

**THE EC-BURMA/MYANMAR STRATEGY PAPER**

**(2007-2013)**

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## Executive summary

Burma/Myanmar is one of the least developed countries in the world, with a population of approximately 50 million people, bordering Thailand, Laos, China, India and Bangladesh. For the largest part since its independence in 1948, the country has seen civil wars, with government forces battling communist insurgents, ethnic rebels and drug warlord militias. Burma/Myanmar represents today a complex post-conflict challenge, similar to other war-torn societies elsewhere.

Violations of human rights and fundamental freedoms are widespread. Political parties, including the winner of the 1990 elections, the National League for Democracy (NLD), are being impeded from functioning. The NLD's leader, Daw Aung San Suu Kyi, is kept under house arrest.

EU views on Burma/Myanmar are defined in the Common Position, which was first adopted in October 1996. While confirming already existing sanctions, the Common Position has been strengthened and extended several times in view of the military regime's failure to make significant progress in areas of EU concern. Until 2004, EC assistance to Burma/Myanmar was limited to humanitarian aid. The current version of the Common Position opens the possibility for a more systematic approach to assistance while continuing to invoke the government's responsibility to attain the UN Millennium Development Goals.

Fully in line with the EU Common Position, this Country Strategy Paper provides the framework for EC assistance for the period 2007-2013. It sets out objectives, policy response and priority areas for assistance based on both the political and socio-economic situation. The SP is in line with the European Consensus on Development as agreed on 20 December 2005 between the European Commission, the European Parliament and the EU Council, which identifies poverty reduction as the main priority of EC development assistance while stressing the need to increase aid effectiveness.

Insufficient income and a shortage of economic assets at household level are behind many of the most urgent poverty issues in Burma/Myanmar, including food insecurity, growing indebtedness, poor health and low educational attainment. Although the humanitarian situation is dire all over the country, the population in ethnic minority areas on Burma/Myanmar's border are particularly vulnerable.

**So far, EC interventions in the country were based on ad hoc assessments and financed from a variety of budget lines. In order to ensure a strategic and focussed approach and to increase effectiveness of assistance provided to the population, the Commission will implement future interventions on the basis of this first EC-Burma/Myanmar Country Strategy Paper. Based on an in-depth needs assessment, assistance for the period 2007-2013 concentrates on two focal sectors: 1) education and 2) health. Flanking actions in support of sustainable livelihoods and uprooted populations will be financed from relevant thematic programmes.**

In accordance with the EU Common Position, EC programmes and projects will be implemented through UN agencies, non-governmental organisations and through decentralised co-operation with local civilian administrations. Taking into account the difficult political environment, governance will be a key cross-cutting issue and the Commission's assistance programmes will systematically integrate the promotion of democracy and human rights. All interventions should look at opportunities to help build the capacity of local stakeholders, local communities and organisations. Gender and environmental considerations are to be streamlined into all assistance programmes.

**The indicative budget for EC assistance to Burma/Myanmar for the period 2007-2013 is €65 million.**

## 1. Burma/Myanmar's Policy Agenda

The government is controlled by the State Peace and Development Council (SPDC). It has stated its commitment to fulfilling the Millennium Development Goals (MDGs) and has presented its “National Vision” for the period 2001-2010, which aims at “building up the country into a modern, developed, self-sufficient and self-reliant nation with a balanced economy”. This should be done through a proper evolution of the market-oriented economic system through participation, in terms of technical know-how and investments, from sources inside the country and abroad. The main economic objective is to double the GDP in these ten years, which would require an annual growth rate of 5.1 percent. Taking into account the lack of reliable data, and although official growth rates are well above the 5.1 target, it is unlikely that this objective will be reached. Shortages of power and imported inputs hamper economic activity and investors tend to stay away, fearing international sanctions, consumer boycotts and the overall mismanaged economy.

Overall, the domestic policy agenda is dominated by the SPDC's aim to realise its vision of national unity. Alleged threats to national unity are commonly used as a justification for the military's dictatorial hold on power. The subordination of public administration to a system of tight surveillance and control has led to deficiencies in all aspects of public life. Bad governance and mismanagement are aggravated by an apparent lack of competence for economic policies in leading circles of the regime.

There is little reliable baseline data and no CG<sup>1</sup>-style dialogue with the government on the overall development priorities for the country. Even if individual interlocutors in some ministries indicate their interest to engage with donors, such a dialogue is limited to the extent the SPDC agrees to.

The Government of Myanmar has established development priorities in a number of sectors, including health, education, agriculture, transport and forestry, but most plans are not detailed and mainly focus on output indicators.

More detailed sectoral strategies have been prepared for the education and health sectors.

The government has committed itself to the global Education-for-All initiative and a national action plan has been prepared outlining a framework to attain these goals. The six Myanmar EFA goals are: (1) ensuring that significant progress is achieved so that school age children have access to and complete a compulsory and free basic education of good quality by 2015, (2) improving all aspects of the quality of basic education: teachers, education personnel and curriculum, (3) achieving significant improvement in the levels of functional literacy and continuing education for all by 2015, (3) ensuring that the learning needs of the young people and adults are met through non-formal education, life skills and preventive education programs, (5) expanding and improving comprehensive early childhood care and education and (6) strengthening education management and EMIS<sup>2</sup>.

The strategies outlined in the national action plan remain largely unfulfilled, due to a lack of funding and a lack of trained staff to manage the education system. So far, public investments have focused on constructing more primary schools, whereas other key areas such as training, textbooks, teachers' salaries and early childhood development remain to be addressed.

The six broad areas of the National Health Plan are (1) community health care, (2) disease control, (3) hospital care, (4) environmental health, (5) health systems development, and (6) organization and management. Malaria, tuberculosis and HIV/AIDS are the first three priority diseases being addressed

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<sup>1</sup> Consultative Group

<sup>2</sup> Educational Management Information System.

in the National Health Plan. For mobilisation and distribution of resources for health, the government plans to explore and develop alternative systems of financing and augment the role of cooperative joint ventures, the private sector and NGOs.

Five-year government plans exist for combating the main public health challenges, reflecting a high level of technical expertise in the health sector. However, the scope and depth of implementation is often low due to chronic under-funding, resulting in an insufficient quantity, as well as quality, of public health services.

## **2. Country analysis**

### **2.1. Analysis of the political situation**

Burma/Myanmar, independent since 1948, has been ruled by military dictatorship since 1962 with the exception of a period of one party rule (1974–1988). The current top rule-making executive body is the State Peace and Development Council (SPDC), a group of a dozen high-ranking soldiers. On state and division level, military Regional Commanders enjoy a limited autonomy granted by the regime. On township and village level, local Peace and Development Councils exist. In the cease-fire areas, ethnic leaders determine and implement policies, depending on the degree of their autonomy vis-à-vis the Regional Commanders and SPDC.

From the outside, the system of government seems centralised. In reality, it is highly fragmented, with opaque decision making procedures and means of governance.

The military regime, then under the name of State Law and Order Restoration Council (SLORC), seized power in 1988 and held elections in May 1990. The NLD as the main political movement under the leadership of Mrs Aung San Suu Kyi (in 1991 laureate of the Nobel Peace Prize) won 82% of the seats in the National Assembly. However, the results of the elections were never recognized by the military regime which maintained power.

Since then, only the leadership and the army have benefited from self-imposed and external isolation. The population has lived under continued political suppression, aggravated by an economic downturn.

At present, Burma/Myanmar does not have a constitution or parliament. In 2003, the military regime presented a seven-step ‘roadmap’ for constitutional and political reform. In 2004, the first step was launched with the reconvening of the National Convention to deliberate on a new constitution. This national convention is neither representative nor inclusive, and debate is circumscribed.

The principal demands of Burma’s ethnic groups are to gain genuine autonomy for their home areas and to achieve a significant voice in the affairs of the country as a whole. Since the 1988 coup, the military has negotiated 17 cease-fire agreements with armed ethnic groups, giving them varying degrees of autonomy and in some cases permission to retain their own armies. In many of the cease-fire areas, uneasy truces prevail. The two major groups maintaining their armed resistance against the military are the KNU (Karen National Union) and the SSA (Shan State Army), both increasingly losing control over once “liberated” zones.

In the absence of an effective judicial system, the rule of law is not guaranteed by any means. While the death penalty is still being handed down, a moratorium has been applied for several years. The regime keeps all media under tight control and limits the development of civil society. For many years, Burma/Myanmar has had one of the world’s poorest human rights records. Torture and extra-judicial executions remain widespread means in the regime’s fight against political opponents and certain ethnic groups, while the military resorts to forced labour practices. Forced village relocations and

armed resistance of especially Karen and Shan populations continue to cause internal displacement and refugee influx into Thailand.

Burma/Myanmar is not party to the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and to the Convention against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment. Burma/Myanmar is not a State Party to the 1951 Convention Relating to the Status of Refugees and to the 1967 Protocol.

Despite Burma/Myanmar having ratified the ILO's Forced Labour Convention in 1955, forced labour continues to be practised in areas affected by military presence and especially in border areas where fighting may still be taking place. In June 2000, ILO took the unprecedented decision to recommend that its members (governments, employers and trade unions) review their economic ties with Burma/Myanmar<sup>3</sup> and take appropriate action to ensure that they did not abet the widespread and systematic use of forced labour. In November 2006 the ILO put plans in motion to refer the Burmese government to the International Court of Justice in The Hague for its failure to stamp out forced labour.

In 1997, Burma/Myanmar joined ASEAN. By doing so, the military government was seen to strike a new path towards regional rapprochement. Yet, Burma/Myanmar's relations with ASEAN members are not free of frictions. However, despite more and more vocal expressions of concern and criticism, the ASEAN member states are likely to refrain from interference in Burma/Myanmar's domestic affairs as long as the country's ASEAN membership does not tarnish the alliance's international reputation. The government has refrained from taking up its role as ASEAN Chair in 2006. In 2004, Burma/Myanmar joined the Asia-Europe-Meeting (ASEM).

Burma/Myanmar enjoys a certain "comfort zone" with its most immediate neighbours. China provides vital support to the regime and is Burma/Myanmar's most important defence ally, supplying part of its military hardware and training. The economic influence of China is significant, particularly in the North and East of the country. Like China, India and Bangladesh pursue a strategy of fostering regional stability and securing economic advantages, i.e. access to Burma/Myanmar's important natural resources, while refraining from openly criticizing the country's domestic policy stance. Among others, Russia supplies arms. Japan follows an approach of constructive engagement in the form of development cooperation.

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<sup>3</sup> Measures under Article 33 of the ILO charter.

## **2.2. Analysis of the economic and trade situation**

An objective assessment of economic developments in Burma/Myanmar is made difficult by poor quality data. Many indicators are based on application of outdated statistical standards. Due to a general disengagement of the International Financial Institutions and regional development banks there exists no reliable form of domestic or external oversight. Official information and statistics provided by the Government on the economy and fiscal and monetary situations are not perceived to be credible.

Consequently, official double-digit growth figures for 2000/2001 and 2001/2002 are unlikely to reflect the realities of the economy. In 2003, the country's official growth figure stood at 5.1%. However, according to external estimates several severe shocks to the economy in 2003 – private banking crisis (February 2003), together with new US sanctions (July 2003), and a Government export ban of six major crops including rice (December 2003) – may have led to an actual contraction in economic output in 2003 and 2004. The fiscal and monetary situation remains critical. The practice of monetizing fiscal deficits has been at the heart of Burma/Myanmar's macroeconomic difficulties and results in high inflation and negative real interest rates.

Burma/Myanmar is a poor country in spite of its vast natural resources.<sup>4</sup> Corruption, ignorance of economic correlations and international isolation have led to economic stagnation, despite a short-lived effort towards economic liberalisation in the late 1980s. GDP per capita stood at some US\$ 179 in 2003. Industrialization is still in an embryonic stage and agriculture retains a pivotal role in Burma/Myanmar's economy, accounting for nearly 60% of the country's GDP. Following the Government's policy in the period 1989-99 which aimed at revitalizing the economy after three decades of central planning, Burma/Myanmar today has a mixed economy. Private sector activity has increased, concentrating in agriculture, light industry, and transport. However, the private sector is dominated by a handful of business people who are trusted by the regime and often employ relatives of senior SPDC members. State-owned enterprises, highly inefficient and dependent on state subsidies, dominate the energy and heavy industry. Foreign investment, despite being encouraged, has stalled and the outlook for a recovery looks dull reflecting the poor business climate, global consumer boycotts and US sanctions<sup>5</sup>. Particularly the poor business climate has affected investment by countries which do not sanction Burma/Myanmar such as China, Thailand, India and South Korea. As a result, most investment is in natural resource extraction, particularly oil and gas.

There is a significant illegal economy that is based on smuggling of drugs<sup>6</sup>, gemstones, timber. This illicit trade sustains armed groups, among them both ethnic cease-fire and non-cessé fire groups, as well as the Burma/Myanmar military, making it difficult to address this problem which both fuels conflict and spurs unsustainable resource exploitation. Moreover, profits derived from such illegal trade are not "trickling down" and do not contribute to poverty eradication or livelihood opportunities.

Corruption is systemic at the political and economic level. The military regime intentionally pursues a policy of corporate cronyism and allots privileges such as car import and telephone licenses to favoured companies and family members. The unpredictable regulatory environment breeds rent-seeking behaviour across all levels of the economy. At a smaller scale, corruption is part of a coping strategy of public sector employees given their inadequate salaries.

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<sup>4</sup> Among the most important resources of Burma/Myanmar are its dense tropical teak forests. Oil and natural gas is the main official export earner. Myanmar has large mineral resources of precious and semiprecious stones, such as jade, ruby, and sapphire. Other considerable mineral resources include antimony, barite, coal, copper, gold, iron, lead, monazite, natural gas, nickel, petroleum, silver, tin, tungsten, and zinc.

<sup>5</sup> In 2003, the US banned all imports from Myanmar.

<sup>6</sup> Burma/Myanmar is the world's second largest producer of opium and a major producer of amphetamines.

Burma/Myanmar has one of the world's lowest levels of public sector expenditure (approximately 4% of GDP). In spite of these low levels, expenditures exceed revenues, thereby resulting in a fiscal deficit. The pressure on government to reduce spending even further prevents public investment in basic human and social infrastructure in spite of the desperate needs. Inflation is currently running at around 30 %.

Burma/Myanmar's external trade is highly regulated and there is considerable state intervention with a view to conserve foreign exchange. The state maintains a monopoly on several key export commodities. Foreign trade statistics are widely believed to be understated as they do not capture the value of trade in the black market and unofficial border trade. Not contained in statistics but still quite significant in terms of revenues is illegal trade in timber, drugs and precious/semi-precious stones.

Burma/Myanmar trades primarily with its neighbouring countries with Thailand being the first export destination by absorbing around 30% of Burma/Myanmar's exports. Other major destinations are India, the EU, China and Japan. Exports are increasingly oriented towards its regional neighbours and shares of US and EU exports have steadily declined since 2001. Imports are sourced almost primarily from China, Singapore and South Korea. China is the single most important source of imports which has grown quickly from 21% to 29% in 2005.

Exports consist mainly of natural resources and agricultural commodities like gas, hardwoods including teak, pulses, and fishery products with the only significant manufactured exports being textiles and garments. Gas became the single largest export earner in 2001/2002, registering a four-fold increase in that year, following the completion of two large offshore gas field projects. Thailand is the main destination for outputs of these gas fields. Exports of hardwoods including teak also more than doubled in 2001/2002 following an increase in the granting of logging concessions to private firms.

Imports on the other hand focus on capital goods such as machinery and transport equipment and manufacturing raw materials like fabrics, base metals, and refined mineral oil. Imports fell by 10% during fiscal year 2003/2004 reflecting the impact of import restrictions, credit tightening and investment slumps in 2003 as well as a shortage of foreign exchange.

The EU withdrew Burma/Myanmar's GSP privileges in 1997 because of forced labour practices and excluded Burma/Myanmar from the "Everything-But-Arms" scheme for least developed countries which was initiated in 2001. Nevertheless, the EU is one of the major export destinations with a 9% share in 2005. Burma/Myanmar has consistently enjoyed bilateral trade surpluses with the EU.

The EU imports mainly textiles and clothing from Burma/Myanmar, which accounted for 72% of EU imports in 2005. Other significant import goods are wood and wood products, fishery products and vegetables products. Exports to Burma/Myanmar focus heavily on industrial products such as machinery, transport equipment and chemical products which together accounted for 64 %.

### **2.3 Environmental situation**

Burma/Myanmar is rich in natural resources (land and water, biodiversity, minerals and forest resources including about 60% of the world's natural reserve of teaks). However, unsustainable resource exploitation is further adding to the country's development challenges and results in severe **environmental degradation**, particularly in the form of deteriorating soil quality due to overuse or misuse of land, compounded by widespread deforestation. Burma/Myanmar's rate of deforestation is one of the highest in South-East Asia (1.4 % p.a.). First and foremost, the country's hard-wood forests are being cleared to earn foreign currency both to the military and to ethnic groups, with little concern for the long-term preservation of these valuable resources or consequent effects on the eco-system.



Unsustainable mining, agricultural and fishing practices are also common and lead to soil erosion, land degradation, water pollution and loss of biodiversity and marine species. People whose livelihoods depend most on natural resources find access to them restricted and their environments increasingly degraded. Moreover, the expansion of shrimp farming has taken its toll on Burma's mangroves and coral reefs. In urban areas, wastewater and solid waste disposal practices are linked to environmental problems.

So far, there has been little commitment from the highest government level to ensure sustainable logging practices or to address other environmental concerns, even if individual ministries or departments have indicated an interest in cooperating with donors. However, equitable natural resource management could potentially contribute to poverty eradication and conflict prevention.

Despite the existence of environmental protection programmes and activities drawn up by the regime in collaboration with the United Nations, the weak institutional framework and insufficient financial allocations have hindered any progress on tackling the wide range of environmental problems in Burma/Myanmar.

## **2.4 Analysis of social developments**

After decades of armed conflict and relative isolation from and by the international community, Burma/Myanmar is significantly lagging behind its neighbours on most socio-economic indicators on poverty, health, and education, with a Human Development Index ranking of 129 out of 177. This legacy, a hierarchical society and internal repression have fostered a climate of distrust between individuals and identity groups and thus prevented the creation of social capital and the development of a civil society. Ethnic minorities in border areas experience the most dismal situations. As a consequence of these manifold and complex reasons, Burma/Myanmar's society is highly fragmented. International isolation has contributed to deprive large parts of the population from economic and social development.

Even if Burma/Myanmar's political deadlock might be resolved in the foreseeable future, the socio-economic situation of the country is a serious cause of concern. While Burma/ Myanmar may not yet face a generalised 'humanitarian crisis' according to UN agencies in Yangon, the country suffers from deep-rooted, structural poverty. While the lack of reliable data prevents an accurate assessment of Burma/Myanmar's progress towards achieving the MDGs, anecdotal evidence suggests that the country is severely off track to achieve any of the MDGs by 2015 without a substantial stepping up of external assistance.

Burma/Myanmar's poorest and most vulnerable population groups lack adequate food supply. In 1997, government figures indicated that only 37 percent of households were consuming calories at or above recommended daily requirement and only 56 percent were consuming enough protein. Iodine, vitamin A, and iron deficiencies are also prevalent, with three-quarters of children under five suffering from anaemia. Almost one-quarter of all infants are born underweight, and one out of every three children under five years old is moderately or severely malnourished.

Food insecurity at household level results mainly from socio-economic vulnerability (i.e. limited access to finance and alternative non-rural income sources). In addition, ethnic groups are adversely affected by the prevailing political situation in Burma/Myanmar. Thus, poor rural household livelihoods face numerous risks which limit their incomes and result in a predominance of subsistence agriculture. They operate in an environment where the incidence of shocks and crises is significant (floods and droughts, crop/ animal losses caused by diseases and inappropriate techniques, household members' health crises, land confiscation by powerful groups, governmental practices). Many households in rural areas have limited access to land with a high percentage of them owning only

small plots and another significant group being landless. In the Wa areas, and elsewhere in Shan state, the population has traditionally resorted to poppy cultivation and opium production in order to generate additional income to cover food shortages. The commitment to end opium production by 2005 means the closure of an important income source for many poor households without creating alternative livelihoods.

One of the most urgent development concerns in Burma/Myanmar today is the HIV/AIDS epidemic. Recent estimates show that, overall, as many as 620,000 people may be infected. Burma/Myanmar has the third highest prevalence rate in Asia, but while prevalence rates are declining in Cambodia and Thailand, they are increasing in Burma/Myanmar.

Malaria and tuberculosis are illnesses of major concern, although both are preventable or curable. High morbidity and mortality rates from malaria are due to treatment with substandard or failing drugs, in addition to limited preventive measures, as well as the spread of drug resistant strains. Tuberculosis also affects a considerable and rising proportion of the population, not least due to the HIV/AIDS epidemic. Infant and under-five mortality rates are very high, at 76 and 107 per 1,000 live births respectively. Burma/Myanmar is estimated to have about 130,000 deaths of children under five annually. In each of these areas, the trend within Burma/Myanmar over the last fifteen years is one of stagnation or even deterioration.

The quality of public health services is very low and the *de facto* introduction of user fees has contributed to worsening conditions for many segments of the population who cannot afford proper health care. Five-year government plans exist for the health sector but the pace of implementation remains slow due to severe under-funding. Some progress has been noted as regards polio eradication, the elimination of iodine deficiency disorders and leprosy.

The education system is chronically under-funded and poorly managed. According to UNICEF, government investment in education declined from 1% of GDP in 1994/95 to 0.3% in 1999/2000, and ranks amongst the lowest in the world<sup>7</sup>. Generation after generation is being deprived of the opportunity to acquire the skills and capacities needed to master the developmental challenges the country is facing.

One of the greatest challenges in the education sector is the low student retention and completion rates, with the majority of dropouts occurring during the first year, mainly within the first three months of school. Thus, the number of illiterates and semi-literates has constantly increased over the past years. In some rural border areas, children from ethnic groups have no access to schooling because of geographic isolation, IDP status, family poverty or on-going ethnic conflict. When attending school, these children face difficulties to communicate, as they do not speak the Myanmar language. Insignificant public investment requires parents and local communities to pool their meagre resources and pay for education services.

## **2.5 Assessing the process of reform**

Over the past years the government has cautiously attempted to address some of the most pressing issues, notably with regard to the health and education sectors. Some of these initiatives have been supported by different UN agencies and other donors. But with foreign assistance levels remaining marginally low and the government cutting back on social sector spending, further prospects for significant improvements in the social sectors seem limited. Without external help the outlook for the country's overall socio-economic development is rather gloomy with dire consequences for population of Burma/Myanmar.

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<sup>7</sup> UNICEF: "Child-friendly Schools in Area-Focused Townships in Myanmar" (March 2003).

The prospects for an economic upturn and for genuine social development are limited if the country continues to remain secluded and largely deprived of international assistance. The major challenges for Burma/Myanmar's political future are the constitutional set-up of, and transition to, a democratic country and national reconciliation including a secure legal status of ethnic groups. Furthermore, the human rights situation and the role of the army in government will have to be addressed if Burma/Myanmar is to have long-term political stability.

There is no forecast of improvements of the economic situation in the medium term, given the absence of proper macroeconomic steering. In addition, real GDP growth will be hampered by international sanctions, sluggish domestic demand, severe power shortages and double-digit inflation.

## **2.6 Cross-cutting issues**

Although the government has stated its commitment to the Millennium Development Goals, which includes the promotion of **gender** equality and the empowerment of women, little effort has been done to reach this goal. Women are not included in any senior decision-making bodies and gender-based violence is of particular concern, especially in ethnic minority areas on the border.

The political climate in Burma/Myanmar is not conducive to the protection of human rights or good governance. The situation is particularly discouraging in the non cease-fire ethnic minority border areas and in Rakhine State. With the resumption of the National Convention in 2004, **ethnic minority issues** have come in the forefront of the political process and their political, social and economic rights will need to be discussed in order to reach an agreement on a constitution and to move towards national reconciliation. If an agreement is reached, it should open up opportunities to increase assistance to the border areas which still only enjoy a precarious peace despite long-standing cease-fire agreements with the government.

The revitalisation and empowerment of local communities by encouraging the development of a **civil society**, including national NGOs, community-based organisations, women's groups and other self-help groups is a vital component for delivery of assistance to Burma/Myanmar. There is a growing recognition within some parts of the government that such groups not only increase the outreach, effectiveness and sustainability of international assistance programs, but also complement the state by providing additional social services and mobilising local resources for development.

With **conflict resolution** issues being deeply embedded in the Burma/Myanmar context, programming has to follow a conflict sensitive approach to ensure that interventions do not impact negatively on conflict dynamics and are conducive to a process of national reconciliation and an improved protection of human rights.

Combating **HIV/AIDS** has been mainstreamed as a cross-cutting issue in the programming process by analysing the government's policy agenda on HIV/AIDS and sexual and reproductive health in particular, as well as the importance of the theme in Burma/Myanmar.

## **3. AN OVERVIEW OF PAST AND ON-GOING EC CO-OPERATION**

### **3.1. Overview of past and on-going EC co-operation**

Before its revision in October 2004, the Common Position only allowed for purely humanitarian assistance. EC assistance operations in Burma/Myanmar have until then been very limited. Thus EC activities were mainly implemented through DG ECHO's budget, through the instrument for support to uprooted people and through the NGO budget line. More recently, funding possibilities through other

horizontal instruments for mine action, decentralised co-operation and the European Initiative for Democracy and Human Rights (EIDHR) have been explored but with limited success so far. The European Investment Bank (EIB) does not extend any financial support to Burma/Myanmar.

A bilateral programme of €5 million in support of HIV/AIDS commenced in 2003 in coordination with other donors under the UN Joint Programme for HIV/AIDS. Implemented by two UN agencies and four NGOs, the EC programme has already had an impact. With support from MSF-Holland, anti-retroviral drugs are available in selected target areas, and sex workers, clients and intravenous drug users (IDUs) are targeted for prevention and treatment. UNICEF supports lower levels of the health system to provide Nivirapine for HIV+ women in selected hospitals and communities to prevent mother to child transmission. UNODC has worked successfully with the Central Committee for Drug Abuse Control to promote the rights of IDUs, resulting in a considerably improved operating environment, with drop-in centres opened and pilot needle exchange programmes initiated by CARE and Médecins du Monde. PSI social marketing networks ensure the provision of condoms almost nationwide, and outreach behaviour change communication strategies target the most vulnerable, including sex workers, migrant workers, IDUs and men who have sex with men. Also as a result of PSI efforts, it is now possible for condoms to be advertised through a wide range of media, including television in 2005, which was unthinkable when the programme first started in 2003. These projects have shown that - despite the challenging operational context - it is possible for results to be achieved. They have also highlighted the need for increased interventions for the prevention, treatment, care and support of those at risk of or affected by HIV and AIDS.

The current EC portfolio totals approximately €30 million across a wide range of mainly health-related projects. In addition to the HIV/AIDS programme, other interventions concern malaria and basic health care. EC-supported projects are executed and implemented by UN agencies or international NGOs, with opportunities being taken to strengthen the capacity of local NGOs where possible. Some UN agencies are able to collaborate directly with government partners which has led to positive collaborations for township and community-level interventions, as well as wider understanding of the objectives of humanitarian aid and rights-based issues. A number of local NGOs and private organisations have considerable potential as operational partners, but require strengthening in terms of management and financial accountability. Partnerships between international and local NGOs have been a successful modality for sharing the technical and management expertise of INGOs on the one hand, and utilising the networks and community-based knowledge of local partners on the other.

In 2005, DG ECHO's funding inside the country reached €6.84 million, having increased steadily for the last three years. Interventions focus on malaria, primary health care and nutrition, water and sanitation as well as protection. DG ECHO assistance enables a number of humanitarian organisations to reach out to very remote areas of the country, thereby ensuring that aid is provided to some of the most vulnerable populations who often have not received international assistance before.

Since 2000, the EC has been the largest donor providing assistance to uprooted people in Burma/Myanmar, originally focusing on the repatriation and reintegration of Rohingya refugees in Northern Rakhine State and later also on IDPs in other parts of the country. A total of €11.5 million have been allocated to uprooted people for the years 2004-2005, with projects focusing on return and reintegration. Substantial assistance has also been provided for refugees from Burma/Myanmar in Thailand and Bangladesh. The programme aims at addressing livelihood issues for displaced persons, refugees and returnees in a highly vulnerable socio-economic and health situation in order to help improve their self-sufficiency in the long term.

In line with the Common Position, EC interventions in Burma/Myanmar have been limited in scope and EC activities have been channelled through the UN system or through international NGOs –

sometimes in collaboration with local actors. This approach has contributed to some improvements in selected areas but overall EC assistance has so far been more reactive than proactive. The limited amount of assistance provided by donors has mostly been implemented in the form of small-scale projects that were dispersed over many sectors and oftentimes were not integrated into a strategic development framework. Even if the projects undoubtedly have had a positive impact on the direct beneficiaries, it is difficult to prove their long term sustainability or their impact on the overall development of the country.

So far, the humanitarian aid provided remains very small compared to the needs. Many donors have been hesitant to increase assistance to the population, fearing that international assistance will prolong military rule in Burma/Myanmar. At the same time it has become obvious that there is an urgent need to pursue a more systemic approach to structural poverty reduction in the framework of development programmes.

An important lesson learned from EC and other donors' involvement in the HIV/AIDS sector is that in specific areas of intervention a policy dialogue with the competent authorities is needed and possible, and can lead to positive results. For the future it will be indispensable to proactively seek a sectoral policy dialogue with the authorities as well as consultations with other stakeholders. Linked to this lesson is the acknowledgement that any approach requires focusing on building relationships and inclusion of a longer-term "change-orientation". The need for building social capital and civil society is tremendous since most local organisations are in their infancy and lack knowledge, networking capacity and resources.

The donor community's engagement in Burma/Myanmar has highlighted lessons for the future:

- 1) The lack of effective government action towards reducing poverty in Burma/Myanmar necessitates a realistic donor approach, with achievable targets and focus on concerted efforts on the poorest and most vulnerable populations. Restrictive measures against the regime are not to impact negatively on the already isolated population.
- 2) Donors need to take a long-term approach to working in Burma/Myanmar. In the past there has been an obvious mismatch between short-term ad hoc interventions and the long term objective of poverty reduction. Donors could significantly facilitate the work and planning of implementing partners by entering into multi-annual partnerships wherever possible. Most importantly, and as was demonstrated in the recent past with regard to voluntary HIV/AIDS testing, policy change is only achievable through continued and patient advocacy by NGOs and the UN which requires a medium to long term horizon.

### **3.2. EU Member States and other donor's programmes**

The **UK** has a Country Plan 2004-2006, which allocates UK £ 5 million per year to four priority sectors: health, education, livelihoods, and democracy/civil society building activities. **Germany** has a small development programme, which includes support to UNODC and UNICEF, scholarships, health and primary education. **France** has provided bilateral assistance to NGOs in the field of health whilst also focussing on activities in education and culture through the French Cultural Centre. **Sweden's** strategy 2005-2009 (average €4-5 p.a.) focuses on HIV/Aids and epidemics (through FHAM/3DF), livelihoods, democracy and civil rights. The humanitarian budget (approx. €4 million p.a.) is covering refugees and protection issues. **Denmark** supports refugees in the border region between Thailand and Burma (total level of funding in 2006: 16 million DKK), in addition to the promotion of democracy/human rights (amounting to 15,2 million DKK) and also supports the education sector (through UNICEF's Programme, 2006-2010: 11,6 million DKK)

**China** provides substantial support to Burma/Myanmar through partial debt relief, soft loans and technical assistance with a strong focus on economic cooperation and infrastructure. Over the last

years, China has extended assistance in the fields of agriculture, industry, transport, electric power, education, health and human resources development.

Until 2003, **Japan** had been Burma/Myanmar's largest aid donor, but has since suspended economic assistance. However, humanitarian assistance is being provided in the fields of health, education, democratisation and combating drugs, with a special focus on minority ethnic groups and refugees.

**Thailand's** development assistance to Burma/Myanmar takes the form of concessionary loans and grants for infrastructure projects, e.g. for the construction of roads and bridges, as well as technical assistance such as volunteer dispatches, provision of Thai experts and equipment and training activities.

The **UN** has an active presence in Burma/Myanmar with a range of UN agencies running activities in the country and UNDP leading the coordination. However, all UN agencies have limited briefs, with several working under a restricted mandate from headquarters due to the political situation. In addition, the regime limits their geographical coverage. The **World Bank** has not approved any new lending for Burma/Myanmar since 1987 and has no presence in the country. **IMF** undertakes annual visits to assess the country's economic situation but its work is seriously hampered by the absence of reliable official economic data. **ADB** has not provided loans or technical assistance to Burma/Myanmar since 1986/1987.

### **3.3. Aid effectiveness, coordination and harmonisation**

Recent experience of donor coordination in the sector of HIV/AIDS has demonstrated that funding mechanisms which promote co-ordination and sharing lessons learned can engage the government and have a significant impact on enhancing the collective effort of donors. However, interventions to fight the impact of the HIV/AIDS epidemic have so far been patchy and rather limited in scope due to the difficulty of accessing the most at risk groups and limited availability of funding. As the implications of the epidemic are far-reaching - not only at a national level but also regionally – a highly targeted approach is called for in order to make the most impact. Donors are well aware of the need for a more programmatic and coordinated response.

For several reasons coordination among donors is particularly important in a difficult context such as Burma/Myanmar. In addition to the benefits associated with harmonisation in increasing efficiency and effectiveness of aid, the political environment makes it essential to coordinate. With reliable data lacking to a great extent and policy dialogue either difficult or absent, only a strategic and long term approach, coordinated among donors, can address the complex structural issues which are underlying poverty in Burma/Myanmar.

Considering the limited amounts of international assistance<sup>8</sup> that have been provided to Burma/Myanmar so far and the limited number of development assistance partners in the country, a great opportunity exists to create an efficient system for donor coordination. The European Commission, together with EU Member States and various UN agencies, is in a position to contribute substantially to that process. The DG ECHO office in Yangon, opened in October 2005, will also further coordination.

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<sup>8</sup> In 2004, aid per capita averaged US\$ 2.50 as compared to figures from Cambodia and Laos that amounted to US\$ 35.30 and US\$ 50.30, respectively.

## 4. THE EUROPEAN COMMUNITY RESPONSE STRATEGY

### 4.1. Justification of the response and the choice of focal sectors

Burma/Myanmar is faced with enormous developmental challenges and is far from meeting the Millennium Development Goals. Even if basic sectoral strategies have been developed in certain sectors, the government does not have the capacity, neither financial nor technical, to implement these strategies.

With the decision to develop a strategic framework for EC assistance to Burma/Myanmar accompanied by a substantial increase of assistance, the EC will be able to move from a mainly reactive response to a pro-active approach to the country's development needs.

Taking into account the relatively small amounts of foreign assistance which have been extended to Burma/Myanmar so far, as well as the limited capacity on the ground – centrally and locally – in almost all sectors, the EC assistance programme will have to be underpinned by adequate human resources. Given the absence of country programmes of both World Bank and ADB and the restricted mandate under which UNDP operates in Burma/Myanmar, the European Commission and EU Member States active in the country will have a unique opportunity to significantly contribute to donor coordination and sectoral policy dialogue with the authorities. In doing so, the EC will work closely with the UN and will help position the UN as a neutral voice for development and poverty reduction in Burma. In line with the Common Position, the EC will seize opportunities to promote human rights, good governance and democracy in the framework of programme implementation and sectoral policy dialogue with the authorities.

A concentration on a limited number of sectors will allow the EC to contribute meaningfully to a dialogue on sectoral policies with concerned ministries and other donors even if EC support will be implemented by International Organisations, NGOs and through decentralised co-operation with local civilian administrations in accordance with the Common Position.

Although the humanitarian situation is dire all over the country, the population in ethnic minority areas on Burma/Myanmar's border and in the dry zone are particularly vulnerable. Insufficient income and a shortage of economic assets at household level are behind many of the most urgent poverty issues, including food insecurity, growing indebtedness, poor health and low educational attainment. These factors also contribute to social problems such as opium cultivation and drug use.

The education sector is in a very poor state of affairs resulting in a high number of school drop-outs and decreasing literacy rates. This dangerous trend needs to be reversed if the country is to acquire the skills and capacities needed to master the developmental challenges it is facing.

Moreover, Burma is facing a public health emergency relating to HIV/AIDS, tuberculosis and malaria. The Global Fund for Aids, Tuberculosis and Malaria (GFATM) had approved three grants totalling \$98.5 million for the period until April 2007, but terminated its operations in Burma/Myanmar by end 2005. The resulting loss of financial resources puts at risk the continuation of important public health programmes that had been implemented in Burma/Myanmar with positive results. Subsequently, several donors have indicated strong interest in reviewing their contributions to the health sector in order to partly compensate for the loss of the GFATM.

Given the potential of education and health as the driving forces in poverty reduction and the European Commission's strong track record in these fields, the **EC-Burma/Myanmar strategy for 2007-2013 will concentrate on two focal sectors: education and health.**

These two sectors offer good potential to coordinate with other donors providing or considering support to the same areas, and to initiate a sectoral policy dialogue with the Government on the basis of National Plans that exist for both health and education. Benefits from providing assistance to these sectors will accrue directly to the deprived Burmese population and contribute to an improvement of key social development indicators.

Taking into account the political situation, governance will be a key concern when it comes to implementing development programmes. Good governance should be treated as a cross-cutting issue and the Commission's assistance programmes must systematically integrate the promotion of democracy and human rights. All interventions should look at opportunities to help build the capacity of local stakeholders, local communities and organisations. Notwithstanding the lack of reliable data in many areas, the aim will be to systematically include gender- and ethnically disaggregated data in all EC supported programmes. Components on environmental protection will form an integral part of interventions supporting sustainable livelihoods, but also in other programme areas where appropriate.

Significant risks, which could have adverse effects on achievement of objectives and impact of EC assistance to programmes in Burma/Myanmar, include the following:

- All or part of the intervention areas may be ruled as unsafe due to violent conflict which may force the withdrawal of international staff.
- Access for project monitoring purposes might not always be guaranteed.
- The Government could become hostile to foreign donors and/or NGO presence in the country.
- The Government could secure benefits and/or reap legitimacy as a result of the implementation and impact of EC assistance programmes in Burma/Myanmar.
- Absorption capacity in-country could turn out to be insufficient, due to limited numbers of available implementing partners and implementation difficulties.

The programme design therefore needs to incorporate a proper risk management system and rigorous monitoring on the ground in order to minimize the potential impact on EC assistance operations.

## **4.2 Main sectors of concentration**

### **4.2.1 Focal sector 1: Education**

Education is a key sector for sustainable social and economic development and thus lays the basis for a country's ability to combat poverty in view of reaching the Millennium Development Goals (MDGs). Education is also important to raising awareness of environmental protection and sustainable natural resource use, which are vital for economic and social development in Burma/Myanmar.

As laid out above, universal primary education is far from being achieved, despite the official figures<sup>9</sup>. While specific data are difficult to be obtained<sup>10</sup>, empiric evidence of the challenges is ample. Particularly the basic education system is mismanaged and grossly under-funded with wastage and poor planning. These severe deficiencies result in unduly low student retention rates: more than half of the children drop out of school before completing the primary cycle. Socio-economically, school drop-

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<sup>9</sup> UNICEF, "Childhood Under Threat – The State of The World's Children 2005" (2004), reflects official figures: adult literacy rate 2000: 89m/81f; primary school enrolment rate (net, 2002): 82m/82f; secondary school enrolment rate (gross, 2002): 41m/38f

<sup>10</sup> Government figures are clearly not reliable in this regard: In 2003, SPDC claimed there are over 40,000 basic education schools across the country, and that the enrolment rate for school-age children during the 2002-2003 academic year increased to just above 93 percent.



outs with few or no skills are at a high risk of becoming exposed to child labour, sexual exploitation and abuse as well as trafficking. Finding broadly acceptable ways to manage the challenge of linguistic diversity is an important challenge in ethnic minority areas.

In order to reverse this trend and prevent the educational loss of yet another generation, immediate action needs to be taken. The Government's National Action Plan could serve as a framework for reform of the education sector provided it is equipped with the necessary financial resources. While education as a whole remains an area of concern, priority should be given to basic education, including early childhood development, primary schooling, and informal education and human resource development for school drop-outs.

In view of the above, EC assistance should focus on improving access and completion of primary schooling and on supporting education services at the local level with the goal to achieve equitable basic education which promotes the right to quality education for children in Burma/Myanmar.

Main objectives of the EC intervention will be to:

- Improve access to education by focusing on improving teaching and learning methodologies (child-centred learning), providing quality teaching/learning materials and basic infrastructure for needy schools and children in vulnerable areas;
- Reach out-of-school children and prevent further school drop-outs by developing non-formal education, and by strengthening human resource development (e.g. through appropriate vocational education and training) for out-of-school youth;
- Increase access to quality early childhood programmes; and
- Strengthen educational planning and monitoring by improving planning and monitoring tools.

#### **4.2.2. Focal sector 2: Health**

The government's health expenditure per capita is insignificant. Consequently, the public health system is in a very poor state of affairs. Health facilities lack skilled staff, as well as basic equipment and medical supplies to cater to the needs of the Burmese population. Moreover, those living in rural, remote and border areas often lack access to basic health services. Considerable support will be required to strengthen the public health system, improve the quality of private health service delivery and support civil society involvement in the health sector in view of increasing outreach to the population in these secluded areas.

Five-year government plans exist for combating the main public health challenges. Malaria, tuberculosis and HIV/AIDS are the first three priority diseases being addressed in the National Health Plan. However, the scope and depth of implementation is limited by a severe shortage of human, technical, and financial resources resulting in an insufficient quantity, as well as quality, of public health services.

Therefore, the Commission's health interventions will concentrate on combating the three main communicable diseases, whilst future consideration might be given to supporting activities focusing on reproductive health, EPI<sup>11</sup> and environmental health. The EC should prioritise strengthening basic

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<sup>11</sup> Expanded Programme of Immunisation

health services catering to the enormous needs of poor and under-served population groups in remote areas.

In the area of HIV/AIDS, prevention interventions should focus on targeting high-risk groups - intravenous drug-users, sex workers and men who have sex with men - in identified 'hot-spots', to prevent the epidemic from spreading further into the general population. Continued assistance should also be provided for the care and support of HIV/AIDS affected persons and their families, through increasing access to voluntary counselling and testing, and scaling up provision of anti-retroviral drugs and treatment for opportunistic infections, particularly TB. Human rights aspects should also be addressed, with special emphasis on advocacy. Efforts to decrease malaria morbidity and mortality should focus on expanding access to insecticide treated bed nets, and quality malaria diagnosis and treatment.

All interventions should feature comprehensive capacity building components for local implementing partners. Close coordination and, wherever possible, concerted action with other stakeholders (donors and executing agencies) will be the key to ensuring coherence of interventions and increasing leverage for policy dialogue with the Government.

#### **4.3. Coherence with regional and thematic programmes**

Thematic activities are in line with the strategic objectives pursued by the Commission under the SP and form part of the sectoral policy dialogue with Burma/Myanmar. Such thematic activities are meant to be carried out by civil society actors through calls for proposals and will be implemented alongside with interventions foreseen under this SP.

Funding under the following thematic programmes will be provided in addition to resources made available under the Multiannual Indicative Programme (MIP).

**Democracy and Human Rights:** The objective pursued will be to foster the development and strengthening of a civil society in view of facilitating national reconciliation and a peaceful transition to democracy in Burma/Myanmar. In addition, advancing the rights of marginalised or vulnerable groups, including ethnic minority groups, will promote a culture of human rights in Burma/Myanmar. Democratic norms of inclusiveness and participation of women, ethnic and religious minorities shall be encouraged.

**Migration and Asylum:** The objective pursued will be the protection of rights and livelihoods of displaced persons in Burma/Myanmar, especially from ethnic minority areas. Furthermore, assistance will be provided to facilitate the reintegration of displaced people and returnees from neighbouring countries into Burma/Myanmar.

**Human and Social Development:** The objective pursued will be to support actions in line with achieving the MDGs in relation to health, education and gender, particularly with respect to populations living in remote and under-served areas. Concerning health, support will be given for actions to improve maternal health, reduce child mortality, improve the reproductive and sexual health and rights of young people, and improve environmental health conditions. With regard to education, activities will include actions to improve access to primary education for children living in remote and inaccessible areas, particularly girls and children of ethnic origin. Access to non-formal education and training opportunities aiming at improving income generation, especially for women will be envisaged. Support will be provided for orphans and vulnerable children affected by HIV/AIDS and measures suitable to prevent the trafficking, particularly of young girls and women, for purposes of exploitative employment and commercial sex work could be considered.

**Non-State Actors Development:** The objective pursued will be to strengthen civil society and increase community participation in view of increasing the contribution of local non-state actors to the development process. In the difficult environment in Burma/Myanmar, building the capacity of local actors at village level is crucial for improving the delivery of health and education services and for increasing outreach to poor populations in remote areas.

**Food Security:** The objective will be to address food insecurity issues and promote opportunities for sustainable livelihoods for the most vulnerable population groups, particularly in emergency environments. In addition, support will be provided to facilitate research to improve the availability of reliable vulnerability data for Burma/Myanmar. Innovative approaches to promote resilience and coping strategies to address vulnerability will be funded. Particular needs exist in those areas of Burma/Myanmar where poppy cultivation contributes significantly to household income, and vulnerable ethnic minority farmers are bound to suffer from reduced incomes following the decision of the authorities to ban opium production from June 2005. To prevent a humanitarian crisis, these effects need to be alleviated by Alternative Development programmes through which viable income-generating alternatives are created. At the same time, incentives need to be provided to encourage farmers to switch to alternative livelihoods thereby ending dependency on opium for their survival. Also in geographic areas other than those affected by the opium ban support to sustainable livelihoods of vulnerable population groups is seen as a crucial element for advancing human development. EC assistance should thus focus on improving food security, the provision of basic services and promotion of alternative income-generating activities through community-based action while building capacity and empowering rural communities.

Burma/Myanmar will also be able to benefit from some of the Asia-wide programmes and receive assistance through the instrument for uprooted people and from DG ECHO. The Commission will seek to maximise the coherence of these interventions with bilateral initiatives in order to enhance aid efficiency and effectiveness.

Activities carried out in the field of higher education will be financed within the context of the regional programming for Asia. The main objective of higher education in Asia is to enhance international cooperation capacity of universities in third countries by facilitating transfer of know-how and good practices in the field of student and academic staff mobility. The European Commission will contribute to financing a mobility scheme between European universities holding an Erasmus Charter and third country universities that will complement existing programmes in the field of higher education. The types of mobility to be funded are:

- for students: master, doctorate and post-doctorate mobility opportunities
- for academic staff: exchanges for the purposes of teaching, practical training and research. Higher co-operation activities will be funded under the regional programming for Asia and Latin America.

## **ANNEX 1: EU/EC COOPERATION OBJECTIVES**

### **1. The EU Treaty objectives for external cooperation**

In accordance with Article 177 of the Treaty Establishing the European Community, the Community's development cooperation policy shall foster the sustainable economic and social development of the developing countries, the smooth and gradual integration of these countries into the global economy and the fight against poverty. The Community's policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

On the basis of Article 179 of the same Treaty, a new Development Cooperation Instrument (DCI) was adopted in 2006. Burma/Myanmar is eligible to participate in cooperation programmes financed under the DCI [European Parliament and Council Regulation (EC) No. 1905/2006 of 18 December 2006 establishing a financial instrument for development cooperation].

The Treaty also foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be taken to ensure that Community development policies be taken into account in the formulation and implementation of other policies affecting the developing countries.

### **2. The objectives set out in applicable Regulation/Agreements**

European Community co-operation with Burma/Myanmar is governed by the Development Cooperation Instrument (DCI) adopted in 2006. Burma/Myanmar is eligible to participate in cooperation programmes financed under the DCI [European Parliament and Council Regulation (EC) No. 1905/2006 of 18 December 2006 establishing a financial instrument for development cooperation].

There is no EC-Burma/Myanmar Agreement nor is Burma/Myanmar a signatory to the EC-ASEAN Agreement<sup>12</sup> of 1980 due to the political situation in the country.

In 1996, the EU adopted a Common Position<sup>13</sup>, which since its initial adoption has been renewed and extended at regular intervals. The Common Position includes an arms embargo, the suspension of defence co-operation and a ban on the export from the EU of any equipment that might be used for internal repression or terrorism, a visa ban and a freeze on the funds held abroad on the members of the military regime, the members of the government, senior military and security officers and members of their families and other persons who benefit from the military regime's policies, a prohibition for EU companies to invest in state-owned enterprises as well as the suspension of high-level governmental visits to Burma/Myanmar.

Nevertheless, the Council has on several occasions reiterated its desire to establish a meaningful political dialogue with the SPDC and EU Ministers remain ready to discuss with Burma/Myanmar counterparts in regional meetings, such as the ASEAN-EU Ministerial meetings and the ASEM meetings, or in bilateral meetings in the margin of these meetings.

Until 2004, the EU Common Position limited EC assistance to Burma/Myanmar to humanitarian aid. As the restrictive measures foreseen in the Common Position were never intended to hurt the population of the country, and in view of the deteriorating economic and social situation, the EU undertook a revision of the Common Position in October 2004. The current version opened the possibility for a more systematic approach to assistance in view to tackle the deep-rooted structural

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<sup>12</sup> Council Regulation 1440/80 of 30 May 1980, OJ L 144, 10.06.1980.

<sup>13</sup> Common Position 96/635/CFSP

poverty in the country while continuing to invoke the government's responsibility to attain the UN Millennium Development Goals.

EU development assistance is based on Article 5 of the Common Position:

*"Article 5*

*Non-humanitarian aid or development programmes shall be suspended. Exceptions shall be made for projects and programmes in support of:*

- *Human rights, democracy, good governance, conflict prevention and building the capacity of civil society,*
- *Health and education, poverty alleviation and in particular the provision of basic needs and livelihoods for the poorest and most vulnerable populations,*
- *Environmental protection, and in particular programmes addressing the problem of non sustainable, excessive logging resulting in deforestation.*

*The programmes and projects should be implemented through UN agencies, non-governmental organisations and through decentralised co-operation with local civilian administrations. In this context, the European Union will continue to engage with the government of Burma/Myanmar over its responsibility to make greater efforts to attain the UN Millennium Development Goals.*

*Programmes and projects should, as far as possible, be defined, monitored, run and evaluated in consultation with civil society and all democratic groups, including the National League for Democracy."*<sup>14</sup>

In line with what's mentioned above, the main policy objectives of the EU are

- the support of a process of national reconciliation, the introduction of a democratic order and the respect of human rights,
- the support – through humanitarian aid and development programmes – of the most vulnerable parts of society in selected sectors.

### **3. Aid Effectiveness, Harmonisation and Coordination**

The EC recognises the need to improve aid effectiveness and is committed to the implementation of the provisions of the Paris Declaration of March 2005. As far as Burma/Myanmar is concerned it pays particular attention to the elements of the Paris Declaration dealing with the delivery of aid in fragile states. Moreover, at the COASI meeting of 21/09/2005 it was agreed that the European Commission together with EU donors would jointly develop a set of principles to guide the delivery of assistance on the ground in Burma/Myanmar in line with the OECD/DAC work on aid effectiveness in fragile states.

The EC issues an annual "Blue Book" of its ongoing assistance activities in Burma/Myanmar in view of improving transparency and fostering harmonisation. The EC Delegation to Thailand facilitates regular meetings with those EU Member States that implement more substantial programmes in Burma/Myanmar in order to ensure donor coordination and harmonisation and to work towards the ambitions relating to enhanced EU co-ordination of policy and harmonisation of procedures as agreed by the General Affairs and External Relations Council on 23/24 November 2004.

The envisaged 'Humanitarian Fund for Communicable Diseases' envisaged to be set up by several EU Member States, the European Commission, Norway and Australia will significantly contribute to providing an effective donor coordination forum and a platform for sectoral policy dialogue with the

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<sup>14</sup> Common Position 2004/730/CFSP of 25 October 2004.

relevant authorities. In doing so, the European Commission will coordinate closely with the UN and will support efforts to position the UN as a neutral voice for development and poverty reduction in Burma/Myanmar.

Poor base line data quality as well as insufficient sectoral analysis available to donors in Burma/Myanmar is a considerable impediment to improved aid effectiveness. Therefore, an improved joint knowledge management and sharing of 'lessons learnt' from donor experience will be a crucial component of improving aid effectiveness in Burma/Myanmar. This information could be used for both effectively communicating in the framework of sectoral policy dialogue inside the country as well as for explaining how assistance is being implemented to stakeholders outside. The European Commission is committed to take a strong role in supporting efforts to improve access to, and quality of, data, and analysis for programme design and implementation.

## **ANNEX 2: COUNTRY ENVIRONMENTAL PROFILE**

### **1. Summary**

The Union of Myanmar (Burma) is a poor country in spite of its vast natural resources<sup>15</sup>. The government's priorities set to attract foreign investments has lead to significant environmental deterioration in relation to the unsustainable exploitation of these natural resources. This, coupled with a weak institutional framework and capacity to address environmental issues (inadequate or vague policies, lack of regulations, limited enforcement system), as well as insufficient financial resources allocated to environmental protection, has contributed to a wide range of environmental problems. Major environmental concerns faced nowadays in Burma/Myanmar arise from unsustainable logging and mining activities, which are responsible for soil erosion, pollution and losses of biodiversity. Unsustainable agricultural practices such as pesticides utilisation, improper crop rotations and irrigation practices lead to soil degradation and water and soil pollution. In major cities, environmental problems associated to urbanization starts to be encountered such as air and water pollution as well as an increase in wastewater and solid wastes generation.

### **2. Background**

Burma/Myanmar occupies a land area of 678,500 km<sup>2</sup> on the north-western portion of the South East Asian mainland. The population is estimated by the Asian Development Bank at 52.2 million (data for 2002)<sup>16</sup>, with almost three-quarters of the people living in rural areas River plains<sup>17</sup>. Burma/Myanmar's economy relies largely on agriculture and its natural resources (forest products and mineral resources).

### **3. State of the Environment**

**Forest and Deforestation.** Burma/Myanmar is still rich in forest resources (about 60% of the world's natural reserve of teaks is in Burma/Myanmar<sup>18</sup>). It is estimated that Burma/Myanmar is losing forest cover at a rate of 1.4 % per year, one of the highest rates of deforestation in Southeast Asia, a region that itself has the highest rate of deforestation in the world<sup>19</sup>.

Commercial (very often illegal) logging is probably the main threat to Burma/Myanmar's forest resources, due in particular to the increasing demand from neighbouring countries such as China, India and Thailand. Illegal logging is taking place on a massive scale along the border with China: it has been estimated that about 98% of Burma/Myanmar's timber export to China is illegal.<sup>4</sup>

Other significant factors include the clearing of forest for agribusiness, encroachment, and the cutting of timber for fuel.

**Soil erosion and land degradation.** As a result of a massive deforestation and mining activities, severe soil erosion by wind and water has been observed.

In a recent report, land degradation occurs in 0.96 million hectares, representing 7.8% of the cultivable land area. Among them 0.66 million hectares are due to salinisation and alkalinisation of soils.<sup>20</sup>

**Marine and coastal resources degradation.** Fishing activities play a significant role in the economy since the fishing sector provides two thirds of the animal proteins in the diet of people with marine catches representing 60-75% of the total catch. The total catches of marine fish have since 1996-1997

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<sup>15</sup> Namely, crude oils, timber, tin, antimony, zinc, copper, tungsten, lead, coal marble, gyms, gems, and natural gas (from Country Environmental Profile-Myanmar, Japanese International Cooperation Agency, 1999)

<sup>16</sup> Myanmar Agricultural Sector Review and Investment strategy, Volume 1, FAO and UNDP, 2004

<sup>17</sup> Preliminary assessment of Myanmar's environmental law, Alan K.J. Tan, Faculty of Law, National University of Singapore, <http://sunsite.nus.edu.sg/apcel/dbase/myanmar/reportmy.html#Top> (17/06/2005)

<sup>18</sup> Global Witness "A Choice for China – Ending the destruction of Burma's northern frontier forest", October 2005

<sup>19</sup> Global Witness "A Conflict of Interests – The uncertain future of Burma's forests", October 2003

<sup>20</sup> Country Environmental Profile-Myanmar, Japan International Cooperation Agency, 1999

been superior to the Maximum Sustainable Yield (MSY) of 600,000 tonnes. Marine resources should therefore be considered over-exploited<sup>21</sup>.

The increase of shrimp farming activities has had severe impact on the coastal resources and habitats especially mangroves and coastal forests. The mangroves are also threatened by the sedimentation occurring in the Irrawaddy delta due to the intense deforestation that has occurred in Central Burma/Myanmar<sup>22</sup>. Destruction of mangroves in turns contributes to the loss of marine resources (impact on fishery stocks). Although no vulnerability study for Burma/Myanmar has been conducted, the loss of mangroves makes undoubtedly the local communities living on the coast more vulnerable to natural disaster and flooding (vulnerability to climate change).

Coral reefs are found away from river deltas and mainly around islands particularly in the Mergui Archipelago and around the Coco Islands north of the Andaman Islands of India<sup>23</sup>. Reports from different sources indicate that coral reefs are affected by over fishing, poaching and sedimentation.

**Water resources.** The estimated overall water resource potential is in the order of 1.3 billion m<sup>3</sup> with a total run-off generated from Burma/Myanmar's ten basins estimated to be 875 km<sup>3</sup>. The bulk (89%) of all surface water resource withdrawals are used for irrigation with the remainder being used for domestic and industrial purposes. Groundwater resources are mainly used for domestic supplies (51.4%), with a share of 47% being extracted by irrigation and some 1.6% taken by industrial users<sup>24</sup>. Although Burma/Myanmar is perceived as being rich in water resources some areas are facing major water supply limitations. Water resources and water use management is lacking efficiency. Therefore, reform of the water management system and strengthening of the relevant authorities is necessary<sup>25</sup>. According to a recent report<sup>26</sup>, approx. 68% of the population in Burma/Myanmar has access to safe drinking water with an increase of 4% since year 1990. However, other sources report much lower values (approximately 40%)<sup>27</sup>.

**Urban Pollution.** In major urban areas, air pollution from vehicles, as well as, household and industrial wastewater and solid wastes are becoming important. However it is difficult to estimate the extent of these pollutions. Burma/Myanmar does not have any legislation and emissions standards to tackle these issues. In addition access to sanitation is limited (46% of the total population in 2000)<sup>28</sup> and infrastructures for waste management (wastewater and solid waste) are limited. Because they are not properly addressed, wastewater and waste management are causing serious public health concerns among the poorest.

**Biodiversity and Protected Areas**<sup>29</sup>. According to a biodiversity report, there are 7,000 known species of high plants, 300 known species of mammals, 310 species of breeding birds, 262 species of reptiles, 281 species of fishes in Burma/Myanmar. Intensive logging and mining activities are responsible for a loss/disruption of habitats and biodiversity. Poaching activities and illegal trade of

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<sup>21</sup> Myanmar Agricultural Sector Review and Investment strategy, Volume 1, FAO and UNDP, 2004

<sup>22</sup> WWF, [http://worldwildlife.org/wildworld/profiles/terrestrial/im/im1404\\_full.html](http://worldwildlife.org/wildworld/profiles/terrestrial/im/im1404_full.html) (20/07/2005)

<sup>23</sup> ASEAN Regional Centre for Biodiversity Conservation, <http://arcbc.org/biss/MarinePA/MMR.htm> (20/07/2005)

<sup>24</sup> Myanmar Agricultural Sector Review and Investment strategy, Volume 1, FAO and UNDP, 2004

<sup>25</sup> Country Environmental Profile-Myanmar, Japan International Cooperation Agency, 1999

<sup>26</sup> Environmental Indicators South East Asia, United Nations Environment Programme, Regional Resource Centre for Asia and the Pacific, 2004

<sup>27</sup> Asian Development Bank, Poverty Database, [http://www.adb.org/Documents/EDRC/Statistics/Poverty/Spi\\_my.pdf](http://www.adb.org/Documents/EDRC/Statistics/Poverty/Spi_my.pdf) (20/06/2005)

<sup>28</sup> Environmental Indicators South East Asia, United Nations Environment Programme, Regional Resource Centre for Asia and the Pacific, 2004

<sup>29</sup> Biodiversity and Protected Areas-Myanmar Country Profile, World Resources Institute, [http://earthtrends.wri.org/pdf\\_library/country\\_profiles/Bio\\_cou\\_104.pdf](http://earthtrends.wri.org/pdf_library/country_profiles/Bio_cou_104.pdf) (17/06/2005)



wildlife contribute significantly to the depletion of the fauna and flora species. The release of fingerlings and fry into natural water bodies affects the natural biodiversity<sup>30</sup>.

In 2003, there were 45 protected areas (national park, wildlife sanctuaries, etc.) covering a total area of 3,599,000 ha (marine and littoral protected areas excluded) equivalent to 5.4 % of the total land area. The protected areas suffer from a lack of integrated management plan while revenues earned from the protected areas are passed on to the central government treasury<sup>31</sup>.

**Other pollutions.** Burma/Myanmar's agricultural policy is to increase production which has lead recently to an increasing use of water, chemicals and pesticides. In October 2002, it was reported that the annual demand for fertilizer had reached one million tons<sup>32</sup> although it is difficult to confirm this data. Improper use and storage of chemicals put ground water resources at risk.

Ground water and surface water pollutions as well as soil contamination are also reported especially in the case of gold mining activities. During the amalgamation process using mercury or cyanide, polluted muds are washed downstream without any proper management and disposal. Mining tailings i.e. the finely ground up materials left after the desired ore or mineral are removed) are also responsible for water stream pollution<sup>33</sup>.

#### **4. Environmental Policy, Legislative and Institutional Framework**

The Burma/Myanmar Agenda 21, which was drafted in collaboration with the UN Organizations and presented in 1997, contains programmes and activities to promote environmental protection. Regulations for Environmental protection are addressed through a number of environmental sectoral laws and regulation. Among the major regulations, there are the *Forestry Law*, *Mines Law*, *Fertilizer Law*, *Factory Act* and the *Protection of Wildlife and Wild plants and Conservation of Natural Resources Law*. In some sectors, there is still a total lack of regulation and standards (for example no emission standards for wastewater and air pollution). Currently, the drafting of an Environmental Impact Assessment Law is in process. Major critics emphasize the fact that the existing regulations and policies are inadequate, too vague and ineffective. Moreover due to the lack of political will, institutional framework and capabilities, these regulations are poorly enforced.

Prior to 1989, no governmental agency existed to oversee environmental matters. The National Commission on Environment Affairs (NCEA) was created by the Burmese Military Regime in 1990 in order to coordinate activities in the field of environment. It is responsible for formulating broad policies on natural resources management, preparing environmental legislation for pollution control, monitoring and enforcement, and promoting environmental awareness. It is the focal point for environmental matters with International Organisations and foreign governments. The NCEA is under the control of the Ministry of Foreign Affairs and is composed of members who are head of departments from various sectoral ministries. Major ministries involved together with NCEA in environmental protection and conservation are the Ministry of Forestry, the Ministry of Agriculture, the Ministry of Public Health, the Ministry of Industry, and the Ministry of Livestock, breeding and fisheries. Generally speaking, the environmental institutional framework is very weak. It suffers from large budget constraints, inadequate manpower resources (capabilities and skills of staff are limited) and coordination problems. Enforcement of regulations is also a major issue as it is rarely done in an equitable way.

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<sup>30</sup> Myanmar Agricultural Sector Review and Investment strategy, Volume 1, FAO and UNDP, 2004

<sup>31</sup> Biodiversity and Protected Areas Myanmar, Regional Technical Assistance , Poverty Reduction and Environmental Management in Remote Greater Mekong Subregion Watershed Project, <http://www.mekonginfo.org> (15/07/2005)

<sup>32</sup> A perspective on Burma, Tun Myint, <http://www.ref-msea.org/burma.pdf> (17/06/2005)

<sup>33</sup> Capitalizing on Conflict – How Logging and Mining Contribute to Environmental Destruction in Burma, Earth Right International with Karen Environmental & Social Action Network, 2003

## **5. EC and other international development assistance**

In the past, EC intervention in Burma/Myanmar has been limited to humanitarian assistance.

With regards to other international assistance, the United Nations Development Programme (UNDP) has been involved in promoting environmentally sustainable practices in watersheds as part of a Human Development Initiative (HDI). Other assistance in the field of environment has included water supply and sanitation (UNCHS, UNICEF), environmentally sustainable food security and micro-finance opportunities (FAO), and a teak-based agro-forestry project (International Tropical Timber Organization). Currently, the United Nations Environmental Programme (UNEP) is negotiating a Memorandum of Understanding with the authorities to conduct a study on the State of Environment.

## **6. Conclusions**

As reflected in the Common Position<sup>34</sup>, future potential cooperation activities in the field of environment should give priority to actions against unsustainable logging.

To that end, the Commission has considered the FLEGT Action Plan and has examined the potential for Burma/Myanmar to form a voluntary FLEGT Partnership with the EU to eliminate exports of illegally harvested timber from Burma/Myanmar. However, it was concluded that under the current political regime the risk of legitimising inequitable laws is high and the lack of serious government commitment would undermine the FLEGT scheme.

In addition, diagnostic environmental studies and activities aiming at strengthening the institutional and legislative framework are essential to lay the basis for improved environmental protection and awareness raising.

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<sup>34</sup> Common Position 2004/730/CFSP of 25 October 2004

**ANNEX 3: SOCIO-ECONOMIC INDICATORS**

Population, 2004 ( <i>million</i> )	50.2 million
Population (% of average annual growth, 1993-99), 2002	1.8%
GNP per capita ( <i>Atlas method, USD</i> )	
GNP ( <i>Atlas method, USD billions</i> )	
GDP ( <i>USD billions, 2004</i> )	9.6
GDP growth, 2004)	-1.4 %
Inflation, 2004)	17.2 %
Labour force (% of average annual growth, 1994-00)	
Poverty (% of population below \$US 1.50 per day), 1999	
Urban population (% of total population)	29%
Life expectancy at birth ( <i>years</i> ), 2002	57.2
Infant mortality ( <i>per 1000 live births</i> ), 2002	U5: 109, U1: 77
Access to improved water source (% of population), 2000	72
Adult illiteracy (% of population age 15+), 2002	14.7%
Unemployment (2000)	
<b>Government finances</b> (% of GDP, includes current grants), 2002/ 2003	
Current revenues	4.0
Current expenditures	7.7
Current budget deficit	5.0
<b>Structure of economy</b> (%), 2004	
Agriculture	57.7
Industry	10.6
Services	31.6
<b>Trade</b> ( <i>Kt millions</i> ), 2003	
<i>Total exports (fob)</i>	<i>15,123.0</i>
Gas	3,933.0
Teak	1,977.9
Garments	2,328.7
Prawns, fish & fish products	963.6
Rice	330.5
Rubber	105.7
<i>Total imports (CIF)</i>	<i>12,720.7</i>
Machinery & transport equipment	2,471.5
Synthetic & woven fabrics	1,544.6
Refined mineral oil	1,357.2
Base metals & manufactures	935.5
Electrical machinery	639.9
Plastics	643.4
<i>Trade Balance</i>	<i>2,402.3</i>
<b>Balance of payments</b> ( <i>USD millions</i> )	
Gross domestic investment/GDP	
Exports of goods and services/GDP	
Gross domestic savings/GDP	
Current account balance/GDP	
Net income	
Net current transfers	
<b>External debt and resource flows</b> ( <i>USD billions</i> )	
Total debt outstanding and disbursed	<b>6.0</b>

*Sources: UNDP Human Development Report, EIU Country Report, 2004*

**ANNEX 4: TRADE FIGURES****Main export destinations, 2001- 2003**

Destinations	Exports / USD million			Change 2003/2002	Share of total exports		
	2001	2002	2003		2001	2002	2003
<b>Thailand</b>	735	831	832	<b>0,1%</b>	28,0%	31,6%	30,2%
<b>EU</b>	506	408	365	<b>-10,5%</b>	19,3%	15,5%	13,3%
<b>US</b>	456	345	269	<b>-22,2%</b>	17,4%	13,2%	9,7%
<b>India</b>	180	195	247	<b>26,5%</b>	6,8%	7,4%	9,0%
<b>China</b>	122	125	154	<b>23,8%</b>	4,6%	4,7%	5,6%
<b>Others</b>	626	722	890	<b>23,3%</b>	23,8%	27,5%	33,9%
<b>World</b>	<b>2626</b>	<b>2627</b>	<b>2757</b>	<b>5%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

Source: EIU Country Profile 2004

**Main sources of imports, 2001 – 2003**

Sources	Imports/ USD million			Change 2003/2002	Share of total imports		
	2001	2002	2003		2001	2002	2003
<b>China</b>	547	797	999	<b>25,2%</b>	20,6%	27,0%	28,9%
<b>Singapore</b>	466	577	716	<b>24,2%</b>	17,5%	19,5%	20,7%
<b>Thailand</b>	391	356	483	<b>35,8%</b>	14,7%	12,1%	14,0%
<b>Malaysia</b>	217	263	319	<b>21,2%</b>	8,1%	8,9%	9,2%
<b>South Korea</b>	255	158	191	<b>21,2%</b>	9,6%	5,3%	5,5%
<b>Others</b>	786	800	748	<b>-6,5%</b>	29,5%	27,1%	21,6%
<b>World</b>	<b>2661</b>	<b>2951</b>	<b>3456</b>	<b>17,1%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

Source: EIU Country Profile 2004

**Main exports, fiscal years 2001/2002 – 2003/2004 (April-March)**

Products	Exports/ Kyat millions				Change 2003/2004/ 2002/2003	Share of total exports			
	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004		2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004
<b>Gas</b>	1110	4247	5919	3478	<b>-41,2%</b>	8,7%	24,8%	29,7%	24,6%
<b>Hardwoods incl teak</b>	803	1898	1680	2037	<b>21,3%</b>	6,3%	11,1%	8,4%	14,4%
<b>Garments</b>	3785	2985	2973	1970	<b>-33,7%</b>	29,7%	17,4%	14,9%	14,0%
<b>Pulses</b>	1658	1898	1760	1729	<b>-1,8%</b>	13,0%	11,1%	8,8%	12,2%
<b>Fisheries</b>	890	829	1090	938	<b>-13,9%</b>	7,0%	4,8%	5,5%	6,6%
<b>Base metals and ores</b>	324	288	282	339	<b>20,2%</b>	2,5%	1,7%	1,4%	2,4%
<b>Total exports</b>	<b>12736</b>	<b>17131</b>	<b>19955</b>	<b>14115</b>	<b>-29,3%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: EIU Country Profile 2004

**Main imports, fiscal years 2001/2002 – 2003/2004 (April – March)**

Products	Imports/ Kyat millions				Change 2003/2004/ 2002/2003	Share of total imports			
	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004		2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004
<b>Machinery and transport equipment</b>	2631	4001	2801	2791	<b>-0,4%</b>	17,5%	21,8%	18,8%	20,8%
<b>Refined mineral oil</b>	955	2103	1164	1783	<b>53,2%</b>	6,3%	11,4%	7,8%	13,3%
<b>Base metals and manufactures</b>	1438	1386	936	1205	<b>28,7%</b>	9,5%	7,5%	6,3%	9,0%
<b>Synthetic fabric fibres</b>	1554	1563	1598	1131	<b>-29,2%</b>	10,3%	8,5%	10,7%	8,4%
<b>Electrical machinery</b>	1123	1109	756	643	<b>-14,9%</b>	7,5%	6,0%	0,5%	4,8%
<b>Plastic</b>	789	805	820	598	<b>-27,1%</b>	5,2%	4,4%	5,5%	4,5%
<b>Total imports</b>	<b>15073</b>	<b>18378</b>	<b>14910</b>	<b>13397</b>	<b>-10,1%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: EIU Country Profile 2004

**ANNEX 5:      ON-GOING EC INTERVENTIONS IN BURMA/MYANMAR (AS OF SEPTEMBER 2005)**

Theme	Sector	Title	EC contribution	Start date of activities	End date of activities	Contracting party
Health	Health	HIV/AIDS Prevention and Care in Myanmar	1,425,900	25/12/2002	25/12/2005	United Nations Children's Fund
Health	Health	Social marketing behaviour change for HIV/AIDS in Myanmar	1,425,900	03/01/2003	03/01/2006	Population Services International/Europe
Health	Health	STI/HIV/AIDS Project	940,900	10/01/2003	08/01/2006	Médecins Sans Frontières Nederland
Health	Uprooted populations/Social support	Reducing injecting drug use and its harmful consequences in the Union of Myanmar	1,057,300	08/04/2003	08/04/2006	UN Drug Control Programme
NGO	Health	Youth and HIV/AIDS Prevention and Care Programme in the Cross-border Areas of Myanmar	722,800	20/03/2003	20/03/2008	Save The Children Fund
Uprooted People (2004 budget)	Uprooted populations/Social support	Improved food and livelihood security for displaced ethnic minority villages in former poppy growing areas WA Region, Shan State, Burma/Myanmar	1,082,223	01/05/2005	01/05/2008	Deutsche Welthungerhilfe e.V./German Agro Action
Uprooted people 2002 budget	Rural Development	Support for Agriculture and Natural Resource Management in Northern Rakhine State of Myanmar (phase I)	539,737	23/09/2003	22/09/2004 finished	Food and Agriculture Organisation by the United Nations

Theme	Sector	Title	EC contribution	Start date of activities	End date of activities	Contracting party
NGO	Rural Development	Improved Food And Livelihood Security (IFLS) in Southern Chin, Myanmar	729,358	01/10/2004	01/10/2008	Care Oesterreich
Uprooted people 2002 budget	Rural Development	Agriculture and food security in the north Rakhine state of Myanmar	1,885,725	01/09/2002	01/09/2005 finished	Groupe De Recherche Et D'echanges Technologiques Gret
Demining	Governance	Mine Action in Myanmar	500,000	01/01/2004	01/01/2005	International Committee Of The Red Cross
NGO	Health	Primary health care project in Wa State - Myanmar	1,000,000	01/10/2001	01/10/2006	Health Unlimited
NGO	Health	Participatory environmental health programme Myanmar	990,000	01/04/2002	01/04/2006	Save The Children Fund
Uprooted people 2004 budget	Uprooted populations/Social support	Promoting Rural Opportunities, Generating Resources & Encouraging Social Solidarity in Kayah (PROGRESS Kayah)	864,758		02/07/2008	CARE OSTERREICH Association for development cooperation and humanitarian assistance
Uprooted people 2004 budget	Uprooted populations/Social support	Community Based Health Care and Nutrition for Vulnerable Groups in Northern Rakhine, Myanmar	1,142,535	01/01/2005	30/09/2007	MALTESER HILFSDIENST
Uprooted people 2003 budget	Uprooted populations/Social support	Assistance to Returnees and Vulnerable Groups in North Rakhine State of Myanmar	2,000,000	12/12/2003	12/12/2005	World Food Programme Myanmar
Uprooted people 2003 budget	Uprooted populations/Social support	UNHCR Reintegration Assistance Programme to Returnees from Bangladesh and Thailand in Myanmar	1,786,000		15/01/2005 finished	United Nations High Commissioner for Refugees in Myanmar

Theme	Sector	Title	EC contribution	Start date of activities	End date of activities	Contracting party
Uprooted people 2001 budget	Health	Improving the livelihood of the vulnerable populations	1,989,841	09/04/2002	08/07/2004 finished	Action Contre La Faim ACF Birmanie Bi A2 B
Democracy and human rights	Governance	Promoting Democracy in Burma/Myanmar	800,000		01/02/2006	The Olof Palme International Center
Uprooted people 2004 budget	Rural Development	Support for Agriculture and Natural Resources Management in North Rakhine State, Phase II, Myanmar	999,639	01/10/2004	01/10/2006	FAO
Uprooted people 2004 budget	Uprooted populations/Social support	Support of a community management of water and sanitation facilities, and a health care system for the former displaced people and their host communities in Dala Township	928,000		29/03/2008	AIDE MEDICALE INTERNATIONALE
Uprooted people 2004 budget	Uprooted populations/Social support	Food Security and Poverty Alleviation in the North Rakhine State of Myanmar	1,389,535		31/08/2008	GRET
Democracy and human rights	Governance	Strengthening the Capacity of Burmese Civil Society	521,592		17/10/2008	VOLUNTARY SERVICES OVERSEAS
Health	Health	Develop, Introduce, and Scale Up QVCT for HIV Clinics in Cambodia, Vietnam and Myanmar (Myanmar component)	840,000	20/06/2005	01/07/2005	Marie Stopes International/Myanmar



## **ANNEX 6: HUMANITARIAN PROFILE**

### **1. Summary**

Despite its rich natural resources, the country faces a chronic and largely unnoticed humanitarian crisis that has deepened year after year. The European Union is committed to helping the most vulnerable people affected by this crisis.

Since 1994, DG ECHO has provided funds to meet the needs of the most vulnerable people in Myanmar and on the Thai-Myanmar border.

The bulk of DG ECHO's funding (60%) goes to the provision of primary health care for the neediest in remote areas with an important focus on the fight against malaria and nutrition.

Basic health care is almost non-existent in many remote regions. In these areas, humanitarian organizations provide a basic, but often life-saving service to people who seldom have contact with medical professionals. DG ECHO funds mobile clinics that can reach very remote locations, the provision of essential drugs and basic medical supplies for rural health centres, and medical kits for local volunteers in the villages. Special staff training for rural health clinics and village volunteers helps strengthen local capacity.

Malaria is the biggest killer in Myanmar, particularly among children and DG ECHO funds early detection and efficient treatment measures.

DG ECHO also supports nutrition programmes for moderate and severely malnourished women and children. Supplementary feeding programmes and therapeutic feeding centres have been set up in the eastern part of the country.

15% of DG ECHO's funding is dedicated to water and sanitation projects. Access to clean water is being improved. Rainwater collectors have been installed; village ponds constructed or renovated, and wells drilled. These works are carried out with the participation of beneficiary communities, who contribute to the proper maintenance of the water schemes. In addition, latrines have been installed in primary schools and villages. There is a particular emphasis on hygiene awareness campaigns.

DG ECHO also supports activities aimed at promoting respect for international humanitarian law and the reintegration of refugees.

On the Thai-Myanmar border, DG ECHO provides food aid, health care and water and sanitation projects in favour of Burmese refugees. In addition, other European Commission instruments support education and health programmes for both refugees and resident population, and funds relief items for refugees.

### **2. Humanitarian Situation**

Myanmar is facing a silent humanitarian crisis. There are more than 100 ethnic groups in Myanmar. Their homelands lie mainly along the borders, surrounding the central part of the country like a horseshoe. Although over the last 15 yrs, the Government has signed the ceasefire agreement with a number of ethnic movements demanding autonomy, insecurity remains a major problem in these areas. Several hundred thousands (around 500,000) of Myanmar's 53 million population are estimated to be internally displaced either because they have fled from conflict or because they have been forced to relocate. The largest concentration of internally displaced people (IDP) is found among Karen, Karenni, Shan and Mon ethnic groups in eastern Myanmar. 150,000 have found refuge in camps on the Thai-Myanmar border while 20,000 are still remaining in Bangladesh. An estimated one million scratch a meagre living from low paid jobs in Thailand.

Poverty, a lack of food, poor infrastructure and inadequate education affect the wellbeing of the people throughout the country. Vulnerability is highest in the border regions. A quarter of the population is estimated to live below the poverty line. 70% of household expenditure is on food.

The state of health sector is particularly alarming. Government expenditure on health per person is the lowest in the world. Many parts of the country, especially in the border areas, have no health services whatsoever. Children under 5 mortality is 7%, almost 4 times as high as in the neighbouring Thailand.

Life expectancy is 56 years, 25 years less than in Thailand. Malaria, tuberculosis and HIV/AIDS are the main health problems, followed by respiratory and water-borne diseases. The main causes of water-borne ailments are a lack of clean water, the poor health environment and a widespread lack of hygiene. An estimated 34% of the rural population has no access to clean water and for around 43% there are no safe sanitation facilities available; 80% of the population lives in areas where malaria is endemic.

In Western Myanmar, the Muslim Rohingya and other minority groups along the border with Bangladesh and India continue to suffer harsh discrimination.

Finally, the ban on poppy cultivation in particular in the Wa Special region where it is in force since 1 June 2005 put serious threats on the most vulnerable rural communities which have not been offered with alternative durable solutions.

### **3. DG ECHO's response and targeting**

DG ECHO intends to maintain a presence in Myanmar for the years to come addressing the basic needs in health, nutrition, water/san and protection of the most vulnerable groups, notably rural people living in remote regions as part of its global strategy for the forgotten crisis. At the same time, DG ECHO continues to state the need for longer term donors and instruments to address the chronic structural problems, which cannot be adequately met by short term humanitarian interventions.

DG ECHO's funding has increased during the last four years (from 2 ME in 2001 to 6.84 million in 2005) to better address the huge needs and also to balance with the support given to the refugees in Thailand.

Geographical targeting: the most vulnerable groups, notably rural people living in remote areas, lacking any access to basic social services, or being discriminated against by the central authorities on ethnic (Mon, Karen minorities) or religious grounds (Muslims Rakhine in the Northern Rakhine State). Divisions/States where there are DG ECHO' funded projects: Rakhine, Chin, Shan, Kayin and Mon States, Thanintharyi, Magway, Yangon Divisions).

**Health.** The main causes of premature death in Myanmar are malaria, HIV/AIDS, acute respiratory infections and diarrhoea diseases; to improve access to primary health care, with priority to the treatment of malaria and care for mothers and children is the main objective of DG ECHO's intervention.

DG ECHO-funded malaria programmes are based on early detection of the parasite followed by effective treatment. This approach has had a considerable impact, it has resulted in 300 000 patients screened and 150 000 treated in Rakhine, Shan Kayin and Mon States, Thanintharyi Division in 2005. 340 000 direct beneficiaries have access to the basic health services in Northern Rakhine and Shan States.

**Water and sanitation.** Clear identified needs in the most dry zones. Indicators from the WHO report 2004 show that only approx. 68% of the rural population has access to safe water and 57% to safe sanitation. DG ECHO interventions are aimed at facilitating access to safe water through construction or rehabilitation of water points (spring catchment, ponds, wells, rain water collectors) and promoting hygiene education. Improved water supply to 35 000 people living in the dry-zone in the centre of the country has been provided in 2005 while additional 20 000 IDP and local communities along the Eastern border and Chin state will be addressed in 2006.

**Food and Nutrition.** Current data indicate that the national underweight for age in children <5 is 35% but no wider reliable national data are available. A survey conducted by a DG ECHO partner in Northern Rakhine State in 2003 showed alarming level of malnutrition (16,4% of children <5 with global acute, 3% severe acute and 63,6% chronic malnutrition.).

DG ECHO activities include food for work, nutritional awareness, supplementary feeding for mothers and children <3 with nutritional deficiencies for over 70 000 beneficiaries in the Wa region and detection and treatment of at least 14 000 cases of acute malnutrition in north Rakhine State.

**Protection.** The support to ICRC mandate for 50 000 detainees all over Myanmar is now a regular support since 2001 and will be renewed for 2006 as well as the support to vulnerable children (street children, orphans, judicial cases) placed in special institutions. 200 000 IDPs and local communities in north Rakhine State along the east border will also receive protection (registration of returnees, monitoring of possible abuses, language training, watsan activities). The mere presence of international humanitarian agencies in many of these areas already serve as a protection tool.

#### 4. Challenges for LRRD

The current sanctions in place and the limited assistance under the EU Common Position which keep the non-humanitarian and development programmes suspended, do not allow for a comprehensive LRRD strategy to be developed and implemented. However LRRD is sought through a very close coordination with the other different thematic and specialized Commission instruments operating in Myanmar (EIHR, AUP, HIV/AIDS, Food Security) although this is somewhat constrained by the financial mechanism based on call for proposal.

The opening of the DG ECHO Yangon office in October 2005 will certainly contribute to boost the coordination with the implementing partners, local stakeholders, and major donors operating in Myanmar.

#### 5. On-going DG ECHO interventions in Burma/Myanmar (as of December 2005)

Organisation	Operation	Location	Total (€)
ACF-France	Nutrition assistance to women and children acutely malnourished	Northern Rakhine State	<b>6,840,000</b>
AMI-France	Access to primary health services, safe drinking water and hygiene	Northern Rakhine & Shan States, Yangon Division	
Cesvi-Italia	Malaria control program	Shan State	
Enfants du Monde-Droits de l'homme	Protection of children in special institutions	Mon & Shan States; Yangon and Mandalay Divisions	
ICRC	Protection activities	All over Myanmar	
MSF-France	Malaria control program	Mon and Kayin State	
MSF-Netherlands	Malaria control program	East and Northern Rakhine	
MHD-Germany	Malaria control program	Shan State (Wa Special Region)	
Terre des Hommes-Italy	Access to safe drinking water and hygiene education	Magway Division	
UNHCR	Protection and water and sanitation assistance	Kayin, Mon States; Thanintari Division.	
UNHCR	Protection	North Rakhine State	

**ANNEX 7: TOTAL EC GRANTS TO BURMA/ MYANMAR (COMMITMENTS AND DISBURSEMENTS)****A) Commitments (in €)**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Humanitarian Assistance (ECHO)</b>	1,000,000	2,000,000	3,500,000	5,320,000	7,880,299	7,803,000
<b>Health</b>			5,000,000			
<b>Uprooted people</b>	4,546,000	1,989,841	2,425,462	3,786,000	6,499,639	6,000,000
<b>NGO co-financing</b>		1,990,000		722,800	729,358	1,471,862
<b>Democracy &amp; Human Rights</b>	920,006			786,561	1,500,000	
<b>Demining</b>				500,000		
<b>Decentralised</b>						199,664
<b>TOTAL</b>	<b>5,546,000</b>	<b>5,979,841</b>	<b>10,925,462</b>	<b>9,828,800</b>	<b>15,109,296</b>	<b>15,274,862</b>

**B) Disbursements (in €)**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Humanitarian Assistance (ECHO)</b>	874,883	1,757,713	2,953,015	4,957,215	5,592,706	5,125,684
<b>Health</b>	118,582		200,829	1,524,718	985,000	1,361,871
<b>Uprooted people</b>			2,075,000	6,756,200	2,152,290	3,429,243
<b>NGO co-financing</b>				885,647	586,112	605,756
<b>Democracy &amp; Human Rights</b>		2,746,000		776,006		263,504
<b>Demining</b>				400,000		100,000
<b>Decentralised Co-operation</b>						89,756
<b>TOTAL</b>	<b>993,465</b>	<b>4,503,713</b>	<b>5,228,844</b>	<b>15,299,786</b>	<b>9,316,108</b>	<b>10,975,814</b>

**A. PATTERNS AND TRENDS OF FORCED MIGRATION IN BURMA/MYANMAR**

Burma/Myanmar's population is officially estimated at 52.4 million. Internal and international migration have been part of the country's history for decades. It has various causes and takes different forms. This also entails a wide range of vulnerabilities and needs.

Whether internal or cross-border, both forced and voluntary (economic) migrations occur on a relatively substantial scale. However, data collection on the different types of migration is almost non-existent. Recent more qualitative researches offer insights into patterns and trends as well as vulnerabilities and needs. Most of these surveys focus on forced migration and more particularly the uprooted populations. Economic migration is a difficult phenomenon to grasp in Burma/Myanmar, due to large inaccessible parts of the country and migrants' fear to tell their story.

The following categories of internal forced migration have been recently developed by an independent consultant<sup>35</sup> to facilitate strategic planning amongst humanitarian actors.

**1. Armed Conflict Induced Displacement**

In this case, forced migration is either a direct consequence of fighting and counter-insurgency operations (e.g. forced relocation), or of armed conflict directly undermining human and food security. Such migration is regularly linked to severe human rights abuses across Kayin (Karen) State, in eastern Tanintharyi Division, southern Mon State, southern and eastern Kayah (Karenni) State, southern Shan State, and parts of Chin State and Sagaing Division.

A certain amount of quantitative data is available for IDPs in eastern Burma/Myanmar. According to the Thailand Burma Border Consortium (TBBC) and its local partner groups, there were a total of 540,000 IDPs in eastern Myanmar in mid/late-2005. These include 340,000 people in ceasefire areas, 92,000 in areas directly affected by armed conflict, and 108,000 people in government-controlled relocation sites. During 2005, an estimated further 87,000 people were forced or obliged to leave their homes by the effects of war or human rights abuses. Along the border with Thailand, a further 68 villages were destroyed, relocated or otherwise abandoned during this period, including a number which had only recently been established by displaced persons.

The increase of approximately 14,000 internally displaced persons since late 2004 is attributed primarily to escapes in Shan State away from SPDC patrols, a significant inflow into Mon ceasefire areas, and methodological differences estimating populations in Tenasserim Division's relocation sites. These combined increases have outweighed reductions in the estimates for other groups of displaced populations. However, these population estimates do not include displaced persons in urban areas.

Vulnerabilities and needs vary, but for the majority, the following issues are important:

- Food and livelihoods security; free access to markets and for traders; appropriate agricultural techniques (indigenous systems are often undermined by conflict – a protection issue).
- Access to good health services and nutrition, especially for child-bearing women and children, and the elderly.
- Access to education, including culturally appropriate curricula, teaching materials and buildings, and properly trained and supported teachers.

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<sup>35</sup> Mr. Ashley South

- Physical protection from forced relocation; from family fragmentation; from serious human rights abuses (GSBV; forced labour, pottering and conscription; torture and murder); from landmines.
- Protection of land and property from destruction and confiscation; from environmental degradation; from excessive and arbitrary taxation

## 2. State-Society Conflict Induced Displacement

This type of forced migration is due to land confiscation by the Myanmar army or other armed groups, including in the context of natural resource extraction (e.g. logging and mining); displacement due to infrastructure construction (e.g. roads, bridges, airports); also forced migration as a product of predatory taxation, forced labour and other abuses. This form of displacement is related to the use of force, but does not occur in the context of outright armed conflict. All of the border states and divisions are affected by militarization and/or 'development'-induced displacement, including Rakhine (Arakan) and Kachin States, as well as a number of urban areas.

Like IDPs, state-society conflict, military occupation- and 'development'-induced forced migrants' vulnerabilities - and consequent needs - will vary according to their response to displacement pressures, and mainly include:

- Physical protection - depends on the community setting (protection from forced labour and other human rights abuses); protection of women and unaccompanied minors; need for appropriate documentation.
- Protection of land and property tenure - from confiscation and/or environmental degradation; from excessive and arbitrary taxation; revise and respect .Housing, Land and Property laws and regulations.
- Resettlement needs (returnee refugees and IDPs):
  - More support for local NGOs and CBOs' resettlement/ return/ repatriation activities;
  - More support for NSAs' resettlement/ return/ repatriation planning and activities;
  - Appropriate documentation;
  - Protection against forced repatriation or relocation (UNHCR?).
- Rehabilitation needs:
  - More support for local NGOs and CBOs' rehabilitation activities;
  - More support for NSAs' rehabilitation planning and activities;
  - Appropriate documentation;
  - Community participation program planning and implementation.

## 3. Livelihood-Vulnerability Induced Displacement

This is the primary form of internal and external migration in and from Burma/Myanmar, like other developing countries. Main causes are inappropriate government policies and practices, limited availability of productive land, and poor access to markets, resulting in food insecurity; lack of education and health services; plus stresses associated with transition to a cash economy. Mandatory migration due to opium eradication policies and natural disasters are also included under this category. Livelihoods vulnerability-induced displacement occurs across the country, especially in and from remote townships. Vulnerabilities and needs depend on the migration phase.

Outstanding needs before migration: human security in rural areas is often undermined by imposed policies, jeopardizing access to education and health care, and food security;

- Reinforce community coping mechanisms;
- Support local NGOs and CBOs community development, agriculture, education and health programs (human and financial resources); ensure donors' monitoring and evaluation;

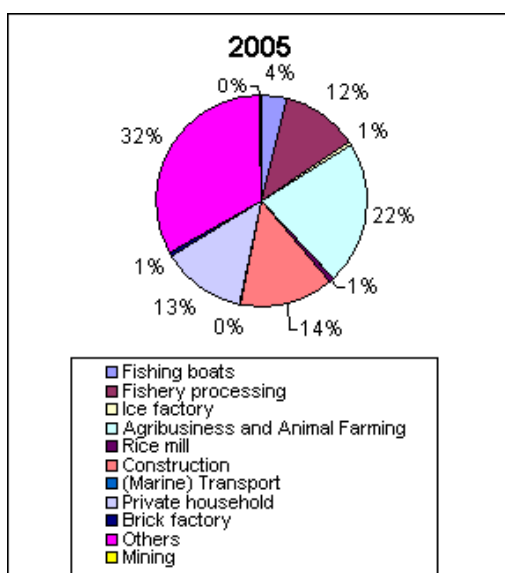
- Support government's provision of roads, schools and hospitals, using appropriate methods and technologies; advocate for better resources, reduced fees and other 'local contributions'.

Outstanding needs during and after migration:

- Reinforce and support extension of community coping mechanisms.
- Support local NGOs and CBO development, training and education and health programs.
- Support government's provision of schools and hospitals; advocate for better resources and reduced fees.
- Support local housing initiatives; lobby/advocate housing with government.
- Protection from human trafficking: lobby/advocate with authorities, including for appropriate documentation, and protective policy environment

## B. MIGRANT WORKERS FROM BURMA/MYANMAR RESIDING IN THAILAND

- Migrants with work permit (as of 21 September 2005): 539,416 (Source: Thai Ministry of Labour). Burmese migrant workers make up approximately 80% of the overall registered migrant labour force in Thailand.
- Percentages of migrants from Burma/Myanmar occupied in different sectors in 2005 in Thailand:



Source: IOM.

## C. MYANMAR REFUGEE POPULATION BY MAJOR COUNTRIES OF ASYLUM 1992-2001

According to the 2005 World Refugee Survey, 691,800 have fled to neighbouring countries where they live as refugees. Millions more are thought to have fled Burma/Myanmar but have not been able to register as refugees.

Over 145,000 refugees from Burma/Myanmar are living in Thai camps near the border which were first established in 1984. The total number of both unregistered and registered Burmese nationals living within Thailand might well exceed two million people.

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bangladesh	245,000	198,800	116,100	51,000	30,600	21,500	22,200	22,100	21,600	22,100
Thailand		82,300	82,400	94,900	104,000	105,200	10,170	99,700	104,600	110,300
USA	100	200	400	600	800	1,100	1,500	2,100	3,000	5,300
Malaysia	n.a.	n.a.	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,200

Source: UNHCR.

#### D. INTERNALLY DISPLACED PERSONS (IDP) WITHIN BURMA/MYANMAR

According to the 2005 World Refugee Survey, some 550,000 to 800,000 people are displaced within Burma/Myanmar, mainly in ethnic minority areas. Forced labour and forced relocation as well as fighting between the Burmese military and ethnic insurgents are the major causes of internal displacement and refugee flight.

The internally displaced generally fall into two categories. The first group includes those forcibly relocated by the military. The second group consists largely of those who refuse to relocate or who flee the relocation areas because they cannot survive there, as well as those who flee their homes because of other types of persecution. The uprooted generally flee toward the Thai border, but are often stopped by Burmese troops or Thai border guards.

There is a considerable lack of accurate data on numbers, locations and circumstances of the internally displaced people which is typical of IDP crises everywhere. The Thailand Burma Border Consortium (TBBC) estimates the total number of internally displaced persons who have been forced or obliged to leave their homes and have not been able to return or resettle and reintegrate into society as of late 2004 to be at least 526,000 people. This population is comprised of 365,000 people currently in the temporary settlements of ceasefire areas administered by ethnic nationalities, while 84,000 civilians are estimated to be hiding from the SPDC in free-fire areas and approximately 77,000 villagers have followed SPDC eviction orders and moved into designated relocation sites.

#### DISTRIBUTION OF INTERNALLY DISPLACED PERSONS IN 2002 AND 2004

States and Divisions	Total IDPs	
	2002	2004
Southern Shan	275,000	216,100
Karenni	57,000	88,400
Eastern Pegu	28,500	18,000
Karen	129,500	135,300
Mon	78,500	31,100
Tenasserim	64,500	37,100
<b>Overall</b>	<b>633,000</b>	<b>526,000</b>

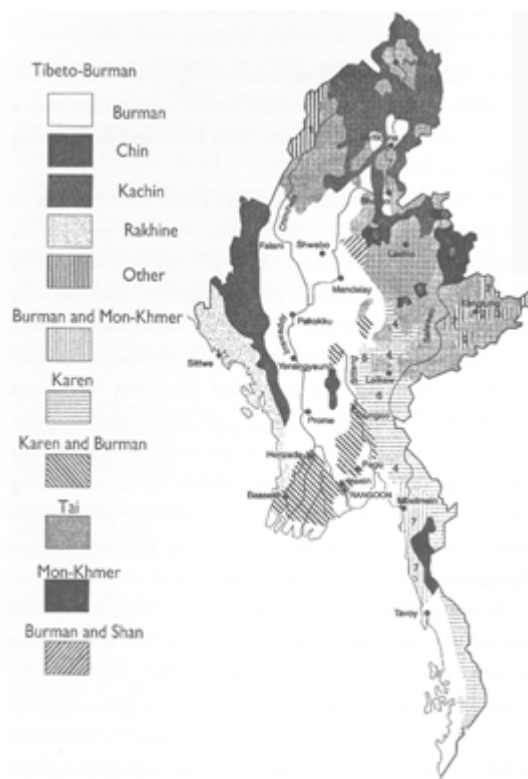
Source: TBBC, 2004



## ANNEX 9: ETHNIC MINORITIES' PROFILE BURMA/MYANMAR

Lack of reliable data only allows a rough estimate of Burma's ethnic mosaic which is estimated to be comprised of some 130 ethnic groups.

The largest single ethnic group are the Burmans (around 60%) who dominate the army and government. Ethnic minority peoples make up about one third of the population and most of them inhabit – in a horseshoe shape area – the country's mountainous frontiers. Karen and Shan groups comprise about 10 % each, while Akha, Chin, Chinese, Danu, Indian, Kachin, Karenni, Kayan, Kokang, Lahu, Mon, Naga, Palaung, Pao, Rakhine, Rohingya, Tavoyan and Wa peoples each constitute 5 % or less of the population.



*Source: Martin Smith*

*This map gives a rough overview of the multitude of ethnic groups*

Myanmar is the official language, while most ethnic minorities speak their own languages. Over 100 different languages and dialects have been identified. These can be categorized into four main linguistic groupings, namely the Tibeto-Burmese, Mon-Khmer, Shan (Tai) and Karen (Kayin). However, many distinctive minority cultures have survived into the twenty-first century, including the Salom sea-gypsies in Tenasserim, the 'long-necked' Kayan (Padaung) of the Shan/Karenni borders and the Nung-Rawang in Burma's North.

About 90% of the population are Buddhists, the rest being Christians (5%), Muslims (3 %) and Hindus (0.5 %), animist (1%) and others.

The principal demands of Burma/Myanmar's ethnic minorities are to gain genuine autonomy for their home areas and to achieve a significant voice in the affairs of the country as a whole. Few see total independence as their ultimate goal. Since the 1988 coup, the military has negotiated 17 cease-fire agreements with most armed ethnic opposition groups and waged fierce assaults against others (e.g. Karen, Mon, Rohingyas).

The two major groups maintaining their armed resistance against the military are the KNU (Karen National Union) and the SSA (Shan State Army). Some minorities, such as the Rohingya (who are Muslim) and Chin (who are largely Christian), also face religious persecution from the ruling Buddhist regime. In several ethnic minority areas many of the most acute political and humanitarian crises exist.

Armed ethnic groups (as of 2002)

<b>Main ceasefire groups (in order of agreements)</b>	<b>Year</b>
Myanmar National Democratic Alliance Army (Kokang)*	1989
United Wa State Party*	
National Democratic Alliance Army (eastern Shan state)*	
Shan State Army**	
New Democratic Army (Kachin)*	
Kachin Defence Army (ex-KIO 4 <sup>th</sup> brigade)	1991
Pao National Organization**	
Palaung State Liberation Party**	
Kayan National Guard	1992
Kachin Independence organization**	1994
Karen Nationalities People's Liberation front*	
Kayan New Land Party* **	
Shan State Nationalities Liberation Organization*	
New Mon State Party*	1995
<b>Other ceasefire groups/militia (not always listed by government)</b>	
Democratic Karen Buddhist Army	1995
Mongko Peace Land Force (splinter group from Kokang)	
Shan State National Army	
Mong Tai Army	1996
Karen National Defence Army	
Karen Peace Force (ex-KNU 16th battalion)	1997
Communist Party of Burma (Arakan)*	
KNU 2 Brigade Special Region Group (Thandaung)	
<b>Non-ceasefire groups</b>	
Arakan Liberation Party**	
Arakan Rohingya National Organization	
Chin National Front**	
Hongsawatoi Restoration Party (breakaway group from NMSP)	
Karen National Union** (1995–6 talks broke down)	1995-6
Karen National Progressive Party** (1995 ceasefire broke down)	1995
Lahu National Democratic Front**	
Mergui-Tavoy United Front*	
National Socialist Council of Nagaland	
National United Party of Arakan	
Shan State Army [South] (re-formed 1996 after MTA surrender)	1996
Wa National Organization** (1997 talks broke down)	1997

\* Former ally or breakaway force from the Communist Party of Burma

\*\* Former or present National Democratic Front member

A number of other small, armed groups exist in name. Most are affiliated to the National Council Union of Burma.

Source: Martin Smith, *Burma: Insurgency and The Politics Of Ethnicity*, 1999.

## **ANNEX 10: GENDER PROFILE BURMA/MYANMAR**

Women have often been particular victims of conflict and the humanitarian crisis in Burma, but only in recent years have women's rights become the subject of more specialist attention and concern. In general, women are regarded as having equal status with men, and the leading role of Aung San Suu Kyi in the democracy movement has given the country's women an international profile. Life expectancy at 62.9 years (1998 figure) is estimated at two years longer than for men, women are considered to enjoy the same educational opportunities, and this is especially reflected in higher education where there are more female students than male.

However, as the UN Thematic Group on Gender has demonstrated, there are serious discrepancies around the country. Indeed, in contrast to patterns elsewhere in South-East Asia, the higher attainment of women at university level in Burma is contradicted by the lower levels of adult literacy – 86 per cent among men against just 71.3 per cent among women – with significant illiteracy among ethnic minority women. On the national level, too, despite the many qualified women in public service jobs, very few women have been promoted to the most senior levels, where they face what the UNDP describes as a 'glass ceiling'. The eminent position of Aung San Suu Kyi is very much the exception. In addition, only 84 women out of 2,296 candidates stood in the 1990 election, of which just 14 won seats, highlighting that women are also under-represented within pro-democracy parties. Despite such obstacles, many women have continued to play important roles in social and political movements, and a number, like Aung San Suu Kyi, have been detained or imprisoned for their political activities since 1988, including the writers, Nita Yin Yin May, Ma Thanegi, Dr Ma Thida and San San Nweh, and the NLD MP-elect Daw San San. All have since been released.

It is in the humanitarian field, however, that most difficulties are faced by women in general. For example, life expectancy for women in rural communities is two years lower than in urban areas due to the extra duties many women have to perform; in particular, it is women who carry out most domestic tasks, including collecting water and supplies. Of equal concern, Burma's high maternal mortality rate has also been attributed by aid organizations to a lack of access to treatment or information on 'reproductive health', with around 50 per cent of maternal deaths estimated to result from illicit abortions. As in many other countries, the issues of gender and ethnicity raise further questions in health provision. In Muslim communities, for example, there are concerns over the right of women to have access to female doctors and also to health workers who can speak their language. Few minority languages are spoken by government-trained doctors and teachers.

In war-affected areas, the situation for women is even worse. In many areas, the loss of men to conflict has left significant gender imbalances and many women are the sole providers for their families. No reliable figures are available, but in just one border region of the Shan state, a UWSP official estimated that, up until 1989, 12,000 Wa soldiers had been killed and many more disabled in 22 years of conflict, leaving 'thousands' of widows and orphans. Related to this, women have been especially vulnerable to gross violations of human rights during war, including forced labour and rape, evidence of which has been highlighted by the ILO and other organizations.

In recent years, such disadvantage and vulnerability to abuse has found a worrying focus in the traffic or migration of women and girls into prostitution. Some have entered a growing industry within Burma and some have moved into China, but the largest numbers have travelled to Thailand which is the centre of the regional sex trade. (There are also Chinese women being transported down similar routes into Thailand.) Much of the business is conducted in secrecy, and one estimate in the early 1990s calculated that 30,000 women from Burma could be involved at any one time, while the UNDP reported several years later that there were 10,000 women and girls from Shan state in brothels in Chiang Mai alone. Some admit to having taken such jobs for commercial reasons, but many others have been trafficked, or travelled out of naivety, lured by the promise of other jobs. For all, the risks and human costs are enormous, not only of HIV-infection which is endemic, but also of beatings and abuse by criminals and corrupt officials engaged in the trade. Many of the women are illiterate and from ethnic minority backgrounds, but, in parts of Burma's borderlands, for many young women there has been little alternative or means of escape.

At the turn of the century, the scale of this crisis began to produce increased concern. NGOs in Thailand continued to try and help women living in such life-threatening conditions, while in Burma aid organizations, such as Save the Children (UK) and World Vision, gained more access to affected communities: 129 Burma, in fact, has a number of laws protecting the rights of women, including the Suppression of Prostitution Act, the Myanmar Buddhist Women's Special Marriage and Accession Act, and the Myanmar Maternal and Child Welfare Association Law. In 1997, the government also signed the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). But, as with the many other conventions and laws, the challenge remains to turn such principles into practice. In its 2000 report, the UN Committee on the Elimination of Discrimination against Women, which monitors how state parties put into practice the provisions of the Convention, had a long and cautionary list of recommendations to make on Burma. They included collection of more data on the human rights of women among minority groups, punishment of those (including military personnel) who abuse women, human rights training on gender issues, more information on HIV/AIDS and the trafficking of women, improvement for women in health and education, and, finally, efforts to ensure that the new Constitution incorporates a definition of 'discrimination', as well as CEDAW, into domestic law.

*Source: Martin Smith, Burma (Myanmar): The Time for Change, 2002.*

**ANNEX 11: DONOR MATRIX BURMA/MYANMAR - ACTUAL DISBURSEMENTS FOR 2004 (MILLIONS €)**

Donor /Sector	110	120	130	140	150	160	210	220	230	240	310	320	330	410	430	510	520	710	720	730	920	998	TOTAL (€ million)
EC		0.985																	7.745		0.586		9.320
UK		5.951													0.719	0.158		0.726	0.719		0.166		8.439
France	0.300	0.020						0.010													0.010		0.340
Germany		0.380		0.800	0.070												1.000						2.250
Sweden		1.613			0.256														0.592		0.049		2.510
Italy																							1.000
EC + MS	0.300	8.949	0.000	0.800	0.326	0.000	0.000	0.010	0.000	0.000	0.000	0.000	0.000	0.000	0.719	0.158	1.000	0.726	9.056	0.000	0.811	0.000	23.859
Japan	2.809	3.307	0.012	0.245	0.954	1.204	0.013	0.176	0.057	0.022	2.120	0.187	0.025	0.020	0.077			0.207	0.068			1.176	12.678
China																							
Australia		1.416															1.416		1.888				4.720
New Zealand																							
USA																							
India																							
S Korea																							
Switzerland		0.140	0.015	0.070													0.415		0.730	0.220			
Thailand		0.045									0.057						0.224						0.775
Norway		1.099	0.746		1.973	0.539		0.325											1.716	0.052			
Non-EU donors	2.809	6.007	0.773	0.315	2.927	1.743	0.013	0.501	0.057	0.022	2.177	0.187	0.025	0.020	0.077	0.000	2.055	0.207	4.402	0.272	0.000	1.176	18.173
TOTAL	3.109	14.956	0.773	1.115	3.253	1.743	0.013	0.511	0.057	0.022	2.177	0.187	0.025	0.020	0.796	0.158	3.055	0.933	13.458	0.272	0.811	1.176	42.032

## ANNEX 12: COUNTRY AT A GLANCE

The status of the country as to the likely achievement of the Millennium Development Goals at a glance

In October 2006, *United Nations Economic and Social Commission for Asia and the Pacific UNESCAP*, the *United Nations Development Programme UNDP* and the *Asian Development Bank ADP* have issued a report “Millennium Development Goals: Progress in Asia and the Pacific 2006”. This report is the latest update on the progress towards MDGs in Asia and the Pacific. It highlights the region's achievements and exposes issues on which much work remains to be done. The report looks in a more holistic way at overall country progress by assessing absolute MDG indicators in addition to MDG targets.

The report classifies the progress made by each country into 4 categories

- *Early achiever* — Has already met the target
- ▲ *On track* — Expected to hit the target by 2015
- *Off track — Slow* — Expected to hit the target, but after 2015
- ▼ *Off track — Regressing* — Slipping backwards, or stagnating

Goal	1	2	3	4	6	7
	\$1/day poverty Underweight children Primary enrolment Reaching grade 5 Primary completion rate	Gender primary Gender secondary Gender tertiary	Under-5 mortality Infant mortality	HIV prevalence TBC prevalence TBC death rate	Forest cover Protected area CO <sub>2</sub> emissions ODP/CFC consumption	Water urban Water rural Sanitation urban Sanitation rural
Myanmar	■	▲	▲	▲	●	●