



Country Strategy for Development Cooperation

MYANMAR

2016-2019

MINISTRY FOR FOREIGN AFFAIRS



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Abbreviations

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BEAM	'Business with Impact' (Finland's private sector financing instrument)
CEDAW	Convention on the Elimination of Discrimination against Women
EAO	Ethnic Armed Organisation
EBO	Euro Burma Office
ECCD	Early childhood care and development
EFA	Education for All
EIU	The Economist Intelligence Unit
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FINNFUND	Finnish Fund for Industrial Cooperation Ltd
FINNPARTNERSHIP	The Finnish Business Partnership Programme
FLC	Fund for Local Cooperation
GBV	Gender-based violence
GDP	Gross domestic product
HDI	Human Development Index
HRBA	Human Rights Based Approach
ICI	Institutional Cooperation Instrument
IMF	International Monetary Fund
JPF	Joint Peace Fund
LDC	Least Developed Country
MFA	Ministry for Foreign Affairs (of Finland)



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MOU	Memorandum of Understanding
NFMIS	National Forest Monitoring and Information System
NGO	Non-governmental Organization
NLD	National League for Democracy
ODA	Official Development Assistance
OECD/DAC	Organisation for Economic Co-operation and Development / Development Assistance Committee
SDGs	Sustainable Development Goals
SWGs	Sector Working Groups
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNODC	United Nations Office on Drugs and Crime
UN-REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation
ROL	Rule of law
USD	United States Dollar
WGI	World Governance Indicator



Executive summary

In 2012, Finland re-initiated its development cooperation with Myanmar in response to the country's gradual opening up that started in 2011 and the historic opportunity this provided for political, social and economic reforms and development. Progress on these reforms has been strengthened under the leadership of the new democratically elected government, which came into office following the landmark elections in November 2015. Despite the positive progress made to date, Myanmar's development remains at a nascent stage and is in need of consistent external support. At the same time, as one of the fastest growing economies in the world, Myanmar has a great opportunity to shift its development path. This offers a variety of opportunities for partnerships in many areas.

With internal conflicts still ongoing in some areas and pronounced economic and social insecurity particularly in ethnic minority areas, achieving lasting peace based on the principles of inclusion and equality is critical for Myanmar. Finland began its development cooperation in 2012 with a focus on the peace process, and it remains firmly committed to supporting Myanmar's peaceful and well-managed transition to a democratic and stable society governed by the rule of law. Finland will focus its support on three programming areas with the following intended outcomes:

Good forest governance	Democratic governance and rule of law	Quality education
<ul style="list-style-type: none"> Myanmar's forest resources are governed in a more sustainable, equitable and transparent manner based on up-to-date forest resource information. Local communities progressively engage in sustainable forest management. 	<ul style="list-style-type: none"> Institutions and processes of peace- and state-building are more responsive to the needs and rights of all people in Myanmar. Vulnerable and disadvantaged groups, particularly women and girls, have improved access to justice. 	<ul style="list-style-type: none"> The most disadvantaged girls and boys in Myanmar benefit from improved access to quality, inclusive pre-primary and primary education.



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These outcomes are mutually reinforcing, which maximises the potential of Finland's assistance to achieve a positive impact. Support in these areas will be provided mainly through cooperation with UN organisations (FAO, UNDP, UNESCO, UNFPA and UNODC), building on their comparative advantages, long-term experience in Myanmar and respective areas of expertise. This approach will be re-assessed as necessary, assuming that Myanmar's national policies together with its financial, administrative and other structural capacities will strengthen over time. Support is also provided through other multilateral arrangements, including the Joint Peace Fund and the education programme under the multi-donor trust fund managed by the World Bank. Consistent efforts will be made to engage with civil society organisations in order to support more effective public participation and inclusive development. Alignment with the EU's joint strategy for Myanmar will be ensured and Nordic cooperation promoted. Going forward, opportunities for bilateral cooperation with the Government of Myanmar will be considered when the conditions are deemed suitable.

Guided by the principles and priorities set out in Finland's development policy (2016), the Country Strategy for Myanmar is results-based, pursues a human rights based approach, and incorporates objectives specific to gender equality and climate sustainability. It has been developed in response to Myanmar's development needs and priorities, and it is informed by Myanmar's Framework for Economic and Social Reforms (2012–2015), while acknowledging the ongoing development planning and restructuring of the new Myanmar government that began its term on 1 April 2016.



PART 1

1. Country Context

1.1 Political, economic and social development

Myanmar embarked on a process of political reform in 2011, following almost 50 years of military rule. This process culminated in the national elections held in November 2015, with the National League for Democracy (NLD) led by Aung San Suu Kyi winning the overwhelming majority of seats across the country, beginning a new era in the political transformation process. Since then, a civilian president has been sworn into office, a large number of political prisoners released, and strategic dialogue between the government and development partners on development coordination and priorities initiated. However, the military retains substantial political influence and autonomy through the 2008 Constitution, which reserves 25% of all seats at the union and state/region levels for non-elected military officers. The military also maintains control of border affairs, home affairs, and defence ministries, which challenges the dynamics of democracy and poses a challenge to the rule of law.

Fundamental to Myanmar's democratic development is to achieve lasting peace in the longest-standing internal conflict in the world, which has led to the internal displacement of 600,000 people, with many more having sought refuge beyond the country's borders. As agreed, the political dialogue will cover issues related to security as well as social, economic and political development. This comprehensive agenda lends hope that many key obstacles to lasting peace can be solved. However, moving the peace process forward will require the inclusion of and consistent efforts by all the parties involved: the army, the ethnic armed organisations (EAOs) and the government. Women have been near absent from official forums for dialogue on peace, and greater focus will need to be placed on ensuring women's participation and including their priorities in peace-building efforts.



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Myanmar is a multiethnic, plurilingual and multicultural society with a population of roughly 51.5 million, of which about half is under age 27. Currently, the official classification includes 135 ethnic groups. Myanmar is a least developed country (LDC) with abundant natural resources and potential for growth if the abilities of its young people are harnessed for social and economic development. Myanmar failed to reach most of the Millennium Development Goals, and with a Human Development Index (HDI) value of 0.536 in 2014, ranking 148th among 188 countries, it is in the low human development category. It is one of the poorest countries in the world, with roughly one quarter of its population living below the poverty line. Poverty is higher in rural areas, which is where some 70% of the population resides. Rural poverty is explained by lack of land tenure security, low productivity in the agricultural sector and its focus on subsistence farming. Private sector development is hampered by a challenging business climate, including inadequate infrastructure, high prevalence of corruption, and weak financial institutions.¹

Natural resources play a key role in Myanmar's development, with forests covering an estimated 45% of the land area. However, Myanmar has one of the poorest records globally in environmental management, and in recent decades environmental degradation has emerged as a critical issue. This is demonstrated by Myanmar's rate of deforestation, which is among the highest in the Mekong sub-region² and estimated as the third highest globally.

Myanmar has the lowest life expectancy as well as the lowest expected and mean years of schooling in the region.³ Myanmar's labour participation rate is estimated at 67% (15–64 years), with significant differences between men (82%) and women (48%), and between states and regions (highest in Shan at 76% and lowest in Rakhine at 53%).⁴

¹ World Bank. Doing Business Report 2016. Transparency International Corruption Perceptions Index.

² Organised chaos: The illicit overland timber trade between Myanmar and China. Environmental Investigation Agency, September 2015, page 4.

³ UNDP (2015). Human Development Report: Myanmar.

⁴ Department of Population, 2015. The Union Report: Occupation and Industry.



These figures reflect the complex and demanding development context where long-running conflicts, inequities between different regional and ethnic population groups, gender inequality and a challenging geography limit access to basic social services and contribute to poverty. Myanmar is one of the world's most vulnerable countries to climate change and other disasters, affecting particularly the most disadvantaged and marginalised groups. Unlike other countries in the region, Myanmar's population growth rate has decreased markedly in recent decades, with large numbers of particularly working-age people moving out of the country due to limited livelihood opportunities, poor socio-economic conditions, and insecurities created by prolonged internal conflict. In Myanmar internal displacement and statelessness are increasing social and economic vulnerability and insecurity among roughly 600,000 and 1,100,000 people, respectively.⁵

1.2 Development scenario for the country

The outlook for political, social and economic development in Myanmar is positive, although major challenges remain. Myanmar has made significant progress in all these areas of development since 2011, which together with the peaceful political transition in 2016 demonstrate the country's transition towards a more consolidated democracy. The swift delivery of social and economic change is high on the agenda of Myanmar's new government. However, democratic culture and rule of law will take some time to mature.

Myanmar has a rich endowment of natural resources and significant untapped agricultural potential, and it occupies a strategic location between China and India. Myanmar is well positioned to benefit from trading with these emerging economies and beyond. Its location is also important geo-politically, thereby attracting significant external investment. Myanmar's medium-term GDP growth rate is estimated at 8.2%,⁶ providing a solid basis for the new government's efforts to deepen political and economic reforms and to implement strategies that will help create more social and economic prosperity for all, including increasing investment in health and education.

⁵ <http://www.unhcr.org/pages/49e4877d6.html>

⁶ World Bank. <http://www.worldbank.org/en/country/myanmar/> Accessed 15.5.2016.

There is a need to reach agreement on the scope and form of democratic reform, such as federalisation, which is essential for the effective rolling out of decentralisation. It is critical to resolve long-standing as well as new outbreaks of conflict, insecurity and intercommunal violence in ethnic areas (most notably in Rakhine). Similarly, comprehensive solutions are needed for challenges related to governance and rule of law, addressing the needs to reform the justice system and public administration, review the regulatory environment, and strengthen institutional capacities. These will be key to advancing inclusive growth, social stability, and the enjoyment of fundamental human rights and freedoms, and will require multi-pronged approaches involving public institutions, development partners, the military, civil society and Myanmar people themselves.

Myanmar's new government has expressed its aspirations to achieve inclusive development through democratic reform as well as its endorsement of the global development agenda (Sustainable Development Goals, SDGs), emphasising the importance of national peace and reconciliation. However, its specific policy positions, priorities, objectives and modalities of work are yet to be crafted and disseminated.

1.3 Finland's relations with the country

Finland has long-standing diplomatic relations with Myanmar. However, diplomatic presence in the country was only established recently in 2013 when Finland opened a diplomatic mission in Yangon. Several Finnish ministers have visited Myanmar, and visits at all levels are important to further enhancing cooperation between the countries. This strengthening of relations with Myanmar was based on steps that the previous regime agreed to take towards democracy. Finland decided to support these preliminary steps towards more democratic elections, increased media freedom and, to some extent, enhanced engagement with civil society and political parties. Myanmar's steady progress towards a democratically governed peaceful country quickly resulted in Finland establishing development as well as commercial and trade relations with Myanmar.

Finland is committed to cooperating with Myanmar, expanding its development cooperation while proactively engaging in political and development policy dialogue at all levels, including the issues of gender equality, freedom of the media, and strengthening other civil rights. Finland will aim to fur-

ther strengthen its presence in Myanmar in the near future. In addition, Finland will encourage the private sector both in Myanmar and in Finland to actively seek opportunities for commercial cooperation and business, using official visits to Myanmar to advance business cooperation. The Finnish business promotion organisation, Finpro, has established an office in Yangon and will assist and support both local and Finnish companies in their efforts to do business and investments in Myanmar and Finland. Opportunities for Finnish companies to participate in development cooperation will be explored through the use of private sector development financing instruments.

1.4 Themes of dialogue and advocacy

As an integral part of Finland's development cooperation with Myanmar, Finland will promote the following themes in policy dialogue:

- The need for the peace process to be based on the principles of inclusion and non-discrimination, building on the recognition that full democracy and a stable, strong economy can only be achieved on the foundation of lasting peace.
- The need for continued advancement of democratic, political and economic reforms in a consistent and comprehensive manner based on international norms, standards and agreements, including the Sustainable Development Goals (SDGs).
- The need to strengthen equality, accountability and transparency in the legal and governance systems. Special attention will be given to the needs and rights of the most vulnerable population, including women and girls, minority groups and people with disabilities.
- Realising the rights of women and girls in Myanmar is critical both in its own right and as a catalyst for economic growth and human development. Critical barriers that must be addressed include the need to end violence against and human trafficking of women and girls, to strengthen women's participation in the peace-building process, and to ensure women's active involvement in all decision-making.



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- The need for development to be nationally owned, recognising that development is a process that needs to be led by Myanmar leaders and its people.
- The need for effective cooperation and coordination among development partners to ensure coherence and impact. In this regard, Finland will promote the active participation of civil society and the private sector as a necessary condition for achieving broader impact.

2. Development Cooperation Context

After the opening up of Myanmar and in response to the rapid growth of international assistance, the government and its partners quickly established systems for aid management in Myanmar. This included negotiating the Nay Pyi Taw Accord for Effective Development Cooperation (2014), holding annual development cooperation forums and forming 16 sector working groups. The fivefold increase in ODA between 2010 and 2015 has put immense pressure on these systems. This is illustrated by the development by 2015 of over 800 memoranda of understanding (MOU) governing partner programmes and the organisation of nearly 5,000 workshops and training events with support from development partners in 2015 alone. By 2014, Myanmar had become one of the top recipients of ODA in the region, with gross ODA estimated at USD 2.14 billion.⁷ ODA flows to Myanmar are expected to continue to expand in the coming years.

In 2011, health, education and agricultural assistance made up 80% of commitments. In 2015 they were still important, comprising over one billion dollars worth of committed assistance, although only accounting for 35% of the total. By contrast, transport and energy made up less than 5% of the total in 2011, but grew to nearly 60% of the total by 2015. These changes reflect the re-entry of multilateral development banks and other lenders into Myanmar in 2013 after the clearance of its debt arrears. Currently, there are 80 development partners in Myanmar, the biggest of which include Japan, the World Bank, the Asian Development Bank, Germany, the UK, the Republic of Korea, the EU and the USA.

The key challenge now is how to move from aid to development in a very demanding setting where there are different views on objectives, strategies and time frames, where costs of delivering development support continue to be high, and where access restrictions are still in place for some areas. According to the Strategic Review of Myanmar Aid Architecture, both partners and government

⁷ OECD/DAC, Aid at Glance, 23 May 2016. Figure represents average ODA for 2013–2014.

need to create more time, space and platforms for increased strategic dialogue. The review also recommends that partners need to collaborate more on strategic issues, especially as government capacity will remain weak in the medium term.

Other challenges include shifting to a stronger focus on development at all levels, integrating coordination at the state/region level with that at the union level, and ensuring the alignment of different programmes and initiatives with the national development agenda and priorities, as these become defined, including in relation to the SDGs.⁸ Myanmar as yet lacks an overarching national development framework and related sectoral strategies, with the new government yet to clearly articulate its approach regarding the Nay Pyi Taw Accord for Effective Cooperation. However, the new government has expressed its strong wish for greater donor coordination and development effectiveness.

While its investment in health and education has increased substantially in recent years, Myanmar lags behind other ASEAN countries in its domestic budget for the public sector.⁹ The new government's budget plan and approach to the generation and management of public finances is yet to be made explicit, although in different connections its leaders have emphasised transparency, anti-corruption, and the key role of taxation. The space available for civil society actors to play a role in development has increased since 2011, but the role of civil society in development cooperation is yet to be officially defined by the new government.

⁸ Moore, R. Strategic Review of Myanmar Aid Architecture. Recommendations Paper. 5 April 2016.

⁹ IMF, 2013. IMF Country Report No. 13/250.

3. Finnish Development Cooperation to Date and in the Future

Finland restarted its development cooperation with Myanmar in 2012. Most of its support is now channelled through multilateral arrangements. In 2015 Finland's development cooperation budget for Myanmar was roughly USD 10 million, and it is expected to remain at around the same level until the end of the programme period. Some 70% of the funding goes through multilateral arrangements.

It is too early as yet to assess the impact of the results achieved since 2014, given the progressive scaling up of projects, the short duration of current cooperation and the political transition taking place in Myanmar. However, Finland's experience so far demonstrates that despite the challenging context, it is possible to achieve good results. Concrete results from Finland's support include the first national population census in 30 years and the dissemination of its results, the provision of early childhood care and development services to over 2,000 vulnerable children, and the Needs Assessment for Effective Implementation of the Environmental Conservation Law in Myanmar. Finland has also provided long-term support to enhance inclusiveness and the participation of ethnic groups in the peace process and contributed to the formulation of the framework for political dialogue.

At the same time as the development context has become increasingly complex, development financing to Myanmar has rapidly expanded. Therefore, to ensure maximum efficiency and recognising the specific role of the UN and other multilateral arrangements in supporting Myanmar's efforts to establish and achieve nationally defined SDG benchmarks, Finland will continue to focus on multilateral systems, not excluding bilateral support if deemed feasible. Finland seeks to support harmonisation through representation on governing boards of multilateral programmes. In addition, smaller, more tailored aid modalities will be pursued in areas where Finland's contribution is considered to service critical needs. Against the backdrop of the ongoing political transition, Finland will aim to



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ensure that partners who have gained ground and established partnerships and trust, are able to continue their work in key areas of reform.

Critical challenges remain, however, including poverty, inequality, conflict, insecurity, weak rule of law, lack of access to basic services and the need for a more accountable, transparent and effective public administration. Finland will continue to mainstream transparency, accountability and participation as key elements of good governance across all areas of its proposed cooperation in recognition of their importance to Myanmar's development as a whole. Furthermore, Finland will promote approaches that strengthen institutional capacities and advance opportunities for public participation. Continued emphasis will be placed by Finland on human rights, including the rights to equality and non-discrimination, with particular focus on women and children. Developing better links between traditional development cooperation, which is aimed at the eradication of poverty and the elimination of disparity, and private sector cooperation are important for Finland. Opportunities for supporting and engaging with the private sector will be sought in all areas of cooperation.

The present Country Strategy is aligned with the overarching goal of Finland's new development policy (2016), which is to reduce poverty and inequality, and with its emphasis on the rights of women and girls, democracy and the functioning of society, and the sustainable use of natural resources. As Myanmar's new government establishes its policy priorities and objectives, further dialogue will take place to ensure the alignment of Finland's support with the new priorities and policies of the government. Finland is also committed to participate in the formulation of the joint EU Strategy for Myanmar in 2016–2017.

PART 2

4. Expected Results of the Development Cooperation Programme

4.1 Impacts

Finland will put special emphasis on development interventions that address the needs, rights and priorities of the most disadvantaged and vulnerable groups, and contribute to reducing inequality within and between population groups, giving special attention to gender and location. Finland's cooperation is aligned with the democratic transformation process in Myanmar and aims to contribute to the achievement of the following development impacts:

- All people in Myanmar benefit from improved climate resilience through sustainable forest management
- All people in Myanmar benefit from sustained peace and improved democratic governance
- All children in Myanmar benefit from enhanced opportunities in life through an improved education system

These impacts have been selected on the basis of their responsiveness to national priorities and their mutually reinforcing nature, which allows Finland to maximise the intended impact of its assistance. Taken together, they are expected to support the enjoyment of greater and more equitable choices and opportunities by the people in Myanmar, enabled by strengthened democratic governance and the improved realisation of human rights and gender equality.

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Work is ongoing to prepare Myanmar's comprehensive national development plan. The plan will be aligned with the NLD's election manifesto and with the SDGs. It is assumed that the impacts defined for Finland's cooperation with Myanmar will be well aligned with the forthcoming national development priorities, based on ongoing discussions on development objectives and given the fundamental importance of these issues to Myanmar's sustainable development.

4.2 Outcomes and outputs

In all outcome areas, Finland will aim to influence policy dialogue outcomes in support of development planning that is based on human rights, gender equality and climate sustainability, irrespective of funding and implementation modalities. Through its engagement in government-led development planning and coordination, as well as development partner dialogue, Finland may sharpen the focus of its outputs by introducing new programmes. Consequently, indicators may be revised in the Results Framework (Annex II) during such updates to the Country Strategy.



IMPACT 1: ALL PEOPLE IN MYANMAR BENEFIT FROM IMPROVED CLIMATE RESILIENCE THROUGH SUSTAINABLE FOREST MANAGEMENT

Outcome 1.1: Myanmar's forest resources are governed in a more sustainable, equitable and transparent manner based on up-to-date forest resource information

Finland will support the sustainable, equitable and transparent governance of forest resources as a critical source of well-being and livelihood in Myanmar by strengthening sustainable forest management through improved access to adequate and accurate forest resource information as a basis for planning and decision-making. Local communities will be empowered for enhanced participation, particularly in sustainable forest management.

Steps are needed to modernise the official approach to sustainable forest management in Myanmar. To provide a sound basis for the development of the forestry sector, there is an urgent need to conduct a wide-ranging national forest inventory and to establish a comprehensive forest monitoring

and information management system. Sustainable forest management requires reliable and comprehensive data on forest resources that is accessible to all key stakeholders. Effective implementation of strategies and plans should be based on forest resource data that is adequate and up-to-date. Finland will support the Department of Forestry in setting up the required system and providing related capacity-building to ensure the sustainability of the system. In this outcome area special attention will be given to opportunities for private sector engagement.

Output 1.1.1: A national forest management information system is operational based on a completed national forest inventory

As part of Myanmar's UN-REDD process and coordinated with other ongoing natural resources mapping efforts, Finland will support the conduct of a national forest inventory that will include data on forest cover, forest growing stock, forest quality, forest types, carbon stocks, key non-timber forest products, and some basic socio-economic data. Finland will also support the development of an easily accessible, integrated national forest monitoring and information system (NFMIS) and the building of related capacity for effective forest sector planning and decision-making. A comprehensive, reliable and transparent information system is essential for informed decision-making, and to communicate and demonstrate delivery of public services based on up-to-date evidence. Work will be closely coordinated and will feed into the ongoing OneMap process, which will become a platform for all geographic and resource data.

Instruments, inputs and linkages:

A national forest inventory and NFMIS will be supported as an integral part of Myanmar's UN-REDD process and in partnership with the Food and Agricultural Organization of the UN (FAO). To the extent possible, relevant capacity-building will be complemented through the use of the Institutional Cooperation Instrument (ICI) between relevant institutions in Finland and Myanmar.

Finland's work in sustainable forest management is supplemented by the National Environmental Policy, Strategy Framework and Master Plan process through the UNDP, which is part of Finland's overall support to UNDP Myanmar. As co-chair of the Environmental Sector Working Group, Finland will contribute to effective development partner support for this process.

Outcome 1.2: Local communities progressively engage in sustainable forest management

Output 1.2.1:

- Communities benefit from improved income opportunities through sustainable management of forests and other natural resources

Myanmar's National Forest Master Plan (2001–2030) includes the aim to institutionalise community forestry as an integral part of a wider national sustainable forest management strategy, with the target of bringing 0.92 million hectares under community forestry management by 2030. Progress so far has been slow, and major challenges remain. Finland will support the piloting of community forestry in Southern Shan to complement the UN Office on Drugs and Crime's (UNODC) ongoing alternative development efforts to replace opium poppy cultivation with coffee and other crops. Opium poppy cultivation not only has adverse environmental impacts, but also provides income to fund insurgents and armed ethnic organisations. Local communities will be supported in developing alternative livelihoods – including community forests – with improved income opportunities, and they will be empowered to participate in decision-making concerning the use of natural resources.

Instruments, inputs and linkages:

Finland will support efforts for the alternative development and establishment of community forests in South Shan as part of UNODC's country programme in partnership with Germany. The programme aims to develop an export-oriented coffee business owned by the farmers themselves. Support for alternative development is closely linked to Finland's support for the peace process: solving the problem of illicit drug cultivation is critical to achieving lasting peace in Myanmar.



IMPACT 2: ALL PEOPLE IN MYANMAR BENEFIT FROM SUSTAINED PEACE AND IMPROVED DEMOCRATIC GOVERNANCE

Outcome 2.1: Institutions and processes of peace- and state-building are more responsive to the needs and rights of all people in Myanmar

The progress of Myanmar's reforms will ultimately depend on success in ending conflict and on achieving sustainable peace in all parts of the country, and the other way around: peace can only be sustained if the country is able to provide safety, justice, basic social services, livelihood opportunities, and opportunities for its people to participate in political, social and economic life, in accordance with their fundamental human rights and freedoms. To be sustainable over time, the peace process will need to become more inclusive, overcoming divisions and addressing exclusions. Root causes of conflict need to be jointly assessed and addressed, while strengthening the accountability of public institutions to the people and enabling people to participate in the development of their country.

Finland will support Myanmar in its efforts to increase trust between the people and authorities through inclusive peace dialogue, transparent and participatory decision-making, and increased institutional capacities for inclusive, rights-based policies and programming. With a view to promoting Myanmar's transformation, Finland's support will be designed to strengthen the capacity of the Parliament for democratic reform. Advancing human rights, addressing inequalities faced by groups left behind in Myanmar, and involving all parties in peace- and state-building processes – public institutions, the army, ethnic armed organisations, development partners and all men and women in Myanmar – is central to achieving peace. Finland will aim to support stakeholders at different levels and through different fora to engage in deliberating and influencing the achievement of peace and democracy in Myanmar. A strong focus will be on ensuring that women and men have the same rights and opportunities to participate and influence political processes and decision-making.



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Outputs:

- 2.1.1. Increased capacity and preparedness of stakeholders in the peace process for inclusive dialogue and peace-building efforts
- 2.1.2. Strengthened capacity of the Parliament at the union level and in selected states/regions to perform legislative, oversight and representative functions

Myanmar's peace process remains fragile and complex. The transition from a military-to-military ceasefire negotiations process to an inclusive political dialogue to decide on the fundamental building blocks for a democratic federal union remains a challenge. Effective and durable solutions can only be achieved based on genuine negotiations and dialogues in which all parties – including all ethnic groups and men and women – are involved on an equal basis. Support is also needed for the Parliament at the union and state/region levels so that it can carry out its functions in line with international best practice and informed by evidence. Specifically, for democratic reform to advance in Myanmar, there is a need to strengthen the social accountability of public institutions to the people and their needs. This requires that capacities are strengthened at all levels of governance so that democratic reforms can be properly overseen, and that more information is made available to the public for purposes of assessing the performance of institutions and officials.

Instruments, inputs and linkages:

The peace process will be supported primarily through two channels: the Joint Peace Fund (JPF), a multi-donor trust fund set up as flexible platform to provide long-term and coordinated support to Myanmar's peace process, and Euro Burma Office (EBO), an international NGO. JPF will provide technical and financial support to national actors, formal and informal institutions, and processes that work towards inclusive and sustainable peace in Myanmar. In facilitating dialogue among stakeholders, EBO specifically aims to promote confidence-building between the peace dialogue partners. A strong focus will be on ensuring that women and men have the same rights and opportunities



to participate in and influence peace dialogue and decision-making. The promotion of democratic governance and rule of law as well as the strengthening of social accountability will be supported through Finland's core support to the UNDP's country programme in Myanmar. Gender-specific policy and capacity-building interventions for enhancing awareness of women's rights and improving the access of women and girls to sexual and reproductive health services and to violence response services in conflict-affected areas will be supported through the UN Population Fund (UNFPA) in partnership with Sweden and other donors.

Cooperation in this area has strong linkages to the proposed efforts in the area of sustainable forest management, as the sustainable management and use of natural resources is a key component of the emerging political dialogue framework.

Outcome 2.2: Vulnerable and disadvantaged groups, particularly women and girls, have improved equal access to effective and accountable justice and rule of law institutions

For peace and stability to be sustainable, these need to be built on respect for the country's vast cultural, ethnic and religious diversity and on the principle of non-discrimination that is respected by the state and all people in Myanmar. Reforms to strengthen the rule of law in Myanmar are underway and prioritised by the new government, state institutions and civil society. Similarly, efforts to discuss and develop an overall justice sector reform strategy are slowly emerging and taking shape. As Myanmar's democratic reform moves forward, it will be critical to strengthen checks and balances on justice and rule of law institutions, promoting a strong civil society that is aware of its rights and responsibilities. Access to justice by providing justice services and access to legal aid is key in assuring the right to a fair trial and the right to remedy for justice concerns, which in turn are important ways of addressing discrimination and poverty. Finland will promote the need to advance human rights for vulnerable and disadvantaged people in Myanmar, especially women and girls in the conflict-affected areas of Kachin, Northern Shan, Rakhine and South-East Myanmar.

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Outputs:

- 2.2.1. Improved capacity of rule of law institutions to deliver justice services in line with human rights standards
- 2.2.2. Increased capacity to claim rights, especially among women and girls

Myanmar's prospects for genuine democracy depend upon strengthening the capacity and objectivity of the courts of law in order to improve the delivery of justice and instil respect for rule of law. The continuation of legislative review and reform in line with international human rights standards, as well as the elimination of discriminatory laws and practices, is therefore of outmost importance for rule of law development in Myanmar. All these efforts will be supported by Finland. Another challenge facing the country concerns building the capacity of rights holders to claim their rights and to be involved in monitoring the application of justice. In this regard, Finland will place emphasis on strengthening awareness and demand for rights among women and girls, in particular.

Instruments, inputs and linkages:

Support for justice sector reform, including Rule of Law Offices and Centres, will be provided through the UNDP's Country Programme. As a core partner in the UNFPA's Women and Girls First programme, Finland will promote the need to advance women's human rights to ensure that women and girls have improved knowledge of their sexual and reproductive health rights, are empowered to voice their issues of concern to responsible authorities, and are able to access effective legal aid and transferral services to care and support if exposed to violence.



IMPACT 3: ALL CHILDREN IN MYANMAR BENEFIT FROM ENHANCED OPPORTUNITIES IN LIFE THROUGH AN IMPROVED EDUCATION SYSTEM

Outcome 3.1: The most disadvantaged girls and boys benefit from improved access to quality, inclusive pre-primary and primary education

Education in Myanmar has long suffered from under-resourcing and has failed to address issues of quality and equality in education. This has led to a situation where ethnic minority children, children displaced by conflict, and children living in poverty are systematically deprived of opportunities for education, reinforcing intergenerational poverty and exclusion. At the societal level and as recognised by Myanmar's new government, solutions to Myanmar's human capital needs must pay attention to all children and disadvantaged girls and boys in particular. Only by ensuring that all girls and boys can realise their full potential through participation in education of increasing quality – and ensuring that a competent teaching force is in place to enact this change – will Myanmar and all its people benefit from social, political and economic development that is equitable and self-sustaining in the long term.

Finland will align its support to Myanmar with the need to advance systemic improvements in education quality and equality, with a focus on strengthening institutional capacities for the delivery of quality education compliant with international norms and standards, ensuring that the needs of children at risk of falling behind are addressed.

Outputs:

- 3.1.1. Effective and inclusive partnerships are in place for improving children's access to inclusive, quality early learning and primary education
- 3.1.2. Improved institutional capacity to develop and implement teacher education policies, plans and standards that are based on international norms and quality standards
- 3.1.3. Increased access to pre-primary and primary education among disadvantaged girls and boys through targeted support and supportive measures



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Myanmar faces daunting challenges in education service delivery, constrained as it is by limited financial and human resources and by a lack of policy clarity and effective systems for implementing education reform. With a quarter of the teaching force comprised of teachers who have no formal training and a lack of comprehensive policies and minimum standards for teacher education, progress in effecting education reform and improving education outcomes will require significant investment in teachers and their education. Strong partnerships are needed in order to leverage the required resources and expertise needed at different levels to deliver more consolidated, quality pre-primary and primary education to children in Myanmar. Therefore Finland will provide support for strengthening institutional capacities so as to upgrade the teacher education system. In addition, Finland will support Myanmar in its efforts to overcome barriers in access to pre-primary and primary education among disadvantaged girls and boys, supporting national efforts in this regard.

Instruments, inputs and linkages:

Support for teacher education reform will be provided through the UNESCO Strengthening Pre-service Teacher Education in Myanmar programme, with a particular view to ensuring compliance with international norms and standards. In parallel, Finland will support the Myanmar Decentralizing Funding to Schools Project (DFSP). Led by the Ministry of Education, external funding to the DFSP is provided through the World Bank managed Multi-Donor Trust Fund. The project has a component supporting in-service training for teachers and aims to improve quality and equality in education through the provision of grants and stipends to schools and students, respectively. The removal of barriers to education access will also be supported through two NGO projects, which focus on inclusivity and demand building (Save the Children 2015–2017 and Eden Centre for Children with Disabilities 2016–2017).

This impact area is closely linked with Finland's cooperation in the area of good governance: effective, human rights based governance in education is critical to improved education service delivery and education outcomes; and a well-educated population is a precondition for awareness of human rights and engagement in democratic processes. Realising the right to education, which is enshrined in the Convention of the Rights of the Child ratified by Myanmar in 1991, is therefore considered to be one of the most significant democratic governance and human rights priorities for the long-term development of Myanmar.



5. Implementation and Evaluation

5.1 Complementarity and coherence

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

As a European Union member state, Finland will actively participate in joint EU efforts and closely coordinate with other EU countries present in Myanmar both in the field of development cooperation as well as on economic and political matters.

Partnerships between Finnish and Myanmar companies contribute to job creation, the development of sustainable livelihoods as well as the transfer and adoption of skills, knowledge, technologies and models of corporate social responsibility for the business community in Myanmar. Relevant financing instruments such as Finnfund, Finnpartnership, BEAM and the Public Sector Investment Facility as well as Finpro's evolving platforms and services will be used to support and better connect Finnish business efforts with Myanmar actors, in alignment with the intended results of this Country Strategy and Finland's development policy (2016) as a whole.

5.2 Partnerships and modalities for development cooperation

One guiding principle for Finland's development cooperation with Myanmar is to work together with diverse partners and stakeholders. Finland's main partner in the implementation of this Country Strategy is the Government of the Union of Myanmar. However, given the limited capacities and systems in place, direct bilateral cooperation is not yet considered feasible. Therefore, UN organisations remain the main vehicle for Finland's engagement with the Myanmar government. In addition to the Ministry for Foreign Affairs, Finland will work in collaboration with the Ministries of National Planning and Finance, Natural Resources and Environmental Conservation, and Education. To the extent possible, cooperation will be extended to state/regional and local level authorities. Dialogue will be maintained with other ministries and relevant state actors as well as with the private sector. Furthermore, civil society both in Myanmar and Finland is an important partner.

Among the international development partners, Finland's key partners are the following: the European Union and its member states, Nordic countries and other bilateral donors, the UN and international financing institutions. Finland works in close cooperation with the EU and will participate actively in the formulation of the EU joint strategy in Myanmar. Policy dialogue and cooperation will be extended to non-traditional donors as opportunities arise. As a means to address risks in the development environment and to support and influence broad-based development reform, Finland will place priority on multi-donor arrangements, including support to multinational organisations, and broad partnerships, including with civil society and the private sector. Finnish higher education and research institutions will be engaged through the use of the Institutional Cooperation Instrument. In the longer term, support to sector-wide programmes, as these merge, as well as bilateral modalities may be considered.

Finland will give specific attention to monitoring conflict sensitivity, ensuring that all work supported by Finland is at minimum human rights sensitive and is guided by Do No Harm principles and contribute to building peace.

5.3 Long-term sustainability

Alignment with country-owned development priorities underpins all of Finland's funding contributions. Long-term sustainability for Finland's development aid is sought through support for building national capacities, policy engagement, and the alignment of intended short- and medium-term results under Finland's Country Strategy with long-term national development goals as these are progressively formulated. Emphasis is given to ensuring that development cooperation contributes to strengthening budget planning so that domestic budget allocations to the areas supported are increased. To this end, Finland will constantly monitor the results of its development assistance, ensuring that systematic analyses are carried out and that corrective actions are taken where needed in order to improve development effectiveness, in consultation with the government and other development partners.

Myanmar has in recent years taken progressive steps to improve economic opportunities and to create an environment that is more conducive to economic and social development, substantially increasing its public spending on social services, despite limited domestic budget resources and fiscal space. Myanmar has strong medium-term economic growth potential. Challenges in the enabling environment are significant, and the government is seeking ways to address these challenges, placing emphasis on development effectiveness, good governance, and the rule of law. Further, it has initiated a process aimed at a more inclusive peace process, indicating a high level of political commitment to establishing peace and social harmony across the country. These all are key to ensuring the success of Finland's development cooperation and are promising indications for the long-term sustainability of results.

5.4 Risk management

Myanmar presents a complex development environment due to the ongoing political transition and fragile peace process. These processes are closely interlinked and will require time for democratic consolidation and for lasting peace to be achieved, given the prevailing lack of trust among people



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and the limited engagement and empowered participation by people in the development of the country. The humanitarian situation remains highly fragile due to Myanmar's vulnerability to natural and man-made disasters, including continuous ethnic armed conflicts in parts of the country. Insufficient funding for the provision of public basic services causes further social tensions and destabilisation in society, calling for efforts to strengthen social cohesion across all development interventions. Finland will closely monitor the overall situation to ensure that critical and emerging issues are taken into account when planning new interventions, making adjustments to ongoing interventions as needed, and combining its support with active political and policy dialogue on issues of concern for development.

Programmatic risks stems from a current lack of clarity about the Myanmar government's development priorities – given its short tenure so far – and related limited opportunities to ensure that Finland's support is aligned with the new government's key priorities. These risks will be reduced over time as the country's development priorities become clearer.

Myanmar is a high-cost, high-risk environment and it is important to monitor and manage risks as these also pertain to ensuring the efficient delivery of development support. Joint approaches, funding modalities and multilateral arrangements – i.e. UN partnerships and multi-donor trust funds – will be pursued where feasible and most effective. The Nordic contingency plan will be followed in the case of natural and man-made emergencies.

6. Monitoring and evaluation

In line with Finland's commitment to aid effectiveness and accountability, progress will be regularly monitored and reported based on the indicators, baselines and targets identified in the Results Framework and in accordance with the MFA's results-based principles and tools (MFA Guideline on Results-based Management, Manual for Bilateral Programmes, Evaluation Guidelines). In joint arrangements, Finland will participate in joint reviews and evaluations.

The Diplomatic Mission and Country Team as a whole will continuously monitor the validity of the assumptions made in the Country Strategy and its Logic Model (Annex I) as well as the risks identified in the Risk Management Framework (Annex IV), and take corrective measures as needed. The use of Country Strategy budgeted funds is monitored on an ongoing basis using automated reports from the MFA financial accounting systems.

The Country Team will prepare an annual report following the MFA reporting format in the first quarter of the calendar year. The annual report provides an overview of Country Strategy monitoring and reporting against the Results Framework (Annex II) and using other specified tools: the Logic Model (Annex I) and Risk Management Framework (Annex III). The potential need for corrective measures will be determined in the Management Response by the Department for Americas and Asia.

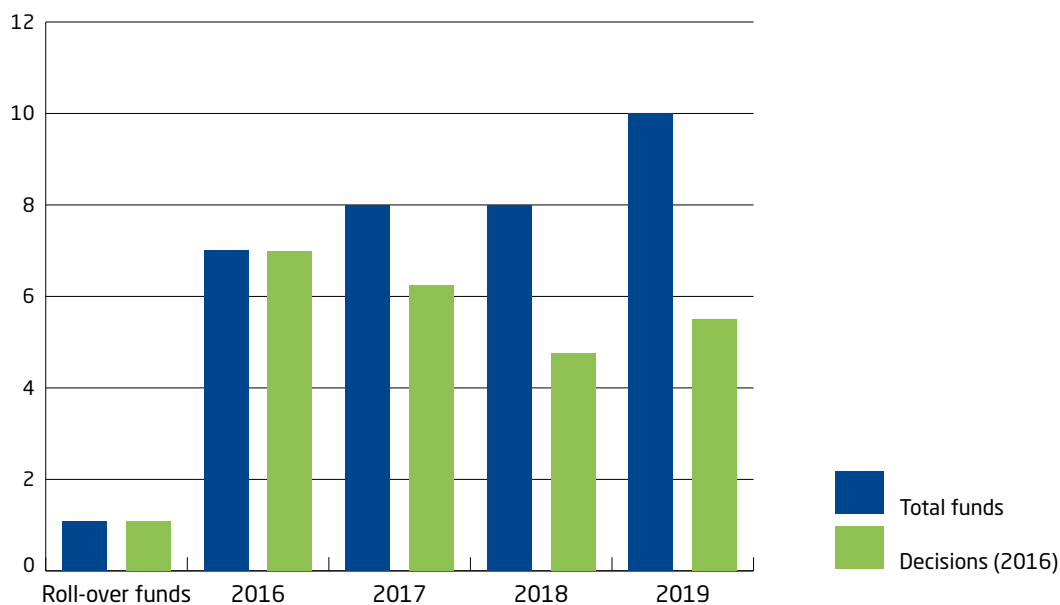
Findings of project-level management reviews and mid-term, final and potential impact evaluations, as well as relevant thematic evaluations, also feed into Country Strategy monitoring and reporting.

The Country Strategy as a whole will be evaluated towards the end of the strategy period (MFA Evaluation Unit).

7. Tentative financing plan (budget)

Budgeting framework 2016-2019

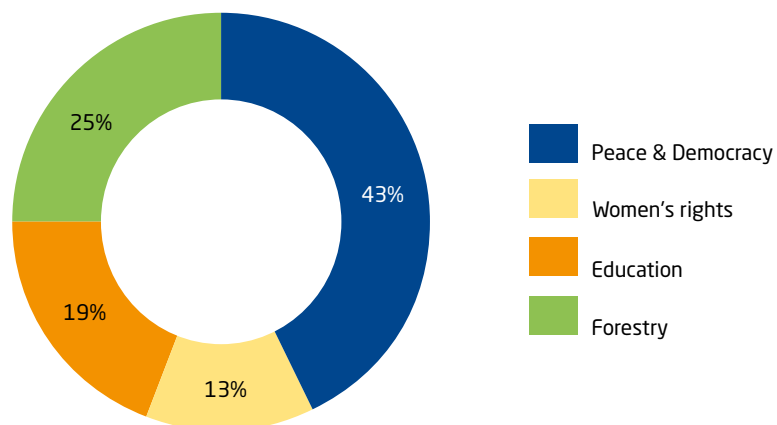
(million euros)





Planned budget allocation 2016-2019

(Total funds 34 million euros)



Annexes

Annex I: Logic Model

IMPACT	OUTCOME	OUTPUT	Key assumptions linking outputs/ outcomes/impacts	Instruments and inputs
IMPACT 1: All people in Myanmar benefit from improved climate resiliency through sustainable forest management.	Outcome 1.1. Myanmar's forest resources are managed in a more sustainable, equitable and transparent manner based on up-to-date forest resource information.	Output 1.1.1. National Forest Management Information System is operational based on a completed National Forest Inventory.	Enhanced capacities and transparent practices of authorities will lead to improved management of forest resources – contributing to increase in forest coverage and hence climate resiliency.. (Outcome 1.1 -> Impact 1) Reliable and up-to-date forest management information system will enhance transparency and provide a solid foundation for sustainable forest management. (Output 1.1.1 -> Outcome 1.1)	<ul style="list-style-type: none"> • National Forest Inventory & Forest Management Information System • Forest ICI project
	Outcome 1.2. Local communities progressively engage in sustainable forest management.	Output 1.2.1. Communities benefit from improved income opportunities through sustainable management of forest and other natural resources.	Climate resiliency of communities is improved, if local communities are able to actively engage in sustainable management practices. (Outcome 1.2 -> Impact 1) If communities are given an opportunity to earn licit income through sustainable practices and are pushed to abandon opium cultivation, they are more likely to support sustainable management of forests and other natural resources in their area. (Output 1.2.1 -> Outcome 1.2)	<ul style="list-style-type: none"> • UNODC programme



IMPACT	OUTCOME	OUTPUT	Key assumptions linking outputs/ outcomes/impacts	Instruments and inputs
IMPACT 2: All people in Myanmar benefit from sustained peace and improved democratic governance.	Outcome 2.1. Institutions and processes of peace- and state-building are responsive to the needs and rights of people in Myanmar.	Output 2.1.1. Increased capacity and preparedness of stakeholders in the peace process for inclusive dialogue and peacebuilding efforts.	To be sustainable over time, the peace process will need to become more inclusive, overcoming divisions and addressing exclusions. Root causes of conflict, including inequality and limited rule of law, need to be addressed, strengthening accountability of public institutions to the people and enabling people to participate meaningfully in the development of their country. This requires strengthening institutional capacities for responsiveness on the one hand, and providing genuine opportunities for participation on the other, raising awareness of human rights and gender equality. (Outcome 2.1 > Impact 2)	<ul style="list-style-type: none"> • EBO • JPF • UNDP Pillars 1, 2 & 3
		Output 2.1.2. Strengthened capacity of the Parliament at the union level and in selected states/regions to perform legislative, oversight and representative functions.	<p>If stakeholders have a common understanding and increased negotiation capacities, this will enable the peace process to be inclusive and participatory. (Output 2.1.1 > Outcome 2.1)</p> <p>If Parliamentarians at all levels have stronger capacities to plan and implement public policies, and they are capable to use public resources in a transparent manner, this will promote opportunities for people to participate in decision-making. (Output 2.1.2. > Outcome 2.1)</p>	
	Outcome 2.2. Vulnerable and disadvantaged groups, particularly women and girls, have improved equal access to effective and accountable justice and rule of law institutions.	Output 2.2.1. Improved capacity of institutions to deliver justice services in line with human rights and rule of law principles.	<p>Increased effectiveness and accountability of justice and rule by law institutions will contribute significantly to ensuring access to justice in Myanmar, particularly among disadvantaged groups. (Outcome 2.2 > Impact 2)</p> <p>If the quality and fairness of justice services can be improved, people will be more willing to seek justice through formal channels. Currently, there are hardly any civil cases brought to court. (Output 2.2.1. > Outcome 2.2)</p>	<ul style="list-style-type: none"> • UNDP Country Programme, Pillar 3 • UNFPA's Women and Girls First Programme
		Output 2.2.2. Increased capacity to claim rights, especially among vulnerable women and girls.	There is very low legal awareness in general in Myanmar and availability of information on human rights is limited. If people have better awareness of their rights and know how to claim them, they will be more likely to do so through formal channels. (Output 2.2.2. > Outcome 2.2)	

IMPACT	OUTCOME	OUTPUT	Key assumptions linking outputs/ outcomes/impacts	Instruments and inputs
IMPACT 3: All children in Myanmar benefit from enhanced opportunities in life through an improved education system.	Outcome 3.1. The most disadvantaged girls and boys in Myanmar benefit from improved access to quality, inclusive pre-primary and basic education.	Output 3.1.1. Effective and inclusive partnerships in place for improving children's access to inclusive, quality early learning and primary education.	Improved access to, inclusivity and quality in pre-primary and basic education will have a positive impact on children's participation in school and their learning outcomes, enhancing their opportunities in life. (Outcome 3.1 > Impact 3) To achieve universal access to quality education, it will be necessary to strengthen and mobilize effective partnerships at all levels, between different stakeholder groups and rights-holders as well as duty-bearers. (Output 3.1.1 > Outcome 3.1) Enhanced capacity of government institutions and officials to plan, budget for and implement quality, rights-based teacher education will significantly contribute to advancing children's rights in education and to their learning outcomes. (Output 3.1.2 > Outcome 3.1)	<ul style="list-style-type: none"> • STC "Best Start"-project • ECDC FLC-project • Pre-service teacher education program with UNESCO • Myanmar Decentralizing Funding to Schools-project
		Output 3.1.2. Improved institutional capacity to develop and implement teacher education policies, plans and standards that are based on international norms and quality standards.	There is a need for targeted support and other supportive measures in order to address barriers in access to pre-primary and primary education among disadvantaged girls and boys and ultimately, to help them to improve their learning outcomes in school and thereby their opportunities in life. (Output 3.1.3 > Outcome 3.1)	
		Output 3.1.3. Increased access to pre-primary and primary education among disadvantaged girls and boys through targeted support and supportive measures.		

Annex II: Team Finland work in Myanmar

TEAM FINLAND WORK IN MYANMAR

Partnering with the private sector to advance economic and social development in Myanmar offers good opportunities for growth and progress benefitting people in Myanmar. Economic cooperation between Finland and Myanmar can build on the results achieved and networks established through development cooperation. A two-prong approach will be pursued in regards to Team Finland work in Myanmar:

- **Advancing trade cooperation building on development cooperation results:** Finland has established a good relationship with government and development partners in its programming areas. This provides Finland with key insights on business opportunities in its programming areas to be communicated with Finnish business partners.
- **Advancing trade cooperation through strengthening responsible business opportunities:** Myanmar is rapidly evolving and new business opportunities are emerging at a fast pace. Team Finland work to initiate new business opportunities between Finnish and Myanmar actors is informed by development cooperation supported by Finland, but goes beyond these areas, based on Finnish know-how and expertise across sectors.

Particularly in forest and education sectors, Finland will actively seek synergies between development cooperation and Finnish commercial and trade interests through innovative use of development cooperation instruments. Networks and partnerships established in development cooperation will be used, to the extent feasible and appropriate, for facilitating market access for Finnish companies. This may include advising companies about market opportunities, facilitating meetings and contacts, as well as identifying potential buyers, partners or financiers. The Yangon-based team will also actively inform the Team Finland network and Finnish companies about upcoming tenders in development cooperation projects. This relates particularly to larger tenders by UN agencies, the EU

or International Financial Institutions. These opportunities may be found also in other sectors than those in which Finland is active as a development partner.

In the **forest sector**, projects funded by Finland provide insights to Myanmar's official forest plans, policies and priorities as well as future strategies for developing the sector. This will allow for better understanding on how Finnish companies could potentially participate in contributing towards achievement of the intended goals and results. It will also provide better access and understanding for Finnish companies of the local businesses. Overall, development cooperation can enhance opportunities for deepening bilateral relations, creating business opportunities and providing a platform for piloting Finnish technologies and solutions. This piloting would allow companies to establish a proof of concept for their products in the local settings.

As Finland is a leading country in **education** know-how, the use of Finnish expertise in the sector will actively be promoted. This implies communicating available tenders, positions and tasks to Finnish experts, and as far as feasible promoting the use of these experts in co-funded projects. The bilateral projects may also facilitate the introduction of innovative education solutions developed by Finnish companies, i.e. through providing sector knowledge and contacts as well as information on needs and opportunities. Opportunities for piloting can also be explored.



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