

A Geographical Perspective On Myanmar's Transition: Towards Inclusive, People-Centered And Sustainable Economic Growth

Prof. Maung Maung AYE

President, Geographical Association of Myanmar

Patron & Chief Advisor, Myanmar Environment Institute

Vice-President, Environmental and Economic Research Institute

Abstract

Myanmar has a land area of **676,581 km²** with an estimated population of **51.49 million**, consisting of diverse ethnic groups speaking over **100** languages and dialects. Myanmar's transition from military regime to civilian rule started under a new Constitution that came into effect in **May, 2008**. During its transition, Myanmar needs more effective national and regional development and governmental reforms and restructuring. People-centred development reforms need to be implemented in order to reach international standards & meet the people's needs. A people-centered development strategy incorporates the values of justice, sustainability, and inclusiveness. A number of reforms have already been undertaken in the financial sector, in relaxing media censorship, release of detainees and reaching ceasefire agreements in a number of conflict areas. Although the government has enacted the new Environmental Law and related regulations to use natural resources in a sustainable manner, there are many environmental problems caused by development projects of various sectors. Between one-third and one-fourth of the population is estimated to be living under the poverty line but almost 80 per cent of inhabitants are living either in poverty or very close to it. Despite significant efforts during the transition period in Myanmar, there is still a long way to go in developing a comprehensive social protection scheme. Myanmar attempts to manage a **"triple transition"**: nation building, state-building and economic liberalization. Rule of law is crucial for peaceful and sustainable development. Transitions are never smooth, and it is likely that the situation on the ground in Myanmar will get messier before it gets better. Myanmar should work to ensure that current positive trends continue to 2015 and beyond. In order to sustain its growth momentum in the long run, Myanmar should aim for a growth trajectory that is inclusive, equitable, and environmentally sustainable.

Key Words: sustainable development, people-centred development reforms, "triple transition", environmental sustainability, Millennium Development Goals (MDGs), poverty reduction, community resilience, Inclusive governance

Introduction

President Thein Sein of Myanmar, in a cabinet meeting in 2012, signaled that the country is entering into a **"second-stage strategic reform"** calling for more effective national and regional development and governmental reforms and restructuring. Likewise, the Myanmar vice president Dr. Sai Mauk Kham told a cabinet meeting at the President's Office in Nay Pyi Taw on May 13, 2012 that "the government needs to implement **people-centered development reforms** in order to reach international standards and meet the people's needs. The success of the government would be determined by whether it acted in the interests of all people rather than a handful of people."

Myanmar is drawing up a **people-centered plan** in a bid to achieve the goals for fiscal year 2014-15. The plan will be in conformity with the need of Myanmar and its political, economic and social relations with neighboring countries. The president stressed the need to attract foreign investment to develop technology and human resources, and double domestic production in **seven sectors** in order to reach an **8-percent increase** of the gross domestic product (GDP). The seven sectors are cited as **industry, agriculture, infrastructure, energy, mining, tourism, finance and communication**. He called on governments at all levels to work together harmoniously in the implementation of the projects and to use the allocated budgets efficiently.

Myanmar's draft national plan for 2014-15 targets at a growth of 3.9 per cent in the agriculture sector, 10.4 per cent the industry sector and 12.4 per cent in the service sector. The growth of major regions is set at 9.3 per cent for Yangon, 12.4 per cent for Mandalay and 28.2 per cent for Nay Pyi Taw. The International Monetary Fund (IMF) has predicted Myanmar's economy to grow 6.75 per cent in the 2013-14 fiscal year, driven by natural gas, sales and investment.

Definitions

Development means a real increase in standard of living for the average person.

Sustainable development attempts to meet the needs of present generations without reducing the ability of future generations to meet their own needs (Maung Maung Aye, 2015).

People-centered development is an approach to international development that focuses on improving local communities' **self-reliance, social justice, and participatory decision-making**. It recognizes that economic growth does not inherently contribute to human development (MOFA, Japan, 1996; Korten, 1984) and calls for **changes in social, political, and environmental values and practices**. A people-centered development strategy incorporates the values of justice, sustainability, and inclusiveness. The objective of people-centered development is "helping humankind lead an affluent and happy life. People-centered development is the only way to develop **sustainable** communities (Korten, 1990). In the context of people-centered development, central elements of **participation** include (i) democratic processes, (ii) government accountability, (iii) access to relevant information, and (vi) gender equality. Likewise, the central elements of **justice** include (a) local ownership, (b) sovereignty of the people and government enablement, and (c) employment and income generation.

Methodology and Data Sources

This exploratory and descriptive type of research was carried out at the kind request of the Regional Center for Social Science and Sustainable Development (RCSD), Faculty of Social Sciences, Chiang Mai University in order to present at the **International Conference on Burma/Myanmar Studies (ICBMS 2015): Burma/Myanmar in Transition: Connectivity, Changes and Challenges**. An attempt was made to analyze, from a geographical perspective, the transition of Myanmar which has destined to march towards inclusive, people-centered and sustainable economic growth. The data and information required for this geographic inquiry were obtained not only from my life-long

acquired knowledge and experience, but also on various sources such as Ministry of National Planning and Economic Development (MNPED)-Myanmar, Ministry of Agriculture and Irrigation – Myanmar, Directorate of Investment and Company Administration – Myanmar, Ministry of Environmental Conservation and Forestry - Myanmar, USAID/Burma, World Bank (WB), Asian Development Bank (ADB), Food and Agricultural Organization (FAO), Japan International Cooperation Agency (JICA) and United Nations Development Programme (UNDP) Myanmar. Collected secondary data and information were summarized, processed and analyzed using some descriptive and qualitative techniques. As such, this geographic study has tried to assess Myanmar's strengths and weaknesses, and highlights the challenges and risks in the context of country's economic transition towards inclusive, people-centered and sustainable development.

History of Myanmar in Brief

Myanmar, formerly known as "Burma" has existed for centuries. Myanmar was organized as a strong union in the early 11th century (Bagan Period) by King Anawrahta. It is generally referred to as the first Union of Myanmar. In the middle of the 16th century, King Bayintnaung established the second Union of Myanmar that used to be one of the mightiest countries in Asia. Myanmar was thirdly unified in **1752** by King Alaungphaya, the founder of the last dynasty of Myanmar. The country was occupied by British in **1885** and gained Independence in **1948**.

After being under military rule for fifty years, Myanmar's transition to civilian rule started under a new Constitution that came into effect in **May, 2008**. The transition to civilian rule under the new Constitution was the first step in an on-going series of rapid and far-reaching political and economic reforms.

Myanmar Today and Its Geographical Bases

Myanmar (*The Republic of the Union of Myanmar*) is located between latitudes 9° 30' north and 28° 31' north and longitudes 92° 10' east and 101° 11' east. The total area of Myanmar is estimated to be about **676,581 square kilometers** (261,228 square miles). Myanmar is the *second largest country in southeast Asia*, after Indonesia. It comprises of seven States and seven Regions. Myanmar has long boundaries with its five neighbours: Bangladesh, India, China, Laos and Thailand. The *boundaries are mostly physical in nature* since they follow rivers, water-divides and crests of mountain ranges. Myanmar is a mountainous country. It is surrounded by mountains on all sides except in the south, facing the Bay of Bengal and Katpali Sea (Andaman Sea) (Figure 1). Myanmar falls into **four** physiographic divisions such as (i) The Western Mountain Ranges, (ii) The Eastern Highlands and their continuation southward, (iii) The Central Basin and (iv) Rakhine Coastal Region. While two-thirds of Myanmar's surface drains into the **Ayeyarwady** (formerly known as Irrawaddy), which therefore, ranks as the most important Myanmar river system, there are several subsidiary river systems. Climate of Myanmar, in general, is said to be **tropical monsoon**. However, because of its north-south elongated shape and its physiography, almost all the major climatic types (according to Koppen's classification) are found in Myanmar.

According to the latest census taken in 2014, Myanmar has an estimated population of **51.49 million**, consisting of diverse ethnic groups speaking over **100** languages and dialects. It is ranked **150** out of 187 countries on the Human Development Index (HDI). Economic growth has averaged **5 per cent** in recent years with a per capita income of **USD \$702**. Myanmar could grow at **7 per cent to 8 per cent per year** for a decade or more and raise its per capita income to **\$2,000–\$3,000** by the Year **2030**.

Myanmar is at an historic stage in its development and is pursuing a reform agenda. Following the coming into effect of a new Constitution in **May, 2008**, elections and by elections were held in **November 2010** and in **April 2012** respectively. Parliament and governments have been formed at the national and region/state levels. The President has set out a reform agenda focusing on good governance and ensuring fundamental rights. A number of reforms have already been undertaken in the financial sector, in relaxing media censorship, release of detainees and reaching ceasefire agreements in a number of conflict areas. These reforms are seen as positive steps, which have led to increasing engagement with the international community.

Some salient physical and socio-economic conditions of the Republic of the Union of Myanmar for the Year 2014 can be briefly observed in the following table:

Table 1. Some Physical and Human Bases of Myanmar (2014)

1.	Area (in sq. km)	676,581 km ²
2.	Area (in sq. mi)	261,228 mi ²
3.	Population	51.49 million
4.	Population Density	76 per km ²
5.	Population Growth Rate	0.89%
6.	Rural Population	70%
7.	Language (Official)	Myanmar
8.	Adult Literacy	92.3%
9.	Life Expectancy at Birth	65.7%
10.	Poverty Rate	26 %
11.	Female Representation in Parliament ("Hluttaw")	4.6%
12.	Per capita income	US\$ 702
13.	Human Development Index	0.498 (HDI)
14.	Human Development Index Rank	150
15.	Capital City	Nay Pyi Taw

Sources: Human Development Report 2014; 2014 Census

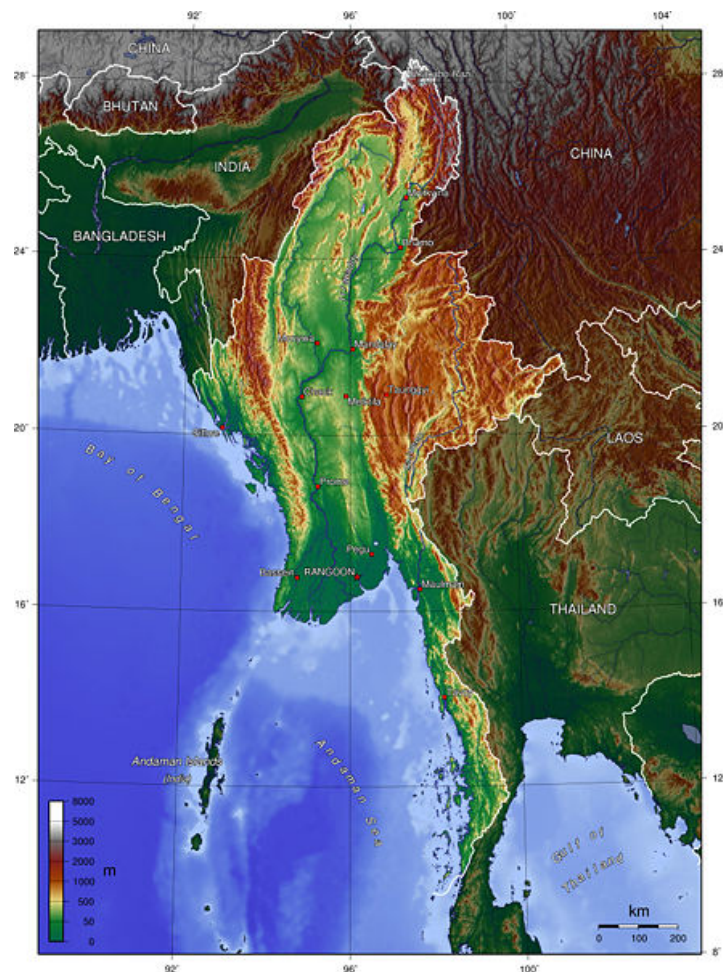


Figure 1. The Republic of the Union of Myanmar: Physiographic Features

Political and Economic Reforms

Starting in **2012**, economic sanctions that had been imposed on Myanmar - by western countries - were substantially eased, opening the country up to foreign investment. This followed the **election**, in **2011**, of the current government and the announcement by President Thein Sein of a range of political and economic reforms.

Myanmar has a vast wealth of **oil and gas reserves, mineral resources & precious gems**, but its **extractive industries** are underdeveloped, hampered by *a lack of investment and modern technology*. That is now changing as international oil, gas and mining companies increasingly enter the country. However, as foreign companies move into Myanmar, the lack of effective safeguards to protect the human rights of the people of Myanmar is thrown into sharp relief. So too are the challenges of investment in a context where the economy is still dominated by the interests of Myanmar's military and powerful individuals known as '**cronies**'. In this context there are serious risks that Myanmar's natural wealth will largely benefit powerful domestic interests and foreign business, while poor communities see only the negative impacts of unregulated commercial activity.

Foreign investment in the extractive sector has the potential to bring social and economic benefits to Myanmar. However, extractive industries also carry specific risks for human rights, in particular because these industries often require the expropriation of land and generate harmful waste materials that require careful management.

Reforms in Myanmar and Increasing Foreign Investment

In March 2011, in his inaugural address to Parliament, President Thein Sein announced a series of wide-ranging political, economic and social reforms. These included . . .

1. moving to a multi-party political system;
2. reforms to enable economic growth and invite investment;
3. wide ranging legal reforms;
4. the relaxation of media censorship;
5. increasing access to health care; and
6. fighting corruption.

Since then, the government has taken notable steps to implement some of these reforms.

The US, Canada and European Union (EU) eased economic sanctions in 2012 in response to the government's reforms. The US lifted its ban on imports from Myanmar, except in relation to jade and rubies, and on new investment in the country, although certain restrictions remain. In **2013**, the EU lifted its remaining trade, economic, and individual sanctions, except those on arms sales.

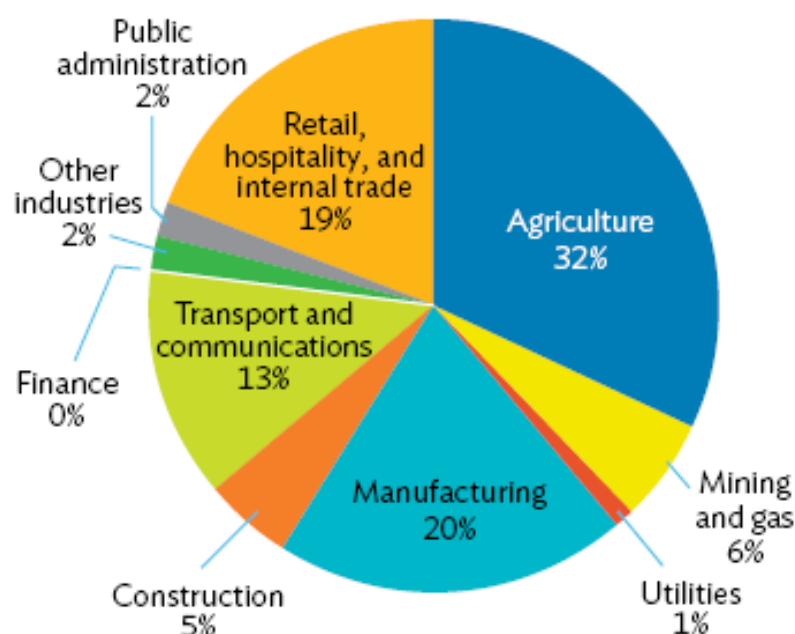
Economic reforms in particular – including the adoption of a *foreign investment law* – has brought with it renewed international engagement. Myanmar's considerable natural wealth in oil and gas reserves, mineral resource deposits and precious gems make it an attractive – and lucrative – investment prospect. According to the World Bank (WB), Myanmar's economy continues to grow and FDI is expected to increase to **5.1% of GDP over 2014 to 2015**. Most of this investment has so far been in the energy sector, the garment industry, information technology, and food and beverages. **Gas exports** are estimated to have reached **USD 4.2 billion in 2013-2014** and are forecasted to reach **USD 5.8 billion in 2015**. International oil, gas and mining companies are increasingly considering entry into Myan.

Yet despite these promising economic prospects, the human rights situation remains of serious concern. The military retains significant political and economic power, while key institutions - including Parliament ("*Hluttaw*") and the judiciary – remain weak and largely ineffective. Failures to tackle impunity have further undermined efforts towards reform.

Agriculture, Natural Resources, and Rural Development

Myanmar's economy is heavily dependent on natural resources, with 39% of gross domestic product (GDP) derived from **primary industries** (Figure 2). This pattern is mirrored in exports, which are even more concentrated in these industries, of which 86% are from primary industries (Figure 3). The

country has also received substantial foreign direct investment (FDI) in many natural resource related sectors, which clearly shows that the private sector recognizes the opportunities these sectors present. Hydropower has the largest share of cumulative FDI, followed by oil and gas. With the inclusion of mining, livestock, and agriculture, these sectors account for **80%** of FDI (Figure 4) (ADB, 2014).

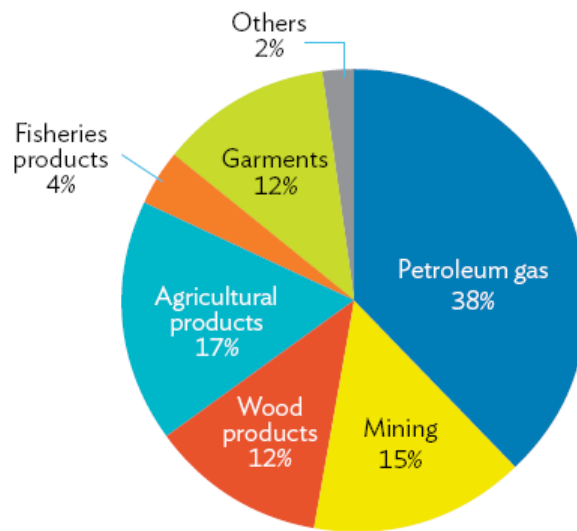


Source: ADB Statistical Database System (accessed April 2014).

Figure 2. Composition of Gross Domestic Product, 2011

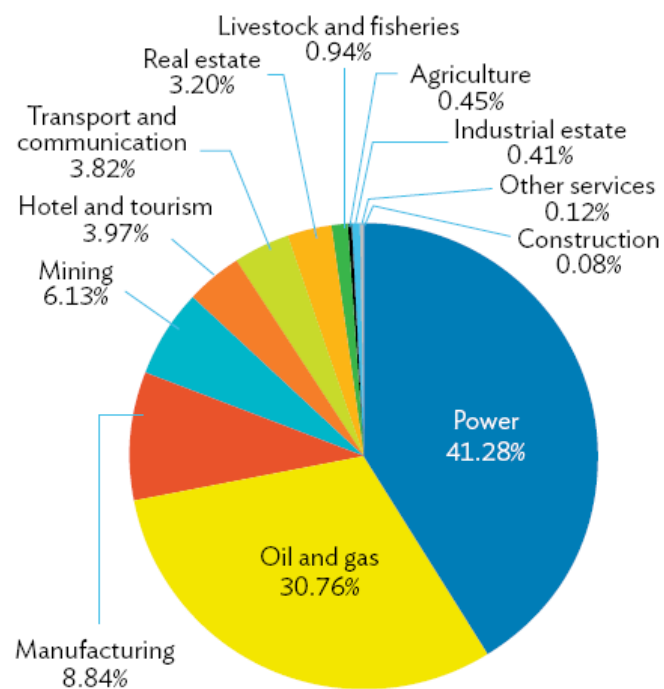
Agriculture and Rural Development

Agriculture and rural development has to be central to the overall economic development strategy of Myanmar. Agriculture remains the backbone of the economy, with nearly **70%** of the population living in rural areas, with the sector accounting for about **30% of GDP**, more than **50% of employment**, and **20% of exports**. By supplying affordable food, generating farm incomes, and providing employment, the sector can play an essential role in economic progress and poverty reduction. And because the majority of Myanmar's ethnic groups are agriculturally dependent, developing the sector will contribute to inclusive and regionally balanced growth and social stability.



Source: Massachusetts Institute of Technology Observatory of Economic Complexity (accessed April 2014), drawn from International Trade Database (BACI) trade estimates of Centre d'Etudes Prospectives et d'Informations Internationales (CEPII).

Figure 3. Composition of Official Exports, 2011



Note: Up to 30 June 2014, the accumulated pledged amount of foreign direct investment is \$46.7 billion.
Source: Directorate of Investment and Company Administration (2014a) (accessed July 2014).

Figure 4. Composition of Foreign Direct Investment

The government recognizes the importance of agriculture to economic development, as reflected in recent reform initiatives. The National Strategy on Poverty Alleviation and Rural Development identified **eight priority areas** for agriculture and rural development. The Framework for Economic and Social Reforms identified **10 priority areas**, one of which is food security and agricultural growth, while many of the other areas indirectly relate to agriculture and rural development. The National Comprehensive Development Plan laid down three targets for the agriculture sector and five short-term objectives to achieve them. To build on recent reforms in the sector, the government still needs to craft more specific policy measures to be introduced in an appropriate sequence over the short and medium terms to foster inclusive growth. The government's mission statements and strategies for the agriculture sector development can offer some guidance for the direction of such specific reform.

Competitive Advantages in Agriculture

Myanmar has key competitive advantages in agriculture. Myanmar's abundant land, water and labor resources, and proximity to major emerging food markets offer very considerable competitive advantages. Cultivated land, covering **12.8 million hectares** (31.62 million acres), has the potential to be increased by nearly **50%** using fallow areas. The country's diverse topography and ecosystems allow farmers to produce a range of cereals, pulses, horticultural products, and fruits, as well as livestock and fishery products. Reflecting the relative abundance of land, the average size of holdings is high compared with other developing Asian countries, even with a large share of Myanmar's workforce in agriculture.

Water resources are considerable and centered on four major river systems, which supply more than **19,000 cubic meters per capita** of renewable fresh water each year, about 9 times the levels available in the People's Republic of China (PRC), 16 times those of India, 5 times Viet Nam, and 30 times Bangladesh. Moreover, three of the four major river systems originate within the country, giving it exclusive control. Even so, not even **10%** of these resources have been exploited, giving Myanmar a significant competitive advantage. **Labor** is also plentiful and inexpensive compared with other Asian countries. Mechanization is very limited, but abundant labor helps keep the production costs low.

Given its location between the enormous regional markets of the PRC and India, Myanmar's farmers and agribusinesses are well positioned to compete in regional and global agricultural markets—if the right investments are made in institutions and infrastructure. Myanmar's proximity to the fastest growing food markets in the world should help keep transportation and transaction costs low for agricultural products, and this should be further aided by an improving transport infrastructure.

Agriculture Performance

Agriculture performance of Myanmar is found to be well below potential. Of Myanmar's **three principal agro-ecological zones** (delta and coastal, dry, and hill regions), agricultural production and population are concentrated in the first two. In the delta, which is the most densely populated, monsoon rains and easy access to water make rice and fish production the predominant agricultural

enterprise. The dry zone lies in a rain shadow zone, so that productive agriculture is principally in river valleys, where a mix of rain-fed upland crops and paddy are produced. The hill regions have more tree and horticultural crops, and are less intensively cropped.

Rice is dominant (Figure 5). Of the top 20 commodities, it accounts for **43%** of agricultural production value, nearly five times as high as chicken, the second highest value commodity. After rice, there is fairly even distribution of production value among many commodities.

Yield growth varies considerably across crops. Cotton, pulses, and maize have shown strong yield growth, whereas growth has been slower for other crops. However, except for official statistics on rice and pulses, yields are lower than those of other Asian countries.

Myanmar has the second lowest rice yields in Asia based on the United States Department of Agriculture's production estimates. Bangladesh and Viet Nam, with similar productivity potential in their delta regions, have yields that are 66 per cent and 114 per cent higher, respectively. This is in line with expert estimates that a 23 per cent increase in average yields should be easily possible within 5–7 years with supportive policy measures (Denning, Baroang, and Sandar, 2013).

Livestock and dairy production growth is much faster than for crops, according to official statistics. A marked increase was found in meat, egg, and milk production from 1990 to 2012, with meat production up 13.5 times to 2.3 million tons in 2012. Among meats, chicken has grown fastest (accounting for 1.2 million tons, or 51.0 per cent of total meat produced in 2012) followed by pork and beef. Chicken, pork, and beef are the major meat products. Milk production has also made impressive gains.

Fisheries production is also expanding rapidly. With **486,000 km²** of exclusive economic zones, Myanmar has extensive marine fishery resources. Within this lies a continental shelf of **229,000 km²** rich in nutrients and marine life (Ministry of Environmental Conservation and Forestry, 2010). Total fish production is 4.72 million metric tons as of 2012. Production is balanced between marine (2.48 million metric tons) and inland fisheries (2.24 million metric tons) production. About 8 per cent (or 0.38 million metric tons) of total fishery production is exported to 29 countries, at a value of \$653.8 million in 2011.

An estimated 3 million people are directly employed in the fishery sector. In 2012–2013, per capita fish consumption was 56 kilograms. Production has risen rapidly for capture and culture production, with both increasing more than 120 per cent from 2003 to 2012.

Exports have been growing rapidly, particularly official border trade with the PRC and Thailand. Since 2012, the share of border trade in overall formal exports of agricultural produce has been greater than that of normal overseas trade. This is also the case for rice, maize, sesame, and fisheries products. Further, export prices are significantly higher for border trade for rice and maize. These trends are expected to continue in view of the increasing connectivity (both road and rail) in neighboring countries, especially the PRC and Thailand, arising from ongoing initiatives in the Greater Mekong Sub-region (GMS) and Association of Southeast Asian Nations (ASEAN).

Myanmar has not been able to exploit its full export potential. Until the end of the 1960s, it was the world's leading exporter of rice, shoulder to shoulder with Pakistan, Thailand, and Viet Nam in rice exports. Since then, however, the pattern of exports has diverged widely. Although Pakistan, Thailand, and Viet Nam enhanced productivity to dramatically expand exports, Myanmar did not.

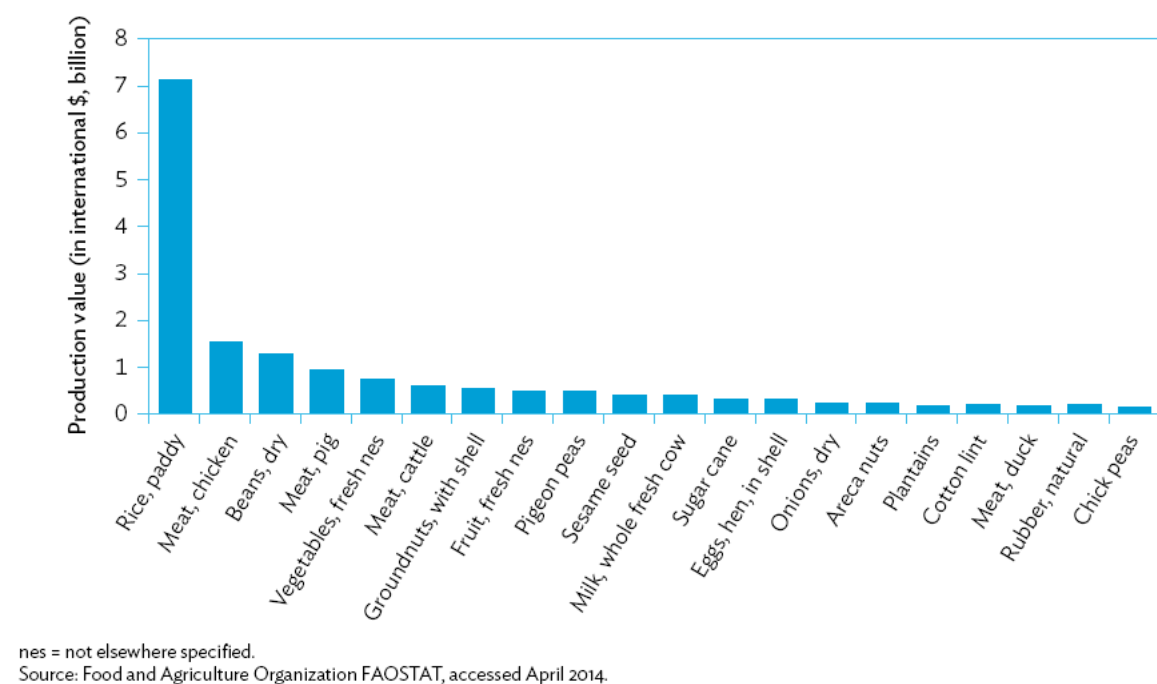


Figure 5. Top Agricultural Products, 2012

The UN Millennium Development Goals

The eight Millennium Development Goals (MDGs) of the United Nations for 2015 are mentioned below:

- (1) Eradicate extreme hunger & poverty
- (2) Achieve universal primary education
- (3) Promote gender equality & empower women
- (4) Reduce child mortality
- (5) Improve maternal health
- (6) Combat HIV/AIDS, malaria & other diseases
- (7) Ensure environmental sustainability
- (8) Develop a global partnership for development

Clearly, growth has been the most effective tool for reducing poverty in Asia. However, in recent decades, growth has become less equitable in fast growing countries, compared with the earlier experiences of Japan, the Republic of Korea, and other “miracle” economies. Recent evidence also

points to mixed and uneven progress across countries and sub-regions in achieving the United Nations Millennium Development Goals (MDGs). Myanmar has made progress toward the MDGs, but **one in four of its people remains poor** and **one in three children below the age of 5 is underweight**. Vulnerability to malaria, tuberculosis, HIV/AIDS, and other diseases remains higher in Myanmar than in its peers within the region. Strong growth is imperative for Myanmar to alleviate poverty and improve the standard of living. In turn, **inclusiveness** is crucial to maintaining good growth momentum because it strengthens social cohesion and contributes to human capital accumulation. With many ethnic groups, creating a harmonious society is a key challenge. Internal political and social tension can be destabilizing and may lead to open conflict.

Ensure environmental sustainability

Myanmar has a land area of **676,581 km²**, (261,228 ml²) where almost **47 per cent** of the area is covered with the forest. Inland water body is estimated to be **2.81 per cent**. The Myanmar forest policy (**1995**) focuses on the sustainable development of the country and paves the way for sustainable use of the forest resources maintaining the natural ecosystem functions.

Total emission of CO₂ was estimated to be **74,400.7 Gg CO₂ e** in Myanmar for the year **2000**, where the major emissions came from deforestation, shifting cultivation and land clearing for forest plantations. Together they constitute about **6.67 per cent** of the total land area of Myanmar. [74,400 Gigagram (Gg) CO₂ equivalent in 2010]

The *International Union for Conservation of Nature and Natural Resources* - **IUCN Red List 2011**, states that there are a total of **281 threatened animal species** and **50 threatened plant species** in Myanmar. Of these, 20 animal species are critically endangered, 49 endangered and 212 vulnerable. Out of 50 threatened plant species, 18 are critically endangered, 16 endangered and 16 vulnerable.

Access to safe drinking water increased moderately in the country, where the increase was less among the poor when compared to the non-poor. Findings from the Integrated Household Living Conditions Assessment - **IHLCA** (2009-2010) reveal that **69 per cent** of the total population of the country used improved water in **2010**. A total of **79 per cent** of the total population of the country used improved sanitation facilities in **2010**. Only 13 percent of the country's population have access to the national electricity grid, and that almost 95 per cent depend on solid fuels such as wood and rice husks for cooking and heating. Around **65 per cent** of urban households in Myanmar lack access to improved water, improved sanitation, sufficient living area or durability of housing.

The Government of Myanmar is working towards meeting the **MDG 7 Goal: ensuring environmental sustainability**, by integrating sustainability practices into the country's policies. Although the government has enacted the new Environmental Law and related regulations to use natural resources in a sustainable manner, there are many environmental problems caused by development projects of various sectors. The natural environment is being degraded due to both human activities and natural phenomena such as forest fires, landslides, floods and storm surges.

Progress on poverty vulnerable to short-term shocks

In an attempt to go beyond the materialistic pursuit of economic growth, the United Nations Development Programme (UNDP) defines **human development** as *“expansion of people’s freedoms to live long, healthy and creative lives; to advance other goals they have reason to value; and to engage actively in shaping development equitably and sustainably on a shared planet.”* Although poverty has been reduced throughout the world, the progress is precarious and vulnerable to different short-term events – natural disasters, internal conflicts or economic shocks – that can have long-term effects. Vulnerability is thus a major constraint to human development advancement.

In Myanmar, between one-third and one-fourth of the population is estimated to be living under the poverty line but almost 80 per cent of inhabitants are living either in poverty or very close to it. Many households may easily slide into poverty, driven by events such as natural disasters, economic shocks or even violent conflict. Social policies do not cover all these vulnerabilities.

It is clear that despite significant efforts during the transition period in Myanmar, there is still a long way to go in developing a comprehensive social protection scheme. Structural vulnerabilities, where social structures and legal institutions, political spaces, tradition and norms, do not serve all members of society equally. These vulnerabilities create barriers within society, generating unequal groups based around gender, ethnicity, religion, class, geography and more. They reinforce poverty and the risks faced by the poor. The insecurity that some groups, not always minorities, face also leads to the eruption of localised violence, fuelling further vulnerability. The most effective policies toward building resilience and protecting the most vulnerable are often based on **four basic principles**:

(a) **All policies, including macroeconomic, should be seen as a means to gain human development.** Economic growth should benefit things that really matter – health, education, income for basic needs – with nobody left behind.

(b) **Embracing universalism.** All people are considered equal and those that face disadvantages should receive the preferential support that will equalise their well-being with the rest.

(c) **Committing to collective action.** A positive vision of a democratic system largely depends on the provision of public goods and services to all.

(d) **A new social contract between the public and the private space** that coordinates between state and social institutions and designs instruments that foster social cohesion and the provision of social goods.

Policy-making based on these four principles can contribute to plans, programs and projects in **the building of a “new” Myanmar** where inclusive growth benefits all (Kurbanov and Kostzer, 2014b).

The idea expressed by the country’s leaders for **“people-centred development”** through a framework of universal coverage in the distribution of social goods and services is the best starting

point for the construction of an equitable society. The legitimacy of the democratic system largely depends on its people feeling more integrated, secure and less vulnerable.

Triple Transition and Some Successes

In Myanmar, the United Nations Development Programme (UNDP) and other international organizations provide support to the national political and socio-economic reforms that underpin the country's transition. Their support is channeled through a programme that seeks (i) to strengthen institutions of democratic and local governance, (ii) support the environment and disaster risk management, and (iii) support government efforts for poverty reduction over the three-year period 2013-2015.

The UNDP has been providing development assistance to the people of Myanmar since the 1960s. Through the 2013-2015 programme developed in partnership with the Myanmar Government, the UNDP aims help Myanmar manage a “**triple transition**”:

- (1) ***Nation-building***, including securing a sustainable peace with ethnic minorities;
- (2) ***State-building***, or democratizing & modernizing state institutions; and
- (3) ***Economic liberalization***, moving the country from a closed, command economy to an open & transparent market.

Myanmar has made notable progress in poverty reduction. The Government's target to reduce poverty from 26 per cent in 2010 to 16 per cent by 2015 appears to be achievable because of good performance in recent years, accelerated reforms in economy, and assistance from development partners.

Myanmar has done well to stabilize the HIV/AIDS epidemic and the prevalence among the general population (15-49 years old) is below 1 per cent. Similarly, Myanmar has already achieved the goal of a 50 per cent reduction in malaria morbidity and mortality since 2007. The TB incidence rate has declined since 1995 and the target of halving TB mortality compared with 1990 levels was met in 2010. The TB-related Millennium Development Goals are likely to be achieved by 2015.

Challenges, Obstacles and Difficult Choices

Myanmar's economy largely depends on natural resources and agriculture. Inadequate infrastructure, limited “know-how” and administrative constraints have stifled the manufacturing sector. Poverty levels are at an estimated 26 per cent of the population. Poverty is twice as high in rural areas where 70 per cent of the population lives. The remote border areas, mainly populated by Myanmar's minority ethnic groups, and areas emerging from conflict are particularly poor. Only 13 per cent of the country's population have access to the national electricity grid, and that almost 95 per cent depend on solid fuels such as wood and rice husks for cooking and heating. The country is highly vulnerable to climate change and extreme weather events, such as the devastating Cyclone Nargis of 2008. This heightens the risks and vulnerabilities for the rural poor, and particularly

women and children and other vulnerable groups, a challenge for which local communities are still unprepared.

In the coming days and months, Myanmar's reformers will face a range of serious obstacles. There are many difficult choices ahead, and how the government approaches them in the immediate and near term will determine in large part whether the transition succeeds. **Ten critical challenges** for Myanmar can be identified below:

1. Redefining and professionalizing the military's political and economic role
2. Firmly establishing the rule of law and strengthening the judicial branch
3. Protecting individual rights
4. Developing effective formulas for ethnic equality
5. Instilling social and religious tolerance
6. Rooting out corruption
7. Addressing the *"missing middle"*, a capacity void across the spectrum of the government and the economy
8. Delivering the benefits of reforms to the broader population
9. Addressing land and property rights
10. Developing mechanisms for negotiating trade-offs between economic development on the one hand, and social development and environmental protection on the other

The Importance of Rule of Law

It is now well recognized that rule of law is crucial for peaceful and sustainable development. **Existence of efficient, effective & fair police & judicial systems, of competent public and private lawyers** is necessary not only to secure foreign and domestic investment, but also for small farmers seeking to establish their right of ownership over their land, or women seeking redress against violence. The **2012** Declaration of the High-level Meeting of the United Nations General Assembly on the Rule of Law at the National and International levels emphasized that: *"The advancement of the rule of law [...] is essential for sustained and inclusive economic growth, **sustainable development**, the eradication of poverty and hunger and the full realization of all human rights and fundamental freedoms, including the right to development, all of which in turn reinforce the rule of law."*

As Myanmar transitions to democracy it is taking initial steps away from rule *by* law towards rule *of* law. This means doing away with the legacy of the past when law was used often as an instrument of control. Recent surveys and analyses, including by UNDP, indicate that people still do not trust the legal system and justice officials, which are often perceived as corrupt and prone to political interference (Kurbanov, 2014a). For example, where possible most people avoid using the formal system to resolve their disputes and thus 90 per cent of the caseload of the courts is for criminal cases only.

Lack of public trust and awareness is not the only challenge that rule of law faces in Myanmar. The justice institutions themselves have been weakened by policies adopted by previous regimes. The

legislative framework, judicial independence, the legal education, the regulation of the legal profession, and public administration in accordance with law were all undermined.

Of course, the rule of law situation in Myanmar has to be placed in the broader country context. Myanmar has faced protracted internal conflicts between the Bamar-dominated central Government and various ethnic armed groups since its independence in 1948. The **key disputes** are around power-sharing, resource-sharing and the protection of political, economic, social and cultural rights of the minorities. There are also **conflicts** between groups (for example, Kachins and Shans) and within groups (for example, between Buddhist Kayins and Christian Kayins). Rakhine State experienced two serious bouts of **inter-communal violence** in 2012 and localized outbreaks and human rights abuses continue to-date. The **ethnic minorities** hold strong perceptions of injustice, exclusion and discrimination at the hands of the state, including justice sector institutions.

Yet, this should not be taken to mean that things cannot change or are not changing even as we speak. Over the past two years, Myanmar's leaders have publicly stated their commitment to the rule of law. The democratic space for people to engage with each other and with government, and for the press to report more freely on politics, has expanded immensely. Important progress in bringing ethnic conflict to an end is evidenced by a number of **ceasefire agreements** that have been signed since **2012**. The country is making progress on justice sector reform with some important initiatives already underway including on strategic planning as well as piloting local rule of law centres.

Within the current system there are some leaders and individuals in the justice sector institutions who have shown a deep commitment to move rapidly to make the necessary changes, and catch up on opportunities to learn from other countries' experiences.

The **key steps** required for **comprehensive justice sector reform** and the **rule of law** in Myanmar are (i) improved coordination between the justice sector institutions, (ii) institutional modernization and strengthening of judicial independence, (iii) a thorough overhaul of outdated legislation, and (iv) a greater investment of human and material resources into the system. The justice institutions must be helped to improve their ability to deliver justice to the people, and people must be helped to understand their rights and remedies and be provided with the necessary resources to access justice. The UNDP, the Japanese Government and JICA are seen as key partners of the Government and the people of Myanmar in their quest for rule of law.

Three Major Lessons

In 2012, the restrictions on the United Nations Development Programme's mandate in Myanmar were lifted after more than two decades. The agency could now respond to changes in the "development context", support the "progress of reforms" and offer "development solutions to partners". The UNDP has already learnt three major lessons in the development of Myanmar (Kurbanov, 2013).

(a) 1st Lesson: There is no single “development context” in Myanmar.

The country is too diverse to be described by one set of conditions. On one hand there are Rakhine and Kachin states, where challenges are largely humanitarian: recurrent violence, displaced populations and continued human suffering. Then there are Shan State and south-eastern Myanmar, where armed conflicts have stopped but peace remains fragile, & needs to be reinforced through a political process and post-conflict recovery that can show a tangible peace dividend. There are distinct characteristics of regions dominated by the Bamar majority, including rural poverty, land disputes, outward migration, and issues of trust between authorities and communities. When experts refer to a “**least developed country**”, the label is entirely accurate for upper and lower Myanmar. And finally, there are also **Yangon and Mandalay: not least developed cities at all, but fast-growing Asian megalopolises** facing issues of congestion, access to services and sustainable use of scarce resources.

Given this almost unparalleled diversity of development contexts, policy priorities in Myanmar cannot be examined through a single lens or context. “One size fits all” simply does not apply. Development terms like *poverty reduction*, *community resilience* or *inclusive governance* will mean different things in different states and regions.

(b) 2nd Lesson: The “progress of reforms” is not a straight path.

Very few reforms take a country straight from point A to point B, and probably none will do so in a linear fashion. As we are seeing in Myanmar, one step is to announce a reform – whether on anti-corruption or de-centralization – and another is to start actually implementing it. That there might be a lag between the two does not necessarily suggest a deficit of intentions.

Often it takes time to broaden the reform coalitions or indeed to tailor intended policy change to Myanmar’s different development contexts. Once a reform begins being implemented, it may pick up momentum, lose it and get back on track again because of competing agendas or the government’s implementation capacity.

As we look into the government’s **four waves of reform – political, economic, administrative and private sector** – we must recognise the tremendous challenges faced by reform champions. We should allow for non-linear progression, expect the process to go in circles and make room for trial and error as long as the overall direction is not lost and the momentum continues.

(c) 3rd Lesson: In development, “partnerships” matter more than “solutions”.

The **UNDP** has expanded its partnerships in Myanmar throughout recent years. Working with ministries, parliament, civil society and local governments they have learned to pay more attention to evolving perspectives and develop a more nuanced understanding of the

capacity of partners. In the process they also learned to de-emphasise the purity of development solutions. As UNDP administrator Helen Clark recently said, *“Our role is never to deliver ready-made solutions, but rather to support the emergence of networks of change agents empowered to decide for themselves what needs to be done.”* That Myanmar’s reforms have so far been driven by a relatively small circle of people within and outside the government does pose challenges. Slowly but surely, however, the reform momentum is expanding beyond big-ticket items and outside of the centres of power. Increasingly, it is about the leadership of people, including remarkable individuals throughout the country: some township administrators who have strong commitment to providing essential people-centred services; some NGO female activists who courageously stood up for woman-led households that lose out in land disputes; some newly minted entrepreneurs who worked their way out of poverty through a microfinance loan and is creating jobs for others.

It is these hardworking and courageous people who personify Myanmar lessons in development. As we are beginning to see the **full potential of the networks of change agents dispersed across the country**, we hope these emerging leaders across the country will keep this historic transformation on track. And we might all learn a few more lessons in development along the way.

15. Strengths, Constraints, Opportunities and Risks

Myanmar can exploit its strengths, notably abundant natural and human resources, and capitalize on the opportunities available from an international community that wants it to succeed and from its location at the heart of the world’s most dynamic region. However, there are considerable constraints to surmount (Figure 6). The strengths, constraints, opportunities, and risks that are evident at the current, crucial time of change can be summarized as follows:

Strengths: A strong commitment to broad-ranging reforms, coupled with a rich supply of natural resources—abundant land, water, minerals and energy resources; a large youthful population, providing a low-cost labor force attractive to foreign investment; abundant agricultural resources to be exploited for productivity improvement and tourism potential—provide a strong foundation for high and inclusive growth.

Constraints: Key constraints to sustaining growth include a weak macroeconomic management framework and lack of experience with market mechanisms, limited fiscal resource mobilization, underdeveloped financial sector, inadequate infrastructure, particularly in transport, electricity access, and tele-communications, low education and health achievement, inadequate social services dampening the quality of human capital, and limited industrial and economic diversification

Opportunities: Myanmar’s recent reforms open up a wide range of economic opportunities such as potential for foreign investment in a range of key sectors that are outdated due to decades of isolation, and potential of renewable energy with its strategic location playing a key role.

Strengths <ol style="list-style-type: none"> 1. Strong commitment to reform 2. Large youthful population, providing a low-cost labor force attractive to foreign investment 3. Rich supply of natural resources—land, water, gas, minerals 4. Abundant agricultural resources to be exploited for productivity improvement 5. Tourism potential 	Constraints <ol style="list-style-type: none"> 1. Weak macroeconomic management and lack of experience with market mechanisms 2. Limited fiscal resource mobilization 3. Underdeveloped financial sector 4. Inadequate infrastructure, particularly in transport, electricity access, and tele-communications 5. Low education and health achievement 6. Limited economic diversification
Opportunities <ol style="list-style-type: none"> 1. Strategic location 2. Potential of renewable energy 3. Potential for investment in a range of sectors 	Risks <ol style="list-style-type: none"> 1. Risks from economic reform and liberalization 2. Risks from climate change 3. Pollution from economic activities 4. Tension from internal ethnic conflicts

Figure 6. Myanmar's Strengths, Constraints, Opportunities and Risks

Risks: Risks associated with economic reform and liberalization, climate change and environmental degradation, pollution from economic activities and tension from internal ethnic conflicts could be significant.

Recommendations

International mechanisms for addressing ongoing concerns and challenges in Myanmar must continue to shift away from negative actions and move in the direction of positive reinforcement, responding as fully as possible to President Thein Sein's and other reform leaders' requests for assistance to advance democratic reforms and their institutionalization. Recommendations should be focused on the following:

- ❖ Strengthening government and civil society capacity and fostering cooperation between them
- ❖ Working closely with government institutions to help them become more effective in carrying out reform and responding to their public constituents
- ❖ Initiating sustained parliamentary exchanges between Myanmar and other countries

Developing ties with Myanmar's military leaders to help them redefine their role in an emerging democracy.

Conclusion

Myanmar is emerging from five decades of isolation – both economically and politically. With its rich natural resources and strategic location, the country shows good potential for growth. Myanmar could become one of the next rising stars in Asia if it can successfully leverage **its rich endowments**—such as its **natural resources, labor force, and geographic advantage**—for economic development and growth. Myanmar is strategically located between the region's two economic giants, the People's Republic of China (PRC) and India, which are home to over 2.5 billion people. With the PRC moving up the global value chain and its workforce demanding higher wages, some manufacturing firms are seeking to relocate to countries in Southeast Asia, including Myanmar. Strengthening its ties within the ASEAN and utilizing its unique geographic position as a bridge between the PRC and India and between South Asia and Southeast Asia would open Myanmar to a range of new opportunities.

Myanmar has embarked on an ambitious program of sweeping reforms to end its isolation and integrate its economy with the global system. In this reform period, Myanmar faces the challenge to remain on the course of reforms and openness while pursuing its economic growth. The Challenges of this transition can be met with **a development model** which is **inclusive, people-centered** and **sustainable**. Transitions are never smooth, and it is likely that the situation on the ground in Myanmar will get messier before it gets better, especially as we start to see winners and losers in the process. Economic development will be uneven, investment will not be broad-based, disputes over land rights will not be easily resolved, people will be displaced, and ethnic and sectarian conflicts will continue until acceptable solutions for all involved can be reached. Myanmar should work to ensure that current positive trends continue to 2015 and beyond. In order to sustain its growth momentum in the long run, Myanmar should aim for a growth trajectory that is inclusive, equitable, and environmentally sustainable.

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