

The Response of International Donors to Myanmar's Escalating Health Crisis

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Abstract

International Donors initiated sanctions against Myanmar after the sui-coup of 1988. These sanctions have been steadily strengthened throughout the 1990s/early 21st century as the Myanmar government has made no progress towards democratisation and as human rights abuses continue to be a concern. While these sanctions have been extended and intensified, a public health crisis has begun to manifest itself in Myanmar. Regardless of impressive GDP growth rates, Myanmar continues to perform badly in many key health indicators, with HIV/AIDS and malaria being of particular concern. The response of international donors to this escalating health crisis has been varied. Donors continue to lay the blame for the health crisis on the Myanmar government, who counter by arguing that sanctions are responsible. However, while some donors continue to allow politics to hinder humanitarian considerations, others donors are calling for engagement and cooperation.

Introduction

It seems that Myanmar has been in a state of political inertia since the fight for independence over half a century ago. The state has never been strong enough to enter a phase of real and significant reform and has instead been perpetually trapped in the phase of consolidation of power. This lack of political development severely hindered economic and social development which meant that Myanmar went through a period of long-term economic decline that resulted in the economic crisis and political upheaval of 1987-8. The continuation of this political inertia in Myanmar is well-symbolised by the National Convention, first convened in the wake of the elections of 1990. It has met only sporadically over the last 16 years

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and seems to have made limited progress towards drafting a constitution. The drafting of a constitution was declared to be a necessary precondition to recognising the results of the 1990 elections, and handing over power to elected officials. This, of course, is the real reason why the National Convention is little more than a forum for confidence-building talks. While such confidence-building measures are no doubt of critical importance in Myanmar, the National Convention is hardly reflecting the expressed will of the populace.

Before the early 1970s Burma was never a significant recipient of Official Development Assistance (ODA). Its economic development policy, termed the 'Burmese Way to Socialism' advocated Burmese control of the economy and self-reliance. However, in recognition of the ineffectiveness of the Burmese Way to Socialism, a limited Open Door economic policy was introduced in the early 1970s and then expanded upon in the late 1970s. ODA, that was less than \$50 million a year at the beginning of the 1970s, rose to \$400 million a year by the late 1970s¹. Regardless of the significant influx of ODA the Burmese economy continued to operate as a centrally planned economy and suffered from the dual draining effects of the State- Economic Enterprises (most of which operated at a loss) and a rampant black market. In the 1980s, the effect of these drains was compounded by the fall in the world market price for key export commodities, such as rice and teak. Between 1970 and 1988, a total of \$4.19 billion in ODA was disbursed to Burma² and, as pointed out by Mya Maung, "but for the massive external pump priming, the Burmese economy would have collapsed long before it attained the least developed country status in 1987"³. In response to the spiralling economy, protests broke out in March 1988, and when the *tatmadaw* (Burmese military) responded in force, demonstrations spread until urban centres across the country were engulfed in a 'tit-for-tat' confrontation with the *tatmadaw*. It became what has since been called 'democracy summer'; a popular-democracy movement that gained considerable momentum, international attention and threatened to overthrow the government. In September 1988 there was a 'sui-coup' and the *tatmadaw* violently took back control of the streets. The response of the international community was universal condemnation and economic sanctions, meaning the suspension of ODA. These economic sanctions against Myanmar have been steadily increasing since 1988, and ODA has remained at a very low

1. SEEKINS, Donald M. *The Disorder in Order: The Army-State in Burma since 1962* (White Lotus Press, Bangkok), 2002, p. 112.

2. OECD, *Geographical Distribution of Financial Flows to Developing Countries*, various years.

3. MYA MAUNG. *The Burma Road to Poverty* (Praeger, New York), 1991, p. 201.

level. The intended purpose of the economic sanctions is to pressure the military government into initiating a transition to democracy. However, nearly 20 years after the initial sanctions in 1988 and it seems that the *tatmadaw* is as strong as ever. It has negotiated ceasefires with most of the ethnic insurgent groups (many of whom had been in armed conflict with the *tatmadaw* since independence), it has benefited from business agreements with its neighbours, it has doubled in size and modernised, and it has inevitably been the main beneficiary of whatever economic growth there has been during the 1990s / early 21st century. It seems therefore that the only conclusion to draw is that the sanctions have had no effect on pressuring the *tatmadaw* into initiating a transition to democracy. Any pressure the *tatmadaw* have felt, they have been able to counterbalance with cooperation from neighbours and any ill effects they may have felt have simply been passed on to the general population.

While the *tatmadaw* have been consolidating power, and have also been proudly publicising their GDP growth rates, they have also been arguing that the sanctions have had, and are having, a detrimental impact on some significant portion of the population. The donor community counter this claim by saying that it is ineffective and irresponsible government policies that are at fault. Regardless, as an August 2006 BBC report stated, there is indeed “a humanitarian catastrophe that is getting steadily worse”⁴.

This paper will begin by outlining the reality of economic development in Myanmar over the last fifteen years before investigating the “humanitarian catastrophe” by looking at the relative performance of health indicators, focusing on two public health issues in particular; HIV/AIDS and malaria. This will therefore provide the background and context for the main purpose of this study; an analysis of the contrasting responses of international donors to the ‘humanitarian catastrophe’.

Economic development in Myanmar

According to the Myanmar government, between 1992/3 and 1995/6, the Burmese economy grew at an average yearly rate of 7.5%. In the following three fiscal years, GDP grew at 6.4% (1996), 4.6% (1997) and 5.7% (1998), and this was despite the Asian Financial Crisis⁵. According to the Asian Development Bank

4. “Lack of aid affects Burmese”, 9 Aug 2006, <http://www.bbc.co.uk/worldservice>, visited on 10 August 2006.

5. <http://www.mofa.gov.mm/aboutmyanmar/cep.html> , visited on 10 August 2006

(ADB) the GDP growth rate in 1999 was 10.9%; in 2000, 13.8%; in 2002, 12%; and in 2003, 13.8%⁶. In May 2006, U Soe Thar, Minister of National Planning and Economic Development said that GDP increased by 12% in 2004 and 12.2% in 2005⁷. Such growth rates were essentially due to the relatively large amount of foreign investment that flowed in as a result of the government's new Open Door economic policy. As of March 1998, a total of 303 projects from 23 countries had been approved, amounting to a total of US\$7 billion. Out of these, Singapore stood first, followed by the UK and Thailand. Investments from the UK, France and the US are mostly in oil and gas, while investments from Singapore and Thailand are concentrated in the real estate, hotel and tourism, and manufacturing sectors. While these GDP growth rates look impressive, there is significant scepticism as to the accuracy of Myanmar government statistics. Even if these figures are taken at face value, the Myanmar economy also experienced average inflation rates of between 25-30% during the 1990s. This was attributable, according to Kiryu Minoru, to five major economic factors: supply shortage or stagnation of domestic production, increases in production costs, the increase in the money supply, overvaluation of the kyat, and the dual price structure. In addition to these economic factors, he gave the social factors of societal distrust because of past demonetisations, and the lack of accurate information⁸. The agricultural sector still accounts for about 50% of GDP output⁹.

In 2004, Myanmar's long-term public debt stood at US\$5.65 billion, and while this has remained fairly constant throughout the 1990s/ early 21st century, Myanmar's short term debt has increased from US\$228.7 million in 1990 to US\$1.6 billion in 2004. In 1997, according to the ADB, Myanmar suspended payments to all multilateral and bilateral creditors, and this meant that by 2001 Myanmar was US\$2.5 billion in arrears¹⁰. While this level of foreign debt, combined with Myanmar's status as a Least Developed Country qualifies Myanmar as a Heavily Indebted Poor Country (HIPC), it is ineligible for debt relief under the HIPC

6. The ADB does of course use Myanmar government statistics. ADB Key Indicators 2006, http://www.adb.org/Documents/Books/Key_Indicators/2006/xls/MYA.xls, visited on 17 August 2006.

7. <http://www.myanmar.com/myanmartimes/MyanmarTimes16-315/b004.htm>, visited on 17 August 2006.

8. MINORU, Kiryu. *Immediate measures for Price Stabilisation and Achievement of Broad-based Consistent Growth in Myanmar Naing-gan*, Report to the UNDP. Quoted in MYA MAUNG. *The Burma Road to Capitalism: Economic Growth versus Democracy* (Praeger, Westport), 1998, p. 97-8.

9. ADB Key Indicators 2006, http://www.adb.org/Documents/Books/Key_Indicators/2006/xls/MYA.xls, visited on 17 August 2006.

10. <http://www.adb.org/Documents/Books/ADO/2003/mya.asp>, visited on 28 March 2006.

Initiative because it does not meet the necessary conditions.

Regardless of the serious shortfalls in the Myanmar economy, if one assumes that the GDP growth rates are genuine, then have such growth rates led to an improvement in the quality of life for the average citizen? GDP/ economic growth is a narrow definition of overall development, as it does not include other important aspects of development such as health, education, income distribution, etc. The Human Development Index (HDI) takes into account standard of living, life expectancy, adult literacy and school enrolment, to calculate a figure that represents a more comprehensive and 'human' assessment of development.

Human (Under-) development in Myanmar

In 2005, Myanmar ranked 129th in the HDI, which placed it at the lower end of the countries categorised as having Medium Human Development. Relative to countries from the same region, Myanmar is below India (127th), and the Solomon Islands (128th), while it is above Cambodia (130th), Laos (133rd), Bhutan (134th), Pakistan (135th), Nepal (136th) and Bangladesh (139th). These countries, as they are neighbours of Myanmar and have similar HDI, will be used throughout this article as comparisons to highlight the relative health crisis in Myanmar.

The infant mortality rate per 1,000 live births, the reduction of which is one of the Millennium Development Goals (MDGs), was 76 for Myanmar in 2003. This places Myanmar in a worse position than India (63 per 1,000), Solomon Islands (19), Bhutan (70), Nepal (61) and Bangladesh (46), but in a better position than Cambodia (97 per 1,000), Laos (82) and Pakistan (81). For another MDG, the Under-5 Mortality, the rate in Myanmar in 2003 was 107 per 1,000 live births, and this placed Myanmar in a position below India (87), the Solomon Islands (22), Laos (91), Bhutan (85), Pakistan (103), Nepal (82) and Bangladesh (69). Only Cambodia (140) had an Under-5 Mortality rate that was lower than Myanmar¹¹. For both of these interconnected MDGs, Myanmar's performance is worse than one would expect from its overall HDI. In other words, when compared to regional neighbours, even those countries that have a significantly lower overall HDI, Myanmar performs badly in these key health indicators. Of course, this means that Myanmar has a relatively better performance in some other measure used to calculate the HDI. What is important is that these statistics on infant and under-5 mortality are evidence of a premise of this study; that public health in Myanmar is an issue of serious concern.

11. HDR 2005, p. 252.

According to the World Health Organisation, Myanmar is also a poor performer in overall life expectancy. Table 1 below shows that Myanmar has a significantly lower life expectancy for men compared to the other ten countries selected from Asia.

Table 1: Life Expectancy at Birth for Males (Source: From the WHO 2006 Core Health Indicators)

Country	Value	Latest Year
Bangladesh	62.0	2004
Bhutan	62.0	2004
Democratic People's Republic of Korea	65.0	2004
India	61.0	2004
Indonesia	65.0	2004
Maldives	66.0	2004
Myanmar	56.0	2004
Nepal	61.0	2004
Sri Lanka	68.0	2004
Thailand	67.0	2004
Timor-Leste	61.0	2004

Table 2 shows that Myanmar has the second lowest life expectancy for women when compared to the other ten selected countries.

Table 2: Life Expectancy at Birth for Females (Source: From the WHO 2006 Core Health Indicators)

Country	Value	Latest Year
Bangladesh	63.0	2004
Bhutan	65.0	2004
Democratic People's Republic of Korea	68.0	2004
India	63.0	2004
Indonesia	68.0	2004
Maldives	68.0	2004
Myanmar	63.0	2004
Nepal	61.0	2004
Sri Lanka	75.0	2004
Thailand	73.0	2004
Timor-Leste	66.0	2004

The international donor community argue that the relatively poor performance of Myanmar in these areas of public health is a reflection of poor governance; ineffective and inappropriate government policies. In support of such a perspective, despite the fact that total government expenditure increased from

18,891 million kyats in 1990 to 89,778 million kyats in 2000¹², government expenditure on health has remained at a very low level. Total public expenditure on health as a percentage of GDP was 0.4% in Myanmar in 2002, and this compares to 1.3% for India, 2.1% for Cambodia, 1.5% for Laos, 1.1% for Pakistan and 1.4% for Nepal. Per capita health expenditure (public and private) in 2002 in Myanmar was US\$30 (PPP), and this compares with US\$96 for India, US\$192 for Cambodia, US\$49 for Laos, US\$62 for Pakistan and US\$64 for Nepal¹³. While government expenditure has increased significantly, and while it would not be illogical to assume that this is a reflection of GDP growth, it is noticeable that, when compared to regional neighbours who have a similar level of socio-economic development, public health expenditure is comparatively low in Myanmar. It seems plausible to assume that such statistics are a broad reflection of government prioritisation, and indeed this would therefore provide support for the argument put forward by the donor community that the health crisis in Myanmar is the result of government policies.

HIV/AIDS

HIV/AIDS is *the* high profile health issue of the early 21st century. A report published in 2003 estimated HIV prevalence in Myanmar of at least 3.46% among adults aged 15-44 years in 1999. Myanmar is therefore characterised as having a generalized epidemic of HIV in reproductive age adults. The same report estimated that there were 687,000 Burmese adults living with HIV infection in 1999, or about one of every 29 adults. The report recommended that, "HIV prevention and care programs are urgently needed in Burma"¹⁴. UNAIDS also characterises Myanmar as having a generalised HIV/AIDS epidemic, estimating the national adult prevalence of HIV infection at being between 1% and 2%; meaning that anywhere between 200,000 and 570,000 people are living with HIV in Myanmar. UNAIDS also state that the spread of the HIV infection across the country is heterogeneous, varying widely by geographical location and by population sub group. UNAIDS estimates there have been 37,000 deaths due to AIDS. While UNAIDS gives no figures for government spending on HIV/AIDS programs, it does state that only 7% of HIV-

12. ADB Key Indicators 2006

13. Human Development Report 2005, p238.

14. "Assessing the magnitude of the HIV/AIDS epidemic in Burma", Beyrer C, Razak MH, Labrique A, Brookmeyer R., http://www.ncbi.nlm.nih.gov/entrez/query.fcgi?cmd=Retrieve&db=PubMed&list_uids=12626892&dopt=Abstract, visited on 18 August 2006.

infected women and men are receiving antiretroviral therapy¹⁵. According to the WHO, Myanmar is one of four countries (also India, Thailand and Indonesia) that account for 99% of the total HIV/AIDS cases in the Southeast Asian Region¹⁶. It seems therefore that one must conclude that HIV/AIDS is a serious public health issue in Myanmar.

Malaria

HIV/AIDS might be *the* high-profile health issue but in Myanmar, as in many developing countries, it is not nearly as destructive as an infectious disease carried by a tiny mosquito. Malaria is endemic in Myanmar, and it is therefore the most important public health problem in Myanmar and is the number one priority in health planning¹⁷. Malaria is the number one priority in health planning because it is the number one cause of death, accounting for over 10% of deaths in 2003¹⁸. While Myanmar has the third largest number of reported malaria cases in South East Asia, accounting for 6% of total cases (India accounts for 76% and Indonesia for 12%)¹⁹, it has the highest number of deaths from malaria, accounting for 53% of total deaths in the region²⁰. That there are more deaths in Myanmar than in India and Indonesia combined (two of the world's most populace countries), is a vivid indication of the public health crisis related to malaria in Myanmar. According to 2004 figures, Myanmar is the only country in Southeast Asia (apart from the 7 year-old Timor Leste), where the Incidence of Malaria Mortality rate is over 1 per 100,000. For Myanmar the rate is 3.65 and for Timor Leste 7.86²¹.

15. UNAIDS http://www.unaids.org/en/Regions_Countries/Countries/myanmar.asp, visited on 18 August 2006.

16. http://w3.whosea.org/en/Section10/Section18/Section348_9917.htm, visited on 18 August 2006.

17. http://www.searo.who.int/EN/Section10/Section21/Section340_4024.htm, visited on 18 August 2006.

18. http://www.whomyanmar.org/LinkFiles/Health_Information_7HS.pdf, visited on 18 August 2006.

19. http://www.searo.who.int/LinkFiles/Malaria_in_the_SEAR_Distri_MalariaCases2004.pdf, visited on 18 August 2006.

20. http://www.searo.who.int/LinkFiles/Malaria_in_the_SEAR_Dist_Malaria_Deaths2004.pdf, visited on 18 August 2006.

21. http://www.searo.who.int/LinkFiles/Malaria_in_the_SEAR_Malaria_Mortality_RateSEA_2004.pdf, visited on 18 August 2006.

The Donor Response

As previously stated, for political reasons, Myanmar has not been a major recipient of ODA. This was despite Myanmar's position at the lower end of countries categorised as having Medium Human Development, and now this is despite the growing health crisis. Such countries face considerable development challenges, and they should therefore receive significant amounts of ODA. According to the 2005 Human Development Report, India received US\$0.9 in per capita ODA; the Solomon Islands US\$131.8; Myanmar US\$2.6; Cambodia US\$37.9; Laos US\$52.8; Bhutan US\$88.1; Pakistan US\$7.2; Nepal US\$18.9 and Bangladesh US\$10.1. Of course these countries have diverse development needs as well as vastly different demographics, but it is striking that Myanmar receives less, and sometimes far less, per capita than all its neighbours (except for India, whose vast population devalues the per capita figure). Of course the reason for this is indisputably political in nature, and reflects Myanmar's international status as a 'pariah state'. Total ODA in 2000 was US\$125.8 million (compared with US\$942.2 million for India, US\$60.2 million for the Solomon Islands, US\$508 million for Cambodia, US\$298.6 million for Laos, US\$77 million for Bhutan, US\$1,068.4 million for Pakistan, US\$466.7 million for Nepal and US\$1,393.4 million for Bangladesh). The only countries to receive less ODA than Myanmar were the Solomon Islands (with a population of half a million) and Bhutan (with a population of just two million).

United Nations agencies (UNDP, WHO, UNICEF, UNFPA, UNDCP) account for approximately \$37 million per annum in humanitarian and grassroots assistance. International NGOs implement projects worth about \$20 million per year. Japan is by far the largest bilateral donor, and the UK is the largest European bilateral donor. There is a limited ASEAN technical assistance programme, under the auspices of the Greater Mekong Sub Region. Singapore provides limited bilateral technical assistance. China provides some grants and low interest long-term loans. Korea has given some small-scale loans, and Thailand also gives some development assistance²².

The World Bank has agreed no new loans with Myanmar since 1987. Indeed, the World Bank argues that "the country is currently in arrears to the World Bank, and has failed to enact economic and other reforms", and this means that, "the World Bank has no plans to resume its lending program with Myanmar."²³ Of

22. from DFID Country Plan for Burma, October 2004. and from [myanmar government info on economic coop for 2001.mht](#)

course, the World Bank must abide by its shareholders and this inevitably means that it must adhere to the sanctions approach. Myanmar, despite being a Heavily Indebted Poor Country (HIPC) does not, and has never qualified for debt relief under the either the HIPC or Enhanced HIPC Initiatives.

The Asian Development Bank (ADB), on the other hand, has continued ODA disbursements to Myanmar. Cumulative lending to Myanmar had amounted to \$530.9 million for 32 loans (corresponding to 28 projects) by 2005. Of this \$530.9 million, \$411.8 million has been disbursed. The ADB and Myanmar have agreed to no new loans or technical assistance projects since 1987 although those agreed to before that have continued to be disbursed. 55% of ADB financing goes into Agriculture and Natural Resources²⁴.

Even though ODA to Myanmar remained at relatively low levels through the 1990s/ early 21st Century, as the previously outlined public health crisis began to manifest itself, a number of donors began to take notice, formulate and implement programs to assist in alleviating the crisis. The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) was “created to dramatically increase resources to fight three of the world’s most devastating diseases, and to direct those resources to areas of greatest need”²⁵. It financed almost \$12 million for UNDP Malaria, HIV/AIDS and Tuberculosis programs in Myanmar. Citing the epidemic proportions of HIV/AIDS, Tuberculosis and Malaria in Myanmar, the GFATM decided to award grants totalling US\$98.4 million over a five-year period, beginning in early 2005. However, on August 18th 2005, the Fund announced the termination of grants to Myanmar, the reasons for which were the increased travel restrictions and increased bureaucratic red tape, both of which “would effectively prevent the implementation of performance-based and time-bound programs in the country, breach the government’s commitment to provide unencumbered access, and frustrate the ability of the Principal Recipient to carry out its obligations”²⁶. The Fund recognised that civil society (and hence NGOs) are weak in Myanmar, and this was one reason for selecting the UNDP as the recipient of Fund finance. The Fund selected the UNDP because it had experience working in Myanmar, and could therefore “alleviate the humanitarian crisis...

23. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/MYANMAREXTN/0,,menuPK:332674~pagePK:141159~piPK:141110~theSitePK:332668,00.html>, visited 4 October 2006.

24. http://www.adb.org/Documents/Fact_Sheets/MYA.asp?p=ctrymya, visited on 4 October 2006.

25. <http://www.theglobalfund.org/en/about/how/>, visited on 19 August 2006.

26. http://www.theglobalfund.org/en/media_center/press/pr_050819.asp, visited on 19 August 2006.

without supporting the government”²⁷. Of course, this is a specious statement. If a humanitarian crisis is successfully alleviated, it will, by the very nature of the success, support the government. Furthermore, the inflow of foreign assistance to alleviate a humanitarian crisis inevitable allows the government to reallocated resources to other areas depending on whatever the priorities of the government may be. If the humanitarian crisis is successfully alleviated, the government, having a monopoly over political power in the state, can claim that they allowed the program or project to be undertaken, and are hence ultimately responsible. Regardless of this, the effort to bypass the government at all costs has become a principle of most donor aid programs in Myanmar. Donor countries justifiably argue that governance in Myanmar is very inefficient and in many ways ineffective (although this depends on perspective). Corruption is rife and capacity is extremely limited. While this may be true, bypassing the government in *all* aid programs does nothing for capacity building in government, which is universally accepted as a basic prerequisite for sustainable development. Indeed, it is expected and accepted that, in most developing countries, a proportion of finance will be “lost” because of governance problems. Needless to say, attempts are made to minimise such “losses, but humanitarian aid is disbursed on the premise that humanitarian concerns are of such critical importance as to justify such “losses”. Furthermore, and equally importantly, if the government’s capacity is weak and if its legitimacy is questionable (both of which are assumed to be the case in Myanmar), the rigidly enforced principle of “not supporting the government” will inevitably reinforce a weak government’s natural fear of civil society as being a threat to its existence and a force to be curtailed rather than harnessed. Regardless of such issues, the withdrawal of GFATM was a serious blow to efforts at improving public health in Myanmar.

Britain

While the UK can probably not completely terminate ODA to Myanmar for historical reasons, ODA has been at an extremely low level until recently. In October 2004, the Department for International Development (DFID) published its three-year ‘Country Plan for Burma’ and announced it was continuing to expand its ODA. In fiscal year 2000 British ODA to Myanmar was £1.393 million; in 2001 this was increased to £2.279 million 2002 saw a further increase to £7.02 million, and in 2003 ODA was £3.4 million. The Country Plan announced that in

27. http://www.theglobalfund.org/en/media_center/press/pr_050819.asp, visited on 19 August 2006.

the three consecutive fiscal years 2004-2006, DFID expenditure in Myanmar would be £5 million each year²⁸. To support this, DFID transferred management of the programme to DFID South East Asia in Bangkok in spring 2003, and appointed a DFID adviser to the Embassy in Yangon in spring 2004. The wording of the Country Plan makes it clear that DFID seek to minimise interaction with the Myanmar government so as to “avoid regime capturing benefits or reaping undue legitimacy from our work”²⁹; in the words of one DFID bureaucrat, DFID “actively seek not to cooperate with the central government”³⁰. DFID provides financing for the UNDP Human Development Initiatives (UNHDI) which supports grassroots programs for helping communities to meet their needs, promoting participation and building capacity at the local level. DFID also works with UNICEF and Save the Children UK/US to improve basic education for the most vulnerable. DFID provides funding to the World Health Organization for Strengthening Integrated Vaccine Prevention. DFID fund the UK NGO Health Unlimited’s “Enhancing Basic Health Care Programme” in Wa and Kachin States. DFID also supports the Joint Programme for HIV/AIDS in Myanmar and the Fund for HIV/AIDS in Myanmar, both of which were established by the UN. The Joint Programme and Fund were established in 2003 and “they represent the successful commitment of a variety of partners – international development agencies, the Government of Myanmar, national and international non-Governmental organizations, and the United Nations family to find effective ways of helping the people of Myanmar fight AIDS”³¹. The Fund is financed by the UK, Sweden, Norway and the Netherlands. DFID regards the Joint Programme as a success, and in its Country Plan made the notable acknowledgment that,

“Policy change is possible: Patient advocacy by NGOs and the UN on specific issues such as voluntary HIV/AIDS testing has been successful at changing SPDC policy. Change is achievable in the medium to long term if the case for change is presented in a way that both demonstrates the benefits for the people and does not challenge the SPDC.”³²

This statement means that DFID acknowledge that it is possible to work with the *tatmadaw*/ SPDC (State Peace and Development Council- the ruling military

28. DFID, Country Plan for Burma, page 7.

29. DFID, Country Plan for Burma, page 9.

30. Interview with DFID bureaucrat, London, August 24th 2006.

31. Joint Programme for HIV/AIDS in Myanmar and the Fund for HIV/AIDS in Myanmar, Annual Progress Report, http://data.unaids.org/pub/Report/2005/Myanmar_progress_report_03_04_en.pdf, visited on 19 August 2006.

32. DFID, Country Plan for Burma, page 8.

council), and that “change is achievable in the medium to long term”. Importantly, this means that there is recognition that the *tatmadaw* are capable of acting in the interests of the population, and this is in sharp contrast to the argument of “not supporting the government”. While there is obviously implicit recognition that it is difficult to work with the SPDC, that it is possible to do so is explicit. Furthermore, this statement contains the embedded acceptance that if a foreign agent wants to successfully implement humanitarian programs in Myanmar, the government will inevitably gain some benefit.

The DFID Country Plan for Burma further includes the following recommendation,

“The international community should continue to push for concrete change to policies and practices of the SPDC that affect the poor.”³³

While this is a natural recommendation to follow the previous statement, it is relevant for one very important reason; democratic transition. Regardless of the fact that it is undoubtedly true that the vast majority of Burmese want democracy, there is also no doubt that the *tatmadaw* will not allow such a transition if it threatens their rule. Furthermore, as already stated, there seems to be no evidence that the *tatmadaw* have been weakened over the last 15 years, and they have indeed made significant progress at consolidating their power. This means that, realistically, democratic transition is only possible in the medium to long term, and will occur only through negotiation, and through social, political and economic reform. This is of course, Lipset's classic, historically-proven, theory of democratic transition³⁴. Pro-poor development policies will, in all likelihood, lead to democratic transition in the medium to long term. In this respect, while it is undoubtedly true that an accountable and transparent government will be more likely to implement pro-poor policies, it is also likely that pro-poor policies will, in the medium to long term, lead to a more accountable and transparent government.

Incidentally, in contrast to the reasoning behind the withdrawal of the GFATM (new guidelines that increased travel restrictions and red tape), it seems that DFID have felt no such adverse affects³⁵. It is possible that GFATM felt pressure from another international stakeholder.

33. DFID, Country Plan for Burma, page 8.

34. LIPSET, Seymour Martin. *Political Man: The Social Bases of Democracy* (John Hopkins University Press, Montreal), 1982, 586 pages.

35. Interview with DFID bureaucrat, London, August 24th 2006.

European Union

The European Union has steadily broadened and deepened its sanctions against Myanmar. In an official statement the EU declare that,

“There is no bilateral co-operation programme with Burma/Myanmar. In accordance with the EU Common Position, Commission funding is currently limited to humanitarian assistance.”

Such humanitarian assistance includes contributions to the UN Joint Programme and Joint Fund set up to combat HIV/AIDS in the country. The EU also assists refugees in both Thailand and Bangladesh, and finances a number of NGO projects in ethnic minority areas focusing on water, sanitation, and medical care. While the EU affirm that aid is limited to humanitarian assistance, such aid is not so insignificant. For example, just two months after the EU strengthened its ‘Common Position’, in December 2004, the European Commission announced that it would “allocate €11.65 million in humanitarian aid for vulnerable populations in Burma/ Myanmar and to refugees from Myanmar along the Myanmar-Thai border. This is the Commission’s third allocation to the Burmese crisis in 2004, which has now reached €19.72 million, in humanitarian aid alone”³⁶. Such a level of humanitarian aid, in spite of the increasing severity of EU sanctions, is surely a reflection of the recognition of the depth of the humanitarian crisis in Myanmar. However, while the EU, like many other donors, have responded to the escalating humanitarian crisis in Myanmar, the EU also echoes the sentiment of other donors, asserting that,

“Further humanitarian assistance could be foreseen, provided the appropriate conditions for implementation can be secured and that there will be no direct involvement of or transfer of funds through the military regime.”³⁷

In contrast to this, however, in an April 2005 speech, Mr Hervé Jouanjean Deputy Director General (External Relations) of the European Commission asserts that,

“On the European Union’s side, there is a clear basis for engaging in a sectoral policy dialogue. Our Common Position – in its Article 5 – stipulates, “the EU will continue to engage with the government of Burma over its responsibility to make greater efforts to attain the UN Millennium Development Goals”. ”³⁸

36. http://ec.europa.eu/comm/external_relations/myanmar/intro/ip04_29-12-04.htm, visited on 4 October 2006.

37. http://ec.europa.eu/comm/external_relations/myanmar/intro/index.htm, visited on 4 October 2006.

38. http://ec.europa.eu/comm/external_relations/myanmar/intro/jjspeech_050405.pdf, visited on 3 October 2006.

Needless to say, this engagement with the government concerning the MDGs means much more than just humanitarian assistance; it means development assistance targeting poverty. In line with this, in 2006, the EC drafted a Country Strategy Paper in order to open a limited line of development assistance in the 2007-2013 period, focusing on health and education.

Importantly, in the same previously mentioned speech, Mr Hervé Jouanjan makes explicit the widely held recognition that the relatively good political and economic relationships that Myanmar enjoys with its neighbours, particularly with China and India provides a “comfort zone” that helps the military regime to resist the consequences of economic sanctions. Does this mean then, that the EC have recognised that more than 15 years of sanctions have done nothing for their cause? Does it also mean, in conjunction with the publication of the new Country Strategy Paper that the EC is preparing for a significant shift in policy towards Myanmar?

Japan

Of the ODA donors, Japan has by far the most complex relationship with Myanmar. This stems from a long history of economic cooperation rooted in WWII reparations, and from Japan's interests in Myanmar's strategic location (competition with China and cooperation with ASEAN) and natural resources/economic potential. Underlying this rationale however, lingers a vague and somewhat strange cultural affinity that seems to be based on misperceptions about Japan's assistance to the Burmese independence movement during WWII and a related idealised image of Burma constructed in the post-war period. All through the Cold War, Japan was by far Burma's most generous ODA donor. Of the nearly \$3 billion bilateral ODA to Burma in the twelve years from 1977-1988, 66% came from Japan (the second biggest donor was West Germany with just under 20%)³⁹. Indeed, it has been argued that leading up to the economic and political collapse of 1987-8, Burma became desperately dependent on Japanese ODA financing⁴⁰.

Japan cut aid to Burma in 1988, and although aid was partially resumed the following year, it has remained “suspended in principle” since then. Japan's

39. OECF Geographical Distribution of Financial Flows to Developing Countries, various years.

40. See, for example, STREFFORD, Patrick, “Japanese ODA to Myanmar: Resulting from the Mutual Dependence it Created”, *Journal of International Cooperation Studies*, Vol. 13, No. 2, Kobe University. Pages 109-133.

constructive engagement or sunshine diplomacy⁴¹ towards Myanmar in the post-Cold War period has been highlighted, by the Japanese government itself, as an example of the implementation of the ODA Charter. In this way, positive trends in a recipient country are rewarded with ODA disbursements, and conversely, negative trends result in the suspension of ODA. However, despite the obvious lack of “positive trends”, between 1995 and 2005, the Japanese government disbursed a total of ¥3.65 billion in yen loans to Myanmar (about US\$33.2 million)⁴². These were ongoing loans that had been agreed to before the economic sanctions, and the Japanese government had decided that the “suspension in principle” was to apply to new ODA agreements only. According to the Japanese Ministry of Foreign Affairs, *new* ODA disbursements to Myanmar, based on the Exchange of Notes, in the thirteen-year period from 1991 to 2003 totalled over ¥90 billion (about US\$800 million)⁴³. About 70% of this ODA has been debt relief, in an attempt at alleviating Myanmar’s foreign debt burden (a significant proportion of which is owed to Japan). The alleviation of Myanmar’s foreign debt has seriously distorted Japan’s ODA diplomatic efforts towards Myanmar, and the debt issue has become inextricably linked to political change⁴⁴. The last significant Japanese ODA disbursement to Myanmar, in line with the constructive engagement policy, was announced to be in support for the UN Special Envoy Razali Ismail-initiated dialogue between Aung San Suu Kyi and the SPDC. In May 2002, a few days after the release of Aung San Suu Kyi from house arrest, the Japanese government announced that it would provide a ¥628 million grant for the renovation of Baluchaung hydro-electric power station⁴⁵. According to Minister for Foreign Affairs Yoriko Kawaguchi, “Our stance is to support efforts towards democratisation and nation-building in Myanmar, and from this perspective we will implement cooperation for the Baluchanung No. 2 Hydropower Plant Rehabilitation Project”⁴⁶.

41. TAKEDA, Isami. “Japan’s Myanmar Policy: Four Principles”, *Gaiko Forum*, 2001 Summer, (Tokyo), p. 53.

42. JBIC, *Nenji Hokokusho* [Annual Reports], 1995-2005, <http://www.jbic.go.jp/japanese/base/achieve/nenji/index.php>, visited 27 March 2006.

43. See, http://www.mofa.go.jp/mofaj/gaiko/oda/shiryo/jisseki/kuni/j_99/g1-11.htm, and http://www.mofa.go.jp/mofaj/gaiko/oda/shiryo/jisseki/kuni/04_databook/01_e_asia/e_asia_09.html, visited on 28 March 2006.

44. See, STREFFORD, Patrick. “Foreign Debt: Distorting Japan’s ODA Diplomacy towards Myanmar” *Ritsumeikan Kokusai Kenkyu*, Vol. 19, No. 2, Ritsumeikan University.

45. Baluchaung was originally built by Nihon Koei with reparations finance in the 1950s. It was expanded with ODA finance in the 1970s and 1980s.

46. Statement by Minister for Foreign Affairs Yoriko Kawaguchi Concerning the Situation in the Union of Myanmar and the Lifting of Restrictions on the Movements of Daw Aung San Suu

Since 2002, Japan has provided ODA grants for: the Project for Afforestation in the Central Dry Zone (¥480 million, ¥344 million, ¥293 million and ¥330 million); Medical Equipment for Hospitals in Yangon (¥266 million and ¥792 million); Phase Four and Five of the UNICEF Project for Improvement of Maternal and Child Health Care Service (¥609 million and ¥662 million) and; Human Resource Development (¥159 million, ¥532 million, ¥484 million and ¥409 million). Through the Trust Fund for Human Security (a joint Japan-UN program), Japan has been supporting such development projects as the “Drug Control and Development in the Wa Region of the Shan State” (implemented by the United Nations International Drug Control Programme- UNDCP), the “Farmer Participatory Seed Multiplication in Rakhine State, Myanmar” (implemented by the Food and Agriculture Organization of the United Nations-FAO), and the “Technical Cooperation Project for the Eradication of Opium Poppy Cultivation and Poverty Reduction in Kokang Special Region No. 1” (implemented by JICA in conjunction with various government ministries).

In July 2006, again reflecting the severity of the public health crisis in Myanmar,

“the Government of Japan decided to extend emergency grant aid of about \$260,000 (about ¥28 million) to Myanmar through the United Nations Children’s Fund (UNICEF) to prevent the spread of polio. For the first time since 2003 when Myanmar declared that polio had been eradicated, a 19-month-old child was confirmed to have contracted the disease. As the World Health Organization (WHO) aims at achieving the early eradication of polio on a global level, it is extremely important to take measures to prevent the outbreak of polio in Myanmar from spreading.”⁴⁷

According to JICA, its assistance to Myanmar focuses on the areas of (1) assistance for democratisation, (2) assistance for economic structural reform, (3) humanitarian assistance, (4) addressing the problems of minority ethnic groups and refugees, and (5) combating drugs⁴⁸. Excluding the assistance for economic structural reform, JICA seems to focus its ODA on the same areas as the UK and the EU. However, importantly, unlike the UK and EU, Japan supplies the vast majority of its aid through ministries of the government of Myanmar. Japan does not therefore adhere to the principle of “not supporting the government” that has

Kyi, 6 May 2002. <http://www.mofa.go.jp/announce/announce/2002/5/0506.html>, visited on 26 August 2006.

47. <http://www.mofa.go.jp/announce/announce/2006/7/0721.html>, visited on 25 September 2006.

48. JICA homepage, <http://www.jica.go.jp/english/countries/sea/myanmar.html>, visited on 1 September 2006.

been so vigorously articulated by the EU, the UK, the US and the GFATM. This may be a reflection of a number of factors; the imperative of Japan's geopolitical considerations, a relic of the long-history of 'close relations' between the two states, or a differing perspective on the roles of state and society in development. While the government of Japan pronounces democratic transition as its main diplomatic objective in Myanmar, it has other considerations that influence its diplomacy towards Myanmar. Geography alone means that the Japanese incentive to engage the Myanmar government is far more similar to China, India and ASEAN than is the incentive to sanction similar to the EU and the US. This means that Japan has geopolitical considerations that are not felt in Europe or North America (although they probably should be). The key concerns for Japan are the interrelated objectives of assisting ASEAN integration and countering Chinese influence in Myanmar. Indeed, increasing Chinese influence in the northern areas of Myanmar is of considerable concern. It is said that, because of the ceasefire agreements, it is easier to enter the Shan State from the Chinese side than it is from the Myanmar side, and this is often given as an example of the area being slowly but surely drawn ever further into the Chinese sphere⁴⁹. Although it is highly probable that the Chinese government could end the production of narcotics in the Golden Triangle, the implications of this trend should be of serious concern to policy-makers even outside the East Asian region. Such a perspective is not succumbing to some 'China Threat' theory, but is merely recognition of the potential for 'Balkanisation' to occur. Moreover, there is a strong argument that sanctions have merely pushed the Myanmar government towards China, and this has obviously hindered the democratisation process.

The Japanese government has been disbursing far more ODA to Myanmar during the post-Cold War period than any other OECD donor, and this is a reflection of the history of the bilateral relationship as well as Japan's geopolitical considerations. However, regardless of the ODA Charter, the key to Japanese policy towards Myanmar is the US. While Japan is allowed some (increasing) leeway, it cannot stray too far from US policy, and this seriously constrains Japanese diplomacy towards Myanmar.

49. The author has heard such comments many times from aid personnel, diplomats, and Burmese academics.

United States

The response of the United States to the health crisis in Myanmar has been to raise the level of confrontation. The United States has always been the most vocal critic of the Myanmar government. According to its Department of State,

“the United States has imposed broad sanctions against Burma. Many of the sanctions in place are applied under several different legislative and policy vehicles. In 2003, the Congress adopted and the President signed into law the Burma Freedom and Democracy Act (BFDA), which includes a ban on imports from Burma, a ban on the export of financial services to Burma, a freeze on the assets of certain Burmese financial institutions and extended visa restrictions on Burmese officials. Congress renewed the BFDA in July 2004 and again in July 2005”.⁵⁰

The objective of USAID is stated to be “Promote Democracy and Aid Burmese Refugees”. Therefore, adhering to this objective, a significant proportion of funding is advertised to be for this purpose. In FY2004, \$4.866 million (38% of total budget) was allocated to “Democracy and Governance”, in FY2005 this figure was \$4.5 million (57%), and in FY2006, \$3.85 million (55%). In addition to democracy, USAID also provides assistance for Burmese refugees along the Thai border. Such assistance includes slowing the spread of HIV/AIDS and improving education for refugees.

Needless to say, the US adheres very closely to the principle of not supporting the Myanmar government. In fact, the US government has gone much further than other donors. USAID declares that, “U.S. law prohibits direct support to the military junta”⁵¹. While the UK has recently been increasing its ODA to Myanmar, the budget for USAID has fallen from \$12.923 million in FY2004 to \$7.936 million in FY2005, and \$7.0 million in FY 2006.

On 15th September 2006, the US government finally achieved its aim of getting the issue of Myanmar onto the permanent agenda of the UN Security Council. This means that the council can increase its scrutiny of the Myanmar government by asking for regular briefings by UN officials and adopting resolutions. For example, US Ambassador to the UN John Bolton said that Washington wants to wait for a return visit to Burma by Under Secretary-General Ibrahim Gambari before deciding on the exact contents of any draft resolution⁵². The US has stated

50. <http://www.state.gov/r/pa/ei/bgn/35910.htm>, visited on 2 September 2006.

51. http://www.usaid.gov/locations/asia_near_east/countries/burma/, visited on 2 September 2006.

52. “UN votes to put Burma on agenda”, <http://news.bbc.co.uk/2/hi/asia-pacific/5351246.stm>, visited on 6 October 2006.

that Myanmar is a threat to regional security because the refugee crisis, illicit narcotics trade, HIV/AIDS and human rights situation were “destabilising” factors in the region. While the UK supported the US-initiated decision, the following quote from Britain’s UN Ambassador Emyr Jones Parry shows the contrasting perspectives,

“I’m not looking, to be honest, for a punitive resolution at this stage. I’d like to see a concerted effort to implement freedoms, rights, to tackle poverty, to start implementing the Millennium Development Goals, and to call on all of us to actually work with the government of Myanmar to those ends.”⁵³

The inclusion of the phrase, “work *with* [emphasis added] the government of Myanmar”, supports the DFID statement in its Burma Country Plan that, “policy change is possible”, which is in stark contrast to the US position. Of course, the US government has spent so long demonising the Myanmar government that to now admit that circumstances necessitate some level of engagement would be very difficult. There are many who have made democratic transition in Myanmar one of their main foreign policy platforms. Countless US Senators and Congressmen/women have championed democracy in Myanmar, and these campaigns have included demonising the *tatmadaw*⁵⁴. The US government’s confrontational approach and strict adherence to principles of democracy, apart from appearing to be yet another example of unashamed hypocrisy, does essentially reflect the lack of US strategic interest.

Conclusion

It is difficult to say whether the health crisis is a result of the sanctions or the policies of the Myanmar government. In fact, it is indeed erroneous to pose such a question. The two are so inextricably linked that one cannot exist without the other. The initial sanctions resulted from the policies of the Myanmar government which then had to adapt to the imposition of sanctions. Both have been developing together in disharmonious unity. This joint development has resulted in the health crisis in Myanmar.

53. LEDERER, Edith M. “US to Press for Security Council Resolution against Junta”, *The Irrawaddy*, September 30, 2006. <http://www.irrawaddy.org/aviewer.asp?a=6204&z=154>, visited on 1 October 2006.

54. Senators Mitch McConnell, Diane Feinstein, John McCain, Richard G. Lugar, Joseph Biden, Chuck Grassley, Max Baucus and Patrick Leahy, as well as Congressmen Tom Lantos, Tom DeLay and Henry Hyde have all made very public their concerns about democracy in Myanmar.

Of course, it is natural for Western governments to follow the expressed will of the people of Myanmar and support democratic transition. Furthermore, it is expected that those same governments will build their respective foreign policies on the assumption that the *tatmadaw* build their own government policies around the overarching principle of self-preservation. Conversely, it is equally natural for the *tatmadaw* to assume that the policies of Western governments are a direct threat to their existence (as indeed some are). Furthermore, it is expected that the *tatmadaw* will see the imperative of “not supporting the government” as an example of Western government’s attempting to, at the very least, undermine government authority and, as worst, foster rebellion.

This confrontation has caused the health crisis in Myanmar to escalate.

As previously mentioned the sanctions have had zero effect on encouraging democratic transition and have in fact arguably had the opposite effect. The sanctions have pushed the *tatmadaw* towards China and entrenched their negative perceptions towards democracy.

Of course, an immediate start towards democratic transition, reflecting the desires of the people, is most desirable. But, this *cannot* happen. Only external interference in the form of military intervention could achieve such a transition in the short term. The US has neither the interest nor the capability to undertake such an intervention, and even if it did, it is highly unlikely that the US could invade a country that borders China⁵⁵. Indeed, countering Chinese influence in Myanmar is reason alone for justifying *some* level of engagement.

Of course it is necessary for the international community to draw attention to the dreadful human rights situation in Myanmar and the complete lack of progress towards democratic transition. However, if the international community uses such human-centred arguments to justify sanctions, then it appears hypocritical to continue to pursue such policies even when there is a humanitarian crisis looming. Under such a situation, the international community is in danger of losing the moral high ground that is the necessary basis for pursuing the sanctions in the first place.

More importantly, were the humanitarian crisis to continue or even worsen, government legitimacy would inevitably be, at the very least, seriously weakened, and at the worst, irreparably damaged. Is this a scenario that some members of the donor community are hoping for? A very possible end result, history tells us, is state failure, civil war and all the accompanying humanitarian disasters. Is the international community prepared or even able to, take on another Iraq or Afghanistan?

55. Afghanistan has only a tiny, and very mountainous border with China.

