

**THE REPUBLIC OF THE UNION OF MYANMAR  
NATIONAL URBAN POLICY FRAMEWORK**

**Prepared for  
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## **A. CONTEXT AND BACKGROUND OF NATIONAL URBAN POLICY FRAMEWORK FOR MYANMAR**

### **A.I EXECUTIVE SUMMARY**

1. Based on the Rapid Urban Diagnostic Report Myanmar (February 2016), the National Urban Policy Framework outlines **five priority areas** for further work on the National Urban Policy. The purpose of the framework document is to serve as discussion paper on the ministerial level. Simultaneously, the framework document can be used as a starting point for policy dialogues with a wide range of stakeholders in civil society.

2. Section A presents current context and develops core arguments for preparing a National Urban Policy, highlighting the unavoidability of urbanization as a consequence of economic shifts towards manufacturing. Sections B.I and B.II draft **vision, principles**, and central **goals** for NUP, which broadly guide subsequent priority areas. Subsequent thematic sections consist of a situation brief, followed by a set of propositions for policy measures. The priority areas cover the following themes: (i) municipal governance and municipal finance, (ii) urban legislation, (iii) land governance, (iv) housing, and (v) environmental and climate change issues with regard to urbanization.

### **A.II CONTEXT OF NATIONAL URBAN POLICY FRAMEWORK**

3. A core element of UN-Habitat's current Country Program for Myanmar is to provide advice to the government's work on a **National Urban Policy** (NUP), where UN-Habitat's activities consist of a series of building blocks. A first step was the preparation of a **National Urban Policy Note** for the Union of Myanmar (December 2014), which in a broad manner outlines themes and topics to be addressed by a National Urban Policy for Myanmar.

4. As a second step, the **Rapid Urban Diagnostic Report Myanmar** was prepared. UN-Habitat developed Rapid Urban Diagnostics as analytical tool **to streamline** the preparation and formulation of **National Urban Policies** in developing and rapidly urbanizing countries. The Rapid Urban Diagnostic Report for Myanmar was finalized in February 2016 and subsequently circulated among senior officials at the Department of Urban and Housing Development (DUHD) under the Ministry of Construction. On April 2, 2016, a joint DUHD/UN-Habitat workshop was held in Yangon, in which main findings of the Report were presented to senior officials of DUHD and the DUHD's senior advisers. Conclusions and analyses of the Report were discussed and widely approved with some editorial amendments and recommendations. A second joint DUHD/UN-Habitat workshop was held at the Ministry of Construction in Nay Pyi Taw on April 6, 2016, which in addition to senior staff from the Ministry of Construction was attended by senior officials from other Ministries such as the Ministry for Agriculture and Irrigation. The workshops endorsed RUDRMYA as foundation for the National Urban Policy Framework (NUP-F). The next stage in the NUP process will be the development of a full National Urban Policy, overseen by an interministerial National Urban Committee.

### A.III DEFINITION OF TERMS RELATED TO NATIONAL URBAN POLICY

#### A.III.1 WHAT IS A NATIONAL URBAN POLICY?

5. Many terms frequently used in the area of policy drafting and policy formulation are not clearly and conclusively defined. Hence the term **policy** merits clarification. According to UN-Habitat, a National Urban Policy (NUP) is “*a coherent set of decisions derived through a deliberate government-led process of coordinating and rallying various actors for a common vision and goal that will promote more transformative, productive, inclusive and resilient urban development for the long term*”.<sup>1</sup> Thus, a NUP may be considered to be a **statement of political intent** or a **commitment to pursue a certain course of future action**. A key function of a NUP is therefore to serve as an instrument for future decision-making, translating broad principles into more concrete directives and guidelines. In the form of clear and concise policy statements, the policy should address immediate and verifiable sector measures, supported by priorities within and among statements. It should include initial actions to kick-start the policy, together with the associated priorities and sources of both the human and financial investments required and the general distribution of responsibilities among the public, private and civil society sectors.

6. Against this backdrop, finalized policy documents usually contain **certain standard components** including:

- A **purpose statement**, outlining why the Government is issuing the policy, and what the desired effect or outcome of the policy should be.
- A **background section**, indicating reasons, history, and motivating factors that led to the creation of the policy.
- An **applicability and scope statement**, describing whom the policy affects and which actions are impacted by the policy. The applicability and scope statement is used to focus the policy on its desired goals and objectives.
- Policy statements on **goals and objectives** of the policy, indicating the subsequent **specific strategies**<sup>2</sup> to implement the policy.
- A **responsibilities section**, indicating which **organizations and entities are responsible** for carrying out individual strategies. The responsibilities section often includes identification of relevant oversight and control structures.

7. **Once adopted by the political institutions in charge and endorsed by the National Assembly**, an approved NUP should serve as the precondition for introducing and altering legislation and should provide the **general framework for successive implementation strategies in the urban sector**. Implementation strategies then set out the sequencing, content and resource demands for specific initiatives, programs (activities), and projects.

### A.III.2 CONTENTS AND PURPOSE OF NATIONAL URBAN POLICY FRAMEWORK

8. Core Purpose of the **National Urban Policy Framework**<sup>3</sup> (NUP-F) is to serve as **preparatory document** for the next steps of developing NUP proper. NUP-F operates as both **outline** and **point of departure** for consultative dialogues and discussions with other stakeholders within the realm of government as well as with stakeholders in civil society acting outside the remit of the government's institutions.

9. Due to the complexity of the national level political context, a realistic perspective is required here. It needs to be taken into account that at the national level and at the state/regional level many reform approaches are concurrently emerging, leading to multi-faceted, fluid and at times confusing conditions on the various levels of government. This refers to both the situation of institutional developments **within** the three tiers of administration – municipal/local, states and regions, Union – and to the relationships **across** levels of government, which need to be put on completely new footings. In particular, fiscal relationships, the systems of fiscal transfers as well as assignments of taxation responsibilities need to be fundamentally overhauled to eventually arrive at levels both more effective and more efficient. Against the backdrop of possibly widespread changes, NUP-F needs to be perceived as a contribution to a wide-ranging discussion process on the future of Myanmar's urban settlements and governance.

10. **NUP-F** suggests five **core themes** (priority areas) to be covered under a complete National Urban Policy and proposes policy options which may be encompassed in the full NUP. The selection of core themes was informed by the workshops on RUDRMYA conducted in April 2016. In addition to themes already covered by RUDRMYA, NUP-F also addresses **land administration, housing-related aspects** of urbanization<sup>4</sup>, and the issue of **environmental and climate-change aspects** in urban development.

11. Thus, the National Urban Policy Framework encompasses the **following thematic areas**:

- (i) Municipal governance and finance;
- (ii) Urban and regional legislation;
- (iii) Land governance;
- (iv) Housing; and
- (v) Environmental and climate change issues related to urban development.

12. The National Urban Policy Framework consists of:

- An **introductory statement** on the state of urbanization, presenting the **rationale** for drafting working towards NUP;
- Proposals for a set of **principles** and **central goals** to guide NUP;
- For each selected **priority area**, a **situation brief**;
- A set of **proposals concerning policy options and policy activities** for the priority areas, which indicate what a subsequent NUP needs to address.

## **B. NATIONAL URBAN POLICY FRAMEWORK FOR MYANMAR**

### **B.I A RATIONALE FOR NUP**

#### **B.I.1 BASIC URBANIZATION TRENDS**

13. Myanmar has the lowest urbanization rate among major countries in South-East Asia. 15.2 million people - 29.6% of the entire population – were living in urban areas in 2014, about 10% to 11% less than estimated before data from the census of 2014 became available. The low level of urbanization parallels Myanmar's low level of real GDP per capita. As a result of political and economic isolation during the last decades, the pace of urbanization in Myanmar was modest, when contrasted to dynamics observed in neighboring countries. On multiple fronts, Myanmar's economy has a significant potential to catch up with neighboring countries. Provided political and economic liberalization continue, the economic forces driving urbanization will amplify. Within the aggregate macro-level composition of Myanmar's economy, a long-term shift from agricultural production to manufacturing located in urban areas will rearrange the spatial distribution of the population. It can be expected that the urban population will grow from approx. 15.2 million in 2014 to about 20.4 million in 2030, then making up approx. 35% of the entire population. Of the 20.4 million urban dwellers, 9.2 million (+58.3%)<sup>5</sup> are expected to live in cities with more than one million inhabitants, while 1.9 million (+54.1%) are presumed to dwell in cities with a population size of between 300,000 to one million. Cities with a population of less than 300,000 then are supposed to accommodate 9.3 million (+13.4%) persons.

14. Recent migration flows are mostly directed to urban areas where economic opportunities are the greatest. This predominantly refers to Yangon, but also to other urban areas such as Mandalay and Nay Pyi Taw. Analyses based on census data of 2014 point towards a significant intensification of migration to urban areas since the onset of economic and political liberalization in 2010/11. **The search for better economic opportunities as fundamental driver of domestic migration is corroborated by the census finding that migrants display a much higher level of employment in the industrial sector than non-migrants.** The strongest contribution of migration to overall urban population growth was recorded in Yangon Region, where migration contributed approx. 70% to overall urban (net) growth, while demographic growth (births minus deaths) approx. contributed 30% to urban (net) growth between 2010 and 2014.

#### **B.I.2 CONSEQUENCES OF URBAN GROWTH**

15. Urban population growth presents specific challenges, especially when it exceeds the fiscal capacity to fund additional public infrastructure. At present, this is the case in Myanmar on all levels of government.<sup>6</sup> Many features of dysfunctional urban development are already visible in the Greater Yangon area. Haphazard settlement patterns – both formal and informal – emerge, which tend to petrify and are difficult to change later. In particular, informal settlements are often challenging to upgrade and reorganize into more efficient spatial arrangements due to specific characteristics of inhabitants' economic livelihoods, which frequently depend on being closely located to informal settlements. Additionally, unplanned construction in environmentally sensitive high risk areas such as

floodplains can expose people living there to substantial health risks, which may be augmented by the effects of climate change. Unregulated urban development can negatively impact on critical ecological systems, such as e.g. water catchment areas, as well as flood plains.

16. In addition, urban settlement expansion at the fringe of large cities developed **in advance of public transport infrastructure** can cause patterns of urban commuting that are hard to alter, even if high-quality infrastructure is provided later. Severe traffic congestion on major urban arteries adds to business costs and is very costly to tackle through later underground tunnels or subway systems. The cumulative effect of uncoordinated business and household location decisions generates bottlenecks in public infrastructure, gridlock on road networks, energy and water shortages, and increased risks of environmental damage from pollution, exposing the urban fabric to substantial long-term negative externalities.

### **B.I.3 URBANIZATION'S OPPORTUNITIES**

17. Industrialization, even when starting late compared with the global timeline of industrialization, increases the aggregate wealth of society, and is always accompanied by urbanization. The geographical concentration of population and economic activity can lead to job creation in manufacturing, which is necessary to compensate for the loss of agricultural jobs due to growing mechanization. In addition, urbanization tends to increase economic productivity, a necessary precondition for achieving higher standards of living. Urban environments can foster business activities, reduce transaction and transport costs, facilitate more intense trading between enterprises, and engender stronger collaboration and learning between firms. The spatial concentration of people, firms, infrastructure and institutions also implies that resources of all kinds are used more efficiently and creatively, which in turn can boost the competitiveness of the local and national economy. Hence, urban settlements can be conceived of as pools of economic opportunities.

18. Yet the **economic advantages** of urbanization do not materialize automatically.

**A comprehensively enabling environment is required.** Legally binding spatial master plans and zoning plans are required to create a more predictable environment for private investments and to prevent haphazard development that generates negative externalities and higher costs.

### **B.I.4 NEW CHALLENGES FOR URBAN DEVELOPMENT**

19. Currently, Myanmar's real GDP/per capita is increasing at substantial annual rates of about 7% to 8%. Hence, the momentum of urbanization can be expected to strengthen further. Recent trends in population allocation in Myanmar indicate that urbanization is gaining traction. This trend can be expected to intensify as global evidence convincingly shows. International experience also indisputably demonstrates that not much can be done to halt urbanization's persistent drive. Consequently, urbanization needs to be harnessed and managed by governmental intervention.

20. The current impetus of urbanization collides with Myanmar's historic style of governing municipalities through segmented and deconcentrated branch offices of national level ministries. **The spatial expansion of urban settlements is frequently governed in a just lightly regulated mode.** While those modes of governance may have sufficed under the conditions of low economic growth prevailing before political and economic reforms started taking off around 2010, it becomes evident that limits inherent to their steering capacity are being rapidly approached.

21. **Dynamics innate to land economics** provide strong incentives to turn farmland and other open space into land for urban settlement extension. Existing or expected **road networks** lead to varying degrees of accessibility of farmland or other open space, exacerbating **differentials in land values**. Existing or expected access to the power grid serves as a crucial additional driver influencing land values. In addition, designations of areas for development purposes in as yet not formally binding urban master plans tend to drive up land prices. The dynamics of land economics are further stimulated-by the availability of contiguous patches of farmland and other agricultural land on land markets since the *de-facto* liberalization of farmland transfers through the Farmland Law of 2012.

22. Under the conditions of rapid urbanization, agricultural land located next to urban land becomes hotly contested, leading to severe conflicts between diverging interests all throughout the urbanizing areas of the country. The conflict zone is the shifting demarcation between urban land and agricultural land. The fast rise of land values in peri-urban areas translates into powerful financial incentives for both individuals and firms to convert agricultural land for to land for settlement purposes. Construction projects both large and small tend to gain formal approval through case-by-case decisions made by the townships' or wards' authorities, or progress without any formal authorization. Long-term global growth trends indicate that the growth rate of built-up land is more than twice as high than the growth rate of population. Hence, agricultural lands and other open space in peri-urban areas are going to be exposed to persistent conversion pressure. The fundamental conflict between higher value urban land uses and agricultural land as source of farmers' livelihoods needs to be addressed through functionally integrated spatial planning authorities, whose remit has to cover the entire area of a township. The fragmented and disjointed administrative topography currently prevailing in Myanmar's townships precludes this.

23. In effect, Myanmar's public administration is confronted with a multi-faceted set of simultaneous challenges. A complex array of interrelated challenges is emerging. Yet the legal and regulatory, administrative, and institutional instruments to manage the challenges of urbanization are either absent or largely deficient. Accelerating urbanization warrants a wide-ranging modernization of both municipal governance and legal frameworks for urban development. Challenges are urgent and need to be addressed through remedial national level policy measures. To give guidance to this modernization process, a national level urban policy needs to be prepared.



## B.II VISION, PRINCIPLES AND CENTRAL GOALS FOR A NATIONAL URBAN POLICY

### B.II.1 VISION AND PRINCIPLES

24. NUP should serve to implement a comprehensive long-term vision for urban development in Myanmar:

*“To create a spatially integrated and orderly development of urban settlements with adequate infrastructure, efficient institutions, effective legal framework and a sound living and working environment to support the socio-economic development of Myanmar.”*

25. To achieve this, NUP needs to follow a set of fundamental **principles**, which serve as guidelines for the central goals for Myanmar’s urban development. The principles as comprised in the overview below envelop NUP’s approach of focusing on central themes such as municipal administration, urban legislation, and other core aspects of urban development.

#### **OVERVIEW 1: PRINCIPLES FOR NUP**

<b>Equity</b>	Urban settlements should support the equitable distribution of access to opportunities and resources including housing, jobs, education, services, and facilities.
<b>Poverty Reduction</b>	Urban settlements should contribute to poverty reduction through mobilizing powerful synergies for poverty reduction and providing manifold opportunities for economic development.
<b>Administrative Integration</b>	Strategies, programs and projects for urban settlements need to be integrated across levels of government (Union, state/region, municipal) and within government across the various portfolios that influence urban settlements.
<b>Environmental Integration</b>	Environmental concerns, impacts, and risks – particularly with regard to climate change and disaster resilience - should be considered in all spatial planning activities.
<b>Good Governance</b>	Urban/municipal development and management should be driven by good governance. Good governance has eight major characteristics: It is (i) participatory, (ii) consensus oriented, (iii) accountable, (iv) transparent, (v) responsive, (vi) effective and efficient, (vii) equitable and inclusive, and (viii) follows the rule of law. The views of minorities are taken into account, and the most vulnerable groups in society participate in decision-making.
<b>Subsidiarity</b>	The municipal level of government (township level) should be enabled to provide all spatial planning tasks, perform local infrastructure development, and provide local urban infrastructural services.
<b>Participation</b>	Spatial planning, policies and programs need to collect the views of all social groups in the local community.
<b>Efficiency</b>	Urban settlements and their physical infrastructure should be planned and managed in such a way as to maximize the efficient use of scarce fiscal resources.

## B.II.2 CENTRAL GOALS

26. **NUP's policy goals** communicate broad intentions directed towards attaining the desirable 'state of things' as articulated by the principles. Enwrapped by overarching principles, **six central goals**, guide the future NUP. Central Goal II embeds the UN's Urban Sustainable Development Goal (SDG Goal 11) into the context of NUP. The overview below comprises the core goals for NUP.

### OVERVIEW 2: CENTRAL GOALS FOR NUP

Goal	Rationale
<b>Central Goal I – Economic Development</b>	To advance the economic development of Myanmar, it is imperative to better manage the use of land, infrastructure, labor and capital. Urban policy and urban planning as such are not the cause of economic development. The primary driver of economic development is demand both domestic and international for goods and services produced in a country. Thus, urban policy and urban planning per se are not the source of economic development and job creation. Yet sound urban policy and planning provide an enabling and supportive spatial governance framework for rationally allocating economic growth. In particular this holds true if growth is chiefly based on industrialization through manufacturing, as is the case in Myanmar's present development stage.
<b>Central Goal II – Liveability</b>	To enhance the liveability of urban settlements, the supply of affordable housing needs to be expanded, better urban planning and better urban design need to be promoted, and better public service provision strived for.
<b>Central Goal III – Sustainability</b>	Myanmar's urban settlements need to made inclusive, safe, resilient against disasters and the effects of climate change, and hence sustainable in the long term.
<b>Central Goal IV – Urban-Rural Linkages</b>	Due to the relative preponderance of agricultural production, all of Myanmar's urban settlements (including Yangon and Mandalay) are characterized by strong functional and infrastructural inter-linkages with surrounding agricultural areas. The specific qualities of those interlinkages need to be acknowledged and actively strengthened through adequate spatial planning measures to contribute to socio-economic development and improve quality of life in both rural and urban areas.
<b>Central Goal V – Preserving Rural/Urban Balance</b>	This goal aims at an equilibrated distribution of population between rural areas and urban areas. Accompanying urbanization, economic development in rural areas needs to be bolstered to improve living conditions and to facilitate job creation in rural areas. The country should aim for a slow and managed urbanization process, and maintain its predominantly rural character. In this context, in particular Myanmar's secondary cities and their functionally related agricultural hinterlands shall be strengthened to mitigate growth pressures on Yangon and Mandalay.
<b>Central Goal VI – Development of Professional Capacity in the Area of Spatial Planning</b>	A central bottleneck for the urban sector is the shortage of trained spatial planners in the Myanmar, a legacy from decades of political isolation. Thus, the issue of capacity development envelops and permeates all thematic areas of urbanization in Myanmar. At present, there are only a few dozen trained urban planners in the country, who are mostly working with the Ministry of Construction at Union level. Myanmar's municipalities need to be staffed with qualified spatial planners. Due to the importance of the topic, NUP needs to pursue capacity development as a long-term central goal.

Vision, principles and central goals establish the main foundations on which NUP shall be based. To support these central goals, two steps are taken. Firstly, a selected number of **priority areas for action** are briefly analyzed, and, secondly, **policy measures for each priority area** are identified.

### **B.III PRIORITY AREAS OF ACTION**

#### **B.III.1 INTRODUCTORY REMARK**

27. Despite ongoing efforts to reform government (particularly following the 2015 elections), Myanmar's political and administrative situation remains complicated. As an outcome of power-sharing agreements with the military, within the public sector on all tiers (national, state/region, local) non-accountable structures of power and influence may persist. This peculiar situation needs to be acknowledged. It implies that any changes the new government might pursue will require protracted processes of policy formulation. Put differently: drafting new policies may require elaborate and possibly time-consuming discussion procedures at high levels of government; in particular, if contentious high-ranking constitutional issues are touched upon.

28. The sections below consist of two parts. The first part contains a concise **situation brief** of the specific problems and challenges in each of the five areas. The second part presents proposals for **remedial policy action**, stating “what needs to be done”. At this point it needs to be acknowledged that political decision-makers and policy-makers in almost all cases have **the choice of continuing “business as usual”** (BAU). Put differently, it is thinkable that current procedures, legal and regulatory practices, institutional arrangements, etc. may remain unchanged – just left as they are. As a possible mode of behavior or policy option, this pertains to all thematic sections below., and is of course an alternative to the proposed policy prescriptions.

#### **B.III.2 MUNICIPAL GOVERNANCE AND MUNICIPAL FINANCE**

##### **B.III.2.1 MUNICIPAL GOVERNANCE – SITUATION BRIEF**

29. In Myanmar municipal administration is executed through a patchwork of **deconcentrated branches** of Union level sectoral ministries, with the respective township's branch of the General Administration Department under the Ministry of Home Affairs (MoHA) acting as local overseer. **No single local actor commands the power to make final decisions concerning local and municipal affairs, which is a quite unique situation when compared to municipal governance in most other countries.** Hence as a result of a highly segmented municipal administrative landscape, a vast and permanent need for cooperation and coordination exists. The current setting is prone to local silo-building and functional fragmentation. Incentives for long-term strategic horizontal coordination between administrative units are weak, impeding the overall quality of management. Since cooperation and coordination are time consuming activities, additional transaction costs arise. The structures and settings of the local administrative framework pose serious challenges to rational integrated spatial planning and sectoral planning for local infrastructure provision.

30. **Participation of residents and of local stakeholder groups is low at present.** There is no Township Assembly based on universal suffrage like the National Assembly or the assemblies of states/regions. A ‘unified’ local decision-maker enjoying political legitimacy, such as a mayor accountable to a municipal assembly elected via universal franchise and directly accountable to the local citizenry, is not at hand. Consequently, residents do not have access to an integrated township

administration in charge of local affairs. Furthermore, the current practice of setting up committees responsible for public sector decision-making consisting of both government staff and indirectly elected representatives blurs accountability relations between governmental providers of public sector services and the general population. Moreover, there are severely limited opportunities for community input or consultation in local planning and governance. Thus, levels of accountability of the various existing managerial township committees vis-à-vis the entirety of residents remain limited.

31. In the topography of municipal public administration, a special role is assigned to the **City Development Organization (CDO)**.<sup>7</sup> Based on the distribution of tasks between Union level and states/regions in the Constitution of 2008, the subject area **City Development Affairs** (Municipal Affairs) was in its entirety assigned to the states/regions. Consequently, after the establishment of state/region governments in 2011, township and district branches of the (formerly) Union level Department of Development Affairs (then under the Ministry of Border Affairs) came under the **complete authority of state/region governments**. State/region governments established Ministries for Development Affairs, which the township (and district) City Development Organizations have to report to.

32. CDOs have a wide range of tasks and duties, powers and authorities. CDOs perform the core activities of classical municipal administration. They provide a wide range of infrastructural services to urban areas of townships (wards); they execute governance functions concerning private and public building and construction projects, and they execute economic governance of local businesses. They supervise and carry out a range of central “hard” urban infrastructure projects, in particular in the areas of sanitation and drainage. They are also responsible for trash collection within urban wards. In addition, CDOs are responsible for drinking water supply and the construction and maintenance of roads and bridges within the urban wards. Furthermore, CDOs may be responsible for constructing and maintaining bus terminals, parks, sport grounds, swimming pools, bathing beaches, and recreation centers. **CDOs are also responsible for urban/spatial planning, but cannot perform this task due to the lack of qualified staff.**

#### **B.III.2.2 MUNICIPAL FINANCE – SITUATION BRIEF**

33. The fiscal structure of Myanmar is evolving. Processes of decentralization and devolution have begun, yet still find themselves in embryonic states. The newly established state/region governments have become additional actors in the developing national/subnational fiscal architecture, which also channel funds to the local level. Furthermore, the Union Government launched **subnational development funds** such as the **Poverty Reduction Fund** and the **Constituency Development Fund**. Recent involvement of multilateral and bilateral **donors** further augments complexity. The **World Bank** provided substantial funds (USD 80 million as a grant, USD 400 million as IDA loan) for a **National Community Driven Development Project (NCDD)**, stretching across nine years from 2012/2013 until 2021 and focusing on basic local infrastructure (e.g. all-weather roads and water supply). Other donor-provided local infrastructure programs include a USD 22 million grant from the

Asian Development Bank (ADB) as well as Japan's International Cooperation Agency's (JICA) infrastructure and investment program totaling USD 220 million. Donor contributions de-facto eclipse the volume of funds made available through Union Government which total about one to two million USD per state/region and year.

34. The current assortment of financial flows is administered through local branches of Union level ministries assisted by a governance architecture largely based on local committees. Different fund structures and the proliferating committees that have grown up to ensure local participation and to implement "*people-centered development*" carry overlapping objectives and mandates, which make coordination difficult and risk inefficient allocation of scarce fiscal resources. Complex and varied allocation procedures have the result that the overall effect of these flows on the horizontal distribution of resources across the country are difficult to discern. Budgetary fragmentation encourages administrative segmentation.

35. Current institutional arrangements imply that it is difficult to conclusively answer the key question concerning local public expenditure: Which quantities of public money are disbursed for settlement or urban development purposes per capita in the townships? As a result of the disjointed landscape of local public administration, it is challenging to collate a precise overview of local spending, which is dispersed among the financial plans of Union level ministries and among the budgets of states/regions. Further complications arise from the newly established special purpose funds. The census of 2014 identified significant shortfalls in the provision of household related infrastructure. In particular, the water/wastewater sectors are substantially challenged. Thus in general, the quantity of unmet basic needs warrants a significant and transparent expansion of local public expenditure for urban public infrastructure as well as improvements in spending efficiency.

#### **A Special Case: Funding of CDOs**

36. CDOs do not receive any funding from the Union government, because all financial ties between Union level and state/regional resp. local CDOs have been severed. Thus, CDOs must fund themselves. Revenues for CDOs come from three main sources: (i) user fees from households and businesses; (ii) regular license fees; and (iii) tender license fees for certain businesses. In all townships by-laws set local rates, taxes, and fees, and define procedures how to issue licenses and tenders. CDO revenues are spent on staff costs and public works, mostly roads and bridges within the urban wards, as infrastructural facilities in the village tracts fall under the remit of DRDs. The staff costs at a township's CDO office are capped at no more than 30% of the respective township's annual revenue. **With regard to the management of CDOs' funds, a rather limited amount of robust experience is available.**

#### **B.III.2.3 MUNICIPAL GOVERNANCE AND MUNICIPAL FINANCE: WHAT NEEDS TO BE DONE - POLICY OPTIONS**

37. There is an imperative need for political and administrative and fiscal reform on the township level. The municipal tier of governance needs to become much more effective and efficient. This core

requirement is concurrently impacted by the complex and shifting context of newly established fiscal relationships between the Union level and the state/region level. Administrative changes on the local level are inevitably intertwined with upcoming - possibly wide-ranging - policy reforms on the national level and on the state/regional level concerning **functional and fiscal decentralization and devolution**. As of late-2016 future dynamics are hard to foresee. Under a decentralized structure, development of urban settlements is considered a local concern, and municipal governments assume primary responsibility – both functional and fiscal – for it. Yet due to the degree of entrenchment of the traditional system, re-arranging and re-assigning tasks and responsibilities at the local level will be a complex and lengthy process. Current uncertainties notwithstanding, for the local level a **long-term review and reappraisal** incorporating following **core components** needs to be launched:

- Execution of a systematic review and analysis of all public sector activities and expenditures which address township purposes.
- Introduction of a fully devolved and decentralized municipal tier of local governance with local accountability (township level), including (among others) full responsibility for spatial planning for the entire area of a township including farm land, agricultural land, and other open space.
- Consider setting up local accountability and representative measures, such as a local assembly (township assembly) based on universal suffrage with access guaranteed for all political parties (institutionalization of “voice”).
- Development of an adequate mix of taxation by local authorities and subsidies (conditioned and unconditioned block grants) from both state/region and Union level (institutionalization of fiscal authority and capacity).
- Transfer of responsibility for local budgeting to local assembly (township assembly).
- Assignment of a supporting role to the township level Departments of Planning (DoPs) in the local budgeting process.

#### **Policy measures regarding City Development Organizations**

- Expansion of function and capacity of CDOs as core providers of urban and infrastructural services.
- Introduction of an indicator-based / formula-based system for block grants from the national level or state/region level for the CDOs to enable them to expand their range of tasks, including spatial planning.
- Re-merging of CDOs and Departments for Rural Development (DRDs) to form a single department for infrastructure provision and spatial planning within in a township.

- Design of block grants for CDO in such a way as to cover salaries of CDO staff to minimize incentives for adverse behavior.

### **B.III.3 URBAN LEGISLATION**

#### **B.III.3.1 URBAN LEGISLATION - SITUATION BRIEF**

38. Successful long-term urban development requires the rule of law. Thus, spatial planning activities in municipalities of all sizes need a unified nationwide legal framework. At present, with the exception of the areas governed by Yangon CDC, Mandalay CDC, and Nay Pyi Taw CDC, spatial planning widely takes place in a legal void. As a result, for instance, all concept plans so far prepared by MoC's DUHD are of an indicative nature and not legally binding vis-à-vis land and property owners or vis-à-vis public sector entities.

39. The process of setting-up a system of urban planning legislation in Myanmar is in its initial stages. MoC's DUHD has drafted an "Urban and Regional Development Planning Law" (URDPL), which shall operate as an "umbrella law". This term implies that the URDPL simply contains a set of basic provisions, to which supplements can be added via further national level decrees. The concept of an umbrella law opens up opportunities to swiftly attach further major components to the body of urban legislation, regardless of the as yet unresolved key question where the legal authority, i.e. the "administrative home" of municipal (township) spatial plan-making is to reside in the future. As of March 2017, the ministerial draft of the "Urban and Regional Development Planning Law" has not been discussed in the new National Parliament.

40. The current draft law is in accordance with the provision of the Constitution of 2008, which does not include a separate municipal tier of local self-governance. Consequently, the draft law assigns the bulk of planning related activities to the Union level and state/region levels and addresses the municipal level - in particular the Township/City Development (Affairs) Committees, which oversee the Township/City Development Organizations – in a limited manner. The draft law devises comprehensive work programs for seven different types of spatial plans from the national level down to zoning plans or detailed plans and allocates administrative and political responsibilities for plan preparation and plan approval. The draft also includes commendable first steps towards the integration of environmental issues into spatial planning. Furthermore, the draft includes social impact assessments, which are crucial for mitigating effects on the livelihoods of farmers of inevitable urban settlement expansion.

41. A strong tendency is observable to set up two **parallel spatial planning systems** covering the **same areas**, creating a substantial risk to establishing an effective spatial planning system. In the **National Land Use Policy** (NLUP) of January 2016 – which was finalized under the previous government – a type of **land use planning** is established (National Land Use Policy, Part (III) – Planning and Changing Land Use). While the Farmland Law of March 2012 does not include any kinds of land use plans or this type of planning, the **National Land Use Policy** encompasses a fully

evolved core of a parallel spatial planning system on the district level. NLUP endows District Land Use Committees with the right to prepare “land use planning maps”, which shall cover the “overall land use” of a district (Section 27 (iii) of NLUP). To differentiate between land uses, NLUP introduces its **own comprehensive system of use classes** (Section 24 of NLUP). The chosen phrasing indicates that the ambit of NLUP extends to the urban wards as well. Detailed procedural regulations, which include provisions for citizens’ participation in the making of the land use maps, solidify the impression of the start of a codification of a parallel **spatial planning system**. This is further corroborated by NLUP’s stated intention to incorporate land use planning in an envisaged (future) National Land Law (Section 19 (d)), for which NLUP serves as a preparatory step.

42. The emergence of such a dualism needs to be prevented. Countries like China (PRC) and Vietnam devised juxtaposed sets of two comprehensive spatial planning systems based on two different national laws, one originating from the urban sector and a competing one stemming from the agricultural sector. International experience indicates that in such a constellation, persistent coordination problems and other conflictual issues arise. In contrast, more efficient systems apply unified spatial planning frameworks which holistically cover urban areas as well as rural farmland areas.

43. The draft of the URDPL requires integrating environmental issues and social issues into spatial planning. Tackling environmental topics in spatial planning processes is essential to prepare for urban development resilient to climate change and its associated risks. Thus, comprehensive master plans/concept plans, need to be accompanied by Strategic Environmental Assessments (SEA), which examine the environmental impacts of plan implementation and propose measures of compensation for impacts. Social impact assessments are crucial to mitigate effects of inevitable urban/settlement expansion on the livelihoods of farmers. The legal requirements to integrate findings from the impact assessments into plans need to be strengthened. The same holds true for the codification of the key chains of plans’ compliance: Designations in detailed plans need to comply with designations and contents of the comprehensive spatial master plans. Designations in detailed plans need to determine core parameters of building permits. Developers need to comply with parameters contained in the building permit to make sure functions and physical forms of erected structures follow the detailed plan. To achieve effective outcomes of development control, a straightforward and parsimonious spatial planning system is required.

43a. In addition, the draft of the URDPL needs to incorporate clauses which enable future subordinate legislation to introduce tools for (i) land value capture and (ii) land pooling. Land value capture (i) is justified, when public investments in public infrastructures - predominantly transportation – raise land values in the proximity of the new infrastructure, in effect bestowing an unearned (positive) externality on land owners. Various methods of capturing land values can be employed, such as land and property taxation, recoupment (betterment) charges, or specific development project-based impact fees. In the current weakly developed judicial context of Myanmar, simple approaches such as land and property taxes, whose rates need to be reviewed regularly, appear to be preferable. (ii) The core



purpose of land pooling is to alter agricultural plots with traditionally zig-zagging boundaries dysfunctional for construction into rectangularly shaped plots suited for residential and infrastructural development. Owners receive building rights in exchange for ceding pieces of their land for infrastructural purposes. Unambiguous land titles and secure property rights form essential preconditions for successful land pooling.

### **B.III.3.2 URBAN LEGISLATION: WHAT NEEDS TO BE DONE - POLICY OPTIONS**

44. Against this backdrop, following proposals are made:

- Ensure that only one single comprehensive spatial planning system is established nationwide.
- The number of plan types should be limited. On the township level, two formal spatial plan types suffice: a single master plan covering the entire area of cities, towns, and townships (scale 1:10,000 to 1:25,000) and detailed plans (scale 1:500 to 1:2,000), which delineate the contents of subsequent building permits.
- Establish a mandatory sequence of compliance of building permits with the designations of spatial plans.
- The system of use classes presently contained in the Provisional Myanmar Building Code should be attached to the draft umbrella law.
- Introduce mandatory Strategic Environmental Assessments (SEAs) of comprehensive master plans/concept plans, which holistically examine the environmental impacts of plan implementation.
- Add requirements to the draft law on mandatorily integrating results of strategic environmental assessments and social impact assessments into the planning processes and the spatial plans.
- Add provisions on land re-adjustment and land regularization to the draft law to facilitate creation of large contiguous plots better appropriate for urban development.
- The draft law can provide for a system of checks and balances to ensure all actors concerned (township administrations, other public agencies, developers, citizens) comply with the various plan types.
- The draft law should entail provisions for negative sanctions (financial penalties) to enforce compliance with plans and hence ensure plan implementation.

- Add provisions to the draft law on how to deal with conflicting objectives concerning urban development plans in a transparent, accountable, gender-neutral, and fair manner.
- The draft law should be augmented by further tools such as land value capture, land pooling, urban re-development, urban renewal, and urban heritage protection.
- Encourage townships to start spatial planning processes to secure right of ways for public roads, infrastructures, and services as early as possible.

#### **B.III.4 LAND GOVERNANCE**

##### **B.III.4.1 SITUATION BRIEF**

45. Urban development is inextricably intertwined with land governance. Thus, it is essential to interlink land governance with the National Urban Policy (NUP) and to examine current land governance through the lens of the NUP. The cadastral registration of land parcels, their physical dimensions, and their value as a basis for taxation in rural and in urban areas are extremely important for short-term and long-term urban and economic development. The same holds true for the systems of altering the use of farmland, of other agricultural land and of other non built-up land to residential or commercial land. Driven by recent relaxation of regulations through the Farmland Law as well as by growing demand, substantial land price appreciations in peri-urban areas are exerting profound impacts on the modes of urban settlement expansion. Thus, the NUP-Framework includes a brief overview of the current challenges facing land governance, focusing on (i) land transfers, (ii) changes of land uses, and (iii) the fiscal dimension of land governance.<sup>8</sup>

##### **Land transfers**

46. By easing land transfers, the Farmland Law of 2012 instigated significant and rising demand for formal titling and the issuance of land use certificates (LUC). This demand places a heavy and sudden burden on the local Departments of Agricultural Land Management and Statistics (DALMS)<sup>9</sup>, suffering from 60 years of underfunding and technological neglect. As a result, land records (files) and land registrations are frequently found in a suboptimal state, necessitating immense efforts to improve operational performance.

47. Like land use changes, there are many **land transfer cases** which have never been presented for registration, encompassing informal transactions on registered urban land and unregistered settlements as well as unregistered transactions on farmlands, such as buying, inheritance, leasing and sub-dividing. Technically, these activities are not in accordance with the laws but so numerous that a smooth process to formalize them is needed as well as a new system which encourages formalizing of all future transactions from the outset.

##### **Changes of land use**

48. With regard to **alterations of land use**, a codified legal framework governs formal changes of farmland to **town land or village land**. The single components comprising this legal framework are

scattered and, at their core, go back more than a hundred years to colonial times. In effect, they constitute a de-facto spatial planning system, since permissions concerning farmland conversion frequently lead to immediate functional and physical effects. The National Land Use Policy of 2016 encompasses additional elements such as land use zoning, which further point towards the development of a spatial planning system distinct from the classical urban planning system.

49. Town land and village land are long established land use categories, on which the construction of dwelling units is permitted. So far, in secondary cities local committees under the supervision of the General Administration Department (GAD) have been responsible for the formal processing of applications for use changes, whereas in Yangon, Mandalay, and Nay Pyi Taw, the City Development Committees (CDC) are in charge. Roughly one percent of the entire area of Myanmar is classified as townland. For the primary classification of land as town land (urban wards), the Ministry of Home Affairs (MoHA) was in charge.

50. Despite well-established formal procedures, **alterations of land categories** frequently occur in informal ways. Furthermore, even formal approvals of land use alterations happen without approved site plans or approved spatial plans, as concept plans do not have any legal validity. Major portions of the populations living in settlements in rural areas do not have a formal security of tenure of the village land on which their dwellings were erected. Land release for residential or commercial/industrial purposes is mostly determined by land availability and by land demand on an unplanned basis. Thus, haphazard development driven by private interests without basic spatial planning makes it very difficult for local authorities to secure areas for right of ways for public roads and for public spaces, let alone the acquisition of large tracts of land for affordable housing. As a consequence, later infrastructural retrofitting comes at major costs.

### **Fiscal and macroeconomic aspects**

51. In addition, there is no working mechanism for the government to participate in the massive increase in land price when land is converted from agricultural uses (both paddy and horticultural) to residential and commercial uses. Current rules concerning the taxation of land transactions through a huge one-off rate serve as an effective incentive to circumnavigate any formal transactions. As a result, local authorities forego major sources of revenue urgently required for providing urban services.

52. The fact that the majority of land transactions are officially unrecorded induces a substantial negative impact with regard to economic development: It leaves the economic **potential of capital creation and mobilization through mortgaging land via uncontested and secure titles widely underutilized**; in particular, with regard to the housing sector. In the limited number of cases of mortgaging through commercial banks, interest rates appear to be relatively high, arguably reflecting a significant risk premium, which can be attributed to the insecurities and uncertainties surrounding land markets. A comprehensive and transparent titling system could bring about substantial macro-economic benefits and accelerate growth.

**B.III.4.2 LAND GOVERNANCE: WHAT NEEDS TO BE DONE - POLICY OPTIONS**

53. Against this backdrop, following proposals are made:

- Improve the cadastral registration in both rural and urban areas (village tracts and urban wards) process through swift digitization of all land records with a view on easing land tax collection. Provide technical upgrading of township DALMS and staff training. Massively expand funding for DALMS.
- Based on digitized land records, completely revamp the systems of taxation of both rural and urban land. Base taxation on land values with a view on generating acceptable yet steady annual revenue flows to townships, while minimizing incentives to act informally for all parties involved.
- Devise and establish a set of incentives to formalize all previous informal land transactions without criminalizing transgressors of laws, rules, and regulations.
- Increase the number of registered land titles as swiftly as possible to maximize security of tenure for households and, conversely, minimize incentives for land grabs.
- In wide ranging consultation with citizens and major stakeholders, review the National Land Use Policy with a view on the specific needs of the landless poor and other vulnerable sections of society, in light of new government priorities and changing political and legislative circumstances.
- Discontinue any further activities to establish a parallel spatial planning system as contained in a nascent form in the NLUP of January 2016.
- Continue the development of a new and comprehensive land law, which remedies both shortcomings of the Farmland Law and the Virgin and Fallow Lands Law, and is integrated with other pieces of current and draft legislation including the Urban and Regional Development Planning Law.

**B.III.5 HOUSING****B.III.5.1 SITUATION BRIEF**

54. The dwelling unit is the center of life. Hence, access to adequate housing is a decisive basic human need. The provision of adequate housing is essential for the well-being of families and individuals, and crucial for the protection of families' privacy. An economically productive life requires an adequately protected and functioning private environment. Decent and affordable housing units in sufficient numbers generate positive external effects, which the entire society benefits from. In most national economies housing units make up a substantial portion of all tangible assets. Thus, due to its

size, the housing sector also assumes a central position with regard to the future economic development of Myanmar.

55. The key economic inputs in the housing sector are land, material inputs such as cement, bricks, wood, and steel, labor both skilled and unskilled, and finance. In recognition of the multi-dimensional importance of the housing sector, Myanmar's Union Government initiated the development of a separate **National Housing Policy**. A central goal of such a National Housing Policy should be to work towards the establishment of a market for the mass production of affordable housing units through the formal (market) sector.

56. The census of 2014 identified the number of households and gathered a set of data on physical aspects of housing units. Yet the census did not collect fundamental core data such as the total number of dwelling units and the number of habitable rooms per housing unit.<sup>10</sup> Consequently, the utility of the census with regard to housing supply and the quality of life within housing units is limited. Currently, unmet housing needs can only be assessed through rough estimates based on proxies.

57. The census of 2014 counted about 10.9 million households in Myanmar. From census results, a ranking of housing quality was derived, based on five levels of quality. 10.9% of all households - about 1.2 million - assigned one of the two lowest possible quality ratings to their housing unit. Hence, just replacing low level quality housing units would require the provision of 1.2 new million units. An alternative approach can be pursued by using the census data on households without toilets, whose number amounts to about 1.6 million households, approx. 14.4% of all households. This figure permits the assumption, that unmet housing needs may total (at least) 1.6 million dwelling units, which is significant. It also needs to be acknowledged that the number of households without toilets may include a substantial portion of the approx. one million homeless individuals enumerated by the census. Arguably, it can be estimated that the undersupply of habitable dwelling units was in the range of between one million to two million units, when census data were collected.

58. The expansion of urban settlements is mostly driven by the construction of additional dwelling units to accommodate the endogenous growth of cities and to provide lodgings for the influx of migrants to the cities. Buildings completely or partly consisting of dwelling units make up approx. 85% to 90% of all buildings in a city. Generally, in developing countries roughly 60% of the entire area of rural land converted to urban land uses is dedicated to housing purposes, with the residual areas being assigned to commercial purposes, public sector buildings, and roads. Housing development is indissolubly intertwined with the urbanization process. Thus, it is essential to consider housing aspects within the context of NUP. The National Housing Policy and NUP need to be developed in a mutually aligned way, reflecting their close interrelatedness.

59. Worldwide, governments impact the housing sector through **regulations** in the area of building / construction standards (technical building codes), spatial planning, land governance, and finance. In addition, governments invest in complementary infrastructure such as roads, drainage, water,

sewerage, and electricity. In the context of NUP, land delivery for (affordable) housing and finance for housing infrastructure warrant specific emphasis.

### **Land Delivery**

60. Policy research indicates that land delivery for housing and other development purposes is mostly undertaken on an unplanned ad hoc basis. Yet not just haphazardness, but also the quantity of supply appears to be a major issue. According to developers and real estate brokers, the under-supply of (preferably) formalized land is one of the key bottlenecks in the housing supply system in Myanmar. Land supply is deemed to be far below real needs, contributing to the steep rise of land prices in particular in the peri-urban areas of major urban settlements.

61. As an outcome of the restrictions in the formal housing markets - and also due to wide-spread poverty - large informal settlements have emerged especially in Yangon Region, but in other areas of the country as well. Experience suggests that the livelihoods of many poor households are closely interwoven with the location of their informal settlement. Thus, upgrading of settlements' infrastructure is preferable to large-scale resettlement programs.

### **Financing of infrastructure provision**

62. In many cases, townships do not have access to sustainable and working mechanisms for cost recovery of infrastructure provision in both already built-up areas and new development areas. Primary cities indicated that they would like to provide much more infrastructure (particularly roads and water) in new urban areas, but are unable to do so because of weak revenue bases. The inability to provide infrastructure at a pace matching demand is slowing urban expansion and the delivery of new housing stock. The lack of fiscal space and hence operational capability of municipalities has further effects: (i) it indirectly favors the emergence of spontaneous informal or semi-formal settlements; (ii) it forces developers of high-end residential projects to provide necessary infrastructure themselves, thus widening the quality-of-life gap between income groups. In effect, the inability to provide infrastructure at required levels impedes the delivery of new (affordable) housing units supplied through more or less formal channels.

#### **B.III.5.2 HOUSING: WHAT NEEDS TO BE DONE - POLICY OPTIONS**

63. Against this backdrop, following proposals are made:

- Carry out a nationwide housing survey as a much-needed supplement to the census of 2014.
- Speed up the approval and implementation of the National Housing Policy.
- Use the preparation of the National Housing Strategy as a framework for extensive research on vital demographic and economic topics such as annual additional net formation of

households, annual output of housing units in the formal market sector, annual output of housing units in the informal sector, costs of renting, prices for units, and other vital indicators.

- Ensure that the National Housing Strategy and NUP are closely and mutually aligned.
- With formal bank lending for housing in embryonic state, develop community-based forms of saving and credit for affordable housing. Promote home-ownership savings schemes for the middle-class.
- Accept the existence of informal settlements and upgrade them with basic infrastructure.
- Refrain from programs for large-scale relocations of informal settlements, as the livelihoods of many poor households depend on locations of their informal settlement.
- Encourage a culture of cost recovery for infrastructure investments, even on very modest levels.

### **B.III.6 URBANIZATION, THE ENVIRONMENT AND CLIMATE CHANGE**

#### **B.III.6.1 SITUATION BRIEF**

##### **B.III.6.1.1 INTEGRATING ENVIRONMENTAL AND CLIMATE CHANGE ISSUES INTO URBAN DEVELOPMENT**

64. Under the conditions of rapid urbanization in Myanmar, large-scale conversion of farmland into building land is unavoidable. This trend adversely shapes the environment on a scale not known before, causing significant environmental strain. As settlements expand, urbanization leads to:

- Losses of bio-productive land;
- Decline of biodiversity;
- Reduction of permeable surface areas required for recharging groundwater; and
- Shrinkage of open space required for fresh air production.

65. The harmful impacts of construction and expansion on the environment must be recognized, neutralized, and compensated for. The minimum objective should be a **zero-sum outcome**, which means that the environmental status after construction is not inferior to the situation before. It is preferable, however, to go beyond zero-sum by pursuing environmental up-grading through enrichment of biodiversity, augmentation of biomass, enlargement of rainfall absorption capacity and hence enhancement of groundwater formation. As a consequence, comprehensive spatial plans such as master plans/concept plans need to be accompanied by a mandatory research program, which analyzes the environmental impacts of future plan implementation in their entirety. This research program preferentially assumes the form of a **Strategic Environmental Assessment (SEA)**. SEA identifies **measures and areas to compensate for detrimental impacts of construction activity**. The environmental designations need to become core components of spatial plans and, subsequently, of the building permits based on these plans. The mainstreaming of holistic approaches opens up

avenues towards establishing environmentally **integrative urban development** as a national standard.

66. Myanmar's cities and towns are exposed to various climate hazards such as cyclones, heavy rain, floods, periods of extreme temperatures, and drought. A series of recent natural disasters highlights the vulnerability of Myanmar's urban settlements. Hence, cities and towns must adapt to the expected impacts of climate change and contribute to efforts of climate change mitigation. Myanmar's cities need to strive for physical, economic and social resilience. Yet, by and large, urban policy and spatial planning processes have not addressed the implications of climate change. Existing infrastructure has mostly been designed, constructed and maintained based on historical climate experience. Due to effects of climate change, significantly sized built-up areas are at risk from sea level rise and storm surge. Similarly, the outward expansion of Myanmar's cities has allowed new residential development in areas suffering from growing exposure to flooding from rivers. New residential, commercial and industrial development have led to a significant expansion of sealed surfaces, reducing the soil's absorption capacity for rainfall, leading to increased run-off and hence drainage problems. Many cities in South-East Asia are surrounded by sophisticated hydraulic systems for agricultural irrigation purposes – a valuable “blue” infrastructure. These systems provide critical temporary storage space for flood water in the case of severe precipitation. Yet as a result of the spatial expansion of urban settlements, ponds, lakes, and canals are filled in and built-up, exacerbating the impacts of increasing heavy rain fall. The physical consequences of climate change are likely to further compound environmental challenges. Thus, an urban planning approach that takes risks to the environment fully into account, should be an indispensable precondition for effectively addressing the challenges posed by climate change. On an operational level, as a precursory exercise to full-fledged SEAs, **climate change resilience audits** of cities and towns should be carried out to prepare ballpark profiles of local climate change and disaster risk.

#### **B.III.6.1.2 THE MYANMAR CLIMATE CHANGE ALLIANCE – A NATIONAL LEVEL POLICY RESPONSE TO CLIMATE CHANGE**

67. Cities all over the world have to face a growing variability of annual weather conditions. But Myanmar ranks second in the Global Climate Risk Index (CRI)<sup>11</sup> covering the period from 1995 to 2014. Since Southeast Asia as a region is particularly exposed to severe climate-related risks, neighboring countries such as Bangladesh, Thailand, Vietnam, and the Philippines are part of the group of highly exposed countries as well, as the overview below indicates



**OVERVIEW 3: POSITIONS OF SOUTHEAST ASIAN COUNTRIES WITHIN CRI, 1995–2014**

Country	Global Ranking in CRI	Deaths per 100,000 Inhabitants	Total Number of Events
Myanmar	2	14.75	41
Philippines	4	1.10	337
Bangladesh	6	0.52	222
Vietnam	7	0.44	225
Thailand	9	0.25	217

Source: GermanWatch, Global Climate Risk Index 2016 (Briefing Paper), p. 6 (Table 1).

However, the CRI data reveal a striking difference concerning levels of fatalities caused by climate-related events during the period observed. In Myanmar, the state of affairs in the area of disaster risk resilience appears to be quite difficult, pointing towards vast needs for remedial action.

68. With regard to climate change, major components of policy research and policy formulation are being undertaken by the Myanmar Climate Change Alliance (MCCA). MCCA was launched in 2013 and is being implemented by the Ministry of Natural Resources and Environmental Conservation (MoNREC) with support from UN-Habitat and the United Nations Environment Program (UNEP). Out of MCCA, the **Myanmar Climate Change Strategy & Action Plan (MCCSAP)** arose. MCCSAP presents a roadmap to guide Myanmar's strategic responses to address climate related risks and opportunities over the next 15 years and beyond. It covers several thematic sectors such as Agriculture, Fisheries, Livestock and Food Security; Environment and Natural Resources; Energy Transport, and Industry, as well as Urbanization, Human Settlements and Buildings. On MCCSAP, a broad participatory consultation process was carried out. NUP needs to take account of MCCSAP's core goals and incorporate them in a consistent fashion.

69. MCCSAP suggests that Myanmar must comprehensively **mainstream** climate change adaptation and climate change mitigation into all urban development activities to create resilient, sustainable and low-carbon towns and cities, regardless of their size. To achieve this, MCCSAP formulates as a central aspiration for the urban sector "To build resilience to increased risks of natural rapid and slow on-set disasters for all township and city dwellers, with a focus on the most vulnerable, and develop sustainable and inclusive towns."<sup>12</sup> This overarching goal is expected to be brought about through three key results: (i) resilient urban infrastructure, (ii) low-carbon spatial development, and (iii) energy/resource efficient buildings. MCCSAP applies a set of strategic indicators to measure future implementation, whose implementation complements the goals of NUP. Hence, NUP can substantially contribute to further mainstreaming climate change topics in urban development.

### **B.III.6.2 URBANIZATION, THE ENVIRONMENT AND CLIMATE CHANGE: WHAT NEEDS TO BE DONE – POLICY OPTIONS**

70. Against this backdrop, following proposals are made:

- Strengthen the recognition of environmental and climate change issues in spatial planning.
- Ensure a close harmonization and coordination between MCCSAP and upcoming NUP.
- Mainstream climate change adaption and climate change mitigation into Union level laws.
- Make Climate Change Resilience Audits for cities and towns mandatory.
- Institutionalize Strategic Environmental Assessments in spatial plan preparation.
- Devise municipal infrastructure planning with a clear view on adaption to climate change.
- Prioritize municipal infrastructure investments according to their relevance for adaption to climate change.
- Work towards compact extensions of settlements to reduce transportation needs and greenhouse gas emissions.

### **B.IV CONCLUDING REMARK**

71. The thematic areas for priority policy action outlined above share an inherent quality: They are currently characterized by widespread regulatory **informality**. In particular, this becomes evident in the core thematic areas of land governance and urban legislation. Extensive informality results in a bundle of complex and persistent disadvantages that generate negative externalities for society in its entirety. Global experience indicates that raising the levels of formality are preconditions for stable long-term economic development and growth as well as for environmental sustainability. Hence, **strengthening formality** should serve as overarching long-term guideline for the formulation of the National Urban Policy. To achieve this, the NUP will have to mobilize a lot of staying power, take a long view and apply an implementation horizon of ten to fifteen years. To intensify impact, NUP needs to be closely aligned with the goals of Myanmar Climate Change Strategy & Action Plan and the National Housing Policy. It would be unwise to think that developing and implementing a National Urban Policy will be anything other than extremely difficult, and it is in the best interest of Myanmar that the challenges facing the new government are not minimized.

## Endnotes

<sup>1</sup> United Nations Human Settlements Programme (Habitat), *The Evolution of National Urban Policies*, Nairobi 2014, p. iii.

<sup>2</sup> A strategy can be conceived of as a structured plan guided by the superordinate policy, chosen to bring about a desired future, such as the achievement of a goal or an objective. Strategies tend to be oriented towards a single topic or theme, which can be clearly separated from other themes. Strategies often consist of a bundle of mutually aligned work programs and serve to inject the policy into the 'machinery of government', which realizes the strategies, and, in doing so, implements elements of national urban policy. Strategies need to be based on clearly assigned resources of funding for implementation.

<sup>3</sup> NUP Framework employs some of the main characteristics of what in some OECD countries is called "Green Paper" - an official document sponsored by a national level Ministry which is issued by Government to invite public comment and discussion on an issue prior to detailed policy formulation. Usually, a Green Paper is produced early in the policymaking process, while ministerial proposals are still being formulated.

<sup>4</sup> The on-going development of a separate National Housing Strategy for Myanmar is being supported by UN-Habitat.

<sup>5</sup> Projected percentage changes are based on baselines identified by the Census of 2014.

<sup>6</sup> The World Bank's Public Financial Management Performance Report of 2013 found that in FY 2011/12 the revenue to GDP ratio reached just approx. 6.7%, while the ASEAN countries' average stood at 15% (p. 97). Low revenue collection significantly limits the ability of Myanmar's government to mobilize expenditures for needed reforms.

<sup>7</sup> In English documents, City Development Organizations (CDO) are sometimes also called Departments of Municipal Affairs (DMA), or, alternatively, Development Affairs Organizations (DAO). Since the term City Development Organization is preferred by the Ministry of Construction's DUHD, it is used here.

<sup>8</sup> Analysis and policy proposals are largely informed by the exhaustive policy research performed by the "Land Administration and Management Program" (LAMP), which ended in March 2016. LAMP was a joint endeavor of the Department of Agricultural Land Management and Statistics (DALMS) at the Ministry of Agriculture and Irrigation (MoAI), and UN-Habitat Myanmar. The section also benefits from a Thematic Paper on Land and Infrastructure prepared by UN-Habitat Myanmar in November 2015 (unpublished mimeo).

<sup>9</sup> Until the end of 2015, the Departments of Agricultural Land Management and Statistics (DALMS) under MoAI were called "Settlement and Land Records Departments" (SLRD).

<sup>10</sup> UNFPA Myanmar, *2014 Myanmar Population and Housing Census – Thematic Report on Housing Conditions, Household Amenities, and Assets*, p. vi, p. 10 (unpublished mimeo, Nay Pyi Taw, March 2016).

<sup>11</sup> The CRI is prepared by GermanWatch, an NGO, and annually updated.

<sup>12</sup> MoNREC, (2016): *Myanmar Climate Change Strategy and Action Plan (Version: July 5, 2016)*, The Republic of the Union of Myanmar, Nay Pyi Taw, Myanmar, p. 103.

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