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TOWARDS GOVERNANCE REFORM: A CRITICAL REVIEW OF FOREIGN ASSISTANCE TO BURMA/MYANMAR

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พม่าได้รับความช่วยเหลือจากต่างประเทศน้อยมาก ทั้งนี้เพราะองค์กรให้ทุนงดการให้ความช่วยเหลือ และได้ปรับเปลี่ยนนโยบายใหม่ที่ใช้มาตรการเคร่งครัดในการจำกัดความร่วมมือกับรัฐบาลพม่า เพื่อเป็นการตอบโต้ต่อการที่ทหารทำการปราบปรามกลุ่มผู้ประท้วงอย่างโหดร้ายในเดือนสิงหาคม ปี พ.ศ. 2531 และ ต่อความล้มเหลวของรัฐบาลทหารในการสถาปนาระบอบประชาธิปไตย การให้ความช่วยเหลือเล็กน้อยเท่าที่เป็นอยู่ จะเป็นเรื่องทางด้านมนุษยธรรมเป็นหลัก การศึกษานี้เริ่มต้นด้วยแนวคิดที่ว่าความช่วยเหลือที่ได้มีการพิจารณาไตร่ตรองอย่างดี มีความเอาใจใส่ และ มีการกำกับอย่างใกล้ชิด น่าจะส่งผลต่อการทำให้มีการปฏิรูปการบริหารจัดการปกครองในพม่าได้ในท้ายที่สุด แต่ยุทธศาสตร์การให้ความช่วยเหลือจากต่างประเทศแบบใดที่จะช่วยให้เกิดการปรับปรุงการบริหารจัดการปกครองได้ และ ด้วยเหตุผลใด เพื่อจะตอบคำถามนี้ผู้วิจัยได้ประเมินยุทธศาสตร์การเลือกผู้รับความช่วยเหลือที่แตกต่างกันเป็นหลัก ผู้รับความช่วยเหลือหลักๆ ที่ปรากฏอยู่ ได้แก่ สภาสันติภาพและการพัฒนาแห่งรัฐ (SPDC) องค์กรปกครองท้องถิ่นและหน่วยราชการ องค์กรระหว่างประเทศ เช่น สหประชาชาติ และ องค์กรพัฒนาระหว่างประเทศ องค์กรชุมชนในพม่า องค์กรพัฒนาเอกชนนอกประเทศพม่า และ ยุทธศาสตร์ไม่ให้ความช่วยเหลือแก่ใครเลย ข้อค้นพบจากการศึกษาสะท้อนให้เห็นผลของยุทธศาสตร์ที่ทั้งก่อและไม่ก่อให้เกิดผลต่อการปฏิรูป ความเชื่อมโยงระหว่างการปฏิรูปการบริหารการจัดการปกครอง กับความช่วยเหลือจากต่างประเทศไม่ค่อยชัดเจนนักแม้ในระดับทฤษฎี แต่ยุทธศาสตร์บางเรื่องดูเหมือนว่าจะสามารถส่งเสริม หรือ แม้กระทั่งกระตุ้นให้เกิดการปฏิรูปขึ้นได้ ยุทธศาสตร์การให้ความช่วยเหลือต่อสภาสันติภาพและการพัฒนาแห่งรัฐ หรือ ยุทธศาสตร์การไม่ให้ความช่วยเหลือแก่ใครเลย ไม่ค่อยมีความเป็นไปได้ที่จะนำไปสู่การเปลี่ยนแปลงอะไร อย่างไรก็ดีการดึงเอาหน่วยงานบางประเภทเข้ามาทำงานด้วยเช่น หน่วยราชการพลเรือน องค์กรระหว่างประเทศ องค์กรชุมชนในพม่า และ องค์กรพัฒนาเอกชนที่อยู่นอกประเทศ ได้ส่งผลบางประการแม้ว่าจะยังอยู่ในระดับไม่มากนักก็ตาม

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Burma receives a paltry amount of foreign assistance. This is because donors rescinded aid and devised new policies strictly limiting cooperation with the Burmese government in response to the military's ruthless crackdown on protests in August 1988 and the junta's subsequent failure to establish democracy. The little assistance that remains is primarily humanitarian. This paper begins with the premise that carefully considered, attentively applied, closely monitored aid can be effective in eventually bringing about governance reforms in Burma. But what foreign assistance strategies are most likely to improve governance in Burma and why? In answering this question, this paper evaluates different strategies according to the principal recipient of aid. Such recipients include: the State Peace and Development Council; local government and the civil bureaucracy; international agencies (UN and INGOs); community-based organizations inside Burma; nongovernmental organization in exile; or nobody. Key findings point to mixed results. The links between governance reform and foreign aid are tenuous, even in theory, but certain strategies seem to be able to promote and even provoke change. The strategies that channel aid to the SPDC or no one are most unlikely to bring about such change; however engagement with the civil bureaucracy, international agencies, community-based organizations inside Burma and nongovernmental organizations in exile has produced results, albeit on a relatively small-scale.

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ABBREVIATIONS

3D Fund	Three Diseases Fund
ADB	Asia Development Bank
ADF	Asia Development Fund
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
BSPP	Burma Socialist Programme Party
CBO	Community-based organization
CBI	Capacity Building Initiative
CSO	Civil Society organization
DAC	OECD Development Assistance Committee
DFID	UK Department for International Development
EC	European Commission
ECA	U.S. Economic Cooperation Administration
EU	European Union
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
GNP	Gross National Product
HREIB	Human Rights Education Institute of Burma
HDI	United Nations Development Program Human Development Initiative
IBRD	International Bank for Reconstruction and Development
ICRC	International Committee for the Red Cross
IDA	International Development Association
IDEA	International Institute for Democracy and Electoral Assistance
IFI	International Financial Institution
IMF	International Monetary Fund
INGO	International Nongovernmental Organization
JICA	Japan International Cooperation Agency
MCA	Millennium Challenge Account
MDG	Millennium Development Goal
MSF	Médecins Sans Frontières
NGO	Nongovernmental Organization
NLD	National League for Democracy
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OSI	Open Society Institute
PBA	Performance Based Allocation
PRSP	Poverty Reduction Strategy Paper
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
SWAN	Shan Women Action Network
TI	Transparency International
TOR	Terms of Reference
UK	United Kingdom
UN	United Nations

UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children Fund
UNODC	United Nations Office for Drugs and Crime
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNTA	United Nations Transitional Authority
U.S.	United States
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization

CHAPTER I

INTRODUCTION

Whether driven by a virtuous sense of obligation or by an obscured desire to assert geopolitical influence, foreign aid appears to be a permanent feature of the development landscape. In striving to effect change, donors have adapted this foreign policy tool to achieve diverse objectives and in doing so they have produced equally diverse results. Though the intentions underpinning assistance are incredibly elusive, in the context of development some consensus has emerged: foreign aid has the potential to facilitate poverty reduction. The possibility of realizing this potential, however, hinges on a number of factors. Most prominently according to leading bilateral and multilateral aid agencies, is the policy environment in recipient countries (World Bank, 1998, p. 2). In particular, these agencies have identified good governance as essential, establishing the foundation upon which aid thrives. This realization has engendered a plethora of new foreign aid strategies; these include increased donor selectivity, incentive-based aid programs and targeted assistance to improve governance. In several cases such approaches have been successful; but many countries remain ineligible for this type of assistance, thus prompting an important question: how can donors move beyond the conditions that render these new approaches futile in certain states? This thesis seeks to address this question by answering another: *what foreign assistance strategies are most likely to improve governance in Burma and why?*

Indeed, Burma is an excellent case in Southeast Asia to examine as the country currently faces an ominous humanitarian crisis. Approximately 75 percent of the population lives below the poverty line and healthcare in the country is abysmal (Burma Campaign UK, 2006). The fact that most observers ascribe the root cause of this crisis to negligent leadership is an even more compelling reason to investigate the relationship between foreign aid and improved governance. Yet, Burma stands in a precarious position on the world stage. The military's harsh crackdown on protests in

1988 and its subsequent failure to recognize the outcome of the 1990 election are two matters that have entrenched this position, yielding isolation. The resulting political situation has incited scathing criticism from the world's most influential foreign policy maker, the United States. This criticism has culminated in sanctions, which have also been applied by other large donors from the European Community. The sanctions have disqualified Burma from receiving many traditional aid packages. In fact, foreign assistance to Burma used to average around $400 million per year, whereas it now stands at a meager $120 million per year (Igboemeka, 2005, p. 8).

1.1 Background of the Study

Responding to the paucity of aid flows and the alleged promise of assistance, some are demanding a new approach. Most vociferously, the International Crisis Group (ICG) and pro-engagement academics are calling for an increase in humanitarian aid and to a certain extent an increase in conventional development assistance (the latter is an appeal from the pro-engagement academics). Echoing these calls, some donors are beginning to pledge more funds; they argue that humanitarian concerns are overwhelming and that aid in this context must be de-politicized. For example, Poul Nielson, the Commissioner for Development and Humanitarian Aid for the European Commission recently declared, "We do not know when democracy will return to Burma/Myanmar. And we cannot wait for this moment to act. The human costs of social deprivation are much too large to be left aside. The international community needs to be able to continue humanitarian operations without conditionalities or benchmarks" (ICG, 2006, p. 3). The conditionalities or benchmarks that Mr. Nielson is referring to are the very governance reforms that most donors are now insisting upon. Is rejecting these reforms in the face of a humanitarian crisis a viable solution? Could apolitical humanitarian aid help improve governance?

According to prominent democracy activists, both inside Burma and in exile, the answer is no; this type of unrestricted or neutral assistance is unacceptable. They argue that donors must recognize the highly political and restrictive environment that

humanitarian workers must operate in. Democracy activists' opinions are imperative to the debate because they wield a great deal of influence in international policy circles. Some donors consult with them before providing aid; and they have even been accused of successfully exercising political pressure on donors to withdraw aid (ICG, 2006). So, what exactly are they advocating for? Activists are rallying around governance issues. Aung San Suu Kyi, the uncontested winner of the 1990 election and leader of the National League for Democracy affirms, "Better governance [not increased funding] is the answer to Burma's humanitarian crisis…the most important aspect of humanitarian assistance or any kind of assistance is good governance. Unless there is good governance, you cannot ensure that the assistance will really benefit the country" (Burma UN Service Office, 2003, p. 1). This is perhaps one of the strongest calls for conditional aid. But questions still abound, most pertinent and probably most difficult to address, is: Is the time right for conditional aid based on governance reform or can other strategies provoke positive reform?

In answering the questions raised above, one must take a number of factors into consideration. First and foremost is the debate on aid effectiveness. Second is the type of assistance donors are currently offering and the difference between those types of aid. Third are the varying perspectives on aid to Burma and how those varying perspectives have manifested themselves in policies. Fourth is assessing aid effectiveness indicators in general and more specifically for Burma. And fifth is gauging governance in Burma. Some of these factors will be expounded upon in further detail in Chapter II.

1.2 Statement of the Problem

Need for assistance in Burma that promotes better governance is dire. The World Bank (1998) notes that policy reform, such as increasing the percentage of GDP the government allocates to health and education, is possibly the most important issue to address in fragile states. But in many cases "conditional lending into weak institutional and policy environments has failed" (World Bank, 1998, p. 53-54). These failures have spurred a number of responses. The World Bank advocates

strengthening civil society, but civil society is stifled in Burma. Despite the need for assistance, the U.S. continues to apply sanctions; moreover, neither the World Bank nor the Asian Development Bank has provided loans to the country for over two decades.

Burma only receives a paltry amount of aid especially when compared with other countries of similar economic standing around the world and in the region. For example, according to the Organization for Economic Cooperation and Development (OECD) from 2000 to 2004 Burma received an average of $124.2 million per year; Laos, received more than double at $289.4 million per year; and Cambodia averaged almost four times Burma at $486.9 million per year (OECD, 2006). But looking at the total dollar amount each of these countries receives is only one way of measuring aid. Another way to measure assistance is to look at the amount each country receives per capita per year; and these figures are even more telling in the case of Burma. Burma receives less than $3 per capita per year, Laos receives about $50 per capita per year, and Cambodia receives roughly $35 per capita per year (ICG, 2006, p. 4). These figures may be misleading, because both Cambodia and Laos have much smaller populations, but when taken with the total dollar amount it shows assistance to Burma is very low.

One of the reasons Burma receives so little is because of its poor human rights record and low scores in governance rankings. Furthermore, the Burmese government applies financial constraints on aid agencies and establishes seemingly arbitrary rules for international organizations. Corruption has redirected aid flows to line the pockets of government officials. At the same time though, the regime manipulates public opinion to buttress its own legitimacy by the flaunting the existence of aid agencies to "counter charges of human rights violations" (Burma Campaign UK, 2006a, p. 12).

Governance reforms are not at the center of donor strategies in Burma. One of the reasons there is not so much talk about institutions and reform is because there is still disagreement as to whether or not reforms are possible. Some believe that the

existing institutions need to be done away with completely and replaced (Mathieson, 2005; Burma Campaign UK 2006a) while others maintain that changes are possible within the current framework (Taylor 2004, Pedersen 2004, Steinberg 2001, Nay Win Maung 2007, Khin Zaw Win 2007). Intense polarization leads to political deadlock and without reconciling these two contrasting opinions deadlock will remain. The discussion really needs to expand and move forward though, and donors need to collaborate more and think about what changes they want to see happen. They need to support a variety of different approaches, as they cannot rely on one predicted future scenario. International organizations have achieved meaningful results from ongoing aid programs even though they face restrictions imposed by the Burmese government.

Aid is supposed to help improve governance; however good governance is a prerequisite for aid. If one assumes the former, calls for increased aid to Burma seem sensible, although many other factors still need to be considered. If one assumes the latter, calls for increased aid seem to be entirely antithetical and potentially divisive.

1.3 Research Question

What foreign assistance strategies are most likely to improve governance in Burma and why?

1.4 Objectives

1. To analyze trends in development and humanitarian assistance with an emphasis on how those trends are followed in Burma;
2. To determine the conditions necessary for implementing foreign assistance strategies for governance reform in Burma;
3. To evaluate development actors' and organizations' perspectives on development assistance to Burma, with particular consideration of governance reform.

1.5 Hypothesis

Carefully considered, attentively applied, closely monitored aid can be effective in eventually bringing about governance reforms in Burma. This does not mean that the activists' interpretation of the 'right kind of aid' is the best solution; the SPDC has already demonstrated its resilience to sanctions and has managed to stay in power despite threats to cut off or reduce foreign aid. Nor does it mean that apolitical humanitarian assistance programs are best; they deny the fundamental cause of the crisis and therefore are unlikely to encourage effective long-lasting change. Rather, cautious engagement with the government *and* civil society actors, including those actors in exile, is the most appropriate strategy to improve governance. This strategy involves negotiation between donors, the SPDC, and other stakeholders. All parties must make certain compromises without which a stalemate is inevitable.

1.6 Methodology

1.6.1 Typology of Principal Recipients

By employing an inductive approach, this thesis evaluates current foreign aid strategies to Burma and the movements resisting that assistance. This evaluation concentrates on the mechanisms by which aid is provided and to whom that aid is provided (government, UN, INGO, grassroots civil society organization). The author created a typology of perspectives and policies on aid to Burma, which identifies foreign aid strategies. Recognizing that there are a number of idiosyncratic differences to each and every strategy, the typology relies on Weberian Ideal Types.

1.6.2 Data Collection and Interviews

The author collected data for a period of two months beginning in June 2007. He first carried out a survey of literature reviewing the situation inside Burma, the current debate on foreign assistance, and the importance of governance reform in the

context of aid effectiveness. Scholarly articles were accessed online from several leading electronic journals and the comprehensive Burma Online Library. In order to substantiate his claims, the author cited a number of primary and secondary sources including information from the OECD, World Bank, UN, the SPDC's Ministry of Health, international and local nongovernmental organizations, and independent researchers.

The author also conducted structured and semi-structured interviews with key development actors in July and August 2007. From 3 August 2007 to 10 August 2007 he was able to meet with several individuals from various multilateral and bilateral aid agencies, fund managers, local and international NGOs, and independent observers in Rangoon, Burma. A list of these actors can be found in table 1 below. On 7 August 2007, the author sat in and observed a UN-NGO coordination meeting, hosted by the Capacity Building Initiative (CBI) in Rangoon. The author also met with individuals from the United Nations Development Program (UNDP) mission to Burma and the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) in Chiang Mai and Bangkok, Thailand, respectively. Limitations in data collection will be further discussed in the final section of this chapter.

Table 1 Interviews

Donors/Fund Managers:	
Rurik Marsden	DFID, UK
Mikko Lainejoki	UNOPs, The Three Diseases Fund
International NGOs and UN Agencies:	
Mae Ohn Nyunt We	Save the Children
Markus Buhler	UNAIDS
Official*	UN OCHA
Official*	UNDP
Official*	Partners
Local Organizations and NGOs:	
Ngwe Thein	Capacity Building Initiative
Former Staff*	Myanmar Red Cross
Nay Win Maung	Myanmar Partners Think Tank
Independent Observers:	
Khin Zaw Win	*Names withheld for privacy

1.6.3 Chapters

There are six chapters in this thesis:

1. **Introduction**

   The first chapter introduces the study and outlines the problem. Furthermore, it identifies research questions and objectives and discusses the hypothesis, methodology, and significance of the study.

2. **Foreign Aid and Governance**

   In the second chapter the author reviews the debate on foreign aid and analyzes how that debate impacts Burma.

3. **Trends and Developments in Foreign Assistance to Burma**

   In the third chapter, the author delineates assistance flows and development trends as they relate to Burma between 1945 and 1988.

4. **Typology of Donor Strategies**

   In the fourth chapter the author evaluates the varying perspectives on aid to Burma and how those varying perspectives have manifested themselves in policies. He examines current aid flows and reviews various policies and attitudes of bilateral and multilateral aid agencies, international non-governmental organizations (INGOs) working inside Burma, and other influential actors.

5. **Discussion and Analysis: What Strategies Stimulate Governance Reform?**

   After clarifying perspectives and examining aid flows, the discussion and analysis chapter assesses foreign aid and governance. First the chapter looks at governance indicators and Burma's performance. The World Bank's governance indicators are used for this purpose. Also, the chapter analyzes several studies which have been published over the last few years

reviewing aid effectiveness in Burma, these include the United Kingdom's Department for International Development's (DFID) study on development agencies perceptions of aid effectiveness and the United State's Government Accountability Office's (GAO) report on constraints to assistance programs in Burma. In gauging governance, the author will use indicators already established by leading aid agencies.

6. **Conclusion**

   The thesis concludes by summarizing the findings and analysis. It scrutinizes Burma's current and past performance and expounds on the relationship between foreign aid and governance reform.

1.6.4 Ethical Issues

In conducting this study, the author abided by and respected research ethics. A committee approved research methods during the thesis proposal defense. With regards to interviews, the author received verbal permission to record and cite communications. In order to mitigate risks to certain individuals, some of the interviewees will remain anonymous.

1.7 Limitations

The high degree of sensitivity surrounding the political situation made it incredibly difficult to ascertain information about foreign aid and governance reform in Burma. Many organizations are reluctant to share past research because of this fact and the author encountered some resistance to his inquiries. For example, some donors declined interviews or insisted conversations be taken off the record. With regards to data collection, the author was unable to meet with some of the principal recipients of aid. Specifically, he did not meet with representatives from the SPDC or the civil bureaucracy and therefore this study does not reflect their perspectives. Nor was he able to meet with some of the major donors including representatives from China or Japan. A final point regarding limitations relates to the author's scope and

field of interest. This study relies on qualitative research, undertaken in the Faculty of Political Science, however conclusions regarding aid effectiveness and the impact of governance reform are ultimately contingent on quantitative data and precise economic analysis.

1.8 Significance of the study

The shifting political motivations for providing aid parallel shifting assumptions about what works and what does not, but only by investigating these two shifting issues will answers become clear. For Burma, those answers are desperately needed. If, as the evidence clearly indicates, Burma's problems can be traced back to inept political guidance and economic mismanagement, then foreign aid programs should target these sectors. That is, unless there are reasons such programs are destined to fail. By exploring potential reasons why such programs may be destined to fail, this thesis seeks to caution those involved in the aid community. However, if the reasons are not credible then it would be entirely appropriate to begin discussions about conditional aid. The fierce debate, which is highly political and also emotional, demands further attention.

Donors want to give aid. But they want to make sure that aid is effective. So, the question is: what makes aid effective? According to international financial institutions, several aid agencies, and various scholars good governance is the key. In the right policy environment, they argue, aid flourishes. So, the question now becomes: how to promote good governance? One way is to make good governance a condition for aid; this gives states with poor governance an incentive to change. But, what happens when states do not change? Is it because they do not want the money? This thesis seeks to contribute to the debate in a constructive way by identifying recipients that are more inclined to help improve governance and thus contribute to aid effectiveness.

CHAPTER II

FOREIGN AID AND GOVERNANCE

2.1 Introduction

This chapter will examine the relationship between foreign assistance and governance reform with particular emphasis on how that relationship has shaped aid flows to Burma. It will start with a general review of the foreign aid effectiveness debate and move on to look at foreign aid strategies highlighting the convergence of governance and selectivity. Two examples, the United States' Millennium Challenge Account and the World Bank's Performance Based Allocation will be considered. This will be followed by an overview of the conceptual framework used in this study. Next, the chapter will specifically examine varying perspectives on aid to Burma. It will reflect on the possibility for engagement based on conditionality and the potential for finding a champion to bring about change. Then the chapter will review appeals for limited humanitarian assistance and perspectives on engagement in fragile states. Finally, it will identify gaps in the literature and present the author's analytical framework.

2.2 Foreign Aid: The Effectiveness Debate

Steven Radelet, a fellow at the Center for Global Development, provides a concise overview of the debate surrounding assistance and outlines a summary of various scholars' opinions. Undeniably, aid effectiveness is a contested issue. Some scholars commend foreign aid and support theories linking it to poverty reduction and economic growth, while others condemn the same assistance maintaining it has only "enlarged government bureaucracies, perpetuated bad governments, enriched the elite in poor countries, or just been wasted" (Radelet, 2006, p. 3). This discussion becomes even more contested when fragile states are considered, i.e. Burma. Radelet outlines three general perceptions about aid and its relationship with growth; these are:

1. Aid has a positive relationship with growth on average across countries (although not in every country) but with diminishing returns as the volume of aid increases;
2. Aid has no affect on growth, and may actually undermine growth;
3. Aid has a conditional relationship with growth, helping to accelerate growth under certain circumstances. (Radelet, 2006, p. 8-10)

The discussion involving these three general perceptions and the research used to support them are quite provocative. Each is derived from a particular study or collection of studies, which use different methodologies and computations. Further economic analysis is beyond the scope of this paper, but with regards to Burma, the aid effectiveness debate hinges on the complicated relationship between donors and the Burmese regime. In a 2007 report to the Committee on Foreign Affairs of the House of Representatives, the United States Government Accountability Office (GAO) details constraints to assistance programs in Burma. The GAO rebukes the Burmese junta for maintaining a highly restrictive environment for international organizations to work. The report demonstrates how the Burmese government has exacerbated the situation over the past three years, making it increasingly more difficult for aid providers to effectively carry out their programs. The junta constrains space by limiting access to conflict areas, imposing travel restrictions on INGO staff, and impeding information gathering and sharing (U.S. GAO, 2007, p. 7). The United States is one of the most vociferous critics of military-led Burma and this report supplies evidence for its criticism. The U.S. is also the world's largest provider of aid, thus wielding strong influence on international policy, including humanitarian aid policy. Consequently, its findings have the potential to change the architecture of aid provision in Burma.

2.3 Governance and selectivity converge

The World Bank (1998) maintains that countries with good governance use aid better, "1 percent of GDP in assistance translates into a 1 percent decline in poverty and a similar decline in infant mortality" (p. 2). What exactly is governance

and what makes it good? Table 2 illustrates three of the leading definitions of governance:

Table 2 Governance Definitions

Source	Definition
UNDP	Governance is the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way a society organizes itself to make and implement decisions—achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms. Governance, including its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, nation, region or globe.
European Commission	Governance concerns the state's ability to serve the citizens. It refers to the rules, processes, and behaviors by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in this context. In spite of its open and broad character, governance is a meaningful and practical concept relating to the very basic aspects of the functioning of any society and political and social systems. It can be described as a basic measure of stability and performance of a society. As the concepts of human rights, democratization and democracy, the rule of law, civil society, decentralized power sharing, and sound public administration, gain importance and relevance as a society develops into a more sophisticated political system, governance evolves into good governance.
World Bank	We define governance as the traditions and institutions by which authority in a country is exercised for the common good. This includes (i) the process by which those in authority are selected, monitored and replaced, (ii) the capacity of the government to effectively manage its resources and implement sound policies, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them.

Source: EC and UNDP, 2004, p. 4

Governance indicators measure everything from the percent of GDP spent on education, health care, and other social expenditures to the level of political and cultural rights in a given country. These indicators will be explained further in the discussion and analysis chapter. Burnside and Dollar (2004) argue that aid effectiveness is contingent on the quality of state institutions and policies, in other words governance. Loehr and Warrener (2005) maintain that in fragile states particularly, governance is paramount; they also argue that reform is possible in such states. But an important question must be answered: what kind of reforms are possible and/or to be expected? There are different levels of reform that can take

place during different periods of the change process and these will be explained in the final section of this chapter, which will detail the author's plan for analysis.

Looking at governance in the context of foreign aid conjures up the idea of selectivity. Selectivity has been around since the early stages of foreign aid and was a particularly powerful tool during the Cold War. Each of the two blocs allocated aid based on alignment or on the ability to influence policy in non-aligned countries. The U.S. and the Soviet Union selected states according to their own basic criteria, which usually were consistent with military and economic interests. However, with the end of the Cold War selectivity criteria have changed. Now the decisive factor seems to be the policy environment in recipient countries. As donors begin to take governance into consideration, they are moving beyond the neo-realist assumption that foreign aid should be provided based on their own security (Zanger, 2000, p. 295).

Nevertheless, there are voluble critics of foreign aid, even aid that supposedly targets good governance. For example, Easterly, Levine, and Roodman (2003) found evidence disputing Burnside and Dollar's claims. Easterly (2003) maintains that aid should not be the vehicle that drives change because the underlying theories linking aid to growth are too ambiguous. Stephen Knack (2000) maintains that aid can actually undermine the quality of governance. He shows how dependence on aid may enfeeble state bureaucracies maintaining that "this can occur most directly by siphoning away scarce talent from the civil service, as donor organizations often hire away the most skilled public officials at salaries many times greater than those offered by the recipient-nation government" (Knack, 2000, p. 313). Similarly, Jakob Svensson (2000) argues that foreign assistance can even cultivate corruption by creating conflict over the control of resources.

Despite the persuasive evidence contradicting aid effectiveness and the link between assistance and governance, the third perspective outlined by Radlet (2006) deeming conditional aid effective under certain circumstances, has had a particularly profound affect on donors, informing new strategies for giving. Regardless of the debate, the fact that donors are convinced that the policy environment in which aid is

given must be conducive is paramount. The two examples below illustrate this notion.

2.3.1 Millennium Challenge Account

The U.S. Millennium Challenge Account (MCA) is one example where governance now informs aid flows. The MCA provides conditional aid based on governance indicators, which draw on data from Freedom House, the World Bank Institute, and other independent monitors. The MCA makes good governance an incentive by offering aid to countries that meet specific governance criteria. Doug Johnson and Tristan Zajonc (2006) argue that the MCA has been successful in inspiring change. They, however, focus only on countries that are eligible for the aid, discounting any speculation about the effects of the account on Burma.

2.3.2 The ADB's Performance Based Allocation

Historically, international financial institutions (IFIs) like the World Bank and the Asia Development Bank (ADB) did not place a strong emphasis on the policy environment in recipient countries in any methodical way, but rather "allocation decisions were based largely on country-specific considerations" (ADB, 2004, p. 1). Recognizing the relationship between good policies and economic growth, some of the IFIs initiated Performance Based Allocation (PBA). For instance, the ADB's Asia Development Fund (ADF) "sought to create incentives for improved performance. Beyond the performance measurement and allocation framework, the policy provided management with an important tool to strengthen development effectiveness through more focused policy dialogue, better country planning processes, and improved operations…The new approach explicitly recognized that in seeking to reduce poverty, ADF resources would be best directed to good performers" (ADB, 2004, p. 1). With this new approach, IFIs like the ADB and other bilateral and multilateral donors are changing the way assistance is conceived and awarded.

2.4 Conceptual framework: foreign aid and governance

As seen above, foreign aid strategies are now being conceived to elicit governance reforms. The extent to which donors have applied these strategies is debatable, as is the extent to which they are or even could be effective. In theory though, there are two ways in which aid is supposed to bring about change. The first is based on targeting aid to improve specific institutions (Knack, 2000). For example, a large sum of money may be infused into a government's judiciary system to train judges on human rights. The second is based on incentives, where the appeal of assistance is supposed to entice governments to make changes (the U.S.'s Millennium Challenge Account, the ADB's Performance Based Allocation, etc.). Aid is either tied to specific conditions or provided to countries that exhibit the propensity to change. In hopes of improving institutions with foreign aid, donors select countries that already have a good policy environment, or at least the foundation for a good policy environment, because such countries are more likely to change (World Bank, 1998). A good policy environment helps ensure that money will be well spent and that beneficiaries include the people who really need support.

2.5 Aid to Burma: Varying Perspectives

In a powerful position paper, the Burma Campaign UK and several other leading pro-democracy organizations outside Burma proclaimed their views on humanitarian assistance to Burma. The paper seeks to address the considerable confusion surrounding Burma campaign organizations' position on humanitarian aid and elucidates their "long-held policy position" (Burma Campaign UK, 2006a, p. 4). Vilified for being anti-aid, the Campaign asserts its support for humanitarian assistance. Not only does the paper clarify these organizations' stance on aid, it also advocates for a particular "right kind of aid," acknowledging acute challenges for agencies operating in Burma.

In a 2006 Briefing, the International Crisis Group (ICG) highlights new threats to humanitarian aid in Burma. These threats are predominantly a result of increased pressure from the military government. These findings coincide with the GAO report

and other recent studies on humanitarian work in Burma, including DFID's 2005 study on aid effectiveness (Igboemeka, 2005, p. 17). However, what makes the ICG report different is that it also identifies another group as a threat: "pro-democracy activists overseas who seek to curtail or control assistance programs" (ICG, 2006, p. 1). Pro-democracy activists include members of the United States congress, Burmese expatriates, and other individuals dedicated to democratic reform. The ICG uses the Global Fund's withdrawal as the key example of activists' successful efforts. The ICG demonstrates how pressure from the U.S. congress, particularly Senator Mitch McConnell's amendment to the 2006-2007 Foreign Appropriations Bill, persuaded the UNDP to back out as the principal recipient of the Global Fund's money. The ICG also blames the Open Society Institute (OSI) for advocating stronger 'safeguards' on Global Fund programs in Burma, which "compromised program effectiveness and seemed in breach of its own regulations" (ICG, 2006, p. 12).

The ICG contends that activists in exile and members of the United States congress are spurring a reduction in humanitarian assistance inside Burma and maintains that any decrease in the quantity of foreign aid is incredibly detrimental. If aid is indeed reduced and assistance space is further restricted, the ICG warns there could be a serious humanitarian crisis in the country, which is already on the horizon. The ICG argues that polarization is unconstructive and that there is a need to find a solution to ward off threats jeopardizing much needed aid. Many pro-engagement academics argue that sanctions are another factor jeopardizing much needed aid. Robert H. Taylor, an author of many articles on Burma and professor at the University of London, asserts that sanctions deny the foundations for civil society by weakening the economy, which is essential for an effective civil society. He maintains that sanctions perpetuate poverty, as "the poverty of the nation is reflected in the poverty of the government" (Taylor in Badgley, 2004, p. 32).

2.5.1 Engagement based on conditionality

Some proposed strategies seek more assistance directed at the SPDC. David Steinberg (2001), a prominent Burma scholar and head of Asian Studies at

Georgetown University's School of Foreign Service, suggests that conditionality may be a viable approach. He maintains that foreign aid should be used to reward the regime for realizing certain benchmarks of progress, although he does not give any precise examples of ways in which this can be done. Steinberg (2004) insists that there are "social consequences" that come with the sanctions. These include increased cases of HIV/AIDS and trafficking. Morten Pedersen (2004) agrees that sanctions are a tragedy and have "denied people much needed assistance [and] fail to address the underlying conflicts and tensions in Burmese society" (p. 97). These pro-engagement academics challenge the premise of politicized aid.

The extent to which Burma is inclined to make trade-offs must be evaluated, though; and a preliminary analysis convinces this author that such trade-offs are unlikely. Moreover, literature on the subject has generally concluded that conditionality is ineffective (Collier, 1997; Dollar and Pritchett, 1998; Stiglitz, 1999; Kapur and Webb, 2000; Knack, 2000).

2.5.2 Finding a Champion

In fragile or failing states donors maintain that good leaders help facilitate governance reform. To this end, the World Bank (1998) recommends finding a champion, a person in the government or someone with influential power who is already inclined to make changes, and engage with that person. A champion may also include local partners/organizations or networks of organizations that have succeeded in instituting successful projects. Unfortunately, finding champions in Burma who have the power to influence key decision makers is very difficult. In 2003 there was hope that Prime Minister Khin Nyunt could be this person. He was less hostile to international agencies and nongovernmental organizations and he initiated a roadmap to constitutional democracy. Unfortunately, Khin Nyunt was sacked and it has been nearly impossible to find a champion with the power to impact decisions since.

2.5.3 Limited humanitarian assistance

In contrast to the pro-engagement academics, many activists support targeted sanctions and argue such sanctions are compatible with humanitarian assistance. At the same time, they also call for stronger diplomatic engagement and endorse a resolution for Burma to be added to the Security Council's agenda. The U.S. in fact brought a resolution concerning Burma to the Security Council in 2007, however faced vetoes from China and Russia.

Diverging from the apolitical humanitarian aid that the ICG, the EC, and pro-engagement academics are calling for, democracy activists demand the "right kind of aid." The essential principles underpinning the "right kind of aid," include:

- Agencies working inside Burma must accept that the root cause of the crisis is poor governance;
- Ensure programs are transparent, accountable, and independently monitored; maintain unencumbered access to project beneficiaries;
- Ensure ability to deliver aid across national borders;
- Engage in wide and democratic consultation with all stakeholders;
- Preserve independence;
- Protect Burmese staff;
- Support civil society;
- Promote respect for human rights; and
- Exercise care to avoid manipulation by the authorities (Burma Campaign, 2006, p. 12).

These principles clearly resonate with other activists in exile, including leaders of several ethnic nationality groups. In a 2002 statement on international assistance to Burma, these activists stated, "We are concerned that the root causes of the humanitarian dilemma have been ignored in such analyses resulting in an obscured representation of the situation and responses" (Burma Watch International, 2002).

Moreover, the activists offer an analysis of the root causes of Burma's humanitarian crisis and demand that aid agencies accept this analysis before providing assistance. The National Coalition Government of the Union of Burma and the National League for Democracy agree that donors and/or INGOs must understand the underlying reasons for the humanitarian crisis. They maintain that economic mismanagement, oppression of civil society, and ongoing conflict and human rights abuses can all be attributed to the military governments which have ruled Burma for decades.

2.6 Donor Policies

Providing aid to fragile states is a problematic. Fragile states are defined by the OECD-DAC as states where the government *cannot* or *will not* provide essential services to the majority of its people. Surely Burma qualifies. But recognizing an obvious need, donors have tried to be creative. Debbie Warrener and Carolin Loehr explain the 'standard model' for giving foreign assistance to these states include providing "small funds over short time periods; policy dialogue rather than money; projects rather than budget support; NGOs rather than state implementers; and humanitarian aid and agencies over development" (Loehr and Warrener, 2005, p. iii).

Indeed, donors providing aid to Burma have used several of these methods. For example, the United Nations Development Program's Human Development Initiative in Burma requires "the Country Office to deliver its assistance directly to communities, with no resources or capacity building assistance provided to or through government institutions or personnel" (UNDP, 2007, p. 3). INGOs working in Burma have also adopted some of the methods outlined in the 'standard model' outlined in the above paragraph. In the Joint Principles of Operation of International Non-Governmental Organizations Providing Humanitarian Assistance in Burma/Myanmar they establish guidelines for themselves to ensure their work contributes to alleviating human suffering, rather than lining the pockets of corrupt officials.

There have been successes and failures. On the one hand, the United Nations Humanitarian and Resident Coordinator in Burma has noted that there has been "a great deal achieved over the last three or four years in terms of geographical access, programmatic success and operating space for the UN and non governmental organizations" (U.S. GAO, 2007, p. 34). However, on the other hand, several programs like the Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis and Médecins Sans Frontières (France) have exited Burma due to the highly restrictive environment.

Further analysis of donor policies and programs is necessary to determine whether or not aid targeting better governance could succeed or be an incentive for Burma. Moreover, it will be important to study the relationship between donors and the Burmese government, the State Peace and Development Council (SPDC). The SPDC's policies will be examined in the following chapters.

2.7 Foreign Aid and Burma: Some Missing Links

Has selectivity, the way it is theoretical conceived today, really been all that instrumental? Some donors still choose to provide funds directly to the SPDC, which has a terrible governance report card. But, the fact that foreign assistance to Burma used to average around $400 million per year and now stands at a meager $120 million per year (almost all of which skirts the regime) is one indication that donors are being more selective. Burma's poor policy environment is certainly part of the rationale donors cite in refusing assistance. Countless donors from the European community and the United States have articulated this position.

Conspicuous poor governance undoubtedly makes it difficult for aid agencies to provide effective assistance. What is lacking in the literature is a more extensive analysis of the conditions that contribute to the continuation of poor governance. What type of aid is currently being offered to Burma? What are the strategies driving that aid? Do such strategies take governance into consideration? Regardless of whether or not they take governance into consideration, all foreign assistance

strategies impact governance. Some may bring about positive reforms while others may perpetuate poor performance. This thesis will expand on donors' and other stakeholders' perspectives on foreign aid to Burma and how those perspectives guide policy with the goal of elucidating likely effects on governance.

The discussion involving donors, INGOs, pro-engagement academics and democracy activists is significant for a number of reasons and move beyond the actual information shared by the competing parties. Deeper significance lies in the rhetoric of the debate, which indicates obvious infighting amongst prominent organizations regarding how, when, and what type of aid to provide to whom in Burma. The diverging opinions on assistance speak to the immense sensitivity revolving around aid to Burma and the critical challenges that lie ahead. This sort of internal friction has the potential to add to the debate in a constructive way, but also has the potential to damage aid effectiveness, especially as there is a greater emphasis and need for cooperation.

In advocating a "right kind of aid" the activists seem to overlook the fact that some of their conditions would be impossible to meet due to the new guidelines for UN agencies and international organizations set forth by the Burmese government, not to mention other *de facto* circumstances on the ground. The first, accepting that the root cause of the crisis is poor governance and economic mismanagement would surely reinforce the government's distrust of international organizations and subsequently engender increased hesitancy in letting such organizations work inside the country. Indeed, the first step any donor must take according to David Scott Mathieson (2004) is "recognizing that all aid regardless of size and direction, must be implemented initially through the SPDC in Rangoon".

Many activists are steadfast in their stance against non-humanitarian aid, with the exception of a few key types of development assistance. They, however, do not reflect on the links between different types of aid, nor do they make explicit distinctions between different types of aid. For example, the Burma Campaign UK invites aid to support health and education, but does that include vital transportation

infrastructure to ensure access to health and education facilities? Where do activists draw the line? The line between different types of aid is certainly quite blurry, making it imperative to elaborate on the campaign's "support [for] the suspension of non-humanitarian aid and development in Burma." The GAO report also only focuses on a select few humanitarian assistance programs such as blocking the International Committee of the Red Cross's (ICRC) initiative to monitor prison conditions and blocking International Labor Organization (ILO) efforts to establish an independent complaints process for forced labor (an agreement was later reached in 2007) and does not reflect on other types of aid or the climate in which other types of aid programs work. A more robust analysis of how these other types of aid programs manage to operate under such oppressive conditions would be helpful. At times the debate rages in a vacuum without consideration of larger questions surrounding aid effectiveness.

Furthermore, the debate on aid to Burma does not seem to exhaust the issue of why poor governance persists. The fact that Burma consistently ranks low in these surveys is gravely concerning. This does not mean that governance issues have been ignored; on the contrary, these issues are at the forefront of most discussions surrounding aid to Burma. Rather, the specific conditions that render strategies aiming to improve governance futile have not been sufficiently addressed. Some donors still provide direct bilateral assistance to the SPDC with the expectation that engagement will eventually bring about reform. Other donors circumvent the government by asking the UN or INGOs to use funds to implement projects with the hopes of building up civil society to eventually bring about reform. While other donors choose not to provide funds at all, convinced that isolation and financial pressure will eventually bring about reform.

2.8 Conclusion: Analytical framework

The DAC's definition of a fragile state helps establish the foundation upon which this author's analytical framework is built. The definition refers to governments that *cannot* or *will not* provide essential services. Thus, there are two

elements that must be considered: capacity and will (DFID, 2005). Both capacity and will are crucial for governance. For instance, the European Commission begins its definition of governance by declaring, "Governance concerns the state's ability to serve its citizens" (EC/UNDP, 2004, p. 4). Does the government in Burma does have the capacity to provide essential services? Does it have the will to provide such services? (see the regime's public expenditures, which heavily favor the military—Chapter V, section 5.5.2 for more details). An additional question to ask is: do donors have the will to help Burma ensure it can provide essential services? Surely, there are some donors and some recipients that do have the capacity and/or will.

In dealing with fragile states, some donors realize that they cannot be too ambitious; table 3 illustrates how DFID prioritizes governance reforms in these states, thus curbing high expectations. In order to reach these more reasonable goals some argue that aid should concentrate on quality rather than quantity; software rather than hardware, and small projects rather than big projects (Birdsall, 2004; Mya Than 2003).

This thesis will analyze foreign assistance strategies and assess the extent to which they have been able to inspire improvements in governance; such improvements should be consistent with increases in the government's (and/or civil society actor's) capacity to provide essential services and its will to do so. First, strategies will be categorized according to the principal recipient of aid because different recipients exhibit capacity and/or will in varying ways (Chapter IV). Then, the author will look at governance indicators and how different recipients have been able to impact reform (Chapter V). Finally, the author will identify strategies that have both succeed and failed to produce change.

Table 3 Prioritizing Governance Reforms in Fragile States

Problems of fragile states	Prioritised reforms	Priority activities
Failure to protect people and their property	• Increased security of person and property, particularly for the poor.	• Improved policing of security 'hotspots' for the poor. • Support for informal (neighbourhood watch) security arrangements. • Increased access to affordable justice.
	• Security services that are properly mandated, resourced and accountable to civilian control.	• Providing a safe operating environment for service delivery. • Disarmament, demobilisation and reintegration of troops. • Developing and equipping security services with the right skills and resources to protect people. • Strengthening civilian control of the military.
Failure to deliver basic services	• Substantial increase in infrastructure, primary health and education services delivered to the poor.	• Protect service providers if necessary. • Increase access to services. • Work with both state and non-state service providers.
Decreasing livelihood security	• Social protection for vulnerable households as a springboard to self-sufficient livelihoods	• Humanitarian assistance in conflict-affected areas. • Social protection n • Programmes including employment, cash distribution, and food security to vulnerable households.
Weak public financial management	• Improved management of natural resource revenue • Improved capacity to manage shocks.	• Increased political commitment to transparent use of countries' assets. • Improved international accountability arrangements • Strengthened international partnership to alleviate economic shocks. • Increased capacity to predict and manage shocks.

Source: DFID, 2005

CHAPTER III

TRENDS AND DEVELOPMENTS IN FOREIGN ASSISANCE TO BURMA 1945 – 1988

3.1 Introduction

This chapter will serve as an introduction to some of the prevailing trends in development and humanitarian assistance with an emphasis on how those trends have (or have not) been followed in Burma. In presenting a historical overview, the author hopes to engender a more lucid understanding of foreign aid in the context of Burma so as to establish the framework by which current assistance strategies could be evaluated. The chapter is divided into three sections distinguished by three time periods: 1945 – 1961, 1962 – 1972, and 1973 – 1988; the period between 1989 and 2006 will be the focus of the following chapter. The reason for dividing this chapter into the three aforementioned time periods is that each period corresponds to a significant phase in Burma's political development and exemplifies the country's ever-changing policies to foreign assistance. Likewise, each period reflects distinctive donor policies. Accordingly, each section will contain three subsections: Development and humanitarian aid trends, Burma's policies, and Donors' policies.

In reviewing the evolution of foreign assistance it is imperative to bear in mind two fundamental dynamics; the first relates to the overarching political climate, which has predominantly been defined by traditional security concerns, and the second relates to underlying development thinking, which has predominantly been defined by economic growth (Hjertholm and White, 2000). Though donors and development thinkers have professed various motives and functions of foreign aid these two dynamics have remained central.

The overarching political climate, or more accurately the politics of security, has shaped foreign assistance strategies in both donor and recipient countries. Shifts in security concerns have ultimately informed aid flows. In the immediate aftermath

of the Second World War, focus was on reconstruction to preemptively avert new conflict; foreign aid was provided to Europe and Japan to prevent economic collapse that would spur discord. During the Cold War geopolitics was a primary factor propelling aid; both power blocs based assistance decisions on strategic rivalry considerations and sought to assert influence by offering bigger and better packages. The end of the Cold War yielded new possibilities; however, the events of 9/11 and the wars in Iraq and Afghanistan have situated security at the center of aid decisions once again with both war-ravaged countries receiving disproportionately high amounts of assistance.

Development theories have shifted, too, though emphasis has remained on economic growth, marked by perpetually rising standards of living. For the most part, the discussion has revolved around how to achieve such growth; with development thinkers scrutinizing the underlying causes of underdevelopment. For example in the 1950s and 1960s modernization theory reigned as the dominant paradigm in development. Intrinsic to modernization theory is the notion that certain material inputs are necessary for growth with the state as the most appropriate implementer. Foreign aid was designed to accelerate economic growth by infusing large sums of money into developing infrastructure. In the 1970s emphasis was placed on basic needs; if aid could help meet the basic needs of the poor then growth would surely come. In the 1980s and early 1990s donors stressed macroeconomic reform for growth; the World Bank and the International Monetary Fund (IMF) imposed structural adjustment policies to incite change. In sharp contrast to the theories espoused in the early period of foreign assistance, aid is now concentrated on institutional reform to bring about growth. Many donors are promoting new strategies designed to improve governance and economic institutions because they believe that aid will only facilitate economic growth in a good policy environment (Radelet, 2006, p. 13).

3.2 1945 – 1961: Burma's Balancing Act

3.2.1 Development and Humanitarian Aid Trends

The development and humanitarian aid trends with which this thesis is concerned have their genesis in this period, beginning with the end of the Second World War. Foreign assistance, as it is conceived today, became entrenched in the minds of the war's victors; and in efforts to rebuild Europe, the U.S. initiated the Marshall Plan, a development assistance programme previously unmatched by any other scheme (Hjertholm and White, 2000). More relevantly, however, after the war a new concept emerged that would shape the contours of assistance for decades to come: 'underdevelopment.' Presented in Harry Truman's inaugural address, this new concept set the stage for foreign aid. The rhetoric introduced a new 'underdeveloped' identity, deficient of characteristics found in developed societies. The U.S. president's speech called for advanced industrial nations to cooperate and assist those in underdeveloped countries. And what would inform their assistance strategies? State led economic growth.

During this period two of the most powerful multilateral agencies were established: the International Bank for Reconstruction and Development (IBRD) and the United Nations (UN). The IBRD, now commonly referred to as the World Bank, was founded in 1944 in Bretton Woods, New Hampshire, as a response to the growing financial needs for the reconstruction of Europe. Although, after the United States executed the Marshall Plan, the Bank shifted its focus from European reconstruction to development. Likewise, the UN was founded, however with the more lofty objectives of maintaining global peace and security.

As the Cold War gained steam dualities in assistance thinking developed. Leaders from both sides, however, shared the same goal of surmising influence in the developing world. This goal produced competitive giving and in some instances subverted the greater goal of economic growth (Kenwood and Longheed in Khin Maung Nyunt, 1990, p. 19). Moreover, military aid and the arms race distorted

assistance effects. This study is not interested in military aid, but such aid plays and enormous role in the trends and development of all foreign assistance and development strategies.

In the 1950s and 1960s Asian countries received a large proportion of global development assistance. Though Burma was not one of the principal recipients of such aid; it did receive a tremendous amount of attention unrivaled by countries in other regions at the time. Certainly, the concentration on Asia was a reflection of the region's geopolitical significance. After the Korean War, U.S. interests in the region soared. But the U.S. and the Soviets found it harder and harder to provide support. Therefore, Burma's neutral status was problematic in a sense. Nonetheless, donors were infatuated with providing assistance to these non-aligned states so as to maintain influence (Wolf, 1960).

3.2.2 Burma's Policies

Burma gained independence in 1948 and diligently pursued democracy, albeit under extremely difficult circumstances. Acutely aware of its colonial past, the new leadership carefully crafted the country's foreign policy and neutrality served as one of their primary guiding principles. This policy is elucidated in an article reviewing Burma's involvement in the Western funded Colombo Plan, a comprehensive assistance programme designed to reduce poverty and underdevelopment in non-communist states. Ademola Adeleke (2003) observes:

> "Prime Minister U Nu unveiled, in May 1948, the so-called 'Leftist Unity Programme,' which laid out the 15 principles that would guide his government's socialist development programme. Three of these, proclaimed as the cornerstone of the country's foreign policy, involved (1) maintaining friendly relations with all countries, (2) avoiding alignments with the power blocs, and (3) rejecting any foreign aid which would be detrimental to the political, economic and strategic freedom of Burma. 'When foreign aid is offered to us,' the Unity Programme declared, 'we must consider very carefully whether it is in the nature of a charitable gift like a contribution to a

> Red Cross, or whether it is just an extension of friendly mutual aid between two countries, or whether it is aid of the kind through which we shall be enslaved'" (p. 596).

Recognizing the potentially destructive consequences of accepting aid, namely dependency, Burma's leaders embraced nonalignment. But even though they were skeptical of both sides, they cautiously opened the country's doors to aid (Montgomery, 1960, p. 7). Although they ardently avowed independence, the leaders were also enthusiastic about prospects of economic growth. In addition to joining the Western funded Colombo Plan, Burma invited aid from a number of other sources including Communist China and the Soviet Union.

In fact, during this period aid played an incredibly significant role in the Burmese economy. Although Burma gained independence in 1948, internal conflict ravaged the country and the economy. The Burmese government waged an expensive civil war and needed assistance to generate growth, yet was still reluctant to compromise its neutrality. Commenting on this assistance John Thomson (1957) maintains that, "By 1950 only foreign economic aid could save the Burmese economy and give the country's leaders a chance to start their programme of industrial development and economic reform" (p. 272). In 1953 Burma welcomed millions of dollars of aid in agriculture, industry, transportation, heath and education (Wolf, 1960). Between 1957 and 1958 assistance amounted to 46 percent of capital expenditures; this figure steadily increased over the next few years rising to 74 percent between 1958 and 1959 and reaching 82 percent between 1959 and 1960 (Montgomery, 1960, p. 31). What these figures say about the relationship between dependency and neutrality is quite provocative: remaining neutral is not the same as remaining self-sufficient.

In the late 1950s and early 1960s, Burma was particularly keen on receiving assistance to improve its infrastructure and requested foreign aid to build highways and university buildings (Montgomery, 1960, p. 34). Burma's leaders actively sought grants and loans to build these buildings and new transportation links. This focus on infrastructure mirrors the dominant development trends of the time. Developing

infrastructure to sustain increasing demands for economic growth was paramount. Burma's top priorities revolved around growth, which in turn was the goal of development. In requesting and accepting these grants and subsidized loans, it can be concluded that during this period Burma closely followed the emerging development assistance trends.

However, just because assistance was a major part of the economy does not mean Burma's receptive attitude during this period was static. On the contrary, as quickly as Burma entered into certain assistance agreements, it exited. The most striking example is when in 1953 Burma demanded that the U.S. terminate its aid programme on grounds that the Americans were funding Chinese Nationalist troops hiding out in the Burmese jungle (Wolf, 1960, p. 150 - 151). Burmese diplomats criticized the U.S. for this alleged support at the UN in 1953. The U.S. capitulated and cancelled its aid program. By rejecting U.S. aid, Burma resolutely asserted its neutrality. Its policy of refusing foreign aid "which would be detrimental to [its] political, economic, and strategic freedom" took precedence over aid for economic growth. By remaining faithful to its position, Burmese leaders gained a certain degree of leverage in negotiating future packages. Advantages materialized a few years later, when Burma invited renewed U.S. assistance.

In other efforts to preserve its independence and neutrality, the Burmese government insisted on repaying for bilateral assistance. The Burmese did not want to accept outright gifts from any one side and so arranged to match assistance funds. In exchange for aid to build hospitals, schools, and sports facilities the Burmese promised rice (Wolf, 1960, p. 270). Again, it can be concluded that Burma fastidiously followed the development trends of the time. In playing the politics of the Cold War, Burma actively engaged in balancing influences coming from the two blocks—at times, seemingly quite successful.

3.2.3 Donors' Policies

A vast number of bilateral, multilateral, and independent donors provided aid to Burma during this period. Donors offered packages varying in size and purpose, but were generally divided along ideological and geopolitical lines as a result of the Cold War. From the capitalist countries aid came chiefly from the U.S., but bilateral assistance from Britain and Japan are also noteworthy; even Israel offered technical assistance (Montgomery, 1960, p. 31). From the communist countries, China and the Soviet Union were most munificent, but Yugoslavia also provided aid in the form of military advice.

The U.S. offered assistance to Burma via the Economic Cooperation Administration (ECA), a body with roots in Truman's point four (Thomson, 1957, p. 272). Despite declared altruistic intentions to help the underdeveloped, the U.S. was primarily motivated by Cold War politics. And nowhere were these politics more riotous than Asia. In fact, the U.S. perceived Asia to be so susceptible to Communist takeover that it provided roughly half of its bilateral assistance to this region (Congressional Budget Office, 1997). The U.S. aggressively invested in the region's 'stability.' John Montgomery (1960), a close observer of U.S. foreign aid, affirms, "The basic objective of U.S. aid to the threatened countries of Southeast Asia was to increase their capacity for independence and their political stability, thus enabling them to resist Communist invasion" (p. 37). Montgomery further describes the foreign assistance environment in Burma during this period as "competitive." In competing with other donors the U.S. had to carefully navigate Burma's dedication to neutrality.

Unlike its aid programmes to other countries in the region, the U.S. did not provide military assistance to Burma. Indeed, Burma prohibited the U.S. from giving such aid. Thus, when the Mutual Security Act transformed the ECA, the Burmese remonstrated. While Thailand, Vietnam, Indonesia, Cambodia, and Laos received millions of dollars in U.S. military support, Burma only received aid for agriculture, industry, transportation, health, and education. These funds were meant to jump start

growth. An academic writing at the time, Charles Wolf (1960), asserts, "the economic objectives of non-military aid, like economic objectives of foreign policy more generally, are those which contribute to increasing the national product or its rate of growth, and which are (at a higher objectives level) validated by this contribution" (p. 270). If Burma achieved economic viability it would be less vulnerable to Communism—so was the rationale of U.S. aid strategists. Other aid programmes had similar objectives.

For example, during this period several Commonwealth countries and other like-minded donors, spearheaded by Australia's foreign minister, coordinated an elaborate assistance plan for South and Southeast Asia. At a gathering in Colombo, Ceylon (today Sri Lanka) in 1950 they initiated the Colombo Plan for Cooperative Development in South and Southeast Asia. The Colombo Plan, as it became known, provided funds to support knowledge exchange amongst students from 'underdeveloped' countries. In other words it was a large-scale scholarship and visiting professor program. As Western donor policies go, the Colombo Plan is a model example of the time period's aid schemes. Ademola Adeleke (2003) explains, "The plan, as designed by the Commonwealth, sought to resolve the correlation between poverty and communism. It was based on the logic that poverty and underdevelopment, and a huge population, made the noncommunist states in the Asia-Pacific region vulnerable to communist subversion; that economic development was the most effective weapon against this menace; and that a significant improvement in living standards in the region would render communism less attractive to the people" (p. 594). Here again, both factors driving assistance during this period are present: Cold War politics and economic growth.

Burma officially joined the Colombo Plan in 1952. After serious deliberation and much persuasion, Burma's leaders concluded that the Plan would not overtly cause them to compromise the county's neutrality; it was a safe option for aid (See Burmese Foreign Minister to United Kingdom Ambassador to Burma, 9 January 1952, FO 371/101244, FZ1105/3, PRO in Adeleke 2003: 603). The Plan paved the way for thousands of Burmese scholars to study abroad. Considering the political

environment of the time, the Colombo Plan was quite ingenious. It created a win-win scenario; donors felt triumphant in compelling Burma to join, moving closer to their foreign policy goals and the Burmese seemed satisfied in accepting the aid. But neutrality still defined Burma's position and other donors were sure to capitalize.

China and the Soviet Union both had foreign aid plans that extended to non-communist countries such as Burma during this period. However, unlike most of the U.S. aid given at the time, much of the assistance from these countries came in the form of concessional loans. The Burmese felt obligated to pay back these loans to preserve its independence. Strategies aiming to influence Burma explain assistance from the Soviet Bloc, as aid was a means of producing amity amongst recipient countries. In 1956 the Soviet Union gave a $30 million loan, to be repaid in rice over twenty years without interest.

Also in 1956, China provided a $4.2 million concessional loan, to be repaid over twelve years at 2.5 percent; the loan was for a textile mill, targeting Burma's production sector (Wolf, 1960, p. 386). Economic cooperation became increasingly important. In 1960, Burma and China signed a border treaty and trade between the two countries expanded. That treaty paved the way for the Agreement on Economic and Technical Assistance Cooperation and China supplied Burma with another loan amounting to $84 million, a marked rise from its previous contribution (Holmes, 1972, p. 243). Whether designed to garner support and balance Western influence or to assuage poverty and generate economic growth, China clearly followed development assistance trends of the time.

Other donor policies are worth mentioning. For example, the Ford Foundation gave grants for agriculture; the privately funded organization was driven by a desire to help the Burmese help themselves. And the Japanese gave grants as part of its war reparations policy. During this period four fifths of Japan's 250 million dollar aid package to Burma came in the form of war reparations. (Montgomery, 1960, p. 31) The war reparations package was to be disbursed over a ten-year period, from 1955 – 1965. These funds established Japan as Burma's largest donor of development

assistance and cemented a donor-recipient relationship that would continue for years to come (Seekins, 1992, p. 247).

3.3 1962 – 1972: Isolation and Rejection

3.3.1 Development and Humanitarian Aid Trends

The trends outlined above did not change much during this period, however a closer look reveals several nuances. Multilateral agencies began to play an increasingly important role. The World Bank expanded its programmes and new multilateral agencies came into being. The Organization for Economic Cooperation and Development (OECD) replaced the Organization for European Economic Cooperation in 1961. The UN declared the first United Nations Development Decade and established the United Nations Development Programme (UNDP) in 1965. Two years earlier the UN initiated the World Food Programme to stimulate economic and social development through food-aid. The World Bank grew to include the International Development Association and the regional development banks, including the Asia Development Bank established in 1966. Throughout the 1960s the leaders of these multilateral institutions set benchmarks for development aid. There were calls for aid to reach 1 percent of gross national product (GNP), although that figure was adjusted to 0.7 percent. (Khin Muang Nyunt, 1990, p. 14-17, 20-21).

Whereas during the 1950s there were relatively few bilateral aid programmes, in the 1960s more such programmes emerged. The U.S. and the Soviet Union no longer enjoyed the same status they had in the previous decade, though they were still the most influential players. These bilateral donors conceived of foreign aid as a "source of capital to trigger economic growth through higher investment based on belief in government capacity to use aid efficiently, removing investment savings and import-export constraints and support to 'balanced growth' strategy" (Akrimov, 2006, p. 39). The state remained the focal point in development. Assistance was directed at large state initiatives thought to be the most effective for change. Support to

productive sectors, including agriculture (the green revolution) and industry, increased.

3.3.2 Burma's Policies

This period begins with one of the most pivotal transformations in Burma's history. In 1962 General Ne Win ousted U Nu's elected government and established a new state order under the military-dominated Burma Socialist Programme Party (BSPP). On the surface foreign policy seemed the same; the self-proclaimed Revolutionary Government of Burma declared:

1. The government reaffirms its unswerving dedication to the ideal of peace, friendly relations, and cooperation between all nations based on international justice and morality.
2. The government reaffirms its whole hearted support for and complete faith in the purpose of the United Nations as embodied in its Charter.
3. The government reaffirms its conviction that the policy of positive neutrality pursued by the Union of Burma ever since her independence is the policy best suited to her in the context of the prevailing world situation. Hence faithful pursuit of this will best serve the larger interests of Burma and the world.
4. Accordingly, the Government of the Union of Burma looks forward to the continuance of its existing cordial relations with all countries on the basis of the above stated policy. (Khin Maung Nyunt, 1990, p. 5).

Neutrality continued to act as the dominant guiding principle in foreign policy, but the conditions of that neutrality dramatically changed. The Revolutionary Government's distorted interpretation of neutrality gave way to isolation, a drastic departure from the previous government's perspective. Disengagement from new foreign aid packages soon followed.

Ne Win's policies inaugurated an era of seclusion. He totally reconfigured Burma's stance on assistance by steadfastly adhering to a philosophy of self-reliance (Khin Maung Nyunt, 1990). Soon after coming to power, Ne Win introduced the 'Burmese Way to Socialism,' which solidified this philosophy. Fourteen years of

sovereignty had yet to assure the general of genuine independence and a fear of foreign domination lingered. No doubt, this fear extended to economic domination and all new assistance programs were meticulously examined. The government went so far as to put a ban on new foreign investment and aid. Donald Seekins, a Japan-Burma analyst, states, “Ne Win's socialist regime not only nationalized foreign firms but also closed down domestic private enterprises as well. State corporations were established that controlled practically every aspect of economic life outside of the flourishing black market, and opportunities for foreign investment were virtually nonexistent” (Seekins, 1992, p. 252). Thus, during this period Burma did not follow development assistance trends. Burma did not abandon the State-led development model, though its leaders outright rejected aid.

It was not as if donors were unwilling to provide assistance, as the following section will demonstrate, just the opposite was true. Burma’s leaders, however, were extremely reluctant to accept such aid; they even refused to join the newly established ADB. This decision is indicative of the government’s commitment to further its own isolation. Rather than reaping the benefits of foreign assistance, Burma’s leaders took a ‘go it alone’ approach. Nevertheless, economic development was prominent and the government increased its investment in industrial ventures from a meager 5 percent to a 40 percent during this period (Butwell, 1972, pp. 908-909). These investments carried on the tradition initiated by their foreign assistance predecessors and mainly went into infrastructure. To this effect, the leaders kept up with the State-led development trends of the time, just without a major influx of aid. It is beyond the scope of this paper to gauge the success of these policies; suffice it to say the economy did not soar.

3.3.3 Donors’ Policies

Most assistance programmes started in the previous period continued to run their course. The Colombo Plan carried on and students received scholarships to study abroad. Japanese reparations continued to flow in. Chinese loans increased. U.S. projects for agriculture development resumed. Some of these donor relationships

are worth highlighting in more detail here, including Burma's relationship to China, Japan, and the ADB.

At the beginning of this period relations between China and Burma were quite good, however those relations began to sour, culminating in anti-Chinese riots on the streets of Rangoon in 1967. Both sides accused each other of deceit, with Burma particularly infuriated over Chinese Cultural Revolution activities allegedly going on inside its borders. Even the $84 million loan China supplied to Burma in 1960 was not living up to expectations. Many of the projects envisioned did not come to fruition; in fact as Robert Holmes (1972) notes, "by June of 1967 only three of the thirteen major projects had been completed: the Bilin Sugar Mill, the Sittang Paper Mill, and the Kunlong extension bridge" (p. 241). He further comments, "Peking accused Rangoon of creating 'hardships' for the Chinese experts which prevented them from completing their assignments. How much of these charges were true and how much fabrication is difficult to say. In any event, on October 6, 1967 the Burmese government requested that China withdraw its technicians and experts, claiming they had refused to work since June 1967. It refused to be responsible for the living expenses of the Chinese experts after October 31, 1967. Thus ended the Chinese aid program" (p. 243) . The Ne Win government perceived China's policies to be too overbearing, threatening Burma's independence and neutral status. And just as the American aid programme was terminated a decade earlier, Burma discontinued China's technical support.

China's antagonism proved to be quite ephemeral, though. A year after the riots, the Chinese reconsidered their stance and tried to repair their damaged relationship with Burma. Poor relations severely limited China's capacity to influence its neighbor. Even though Burma was becoming progressively more isolated from all influencing powers at the time, the Chinese feared distinct marginalization. Hence, China looked for an opportunity to make amends. That opportunity came with a natural disaster. A devastating typhoon hit Burma in 1968 and China offered humanitarian assistance in response. Aid was channeled through Burma's Red Cross to help the victims of the storm (Holmes, 1972, p. 243). This

donation serves as an early example of the use of humanitarian aid as a foreign policy tool in Burma. Relations between the two countries improved, but stayed on thin ice.

Japan's policies during this period did not change very much when compared to the policies outlined in the preceding section. The $250 million in war reparations continued to be disbursed on schedule until 1965. Like China, Japan quickly recognized Ne Win's new government. Ne Win's power grab did not have any significant impact on Japan's policies. In fact, assistance was stepped up. Japan pledged an additional $131.5 million to Burma (Seekins, 1992, p. 249). The new funds were to be disbursed over a seven-year period, until 1972. Perhaps Burma accepted these new funds because they were masked behind a veil of reparations.

As mentioned above, the ADB came into existence during this period. The new regional Bank was created to "foster economic growth and co-operation in the region of Asia and the Far East and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually" (ADB, 1966) . Though Burma did not join until years later, the Bank's purpose and policies are relevant to note here, as they played a significant role in the region's development. The Bank's multilateral lending structure designed to serve its stated purpose of economic growth reflects development trends of the time.

3.4 1973 – 1988: Recognition and Reception

3.4.1 Development and Humanitarian Aid Trends

This period spans nearly the same amount of time as each of the periods discussed above, but trends in development aid progressed in new and diverging directions. During this brief decade and a half, donors experimented with alternative approaches to giving and tried to move beyond antiquated models of assistance. Stale strategies concentrating almost exclusively on infrastructure were failing to bring about desired growth in the 1950s and 1960s. Critics argued against highly politicized aid and called for a change in course. Acknowledging defeat to a certain

degree, donors shifted their focus in the 1970s to meeting the basic needs of the poor (Akrimov, 2006, p. 39). Their logic was based on the idea that augmenting knowledge and skills amongst healthy people would increase individual economic opportunities and help eradicate poverty. They did not reject the infrastructure-economic growth nexus; rather, they diversified their portfolios to include investments in health, education and other social expenditures. Certain donor practices during this time fell in sync with emerging development theories.

Despite their efforts, goals remained elusive and people remained poor. Frustrated by the prevalence of abject poverty, donors again started to rethink their approach to development and foreign aid in the 1980s. Two events in particular triggered new thinking: the balance of payment problems, which resulted from previous loans and the disastrous debt crisis, also a result of previous loans. In his literature review of foreign aid, Kamiljon Akrimov (2006) explains that these two events "shifted the focus of international aid to macroeconomic reforms and market liberalization. Both multilateral and bilateral donors focused on broad-based economic growth, trade, financial systems, and the promotion of market-based principles to restructure macroeconomic policies in developing countries. The greater focus on macroeconomic policy gave the IMF and the World Bank (hence the so-called "Washington Consensus") a preeminence they had not enjoyed before" (p. 14). A serious departure from state-led development followed.

With the departure from state-led growth came a number of new developments. Private businesses and foundations gained prominence and a substantial amount of foreign aid was redirected to these new development organizations. A proliferation of non-governmental organizations (NGOs) ensued and transformed implementation strategies as these new NGOs received funds from large bilateral aid agencies like the U.S. Agency for International Development (USAID) and the UK's Department for International Development (DFID).

A final note about policy at the end of this period underscores some shortcomings of development thinking of the time. The World Bank's policy

prescriptions and loan conditions (Structural Adjustment Loans) in the late 1980s, which insisted that indebted countries reduce domestic expenditures and export more, in some instances inhibited sustainable development. In his book *Mortgaging the Earth*, Bruce Rich (2003) delineates some of the actual outcomes of the Bank's policies maintaining that, "The impact of these policies on the poor in many countries was devastating: real wages dropped and government health and education services were slashed" (p. 8). In order to reduce domestic expenditures, the Bank recommended and sometimes required that developing countries introduce user-fees for social services. However, problems surfaced when the poor were unable to pay these fees and therefore unable to obtain (denied) essential social services.

3.4.2 Burma's Policies

In 1973 Burma radically transformed its policies and for the first time in over a decade invited renewed assistance; that same year Burma joined the ADB (Khin Maung Nyunt, 1990, p. 149). The government decided to abandon the defunct 'Burmese Way to Socialism,' and with this economic overhaul, now actively sought out financial support. In accordance with the times, Burma began instituting reforms. New fiscal and monetary policies allowed the government to seek out aid. At first aid trickled in, but soon that trickle turned into a heavy stream. In 1974 Burma received $65.4 million in assistance from OECD countries and multilateral agencies; by 1979 that aid increased to $581.1 million. Though declining in the early 1980s, assistance levels averaged between $200 and $300 million until 1988. (OECD in Khin Maung Nyunt, 1990)

Nevertheless, the influx of aid to Burma during these first few years did not generate any miracles. Turmoil continued and the situation of the poor failed to improve, illustrating that there are no quick-fix solutions. Donald Seekins (1992) comments that "inflation, shortages of vital goods, social unrest, and an attempted coup by young officers in July 1976 brought the regime close to collapse, and late that year the government asked for as much as US$2 billion in foreign aid for development projects" (p. 256). Disastrous planning left the country in ruins and the

basic needs of most people unmet. After examining loans and aid in the economic development of Burma between 1974 and 1986, Khin Maung Nyunt (1990) concludes that "development aid to Burma did not lead to increased growth of GNP…One reason for this is that development aid to Burma has mostly been confined to the country's infrastructure rather than to direct productive projects" (p. 147). Khin Maung Nyunt compares these results to Thailand, which experienced growth in GNP as a result of aid, and argued that better management of foreign resources and better mobilization of those resources were necessary in Burma.

The government initiated reforms in sectors other than the economy, too. These reforms and other changes made just before 1973 are most relevant, here. Still embittered by the legacy of colonialism, the Revolutionary Government sought to mend the wounds inflicted by the British. Ne Win set out to change the English-imposed administrative system. And by invoking anti-colonial sentiment, he was able to gain some legitimacy to do so. Hence, in March 1972 the BSPP structurally renovated the country's local administration. Local district commissioners were stripped of their once powerful roles and replaced with BSPP security and administrative committees (Butwell, 1972, p. 902). Whether it was really a campaign to bolster nationalism vis-à-vis anti-colonialism or simply a move to further consolidate centralized authority is up for debate; however, the latter is more convincing.

These changes, although not directly related to trends in foreign aid, had an enormous impact on how assistance was used and who used that assistance. In an article discussing Ne Win's first decade in power, Richard Butwell notes "under the new arrangements, ministers and deputy ministers would deal directly with the government agencies responsible for carrying out the programmes they were supposed to oversee" (Butwell, 1972, p. 902). On the one hand this attempt to foster stronger relationships between ministers and operational government agencies is a positive development in the context of foreign aid effectiveness, as ministers could be held accountable to the projects they managed. However, on the other hand, a certain

level of local participation was unavoidably lost. Furthermore, ministers residing in the faraway capital could not sufficiently address deepening local problems.

3.4.3 Donors' Policies

Funds from both bilateral and multilateral donors steadily increased. Bilateral aid agencies provided the largest amount of funds. Aid from OECD countries reached its apex in 1979 at $413.2 million. Of the bilateral donors, Japan, Germany, and Norway were the most generous. Multilateral aid flooded in as well, reaching its apex in 1984 at $125.9 million. Organizations such as the IDA, ADB, and UNDP provided the largest share of these funds. (OECD in Khin Maung Nyunt, 1990).

The following table shows bilateral and multilateral foreign loans and aid to Burma from 1974 to 1986. The table highlights how Burma's new policies allowed for increases in aid. The table also illustrates the differences in bilateral and multilateral funding, with bilateral support far outweighing multilateral support.

Table 4 Bilateral and Multilateral Foreign Loans and Aid to Burma

Millions of U.S. Dollars				Percentage		
Year	Bilateral (OECD Countries)	Multilateral	**Total**	Bilateral	Multilateral	**Total**
1974	60.2	5.2	**65.4**	92	8	**100**
1975	22.2	26.6	**48.8**	45.5	54.5	**100**
1976	42.5	30.1	**73.1**	58.1	41.9	**100**
1977	58.8	47.3	**106.1**	55.4	44.6	**100**
1978	237.7	120.3	**358.1**	66.4	33.6	**100**
1979	413.2	104.8	**518.1**	79.7	20.1	**100**
1980	324.6	78.1	**402.7**	80.6	19.4	**100**
1981	248.0	80.8	**328.0**	75.6	24.4	**100**
1982	310.8	111.2	**421.9**	73.7	26.3	**100**
1983	211.3	86.2	**297.5**	71.0	29.0	**100**
1984	200.0	125.9	**325.8**	61.4	38.6	**100**
1985	254.5	102.3	**356.7**	71.3	28.7	**100**
1986	306.1	107.7	**413.8**	74	26	**100**

Source: OECD in Khin Maung Nyunt, 1990, p. 25

With its foreign policy focused on Asia, Japan consistently topped all donor lists. In fact, “Japan provided more than two-thirds of all bilateral ODA disbursements to Burma, which amounted to US$1.87 billion in grants and loans between 1973 and 1988, according to OECD figures” (Seekins, 1992, p. 250). Japan offered grants and loans for a number of purposes, but focused on agriculture, manufacturing, and infrastructure. The Japanese International Cooperation Agency (JICA) funded projects as diverse as Pig and Poultry farms and as extensive as large-scale dams. They also provided grants for social projects like a biomedical research institute in 1972/73, a 220-bed hospital in Rangoon in 1981/82, a nurses training center in 1983/84, and a youth training center and planetarium in 1984/85 (Khin Maung Nyunt, 1990).

The Soviet Union and China offered negligible support during this period. The Soviets funded a Gypsum project in 1976/77 and continued financing to previously initiated projects. China continued to fund projects, as well, including various textile mills throughout the country.

Several important developments in aid planning occurred during this period. For example, in 1976 the World Bank established a Consultative Group on Aid to Burma, known as the Burma Aid Group. The group convened for the first time in Tokyo on 30 November of that year and representatives from seven governments and four international organizations attended the meeting (World Bank, 2000). The location of that meeting speaks to the importance of Japan’s aid at the time. As mentioned above, Japan was the largest donor of development assistance and therefore any aid planning necessitated input from the Japanese. The Burma Aid Group grew to ten donor nations and invited participation from various multilateral agencies throughout the late 1970s; these actors strived to strategize the best ways to implement effective development in Burma. By the 1980s, however, the Burma Aid Group began to disintegrate because “Ne Win preferred bilateral negotiations with individual donor countries” Seekins 1992: 258). Moreover, efforts to reform and liberalize the economy largely failed.

3.5 Conclusion

Exploring the history of foreign aid in the context of Burma is important for this analysis for several reasons. First, by looking at the trends in assistance it is possible to identify how relationships between various donors and successive Burmese governments have evolved. In each period, Burma only reluctantly accepted aid. This reluctance was in part due to Burma's colonial past and illustrates the importance Burma places on preserving national autonomy. The military's hold on power can also be traced back to a fear of domination (Steinberg, 2004). Second, it became clear that Burma preferred bilateral negotiations to multilateral engagement. Multilateral initiatives like the World Bank's Burma Aid Group only lasted a short period of time, while government-to-government talks endured. Furthermore, the quantity of bilateral aid was always much higher. As the aid effectiveness literature calls for more donor coordination, donors need to keep this dynamic in mind. Also, large amounts of aid are now coming in the form of pooled resources, such as the 3D Fund.

Finally, this overview demonstrated that foreign aid flows are contingent on the degree to which Burma's economy is open/closed. From 1962 – 1972, Burma's economy was pretty much shut off from the outside world and aid barely trickled in. When the economy opened in 1973 aid flowed more freely. This issue relates to the current debate on sanctions and the implications such sanctions have on the relative openness of the economy. Some observes argue that sanctions are effectively keeping the economy closed to crucial markets; for example the textile industry, which used to export over $350 million to the U.S is now struggling (Kyaw, 2004, p. 83). Others note the importance of sanctions, maintaining that the military government should not be able to derive any benefits of foreign trade and investment (Burma Campaign, 2006a). The impact sanctions have on the economy need to be carefully examined because they will affect aid flows for both humanitarian relief projects and development programs.

CHAPTER IV

TYPOLOGY OF DONOR STRATEGIES

4.1 Introduction: Strategies and Policies Driving Aid

This chapter will proceed with an analysis of foreign assistance and development trends, examining aid flows to Burma as of 1988. An extensive review of literature reveals numerous assistance strategies to Burma. It is possible to identify these strategies by exploring the various policies and attitudes of bilateral and multilateral aid agencies, international non-governmental organizations (INGOs) working inside Burma, and other influential actors. When classifying these strategies it is important to note that perspectives are fluid and have changed, sometimes dramatically, over the years. Moreover, some organizations simultaneously employ multiple approaches. Elucidating the major differences between these approaches helps in determining the impact each has on governance.

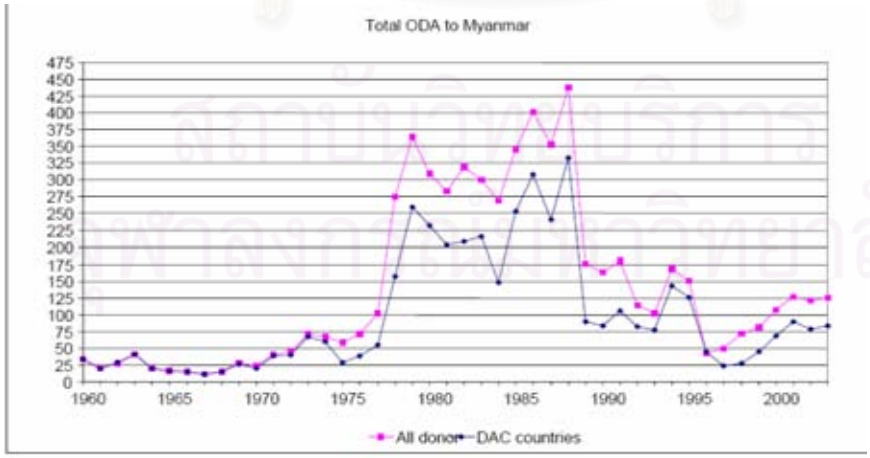
4.2 Historical Context: Democracy Summer, Despotic Winter

In the late 1970s and early 1980s foreign assistance flooded into Burma; but the aid did not seem to help much. Efforts to reform the economy fell short of real progress and people became frustrated. Their frustration culminated in calls for democracy in July and August of 1988 and the 'democracy summer' ensued. University students joined together with activists to demand change. On August 8, 1988 (8.8.88), protesters filled Rangoon, but their hopes and dreams were crushed. The military put an end to the protests and massacred hundreds of innocent people. A junta was formed, the State Law and Order Restoration Council (SLORC), to return stability. The SLORC decided to hold elections in 1990, but never recognized the results—which concluded with the National League for Democracy's (NLD), led by Aung San Suu Kyi, landslide victory.

Donors reacted quickly and resolutely; they rescinded aid and devised new policies strictly limiting cooperation with the Junta. Some INGOs like World Vision remained and others like Population Services International came later, but they only account for a marginal amount of assistance compared with previous bilateral flows. Figure 1 shows the dramatic drop in assistance levels at the time of the coup and the Junta's refusal to hand over power to the democratically elected NLD. Donors easily justified their decisions to halt aid programs, citing the military's harsh crackdown on protests and refusal to make the transition to democracy.

Furthermore, the development trends of the time emphasized the growing prominence of human rights. Commenting on Australia's aid withdrawal, Andrew McGregor (2005) affirms this prominence maintaining, "Legitimizing these reactions was a new international scripting of Burma, one framed within the language and concepts of human rights, and Burma quickly became a focal point for human rights activists around the world" (p. 192). McGregor illustrates how this "discursive emphasis" on human rights, or rights-based development approaches, excluded Burma from aid. Human rights are a part of governance and together they have become increasingly important in aid allocation decisions.

Figure 1: Total ODA to Burma 1960 - 2005



Source: OECD/DAC (2001, 2005).

4.3 Foreign Assistance: Strategies Typology

In the case of Burma foreign assistance is primarily humanitarian, with few exceptions of concessional financing for development projects coming from countries like China and Thailand. With regards to the majority of this funding, there are few, if any, targeted strategies to improve governance per se (UN OCHA official, personal communication, July 27, 2007). The fact that most assistance is injected into health, education, and other social service oriented projects means that certain fundamental development challenges are not being addressed. Institutional reform is not on the top of the agenda of most donors who fund projects in Burma (R. Marsden, personal communication, August 6, 2007). Unlike in other developing countries, underlying sociopolitical configurations are not explicitly being discussed within the donor community (M. Buhler, personal communication, August 8, 2007). There are calls for democracy, but donors wishing to fund projects in Burma must be mindful of the regime.

The following typology was created for the purpose of this paper; in it foreign assistance strategies are categorized according to the principal recipient of aid because this is one of the primary factors distinguishing donor policies. In Burma, unlike many other developing countries that receive aid, the question of whom to provide assistance has eclipsed other concerns. Donors deliberate for long periods of time before deciding to provide funding inside Burma. One reason for such long deliberation relates to the deeply politicized context surrounding assistance to countries with poor governance/human rights records. Surely, controversy abounds in Burma. Those who have decided to move forward with projects have had to adjust their policies to ensure recipients are capable of reaching intended beneficiaries.

A brief caveat is needed before continuing: Categorizing assistance strategies according to the principal recipient is only one way in which strategies can be organized. In fact, strategies can also be categorized according to the type of aid that is offered (humanitarian vs. development; technical vs. debt relief, etc.), or according to type of project (hardware vs. software, large vs. small, etc.). These other types of

classifications may point to different results and the author recognizes inherent limitations in choosing to look at a single approach. Nevertheless, this typology helps reveal certain fundamental distinctions in donor policies.

Accordingly, there are numerous actors and agencies receiving aid. Few donors provide funding directly to the central government; in fact, most have decided to circumvent the regime entirely. Furthermore, the question of principal recipient is the most critical consideration of other stakeholders and is perhaps the most contested issue surrounding aid provision to Burma. Assistance can be provided to:

- The State Peace and Development Council
- Local government and the civil bureaucracy
- International agencies (UN and INGOs)
- Community-based organizations inside Burma
- Nongovernmental organization in exile
- Nobody (no aid)

The author investigated funding actors from the above categories as singular recipients, however the possibility of funding networks of actors within individual categories or across categories was not explored. With trends in aid effectiveness moving towards stronger donor coordination and harmonization, networks may become increasingly essential. Additionally, factors distinguishing strategies are also important and include how, when, and what type of aid is provided. These additional factors underscore issues of conditionality, selectivity, donor coordination, quantity of aid, and tactical timing. Below are examples of different types of assistance divided into groups according to the typology. The examples are by no means exhaustive, but do illuminate the broad spectrum of aid provision. Furthermore, it should be reiterated that some donors fall into several categories.

Table 5 Typology of Foreign Assistance Strategies to Burma

Principal Recipient	Donors	Type of Assistance
SPDC	Japan China Thailand Australia[1]	Debt Relief Development Technical (capacity building) Human Rights Initiative
Local government and Civil bureaucracy	UK/DFID[2] EU[3] Japan	Technical
International Agencies: UN and INGOs	UN U.S. EU Japan	Limited Development Humanitarian Technical
Community Based Organizations Inside	UN Agencies: UNICEF, WHO EU DFID	Limited Development Humanitarian Technical
Nongovernmental organizations in Exile	U.S. (National Endowment for Democracy) INGOs (OSI, TDH)	Technical Humanitarian (refugees)
No aid	World Bank ADB[4] INGOs choosing not to operate inside	

[1] Only lasted for a short period with the planned Human Rights Initiative, see McGregor (2005)
[2] DFID sees potential in supporting local governments
[3] Only with respect to meeting MDGs and improving governance, human rights, etc. See article 5 of the EU common position
[4] The ADB does provide technical assistance through its Greater Mekong Sub-Region (GMS) program

4.4 Assistance to the State Peace and Development Council

Assistance to the SPDC refers to all aid that goes directly to the central government. The fundamental distinction between this and other types of aid relates to the political environment in which it is provided. Donors are not necessarily concerned with how the recipient government came to power, whether by free and fair elections or violent military takeover. In other words, the level of democracy or despotism in the country bears no relevance on aid flows. Thus, it can be said that direct aid to the SPDC is not predicated on any moral or ethical assumptions. It is almost as if this type of assistance is given in a vacuum. Like all foreign aid packages, direct assistance comes in many shapes and sizes; it may come as a grant, subsidized loan, or technical assistance scheme. Very little development aid and practically no humanitarian aid is given directly to the regime, but it is important to point out this assistance nonetheless.

4.4.1 Selectivity: Who provides aid to the SPDC and why?

Direct aid to the SPDC can be examined as a selectivity strategy. Those agencies that provide aid to the central government are making a conscious decision to select the regime as an appropriate recipient of aid. Several studies have shown that governance criteria do not necessarily affect donors' decisions to provide aid, even though in many cases they do. For example, Alberto Alesina and Beatrice Weder (2002) found no evidence that corrupt governments receive less assistance. If one considers the case of Burma, there is little support for this argument, but some nonetheless. This section will look at donors that continue to select Burma and its ruling junta as a recipient of aid. This section will also include an evaluation of donors who have policies that leave open the possibility of assisting the current regime.

It is difficult, if not impossible, to confirm what particular objectives motivate assistance. Still, it is valuable to reflect on likely motivations. Every donor does not give to every country in need and biases can be discerned by analyzing donor

selectivity. Likewise, biases can be discerned by analyzing what types of projects or programs donors choose to fund.

4.4.2 Japan's aid

For any democratic nation, engaging with a pariah state such as Burma is problematic. Clever political maneuvering is necessary to justify aid allocations to domestic constituents and critics from the international community. It is no wonder that the majority of industrialized countries have chosen to reject direct assistance to the SPDC. Of the leading OECD donors, Japan is the exception. For a host of different reasons, Japan remains committed to funding the military regime. According to Takeda Isami (2001), a long time observer of Japan-Burma relations and professor at Dokkyo University, Japan favors a "sunshine policy" towards Burma. This policy is designed around four main principles: (1) dialogue, (2) active engagement, (3) collaboration with the United States, and (4) gradualism.

Between 1991 and 2003 Japan supplied over $800 million in ODA to Burma and an additional $600 million in debt relief (Takeda, 2001). Since 2003, Japan's official policy has been to suspend new projects to Burma, but aid is only 'suspended in principle' and assistance continues to flow directly to the central government (Strefford, 2006a, p. 159). It is true that aid for new infrastructure and other development related projects have been put on hold, but projects undertaken before the suspension continue. Japan's leading development agency, JICA, maintains that assistance is limited, though, and only focuses on (1) democratization, (2) economic structural reform, (3) humanitarian issues, (4) problems of minority ethnic groups and refugees, and (5) drugs (JICA Website, retrieved August 9, 2007 from http://www.jica.go.jp/english/countries/sea/myanmar.html).

Japan has funded many projects under these euphemistic focus areas; projects include a nursing school, the Yangon International Airport expansion, and other controversial development initiatives like the Baluchanung No. 2 Hydropower Plant Rehabilitation. With regards to this last project, Yoriko Kawaguchi, Japan's Minister

of Foreign Affairs since 2002 claims “Our stance is to support efforts towards democratization and nation-building in Myanmar, and from this perspective we will implement cooperation for the Baluchanung No. 2 Hydropower Plant Rehabilitation Project” (Yoriko Kawaguichi in Strefford, 2006b, p. 52). In 2006 Japan also provided $3 million for a forestation project in central Burma. The Japanese government has supplied roughly $12 million for said environmental projects over the last several years. The rationale behind these projects and the potential to reap added benefits from them (including improved governance) will be discussed in the following chapter.

4.4.3 China’s aid

China is perhaps Burma’s closest ally. Though China has not provided large amounts of ODA, since coming to power the Burmese regime has enjoyed continued support from its neighbor. This support has manifested itself both economically and militarily. In terms of economic assistance the Chinese have provided low interest loans for infrastructure development, like highway and railway extensions, and increased trade. China also provides grants and concessional loans in five other distinct areas: agriculture, natural resource exploration, telecommunications, human resource development, and industrial processing (Igboemeka, 2005). In terms of military assistance, China has provided almost $2 billion in arms, ammunition and technical training. The Chinese provided this support after reaching an arms agreement with Burma in November 1989, the same year most other donors decided to disengage from funding activities (Arnott, 2001, p. 71).

4.4.4 Thailand’s aid

Like China, Thailand does not offer very much ODA to Burma; however, several Thai funded foundations have provided aid for certain projects. For example, the Mae Fah Luang Foundation provided $500,000 in assistance for the Yong Kha crop substitution project to combat drug cultivation and Thailand’s Export-Import Bank provided a $100 million loan for road construction and infrastructure

development at a below market interest-rate. Kavi Chongkittavorn (2001), writing for the International Institute for Democracy and Electoral Assistance (IDEA) notes "Before the economic crisis in July 1997, Thailand allocated roughly $1.5 million, the highest amount of aid in a single year, as assistance to Burma" (p. 124). Moreover, a report documenting Thailand's contribution to development cooperation (Millennium Development Goal number 8) illustrates that Thailand supplied Burma with a grant for the construction of the first 18 kilometers of the Mae Sot-Myawaddy-Kawkareik Road, a part of the East-West Economic Corridor. Under the Thaksin administration Thailand increased economic activities in the quest to expand markets and access to natural resources and Thailand ranked fourth in terms of investment to Burma (Ministry of Foreign Affairs-Thailand and UN Country Office-Thailand, 2005, p. 2).

4.4.5 Australia's aid

Placing Australia in this category of donors who provide assistance to the SPDC may seem counterintuitive. In line with most industrialized democracies Australian assistance is limited to the humanitarian realm, but unlike some of these other donors Australia has experimented with several creative strategies over the past few years. Take for example the Australian funded Human Rights Initiative. This initiative provided an opportunity for mid-level officials from the Burmese government to attend workshops on Human Rights at Monash University (McGregor, 2005, p. 202). Nine such workshops were conducted between 2000 and 2002, though political pressure on the domestic front put an end to the initiative when Aung San Suu Kyi was recaptured. Nevertheless, the initiative served as a means for Australia to engage the regime in dialogue, a policy it began pursuing in 1998.

4.5 Assistance to local government officials and the civil bureaucracy

Determined advocates concerned with human rights violations and other critical problems facing Burma have drawn a considerable amount of attention to the central government. They seek to expose weaknesses of the regime, as the majority of Burma's problems could be traced back to the SPDC and their antediluvian

policies. Advocates have succeeded in transmitting their message to donors, most of whom have established guidelines prohibiting them from directly funding the central government. Acknowledging the looming humanitarian crisis, donors still want to fund projects, though. One strategy designed to evade the central authority is to work with local government officials and the civil bureaucracy. This type of assistance is generally limited to technical/cooperative aid and involves very little direct funding.

4.5.1 The EU's Policy

The EU's Common Position on Burma explicitly denounces the regime and establishes strict rules for aid. Article 5 clearly states:

> "Non-humanitarian aid or development programs shall be suspended. Exceptions shall be made for project and programs in support of:
>
> - Human rights, democracy, *good governance* [author's emphasis], conflict prevention and building the capacity of civil society,
> - Health and education, poverty alleviation and in particular the provision of basic needs and livelihoods for the poorest and most vulnerable populations,
> - Environmental protection, and in particular programs addressing the problem of nonsustainable, excessive logging resulting in deforestation. (European Union, 2006)

But the EU's Common Position goes on to state "The programs and projects should be implemented through UN agencies, non-governmental organizations, and *through decentralized co-operation with local civilian administrations* [author's emphasis]. In this context, the European Union will continue to engage with the government of Burma over its responsibility to make greater efforts to attain the UN Millennium Development Goals" (European Council, 2006). The EU's common position illustrates how a group of donors can concurrently support an array of recipients.

What is most pertinent to this section is the fact that the EU allows for circumstances in which aid could be provided to local authorities. The desire to meet the MDGs and alleviate the humanitarian crisis serves as the pretext for support to these authorities. EU policy becomes murky and the line dividing development aid and humanitarian aid is blurred. Patrick Strefford (2006b), a lecturer at the College of international Relations, Ritsumeikan University in Japan, asserts "Needless to say, this engagement with the government concerning the MDGs means much more than just humanitarian assistance; it means development assistance targeting poverty" (pp. 50-51).

4.5.2 UN Agencies

Some UN agencies also engage with local government officials. UNICEF is a good example. UNICEF works in Burma with the stated objective of helping children realize their fundamental rights. Because of this non-controversial objective, UNICEF enjoys some degree of flexibility in implementing programs and working with a "full range of partners" (UNICEF website. Retrieved August 15, 2007 from http://www.unicef.org/myanmar/in_news.html). These partners include staff in national technical departments—health professionals, nutritionists, educators, water and sanitation experts and social workers—all apart of the civil bureaucracy.

UNICEF serves as a unique conduit for aid, benefiting from the support of a diverse group of donors: the governments of Japan, the United States, Canada, the Netherlands, Norway, the United Kingdom, Sweden, Australia and Germany as well as the European Commission. In the first few months of 2007 the agency received pledges of increased funds for programs in Burma from Japan ($2.65 million) and the Federal Republic of Germany ($1 million). These additional funds will go specifically towards sustaining health and education projects in collaboration with the civil bureaucracy and decentralized leadership (UNICEF website retrieved August 15, 2007 from http://www.unicef.org/myanmar/in_news.html).

4.6 Assistance to international agencies (UN and INGOs)

For some donors restricting assistance to local authorities and the civil bureaucracy is not enough. They maintain that any funds that go to government officials simply further entrench the SPDC's authority. For these donors there are still a number of options available. One such option is to fund international agencies such as the UN and INGOs. In fact according to the Burma UN Service Office (2003), 68 percent of all official development assistance goes to UN agencies. By providing assistance to this group of recipients, donors are able to avoid some of the problems associated with directly funding the SPDC. Various United Nations agencies (UNDP, WHO, UNICEF, UNFPA, UNDCP) provide $37 million per annum in humanitarian and grassroots assistance (Strefford, 2006b, p. 45). Aside from these UN agencies there are 48 INGOs that have Memorandum of Understandings (MOUs) with the regime (Ngwe Thein, personal communication, August 7, 2007). These INGOs work on issues such as education, health, microfinance, the environment, and the economy. They receive their funding from varied sources, including bilateral aid agencies like DFID and Sida, multilateral agencies in the UN family and private donations.

4.6.1 The UNDP's Human Development Initiative

Unlike UNICEF, the UNDP is not permitted to work with the government in any capacity. The UNDP's mandate, which guides operations in Burma is abundantly clear about whom the UNDP is allowed to deal with and whom the UNDP is not allowed to deal with. The UNDP's 2007 Terms of Reference (TOR) for the fourth extension of its Human Development Initiative (HDI) stipulates that "Government institutions, processes and resources (both facilities and human resources) at the central as well as at the local level are almost completely bypassed, except for initial approval of projects/project documents, and sharing of periodic status reports and budget statements, and visa and field travel clearances" (United Nations Development Program, 2007). Since the UNDP is prohibited from working with central and local

government officials, aid must be delivered by the UNDP itself or to NGOs. Assistance must be provided directly to local communities and administered by UNDP staff. In 1994 the UNDP initiated the Human Development Initiative (HDI) to address some of the escalating problems confronting Burma. The HDI was uniquely designed to satisfy the demands of conscientious donors. It became an alternative to bilateral funding.

4.6.2 The 3 Diseases Fund

The newly initiated 3 Diseases Fund to fight HIV/AIDS, Malaria and Tuberculosis (3D Fund) channels large amounts of aid into UN agencies and INGOs committed to working with local communities. UN agencies and INGOs submit proposals and apply for aid and then the fund's board, comprised of representatives from donors and international health experts, decides who receives funding. The fund also leaves open the possibility of channeling funds to decentralized government authorities, but these local authorities have yet to prove their capacity to utilize funds in a transparent and acceptable way (M. Lainejoki, personal communication, August 9, 2007). The fund is managed by UNOPS.

4.6.3 INGOs: Médecins Sans Frontières, Population Services International, Save the Children, World Vision

The relatively few INGOs that have decided to work inside Burma help satisfy a void in social service delivery. For example, Population Services International (PSI), an international, non-profit, non-political organization with 330 staff and 8 field offices in Burma, "empower[s] low income people of Burma/Myanmar to lead healthier lives…through social marketing: engaging the resources, techniques and energies of the private sector to achieve pubic health objectives" (Stallworthy, 2005). World Vision, a religiously affiliated organization, is another example. World Vision has provided humanitarian assistance to Burma since 1958; World Vision supports projects promoting child rights, HIV/AIDS awareness, and microfinance. Médecins Sans Frontières (MSF), another instrumental service provider has conducted 460,131

medical consultations, helping people with HIV/AIDS, malaria, and TB (Médecins Sans Frontières, 2006). Even though most of these INGOs work with local partners, assistance channeled directly to them denotes a distinct donor strategy, similar to funding the UN.

4.6.4 The International Committee of the Red Cross and the International Labor Organization

It is important to single out the ICRC and the ILO from other international agencies. The ICRC and the ILO are some of the only organizations that work on very sensitive political issues inside of Burma, most notably the situation of political prisoners and forced labor practices. The fundamental distinction between these and other agencies relates to the difference between human rights related work and humanitarian related work. These organizations have faced tremendous setbacks. For example recent directives from the SPDC have completely impeded the ICRC's efforts, even though prior to 2007 they enjoyed access to political opposition leaders in prison. Many donors choose to fund the ICRC because of this access; for example DFID provided the ICRC $1 million in 2006 (International Development Committee, UK, 2007). The regime is also responsible for blocking ILO efforts to establish an independent complaints process for forced labor (an agreement was later reached in 2007). Reduced access could result in reduced funding and possibly withdrawal by both ICRC and the ILO.

4.7 Assistance to community-based organizations inside Burma

By investing in community-based organizations and local NGOs inside Burma, donors can bypass the SPDC (as long as they could avoid state-sponsored NGOs, otherwise known as GONGOs) and they can also help build local capacity. Brian Heidel's (2006) survey estimated that there are 214,000 CBOs in Burma; roughly half of the organizations identified were religious, but also included other groups like Parent Teacher Associations, community outreach groups, and small-scale health networks.

4.7.1 Funding CBOs

Recognizing the importance of CBOs donors are increasing their support. For example, DFID will provide roughly $800,000 in 2007-2008 to CBOs working with internally displaced people (IDPs). DFID hopes that these funds improve service delivery mechanisms and ensure that intended beneficiaries receive aid. DFID also maintains that aid channeled to local grassroots organizations goes beyond humanitarian relief. In its 10th report to the UK parliament, the International Development Committee declared that, "Providing funding to community-based organizations (CBOs), who often manage their own clinics, schools and projects, is a way for donors to assist IDPs without channeling funds through the military regime. Such groups can go beyond emergency assistance to carry out crucial sustainable development work at grassroots level". Moving beyond humanitarian assistance allows donors to look towards long-term solutions.

Some of UNICEF's programs are implemented directly through local organizations. UNICEF actually receives funding specifically for its work with CBOs inside Burma. For example in 2006 the German Government gave $ 870,000 to support UNICEF 's collaboration with local organizations. Dirk Augustin, Deputy Head of Mission at the German Embassy in Yangon emphasized that "The German Government's donation to UNICEF will help improve local NGOs' capacity to develop non-formal education initiatives to increase young peoples' access to alternative learning opportunities. This in turn will increase their skills to make informed decisions and to protect themselves against threats such as HIV/AIDS" (UNICEF website. Retrieved August 15, 2007 from http://www.unicef.org /myanmar/in_news.html).

Likewise, the UNDP works with CBOs. Although many of its projects are implemented directly by the UNDP itself, its mandate allows for work with local organizations. The UNDP maintains that such work is essential if social service delivery is to be expanded because CBOs are able to reach remote populations. This ability, however, hinges on local capacity. The UNDP's HDI TOR states, "An

important aspect of the [UNDP] country office strategy during the proposed three-year extension period will be a focus on “searching” for innovative initiatives and solutions by the communities for village and community level self-governance mechanisms that respond to the needs of the poor, and for planning and prioritizing village development needs” (UNDP, 2007). CBOs are invited and in fact urged to help find solutions.

4.7.2 Scholarships to promising youth

Scholarship programs for promising youth, like the Colombo Plan of years past, form another type of aid that donors provide today. It is difficult to categorize this type of aid, but it probably belongs with assistance to community-based organizations inside Burma because it is another kind of grassroots assistance (even though scholarships are usually provided to individuals). Scholarship programs address deep-seated development challenges and illustrate another way in which donors can achieve their objectives. These programs seek to augment human capital and strengthen the capacity of promising leaders from various professional and technical fields.

Both large and small donors alike are capable of providing scholarships. The U.S. government and the Heinrich Boll Foundation, a small independent donor, are two examples of donors supporting change through scholarship programs. The Heinrich Boll Foundation aims to meet the following goals:

- Engage civil society intellectually through a post-graduate scholarship program**,** thus helping to build a pool of new generation Myanmar scholars and researchers;
- Promote Myanmar art and culture in the region and beyond and contribute to exposing Myanmar artists to contemporary art movements internationally;
- Stimulate pro-engagement policy dialogue and popular debate**,** to promote a discourse on Myanmar/Burma that is both supportive of societal and institutional engagement and reflective of the realities of the country and the

people who live there (Heinrich Boll Foundation website. Retrieved August 16, 2007 from http://www.boell-thailand.org/en/web/index_112.html).

These scholarship programs provide an excellent opportunity for students to gain better training in areas where the Burmese educational system is currently failing.

4.8 Assistance to nongovernmental organizations in exile

Contrary to the assistance provided to CBOs inside Burma, aid to NGOs in exile is probably the most controversial type of assistance that donors could provide. Security concerns and legal restrictions complicate matters, making it difficult to provide funds to these organizations. Nevertheless, some donors prefer this type of aid and are persistent in finding ways to increase support. Many donors believe that NGOs in exile have the capacity to reach severely marginalized people, as they are some of the only groups working on cross-border humanitarian missions. For example, the Back Pack Health Worker Teams, Mae Tao Clinic and the Burma Medical Association all provide such cross border healthcare services. Moreover, these NGOs produce vital information about pressing issues such as child soldiers, rape, and forced labor for international advocates.

4.8.1 Who provides aid to NGOs in exile and why?

The United States assistance program to Burma aims to promote democracy and aid Burmese refugees (USAID, 2006). USAID funds health and education activities inside refugee camps with the hopes of generating lasting and transferable change. For example, with a sub-grant USAID supported the Karen Women Organization to conduct literacy classes for adults. Also through sub-grants USAID helped fund the Mae Tao Clinic, a healthcare center along the Thai-Burma border.

4.8.2 The National Endowment for Democracy

The National Endowment for Democracy (NED) is one of the principal recipients of USAID funding and provides sub-grants to Burmese pro-democracy

groups in exile. From 2003-2005 NED funded approximately 30 such groups (NED website. Retrieved August 14, 2007 from http://www.ned.org/grants/05programs/grants-asia05.html#Burma). NED focuses on two core areas: media/information and institution building. With these focuses NED seeks to strengthen institutions and build capacity of the leaders who will be essential for democratic transition. Appendix C contains a list of NED's grants to Burma.

4.8.3 The UK's Recommendations

Acknowledging the achievements of NGOs in exile the UK parliament's International Development Committee recommends that donors work with political exile groups along the borders of Thailand, India, and China. The Committee identifies several groups worthy of receiving funds; these groups include the Shan Women's Action Network (SWAN), the Women's League of Burma and the National Council of the Union of Burma. Some of these NGOs experience difficulties in applying for grants. (International Development Committee, UK 2007).

4.8.4 The Open Society Institute (OSI)

The Open Society Institute's Burma Project, which was established in 1994 for the purpose of increasing international awareness of conditions in Burma and helping the country make the transition from a closed to an open society, funds many grassroots organizations in exile. They focus on ensuring these NGOs are capable of providing essential educational opportunities to democracy activists. (OSI website. Retrieved August 12, 2007 from http://www.soros.org/initiatives/bpsai).

4.9 Assistance to no one: A strategy in itself?

4.9.1 International Financial Institutions

Both the World Bank and the ADB stopped lending programs and grants to Burma in the mid-1980s (ADB, 2000). Neither institution has any plans to resume

aid, though each keeps a close eye on economic and political activities in the country. The World Bank cites Burma's longstanding unpaid debt and the government's failure to enact economic reforms as its reasons for halting assistance and the ADB notes similar disappointments. The ADB does, however, include Burma in its Program of Economic Cooperation in the Greater Mekong Sub-region (GMS Program) and involves relevant actors from Burma's government in regional meetings and workshops supported by ADB's technical assistance. But, strictly speaking no new technical assistance is directed towards Burma. In instances where assistance is needed to move forward with regional integration and cooperation, Thailand has provided grants and loans for infrastructure. Aid coming from Thailand, and other sources like China, Singapore, Japan, and Korea, perhaps undermines the spirit of the no aid strategy.

4.9.2 Absent INGOs

Examining which INGOs have chosen not to work inside Burma illustrates another example of the no aid strategy. Compared with other developing countries there are relatively few INGOs working inside Burma. Guy Stallworthy of PSI underscores this contrast, "The 41 INGOs [2005 figures] in Burma/Myanmar have a total budget of around $30 million. By comparison, Nepal, with half the population, has about 275 INGOs with a budget of $175 million. Cambodia, with a population of just 15 million, has about 115 INGOs with a budget of $110 million. These are countries with similar levels of per capita income and socio-economic indicators. Yet on a per capita basis their level of INGO activity is 8 -10 times greater than that of Burma/Myanmar" (Stallworthy, 2006). The dearth of INGOs could be explained in part by selectivity. INGOs, like bilateral and multilateral aid agencies, choose to work where they believe their work will be effective. In choosing not to work in Burma, these organizations are making a strong statement: there are too few opportunities to have a positive impact.

4.9.3 The Global Fund Withdrawal

The withdrawal of the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria (the Global Fund) is a final example of the no aid position. Although donors initially decided to provide around $100 million to fight the three diseases in Burma, with the UNDP coordinating efforts, the Global Fund eventually withdrew from Burma because the government inhibited effective program implementation (Global Fund, 2005). Critics of the withdrawal argue that pressure from anti-aid lobbyists provoked the departure. The ICG demonstrates how pressure from the U.S. congress, particularly Senator Mitch McConnell's amendment to the 2006-2007 Foreign Appropriations Bill, persuaded the UNDP to back out as the principal recipient of the Global Fund's money. Critics also blame activists in exile for advocating stronger 'safeguards' on Global Fund programs in Burma (International Crisis Group, 2006).

Whatever provoked the Fund's departure, the decision not to provide aid speaks very loudly and sends potent messages to the wider donor community and to the Burmese regime itself. The message to other donors warns: it is very difficult to execute effective aid programs inside Burma due to limitations on geographic humanitarian space and strict guidelines. The message to the Burmese regime, although more implicit, is: if you want to receive this type of assistance in the future, you must reduce constraints.

CHAPTER V
DISCUSSION AND ANALYSIS

5.1 Introduction

This chapter will evaluate the strategies outlined in Chapter IV and expand on how aid can facilitate and/or impede change. But, before it is possible to analyze the potential for improving governance institutions with the help of foreign assistance it is necessary to look at how governance is measured. Therefore, this chapter will first review some of the leading governance indicators and how those indicators shape assistance strategies to Burma. Then it will point out Burma's performance so as to provide a better idea of why aid allocations to the country are so low. This will be followed by an examination of humanitarian space and the extent to which such space impacts donors' ability to operate effectively. Finally, this chapter will return to the six strategies identified in the previous chapter and analyze which of these strategies are most likely to improve governance in Burma and why.

5.2 Governance Indicators

Governance indicators are comprised of information collected over a specified period of time and used to point out the state or condition of governance within a particular country. Governments, development agencies, NGOs, academic institutions, private investors, and journalists use these indicators to gain knowledge about the conditions for investment, foreign aid, and other related applications. Working together, the EC and the UNDP produced a users' guide on governance indicators in 2004. The guide provides an in-depth look at a wide variety of indicators "usually narrowed down to measure more specific areas of governance such as electoral systems, corruption, human rights, public service delivery, civil society, and gender equality" (p. 3). These sources reveal that governance is multifaceted, consisting of political, economic, and administrative features.

The EC/UNDP guide features 33 sources of governance information. This analysis will predominantly draw on the World Bank Institute's *Governance Matters* report, which is the leading source on aggregate governance indicators. The report relies on information from many of the 33 sources identified in the EC/UNDP guide and provides comprehensive data measuring six dimensions of governance; these dimensions are:

(1) *Voice and Accountability* which measures the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

(2) *Political Stability and Absence of Violence* which measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.

(3) *Government Effectiveness* which measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies

(4) *Regulatory Quality* which measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

(5) *Rule of Law* which measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.

(6) *Control of Corruption* which measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. (World Bank, 2007)

5.2.3 Burma's Performance

Burma's performance is abysmal. From 1996-2006, Burma consistently ranked below the fifth percentile in each of the World's Banks dimensions, except

political stability, in which Burma averaged around the thirteenth percentile—still appallingly low. Appendix B contains the Governance Matters 2007 charts summarizing these scores. Burma's low rankings both ensure assistance will continue to be withheld from most major bilateral and multilateral aid agencies *and* simultaneously illustrates the need for more assistance that addresses the very issues that contribute to such low rankings. Donors are faced with a serious conundrum.

Even though this thesis will mainly draw on the World Bank's aggregate indicators it is important to note some of the individual sources that have lead to the World Bank's scoring; for instance Transparency International's 2006 Corruption Perception Index (CPI) ranks Burma last in the Asia-Pacific region and second to last in the world, a position it shares with Iraq and Guinea. The Heritage Foundation's Economic Freedom Survey (2006) concludes Burma's economy is only 40.1 percent free, which makes it one of the least free economies in the world and Asia's second to last. Freedom House's Freedom in the World Survey (2006) assigned Burma its least favorable rating in both political rights and civil liberties, emphasizing that the country is on a downward slope. Reporters Sans Frontier (2006) places Burma 164th out of 168 countries because the military government continues to imprison journalists and censor all publications.

Does Burma's performance mean that aid should be withheld? Or does it mean that aid should be channeled to improve its institutions? The answers to these questions will have a huge impact on assistance strategies. Invariably, every strategy affects governance; however, in some instances this effect is a result of targeted action, while in other instances this effect is more circuitous. In other words governance reform may or may not be outlined in the preliminary stages of assistance planning and defined as an objective of aid. Nevertheless, there are positive side effects or added benefits such as improved governance that result from some aid projects. The extent to which these added benefits permeate institutional structures is up for debate and will be explored in this chapter. The question becomes: What strategies are most likely to harness the positive side effects of foreign assistance?

5.3 Humanitarian Space

Most discussions concerning foreign assistance and governance reform would probably exclude a section on humanitarian space, but in the case of Burma this section is key. Humanitarian space is defined as the "operational environment for humanitarian agencies in a given area/country" (ICG, 2006, p. 5) and is a critical element in this study because it affects the degree to which international agencies and donors can assert influence. Humanitarian space in this regard dictates the level of interaction between Burma (both the government and civilians) and the international community. Burma is extremely isolated and humanitarian interventions could connect the Burmese people with the outside world.

Such interventions could have a negative affect, though, too. For example, alleviating the humanitarian crisis may help legitimize the government. The SPDC can assume responsibility for allowing international agencies to help (Strefford, 2006b, p. 47). Moreover, the SPDC could reject claims of human rights abuses by citing the mere existence of aid organizations; the rationale being that humanitarian organizations would not operate without witnessing and reporting rights violations. The SPDC has in fact already exploited this insidious excuse, "using the international aid agencies working in Shan State as a shield to hide their sexual crimes against ethnic Shan women" (ALTSEAN-Burma 2002).

5.3.1 The 2006 Guidelines for UN Agencies and International NGOs

Paradoxically, the regime has also curtailed humanitarian interventions. The regime's 2006 guidelines for UN agencies and international organizations working inside Burma is the best example. If the guidelines were implemented humanitarian space would undoubtedly become constrained. The guidelines state that international organizations must "coordinate their work with local and state coordinating committees that include representatives of the Union Solidarity Development Association and similar groups" (GAO, 2007, p. 19). This regulation is particularly distressing for UN humanitarian workers because it conflicts with the UN's policy of

remaining apolitical. Another example of how the guidelines adversely affect the working environment for international organizations has to do with the Burmese government's insistence that international organizations "select their Burmese national staff from government-prepared lists of individuals" (GAO, 2007, p. 19). This directive is unacceptable to many international organizations. A final alarming point regarding the guidelines is the fact that the Burmese language version and the English language version of the guidelines do not correspond with one another. These guidelines show the SPDC does not have strong will to allow international agencies to provide essential services.

But one cannot ignore the status of these guidelines. Most UN agencies and international organizations perceive these guidelines as a draft, and as a draft, most international agencies and NGOs have rejected them (UN OCHA official, personal communication, July 27, 2007). The regime will surely not revoke the guidelines as that would involve capitulating and acknowledging err; but, there is little evidence that the guidelines will be implemented.

5.3.2 Formal and informal spaces

Keeping the above caveats in mind, it is possible to look at different types of humanitarian space in the context of Burma. There is the formal type of humanitarian space, in which UN agencies and INGOs operate under specific guidelines and have to apply for MOUs directly from the particular ministry under whom they wish to work. This formal space is quite restrictive as guidelines are unreasonable and MOUs are sometimes illogically revoked. But, there is also a less formal type of humanitarian space, in which many local NGOs and CBOs work. This less formal space is difficult to talk about because the high degree of sensitivity surrounding unofficial business. Suffice it to say a lot of work is being done that is below the central government's radar. This does not mean that authorities are completely circumvented, but rather goes to show that there are areas in which certain organizations work under implicit arrangements with decentralized leadership.

5.3.3 Expansion

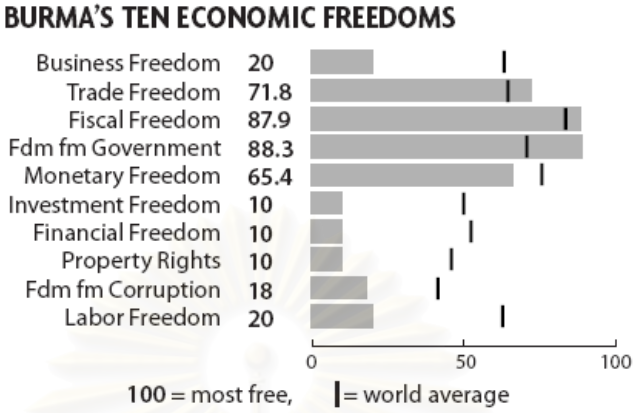
In both formal and informal spheres international agencies and local NGOs have been able to make considerable advances. The International Crisis Group refers to three examples of how expansion has taken place: scaling up (more money and more activities—UNDP Human Development initiative, World Food Program, MSF-Holland), geographical expansion (INGOs in remote areas of Chin, Shan, and Kaya states), and new activities (work on HIV/AIDS and UNICEF's education program). Ngwe Thein, director of the Capacity Building Initiative, affirms this expansion; CBI regularly updates its internal NGO directory and sees that the number NGOs, staff and projects are increasing. CBI also confirms the geographic expansion, showing more organizations are gaining access to previously restricted areas.

5.4 Direct aid to the SPDC

Despite extremely low rankings on almost every governance report card, some donors engage with the regime; some hope to inspire change with aid while others are merely concerned with establishing a persuasive sphere of influence and reaping financial benefits. This type of assistance raises an interesting question: can non-altruistic aid stimulate governance reform? This section will focus on economic freedom, as it is one of main pillars of good governance according to the World Bank and other leading development institutions. The United State's Millennium Challenge Account uses 'Economic Freedom' as one of the three categories by which the U.S. must assess governments before allocating funds.

The figure below shows Burma's performance in the Heritage Foundation's economic freedom rankings. Both the World Bank and the MCA use these rankings. These rankings show that there are some areas in which economic freedom is quite high in Burma, while in other areas economic freedom is quite low. How are donors working to ensure higher scores?

Figure 2 Burma's Ten Economic Freedoms



Source: Heritage Foundation 2007

As noted in the previous chapter, Japan is one of the countries that still funds government projects and engages in policy dialogue. Recently, Japan's international development agency, JICA, conducted analytical work on the Burmese government's economic policy. The Japanese believe that economic growth will contribute to democratic reform (Takeda, 2003). Upon reviewing Burma's economic policies, JICA made specific recommendations to the central government. Unfortunately, those recommendations were categorically rejected (Igboemeka, 2005, p. 14).

The SPDC's commitment to poor governance is astounding and indicates that direct assistance to the regime, even at a policy dialogue-level may be fruitless. The fact that the regime is unwilling to change is underscored by a statement made by former foreign minister Win Aung in 1998 at an ASEAN conference in Hanoi, Veitnam. He states "We welcome any assistance from anywhere that is offered with goodwill and sincerity. And we will consider it when it comes. But for us, giving a banana to the monkey and then asking it to dance is not the way. We are not monkeys" (Irrawaddy, 1998). Is good governance a dance for the aid banana? This aversion to change makes it difficult to understand why some donors continue to fund projects based on conditionality.

China's approach is different. China does not feign a desire to improve governance, but its assistance does fuel change—not necessarily all positive. In a discussion paper for the United Nations University World Institute for Development Economic Research, Stephen Browne argues that it is possible to promote positive reform. He states, "In the northern parts of…Burma…it is—almost ironically—China which is encouraging a furtive encroachment of capitalism via the development of free enterprise enclaves. These small bridgeheads could become significant forces for change, and could precede a wider opening of these societies" (Browne, 2007, p. 22). Aside from China, Thailand and other ASEAN countries trade heavily with the regime. This approach has probably contributed to Burma's relatively good score in the Heritage Foundation's Trade Freedom tally—Burma received a 71.8 percent score, just above the world's average.

The development of free enterprise enclaves may prove to be successful in positively changing trade policy, but the positive effects of China's approach must be weighed against the negative. For example, China's involvement in deforestation activities (a major feature of its trade with Burma) is proving to be devastating to Burma's environment. So, trade may be getting freer, but sound policies protecting the country's natural resources are not in place. Maybe this is supposed to be offset by Japan's $3 million forestation project—unlikely!

Burma is already isolated from much of the global community and the deteriorating situation could result in further isolation as donors may choose not to provide additional assistance or choose to pull out of current programs altogether, like the Global Fund and MSF-France already have. But catalysts for change are desperately needed and the international community must take some responsibility for not trying or showing the will to endure despite difficult conditions. Even though the central government is stubbornly unaccommodating, does not mean that change is impossible. Direct budgetary support is out of the question, but maybe there is room for constructive pressure—this is difficult to gauge because so few agencies actually do. Japan's failures should not permanently dissuade others.

5.5 Aid to local authorities and the civil bureaucracy

Local authorities can be empowered to deal with the urgent humanitarian crisis with capacity building programs and technical assistance—not funds, yet, because there is no decentralized banking system. Since the spotlight is on the central government, donors can experiment with new solutions directed at local leadership and the civil bureaucracy. But, how can engagement with local authorities and the civil bureaucracy lead to change and governance reforms?

5.5.1 Working with government officials

The World Health Organization and other international agencies including UNICEF and JICA draw recruits from the civil bureaucracy (Mae Ohn Nyunt We, personal communication, August 8, 2007). These government officials take on short-term contracts with various international agencies while sometimes simultaneously remaining in their government positions. When these officials return to their respective ministry, they are better equipped to deal with the realities facing the country because they are exposed to ideas from the international community. After their experiences working with international staff, they are also better positioned to make well-informed changes at the policy level and their capacity to do so is also increased. If the officials do not return to their respective ministry, and instead take on fulltime positions with an international agency or INGO then they usually retain good relations with the government and are more likely to be successful at advocating for change (Mae Ohn Nyunt We, personal communication, August 8, 2007). JICA hired a government official to be a deputy director and Save the Children's current director, Mae Ohn Nyunt We, is also from the government sector. The latter has sustained relations with her former colleagues and believes such relations will bear fruit in the future.

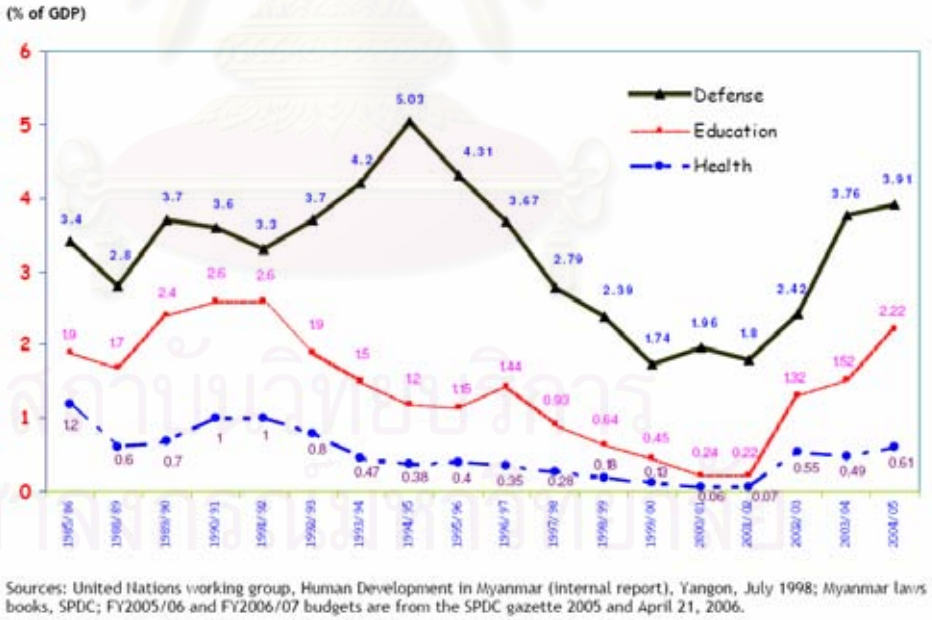
5.5.2 Government Effectiveness: Examples in Health and Education

Government Effectiveness is the third dimension by which the World Bank measures governance. Even though Burma ranks low, foreign assistance and engagement with the Ministry of Health and Education at the central and local government levels have proven effective, laying the groundwork for long-term solutions. Guy Stallworthy of PSI stresses, "productive engagement on sectoral policy is possible" (Stallworthy, 2005).

Figure 3 below shows Burma's expenditures on health and education relative to defense. The graph illustrates how little of the government's budget is devoted to health and education compared with defense.

Figure 3

Relative Expenditures on Defense, Health and Education, Burma 1985-05



Source: Sien Htay 2007: 36

5.5.3 Health: HIV/AIDS Policy Transformation

Some UN agencies and INGOs coordinate with local government officials and the civil bureaucracy to ensure sound policies that will improve government effectiveness in health. And even though there are significant hurdles, donors have helped civilian bureaucrats make some huge steps forward. The government's changing attitude towards HIV/AIDS is one example. As a result of regular constructive engagement with the Ministry of Health, the government has acknowledged the severity of the HIV/AIDS crisis (M. Buhler, personal communication, August 8, 2007). Their acknowledgement reveals stronger will to improve. Policy changes have yielded outcomes, too. In 2002 only 800 people voluntarily had HIV tests whereas in 2005 roughly 160,000 people took such tests (R. Marsden, personal communication, August 6, 2007). Also, new policies on harm reduction amongst IV drug users have been introduced leading to a proliferation in needle exchange programs. In 2002 there were only 100,000 needles exchanged, while in 2005 there were 1.1 million. And favorable policies on condoms have lead to creative safe sex campaigns and increased condom usage amongst the whole population.

Furthermore, the quality of policy formulation has improved. This is reflected in the Ministry of Health's new National Strategic Plan on HIV/AIDS. The plan delineates roles for each of the partners and calls on international donors to provide "funding, oversight, and assistance with implementation of programs" (Ministry of Health-Myanmar 2006: 23). The plan was "developed using participatory processes with direct involvement of all sectors involved in the national response to the HIV epidemic…a National Consensus Workshop [was held] in May 2006, with participation of more than 100 key partners" (Ministry of Health-Myanmar, 2006, p. 11). Those partners included several government ministries, UN agencies, local and international NGOs, people living with HIV, and vulnerable populations such as sex workers, IV drug users, and men who have sex with men. The fact that the Ministry of Health invited so many partners to join the strategic planning meeting should not be understated.

5.5.3.1 Alignment

In accordance with the Paris Declaration on Aid Effectiveness many donors have decided to align their strategies with Burma's national plans. For example, all of the 3D Fund's activities are consistent with the existing national health program (M. Lainejoki, personal communication, August 9, 2007). The Fund's managers regularly meet with members of the Ministry of Health to ensure clear communication about programs and activities. Such communication contributes to another goal defined by the Paris Declaration, that is to strengthen a partner country's sustainable capacity to develop, implement and account for its policies. The 3D Fund's relationship with the government could potentially lead to a more sustainable healthcare system.

5.5.4 Education

The quality of education has been steadily declining since 1962 when General Ne Win took power and the BSPP adopted its new policies. There has been a sharp decline in since 1988 (Nay Win Maung, personal communication, August 9, 2007). Burma has witnessed intellectual disintegration. But, conscious of the feeble state of education in the country, certain actors within the government are beginning to recognize the need for change. Transforming government schools is challenging, though, as budget expenditures for education are incredibly low at just 7 percent of GDP (Sien Htay, 2007, p. 35). How can reformers move forward without vital resources? This question is central to any discussion surrounding government effectiveness. Improving the quality of public services requires more than just money. INGOs and UN agencies need to find entry points for collaboration with the government; this collaboration is critical for donors wishing to enhance the quality of public services.

Save the Children found one such entry point: the Early Childhood Care and Development (ECCD) program. The ECCD program works directly with communities and the government in two states and three divisions in Burma. Programs are designed to ensure smooth transition from preschool to primary school.

Transition is usually very difficult because of the vast differences in teaching methodology between the two levels. At the preschool level children are encouraged to participate and be creative whereas at the primary school level children are forced to be docile and obedient. INGOs can work with the Ministry of Education to create other programs like the ECCD program.

5.5.5 Obstacles

There are still obstacles to providing assistance to local authorities and the civil bureaucracy. For example, even though the 3D Fund leaves a window open to work with the civil bureaucracy, the fact that there is no decentralized banking system makes it nearly impossible to provide funds to local authorities (M. Buhler, personal communication, August 8, 2007). The 3D Fund will probably rely on direct cash transfers at program site, like its predecessor, the Global Fund (M. Lainejoki, personal communication, August 9, 2007). For the time being, engagement remains to be limited to technical assistance and spearheaded by INGOs. Critics opposed to engagement with these actors liken such engagement to working directly with the SPDC (Burma Watch International 2002). But, the main generals are not solely responsible for all of the country's woes and making the distinction between the central government and the local leadership is important when thinking of new responses and reasonable remedies. Many of Burma's ills stem from local leadership and impunity amongst the decentralized authorities remains to be an enormous challenge that must be confronted (UN OCHA official, personal communication, July 27, 2007).

5.6 Aid to International Agencies

Aid to international agencies can help improve governance in a number of ways. Indeed, many of the policy changes mentioned above resulted from advocacy initiated by INGO and UN actors. Their will to improve the situation is potent. These international agencies and organizations can also work with local NGOs and CBOs; they need funds to continue projects and help build capacity amongst local authorities.

PSI's Guy Stallworthy insists "most INGOs have demonstrated modern management styles and techniques in a country where people have had little exposure to outside companies and organizations. This is real capacity building: the experience of participating in a social organization that is entrepreneurial and results-oriented, in which performance and talents determine promotion and authority, for example" (Stallworthy, 2005). With this type of capacity building, INGOs are building a foundation for better governance institutions.

5.6.1 Voice and Accountability and Control of Corruption: UNICEF's media training program

As mentioned in the previous chapter, UNICEF's status as an international agency working towards unanimously accepted objectives places it in a unique position to implement otherwise controversial programs. With its media training program UNICEF is able to lay the foundation for change. UNICEF trains professional journalists on child rights reporting, incorporating international standards and media ethics. In a country where freedom of the press is almost non-existent and instruction for journalists is very hard to come by, these trainings are a positive step forward.

The trainings do more than just expose young journalists to child-related issues; they are a means by which UNICEF can impact the World Bank's first two governance dimensions: Voice and Accountability and Control of Corruption. Beyond selecting government officials in free and fair elections, the first governance dimension includes freedom of expression, freedom of association and a free media. UNICEF's trainings enhance journalists' capacity to build a stronger media culture with more skilled journalists capable of circulating well-sourced news. Of course, the current environment is hostile but if political change comes than these journalists will be in a good starting position. It may be a tenuous connection, but UNICEF trained journalists can also help control corruption by revealing human rights violations and other reprehensible transgressions. As of now they face imprisonment for doing so, but with proper training they may be able to subtly incite change.

5.6.2 Enhancing service delivery: Population Services International Case Study

Another exemplary organization that shows how aid can help build better governance institutions is Population Services International. PSI's long-term vision of better healthcare policies has produced real results. When PSI came to Myanmar, the government strictly restricted reproductive health education and condom distribution. But, INGOs, like PSI, have found ways to push through contentious reproductive health programs. Due in part to PSI's campaigns, the government now recognizes the importance of condom promotion. Even Myanmar TV and Radio (both government controlled) air commercials about condoms. PSI also helps ensure better service delivery; the INGO has set up the Sun Quality Health network, which is comprised of over 500 independent General Practitioners who operate small clinics in low-income neighborhoods. These General Practitioners are essential in the fight against HIV/AIDS, malaria, and tuberculosis. It took a long time, over a decade, but changes came. PSI receives funding from a number of sources including the European Commission. Unfortunately, PSI may have to reduce the number of its programs if funding runs dry. (Stallworthy, 2005)

5.6.3 Uncertain sustainability

For aid that goes to international agencies and INGOs, the issues of aid dependency and sustainability are paramount. A lot of aid that goes through these agencies is given on an ad hoc basis—assistance to most recipients comes this way—to build a school here, to generate awareness of condoms amongst sex workers there, etc. Making an impact on governance is more difficult under these circumstances. Moreover, if the UN and other agencies are the only actors tackling Burma's problems then a dangerous deficit in local capacity could emerge. It is necessary to ensure that aid is directed at building and enhancing local systems. The chair of a think tank and head of a business publication in Burma, Dr. Nay Win Maung, contends "Donors cannot be responsible for changes in Burma, but they can offer help. Ultimately the fate of the nation is in the hands of the government and the

citizens. It is important that Burma does not become dependent on foreign aid; likewise it is important that the people of Burma do not expect too much from the international community" (Nay Win Maung, personal communication, August 9, 2007).

5.6.4 Reducing dependency: The Iaungku Program

INGOs are aware of the issues of dependency and sustainability and are working together to address them. One example is the Iaungku Program, which seeks to build the capacity of local NGOs and CBOs by supporting micro-projects and organizational development (Mae Ohn Nyunt We, personal communication, August 8, 2007). There are 30 projects each year that address questions such as: How will INGOs hand over big projects to local organizations? How can communities be involved in needs assessment without sacrificing the knowledge of experts? How do humanitarian agencies ensure that people get access to services?

For all of the questions above, donors need a development focus. INGOs can only hand over big projects to local organizations when those organizations have the capacity to handle big projects. They require staff capable of performing administrative and managerial tasks and for this they must improve certain skills in areas such as accounting, computers, and leadership. Communities can only participate in needs assessments when they are aware of all of their needs; for example, they must understand the role of vaccinations if they are to assess their health needs. Humanitarian agencies can only ensure that people get access to services when there is proper infrastructure—roads that lead to functioning, well-staffed clinics.

INGOs and international agencies walk a fine line. They rely on fair-weather relationships with the government to maintain their delicate programs. It is important that they remain apolitical in most situations; otherwise, they risk termination. The ICRC's relationship with the government illustrates this fragility. When relations were good, they were able to do a lot of work without explicit government approval.

But when they started making moves into highly restricted areas, relations soured (Former Myanmar Red Cross staff, personal communication, August 5, 2007).

5.7 Aid to CBOs inside

Perhaps the most desirable groups to support are community-based organizations and local NGOs inside Burma. One reason donors aspire to fund these organizations is because they are most closely aligned with the intended beneficiaries of assistance and usually have quite good working relationships with decentralized authorities. Additionally, there are several other underlying assumptions behind providing aid to CBOs and local NGOs inside that relate to governance.

Even critics who denounce the link between foreign aid and governance reform recognize that aid to community based organizations and local NGOs could improve institutions. Stephen Knack (2000), one such critic, is adamant "Donors can also devote greater efforts to strengthen civil society and its links to government. Recent emphases on citizen participation and on 'social capital' within the World Bank and other donor agencies are consistent with this approach. Aid in the form of microenterprise loans may improve government accountability in the medium or long term by building up the private sector, thereby increasing the demand locally for good governance. Aid targeted directly to the start-up of small businesses is also less fungible, and more difficult for governments to expropriate. Making aid to governments conditional on streamlining procedures for starting up and operating new businesses could reinforce such policies" (p. 327). Although these organizations face many operational challenges in Burma, they are essential for reform.

Some donors are trying to help these organizations help themselves. The three examples below demonstrate that positive changes are possible when local CBOs and NGOs receive funds.

5.7.1 Example 1: Donor Coordination and the Capacity Building Initiative (CBI)

Donors are funding the Capacity Building Initiative, a local NGO that assists CBOs inside Burma by providing organizational development workshops. CBI's workshops address issues such as finance and administration and focus on improving management and leadership skills. CBI also assists local organizations in finding their strengths and weaknesses. Upon identifying these strengths and weaknesses CBI designs individually tailored trainings to meet the respective needs of each organization. CBI works exclusively with local organizations and does not collaborate in any way with local authorities—apart from gaining necessary work permission.

In addition to offering workshops and leadership trainings, CBI serves a coordinating function and facilitates meetings between local organizations and international agencies. These meetings provide a space for non-government stakeholders to exchange information. Upon exchanging information these organizations and agencies are better positioned to deal with the government; they can form a unified voice, so to speak. It has proven much easier to work with the government when there are higher levels of coordination between non-government actors. (Ngwe Thein, personal communication, August 7, 2007).

5.7.2 Example 2: UNDP's Human Development Initiative

The UNDP's Human Development Initiative (HDI) works with CBOs to ensure "marginalized segments of the population [have] access to basic services" (UNDP, 2007). HDI project documents suggest that working with CBOs is one way in which the UNDP can lay the foundation for better governance within the country. The current phase of the HDI works on six instrumental projects; these are the Integrated Community Development Project (ICDP), the Community Development in Remote Townships Project (CDRT), the HIV/AIDS Prevention and Care Project, the Microfinance for the Poor Project, the Integrated Household Living Conditions

Assessment Project, and the Agricultural Sector Review Project. These projects all contain elements of community participation and seek to build capacity amongst local populations and organizations.

The last project, the Agricultural Sector Review will identify appropriate, sustainable, pro-poor investment options for the government and foreign donors. Once completed, the review itself will be a tool to promote better governance and provide a starting point from which to build capacity. (UNDP HDI website, retrieved August 19, 2007 from http://www.usaid.gov/policy/budget/cbj2006/ane/mm.html)

5.7.3 Example 3: Regulatory Quality and the Myanmar Fishery Federation

The following example does not represent a way in which donors have already supported governance reforms with aid, but illustrates the potential for them to do so. By taking a diplomatic approach to the change process it is possible to build a constructive policy environment and engage with some government officials through civilian actors. Donors could learn from this example and fund similar groups or at least help build the capacity of individuals in these types of groups.

In 2002 private fishermen realized that to remain successful they needed to find ways to improve capital inputs. They concluded that policy change was required to achieve such goals and so created the Myanmar Fishery Federation. Due to government regulations, the Minister of Livestock and Fisheries was appointed as the Federation's chairman. But, even though the chairman is an appointed official the rest of the members are civilians, chosen based on their credentials. The vice chairman, for example, is an activist committed to change. And gradual changes have already begun to occur. After intense lobbying from members of the group, the Minister of Livestock and Fisheries agreed to hold a joint policy discussion every week. In these meetings members of the federation raise whatever issues they want. This discussion has developed into a full-blown policy forum. In effect, these actors were able to impact regulatory quality, which measures the ability of the government to formulate

and implement sound policies and regulations that permit and promote private sector development. (Nay Win Maung, personal communication, August 9, 2007).

5.8 Aid to NGOs in exile

There are many types of organizations operating in exile that are worthy of assistance. These groups are working on a variety of issues such as democracy, human rights, healthcare, media, the environment, women's rights, gender, education, and religious freedom. The UK parliament's International Development Committee report maintains, "support to these groups has the dual benefit of promoting a transition to democracy and the establishment of a civil society within Burma" (International Development Committee, UK Parliament 2007). These organizations fulfill many purposes and comprise a dynamic civil society in exile. But, how can funding these groups lead to better governance?

Anecdotal evidence suggests that NGOs in exile can have a direct impact on the World Bank's first two dimensions of governance. The first is *voice and accountability*. Although it is difficult to measure how such organizations can contribute to improving this dimension of governance, unambiguous data implies they can. For example, Donor-funded media outlets in Thailand have trained countless journalists who then diligently work to provide impartial news and analysis about Burma (See the National Endowment for Democracy's media-funded organizations in Appendix C for a closer look at investments being made in media).

Along with other pro-democracy activist organizations in exile, these journalists produce important publications that shed light on some of the egregious human rights violations committed by the regime. The Burma Campaign UK (2006b) affirms, "much of what we know about the situation in Burma – the humanitarian crisis in eastern Burma, use of forced labor, use of rape as a weapon of war, torture in Burma's jails – comes not from the United Nations, aid agencies or diplomats, but instead from these so-called exile organizations that struggle for funding every day"

(p. 13). Furthermore, they play an essential capacity building role, providing training for a new generation of leaders.

It is true that most of the materials produced by these journalists and other organizations are barred from the country, but there are signs of hope. There is increasingly better and cheaper access to internet facilities in Rangoon and throughout the country. Moreover people can read news from banned sites by using proxies and innovative software. For example, the software program *Freedom* allows users to surf the net without fear of being traced. It is designed specifically for internet users in places like Burma where the government censors web browsing. The program also allows users to stay anonymous. With programs like these, information from Burma-related publications are finding their way inside the country. More funds should go towards developing this type of software.

NGOs in exile can also impact the World Bank's second dimension of governance, *political stability and absence of violence*. In some instances these organizations have successfully advocated for conflict resolution and an end to deplorable military practices. For example, the Human Rights Education Institute of Burma's (HREIB) continued advocacy on child soldiers has provoked such positive outcomes. Recently HREIB solicited commitment from several non-state armed groups to establish policies prohibiting the use and recruitment of child soldiers. HREIB will monitor these commitments. Likewise, HREIB's 2006 report, *Despite Promises: Child Soldiers in Burma's SPDC Armed Forces* was cited by the U.S. ambassador to the UN in his call to place Burma on the Security Council's agenda. The report condemns the SPDC for failing to stop the recruitment and use of child soldiers, even after they formed a committee to prevent such practices. Concern propelled UN Under Secretary-General and Representative of UN Secretary-General for Children and Armed Conflict, Radhika Coomaraswamy, to go to Burma to discuss the issue with high ranking military and government officials. In her last visit to Rangoon, which concluded on 29 June 2006, she met with Secretary 1 of the SPDC. As a result the military government agreed to establish a monitoring mechanism to

examine the situation of child soldiers. UN observers are cautiously optimistic about these recent developments (UNDP official, personal communication, July 9, 2007).

5.8.1 Obstructing aid?

Some critics argue that aid to these groups could also have a negative affect on governance and foreign assistance flows. They maintain that organizations in exile are in part responsible for politicizing aid, sometimes leading to a freeze on support (ICG, 2006). NGOs in exile do play a very strong role in shaping donor policies. Activists are right to be skeptical of donors and they should be commended for imploring donors to ensure aid does not end up in the pockets of the wrong people, but their skepticism should not lead to blocking assistance for projects that do not fund the government.

5.9 No Aid

The 'no aid' strategy must be assessed according to its ability to stimulate a desire for assistance. If there is no desire for selection (i.e. no desire for increased aid or making trade-offs for increased aid), than this strategy is futile. The regime is not imploring the international community for more aid because there are enough of countries willing to engage. In 2006 alone, gas sales to Thailand reached $1.08 billion, 43 percent of all exports (Arakan Oil Watch, 2007). Robert Taylor (2004) affirms, "the regime has the capacity to generate the resources it requires to support itself without outside help, and has indeed strengthened this capacity as a response to sanctions. Rather than perceiving sanctions as a hindrance to its plans, the military has been able to modernize and expand significantly since 1988" (p. 35). Furthermore, the no aid position allows other actors who provide aid to become more influential inside Burma, potentially undermining future governance reform programs.

In typical lending settings both the World Bank and the ADB disburse money directly into governments' budgets and then those governments disburse funds according to their own systems. The banks believe that this mechanism strengthens

government systems. The banks' refusal to provide loans in this way to Burma is justifiable, especially considering the theory on foreign assistance and governance reform outlined in the first and second chapters. But, why is there no technical assistance? There is no Poverty Reduction Strategy for Burma, such a strategy would surely be helpful and include ways to improve governance. By refusing technical assistance, IFIs are placing the possibility for change in jeopardy. The no aid position does not seem to work. As of yet, there is very little evidence that the regime is willing to make trade-offs, so this strategy is probably the most ineffective in bringing about governance reforms.

CHAPTER VI

CONCLUSION

6.1 Introduction

This qualitative study was carried out between June and September 2007. The author conducted interviews with key development actors in Rangoon, Burma and in Chiang Mai and Bangkok, Thailand. Such actors included representatives from bilateral aid agencies like DFID; managers of pooled donor resources like the newly initiated 3D Fund; UN agencies such as UNAIDS, UNDP, and UN OCHA; INGOs like Save the Children; local NGOs like the Capacity Building Initiative, and other independent observes. The literature review explored the debate on foreign assistance, humanitarian space, and governance reform. The conceptual framework was based on the links between aid effectiveness and governance; this framework, along with the literature review and interviews allowed the author to examine his main research question: what foreign assistance strategies are most likely to improve governance in Burma and why. This chapter will come back to each of the objectives outlined in Chapter I and synthesize the author's findings and analysis. It will start with an observation, reminding readers that change is possible. Then it will offer a summative evaluation reviewing historical trends and developments, assistance strategies, and the debate surrounding humanitarian and development aid. It will conclude with an appeal, requesting donors and stakeholders to move forward and constructively engage.

6.2 Change is possible

The hypothesis posited in the first chapter states, "carefully considered, attentively applied, closely monitored aid can be effective in eventually bringing about governance reforms in Burma." Key findings in this report point to mixed results. It can be concluded that some types of assistance support this hypothesis, albeit on a relatively small-scale, and some types of assistance that refute this

hypothesis, where the link to governance reform is simply absent. Perhaps this author was too ambitious in trying to analyze the potential for one desperately needed element of development—foreign assistance—to be the catalyst for another desperately needed element of development—governance reform. Maybe it is too early to reconcile the two in the case of Burma. The links between governance reform and foreign aid are tenuous, even in theory, but certain strategies seem to be able to promote and even provoke change. Indeed, there is abundant evidence that change is possible; additionally, there is evidence that shows change is happening. It is absolutely imperative to start from this point.

If one denies the very possibility for change, then foreign assistance strategies are not even worth considering. DFID's 2004 Burma Strategy Paper asserts, "Patient advocacy by NGOs and the UN on specific issues such as voluntary HIV/AIDS testing has been successful at changing SPDC policy. Change is achievable in the medium to long term if the case for change is presented in a way that both demonstrates the benefits for the people and does not challenge the SPDC. The international community should continue to push for concrete change to policies and practices of the SPDC that affect the poor" (UK Department for International Development, 2004, p. 8). The potential for policy change is directly related to the potential for governance reform. Governance reforms are possible with continued "patient advocacy," too. These changes are also possible in the "medium to long term." which means that they are possible under the current regime. Certainly, reforms can be initiated under any political system.

6.3 Summative evaluation

Returning to the objectives outlined in Chapter I allows for a summative evaluation. The first objective of this thesis was to analyze trends in development and humanitarian assistance with an emphasis on how those trends are followed in Burma. Ruminating these trends and developments reveals the importance of security and economic growth.

6.3.1 Trends and Developments

During the first period of review, 1945 – 1962, Burma faithfully followed the trends and developments of foreign aid. The government embarked on a plan of state-led infrastructure development for economic growth. With regards to foreign aid, Burma was weary of accepting assistance that would lead to dependence. Neutrality served as the government's guiding principle in relations with the two power blocs. However, U Nu's government effectively played the politics of the Cold War and accepted aid from both sides. Its commitment to neutrality was tested several times but the government was steadfast: Burma renounced U.S. aid in response to the American support for Chinese Nationalist troops and also made sure not to accept outright "gifts" from the Soviets.

During the second period, which started with Ne Win's coup, the Revolutionary Government's preoccupation with radical neutrality and self-sufficiency induced extreme isolation. Invoking the 'Burmese Way to Socialism' the government refused foreign investment and most new aid, though some exceptions like Japan's additional war reparations managed to slip through. Burma severely deviated from the popular paths.

When the Burmese opened up the economy to foreign investment and aid in 1973, Western countries capitalized. This period witnessed the declining influence of China and the Soviet Union due to the ascendancy of bilateral aid from OECD countries, particularly Japan. Also, multilateral agencies provided a tremendous amount of assistance during this period and formed groups to explore solutions to economic problems—like the World Bank's Burma Aid Group. During the final period discussed aid trends moved from a focus on basic needs to macroeconomic liberalization. Despite initial efforts to reform, the Burmese government's attempts to liberalize the economy produced little formative economic growth.

In these first three periods aid was not dictated by whether or not dictators ruled. But now the growing prominence of human rights and governance inform

trends in foreign assistance. Over the last fifty years donors have learned some lessons and adjusted their strategies to reflect new thinking about development. For Burma, these new trends may have come at a troubling time. Donors put a halt to most aid programs in response to the crackdown on the 8.8.88 protests and the new junta's subsequent failure to establish democracy. This cessation of funding illustrates some donors' commitment to democratic values.

6.3.2 Strategies

The second objective defined in the beginning of this thesis was to determine the conditions necessary for implementing assistance strategies for governance reforms in Burma. Thus, the fourth and fifth chapters looked at different assistance strategies according to the principal recipient of aid. Although there are opportunities for donors to work with coalitions of diverse actors, categorizing assistance strategies this way has been helpful in determining the ways in which donors have tried to influence the change-process.

Direct assistance to the SPDC is associated with pro-engagement strategies and anti-sanctions policy. Furthermore, direct assistance is usually associated with Burma's strategic geopolitical position, which has always been important when it comes to donor decisions to provide aid. Chapter V illustrates that the Burmese regime has effectively undermined donors' efforts, first by limiting the space within which such providers are able to operate and second by audaciously rejecting recommendations for reform.

It became clear that working with the civil bureaucracy is not the same as working directly with the military government. It is true that it is impossible to completely avoid the military, but it is not impossible to provide support to local authorities and the civil bureaucracy in an effective way. The examples in health and education show that increased assistance can contribute to governance reforms in government effectiveness and aid effectiveness with regards to alignment. This conclusion casts doubts on the author's hypothesis that current levels of assistance are

a disincentive for change. The fact that the regime has yet to exhibit any inkling of desperation for aid demonstrates that incentives or disincentives are not the key factor driving change (negative or positive).

Aside from funding the two aforementioned government or government-linked recipients donors support INGOs and international agencies. These organizations work in a number of different capacities, addressing issues such as health, human rights, and education. Many bilateral aid agencies fund these organizations because of their proven capacity to work independently and effectively. In a 2007 report, the UK parliament commends DFID for funding INGOs like Save the Children for improving access to basic education. The report further recommends increased funding for these INGOs because of their unique ability to reach internally displaced people. Despite restricted humanitarian space, INGOs are capable of providing desperately needed social services.

Moreover, INGOs serve a stabilizing function. The mere existence of these organizations is positive, as they provide options for the people and a link to the outside world. They have helped lay the foundation for improvements in two of the World Bank's governance dimensions:Voice and Accountability and Control of Corruption. If they leave, it means that Burma is out of their reach—and this is out of the question. It is true that many of them must balance their politics with their objectives, but careful and steady engagement is necessary. Without foreign aid to these organizations, certain projects would never be implemented, so they cannot give up. They need to show commitment and courage to continue.

Moving on, we looked at community-based organizations and local NGOs. These organizations represent a growing civil society in Burma and further assistance can help them flourish. The World Bank's 1998 seminal report assessing aid effectiveness encourages donors to support these organizations in cases where the government fails to provide supportive policies and effective services. There is no doubt that civil society in Burma is stifled, but donors find it increasingly important to

find ways to help local organizations thrive. Examples show that they can help improve donor coordination, regulatory quality, and community participation.

Next, this thesis examined NGOs in exile. There is a great deal of misconception about these organizations. Critics accuse them of curtailing aid while proponents believe they are the only worthy recipients. Indeed, such organizations have influenced policies to reduce assistance, but they have also played an essential capacity building role. Moreover, they have helped improve service delivery along the border and have successfully advocated for conflict resolution, thus impacting the World Bank's second governance dimension: Political Stability and Absence of Violence. Ironically, these organizations are ultimately concerned with overthrowing the government.

Finally, we explored the potential for assistance to no one to spur change. Chapter V maintained "as of yet, there is very little evidence that the regime is willing to make trade-offs, so this strategy is probably the most ineffective in bringing about governance reforms." Unfortunately, there is not enough information to confidently conclude this strategy is entirely ineffective.

Table 6 below recapitulates donor strategies illustrating which recipients receive funding, the rationale for providing funding to said recipients and examples of the results, both positive and negative, of providing such assistance.

Table 6 Recipient, Rationale, Results

Recipient	Rationale	Results (+)	Results (-)
SPDC	• Geopolitics • Pro-engagement	Increased trade with neighbors	• Economic reforms rejected • Human rights imitative thwarted
Local government and Civil bureaucracy	• Reach MDGs • Help improve services	Improvements in health policy formulation	• No decentralized banking • Impunity amongst local authoritsries
International Agencies: UN and INGOs	• Not the SPDC • Knowledge • Experience • Help improve services	• Enhanced service delivery • Voice and accountability (UNICEF)	• Difficult to provide funding • Uncertain sustainability
Community Based Organizations Inside	• Aligned with intended beneficiaries (help provide social services) • Good relationship with decentralized authorities	• Donor Coordination (CBI) • Community Participation (UNDP HDI) • Regulatory quality • Civil society	Difficult to fund because civil society is stifled
Nongovernmental organizations in Exile	• Access to marginalized populations • Well informed advocates and democracy activists	• Voice & Accountability • Political Stability & Lack of Violence\ • Service delivery along the borders	• Curtailing assistance to recipients inside • Inciting polarization
No aid	• Gov't is unresponsive • Unpaid debt • Few opportunities to make an impact (policy environment is not conducive	Exhibits commitment to tying aid to good democratic governance	SPDC unwilling to make trade-offs

Note: Table is a brief summary of the author's research findings

6.3.3 Perspectives: Humanitarian aid vs. Development aid

The third objective of this thesis was to evaluate development actors' and organizations' perspectives on development assistance to Burma, with particular consideration of governance reform. The strategies outlined in Chapter IV allude to donor perspectives. Evaluating the situation in Burma requires stepping back and realizing that a host of different problems afflict the country; these include economic mismanagement, political instability, conflict, and an overall lack of transparency and accountability within central and local government structures. Problems have converged, amplifying complexities and confounding those seeking solutions. Without realizing this crucial fact, it is very difficult to move forward with a lucid analysis. In fact, most analyses are confused and have produced impractical responses to Burma's many problems. The impending humanitarian crisis and the responses to counter it are examples of how a narrow examination of Burma's troubles fails to engender sufficient solutions.

The little development work that is being funded by the international community is usually masked behind humanitarian rhetoric. Donors use this language because of the complicated political situation. The fact that development minded programs have a humanitarian twist is not necessarily bad, but donors need to move beyond charity. Charity cannot suffice for long-term sustainable programming nor is it the best way to elicit governance reforms (Mae Ohn Nyunt We, personal communication,, August 8, 2007). The donor community is "caught in the discussion of a humanitarian response" (M. Buhler, personal communication, August 8, 2007). Many activists in exile and constituents from donor countries oppose development aid to Burma. But, this is problematic because the situation necessitates a development approach. The actual feasibility of encouraging governance reforms hinges on more development assistance. Without a development focus, INGOs can only go so far in making improvements.

Another reason assistance is limited to humanitarian activities is the fact that there is limited space for agencies to work. Nevertheless, examples from Chapters IV

and V show that there is expansion. There is no clear answer to why humanitarian space is expanding. It is a very difficult to gauge because there are contradicting signs that indicate contraction at the same time. There are areas in which some international agencies and local NGOs have been dealt tremendous setbacks. It is true that the ICRC, the ILO, the Global Fund and MSF-France have all encountered considerable restrictions, leading in some instances to project termination. It is important not to get completely bogged down by the setbacks though. If taken at face value one would conclude that development programs are bound to fail. Such a conclusion is unconstructive and potentially pernicious. Other agencies working on issues like child rights and trafficking have actually made significant advances and have not been blocked as much as the agencies mentioned above.

Expansion indicates that reforms are possible. In fact, the expansion itself is a sign of reform. Notwithstanding certain exceptions like the situation in Shan State and the guidelines for international agencies, an increase in humanitarian space is one way in which donors can inspire change. UN agencies and INGOs have the chance to lead by example, paving the way for new and better practices. A good legacy could positively shape local administrative structures. Of course the opposite is also true and donors need to be cautious.

6.4 Moving Forward

The underlying assumption about good governance, namely that democracy is a precondition for change, is not being challenged. Capacity building initiatives must begin now for genuine development to occur. Some programs have started, but they are few and far between. Moreover, these programs are limited to a select group of actors, who may not be capable of instituting lasting transformation. Take the UNDP for example; in most countries the agency's primary role is to hold high-level policy dialogue with governments, usually to address governance reform. Its mandate in Burma prohibits such dialogue with the regime, practically turning the agency into a huge grassroots NGO. The absence of policy dialogue could be devastating and

potentially jeopardize the feasibility of implementing assistance strategies for governance reforms in Burma, at least at the macro level.

Constructive engagement with all stakeholders is needed, not necessarily funding. This includes the central government, local authorities and the civil bureaucracy, international agencies, community-based organizations inside, and nongovernmental organizations in exile. Lack of engagement only stunts the potential for change. Burma needs a mini-Marshall Plan. The international community must start addressing Burma's *development* problems now. But, just because responses must come quick does not mean that changes will be equally sudden. One of the first things to understand is that it will take time for change.

It is difficult to authoritatively conclude how long it will be before changes gain momentum or to say why they are happening so slowly. However, some relevant points emphasized in this thesis should be considered. First of all, donors are not coordinated—the typology of strategies clearly shows that some donors completely contradict one another. Certain donors are not concerned with good governance while others are completely preoccupied by it. Second, the SPDC and the civil bureaucracy send mixed signals to the donor community. For example, the SPDC continues to restrict international agencies from accessing remote areas, while the Ministry of Health continues to solicit the same agencies to assist them reach marginalized populations (usually marginalized populations live in remote areas!).

There is no doubt that this discussion about foreign aid and governance should take place. But, it must take place beyond the confines of academia. Donors need to start listening more carefully to the people working inside the country while simultaneously taking into consideration the concerns voiced by the opposition groups in exile. Sometimes donors may get confused, hearing contradicting evidence, but they must sift through this evidence and focus on their overarching objective: helping the people of Burma.

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APPENDICES

APPENDIX A

PROFILE OF INTERNATIONAL AGENCIES, INGOS AND LOCAL NGOS CITED IN THIS THESIS

Capacity Building Initiative

The Capacity Building Initiative (CBI) strives to help local NGOs and CBOs inside Burma by providing organizational development workshops. These workshops address issues such as finance and administration and focus on improving management and leadership skills. CBI also assists local organizations in finding their strengths and weaknesses and then designs individually tailored trainings to meet unique needs. CBI only works with non-government organizations and does not collaborate in any way with local authorities—apart from gaining necessary work permission. Furthermore, CBI serves a coordinating function and facilitates meetings between local organizations and international agencies. These meetings provide a space for non-government stakeholders to exchange information. Upon exchanging information these organizations and agencies are better positioned to deal with the government; they can form a unified voice, so to speak. (Ngwe Thein, personal communication, CBI, August 7, 2007)

Heinrich Boll Foundation

The HBF Program on Myanmar seeks to address the existing need for bridging educational disparities between the country and her more prosperous ASEAN neighbors. The program identifies young Myanmar intellectuals as potential agents of social change for the country who can help bridge this gap by becoming more internationally exposed and better-trained than is currently feasible in the existing higher education sector inside the country. Furthermore, the program aims to make relevant information and educational materials accessible for young Myanmar women and men, with a broad focus on political, social, gender and environmental awareness. Every year the HBF offers a small number of full scholarships for three MA Programs, especially tailored to meet the needs of Myanmar candidates and jointly undertaken with two premier Thai universities. (Heinrich Boll Foundation website, retrieved September 16, 2007 from http://www.boell-thailand.org/en/_web/_index_112.html)

Human Rights Education Institute of Burma

The Human Rights Education Institute of Burma (HREIB), a non-profit organization founded in 2000, facilitates a broad range of training and advocacy programs for grassroots organizations and community members. HREIB uses participatory teaching methodologies to empower grassroots community leaders, women, sexual minorities and youth to then become human rights educators themselves. (HREIB website, retrieved September 16, 2007 from www.hreib.com)

International Committee for the Red Cross

The ICRC began working in Myanmar in 1986 providing physical rehabilitation for mine victims and other disabled people. From 1999 until the end of 2005, ICRC delegates carried out regular visits to detainees in prisons and labor camps but since

2006 the authorities have not permitted the organization to continue this activity according to its standard procedures applied worldwide. In addition, the authorities have imposed restrictions on the ICRC's ability to conduct assistance and protection activities on behalf of vulnerable people living in sensitive border areas. The ICRC continues to support the physical rehabilitation activities of six orthopaedic centers run by the authorities and jointly runs a seventh center with the Myanmar Red Cross. The ICRC also supports family visits to detainees and works to enhance the effectiveness of the Myanmar Red Cross Society. Presence (2007): 183 staff, including 14 expatriates. (ICRC website, retrieved September 16, 2007 from http://www.icrc.org/Web/Eng/siteeng0.nsf/htmlall/myanmar?OpenDocument)

Médecins Sans Frontières

MSF has worked in Myanmar since 1992 providing primary care and attempting to reach the most vulnerable in order to reduce their suffering. Particular attention is given to those with malaria, tuberculosis (TB) and sexually transmitted infections (STIs). Gaining access to carry out independent humanitarian action has been challenging, and MSF continues to press the military authorities to gain access to people in need. In 2005, more than 460,131 medical consultations were conducted in MSF-supported clinics in the capital of Yangon as well as Rakhine, Kachin and Shan states. In these locations, MSF conducted over 6,000 consultations for those with HIV and by July 2006, had approximately 1888 patients following antiretroviral treatment (ART). Over 400,000 people were screened for malaria, with 175,000 treated. Required treatment was started by 4,310 of the close to 14,000 people that were screened for TB. Projects focusing mainly on malaria treatment for vulnerable ethnic minorities in Mon and Karen states were closed in March 2006, as teams could not secure adequate humanitarian space to operate its programmes independently and without making unacceptable compromises to the authorities. (MSF website, retrieved September 16, 2007 from http://www.msf.org/msfinternational/countries/asia/burma/index.cfm)

Open Society Institute

The Burma Project, established by the Open Society Institute in 1994, is dedicated to increasing international awareness of conditions in Burma and to helping the country make the transition from a closed to an open society. To this end, the Burma Project initiates, supports, and administers a range of programs and activities around the globe including: (1) Efforts by and for multiethnic, grassroots organizations dedicated to the restoration and preservation of fundamental freedoms, including political, economic, environmental, and human rights for all the people of Burma, regardless of race, ethnic background, age, or gender. (2) Education and training intiatives for Burmese from a wide variety of backgrounds who will play a role in a democratic Burma. (OSI website, retrieved September 16, 2007 from http://www.soros.org/initiatives/ bpsai)

Populations Services International

PSI/Myanmar, one of the largest international NGOs in Myanmar, has over 500 employees nationwide. Since 2001, PSI/Myanmar has developed the Sun Quality Health (SQH) network of franchised private general practitioners (GPs). GPs are

selected to join the network if they serve low-income clients and demonstrate a commitment to improving quality of care. PSI conducts training workshops for participating GPs who then have access to high-quality, branded products at subsidized prices, together with a range of information materials for clients. They follow internationally-recognized treatment protocols and respect PSI's price structure, which is designed to ensure that services are affordable to low-income populations. PSI sends simulated clients to providers to verify that providers are respecting price and treatment norms. At the end of 2006, the Sun Quality Health network included 712 providers and some 936,000 individuals participated in PSI's outreach activities in HIV/AIDS and malaria.
(PSI website, retrieved September 16, 2007 from http://www.psi.org/where_we_work/myanmar.html)

Save the Children
Save the Children has worked in Myanmar since 1995, with a focus on early childhood care and development, child survival and child protection. Today, with 450 staff members and 35 offices around the country, Save the Children is one of the largest nongovernmental organizations at work in Myanmar. To better serve the great needs of children and best use the vital resources of our donors, Save the Children recently merged programs and activities formerly managed by three International Save the Children Alliance partners (Save the Children-U.K.; Save the Children-U.S.; Save the Children-Japan) into one unified presence in Myanmar. (Save the Children website, retrieved September 16, 2007 from http://www.savethechildren.org/countries/asia/myanmar.html)

United Nations Development Program
UNDP works in Myanmar under a mandate from its governing body which focuses UNDP activities at programmes with grassroots level impact in the areas of basic health, training and education, HIV/AIDS, the environment and food security. In response to this mandate, which was first laid down in a Governing Council decision in June 1993 and reaffirmed by subsequent Executive Board decisions, UNDP is delivering its assistance through a programme known as the Human Development Initiative, or HDI.

The HDI is a set of projects which is currently providing assistance to poor rural communities in 23 townships in 6 different regions of the country in the thematic sectors outlined in the Governing Council/ Executive Board decisions. The HDI focuses on helping poor communities to meet their basic social and food security needs, on promoting participation by all segments of the community in collective decision-making, and on building community capacities to plan and implement their own self-help activities. (UNDP Myanmar website, retrieved September 16, 2007 from http://www.mm.undp.org/)

United Nations Children Fund
UNICEF has been working in Myanmar continuously since 1950. Despite difficult political and economic circumstances, UNICEF helped to successfully initiate programs to protect children against small pox, leprosy and yaws. Over time,

UNICEF expanded its programs to support the development of rural health services, basic education for children, and community water supply and sanitation systems. More recently, UNICEF has supported HIV/AIDS prevention, early childhood development, and child protection programs. UNICEF also advocated for Myanmar's accession to the Convention on the Rights of the Child and Convention on the Elimination of All Forms of Discrimination Against Women, which the government ratified in the 1990s.

More recently, UNICEF has supported HIV/AIDS prevention, early childhood development, and child protection programs. Today UNICEF supports some programs (such as immunization) throughout the country, while it supports other programs (such as malaria prevention) primarily in high-risk areas of Myanmar. Wherever it can, UNICEF supports an integrated package of health, education, water supply and sanitation interventions as it now does in 61 of Myanmar's most vulnerable townships. UNICEF has field officers positioned throughout the country to enhance implementation and ensure that the assistance it provides reaches those children and women for whom it is intended. The overriding goal of UNICEF's current program in Myanmar is to protect and further children's rights to survival, development, protection and participation. Recognizing that the wellbeing of children is closely linked to the health and wellbeing of their mothers, UNICEF also works to help women in Myanmar realize these fundamental rights.
(UNICEF Myanmar website, retrieved September 16, 2007 from http://www.unicef.org/myanmar/overview.html)

World Vision

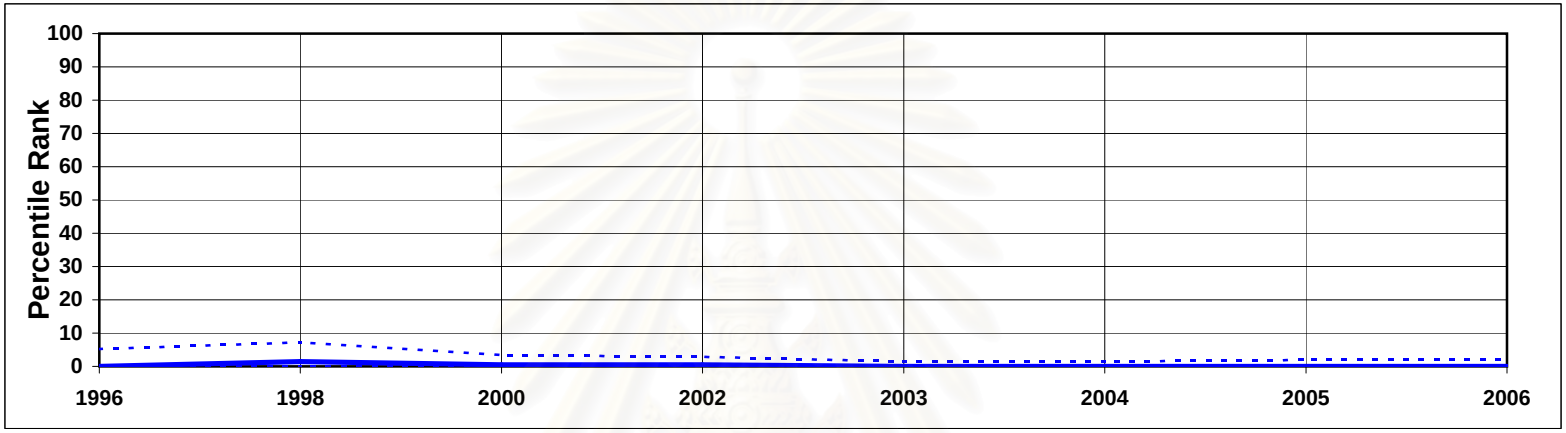
World Vision's initial involvement in Burma began in 1958 when the national church extended an invitation to World Vision to sponsor a conference. Subsequently, World Vision partnered with the Salvation Army in 1959 at the Pyu Children's Home. Child sponsorship was officially launched in 1962. By 1977, more than 1,500 children were sponsored. In 1976, World Vision began The Kyat Rehabilitation Project, which provided a cart, trishaw, or sewing machine to 40 families to help them recover from flooding that hindered their income-generating capabilities. In 1986, The Theological Research Center of Burma Christian Council was initiated to provide leadership training classes and educational materials, including a research library in Rangoon, now known as Yangon. AIDS awareness, education, and prevention programs were implemented in areas where the populations were at greatest risk. The primary objective was to obtain effective behavioral and attitudinal changes related to prevention and control of HIV/AIDS through community-based outreach strategies in the township developed and implemented over a two-year period. The Myanmar Disaster and Relief Preparedness Project, funded in 1995, sought to educate and build capacity within target communities to respond quickly and appropriately to disasters. In 1996, the first area development program (ADP) was launched, offering integrated and comprehensive activities that promote self-sustaining and participatory community development. (World Vision website, retrieved September 16, 2007 from http://www.worldvision.org/about_us.nsf/child/aboutus_myanmar?Open)

APPENDIX B

GOVERNANCE INDICATORS

MYANMAR, 1996-2006

Aggregate Indicator: Voice & Accountabillity

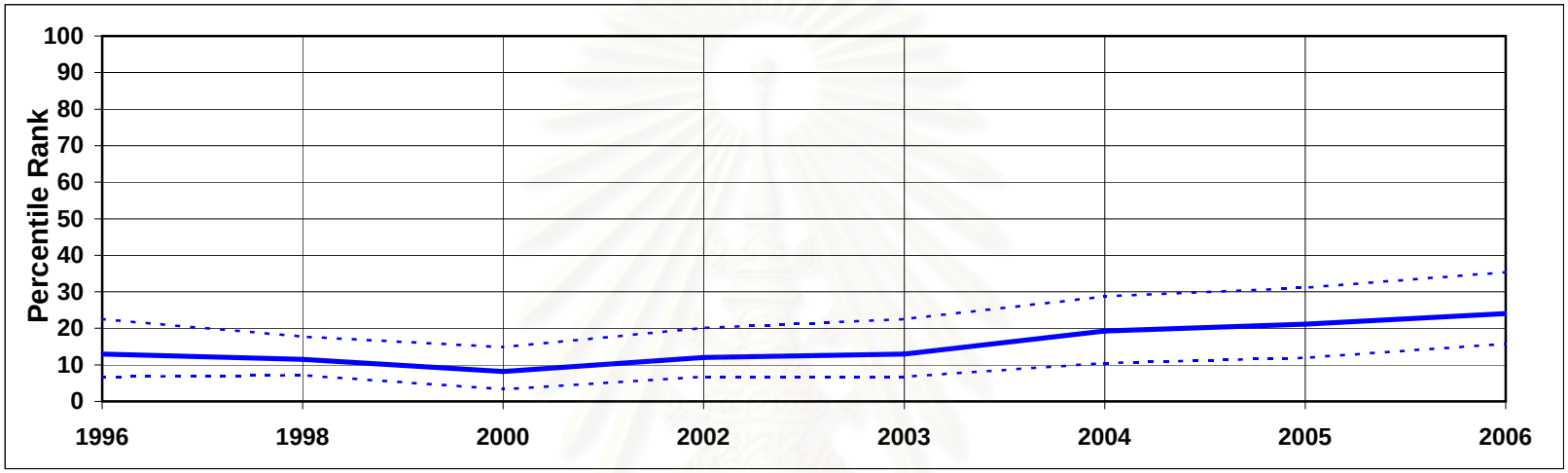


Individual Indicators used to construct Voice & Accountability

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006
AEO	OECD Development Center African Economic Outlook	http://www.oecd.org/dev/aeo	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.08	0.08	0.08	0.09	0.09
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..
EIU	Economist Intelligence Unit	http://www.eiu.com	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRH	Freedom House	http://www.freedomhouse.org	0.00	0.01	0.00	0.02	0.02	0.01	0.01	0.01
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	..	..	..	..	..
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	..
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	..
HUM	Cingranelli-Richards (CIRI) Human Rights Database	http://www.humanrightsdata.com	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.00
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.20	0.20	0.20
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	..	..	..	..	..	..
MSI	IREX Media Sustainability Index	http://www.irex.org	..	..	..	..	..	..	..	..
OBI	International Budget Project Open Budget Index	http://www.internationalbudget.org/	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.08	0.00	0.00	0.13	0.04	0.00	0.00	0.08
RSF	Reporters Without Borders Press Freedom Index	http://www.rsf.org	..	..	..	0.03	0.05	0.04	0.19	0.13
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	..	..	..	..	..	..
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.25	0.19	0.19	0.19	0.19	0.13	0.13

MYANMAR, 1996-2006

Aggregate Indicator: Political Stability and Absence of Violence

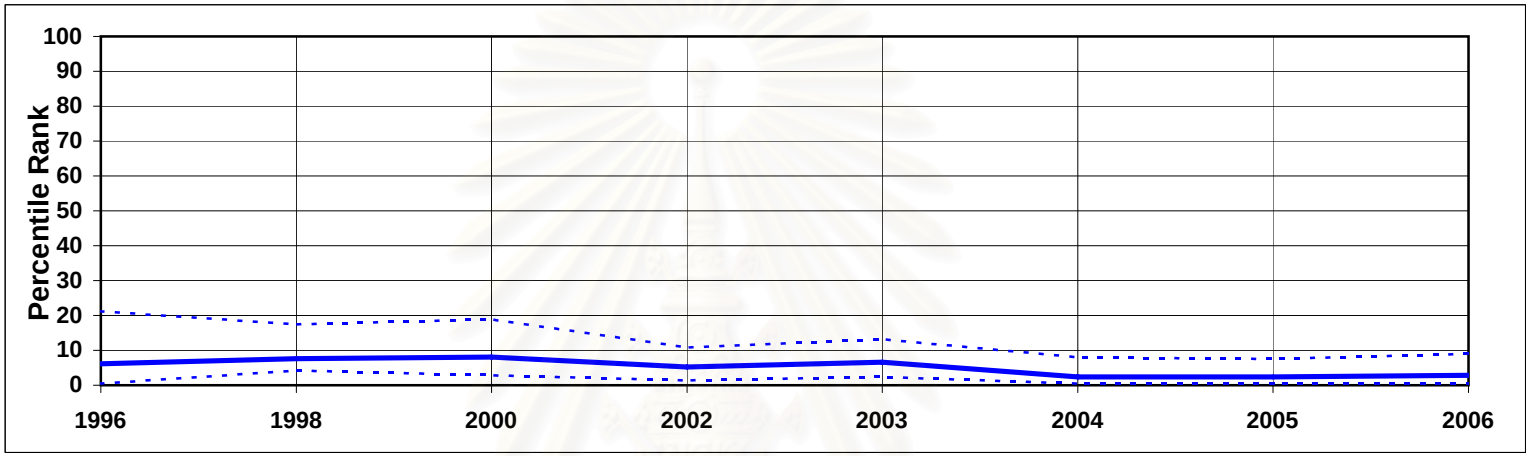


Individual Indicators used to construct Political Stability and Absence of Violence

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006
AEO	OECD Development Center African Economic Outlook	http://www.oecd.org/dev/aeo	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.73	0.67	0.38	0.36	0.36	0.64	0.70	0.73
EIU	Economist Intelligence Unit	http://www.eiu.com	0.15	0.15	0.15	0.15	0.15	0.05	0.00	0.30
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	..	..	..	..	..
HUM	Cingranelli-Richards Human Rights Database & Political Terror Scale	http://www.humanrightsdata.com	0.29	0.15	0.06	0.35	0.13	0.21	0.38	0.38
IJT	iJET Country Security Risk Ratings	https://worldcue.ijet.com/tic/login.jsp	..	..	..	..	..	0.50	0.50	0.50
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	..	..	..	..	..	..
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.40	0.40	0.40	0.40	0.40
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.65	0.66	0.66	0.67	0.64	0.65	0.65	0.64
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	..	..	..	..	..	..
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.44	0.50	0.44	0.63	0.60	0.69	0.69

MYANMAR, 1996-2006

Aggregate Indicator: Governance Effectiveness

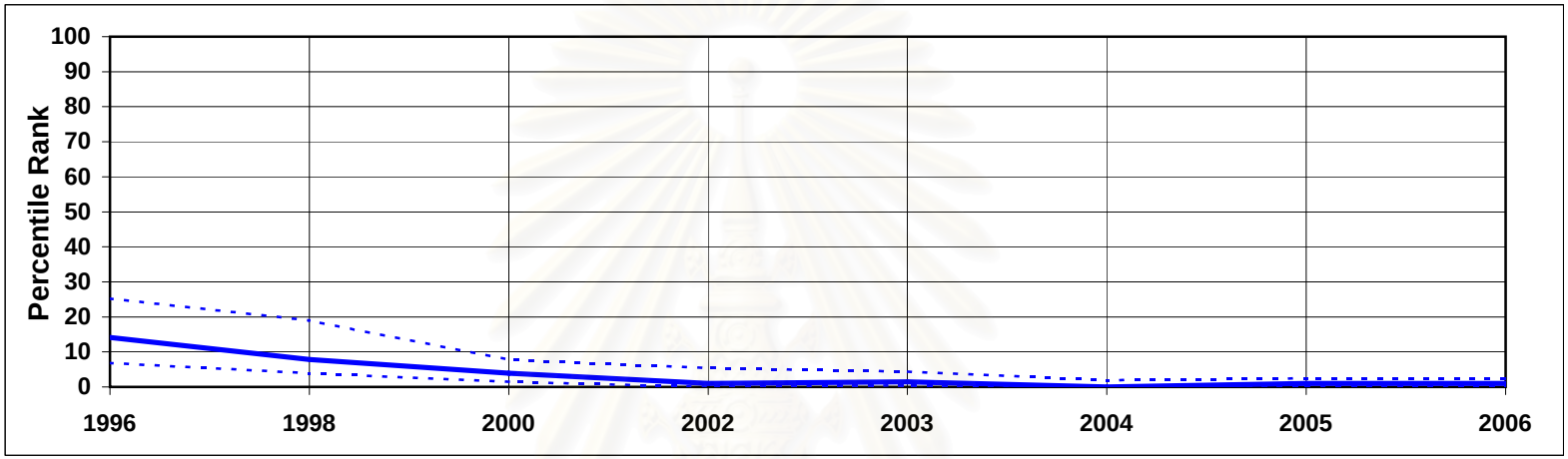


Individual Indicators used to construct Government Effectiveness

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.00	0.00	0.00	0.10	0.10
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.30	0.32	0.11	0.03	0.03	0.23	0.31	0.32
EGV	Brown University's Center for Public Policy	http://www.insidepolitics.org/egovt06int.pdf	..	..	..	0.35	0.28	0.28	0.25	0.25
EIU	Economist Intelligence Unit	http://www.eiu.com	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	..	..	..	..	..
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.74
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.30	0.40	0.40
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	..	..	..	..	..	..
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.10	0.10	0.10	0.10	0.10
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.33	0.17	0.25	0.25	0.25	0.25	0.25	0.25
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	..	..	..	..	..	..
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.25	0.25	0.25	0.25	0.14	0.19	0.19

MYANMAR, 1996-2006

Aggregate Indicator: Regulatory Quality

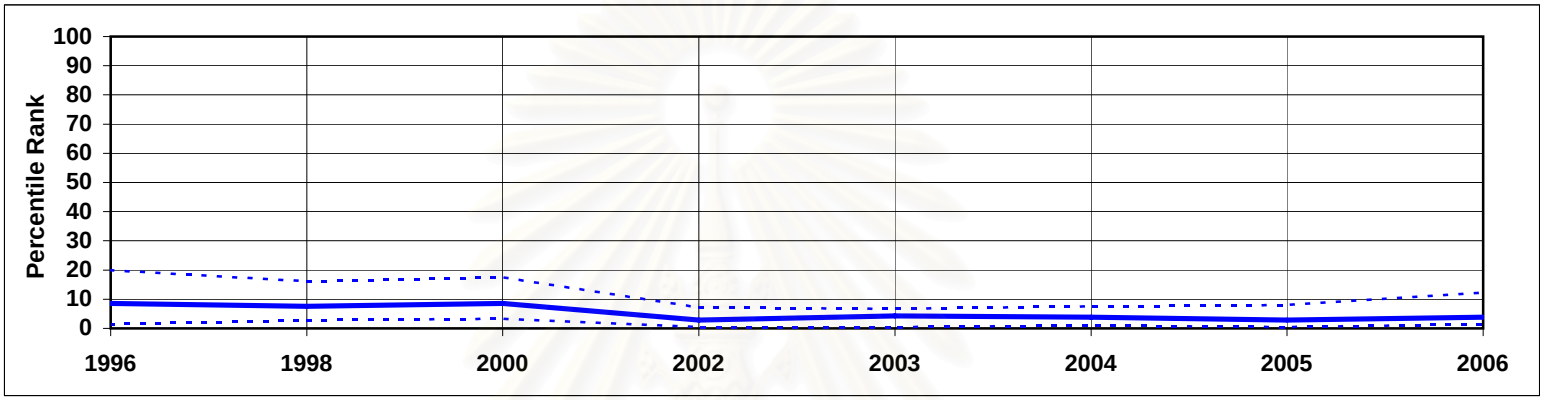


Individual Indicators used to construct Regulatory Quality

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.00	0.00	0.00	0.08	0.08
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.77	0.76	0.62	0.43	0.43	0.52	0.70	0.66
EBR	European Bank for Reconstruction & Development Transition Report	http://www.ebrd.org	..	..	..	..	..	..	..	..
EIU	Economist Intelligence Unit	http://www.eiu.com	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.15
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	..	..	..	..	..
HER	Heritage Foundation Index of Economic Freedom	http://www.heritage.org	0.30	0.30	0.20	0.20	0.20	0.10	0.10	0.37
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.23	0.30	0.30
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.28	0.25	0.25	0.25	0.18
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.27	0.33	0.27	0.33	0.23	0.14	0.14	0.14
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	..	..	..	..	..	..
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.44	0.13	0.13	0.13	0.13	0.13	0.13

MYANMAR, 1996-2006

Aggregate Indicator: Rule of Law

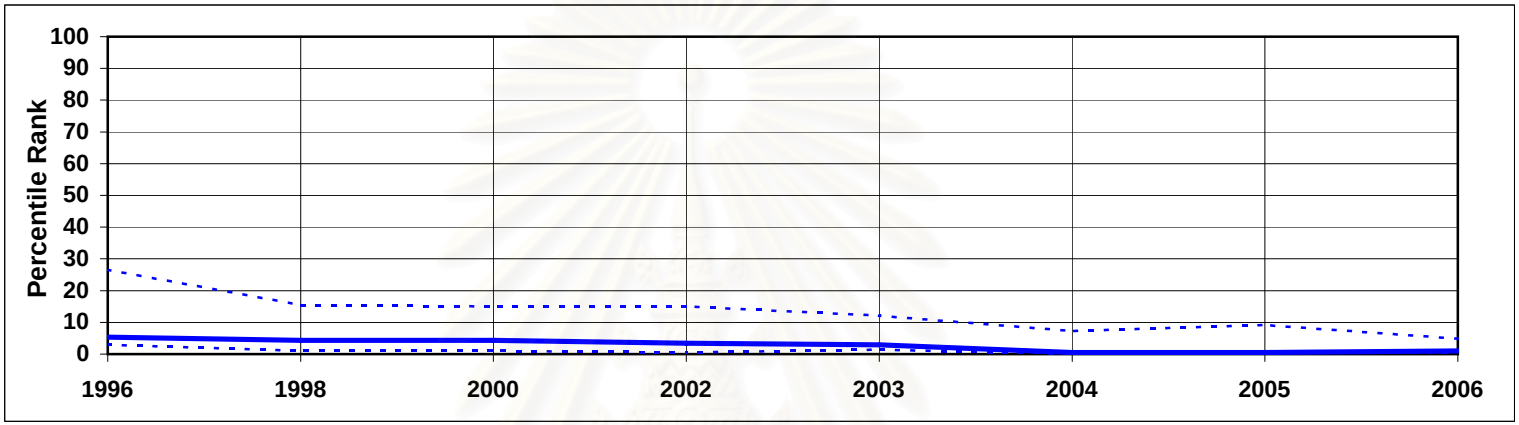


Individual Indicators used to construct Rule of Law

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.13	0.13	0.13	0.08	0.08
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.49	0.49	0.36	0.23	0.21	0.40	0.53	0.55
EIU	Economist Intelligence Unit	http://www.eiu.com	0.06	0.06	0.13	0.06	0.06	0.03	0.03	0.16
FRH	Freedom House	http://www.freedomhouse.org	..	..	..	..	..	..	..	..
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	..	..	..	..	..
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	..
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.95
HER	Heritage Foundation Index of Economic Freedom	http://www.heritage.org	0.30	0.30	0.30	0.10	0.10	0.10	0.10	0.10
HUM	Cingranelli-Richards (CIRI) Human Rights Database	http://www.humanrightsdata.com	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.24	0.33	0.33
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	..	..	..	..	..	..
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.18	0.18	0.18	0.20	0.20
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.83	0.40	0.50	0.50	0.50	0.50	0.50	0.50
QLM	Business Environment Risk Intelligence Financial Ethics Index	http://www.beri.com	..	..	..	..	..	..	..	..
TPR	US State Department Trafficking in People report	http://www.state.gov/g/tip/rls/tiprpt	..	..	0.00	0.00	0.00	0.00	0.00	0.00
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	..	..	..	..	..	..
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.31	0.31	0.31	0.31	0.40	0.38	0.38

MYANMAR, 1996-2006

Aggregate Indicator: Control of Corruption



Individual Indicators used to construct Control of Corruption

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	..	..	..	..	..	..	..	..
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.24	0.22	0.12	0.09	0.09	0.11	0.11	0.11
EIU	Economist Intelligence Unit	http://www.eiu.com	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRH	Freedom House	http://www.freedomhouse.org	..	..	..	..	..	..	..	..
GCB	Transparency International Global Corruption Barometer Survey	http://www.transparency.org	..	..	..	..	..	..	..	..
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	..	..	..	..	..
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	..
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	..
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.30	0.25	0.25
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	..	..	..	..	..	..
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.10	0.10	0.10	0.10	0.10
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	..	..	..	..	..	..	..
PRC	Political Economic Risk Consultancy Corruption in Asia	http://www.asiarisk.com/	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.33	0.17	0.17	0.17	0.17	0.17	0.17	0.17
QLM	Business Environment Risk Intelligence Financial Ethics Index	http://www.beri.com	..	..	..	..	..	..	..	..
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	..	..	..	..	..	..
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.13	0.13	0.13	0.13	0.10	0.13	0.13

APPENDIX C

National Endowment for Democracy: Burma Grants to Independent Media

*$18,000**
To support the use of information and communication technology inside Burma to expand the ability of individuals to access and share information. The organization will provide technology training to Burmese journalists, introduce new information technology in Burma, distribute news and information, transcribe information into Burmese Unicode, and launch a secure website for users in Burma.

*$50,000**
To support media freedom in Burma through the publication of a quarterly literary journal featuring the work of prominent Burmese writers. The journal will carry literary works such as articles, short stories, and cartoons that are banned or heavily censored by military authorities, and will include new works sent from writers and journalists inside Burma as well as well known writers in exile.

*$29,324**
To encourage the exchange of ideas and information and to coordinate activities related to freedom of information and expression in Burma. The organization will organize and convene the third annual Burma media conference in fall 2005. The conference will bring together over 80 journalists who cover Burma to discuss issues, exchange ideas, and share information.

*$175,000**
To promote access to independent media in Burma. The organization will launch the first independent, Burmese-language satellite television program to complement its long-running daily shortwave radio program.

*$175,000**
To support Burmese- and ethnic-language radio broadcasting of independent news and opinion into Burma. The organization will continue to improve the quality of its programs, invest in advanced training and education for its staff, and maintain the regional infrastructure for its broadcasts.

*$35,000**
To support independent media in Burma. The organization will upgrade its equipment to allow for more efficient and professional delivery of news and information through radio, television and the internet.

*$115,000**
To support independent media in Burma and to provide independent news and information about Burma and events in Southeast Asia. The organization will produce a monthly English-language news magazine, distribute a daily electronic news bulletin, and maintain a Burmese- and English-language website.

*$25,000 **
To provide news and information in the Kachin language about Kachin State. The organization will publish a monthly Kachinlanguage newspaper, maintain a Kachinand English-language website, conduct a journalism training program in Kachin State, and maintain two news offices inside Burma and an editorial office in Canada.

*$12,500**
To provide the Karen people with news and information about Karen State and Burma, and to expose them to basic principles of human rights and democracy. The organization will publish a 32-page newsletter in Burmese and Karen that provides an alternative news source for the Karen community in Burma, in refugee camps along the Thai-Burma border, and for ethnic and pro-democracy groups in exile.

*$40,000**
To provide Burmese citizens, exiles and democracy and human rights activists with independent and accurate information about the state of the country and an open forum to discuss a wide range of issues. The news group will produce a daily electronic news and information service that covers developments in Burma, India, and the India-Burma border; maintain a Burmese and English-language webpage; publish a monthly Burmese-language newspaper; organize forums on India's Burma policy; publish in-depth reports; and run a journalism internship program.

*$12,000**
To provide accurate and reliable information about political, social, and economic developments in Arakan State, Burma. The organization will operate a daily news service in English and Burmese concentrating on current events and human rights in Arakan State.

*$150,000**
To support independent media in Burma. The organization will publish and distribute inside Burma an independent, monthly Burmese-language newspaper focusing on the struggle for human rights and democracy.

*$25,000**
To provide accurate and reliable information about political, social, and economic developments in Shan State, Burma. The news agency will publish a tri-lingual monthly newspaper that provides accurate and reliable information to the Shan and wider Burmese communities as well as Thai and international audiences about political, social, and economic developments in Shan State and Burma.

BIOGRAPHY

Michael Paller graduated from Brandeis University in 2004 with degrees in politics and sociology. He then served as the Regional Field Director for the 21st Century Democrats' Young Voter Project during the 2004 presidential campaign in the United States. After the election Michael moved to Chiang Mai, Thailand where he received a grant to work with the Human Rights Education Institute of Burma (HREIB). There he was exposed to some of the pressing issues in international development through research on refugees, migrant workers, child soldiers and human trafficking. In order to further his understanding of these issues, he decided to enroll in the Masters of International Development Studies program at Chulalongkorn University. While studying in Bangkok, Michael also interned at the United Nations Development Program. He hopes to remain in Southeast Asia and pursue a career in international development.