

Burma Economic Watch (BEW)

Comment on the

‘Post-Nargis Recovery and Preparedness Plan’ (PONREPP)

3 March 2009

On February 9, 2009, the Tripartite Core Group (TCG) released its latest report on reconstruction efforts in Burma in the wake of Cyclone Nargis.¹ The TCG, which is comprised of representatives of the Government of the Union of Myanmar, the Association of Southeast Asian Nations (ASEAN) and the UN, was established in May 2008 as the body to coordinate relief efforts. In July 2008 it produced the ‘Post-Nargis Joint Assessment’ (PONJA) report into the damage wrought by the cyclone, and subsequent periodic reviews. PONREPP is meant to be the capstone of these efforts, and the TCG’s vision – not just of post-Nargis reconstruction – but of Burma’s medium-term economic development.²

Seen in the light of these ambitions, it is unfortunate that PONREPP is a deeply disappointing document. Written as if the advances made in the last four decades as to ‘what works and what does not’ in terms of economic development had not occurred, it is a throwback to the top-down, state-driven, planning mindset that, in the 1950s and 60s, condemned countless developing countries to stagnation and retreat. In PONREPP the private sector is notable largely by its absence – this primary driver of economic development subsumed by local authorities of dubious standing, the ministrations of local and international NGOs and, above all, by the state and its agencies. In short, the recommendations set out in PONREPP would condemn Burma, in the view of BEW, to a continuation of the policies and programmes that have impoverished this once prosperous and hopeful country.

We will review PONREPP in detail in a future document but, briefly stated, our conclusions above are informed by some of the following:

- Perhaps the most singular feature of PONREPP is its privileging of the state, international agencies, and NGOs, over individuals and their enterprises as the primary vehicles for Burma’s medium-term reconstruction and development. Such a privileging runs not just against the grain of four decades of genuine transformational growth elsewhere (the Asian tigers, China and India, are the most obvious examples), it also runs at odds with Burma’s own history – in which the suppression of the private sector and individual initiative ranks high amongst the causes of the country’s decline.³ In recent times much has been learnt as to how the private sector can be harnessed and stimulated through aid, but little of this has a place in PONREPP.⁴

¹ The report can be found at: <http://www.aseansec.org/CN-PONREPP.pdf>

² PONREPP is meant to apply from 2009 through 2011.

³ A footnote on page 33 of PONREPP, that ‘[t]he potential role of the private sector has not been factored’, functions as something of a motif for the document more broadly.

⁴ A proposal for the use of ‘aid vouchers’ and cash grants in Burma, as devices for allowing the recipients of aid to determine themselves what they need via *competing* providers, is currently being drafted by BEW.

- PONREPP estimates recovery funding needs of \$US690.5 million projected out to December 2011. This is in addition to the spending that is supposedly being met by Burma's government and, thus, represents the amount of funding sought from the 'international community'. Nowhere does PONREPP justify why such funds are sought offshore and in foreign currency, nor why the substantial foreign reserves Burma has accumulated in recent times (an estimated \$US3-4 billion) are exempted from being deployed in reconstruction. It is surely not unreasonable for taxpayers in donor countries to question why they are being asked to pay to safeguard the nest-egg set aside by Burma's military leaders.⁵
- There is a lofty presumption throughout PONREPP that reconstruction of private property, whether it is of houses or paddy fields, requires the involvement and instructions of the state and other collective bodies. This presumption extends well beyond the design and construction of cyclone-proof houses and buildings, and into areas of productive activity in which the people who live in affected areas might reasonably be judged to have the superior expertise. Top-down 'solutions', and a distrust that people are best placed to know their own interests, is PONREPP's underlying, and unrelenting, theme.
- Of course, the presumption above suits the rigidly hierarchical approach taken by PONREPP, since its natural corollary is to channel the (substantial) funds it calls for through such bodies, rather than directly to individuals.⁶ Recently parts of Australia were devastated by bush fires. The Australian government, as well as various NGOs, provided assistance and money – but at no stage has there been any question that the state would presume to direct (much less rebuild) people's homes. The victims receive *financial support*, fire-safety standards are set, but choices afterwards are properly those of homeowners themselves to make. There seems to be no valid reason why the freedoms we expect in other countries must be denied the people of Burma.
- PONREPP advocates the creation of a vast pyramidal structure of agencies that are meant to ensure the coordination of aid, as well as transparency and accountability in its delivery.⁷ It is highly likely, however, if the global history of aid (and the experiences in Burma itself post-Nargis) are any guide, that it will achieve anything but. The complexity of the task that PONREPP assigns its planning bureaucracy would strain the most sophisticated administrative structures anywhere, much less that which, in this case, is cobbled together from the poorly paid and under-resourced staff of Burma's military state and agencies, and a similar scattering of aid workers. Meanwhile, those tried and tested institutions and processes that encourage and enhance transparency and accountability – a government accountable to its people and firms dependent on their customers in free markets – are absent.
- The confidence vested in Burma's military-controlled state throughout PONREPP is not supported by the data in the document. For instance, the pace of (state) home building is such that the replacement of those destroyed

⁵ Tables summarising Burma's recovery needs as estimated by PONREPP, and as they are broken down into various sectoral categories, are included on pages 12, 37, and 72-90 of the report.

⁶ PONREPP's 'recovery needs' tables (p.12) include a contingency for \$US50 million of 'cash grants to...fragilized (sic) households', but it notes that such payments would need to be the subject of future negotiation.

⁷ This is not to say that every aspect of this structure is poorly conceived. The recommendation of a 'Recovery Trust Fund' in PONREPP, for instance, is not without merit.

by Nargis would take just shy of 100 years.⁸ State repairs to irrigation have been similarly glacial, with PONREPP revealing completed repairs to a mere 0.06 percent of irrigation channels and dykes in affected areas. But these issues merely go to highlight a broader point, apparent with a close reading of PONREPP, that there are very few signs of genuine state assistance in the rebuilding of critical (public) services and infrastructure.

- PONREPP assigns considerable responsibilities for reconstruction in Burma to township and village authorities, as well as so-called ‘Government-Organised’ NGOs (GONGOs) of various types.⁹ Such organs may be useful in other contexts, but it is critical to note that in the case of Burma they are greatly compromised. Regarded as little more than organs of the military state (and even of its security and intelligence services), it is difficult to imagine that they can earn the necessary trust of the people they are meant to serve. Such realities are ignored in PONREPP.
- PONREPP also places considerable stress on the contribution that microfinance might play in reconstruction in Burma and, indeed, to the country’s medium-term economic development more broadly. Scarcely mentioned in the report is that Burma already has quite a number of microfinance schemes in operation, but their potential contribution is greatly inhibited by the restrictions imposed upon them by Burma’s military government. These restrictions, which include a lack of legal recognition for their activities, makes microfinance in Burma acutely vulnerable to government expropriation and ‘capture’ by local elites. In the view of BEW, microfinance can and should make a contribution to both reconstruction and development in Burma, but this will require important changes in the country’s political-economy.
- Much has been learned in recent years as to the important role played by property rights in economic development. Such rights scarcely exist in Burma, and their absence already (post-Nargis) poses serious problems for returning landowners in affected areas, and in the face of extensive reports of land confiscation by Burma’s state and others.¹⁰ Longer term, the absence of property rights in Burma is a great impediment to the development in the country of a viable financial system, while being an extraordinary disincentive to private enterprise. Although (implicit) warnings are made in PONREPP against the expropriation of land from people forced to evacuate in the wake of Nargis, no recommendations are made with respect to the protection of property rights.
- Transparency International lists Burma as the second-most corrupt country in the world (marginally better than last-placed Somalia, and marginally worse than Iraq).¹¹ Of course, the dissipation of aid through corruption bedevils the

⁸ The costing tables included in PONREPP (p.37) confirm that the bulk of spending on housing, from all sources, is weighted heavily (60 percent) in the third and final year of the Plan.

⁹ Including, for instance, so-called Village Peace and Development Committees, Township Coordination Committees, and organisations such as the Myanmar Red Cross, the Myanmar Maternal Child Welfare Association, and so on. Freedom of association outside of such government approved organisations is greatly restricted in Burma.

¹⁰ Forced relocations, often accompanied by other human rights abuses, have been commonplace in Burma for many years. For more details on this issue, both in terms of Nargis-affected regions and elsewhere, see the (just released) 2008 edition of the US State Department’s ‘Country Reports on Human Rights Practices’ (Burma), <http://www.state.gov/g/drl/rls/hrrpt/2008/cap/119035.htm>

¹¹ Transparency International’s (2008) ranking of country corruption perceptions can be found at: http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table. Burma’s military

aid ‘industry’ globally, yet this is a matter of no interest to the authors of PONREPP, who make no mention of the endemic corruption in Burma, nor of the rent-seeking activities of its state apparatus. This is perhaps to be expected given the make-up of the TCG itself, but it is an example of how the interests of the ‘lowest common denominator’ actor has determined much of PONREPP’s approach.

- A chapter of PONREPP has been written by the Burmese military government in reference to some of their own purported actions. This does not successfully disguise the ‘inactivity’ noted above, and for the most part consists of the banalities and euphemisms that one has come to expect. Amongst the euphemisms, however, are those that are a troubling reminder of the extent to which forced labour has been employed in the country. Referring to the replanting of mangrove, reference is made (on page 22 of PONREPP) that ‘[t]his task will be undertaken by a mass participation movement to be organized by the Forestry Department in cooperation with the local authorities...’.¹² For readers accustomed to the language and practices of Burma’s military authorities, such a statement (which is matched by others in the document) is greatly discomforting.
- Finally, it is somewhat revealing to note that there is no Burmese language edition of PONREPP. A substantial oversight one might think of a document that purports to be ‘community-based and community-driven’.¹³

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government does not generally allow access to official documents, and tightly controls access to data and other information sources. Government policy-making is likewise opaque. Laws of financial disclosure are weak, and the country remains of concern with respect to money-laundering.

¹² For a very recent account of the litany of abuses and failures of Burma’s military authorities post-Nargis, see *After the Storm: Voices from the Delta*, a report prepared and released on February 27, 2009, by the Center for Public Health and Human Rights, John Hopkins Bloomberg School of Public Health, and the Emergency Assistance Team (Burma), Bangkok. Of course, the commitment of Burma’s military government to PONREPP might be doubted in any case, given the recent demotion of the TCG’s Chair, the hitherto Deputy Foreign Minister of Burma, U Kyaw Thu. In early February 2009, U Kyaw Thu was shifted to a largely inactive role as Chairman of the Civil Service Selection and Training Board. No explanation was forthcoming from the Burmese authorities, and no clarifications have been made with respect to the chairmanship of the TCG.

¹³ PONREPP, p.i, and *passim*.