

COUNTRY STRATEGY

MYANMAR

[2015] – [2024]

**MINISTRY FOR FOREIGN AFFAIRS OF
FINLAND (MFA)**

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1. EXECUTIVE SUMMARY

Having launched a series of significant social and economic reforms since the current government took over from the military regime in 2011, Myanmar is finding its way through a triple transition: from conflict to peace, from a command to a market economy, from military rule to democracy. This is a challenge with significant social, political and economic dimensions that need to be carefully managed. While good progress has been made in terms of reforms, many challenges remain. Transition to a democratic, open and inclusive society is still at an early stage. Such a comprehensive and deep societal change requires long-term approach as well as strong commitment and cooperation among different sectors and actors in society. Open, participatory governance practices as well as stronger cohesion between ethnic groups will be essential to ensure balanced political, economic and social development - and the successful transformation of Myanmar.

Myanmar is still one of the poorest countries in Asia, with one quarter of the population living below the poverty line. Vast majority (84%) of Myanmar's poor live in rural areas and disparities are pronounced across states. Pervasive poverty is closely associated in Myanmar with geography and ethnicity. However, Myanmar's potential is undeniable with abundant natural and cultural resources - as well as a young labor force and a strategic geographic location.

The Framework for Economic and Social Reforms (FESR) outlines the policy priorities for the Government in 2012-15. The aim of Myanmar is to "*become modern, developed and democratic nation by 2030*". In this context, Finland aims to support Myanmar to achieve development results in three thematic areas in line with Finland's development policy priorities.

Natural resource and environmental governance: Finland's cooperation will focus on supporting the Myanmar authorities to govern the use of natural resources in a sustainable, equitable and transparent manner. Finland's support will also strengthen the ability of local communities to sustainably manage and protect natural resources. The importance of communities to participate in development processes relating to natural resources is emphasised.

Democratic governance and the rule of law: Finland aims to support the strengthening of inclusive participation of the people of Myanmar in peace- and state-building. Support will be provided for strengthening institutional capacities to design and implement public policies and budgets as well as for enhancing the opportunities of civil society to participate in the planning and monitoring of the implementation of public policies and budgets. Furthermore, Finland seeks to support Myanmar in improving access to justice in line with international human rights standards.

Education: Finland's aim is to support Myanmar in enhancing inclusive quality education, with particular attention to the most disadvantaged groups. Initially, the cooperation will focus on equal access by strengthening the quality of early childhood education and development of pre-primary education.

Responding to Myanmar's opening and its comprehensive reform agenda, Finland's development assistance was re-initiated in 2012 to support the peace process as well as democratic governance and the rule of law. The current programme has been formulated to accommodate the expanding scope of cooperation as Myanmar is emerging as one of Finland's main partner countries in development cooperation. The country programme takes a 10 year perspective but is expected to be revised after the general election scheduled for late 2015, and again in 2020. This is to ensure a gradual roll-out of the programme, as well as a degree of flexibility to adjust the approach and intended results in response to the rapidly changing country situation and lessons learned. Importantly, this ensures the alignment with the Government of the Union of Myanmar's 5-year planning cycle and the EU Joint Strategy. The size and scope of cooperation will grow gradually in line with the financial and human resources available at MFA for effective implementation of the programme.

PART 1:

2. COUNTRY ANALYSIS

2.1 Political, Economic and Social Development

Since the election of *President U Thein Sein* in March 2011, Myanmar has moved towards openness and reforms. Significant political, economic and social reforms are ongoing in Myanmar transforming the previously isolated country into a more open society. Myanmar has embarked on a range of political and economic reforms aimed at attaining national reconciliation, improving political and economic governance, re-integrating Myanmar within the global economy, and accelerating economic development. But transition to a democratic, open and inclusive society is still in its very initial phase, as can be seen in all global democracy and governance indicators. Such a comprehensive and deep societal change requires long-term approach, and commitment and cooperation of different sectors and actors.

The democratization process and the strengthening of the protection and fulfillment of human rights are critically important in ensuring sustainable development. In terms of democratization, key progress made so far release of political prisoners, free by-elections, relaxing the previously very stringent controls on media and public expression, and a general push for enhanced government transparency and accountability. The steps taken to review and reform legislation in line with international standards and to embark on judicial and institutional reforms in line with rule of law principles is crucial for the sustainable and inclusive development of Myanmar. The progress made in terms of the peace process include ceasefire agreements with almost all non-state armed opposition groups and steps taken towards an all-inclusive political dialogue with the objective of achieving lasting peace. Despite the positive steps taken, the reforms have not progressed as smoothly as expected.

The ethnic and cultural diversity of Myanmar poses its challenges in reaching common understanding and consensus on key development concerns. The ethnic conflict has created a humanitarian crisis. There are around 128,000 refugees in official camps along the border with Thailand and approximately 613,000 internally displaced people (IDPs) in the country. Refugees

and IDPs have suffered trauma of conflict and are not enjoying their basic human rights such as access to health services, food, water and sanitation. The on-going peace negotiations are yet to result in a comprehensive ceasefire agreement. The situation is affecting in particular women, children and vulnerable groups. The laws on citizenship are yet to be revised to meet international standards. Over 800,000 persons are estimated to be without citizenship in the northern part of Rakhine State.¹

The judiciary is still not fully independent and the institutions themselves report about capacity constraints and lack of resources to deliver justice to gain the trust of the people. There are also concerns over possible delays in the constitutional reform that is viewed by many stakeholders as part of the problem of the conflict. Transparency and the opportunities to participate in the legislative review and reform are also questioned by the civil society.

The on-going reforms as such are positive, but at the same time they are profound and entail major changes for all segments of society, requiring adaptations to changing realities. Myanmar should be viewed as being in a state of transformation. The significant differences between the regions and states – in terms of ethnicity and the levels of development - add to the complexities of this process. The political process towards agreeing on political representation as well as setting the mandates for different levels of the government - from the union to local levels – is of key importance. Efforts need to be made to ensure the political participation of all, including women and people belonging to ethnic minorities. The on-going decentralization process is already shaping the administrative landscape of the country and holds opportunities for more responsive decision-making closer to the citizens.

The Framework for Economic and Social Reforms (FESR) outlines the policy priorities for the Government in 2012-15. The aim of Myanmar is to "*become modern, developed and democratic nation by 2030*". Myanmar is also working with the assistance of the UN towards graduating from the Least Developed Country (LDC) status. All these changes have convinced many countries to lift sanctions and attracted significant flows of investment, international aid and other forms of economic cooperation. The economy has grown at the rate of 7% per annum for the past two years.

Myanmar is still one of the poorest countries in Asia, with one quarter of the population living below the poverty line. 84% of poverty is in rural areas and disparities are pronounced across states. Pervasive poverty, which is closely associated in Myanmar with geography and ethnicity, is a significant concern. There is a very considerable imbalance between income levels in the river valleys and coastal regions where most of the majority ethnic *Burmese* population lives, and the upland interior and border regions, home to the major indigenous minority populations, such as the *Shan*, *Kachin*, and *Chin*.² Similarly, there is considerable inequality in access to opportunities and social services across the country. Economic, political, and social inequality among different ethnic groups has the potential to breed ethnic hostility and lead to conflict. A peaceful resolution of conflicting interests across ethnic and social groups is therefore critical. Importantly, Myanmar's ethnic composition is complex and there is diversity across the ethnic groups in terms of level of development, needs, potentials, challenges as well as relations to the

¹ UNHCR country operations profile 2014, <http://www.unhcr.org/pages/49e4877d6.html>

² Myanmar – Unlocking the potential; Country diagnostic study, ADB 2014, p. 23

majority groups. These complexities will need to be taken into account and respected in all activities with the aim to support stronger cohesion and inclusion by all.

According to the recent Asian Development Bank (ADB) diagnostic study, this calls for a development strategy for inclusive growth based on three policy pillars: 1) To sustain high economic growth to create sufficient economic opportunities for vulnerable groups; 2) To make adequate investments in education, health, and basic social services to enhance human capacity, eliminate market and institutional failures, and reduce social exclusion; and 3) To install social safety nets to enable households to withstand livelihood shocks caused by, for example, natural disasters and economic downturns.³

Myanmar is rich in terms of natural resources i.e. timber, oil and gas, minerals and gemstones, and hydropower potential, particularly in the border areas populated by ethnic minorities⁴. Its natural gas and crude oil reserves are estimated at 283-344 billion cubic meters and 50 million barrels, respectively. The rapid emergence of offshore natural gas exports is dominating trade, rising from \$171 million in 2000 to nearly \$3.6 billion in 2012, constituting almost 40% of exports totalling \$7.5 billion.⁵ The share of energy and mineral exports is projected to rise, as FDI inflows increase.⁶ However, not all activities, trade and investment are formal, with the potential revenues not put into a use benefitting the society as a whole. Environmental Investigation Agency's recent study suggests that 78% of log exports in 2000-2013 were illegal.⁷ It is estimated that some 100,000 m³ of timber exit the country illegally every year and most of small-scale mining is estimated to be illegal. Myanmar is also the second largest producer of opium-poppy in the world. Unfortunately, Myanmar's vast natural resources have provided an important source of financing for the decades-long internal conflicts.

Myanmar has great potential with abundant natural, cultural and touristic resources as well as a young labour force and a strategic location. Having the lowest population density in the region, significant underutilized water resources, irrigable land and good upland soils, Myanmar is the only country in the region with a potential for greatly increasing its food supply. For Myanmar to succeed, it needs to implement the right mix of policies to generate long-term growth and replicate the economic successes of its neighbours. Open, participatory governance practices as well as stronger cohesion between ethnic groups will be essential to ensure balanced political, economic and social development and the successful transformation of Myanmar. The World Bank ranked Myanmar 182nd out of 189 countries in its report on business environment. The low score is due to high prevalence of corruption, where Transparency International has in 2014 ranked Myanmar 156th out of 175 countries. Together with weak rule of law, corruption hampers significantly business development and responsible investment in the country.⁸ According to the WB survey, the top three business environment constraints experienced by private sector in Myanmar are access to finance, access to land, and electricity.⁹

³ Myanmar – Unlocking the potential; Country diagnostic study, ADB 2014, p. XV

⁴ National resources and subnational governance in Myanmar; Key restraints for wealth sharing, Asia Foundation discussion paper June 2014

⁵ Myanmar – Unlocking the potential; Country diagnostic study, ADB 2014, p. 8

⁶ FDI has increased from \$235 million in 2005 to almost \$2 billion (UNCTAD).

⁷ Exposing the true scale of logging in Myanmar, Environmental Investigation Agency, March 2014

⁸ <http://www.transparency.org/country#MMRzx>

⁹ <http://rru.worldbank.org/BESnapshots/Myanmar/default.aspx>

Although the progress has been encouraging, it has been insufficient to meet the country's Millennium Development Goals (MDGs). The UN MDG Thematic Analysis - 2011 noted that 'Myanmar needs to accelerate its efforts if it is to achieve its goals by 2015, and that the root cause of many of its difficulties can be traced to poor governance structures, still being developed'. The most recent UNDP *Integrated Household Living Conditions Survey* shows that poverty rates are decreasing except in more remote rural areas which could indicate an increase in poverty gap between urban and rural areas. Myanmar's Human Development Index (HDI) value for 2013 is 0.498 which is in the low human development category, positioning the country at 149 out of 187 countries¹⁰. In 2013, GDP per capita was estimated at \$869 which is one of the lowest in Asia.

2.2 Development scenarios for the country

Under the leadership of the current government, Myanmar is, in effect, finding its way through a triple transition: from conflict to peace, from a command to a market economy, from military rule to democracy. This has significant social, political and economic dimensions that need to be carefully managed. The most critical is to resolve the conflict between the different ethnic groups in the country which has plagued the country since its independence. Inclusive development, peace and state building processes with participation from all ethnic groups and different segments of society are important for achieving this. At the same time, the political transition seeks to establish a more democratic governance system based on transparency and accountability, requiring constitutional review and strengthening the capacity of the different branches at different levels of the state. Managing the economic transition towards a functioning market economy maintaining macroeconomic stability is a fundamental pillar of the transition.

A recent Asian Development Bank (ADB) study – *Myanmar: Unlocking the Potential* – indicates that prudent policies could lift the country's annual GDP growth rates from pre-2011 levels of 4.8% to as high as 9.5% by 2030. This rate of growth would raise Myanmar's per capita income to nearly US\$5,000 by 2030. Myanmar stands to gain enormously if it can effectively utilize its location as an economic corridor at the intersection of the Association of Southeast Asian Nations (ASEAN), China and India. ADB concludes that unlocking Myanmar's growth potential depends largely on delivering improved human capital, quality infrastructure and more foreign direct investment (FDI). Furthermore, improving qualifications and skills of Myanmar's young labor force is critical - and a huge task. Another key challenge is to enhance domestic connectivity, support local businesses and enterprises, increase access to employment opportunities and provide access to basic social services and economic centers.

There is an urgent need to expand and reform the tax system to improve the management and allocation of these resource revenues. Efforts to reform tax policy and strengthen tax administration are under way. The long-term vision for tax reform includes e.g. reform of tax administration and, in conjunction with multilateral partners such as the international financing institutions, strengthened fiscal management. Myanmar's move toward the Extractive Industries Transparency Initiative (EITI) is an important step in managing its new wealth. Transparency in

¹⁰ UNDP Human Development Report 2014

the use of resource revenues would allow them to be used as a funding sources for essential longer-term investments, such as for infrastructure and human capital, and to help broaden and accelerate economic growth.¹¹

According to the recent IMF review, Myanmar's medium and long-term economic prospects are favorable, but the economy faces risks in the short run as fiscal buffers are thin and the capacity to develop and implement policy remains constrained. Accordingly, it was recommended that further efforts are needed to reinforce policy and institutional frameworks and pursue structural reforms. Continued technical assistance from the IMF and other international institutions remains critical given Myanmar's vast transformational needs and limited capacity.

The favorable geographic location, abundance of natural resources, favorable population structure - combined with the recent political reforms - suggest that Myanmar has all possibilities for another boom. For this to happen, however, it has to address, among others, challenges related to governance and control of corruption, sound macroeconomic management, rule of law, human rights, the peace process, land tenure, sustainable resource use, as well as training and developing a highly skilled labor force. Furthermore, although Myanmar has potential of becoming a leading destination for local and foreign investment, the business environment needs to improve for this to happen. More effort is needed to ensure a favorable environment for the private sector, including a functioning financial services sector and mechanisms to prevent corruption. In addition, to harness the full benefits of trade and investment, legislative and judicial reforms and respect for the rule of law are preconditions.

Elections planned for the end of 2015 are another possible turning point for the country and its democratization process. Much will depend on whether they can be held as free, fair and inclusive. There are fears, however, that exacerbation of secular differences and continued contests over natural resource use, including land, during the run-up to the election period may derail the process of democratization. Moreover, the drafting of a new constitution and its linkage to the peace process will be critical.

Development partners can assist by supporting both state institutions and civil society to engage in dialogue and jointly find answers to these challenges. Consensus on development challenges can contribute to enabling the economic development most. It is of crucial importance that the upcoming elections in 2015 are fair, inclusive and transparent for the people of Myanmar to have a say in the development of the country and for the success of the democratic reform process. In respect of the election result the new government of Myanmar with the support of development partners and civil society can approach common goals for sustainable development, peace and prosperity.

¹¹ Myanmar - Unlocking Myanmar's Potential; Country diagnostic study, p. 173 (ADB 2014)

3. THE DEVELOPMENT CONTEXT

3.1 National Development Framework; Donor Harmonisation and Division of Labour

The Government is in the process of drafting a 20-year comprehensive Development Plan. While this is still in progress, the existing *Framework for Economic and Social Reforms 2012-2015 (FESR)* outlines two objectives for the medium term:

- a) To move the on-going reform process forward and make it irreversible so that Myanmar can become a modern developed nation that meets the aspirations of its people for a better life.
- b) To accelerate Myanmar's greater integration with the international community where her cooperation and support can be counted upon in meeting the regional and global challenges of the twenty-first century.

FESR is a key policy tool of the government to realize both the short-term and long-term potential of Myanmar. It links the ongoing programmes of the government to the National Comprehensive Development Plan. FESR also serves as a basis for more detailed sectoral and regional plans. FESR provides guidance for cooperation between Myanmar and its development partners as well as international bodies. Finally, FESR also focuses on potential "quick wins" that the government will implement to bring tangible and sustainable benefits to the people.

The country programme and the planned interventions within it will be planned and implemented in compliance with the relevant policies and strategies of both Myanmar and Finland. These include primarily the FESR, National Development Plans, Nay Pyi Taw Accord and its action plan, the Myanmar Guide for Development Assistance, as well as Finland's Development Policy Programme (2012) and related guidelines.

The current strategy has been formulated to accommodate the expanding scope of cooperation as Myanmar is emerging as one of Finland's main partner countries in development cooperation. The country programme takes a 10 year perspective but is expected to be revised in 2016 and 2020. This is to ensure a gradual roll-out of the programme, as well as a degree of flexibility to adjust the approach and intended results in response to the rapidly changing country situation and lessons learned. Importantly, this ensures the alignment with the Government of the Union of Myanmar's 5-year planning cycle and the EU Joint Strategy. The revisions will be based on the national development priorities as well as updated analysis and lessons learnt. In this regard, two examples of events of importance in 2015 will be the intended elections as well as the Universal Periodic Review (UPR).

The EU Joint Strategy's goals are to support political, social and economic development, while fostering respect for human rights and assisting the government in building its place in the international community. It is a collective effort involving actions by EU Member States and EU institutions to support peace, democracy, development and trade.

The Guide to Development Assistance (GDA) prepared by the government sets out the principles and the overall framework in support of the effective provision and management of official development assistance (ODA), including loans from Development Partners (DPs), entering

Myanmar. The Guide encourages DPs to formulate effective country partnership strategies - aligned with Myanmar's development priorities and strategies - to make every effort to increase the predictability of international assistance provided to Myanmar and its harmonization with national expenditure planning, and to ensure consistency with GoMs overall spending priorities. Furthermore, the Guide calls for support to transparency and accountability in regards to development assistance to Myanmar, and to promote regular streamlined reporting of data by DPs on the assistance provided—using the Myanmar Aid Information Management System (AIMS), the *Mohinga*. DPs are asked to focus their support on those areas where they can bring more than just financial resources. Furthermore, it outlines that the projects supported by DPs should be reasonably “spread out” across sectors and geographic areas so that broad segments of Myanmar can benefit from the knowledge transfers embodied in such projects. Simultaneously, it will be important to guard against the risk of excessive fragmentation of development activities.

3.2 Status of human rights and the three cross-cutting objectives of the Finnish development policy

The democratic space in Myanmar has opened up and some key human rights issues have been addressed following the release of prisoners of conscience, the improvement in political freedom and the enhancement in freedom of expression. However, it is important to continue the efforts to maintain and strengthen the rights to freedom of expression and peaceful assembly. Similarly, efforts to combat hate speech is needed as an essential part of the democratic consolidation process. The space for civil society and the media needs to be ensured since they form part of a vibrant democratic society with important functions of ensuring checks and balances. There are concerns over the limited number of women taking part in political decision-making and efforts need to be ensured that women are being given equal opportunities to take part in economic and social development.

The reports of human rights violations such as arbitrary detention and impunity are a key concern. There are high instances of cases of violence against women coupled with low level of reporting and prosecution. The outdated laws which are poorly enforced do not adequately protect women from acts of violence. Reforms to strengthen the rule of law in Myanmar are underway and prioritized among state institutions and civil society. The continuation of legislative review and reform in line with international human rights standards as well as elimination of discriminatory laws and practices is of outmost importance for the rule of law development. This process is crucial for maintaining stability and preventing and addressing human rights violations. Sustainable peace and stability has to be built on respect for the country's vast cultural, ethnic and religious diversity and the principle of non-discrimination respected by the state and all communities.

Education is the basis for participation in society and can therefore act as a platform for the achievement of other human rights. The right to education can, therefore, be considered as one of the most significant human rights for the long term development of Myanmar. The right to free primary education is enshrined in the Convention on the Rights of the Child which Myanmar ratified in 1991. The Convention's principles are related to non-discrimination, best interests of

the child and participation for all. Despite improvements made and the comprehensive approach adopted in the recently approved National Education Law, civil society has raised concerns regarding non-discrimination, equity and inclusiveness of the education legislation, policies and practices. Finland aims to support child rights in early childhood care and development and pre-primary education, areas which are vital as equitable foundations for all levels of education.

One of the main human rights concerns relevant for Finland's cooperation with Myanmar is the need to address the complexity of land rights issues such as land grabbing and confiscation as well as forced evictions. Strengthened legislation and clear accountable institutional frameworks, administrative procedures and open dialogue on land management and land tenure issues can contribute to preventing conflicts over land use. The work of the Parliamentary Commissions and the Myanmar Human Rights Commission in regards to addressing these issues is of importance for the stability and development of the country. The people of Myanmar need to be able to enjoy the rights to property as well as possibilities to ensure their livelihoods. People and civil society actors working in favour of environmental issues and land rights need to be ensured opportunities to act and participate in the democratic deliberations on these issues.

In terms of addressing climate change, wherever possible, Finland will promote low carbon development and the capacity of Myanmar to adapt to climate change. Myanmar is exposed to various climate hazards such as cyclone, heavy rain, flood, extreme temperatures, drought and sea level rise. In our cooperation, support will be given for long-term measures to increase awareness of climate change by strengthening the capacity of authorities to govern natural resources in sustainable manner and by reducing the vulnerability of people and communities to natural disasters. The country programme address the identified need to strengthen the capacity to undertake environmental and social assessments and make information accessible and available, as well as to ensure concerned communities active participation in the processes.

The focus of the programme is promoting *equity* among the people of Myanmar – which is reflected in all areas of proposed cooperation. Equity will be promoted e.g. through improved availability and equal access to education, better sharing of mutual benefits from the use of natural resources as well as strengthening the opportunities for the people to influence the formulation and monitoring of the implementation of public policies and budgeting as well as strengthening equal access to justice services, with particular focus on vulnerable groups.

Special attention will be paid to gender equality and especially women's opportunities to participate in decision-making, their special needs in service delivery (e.g. education) and their role in the peace process. In monitoring of the programme, to the extent possible, gender-disaggregated data will be utilized.

4. FINNISH COOPERATION TO DATE AND LESSONS LEARNED FOR THE FUTURE

4.1 Finnish Co-operation Programme to Date and Contribution to Country Level Results

Since the 1980's, Finland's assistance to Myanmar has been largely humanitarian, all support delivered through the UN or Non-Governmental Organizations (NGOs). Reacting to Myanmar's opening and its comprehensive reform agenda, Finland's development assistance was re-initiated first to support the peace process and increasingly to support democratic governance and the rule of law. A first batch of official bilateral funding began in 2014 targeting Democratic Governance reforms, the National Population Census, the Peace Process and geological information systems. With the exception of the latter, the support is delivered through the UN and NGOs.

It is too early to assess the impact of the results achieved, particularly regarding the peace process and the support to democratic governance and the rule of law. This is largely due to fact that the success of the processes depends how the initiated processes of increased coordination and joint strategies for reform take shape in practise. However, while reform process supported require extensive deliberations and time to show clear results, its overall direction is positive and the support is needed for maintaining momentum. Thus it seems fair to state that there is value in ensuring that partners who have gained substance and operational experience and, importantly, the trust of key stakeholders can continue their work in key reforms. This will be so also in the medium-term. In recognition of Finland's efforts in supporting the peace process in Myanmar, Finland was invited to join the Peace Donor Support Group.

One concrete result from Finland's support thus far is the preliminary results of the first national population census in 30 years. The technical operation was deemed to have been successful, according to international experts, with the exception of some areas (e.g. Kachin and some areas of Rakhine). A transparent process that takes into account the stakes at play is needed. Also possible misinterpretation of the process and final data is a risk to be monitored, managed and mitigated. While the census undoubtedly constitutes a necessary input for Myanmar's development, its final results and subsequent reactions can be analysed towards the end of 2015. Any lessons learnt should inform the update of this strategy in 2016.

At the time of writing, the Institutional Cooperation Instrument (ICI) on geological information systems with the Ministry of Mines was the only bilateral engagement. It responds to one of Myanmar's stated key development needs, i.e. the good management of the huge mining potential for the country's better benefit. The support is highly valuable as it addresses a governance need in the centrally important mining sector currently largely overlooked by the development partners.

4.2 Aid effectiveness: Key Lessons and Recommendations for Finland

In the planning and operationalization of its support, Finland has fully adhered to the principles of aid effectiveness, harmonization and alignment in line with the international commitments, which Myanmar has placed in the forefront of its rapidly growing development cooperation with donors. All cooperation will be based on Myanmar's development objectives and needs, as consistent with Finland's own Guidelines for International Development.

Finland will continue to place much importance to a participatory and transparent planning and implementation of development cooperation, both in Myanmar and in Finland. In addition, all planning will be made in coordination and consultation with the Union Government and all other relevant partners and stakeholders, including civil society

Jointly agreed national-level decisions adopted through inclusive and participatory processes will be supported by Finland's development cooperation. Finland will actively take part in the dialogue and coordination at sector and country level in relevant groups. Particularly, Finland's cooperation with Myanmar will be consistent with the EU Joint Strategy.

Finland will strive for maximum predictability and openness in its assistance and promote the use of the *Mohinga* Aid Information Management System and as much as possible use of national management systems. All cooperation will be designed, monitored and reported against clearly defined results at intervention, sector and country level.

Finland will approach its development cooperation in Myanmar through the human rights based approach, which combines the commitment to strengthen; the realisation of human rights as a result; inclusive, non-discriminatory development processes and enhanced capacities and accountability of rights holders and duty bearers to fulfil and claim human rights.

PART 2

5. GOAL AND OBJECTIVES OF THE COUNTRY PROGRAMME

5.1 Goal (as stated in the partner country's development strategy)

FESR states: *"Our vision for Myanmar for the twenty-first century is to become a modern developed nation that meets the aspirations of its people for a better life; and to achieve greater integration with the international community by 2020."*

Two main objectives are stated in the FESR (of which the first one is relevant for this country programme):

- To move the ongoing reform process forward and make it irreversible so that Myanmar can become a modern developed nation that meets the aspirations of its people for a better life.
- To accelerate Myanmar's greater integration with the international community where her cooperation and support can be counted upon in meeting the regional and global challenges of the twenty-first century.

Finland's cooperation with Myanmar is firmly based on the first interim development objective above. Special emphasis will be placed on inclusiveness of growth combined with the human rights based approach with particular attention to the most vulnerable groups. It is important that the different elements of the country programme are mutually supporting.

Furthermore, the FESR identifies the following four areas of policy priorities:

1. *Sustained industrial development to catch up with global economies while keeping up the momentum of agricultural reforms and attaining poverty alleviation and rural development.*
2. *Equitable sharing of resources, both budgetary and foreign aid, among regions and states while promoting foreign and local investments for regional development.*
3. *Effective implementation of people-centred development through community-driven, participatory approaches to improvements in education, health and living standards.*
4. *Reliable and accurate gathering of statistical data and other information to better inform public policy decisions.*

5.2 Expected development outcomes that support the partner country's long-term development goal

The overall development objective for Finland's development cooperation with Myanmar is to promote "*a peaceful and well-managed transition to a democratic and a stable society governed by the rule of law*". Finland will put special emphasis on strengthening the position of the poor and the reduction of inequality both within the population groups as well as geographically. To the extent possible, the cooperation will aim to benefit the poorest and most vulnerable groups of the society. Within this, Finland will support Myanmar to achieve development outcomes in three thematic areas.

The following key principles in line with the cross-cutting objectives of Finland's Development Policy Programme will be incorporated in the policy dialogue to the extent possible:

- *Women's participation in decision-making will be supported to ensure better gender equality.* Discriminatory practices will be discouraged and rejected.
- *Support will be given to social practices that increase equal opportunities for social, economic and political participation as well as access to basic services and social protection floor.* Particular attention will be paid to the rights and equal participation opportunities of people who are vulnerable, socially excluded and discriminated against.
- *Any efforts to integrate goals related to low carbon development and adaptation to climate change in Myanmar's development planning will be encouraged.*

Natural resource and environmental governance: Finland aims to support the authorities of Myanmar to govern the use of natural resources in a sustainable, equitable and transparent manner. Finnish support will also strengthen the ability of local communities to sustainably manage and protect natural resources. The importance of communities to participate in development processes relating to natural resources is emphasised. This would be done in cooperation with the Ministry of Environmental Conservation and Forestry (MOECAF) and other relevant authorities, while closely coordinating with the development partners. Opportunities for working with the private sector and promoting Aid for Trade will be given special consideration in this area of cooperation.

In policy dialogue, Finland will promote the following key messages:

- *Promotion and respect for local communities' rights and tenure over sustainable use of natural resources;*
- *All use, management and benefit-sharing of natural resources as well as environmental goods and services are governed by the rule of law.*
- *Environmental and social accountability in governance promoted in inter-ministerial cooperation and strengthened in all levels in public administration.*

Democratic governance and the rule of law: Finland aims to support the strengthening of inclusive participation of the people of Myanmar in peace- and state-building. The focus will be on strengthening institutional capacities to design and implement public policies and budgets as well as for enhancing the opportunities of civil society to participate in the planning and monitoring of the implementation of public policies and budgets - particularly related to education and the management of natural resources and justice sector reform. Implementation of public policies includes support to fight against corruption and support to other elements of a sound business enabling environment. Furthermore, Finland seeks to support Myanmar in improving access to justice to in line with international Human Rights standards. The support is proposed to be delivered through the UN and Civil Society Organisations.

In policy dialogue, Finland will promote the following key messages:

- *Peace-building and democratic transition should be seen as inter-linked and complementary processes.* Sustainable peace is not possible without inclusive economic, social and political reforms, and the progress of Myanmar's reforms will ultimately depend on success in the peace process.
- *Inclusiveness must be in the core of social, political and economic participation.* The processes should actively promote participation of all groups – political parties, civil society - paying specific attention to increase the opportunities of women and groups, such as ethnic minorities, children, youth, and disabled people. In the long-term, inclusive processes can increase the trust among the people and towards the institutions.
- *Respect for the rule of law - including division of power between the legislative, judicial and executive branches - is an important element of a democratic society and sustainable development.* The capacity and independence of the judiciary needs to be ensured to guarantee a safe climate for investment and economic development and for ensuring access to justice for all.
- *Fight against corruption is a key in increasing the trust of people towards the institutions as well as in improving the investment climate and fulfilment of human rights.* Transparency, accountability and participation are needed to tackle corruption. Furthermore, the role of media and civil society is important.

Education: Finland aims to support Myanmar in enhancing inclusive quality education, with particular attention to the most disadvantaged groups. This would be done in line with the Government of the Union of Myanmar's plans for the education reform and in close consultation

with other development partners. Initially, the cooperation will focus on equal access to strengthening the quality of early childhood education and development of pre-primary education. Finland will work together with the civil society to demonstrate best practices on the ground and with other development partners in order to contribute to the higher-level policy dialogue. Other events for policy influence will also be attempted when opportunities arise.

In policy dialogue, Finland will promote the following key messages:

- *Educational policies, practices and implementation should be child-centred, inclusive and increasingly based on children's rights.*
- *Inclusiveness should primarily be addressed through supporting educational development in ethnic areas, by promoting mother tongue education and by including disabled learners in the mainstream education system.*
- *Early childhood care and education is a right, recognized in the Convention on the Rights of the Child, and improves the well-being of young children.*
- *Early childhood education contributes to other goals, e.g. improves learning and retention in primary education, other education and health goals and the overarching goal of reducing poverty.*

Given the fact that Myanmar is in a transitional situation, it is of paramount importance to carefully analyse and understand the development context and the ultimate beneficiaries of various interventions. Risks related to Finland's cooperation in Myanmar need to be well understood and possible responses considered. It needs to be ensured that interventions do not result in any additional tensions between different population groups or otherwise do harm. Fair and equal treatment among the affected populations needs to be paid particular attention.

5.3 Finland's Outcomes and Outputs

Natural Resource and Environmental Governance

As FESR puts it, natural wealth can be a blessing or a curse and must be well managed to the benefit of all. As economic and investment activity increase in Myanmar, the government is confronted with increasing tensions over conflicting use of resources. Myanmar needs to maintain or improve its natural capital base and ensure their equitable use to maintain long-term economic gains and curb societal tensions, possible causes for larger-scale conflict in a transitional situation. Natural resources are therefore directly linked not only to poverty reduction, economic growth and the environment, but also to the peace process. Importantly, synergies and complementarities with other themes and outcome areas will be sought, particularly with outcome 3 (below).

To support this, the Government of Myanmar explicitly commits to ensuring that extracting natural resources produces real benefits to the people¹² and commits to ensuring that its

¹² FESR Chapter 7.2.

investment laws and administrative practices concerning national and international investment in use of natural resources adopt “*vigorous standards for environmental and social protection*”¹³.

Finland will support Myanmar in its efforts towards *improved natural resource governance and sustainable management for more equitably shared revenues*. Under the FESR, the government is committed to ensuring better governance for extractive industries of natural resources, developing and managing them in a transparent manner. The cooperation will follow a two-track approach, namely focusing on forestry and environmental administration. The cooperation will follow a comprehensive, balanced approach engaging at both legal/regulatory/government agency and community levels in rural areas. Focus will be placed on generating equitably shared revenue from sustainable and legal natural resource use. This is to respond to the driving priorities in FESR, namely *people-centred development and inclusive growth*.

Myanmar has strong potential in forestry and long forestry service tradition to build on. Public sector is retiring from forestry production and has a long term strategy to promote private sector and community forestry. Small and medium-size and social enterprises in forestry sector have potential for employment and income generation and could well be one of the poverty reduction instruments in the rural development. Requirements for success are improved RoL and tenure rights and law enforcement to curb illegal logging. A predictable, transparent and accountable Myanmar governed by the rule of law will also contribute to a better investment and business environment in the natural resources sectors.

Acknowledging the significant impacts natural resources and the environment have for a broad range of stakeholders, not the least for the local populations, the Finland-Myanmar cooperation will follow an approach that strikes a balance between development on the policy/regulatory and community levels. These are meant to be mutually supportive with engagement and feedback loop mechanisms. Similarly, the complex dynamics inherent in the role of natural resources in the peace process and ethnic tensions will be present in all activities. In order to achieve this, coordination, collaboration and partnerships will be sought with the civil society and other actors well placed to do so.

Where feasible, partnerships with private sector companies will be explored to promote the responsible investments in Myanmar. In addition, the strategy envisions possible support in vocational training related to natural resources and environment in selected sectors.

There are two separate Outcomes defined for Finland's cooperation with Myanmar that will contribute towards this national development goal.

OUTCOME 1: Myanmar state authorities govern the use of natural resources in a more sustainable, equitable and transparent manner.

The following Outputs will contribute towards this Outcome:

1.1) Forest services have improved skills and capacities to implement national forest plans, including the national community forestry strategy;

¹³ FESR, para 62

1.2) Environmental licensing and monitoring, supportive of both income generation and environmental protection, is based on international standards and best practices, including legal, regulatory instruments and processes in selected sectors.

OUTCOME 2: Strengthened local communities manage sustainably and protect natural resources.

The following Outputs will contribute towards this Outcome:

2.1) Affected communities are able to influence development planning and environmental licensing and monitoring processes;

2.2) Organised community groups have increased licit incomes through sustainable management of natural resources.

Democratic Governance & Rule of Law

The Government of the Union of Myanmar with the leadership of *U Thein Sein* has taken important steps in leading Myanmar to the path that guides it towards lasting peace and sustainable political, economic and social development. However, the process towards stability and prosperity is a long-term process that requires firm will and commitment by all actors as well as inclusion and participation of the people of Myanmar from all ethnic and religious groups and regions. Women, youth and marginalized groups need to be involved and benefit from peace and development.

Successful transformation is about building and strengthening trust between the people and the public institutions at Union, State/Regional and local levels. This requires continuous dialogue and negotiation. Behind the concept of democracy is an idea of the capacity of the public institutions to take into account the diversity of the country at all levels as well as unlock the potential of the private sector to create decent employment. The once very limited space for civil society in public life has expanded as a result of Myanmar's transition. CSOs have developed in this new environment, gradually turning into a more organized, better trained and more efficient body of organizations to play an active role in peace- and state-building, to channel the voice of the people, and as *checks and balances* to strengthen accountability. Yet, there are serious constraints to the opportunities of civil society influence public policy planning and budget formulation in effective and meaningful ways.

Much remains to be done in promoting the private sector's role in creating jobs and opportunities for entrepreneurship, especially for the youth and women as a means to increase inclusion and contribute to state- and nation-building as well as to allow the people to realize their right to employment.

Linked to the political development, the peace process is ongoing in Myanmar. Negotiations are taking place on a nationwide ceasefire and peace agreement with the ethnic armed groups. The political development and the peace process should not be seen as two separate tracks. The progress of Myanmar's reforms will ultimately depend on success in ending conflict in parts of

the country and the other way around; peace can only be sustained if the country is able to provide safety, justice, basic services and opportunities for its people to participate in political and economic life.

Finland will support Myanmar in its efforts to *increase trust between people and authorities through inclusive dialogue, transparent decision-making and increased capacities*. The cooperation will focus on enhancing public participation in peace building, budgeting and policy planning as well as improving access to justice in line with international Human Rights standards. Cooperation in this area has also strong linkages to the proposed efforts in the area of natural resource and environmental governance where focus is very much on enhancing civil society's ability to influence the socio economic planning processes and management of natural resources and access to use rights and secure tenure rights.

OUTCOME 3: Equal opportunities enhanced and capacities strengthened in peace- and state-building.

The following Outputs will contribute towards this Outcome:

3.1) Inclusive and participatory dialogue strengthened among the stakeholders involved in the peace process through promotion of common understanding and increased negotiation capacities;

3.2) Institutional capacities strengthened at all levels to design and implement public policies and budgeting that is pro-poor, transparent and evidence-based;

3.3) Increased capacities of civil society actors to participate in the preparation and monitoring of public policies, plans and budget.

OUTCOME 4: Equal access to justice improved to meet international human rights standards.

The following Outputs will contribute towards this Outcome:

4.1) Improved capacity to deliver justice services in line with human rights and increased adherence to rule of law principles;

4.2) Increased legal awareness, and capacity to claim rights, especially among vulnerable groups.

Education

Decades of under-investment, centralized decision-making and continuing conflict have left Myanmar's previously well-functioning education system in a state of crisis. Capacity to provide adequate education and take into account the special needs of disabled children is weak.

Technical and vocational training is similarly inadequate. Students drop out of school at an alarming rate.

Educational access and outcomes compare unfavourably to other countries in the region while the quality of teaching, curriculum, infrastructure and resources lag behind its peers. Just over half of Myanmar's children complete primary school on time, with rural, poor, ethnic minority children, girls and children with disabilities most affected. Though technically free-of-charge, the costs of uniforms, books and special tutoring make it impossible for many families to send their children to school. An estimated 430,000 children of primary school age and 2.3 million children of secondary school age are out of school, translating to a total of 2.73 million children aged 5-15 years who are not in school.

Education is recognized as a fundamental human right and essential for the exercise of all other rights, and as a liable tool to ensure equality. Education at all levels is also an essential ingredient of business competitiveness and innovativeness. Accordingly, cooperation in education will pay especial attention to ensure that the high quality education will be available and accessed with equal opportunity and treatment, and without discrimination of any kind. Where possible, Finland seeks to support education development in Myanmar in ethnic areas, with ethnic communities, and on mother tongue based multi-lingual education.

Challenges preventing children from enjoying their right to quality education may be addressed through strategically linked interventions from family and community level as well as through to policy level. In order to impact the educational rights of children in Myanmar, therefore, strategic engagement in the policy dialogue would be an integral part of Finland's cooperation on education with Myanmar. This may be done through supported interventions, coordination mechanisms created by GoUM, and other relevant mechanisms that may exist.

With attempts to provide access and quality education to children, support to early childhood care and development (ECCD) as well as kindergartens is well aligned with Finland's development priority area on human development. Plan to work in marginalized communities and to pilot mother tongue education are strongly in line with key elements of human rights based approach and reduction of inequalities of the Finnish development policy.

Finland aims at influencing Myanmar's national educational policies, practices and implementation in order to promote child-centred, inclusive education that is increasingly based on children's rights; and to close the gap between the grassroots practice and the policy level. Inclusivity is addressed through supporting the educational development especially in ethnic areas, by promoting mother tongue education and by including disabled learners to the extent possible. Main fora and processes for Finland to engage in the educational policy debate are the CESR (Comprehensive education sector review), the National Education Strategic Plan (NESP) preparation and the Joint Education Sector Working Group (JESWG).

Finland will support Myanmar in its efforts to *promote people-centred development promoted through community-driven, participatory approaches in education.*

OUTCOME 5: Improved availability and access to inclusive quality education, with particular attention to most disadvantaged people.

The following Outputs will contribute towards this Outcome:

5.1) Children's early learning, development and school readiness supported by improved access to inclusive early childhood care and pre-primary education;

5.2) Improved quality of learning environments and learning outcomes in early childhood care and basic education.

OUTCOME 6: National educational policies, practices and implementation increasingly based on children's rights and child-centred approaches

The following Outputs will contribute towards this Outcome:

6.1) Institutional capacities strengthened at all levels to design and implement pro-poor, child-rights based and evidence-based public policies in ECCD and basic education

6.2) Increased capacities of civil society actors to participate in the preparation and monitoring of ECCD and basic education policies, plans and budgets

5.4 Finland's intentions with regard to human rights based approach and the three cross-cutting objectives of the Finnish development policy as part of the proposed Country Strategy

The Finnish development programme implements the human rights based approach to development which entails a systematic and conscious integration of human rights as a means and a goal into the development cooperation practices. Human rights assessment informs the choices of sectors and objectives set for development. Human rights principles such as *non-discrimination, inclusion, participation, accountability and transparency* are guiding principle throughout the program and are emphasized in the processes supported. The cooperation seeks to support the capacity of the authorities to perform their duties in non-discriminatory manner. The interventions include support to civil society to increase their awareness of their rights and the capacity to claim them and hold the government accountable.

In the sector of natural resource and environmental governance, emphasis is put on supporting transparent and inclusive decision-making processes for environmental governance as well as previous assessment of human rights considerations to ensure positive impact. Supportive activities in terms of equitable management of natural resources can include use of inclusive business models and economic empowerment of women and minorities.

Human rights related objectives are included systematically in the support in the area of peace process, democratic governance and the rule of law. This is done by supporting truly participative open and inclusive reform and peace building processes. The aim of the rule of law

support is explicitly to increase the capacity of justice service actors and the legislature to abide by human rights principles and implement human rights commitments. Good governance, including fight against corruption, improves effectively the country's business enabling environment and investment climate.

In education, the support is focused on ensuring non-discriminatory, equal access to good quality education. Emphasis is put on inclusive early childhood and pre-primary education which enhances equity between children at the start of primary school. The support has potential to contribute positively to gender equality in the country by allowing mothers to more actively engage in professional activities with increased pre-primary education services and through the focus on inclusive education for boys and girls. The benefits of ECCD and early learning reach much deeper than a child's readiness for school and his/her later academic experience. ECCD is a key to achieving children's rights, a sound investment, particularly as a frontline strategy for achieving poverty reduction goals, a significant entry point within, and foundation for diverse broad educational, social and health interventions.

With respect to climate sustainability, the cooperation is strengthening the capacity of Myanmar's administration to take into account the adverse environmental impacts of climate change. The equitable and transparent governance of natural resources in a sustainable manner is very much core of the climate change mitigation and adaptation. In education, climate related risks are mitigated through working in line with the Comprehensive School Safety framework and promoting climate friendly activities.

The country programme supports long-term measures that reduce the vulnerability of people and communities to natural disasters. Activities such as increasing the forest cover and implementing sustainable management of forests decrease climate vulnerability and enhance adaptation capacity. The programme reduces carbon emissions and the loss of biodiversity while at the same time offers the local communities the chance to diversify their livelihoods.

5.5 Finland's intentions with regard to poverty reduction

There is a big variety of factors which contribute to poverty in Myanmar. Finland addresses poverty reduction mainly through interventions in the above mentioned development areas of the strategy. Democracy and the rule of law projects contribute towards improving conditions of people who have been deprived of legal rights to allow them to pursue opportunities and defend them against arbitrary and unjust treatment. Supporting the peace process in Myanmar is important since an armed conflict is one of root causes of persistent poverty.

The aim of supported education interventions will be to ensure that also the most vulnerable groups are included in the education system and to prevent drop-outs, which in the medium to long term will improve the economic prospects of target populations. Providing equal and improved access to education is also of vital importance, since better quality of education and higher educational attainment will provide a good basis for capacity building of Myanmar's labour force. Progressing from one educational level to the next provides increasingly more

means and options to participate in the formal and informal economy, which in turn reduces poverty in the long run.

Better use of natural resources provides income for the government and also for local people. Community forestry can bring benefit to local population in form of incomes and employment in the short and long run. It also serves as an instrument for building long term capacity and capital to cope with economic needs and natural disasters. Standing forest can also serve as collateral in pursuit of financing in rural areas. Improved governance should also help local communities to conserve and protect their natural resources and avoid being deprived of their communal resources and processes of eviction that often times lead to more poverty.

6. MANAGEMENT OF STRATEGY AND PROGRAMME IMPLEMENTATION

6.1 Partnerships

The guiding principle for Finland's development cooperation with Myanmar has been from the very beginning to work together with diverse partners and stakeholders. The Government of the Union of Myanmar is the main partner in the implementation of Finland's Country Programme in the country. Apart from the Ministry of Foreign Affairs, Finland will work in collaboration with the Ministry of National Planning, Ministry of Environmental Conservation and Forests as well as Ministry of Education and Ministry of Mines. To the extent possible, cooperation will be extended to state, regional and local level authorities. Dialogue is maintained with other ministries and relevant state actors as well as with the private sector. Furthermore, the civil society both in Myanmar and Finland is an important partner.

Among the international donor community, Finland's key partners comprise of the following: the European Union and its member states, Nordic Countries and other bilateral donors, the UN and the international financing institutions. Finland has close cooperation with the EU and is participating actively to its programming of development assistance to Myanmar. Special attention will be paid to strengthening the collaboration with the other Nordic countries. These partnerships are based both on regular policy dialogue and on operational collaboration. Policy dialogue and cooperation should be extended beyond the traditional donors as opportunities arise. To this effect, efforts are made to enhance cooperation and exchange of information with the emerging donors, in particular with China and India.

Careful consideration is required when working in areas affected by conflict. *Do no harm* should guide all efforts supported by Finland and this approach should be well harmonized with other development actors. Especially in the area of peace building, the donor architecture is rapidly evolving, and it will be important to keep up with changes and ensure that Finland is well positioned to deliver its support in good coordination with the other development partners. Alternative mechanisms to the formal channels may need to be considered to ensure that the support can be delivered effectively by not creating additional tensions among the affected communities. The risks related to working in a fragile environment need to be well understood and internalized in the approach. To the extent possible, multilateral modalities should be favoured.

Partnerships between Finnish and Myanmar companies contribute to job creation, development of sustainable livelihoods and transfer and adoption of skills, knowledge, technologies and models of corporate responsibility to the business community in Myanmar. Relevant aid modalities and Finpro's evolving platforms and services (e.g. "Growth Programme") can be used for this purpose.

6.2 Aid modalities, implementation and aid effectiveness

Finland will limit its cooperation to three thematic areas and will engage in a limited number of interventions at any given time.

Although Myanmar has been progressing quickly and is updating its strategies, policies and legal framework in many sectors, the capacity of the government and public administration in general remains weak. Therefore, Finland will refrain from interventions that would increase the burden on the government authorities and other stakeholders, already pushed by many new initiatives. Rather, Finland will prefer multi-donor arrangements, sector-wide programs and partnerships in all interventions, including with the civil society. In the longer term, bilateral modalities may be considered as complementary to broader sectoral processes and partnerships, where appropriate, and taking into account the human resources limitations of both Myanmar and Finland. Efforts will be made to ensure that NGO interventions supported by Finland will be complementary to multilateral and bilateral interventions and support the achievement of the goals defined in this programme.

In addition, due to Finland's relatively short and still limited presence in Myanmar, it is recommendable to work together with other development partners to pool knowledge, experiences and resources. This is important for avoiding duplication of efforts in terms of operations as well as analysis and assessments.

Finland is also committed to avoiding fragmentation both in the country as well as within MFA cooperation portfolio. Efforts should concentrate on the achievement of long term results and on processes that lead to national level changes in the areas of cooperation. Finally, as Myanmar is in the process to consolidate its peace process and democratic governance, there is a need to support also the civil society in getting involved in the development processes and in the policy dialogue in the main result areas.

In the short term - in both democratic governance and the rule of law and natural resources governance - Finland will rely on multilateral agencies in the implementation and joint financing whenever feasible. However, in these cases Finland expects strong participation from both public actors as well as the civil society. In the long run, in natural resource governance, Finland hopes to be able to rely on sector programmes guided by new strategies based on good and democratic governance. In the long run, the modalities will change towards use of sector programmes and country systems where supporting actors will give technical assistance to the implementation. The country programme will grow and take shape gradually as new interventions and partnerships are identified in accordance with the expected results. Special attention will be

given to the complementarity of various instruments and partnerships – with an attempt to engage with as broad set of stakeholders as feasible. When identifying new interventions, efforts will be made to ensure good coordination and division of labour with other actors.

In education sector, there are currently no feasible options for supporting union-level work through multilateral channels, and the national strategy and legal framework is still evolving. Entrance to education sector will be made through NGO sector by providing support inclusive and alternative systems as well as piloting good approaches that could to be included in the education sector in the future. As the sector-wide instruments (e.g. financing mechanisms, strategies and joint agreements) mature, education sector support should be feasible in 2-3 years. Joint Education Sector Working Group (JESWG) is one of the most active Sectoral Working Groups under the Nay Pyi Taw Accord and Finland is interested to participate in it. The DPs are eager to keep the momentum and already start dialogue with the government counterparts to seek ways to continue active coordination.

Finland as an EU member state participates actively in EU coordination, both in terms of development cooperation as well as political and humanitarian affairs. Finland will contribute to the implementation of the EU joint strategy – and will seek opportunities for effective coordination, synergies and joint efforts both in terms of implementation as well as policy dialogue. MFA team takes part in key sector working groups under the NPT Accord, and as the human resources are strengthened after the initial years, will look into the opportunity to become a lead donor in one of the main sectors.

Partnerships between enterprises, NGOs and other non-state actors will be supported with appropriate aid instruments, such as Finnpartnership, Finnfund, BEAM innovations for development program, NGO cooperation and others, as well as with Finpro's new-forming platforms and services.

Cooperation portfolio will develop towards programme based support through joint multi-bi financing. MFA objective is to be predictable in result areas and amounts of financing. Through this programming process and then through bi annual consultations constructive dialogue will be held with the GoUM, civil society, development partners as well as donor community.

6.3 Main fora of political and policy dialogue

The main fora for bilateral political and policy dialogue will consist of regular country consultations and high-level official visits. The key fora for continuous political and policy dialogue and donor coordination mechanism in Myanmar are the Sector Working Groups (SWG), established under the Nay Pyi Taw Accord, culminating in the annually held Myanmar Development Cooperation. Importantly, the different oversight mechanisms for programs (e.g. steering committees) will provide a useful platform to discuss topical issues with the relevant authorities. Finland will also actively participate in fora and meetings and seek regular interaction with also non-governmental actors in Myanmar.

In addition, Finland will actively take part in the different Development Partner (DP) coordination structures, including in the Development Partners Group (DPG), and as a key coordination context the European Union. Finland will strive to coordinate the preparation and communication around important policy issues jointly with other partners.

6.4 Internal Management Arrangements, Human Resources and Competency Development for CSP Implementation

The Country Programme is implemented by a team of MFA staff at the Ministry for Foreign Affairs in Helsinki, in the Diplomatic Mission of Yangon and the Embassy in Bangkok. The internal management arrangements as well as respective roles and responsibilities are defined and regularly updated by the MFA and the Diplomatic Mission. The thematic expertise available in the Unit for Sectoral Policies at the Department of Development Policy will be systematically utilized to support the implementation of the Country Programme. The members of the Country Team will participate in skills training based on the needs identified. Division of labour within the team (including issues of delegation) will be further developed and clarified. In addition, Finland will commission external expertise as required and appropriate.

Given the inter-linkages between the areas of cooperation, the rapidly evolving development context in Myanmar, and the limited human resources available in Yangon for the management of the country programme, successful implementation requires cross-sectoral expertise and ability to flexibly address to the emerging needs and developments. Similarly, the Country Team needs to work in a flexible manner, supporting and complementing each other. Special attention needs to be paid to human rights and conflict-sensitivity in all development cooperation efforts.

7. STRATEGIC STEERING

7.1 Monitoring and reporting of results at country level, and of Finland's performance

Monitoring of results:

The results framework provides a basis for planning, monitoring and reporting. It summarizes the key results that Finland aims to achieve through its cooperation with Myanmar. While the results framework remains a living document and should include enough flexibility, it will also provide a clear idea of what Finland's intentions are and how it aims to achieve the intended results.

The results framework includes indicators, baselines and targets for monitoring the progress in terms of Myanmar's development goals as well as the results to be achieved through Finland's development cooperation with Myanmar. The indicators, baselines and targets will be used as a basis for continuous monitoring as well as for evaluating the country programme. In the long run, this country programme will be subject to regular country programme evaluations to be

conducted according to the MFA guidelines. In the shorter run, there will be an assessment conducted on the programme to facilitate a possible re-adjustment of the programme after the general elections in late 2015. Under multilateral arrangements, Finland will participate in joint reviews and evaluations to the extent possible. It will be ensured that any bilateral assessments and evaluations will be well coordinated with other development partners in order to complement other planned exercises and to benefit joint efforts.

To the extent possible, readily available data should be used as a basis for monitoring to ensure objectivity and in order to avoid spending too much time and efforts in collecting the data. In multilateral arrangements, reporting provided by the multilateral partner will be utilized. The indicators used for monitoring will be a mix of national and international standard indicators. Special effort will be made to disaggregate the data based on gender, age, ethnicity, region, etc. The final results of the national census conducted in April 2014 (to be released in May 2015) will provide good data as a basis for planning and monitoring of development efforts.

There will be annual and semi-annual reporting on results, based on MFA's standard template, although adjusted to the results-based approach and terminology adopted in this country programme. Results reporting will be used to improve MFA's performance and the quality of the results produced by the interventions. Results information will be produced both for internal and external purposes.

Financial monitoring will be done against the expected results, rather than against inputs.

The need to adjust the country programme will be assessed after the general elections. The revision is foreseen to take place during 2016. The next program period would begin in January 2017.

7.2 Risk Management

MFA of Finland is a new actor in Myanmar and therefore has little experience in the country context and risks involved in the development cooperation in Myanmar. For this reason, it is necessary to gradually learn from other development partners and, to the extent possible, rely on their best practices on risk management in Myanmar. Insufficient human resources pose extra risks and could result in inadequate planning and strategic choices. For this purpose, MFA will gradually increase its expertise on Myanmar and expand its human resources to match the challenge. If the human resources will not be expanded as foreseen when designing this programme, adjustments will be needed in the scope of the programme, implementation modalities and level of the results. Close coordination and ability to learn from experienced development partners will be critically important in successful implementation of the programme. Limitations in terms of IT capacities will need to be taken into account when deciding on implementation arrangements and the division of labour between various units at MFA.

Good quality reporting and analyses in the context of annual results reporting will play an important role kick-starting risk management and strengthen MFA's learning from portfolio

management. In the beginning, support and expertise from development policy department will be beneficial to supplement the limited in-country resources. Early assessment and adjustment of the country strategy by 2016 – after the elections and in aligning with Myanmar's comprehensive development strategy - will also contribute to risk mitigation of the country programme.

One of the main justifications for using experienced partners in the implementation of the interventions is risk management. Partners that have already been working in the country and with the local actors - both public and private - are probably better prepared to face contextual bottlenecks and problems. Later, when MFA has accumulated more experience, it is possible to start relying on other implementing organizations. Due to the weak capacity of the public sector, Finland will focus first on capacity building and later see whether and how cooperation with the public actors can be strengthened. The personnel of the Diplomatic Mission in Yangon will also actively engage in the policy advocacy and coordinated support with other development partners in enhancing transparency and accountability systems in Myanmar.

Sufficient human resources are needed to plan and to ensure adequate monitoring and quality assurance of the implementation of the programmes. Similarly, resources are needed for as policy influencing in order to achieve the objectives set in this country strategy. Therefore, plans related to human resources should be considered carefully.

Contextual Risks

The main contextual risks are related to the sustainability of the peace process as well as disarmament and integration of armed groups and soldiers to normal life. In this regard, the ability of the various parties involved in the peace process to engage in political dialogue and public decision-making is of critical importance. Linked to this, treatment of ethnic minorities poses a risk to national stability. As an impact of the uncertainties related to the peace process, all other risks can become more severe and the probability of them will increase, as well.

Similarly, the risk related to the political reforms threatens the ability of Myanmar to advance with its development priorities. Weaknesses in democratization and decentralization together with slow de-militarization of the public administration pose a threat to materializing the necessary social reforms. If the reform of the civil service and the related capacity building at national and local levels is too slow, it cannot support the necessary political changes, development and implementation of new policies and laws in order to bring about inclusive development.

High prevalence of corruption and illegal economic activities can on their part slow down the economic reform, healthy development of legal economic activities and inclusive growth. These all are fundamental factors for supporting and enabling the necessary social and economic changes in Myanmar.

7.3 Revisions of the Country Programme Document

The need to revise the country programme will be assessed after the general elections, or sooner if considered necessary. This revision is foreseen to take place during 2016. The intention is to

align the country programme with the Government of the Union of Myanmar's comprehensive development plan which will follow a five-year cycle. Therefore, revisions may be made to this country programme accordingly.

Any major changes in the development context that would destabilize the country – incl. natural disasters, civil unrest – will also require adjusting in the programme approach and expected results. Furthermore, any major revisions of Finland's Development Policy Programme may require revisions in the country programme. Significant changes in the planned allocation of human and financial resources for the implementation of this country programme will also need to be taken into account when defining the results and targets for the development cooperation between Finland and Myanmar. The Results Framework will remain a living document and will be refined when and as seen necessary.

8. TENTATIVE FINANCING PLAN (BUDGET)

Table: Proposed Budget for Country Strategy Programme, with an example for illustrative purposes

Areas of Cooperation:

	2015	2016	2017	2018	Total
1: Natural Resource and Environmental Governance					
Forest	1 000 000	2 000 000	3 000 000	4 000 000	10 000 000
Environment	500 000	1 000 000	1 700 000	2 000 000	5 200 000
SubTotal	1 500 000	3 000 000	4 700 000	6 000 000	15 200 000
2: Democratic Governance and the Rule of Law					
Peace Support	1 200 000	2 000 000	2 000 000	2 000 000	7 200 000
Democracy and RoL	1 800 000	1 500 000	2 000 000	3 000 000	8 300 000
SubTotal	3 000 000	3 500 000	4 000 000	5 000 000	15 500 000
3: Education					
Education	1 500 000	1 500 000	4 000 000	5 000 000	12 000 000
SubTotal	1 500 000	1 500 000	4 000 000	5 000 000	12 000 000
Total	6 000 000	8 000 000	12 700 000	16 000 000	42 700 000

9. ANNEXES

These must serve a specific purpose and should be linked / cross referenced in and to the main text

9.1 Draft Results Frameworks (attached)

9.2 Draft Risk Matrix (attached)