

LIFT STRATEGY

OCTOBER 2014

PART 1: INTRODUCTION

Context for the Strategic Review 2014

1. **The Livelihoods and Food Security Trust Fund (LIFT) is a multi-donor fund established in Myanmar in 2009** with the overall aim of reducing by half the number of people living in poverty. It is driven by the conviction that pooling donor resources enables programme coherence and leads to greater impact. LIFT has received funding from 11 donors¹ to date. The United Nations Office for Project Services (UNOPS) is contracted as the Fund Manager to administer the funds and provide monitoring and oversight.

2. **The current LIFT strategy, written in 2012, needs to be updated to ensure LIFT maximises its impact in a quickly changing environment.** Originally established as a five-year fund, LIFT has been extended twice, and is now expected to continue until the end of 2018. Credible surveys show that LIFT is reaching large numbers of rural households (2.5 million people have benefitted to date), and that its assistance is making a difference (1.3 million people have increased food security).

3. **Myanmar's rapid pace of reform since 2009 has changed the operational context of LIFT.** For example, the easing of sanctions in 2012/2013 had the effect of increasing development aid to Myanmar overall, and the number of donors to LIFT has increased from six to eleven. This has brought new people, new ideas and new implementing partners. It also means that LIFT is working in a more crowded donor space, making it more important to coordinate with the Government of Myanmar and other stakeholders to identify where LIFT can have its largest impact.

4. **The dynamics of the rural economy have also changed, creating new opportunities to reduce poverty.** LIFT's household surveys have documented rapid change in rural livelihoods in areas where LIFT is working as well as in areas where it is not working (although the surveys point to more pronounced change in areas of LIFT activity). For example, the availability of affordable rural credit has increased significantly since 2011 and mobile phone ownership in rural areas has quintupled.

5. **With the investment climate slowly changing, private sector investment in agriculture is expected to grow substantially.** This brings both opportunity and new challenges. LIFT will need to play an active role in ensuring that policies and investment benefit – not dispossess – the rural poor. Further, as investment increases in the non-agricultural sector, rural-urban migration is expected to increase. For LIFT this means broadening its target group and its interventions beyond the small-holder *in situ* to help those who want to access migration as a livelihood opportunity.

¹ As of June 2014, Australia, Denmark, the European Union, France, Ireland, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, and the United States of America had contributed a total of \$182m.

6. **Civil society is becoming increasingly influential in public policy.** Although there is a long history of civic action in Myanmar, there is much more space now for civil society actors to engage in livelihoods activities and to shape policy processes and outcomes. LIFT recognises that improved policies and public expenditure for pro-poor development is dependent on empowered and better informed citizens and transparent governance. LIFT will increase its support to civil society organisations as implementers and influencers.

7. **The Government of Myanmar is changing.** Since 2012, the Government has developed policies and programmes with a pro-poor approach and placed rural development as a priority within the reform agenda. A focal ministry for rural development² has emerged, which provides new opportunities to work with the government and enable LIFT to strengthen its work beyond agriculture.

8. **But, effective planning is hindered by the dearth of data on the rural economy.** As a result of decades of isolation, there are few reliable statistics, especially about agriculture and the rural economy. This prevents government from allocating its resources effectively, and makes it essential that development partners generate knowledge and learn as they implement their programmes.

9. **It is against this changing context that LIFT sets out its new strategy here for 2014 – 2018.** This strategy articulates LIFT's vision, direction and underlying principles for funding decisions, its relationship with partners, and its role in policy advocacy for the rural poor in Myanmar.

An Overview of Rural Poverty

10. **Poverty in Myanmar is high and predominantly rural.** Myanmar is ranked 149 out of 186 countries in the 2012 Human Development Index with a poverty rate of between 26% and 38%³. The rural share of overall poverty is 76%. There is significant spatial variation in levels of poverty within states/regions and even within townships. For example, published poverty rates vary from 78% in Rakhine to 23% in Sagaing.

11. **Nearly two-thirds of the workforce is employed in agriculture, and average yields are well below regional averages.** Agriculture accounts for around 40% of GDP and, although it is declining relative to other sectors (such as services, now 38%⁴), agriculture will remain an important sector for the medium term. Rice is the staple crop and a significant export commodity accounting for 43% of cultivated land (8 million hectares in 2010/11). Other important crops include sugar cane, groundnuts, sesame, wheat, maize, millet, jute, cotton, beans, pulses and oilseeds, vegetables, rubber, toddy palm, tobacco and spices. Yields of most crops are low compared to the region as a whole, with cereal yields, for example, more than a quarter lower than in Indonesia and Vietnam⁵.

² The Ministry of Livestock, Fisheries and Rural Development (formerly the Ministry of Livestock and Fisheries).

³ 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.

⁴ UNCTAD 2011, <http://unctad.org/en/Pages/Statistics.aspx>

⁵ World Bank, World Development Indicators, 2012.

12. The poor have few productive assets (e.g., land, technology, finance). Over 40% of rural households have no access to land of their own. This varies from 20% in the hilly areas on the periphery of the country to over 70% in the Ayeyarwaddy Delta.⁶ Across the country, access to agriculture land rises with incomes and landless households are particularly over-represented in the bottom income categories. The poor are much more like to be landless and vice-versa. Insecurity of tenure for those who have access to land can be a further productivity constraint. Moreover, rural areas have largely been cut-off from access to information and communication technologies, but this will change quickly in the coming years.

13. Women's ownership, control and access to land and the means to farm it is determined by complex institutions and cultural norms. Landlessness for female-headed households is on par with male-headed households⁷. However, while women work nearly as many days in agriculture as men do, they are paid consistently less. Women's diets are often restricted, with less dietary diversity, when they are pregnant, leading to high malnutrition rates amongst pregnant women, with significant impact on their unborn children⁸.

14. Insufficient access to affordable rural credit and financial services is a factor in low productivity rates for agriculture. There is an estimated demand of \$3 billion for rural credit, with \$2 billion being for agriculture. The supply of "affordable credit" meets less than 20% of this demand. According to LIFT survey data only 4.8% of adults have access to bank accounts and only 3.2% purchase insurance from regulated providers. Insurance against weather related shocks is almost non-existent. But, micro-finance is not a panacea. For example, increasing access to affordable credit, especially when many poor households borrow to buy food, can increase indebtedness.

15. Opportunities in the growing non-farm rural economy (value chain development, marketing, rural transport, rural inputs) and increasing opportunities in other sectors such as mining, construction and services are encouraging farmers and farm labourers into the wider rural and urban economies. Data on migration are scarce, but emerging evidence points to increasing rates of migration from rural areas. Migration outside of the country is highest in the states bordering Thailand and China where opportunities are greater (conflict has also pushed people to border areas for security)⁹. Internal migration – seasonal, temporary, rural to rural; rural to urban – is an increasingly important livelihood option, especially in the Ayeyarwaddy Delta and the central Dry Zone where landlessness and low incomes, combined with opportunities elsewhere, pull people out of marginal areas. This pattern is familiar in economies undergoing a structural transformation away from agriculture. Labour mobility is important to rural poverty reduction.

⁶ Data from the Integrated Household Living Conditions Assessment (2010), which found 40% landlessness in rural areas, is consistent with LIFT surveys in 2011 and 2013, which found landlessness of nearly 50% in LIFT's operating areas, including 72% in the Ayeyarwaddy Delta.

⁷ LIFT Household Survey 2013.

⁸ Save the Children, WFP and the Ministry of Livestock, Fisheries and Rural Development (2013). *A Nutrition and Food Security Assessment of the Dry Zone of Myanmar in June and July 2013*.

⁹ Overall migration to Thailand is reportedly 3.8% nationally, but up to 36% in some migration "hot spots" in Mon, Kayin, Thaninthari and eastern Shan States. (*Migration, Livelihoods and the Impacts on Myanmar*, IOM, 2014).

16. Food poverty and malnutrition rates are high. Over 35% of children are stunted and poor households spend over 70% of their income on food, with one-third of rural households borrowing at some point during the year in order to buy food. This severely constrains their capacity to invest in productive livelihoods now and impacts on their future economic opportunities; stunting is highly correlated with poor educational performance and reduced income earning capacity later in life.¹⁰

17. Climate change poses a threat to future food security and growth. Myanmar ranks second globally in terms of the threat posed by agricultural productivity loss due to climate change¹¹. A third of the population lives in areas at risk of flooding and around 10% of the country will likely be affected by a sea level rise of more than one metre. Other countries may have higher absolute figures for this, but Myanmar's coping ability is so poor that only Somalia tops it in terms of vulnerability. Climate proofing Myanmar's growth is essential, but even basic disaster warning and flood prevention systems are lacking. For example, in 2008 Cyclone Nargis killed at least 140,000 people in the Delta, destroyed the livelihoods of many more, and reduced the country's GDP by one fifth. Strengthening the resilience of the economy at macro and micro levels is essential.

18. The underlying causes of poverty and food insecurity vary considerably across the country. While some factors seem to be consistently important - a disabling governance and policy environment, inefficient agricultural markets and insecure land tenure - environmental degradation, erratic rainfall and armed conflict are important drivers in some parts of the country. LIFT will have to base new programming decisions on substantial analyses of these factors in the respective local contexts.

The Changing Political Landscape

19. The political context to LIFT's work has changed considerably since it was established in 2009, and this offers increased scope for engagement with Government. Since the new government came to power in March 2011, Myanmar has embarked upon a remarkable transition process, launching a comprehensive reform agenda set out in the Framework for Economic and Social Reforms (FESR) which runs from 2012 to 2015. Within this framework, the President has pushed the rural development agenda with ambitious plans to support two million of Myanmar's rural poor. The third wave of reforms announced by the President in June 2014 further confirm the Government's priority to reduce rural poverty.

20. The creation of the new focal ministry for rural development (MoLFRD) and the formulation of the "Strategic Framework for Rural Development" provide some of the architecture to reduce rural poverty. The framework seeks to channel support aimed at achieving the following outcomes for rural development: i) strengthened public institutions by introducing legislation at institutional level, capacity building, and good governance; ii) an enhanced policy framework and transparency in implementation, especially with respect to land; iii) an enabling environment for private economic undertaking, in particular to facilitate private small

¹⁰ See the Lancet nutrition series, including: *Maternal and child undernutrition and overweight in low-income and middle-income countries*, R. Black et al, 2013.

¹¹ Asian Development Bank (ADB) *Addressing Climate Change and Migration in Asia and the Pacific*, 2012; Intergovernmental Panel on Climate Change (IPCC), 2013; Global Climate Risk Index, 2013.

and medium enterprises in rural areas; iv) a more productive smallholder economy by enhancing access to inputs, mechanisation, technology, finance and information; v) enhanced sustainability through renewable energy development, environmental conservation and climate resilience; vi) empowered citizens through strengthened community-based organizations, training and education; and, vii) a healthy and well-nourished rural population by supporting nutrition and associated health measures, especially for women and children.

21. The Strategic Framework will be complemented by a National Action Plan for Agriculture to reduce rural poverty. The objective of the Action Plan is to reduce poverty through increased crop production, the opening up of new land, improved irrigation, agricultural mechanisation and the use of modern technologies and seed varieties - all stated priorities of the Ministry of Agriculture and Irrigation. In 2012, the Government of Myanmar also published its National Climate Change Adaptation Programme of Action covering eight themes (and prioritising 32 projects) which provides a good framework for LIFT's resilience focus.

22. A strengthened framework for tackling under-nutrition, in particular stunting, is anticipated given Myanmar's new membership of the global Scaling Up Nutrition (SUN) movement. In June 2013 the Government also drafted the National Plan of Action for Food and Nutrition under the guidance of the Ministry of Health.

23. A national land use policy is being drafted that will provide a framework for helping small holder farmers gain and maintain land security. The drafting exercise has been led by the Ministry of Environmental Conservation and Forestry (MoECaF), which heads the Land Allocation and Utilization Scrutiny Committee, a President-mandated committee of ten ministries. Addressing insecurity of tenure and protecting smallholder rights against land 'grabs' is an important dimension to raising production and productivity. People need to know that their right to land is secure before they are ready to intensify/diversify production.

PART 2: THE LIFT STRATEGY

Vision, Goal & Purpose

24. LIFT's **vision** is to be a collective and influential voice for innovation and learning, and to provide a platform for enhanced policy engagement on sustainable agriculture¹², food security and rural development. LIFT's **goal** is to contribute to sustainably reduce the number of people in Myanmar living in poverty and hunger.¹³ LIFT's **purpose** is to increase livelihoods' resilience and nutrition of poor people in Myanmar by focussing on interventions that increase income, food availability, utilization and stability of access to food.¹⁴

Outcomes

25. LIFT will achieve its purpose by enabling the following programme **outcomes**:

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

Outputs

26. LIFT will deliver the following **outputs**:

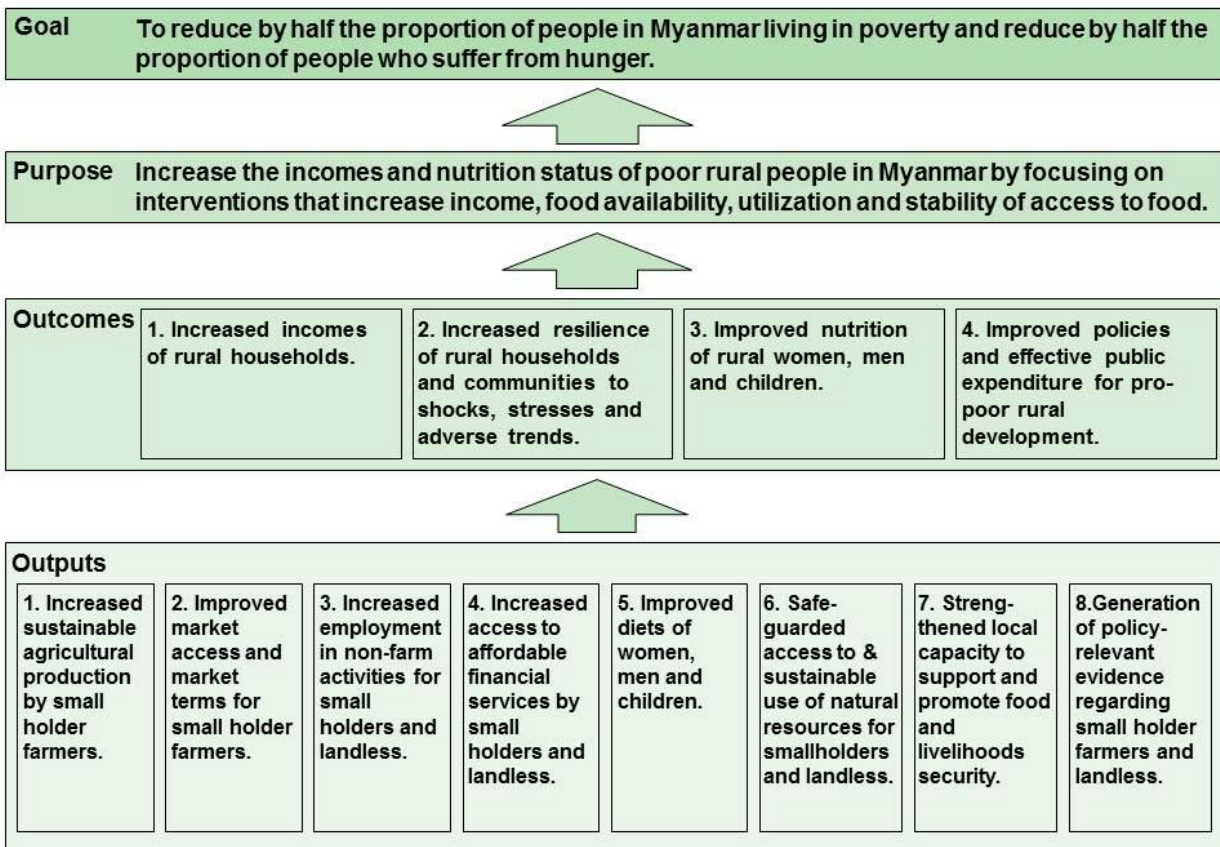
- i) Increased sustainable agricultural production by small holder farmers
- ii) Improved market access and market terms for small holder farmers.
- iii) Increased employment in non-farm activities for smallholders and landless.
- iv) Increased access to affordable financial services by small holder farmers and landless.
- v) Improved diets of women, men and children.
- vi) Safeguarded access to and sustainable use of natural resources for smallholders and landless.
- vii) Strengthened local capacity to support and promote food and livelihoods security.
- viii) Generation of policy-relevant evidence regarding small holder farmers and landless.

¹² Agriculture includes crops, fisheries and forest resources.

¹³ LIFT will frame its work in the context of relevant targets that may fall out of the post 2015 MDG agenda.

¹⁴ Note that this is consistent with the Government of Myanmar's strategic framework for rural development and serves as a basis for alignment

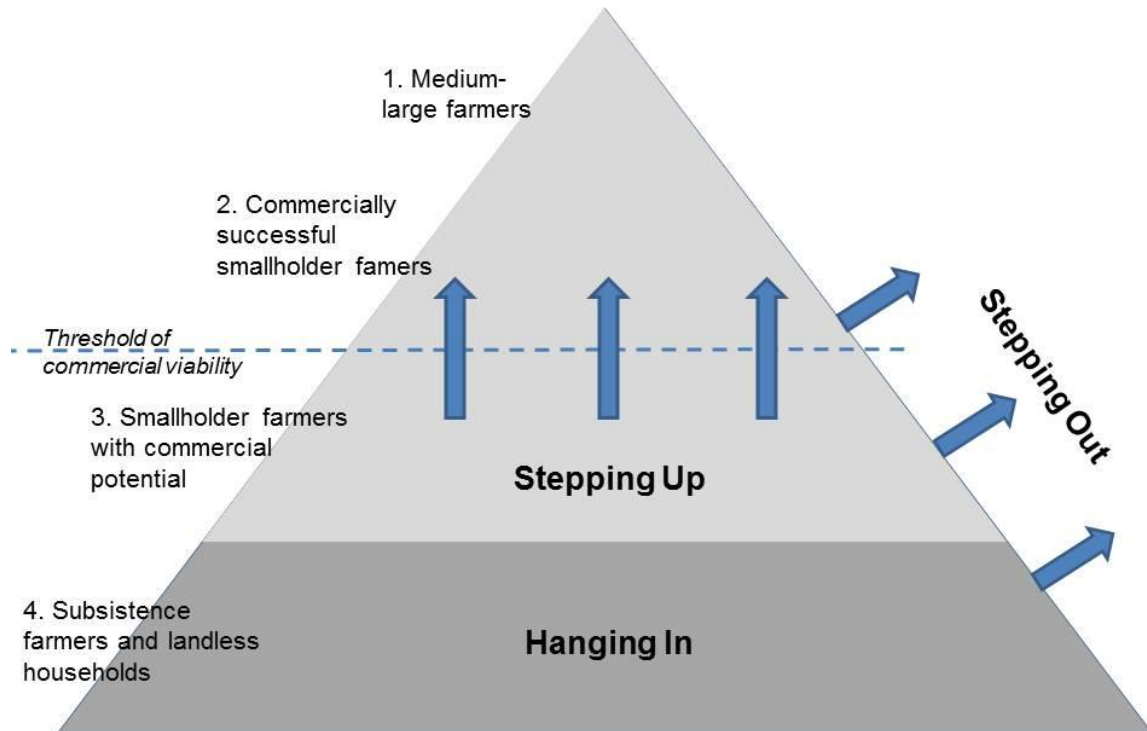
LIFT results framework



Target beneficiaries

27. The primary beneficiaries of LIFT’s programmes will be rural households, including the rural landless. Further, recognising that subsuming all smallholders into one category is unhelpful for the purpose of programming, the LIFT strategy disaggregates rural households. The labour productivity potential and means are different in each case. The triangle below aims to capture LIFT’s objective to support the diversity of livelihood strategies that rural households pursue. The diagram illustrates that labour mobility is a key part of livelihoods systems that adapt well to constraints in agriculture and opportunities in other sectors.

Differentiated livelihood strategies of farmers and landless



28. Given that LIFT aims at improving the incomes and nutrition of poor rural people, it will focus resources on the following target groups. LIFT will help:

- i) Rural households with land, labour and/or commercial potential to 'step up' the value ladder and out of poverty through increases in labour and land productivity as well as through enhanced capacity to market production.
- ii) Rural households or household members to productively 'step out' of agriculture¹⁵, and into more productive sectors of the economy over time. This could be a local "step out", finding better-paid employment in local non-farm activities. It can also be a "migration step out" to take advantage of opportunities further afield.
- iii) Households without commercial potential to or the ability to 'step out', 'hang in', using agriculture as a safety net and improve their food security and nutrition outcomes during Myanmar's period of economic transition.

29. LIFT recognises that the above strategies are not mutually exclusive and households – or some household members – may pursue more than one strategy simultaneously or different strategies over time. For example, local non-farm employment is often an important source of financing for 'step up' investment strategies.

30. LIFT will help smallholder farmers to participate in Myanmar's market economy (step-up/step-out). This is particularly important as Myanmar liberalizes agriculture and trade. Many alternative livelihoods and income generation activities fail to create the necessary backward and forward linkages, including reliable and cost-effective inputs (extension services, mechanization, seeds, fertilizers, financial services) and

¹⁵ Here we mean "own account" farming, essentially farming using family labour.

reliable markets for small-scale farmer production. LIFT will support approaches that help smallholders increase their market potential, benefit from value chain development, and produce in a sustainable and commercial manner. The types of models pursued will depend upon the crop, the social, physical and business enabling environments, the needs and capabilities of the small-scale farmers, local traders and networks, and the local farming systems. LIFT will explore ways to leverage information and communication technologies as mobile coverage expands.

31. The table below highlights some of the interventions in each category, which will be developed further at programme implementation level.

Interventions summary (list not exhaustive)

Objective	
Step Up	Promoting value chain efficiency; market development; supporting farmer organisations; contract farming; crop diversification; cash cropping; financial services; financial training; on-farm training; new technologies; mechanisation.
Step Out	Employment opportunities in agri-food value chains; affordable and appropriate financial services; social protection (cash transfers/grants); partnerships on health and safe migration; nutrition support; vocational training.
Hang In	Appropriate technology packages for sustainable agricultural production and extension support, including innovative ICT solutions; on-farm and off-farm diversification; affordable and appropriate financial services for on and off-farm activities; social protection (cash transfers); block grants; targeted nutrition support.

32. However, the rural economy is dynamic as new livelihoods are created (through infrastructure and market development and policy reforms), and LIFT will seek to strengthen the responsiveness of the poor at all levels to opportunities that emerge. These categories will be defined further at programme level based on local agro-ecological conditions and livelihood opportunities.

33. LIFT will favour interventions that show direct benefits to women and children.

Coverage

34. Myanmar is diverse. LIFT will take local context into account in programme design. Where LIFT works will be determined by the following:

- Where food/income poverty and vulnerability are greatest now;
- Where food and income poverty are likely to be greater over the next five years as a result of climate change and migration;
- Where there are international and local partners with experience and implementation capacity;
- Where there is potential to link up two or more partners, so as to achieve programme scale and impact to evaluate to capture lessons;
- Where value for money can be demonstrated;
- Where investment complements and/or strengthens the initiatives of other development partners and the government;
- Where peace offers new opportunities related to LIFT’s purpose.

35. Currently, LIFT is working in the rural areas of the Ayeyarwaddy Delta, the Dry Zone and Chin, Kachin, Shan, Rakhine States. As LIFT moves into new areas, programme commitments will be for a minimum of three years to accommodate partner establishment.

Areas Emerging from Conflict

36. Although some of LIFT's existing projects include townships in Kachin and northern Shan that are currently experiencing armed conflict, LIFT has not specifically looked to fund projects in conflict-affected areas previously.¹⁶ As the peace process advances, the opportunities for working in these areas have increased, and LIFT is committed to identifying and seizing these opportunities where possible. The overriding concern is to improve livelihoods and food security using a conflict-sensitive approach that takes account of the local context and participatory processes when planning engagements in conflict-affected areas.

Approaches to Programming and Partners

37. LIFT will be context-specific: programme design will be informed by evidence of local need, farming system analysis, poverty and power dynamics and good practice. Results will be at the centre of funding decisions. LIFT will proactively work with partners to help shape programme strategies and incentives for partner coordination.

38. In the design of its new programmes LIFT will adopt a flexible approach that focuses on a framework of results rather than a 'blueprint' of activities and outputs. In order for these programmes to learn as they go, rigorous M&E systems that yield reliable data on results will be required.

39. LIFT will closely involve Government in programme design and implementation. As much as possible, it will ensure that learning opportunities also target government staff in project areas and will support technical and other assistance to build relevant institutional capacity. LIFT will maintain an open and frank dialogue with the Government on rural development and smallholder-based agricultural growth and will align its work with government policies and programmes when these target similar needs and adopt similar approaches.

40. LIFT will work with and through support to implementing partners (IPs). LIFT IPs are international NGOs, national NGOs, United Nations agencies, international organisations (CGIAR, IFIs), academic and research institutions and the Government of Myanmar.

41. Strengthening civil society is an essential part of LIFT's strategy. Social actors and civic action are key to improving the food and livelihoods security of poor and vulnerable people in Myanmar. LIFT will allocate specific resources to the strengthening of civil society organisations, partly because they implement many LIFT-funded projects, but mainly because civil society actors play a key role in encouraging an economic and political context that is conducive to rural poverty reduction and equitable economic growth.

¹⁶ Areas emerging from conflict include areas where cease fire agreement are currently being negotiated and areas where a ceasefire agreement is already in place.

42. LIFT will work with private companies that share the same concern of smallholder sustainable development and nutrition improvement, but LIFT will not fund private companies directly. LIFT's partnerships with private companies will ensure adequate benefits and terms for smallholder farmers and good value for money for LIFT.

Approach to Funding

43. LIFT aims to select its partners through transparent and competitive processes. LIFT funding criteria and programming principles will be tailored to specific calls for proposals and funding windows. The LIFT Fund Board is responsible for selecting partners for funding.

The Role of Learning

44. LIFT's accumulated body of experience from M&E, surveys and studies forms a credible basis for it to become a 'knowledge platform' for the sector as articulated in LIFT's vision statement. This will require more sophisticated and systematic generation, use and dissemination of LIFT's learning to guide its own programming, to enhance the evidence base for programming by other donors in the sector, and to inform government in policy formulation. It will also require bringing in experience and evidence from the region and further afield to inform programmes and policy dialogue.

45. LIFT will mainstream innovation and learning throughout all it does, from project implementation to policy dialogue. The objective of adjusting the focus of LIFT's vision towards innovation and learning is based on the premise that better knowledge, skills, organisations and policies are essential for the transformation of agriculture, food security and rural development.

Systemic Focus

46. LIFT will use its accumulated programme knowledge and evidence to influence systemic change in key policies for the benefit of the rural poor and remove major policy barriers to growth. LIFT will concentrate on policies that favour access by smallholders and the landless to natural resources, broaden their livelihood choices, enhance their livelihood options, improve their nutritional status and clear bottlenecks to their participation in broad economic growth.

47. Systemic change includes: better sector policies, more effective sector organisations, better sector planning and investment, and more effective implementation of agriculture and rural development programmes. It is expected that, in the medium term, Myanmar will be able to afford to increase public investment in pro-poor rural development using national funds. That the Government starts to do this within the lifespan of LIFT is an explicit desired outcome of the Fund.

48. LIFT will focus on financial inclusion, inclusive value chains/market systems development, social protection¹⁷, nutrition, security of land tenure and climate change adaption and resilience. Gender and inclusion are cross cutting themes to all

¹⁷ By social protection we mean policies *and* activities designed to improve food security, increase livelihood options and reduce vulnerability to shocks. Activities are likely to focus mainly on cash and asset transfers.

interventions and performance will be assessed for the positive impact on women and children.

49. In its work to affect systemic change LIFT will employ a variety of strategies, including contracting influential IPs, encouraging partnerships, directly engaging in policy dialogue through the Fund Manager and LIFT donors, and supporting respective sector working groups, the Consortium of Development Partners, and other coordination fora where these are relevant.

Note: An implementation manual for this strategy will be developed separately.