

BEW

**BURMA ECONOMIC
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Welcome to our 2007 issue of Burma Economic Watch (BEW). BEW is a periodical that aims to provide up-to-date and reliable data, analysis and commentary on the economy of Burma. Information on the Burmese economy is both difficult to obtain and notoriously unreliable. Comment and analysis is often scarcely less so. Our aim is to make a modest contribution to improving each, and to encourage informed debate. BEW is a contributory journal, open to all (subject to a refereeing process) who would like to add to the economic analyses of Burma. Our Editorial Board comprises (in alphabetical order):

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<http://burmaeconomicwatch@blogspot.com>

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Natural Gas Exports and the Missing Billion

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Burma's emergence as a major regional supplier of natural gas should have provided considerable revenue to the government for it to spend on infrastructure, healthcare and education, all of which is desperately needed. Rising gas prices and increasing output volumes have caused Burma's gas exports to soar in the last few years, dramatically improving the country's balance of payments and the size of its foreign currency reserves.

Burma's Gas Exports, Earnings and International Reserves				
<i>Year</i>	<i>Gas Export Volumes (million cubic metres)</i>	<i>Gas Price (\$US/ million Btu)¹</i>	<i>Balance of Payments (\$US m)</i>	<i>Reserves (\$US m)</i>
2003-04	5,664.4	4.98	541	781
2004-05	9,501.1	7.43	929	873
2005-06	9,138.5	7.31	1,547	1,026
2006-07	13,028.3	8.45	2,226	2,039
2007-08	10,326.8*	9.41	2,355**	3,307**

*April–November 2007. Source: MCSO (2008), IMF (2007, 2008). ** Projection

Burma's gas exports come courtesy of its possession of large, and exploitable, fields of natural gas offshore in the Gulf of Martaban and in the Bay of Bengal. Cumulatively, these fields have confirmed recoverable reserves of around 540 billion cubic metres – enough, at present prices and production volumes, to bring in annually around \$US2 billion for the next 30 to 40 years.² Two of the fields, the so-called Yadana fields off Mouttama, and the Yetagun fields off Burma's Tenasserim Division, came on stream in 1988 and 2000 respectively, and it these that are the overwhelming source of Burma's current gas deliveries. The primary customer of the output from the Yadana and Yetagun fields is Thailand which, as a consequence, now runs a substantial trade deficit with Burma (of just over \$US2 billion in 2006/07).

Over the next few years, however, the export of gas from Yadana and Yetagun will be joined by that from new fields off Burma's coast in the Bay of Bengal. These fields, the most lucrative of which are collectively known as the Shwe ('gold') fields, have roughly the same gas reserves present (an estimated 200–240 million cubic metres) as collectively

¹ Prices are a composite of those applying to the delivery of natural gas to a number of countries and regions. Gas export prices are typically quoted in 'British Thermal Units' (Btu's), a measure that accounts for both volume and energy intensity. Though there are other complications that must be taken into account in particular contexts, one Btu is equivalent to approximately 28 million cubic metres of gas.

² British Petroleum, *BP Statistical Review of World Energy, June 2007* - www.bp.com/statisticalreview

present at Yadana and Yetagun.³ The Shwe fields were explored and developed by a consortium that comprised Myanmar Oil and Gas Enterprise (MOGE), together with South Korea's Daewoo Corporation, the Korean Gas Corporation, the Gas Authority of India Limited, and India's Oil and Natural Gas Corporation.

The ultimate customer of the gas actually *delivered* from Burma's Shwe fields, however, will be China, which in 2007 'won' a fiercely contested bidding war against India and South Korea. This result provoked consternation in South Korea and India at the time, not least because China's reported bid was below that of India's offer.⁴ China's Yunnan Province will be the recipient of the gas, courtesy of a 2,400km pipeline that will come ashore near the port of Sittwe (via a facility at nearby Ramree Island), and run more or less the length of Burma into Yunnan Province. With little in the way of labour or environmental considerations to get in the way, construction of the Shwe pipeline can be completed relatively quickly (two to three years). As matters currently stand, however, a delay seems likely in the project, with a senior Yunnan official recently stating with respect to the pipeline that '*whether, when and how to build it are yet to be decided*' (emphasis added).⁵ In the light of this, it is now likely that the first Shwe gas (and its revenue) will not flow until at least 20/11/12.

Whatever the latest delays, the gas earnings discussed above *should* be transforming Burma's fiscal circumstances – allowing for the spending on basic infrastructure, health and education the country so desperately needs.

However, under current arrangements, the foreign exchange revenues Burma is accumulating via its exports of natural gas are making next to *no* impact on the country's fiscal accounts. The reason for this is simple – Burma's gas earnings are being recorded in its state finances at their 'official' (exchange rate) *kyat* value. This official exchange rate of the *kyat* (at around 6 *kyat*: \$US1) over-values the currency by around 150–200 times its market value (currently about 1,000 *kyat*: \$US1). This dualism in Burma's exchange rate imposes other great costs on Burma's economy, but critical here is that the use of the official exchange rate to convert the country's gas earnings into *kyat* dramatically underplays their true (potential) contribution to state finances. Recorded at the official rate, Burma's gas earnings for 2006/07 of \$US1.25 billion translated into 7.5 billion *kyat*, or a mere 0.6 per cent of budget receipts.⁶ By dramatic contrast, if the same US dollar earnings were recorded at the market exchange rate (at that time around 1,200 *kyat*: \$US1) their contribution of 1,500 billion *kyat* would more than double total state receipts, and more or less eliminate the country's fiscal deficit. That this is not done is yet another revealing episode of the chronic macroeconomic mismanagement that inflicts Burma, as well as the SPDC's priorities.

So where do Burma's generals hide the 'missing' billion or so *kyat* they keep away from the state's official finances? No-one but they know for sure, but the gas revenues do

³ Estimates of the size of the Shwe fields vary, but those here refer to *confirmed* gas reserves according to British Petroleum's *BP Statistical Review of World Energy, op.cit.*

⁴ Anupama Airy, 'Myanmar Prefers China as Gas Buyer', *Financial Express*, May 29, 2007, - www.financialexpress.com

⁵ The official was Bai Enpai, Secretary of the Yunnan Provincial Committee of the Chinese Communist Party. The statement, which was made on March 8, 2008 caused widespread astonishment given the conventional wisdom that the pipeline was a 'done deal'. Bai Enpai's comments were reported by China's Xinhua News Agency - www.xinhuanet.com/english/

⁶ Calculations derived from data in IMF (2007:9).

show up in the statistics for Burma's foreign reserves provided by the Myanmar Central Statistical Organisation (MCSO) to the IMF. An inspection of the vaults of the Myanmar Foreign Trade Bank for the money might be a good place to start however – as also might the accounts of some accommodating if unscrupulous banks offshore. From these refuges the SPDC can (and does) spend as they desire - on the new capital of Naypyidaw and on the nuclear reactor that is being purchased from Russia. In any case, the generals can rest assured that the money they expropriate is safe from prying eyes, and safe from the peoples for whose lives it might make a difference.

Revisiting the Financing of Health in Burma: A Comparison with the Other ASEAN Countries

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A re-examination of the financing of healthcare shows that Burma has the lowest per capita expenditure on healthcare in ASEAN at only \$US4. This means that a country with an estimated population of 55 million spends in aggregate around \$US220 million each year on healthcare. This very low expenditure is coupled with a 'government' that only bothers to spend around nine cents a year on the health of each person in the country. This is from a 'government' that receives and steals around \$US100m each month in revenue from its gas sales to Thailand. Theoretically, the 'government' could increase annual aggregate expenditure on healthcare by nearly 50 percent if it reallocated only one month of this revenue. Moreover, the expenditure on healthcare in Burma is primarily very low because the country is so poor due to economic mismanagement, and because the government is utterly negligent, utilizing the apparatus of the state to further private returns, rather than enhancing the public good. In spite of its xenophobic, nationalist, self-sufficiency rhetoric, its healthcare system is more reliant on foreign funds than any other country in ASEAN. The situation regarding the financing of health in Burma is not only appalling in absolute terms, but on all reasonable measures is behind all the other ASEAN countries.

Lowest Per Capita Expenditure on Health

The people of Burma have by far the lowest per capita expenditure on health of the ASEAN grouping, at a very low \$US4 according to WHO's national health accounts.⁷ The WHO in its 2006 World Health Report seemingly provides quite a different picture of per capita expenditure, reported as being between \$US134 and \$US394 between 1999 and 2003. This is because the regime's kyat figures were converted into \$US at the official exchange of K6/\$US, rather than the market exchange rate. When these figures are adjusted at the market exchange rate, per capita expenditure is around \$US2.36-2.46, somewhat similar to figures reported elsewhere.⁸

The very low per capita expenditure in Burma compares with Laos, whose per capita expenditure is the second lowest of the ASEAN countries, at around \$US22 per capita. Burma's per capita expenditure compares even more poorly with Cambodia, Indonesia and the Philippines, whose per capita expenditure on healthcare are around \$US30, \$US34 and \$US45, respectively.

⁷ www.who.int/nha/en/

⁸ www.who.int/nha/en/

Table 1: Total Expenditure on Health 2006		
	<i>Per Capita Expenditure \$US</i>	<i>Expenditure % GDP</i>
Burma	\$US4	2.3%
Cambodia	\$US30	6.0%
Indonesia	\$US34	2.2%
Laos	\$US22	3.6%
Malaysia	\$US255	4.3%
Philippines	\$US45	3.3%
Singapore	\$US1035	3.4%
Thailand	\$US113	3.5%
Vietnam	\$US46	6.6%

Source: www.who.int/nha/en/

Burma's low per capita expenditure is reflected in a related figure – the percentage of GDP expended on health. Burma allocates around 2.3 percent of its GDP to healthcare. This is similar to the percentage of GDP allocated in Indonesia, except in Indonesia per capita expenditure is \$US34, compared with Burma's \$US4. This illustrates the relationship between economic performance and health expenditure. It is Burma's very poor economic record that is largely to blame for the country's low per capita healthcare expenditure.

Table 2: Private Expenditure On Health 2006 (%)			
	<i>Private Exp/Total Health Expenditure</i>	<i>NGO Exp/Private Health Expenditure</i>	<i>Local Private Exp/Total Health Expenditure</i>
Burma	83.2	0.20	83.20
Cambodia	73.9	15.61	73.78
Indonesia	49.6	2.30	48.45
Laos	79.2	5.95	74.49
Malaysia	54.8	0.067 (0.52) ⁹	54.80
Philippines	60.4	1.94	60.39
Singapore	66.4	0.00	66.40
Thailand	35.6	0.88 (1.22)	35.60
Vietnam	67.6	0.27	67.60

Source: www.who.int/nha/en/

The Philippines allocates 3.3 percent of its GDP to healthcare, with per capita expenditure on healthcare much larger than Burma, at \$US45, again due to better economic performance. And the Philippines is not an economic success story. Laos, Thailand, Malaysia, and Singapore allocate between 3 and 4 percent of GDP to healthcare, with the per capita expenditure varying greatly between \$US22 and \$US994.

⁹ The figures in brackets for Malaysia and Thailand include local funds provided to NGOs to supplement the healthcare of others within their country.

Both Cambodia and Vietnam allocate a greater proportion of their GDP to health, at around 6 percent each.

Importance of Private Expenditure on Healthcare

The very poor economic policy implemented by successive military regimes in Burma is the prime reason for the low per capita expenditure on healthcare. Healthcare for most people in most countries is substantially funded by private expenditure, whether through private health insurance or by simply purchasing healthcare when the need arises. This means that GDP/capita is an important determinant of the amount that individuals and families can spend on their own health. The economy in Burma is so moribund people on average can only afford to spend around \$US3.32 each on healthcare. The ineptitude of successive military regimes in terms of economic management is responsible for such a dismal figure.

Not all private health expenditure comes from local sources, as some proportion is provided by NGOs that obtain aid funds from outside the country. Cambodia is the only country in ASEAN where NGOs contribute a significant proportion of private health expenditure, with NGOs contributing 16 percent of the country's private expenditure. In Laos, NGOs provide around 6 percent of private health expenditure. NGOs provide even a smaller proportion of private healthcare expenditure in the Philippines and Indonesia at around 2 percent. Most (recorded) aid funds allocated to healthcare in Burma are not channeled via NGOs, recorded at only 0.2 percent of private healthcare expenditure, a similar proportion as that in Thailand and Vietnam. In fact, as discussed below most aid funds for healthcare are channeled via Burma's Ministry of Health.

Not only is the amount spent on healthcare very small in Burma, but people in Burma have to provide the highest percentage of their healthcare from their own pockets, with personal private expenditure in 2006 accounting for nearly 83.4 percent of total health expenditure. This compares with Laos and Cambodia, where personal private expenditure accounted for around 74% of total health expenditure. Third place went to Vietnam with individuals and families providing around 67 percent of the country's expenditure of healthcare. Whereas, people in Indonesia only provide around 48 percent of healthcare expenditure; whilst in Thailand only 35 percent of total expenditure came directly from personal expenditure.¹⁰ Note that Cambodians, Laotians, Indonesians, Thais and Vietnamese not only provide a smaller proportion of the funds for their healthcare, but are also able to spend significantly more than their Burmese counterparts.

As the institutional framework in Burma is so poor, private health insurance does not exist. Cambodia is the only other ASEAN country sharing the stage with Burma in this regard. Private health insurance, though typically only available to the wealthy and middle class in poor countries is nevertheless an important component of private health expenditure, as it provides a safety net, especially when the state is remiss. Of those countries with private health insurance Vietnam and Indonesia have the lowest proportion of private health expenditure covered by private insurance at 3 and 5 percent, respectively. Private health insurance in the Philippines and Laos accounts for 10 percent of private expenditure on health. Malaysia and Thailand with better institutional structures have created a system where private health insurance accounts for 14 percent

¹⁰ The proportion of private healthcare expenditure has dropped significantly in the last 10 year particularly with the introduction under Thaksin of the 30 baht health card scheme, which has its own financing problems.

of private expenditure on health. Hence, even the materially well-off in Burma have to fund all their expenditure on healthcare out of their pocket, when any emergency arises.

Government Expenditure on Healthcare

Burma's state managed healthcare system contributes around 17 percent of the country's total health expenditure, which is a smaller percentage than any of the other countries in ASEAN. Even the Laos and Cambodian state managed healthcare systems contribute more, providing around 21 and 26 percent of the country's healthcare expenditure, respectively. This spending is even much less than the other poor countries in ASEAN with the governments of Vietnam, Philippines and Indonesia contributing 32, 40 and 50 percent, respectively.

However, these figures do not reflect the state's contribution to their own healthcare system, as they include aid funds (or loans) channeled via the state. In the case of Burma, aid accounts for 82 percent of the regime's healthcare expenditure, which means that the 'government' contributes only 3.0 percent to what is a meager expenditure on healthcare. The proportion of funds provided by foreign donors to the state's health system is considerably higher than that provided to any other of the governments in ASEAN. Foreign donors only provide the state managed healthcare system in Cambodia and Laos with 40 percent of their expenditure, whilst the Philippines and the Vietnamese public healthcare systems receive only 5 percent of their funds from foreign donors.

**Table 3: Government Expenditure on Health
2006**

	<i>Total Govt. Health Exp/Total Health Exp (%)</i>	<i>% Govt. Health Exp Financed by Aid</i>	<i>Govt. Exp Minus Aid/ Total Health Exp (%)</i>	<i>% Govt. Health Exp Minus Social Security</i>	<i>Govt. Exp Minus Aid & Social Security/ Total Health Exp (%)</i>	<i>Per Capita Govt Exp. Minus Aid & Social Security Exp (\$US)</i>
Burma	16.8	82.03	3.0	8.88	2.2	0.09
Cambodia	26.1	41.30	15.3	0.00	15.3	4.59
Indonesia	50.4	2.24	49.3	21.57	36.87	12.54
Laos	20.8	41.3	21.0	23.65	0.09	1.91
Malaysia	45.2	0.0	45.2	0.84	44.84	114.33
Philippines	39.6	5.46	37.4	28.72	26.69	12.01
Singapore	45.2	0.0	45.2	17.11	27.90	288.72
Thailand	64.4	0.0	64.4	12.44	56.38	63.71
Vietnam	32.4	6.33	30.3	63.47	17.75	8.17

Source: www.who.int/nha

The lack of healthcare expenditure by the state again differentiates Burma from the other ASEAN countries, as all the other governments contribute some funds to providing healthcare for their citizens. The 'government' that contributes the least resources to healthcare actually has the funds to spend on healthcare and other services, accumulating around \$US100m each month from the sales of the country's gas reserves.

Some of the governments in ASEAN allocate a sizeable proportion of their healthcare expenditure to social security, typically to public servants and war veterans. As this expenditure is typically centred on a small proportion of the population these funds are

also deducted from each government's expenditure on healthcare in order to provide a better understanding of the size of the expenditure on the majority of the population.¹¹ In this regard, Burma's regime allocates less than 10 percent of government health expenditure to social security, a smaller proportion than other governments in ASEAN. The highest proportion of government health expenditure allocated to social security, at nearly 65 percent is in Vietnam, most of which is allocated to veterans of the North Vietnamese army. Other governments in ASEAN, including Laos, Indonesia and the Philippines allocate 20 or more percent of their healthcare budgets to the privileged in the public service.¹²

Once aid funds and government expenditure on social security have been removed from each government's healthcare budget, the actual amounts provided by the governments to the general population in ASEAN for health care can be calculated. This again illustrates the paucity of funds allocated by the regime to healthcare, with the state only providing around 9 cents each year for each person in the country. Even the Laos government with its considerably higher proportion of expenditure allocated to social security managed to spend another \$US1.90 on each of the country's citizens in 2006. Cambodia, which does not have to support the healthcare of its public servants managed to spend double that of the Laos government at around \$US4.50 and conversely, Vietnam that does spend a sizeable proportion of its healthcare budget on war veterans still managed to spend an additional \$US8 on each member of its population. All the other governments in ASEAN spent considerably more on each of their citizens.

There is yet another factor to be considered with regard to these figures, as they include expenditure not only by the Ministry of Health, but also other ministries including expenditure on health provided for the armed forces, prisons, schools and universities (WHO 2006:160). Some of the countries in ASEAN, notably Thailand, Laos, Vietnam, the Philippines, Cambodia and Indonesia spend a considerable proportion of their health budget outside of the Ministry of Health, but unfortunately WHO's national health accounts do not specify the ministries, which control this expenditure. The allocation of this expenditure is worthy of further analysis, but outside the parameters here. WHO's national health accounts indicate that most of Burma's government's healthcare expenditure is located in the Ministry of Health, but as with the other countries in ASEAN the proportion spent on the military is unknown.

Begging for Healthcare

The health expenditure of all the countries in ASEAN except for Thailand, Malaysia and Singapore are partially funded by foreign aid and loans. The largest proportion of health expenditure funded by aid is in Cambodia, Laos and Burma. In 2006, aid funding contributed 22 percent of total expenditure within the Cambodian health care system; whilst in Laos, aid funding was 14 percent. Aid funds contributed around 14 percent of the total expenditure on health in Burma. This means that foreign donors are contributing substantially more to the healthcare of Burma's population than its own government. This is the government that prides itself on self-reliance and fosters xenophobia, but refuses to allocate resources to the health of its own people. If the regime believed its own nationalist rhetoric, why does it allow foreigners to prop-up healthcare expenditure, even though it has the resources to contribute to its own system.

¹¹ Of course the proportion covered under these schemes no doubt varies, but any analysis in this regard is outside the scope of this note.

¹² It is not clear from the data whether this expenditure covers healthcare payments for those in the military.

As the recorded proportion of aid funds for healthcare allocated to NGOs in Burma is low there might be an argument to increase resources to this sector. However, the capacity of the sector to utilize large funds is limited. There is also the issue of determining, which organisations and what type of healthcare services will provide the greatest returns.

Table 4: Total Aid/Total Health Expenditure (%)							
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Burma	1.1	6.15	6.88	6.1	11.2	10.9	13.9
Cambodia	9.4	18.65	19.43	28.4	26.7	25.7	22.3
Indonesia	10.8	4.44	3.30	3.5	3.0	4.6	2.3
Laos	30.3	12.63	15.00	20.0	10.3	11.3	14.1
Philippines	3.5	3.70	2.80	3.8	4.0	5.1	3.3
Vietnam	2.7	2.80	3.50	2.6	1.9	2.0	2.2

Source: www.who.int/nha

Expenditure on Immunization

One example of negligence in the provision of healthcare on the part of Burma's and some of the other 'governments' in ASEAN is their limited contribution to their countries' basic immunization program. All the governments of ASEAN contribute some funds for basic immunization programs, except for the 'governments' of Burma and Laos (WHO 2005:210-211). All the funding for the program in Burma is provided by foreign donors, notably the governments of Japan and the Western democracies. The immunization program in Burma is overseen by UNICEF, but 'implemented' by the Myanmar Maternal Child and Welfare Association (MMCWA), a regime sponsored NGO controlled by the wives of the senior generals.

Table 5: % Funds Provided by Government for Immunization (2003)	
Burma	0
Cambodia	7
Indonesia	90
Laos	0
Malaysia	100
Philippines	3
Singapore	100
Thailand	100
Vietnam	55

Source: World Health Report (2005:210-211)

The Philippines also shows an unimpressive commitment to their country's immunization program contributing only 3 percent of total expenditure. Even the Cambodian government has managed to provide 7 percent of the funds for its country's basic immunization program. All these compare to Vietnam's government that provides 55 percent of the funds for its young population to be vaccinated. Thailand having implemented more rational economic policies can afford and chooses to allocate enough resources, such that it does not have to depend on the largesse of foreigners to protect its young population.

We do not begrudge the people of Burma assistance. We do however, object to a 'government' that steals the revenue from gas sales, which rightly should be allocated to the state's budget where it can be used to improve the situation for ordinary Burmese. We also object, to the irrational, wooly-headed, muddled economic policy making of a regime that has stifled economic growth. The lame-brained policy making of successive military regimes has impoverished the country resulting in Burmese people on average being only able to spend around \$US3.32 each on their own healthcare. We also object to the deceit of a regime that pretends that it has taken responsibility for immunizing the young of the country. Healthcare and immunization programs should not be the plaything of the over-adorned wives of the generals (via the Myanmar Maternal and Child Welfare Association), most of whom, as with their husbands have little expertise in anything, except lauding themselves over the population.

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The Remittances of Migrant Workers from Burma: An Economic Analysis of a Survey in Thailand

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For many developing countries, the remittances that their citizens send from abroad constitute a larger source of foreign exchange than international trade, aid, or foreign investment. In 2006 such remittances, which were made by an estimated 150 million migrants across the globe, amounted to around \$US300 billion. In the same year total aid and foreign direct investment to developing countries was around \$270 billion. The sheer volume of remittances, coupled with the fact that they are both relatively stable and often counter-cyclical, makes them a potentially powerful source of development finance for receiving countries.

Many of the issues relating to remittance payments, however, are clouded by a lack of data and information about the method used to remit funds. The International Monetary Fund (IMF) records annual data on official worker remittance payments in its *Balance of Payments Statistics Yearbook*, but the records only those payments made through official banking channels. Remittances that flow through private and unofficial channels, and via a variety of non-banking instruments, are not recorded. This is problematic for many countries and circumstances, but it is especially significant for migrants from countries in which trust in banks is mostly absent.

In Burma there is all pervasive *mistrust*—not only in banks, but in just about all of the country's institutions, financial and otherwise. Add to this an oppressive, secretive state, and we have a comprehensive package of circumstances that makes data on the country highly unreliable. According to the IMF, official worker remittances to Burma totaled \$US81.3 million in 2004 (the latest data available). Of course, these official flows (are largely due to funds sent home by Burmese merchant seaman), greatly understate the remittances sent by Burma's estimated two million or so migrant workers and refugees who live outside its borders, and which are made (overwhelmingly) via informal payment mechanisms. Such remittances are likely to be three to four times the official flows, and their existence a lifeline that permits the survival of many thousands of families in Burma.

The importance of the remittance issue has triggered a vast and growing literature on the topic, and great interest from multilateral agencies such as the World Bank, the IMF and the OECD. With an eye for market opportunities, remittances have also come to the attention of international banks and other financial institutions anxious to grab a share of this potentially lucrative trade. No study, however, has yet been undertaken in relation to Burma, especially with respect to the 'informal' remittance channels that dominate most payments into and out of the country.

The purpose of this paper, accordingly, is to attempt to remedy this neglect at least partially by shedding some light on the nature, patterns and magnitudes of the remittances sent by Burmese migrant workers and refugees in Thailand. Central to this analysis is a recent survey conducted by the authors. The use of a survey is necessary in the context of Burma since, firstly and simply, information and data scarcely exists in any other form. But a survey is also useful for other reasons when exploring remittances, including the fact that it can shed light on the uses of funds sent, the incentives faced by senders and recipients, and other salient facts beyond simply financial data. Similar studies using household and individual survey data have yielded much information regarding remittances in other countries and regions, but this is the first such study regarding Burma and its population in Thailand.

The paper is divided into five sections. It begins, following this introduction, by considering the broader context of remittances, and why they are important—both for the individuals directly concerned as senders and receivers, and more generally for recipient countries. In second section we consider the types of instruments and channels through which remittances are sent. Our focus is on the informal remittance devices, as, such devices are by far the most important means through which remittances are sent into Burma. The next section examines why migrant workers are often likely to choose informal remittance devices, despite the benefits formal methods confer. In the fourth section we detail the results of our survey. We examine amounts sent, costs of sending, end use of funds, methods of delivery—as well as the factors that determine these. Some conjectures on the survey results, relating the Burma experiences revealed with those in other situations, highlighting the differences that sets Burma apart. Finally, we conclude with some thoughts as to how Burma's economic mismanagement squanders the development potential of the country's remittance flows.

The Importance of Remittances

The increasing attention paid to the question of migrant remittances comes from the realization of the important role they play in poverty alleviation and, circumstances permitting, economic development more broadly. The former is most obvious in the way the circumstances of individuals are directly transformed; the latter operates via a collective response much dependent upon the existence of institutions that can leverage remittances to create true 'development finance'.

Individual Poverty Alleviation

Remittance payments directly alleviate the poverty of the individuals and households to whom they are sent. Forming a relatively stable source of income independent of the (often dire) local economy of recipient families, remittances offer a lifeline to millions in the most vulnerable groups across the developing world. Moreover, and unlike other financial flows to developing countries that stream through government agencies and NGOs, remittance payments are precisely targeted to the needs and desires of their receivers. It is not aid agencies or governments that decide when, where or why remittance incomes are spent, but the recipients themselves.

Relatively little in the way of empirical work has been undertaken on the impact of remittances on poverty alleviation. However, the empirical work that has been done supports a positive picture that accords with the countless anecdotes that dominate the literature. For instance, a 71-country study undertaken by Adams and Page (2005:1646) concluded that remittances *reduce the level, depth, and severity of poverty of receivers and their communities*. Likewise Ratha (2005) found that remittance flows lowered the proportion

of people living in absolute poverty in Uganda, Bangladesh and Ghana by 11, 6 and 5 per cent respectively. Gupta *et al* (2007) find that a 10 per cent increase in a country's remittances-to-GDP ratio corresponds with a fall in the percentage of people living on less than \$US1 per day of just over 1 per cent. The World Bank (2003), OECD (2005), and Spatafora (2005) also find reductions in absolute poverty amongst remittance receivers. Meanwhile, studies such as López-Córdova (2005) and Hildebrandt and McKenzie (2005) find positive associations between remittances and poverty reduction 'proxies' such as lower infant mortality and higher birth rates.¹³

The ways in which remittances alleviate the poverty of individuals are, in the 'first round' of effects, direct and fairly obvious. Remittances can provide for food security and the provision of shelter, clothing and other basic needs. Many recipients, especially in rural areas, have highly variable incomes. Remittances allow better matching of incomes and spending, the misalignment of which otherwise threatens survival and/or the taking on of debt. In many developing countries, education is expensive, whatever the formal commitments of the state. Remittances can allow for the payment of school 'fees', and can provide the wherewithal for children to attend school rather than working for family survival.¹⁴ The use of remittances for the construction, upgrading and repair of houses is prominent in many widely different circumstances. Remittances can be employed to access both preventative and ameliorative health care. As with education, affordable health care is often unavailable in many remittance recipient countries. Being in thrall to moneylenders is an all-too-common experience for many in the developing world. Remittances provide for the repayment of debts and for the means to avoid the taking on of debt by providing alternative income and asset streams. Day-to-day needs include various 'social' expenditures that are culturally unavoidable. Remittances can be employed to meet marriage expenses and religious obligations and, less happily but even more unavoidable, funeral and related costs. Remittances allow for the purchase of consumer goods, from the most humble and labour-saving, to those simply for entertainment.

Of course, the extent to which remittances reduce poverty is explicably bound up in how they are used. Typically for poorer recipients, remittance payments are used for basic survival, consumption, housing, health and education. Once these are met, however, remittances can be 'invested' whereupon they provide 'second round' impacts upon poverty into the future. Of course, education and some health expenditures can be legitimately thought of as constituting investment, but important in this context is the extent to which remittances can be used to create income-generating activities. Expenditure on agricultural equipment and fertilizers, vehicles, retail stock and equipment, and on land improvement are not uncommon forms of investment of remittance earnings.¹⁵

¹³ Surveys of the ever-growing literature on the role of remittances and poverty reduction can be accessed at the website of the Institute of Development Studies www.livelihoods.org/hot_topics/migration/remittancesindex.html#1

¹⁴ For more on the impact of remittances on school attendance, see Yang (2005) and López-Córdova (2005).

¹⁵ The Inter-American Development Bank (IADB) found that, for Latin America, 5–10 per cent of remittances were immediately invested in business of some form (and roughly a similar proportion used for education) (IADB 2003). Woodruff and Zenteno (2001) estimated that remittances provided around 20 per cent of the capital employed by over 6,000 urban micro-enterprises in Mexico. Yang (2005) and

Remittances and Economic Development

Remittance income does not just benefit individual recipients, but also their local and national economies. Indeed, the spending allowed by remittances has a multiplied effect on local economies—as funds subsequently spent create incomes for others, and stimulates economic activity generally. But beyond such multiplier effects are other factors conducive to economic growth and stability:

Remittances can provide receiving countries with much-needed foreign exchange and are a more stable and reliable form of foreign earnings in many developing countries than either FDI or aid flows. They can help alleviate the balance of payments and debt crises that are often a characteristic of poor countries. In this sense they are also a potentially stabilizing factor for national currencies, and can provide countries with lower borrowing costs by presenting them with a stable flow of foreign exchange.¹⁶

Adding to the appeal of remittance flows is the fact that their frequency and magnitudes tend to be countercyclical. Economic distress in the home country, precisely the scenario least conducive to other financial flows such as FDI, inspires migrant workers (for altruistic reasons or to protect their economic interests at home) to increase the volume of funds they remit. Thus, just as remittances allow consumption smoothing for individual households, in this sense they also provide a potentially stabilizing stream of earnings for national economies.

Remittances provide a potential boon for a country's financial development—a stream of earnings to be tapped for saving and for leveraging through formal credit and other products.¹⁷ The causal links between financial sector development and economic growth enjoys a broad consensus, and there is a growing acceptance that better financial institutions lead to lower levels of poverty and inequality.¹⁸ 'Leveraging up' remittances through formal financial institutions (FIs) is important since, by themselves, remittance flows do not solve the structural financial constraints faced by many developing countries. FIs allow remittance recipients to access credit to finance business projects, smooth consumption and so on, and to establish a financial and savings culture. 'Banking the unbanked' is enhanced by FIs bundling remittance payments into savings and (ultimately) loan products through which investment can be activated.¹⁹ Of course, FIs also individually stand to benefit in the longer run through the establishment, via

Aggarwal *et al* (2006) likewise find evidence of remittances promoting entrepreneurship across many countries and circumstances.

¹⁶ Gupta *et al* (2007) and (Ratha 2005) speculate that developing countries could raise funds on global financial markets by effectively 'securitizing' future remittances flows.

¹⁷ Empirical analysis by Aggarwal *et al* (2006) reports 'a robust positive impact of remittances on financial sector development'. Their study is backed up by a growing number of others suggesting a link between remittances, financial development, and economic growth, See, for instance, Guiliano and Ruiz-Arranz (2005), Gupta *et al* (2007).

¹⁸ On the role of financial institutions and economic development, see King and Levine (1993), Levine (1997) and (2004), Beck, Levine and Loayza (2000a and 2000b), and Rajan and Zingales (1998). With respect to the relatively new findings positing a link between financial sector development and better outcomes in poverty and inequality, see Beck, Demirgüç-Kunt and Levine (2004), and Aggarwal *et al* (2006).

¹⁹ According to the UNDP (2005), up to 40 per cent of remittance recipients save at least some of their payments. Savings rates of senders seem to be highly variable to context. According to Orozco and Fedewa (2006:4) in their work on the Americas, *on average, around 10% of remittances received are saved and invested*. For more on the link between savings and subsequent investment decisions, see (Gupta *et al*. 2007:24).

remittance products, of customer relationships with people who are often the most enterprising members of society. In Latin America, around one-fifth of remittance senders become bank clients.²⁰

The ‘leveraging up’ of remittances via financial institutions is the policy of individual FIs and microfinance operators, as well as significant industry representative groups such as the World Council of Credit Unions (WOCCU). The latter’s ‘International Remittance Network’ has enabled hundreds of credit unions (in both sending and receiving countries, mostly in the Americas) to participate in the remittance business in collaboration with money transfer firms.²¹ These firms are relatively expensive, however, and their fees a significant drain on the margin of funds available for saving.²² Help is available from various multilateral agencies and NGOs in developing remittance products and linking them with micro-finance—in which context the International Fund for Agricultural Development (IFAD) of the UN, USAID (which is providing funds for the WOCCU initiatives), the Ford and Rockefeller Foundations are especially prominent.

Remittance Channels and Instruments

A characteristic of the global remittances trade is the prominence of ‘informal’ as well as formal funds transfer methods and instruments. Formality and informality are, of course, relative concepts in many developing countries (and especially in one such as Burma). For the purposes here, however, and consistent with the categories adopted in many countries and multilateral agencies, formal transfers (FTs) and informal transfers (IFTs) are distinguished by the fact that the former operates via regulated institutions, and the latter via entities that operate outside the regulated financial system (World Bank 2003:23). Typically, FTs are dominated by banks, dedicated money transfer firms, other financial institutions, post and telegraph services, and so on. IFTs are impossible to categorise narrowly, and include everything from *hundi* systems, couriers and traders, ethnic store networks, to simply carrying money in person across borders. As we shall see, the relative importance of formal versus informal methods varies wildly according to circumstance.²³

Formal Funds Transfer Schemes

FT schemes normally provide the least risky, but also the most expensive way of sending remittances, with charges typically ranging between 10 and 15 per cent of the principal transferred (World Bank 2006:135). The FT sector is dominated by dedicated money transfer firms, of which Western Union (which commands an estimated 15 per cent of the global remittances business) is the omnipresent giant (over 300,000 agents in over 200 countries).²⁴ In recent times however, formal banks have made inroads into the

²⁰ Orozco and Fedewa (2006:21). FIs around the world have recognised the potential of remittances. BancoSol of Bolivia, one of the world’s largest and most successful micro-finance institutions, has a special savings and loan product, ‘My Family, My Country, My Return’, through which remittance recipients can take out housing loans (Orozco and Fedewa 2006:16). Other mainstream banks and microfinance providers offer similar products.

²¹ World Council of Credit Unions (undated), *A Technical Guide to Remittances*, online at - www.woccu.org/development/remittances/index.php - accessed February 13, 2008.

²² Nevertheless, collective deals that reduce the fees money transfer firms charge MFIs have been done. For more, see Orozco and Fedewa (2006:13-15). ACLEDA Bank of Cambodia is one MFI that has partnered up with Western Union.

²³ Whilst Freund and Spatafora (2005) nominate a ratio-range of informal to formal mechanisms of between 20 and 200 per cent, in practice almost any ratio can apply.

²⁴ Western Union’s closest competitor (global share of around 3 per cent) is the similarly US-based firm ‘MoneyGram’. For more on these firms, their background and their rivalry, see Richard Lapper, ‘Cashing

market share of firms such as Western Union. This is the result of a number of factors (including greater migrant familiarity with banks), but not least the aggressive entry into remittance markets by banks themselves. The latter include some of the most prominent global bank ‘brands’, as well as newly-privatized and commercialized banks in migrants’ home countries.

Informal Funds Transfer Schemes

IFTs are used by migrants all over the world where, legal status of sender aside, they thrive because financial institutions in their home country are few, weak or not accessible. If we add to this the fact that many migrant workers come from rural areas and have no familiarity with banks, we have a situation where IFTs have managed to survive in a world of otherwise growing financial sector formality and sophistication. The relative importance of formal/informal transfer systems varies widely. Informal mechanisms account for probably only 5–20 per cent of remittances in Latin America, but in Sub-Saharan Africa they probably comprise 45–65 per cent of the trade (World Bank 2003, Freund and Spatafora 2005). There are many devices that come under the IFT rubric. The nature and modus operandi of the most important of these is the issue to which we now turn:

The hundi as it is known in Burma has a variety of names in the many countries in which the system they operate. Known variously as ‘hawala’ (in the Arabic-speaking world), ‘chiao hui’ (China), ‘poey kwan’ (Thailand), hundi is a device in which monetary value is transferred via a network of dealers or brokers from one location to another. The mechanics of their operations are relatively straightforward—as can be seen in the following (equally simple) example:

Person A, a Burmese migrant worker in Thailand, desires to send money home to her family in Burma. To do this, she approaches a hundi dealer whom she knows and pays them, in baht. The hundi dealer now contacts their counterpart (another hundi dealer) in Burma, who pays Person A’s family in kyat. The amount received by the family will be the kyat equivalent of that paid by Person A in baht, less an amount that represents the commission charged by the two hundi dealers. As far as Person A is concerned, the transaction is now complete. She has sent her money home.

A number matters remain unresolved in the above example, of course. Firstly, the hundi dealer in Thailand now owes the hundi dealer in Burma for the remittance payment. How will this be settled? There are a number of ways, depending upon the circumstances. One of the most common (highly applicable in the context of Burma), is that the debt between the two hundi dealers will be settled in goods. Many hundi dealers are, in fact, shops and traders of various kinds, with hundi dealing being a ‘side’ activity. So, in the case above, goods to the value of the remittance debt will ultimately make their way from the hundi dealer in Thailand to their Burma counterpart. In cases such as Burma, with little in the way of domestic production of complex consumer items, the importation of goods presents a ready avenue for hundi settlements. But beyond such ‘in kind’ settlements are a number of other reconciliation devices. When financial institutions are accessible to hundi dealers, funds could be directly sent via banks or money transfer firms. When FI’s are not accessible settlement can occur in near-

in on homeward flows’, *Financial Times*, 28 August 2007. Money transfer firms are especially dominant in the remittances business to Latin America (their share of the important US-Mexico market is around 70 per cent (Amuedo-Dorantes, Bansak and Pozo 2005:51).

monetary commodities such as gold, precious stones and (sometimes) contraband such as narcotics. Also, there are many rumours that the kyat revenue from various activities of the military government and senior members of the leadership from say the issuing of car licenses and telephone connections is the basis of the hundi system in Burma. The means that the foreign exchange component of the hundi system, which are rumoured to be located in Singapore, acts as a mechanism for senior regime figures and their cronies to convert kyat earnings into foreign currency.

A shortcoming of the hundi system is the absence of foreign exchange flows. Hundi mechanisms, because they are characterized by 'netting' or 'book transfer' methodologies, transfer value rather than currencies. If settlement between the hundi dealers is not ultimately made in cash, hundi systems do not deliver foreign exchange to recipient countries. As we shall see, this has implications—not least in that it hinders the development potential of remittances via the 'leveraging up' of such flows through formal financial institutions. Since hundi systems hide financial flows between countries, they can also be used for money-laundering.²⁵

In practice, various complications come into the simple picture painted above, most of which, however, only add to the appeal of the hundi system. For instance, to insure security, the Burmese migrant worker is usually given an authentication code by the hundi dealer in Thailand. This code is communicated by the hundi dealer to their equivalent in Burma (usually by phone), and by the Burmese migrant worker to their beneficiary in Burma (also usually by phone). This beneficiary must reveal the authentication code to the hundi dealer in Burma in order to receive the remittance payment. Another complication to the simplified example above is that often the hundi 'commission' is not an explicit independent 'charge', but an implicit fee levied via discounting the (baht/kyat) exchange rate through which the remittances are calculated. Finally, and as is readily apparent from the above, at the core of the hundi system is trust. For the senders and receivers of remittances such trust is won by observation of the system in successful operation, and repeated dealings. Amongst hundi dealers themselves trust is often based on kith and kin relationships. Accordingly, it is no surprise that hundi dealers everywhere tend to assemble networks based on ethnicity. Given too that hundi operations are often a sidelight to trading generally, so-called 'ethnic stores' are often integral to hundi networks.

The delivery of remittance payments by hand—via friends, family members, couriers and traders—remains resilient in the remittance trade around the world, and not just in the poorest of countries. Suro *et al* (2002), for instance, found that personal delivery accounted for 10 per cent of remittance payments to Latin America—a market otherwise dominated by money transfer firms, banks and other financial institutions.²⁶ Internationally, personal delivery ranks amongst the cheapest of remittance systems, but it is also the most vulnerable to theft and accordingly requires high levels of trust. Thus it is often the case that the 'courier' is a family member, a close friend or, in the case of the Thai–Burma border trade, a trader dependent for their own security on the discretion of their customers either side of a dangerous frontier.

²⁵ Concerns over the use of hundi systems for money laundering, and as a possible vehicle for terrorist financing, have greatly heightened in recent years. For a review of some of the issues, see Financial Action Task Force (2005).

²⁶ Suro (2002) also found that an additional 7 per cent of remittance payments in the region were made by sending cash through the post. This mechanism could not work in Burma since the postal system scarcely exists in most of the country and, even where it does, it is greatly distrusted.

Choosing Formal and Informal Transfer Schemes

One of the major barriers to the use of formal transfer mechanism is, not surprisingly, the legal status of the sender. If a migrant worker is without legal status in the host country, using a bank or a formal money transfer firm (where formal identification is usually a requirement) is both difficult and risky. In Thailand, foreigners wanting to access a bank need to set up a 'non-resident' Baht bank account which in turn requires the production of a passport, a long-term visa or work permit, and a letter of recommendation from an employer, existing bank customer or from the customer's bank abroad. Burmese also face the ever present discrimination in Thailand that discourages their interaction with Thai institutions. By contrast, IFTs require minimal paperwork and are 'anonymous' as far as government authorities are concerned.

The legal status of the sender is likely the most significant reason for the use of IFTs in most circumstances. There are however, other reasons, including a cultural or historical familiarity with IFT mechanisms and, conversely, a lack of familiarity with formal financial institutions, such as banks. Naturally, many hundi dealers and the like are themselves members of remitting and recipient communities. IFTs are based on trust networks of personal contacts – precisely the same sort of networks and contacts that are important as enabling cross-border migration (such as that between Thailand and Burma) in the first place.

IFTs are also used when there is a lack of formal financial institutions in the (often predominantly rural) areas where recipients live. In the literature this is sometimes referred to as the 'last mile' problem (World Bank 2003:29). Such problems can dictate the use of IFTs, even if formal channels are available and cost effective for the sender (that is, in the so-called 'first mile'). IFTs also transfer funds remarkably quickly. The typical experience globally is that even people in very remote areas receive payment via IFTs within 24 hours. IFTs are often the cheapest remittance channel. Estimates vary, but IFTs typically cost between 2 and 10 per cent of the transaction principal (Adams 2006:2, World Bank 2003). IFTs do not have to meet regulatory or compliance costs and the like, nor do their promoters typically have much in the way of expensive infrastructure.

IFT systems tend to be extraordinarily resilient in the face of all manner of instability, including conflict and civil wars, economic crises, weak and unreliable monetary and financial systems, the levying of economic sanctions—and other events that can affect the formal economy and what the World Bank calls (2003:30) 'national infrastructure'. In many countries and circumstances, 'quasi-legal' economic activity (such as IFTs) is the dominant form of business. In such circumstances, commerce runs along functional rather than strictly 'legal' channels. IFTs are illegal in many places, their functionality a product, however, of their widespread and everyday acceptance.

Survey Findings

The data underlying our analysis of Burmese migrant worker remittances is drawn from a 2004 survey of around 1,000 of such workers, conducted in 12 of Thailand's 72 provinces, selected according to their relative importance as areas of settlement and employment of Burmese.²⁷ By far the majority of the workers interviewed had fled the

²⁷ For a comprehensive outline of the survey itself, its methodology and the provinces selected, see Vicary (2004) and Bradford and Vicary (2005).

human rights abuses in Burma. Most of the interviewees arrived in Thailand during the latter half of the 1990s. The survey revealed that, in addition to fleeing Burma's political repression and civil wars, prominent in the list of factors driving the flight of the Burmese was their country's grinding poverty and lack of economic opportunities. Not unexpectedly, given both their proximity to Thailand and the long experience of conflict in these areas, the majority of the workers surveyed (and Burmese in Thailand generally) were from rural areas of Burma's Karen, Mon, and Shan states, as well from Tenasserim Division. The median income for Burmese migrant workers employed in their first job in Thailand was around 2,500 baht (Bt) per month. Only 40 per cent of the workers surveyed were in possession of a formal work permit conferring legal employment status. Workers holding work permits were over-represented in jobs earning above Bt5,000 a month, whilst the converse was true for those earning below Bt1,000. The workers in our survey were employed across a number of industries, including fishing, construction, retail trade, hotels and restaurants, household service, food processing, agriculture, forestry and quarrying. Incomes earned varied widely across these industries, the highest paid being those engaged in quarrying, the lowest in agriculture and forestry. A majority (62 per cent) of those surveyed were men.

Amounts Sent

As can be seen from Table 1, the median amount sent home by the 524 survey recipients who declared making remittances payments was Bt15,000 (or around \$US575). This is an annual aggregate figure, nominated by the respondents as the total they sent home for the previous 12 months.

<i>Summary Measure</i>	<i>Value</i>
<i>Sum</i>	Bt 10,034,083
<i>Mean</i>	Bt 19,149
<i>Median</i>	Bt 15,000
<i>Mode</i>	Bt 10,000
<i>Aggregate ratio to income</i>	0.38

The aggregate ratio of annual remittance payments to annual disposable income, of 38 per cent, is quite high relative to experiences elsewhere. Moreover, the ratio is almost certainly understated—since our survey included bands of income rather than discrete amounts, and we chose in the calculation here income at the top of each nominated band. Estimates for the United States suggest migrant workers send home between 20 and 40 per cent of their aggregate earnings, but the concentration in most studies is between 20 and 25 per cent (Orozco 2006:1, Amuedo-Dorantes, Bansak and Pozo 2005:57).

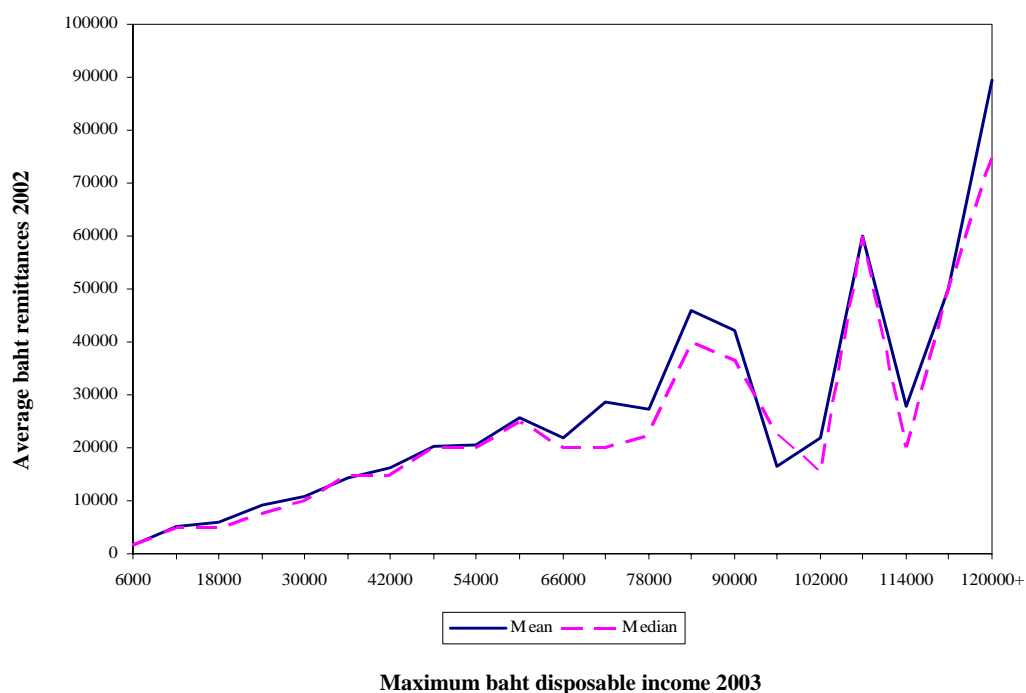
Should our survey results be any where near representative of the million or so Burmese in Thailand, then the aggregate annual flows of remittances to Burma from this source would be in the order of around \$US300 million.²⁸ Such flows are nearly five times Burma's 'official' remittance payments, more than twice the amount of foreign direct

²⁸ We have assumed an identical ratio of remittances senders to total migrant population identified by our survey. Of course, the figure of 'one million' Burmese in Thailand is not much more than an informed 'guestimate', albeit we expect a conservative one.

investment received and they would represent around 5 per cent of Burma's GDP.²⁹ Of course, these numbers are very rough, but they give some idea of the magnitudes of the likely remittance payments to Burma, and the potential they could yield for the country's economy more broadly.

Not unexpectedly, individual remittances from migrant workers tend to rise with income (de la Garza and Lowell 2002). As can be seen in Figure 1 below, our survey data is consistent with this general rule. What appear to be strong falls at various income categories in the graph is largely a statistical anomaly—due to greater sampling variability caused by small numbers of respondents at these incomes:

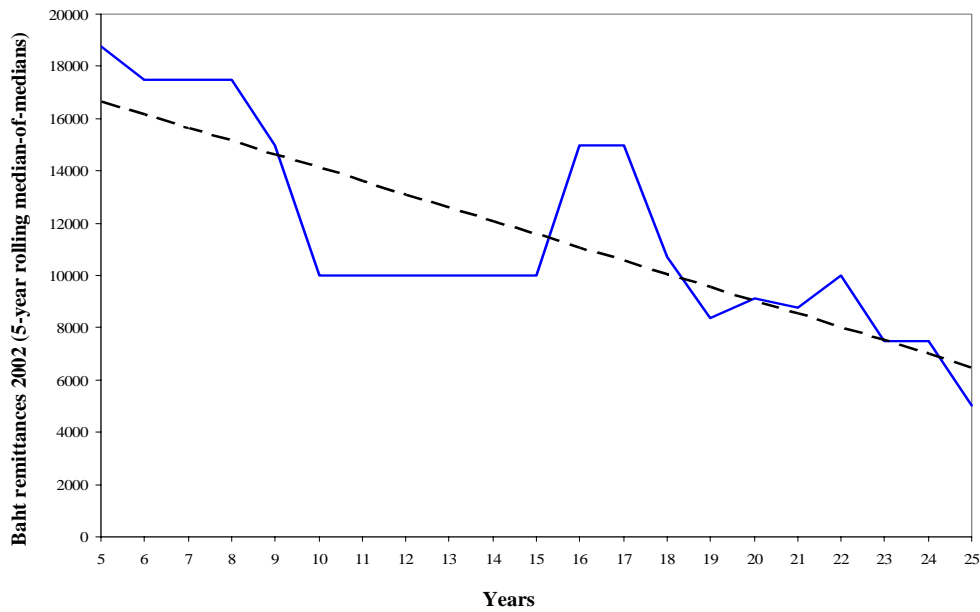
Figure 1: Remittances by Income Group



A phenomenon identified in other places and contexts is that individual remittances decline over time, usually as a consequence of migrants putting down roots in their host country, and losing touch with their former home. As Figure 2 below indicates, such a decline in remittances is evident from our data too. However, we are reluctant to draw the conventional inference since few Burmese establish *de jure* permanent settlement in Thailand (if not *de facto* residence for considerable periods). It is possible, for instance, that in Burma's circumstances the depicted decline in remittances for individuals across time is less a function of them establishing themselves in Thailand, than the fact that family members may subsequently themselves have left Burma. In which case, there may be no-one left to send remittances to. Also many of the earlier arrivals are from Karen, Karenni and Shan States, who fled with their entire families in response to the often complete destruction of their villages. Since the establishment of the refugee camps in the mid-1990s, many people at least from Karen and Karenni States, who fled similar circumstances, enter the refugee camps, rather than become migrant workers. This is not the case for the people from Shan State, who are prohibited by the Thai government from establishing refugee camps.

²⁹ Investment and GDP data is based on that in IMF (2007).

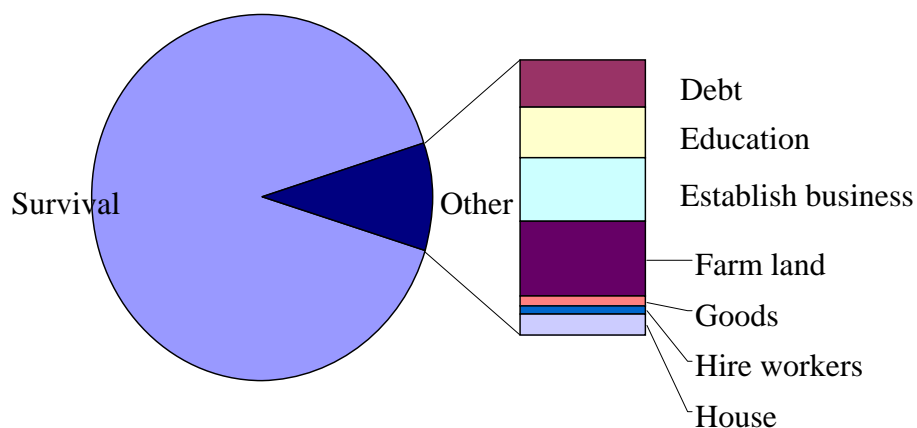
Figure 2: Remittances by Duration of Residence in Thailand



What are Burmese migrant worker remittances used for?

Migrant worker remittances everywhere are made and subsequently spent according to a hierarchy of needs. According to our survey, the remittances Burmese workers send from Thailand are overwhelmingly used to assist their families in basic survival. Some 96 per cent of respondents nominated this as their first order of priority. Indeed, many nominated family survival as their only motivation, with some taking the opportunity to annotate on our survey documents the living conditions faced by their families back in Burma.

Figure 3: Remittances by Intended Recipient Use

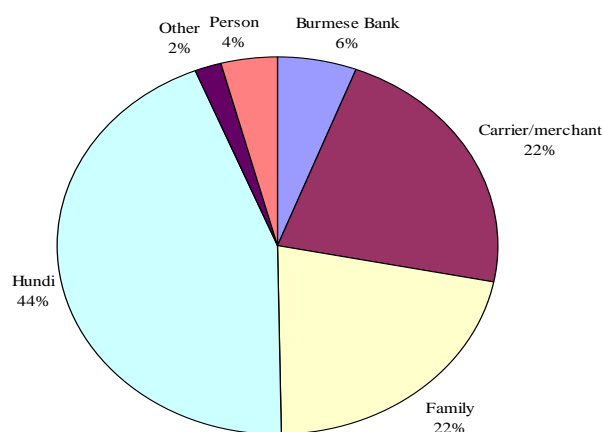


As can be seen from Figure 3, other purposes (nominated on the survey itself according to priorities common in similar contexts) were negligible motivating factors. Such motivations, however minor, included (in order of importance); to purchase or develop farm land; to establish a business; to meet education expenses; to repay debt; to hire workers in Burma, and; to purchase consumer goods.

Methods and Instruments

The most noteworthy fact revealed by our survey of remittance methods and instruments is the overwhelming dominance of informal funds transfers (IFTs). As demonstrated in Figure 4, 94 per cent of respondents in our survey reported that they made their remittance payments via IFTs. Within IFTs, hundi was the dominant device (twice as large as any other), but significant proportions were simply carried into Burma by hand by close family members, carriers or merchants. The nearly quarter share taken up by carriers and merchants may reflect a number of factors—most obviously the porous nature of the Thai–Burma border, but also a possible remittance role played by brokers who bring many Burmese into Thailand in the first place. The small share (6 per cent) of migrant workers who carry their payments back into Burma themselves, likely reflects the fact that Burma’s political situation dictates that few migrants are in a position to return home.

Figure 4: Remittance Share by Transfer Method



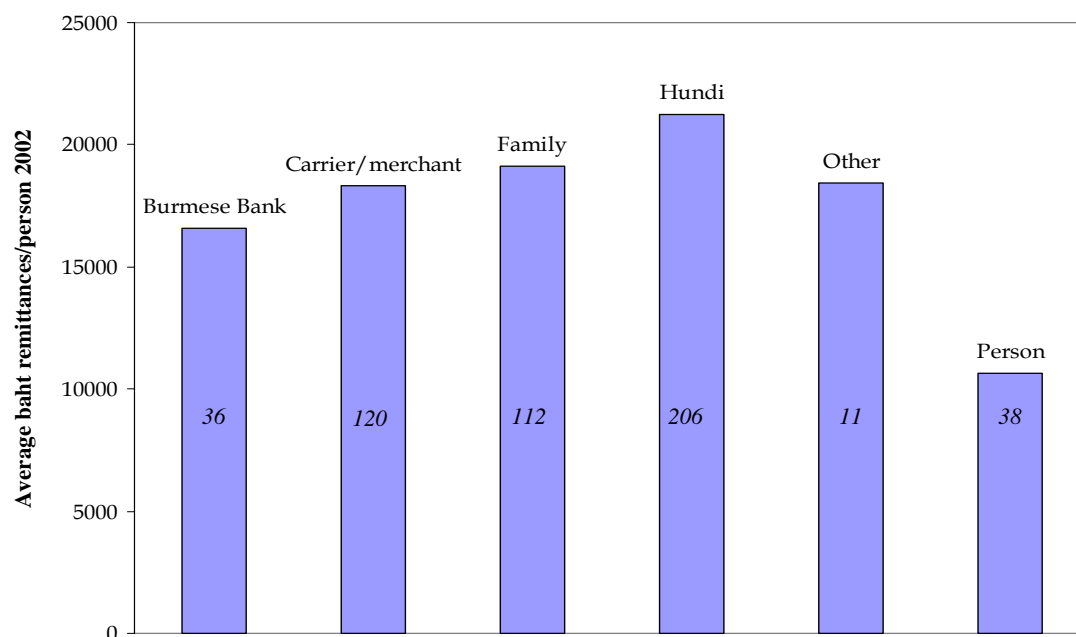
The dominance of hundi is not unexpected since, as it is a device particularly to the situation faced by Burmese migrant workers. Using banks is almost impossible for most Burmese in Thailand because of the level of documentation required (as noted earlier, to use banks in Thailand foreigners must establish a ‘non-resident’ baht bank account which in turn requires a passport, a long-term visa or work permit, as well as letters of recommendation). Meanwhile Burma’s political situation means that other formal transfer mechanisms (such as money transfer firms) are not functional in the trade. Accordingly, and unless funds are physically carried across the border, hundi is the device preferred by most. As noted earlier, hundi relies upon trust. Significantly then, our survey revealed no cases of fraud, and numerous anecdotes of hundi dealer selection being based on positive word of mouth, reinforced by subsequent repeated dealings.

Whilst precision in this context is not remotely possible, we estimate that around 40 per cent of all of Burma’s ‘legal’ border trade is conducted via hundi, while over 90 per cent of strictly illegal business (smuggling notably) is undertaken through hundi channels. Following the emergence of private banks in Burma in the early 1990s, hundi entered a period of decline as a remittance and credit device in the country. It has strongly re-emerged following the collapse of the most important of these banks in the financial crisis of 2002–03.

With respect to cost, our survey respondents reported that the average cost of sending a hundi amounted to around 5 to 10 per cent of the principal sent (levied mostly via a discount/premium on the baht/kyat exchange rate). As noted earlier in this paper, formal money transfer firms typically charge between 10 and 15 per cent. The small (6 per cent) share of remittances sent into Burma via formal banks is almost exclusively confined to migrant workers sending funds to Putao in Kachin State. Putao is a town that can only be reached by air. This, coupled with the fact that it is also home to four battalions of the Tatmadaw, conceivably makes the physical carrying of funds from Thailand, and that sent via hundi, highly vulnerable to ‘official’ expropriation. Other regional variations of remittance method are also apparent in our survey data. The physical carrying of funds, for instance, is the overwhelming practice of those sending funds to Shan State. By contrast, almost 100 per cent of workers remitting funds to Tenasserim and Mon States use hundi.

Hundi is the dominant remittance device according to the number of Burmese migrant workers using it, but it is also the favoured instrument according to value. In this context, hundi’s ‘lead’ over other mechanisms is marginal, and to some extent the most remarkable fact observable in Figure 5 is the high degree of equality of the various instruments by value (the numerals written ‘in’ each of the columns below represents the raw numbers of individuals nominating each of the remittance devices):

Figure 5: Remittance Magnitudes by Method



Gender Differences

Our survey yields some interesting differences in remittance patterns according to gender—of which the essential finding is that female Burmese migrant workers send home a higher proportion of their income (40 per cent of the maximum) compared to males (36 per cent). Male workers earn more, but their median annual remittance of Bt15,000 is identical to that of female workers. This finding is similar to that of other studies exploring gender differences in remittance patterns in other country pairs (see, for instance, Moreno 2005). The differences are more pronounced, moreover, amongst

lower-income workers (of which women constitute a larger proportion than the population generally), than amongst those earning higher incomes. Curiously, the survey also reveals differences according to gender in terms of remittance methods and instruments. Women are more likely (18 per cent) to use a bank to send their money home (though the absolute numbers here remain small), are more likely to send money by hand through another person (25 per cent), but are less likely to use hundi (13 per cent).

<i>Summary Measure</i>	<i>Female</i>	<i>Male</i>
Sum	Bt 3869100	Bt 6164983
Mean	Bt 18966	Bt 19488
Median	Bt 15000	Bt 15000
Mode	Bt 10000	Bt 10000
Coefficient of Variation	73.9%	112.1%
Aggregate ratio to income (2003 maximum)	0.40	0.36

Conclusion

Our survey reveals that remittances sent from Burmese migrant workers in Thailand directly alleviate the poverty of individuals and households to whom they are sent. Remittances are also likely to provide for individual benefits in allowing greater access to health services and education. Health and education only weakly appeared in our survey results as independent motivations for sending remittances, but we venture that both are likely to also implicitly reside within the survival rubric too. Our survey also suggests that any national economic development benefits allowed by remittances are largely absent in the Burma context, as the political economy of Burma undermines the broader processes that might otherwise be apparent:

An important benefit often yielded by remittance flows is the extent that they provide sizeable, and relatively stable, flows of foreign reserves. This attribute is greatly undermined in the Burma context by the fact that hundi is the most common method by which remittances are made. As demonstrated, hundi works via 'netting' transactions that minimize the flow of foreign exchange.

Elsewhere remittances have provided businesses in recipient countries with otherwise scarce capital. Establishing or expanding a business is a strong motivation for remittances in many countries and circumstances. Paying remittances for the purpose of business is not, however, a strong motivating factor in the context of Burma. Even if simple survival was not an all-consuming force, Burma's dire economic and political circumstances would tell against substantial investment flows. Indeed, given the risks, it is probably in their own best interests that Burma's migrant workers are unwilling to expose their hard-earned gains in this way.

The 'leveraging up' of the development potential of remittances through formal financial institutions is much celebrated. Similarly highly regarded is the way that remittance flows might in themselves stimulate the development of financial institutions. Unfortunately, these attributes are likewise absent in the circumstances that Burmese migrant workers find themselves in. This is because, firstly (and as noted above), around 60 per cent of our survey recipients do not possess Thai work permits, a fact that would automatically

(legally) rule them out from holding an account at a bank in Thailand. Of course, even amongst the 40 per cent that do hold work permits, the additional documentation hurdles for opening a bank account remain formidable.

Secondly, and probably more significantly than such ‘first mile’ obstacles, are the ‘last mile’ problems in Burma itself. Put simply, and especially since the banking crisis of 2003, Burma’s formal financial system remains distrusted and dysfunctional. Burma’s banks eke out a marginal existence in an environment hostile to the survival of financial institutions, and they are not an effective instrument to facilitate remittances or, indeed, even to gain from them.

The survey that informs this paper reveals that the remittances Burmese migrant workers in Thailand send home are large and, circumstances permitting, could provide the means to accelerate Burma’s economic development. Unfortunately, however, our survey also reveals that these remittances are overwhelmingly employed in the cause of simple survival—with little in the way of funds left over for investment and other ‘productive’ purposes that would maximize their development impact. Equally, we find that remittances to Burma are overwhelmingly made via various informal devices, negating the possibility that they could be ‘leveraged up’ via formal financial institutions, and minimizing the dynamic economic effects they might otherwise trigger. Of course, the fact that Burmese migrant worker remittances are used for bare survival, and that they are channeled in informal ways, offers yet another window into Burma’s dire political economy. In its seminal report on the development possibilities of remittances, the OECD (2005:10) noted that ‘the best way to maximize the impact of remittances on economic growth...is to implement sound macroeconomic policies and policies of good governance...a sound banking system, respect for property rights, and an outward-oriented trade and FDI strategy’. In present day Burma such attributes are, alas, highly conspicuous by their absence.

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Overview of Donor Governance and the Performance of NGOs in Burma: What are They Telling Us?

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The international NGOs are required or generally do make public audited financial accounts in their annual reports. The financial accounts are used at least in the United Kingdom and the United States to produce comparable measures of financial performance, though there are significant shortcomings with these measures (Hertzlinger 1996; ICAA 2006; Krishnan *et al* 2002; Yetman and Yetman 2004; USGAO 2002; Wilson *et al* 1999). There are also many NGOs in receipt of aid funds that do not produce financial accounts or anything resembling an annual report. For many small NGOs with resource constraints the provision of such information would be an unnecessary burden that would do little to enhance accountability and project performance. There are however many larger NGOs that should, but do not produce such reports and this is the case in Burma for nearly all but one of the country's 'national' NGOs all of which are financed by foreign donors.

NGO performance is not only about the financial performance of the organisation and the aggregate allocation of inputs. Performance is about the individual projects implemented by the organisation. This includes measures of financial performance, but more importantly measures of performance relating to project output and impact. However, donors and NGOs rarely even design measures of financial performance that allows similar projects to be compared on the basis of cost effectiveness, though these can and should be designed. More substantively an assessment of project performance requires the development of indicators that measure the output and impact of projects. Indicators also need to be designed to not only adequately measure impact, but allow the performance of similar projects to be compared. These indicators are more difficult and costly to design and measure, compared with financial measures of performance and the difficulty of designing and measuring output performance varies with the type of project. For example, indicators to measure the impact of disease control projects are more easily designed, than say projects to promote gender equality, though not necessarily less expensive. There are also the problems of gaming performance indicators, but this is outside the scope of the paper (Prendergast 1999). Assessment of project performance also requires donors or their representatives to engage in some monitoring, which includes the auditing of financial accounts and some form of on-site assessment. As the evaluation of performance is not itself costless, resources also need to be effectively and efficiently allocated.

Burma is not the only country where the evaluation of the performance of aid is nigh impossible. It is however the focus here. The following overviews the publicly available information regarding the performance of NGO projects in Burma. Some donors have made attempts to improve transparency, but as of yet this is insufficient to determine what works and what does not. The review is not intended to be comprehensive, rather intended to illustrate the paucity of reliable information with regard to the performance of aid projects. The first section overviews some of the regulatory impediments imposed by the regime that inhibit project performance. The following section overviews some of the major donors, their policies and the information they have made available. The third section discusses some of the important NGOs involved in implementing aid projects in Burma, including some of the main international NGOs, the regime sponsored NGOs and the Burmese professional organisations. Nearly, all the organisations, whether as donors or project implementers provide inadequate information about project performance, which means that it is impossible to determine, which aid projects are effective and those which are not. If the people of Burma are going to obtain any benefits from aid, the donors and the NGOs need to properly evaluate the performance of each project. Simply stating that they are providing necessary assistance is insufficient. This must be adequately demonstrated. Efficient use of resources should apply to aid funds, where performance is the important determinant of which projects are to be funded.

Regulation by the Military State

The state in the economic literature of the NGO is assumed to have the primary role (when it is addressed) in enforcing the non-distribution of profits (and/or donations) to the NGO's internal stakeholders (Glaeser and Shliefer 1991; Hansmann 1987).³⁰ This governance function when discussed is typically viewed as benign, despite considerable anecdotal evidence that state regulation, in some countries, as is the case in Burma, creates incentives that have a deleterious impact on the performance of aid projects (Pritchett and Kaufman 1998). The state in Western liberal democracies is involved in regulating the nonprofit sector, encompassing the legitimate allocation of revenue, notification of assets sales, standards for registration, and fundraising practices.³¹ In many countries, where NGOs operate the state is little interested in monitoring, to determine whether funds or assets have been expropriated, misused or diverted to managerial compensation. Rather, NGO employees are subject to control, harassment, arrest and imprisonment by governments. The state can also grant privileges to enhance the competitiveness of nonprofits selling in competition with for-profits allowing the organisation to survive despite relatively higher costs of production. In this regard the economic literature has also focused on the types of privileges granted to non-profits

³⁰ The economic literature uses the term non-profit, rather than NGO.

³¹ The impact of regulation on disciplining nonprofit decision makers has not been extensively addressed in the economic literature, except for a few recent studies that examine the repercussions of a narrow scope of regulation on a narrow range of behaviour (Core *et al* 2004; Fisman and Hubbard 2003, 2005; Yetman and Yetman 2004). Yetman and Yetman (2004) addressed the effectiveness of the state in disciplining nonprofit behaviour by examining the quality of information provided in their U.S. tax returns. Another study examined the capacity of U.S. State and Federal Attorney Generals to enforce regulation. Finding the greater the monitoring and enforcement power held by the state, the more willing donors were to allow their funds to be allocated to the organisation's endowment (Fisman and Hubbard 2005). Donors fearing the nonprofit might divert their donation, to non-program activities such as managerial compensation preferred donations spent in the year provided. Fisman and Hubbard (2003) examined a slightly different proposition, looking at the impact of state governance on donation levels. In the states where monitoring and enforcement was greater, more organisations received a larger proportion of their revenue from donations, suggesting that donors were more trusting when the state was active.

operating in Western liberal democracies. The focus is on the poor incentives arising from the attenuation of property rights, with regulation such as barriers to entry and favourable tax status required to promote survival (Chang and Tuckman 1990a; Hansmann 1987; Mullner and Hadley 1984; West 1989). In Burma privileges granted by the military state to select organisations has allowed the leadership of certain NGOs to financially profit from their involvement. For example, donors to the Myanmar Maternal and Child Welfare Association (MMCWA) can be local businesswomen 'giving' in exchange for business concessions, such as export/import licenses, telephone lines and sometimes for protection, when involved in illegal business activities.³² More importantly, those NGOs sponsored by the regime in Burma have gained a competitive advantage, due to the junta's suppression of competitors.

Another mechanism the state uses for controlling local competitor organisations and their operation is the registration process.

Though the majority of UN agencies and INGOs have a memorandum of understanding (MOU) or registration with the government, few national civil society organizations are in possession of either,...., [NGOs] commented that the operating atmosphere may be even more restrictive for local parties than for international organizations, with registration being a major hurdle for these local organizations in implementing health activities (3DF 2007a:35).

Even those local organisations with registration can face problems with the state. For example, in May 2007, 24 nonprofit organisations were refused registration by the regime's Ministry of Home Affairs, including a charity providing free funeral services, two health clinics, three professional and trade associations (the Myanmar Engineers Association, the Indian Traders' Association and the Chinese Traders' Association) and various Buddhist organisations. The Free Funeral Services Association in 2007 was refused registration as two senior decision makers had close connections with well-known campaigners for democracy (Htet Aung 2007a).³³ In an unusual take on competition between governmental and NGO provision of charitable output, the police forces in Burma were reported to have begun to provide free funeral services to 'crowd out' the funeral services provided by the charity (Htet Aung 2007b). In June, of the same year the Ministry of Culture refused to re-register cultural organisations associated with specific ethnic groups in the country (Shah Paung and Lawi Weng 2007). In Burma political considerations force many local NGOs to operate clandestinely, to stay beyond the controls of the state.

Other regulations require the international NGOs to obtain the permission of the relevant ministry and the Ministry for National Planning and Economic Development for all their projects. This replaced the previous regulation that project approval was required from the township military authorities.³⁴ The regime has also *encouraged* the international NGOs and United Nations agencies to employ those loyal to the regime in their more lucrative positions. The new regulations introduced in 2006 also mandated

³² This information was obtained from interviews with people from Burma.

³³ The organisations were asked to resubmit their applications for registration after complaints believed to have been made by China, about the ban placed on the Chinese Traders Association (Htet Aung 2007b). Later in June (of the same year) the Ministry of Culture refused to re-register cultural organisations associated with specific ethnic groups in the country (Shah Paung and Lawi Weng 2007). Some of the NGOs such as the free funeral service appear to be operating again.

³⁴ DFID Country Profiles Burma - www.dfid.gov.uk/countries/asia/burma.asp

NGOs to employ staff selected by the regime (GOA 2007:18-19; Ministry of National Planning and Economic Development 2006). More ominously, the projects were mandated to involve the erroneously named United Solidarity Development Association (USDA) a *mass* organisation designed and sponsored by the regime to assist with control of the population, often involving violence and its threat. Other restrictions can include foreign exchange controls, which limits the access of competitor NGOs to obtain funds from overseas.

The regime has considerable control over the selection of recipients for aid projects, by requiring NGOs to obtain permission from the central administrative structures of the state to implement and continue their projects. There are also geographical areas where projects can not be implemented. There is also little substantive information about the criteria for determining, which individuals and groups are to receive assistance. The assessment methods used to select project recipients is not generally outlined by donors, the NGOs and the United Nations agencies. Typically, the only information regarding the selection of recipients is their membership of a particular group, except for *sex workers, young people not attending school* and the *hard-core poor*.

NGOs advertise their contribution to civil society by enabling recipient participation, but ignore the more substantive absence of civil liberties. Restrictions on the formation of local organisations, freedom of speech and other basic civil liberties can only inhibit active participation and consequently the performance of projects.³⁵ The sovereignty and participation of recipients should be encouraged rather than thwarted, but there is sometimes a failure to even acknowledge and actively assess the impact an absence of civil liberties have on (relative) project performance. For example, HIV/AIDS education in countries where civil liberties are not restricted involve people being able to publish, utilize local radio, newspapers and magazines to discuss and debate the issues. This is not possible in Burma as all material published is controlled by the censor. Obtaining permission from repressive governments to publish certain materials is not synonymous with 'participation.'

Regulation by Burma's military state is further complicated by its inconsistent application, with unpredictable policy and behaviour commonplace. For example, many of the projects under the auspices of UNDP's Human Development Initiative (HDI) were suspended for around 12 months in 2002, when the regime refused initially to grant permission for the continuation of the program (Shaw and Rahman 2003:5). Regulations can change suddenly. This also occurred in February 2006 when the military regime announced further restrictions on the operations of the international NGOs and the United Nations Agencies (Ministry National Planning and Economic Development 2006). Other regulations instituted by the regime also impact on the capacity of NGOs to implement projects including restrictions on the importation of vehicles limiting access to more remote areas and bans on the use of 2-way radios and satellite phones needed for communications between staff and patients in areas without proper facilities and easy access.³⁶ Another prohibition that inhibits performance is the restrictions

³⁵ See Reporters without Frontiers- and Pen International - as examples on limits on civil liberties in Burma - www.rsf.org and www.internationalpen.org.uk

³⁶ The international NGOs were prevented from testing for HIV status, at least as of January 2004. www.msf.org.au. They can however test for malaria and tuberculosis.

imposed on the monitoring of NGO projects by expatriate staff. On-site monitoring has never been possible without appointments being made days or weeks in advance. This provides the regime with the opportunity to prepare the project for inspection, putting in place supplies or equipment provided, which are then removed after the visit. A control that inhibits the assessment of the performance of health projects is the limitations on the systematic collection of data, relying on data collected by the regime controlled bureaucracies, which have few resources and little incentive to override the difficulties involved in data gathering that genuinely relates to the welfare of the population (Beyrer *et al* 2006).

Donors

After the suppression of the country-wide uprising in 1988 and the refusal of the regime to recognize multiparty elections held in 1990 that saw the military's puppet party easily defeated, many countries dramatically decreased their Official Development Assistance (ODA), most of which had been channeled through the military regime. The World Bank had already ceased assistance the previous year, whilst the International Monetary Fund and the Asian Development Bank did so earlier in the mid-1980s (GAO 2007:8). In 1999, the World Bank explored with the military regime the possibility of a program in exchange for improved governance and accountability. This did not include political reform as the constitution of the World Bank prevents it attaching political conditions to its loans. The regime was unwilling to negotiate (DFID 2000:5). The World Bank, the Asian Development Bank, and the International Monetary Fund have continued to provide no loans, grants or operate any programs in Burma. However, donor governments have become increasingly willing to fund NGOs and the United Nations agencies to implement projects, sometimes in cooperation with the regime. ODA is now around 30 percent of its 1988 total, though the size of the funds can vary significantly between years. Typically, donors decrease funds after the regime engages in yet another public display of its barbarism. This is then followed by government donors gradually increasing the size of their annual allocation.³⁷

Many institutional donors, particularly Western governments, now allocate aid funds to NGOs and the United Nations agencies to avoid funding incompetent and oppressive governments. NGOs provide benefits for donors being less visible and costly than government aid programs, lowering the political costs for donor governments compared with direct bilateral assistance. Governmental and other institutional donors can more effectively control the decisions of NGOs to protect their interests, especially compared with aid provided to governments. The size of the funds required to influence the decisions of government are significantly larger than those needed to control the decisions of individual NGOs. Also, potential losses are smaller, compared with losses of donating to corrupt and inept governments, as the funds provided to each NGO are

³⁷ Donor funds provide foreign currency to a regime in a country where there are regular shortages. Only two banks, the Myanmar Foreign Trade Bank and the Myanmar Industrial and Commercial Bank, both government owned are permitted to deal in foreign currencies. The Myanmar Foreign Trade Bank is the bank used by the United Nations agencies and the foreign NGOs (Turnell 2006). It is also the bank, which accepts the foreign exchange deposits of foreign donors, which are allocated to the regime controlled NGOs (UNOPS 2007a:2). Funds are not exchanged at the official exchange rate of 6 Kyat per 1\$US, but at the *UN exchange rate* which is around the market exchange rate (UNOPS 2007c: 2). The market exchange rate in late 2007 was around 1,200 Kyat per 1\$US. See www.unido.org/data/Country/exchange.cfm?c=MYA for the current United Nations exchange rate for Burma. Some NGOs notably those providing funds to non-regime structures and organisations use the hundi to exchange their foreign currency, thereby bypassing the regime controlled banks.

typically not large. Financing NGOs allows donors to diversify their risks by spreading their funds across several NGOs. This contrasts with funding a government, where the donor's investment is in only one organisation.

Institutional donors, particularly governments that provide a significant proportion of the revenue of many NGOs retain control over some of their decisions to protect their governmental and organisational interests. Individual donors are an important source of revenue for some of the international NGOs, but they typically do not have the capacity to influence the organisation's decisions. The NGO industry in Burma illustrates the importance of institutional donors for funds and their importance in monitoring and evaluating project performance. In Development Assistance Committee (DAC) countries it is the Parliament (and their associated bodies) that determine not only the size of the aid budget, but its allocation between countries, the activities which are funded and even the types of organisations to receive funds. These policies are the origin of the control over some of the decisions of NGOs by government donor agencies. These and other large donors impose control, via the imposition of conditions that pre-determine the actions (and decisions) of the NGO. The most common condition is the restriction that their funds be used for a specific project over a predetermined time frame (Macrae 2002:13). Institutional donors also impose other rules and parameters regarding the implementation of projects pre-determining other decisions of NGO management, including mandating the purchase of output from particular agencies. Another mechanism that restricts the decisions of the NGO is by not always donating the most fungible of assets – money.³⁸ However, institutional donors do not always ensure that these conditions are met and sometimes for expediency, ignore their violation. Moreover, these conditions are to protect donors from political fallout, scandal and corruption. The conditions rarely relate to performance of the project in terms of determining recipient benefits.

The international NGOs operating in Burma do obtain funds from private donors, but not typically for their projects in Burma. There are counter-examples including the Australian Council of Churches (NCCA), a private institutional donor which provides funds to the Myanmar Council of Churches.³⁹ Medecins Sans Frontieres (MSF) decision makers allocate funds from private donors, such that they comprise around 70 percent of funds for their Burma projects (MSF 2007:52). After the suppression of the 1988 uprising the Burmese Diaspora increased with some obtaining asylum in Western countries. Burmese groups from these countries donate to local or community NGOs in Burma and to dissident and refugee groups in exile operating from Thailand, China and India, contributing to schools, health clinics and other basic goods and services for non-family members. Many more people from Burma have fled to Thailand, Malaysia, Japan and Singapore to work, where they live, often with a tenuous legal status, sending funds

³⁸ Donor governments can provide subsidized or free services to NGOs, air freight on military aircraft and ocean shipping of aid supplies, along with government personnel, mostly military in the fields of logistics and medicine. In-kind contributions can also include assistance with the acquisition of assets, professional services, beneficial loan arrangements, community service radio, and television and press advertisements. USAID requires the NGO to purchase U.S. made vehicles and pharmaceuticals for use in the projects they fund.

³⁹ The NCCA involvement in providing shelter, food and medical services for refugees from Burma in Thailand is solely funded by AUSAID - www.ncca.org.au. NCCA is one NGO in the Burma Border Consortium involved in delivering goods and services to this group of recipients - www.USAID.gov.au.

to support their families in Burma. All typically use the non-formal banking system to avoid confiscation and taxation by the regime. Consequently, the amount of private donations from these sources is unknown.

The funding of NGOs is characterized by what may be called donor pyramiding, which sometimes makes it difficult to decipher the distribution of monies to organisations. This method of financing, where say a large donor funds an international NGO, which then distributes funds to other NGOs is a reasonable practice, but it does provide donors and NGOs with the opportunity to 'hide' the allocation of funds. The imprecise nature of the public information means that only some of the funding relationships can be deciphered, with exact monies allocated to NGOs untraceable. This lack of transparency means that regime sponsored NGOs can be funded without the original donors having to be accountable for their funds.

USAID and the State Department

The United States first provided aid to Burma in 1950, during the country's brief period of democracy. Aid ceased after the military coup in 1962, though unfinished projects were funded until their completion. In 1978, USAID began again to provide aid to Burma, which ceased again after the suppression of the 1988 uprising and the refusal of the regime to recognize the results of the election.⁴⁰ In 2002, the Global Bureau within USAID began to allocate annually \$US1m to international NGOs to implement HIV/AIDS projects inside Burma, along with smaller funds for English language programs run by the Embassy in Rangoon (USAID Bureau for Global Health 2004).⁴¹ USAID and the State Department concentrate their funding on NGOs promoting human rights and democracy in Burma, (which is not classified as ODA).⁴² This funding began in 1996, provided initially by the State Department and managed by the Office for Democracy, Human Rights and Labour.

⁴⁰ USAID is comprised of 12 vast bureaus, six of which oversee substantial humanitarian and development funds accessible to NGOs. Every project funded by USAID is recorded and publicly available in its Yellow Book. Four of these funds are overseen by its regional bureaus (Africa, Asia and the Near East, Latin America and Europe). These regional bureaus then distribute the funds between the USAID missions operating in their countries of concern, which then allocate their funds between competitor NGOs and other organisations. USAID's Asia and Near East Bureau provides much of the funds to the NGOs that implement the health care and education systems in the refugee camps in Thailand that shelter around 150,000 people of Karen ethnicity that fled the fighting and human rights abuses perpetrated by the military regime (USAID 2002). The implementing NGOs include the International Rescue Committee, Burma Border Consortium and World Learning/World International. USAID also provides funds to the private donor organisations, including the Open Society Institute (OSI), which allocates scholarships to Burmese political exiles and refugees to attend university. It also funds a range of NGOs including the United States registered Inter-News, which provides journalism and media training and channels, funds to Burmese media organisations based outside their home country (USAID 2002).

⁴¹ Funds allocated for the resettlement of refugees is included by the United States in its ODA a practice not followed by most DAC countries. This explains some of the sudden increase in ODA to Burma in 2000, when funds for refugee resettlement were first included as a component of ODA. www.usaid.gov/policy/budget/cbj2006/anc/mm.html

⁴² The State Department also provides funds directly to NGOs registered in the United States via its Bureau for Population, Refugees and Migration (BPRM). The Bureau for Population, Refugees and Migration (BPRM) is the other important source of aid funds for NGOs implementing projects for Burmese people in exile. The BPRM provides money to U.S. registered NGOs to assist in the resettlement of refugees some of whom are from Burma and food aid for those living in the refugee camps in Thailand (USAID 2002). The BPRM is mandated to provide funds to the multi-lateral agencies, most importantly the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM) and the International Committee of the Red Cross (ICRC).

Japan's International Cooperation Agency (JICA)

Japan is the largest single country provider of ODA to Burma, much of which was composed of low-interest loans, grants and technical assistance directly allocated to the military regime.⁴³ Japan does not provide any funds to NGOs promoting human rights. Japan instead provides funds to the United Nations agencies operating in Burma, including UNICEF, UNODOC and the WFP that cooperate with the 'government' ministries.⁴⁴ Japan made another large cut in its ODA to Burma, in addition to those made after the suppression of the uprising in 1988 and the refusal of the regime to acknowledge elections held in 1990. The cut occurred in 1996 when Daw Aung San Suu Kyi the symbolic leader of Burma's pro-democracy movement was re-arrested after being released in July of the previous year from 6 years of house arrest. Since, then ODA has remained considerably smaller. Japan also became increasingly reluctant to provide aid for small infrastructure projects (no longer funding large infrastructure projects), after the *Depayin Massacre* on 30 May 2003 where the regime orchestrated an attack on Daw Aung San Suu Kyi and others peacefully protesting against the regime (Mydans 2003). As many as 70 people were killed and many more imprisoned, including Daw Aung San Suu Kyi after having only released her again from house arrest in May of the previous year. On the 10 October 2007, Japan cancelled a grant of \$US4.7m in response to the killing of a Japanese video journalist, Kenji Nagai on 27 September by a Burmese soldier, captured on film during another violent suppression of anti-regime protests in Rangoon (AP 2007; Yoshida 2007). The grant was promised in 2005 to build a Japanese Business Education Centre within Rangoon University, but unspecified problems negotiating the contract had delayed the initial distribution of funds (Nishiyama 2007).

In 1989 Japan established a *Grass Roots Program* where ODA was allocated to Japanese and other NGOs to implement small projects. This program began in Burma in 1993 and by 2000, the *Grass Roots Program* had provided funds for 71 projects with 69 percent of these implemented by NGOs (Global Link Management 2001). Burmese NGOs accounted for 25 percent, Japanese for 17 percent and international NGOs the other 27 percent (Global Link Management 2001:8). The other projects were implemented by the ministries overseen by the military regime (Global Link Management 2001:8). Project performance did not determine the allocation of funds between organisations; rather the important criterion for project funding was reported to be the project's *political influence effects* (Global Link Management 2001:9).

In the case of repeat grant applications by implementing agencies for existing projects, the assessment should not only be based on the credibility of the agency, but also on the performance of the previous phase of the project. Serious consideration should be given before extending grant facilities to under-performing projects, even though they may be implemented by credible agencies (Global Link Management 2001:11).⁴⁵

European Union Donors

The European Union now provides the largest amount of ODA to Burma, mostly from the United Kingdom's Department for International Development (DFID) and the European Community's Humanitarian Organisation (ECHO) within the European Commission. ECHO was established in 1992 to manage the European Commission's aid

⁴³ www.mofa.go.jp

⁴⁴ www.mofa.go.jp

⁴⁵ Author's emphasis

funds, which are the second largest, after those of USAID (ECHO 2004:1).⁴⁶ In October 2005 ECHO opened an office in Rangoon to manage the European Commission's increased ODA being allocated to Burma.

The Department for International Development (DFID) manages most of the United Kingdom's ODA, with the remainder managed by ECHO. DFID still allocates most ODA to government via its country strategy program, but in 1997 it began allocating funds to NGOs registered in the United Kingdom and to NGOs in aid recipient countries.⁴⁷ The ODA funds managed by DFID's Burma program were originally managed from the London office with apparently limited oversight, but management was transferred to the South Asia Office in 2003, and a DFID representative assigned to the United Kingdom's Rangoon Embassy (DFID 2004:8). The Embassy also manages a DFID *Small Grants Scheme*, similar to Japan's *Grass Roots Program*. (DFID 2004:20). The funding for this program began in the mid-1990s, but ceased operations between 2000/01 and 2003/04. The program began again in 2004/05. The reason for the cessation and reinstatement of the fund are unknown. There is also no public information about the identities of the recipients, the amounts allocated, the nature of the projects and their performance. DFID has also provided a significant proportion of the monies to the multilateral donor funds operating in Burma, which are discussed later.

The funds allocated by these donors (and others within the European Union) are governed by the European Commission's *Common Position on Myanmar*. Prior to October 2004, the *Common Position* only allowed for humanitarian assistance. There was a shift in the *Common Position* governing ODA to Burma at the end of 2004, with an extension and increase to *tackle the deep-rooted structural poverty in the country while continuing to invoke the government's responsibility to attain the UN Millennium Goals* (European Commission 2006:21). NGOs typically have to outline in their project proposals the link between their project and the *Millennium Goals*, though there is no systematic attempt to demonstrate the impact projects have on these goals. The donors have not designed their monitoring and evaluations to determine, which projects impact on these goals and which do not. Moreover, the data for the *Millennium Goals* in Burma is so unreliable to be of little use as a benchmark. In 2006, the European Union again shifted its position establishing a *Development Co-operation Instrument* to provide access to funds for the regime to develop the country (European Commission 2006:20). In other words, European donors were willing to extend aid without having any substantive evidence that their present funds had improved their stated objectives. However, at the end of 2007, no so-called development funds had been disbursed.

⁴⁶ The proportion of the world's humanitarian aid contributed by ECHO continued to increase from 1992, maximizing in 1997, maximizing at 20 percent of total humanitarian. In 1999 the proportion had decreased to 12 percent (Macrae 2002:11).

⁴⁷ In 2004/05, DFID was only allocating 9 percent of funds to NGOs (NAO 2006:1). The country funds managed by DFID are easily their largest. For example, in 2004/05 the funds allocated from this source to the NGOs amounted to £154m (NAO 2006:2). These country strategies are organized into four departments within DIFD 1) East and Central Africa; 2) Pan-Africa Strategy; 3) Europe, Middle East, Americas, and East Asia Division and 4) South Asia Division. Many of the countries (or regions) have DFID teams involved in overseeing the country programs. DIFD does not typically record the proportion of its funds allocated to NGOs via its country programs. In addition to the country funds, there are seven other large humanitarian and development funds managed by DFID, which are available to NGOs.

The European Commission, ECHO and DFID provide most of their funds to the United Nations agencies and European based NGOs inside Burma, though not exclusively, as funds are also allocated to Burmese NGOs, some of whom are sponsored by the military regime (DFID 2004:14). In contrast to the United States, DFID is very reluctant to provide funds to NGOs that implement projects for Burmese in Thailand, India and China and for projects delivered across any of these borders into Burma (KHRG 2007). DFID did in 2006 allocate a small amount of funds to Christian Aid to assist refugees on the Thai border, after ongoing criticism.⁴⁸ ECHO in contrast has provided some funds since 1994 to NGOs, many from France to implement projects for Burmese in exile. The European donors, at least DFID, ECHO and the European Commission do make public the organisations funded, though only very basic information about the nature of the projects is provided. For example, ECHO states that 22 percent of its funds allocated for Burma have been for basic health care in remote areas, 20 percent for water and sanitation projects with the remainder for nutrition, food aid and food security projects.⁴⁹ There is no information about the cost effectiveness and impact of any of these projects.

Australia (AUSAID)

AUSAID until 1998 allocated most of its aid funds to Australian and Burmese NGOs to implement projects for Burmese in exile.⁵⁰ In addition, until 1998 nearly all Australian ODA for inside Burma was channeled via the United Nations agencies. These agencies then allocated some of their funds to NGOs to implement projects. However, AUSAID with guidance from the Howard Coalition government, after 1998 began to decrease its funding to NGOs governed by Burmese in exile, and increased funding for NGOs and other organisations, including the United Nations agencies to implement projects inside Burma. AUSAID has allocated much of this ODA to Australian branches of NGOs with international operations, until 2003 when it began to increase the size of its total funds, which favoured the United Nations agencies.⁵¹ For example in 2002 nearly all ODA (\$US2.73m) went to Australian NGOs, but by 2004 only around 40 percent (of \$US10.45) went to these NGOs.⁵² Since 2006 a proportion of AUSAID's funds have been channeled to the multilateral donor funds, which are discussed below. AUSAID provides information about the identity of the NGOs and the broad nature of the project (i.e. the project's title). However, no information regarding performance, financial or otherwise is provided.

Another fund, the *Direct Aid Program*, similar to Japan's *Grass Roots Program* and the United Kingdom's *Small Grants Scheme* was administered from the Australian Embassy in

⁴⁸ Christian Aid does not implement projects inside Burma, but it does provide funds to Health Unlimited to implement health projects for some of Burma's ethnic minorities mostly from across the border in China.

⁴⁹ <http://ec.europa.eu/cgi-bin/etal.pl>

⁵⁰ Australian based NGOs have included the Australian Baptist World Aid (ABWA), APHEDA, AUSTCARE, FPAI, MSF and the National Council of Churches (NCCA)

⁵¹ These NGOs have included the Australian Red Cross, CARE, MSF, TEAR and World Vision. It has also funded Australian NGOs that are not branches of international NGOs such as the Christian Blind Mission International (CBMI).

⁵² The last available figures for the size of funds provided to NGOs by AUSAID is for 2003/04 – www.usaid.gov.au/ngos/statistics.stats03_04.cfm

Rangoon where funds were allocated to local Burmese NGOs. The *Direct Aid Program* in Burma began in 1999/00 with funds of AUD124,000, which increased to AUD135,000 in the following year. In 2001/02 the funds decreased to AUD36,000, with no funds available in the following year. Then in 2003/04 AUD43,000 were allocated to the program. The reasons for the large changes in funds are unknown, as AUSAID has not provided any information. There is also no information on the identity of the recipients, the nature of the projects and their performance.

One AUSAID funded project that was promoted by the Foreign Minister, Alexander Downer involved a series of human rights training workshops for officials employed in the regime's ministries and from organisations, with close associations to the regime.⁵³ The training was conducted between 2000 and 2002 by the Castan Centre for Human Rights Law from Monash University in Melbourne. The workshops were intended to be the first phase of a project to establish a Human Rights Commission. Even though the objective of the project was not achieved (or achievable) the workshops are at present the only publicly available evaluation of a Burma related project funded by AUSAID. However, the evaluation indicates a very limited interest in the performance (or impact of the workshops), simply outlining the topics, the dates, number and gender of the participants, and their place of employment. Moreover, sometimes even the gender of the participants and their organisations was reported as *unavailable* (Castan Centre for Human Rights Law 2004).

Multilateral Donor Funds

Three donor health funds – Fund for HIV/AIDS in Myanmar (FHAM), the Global Fund and the 3 Diseases Fund - have provided monies for projects associated with HIV/AIDS, malaria and tuberculosis.⁵⁴ These donor funds have to varying degrees not only provided funds to NGOs and the United Nations agencies but have cooperated and funded the military controlled NGOs and the ministries with responsibility for Burma's healthcare system. A healthcare system ranked by the World Health Organisation as the second poorest performer of the 191 countries surveyed (WHO 2000).

Fund for HIV/AIDS (FHAM)

The Fund for HIV/AIDS in Myanmar (FHAM) operated from April 2003 through March 2007. The fund was initially financed by the United Kingdom's Department for International Development (DFID), the Swedish Development Cooperation Agency (SIDA), and the Norwegian government. FHAM obtained additional financing from the Netherlands in 2005 and AUSAID in 2006 (FHAM 2007). FHAM was wound down in 2007 partly in response to governance problems, along with the establishment of the 3 Diseases Fund, which has an expanded mandate to deal with malaria and tuberculosis in addition to HIV/AIDS (DFID 2006).

FHAM did provide the identity and the amount of funds received by each organisation, but very little information about the individual projects. FHAM in its first two funding rounds between 2003 and 2006 allocated around 20 percent of the funds directly to regime controlled structures, including the National Aids Programme (NAP) in the Department of Health, the Central Committee for Drug Abuse Control (CCDAC) within

⁵³ Alexander Downer was Australia's Minister for Foreign Affairs, between 1994 and 2007.

⁵⁴ The military regime that controls Burma has contributed only between \$US 10,000 and 100,000 (Jenkins *et al* 2005). Nothing is known about the allocation of these funds, as the information is not publicly available.

the Ministry of Home Affairs, the Department of Education, Planning and Training and the Ministry of Rail Transportation (UN Expanded Theme Group on HIV/AIDS 2005:80; FHAM 2007:47-48).⁵⁵

FHAM 2003/04-2006/07 (\$US m)	
Norway	2.365
Sweden	5.148
United Kingdom	17.488
Australia	0.730
Netherlands	1.197
TOTAL	26.929

Source: FHAM (2007: 43)

FHAM for unspecified reasons after 2006 ceased to allocate monies to the ministries, except for a small amount of funds allocated in 2007 to the NAP. Instead FHAM allocated funds to other organisations to implement training programs for members of the bureaucracy. Overall, the regime ministries received around 14 percent of the funds monies (FHAM 2007:47-48). FHAM allocated around 4 percent of funds to Burmese professional organisations and regime sponsored NGOs (FHAM 2007:47-48). The United Nations agencies and the international NGOs received about 16 percent and 57 percent of the funds, respectively (FHAM 2007:47-48).

Not all FHAM funds were spent during the first 2 years of its operation with the amounts actually allocated described as modest. This was because the organisations implementing projects did not have the capacity, expertise and operated in environments that limited their ability to utilize project funds (Jenkins *et al* 2005:27-28; UN Expanded Theme Group on HIV/AIDS 2005: 72-73). The percentage of funds utilized by the NGOs and other structures did increase across the period of the fund.

The institutional donors providing the funds were not involved in allocating their monies between the different organisations, leaving this to the *Technical Working Group* composed of representatives from many of the organisations receiving the funds (DFID 2006:1; Jenkins *et al* 2005: vi). This lowered the costs for the donors not having to allocate resources to allocation decisions, but created a conflict between the public and private interests of the individuals on the *Technical Working Group*. The extent that private benefits determined the allocation of funds is unknown.

The *Technical Working Group* did not establish mechanisms to link funding and the performance of projects (Jenkins *et al* 2005:26). In fact the reasons for selecting particular organisations and their projects were not explained. Some attempts were made by FHAM to develop performance indicators, but many of these provide no information about the impact of the different projects and the overall program. The indicators centred on the production of inputs, focusing on measures such as the condoms and syringes distributed, the number of mass awareness meeting held and the number of peer educators trained (FHAM 2007:50-52). A couple of indicators provided more

⁵⁵ The xenophobic and the totalitarian ideology behind the SPDC Central Committee for Drug Abuse Control can be gleaned from its website – www.ccdac.gov.mm

meaningful information, such as the number of people receiving ARV therapy, which increased across the course of the program from 734 to 6,116 people (FHAM 2007:49). Also, no-one bothered to record or collect information on the number of people still living at different time periods after beginning ART therapy. No information about the cost effectiveness of any projects was provided.

FHAM Technical Working Group	
<i>Name</i>	<i>Organisation</i>
Jean-Luc Lemahieu	Chair UN Expanded Theme Group on HIV/AIDS
Brian Williams	UNAIDS Country Coordinator
Daniel Baker	UNFPA Country Representative
Guy Stallworthy	Country Director Population Services International
Olivier Lermet	UNODC-International Coordinator Technical Coordination Unit
Willy De Maere	Coordinator of Asian Harm Reduction Network
Dr. Anne Vincent	UNICEF Project Officer, Safe Motherhood and Women's Health
Joanna Hayter	Burnet Institute
Lianne Kuppens	WHO Myanmar Country Team Leader
Frank Smithuis	Country Manager MSF
Andrew Kirkwood	Country Manager SCF
U Tin Aung Cho ⁵⁶	Assistant Resident Representative UNDP
Dr. Min Thwe	Manager National Aids Programme, Ministry of Health
Dr. May Marlar	Joint Secretary MMCWA

Source: UN Expanded Theme Group on HIV/AIDS (2005):66

UNAIDS received around 9 percent of the funds to monitor and evaluate projects, but spent little on direct monitoring with an allocated budget of \$US6,160, with \$US4,000 unspent.⁵⁷ Though, apparently UNAIDS conducted on-site monitoring of 19 different organisations and their projects, possibly the most cost-effective component of the program (FHAM 2007:41-42). However, 5 percent of FHAM's funds (or \$US1.5m) were utilized to write reports. UNDP was responsible for financial accountability and received 1 percent of FHAM's funds to perform these functions (UN Expanded Theme Group on HIV/AIDS 2005:80). An audit of the projects was conducted, which revealed unspecified problems. *The issues raised by the auditors have been shared with the implementing partners and all issues have been addressed* (FHAM 2007:42). The audits are not available.

The Global Fund

The Global Fund to fight HIV/AIDS, Malaria and Tuberculosis had commitments from donors to provide \$US98.4m over a 5 year period, but withdrew from the country after only 1 year (Stover *et al* 2007:38). The largest donors to the Global Fund are the United States, the European Commission, France, Japan and Italy, providing 32.5, 13.6, 9.6, 8 and 6.5 percent respectively (Global Fund 2005b:10). The allocation of funds is determined by the board, initially allocated for a 2 year period. Further funding is based

⁵⁶ Allegations have been made against Tin Aung Cho regarding his involvement in a scheme where UNDP employees had to pay 2 months annual salary to his 'family' to retain their jobs (Russell 2007c). UNDP publicly denied the allegations.

⁵⁷ UNAIDS is officially composed for UNHCR, UNICEF, WFP, UNDP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank - www.unaids.org.

on the performance of the program. A Country Coordinating Mechanism (CCM), which must be composed of organisations from the public and private sector involved in implementing programs to combat the three diseases, is required for any country to apply for a grant from the Global Fund (Global Fund 2005a:10).

Country Coordinating Mechanism	
Name	Organisation
Professor Kyaw Myint	Minister of Health
Dr. Wan Maung	Director General Department of Health (MOH)
Dr. Kyaw Win	President MRCS
Dr. Kyi Soe	Director General Department of Health Planning (MOH)
Professor Paing Soe	Director General Department of Medical Research (Lower Burma)
Professor Maung Maung Wint	Director General Department of Medical Science (MOH)
Dr. Hla Pe	Deputy Director General Dept of Health (MOH)
Lt. Col. Thein Aung	Director General of Myanmar TV (Ministry of Information)
Dr. Khin Win Shwe	MMCWA
Professor Myo Myint	President MMA
Professor Ne Win	President MANA
Professor May May Yee	Vice Chair Myanmar National Committee for Women's Affairs
U Win Myint	President Union of Myanmar Federation of Chambers of Commerce & Industry
U Aik Tun	Vice-President Asia Wealth Bank/Myanmar Construction Group
Dr. Myo Tint	Myanmar Council of Churches (MCC)
Saw Sein Sein	President Myanmar Women's Entrepreneurs Association (MWEA)
U Zaw Zaw Win	Young Men Buddhist Association (YMBA)
Dr. Stephan Jost	WHO
Mr. Bernard Mendis	UNICEF
Dr. Hajib Assifi	UNFPA
Dr. Wai Lin Oo	UNAIDS
Dr. Sid Naing	CARE
Guy Stallworthy	PSI
Roger Walker	WVI

Source: Global Fund (2003)

The CCM for Burma included the usual line-up of the UN agencies, international NGOs and the Ministry of Health. There were also representatives from some of the regime NGOs including the Myanmar Maternal Child and Welfare Association (MMCWA), Myanmar Anti-Narcotics Association (MANA), Myanmar National Committee Women's Affairs (MNCWA) and the Myanmar Women's Entrepreneurs' Association (MWEA.) Also on the CCM was U Aik Tun of Asia Wealth Bank, a close associate of the regime and reportedly widely to be involved in narcotics and money laundering.

In most countries the Ministry of Health holds the responsibility to manage the funds, though UNDP was employed as the Global Funds country manager in Burma. This is in contrast to FHAM where the donors delegated this responsibility to representatives of the recipient organisations.⁵⁸ UNDP was given the responsibility by the Global Fund, due to concerns about poor governance, corruption, the limited number of credible Burmese NGOs and organisations with the capacity to implement health projects. Another condition involved a zero cash policy with regard to the regime's ministries and regime sponsored NGOs (Stover *et al* 2007:39).⁵⁹

⁵⁸ UNDP has been the manager of Global Funds in other countries including, Central Africa Republic, Haiti, Tajikistan, Benin, Argentina, Cuba, Honduras, Panama, El Salvador and the Congo.

⁵⁹ Another condition was the approval of the National League for Democracy (NLD), the party that won the elections in 1990 that the regime refused to recognize (Stover *et al* 2007:39).

Global Fund 2004/05 (\$US m)	
Tuberculosis	2.735
HIV/AIDS	6.103
Malaria	2.491
TOTAL	11.329

The UNDP as manager of the Fund had to procure all assets and retain their ownership, due to the propensity of the military to steal UN and NGO assets. Despite, these restrictions the increased interference in the procurement of medical supplies and assets was reported by the Global Fund to have been instrumental in their withdrawal (Global Fund 2005c; USGAO 2005).⁶⁰ The zero cash policy also meant the UNDP had to pay the incidental expenses of all the project's employees to prevent monies being pocketed by regime representatives.⁶¹ The Global Fund also required that all organisations that obtained monies would have their financial accounts audited by KPMG.

The Global Fund also obtained written assurances from the SPDC that the employees of UNDP, KPMG and Global Fund would have uninhibited access to project sites (Stover *et al* 2007:39). This was another condition reneged on by the regime and reported by the Global Fund to have also been instrumental in its withdrawal.⁶² The Global Fund also required that organisations receiving funds had to ensure that the regime did not take credit for the projects (Stover *et al* 2007:39). This condition was not imposed by FHAM, where NGOs and United Nations agencies financed by this fund (and others) regularly made appearances in the regime's press handing out prizes, holding seminars and doing the meet and greet with regime officials.⁶³ The Global Fund withdrew from Burma in August 2005, after one year having only having disbursed 12 percent of its committed funds, due to the regime's violation of the contractual conditions (Global Fund 2005a:16). The withdrawal was heavily criticized by many of the NGOs operating in Burma (ICG 2006). However, Burma is not the only country that has had its funds suspended, though typically suspensions have occurred as a result of poor project performance, not due to the refusal by a government not to adhere to the basic conditions of the contract.⁶⁴

⁶⁰ The violation of the Global Fund's conditions was accompanied by increased non-cooperation on part of the regime with the ICRC causing it to suspend operations. The ICRC was initially forced to close its field offices. Then after international protests the offices were allowed to reopen, but prevented from providing assistance (GAO 2007:22).

⁶¹ The role of UNDP contrasts with allegations of corruption within the organisation in Burma, with 6 people fired for corruption in 2007. UNDP refused to make public and clarify the details reported in the media (Russell 2007c).

⁶² The regime shortly afterwards in February 2006 publicly announced increased restrictions on the operation of NGOs and United Nations Agencies. See the Ministry of National Planning and Economic Development (2006).

⁶³ See the New Light of Myanmar - www.myanmar.gov.mm/NLM

⁶⁴ Uganda had its funds suspended in August 2005 after serious corruption problems was uncovered within the Ministry of Health by the grants auditor Pricewaterhouse Coopers (Global Fund 2005a).

3 Diseases Fund

In 2006, in response to the pullout of the Global Fund, six institutional donors, AUSAID, the European Commission, DFID, Netherlands, Norway and the Swedish International Development Agency (SIDA) established the *3 Diseases Fund*. Except for the European Commission the donors to the 3 Diseases Fund are the same as those that funded FHAM. The fund has commitments of \$US100m from the donors to be distributed over a 5 year period. The donors extended FHAM's mandate to include tuberculosis and malaria, in line with the Global Fund.

The 3 Diseases Fund (3DF) is overseen by a board comprised of donor representatives and local *experts*. The board has implemented measures to promote transparency, and one measure is the placing of the board minutes on the Fund's website, though the details and nuances of the discussion have been redacted.⁶⁵ The 3D Fund also provides the identity of the organisations receiving the funds, the amount of funds and the disease, which their projects are meant to combat. Moreover, the standard contract that the Fund has with each organisation is made public, along with the project proposals and budget details for most of the organisations.⁶⁶

3 DISEASES FUND	
Funds as of 23 Aug 07 (\$US)	
Country	Funds
Norway	1.574
United Kingdom	11.648
Australia	1.199
Sweden	4.207
Total	18.628

Source: 3DF (2007b:45)

UNDP despite having previous experience managing FHAM and the Global Fund in Burma was not reemployed. Instead, the United Nations Office for Project Services (UNOPS) was given the job. The only explanation provided for the choice of UNOPS was the agency's *comparative advantage as an independent UN organization with the mandate to provide financial and project management services for other organizations* (3D Fund 2007:8)⁶⁷ The 3 Diseases Fund following the experiences of FHAM and the practice of the Global Fund decided not to directly fund the central ministries, but can fund structures at the local level, referred to as *activities of the Ministry of Health and other line Ministries through decentralized cooperation with local civilian administrations* (DFID 2006: 12). Even though, there are no civilian administrations that operate independently of the regime. There also appears to be problems in differentiating between the central and local structures of the regime. *While it may not be possible to establish a clear definition of central level, one possible criterion could be based on where the officers are based rather than to whom they report* (UNOPS 2007c:2). Further,

⁶⁵ www.3dfund.org/fundboard

⁶⁶ The World Vision contract for their HIV/AIDS projects is absent the additional information.

⁶⁷ Also see www.3dfund.org. Donors to the 3D Fund ask in their agreement with the SPDC that good project outcomes *might best be achieved were the Government of Myanmar to consider*, not imposing too severe restrictions on the movement of 3D fund staff around the country, and not impede the purchase of necessary equipment by extracting excessive taxation (DFID 2006:12).

the restrictions on subsidizing regime representatives, appears to have been opposed by some NGO representatives making the following complaint.

Partners [NGOs] expressed strong concerns that their activities may be hampered if they are not able to cover travel and subsistence also for central level staff, which are responsible for the overall monitoring and supervision of the national response, which 3 DF is a part of. IPs also stressed the central officer's role as facilitators in training activities at township level; in fact it was reported that there is a rule that every training course requires an officer from a higher level to ensure consistency in quality (UNOPS 2007c:2).⁶⁸

The 3 Diseases Fund as of 2007, only provided funds to organisations that had an MOU with the regime and applied for grants of more than \$US100,00 (i.e. the large NGOs). The Fund does not directly fund the ministries, but it does provides funds to some regime sponsored organisations and Burmese professional organisations, including Myanmar Anti-Narcotics Association (MANA), Pyi Gyi Khin and the Myanmar Business Council on Aids (MBCA) (3DF 2007b). The projects funded by the 3D Fund are supposed to be designed to improve the technical and managerial capacity of local health services in the public and private sector, but no indicators to assess this impact have so far been designed.

The 3 Diseases Fund as of yet has no uniform indicators for measuring performance. The process of monitoring and evaluation is given attention and recognized as important by the board, but is *ad hoc* and designed on the run.

The parties were unclear on what exactly the M&E process was or what indicators were used to evaluate IP [implementing partners] performance and suggested that the M&E system and criteria be consistent for all IPs as well as for the National Programme.... A theme that emerged from the feedback from both the National Programme and IP respondents was how a clear-cut, standard format and procedure for M&E was needed (3DF 2007a:32-33).

The 2007 progress report outlines the *achievements* of the program, yet these achievements are presented such that it is impossible to establish the performance of the individual projects, either in terms of cost effectiveness or impact (3DF 2007b). The fund again confuses the number of seminars, workshops, insecticide treated nets, medications and condoms distributed with performance or impact. This is not to say that the projects are not successful, it is just not possible to gauge from the information provided, the impact on health outcomes and that these resources have been used efficiently.

NGOS

There are now many NGOs implementing projects in Burma, many appearing after institutional donors increased the amount of funds available. Even though, the advertising rhetoric of NGOs focuses on the interest of their recipients, as if those controlling the organisation's decisions were motivated solely by concern for others, the internal stakeholders have their own interests. Improper oversight and poorly designed decision structures can lead to waste and inefficient resource allocation. The non-distribution constraint may be one method of promoting managerial accountability in NGOs, nevertheless, a crude method, insufficient for some donors and for ensuring good governance in the NGO. Little substantive information about NGO projects and their performance is available. It is impossible from the available information, which

⁶⁸ Author's emphasis.

projects are successful and those which are failures, as even the most rudimentary indicators of performance have not been developed and measured. Instead, most of the information provided is pure hyperbole and advertising and would not be considered acceptable justification for the use of government funds and tax breaks in the developed Western democracies.

NGOs with International Operations

The most well-known NGOs implementing projects in Burma have structures that mirror those of multinational corporations and MSF is one such NGO with 19 national branches. MSF began operations in Burma in 1992, with 4 of the NGOs national branches, from France, Switzerland, Netherlands and Australia having operated in Burma (MSF 2007). MSF operations in Burma are governed by a country manager. MSF France in response to increased regulations imposed by the regime in March 2006 ceased operations in Burma, stating that it was *very difficult to provide equal access to health care. So by virtue of the poor performance last year, we have decided to pull out* (Stover *et al* 2007: 42).⁶⁹ This resulted in the closure of their malaria control projects in Karen and Mon States both populated by ethnic groups with a history of opposition to the military regime.⁷⁰ The other country branches of MSF continued to operate. Representatives of many foreign NGOs criticized the withdrawal of MSF France, which was coupled with the silence of the projects intended recipients, not surprising in a country where there are very strict controls over press freedoms.

In 2006, the 3 MSF national branches still in Burma had funds of approximately \$US9.1m, of which 70 percent came from private donors (MSF 2007:52). The second largest donors for their Burma projects were the United Nations agencies, with the remaining funds from ECHO and other European institutional donors (MSF 2007:52).⁷¹ MSF Switzerland and Netherlands had obtained funds from FHAM and the 3 Diseases Fund in 2007 to implement HIV/AIDS projects (FHAM 2007:48).⁷² MSF Netherlands also obtained funds from the 3 Diseases Fund to implement malaria projects and has since 2002 obtained funds from USAID for its clinics in Shan and Kachin States (USAID 2005).⁷³

MSF Australia has obtained funds from AUSAID since 2002/03 to implement basic health care projects, particularly for malaria, TB and HIV/AIDS in Northern Arakan State.⁷⁴ The funds increased from AUD124,000 to AUD250,000 in 2003/04, (the latest that is publicly available). MSF co-operates in Arakan State with the government health structures in the delivery of their malaria control program.

Medecins Sans Frontieres supports around 25 static microscopy field sites located in high transmission areas,..., carried out by government staff, trained and supported by MSF. These

⁶⁹ The different branches of MSF agreed on 25 June 2006 that when an MSF held a different opinion regarding their projects from others in the organisation they had to clearly enunciate that their opinion was not that of MSF as an organisation (MSF (2006a)).

⁷⁰ ECHO had provided the funds for the project and also funded the MSF Netherlands branch to implement malaria control projects in Eastern and Northern Arakan. (European Commission 2006:35).

⁷¹ The exchange rate used to convert Euros to \$US was an approximation at €1 = \$US1.25

⁷² www.3dfund.org/funding.html

⁷³ www.3dfund.org/funding.html

⁷⁴ The last available figures for the size of funds provided to NGOs by AUSAID is for 2003/04 – www.usaid.gov.au/ngos/statistics.stats03_04.cfm

*field sites are constantly monitored to ensure drugs are used correctly and all patients have access.*⁷⁵

The regularity and nature of the monitoring was not elucidated. MSF provides some indication of performance stating that it had tested almost half a million patients for malaria and 210,000 treated.⁷⁶ However, there is no mention of the time period, nor the proportion of those successfully treated. No details of the costs of the projects are provided. There were similar limitations with regard to the information about the performance of MSF projects in Rangoon Division, and Kachin and Shan States only stating that *medical care for 16,000 HIV/AIDS patients, half of whom were receiving anti-retroviral treatment by the end of the year.*⁷⁷ This does not allow for an assessment of performance, as it does not include whether the patients were in regular receipt of care, the impact of this care on the patient's health outcomes and the costs of its provision. It is possible to assess performance with regard to the provision of healthcare. Such assessments might have been undertaken, but MSF has not included them in their public provision of information.⁷⁸

CARE, World Vision and Save the Children (SCF) are also multinational NGOs that have several national branches implementing projects inside Burma.⁷⁹ World Vision is composed of 24 national branches and is governed by an international board of directors, with representatives from 19 of the national branches. The international board determines World Vision's country of operations and the total amount of funds to be allocated to each country program, though World Vision does not make the amount allocated to each country program public, as does MSF.⁸⁰ World Vision's operations in Burma are governed by a country manager that oversees all of the multinational's projects in the country. World Vision in Burma has also received significant donations from institutional donors, including the European Commission, DFID, UNAIDS, FHAM, the Global and 3 Diseases Fund (FHAM 2007:48; Global Fund 2005; MOH 2007:45).⁸¹ World Vision also obtained funds from UNDP in 2006 to implement HIV/AIDS projects under the auspices of the Human Development Initiative (Adair *et al* 2007: Annex 28-29).

Some of the recipients of World Vision's projects are children, with funds mostly from individual donors. The criteria and methodology for selecting children for sponsorship

⁷⁵ www.msf.org.au/stories/twprojects/2005/069twp.shtml

⁷⁶ www.msf.org/msfinternational/invoke.cfm?component=article&objectid=C7687B0E-15C5-F00A-255948D1CC2922F7&method=full_html

⁷⁷ www.msf.org/msfinternational/invoke.cfm?component=article&objectid=C7687B0E-15C5-F00A-255948D1CC2922F7&method=full_html

⁷⁸ Some NGO projects are manifestly 'unsuccessful'. For example, two international NGOs operating in Burma were initially involved in providing training programs in sewing, macramé and cooking for women arrested for sex work. One NGO withdraw its support after the poor results of the program. Another NGO initially provided equipment to the government hospitals, but ceased after the equipment disappeared. These or similar problems do not appear in the public information provided by NGOs (Interview with former Burmese employee of MSF).

⁷⁹ SCF (UK) in 2005 had the most successful performance with regard to HIV/AIDS education having the largest coverage, educating 72,167 *young people not attending school* (NAP 2006:21).

⁸⁰ www.wvi.org/wvi/wviweb.nsf/maindocs/

⁸¹ www.3dfund.org/funding.html

is not clearly enunciated.⁸² World Vision within each program country selects specific geographical locations, referred to as Area Development Programs, with certain children living in these areas then nominated for their sponsorship program. In the case of Burma at the end of 2007 there were 4,871 sponsored children located in four townships (Area Development Programs), all in areas firmly under the control of the regime (World Vision 2007). One of these townships Area Development Programs is in Tiddim, Chin State one of the 57 townships selected by UNDP as a part of its Human Development Initiative (Adair *et al* 2006:36). World Vision donors have sponsored 229 children in the township with another 770 selected for sponsorship (World Vision 2007:18). The other townships include Hlaing Tharyar outside Rangoon, Chan Mya Tharzi Township in Mandalay and Aramapura Township, outside of Mandalay. The information regarding the program is more akin to advertising providing no information about project performance. The projects have a strong focus on HIV/AIDS education and sex trafficking amongst children, which may not be their most pressing problems.

An exciting development saw the formation of a child rights group of sponsored children aged between 9-13 years. Over 400 boys and girls took part in a three-day training programme delivered by specialist trainers that included drama, song, video presentations and discussions. Participants received resources to enable them to continue their study and equip them as peer educators, raising awareness of child rights, HIV and AIDS and sex trafficking. One young person spoke enthusiastically about becoming an agent of change amongst his friends: I know understand about HIV and human trafficking. Next time I take part in any youth programmes in my community, I will share my knowledge with my friends (World Vision 2007:13).

World Vision Australia website provides very limited information about their projects in Burma, listed as 3 childhood sponsorship, 3 tsunami-related projects, 1 project funded by AUSAID, 2 projects funded by the Smiles Gift Catalogue and 6 projects funded by Australian donors. World Vision provides a brief description of only 2 projects, one of which is *Hidden Lives, Hidden Voices*, which includes drop-in-centres for street children in Rangoon and Mandalay.⁸³ The project obtains 75 percent of its annual funds from AUSAID, with the remainder from private donations, which are allocated to the project by World Vision. The project was first funded by AUSAID in 1990, initially supplying around AUD60, 000. Neither the NGO nor the donor has provided any information regarding their performance, not even the number of children fed each day.⁸⁴ It is not clear if AUSAID is still funding the projects, as the latest information provided by AUSAID shows World Vision in receipt of AUD179, 920 for *strengthening civil society* in Burma.⁸⁵ Again little substantive information about the performance of World Vision projects and their performance is publicly available.

⁸² One of these townships Area Development Programs is in Tiddim, Chin State one of the 57 townships selected by UNDP as a part of its Human Development Initiative. This covered 36 villages in the township (Adair *et al* 2006:36). World Vision donors have sponsored 229 children in the township with another 770 selected for sponsorship (World Vision 2007:18).

⁸³ www.worldvision.com.au/aboutus/projects/myanmar.asp

⁸⁴ A Burmese World Vision employee in an interview with the author stated that projects for children were often easier to implement as the regime interfered less compared with many other aid projects.

⁸⁵ The last available figures for the size of funds provided to NGOs by AUSAID is for 2003/04 – www.usaid.gov.au/ngos/statistics.stats03_04.cfm

CARE is another multinational NGO with operations in Burma and is governed by its General Assembly and International Board. The General Assembly is composed of two representatives and the International Board of one representative from each of the 12 national boards (who are usually also members of the General Assembly).⁸⁶ A governance structure that would not be acceptable in any corporation, as the board is composed solely of managerial staff. CARE's projects as with the other international NGOs are managed by a Country Director.⁸⁷ CARE for its Burma operations has obtained funds from AUSAID, the European Commission, UNAIDS, Global and 3 Diseases Fund (Global Fund 2005; MOH 2007:45).⁸⁸ CARE as with World Vision does not make public the amount of resources allocated to its country programs and provides limited information about the performance of its projects.

Other NGOs operate and obtain funding internationally, but consist of only one national branch. Populations Services International (PSI) from the United States is one such NGO and began implementing HIV prevention projects in Burma in 1995.⁸⁹ It has expanded the nature of its projects to cover a range of healthcare projects. It works in cooperation with the regime's Ministry of Health and the Myanmar Medical Association, though the exact nature of the relationship is not clearly enunciated. The funding for its projects in Burma have come from the European Commission, DFID, USAID, UNICEF, UNFPA and the 3 multilateral donor funds (FHAM 2007:48; Global Fund 2005; USAID 2005).⁹⁰ PSI states that it measures performance differently, by providing measures that indicate changes in health outcomes.

PSI has an uncommon focus on measurable health impacts and attempts to measure its effect on disease and death much like a for-profit measures profit. PSI/Myanmar estimates that its program averted over 250,000 unwanted pregnancies, more than 30,000 episodes of diarrhea and almost 7,000 cases of malaria.⁹¹

The methods used to arrive at these estimates are not available, at least not on the NGO's website. The National AIDS Program (NAP) provided little indication of the performance of PSI's projects in 2005 again providing information, such as the number of *at-risk* workers reached (130,480), rather than any indication of impact (NAP 2006:27). Again no information about the cost effectiveness of NGO projects are available.

Japanese NGOs have a low profile in Western countries and amongst the Japanese public, including those that work in Burma and little information (at least in English) is available. Japanese NGOs receive little support from the Japanese public, with most acting as channels for government *humanitarian* assistance. The Japanese Organisation for International Cooperation in Family Planning (JOICFP) which operates in Burma is

⁸⁶ www.care.org/about/index.asp

⁸⁷ www.care-international.org/index

⁸⁸ www.3dfund.org/funding.html

⁸⁹ www.psi.org/where_we_work/myanmar.html PSI obtains around 40 percent of its funds from United States government agencies and approximately 50 percent of its funds from other government donors and the United Nations agencies. It only obtains around 7 percent of its finances from private donors (VOLAG 2004).

⁹⁰ www.3dfund.org/funding.html

⁹¹ www.psi.org/resources/factsheet/myanmar.pdf

closely aligned with Japan's official aid agency, JICA, which provides most of its funds.⁹² JOICFP implements projects inside Burma in cooperation with the Ministry of Health and the United Nations Population Fund (UNFPA).⁹³ The governance structures of JOICFP in Burma mirror those of the regime, suggesting that its funds are allocated to the regime to implement reproductive health projects.⁹⁴ JOICFP has also channeled funds to regime sponsored NGOs, including the Myanmar Maternal Child and Welfare Association (MMCWA).⁹⁵

Japanese NGOs operating in Burma have also received funds from their embassy's *Grass Roots Program*. One of the Japanese NGOs, Karamojia, funded under the Grass Roots Program obtained \$US129,500m in 1998 and 1999 to establish a training centre to promote sustainable forestry and agricultural practices in the Inlay Lake area in Shan State. The performance indicators for the project provide little indication of success or otherwise being based solely on the number of recipients, which amounted to 12 students that attended a two year training program and 50 farmers for shorter periods (Global Link Management 2001). No information was provided about the nature of the training program and its impact on agricultural practices or output. Another Japanese NGO funded by the *Grass Roots Program* was the Association for Aid and Relief, which began operation in Burma in 1999. The NGO has an advertised mission to provide assistance to people with disabilities.⁹⁶ The funds provided were for the renovation of a facility in Rangoon and to provide training for the physically disabled. The assessment of the project's performance involved the reporting that injuries incurred at the centre were lower as a result of the renovation. Also performance was measured as trainings for 83 people, of whom 52 were reported to have subsequently obtained employment. The nature of the training and employment (and its duration) were not reported (Global Link Management 2001:3). The website of the NGO mentions that they provide vocational course in hairdressing and sewing.⁹⁷ Despite, the limitations of the evaluations of performance, it was the only report of aid projects in Burma made available by a government on DAC Evaluation Resource Centre.⁹⁸

Japanese NGOs operating in Burma have also obtained funding from non-Japanese institutional donors. The Association of Medical Doctors of Asia (AMDA), Bridge Asia, and the Organization for Industrial, Spiritual and Cultural Advancement have all obtained funding from the World Food Program. The AMDA obtained funding from FHAM in its first funding round, again with no public explanation for the non-receipt of additional funds (FHAM 2007:47). No Japanese NGO was funded by the Global Fund, or so far by the 3 Diseases Fund.

⁹² JOICFP, along with Population Services, Marie Stopes International and Family Health International were all established in the 1970s during at the peak of the Population Control Movement (Epstein (1997):145).

⁹³ www.joicfp.or.jp/

⁹⁴ <http://project.jica.go.jp/myanmar>

⁹⁵ <http://myanmar.unfpa.org/projects.htm>

⁹⁶ www.aarjpan.gr.jp/english/

⁹⁷ www.aarjpan.gr.jp/english/

⁹⁸ www.oecd.org/infobycountry/0,3380,en_35038640_35039563_1_70621_1_1_1,00.html

Regime Sponsored NGOs

The military regime established and holds the ultimate control over the decisions of the mass NGOs, whose mission is to force people to demonstrate commitment to the regime and to monitor, indoctrinate and control Burma's population.⁹⁹ *Carrot and stick* incentives are used by the regime to encourage people to become members, with coercion extremely common, including the imposition of fines, beatings, sackings and interferences in people's livelihoods. The governance structures of these mass NGOs mirror the administrative structure of the military state, with the regime or the relevant military controlled ministries dictating policies to the organisation's central executives, (somewhat similar to a board in other NGOs). The central executive then dictates policy to the lower levels of their organisation. In each township there is a *Supervising Committee* composed of military officers and representatives from some of the regime sponsored NGOs. These Supervising Committees were designed to oversee the operations of the organisations and assist in population control at the local area.¹⁰⁰ Trusted members of the mass organisations are assigned to monitor and control specific projects and population control tasks in their designated local area by the Township Supervising Committee, concerned with maximizing the propaganda value of projects, displaying 'achievements' rather than implementing good policies.¹⁰¹ The Myanmar Maternal Child Welfare Association (MMCWA) is a regime sponsored mass NGO. The Myanmar Red Cross Society (MRCS) is another organisation controlled by the regime (but not established by the regime) with a large membership, though it has a better reputation than the other NGOs. The Myanmar Anti-Narcotics Association (MANA) is another regime sponsored NGO in receipt of aid funds, but without a mass membership base.

The Myanmar Maternal and Child Welfare Association (MMCWA) was established in 1990 and is the female mirror of the state's administrative structure. The Executive Committee (i.e. the board) is dominated by the wives of the generals who compose the military regime and the other office bearers are typically the spouses of those members of the military that occupy the senior position at each level of the regime controlled administration. This spousal control structure can exist all the way down to the village administration level. Consequently, most of the women occupying the senior positions at each level of the MMCWA do not have the qualifications and experience to design and manage healthcare projects.¹⁰²

The Maternity and Infant Welfare Society was the precursor organisation, which was transformed after 1990 into the MMCWA. The Maternity and Infant Welfare Society was formed in 1911 and was part of the Health Department and staffed by health professionals. Individuals outside of the department were not involved in its activities and this organisation was reasonably independent in terms of its day to day activities. It received UNICEF funding and was involved in low key projects, including immunization

⁹⁹ The mass NGOs that were established or transformed during the post 1988 period have many characteristics in common with those that existed under the military regime prior to the 1988 uprising. However, there are important differences, most notably increased control over the organisation's decisions, no longer comprising a section of a semi-separate structure that previously provided some counter to the power of the military.

¹⁰⁰ The most powerful and important mass organisation is the United Solidarity Development Association (\$USA) is well integrated into the other regime sponsored NGOs and is an important member of the *Township Supervising Committee*. No foreign donor has knowingly provided the USDA with funds.

¹⁰¹ See the New Light of Myanmar for many such examples - www.myanmar.gov.mm/NLM

¹⁰² The panel of patrons has included such luminaries as the wife of Vice-Admiral Maung Maung Khin and the wife of an ex-military commander who was the powerful 'Mayor' of Rangoon and Secretary of the USDA Central Executive Committee.

programs. The headquarters of the MMCWA is still located in the same building as the Ministry of Health and cooperates with the ministry's employees at the different administrative levels, when there is an incentive to do so. Some of the members of the Myanmar Medical Association (MMA) and the Myanmar Nurses Association (MNA) have joined the MMCWA, but these people generally have no power with regard to policy and many members of the health professions are reluctant to join the organisation.

The main function of the MMCWA prior to the receipt of funds from overseas institutional donors and NGOs was to distribute vitamins and some medicines. It takes credit for the immunization programs managed by UNICEF, with all the funds provided by foreign donors (WHO 2005: 209).¹⁰³ Japan's International Cooperation Agency (JICA) has also provided irregular funds to UNICEF to oversee maternal and child health care projects and polio immunization programs that are implemented by the MMCWA (NLM 2008).¹⁰⁴ UNICEF, UNFPA and the International Planned Parenthood Federation also provide funds to the Myanmar Maternal Child Welfare Association (MMCWA).¹⁰⁵

Now that the MMCWA is obtaining funds from the international NGOs and the agencies of the United Nations it is involved in implementing numerous projects including HIV/AIDS education for *young people not attending school* and providing *home based care for those living with AIDS* (NAP 2006:21 & 44). The MMCWA also participates in official functions. At one such function, the 2004 Independence Day celebration in a district of Rangoon the MMCWA organized a health competition for children, which acted as a *de facto* fundraiser. The competition involved a nurse conducting medical examinations on the 'contestants.' A condition of entry was that children be healthy and of 'wealthy' parents in the local area. The winner of the competition was the child of the parents, who had provided the largest donations of 3,000 kyat. The prize winners were given a UNICEF cap and 1,000 kyat.¹⁰⁶ The only indicators of the organisation's performance are those provided to the National AIDS Program, where the MMCWA was the fourth best 'performer' with their HIV/AIDS education projects for *young people not attending school* having reached 17, 248 (NAP 2006:21). The MMCWA has not been provided with any funds, at least directly, by FHAM, the Global and the 3 Diseases Fund.

Myanmar Red Cross Society (MRCS) is another mass NGO that is controlled by the regime, but it has some professional elements and many of the grass roots members join for altruistic reasons. However, the executive committee and senior position holders, even at the lower levels have always been held by military functionaries, except for a brief period when the NGO was reported to have been transferred to civilian control on the

¹⁰³ Another of the MMCWA contribution to nation building was to press the regime to make marriages between foreigners (which, includes Burmese men with foreign citizenship) illegal.

¹⁰⁴ For example, Japan in 2006 provided \$US 260,000 reportedly to immunize 1.9 million children under five. Japan again in 2007 provided another \$US 1.87m to vaccinate another 7.5 million children against polio - www.polioeradication.org. The funds from Japan were required even after the regime had decided to erroneously declare in 2003 that polio had been eradicated from Burma. When new polio cases were reported in areas bordering Bangladesh in 2006 the regime launched into one of its nationalist inspired attacks blaming Bangladesh, whilst refusing to allow cross-border vaccination impairing the performance of the immunization program (Stover *et al* 2007).

¹⁰⁵ www.mmcwa.org and <http://myanmar.unfpa.org/projects/htm>

¹⁰⁶ Information obtained from a Burmese resident in the area.

24 January 1993. This coincided with the appointment to the Presidency of Dr. Tin Oo, a respected Professor of Pediatrics. During this period the MRCS became interested in the implementation of genuine projects to assist people. However, he was removed from his position in 1996, a few months after the release of Aung San Suu Kyi. Since then the leadership of the MRCS have been dominated by UDSA members. The President after Dr. Tin Oo was Colonel Hla Bu, who was the Medical Superintendent of Defence Service General Hospital No.2 located in Mingladon.¹⁰⁷ His authoritarian reign made it was impossible for the MRCS to function as a health and emergency organisation.¹⁰⁸ In 1999, Colonel Kyaw Win became President.¹⁰⁹ He was the former Medical Superintendent of Defence Service General Hospital No.1 (DSGH) located in Central Rangoon more trusted by the military regime than DSGH No.2. He was also a senior member of the Myanmar Medical Association (MMA).¹¹⁰ The present President of the MRCS, Dr. Hla Tha Sewe is reported to have a close and friendly relationship with the leaders of the regime.¹¹¹ When control was returned to those with close military connections, after Dr. Tin Oo's Presidency the organisation was expanded and assumed more paramilitary style characteristics.

The government expanded the organization of MRCS and trustingly assigned tasks to work for national development in combination with the community welfare Red Cross services. For MRCS to be able to discharge duties, it is systematically nurtured to become a national reserve force while extensive organization is being carried out to form Red Cross associations and brigades at all levels (Myanmar Information Committee 1999).

The 'board' (Central Council) of the MRCS is composed of 37 members, 14 of whom are reported to be elected (though no information about the process, or the voters is provided), 10 appointed by the regime and 13 from different (unnamed) ministries. Senior management which includes the President and Secretary are on this board. Those in senior managerial positions are not paid for their services and the MRCS itself states that these people have little time and incentive to participate in governing the organisation (MRCS 2003:2). This suggests, along with a myriad of other reasons that MRCS has severe governance problems, which includes a top-heavy structure that is essentially non-operational.¹¹² Some of the staff at the MRCS are salaried employees of the Ministry of Health, some are funded by the international federation and others funded by bilateral donors (MRCS 2003:7). This appears to have further complicated governance problems. The MRCS through the international federation of the Red Cross, Red Crescent has published an annual report since 2000, which outlines the source of donor funds and their broad allocation. This differentiates the MRCS from all the other NGOs in Burma, whose donors have failed to mandate the publication of an annual report.

¹⁰⁷ The military does not allow its staff to be operated on by private doctors.

¹⁰⁸ He was referred to as a Bran Gun due to his propensity for treating his patients for a myriad of diseases in the hope that he would eventually get the right one.

¹⁰⁹ Typically doctors serving in the military are not promoted beyond the rank of Colonel.

¹¹⁰ Dr. Hla Myint took over the Presidency of Colonel Kyaw Win and does not have a close relationship with the regime.

¹¹¹ Information obtained from an interview with a Burmese doctor.

¹¹² This includes a headquarters that was without basic office equipment including furniture until 2002 (MRCS 2003:5).

The MRCS has licenses to import essential and emergency medicines and owns the properties in which it is housed and prior to 1988 depended on the rent earned from tenants and its medical import business for income to pay the salaries of its professional staff and to run its training program. Prior to the recent increase in aid funds the humanitarian, health and community activities of the MRCS were small scale confined mostly to first aid courses.¹¹³ The organisation is being increasingly funded by the international federation of the Red Cross and Red Crescent.¹¹⁴ The MRCS also receives aid funds from the United Nations agencies, including UNAIDS, international NGOs, FHAM and the Global Fund (MOH 2007:45).¹¹⁵ As of 2007 the MRCS had not obtained monies from the 3 Diseases Fund. The MRCS due to poor governance, regime constraints and limited capacity has not been typically able to utilize all the funds committed by donors. For example, at the end of 2002 the MRCS had only utilized 60 percent of their total donations (MRCS 2003). A similar example occurred in 2004/05 where the organisation was only able to utilize 45 percent of the funds provided by FHAM, though these were spent in subsequent years (FHAM 2005:87). There is little substantive information regarding the performance of MRCS projects, except their annual reports, which indicate a myriad of problems that would impact negatively on their projects.

The Myanmar Anti-Narcotics Association (MANA) a much newer regime sponsored NGO was founded in June 1994 with a stated mission to reduce drug abuse in Burma. MANA is controlled by the Central Committee for Drug Abuse Control (CCDAC), which is within the Ministry of Home Affairs (Myanmar Times 2006; UN Expanded Theme Group on HIV/AIDS 2005: 28). The CCDAC has been establishing itself at each level in the regime's administrative hierarchy in conjunction with MANA.¹¹⁶ One of the functions of MANA is to encourage drug users to register with police for treatment, or face a 3 to 5 year prison sentence and given its association with the authorities it maybe an inappropriate funding vehicle to assist people with drug problems.

MANA has received large funds from FHAM, the 3 Diseases Fund, Japan's *Grass Roots Program* and UNICEF (NLM 2004; UNOPS 2007a). Japan's *Grass Roots Program* provided \$US66,000 in 2004 to construct a centre reportedly to assist those with drug problems. MANA obtained \$US280, 476 from FHAM between 2003 and 2007, but was initially only able to utilize 64 percent of the funds (FHAM 2005: 87; FHAM 2007:48). Across a 5 year period with \$US280,476 from FHAM, the outreach activities of MANA accessed 868 IDUs. The only information provided about the impact of those reached was that 7 were referred for drug counseling and 90 referred for HIV tests (FHAM 2007:51). The National AIDS Program has provided similarly uninformative information about the performance of MANA's projects (NAP 2006:23, 31&35). The 3 Diseases Fund in 2007 allocated MANA an even larger amount of funds (\$US523, 000) to implement HIV/AIDS education projects, even though there projects appear to have little impact

¹¹³ The MRCS youth brigades were used in 1989 to forcibly repatriate dissident students from Thailand. The MRCS particularly during the BSPP period offered opportunities for travel and contact with the outside world due to the international nature of the Red Cross.

¹¹⁴ www.ifrc.org/where/country/cn5.asp?iYear=8&xFlag=1&countryid=121&view=1

¹¹⁵ The funds from FHAM were received between 2004 and 2007 and were around \$US245,000 (FHAM 2007:48).

¹¹⁶ Central Committee for Drug Abuse Control (CCDAC) *Review and Assessment of the Current Organizational Structure of the Central Committee for Drug Abuse Control (CCDAC), Myanmar, and its Capacity to Understand and Respond to the Emergent Issues of Drug Abuse Related to HIV.*

(UNOPS 2007a:2). MANA does not publish an annual report, despite receiving significant funds from foreign donors.

Burmese Professional and Private Organisations

During the early 1990s, after the refusal of the regime to recognize the 1990 elections, the professional organisations in Burma were purged of democracy activists and supporters and replaced with individuals willing to openly support the regime. These purges included many highly respected and well known professionals and artists, many of whom were eventually jailed.¹¹⁷ The Myanmar Medical Association (MMA), which began in 1949, is a prestigious professional organisation, whose members are nearly all medical doctors.¹¹⁸ Prior to the 1988 uprising and the 1990 elections, the President of the MMA was the Health Minister, though had little to do with the day to day functions of the organisation, interested in the propaganda value, including the photo opportunities of the relationship. The Myanmar Nurses Association (MNA) is a similar professional organisation, but with a much lower profile. The traditional functions of the MMA and the MNA were centred on the professional education of its members and once held some sway with the Ministry of Health. The MMA and the MNA are not close or trusted by the military regime and those having obtained their medical training within the education system specifically established for military personnel are generally not members of the professional health organisations. However, none of the senior position holders even in these professional organisations are selected by the membership, with those holding posts in the organisations, typically USDA members selected by the regime.

The MMA and the MNA prior to the recent increase in funds available to Burmese NGOs relied on its own activities and membership fees. The MNA obtained \$US91,628 from FHAM in the first funding round and then as part of a Consortium of NGOs that also included SCF, CARE and Marie Stopes International (FHAM 2007:47). The MNA with the \$US91,628 had no impact on any of the so-called performance indicators developed by FHAM, which may explain their inclusion in the Consortium. Both the MNA and the MMA have been funded by the different UN agencies under the auspices of UNAIDS (MOH 2007:45). The MMA obtained around \$US20,000 from FHAM for 2006 and in 2007. MMA was also funded (\$US1.046m) by the 3 Diseases Fund to implement projects for malaria and tuberculosis via private practitioners, with the projects overseen by the WHO.¹¹⁹ WHO indicates in its project proposal with the 3DF that at least some aspects of the project's performance will be monitored (UNOPS 2007c: Annex A, 12). In contrast the Global Fund did not provide any monies to either the MMA or the MNA, though it did reimburse individual members involved in training and delivering services to the community for incidental expenses (mainly transport and food) (Global Fund 2005:5). Little substantive information about the projects and their performance is publicly available.

The Myanmar Business Council on HIV/AIDS (MBCA) a relatively new NGO was granted permission by the regime in 2000 to register and begin operations. This was 3 years after the Thai Business Coalition on AIDS had begun to provide assistance to the

¹¹⁷ One well-known member of the Myanmar Medical Association, who was removed from the organisation by regime, was Dr. Aung Khin Sint, a specialist in public health and a winner of a national literacy award in 1972 for his education writings for the public and 3 World Health Fellowships. He was elected in 1990 as a member of the NLD and was jailed in July 1996.

¹¹⁸ www.mmacentral.org/viewpage.php?page_id=7

¹¹⁹ www.3dfund.org/funding.html

Myanmar Chamber of Commerce and Industry to develop a response to HIV/AIDS. There were further delays before the organisation could become operational, as it was not until October 2002 that the MBCA was granted permission by the regime to hire any staff.¹²⁰ The governance structures of the MBCA and the identity of the leadership is not publicly available, except for the identity of the director. The focus of the MBCA was initially on providing HIV/AIDS education to staff employed in the more prestigious workplaces, including managers of the Yoma Bank, employees and clients of the Pun Hlaing Golf Course and staff at the Grand Plaza Park Royal Hotel and the Grand Meeyahta Executive Residences. By 2005, the MBCA appeared to have extended beyond its initial objectives reported as implementing HIV/AIDS education projects for *young people not attending school*, providing *home based care for those living with AIDS*, along with having greatly expanded its education activities to cover *at-risk workers* (NAP 2006:21,27,44). The only indicators of 'performance' regarding the organisation's projects have been provided by the NAP in 2005 were reported to have covered 900 *young people not attending school*. The MBCA registered a better 'performance' educating *at-risk workers* reaching 13,747 (NAP 2006:21, 27). Again no information about the impact of this 'education' is publicly available, even if such an assessment has been undertaken. The MBCA projects were financed with \$US272, 851 by FHAM between 2003 and 2007 (FHAM 2007:48). The MBCA has also not always been able to utilize all the funds provided, returning 44 percent of the funds provided by FHAM for projects to implement in 2004/05 (FHAM 2005:87). In 2007, the 3 Diseases Fund provided \$US130, 000 to implement projects during the financial year 2007/08. The MBCA also does not produce an annual report or make public any financial details.

Pyi Gyi Khin (Darlings of the Big Country) is an NGO reported to be governed by sex workers, beginning its operations in 1999 (UNOPS 2007b: Annex A). No public information regarding their governance structure is available. *Pyi Gyi Khin* (PGK) has obtained funds from UNICEF, UNDP and FHAM to implement HIV education projects, including 5 day workshops to train peer educators (Hyunt 2000: 5). The amount of funds allocated to PGK by UNICEF and UNDP is not available, but they were allocated \$USD160,000 by FHAM between 2005 and 2007. In 2007, PGK received around \$US308,000 from the 3 Diseases Fund, again to implement HIV/AIDS projects. Almost no information about the performance of PGK's projects is presently available.

Conclusion

There is very little substantive information about the governance of NGOs in Burma and the performance of their projects. When performance indicators are provided, the indicators generally only provide information about inputs and not the impact of projects. The performance indicators (at least those available to the public) relate to the number of people involved, reached etc and not the benefits generated for the recipients. These assessments are generally not undertaken nor are there attempts to assess the relative benefits and relative costs of different projects. At present any comparison of the performance of NGOs and their projects is nigh impossible. Nor is there much evidence that good performance is rewarded by donors and poor performance punished. It might even be said that the information provided by donors and NGOs is gamed, but as stated in the introduction this is outside the scope of this analysis (Prendergast 1999).

¹²⁰ www.hivpolicy.org/biogs/HPE0287b.htm

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