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P R O C E E D I N G S

MR. SHAKOW: Well, welcome everybody. Very happy to see you here and it's very nice of you to try again with this program. As you know, it was scheduled for a week ago Wednesday when the terrific snowstorm hit that left the city in complete chaos. So I'm glad that you are able to make it today during today's snowstorm.

Thank you very much for coming. We are here to look at this launch of this wonderful volume that I think that you may have been able to collect outside and for me, this is a very special occasion. First, I want to say that Myanmar is in the news all the time these days and I think the size of this gathering is an illustration of how much interest there is in Myanmar. The newspapers seem every day to have front-page stories about one issue or another; most often political, but economic as well. But, today we are here to talk about one particular facet; the foreign aid programs that are going on in Burma –- I'm sorry -- You'll forgive me if I sometimes slip into this. My one and only visit to Burma took place for a week in 1965. So, I have not been back since. So, that's another reason why I am looking forward to this panel today. I also have to thank the Nathan Associates, of which there are some representatives here, for supporting this report. I have a very special reason for wanting to thank them, and which is that Bob Nathan, the founder of this firm, was a mentor

and a good friend during my years of working on foreign aid issues and other matters. So, it's great to have Nathan Associates back to doing the kind of work they were doing even in the 1950s, and I think if you look at the introduction to this, President Byer of Nathan points out that in 1953 they were preparing reports on Burma. So, there is a long history here and it will be terrific for me and I think for you to catch up on what's been going on in these radical changes that have been happening in Burma -- excuse me, I will try it once more time -- in Myanmar over the last couple of years. And we couldn't have a better panel to address these issues than the ones we have here today. Now, I think you all have a sheet that provides you great detail about each of the panelist, but let me introduce them very briefly and then we'll start with the program.

To my left is Professor David Steinberg, who is at the Georgetown School of Foreign Service and who has written extensively over many, many years about Burma; some dozen books or more than that. But, in any case this person I have known since the 1960s, and worked together and he's been deeply engaged in Burma over all these years, among other places in Asia.

Next, is the Deputy Secretary of State for East Asia and Pacific, Joe Yun, who is now the Acting Secretary of State for this area. So, we are especially pleased that he was able to make it because we all

know that assistant secretaries of state are often pulled away at the last moment. But, he's been very critical in this whole area and we welcome his presence here today.

And, to his left is one of the two authors of this report, Lex Rieffel, who is a nonresident scholar, senior scholar here at Brookings, but many years of experience in the -- in aid, and treasury, and many other parts of the U.S. government, as well as having written extensively about Burma in recent years and Indonesia.

And Joe -- I'm sorry Jim Fox, who is also co-author of this book, who has spent many years as a senior economist at AID and since 1999, has been doing a lot of consulting and work on evaluations and work with major international organizations. But together, they have put together this report and why don't we just start. Lex, are you or Jim going to start?

MR. RIEFFEL: I will.

MR. SHAKOW: Lex Rieffel.

MR. RIEFFEL: I want to thank all of you for coming to Brookings this afternoon and I'm very glad that you didn't have to fight the snow and the rain to get here.

We are here because of Robert R. Nathan as Alex has pointed out. He was the architect of Burma's first development plan and

here it is. Two volumes, 840 pages. And it is just amazing. It has some fabulous charts, and maps, and so forth and here. And it has been digitized by Nathan Associates and you can see the whole thing on their website.

So, what happened is that in -- around 1951, the prime minister of Burma, U Nu, read something that prompted him to ask his staff to hire a consulting firm to do a national economic development plan for Burma. And they hired Nathan -- Robert R. Nathan's firm and along with an American engineering firm and a mining firm. And this --they spent two years doing this report. It was actually funded by one of the USAID predecessor agencies by the Technical Cooperation Administration and they delivered the report in 1953. After that, the team that Robert R. Nathan had assembled to work on this report stayed in Burma and advised the government for the next five years on implementation of the plan and in -- for this period they were actually funded out of the government of Burma's own budget. Robert R. Nathan died in 2001, and in the meantime, his firm had been rebranded as Nathan Associates. Last summer, I was called by Nathan Associates and asked if I would be interested in doing a report on the Myanmar economy. I said that was not exactly my cup of tea and I said, how about doing a report on foreign aid to Burma because I thought that was more policy relevant.

And of course at Brookings, the important question they ask is, you know, "What's the policy relevance?" So, I am very -- we are very fortunate that they agreed to support our project. We and -- it's noteworthy that Nathan Associates usually does work that's funded by private sector clients or public sector clients. In this case, it's not. The work we did has not been funded by any or -- sponsor support by any other organization. This is directly funded by Nathan Associates itself.

So, very briefly, I started focusing my work at Brookings on Myanmar in 2007. The first thing I did was a workshop that was held here at Brookings in October of 2009, and that -- and the papers that we commissioned for that workshop were published in this book a year later. What happened is that shortly thereafter, in January of 2010, I started going out to Myanmar every six months for two or three weeks at a time to see what was going on because I felt that things were in motion; things might happen that would be interesting and I went out, actually, frankly, to search for the economic team, the economic policy makers that would be guiding some future possible transition. And over the course of these visits, I became concerned about the donor response to their reforms that the government was taking in the -- after -- the new government was taking after it took office in March of 2011. The concerns that the -- well, the concern was actually summarized by a statement, or captured in a

statement that was made in this room four weeks ago by one of the leading foreign aid analysts in the United States. And she said, "Donors bring an awful lot of chaos." (Laughter) The reason I asked Jim to work with me on this assessment, is that we had collaborated on an assessment -- on two assessments of the Millennium Challenge Corporation for Brookings. These were published in 2005 and 2008, and so we had a -- sort of a working relationship to build on which I think is reflected well in this report that we have just done.

We interviewed more than 50 people last October here in Washington, in Bangkok, in Yangon, and Naypyidaw, over the course of three weeks and then I went back to Myanmar in January for another week to collect comments on our draft report and to attend the first Myanmar Development Cooperation Forum. We were fortunate in doing this assessment because we had a template to work against, to measure donor performance against. And that is the Paris Declaration on Aid Effectiveness. This is Jim's cup of tea. This is his expertise, evaluation of aid projects and programs and so I will let Jim say a few words about --

MR. SHAKOW: Can I just say there are a few seats up here in front so if any of you standing in the back would like to come up here, please do. Jim, go ahead.

MR. FOX: Well, foreign aid has really a long history,

although the big history began around 1960 when the U.N. -- United Nations declared the 60s to be the decade of development. In 2002prices, about $400 billion in official development assistance was provided during that decade. At the outset, people were very optimistic, that it would be the decade of development. But it turned out, 35 years later, after another $2 trillion of foreign aid, that not so much development had taken place in many parts of the world. Some parts, a lot of Africa, were really undeveloped during the period. And that led to a consensus between donors and aid recipients to convene in Paris; this conference that led to the Paris Declaration on Aid Effectiveness. And there are five basic principles behind the Paris Declaration.

First, it is country ownership. The country is responsible for leading the process. Now this had some history before that. The world banks, PRSP, Policy Reform (Laughter) -- PRSP or whatever it is called.

MR. RIEFFEL: Poverty Reduction --

MR. FOX: Poverty Reduction Strategy Paper, had been the beginning of trying to bring civil society, the private sector, and the government together to form country strategies that were more broad-based than the typical things that governments try to do.

The second principle is donor alignment behind the government strategy and use of local systems whenever possible, putting

aid through the government budget, if that was feasible.

The third principle is harmonization by donors to coordinate their programs, procedures, and use joint planning and share information.

The fourth is results-oriented approaches, focusing on results, not on inputs.

And fifth is mutual accountability between donors and partner countries, with regular results to discuss their shortcomings and the successes of each side of this two-way process.

Well, we have used these five principles as our basis for judgments about aid in Myanmar. I think donors have been making serious efforts to conform the Paris Declaration of Principles, frequent meetings to coordinate approaches, and the Myanmar government has shown a strong leadership in providing country ownership. The Naypyidaw Accord, which is adopted in January at this donor meeting, is a step forward. Still, the last seven years since the Paris Declaration was issued, have shown that there are still serious problems with implementation of the Paris Declaration.

The first principle, country ownership, has generally been embraced. Some alignment with country strategies has occurred, although most donors are still reluctant to use country systems. Harmonization has produced very few results as each donor continues to

want to make a difference.

Significant progress has been made on results-oriented approaches, but mutual accountability has really gone nowhere. These findings come out of an OECD study in 2011, in the run-up to the Busan Conference. On 13 quantitative goals set for 2010 at Paris, only one had been achieved by 2010. It reflected both shortfalls by recipient governments and by donors, but more by donors. For example, donors committed to reducing the number of project implementation units. These are parallel structures to the government that are set up by the donor to implement their projects. Usually, they pull the best officials out of the government because they have better computers, more vehicles, better office space, et cetera. Well, the goal was to reduce that number to 565 by 2010, the OECD counted that year 1,158.

Now, we think the biggest problem is the incentives donors have as, we economists know, incentives matter a lot and I see five aspects of incentives that are important.

First, each donor wants to make a difference. Lex calls that, "the mad disease", that each donor wants to do its own programs.

Second, donors have an incentive to move the money and that often interferes with capacity building in the country and that project implementation units are a good example of how donors find ways to

move the money, but not to build capacity. And donors want to build up expatriate staff because promotion in foreign aid agencies involves supervising people and you use that to get ahead.

Fourth, collaboration with other donors isn't going to get you promoted. It does not lead to progress in your professional development in a single agency.

And finally, contributing to multi-donor programs won't get you promoted either.

So, we've seen all of these forces operating in Myanmar and Lex will now give our recommendations about how to reconcile Paris Declaration principles with incentives for donors.

MR. RIEFFEL: I shy away from the word "recommendations." The section in this report, that's at the heart of this report is called, "Policy Implications." And we start off this section discussing or highlighting eight challenges for both the donors and the government of Myanmar that we think are really more important than any combination of programs and policies that the donors might put together. This is the section that begins on page 7 of your report. We have other people here who have very important things to say, so I'll just tick these off very quickly. The eight challenges that we say are more important are the peace process, the political system, macro-economic policies, private

capital flows, resource extraction, land grabbing, agriculture sector development, and education.

We then follow with seven policy implications for the government of Myanmar. Again, I would just tick these off as you can see them in your reports that you have in your hand and we can discuss them in the time that remains. Seven policy implications for the government of Myanmar. First of all, policies, we say are more important than plans, say, "no more" often, get the right officials in place and worry less about institutions -- institution building. Four, require donors to undertake joint programs and projects. Five, avoid giving donor coordination too much attention because good projects are really where the rubber meets the road and we hope that the government understands that development is more about people than resources. In other words, human resource development as opposed to natural resource development. And finally, policy coherence and consistency are important, without policy consistence and important -- and policy consistence and coherence, there tends to be confusion and gets very messy.

For the donor community, we have seven policy implications. One, is to create more space for policy -- for Myanmar policy makers. That's basically, give them more time to do -- to work on policy formulation than implementation. Two, is build capacity before implementing projects.

Three, do no harm, we suggest is more important than following the Paris principles. Four, avoid burdening the government with institutional rivalries. We have seen these endemic throughout the world. Five, be tolerant of different approaches to foreign aid. We see some difference between Asian approaches to aid to Myanmar and Western approaches to Asian -- to aid to Myanmar. Sixth, be realistic. This is for donors both -- in both directions. Don't expect too much from the government of Myanmar. And at the same time, don't expect too little because there may actually be more capacity than a lot of people think. Finally, be more innovative. And here we single out cash-on-delivery aid, which is a new concept that has been put forward by the Center for Global Development that we think could work quite effectively in Myanmar.

So, I just -- you have the report. Don't overlook the -- what I call the "sound bites" and the text boxes. There are four appendices. You may find the appendix on Lessons from Other Countries particularly interesting and also the historical appendix on Robert R. Nathan and his plan and the successor plans. And then, I also -- I want to again single out Nathan Associates. Jim Wallar, who is here from Nathan Associates, who made it possible for us to do this study.

MR. SHAKOW: Thank you Lex, thank you Jim. And now you'll have a chance to hear the expert critiques of this report. So

don't spend too much time looking at the report at the moment; now listen to Secretary Yun. Joe.

MR. YUN: Thank you very much Lex. I know you like to give me promotions just to say what my real title is. (Laughter) I am the acting assistant secretary before it was even more complicated principle deputy assistant secretary, so you figure out what that means.

MR. SHAKOW: But you're still Mr. Secretary to us. (Laughter)

MR. YUN: Thank you, Alex. It's great to be here. So many old friends and familiar faces. You know Lex and I go back a long ways. He used to work for, I think USEDs office in IMF when I knew you about 25 years ago. He was a toughy then, you know, but he has softened a lot since. (Laughter).

And of course, Professor Steinberg has been a real mentor to me on so many issues. We first met when he was an Asia Foundation representative in Seoul. He, you know, he taught me everything about democracy in Korea and then -- and really, and subsequently, what we needed to do on Myanmar.

I do want to take time to recognize Larry Dinger who's here. Our ambassador in many places and his last assignment as Chief of Mission in Myanmar, and he really saw terrifically important transition time

and, you know, I think anything we do, you know, he's been an inspiration to many of us. Thank you Larry.

You know, this is an important study. I think it could be a model of what aid is about. I think you are talking generalities, and you are talking specifics. But I do want to give you a little bit of background from our point-of-view, from my point of view, what happened in the last two years and then where we are. And then maybe throw into the open where we ought to go in terms of economic and assistance relationships with Myanmar.

So a lot of people ask us, and I am sure they ask Larry too, "Why did the U.S. change our policy towards Myanmar?" you know, and what was this. I want to touch briefly on that. Second, I do want to touch on why I believe Myanmar changed, which is just as important, if not more important. And third, I want to take stock of where we are; not just in assistance, but in our political relationship. And fourth, is up to you, where we ought to be going. You know, and I think the really -- our review of Myanmar -- our relationship with Myanmar really began with the Obama Administration when they came in. I think there was a real concerted attempt to show the world that if we engage, we will engage with no pre-conditions, but you must also engage with us seriously. So really, either for us, and a lot of people say we did it because of China, we did it for

economic reasons. I think that is all wrong. It is engagement policy based on our rebalance policy towards Asia, and Myanmar was a case in point where we've had really no relationship for many decades that we thought, if we did something different, maybe they would change too. But it took a while to get any results and I think Larry will remember there were several visits by many of us. And then I think it really was not until probably, I would say, two and a half years ago after the election when they released Aung San Suu Kyi from the house arrest that would begin to see change. And that it evolved very quickly thereafter. We had the roadmap that we would take some actions and they too in turn would take actions. Initially, these were really baby steps, you know. Things, like, you know, how do we have more visitors? How do we make diplomatic visas easier? And then it became bigger steps, like, how can elevate from what was very limited diplomatic relationships to exchanging ambassadors. Then it became bigger still, you know. How do we lift the sanctions on multi-lateral development banks like World Bank, IMF, Asian Development Bank, and so on? And then it became bigger still when Secretary Clinton goes there in 2011. And, of course, President Obama went there in 2012. So throughout doing this, you know, we were also curious. What is -- what has changed about Myanmar that they would release political prisoners? You know, have new labor laws, have new trafficking people

laws and have the international community more engaged. And to me, the answer is obvious. When you go, we typically land in Bangkok and we go to Rangoon by air. And the contrast between developing parts of Southeast Asia and Myanmar could not be more stark. And I think this economic disparity was also becoming obvious to many of Burmese government officials and Burmese citizens. And I don't think that was a sustainable situation much longer. And simply put, it is my own personal belief, that degraded economic conditions, when you know something better is out there, maybe cannot be sustained much longer without a tough external or perceived enemy. And really, Myanmar does not have an external enemy. And so in that sense, I think there was a change in mindset among the Burmese government officials especially, that things cannot go on as usual much longer. So, I think there was that mindset change that led to opening. And that's why I believe it is sustainable until now. I mean, for them, I believe it is also a factor. They realized they had depended too much on their neighbor to the north and that they needed technology, investment, and capital from abroad. So, I think for them, that was a fundamental decision, based on economy more than anything else, and I believe that through the process of dialogue, they also came to recognize that we really had no other ambitions in Myanmar except to help them open up, to have, you know, what is a more open society. So, I think

that it came to be and we are now at the current situation.

The last thing we did, by the way, was about three weeks ago, when we made four banks in Myanmar. Two government banks, two privately owned banks, gave them licenses to do business. Before, they had been under fairly strict sanctions in terms of providing financial services and private banking. So, as a result, we are now in a situation. We have lifted investment sanctions, we have lifted import sanctions, we have lifted sanctions on providing financial services. So, it is really -- I believe the time; not only from the assistance community, but from the business community, to invest there in terms of both infrastructure and job-creating opportunities, so that they really see the fruits of economic growth there.

That is not to say that everything has been done. I think there are some key reform issues that still remain. I believe that their political system, in which 25 percent of parliamentary seats, for example, is reserved militarily. I do not know really how long -- how much longer that is sustainable. I also believe that there are remaining political prisoners there that have to be accounted for. But probably most serious is a couple of things that you had pointed out. That is, what to do about conflicts; ethnic conflicts that are still going on. And I think I would like to single out two particular, really deep problems that we see.

One is the problem concerning the Rohingyas; the Islamic ethnic group that lives in Rakhine state, which has seen many tragedies for them escaping Rakhine state. And we have seen a number of deaths on the Andaman Sea for example. They have been trying to go to Thailand maybe to get to Malaysia. The recent commission report that is coming out on the Rohingya situation, I do hope that the Myanmar government recommendation will include how this very dispossessed ethnic group can get a path to citizenship.

The second ethnic issue that we have been paying a lot of attention is NSCN-K to the north. And, you now, I am very happy to hear, there has been some dialogue that has begun between Naypyidaw and NSCN-K. And I hope this continues because this is really the largest group that remains outside cease fire. So once they joined a cease fire, that would be a really improved situation. But overall, it has been a success story and a lot of people have worked for it and in this context, I think, you know, President Obama has singled out, Burma, as a case-in-point, of what we can do when we engage a country in a positive and a systematic way. And I hope this example can be extended to many other countries.

Once again, thanks to Jim and Lex for this really good work and to Nathan group. We do employ Nathan group. We are used to

paying them, but it is a good thing they financed this (Laughter).

MR. SHAKOW: David?

MR. STEINBERG: Thank you. It's an honor to be here and, as you know, as Alex said, I scribble about Myanmar a lot, but I also spent 17 years in USAID and so I have a development approach and I was the leader of the team that negotiated the re-entry of USAID into Burma at that time in 1979. So, a lot of these things that they talking about are very relevant. And I think the report is excellent. I must say that before I talk about extra things that supplement the report. They don't contradict anything in it because I think those are very sound issues. One other thing I should say before I sit down. In honor of this event, I am wearing the Burma rifles tie and only Joe Gunn of Nathan recognized it. (Laughter) So that says something about Nathan, you see, and their history.

I am going to make 11 points. And I do it because I have 10 minutes and I know that otherwise I will -- I would ramble.

First, I think that the fundamental premise that there is too much aid too quickly, is important, but there is, from the point-of-view of the Burmese government, a political imperative. They have to demonstrate the effectiveness of aid before the 2015 elections. That is going to be very, very difficult. Expectations are very high. Those who

oppose the regime will use the lack of effectiveness against the regime and against continued reforms. There are a lot of questions about this that one Chinese wrote, "USAID is going to be like beautiful moonlight on the river." Meaning, ephemeral, it really doesn't exist. (Laughter)

MR. SHAKOW: That is the best description of the aid program I've heard.

MR. STEINBERG: The second point I want to make is about building capacity. That is absolutely necessary of course. And the Burmese government makes -- has to bear the essential responsibility for this. But we also, we the U.S., are unindicted co-conspirators. We cut Burma off. We didn't let the World Bank, we didn't let the Asian Development Bank train a political technocrat who could now be in position to help. And so, while our policy was not logical, our policy toward North Korea was to open North Korea up and our policy toward Burma was to shut them down. That doesn't make any sense.

The third issue is the question of coordination; not only of AID, but inside the Burmese government. I have been told by officials in the government they cannot coordinate among ministries or between ministries. So, projects and activities have to be ministry-specific. And, I think this is going to be a problem for the future. And in fact, if we look at Thailand, His Majesty said to me that the only way they could coordinate

Thai ministries is if they had world projects because their ministries were forced to coordinate.

The fourth issue is the need of evaluations. Now is the time to set up systems of what we would use to call, "impact evaluations", where we looked at the evaluations in terms of the people, not only on the process of evaluation. The process is important, but actually the process is to get something to the people, so we have to have the ability to establish baseline data and know what we are doing. After all, we -- otherwise, we'll have anecdotal information and, as Don Emerson, a specialist on Southeast Asia once said, "The plural of anecdote is not data." (Laughter)

The fifth issue, is to consider the future of the middle class. The middle class has now -- has been basically controlled by the military; the entrance into the middle class and that has to open up. But if it opens up the way things are going, it will be basically Chinese. And that is dangerous in terms of ethnic relations and good relations between Myanmar and China, which I think are very important for both countries. And the access to capital, private capital, is something that is very important and right now Chinese do not need official capital to expand their industries and businesses. They can do it through private sources, but we have to able to -- the bank and the ADB has to be able to deal with

this kind of issue sensitively from the very beginning.

The sixth is the bank. As the report notes, the organizational structure and needs of the donor-effective recipient, and often negatively because if forces organizational patterns that are maybe not conducive to proper use in that particular country, but that -- the report goes into that.

Seventh, is the issue of minorities, which Joe mentioned. This is a fundamental issue facing the country since independence. No government has resolved it. The civilians didn't do it. The military made it worse. This government is trying. But as you read these oral histories of the former U.S. ambassadors to Burma/Myanmar, you will find that -- since independence, the Burmese have regarded the minority areas as very, very sensitive and very sensitive for the U.S. So, what we can do there is very important. Recently, our ambassador went up to Michina, and in December, I believe, and this was followed very quickly by the Chinese involvement in the Cochin affair; our attempted involvement. And this indicates a sensitivity in the region to this whole question of the minorities and we have to keep that into -- in account.

The eighth thing relates to the NGO community and unofficial aid. The first thing is the registration process for indigenous NGOs is based, I think, on a Chinese model, and a model clause, is basically to try to take them out of the political action. This was the

Chinese model in 1987 and the Burmese model from 1988. With luck, we hope -- or we hoped that that could be changed. The model for international NGOs has gotten worse rather than better up until recently. In August, a cyclone affair was a blip in the process, but things got better than. But essentially, I have been trying to deal with SLORC and SPDC and the present government since 1994 to get them to change the registration for international NGO's on administrative things; to make things transparent, easy, and so far to no avail.

The ninth thing is we have to understand that when we're talking about foreign assistance, with a personalization of power in that society, often assistance projects are activities are identified with an individual in that government who promotes it, is responsible for it, and so forth. If that individual goes, then those projects are in trouble. This was demonstrated during -- when Kinyoun was ousted in October of 2004, and something we have to keep in the back of our mind. Not much we can do about it, but it is something that we should be sensitive to.

The next issue is the issue of donor headquarters field relationships. This is very sensitive. In the early 1990s, as a SLORC member told me, SLORC was about to kick out the UNDP because New York UNDP changed the whole rules of the game without reference to the Burmese government and they were incensed. And only the cooler heads

in SLORC prevented the UNDP from being kicked out. So the question is -- the field headquarters relationship of aid organizations. The headquarters' has to be sensitive to the field's understanding of the local situation. And this is problem, of course, of any organization, public or private.

And the last item I want to raise is something rather interesting. And that this is a section of the Constitution. There is a section of the Constitution, Section 121, paragraph G. And paragraph G says, "Who cannot be members of the legislature?" And people who cannot be legislature -- members who owe foreign allegiance, who -- that means who have foreign passports, members of religious orders, or, and this is the important part, "individuals or members of a group who directly or indirectly, obtain or utilize funds, land, housing, vehicles, et cetera, from a government or a foreign government, or a religious organization." (Laughter) Now, that – we didn't know who you give aid to, can't run for the legislature –- can't run for parliament. Now, you normally -- in a section like this you would say, "Well, except with government permission, or you know, government authorization." But I don't find that in the Constitution. This is a blanket statement. Now, you could argue, "Well then, how can Aung San Suu Kyi be a member of parliament since she won the Nobel Prize and was --indirectly, got money?" Right? Well, that's

a good question.

Let me close by just adding a note to what Lex just said. He said somebody told him that, "Donors bring a lot of chaos." Well, if you go back historically and look at the Burmese military statements, from the very beginning, the one thing they fear is chaos. And they have said so innumerable times and they use that as an excuse for 1958, for 1962, for 1974, and on, and on, and on. So, be warned. (Laughter)

MR. SHAKOW: Thank you panel. We want to get as quickly as possible to getting your questions from the audience, but let me first ask the panel if they'd like to comment on any of these rich statements that you've heard here. I just wanted this last comment, whether there is David, a suggestion that this constitutional provision would prevent corruption from occurring.

MR. STEINBERG: Good point. This is a nationalistic reaction of course. I mean, this is what they're really concerned about and one understands this. Remember that the two fundamental issues in the military have been national unity, which gets into the minority issues and the sensitivity. And the second is national sovereignty. And these are not inconsequential issues. And if you listen to the Thai military talk or the Chinese military talk, they talk about national sovereignty all the time, so it's not just the Burmese. The Burmese are a bit more strident I think

about it.

MR. SHAKOW: Lex, it was interesting that you didn't raise this point, which is actually in the title of your book, *Too Much, Too Soon?* I mean, neither of you did I hear -- saying that it was David who addressed that question. Would you like to react to David's comment that maybe a lot soon is important in order to meet the political needs of the Burmese government -- I mean the Myanmar government? I'm afraid I'm never going to get over this.

MR. RIEFFEL: Alex, I would just say the title has a question mark after it. So, that was not accidental. I dislike rushing to conclusions when I know so little about a country or a subject. And we did our assessment at a very early stage in the process of foreign aid. And, it's very hard -- and of course we have this -- there is no data to work with. There weren't even that many anecdotes to work with. (Laughter) So, it is -- no we were sort of groping our way in the dark. We came out with best -- sort of, comprehensive picture that we could provide, pointing out some of the risks, some of the dangers. I -- time will tell. I -- we see donors who understand all of these problems that we have mentioned. We see government officials who understand -- who recognize all of these issues. They all want to succeed. And we are hopeful they will succeed. We wish them success. And that what makes us concerned that they may not

succeed is simply the experience of the kind of donor behavior that we've seen in the rest of the world; the points that Jim was making. I mean if -- we would love to be able to say, "Look, the aid donors as a group did it so well in this country, or that country, or that country." We haven't seen that yet and so we just have to hope that the donors as a group can do better in this country than they've done before.

MR. SHAKOW: Although you did point that the Myanmar government itself has done a good job in beginning to coordinate aid donors. I mean that is, ultimately, where it all must take place right? Do you have confidence that in fact they will be able to control some of these donor impulses?

MR. RIEFFEL: I think the phrase we used is "high marks." We have the given the government of Myanmar high marks at this stage for what it's done. But, in a sense, they've done the easy things. It's that the next stage is -- I mean, what we've had so far is mostly what we call "scoping missions". I mean, donors have been going in saying -- having these conversations -- what do you need? How can we help you? And it's only when you, sort of, get to the next level and come up with a project proposal and then decide how to implement that project that you start getting into trouble.

MR. SHAKOW: Joe, do you have any comment on

either these points or this issue of whether you can see, at the policy level, emphasis upon the aid donors putting more emphasis on coordinating with the government?

MR. YUN: Yeah. I would not agree that there is too much aid. I mean, I think, from our point of view, right now, is when Myanmar needs capital, it needs money. And this is why private sector money will flow in. Multi-lateral banks money will flow in and I believe this where also donors need to step up. I do think bi-lateral donors have a different role and responsibility than others. You know, I mean, they're not there to make money. But number one, I think you pointed many out. You know, capacity building is very important. And I do think capacity building can take place even in isolation. So, if you choose the right sector, you know, you can build a capacity even though macro-economic policies may be all screwed up, you know. So -- they do need sectorial capacity to building. And, you know, so for example, in our USAID has a program that would put in about $40, $50 million a year and they're all targeted. And I know you did not have a lot of kind words for the current USAID program, but believe me, I've visited their health programs, their agriculture programs, and they are very, very targeted. Now, I mean there is a broader question, "How much can a country, with a population of what, 70, 80 million, rely on development assistance for their overall development?"

That, I mean, I leave to my expert. By the way, I was a grad student in the London School of Economics. My teacher was a Burmese professor called Lê Mihn. Very, very distinguished Burmese professor. And at that time, you know, it was the 70s. Liberal schools were not very popular, but he was, what they would say, "very liberal." That he really did not believe in development assistance and he did not believe theories, like, you know, stages of growth that you jump from one to the other. It is mostly work, you know, of people. So called, "will to develop." He was very big on that, you know. And so I did -- when I went to Myanmar, I spoke to some of the old folks there and they knew him. Of course, I don't think he was allowed to go back. And I am not sure he's still around. I hope he's around.

MR. SHAKOW: (Laughter) Okay. Jim.

MR. FOX: I would just add, in terms of David's comment about the need to do things before 2015, it seems to me low-hanging-fruit includes electrification; so little in the country is -- has electricity in their home. And that can be expanded quite rapidly. Mobile telephone can be expanded even more rapidly, and dealing with the agricultural sector, where three-quarters of the people live, I don't know what the answers are, but clearly donors with this multi-donor lift fund, $170 million, has been committed so far, seems to be doing good work. USAID made a token contribution of $600,000 to that. That expanding those kinds of

activities, they do irrigation projects and such. And in fact, we were told by one official, that the government is still implementing the Robert Nathan plan for irrigation, even now.

MR. SHAKOW: Last word Lex before we open it up.

MR. RIEFFEL: Yeah. Very quickly. Correction. When we say, "too much, too soon?", we're not really saying too much money. We are saying more -- too much attention. And we actually thought about putting that in the title; too much attention. (Laughter) Our editor said, "No, no --

MR. SHAKOW: Too many visits by aid officials. And that's small aid. The floor is open. We have about 30 minutes or so, and if you will please -- if you raise your hand and then you will get a microphone brought to you. Please identify yourself before handing. Keep the questions short so we can get the most comment out. Back there, yes.

MS. CURRIE: Hi. Kelley Currie from the Project 2049 Institute.

MR. SHAKOW: Can you speak up a little bit?

MS. CURRIE: Kelley Currie from the Project 2049 Institute. I didn't hear much talk about civil society's role in any of this, which seems to be a pretty big oversight. And I did hear a lot of talk

about, you know, country ownership in terms of the government's ownership of development. And this is one of the big problems, I think, that people in Burma, that I deal with, who are in civil society, have with what's happening in the AIDS-scape right now in Burma. I have no shortage of anecdotes from that sector of problems that they're encountering in terms of how the development process is unfolding, how donors are behaving, how the government's treating their contributions, and how, you know, how they are injected into this process. So, I would love it if you could address some of that.

MR. SHAKOW: David did mention something about this issue, but would you like to pursue that?

MR. STEINBERG: I think it's a very important issue. The point that I was trying to make is that the government and the aid donors should encourage the government to try and liberalize the process by which civil society can contribute. I think civil society is terribly important. I think it's important politically because it provides a sense of pluralism in the society. And one of the aspects of democracy, eventually, would be plural centers of power and civil society is one of those aspects of that. That's why I would hope it would expand.

MR. SHAKOW: Lex.

MR. RIEFFEL: I would say civil society, absolutely, very

important. What's interesting, to me, is that actually, I think there's been more donor assistance directed at civil society over the last three or four years than there has been to the government. And, you know, civil society can do a lot. But, if the government cannot function -- if the government can't deliver its services; health services, education services, agricultural extension, and things like that. I mean, this country is not going to have the kind of growth that other Asian countries have had; Indonesia, Thailand, I don't have to tell it. But I mean that -- you can't do that without out a government that performs halfway decently.

MR. STEINBERG: But the way that -- the U.S. government prevented (Laughter) any assistance to the government -- we could give to civil society, but we couldn't get to the government. So are we, in fact, part of the process here?

MR. SHAKOW: Yes. Right here. David.

MR. MERRILL: Well, this is a follow-up, so thanks for calling on me. I am David Merrill with the U.S. Indonesia Society, but I also had the privilege of being the aid representative in Burma, '79 to '83. I think virtually all of us want to see Burma achieve a sustainable democracy and you mentioned the NGO issue. And you mentioned in the report that the USAID program, at least for 2012, has democracy promotion in it. But, can you give us a little more flavor of what that

program is or what other donor democracy programs -- are they civil society? What are they doing? What is their strategy? Is it with legislative? Is it with press? Is it with some other aspect? Is it too sensitive to talk about, or what? Thanks.

MR. SHAKOW: Joe, do you want to comment on that? Or Lex? I don't want to put you on the spot it you --.

MR. YUN: No. I would be happy to talk about it. I think our -- the pillar of our civil society program is what we call, "Democracy and Justice Program", and it has several elements. Number one, it works with political parties, and then secondly, we also work with journalists, with the press. And third, we work with other civil society groups that provide services. So, I would say, in terms what you are referring to David, that's probably the most important program. Do you want to expand on that? We have our very capable USAID director for the region here.

MR. SHAKOW: Can we give him the mic please?

MR. RANDOLPH: Thank you. I'm Paul Randolph. I'm the Director of East Asian Affairs for USAID. David, I think the approached we've been following on the democracy and governance front for Burma/Myanmar has been a balanced approach. What Kelley talked about, the importance of accountability and how civil society is going to be playing a major important role in that, U.S. government has funded for

quite a long time civil society organizations in Burma and on the border with Thailand. We want to build on those strengths that we already have. But -- and we've recently had programs on humanitarian aid, programs in the dry-zone regions. We want to build on that. At the same time, we recognize these new opportunities with the government of Myanmar and to support some of the capacity building there. So, just last week, an administrator, Rajiv Shah, was in Burma. We announced an $11 million democracy program that will support the parliament. It will also include support to the union election commission, as well as political party process work with civil society and information on election systems. On top of that, we continue to work with transition programs and supporting local indigenous civil society organizations. We want to do a lot more on that over the next year. But, it -- so we recognize it -- the importance of having that balanced approached of supporting capacity building, supporting the government, where they are asking for resources and support; at the same time building accountability and demand systems on democratic reform.

MR. SHAKOW: Thank you. I'm feeling less guilty about using the word Burma as much as I do. Gentleman in the -- about five or six rows back.

MR. MEHTA: Hi. I am Numai Mehta from American

University. There's one piece of the puzzle that I have not heard being mentioned here, and that effects capacity and it is imperative the government of Myanmar has -- with the 2015 elections in sight, and that has to do with decentralization. The comment with the 2008 Constitution, as you know, there is a provision for decentralization and there are a number of sectors that the government is taking steps -- cautious steps towards that. Would you like to comment a bit on that process?

MR. SHAKOW: David?

MR. STEINBERG: Sure. Decentralization is very important and the germs of a process I -- have been built into a constitution. We may not like many aspects about constitution, but the idea of seven state legislatures, seven regional legislatures, six sub-units legislatures, all means that the chance of decentralization is growing. Now, these organizations, these legislatures, have limited capacity and they have limited authority. And one would hope that over time that we could get these organizations to get more capacity to deal with local problems. For the first time, in really -- in Burmese modern history, you're getting in those legislatures people asking important questions about what is going on around them. And I think this is the first step towards trying to get amelioration of these problems through local initiatives, local taxing authority, local capacity building. And I think if I were running an

organization in that country right now, I would want to look at the sub-unit –- let's say the provincial legislatures, as a very important avenue to try and build capacity.

MR. SHAKOW: Anybody else? No. Yes. Yes, sir. Yes?

MR. HIRSCH: Thanks. My name is Steve Hirsch. I am a journalist here in town. First, I thought -- I was a little surprised in your presentation you didn't devote more attention to the section on doing no harm, which I thought was the most interesting section in the report. But, my question is, in your research on the ground, did you find that the aid organizations had sufficiently complete knowledge of what's going on the country and had they traveled widely enough, both geographically and throughout the institutions in Burma so they had more of an idea than, you know, that they would get, just sort of, taking what has become the standard tour?

MR. SHAKOW: Lex, since you have said many times that you -- since you don't speak Burmese, you don't know anything about the subject, would you answer Mr. Hirsch's question?

MR. RIEFFEL: If you haven't seen it, look in the report and you'll see that statement. And, one of the things that I have done as I've gone around, is to try to understand the extent to which foreigners

who are there to help the country, speak the language or try to speak the language, learn to speak the language. And frankly, I have been disappointed because the general pattern is to say, "Look, there are a lot of people who speak English here, so it's not so important to learn Burmese." But, that, you know -- at the same time, there are a lot of aid organizations, both multi-lateral, bi-lateral, INGO's, there are a lot of them. There's a great variety. Some of them have some fantastic people on the ground who do speak Burmese; who -- not only Burmese -- who speak some of the ethnic minority languages. I have said, I mean just to be provocative, I have said -- it would good -- it would be smart for the governor of Myanmar to say, "No agency, aid agency, can post someone in Myanmar who has not spent six months learning Burmese." But, you know, that's not going to happen. So, do they know enough as a group? Do they know enough about this country to really help it? Honestly, I have to say no. But, where in the world have they? And at the same time, you know, there has been development. I mean, let's not be too pessimistic. There has been a lot of progress in the developing world in the last 40 or 50 years, despite what the aid donors have done. (Laughter)

MR. SHAKOW: Yes David.

MR. STEINBERG: Though there's a generic issue here. As a donor issue, what are the avenues of promotion for somebody who

spends time -- years, I've have spent a year studying Burmese, I know how difficult it is -- who spends time devoting their lives, will they get promoted to the senior foreign service? They will not. Not on that basis.

MR. SHAKOW: Well, you were a senior official of AID so -- long time ago.

MR. STEINBERG: It had nothing to do with Burma mostly.

MR. SHAKOW: Well, part of the --. Yes. That man way in the back if I can --.

MR. BARBER: Hi. I am Chip Barber from the State Department, Bureau of Oceans, Environment, and Science. A quick question on some broad natural resources --.

MR. SHAKOW: Make it a little louder if you would please.

MR. BARBER: I'm sorry. I'm Chip Barber from the State Department - Bureau of Oceans, Environment, and Science. My question is a two-part, I think, about natural resources. The part of the picture that we think about oil and gas on the one hand; obviously a major area that has a lot of opportunity, but a lot of things can go wrong in other parts of the world. And we have had officials from Burma expressing their interest in learning from the mistakes of the past and doing it the right way and any thoughts about what that might be. The other is on basically land

and renewable natural resources. Particularly, land tenure, ownership, access, and control. We see more and more conflicts that are arising and issues that will have a lot of impacts on investments in agriculture and agricultural development and how -- some of the ways to get a handle, for the aid donors. I know some are thinking about this on this question of ownership and control of land, forest, access, and all those kinds of issues. Thank you.

MR. SHAKOW: Jim? This -- are you up on this subject?

MR. FOX: I would say very briefly that both of these, in my mind, are terribly important issues. There is not time here to discuss the complexities. I think there -- I think the policy community inside Myanmar does understand how important these are. Civil society certainly understands how important they are. And the question in my mind is how can we, from the outside, help them. And how can -- in particular, how can we avoid not confusing them because, you know, everybody comes -- what happens is that everybody goes to this country and says this is what you ought to do in the energy sector, this is what you ought to do about land acquisition, and the capacity to absorb those different solutions and come up with something that really works in their country is not wonderful.

MR. SHAKOW: David?

MR. STEINBERG: The land issue is an absolutely critical issue in the country in terms of deprivation of the rights of the farmers. There is only -- there is one very positive sign that's not land, it is offshore. And that is a year ago, the International Court of Law of the Sea in Hamburg reached a decision on Bangladesh/Myanmar boundaries offshore. Boundaries which affect both oil and gas very, very substantially. And this was an amicable agreement. First time in world history, I think, that such an agreement has been reached. And this has important implications for both Bangladesh and for Myanmar in the future.

MR. SHAKOW: Good. Yes, in the corner here. (Laughter) It's a corner that -- from my standpoint not from yours, sorry. (Laughter) I'm saying you.

MR. GADWELL: Oh good. All right. Great. Michael Gadwell, Georgetown University. I wonder if you could take the title of your report, *Too Much, Too Soon?*, and apply it to the 2015 elections? And what I am thinking about are the various themes that are coming out here about, on the one hand, the need for contestability and a democratic process. Lots of expectations, that things are going to happen very quickly. And yet, on the other hand, the need for -- to take time, continuity, the fact that you have a culture here that is traditionally very top-down, very personalized, very power-oriented. Can you give us some

sense of scenarios that would give us either some reassurance or some sense of reality around how this process will get through what is likely to be, it seems, an extremely important event.

MR. SHAKOW: Joe. (Laughter)

MR. YUN: Thanks very much. This is, you know, for a State Department guy with cameras on, kind of a tough question, but let me give it a good go, okay? Yeah. I think, Michael, this is probably the most important issue of the day. What is going to happen in 2015? Will the process be fair? Will it be open? And, you know, we have a constitutional expert here. (Laughter) Would there be -- he even knows about whether you are allowed to drive cars or not according to the Constitution. (Laughter) But, in any case I mean, from where I would say, center of political spectrum is, I would imagine, as I've said before, there has to be evolutionary changes to the Constitution. Whether that happens between now and 2015, I don't know. There is certainly -- there will be pressure, I believe, as we enter next year and before that. I think, is it in November 2015, that they're due to have elections. I mean this raises, to me, a very interesting question. How do political transformations take shape in Asia? You know, there have been theories that political transformation in Asia are much more likely to be top-down than bottom-up. What we see in the Middle East and, you know, in North Africa, and

so on, you look at examples of what happened in South Korea, or Taiwan, or Indonesia, and they tended to be top-down. And so if that is also applicable to Myanmar, and so far I think it has been applicable, in the sense that it's really been the top echelon who have decided it's time to change, although there has been substantial pressure from beneath. And so if that's the case, I think it is very important -- which is why, as Paul Randolph said, we do work with the legislature. For example, USAID will be sponsoring parliamentarians to come over here. We have exchanges and so on. So, I think this is crucially important that this process, political change process, does not stop, but continues. And I think if that's the case, then it will gradually change into a more transparent, more democratic one, which is more acceptable to the mainstream ASEAN Asian culture.

MR. SHAKOW: Yes Lex?

MR. RIEFFEL: Just one more minute on this. I -- a concern that just struck me yesterday is the chairmanship of ASEAN in 2014. This is -- this will put a major burden on the government and one concern I have is that because of all of their responsibilities during 2014, vis-à-vis, the ASEAN chairmanship, they will not give enough attention to preparing the groundwork for the 2015 election, including enough work on economic reforms that are -- economic measures that are important to

make the people feel as though there is progress.

MR. SHAKOW: Yes, in the front row.

MS. KAREL: Hi. Betsy Karel.

MR. SHAKOW: From?

MS. KAREL: From Washington. (Laughter) I have no credentials, but I did spend three weeks in Myanmar last year during the elections and what I heard over and over again, which relate, nobody's addressed and it could have been the segment of the population that I was talking too because I spoke with journalists, human rights activists. Over and over again, they were talking about the problem of corruption in the military and that these were the wealthiest people in the country. It was relatives of the military and the military themselves. And, I am wondering if I got a skewed vision of the country or? I would just like to hear a response.

MR. SHAKOW: David?

MR. STEINBERG: This corruption is a major problem. In his inaugural speech on March 30th, 2011, President Thein Sein said corruption is a major problem, and they're trying to do something, but it is slow. The problem we have right now is if you look at the Transparency International and other groups that report on corruption, their data is from 2009, 2010, not from the present. So, we don't see a change yet in, sort

of, the international data. But it is a very important issue. Why in the military? Because military had the power. Power is personalized and these people had access and I have been to the home of one SLORC member who could have been filled with Versailles-type furniture. You know, the gilt furniture that you see in Bangkok on the -- by the nouveau riche and so forth. On the other hand, I've been to another guy's house; there was nothing. And, this man said to me, a colonel in the army, he said, "We were taught, this uniform comes from the people. This gun comes from the people. These boots come from the people. This military now has forgotten that. And that is, I think, a problem." And the military must, from the top, really demand this. We have seen some people in the cabinet dismissed because of corruption; some high-level officials. So it's a beginning process. But as long as power is personalized, then you see -- you need something to oil the gears that make the system work; make the patron-client relationship work. And that's a sort of fundamental issue.

MR. SHAKOW: Lex, you've written about this extensively in Indonesia. Do you wish to comment on this question?

MR. RIEFFEL: Just two thoughts. One is that the -- what we call corruption is not unique to the military, of the military leadership, the military group. There is corruption, for example, what we call corruption related -- in I mean -- in the government, in the government

operations, in the oil and gas sector, and you can say every sector of the country. And it's culturally related to this pattern of patronage, patron-client relationships. What is impressive, I think, is that the Thein Sein government has -- has not only said that this is a problem it wants to overcome, this is a -- sort of a characteristic feature it wants to overcome, but it has taken -- it has taken some, I think, some significant actions in this direction to do that. And, in fact, I think what is called, "The President's Third Wave Speech", in just two or three months ago, was focused on this. It was saying, basically -- he was speaking -- his remarks were directed to the bureaucracy and they were saying, "Look, we have to change. We have to change our behavior, change our mindset. This won't work anymore."

MR. SHAKOW: Okay. Over on this side. Yes, right there in the middle.

MR. MARTIN: Just build a little bit on it. I am Michael Martin from Congressional Research Service. I was -- it was curious to me that very little was said about the military; particularly given how pervasive they are in the economy. So one question is how do international donors interact in Burma -- and I use Burma because that's the official U.S. government policy still -- in Burma without re-enforcing the power structure of the military? The second part is the ethnic

organizations; those with militias and -- but those without as well. They do not accept the legitimacy of the union government or the constitution; many of them. To what extent is the international donor community, by focusing on the union government, as their interlocutor in donor relationships, effectively making a political stance and to what extent should they be working with these ethnic groups when they develop or organize donor projects?

MR. SHAKOW: Lex, do you want to address the first part of that question at least; links to the military or not, of donors?

MR. RIEFFEL: I could make an argument that donors are not paying sufficient attention to the military. In fact, one of the most interesting observations that the Lou – Lou Walinsky made in his book about the 1950s planning experience, was that a fundamental mistake was not involving the military in the planning process. So that when Ne Win took over in 1962, he basically threw out the plan. And, but -- well, at the same time, this is – it's just a very – it's a very difficult process, very important process to encourage the military to redefine its role in the country. It seems to me this has to happen for the county to have the kind of growth that other countries have had. But, again, I don't think we come up from the outside and say, "Military, you need to do this, military you need to do that." I mean, they're going to have to figure it out for

themselves.

MR. SHAKOW: David, second part of the question, perhaps.

MR. STEINBERG: Well, both I think. You are dealing with a kind of judgment call and balance. That's -- and this is a problem. This is why we have so many disputes in policy because in order to get something done, you have to work with the military because they basically control a lot of the elements of the government, the essential elements. And their interests will be protected. That's what the constitution is designed to do. On the other hand, you want to deal -- you don't want to give them legitimacy alone. You've got to deal with other groups. That's why civil society is important.

The ethnic groups, as I said, are the critical issues, but at the same time, the problem is that it is so sensitive. Now every one of the ethnic -- major ethnic groups, that have illegally, from the Burmese government's point of view, drafted a constitution, which in not in effect, has called for some form of federalism. Ne Win, in 1962, and everybody until recently, has said, "Federalism is the first act of succession and we will not have it. It's a naughty word." On the other hand, I met in October, Aung Min, who is a negotiator with the minorities and he said, "Look, I know what federalism is. I looked it up in the dictionary," I am not kidding,

"and we're are serious about looking at this stuff." Now, that's one statement. But it indicates a beginning of a change in attitude. And one other thing about this which is interesting on the question of the constitution, the military, and the parliaments, one senior official in Naypyidaw said to me when I talked about the problems in the military and the parliaments he said, "That is the endgame for the military." And I said, "What does that mean?" He said, "The military has no respect for the civilians. They don't trust them. They're corrupt. They're all these bad things. They don't want to have anything to do with them. But by forcing the military to deal with the civilians in the legislatures, you're beginning to show the military that, 'hey, this is not a zero-sum game.' That we can deal with these people. And that will diminish over time military power." Now, that's his comment and that I thought was very interesting from a very high official at Naypyidaw.

MR. SHAKOW: We have about five minutes left. Let me – let's take three questions more and then we will let the panel have some final words. The lady in the back, please?

MS. LEIGH: Hi. I am Christine Leigh with the U.S. Campaign for Burma at American University. My question is about U.S. assistance to the education sector; primarily because a lot of reformist and progressive movements have started with students. Could you expand on

that please?

MR. SHAKOW: And then there was the lady in -- on the aisle there also.

MS. MOSSON: Yes. Hi. Allison Mosson with the Sabin Vaccine Institute, but previously with a small cross-border aid organization that I was working in Thailand. Building off of the question that he gentleman had here, I was actually wondering if I could get a clarification about the governance and -- I think the governance initiatives that USAID is funding; whether or not those are also going to be working with political groups that have not yet joined the official process since 2011. Particularly thinking about ceasefire groups and my experience was with the New Mon State Party, for example. And then to build a little bit more on that, where do you see cross-border aid going in the future? I know a lot of aid to Burma or Myanmar was going through the border before and I'm curious what the future of that is going to be.

MR. SHAKOW: And one more question right here and then we'll get the panel to react to these various pieces.

MR. STILLMAN: Thank you.

MR. SHAKOW: You need a mic.

MR. STILLMAN: I'm Bob Stillman. A consultant and director of the Small Enterprise Assistance Funds. My question deals with

entrepreneurship. In many cases, a very important element in economic development is the development of new enterprises through entrepreneurial activity. Two parts of the question. Do you see the makings of new enterprise development within the current economy and society of Burma? And second, what role can foreign assistance play in accelerating that if there is one?

MR. SHAKOW. On education, Lex are you up on --

MR. RIEFFEL: I think Joe is in a better position.

MR. SHAKOW: And Joe you might want to take -- you might want to take the -- part of the other two questions too and/or maybe you want to Paul to answer part of it.

MR. YUN: No, no. I think they're all yes. (Laughter) No, I'm just kidding. (Laughter) I think Paul will help me out. But I think we are beginning to do a lot more on education. For example, we have education partnerships, where we're looking at U.S. institutions, especially universities and colleges, to form partnerships with higher education learning centers in Myanmar. I think that's important to get two, you know, partnerships going.

On cross-border assistance, that's, of course, mostly done at the moment through Thai/Myanmar borders and that's where the refugees are really. I mean -- and so I think that will stay for the foreseeable future.

That it's done mostly by USAID, as well as our PRM population and migration bureau. So I don't see that shifting much because the need is still very much there.

Entrepreneurship? I will leave it to David and others, you know.

MR. SHAKOW: David?

MR. STEINBERG: I would like to comment on a bunch of these.

MR. SHAKOW: Yes, go ahead, go ahead.

MR. STEINBERG: Education. Very important. I have a letter signed by the Minister of Education, January 10th this year, establishing a Center of Excellence at the University of Yangon. That is a completely independent, autonomous, organization over which the university will have no control, completely void of any censorship and even choices of professors to be there. This is unprecedented in the history of that country.

MR. SHAKOW: Is this linked to Georgetown School of Foreign Service?

MR. STEINBERG: No. (Laughter) I will tell you I've tried. (Laughter) But this is very important. This indicates a willingness to try and raise standards at the university. Of course, it's going to take a long

time. But at the same time, this is very, very important. On primary education, you're going to get Australian aid doing a lot in that field, I believe. But the aid people will know more.

On the governance and the cross-border issues, of course, there are all kinds of cross-border assistance in the past. Some of them rather dubious, I would say, and some of it exceedingly good and important. And some of the people in the Burmese government have been very suspicious of some of them. One minister said to me, "You say your aid across the border is $5 million dollars, but we don't know if there's 5 million or 50 million." So, there's some concern there.

On entrepreneurship, my worry is that the entrepreneurial capacities will be with the Chinese community or with the Sino-Burmese community. I think that we should try and balance that out. Now there is a very interesting organization; Women's Entrepreneurial Association. And women have been exceedingly important in the field of business in that country. They've been overshadowed, of course, by the military and the big business, but at the same time, a lot of the trade within that country is in the hands of women and that's very important.

MR. SHAKOW: We have reached 5:00 and I want give the panel at least a minute each to react to anything they've heard that they haven't had a chance to say already. So, let me do that before we

close up. Jim, anything?

MR. FOX: I would simply second everybody else on education. We say in our report that we think foreign training of Burmese is absolutely important and we don't see donors giving as much attention to it as they should. Massive training of Burmese abroad.

MR. SHAKOW: Lex?

MR. RIEFFEL: On education, the initiative that David spoke about, Center of Excellence at University of Yangon, that is the top-down initiative and I think it's -- and again, this is the way that country works now. For better, for worse.

On entrepreneurship, there is a lot of entrepreneurial talent and activity in this country. I was involved in some of it. It's an area that a lot of donors want to work in. And actually, my view is that this is an area where donors can do a lot without doing any -- without doing much harm. It's sort of harder to do harm in this area, I think, than a lot of other areas, partly because they're working with the private sector and the private sector is very sensitive to things that do harm; I think more sensitive than the public sector is.

Finally, I would like to, just sort of stepping back, going up to 30,000 feet, what I'd like to leave with you is the idea -- is that really this country is undertaking a remarkable transition. It's not an easy transition

and the outcome, I think, is highly uncertain. Don't think that everything is going to go well. It could go in many different directions. What it does need is our human support. Our encouragement, but sensitively and sort of recognizing that not everything that we want to do, might want to do, is actually helpful.

MR. SHAKOW: I am going to give Joe the last word in a minute, but David do you have any last --.

MR. STEINBERG: No. I support what Lex is saying.

MR. SHAKOW: Mister Assisting Secretary?

MR. YUN: Well, thank you very much. Thank you very much. First of all, I am so encouraged to see so many people here. I think it was an important thing that we did, everyone together, over the last few years. And I think really now, the burden is on everyone to keep the momentum. And in this sense, I very much agree with what Lex had to say on the importance of engagement. I cannot think of any engagement that Americans could provide that will not be useful there at the moment. I think in every sense of the word, more would do better and I think the success -- I think it's very much in the hands of the Burmese themselves. At the same time, I do believe this country, which has suffered so much over the past 50 years, deserves a better chance and it could be a huge success story. And I think we will have something to do with it and I do

hope with aid in education, entrepreneurship, you know, through other government assistance, anything we can do will be a huge plus for all of us. Thank you very much.

MR. SHAKOW: Lex.

MR. RIEFFEL: Alex, I have to say, I believe that the team that our country has had working on Myanmar at the State Department is -- has done a fabulous job. So many things could have gone wrong in the last two or three years; so many things. And they've managed a very difficult account, I think, with superb skill, with the best diplomatic skills that this country has to offer. (Laughter)

MR. SHAKOW: Let me thank all of you for coming and for asking such a set of very good questions to stimulate this terrific panel. Will you join me in thanking both yourselves, and of course, the panel for all its wonderful performance. (Applause)

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