The Dilemma of Foreign Aid
To Burma/Myanmar
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Robert Nathan (left) with U Nu 1954
Outline

- Historical, political, economic background
- The Paris Declaration
- Incentives for donor professionals
- Key challenges
- Implications for the government
- Implications for the donors
The Economy

- The resource curse
- Emerging macroeconomic policies
- Evolving financial system
- Poor infrastructure
- Neglected agriculture
- Woeful education and health
- The vested interests
Complications

- Refugees/migrants in Thailand
- 2008 Constitution and the Military
- Ethnic Minorities and Peace Process
- ASEAN Chair in 2014 and Elections in 2015
- China on the defensive
- U.S. sanctions suspended, not lifted
Five Principles Agreed in Paris (2005), refined in Accra (2008) and Busan (2011)

- Country Ownership
- Alignment
- Harmonization
- Results-oriented
- Mutually Accountable
Implementation Experience

- Strong Progress on Country Ownership
- Modest Progress on Alignment
- Less Progress on Harmonization
- Almost no Progress on Results Orientation or Mutual Accountability
- Only one of 12 Time-bound Targets for 2010 had been met
Incentives for Donor Professionals

- Move the Money
- Build Up Staff
- Promise More than Can Be Delivered
- Keep Secrets from Other Donors
- Prefer Owned Projects to Joint Ones
Key Challenges

- Achieving Peace
- Managing Political Processes
- Continuing Macroeconomic Reforms
- Managing Private Capital Flows
- Controlling Resource Extraction
- Reversing Land Grabbing
- Energizing Agriculture
- Expanding Education
Policy Implications for Government of Myanmar

- Policies more important than plans
- Say “No” more often
- Policy officials now, institutions later
- Require more joint donor activities
- Keep donor coordination in its place
- It’s about people, not resources
- Be coherent and consistent
Policy Implications for Donors

- Give policymakers more space
- Build capacity before doing projects
- First of all: do no harm
- Avoid institutional rivalries
- Tolerate alternative approaches
- Be realistic
- Be innovative
Background on Myanmar

Challenges to the Myanmar Government

The Paris Declaration on Aid Effectiveness

Implementation Experience of Donors

Incentives for Donor Professionals

Recommendations

For the Government of Myanmar

For Donors