



HM Government

UK activities in Burma



April 2014

This document was prepared by the Foreign and Commonwealth Office, including the British Embassy in Rangoon, and with the support of the Department for International Development, UK Trade & Investment and the Ministry of Defence.

It explains the British Government's approach and activities in support of Burma's current transition towards democracy and economic reform.

April 2014

Cover image: The British Ambassador travelled from Rangoon to Lashio, northern Burma, in a Union Jack Land Rover, meeting Burmese people across the country and visiting UK-funded projects as part of GREAT Britain Week, November 2013.

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UK activities in Burma

The British Government is encouraging and supporting transition in Burma to become a stable, prosperous and democratic country, playing a positive role in the international community and supporting British interests.

What has changed in Burma?

Elections in Burma in November 2010, though flawed, began a process of democratic and economic reform after 48 years of military rule and economic mismanagement. Burma is attempting to transition from an authoritarian military system to democratic governance; from a centrally-directed to a market-oriented economy; and from decades of conflict in the border areas to peace.

Burma is in an important strategic geopolitical position, bordering China and India. It has the potential to be a more dynamic and helpful influence in South East Asia and within ASEAN. It has significant resources and the potential to become a trade crossroads of Asia. However, capacity and infrastructure challenges hamper the government's efforts to reform, and significant human rights problems and ethnic and religious tensions remain serious concerns which require resolution or risk compromising future progress.

What is the UK's approach?

Burma's reforms have precipitated a corresponding change in Britain's engagement. The majority of EU sanctions were lifted in early 2013 and preferential trade access through the Generalised System of Preferences has been reinstated. The UK has ended its policy of discouraging trade with Burma and now encourages responsible investment. We are engaging with the Burmese government to encourage further democratic and economic reform, and to sustain a credible peace process that delivers peace and security to its border regions. We continue to raise our concerns on human rights and intercommunal violence. Our development programme for Burma more than doubled from £32m in 2012/13 to £68m in 2013/14, pursuing programmes to reduce poverty and foster shared prosperity.

We have built relationships with those in favour of reform and democratic change: those in the government and opposition, including National League for Democracy leader Aung San Suu Kyi, ethnic minority political parties and armed groups, the media, religious leaders, and other thought-leaders in civil society and business. These alliances help inform and develop our policy approach. The UK also plays an active international role on Burma. We are an important voice in shaping EU policy on Burma, and work in close partnership with the US and other international partners, including the United Nations, International Monetary Fund and World Bank.



Burmese history

The first unified Burmese state was formed in the 11th century, before being captured by Mongols. It reunified in the 16th century and at one point was the largest empire in South East Asia.

Following a number of wars in the 19th century, Burma became a British colony. It was occupied by the Japanese in the Second World War, and gained independence in 1948. The leader of Burma's independence movement, General Aung San, is still widely regarded as the father of the nation. After Aung San's assassination in 1947, efforts to reconcile ethnic groups failed and conflicts flared up across Burma.

In 1962, a coup saw Burma fall under the control of the military. Riots and protests in the 1980s led to thousands of deaths and the house arrest of Aung San Suu Kyi, whose National League for Democracy party would go on to win a landslide election in 1990. Power transferred to a civilian government with the inauguration of President Thein Sein in 2011.

Above: Former colonial building in Rangoon, Burma.

We are well positioned to have a positive impact in Burma. Many aspects of Burma's institutions, including the parliamentary and legal system, the military and the police still reflect their British roots. Burma looks to the UK as a centre of excellence on education, and as a preferred partner in health. We are seen as a leading proponent of democratic and economic reform; an experienced adviser on peace issues; a major and committed development partner; a desirable source of foreign direct investment; and a provider of quality goods and services. We have recognised expertise in strengthening laws and institutions that foster private investment and enterprise, and so are well placed to work on growth, livelihoods and jobs to help on poverty reduction.

British activities in Burma

Government departments, in particular the FCO, DFID, UKTI and MOD, work closely together to support transition in Burma, facilitated by the British Embassy in Rangoon and, where appropriate, working with the grain of Burmese-led reform processes. Our activities can be broken down into five main areas:

- democracy building
- peacebuilding
- development
- prosperity, trade and investment
- bilateral and international cooperation

Below: Parliament building in Naypyitaw. (© NZ National Party).



Democracy building

We want to encourage and support Burma to become a more effectively governed and democratic state, holding credible elections in 2015.

We want Burma to become a nation more accountable and responsive to its people, including provision of fundamental human rights and security. On human rights, we are raising concerns and working towards solutions, particularly regarding the situation in Rakhine, and addressing the vulnerability of women and girls.

Our activities include:

Democratic governance

Ahead of the **elections in 2015**, we are leading international partners in calling for constitutional change and a transparent and robust electoral process

We have engaged on **parliamentary strengthening** through improving the Burmese Public Accounts Committee's scrutiny of spending; legal advice and expertise to the Bills Committee and Attorney General on drafting of laws; and training and study visits for parliamentarians – and are exploring further work in this area.

We have committed £10m to co-fund Burma's **census** in 2014. This will improve the availability of data which will enable policy formation and service delivery to take better account of the needs of the poorest and most vulnerable people.

We will increase support for reform of key **administrative institutions** such as the civil service and local government/townships. The UK is building the Burmese government's capacity to manage public money by providing £20m over five years to improve the collection, management, use, transparency and accountability of these funds in Burma. We are supporting community organisations to hold public health and education services to account.

We are encouraging increased accountability and democratic governance of the security sector, including engagement with the Burmese military to encourage them to reform and undertake their role under civilian control in a democratically governed society. To this end we have delivered the Defence Academy's *Managing Defence in the Wider Security Context* course to selected members of the Burmese armed forces (the 'Tatmadaw') and Burmese government. We have committed £90,000 to courses for Burmese military students in 2014. These courses, which we plan to continue, do not include combat or combat-related training.

We are also working with the Burmese police on improving the rule of law, and contributing British officers to train in community policing and responsible crowd control as part of an EU Policing project until mid 2015.

Tatmadaw – Burmese military

The Tatmadaw has dominated Burma since the military coup in 1962. The 2008 constitution was written by the Tatmadaw, enshrining the military's 'national political leadership role' and, in an emergency, allowing its Commander in Chief to take power. Military figures are entitled to 25% of parliamentary seats on an unelected basis, as well as certain key ministerial posts within government. Their parliamentary presence gives them an effective veto over constitutional amendments, which require support from more than 75% of MPs.

The Tatmadaw has grown from a small disunited force at the time of independence to a force of approximately 400,000, comprising an army of 350,000 with a much smaller navy of 20,000 and air force of 20,000.

In recent years the Tatmadaw has instigated a programme of modernisation aimed at transforming the military from a light infantry-dominated army focused on counter insurgency into a force capable of fighting a conventional war. The defence budget was US\$ 2.04bn in 2012, making Burma the 17th biggest defence spender in the world as a percentage of GDP (4.8%), and one of the largest in South East Asia. The Tatmadaw also owns two large corporations: the Union of Myanmar Economic Holdings and Myanmar Economic Corporation which have dealings in almost every sector of the Burmese economy.

Human rights

We are spending £260,000 on human rights projects in 2013/14, and approximately £300,000 on projects to prevent sexual violence in conflict – and lobbying Burma's government and military to bring an end to all incidents of sexual violence in the ethnic areas.

We are lobbying Burma to adhere to international standards of **human rights**, raising systemic and individual concerns and maintaining pressure for long-term solutions.

We continue to raise significant concerns about human rights abuses in Rakhine, Kachin and other ethnic areas, and to make clear that allegations of human rights abuses should be dealt with through a clear, independent and transparent investigative and prosecutorial process that meets international standards.

We will continue lobbying for an end to the recruitment of **child soldiers** following the recent renewal of the UN Action Plan by the Burmese government.

We are lobbying for the release of all remaining **political prisoners** and calling for a comprehensive and transparent mechanism to remain in place to review existing cases and support reintegration of former political prisoners.

We are lobbying for the opening of an **Office of the United Nations High Commissioner for Human Rights** (OHCHR) in country with a full mandate for its operation.

Rakhine

We continue to lobby intensively on the situation in **Rakhine State**, urging the Burmese government to take swift and decisive action to protect the lives and rights of Rohingya and other minorities, and to address the underlying causes of ethnic and religious discrimination and violence. This includes addressing impunity and ensuring equitable access to justice, promoting coexistence and tolerance, creating an environment for displaced people to return to their homes, ensuring humanitarian access, and enabling a path to citizenship for eligible Rohingya and other residents of Rakhine State.

Civil society

We are working with civil society organisations and other non-state actors to engage the state machinery on important issues and hold it to account, particularly by strengthening coalition building, advocacy, research and monitoring capabilities. We have committed £11m for our **civil society strengthening programme** for 2011-2016. The programme also provides medium term 'core funding' grants to build the organisational capacity of local civil society organisations (CSOs) engaged in social and policy change. Currently 11 local CSOs receive funding from this programme.

We support the BBC Media Action Trust's work in Burma to strengthen the **capability of both state and independent media**.

Below: Foreign Office Minister Hugo Swire meets Kachin internally displaced people at a camp just outside Myitkyina, Kachin State, January 2014.



Women and girls

We continue our work to **reduce the vulnerability of women and girls**, including to sexual violence; and to increase their participation in democratic decision making and peace processes; specifically targeting programming and other interventions to **redress gender imbalances**.

We fund a women's empowerment project through the British Council and Action Aid to boost the representation of women in public life in Burma. For the last two years, we have also funded technical support to the Ministry of Social Welfare to fulfill the Burmese government's obligations under the Convention for the Elimination of Discrimination against Women, to which Burma is a signatory. We provide funding to the United Nations Population Fund (UNFPA) for two specialists to strengthen and coordinate the response to gender-based violence in the conflict-affected areas of Rakhine and Kachin states.

Below: English language teachers at an annual conference in Rangoon organised by the British Council.



Peacebuilding

Without securing a lasting peace settlement, Burma's prospects for sustainable political and economic progress and poverty reduction are low. Continued conflict contributes to instability in the wider region.

We want to encourage and support Burma to work towards a peaceful, lasting and inclusive national reconciliation through a legitimate and inclusive peace process. To all sides in the conflict the British Government and a range of UK experts provide useful expertise in peacebuilding and security sector reform from Northern Ireland and other contexts where we have supported similar transitions.

Our activities include:

Peacebuilding

We are providing **£1.5m for experts** to support the peace dialogue, including advice on structuring, managing and delivering peace processes. We aim to help transform ceasefires into a meaningful and inclusive political dialogue process; and will continue to offer support to both sides. We have facilitated visits to Northern Ireland for government, opposition, ethnic armed groups, and civil society, and we are funding regular workshops on issues such as ceasefire codes of conduct for ethnic groups. In 2014, DFID allocated a further **£8m of assistance to Burma's peace process.**

Post-settlement support

We will offer support to Burma in building the necessary **institutions** and processes capable of sustaining a national settlement and dealing with issues arising through peaceful, dialogue processes.

We will support development in post-conflict regions by using opportunities to direct our own, and others', **aid resources** to these areas in a way that contributes to building peace.

Ethnic reconciliation

We are supporting work in the ethnic communities to build deeper trust, confidence, dialogue and cooperation and to help the Burmese understand and tackle the root causes of conflict, fragility and inter-communal violence.

We are lobbying to improve the **rights and freedoms of ethnic minorities**; including through fostering tolerance and interfaith dialogue between Buddhism and minority religions. The UK is funding a project delivered by a local NGO which aims to raise awareness of inter-faith peace building concepts among young people to encourage reconciliation between communities.

Development

The UK has a strong commitment to work with international organisations and the governments of poorer countries to help end poverty.

Burma is one of the poorest countries in Asia. A third of the population does not have sufficient money to meet basic food and living needs. Basic services such as education are poor. Burma has some of the worst health indicators in Asia, particularly for women and girls. It has amongst the highest global rates of malaria and tuberculosis, and failure to make progress in Burma against drug resistant malaria could contribute to a world health problem.

We want to **encourage and support Burma to reduce poverty, create jobs and work more effectively towards achieving the Millennium Development Goals (MDGs) and post-MDG development goals.**

Our activities include:

Multi-donor development assistance

The current DFID bilateral aid programme in Burma is some **£196m from 2011/12-2014/15**; 50% of this is delivered through multi-donor funds which improve programmes by bringing development partners together with a common voice. We shall continue to ensure strong accountability and value for money for the UK taxpayer.

Health

We are chairing and contribute up to 40% of the **3MDG Fund** (committing a total of up to **£80m** for 2012-2016) which is targeted at improving **maternal and child health and nutrition care**, tackling **AIDS, tuberculosis and malaria**, and strengthening the systems that deliver health services, particularly in the most remote and underserved areas of the country.

We are funding programmes to improve the diagnosis and treatment of malaria in public and private sector health services. By 2015 we aim that **500,000 women and men** will receive appropriate treatment to contain the spread of drug-resistant **malaria**, which poses a global public health threat.

We are also supporting improved primary health services for populations displaced or affected by conflict.



Above: International Development Minister Alan Duncan visits a UK-supported Nutritional Feeding Centre for infants from the nearby camp for displaced Rohingya near Sittwe in Rakhine State, Burma, June 2013.



Left: A man collects clean water from a pump in a UK-supported camp for displaced Rohingya people, near Sittwe in Rakhine State, Burma.

© Gemma Blackburn/Department for International Development.

Education

We have committed over **£10m** to 2015 to improve access to, and the quality of, **basic education** in Burma through reducing barriers to primary education in government and non-government schools, including in monastic schools and in conflict-affected areas of Kachin and Mon states. The programme provides teacher training and school materials to improve lesson quality, and pre-school early childhood care and development centres, which help to improve learning outcomes throughout primary schooling. We will help **over 200,000 Burmese children complete primary education** by 2015.

We are also funding key technical advice for Burma's Comprehensive Education Sector Review, which will set the education policy framework for the country for the future.

Humanitarian

We are the leading bilateral provider of **humanitarian assistance** in Kachin. In June 2013 we announced an additional **£13.5m** over 2.5 years to help some 64,000 Internally Displaced People (IDPs). The UK is providing **£27m** of support to people along the Thai/ Burma border. This will provide humanitarian support to 155,000 people affected by conflict, and includes support to Burma's peace process. We have recently allocated an additional **£5.8m** of humanitarian funding to help meet the emergency needs of both communities in Rakhine State, bringing the UK's total allocation for emergency humanitarian work there to **£12m since 2012**. We continue to lobby for unrestricted humanitarian access across the country.

Service delivery

We are providing help for the state's social policies to deliver effective basic services through system strengthening and better public financial management and accountability. We contributed £350,000 to fund the first assessment of Burma's **public financial management (PFM)** systems, to help Burma develop a better PFM Reform Strategy, and will be working with the World Bank and others to support the implementation of this strategy.

Livelihoods

We chair the international donor consortium for the **Livelihoods and Food Security Trust Fund (LIFT)** and are supporting this initiative to increase **food availability and income generation opportunities for 2 million rural people**. We are the second largest LIFT donor (**£36m since 2009**) and have committed £12m in 2013/14 which will increase rural household income by supporting improvements in agriculture production and linking farmers to markets. We are also supporting **agricultural production techniques** that are more resistant to extreme weather patterns. The UK provides **£4.5m** for development projects to help more than 220 communities across Rakhine State rebuild livelihoods following the devastation of Cyclone Giri in 2010. We are providing **development funding of £189m from 2012-2015**, over 50% of which is delivered through **multi-donor funds**. We shall continue to ensure strong accountability and value for money for the UK taxpayer.

Prosperity, trade and investment

Burma has significant resources and the potential to become a trade crossroads of Asia.

Building a sustainable economy, including increased international responsible investment, will be key to tangible growth, alleviating poverty and improving livelihoods, as well as improving stability.

Development of Burma's economic institutions and capacity, and dismantling barriers to business, will encourage trade, both domestically and in encouraging the international investment it badly needs. There is considerable long-term scope for UK trade and investment including in extractives and infrastructure provision, services (e.g. financial, health and education) and consumer goods.

Key barriers to investment include: problems of due diligence, an unskilled work force, unclear land ownership, poor infrastructure, vested interests and political uncertainty. We want to **encourage and support Burma to remove barriers to becoming a functioning, prosperous, sustainable economy benefitting all people and regions, with a positive climate for domestic, international and UK trade and investment.**

Our activities include:

British trade and investment

We have established a UK Trade & Investment office in Burma providing practical support to **British companies** through bespoke programmes and trade missions. We are also promoting the British business **brand** in Burma, such as through a recent GREAT campaign.

We have established a **UK Financial Services Task Force** to support the development of sound financial structures and products, drawing on UK private sector expertise.

As in many countries we are supporting the establishment of a **British Business Group** with the aim of it developing into a full **Chamber of Commerce** to support UK business.

We are continuing to develop a longer term **strategy for UK trade and investment** in Burma, including identification of strategic high-value opportunities and bringing these to the attention of UK business.

We will continue to identify and address the key **barriers to trade and investment** by UK companies in this challenging market.

Burma's economy

Burma has a population and landmass close to that of France, but an economy 1.7% of the size. In the early 20th century, Burma's GDP per capita was larger than that of China or South Korea. Its \$884 GDP per capita today makes Burma the poorest country in South East Asia, resulting from decades of economic mismanagement, conflict and international isolation.

The economy is now growing rapidly, with GDP rising 7% in 2013/14. According to some forecasts, income per capita may treble by 2030. Recent growth has been driven by rising gas production, a construction boom, and investment in the transport and telecommunications sectors. As these sectors continue to expand, imports of capital goods will rise, financed by gas exports and inflows of foreign investment. Burma has built up international reserves, reducing vulnerability to a fall in natural gas prices or capital outflows.

Government revenue remains dependent on gas exports but it plans to introduce VAT to raise revenue from general consumption. Although it ran a deficit of 5% in 2013, debt forgiveness via the Paris Club has helped Burma's external debt fall from 36% to 20% of GDP since 2009.

Corruption is a key impediment to growth: Burma ranked 172 out of 176 in Transparency International's latest Corruption Perceptions Index.



Above: Cranes on Rangoon's waterfront.

The financial system is very under developed. Only 10% of Burmese people and 40% of local businesses have bank accounts, which acts as a drag on economic growth.

Burma's agricultural sector represents around 40% of GDP and provides up to 66% of employment. Boosting productivity will help free up labour for other, higher wage employment, and allow it Burma to make better use of its abundant fertile land and good water supplies.

Creating higher productivity jobs in manufacturing will raise incomes and economic potential, but will require improvements in human capital. Growing sectors will benefit from high basic literacy across 92% of adults, but higher spending on education is vital to close the skills gap in medium- and high-skill sectors.

Economic development

We have funded two **specialist economists** from the International Growth Centre to support the Myanmar Development Resource Institute in providing high quality advice to government.

We are supporting Burma's plans to join the **Open Government Partnership** to increase the Burmese government's consultation of civil society and the public in policy development and delivery of public services.

We are promoting **transparent and equitable economic reform** through projects on anti-money laundering, public-private partnerships and strengthening the accountancy profession, spending £350,000 on such projects in 2013/14.

We are providing **£1.1m** to support Burma's application to the Extractives Industries Transparency Initiative (EITI) which will help improve the transparency and accountability of the revenues from Burma's natural resources.

Investment climate, financial sector and banking reform and trade

We are providing **£19m** over five years to a donor backed infrastructure project development company, Infra Co Asia to leverage **private investment** into infrastructure that addresses poverty, particularly in rural areas.

We are also providing **£5m** over four years to the **Business Innovation Facility**, which funds technical assistance to businesses to help them work in new ways that create jobs and economic opportunities for poor people.

The British Government is funding the World Bank to conduct an **Investment Climate Assessment** of Burma, which will help essential work on the business enabling environment and financial sector in Burma.

In order to support **capacity building in public-private partnerships**, we are strengthening the Myanmar Investment Commission's ability to assess proposals against international standards.

We are strengthening Burma's **accountancy, tax and auditing** capabilities, in collaboration with the Institute for Chartered Accountants for England and Wales (ICAEW).

We are promoting **responsible investment** and funding the Myanmar Centre for Responsible Business to provide practical advice on responsible business to the private sector, government and civil society.

Bilateral and international cooperation

A democratic, peaceful Burma can be a positive influence in South East Asia. We hope to develop a closer future relationship with Burma based on increasingly shared values. Engagement and cooperation with Burma on numerous global concerns, such as human rights, organised crime, extremism, and proliferation, will be of direct benefit to the security and interest of Britain, Burma and the wider region. We want to **encourage and support Burma to be a positive influence in the region, in its contribution to the international community, and in its cooperation with the UK.**

Our activities include:

Bilateral engagement

We have a **high level visits** programme, building on visits in 2013 by President Thein Sein and Aung San Suu Kyi to the UK, and to Burma by several Ministers, the Lord Mayor, Chief of Defence Staff, and Speaker of the House.

We are offering Burmese exposure to **British values** through English language training, culture, Chevening scholarships, courses, and UK conferences (Wilton Park).

We are engaging with Burma on **organised crime**, as with other countries, both to help security and stability within the country and also to reduce the threat to the UK from drugs and people-trafficking, gun-smuggling, cybercrime, money laundering, fraud and child sex offenders.

We are delivering **English classes and exams** to thousands of Burmese students each year, and reach millions through English language learning radio programmes. In 2014-16 we will provide English language trainers to train 10,000 teachers per year from the 22 public education colleges, reaching 41,000 schools and 2 million children.



Left: Foreign Secretary William Hague with Daw Aung San Suu Kyi in London, 23 October 2013.

International cooperation

We are encouraging Burma to sign up to – and implement – key **international treaties and commitments**, particularly on **human rights** (including the **Preventing Sexual Violence Initiative**) and **counter proliferation**.

We are playing a significant role in shaping and implementing EU policy on Burma; and **sharing thinking with the US and other key allies** and international organisations.

We are supporting and encouraging Burma to **develop low carbon/sustainable growth policies** (domestically and within ASEAN), and play an active role in international climate change negotiations.

Resources and further information

The FCO, the British Embassy in Rangoon, and officials in the key Departments in DFID, UKTI and MOD hold responsibility for the scope of activities described and, resources permitting, will continue to look for genuine areas where the UK can add value in Burma, particularly building on areas of comparative advantage, both politically and in terms of trade and investment. We will continue to review across Government the UK's activities in Burma and to consider current and future priorities.

Further information on UK and international activities in Burma can be found at the following links:

www.gov.uk/government/world/burma

www.facebook.com/fcoburma

www.gov.uk/government/speeches/hugo-swires-speech-at-the-british-council-in-rangoon

devtracker.dfid.gov.uk/countries/MM/

Twitter: @UKinBurma

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