

Australian Aid Can Make a Difference in Burma

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Australian Government policy, including its aid policy, needs to adjust creatively to the end of direct military rule in Burma. This change could produce significant policy shifts in Burma, unleashing long overdue and badly needed reforms, but without timely and targeted international inputs – however indirect – the outcomes of these reforms could be less than optimal and leave much more change to come.

For more than three decades now, Burma/Myanmar has continuously received low flows of international development assistance, mainly because Western donor governments had misgivings about the military regime. In 2010, according to the Organisation for Economic Cooperation and Development (OECD) it only received under US\$5 per person, a 28 per cent drop from 2009 when assistance spiked thanks to humanitarian relief in the wake of Cyclone Nargis in 2008.

The end of military rule in 2011 and the spate of political reforms that followed this prompted many donors to rethink their positions on aid to Burma. The World Bank and the International Monetary Fund, released from a US veto over provision of technical assistance to Myanmar thanks to the intervention of US Secretary of State Hillary Clinton, are moving to ramp up their advisory efforts. The Asian Development Bank has announced that it is “gearing up for re-engagement” and hopes to begin infrastructure and development projects in Myanmar in the near future.

The Benchmark of International Responses

The UN Secretary-General’s Special Adviser on Myanmar, Vijay Nambiar, after visiting in February 2012, called for increased flows of international assistance. In his words, he “feels that the international community must respond more robustly to the needs of the Myanmar people by lifting current restrictions on UN programs. Now is the time to step up support and to adjust existing policies in order to help build conditions for sustaining the reform and for the betterment of Myanmar’s peoples.”

Some major donors are already moving towards commitments of new assistance:

- Hillary Clinton undertook to send in US capacity building programs for civil society in Myanmar.
- The EU is expected to provide 150 million euros (about 200 million US dollars) as extra aid to Myanmar over 2012-13, to be channeled through the United Nations and non-governmental organisations targeting micro-credit, health and education. This is a big increase in EU aid which (on its own figures) has averaged only 11 million euros a year since 1996.
- Japan has foreshadowed resumption of bilateral development assistance loans. As with the World Bank, a first step is to address Myanmar’s repayment arrears, in Japan’s case by negotiating a rescheduling of repayments, which is now under way.
- From March 2011, the UK committed to spend an average of £46 million (US\$ 75 million) per year in Burma until 2015.

It is not yet clear to what extent the World Bank or the IMF will be able to play a coordinating role, an important question in a situation where an unexpected influx of aid occurs and stretches a recipient’s absorptive capacities. Unusually, Australia seems to be considering playing this coordinating role, which it might be well placed to do, but it will need to take this role seriously and inject the necessary financial and intellectual effort into this.

Principles for Australian Assistance

Since 1988, Australian aid has been limited to humanitarian assistance delivered through UN agencies and non-government organisations. From 2010, Australian aid was increased to around \$50 million a year, making Australia (at the moment) the second largest bilateral aid donor. Because Burma is a highly centralised state with extensive government functions across the economy and society for the foreseeable future; bringing reforms to these sectors needs interaction with the government sector; it cannot be achieved in any other way. Most Burmese people would support programs to bring about improvements to government services and operations inside Burma.

A few central ideas could continue to guide Australian assistance policy. The key areas where ordinary people in Myanmar are deprived of opportunity and assistance include education, health, employment, improving livelihoods in the agricultural sector. In almost all situations, existing government networks have substantially greater potential to deliver outcomes sooner and on the scale needed given Myanmar's population of 60 million.

Partnerships with key actors in proven assistance programs help avoid duplication of effort and 'piggy back' on the preparations and research of others. Potential partners are not only INGOs or multilateral agencies, but professional or technical associations as well as local NGOs with proven experience. If Australian assistance can clearly (and honestly) demonstrate adherence to high standards of transparency, accountability and local 'ownership' – often mentioned by Myanmar opposition groups as guiding principles – Australian programs should enjoy wide political support.

Deciding Suitable Sectors for Assistance

Following the formal, if somewhat notional, transfer of power from the military regime to a 'civilianised' government on 30 March 2011, new judgements are needed on the extent, if any, that Australian assistance could be provided to technocratic arms of the Myanmar Government. If Australian policy aims to strengthen service delivery to people at the grass-roots level, assistance could arguably be appropriately directed to the government health, education and livelihood support sectors.

Capacity building is urgently needed in many vital government programs, where the beneficiary is not the government, but the technocratic infrastructure which is supposed to deliver results for the people. Because of longstanding negative factors affecting that technocratic infrastructure – whether lack of skills, training, motivation or resources – ordinary people would not be benefiting from these services.

Before proceeding with such assistance, it should be possible to consult opposition leaders as well as relevant elected members of parliament, who are increasingly important actors in the political landscape. Indeed, providing capacity building assistance to the parliament, at this formative stage, could be a valuable contribution.

Programs delivered by or through ASEAN, as inter-governmental programs, should be regarded as highly suitable for including Myanmar/Burma, because they would have the additional integrative and normative benefits from aligning Burma with its ASEAN partners. Australia should be more pro-active – or even take the lead – in assisting suitable activities under programs targeting CMLV members of ASEAN.

Specific sectors in need

There are many areas where human and intellectual capacities in Myanmar/Burma are seriously degraded. Some currently under-performing programs have the potential to deliver large positive multiplier effects, and merit serious consideration for this reason.

- Distance education curriculum and methodologies
- Teacher training
- Trades skills and vocational education
- Accountancy, project management
- Agricultural extension services

- Land title system and land reform
- Comprehensive environmental protection regulatory framework
- Court procedures, prosecutors, judges, magistrates could all be provided.

Australian Intellectual Resources to Build Capacity, Strengthen Institutions and Transfer Ideas

A powerful way to strengthen capacity and encourage and expedite the transfer of ideas is to offer a greater number of scholarships, and to link scholarships to certain target sectors or programs. The reason for this is the long 20-year gap in Australian government scholarships, the very small number of scholarships currently being offered compared to population and needs, and the presence in Australia of a substantial body of relevant academic and practical expertise. All of the sectors above, and most specific Australian assistance programs, would benefit from being complemented by undergraduate and post-graduate scholarships.

In addition, Australian expertise could be used much more pro-actively to help Myanmar/Burma achieve socio-economic improvements. The key will be to target institutions – government and non-government – which best encourage democratic practices, social equity programs and sustainable economic development. Australian experts could be used as advisors for AusAID projects, could be funded to work as advisors to selected international agencies and projects in Myanmar/Burma, and could become catalysts for reforms in areas such as financial system reform, privatisation, environmental regulation and management, and social policy reforms for equity and inclusion.

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