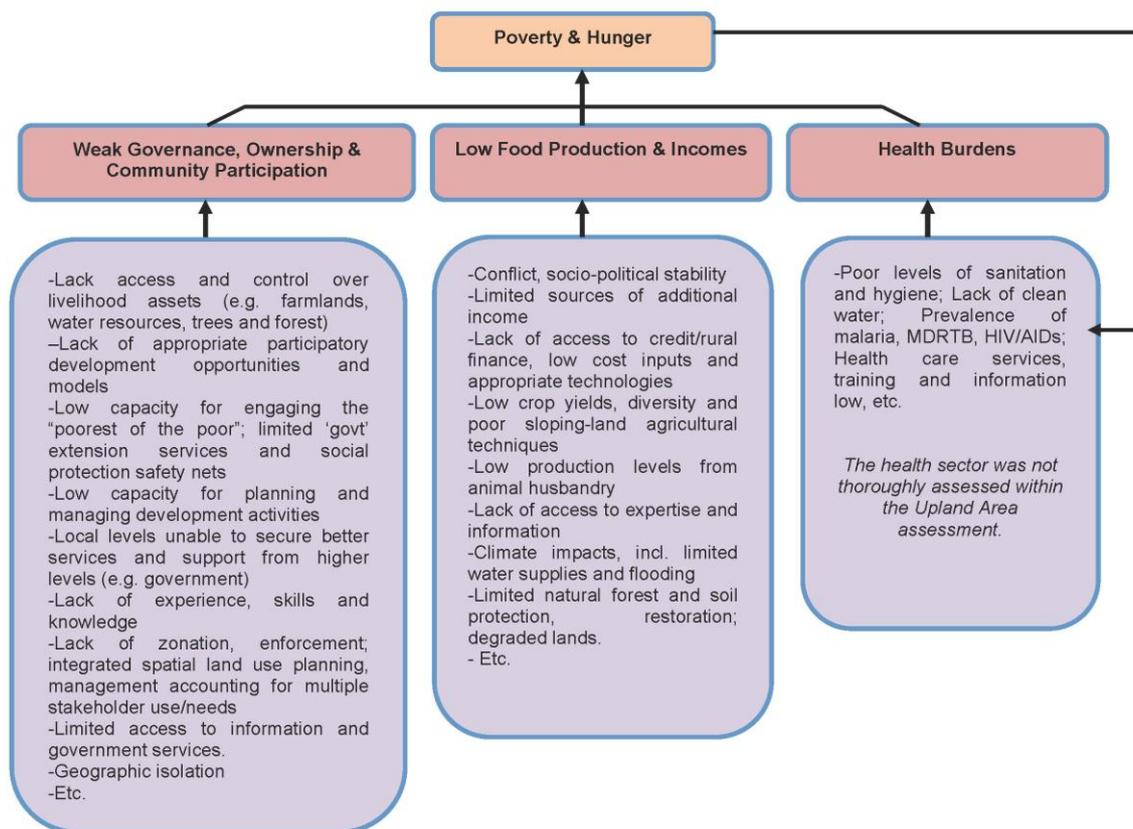
420. Thus, Uplands area communities are impacted by low levels of public service, extension (e.g. agriculture), community participation and governance capacity due to: i) a government decision over a decade ago to all but eliminate extension services; ii) low levels of technical innovation (and perhaps self-confidence) in many subsistence based and remote communities as compared to ‘better connected’ counterparts in wealthier areas; iii) a lack of access to public services; iv) lack of access to information and knowledge, and; v) beyond traditional/local level arbitration and planning, an absence of opportunities and effective community mobilisation for participation of households in decision-making.

421. **IPs (NGOs and CBOs) and government also require assistance, and capacity building.** Local groups should be consulted, their capacity issues acknowledged, and where possible, appropriately partnered (if not already) with INGOs and NGOs that can facilitate effective implementation and capacity building. The local NGO/CBO would ideally remain the lead partner and decision-maker. This could be tried at least for some partnerships where relevant (accessibility) and where local NGOs/CBOs have achieved sufficient maturity.¹⁶⁴

422. Figure 8 provides a broad characterisation of some of the impediments causing Upland area poverty and hunger.

¹⁶⁴ Comment from the Programme Review Committee.

Figure 8: Impediments to Upland area poverty and hunger



423. The Myanmar government is now also promoting new forms of extension services, integrated development and participatory governance. This is (at least in theory) supportive of Upland farmers that it has been unable to reach effectively in the past. This comes at a time when: communities themselves are eager for alternatives that give them greater control of their destinies; recent reforms are making it increasingly possible for civil society and impoverished communities to begin to demand a 'voice' in making decisions on policies that affect their lives; and there is allocation of resources to implement these policies.

424. While some local government agencies (i.e. DRD) are starting to encourage community participation, the trend however is still weak and power remains centralized and hierarchical. Government planning processes in Upland Areas have in general fallen short in assessing and incorporating traditional practices, culture, farmer needs and local conditions, and in obtaining consensus through negotiation with relevant power holders (e.g., including NSAGs and ethnic leaders). Insufficient effort has been made by power holders to build local capacity in experimentation and scientific thinking, as well as to support indigenous knowledge systems, since orders and instructions still take a top-down form. Furthermore, market potentials promoted in the project area often appear disconnected from farmers' needs.

425. For example, a recent survey of 222 villages in 23 townships in SE Myanmar remarkably found that over half (54%) of village tracts have: "...civil society mechanisms for managing natural resource extraction and commercial development proposals. However, **a lack of capacity and/or authority limits the effectiveness of these community groups to**

withstand external influences in 23% of village tracts surveyed. The **challenge remains to strengthen these civil society mechanisms, reform the relevant regulatory institutions and strengthen linkages between both.**¹⁶⁵

426. The team postulates that while there are still significant deficiencies in IP operating environments that the Programme may address, **77% of civil society mechanisms were still considered to have sufficient capacity and authority** to be effective in “withstanding external influences.” This is good news, and will be important when considering and matching suitable IP partners.

427. It is recommended that the Programme should promote appropriate consultation, extension (e.g. agriculture) and governance structures to enable participatory decision-making and poor farmer/village-level advocacy through *participatory governance, improved community extension and capacity building*. This might be promoted in IP proposals via:

- **In-service training and mentoring to leaders in participatory governance**, advocacy/negotiation, technical skills improvement, and project management;
- At appropriate levels, policy dialogue and legal/regulatory development;
- **Local processes for improved participatory processes** to enable community participation in decision making, planning and monitoring;
- **Establishment of new collaborative partnerships representing local needs** at village level and improving local service delivery to the poorest and most vulnerable, and new township and village partnership structures for better service delivery (e.g. integrated and multi-sector development and land-use planning);
- **Improved participation of women** in local poverty alleviation and socio-economic development programmes;
- Improved access to important information, models, inputs, knowledge and training, and community-based service groups operated and sustained by communities;
- Establishment and provision of support to productive interest groups/farmer field schools and community-extension networks;
- Promotion of the **farmers’ participation in selection of adaptive crop varieties, farmer-managed on-farm trials** facilitated by IPs in cooperation with government extension and research agencies.

4.10.3. Gender

428. Rural women are among Myanmar's most marginalized groups, with high vulnerability to food insecurity and poverty.¹⁶⁶ At the level of the Union and State governments, women have thus far been under represented. They are similarly underrepresented in township offices.¹⁶⁷

429. On several fronts, women are slightly better placed than men (e.g. net enrollment in secondary education, underemployment, non-agricultural households with access to

¹⁶⁵ The Border Consortium. (Nov 2014). “Protection and Security Concerns in SE Burma/Myanmar.” P. 21.

¹⁶⁶ Rural Poverty Portal: <http://www.ruralpovertyportal.org/country/approaches/tags/myanmar>

¹⁶⁷ Asia Foundation, MDRI-CESD. (2013) “State and Region Governments in Myanmar.” P. ix

credit).¹⁶⁸ A key area, however, where women fall behind men is their low participation in formal economic activities.¹⁶⁹

430. It is surmised that a lack of formal employment opportunities for women in Upland Areas means that they will look to the informal sector, migration, and domestic work, places where work is regularly undervalued and outside labour protection laws. Women workers "... thereby become vulnerable to discrimination, marginalization, and a range of abuses. Women will also often endure discrimination relating to their occupation and their fundamental rights and freedoms are often neglected. Problems such as excessively long working hours, lack of free time, poor working and living conditions, and feelings of helplessness are common amongst individuals working within these sectors."¹⁷⁰
431. The Programme will provide women in the target communities with technical and physical inputs, equal access, and infrastructure (via partner initiatives) to enable increased productivity and incomes, reduce work burdens, and improve women's access to education, health, technical skills, microcredit and social services.
432. For vulnerable groups (primarily households headed by women), preferential opportunities should be made available by LIFT. Equitable tenure for both men and women will also be an important consideration.
433. Village leaders and customary law are recognized as the primary mechanism for dealing with serious disputes and violent crimes in many village tracts. These community justice systems are characterised by high dependence of village mediation, as well as a lack of capacity to enforce stronger punishment such as prolonged imprisonment. Concerns have been raised about "gender biases due to a lack of female participation in dispute resolution and customs relating to property inheritance."¹⁷¹
434. In addition to gender mainstreaming, the programme is also advised to **support women's access to justice by** strengthening women's access to land, and through community protection mechanisms.
435. While probably beyond LIFT's remit, the team recognizes that developing judicial capacities at the local level, coupled with national/policy dialogue are also crucial. These issues should be addressed alongside "the substantive issues of constitutional reform, security sector reform, land rights and the reintegration of displaced persons."¹⁷²
436. Socio-economic benefits and the gender dimension are to be further analysed and described within IP proposals in programme preparation and full proposal phases.

4.11. Relevant Upland national programmes, strategies and priorities

437. The developing Upland Programme aims to improve policies and public expenditure for pro-poor development. This programme could i) complement and inform implementation of relevant national and state programmes (a few of which are outlined below), and ii)

¹⁶⁸ Tiwari, Bishwa Nath, Shafique Rahman, Khine Tun. (2011) *Poverty, Food Insecurity and Vulnerability: Issues and Strategies (Myanmar)*. P. 13

¹⁶⁹ *Ibid*, p. 13

¹⁷⁰ Ms Khaing Zar Aung and Ms Htwe Htwe Thein. (2013). Country Report to the workshop on "Promoting Decent Work for Workers in Informal Economy: Union Strategies and Actions". 21-25 August, 2013. Federation of Trade Unions, Myanmar.

¹⁷¹ Border Consortium. (Nov 2014). "Protection and Security Concerns in SE Burma/Myanmar." P. 2

¹⁷² *Ibid*, p. 2.

generate policy relevant evidence and advocacy in support of smallholder farmers and landless poverty alleviation and food security.

438. Relevant national programmes, reforms and priorities include, but are not limited to:

- Myanmar's **National Rural Development and Poverty Programme**, which lays out a vision 'to improve the socioeconomic life of rural populace and narrow down the urban-rural divides.' It is noted the draft Ministry of Livestock, Fisheries and Rural Development (MLFRD) framework aims to eventually identify "*regions where poverty reduction activities should be focused...and village development activities...conducted,*" and that the proposed LIFT Uplands Programme may help to inform aspects of that prioritization and its relation to the peace process.
- The post-2011 government's initial reforms, which focused on the political system, followed by major fiscal and macroeconomic reforms. The government's strategic direction is made clear in the **Framework for Economic and Social Reforms (FESR)**, which sets policy priorities of the government in 2012–2015 necessary for achieving the long-term goals of the 20-year **National Comprehensive Development Plan (NCDP-2011–2031)**. The government's NCDP consists of four 5-year plans, beginning in 2011–2015. The government has prepared the NCDP using both top-down and bottom up approaches. Broad goals are being set at the top, while detailed plans are being compiled from the inputs from every township, government ministry, and agency (and that an Uplands Programme might help facilitate).

439. The Upland Programme is supportive of building:

- The enabling environment for Upland Area WASH interventions, where the **Environmental Health Programme** under the **National Health Plan** supports the development and/or monitoring of community water supplies, sanitation facilities and pollution control as well as encouraging collaboration between government units, international development agencies and the private sector.
- The **National Plan of Action for Food and Nutrition (2012-2016)** and the **Scaling Up Nutrition (SUN) Movement**, which seek to alleviate child malnutrition and underscore the role food-based and nutrition-sensitive agricultural development plays in improving diets in terms of variety, diversity, nutrient content and food safety.
- Integrated landscape planning approaches, such as supported by a newly drafted **Water Management Law (October 2014)**, recognizing the changing role of government and multi-level water governance (i.e. joint decision making, benefit allocation, conflict resolution, consensus building and external legitimization).
- **Articles 37, 356 and 372 of the Constitution (2008)** recognizing private property land rights, the **Farmland Law (2012)** and **Vacant, Fallow and Virgin Lands Management Law (2012)**. These new laws appear to have a pro-business focus in their application thus far. In this regard, the Upland Programme should aim to assist/inform national land use policy formulation that recognizes traditional and ethnic nationality rights to lands and resources, and the need to respect their right to Free, Prior and Informed Consent (FPIC) for operations proposed on their lands. Programme efforts in this regard underscore Myanmar's signing of the **Bali Declaration on Human Rights and Agribusiness in Southeast Asia** (2011) and the **Yangon Statement on Human Rights**

and Agribusiness in Southeast Asia (2014), to respect and protect the rights of Upland Area smallholder farmers and the landless.¹⁷³

440. The 2012 land laws are often cited as an issue affecting confidence in the sincerity of the peace process, and where land 'newly accessible' due to 'ceasefires' may be appropriated under the auspices of these laws without recognition and/or in violation of customary rights. (Note: a moratorium on the application of 2012 land laws in ethnic, cease fire areas is currently being advocated by some to preclude further undermining of the peace process.)

- The **National Sustainable Development Strategy (NSDS, 2009)** was developed in Myanmar as a framework for integrating environmental considerations into future national development plans. This is encapsulated within **Myanmar Agenda 21 (1997)**. The Uplands programme and highlighted private sector potentials stand to complement the Agenda's focus on sustainable management of agriculture, livestock and Upland resources and other environmental, economic, social and cultural aspects of sustainable consumption and production.
- The Republic of the Union of Myanmar **National Biodiversity Strategy and Action Plan (NBSAP, 2011-2030)**. The Upland Area's programme's proposed integrated landscape and ecosystem approaches will contribute to many of the NBSAP sustainable development, natural resource utilization and protection, environment and social impact assessment, and other processes achieving sustainable land use and development outcomes.
- **The National Environmental Performance Assessment**. The Upland Programme is supportive of National EPA suggestions for change in the government's approach to help integrate environmental and economic development, as follows: i) integrated land use planning – setting aside zones for commercial, agricultural, industrial, and institutional uses to avoid future conflicts. Industry could then be zoned and developed in specific industrial estates at a distance from human settlements; ii) Environmental Impact Assessments for large development projects, and iii) integrated watershed management, linking forests, rivers and agricultural lands and practices.
- **National Land Use Policy**. The Government has formed the **Land Allotment and Utilization Scrutiny Committee (LAUSC)** to formulate the comprehensive national land use policy in conformity with Myanmar's situation. It will attempt to develop international best practice, harmonize land use, build environmental conservation and protect land use rights of citizens. The LAUSC Committee is also considering the land use rights of the ethnic nationalities in Upland Areas. Presently, there are on-going pre-consultation processes taking place with civil society and other stakeholders. The proposed Upland Areas Programme is in close accord with this policy, providing advocacy and attention to communal and individual land tenure security, traditional user rights, and enabling conservation and wise use of Upland forests, agro-ecosystems and natural resources.
- **Environmental Conservation Law No 9/12 (2012)**. The Environmental Conservation Law, also known as the *Pyidaungsu Hluttaw Law*, implements the Myanmar National Environmental Policy. The programme supports the law's aim to protect Upland ecosystems and ensure relevant Government departments and organizations are

¹⁷³ Where the landless may apply for vacant, fallow and virgin land as farmland.

empowered to carry out the “conservation, management, beneficial use, sustainable use and enhancement of regional cooperation of...forest resources.”

- **Community Forestry Instruction (1995).** The Upland programme recognizes the value of community ownership, protection, reforestation and overall importance of forests to Upland Area livelihoods and food security. This policy gives legal backing for rural communities to co-manage forests, so that economic development can expand throughout the country and provide basic needs to local communities, while encouraging active participation of rural populations and greater environmental conservation.
- Myanmar’s **National Adaptation Plan of Action (NAPA) to Climate Change (2012)**, supporting adaptation and mitigation needs as an important factor addressing poverty alleviation of poor Upland communities. In this regard, the Upland framework is aligned with NAPA priorities to reduce rural and subsistence farmers climate change vulnerabilities through: (i) locally relevant technologies and crops; (ii) building the resilience of Upland Area rural and subsistence farmers through crop diversification and climate resilient varieties, and; (iii) diversification of home gardens and high income fruit and vegetable crops through climate smart approaches.
- With Myanmar’s agreement in 2007 to the **UN Convention to Combat Desertification (2005)**, the Upland programme furthers and supports many of the priority areas in soil conservation and promotion of sustainable mountain farming systems.
- The **National Strategic Plan for the Advancement of Women** and its commitment to empowering Myanmar women’s decision making in livelihoods and poverty reduction, environment, education and training, health, human rights, etc.

441. In the long term, public service functions could continue to be provided/supported by INGOs, or through the systems of government and/or organized communities themselves. The Upland Programme recognizes the important but poorly understood public administrative functions of the General Administration Department (GAD), who are charged with serving Myanmar’s public administrative functions. At the Union government level, the GAD notably:

- Helps to prepare the **Rural Area Development Programme** budget of the Ministry of Border Affairs against identified development needs in the respective localities;
- Manages allocation and implementation of Myanmar’s **Poverty Reduction Fund** to/by states and regions;
- Provides budget oversight and assists prioritization of **Constituency Development Fund** projects through township management committees.

442. At Upland state/region levels, the GAD serves as Executive Secretary; at township levels, as centrally positioned general administrators to coordinate social and economic development; and at village tract levels as the central state interface with communities — traditionally collecting tax, registering land and reporting on demographics and even signing off on farmer loans from the MADB.¹⁷⁴

¹⁷⁴ See: Kyi Pyar Chit Saw and Matthew Arnold. (Oct 2014). *Administering the State in Myanmar An Overview of the General Administration Department*.

443. GAD is an important organisation to Upland area development efforts, and a more systematic understanding of it is required “...by all stakeholders in government and civil society as well as development partners (i.e. LIFT) is essential to effectively advance reforms, particularly as they relate to administrative decentralization, local governance, social service provision, but also the relationship between the state and citizens.”¹⁷⁵
444. In addition, although there are many policies and development plans being put forward by the Union government, many of these plans have lacked consultation with ethnic communities and their leaders, as well as with the NSAGs (even where they have signed bilateral ceasefire agreements). Union-led policies concerning land and forests have to date not considered existing NSAG policies, and thus strong objections about representation and constituency have arisen amongst NSAGs and the communities they represent. In a number of cases, NSAGs and communities have perceived Union policies as attempts to extend their control in their areas—and particularly so where a military presence may have been sent to back it up.

¹⁷⁵ *Ibid*, p. iii.

5. Conclusion

445. It was understood that LIFT might want to move funds, and/or prove the validity of the Upland Programme in the very near term. Pursuit of early results, however, may paradoxically undercut success and longer term sustainability.

446. To help escape this trap, the Programme might consider shifting its focus to involve IPs in this discussion. Overall, where immediate achievements are pursued — whether as informed by LIFT’s board or more widely — a collective focus on quick wins should be ensured.

447. While cognisant of the long-term impacts of proposed interventions and that planting seeds now, strategically, will produce stronger growth and fruit in the future (e.g. dialogue and partnership building, perennial tree planting, policy, planning and soil improvements, etc.), for benefit of the LIFT Fund Board, the team highlights a few potential Upland Area ‘quick-wins’ below:

- **Nutrition and nutritional diversity:** The LIFT strategy is noted to favour investments that show direct benefits to women and children. Children under five are irreversibly impacted by nutritional deficiencies, resulting in malnourished, underweight and stunted children. These are issues that can and must be addressed in the first 1000 days of a child’s life (i.e. within the pregnancy and their first two years). These might be achieved, by example, through ‘positive-deviance’ modalities. Indicators of child nutrition might be captured through Body Mass Index.
- **Cash transfers:** If agreed to, could be disbursed fairly quickly where targets and parameters are established (e.g. in-debt Shan farmers through conditional or non-conditional disbursements). The numbers of beneficiary households taken out of debt, and the amount of cash-disbursed/debt relieved are initial indicators of success. These are, however, potentially ‘risky’ from a sustainability perspective, and where the Programme might be better off devoting its resources toward longer lasting and systemic change. This might be partially mitigated through conditional transfers, with additional incentives supporting more sustainable poverty reduction developed.
- **Investing in value chains** that are already functioning: A number of NGOs and CBOs have established programmes, and are developing market value chains that, where they’re proven to working well, could be scaled up. It is, however, recognized that it could take time for communities to adopt new crops/techniques. Yet if the activity is already working, it might be more readily adopted. Overall, the idea here is to build off existing IP models that are working, conduct the necessary research and fill strategic gaps with knowledge, skills, capital and/or seedlings.
- **Implementing Partners:** It is of course useful for the Fund to consider working with IPs who already have strong working relationships and projects in specific locales in order to reduce time and effort understanding local complexities. Its recognized, however, this approach may limit Programme outreach to new townships and locales.

The LIFT FMO’s active role in fine-tuning is important in the identification of these potentials.

448. Further, and as regards IP partnership development, varying levels of INGO, local NGO and CBO ‘absorptive capacity’ (e.g. to manage large and/or multiple projects) have also been identified as important issues to consider, and the LIFT Fund Board has agreed to entertain

IP proposals addressing NGO and CBO capacities. LIFT would invest in local CBOs and their capacity. This is important in good part that LIFT not to be at risk of being overwhelmed by external partners, and who may lack 'political' acceptability and trust of communities. It is suggested that LIFT continues to welcome well targeted, but potentially smaller proposals accessible to smaller, locally based organizations. These relationships are advised to also be based around conditions and advise presented in the Upland Conflict Sensitive Programming document.

449. It is also suggested LIFT also consider developing a window for project preparation grants in the concept phase, and prior to full proposal development. This will ideally assist with the development of better grounded and informed full project proposals, will fill a vacuum in much needed research, and would allow small CBOs to effectively compete and pair with suitable partners.

450. IPs will be recommended to i) rationalize the scale/scope of proposed work against their human resources, expertise, knowledge and management capacities, and ii) suggest and provide organizational capacity and training as necessary to enable proposed projects to achieve their objectives.

6. Annexes

Annex 1. List of persons/organisations consulted

The evaluators would like to express their appreciation for the cooperation of all those named below, who were universally courteous and helpful, and in several cases invested considerable effort to ensure the team was provided with full and accurate information.

Date	Time	Organization/agency/Person met
15-22 Sep-2014		Desk review of project documents
26-27 Sep-2014		Yangon. Briefings with UNOPs FMO; LIFT Fund Board.
29-Sep-2014	13:00 -14:00 pm	U Tin Hlaing, Director and staffs, MNPED, Shan State Daw Cho Cho Ye Win-A.D, U Ya Wai Tun- AD, U Mya Sein-Officer, Daw Tin Tin Htwe-Officer, Daw Lin Kyi-Officer, Daw Nyi Nyi Kyaw-Officer, Daw Thet Thet Wai-Officer, Daw Khin San Nu-Officer, Daw Aye Aye Soe-Officer, U Mya Sein-Officer, Daw San Tharaphy Hlaing-Deputy Officer
	14:20-15:30 PM	U Win Hlaing- Director,DoA, Shan State U Thein Win – Officer-Pindaya, Other 6 staff members
	15:45-16:45 PM	U Kyaw Yeyar Win- deputy directors, U Myo Kyaw Soe –deputy directors, Rural Development, MLF&RD.
30-Sep-2014:	09:30-10:30 am	U Thein Bo -D.Director, SLRD, Taunggyi U Saw Bo Yee-A.Director, U Thet Naing-Officer, U Khin Zaw-HoponeTsp.officer, U Soe Than-Pindaya Tsp. officer, U Taw Thar Shwe-Deputy officer
	11:00-12:00 am	U Win Myint, Director, MARDB, Taunggyi, Shan state
	14:00-16:00 pm	U Khon Aung-Director, Nan Mu Mu Myint- coordinator, Sabei Oo-Accountant, Mo thein-field facilitator, Nan Aung-cashier, Nan Mai Kham-accountant, SSLDO
01-Oct-2014:	09:00-10:30 am	U KhonSan Lwin-Chairman,Pao SAZ, Hopone U Maung Maung-officer.GAD, U Khin Zaw-officer.LRD, U Myo Myint Than-officer.DoA, Daw Yee Yee Myint-Officer.Plannig, U Khin Maung Pe-Social affairs rep., U Myo Htet, U Sai Hla Maung-secretary. TDSC,

		U Khin Maung Win-Treasurer.TDSC,
	11:30-13:30 pm	Meeting with community at Hti Phron village, Kyauktan village tract, Hopone Township
	15:00-18:00 pm	U Khin Maung Latt-Coordinator, U Khun Maung Khe-ass. Coor., Ma Naw Win Kyi-M&E officer, U Myo Ngunr-Ass. Coor., Ko Aung Myo Minn- Technician; Metta Development Foundation, Taunggyi.
02-Oct-2014:	09:00-10:30 am	U Than Aung-Chairman and village Administrator, PHECAD U Khin Maung Oo, Secretaty, U Myat Kyae, VT Mgt Committee Chairman U Tin Zw, VT SLRD U Soe Tiun Aung, Member of VT Mgt. Committee)
	11:00-12:00 am	U Nay Oo-Programme Coordinator, Shwe Danu Organization U Myo Lwin, Programme Coordinator U Wun Na Thein Daw Aye Thant, Accountant Daw Saw Shwe, Field Facilitator
	13:00-14:00 pm	U Chit Sein- chairman, DLCDA U Than Pe-Patron U Hla Win-Patron, U Soe Yee-Deputy chair, U Zaw Win Pe, member-DLCDA U Than Maung, member-DLCDA U Ngunt Aung, member-DLCDA U Moe Zaw, member-DLCDA and U Nyi Soe, member-DLCDA
07-Oct-2014		Briefing with LIFT FMO and Fund Board.
08-Oct-2014:	(15:30-16:30)	Dr. Than Myint Oo, Advisor to LIFT Fund Board
09-Oct-2014:	09:30-10:30am	U Than Aye-Director, Environment Conservation Department U Hla Maung Thein-DG, Environment Conservation Department U Min Maw-DD(pollution control), Environment Conservation Department Daw Khin Thita-DD.EIA, Environment Conservation Department U San Win-AD.C.C, Environment Conservation Department, MOECAF
	10:45-12:45am	Dr.Nyi Nyi Kyaw –Dir Gen, Forestry Department U Khin Maung Oo-Dir, Forestry Department U Myint Soe-Dir, Forestry Department U Bo Nyi-Dep. Dir, Forestry Department U Aung Myint-GIS&RS, Forestry Department U Tual Cin Khai-IR, Forestry department, MOECAF
	14:30-15:45pm	U Naing Kyi Win-Dep. Dir, Department of Agriculture
	16:00-17:00pm	Dr. Tin Htut, Dir. General, Agriculture planning, MOAI
	18:00-19:00pm	Dr. Ye Tint-Director, MPED Dr. Tin Tin Myint, MPED Dr. thant Zaw Oo, MPED Dr. Than Than Soe, MPED U Aung Myint, MPED
10-Oct-2014:	10:00-12:00am	Mr. Fabrizio Vivarini, Project Management Advisor, IFAD

	14:00-15:30pm	Mr. Shafique, RD Senior Advisor U Kyaw Naing-LIFT,NPD
11-Oct-2014:	11:00-14:00pm	Frank Momberg, Myanmar Programme Director; Asia Director for Program Development; Fauna & Flora International (FFI)
	15:30-17:00pm	Dr. Sui Khar, Chin National Front
	18:00-21:00pm	Mr. Eddy McCall-communication manager, MSF.
13-Oct-2014:	09:30-10:30am	U Aung Myint-Dy.Dir, DoA, Lashio
	11:00-12:00am	Daw Aye Aye Myat-AD, Planning
	13:00-14:00pm	U Tun Lwin Maw-AD, RD, Lashio
	14:00-15:00pm	U Thein Su and 12 project team, WHH
	16:00-17:00pm	Dr. Tin Bo Bo Thet, Dr. Aung Kyaw Lwin, Sai Sar Aung, Nan Zar Chay Htun, Care Myanmar, Lashio office
	14:30-16:30pm	U Hla Soe (Staff Officer), Trade Promotion Department (TPD) U Win Myint Oo (Associate Trade Officer)
14-Oct-2014:	07:30-18:15am	Field visit to NAG's women empowerment project villages of Pang Wah and Wein Heng in Tang Yan Township
15-Oct-2014:	07:45-12:00am	Field visit to Food and livelihood project of WHH project villages in
	14:00-15:00pm	Fr. Chris –Director of Karuna Lashio
17-Oct- 2014:	3:15-4:30pm	Mr. Matt Maguire, Myanmar Peace Support Initiative (met by Channsitha Mark)
20-Oct-2014:	16:00 -17:00pm	U Win Zaw- Chief minister, State level department officers in Pa An, Kayin State
21-Oct-2014:	10:00-11:00am	U Soe Thein-Chairman 4 key members of KSD (Kayin State Development Public Company Ltd.) including and Pa An.
22-Oct-2014:	10:00-13:00pm	Visit to Tawpyagyi village and meet with Church pastor and elders, village administrator, Thandaunggyi Township
	14:00-15:00pm	Meeting with GAD deputy officer, U Myo Lwin-Deputy Police Major, U Bo Thein-Forest range officer, U Mya Tun-Agriculture officer, Tandaung Gyi Township
23-Oct-2014:	11:00-12:00am	U John-MP for Tandaung Gyi, U Thi Ha Aung-Dep.officer of GAD, U Saw Si Paw- Na Ta La, U Saw Sein Htoo-Agri-officer, U Hla Myint-SLRD officer, U Saw Moe Zaw-Police Officer
	18:30-20:15pm	U Saw Jasi Paw-KNU Joint Secretary of Taung ngo district, U Saw Ba Blo-forestry officer, and One member of THDC, Grace Hotel, Taung ngo.
28-Oct-2014:	10:00-11:00am	Dr. Desmond Molly-Program Director, Ms. Khin Thisa Soe-Program Officer, NIPPON FOUNDATION
30-Oct-2014:	8:00-9:00am	Charles Pettri, Matt MacQuire, MPSI
	14:00-15:00pm	Presentation and meeting with Fund Board
	15:30-16:30pm	Jared Barends, Programme Quality & Development Director, World Vision

Annex 2. Upland Area Strength, Opportunity, Weakness and Threat (SWOT) Analysis

a. General Upland Areas

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Abundance of cultivable 'waste land' • Provision of seedlings, inputs and technology by state agencies to increase plantation crops • MLFD Bank is supporting farmers to a certain extent • Small-scale pig and chicken farming is feasible to meet the needs of the domestic market • Land may be available for livestock farming and pasture establishment • There are favourable climatic conditions for livestock, poultry farming and temperate fruit trees 	<ul style="list-style-type: none"> • Slash and burn practices in taung ya cultivation • Low acceptance of improved technology by farmers • Lack of energy source and electricity in hilly areas • Poor road/ access to market • Low crop productivity • Financial constraints for practicing improved upland farming practices, locally adapted improved seasonal crops seeds and expanding livestock production • Lack of improved upland farming practices • Poor knowledge and skill of management, feeding and raising livestock • No (or poor) access to veterinary services • Lack of staff capacity and weak legal enforcement of animal quarantines • Livestock movement is still controlled by authority
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Initiatives to expand access roads to border markets of neighbouring countries • Presence of private sector investment for processing industries such as sugar mills, palm oil mill and rubber • Increasing access to veterinary services for livestock health care • Reforestation potentials • Good opportunity to export animals and animal products to China, India and Thailand • By-products of farm produce in hill areas can be used for smallholder commercial livestock farming and livestock and poultry keeping 	<ul style="list-style-type: none"> • Increase in deforestation and environmental degradation • Incidence of land slides following heavy rains, which hinders road access • Infectious diseases are endemic • Grazing areas are limited • Unregulated border trade • Some livestock and poultry diseases are endemic
<p>Suggestions/Recommendations:</p> <ul style="list-style-type: none"> • Support and ensure smallholder farmers' access and control over Upland area livelihood resources such as farmlands, water resources, trees and forest; • Support access to financial services for investments in small-scale commercial production; • Create community managed revolving funds, and animal and crop banks; • Support market linkages for farmers on favourable terms; • Support improved technical and management capacities of farmers and small-scale producers to increase farm production and productivity; 	

- Support the access to and control over land, forest and water resources for non-permanent Upland farmers and explore the potential for outsiders' investment;
- Engage in vocational skill building where there is high demand.

b. Shan State and the Kayah Plateau

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Diversification of crops (cereal crops, oil crops, peas and beans, culinary crops, industrial crop, sugarcane, vegetables, temperate fruits, tea and rubber plantation) • Availability of water and land resource to increase crop production and energy generation • Existing practices of contract farming between farmers and businessmen, traders and factories • Utilization of improved vegetable seeds to increase productivity and competition in market • Farmers' practices in utilization of farm yard manure and fertilizers in vegetables and cash crops • Small scale commercial chicken farms, both layer and broiler are present • The local administrative authority provides loans to livestock farmers, 3 lakh kyats for 100 layer chickens, 3 lakh kyats for cattle, 1 lakh kyats for pig • Vaccination against livestock and poultry diseases is well accepted • Private investment on post harvest technology and processing industries such as condensed milk, vegetable drier, animal feed production • It has huge area for fish, prawn and white shrimp which may be grown in lake successfully • Very industrious type of people and very dedicated • Ventures for cold water species like Sturgeon fish possible (now in operation by one company) 	<ul style="list-style-type: none"> • Insufficient financial support for crop production • Improper use /over dose of chemical fertilizers and pesticides • Availability of quality seed and inputs- fertilizer, pesticides, herbicides and fungicides • Low productivity of upland/land degradation • Insufficient farm machineries for land preparation and post-harvest • Lack of certified seeds for crops • Lack of crop security in case of crop failure due to natural disaster • Chicken farming in the town area is banned. Chicken farmers unwillingly have to move to the outskirts of the town • Licensees for slaughter of livestock exploit livestock farmers • No dairy cattle farm with high producing cows is present the present farm is based on native cows • Power supply not 24 hours • High altitude at least 1,000 ft above sea level
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Improving access road network to markets • Presence of seed farms and research farms for crops and fruit trees • Willingness of farmers to receive modern agricultural technology • Participation in community development project activities is in progress • Market for chicken meat and eggs is available at PyinOoLwin, Mandalay, Taunggyi and Lashio • Dairy cattle farming is feasible • Access to vaccination for effective disease 	<ul style="list-style-type: none"> • Incidence of pest and disease, particularly vegetables and potato crop • Instability of crop prices • Incidence of landslides delays transportation of commodities in rainy season • Excess application and misuse of pesticides in vegetables threatens food safety • Chicken farming will decline due to the ban for farming in the town • Continued arm conflict

<p>control against infectious diseases</p> <ul style="list-style-type: none"> • Good demand of Milk at reasonable price • Easily accessible to the future business hubs, Mandalay • Products, including: Rice crackers, soybeans, potato chip, sticky rice based foods, green tea, black tea, pineapple cracker, pineapple, organic coffee, oranges, etc. 	
<p>Suggestions/recommendations:</p> <ul style="list-style-type: none"> • Promote sustainable sloping land technologies, agro-forest models to protect soils, provided diversified product, nutrition, etc. (e.g. forest gardens and permaculture); • Support agriculture research and seed nurseries for improved agricultural production suitable to locale; • Support fair deal between producers and traders, post harvest industries and value added business; • Support collaborative/ joint forest management, free and prior informed consent, and forest benefit distribution mechanisms; • Explore policies underscoring natural resource management in general, stemming deforestation; • Support for ensuring the access to and control over land, forest and water resources especially for non-permanent upland farms and potential for outsiders' investment; • Vocational skill building where there is high demand. 	

c. North Western Uplands (Chin, Upper Sagaing and Naga Hills Areas)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Available cultivable waste lands in some places • Suitability of tea plantation in Chin hills and upper Sagaing hills • Successful history and experience of mulberry and silkworm rearing in Chin State especially in Tonzaang Township • Provision of seedlings, inputs and technology by state agencies to increase plantation crops • Mythun, semi-domestic animal is well adapted and contributes to the economy and food of local people • MLFD Bank is supporting the farmers to a certain extent • Taste and texture of Mythun meat is well accepted and the export potential is high • Crossing with local cattle is feasible—relatively easy to tame. • Small scale pig and chicken farming is feasible to meet the domestic • Females of Mythun are prolific to calve yearly • Land is still available for livestock farming and pasture establishment • Favorable climatic conditions for livestock and poultry farming 	<ul style="list-style-type: none"> • Slash and burn shifting cultivation practice in taung ya cultivation • Legal land law and policy do not support shifting cultivation as a sustainable agriculture system and not safeguarded • Low technology acceptance/risk tolerance of farmers • Failure of silk production industry because of cutting support by government the market holder • Lack of investment for renewable energy; mini-hydro power in hilly areas • Poor road access to market, public services and inter villages • Poor soil fertility, serious soil erosion and low crop productivity • Lack of access to credit and financial constraints and technology to follow improved upland farming practices and to expand the livestock farming • Difficulties in assessing crop areas and production due to shifting cultivation • Lack of improved seeds for seasonal crops locally adaptable • Animals are prone to live in the forest, poor rangeland management

	<ul style="list-style-type: none"> • Predators such as jackals are present in hilly areas • Human intervention is needed to tame the animals • Management, feeding and raising knowledge of livestock is poor • Veterinary service is poor • Transport and communication to hill areas are poor • Concentrated animal feed for livestock is expensive and not available in hill areas • Animal quarantine is weak by staff and law enforcement is poor • Inbreeding of draft and dairy cattle, pig and goat is present in Chin hill.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Improved access road to border to India across Chin and Naga hills • Systemic research and proper investment for revitalization of the silk industry needed • Veterinary service could be provided to reduce mortality • Growing of fodder trees may be feasible • It has an opportunity to export animals and animal products to India • Goat farming could be expanded • Large untapped ecotourism potentials • Products, including: Elephant foot yam, ginger, grape wine, Mythan- dried and shred meat, avocado, 	<ul style="list-style-type: none"> • Increase in deforestation and environmental degradation • Incidence of land sliding with heavy rain to hinder access road • Infectious diseases are endemic • Grazing areas is limited • Because of the inflow of eggs from China border, diseases control is difficult • Some livestock and poultry diseases are endemic
<p>Suggestions/Recommendations:</p> <ul style="list-style-type: none"> • Focus on the integration of livestock and rangeland management issues; • Promote legalization of community management systems on common land for shifting cultivation through participatory land use planning processes and legalization; • Support access to financial services and loan to practice semi-intensive Mythun farming and move from subsistence agriculture to cash crops- ginger, sesame, chilli, agro-forestry systems; • Facilitate capacity building on knowledge and skills for environment and natural resource conservation and management; • Support extensive adoption of sustainable sloping upland practices, conservation agriculture, soil and water conservation, hedgerow planting and strip cropping, sediment trapping to create fertile lands along gully, stream, etc; • Provide support for ensuring the access to and control over land, forest and water resources especially for non-permanent upland farms and potential for outsiders' investment; • Support vocational skill building where there is high demand. 	

d. North-Northeast Uplands (Kachin; Northern Shan)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Abundance of cultivable waste land • Potential suitability of rubber in low-lying hill bottoms of Kachin and N-Shan • Successful CF plantations, bamboo plantations and high value timber trees private plantations • Favorable climatic condition for fruit tree plantation given improved transportation • Provision of seedlings, inputs and technology by state agencies to increase plantation crops • MLFD Bank is supporting the farmers to a certain extent • Small scale pig and chicken farming is feasible to meet the domestic • Land is still available for livestock farming and pasture establishment • Favorable climatic conditions for livestock and poultry farming • Commercial production and market of CP corn getting increasing • Many alternative income opportunities; gold mines, jade mines and other NTFPs 	<ul style="list-style-type: none"> • Slash and burn practice in taung ya cultivation • Legal land laws and policies do not support customary land tenure system and prone for further land grabbing/dispossession of lands • Low technology acceptance of farmers • Lack of skill for adding value of bamboo products • No local consultation of Chinese and national investors on land, extractive and hydro-power investments • Poor road access to market • Unstable and unreliable Chinese market for commodities • Increase input costs and unreliable market prices of local farm produce • Soil erosion, land degradation, low crop productivity • Financial constraints and technology to follow improved upland farming practices, expansion the livestock farming and CP corn production • Lack of improved seeds for seasonal crops locally adaptable • Poor knowledge and skill on management, feeding and raising livestock • Veterinary service is poor • Fish meal for livestock is expensive in hill areas • Animal quarantine is weak by staff and law enforcement is poor • Inbreeding of draft and dairy cattle, pig and goat is present • Livestock movement is still control by authority
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Access road to border to China across N-Shan and Kachin hilly region • Presence of processing industries for sugarcane and tapioca in Kachin and N-Shan • Presence of responsible business deal between local farmers and Chinese businessmen along the borders • Veterinary service could be provided to reduce mortality 	<ul style="list-style-type: none"> • Armed conflicts between state army and EAGs still active • Increase in deforestation and environmental degradation • Incidence of land sliding with heavy rain to hinder access road • Infectious diseases are endemic • Loss of grazing lands • Opium cultivation

<ul style="list-style-type: none"> • Growing of fodder trees may be feasible • It has an opportunity to export animals and animal products to China • By-product of cassava that can be grown in hill areas is high nutrition for livestock and poultry and possible for small holder commercial livestock farming • Other products, including: Chin-Saw Ga fruit processing (<i>Cyndomia Catha yensis</i>), Soybena based soft tofu (Se to phu), lychi 	<ul style="list-style-type: none"> • Loose border trade allowing fake and unguaranteed consumer commodities such as eggs from China and disease spreading • Some livestock and poultry diseases are endemic • Fake and low quality products-agriculture chemical inputs smuggled from China
<p>Suggestions/Recommendations:</p> <ul style="list-style-type: none"> • Support private sector investment on food processing of local farm produce to add value and create local jobs; • Create fair and formal business deal between producers and traders, processors and manufacturers; • Support the improved access to and control over land, forest and water resources especially for non-permanent upland farms and potential for outsiders' investment; • Provide vocational skill building where there is high demand; • Support value chain development of crops grown widely by many small farmers such as tea and others; • Support the adoption of improved upland farming/ slope agriculture land practices- conservation agriculture, soil and water conservation, hedgerow planting, and agro-forestry system; • Support the community managed critical watershed and forest areas. 	

e. Southeast Uplands (Southern and Eastern Shan; Kayah; Kayin; Mon; Tanintharyi)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Diversification of crops (cereal crops, oil crops, peas and beans, culinary crops, industrial crop, sugarcane, vegetables, temperate fruits, tea and rubber plantation) • Skills and suitable land for rubber plantation available • Potential of water and land resource to increase crop production and energy generation • Existing practices of contract farming between traders, sugar mills and farmers, particularly sugarcane, vegetables and maize crops • Utilization of improved vegetable seeds to increase productivity and competition in market • Farmers' practices in utilization of farm yard manure and fertilizers in vegetables and cash crops • Small scale commercial poultry farms, both layer and broiler • The local administrative authority provides loans to livestock farmers, 3 lakh kyats for 100 layer chickens, 3 lakh kyats for cattle, 1 lakh kyats for pig • Vaccination against livestock and poultry diseases is well accepted 	<ul style="list-style-type: none"> • Insufficient financial support for crop production and area expansion • Improper/over dose use of chemical fertilizers and pesticides • Availability of quality seed/seedlings and inputs- fertilizer, pesticides, herbicides and fungicides • Soil erosion and land degradation • Low productivity of upland crops • Insufficient farm machineries for land preparation and post-harvest • Lack of certified seeds for crops • Lack of crop security in case of crop failure due to natural disaster • Chicken farming in the town area is banned. Chicken farmers unwillingly have to move to the outskirts of the town • Licensees for slaughter of livestock exploit livestock farmers • No dairy cattle farm with high producing cows is present the present farm is based on native cows • Power supply not 24 hours

<ul style="list-style-type: none"> • It has huge area for fish, prawn and white shrimp which can be grown in lake successfully • The high readings of total alkalinity will make possible in many location the culture of the Pacific white shrimp <i>Penaeus vannamei</i> for grow-out as a source of protein • Easily accessible to China and Thailand to make export drives • Very industrious type of people and very dedicated • Ventures for cold water species like Sturgeon fish possible(now in operation by one company) • Sustainable multi-layer agro-forestry system practices in Kayin 	<ul style="list-style-type: none"> • High altitude at least 1,000 ft above sea level • High taxation for cardamom as if forest product and sometimes banning of exporting to market • Increase opium cultivation and drug smuggle and abuse
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Access road network to markets • Presence of seed farms and research farms for crops and fruit trees • Willingness of farmers to receive modern agricultural technology • Abundant suitable wild/waste land for multi-layer /integrated agro-forestry expansion in Kayin and for rubber plantation in Mon, Kayin, Thaninthari • Participation in community development project activities is in progress • Market for chicken meat and eggs is available at PyinOoLwin, Mandalay and Lashio • Dairy cattle farming is feasible and good demand for milk • Disease control will be effective by proper vaccination against infectious diseases • Near to the future business hub, Mandalay, Yangon 	<ul style="list-style-type: none"> • Incidence of pest and disease, particularly vegetables and potato crop • Instability of crop prices • Incidence of landslides delays transportation of commodities in rainy season • Excess application and misuse of pesticides on vegetables threatens food safety • Chicken farming will decline due to the ban for farming in the town • Civil armed conflicts prevail
<p>Suggestions/Recommendations:</p> <ul style="list-style-type: none"> • Focus on promotion of private sector investment on processing and cool storage facility for perishable vegetables and fruits and diversify market networks; • Support reductions of production costs through effective use of inputs and post-harvest processing; • Promote and support organic farming and soil conservation techniques; • Support the improved access to and control over land, forest and water resources especially for non-permanent upland farms and potential for outsiders' investment; • Provide vocational skill building where there is high demand; • Promote and support access to financial services for further investments in farm productivity and processing; • Advocate for tax exemptions or reasonable taxing for cultured/domesticated forest origin crops such as cardamom. 	

Annex 3. Key Actors

Recognising that the Upland area is complex, the development and livelihoods of the area engages many actors including government (Union, State and local levels), non-state actors (ethnic armed group and other forces) and international actors (consisting of neighbouring countries and international development partners). This Annex aims to discuss the actors, their relationships, interests and needs related to the Uplands, and conflict issues arising from clashing interests.

a. State Based Actors

Union Level – Executive Government

The current government was formed under the parliamentary system and supposed to function democratically; however, the centralization of power at Union Level and command and control practices are still prevailing, despite the fact that government has announced and has been implementing waves of reform to improve governance as well as the economic performance.

The Ministry of Home Affairs (MoHA) and the Ministry of Border Affairs (MoBA, also known as Nataala) are significant because these ministries are among a few that are headed by ministers still in military uniform, who also sit on the Defence and Security Committee. MoHA oversees and coordinates virtually all the day-to-day issues from the community level to the top in Cabinet with two important departments: General Administration Department (GAD) and Myanmar Police Force. Organisations and associations, both national and international non-governmental, need to register with MoHA. Therefore, MoHA has information and networks from all departments around the country. In addition, administration and coordination related work is done by GAD/MoHA.

Although there are many mechanisms, the coordination on the implementation of policy decisions needs to be improved as it delays the progress of programme implementation.

Efforts to improve coordination and effective implementation of the government development projects are observed. It is important to know who is connected to whom for the purposed of the effective coordination and collaboration between the union and state/region governments. It is also important to focus on issues that may interest different individual, such as the environment: *Myanmar is quite positive about environment, the President has guidelines for environmental issue and many of us are concerned, so this is an area to work more together.*¹⁷⁶

The Pyidaungsu Hluttaw

The Pyidaungsu Hluttaw (comprised of People and National Parliaments) plays a key role in both legislation and balancing government performance. Moreover the Parliament plays an important role in budget allocation of the Government, as for every expense the government needs the approval from Parliament. It also used as the voice of the people through individual Members of Parliament (MPs) since the MPs can ask the government ministers to take development issues into consideration in their respective constituency, for example, for issues related to securing land tenure, responsible investment and fair budget allocation for the development in the Uplands areas. MPs often work with civil society or community

¹⁷⁶ Discussion with Ministry of Environmental Conservation and Forest; 9 October 2014.

based organisations (CSO/CBO) and they can raise the people's voice and concerns to discuss in parliament.

The Defence Sector

The role and integration of the defence sector into country governance is clear in the current and foreseeable political settings in every angle of Myanmar society, and the military still has the final say concerning the country's security. The 2008 constitution states that the 'Defence Services shall participate in the national political leadership role of the state.' The charter also lays out a complicated procedure for amendments that could change the present power structure¹⁷⁷.

Many of the military personnel are placed within the MoHA and MoBA, where the information from the ground is directly reported to commander in chief, at union level. This setting is likely to continue given the long-standing control of the military and pro-longed conflict between the military and the NSAGs, and it continues to exclude ethnic nationalities from socio-economic and political decision-making power. However, the engagement with military is significant for the security and stability of the area, therefore, engaging and working with MoHA or GAD and MoBA would contribute to the development of the military-civilian relationship and working environment.

State/Region Level

The creation of state and regional level governments is a significant step in addressing governance, economy, and social security management and ownership¹⁷⁸. However, they are all directly under the management of union level government¹⁷⁹. The state and region government department are mainly understaffed and with limited budget.

The priority of the state and region government is infrastructure development and some investment capital includes electricity, drinking water, irrigation for agriculture, finance and road construction etc. There is a bottom up approach where people will advise their needs and priorities; however, the government department makes the decisions. There is weak human and financial capacity in the government.

The coordination between different departments is also weak. For example, in Land Use Planning, the Department of Agriculture and Irrigation (DoAI) mentioned during the assessment that they are not the focal point and only act as the observer—the Department of Forest and Settlement and Land Records Department are the key departments. However, according to the land classification, DoAI plays a significant role since the vacant and fallow land and farmland land are under their directive and the MoAI serves as chair in the Land Management Committee, which could make the decision or allocate the land use certificate to agribusiness investment.

¹⁷⁷ Kyaw Yin Hlaing, *Understanding recent political changes in Myanmar*, Contemporary Southeast Asia, (2012).

¹⁷⁸ For further detail, please read: *State and Region Governments in Myanmar*, The Asia Foundation and MDRI-CESD, (September 2013).

¹⁷⁹ The Asia Foundation and MDRI-CESD, *State and Region Governments in Myanmar*, (September 2013). p. ix.

Government Department Coordination in northern Shan

Department of Agriculture and Irrigation (DoAI) expresses concern over the post-harvest period because farmers could not access markets with higher prices, but are willing to learn about value chains and the market approach. However, the Trade Promotion Department (TPD) under the Ministry of Commerce is responsible for market and post-harvest. TPD works with local and international business associations to do trade promotion, and also conduct farmer training on post-harvest techniques. The training and field visit were stopped in some areas because of limited human resources, and continuing conflict and damaged infrastructure.

When asked if TPD could work with DoAI, since they could support farmers post-harvest with market and connections with business community, the TPD officer said, “We do not work closely with DoAI, before we used to work together occasionally.”

Currently, the Small and Medium Enterprise Cluster had been initiated by Ministry of Industry, and TPD is part of the cluster. The cluster intends to promote SME and contribute to the SME law.

The state and region government do not reach the NSAGs controlled area or Wa Self-Administered Division for services or development. However, development activities could take place in those townships and they are being done by the local authorities. For NSAGs controlled area, during the assessment it was shared that the government needs to communicate and build understanding with the group before any implementation can take place.

Rural Development Department experience in working in conflict and NSAGs area

“First, we need to communicate with local militia. We work with local communities and administrators. We take security forces when we travel to the area. In some places, NSAGs do not want others to access, so if we want to do a development project there, we need to really negotiate or we need to find another area to implement the project.

“The need to communicate with the local leader of the area is essential; to build relationships and understanding with them. Then if needed, and possible, the high level meeting and discussion will take place to explain the project and its benefits for the community. All agencies either government, company, or non-governmental organization should identify the key person (inner circle) who could connect to all groups and build trust with that person.”

District, Township, Village Tract and Village Level

Under the directive of the President, there are four committees¹⁸⁰ established to check and balance the power of the township, and serve as the mechanism for area development. To ensure a people centred-approach and partnership, the three committees (except the management committee) are established and address the needs and issues from their respective communities, with members such as elders, civil society, business, farmer, and social sector etc.

¹⁸⁰ The four committees are: Township Development Affair Committees, Development Support Committee, The Land Management Committee, and The Management Committee.

Where there is mixed administration, in the government and NSAGs controlled areas, a lot of negotiation takes place between the two administrations over the project development planned by the government.

Although there is working relationship between the government and NSAGs (particularly in Kayin state), trust building is still an issue to consider.

There are human, financial and communication constraints. In some area, for example in Thandaungyi, the local population are engaging in village development together with local authority and leaders; however, in Leikto, there is no community participation in the development plan. The Member of Parliament has taken a role in bridging the community and state authorities through his engagement and inputs in area development priorities.

Development partner should focus on capacity development to the government and support them in monitoring of the project implementation¹⁸¹.

Thandaung Gyi Town, Taung Oo District

This is an area where the villagers have had to follow two parallel administrations and governance. However, since May 2012, the administration became mixed, and KNU Liaison Office was set up. There is much discussion and negotiation between the government and the KNU, particular in the project development in the village. The negotiation process depends on the individual and his/her skills to communicate and negotiate; the process has to be done at both KNU authority level and village leader level. So far, there is no difficulty in negotiating with the KNU, according to the town secretary.

All development projects need to be agreed with KNU. There is no joint plan and implementation between the government and KNU. The process of approval for a development project implementation is firstly to talk with the government/state level, and then talk with KNU. During the talk with the KNU, there will be representative from the government, KNU and community leaders, to discuss and agree together on the plan. If the KNU is not agreeing with the plan, the project will not be able to implement.

Village Development Plan – the community prepares the plan among themselves. The town authority calls a meeting, and the development plan is developed by the villagers through the facilitation from village administrator, community committee and leaders. The plan is then to town authority for consolidation and to get approval at state level. After, getting approval of the budget and the plan, the negotiation with KNU takes place. So far, no proposal or plan has been rejected by KNU.

The security situation has been much better after the bilateral ceasefire agreement between KNU and the government, according to villagers. Villagers can travel more freely and work on their farm and business.

Self Administered Zone

There are five Self-Administered Zones (SAZ) include Naga in Sagaing Region, Danu and Pa-O in Southern Shan state, Pa Laung, Kokang in Northern Shan state and one Self-Administered Division (SAD), Wa in Northern Shan state. The SAZ or SAD are administered by a leading

¹⁸¹ Discussion with Cultural Association Group in Danu Self Administered Zone.

body, with at least 10 people, which consists of MPs (selected from the zone), and other members nominated from defence. Aside from leading bodies whose majority are non-Bamar ethnic nationality, the rest of the structure is very similar to other townships. During the discussion with the Pa-O and Danu SAZ, it was found that the zone face similar challenges found in other Upland areas: company contract farming, poppy growing issues, no market access for farmers and limited infrastructure, and some areas have difficulty accessing water for agricultural productivity. Some areas of the zone are still inaccessible because of the isolation and security challenge since the fighting still take place. Although the SAZ is independent (political and administration), the zones depend on the budget from the state government for the development projects in the area.

The zones are willing to work with development partners and suggested the partnership with the zone authority and local social development groups. There is a worry about the upcoming regional integration since the capacity (both financial and human) is weak and capacity development support has been requested. To work in the zone, the agencies need to go to the union government for permission and then to the zone authority. The zone could facilitate and coordinate implementation of the programme in the area. It is suggested during the team visit that coordination is a must for development agencies to avoid overlap. Also, the policy and standard of operation should be consistent with local standards. The approach to local groups is to use local ethnic nationality, for example, partner with Shan to work in Shan area, and partner with Pa-O to work in Pa-O area as they know their language and culture.

Political Parties

Political parties, particularly since the democratic process has been opened for more participation under the new constitution, have become a potential actor for peace and development in Myanmar. The major parties at the moment are National League for Democracy (NLD) and the Union Solidarity and Development Party (USDP). However, they are perceived as predominantly Bamar. Ethnic nationality parties have so far paid little attention to the non-Bamar ethnic nationalities issues and conflict, rather on broader political dialogue framework and reform such as constitutional change and electoral system etc.

While political parties gain the momentum and engagement in country politics, the relationship between the ethnic parties and NSAGs is still weak due to the unlawful association where the NSAGs are still technically illegal organizations, which limits political party engagement. Further, the political parties, particularly ethnic parties, appear to be under resourced and under experienced. However, with the upcoming 2015 election, the political parties will play a critical role in bringing forward issues related to land, resource sharing etc

b. Non-State Actors

People Militia Force and Border Guard Force

The People Militia Force (PMF) has been established since 1950s to counter the influence of communist and ethnic forces. PMF primarily is used as military force to fight against ceasefire and non-ceasefire ethnic groups through collect intelligence in ethnic areas and guiding troops to ethnic armed groups camps. PMF does not have military structure or

getting any support (training or payment) from the Defence sector¹⁸². They are set up to support the Myanmar army activities when required. However, they have been allowed or permitted by the local Myanmar army commanders to do business to finance their own groups and operations in their areas.

Slightly different from PMF, the Border Guard Force (BGF) was started in 2009 before the 2010 election, attempting to neutralize or transform non-state armed groups along the border into BGF, and under the command of Defence Services, to consolidate the Myanmar army control of military in the country. A number of smaller NSAGs¹⁸³ had accepted the proposal; however, major NSAGs highly rejected and faced an offensive action, in the case of Kachin Independent Organization/ Army etc.

Currently, either PMF or BGF are not at the table of the ceasefire process, because they are under the Myanmar Army, and they clash with ceasefire or non-ceasefire ethnic groups over economic interests and territory control.

Non-State Armed Groups

At independence, Myanmar inherited armed conflict, especially in the border areas of non-Bamar ethnic population live. The following are the major Non-State Armed Groups, though not limited to:

- Kachin Independent Organization (KIO), United Wa State Army (UWSA), Ta'ang National Liberation Army (TNLA), Shan State Army/Shan State Progressive Party (SSPP) in the North
- Shan State Army/Restoration Council of Shan State (RCSS), Karenni National Progressive Party (KNPP), Pa-O National Liberation Organization (PNLO), All Burma Students' Democratic Front (ABSDF), Karen National Union (KNU), in the Southeast, and
- Chin National Front (CNF) in the Northwest

The main reason for conflict is for ethnic nationalities to have self-determination or political autonomy. They believe that they could bring prosperity and better development than under the rule of predominantly Bamar government. Some of the NSAGs are providing services to the people and have governed their own controlled area since independence. In the mid-1990s, many of them signed ceasefire agreements with the government. In exchange, the NSAGs were allowed to retain their arms and territories and given business concessions, while the government had extended its presence into the ethnic areas under the name of Border Area Development Programme.

Most of the NSAGs have parallel administration structures that govern and provide services in the areas under their control. Though bilateral ceasefires were signed, most of the areas under NSAGs control remain chronically insecure, underdeveloped, inaccessible to government and/or international actors, and some are affected by drug cultivation, illegal taxation, and other illicit business such as construction, logging, mining, and trading of gems and other precious stones and other resources related business. Much of the conflict in the

¹⁸² Burma New International, *Deciphering Myanmar's Peace Process: A Reference Guide 2013*.

¹⁸³ For example: Democratic Karen Buddhist Army (DKBA), National Democratic Army – Kachin (NDA-K), Kachin Defence Army (KDA), Palaung State Liberation Front (PSLF), Myanmar National Democratic Alliance Army (MNDAA), Karenni National People's Liberation Front (KNPLF) and the Lahu Democratic Front (LDF). For detail, please read: Burma New International, *Deciphering Myanmar's Peace Process: A Reference Guide 2013*. p 49-55.

border area is between various splinter groups. Over time, interest has shifted more to business than the revolutionary mission to sustain their organization. China and Thailand became involved and complicated the situation by giving sanctuary or support for trade export and public relations, and reaped the benefits from illegal trade.

The situation is now complex as the conflict involves business. In the post 2011 ceasefire, a number of NSAGs were granted business concessions in their area, but past experience had shown that this has caused criticism from the local community. In the current peace process, certain NSAGs are under pressure to develop infrastructure in their controlled areas. In some cases they had to accept government funding to improve essential infrastructure. These projects are very controversial since experience shows that the Myanmar army have extended their control and dominance through the development agenda, and by weakening the NSAGs.

Some international government and donors contribute by supporting the government both with financial and technical resources in this development agenda without NSAGs knowledge and agreement. They lack proper understanding the complex dynamics of the situation and the current peace negotiation process, in the absence of wide range stakeholder consultation especially population who affect by those development. Therefore, some of the development projects had been rejected or criticized by NSAGs or civil society movements in the area.¹⁸⁴ In this situation, KNU have developed the 'Humanitarian and Development Aid Policy'. All international development agencies are required to review and abide to this when they intend to operate within the KNU controlled area to ensure assistance is in line with the peace process and supports community empowerment and ownership efforts.

In the area where the bilateral ceasefire agreement signed, a Liaison Office is established to coordinate and negotiate the work with government administration and department. Some development projects and consultations on the peace process are planned, as a joint effort between the NSAGs and the government. However, there is lack of communication from the government to the ground and therefore, lack of participation from the government in consultation and implementation of the plan together with the NSAGs and Liaison Office. Instead, it is reported during the assessment that the government is moving ahead with the development plans with little or no consultation with NSAGs.

Myanmar NGOs and FBO/CBO/CSOs

Civil society includes religious and community based organisations, were very active even under the military rule in providing services to the people in the areas affected by conflict¹⁸⁵. After the 1990s ceasefire agreement between the government and NSAGs, the CSO/CBO especially faith based organisations took initiative to implement development programmes in areas which previously had not been accessible. Some emerging organisations engaged in trust building between conflict parties¹⁸⁶. Since the country started reform and increased freedom of speech and freedom of association, and with an interest in promoting human rights, protection of environment, equitable distribution of resources, civil society organisations have become more vibrant and vocal. With influential links to the international community and both local and international media, civil society play an important roles in

¹⁸⁴ For details, please read: Karen Peace Support Network, *Critique of Japan International Cooperation Agency's Blueprint for Development in Southeastern Burma/Myanmar*. (September 2014).

¹⁸⁵ Transnational Institute and Burma Center Netherland, *Civil Society Gaining Ground: Opportunity for Change and Development in Burma*. (November 2011)

¹⁸⁶ *ibid*

holding government to account and act as a pressure group for policy and national reform, for example in land grabbing and land rights, impact of economic development project and responsible investment issues, and so on.

There are altogether around 89¹⁸⁷ national organisations and CBOs working in different States of the Upland areas. The activities are focusing in humanitarian assistance, development (livelihood, education, agriculture and health etc) and peacebuilding. Some organisations (around 9 CSOs/CBOs) work in a joint effort to respond to the IDPs crisis in the north (Kachin and Shan state). Recently, the civil society movement has opposed development at large – because of widespread and systematic denial of peoples' right to free, prior, and informed consent (FPIC), lack of transparency of benefits/ lack of resource sharing, contribute to land grabbing, and little or no compensation.

During the assessment it was found that the town authorities can provide temporary registration for CSOs and CBOs, and it will take only two weeks with no registration fee for their temporary operation while they proceed with registration at union level. However, because of the strength of civil society, some local authorities perceived CSOs/CBOs as activists against the government, making it difficult for some to be granted approval to implement.

Nevertheless, there are CSOs who work cooperatively with the government departments, such as Southern Shan Local Development Organization (SSLDO), Metta Foundation, Shwe Danu, in the Southern Shan and Karuna Myanmar Social Services Lashio. It is observed during the assessment that CSOs and CBOs have weak links with the private sector and business community despite many are working on improvement of community livelihood and have many challenges over supporting farmer/ beneficiaries in access to markets. A local staff member said, *it is quite difficult to engage with business, we invited them to our workshop, they come in the first time and they do not come again in the next one and they are quite busy*¹⁸⁸.

Local Business Community

There are many traders and middlemen in Upland areas, but very few are doing small or medium enterprise or industry type of business. The reason is because the infrastructure is still lacking and investment opportunities are quite limited. Local businesses do not want to invest in the Upland areas because it poses risk to their financial and physical capital. There is a need for stability and security in the business arena, as well as facilities for production. Some are interested in immediate profit and not to invest for long-term, so they only do trade. The business community is still weak in their capacity to develop quality products, *'we could not produce quality product, so we got low price for our product,*¹⁸⁹ and cannot compete with international market or products from China. However, during the assessment, people shared that due to the availability of electricity, there is an increased of small medium industries such as rice and oil mills.

China is a big market for Myanmar, and the demand for maize (corn) and sugar is high. China has recently installed a sugar can mill at the border, but Myanmar business are not allowed for formal quota¹⁹⁰. However, there is huge interest in Southern Shan state because the land

¹⁸⁷http://www.themimu.info/sites/themimu.info/files/documents/Overview_of_the_November_3W_Countrywide_19Nov2014.pdf

¹⁸⁸ Discussion with local organization staff in Southern Shan state, 30 September 2014

¹⁸⁹ Discussion with local business in Lashio, North Shan, 13 October 2014

¹⁹⁰ *ibid.*

is suitable for agricultural production. According to businessman from the Rice Association, there is a plan to expand rice growing for export to Japan. Currently, there is contract farming with farmers in southern Shan State for fruit and vegetables such as mango and ginger. Farmers are organised into groups of 10-15 people and contracted.

The business community shared that they have good relationships with government and local authorities. One mentioned that they don't deal direct with local authorities but they do support the authorities' requests. Another shared that relationships with state and regional government is critical. Before any business activities, they approach government and inform to the GAD of their administration and economic development plan, and they started their connection through the federation. UMFCCI seems to play an essential role in facilitating connection of business community and authority as well as strengthening the business network and collaboration.

Business monopolies

The economy in Upland areas heavily relies on agriculture. During the assessment visit, discussion with different groups group revealed concern over the increased presence of below- the- market-price monopolies by traders or brokers and their impact on the farmers and this sector. The government and its departments include DoAI and TPD are yet able to ensure fair market prices for seeds, agricultural supplies, and fertiliser, and prices are set by different traders and brokers who have links with foreign company (such as CP Corn). Some local business community are concerned but there is, as yet, no solution to address it.

In Danu Self-Administered Zone, Southern Shan state, Ministry of Commerce suggested each SAZ should have own economic zone for their trade and economic development of the area. Danu SAZ have constructed a commodity building. However, the commodity brokers (e.g. Aung Pan business community, which is very strong) controls the market and investment of all the commodities in the area. Danu SAZ commodity building has many rooms for traders and had advertised broadly, but still there is no investment.

c. International actors

China

China strategic engagement in Myanmar hinges on Beijing's pragmatic foreign policy¹⁹¹. In the late 80s, concern over political repression in Myanmar led many western governments to prohibit new trade and investment in Myanmar. This led to the signing of extensive border trade agreement between China and Myanmar, which follow agreements in gold mining, jade and forest, and later in infrastructure, commercial agriculture and energy sector investment etc. in Upland areas and across Myanmar. By 2013, China had made a total of USD 14.1 billion¹⁹² investments across 52 projects in Myanmar, accounting for 41.7% of Myanmar Foreign Direct Investment (FDI).

China has a good relationship with Myanmar (former and current) government, military and some NSAGs (such as United Wa State Army (UWSA) and other smaller groups) for economic

¹⁹¹ For details content read: <http://www.international-relations.com/CM7-2WB/Sino-Myanmar.htm>

¹⁹² <http://www.ihlo.org/CINTW/Burma.pdf>

projects and business deals including arms, forest, mining, hydropower dams and other infrastructure. However, China faces extreme difficulties managing relationships at the society and community level because Chinese investments in these communities are perceived as opaque. They also lack a meaningful consultative process, and neglect important aspects of social and environment costs and benefits, particularly hydropower, infrastructure and mining projects. And a number of Chinese businesses have been protested against by both NSAGs and local communities.

Nevertheless, China is a big market for Myanmar's Upland community, particular in Kachin and northern Shan. Currently, rice, rubber and corn are in high demand by the China market, and also small industries such as fruit preservative and juice. China is more focused on trade promotion and exhibition between China, Myanmar, Cambodia, Laos, and Vietnam. According to the Trade Promotion Department, the border trade has increased, although there are some irregularities because of the black market and illegal trade. Both authorities are engaged in this situation.

India

The Look East Policy came in after the 1990s when India opened its borders and integrated into globalisation, privatisation and liberalisation. The policy reflects India's ambition to increase its economy and integrate into the world market. India engagement with Myanmar mainly focuses on security of the border regions. However, recently there has been discussion on making the border become a new economic frontier through connectivity and development projects in Chin State, Sagaing Region and Rakhine State. The current bilateral trade between India and Myanmar is USD 1.4 billion¹⁹³ (of this, border trade accounts only USD 2.9 million), and India is planning to double the amount to USD 3 billion in 2015.

In April 2008, the Indian government signed an agreement with the Myanmar military junta for the Kaladan Multi-Modal Transit Transport project. The project is connecting the landlocked area of Northeast India with the sea via Rakhine state, and runs through the mountainous forest of Chin state, to open up trade routes from India to Southeast Asia. Moreover, at the recent ASEAN Summit in Nay Pyi Taw in November 2014, India announced its move from Look East to Act East, and Myanmar has become a strategic neighbour for India for its strategic footprint to Southeast Asia market, in particular for its defence industry. India looks to further increase border trade between Myanmar and India.

Thailand

Thailand has been and continues to be home of the major NSAGs, in particular from the southeast region, include the Shan State Army (South), Karen National Union/Liberation Army (KNU) and the Karenni National Progressive Party (KNPP), New Mon State Party (NMSP) and those who are the member of United National Federation Council (UNFC). From the 1960s to present, a significant cause of conflict on the Thai-Myanmar border is the control of the illicit, highly profitable trade in commodities such as timber and drugs, including opium and amphetamine.

Given the 2,400km long shared border between Thailand and Myanmar, people living on both sides have been trading and crossing the frontier for centuries. Over time, the black market along the border has increased with particular trade in natural resources such as timber, and precious stones from Myanmar, as well as raw materials to feed the small and

¹⁹³ http://www.anantaaspencentre.in/pdf/India_moment_myanmar.pdf

medium sized factories located along the Thai Myanmar border. Recently, the Thai government and companies have increased bilateral relationships and investment in Myanmar, particularly on infrastructure, agriculture and the energy sector. The countries are also discussing the return of refugees (who a number of them are from Upland areas) from Thailand to Myanmar.

International NGOs

In Myanmar, the number of presence of International NGOs and the sectors they are working is increasing by number and by geographical coverage.¹⁹⁴ INGOs are crucial in providing humanitarian and development assistance especially in conflict and hard to reach areas.

The parallel structure in Thar Moe Thaung Village

The NGOs set up Village Development Committee (VDC) and the committee reports regularly to the NGOs township office, but does not have any link/ report to town authorities. The government also has a development project (Mya Sein Yaung) and set up an executive committee, but this does not have any link and working relationship with VDC.

The community perceived that it is not possible or good for VDC to work with MSY committee because the government principles and NGOs principles are very different, and the procedure of MSY is not clear.

The village worked with the NGOs for four years. Villagers want to communicate some of their plans with the government but they shared that they do not know how to communicate or make contact with the government.

INGOs can bring the experience and expertise related to the sectors. However as every situation and context is unique and so as the Upland areas context and situation.

INGOs have the advantage to intervene in the conflict context as their presence can be regarded as neutral. But sometimes their intervention and presence can be observed with suspicion. So it is important to understand the context, especially intergroup and stakeholder' tensions, potential conflict issues, and issues which can mitigate conflict and strengthen social cohesion.

There is a need to be prudent and to carefully analyse the intervention or programme they design and the approach, strategy, as well as personnel and institutional behaviours. Consideration needs to be taken of whether activities unintentionally contribute to the conflict or mitigates the conflict. It is also important to do such analysis in choosing the partners for the local actors or CBOs.

Bilateral and Multilateral donors and UN agencies

Bilateral and multilateral donors and UN agencies play important roles in the country's

¹⁹⁴ According to MIMU there are 189 organizations (82 INGOs, 60 NNGOs, 25 Border-based Organizations, 14 UNs, etc.), working in 19 sectors and 142 sub-sectors across Myanmar.

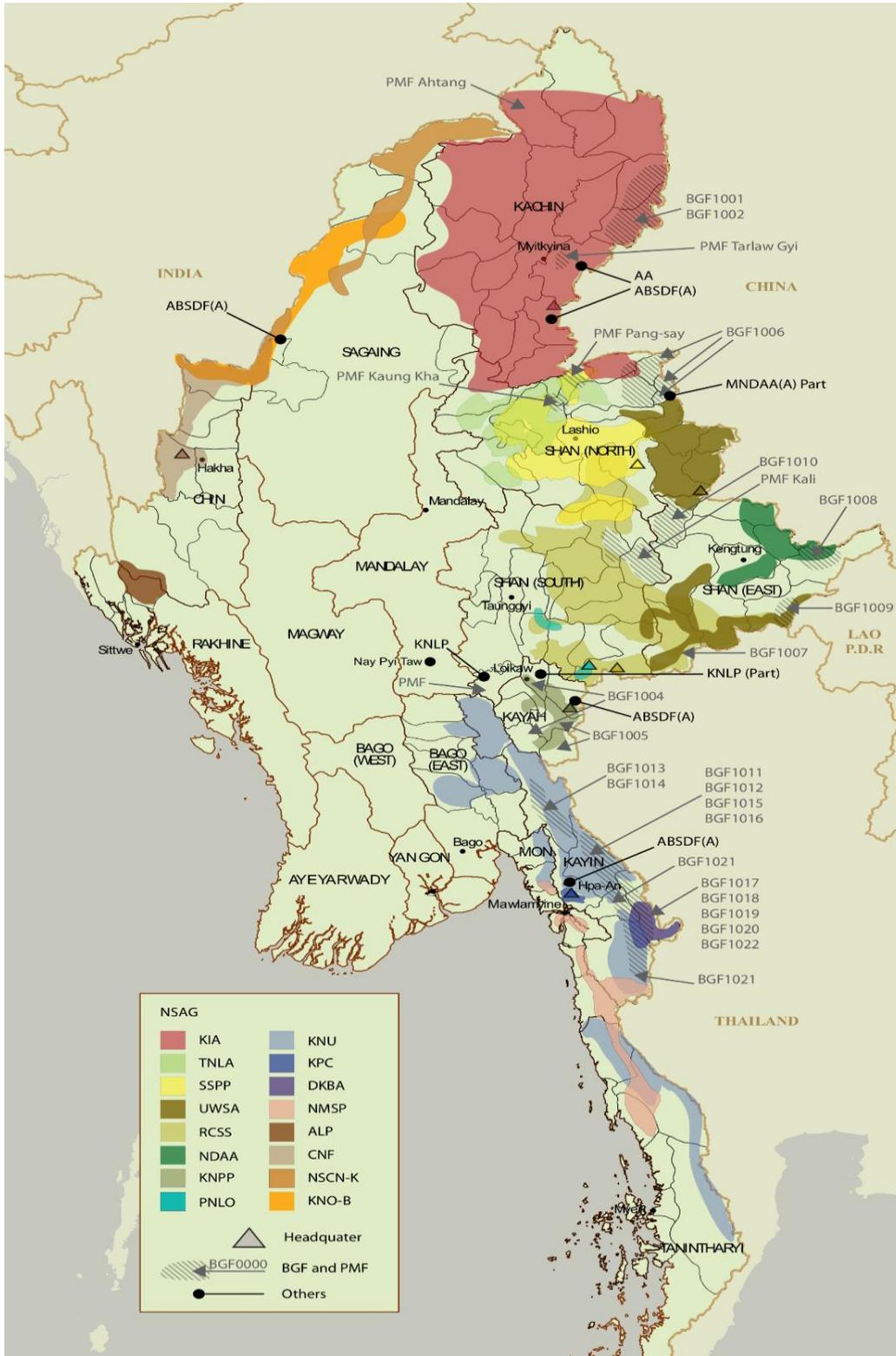
transitional period by providing the government and the stakeholders with technical and financial support where there are gaps. The bilateral donors so far have been active in promoting donor coordination and aid effectiveness among donor agencies.

The international community have focused on humanitarian assistance before, their focus has been on Myanmar reform and peace processes. Many have provided both financial and technical support to the government to contribute to poverty reduction and economic development as well as widen the democratic space in Myanmar.

Some foreign aid has come under criticism for putting development before political settlement or peace process, and some NSAGs feel that the donors work in favour of the government and against their struggle. Therefore a **transparent and participatory approach is needed to ensure the needs of the country and the people concerned** especially when they become involved in conflict affected areas.

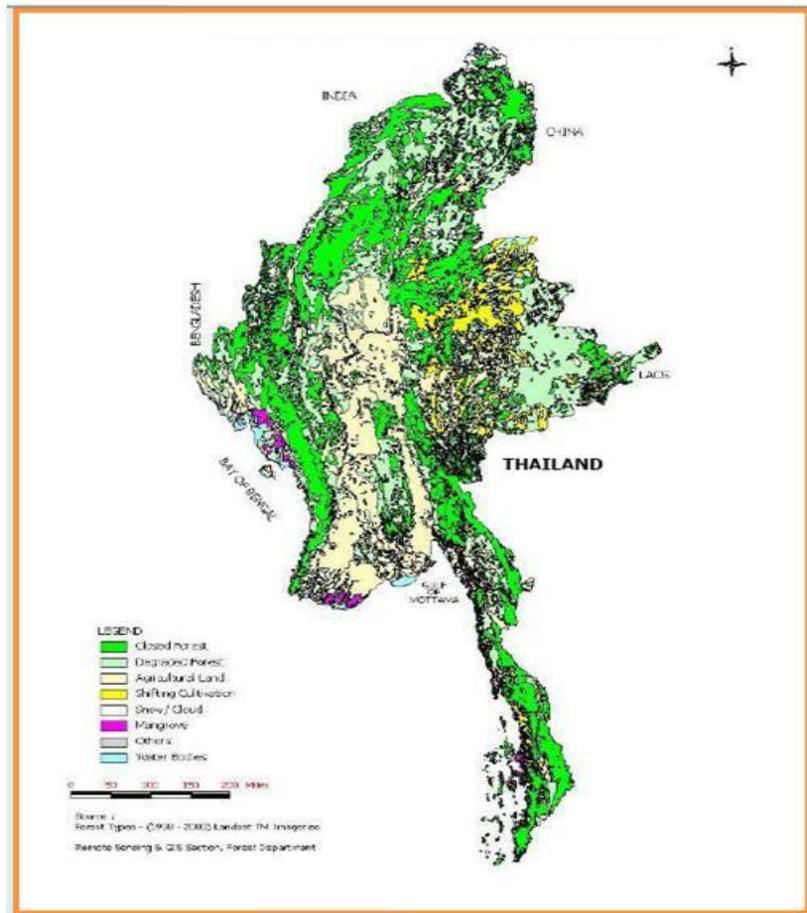
Annex 4. Active areas of Non-state Armed Groups in 2013.

(Source: Deciphering Myanmar's Peace Process: A Reference Guide 2014).

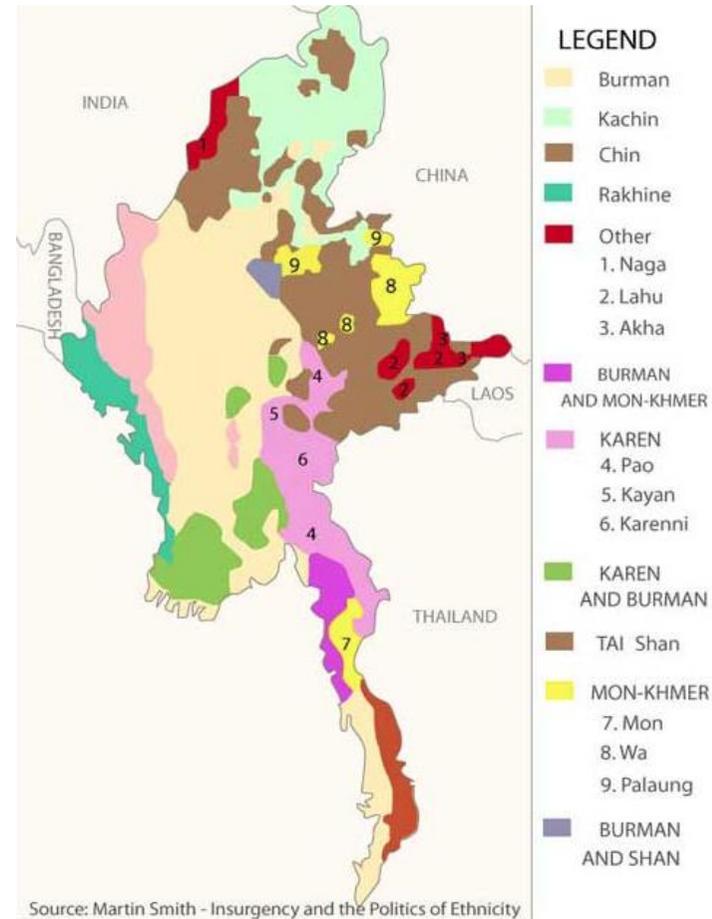


iii.) Myanmar, Forest Cover

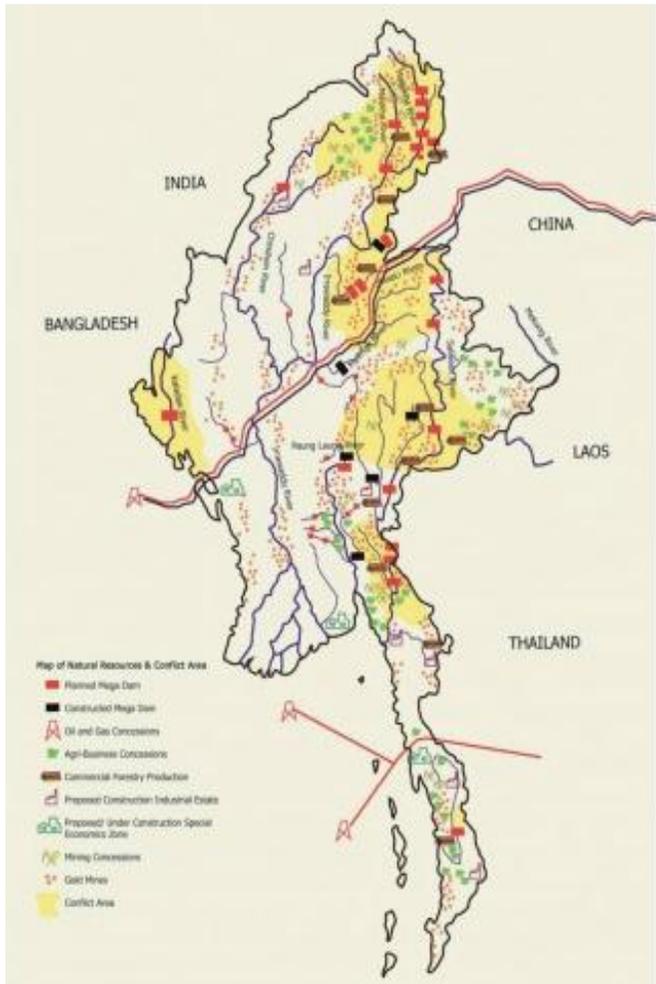
(Source: Myanmar Clearing House Mechanism for Biodiversity)



iv) Ethnic Groups (Source: Martin Smith)



v) Map of Natural Resources and Conflict Areas
 (Source: Ethnic Peace Resources Project)



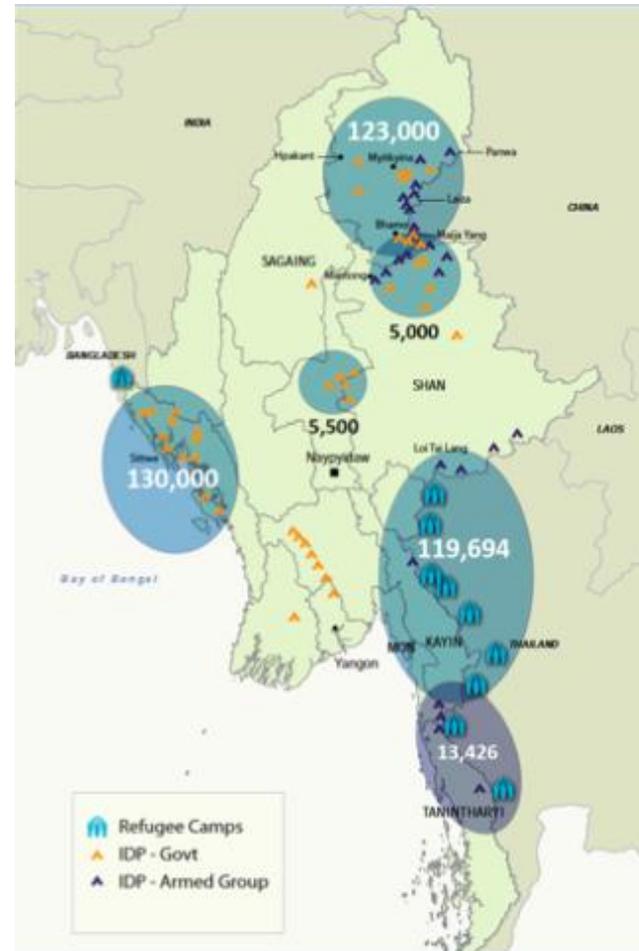
vi) Myanmar Poppy Growing Areas (Source: *Deciphering Myanmar's Peace Process, 2013*)



vii) Estimated number of Myanmar migrants to Thailand, by State/Region of origin. (Source: MIMU)



viii) IDP Camps, 2013
 (Source: Deciphering Myanmar's Peace Process, 2013)



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