

Country Development Strategy Statement

FY 1987

BURMA



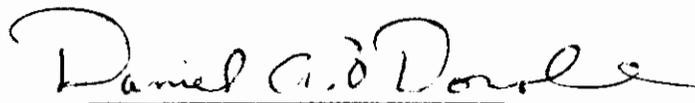
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Agency for International Development
Washington, D.C. 20523

I fully endorse the FY 1987 Burma Country Development Strategy Statement. Our AID activities contribute visibly to Burma's development and provide an essential support for broader U.S. policy goals here. Our projects meet Burma's priorities and are consistent with the Administration's policies and AID's basic human needs mandate. They are realistic, well designed and reflect Burmese capacity for marshalling counterpart inputs.

The agriculture and health sector projects have been highly successful. In particular, the Maize and Oilseeds Production project has been praised by Burmese leadership and other donors for its important contribution to the country's development. New projects in agricultural research and edible oil processing will complement and strengthen our current efforts in the agricultural sector. Our support of Burma's primary health care program is continuing and AID participant training assistance in other sectors, such as energy, has enabled many career Burmese officials to obtain advanced technical training in the United States.

As outlined in the CDSS, I believe that it is important to increase gradually our levels of economic assistance to achieve maximum development impact and to support our objectives here. As I have stated before, we gain disproportionately large policy and development benefits from the modest amount of assistance which we provide to Burma. In sum, we should continue our proven program approach, which so clearly benefits Burma and serves our own interests.



Daniel A. O'Donohue
Ambassador

TABLE OF CONTENTS

	<u>Page</u>
I. Analysis	
A. Overview of Development and Poverty Situation	1
B. Recent Political, Economic and Other Developments	2
1. Political Aspects	2
2. Economic Developments	3
3. Narcotics Control	4
C. Key Constraints to Growth	5
1. Low Level of Export Earnings	5
2. Increased Domestic Budget Deficit/Declining Revenues	6
3. Debt Service Burden	6
4. Lack of Management and Technical Skills	6
5. Lack of Adequate Physical Infrastructure	7
6. Shortage of Domestic Energy Resources and Degradation of Natural Resources	7
7. Unemployment and Underemployment	8
D. Review of Sectors in Which AID Proposes to Work	8
1. Agriculture Sector	8
2. Health Sector	19
3. Human Resource Development and Development Training	25
E. External Assistance and Donor Coordination	26
II. Strategy	
A. General AID Program Strategy	28
B. Sectoral Program Interventions	30
1. Agriculture Sector	30
2. Health Sector	33
3. Education and Human Resources Sector	36
C. Description of Policy Dialogue Efforts	37
III. Resources	
A. Program Levels and Project Mix	38
B. AID/Burma Staffing	39
C. Operating Expense Budget (OE)	40
D. Project Development and Support (PDS) Budget	40
IV. CDSS Work Plan Summary	41

ANNEXES

- Annex A: AID/Burma Functional Organization
 Annex B: AID/Burma FY 87 CDSS Work Plan Activities

This strategy statement has been prepared by AID/Burma. It is updated annually and used for planning purposes in the field and in Washington. It does not represent official Agency policy.

I. Analysis

A. Overview of Development and Poverty Situation

With a per capita income of only \$190 for its 36 million citizens, Burma is one of the poorest aid recipient countries in the world. Yet Burma's low income levels are relatively evenly distributed with the lowest 40 percent of households receiving approximately 20 percent of the income with little difference in population below the absolute poverty level in urban and rural areas. The reason for this is Burma's commitment to equity as well as to economic growth. Uniformity of income distribution is one reason for developing a country-wide AID program rather than be tied to traditional approaches of area development or targeting poverty groups.

Despite its poverty, Burma is basically self-sufficient in both food and energy, one of the few low-income countries in the world in that position. Self-sufficiency has permitted Burma to escape most internationally induced inflation.

Burma is the largest and least densely populated country (80 persons per square mile) in mainland Southeast Asia with vast undeveloped mineral, marine, forest, land, water, and hydroenergy resources. Only one-half of Burma's arable land is cultivated and only 12 percent is irrigated. There is little double-cropping. Burma's natural and human resources endow the country with tremendous potential for increased agricultural production.

While incomes are generally evenly distributed, the delivery of public services, especially to rural areas, is inadequate. Only 6-7 percent of Burma's 65,000 villages have access to electricity, only

13 percent of the rural population (17 percent for urban/rural areas) have access to safe water, and only a third have access to adequate sanitary facilities. Burma's major health problems include pneumonia, heart disease, intestinal infections, tuberculosis, malaria, and tetanus. There is only one doctor for every 4,660 people and the infant mortality rate, while reported to be relatively low (in the range of 50-60 per thousand) is probably considerably higher.

B. Recent Political and Economic Developments

1. Political Aspects

U.S. relations with Burma are good and quietly improving. We are increasingly able to work constructively with the Burmese, particularly in the narcotics and economic assistance fields. We have also seen the continuing broadening of our educational and cultural exchange relationships with Burma.

Burma remains a one-party, socialist state. The sole political party is the Burma Socialist Program Party, which is led by its longtime Chairman, U Ne Win. The party structure parallels that of the Government, and decisions are generally made on a consensus basis between party and Government officials, with Chairman Ne Win remaining the ultimate authority on policy issues.

Important political developments are expected at the Fifth Party Congress and the Fourth Pyithu Hluttaw (National Assembly), which will be held in August and November 1985, respectively. Party and Government officials, including members of the Council of Ministers (Cabinet) will be elected for four-year terms at these sessions.

Burma's recent history is one of continual struggle between a predominantly Burman central government and various autonomy-minded minority ethnic groups. While the insurgent groups remain confined largely to remote border areas, their access to modern arms and equipment from foreign sources and through trafficking of narcotics and other goods makes the task of controlling them difficult. Although none of the insurgent groups represents a serious threat to the Government, the insurgency situation is a serious drain on the Government's budget and resources. It also seriously impedes the country's economic development through loss of valuable agricultural land and natural resources (minerals, wood, etc.), loss of revenue caused by widespread smuggling, and the Government's inability to implement economic development projects in insurgent contested areas.

2. Economic Developments

Beginning in the mid-1970's, Burma recorded several relatively successful years of economic growth. Through 1982, gross domestic product (GDP) grew at an annual rate of 6 to 7 percent. This improvement, after a decade of stagnation, was due to changes in Government policies (tax reform, increased interest rates, selected crop procurement price hikes) as well as an improved international trading environment (world prices for rice, which accounts for 40 percent of Burma's export earnings, reached as high as \$300 per metric ton). In 1983, however, Burma's growth rate slowed due in good part to declining earnings from rice and other exports. As export earnings fell, reserves dropped (at the lowest point amounting to about one month of imports), and the domestic budget deficit grew. In response, the Government restricted imports, and

announced plans to diversify agricultural production into crops other than rice. Burma's economic problems continued in 1984, primarily because of the continuing deterioration of the terms of trade, especially for rice. Not only did Burma fail to meet its export target for FY 1984/85 (April 1, 1984 - March 31, 1985), but actual export earnings were lower than in the previous fiscal year. This led to a growing shortage of foreign exchange and a deteriorating debt service ratio estimated as high as 39 percent. In response, the Government in late 1984 halted all but the most concessionary and essential foreign loans. At the same time, it began to look for new exports and new markets and to take steps to diversify agricultural production into non-traditional crops with export potential.

Despite the bleak export picture in FY 1984/85, the Burmese Government announced in March that GDP grew 6.6 percent in 1984/85 and was projected to increase 6.9 percent in 1985/86. Other sources suggest, however, that GDP growth may have been lower. Economic prospects in FY 85/86 do not look brighter. A failure to increase export earnings will have a negative impact on Burma's longer-term development goals.

3. Narcotics Control

Burma is a major opium growing area, producing over 600 metric tons annually in the Golden Triangle. Opium poppy is grown in remote areas of northern and eastern Burma, largely under the control of insurgent groups such as the Burma Communist Party and Shan United Army who use the narcotics trade to finance their activities. It is estimated that about 20 percent of Burma's opium

is consumed within Burma and that there are 40,000 officially registered addicts.

The Government, notwithstanding its minimum control in most opium producing areas, eradicated over 11,000 acres (equivalent to 45 metric tons) of poppy in 1984, the highest reported annual destruction to date.

To assist the Burmese Government in its anti-narcotics efforts, the U.S. Government has been providing training, communication and logistics assistance.

C. Key Constraints to Growth

1. Low Level of Export Earnings

To further economic growth and development and to meet increasing domestic consumer demand, Burma needs to generate more foreign exchange through quality improvements and diversification of its agricultural crops for export.

Despite dramatic increases in rice production, the prospects of increased export earnings from international rice sales may be limited over the short and medium term, due to depressed world market prices. Another problem is the low quality of Burma's rice, usually 35 percent broken, which results in export prices 20-30 percent less than in neighboring Thailand.

The Government is trying to upgrade the quality of rice exports through improvements in milling, storage and transportation and by creating producer incentives. In addition it is carrying out an agricultural diversification program in order to produce non-traditional crops for export (e.g., pulses) or import substitution (e.g., oilseeds).

2. Increased Domestic Budget Deficit/Declining Revenues

Decreased export earnings are one reason for a decline in Government revenues and an increase in budget deficits. Other reasons include an inefficient tax system and poor financial performance of the 50-plus State Economic Enterprises (SEEs) which contribute to the growing deficit as their operating costs increase while prices of finished products are frozen. Shortages of many goods are common, giving rise to a burgeoning black market which is condoned by the Government since SEEs cannot meet consumer demand.

3. Debt Service Burden

Burma's past capital investments have been financed by foreign concessional and commercial loans; however, debt service payments are now approaching 40 percent of export earnings. The Government hopes to reduce its debt service burden through increased export earnings and less borrowing on commercial terms, but it may be difficult given unfavorable price prospects for Burma's traditional exports and the limited availability of foreign concessional loans.

4. Lack of Management and Technical Skills

Burma's human resource potential is great, but managerial and technical skills have been neglected. In the agriculture sector, for example, the number of agricultural scientists with advanced degrees is very limited. In the Agriculture Corporation, with nearly 20,000 employees nationwide, there are only 15 staff who hold Ph.D. degrees and 29 with M.S. degrees. The same pattern holds in other sectors, and the situation will become ever more serious since many key Government managers and technocrats are expected to retire within five years.

5. Lack of Adequate Physical Infrastructure

Burma's infrastructure was devastated in World War II.

Although rail, water and road transport facilities were repaired in the late 1940's and 1950's, little has been done since then. Communications and electrification are inadequate, especially in the rural areas. In the agriculture sector, there is a shortage of storage facilities, within the ports and throughout the country, for agricultural inputs and export crops. Transport, including out-of-date loading/unloading facilities at the port of Rangoon, is characterized by antiquated barges, railcars, trucks, and narrow, poorly surfaced roads. Almost the entire physical infrastructure and rolling stock of the country must be modernized to meet agricultural and industrial development needs and in order to distribute urgently needed services to the rural areas throughout the year. Prospects for improvement in the near term are not bright given the present Government investment plan and the limited allocations for private sector equipment maintenance and upgrading.

6. Shortage of Domestic Energy Resources and
Degradation of Natural Resources

Notwithstanding the country's petroleum and natural gas reserves, the Government has been unable to exploit them optimally for domestic use and for export. Officially "self-sufficient" in petroleum products, Burma's continuous oil production shortfalls during the past four years are rapidly creating an energy problem. Oil production has dropped 5 percent annually from a high of 11 million barrels in 1981. The demand for diesel and other fuels is rapidly increasing. Kerosene, a popular fuel among the rural and

urban poor, has almost disappeared from the marketplace. The availability of natural gas as a substitute appears many years away.

Rural residents have returned to the use of alternative energy sources like wood and charcoal. The AID Agricultural Sector Strategy Review 1/ estimated that Burma's consumption of fuelwood is 17 million tons per year or more than 30 times the amount of harvested teak. Forests are being cut faster than they can replenish themselves which could create a serious problem by the end of the century if there is not an amelioration in present cutting rates. Burma's forest resources, a key part of the country's rich natural resource base, need to be managed properly to prevent further degradation.

7. Unemployment and Underemployment

Although it is difficult to develop accurate statistical data, unemployment is probably as high as 25 percent, higher among Burma's youth. Underemployment is higher especially on a seasonal basis in the rural areas. Burma is a traditional agricultural society which is not generating adequate employment opportunities either in the rural or urban economies to absorb an expanding work force.

D. Review of Sectors in Which AID Proposes to Work

1. Agriculture Sector

Overview

Agriculture, including livestock, fisheries and forestry, is the dominant sector of the Burmese economy, contributing 47 percent

1/ See Hooker, Armstrong, Morrow et. al., A Review of AID's Agricultural Sector Strategy in Burma, November 1984.

of the gross domestic product and providing employment to two-thirds of the total labor force. 2/ Two-thirds of industry rely on the agriculture sector for raw materials. Agricultural products comprise over 80 percent of exports, with rice and rice products accounting for 40 percent and teak and hardwood accounting for about 27 percent.

Agricultural Plans and Performance

Since the mid-1970's, a series of four-year plans have emphasized the expansion of agricultural production to assure an adequate supply of food for domestic consumption, for production of sufficient agricultural raw materials to meet the requirements of domestic agro-based industries, and for foreign exchange earnings.

The Government initiated a concerted program to increase the areas under production as well as productivity through introduction of new varieties and cultivation techniques involving full utilization of existing resources, infrastructure and institutions. The Government's launching of the Whole Township Rice Production Program 3/ which provides farmers with extension services, high-yield variety seeds, fertilizer, and other agricultural inputs at relatively low prices, plus marketing services, is a good example. Agricultural diversification to such

2/ Economic data taken from Pyithu Hluttaw Report (National Assembly) on the Financial, Social and Economic Conditions of Burma for 1984/85 published by the Ministry of Planning and Finance.

3/ See U Khin Win, U Nyi Nyi and E. E. Price, The Impact of a Special High-Yielding Rice Program in Burma, IRRI, Manila, Philippines, March 1981.

non-paddy crops as oilseeds, wheat, maize, pulses, cotton, and sugar cane, and expanding acreage by bringing new land under cultivation, are more recent tactics.

At the same time, the Government is trying to exploit surface ground water for irrigation and is investing in large irrigation/hydro schemes like the \$250 million Kinda Multipurpose Project in Mandalay Division.

Agricultural crop production increased 9 percent annually during the Third Four-Year Plan (1978/79 - 1981/82). Rice was the major contributor as production increased by over 50 percent during the Plan period and more than 90 percent from earlier levels, reaching 14 million metric tons. Substantial progress also was realized in raising both the yield and output of such non-paddy crops as pulses, oilseeds and wheat.

Recognizing the dominant role of the agriculture sector as the engine of growth for the economy, the Government accorded the highest priority to its rapid development in the Fourth Four-Year Plan (1982/83 - 1985/86). Towards this end, the Government formulated a plan of action to carry out a crop diversification program to increase the production of non-paddy crops such as oilseeds, pulses, and maize grown in rotation with rice or each other. The agricultural production targets in this plan cover the 1983/84 to 1987/88 period. These targets were provided to donors at the last meeting of the Consultative Aid Group to Burma. The document targets an increase in sown area of about a half-million

hectares, including multiple cropping on existing land, bringing new land under cultivation, and rehabilitating abandoned land.

The Government's crop diversification program represents an ambitious undertaking, but its success is dependent on the availability of sufficient fertilizer, improved seeds, supporting infrastructure (especially irrigation), credit and marketing services, strengthened extension efforts, adequate energy resources, and an appropriate pricing system which provides incentives for producers.

In sum, some progress has been made in the agriculture sector, especially towards crop diversification, notwithstanding the recent lower annual growth in agriculture production of 5-6 percent caused by erratic weather conditions and other factors. Most production growth appears to have occurred in the oilseeds group. Success in meeting quantitative targets in maize and oilseeds was recently confirmed by an AID evaluation of the Maize and Oilseeds Production project. 4/

Future Trends and Constraints

While rice continues to be the dominant crop, the proportion of paddy to total sown area has been declining due to increases of oilseeds and other non-paddy acreage. Sunflower production, which shows potential in terms of yield of edible oil and a high rate of return on investment, has emerged from nothing in the 1970's to an important second crop in rotation with paddy. There is an emerging trend for a larger, rice-based, double-cropping system.

4/ See Pickett, Frederick, De Rafols, Krause, Maize and Oilseeds Production Project Mid-Term Evaluation Report, February 1985.

Considerable potential for growth still exists among other non-paddy crops like pulses and wheat.

There are about 4,300,000 farm families in Burma, two-thirds of which have holdings under two hectares. All farm land is owned by the Government, but farmers and succeeding generations enjoy secure tenure as long as they continue farming.

Noting the above progress and trends, the Agricultural Sector Strategy Review team indicated the following constraints to agricultural development:

- Lack of Irrigation. According to official estimates, only 12 percent of the sown area, or less than 3 million acres, is irrigated; and in much of this area the irrigation is supplementary to irregular monsoon rains rather than year around. Most irrigation is for paddy and only a very small area receives assured water during the dry season. Two major hydropower and irrigation dams in Mandalay Division are nearing completion and will add approximately 5 percent to the total irrigated area; however, most of the new area will be devoted to cotton production. Less than 5 percent of the area sown to oilseeds receives any irrigation. The States and Divisions where the diversification program is concentrated, particularly Mandalay, Magwe and Sagaing, contain one-third of the country's population and account for one-third of value of total agricultural output, but receive only about 30 inches of rainfall annually.

- Weak Research Base. Some applied research work has been done on rice varietal selection, less on rice-based cropping systems, and very little on oilseeds. A greater research effort is needed on

varietal crop improvements which are suited to local conditions and which have pest and insect resistance and are compatible with a cropping systems approach. The potential for oilseeds (especially sunflower) appears high and will be enhanced through the Maize and Oilseeds Production and Agriculture Research and Development projects. The Government has established improved seed programs, especially for high yield variety paddy, but much remains to be done for other crops. A more efficient seed production system needs to be established in Burma which separates research from seed multiplication and establishes a single research organization which would be responsible for the former.

- Mechanization. There is little farm mechanization in Burma. The Agriculture Mechanization Department deploys some 5,000 tractors, but they are used sparingly owing to shortages of gasoline and diesel. Very few tractors are privately owned although the number of water pumps has increased significantly, especially in the delta. Most farming is carried out by hand labor supplemented by animal traction. More research needs to be done in animal-drawn farm equipment.

- Fertilizer Shortage. According to a recent Asian Development Bank staff report:

"Burma imports its total requirements for TSP and MOP, and has no known sources of raw materials for the viable production of these crop nutrients. Two urea factories operate in the country at present, each with a maximum daily production capacity of 200 M/T. Annual domestic production fluctuated; it was 130,000 M/T in 1982/83 and

151,000 M/T in 1983/84. Urea production is scheduled to increase to 346,000 M/T by 1986/87, after a German-assisted 600 TPD urea plant is finished." 5/

Most knowledgeable sources estimate that even with the new urea fertilizer factories on stream, Burma will need to import upwards of 200,000 M/T of urea per year. This shortage must be made up by donor grants and concessional-financed imports.

The same ADB staff study stated:

". . .the biggest single factor contributing to increased yields (initially paddy but also secondary crops) has been the application of fertilizers. Given the marked response of all crops under the diversification program to increased application of fertilizer, it is evident that the success of the program will largely depend on an increased supply of fertilizer and willingness of farmers to apply the fertilizer in recommended doses." 6/

It must be noted that transportation and storage facilities are severely strained at present fertilizer distribution levels.

- Other Needs. Improvements are needed 1) within the agricultural extension services, especially the training of extension agents in the introduction of more complex and less familiar production "technology" packages, 2) in the dissemination of technical information to farmers, and 3) in the country's human technical resource base.

5/ Asian Development Bank, Burma: Agriculture Sector Discussion Report, (draft for discussion), November 1984, pp. 185-6.

Potential Areas of Activity in Agriculture

The Agricultural Sector Strategy Review team looked at various crops and related agricultural support areas for possible AID assistance. They are described below.

- Production of Non-Paddy Crops. Some non-paddy crops of possible interest to AID are wheat, pulses and sorghum. The land area sown to wheat has varied widely, but in recent years has witnessed an increase in yields. Wheat is essentially a winter or second crop, subject to rainfed conditions. Production increases can be induced by application of proven techniques and adequate fertilizer.

A considerable amount of sorghum is grown in Burma but production improvements have been neglected. Sorghum is grown in the same areas as oilseed crops, under rainfed conditions, and it has witnessed moderate increases in yields (one-half of those in India). It is used mostly as fodder for livestock. While there is potential for increased yields, it appears less important than wheat.

Next to paddy and sesame, pulses are the third most important crop in terms of area sown--around 800,000 hectares in 1981/82. The most important pulses are chickpea, black gram, lablab bean, pigeon pea, and butter bean--all of which have high nutritional value and some of which are already being exported (e.g., black gram). Pulses are a winter crop, subject to rainfed conditions and require little fertilizer. Their biggest constraint to yield growth is the lack of short maturation and pest/disease resistant seed varieties to rotate with other crops.

- Forestry. Forestry is a major export earner, but Burma's forests are being depleted at a faster rate than they can be replaced. The major reasons for depletion is the spread of agriculture lands and indiscriminate logging, particularly in non-government controlled areas. At the same time, sustained agricultural production increases will require that forest resources are adequately managed to ensure low-cost energy for farm activities, fodder for domestic animals, sufficient water supplies, and protection against soil erosion. One serious impact of agriculture is the spread of "swidden" agriculture practiced by people living in the hills.

To counter these problems, the AID team recommended that the possibility of pilot agro-forestry activity, such as farm planting of trees as a multiple-use crop, should be explored as a component of planned projects in agriculture.

- Livestock and Fisheries. Neither livestock nor fisheries, which account for less than 10 percent of gross domestic product, and which have experienced difficulty in meeting development plan targets, appear as attractive as agricultural crop production in contributing to overall production and nutrition goals or to a resolution of balance of payment problems.

Existing technical skills and supporting infrastructure services are better established on the crop production side. The Sector Strategy Review team also concluded that livestock improvement, for farm traction use, could be better accomplished through a modified crop production strategy rather than through a new intervention in animal husbandry.

As for fisheries, the Sector Strategy Review team was unable to identify any opportunities which merit consideration by AID.

- Irrigation/Water Management. There has been an accelerated effort to construct irrigation systems recently. Only 12 percent of farm land is irrigated at present. A recent World Bank Irrigation Sector Review indicates that many opportunities exist for the rehabilitation and maintenance of existing water resource systems, for the development of new water resource systems, and for better management of water resources in general. There are many possibilities for intervention, but the Sector Strategy Review team recommended that AID continue to focus on the increased production of selected crops and carry out irrigation and adjunct water management activities within existing or proposed projects, rather than initiate separate interventions to deal with such constraints.

- Agricultural Education. Burma graduates nearly 500 B.Sc. agriculture generalists yearly, of whom half are women. Most are absorbed into the agriculture extension service or they set up "cooperative" type farms with fellow graduates. Burma's graduate agriculture sciences programs are weak.

The AID Sector Strategy review team recognized the need for Burma to upgrade agricultural education in general and technical and managerial skills in particular. The team concluded, however, that owing to AID/Burma's budgetary and financial constraints, and the lack of cooperation between the Ministries of Education and Agriculture and Forests, that an agricultural education project was not feasible at this time. Instead, the team recommended that AID/Burma include large technical training components under current or proposed projects in agriculture.

- Cooperative Development. The Government of Burma is encouraging Burma's cooperative sector to play a larger role in the country's economy. At present, cooperatives account for only a small (less than 5 percent) percentage of national agricultural and industrial production. Some, like the Industrial Producer Cooperatives, closely resemble "private sector" ventures and may be worth increased AID interest and support in the future. 7/ The Ministry of Cooperatives appears to be interested in launching a rural small scale industries program which would introduce appropriate technology in agricultural product processing and the fabrication and supply of improved equipment to farmers. The Sector Strategy Review team concluded, though, that new activities with Burma's cooperative societies should not be introduced until AID/Burma has had the chance to evaluate progress under the Edible Oil Processing and Distribution project.

- Natural Resource Management and Conservation. Burma is well endowed with forestry, fisheries, mineral, and water resources which, if properly exploited and managed, could provide an important contribution to the country's economy. With U.N. assistance, Burma is nearing completion of a forest inventory. Other efforts are underway to set up game parks and wildlife preserves. However, the Sector Strategy Review team recommended that AID not offer assistance unless the Government demonstrates genuine commitment to natural resource management and conservation.

7/ See Redding, A. David, Cooperatives in Burma, Rangoon, November 1983.

- Area Development and Upland Agriculture. The Sector Strategy Review team considered the possibility of an integrated rural development program in Shan State or other upland regions to develop agricultural potential while targeting specific poverty groups. The team concluded that such a program would be too complicated to implement owing to a host of security, logistics and coordination problems. The team suggested instead that experimental or demonstration activities be carried out within the framework of current and proposed projects.

2. Health Sector

Overview

Burma has high mortality and morbidity rates concentrated in the 0-5 age group and among women of reproductive age. Estimates of infant and young child mortality range from the low 40's to high 90's. In addition, between 9 to 18 percent of the children under age three are severely malnourished.

Most mortality and morbidity is caused by malaria, diarrhea, anemia, immunizable and early childhood diseases like tetanus, typhoid, diphtheria, measles, tuberculosis; and a number of pregnancy-related problems, such as abortions and haemorrhage at childbirth, are preventable. Pneumonia is the major cause of productive years of work lost.

The Government has assigned high priority to reducing mortality and morbidity, especially among children and expectant mothers, and has increased government efforts and spending towards this end. Government expenditures on health now represent about 8 percent of the country's budget and 1 percent of the gross domestic product.

Health Plans and Performance

With assistance from the World Health Organization in 1976, the Government of Burma developed the first People's Health Plan (PHP I) for the period 1977/78 - 1981/82. One objective of the Plan was to establish a primary health care system and related basic health services program to reduce mortality and morbidity among children, women and working people, but with primary emphasis on infants, young children and expectant mothers, through:

- encouraging communities to recognize their health needs and participate in the solution of these health problems;

- training volunteer health workers to provide simple curative and preventive care, and to serve as a catalyst for health activities at the village level; and

- training basic health and special disease control workers to function as multipurpose workers at the rural health center and subcenter level.

Under PHP I, the primary health care program was to reach 147 of the country's 287 townships. Specific quantitative objectives included the training and equipping of 9,418 community health workers (CHWs), 1,787 auxiliary midwives (AMWs) and 4,000 traditional birth attendants (TBAs). A recent evaluation ^{8/} of the AID supported primary health care program found that quantitative targets for pre-service and in-service training were met or exceeded. AMWs and TBAs are performing well, according to the study, especially in providing care to infants and pregnant women, but there is a need to upgrade the quality of CHW training, to improve supervision, and to resolve the problem of drug resupply.

8/ See Reynolds, Mays, and O'Brien, Primary Health Care I: End of Project Evaluation in Burma, February, 1985.

The second People's Health Plan covers the period 1982/83 - 1985/86, and it reflects the revised Burmese strategy to strike a better balance between preventive and curative care. In continuing to pursue the goal of reduced mortality and morbidity among children, women and working people, PHP II gives priority to:

- expansion of the availability of basic health services in the rural areas;
- increased community involvement and self-reliance in planning and solving local health problems;
- increased attention to preventive measures, especially communicable diseases;
- provision of essential medical care to reduce mortality due to disease and injuries; and
- improving environmental health by increasing the availability and use of clean water and sanitary latrines.

Under PHP II, training of basic and voluntary health workers continues to receive high priority. Increased efforts are being made to improve the quality of the voluntary health worker program through improved pre-service and refresher training.

Studies and evaluations suggest that the quantitative targets are largely being met. Some improvements have been made in the training system of voluntary health workers, and in the establishment of state/division mobile training teams. However, supervision of voluntary health workers, drug replenishment and

timely provision of CHW kits continue to be a problem. Furthermore, the expansion of basic health service staff who are needed to provide technical support and supervision to village level VHWs and respond to their referrals, is not occurring as quickly as the increase in the number of volunteers.

The Ministry of Health is finalizing the third People's Health Plan which will cover the period 1986/87 - 1989/90, and which will continue to focus on the reduction of mortality and morbidity among children, women and working people. Quantitative coverage will continue to be increased but increased attention will be given to upgrading the quality of voluntary health worker performance.

General Trends and Constraints

The Government has increased its level of health expenditures during the past ten years two and one-half times on a per capita basis. It has allocated increased shares to community health care (25 percent) and to disease control (14 percent) at the expense of hospital care (around 50 percent). This shift helps to explain the achievements of the Government in making basic health services available throughout the country. More than 40,000 voluntary health workers have been trained, equipped and deployed.

Part of the credit for such achievements belongs to Burma's rural communities since their voluntary contributions of cash, goods and services are an important component of total resources in the health sector. Such contributions are particularly important in the support of the community-based, volunteer health worker program.

External financing of health programs has played an important role. Grant funds have increased significantly in recent years,

from \$4.8 million in 1979/80 to \$13.5 million in 1983/84, with most of the increase coming from the U.S., Japan, WHO, and UNICEF. The majority of external funding goes towards programs in community health care and disease control, although significant amounts are provided in support of hospital improvements, as well.

The AID Health Sector Strategy Review team 9/ highlighted a number of deficiencies in the Government's health program such as: 1) the poor quality of training and supervision, 2) resupply of drugs, and 3) competing demands on the volunteer health workers' time.

Potential Areas of Activity in Health

The Health Sector Strategy Review team recommended that AID/Burma consider a possible modification or broadening of its health sector strategy to include:

- Qualitative Improvements in Training, Supervision and Support of Voluntary Health Workers. The training of volunteer health workers, particularly the community health workers (CHW), needs improvement in curriculum and training aids. Volunteer health workers are receiving inadequate technical supervision and support due to insufficient numbers of properly trained mid-level personnel. CHWs lack a regular and reliable replenishment of essential drugs. The team concluded that all of these areas merited AID support except financing of drug resupply.

- Assistance for Selected Basic Health Services. Diarrhea ranks high as a cause of infant and young child morbidity and, while there are efforts being carried out to prevent it, mass media communications support is lacking. Immunizable infant and early childhood diseases also represent a serious health problem, and there have been shortfalls in the availability of critically needed

9/ See Oot, Baker, & Fairbank, A Review of AID's Health Sector Strategy in Burma, March, 1985.

vaccines. Malaria is a serious problem and additional assistance is needed to establish an effective vector-borne disease control program. Tuberculosis is also a major problem requiring external assistance, and pneumonia may be more debilitating than other diseases in terms of productive years of life lost.

- Health Professional Training in Support of Primary Health Care. To meet the country's needs, 30 public health physicians should be trained each year. Yet barely one percent of Burma's 500 graduating physicians receive specialized training in public health. Expansion of the postgraduate health course would meet this need and improve the effectiveness of the Government's primary health care efforts. Obvious conditions for AID support would be that the Government consider this a high priority and that funds are available.

- Support Services for Primary Health Care. The current health information system needs to be modified to support management, supervision and decision-making at the central and field levels. Health services research needs to be strengthened to improve the quality and effectiveness of primary health care services. Health manpower planning is a component of overall planning which has been neglected, but other donors such as WHO are providing assistance. A manpower planning study was just completed which provides an analysis of problems and resource issues as the first in a series of studies being carried out by intersectoral task forces under the Joint Committee on Health Policy. The final report may provide the analytical basis for changes in health policy in support of primary health care under the People's Health Plan III.

- Family Health Counseling. Abortion, although illegal, is widely practiced, and the complications of induced abortion are a major cause of hospitalization. Not only does septic abortion contribute to maternal mortality, but it also drains the scarce resources of the formal health system. Contraceptive supplies are available in the market but are expensive and sold without professional medical advice. A small family norm is being adopted in Burma primarily for economic reasons. It is quite probable that the availability of quality birth spacing and contraceptive services would have a dramatic impact on maternal and child welfare. However, for the present, the Burmese Government remains staunchly pro-natalist.

3. Human Resource Development and Development Training

Burma has done well in the provision of universal education as evidenced by a basic literacy rate of 70 percent and its high level of primary school enrollment. However, very few Burmese go on to university studies. Economic growth is creating a demand for technical and managerial talent that can deal with increasingly complex structures and situations. And there is a critical shortage of such talent. In the agricultural and health sectors, AID/Burma is sending large numbers of Burmese to the U.S. for advanced degree or specialized training. Substantial numbers have also been sent to the U.S. for short-term training, particularly in conventional energy and family health fields, under centrally funded arrangements. Compounding the current shortage of scientists, in the next few years many of the best trained persons in the

Government will retire. Especially hard hit will be the universities, medical schools, energy, and agriculture action agencies.

E. External Assistance and Donor Coordination

In 1976, the Burma Aid Consultative Group was formed under the sponsorship of the World Bank to provide a forum for responding to Burma's external assistance requirements. Since then, the Aid Group has been instrumental in mobilizing foreign resources, most on concessional terms, to support Burma's economic development. Currently, there are 11 bilateral donors providing \$300 million or 60 percent of external concessional assistance to Burma. Of these, Japan is the largest donor (bilateral or multilateral) with an assistance program now in excess of \$240 million annually (based on latest projections), making Burma the sixth largest recipient of Japanese economic assistance in the world. Japan has kept its aid, mostly commodity loans and grants, as concessionary as possible in recognition of Burma's poverty and growing debt burden. Japan's aid program has concentrated increasingly on agriculture including the development and improvement of supporting infrastructure and services, but it has also continued its commodity loan assistance to four inefficient state-owned factories producing light and heavy trucks, buses, passenger vehicles, and electrical appliances.

West Germany is the next largest bilateral donor, but assistance is provided through multi-year commitments rather than by annual increments; an example is a recently signed concessional loan for \$48.5 million which places emphasis on agricultural inputs (fertilizer) and hydroelectric power with some concentration on improvements in transportation and rural water supply.

In addition to the bilateral donors, there are five major multilateral agencies providing \$200 million annually, or 40 percent of total external assistance to Burma on concessional terms. The World Bank and Asian Development Bank (ADB) are the largest and together have accounted for most multilateral commitments in the past. The World Bank has lent about \$450 million, with heaviest emphasis on agriculture, followed by power, transportation and telecommunications. The ADB's lending program also concentrates on the agriculture sector, plus support to highway improvement, rural water supply, and health improvement. Finally, technical assistance from U.N. agencies has been increasing with UNDP accounting for about 50 percent or \$12 to 13 million annually. The United States and Australia each provide about \$15.0 million in grant aid annually.

During 1984 and the start of 1985, total commitments from the World Bank and ADB have fallen somewhat due to Burma's \$2 billion debt burden and the Government's reluctance to accept new loans unless they are highly concessional with long repayment periods and promise quick return on investment. Because of the need to review the economic situation and to establish economic priorities for the next four-year plan, which will be approved after the late 1985 elections, it was decided to postpone the next Burma Aid Consultative Group meeting until early 1986.

For the next five years, the World Bank is expected to recommend a lending program at somewhat the same annual level of \$100 million, with emphasis on helping Burma improve its balance of payments situation, through export promotion and import substitution, and by improving the domestic budget situation through

greater domestic resource mobilization. Emphasis will be on agricultural crop diversification efforts and quality improvements in traditional exports, followed by investments in energy, transportation and industry. The ADB is projecting somewhat higher levels for the period 1985-1987, or about \$160 million annually, but past projections have exceeded commitments by 30 to 40 percent, bringing ADB's lending down to the World Bank's level. ADB's strategy is to help Burma expand crop diversification, with increasing emphasis on oilseeds and agro-industry processing, as well as power generation improvements and rural water supply.

The Burma Aid Consultative Group has been successful in obtaining significant pledges of external assistance but exerts little influence on Burma's economic policies or development investment objectives. Overall coordination among donors is weak due to lack of field representation in some cases (World Bank and ADB) and the Government's reluctance to enter into any substantive policy dialogue. The U.N. and bilateral donors do coordinate frequently in Rangoon to share information on programs and projects in energy, agriculture, health, and cooperatives. A good example of coordination and parallel financing is the Primary Health Care program involving AID, UNICEF and WHO.

II. Strategy

A. General AID Program Strategy

The AID program in Burma is grounded in U.S. interests in maintaining Burma as a relatively stable (despite its insurgency problems) country in Southeast Asia, supporting its development possibilities which include the potential to contribute to overall

world food supplies beyond its own self-sufficiency, maintaining its non-aligned status which on most major issues is not inconsistent with U.S. positions, and increasing Burmese willingness to cooperate in mutual efforts to control the production and marketing of illegal narcotics. Burma, however, remains a state committed to its particular version of socialism and to the preference of state over private investment and production. The present state of the economy resulting from this policy preference has been described earlier. As a recent addition to U.S. AID countries, the Mission is also constrained by staff size and funds. The challenge has been to develop program goals and a development strategy which takes these interests and environment as well as U.S. development policy prescriptions into account.

The program goals and strategy have thus been carefully selected:

- they represent a focused program which shows considerable promise in areas to which the U.S. has a particular capability to contribute;

- the projects are of sufficient size and are directed at specific development problems over a sufficiently long period of time to show measurable results;

- in the agriculture and agro-processing area, the program is concentrated on activities that are subject to minimum government control of marketing or pricing;

- in social services area (i.e., health and education), the program is concentrated in the priority AID areas of reducing infant and child mortality and morbidity and providing for institutional development and technology transfer;

- the program attempts to obtain the maximum impact and return from limited funding levels; and

- the various projects are complementary and mutually reinforcing.

B. Sectoral Program Interventions

1. Agriculture Sector

The goal of the U.S. program in agriculture has been and remains one of assisting Burma in its efforts to increase food production and expand crop diversification. This goal is consistent with Burma's factor endowments and agricultural potential. Furthermore, the institutional and organizational capability for implementing programs directed to this goal are among the most effective in the country, and success in achieving the goal holds the most promising near and medium-term prospects for assisting Burma in addressing its critical foreign exchange problem either by reducing the necessity for food imports or increasing export potential.

The strategy for achieving the above goal consists primarily of the following key elements:

- selection of a limited number of crops which show the greatest promise, with concentrated AID assistance, of contributing to economic growth and progress. To assure strong commitment by Burma and AID, such crops should be those which Burma has already chosen for special emphasis and on which attention can be focused without facing major, contentious policy issues;

- concentration of AID support on such selected crops through fewer but larger-sized and longer-term projects, in order to achieve better management, improved implementation and greater impact;

- utilization of a rolling, crop-focused, production-oriented approach, i.e., focusing on a specific set of production and associated handling or processing problems for specific crop(s) until objectives are met and then another set of problems for a new crop with an appropriate project mix;

- selection of projects on a careful basis to assure that they are mutually supportive; contain significant training, institution building, and technology transfer elements which have the potential for broader impact; and emphasize the application of existing or adaptive technology;

- maintenance of sufficient flexibility in the above approach to allow some attention to related crops which may be associated in a cropping systems approach involving rotational crops or mixed farming.

a. Near to Medium-Term Interventions

The crops chosen for initial attention under this strategy were oilseeds and, to a lesser extent, maize. The initial intervention beginning in 1982 was with a Maize and Oilseeds Production project (MOPP) which included the provision of key production inputs such as improved seed, introduction of more appropriate tillage practices, increased fertilizer application, the increased usage of rhizobium in lieu of nitrogen fertilizer for legume crops (i.e., groundnuts), limited adaptive research, and expansion of the Whole Township Production extension "model" to non-rice crops. Given the limits on inputs, the project was focused on 25 widely dispersed townships in order to achieve the maximum demonstration effect. One key institutional development of the project was to be the establishment

of four seed farms to increase the domestic capability for producing adequate quantities and standard quality seeds for these crops. The full impact of these institutions will, however, occur after completion of the present project.

Beginning in 1985, we plan implementation of two associated and supportive projects--1) an agriculture research project focused on development of appropriate varieties and agronomic practices in selected agro-climatic zones of the country for oilseeds and the crops grown in association or rotation with oilseeds, and 2) an edible oil processing and distribution project to upgrade existing oil expeller mills in order to increase oil extraction rates and improve the quality of marketed oil. The latter project to be implemented through the Ministry of Cooperatives will, at U.S. insistence, involve assistance to private as well as cooperative mills and hopefully move the entire edible oil subsector into a more open, market-oriented operation.

For 1986, we are proposing a follow-on oilseeds production project which will continue an emphasis on production inputs in an expanded number of townships and draw on the institutional developments (e.g., seed production from new seed farms and the expanded Whole Township Production "model") initiated under the present project. We expect the emphasis on oilseeds, although possibly not exclusively, to continue for another six to seven years. We expect no new agriculture projects in 1987 or 1988.

b. Longer-Term Interventions

By 1989, there will be sufficient flexibility within projected program levels to permit initiation of a new project(s). We expect

by such time to be in a position to begin a shift to a new crop focus, possibly wheat or pulses, although this has not yet been firmly determined. If the edible oil processing project proves successful, we may also wish to explore by that time the possibility of expanding, through the cooperatives, additional small-scale rural industries for agro-processing or production of agricultural inputs which would be supportive of current or future crop-focused production activities.

2. Health Sector

The goal of the AID program in the health sector is to assist Burma within the framework of the People's Health Plan (PHP) in the reduction of mortality, morbidity and undernutrition, particularly among infants, children under five years of age, and women of reproductive age. The goal is consistent with Burma's own priorities in the health sector as well as with the major worldwide efforts of AID toward this objective. The majority of mortality and morbidity cases in Burma continue to be caused by diseases which are largely preventable, therefore subject to substantial reduction. Furthermore, in the primary health care area, Burma has developed the basic institutional framework for delivery of services through a cadre of village-based voluntary health workers supported by local communities. This approach renders the goal achievable even within the bounds of the limited resources available in Burma for health services.

The strategy for achieving the above goal has and will continue to consist primarily of the following key elements:

- support for the training and deployment of voluntary village health workers utilizing Burmese kyat (formerly U.S.-owned) granted to the Government of Burma for this purpose;

- provision of the basic equipment and initial drug supply for voluntary workers upon completion of their training program;

- support for the training of health professionals who are responsible for overseeing, administering or providing supportive health services for the village-based, voluntary program; and

- provision of limited technical and materials support for improvements in health information services, including data collection and analysis, health services research, and health education.

In a recent assessment of the health sector, the team confirmed the continued validity of the goal and strategy outlined above but recommended a limited number of changes of emphasis and additions to the strategy. AID/Burma endorses the following alterations in the strategy:

- less emphasis on quantitative aspects of the first two items above and more emphasis on qualitative and management improvements in training, supervision and drug resupply;

- support for upgrading the training of mid-level health workers who provide support and on-the-spot oversight for the voluntary workers; refresher training for voluntary workers; support for the "model township" program; and

- provision of selected support for control of immunizable diseases, particularly neonatal tetanus and measles, and

vector-borne diseases, particularly malaria, which are major contributors to high mortality and morbidity rates among infants and children.

a. Near to Medium-Term Interventions

AID resumed its assistance program to Burma in 1980 with its first Primary Health Care project. This project was designed to provide support, along with similar support from UNICEF and WHO, for an ongoing Burmese program to train and deploy, with basic equipment and initial drug supply, a large number of voluntary health workers--community health workers (CHWs), auxiliary midwives (AMWs), and traditional birth attendants (TBAs). The project also provided some out-of-country training for health professionals responsible for administering and providing supportive services related to the program. On the basis of the limited goals (and limited hard data), this project proved, based on the recent final evaluation, to be relatively successful. The second Primary Health Care project (PHC II) initiated in late 1983, but after initial delay now only in the early states of implementation, provides for additional training of both voluntary and professional health staff, continuation of equipment and initial drug supply and a greater emphasis on technical assistance directed toward 1) curriculum improvements in the basic health worker training programs, and 2) improvements in health data collection and analysis services and expanded health education efforts. It is too early to provide an assessment of these interventions but based on the earlier success of PHC I, they should hold considerable promise.

We propose in 1986 to develop a new project, tentatively entitled Strengthening Primary Health Care Service Delivery, which would be responsive to the recommendations of the recent sector assessment team and the modified strategy outlined above. This

effort should contribute to qualitative improvements in the program and firmer institutionalization of the village-based health care program. We plan no new health programs in 1987 or 1988.

b. Longer-Term Assistance

The nature of the program beyond the proposed new project in 1986 is still unclear. We anticipate, however, that it will take a number of additional years to institutionalize the village-based program and extend coverage to the entire country with adequate numbers of well-trained and supported voluntary workers and fully effective information and research services. Hence, we anticipate a continued program focused on improvement in the delivery system directed toward the existing goal. The specific strategic approaches and inputs, however, must evolve between now and 1989 when budgetary constraints will provide the first opportunity for a possible new project in the health sector. If an opportunity should arise in the meantime for assistance in the family health or contraceptive services area, supplementary funds might be required.

3. Education and Human Resources Sector

AID involvement in the education and human resources sector is limited to participant training in development areas which are beyond the scope of specific projects in the agriculture and health sector. Our goal is to provide a trained cadre of Burmese in a limited range of areas which are critical to the country's development efforts. There is a tremendous need in a wide variety of fields which AID/Burma recognizes as important.

Given the unwillingness of the Burmese Government to enter into a general training agreement, we have more recently been exploring

with Washington alternative possibilities for funding such a program through an intermediary contractor or centrally-funded project mechanisms. We believe that the need and value of such training warrants continued efforts on our part to develop such alternative mechanisms.

In the meantime, in the area of conventional energy development and management, we have been able to "buy in" to a centrally funded contract and negotiate with the relevant authorities of agencies concerned an annual training plan. We plan to continue training in this area and seek similar opportunities in other needed areas such as management training and training in general or sectoral economic analysis and planning.

C. Policy Dialogue

As with some other issues, policy dialogue directed toward general policy changes is a challenging objective in Burma. Other donors with far greater resources at stake have had no success in such efforts. Given the nature of the Burmese political scene, policy is formulated only at the highest political levels of the government and within the highest levels of the party structure. Neither we, nor other donors, therefore, have regular or effective access to the levels at which policy is made. Moreover, national policy issues are not even subjects for open discussion at lower, operational levels of the Government. Policy is formulated at the very highest level and flows downward without dialogue.

There is, however, dialogue on policy issues at the project level which on occasion has had an impact. Our insistence on allowing oilseed and edible oil prices to move more or less freely

in a relatively uncontrolled market for these crops and products has seemingly gained acceptance, as has our insistence on including some of the privately-owned expeller oil mills in the upgrading program channeled through the Ministry of Cooperatives and local Industrial Producer Cooperatives.

We have probably also had some impact on the allocation of resources among the various oilseeds crops and on the allocations between primary and preventive as opposed to curative health care. In Burma, small gains may eventually be reflected in policy changes if the micro-level impacts are sufficiently strong and recognized.

III. Resources

A. Program Levels and Project Mix

Table I

AID/Burma Authorized Assistance Planning Levels (000s)

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
\$14,500	\$13,000	\$15,000	\$17,000	\$18,000	\$20,000	\$20,000

The Authorized Assistance Planning Levels (AAPLs) above delimit the scope and breadth of the AID/Burma program through FY 1991.

AID/Burma's AAPLs, with only modest increases projected through FY 1991, permit a project portfolio of four to five projects--three in agriculture, one in health, and one in development training.

Agriculture will continue to be the centerpiece of the AID/Burma program with projects in oilseeds production, agriculture research and edible oils processing and distribution. With the projected mortgage, through FY 1988, funds for another new start project in agriculture will not be available before FY 1989. In health, at a straightline of \$3.5 million a year, we project a

TABLE II
 FY 1987 CDSS - AID/BURMA
 PROPOSED PROGRAM FUNDING LEVELS (FY 1985 - FY 1991)
 (IN \$000)

<u>Sector/Program Goals</u>	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
<u>Agriculture - Food Production</u>							
- Maize & Oilseeds Production	3,740 ¹	-	-	-	-	-	-
- Edible Oil Processing & Distribution	5,860	-	3,640	-	-	-	-
- Agriculture Research & Development	3,000	3,000	2,860	2,640	-	-	-
- Oilseeds Production Systems	-	6,000	6,000	10,360	7,640	-	-
- Later Food Production Efforts	-	-	-	-	6,360	16,000	16,000
Subtotal	<u>12,600</u>	<u>9,000</u>	<u>12,500</u>	<u>13,000</u>	<u>14,000</u>	<u>16,000</u>	<u>16,000</u>
<u>Health - Reduction of Mortality & Morbidity</u>							
- Primary Health Care II	1,900 ¹	-	-	-	-	-	-
- Strengthening Primary Health Care Service Delivery	-	3,500	2,000	3,500	3,500	-	-
- Later Efforts	-	-	-	-	-	3,500	3,500
Subtotal	<u>1,900</u>	<u>3,500</u>	<u>2,000</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
<u>Education - Human Resource Development</u>							
- Development Training II & III	-	.500	.500	.500	.500	.500	.500
Subtotal	-	<u>.500</u>	<u>.500</u>	<u>.500</u>	<u>.500</u>	<u>.500</u>	<u>.500</u>
TOTAL	<u>14,500</u>	<u>13,000</u>	<u>15,000</u>	<u>17,000</u>	<u>18,000</u>	<u>20,000</u>	<u>20,000</u>

¹Last year of funding.

single major project, with focus on primary health care, until the end of FY 1989. Present plans, and the projected mortgage, would have to be modified in the event of a policy breakthrough in "family health counseling."

The amount budgeted for Development Training is straightlined at \$500,000 a year but could be increased in the outyears if the Burmese Government agrees to a bilateral agreement.

B. AID/Burma Staffing

The AID/Burma staff includes seven full time USDH and one part time American secretary, a single FNDH, plus eight local PSC employees. Until now, this size staff has been able to manage the program. However, as the number and complexity of AID/Burma projects increases, staff increases must be made to ensure sound management. Assuming no increases in the USDH FTE ceiling, we intend to hire another three to five local professionals and necessary clerical and support staff on a PSC basis.

The projected AID/Burma staffing pattern through FY 1986 is found in Annex A.

It is conceivable that in FY 1986, AID/Burma will request the establishment of a JAS-type position and assignment of an FS-3 grade AID GSO officer to the Embassy GSO operation. It is our understanding that such a USDH would not be charged to AID/Burma's FTE ceiling.

C. Operating Expense Budget (OE)

The operating expense field allotments projected through FY 1987 are:

Table III

AID/Burma Operating Expense Field Allotments

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>
\$450,000	\$500,000	\$550,000

These OE levels are the absolute minimum required to guarantee adequate professional and administrative support services for an expanding program. In fact, at these levels, AID/Burma must forego replacement vehicles, new office equipment, WANG PC equipment, household furniture, and most seriously, a portion of projected operational travel. They are "barebones" levels. As a small office without resident controller, contracts, commodities, and legal staff, we must rely on regionally-based USDH for these services as well as most design and evaluation efforts. At reduced OE levels, it is doubtful that we can count on regular and timely visits for essential program support.

D. Project Development and Support (PDS) Budget

Since reopening in FY 1980, AID/Burma has used PDS funds sparingly. Projected requirements through FY 1987 are:

Table IV

AID/Burma PDS Budget Requirements

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>
\$138,000	\$150,000 (est.)	\$170,000 (est.)

PDS funds will be used mainly for planned project design and evaluation efforts. Detailed FY 1986 PDS requirements will be submitted to the Asia Bureau in late FY 1985.

IV. CDSS Work Plan Summary

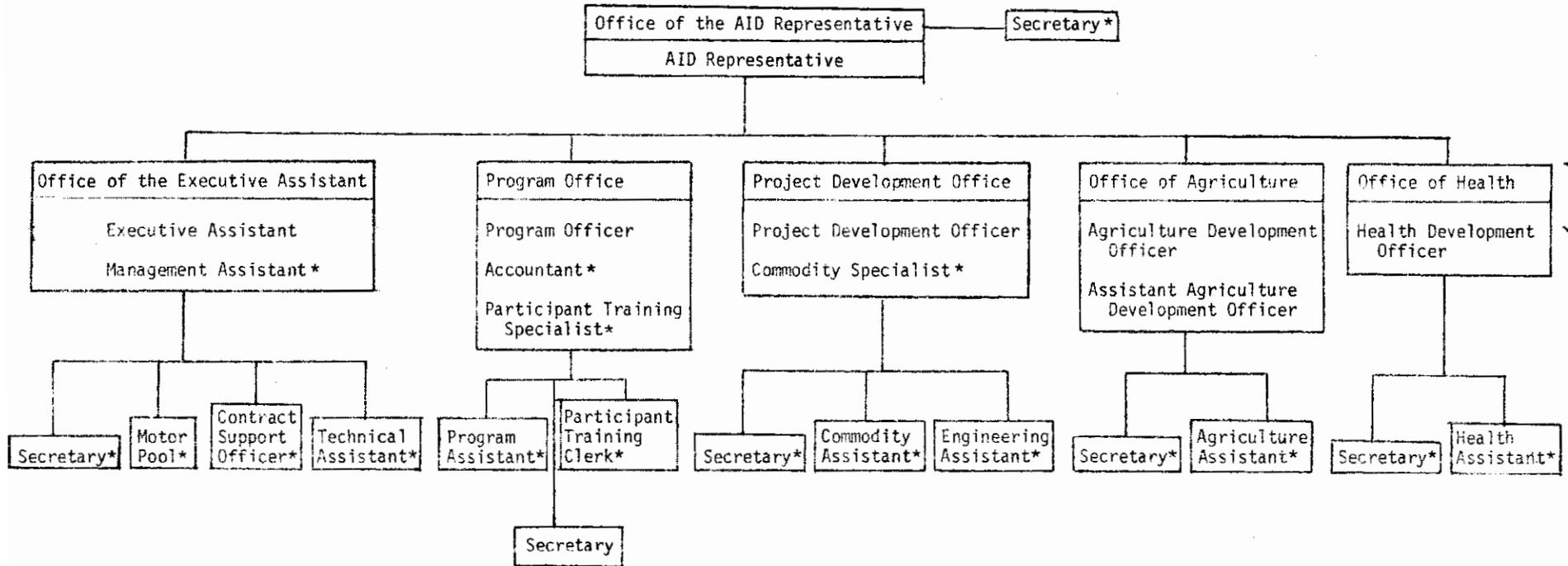
AID/Burma's CDSS Work Plan in Annex B is organized on a sectoral basis with goals, strategies and interventions listed on the far left of the plan matrix. Moving to the right are listed objectives and targets. Progress to date is summarized, and finally, planned "action items" are described which will enable AID/Burma to carry out proposed interventions.

Each goal and strategy has been confirmed as valid by recent sectoral strategy review missions and approved by the Asia Bureau. Objectives and targets are extracted from approved project designs and updated to reflect AID/Burma's increasing knowledge of Burma's development milieu--what is realistic for a small donor and what isn't.

It is imperative that sufficient operating expense and PDS funds be made available to finance planned "action items" such as PID and project paper preparation, evaluations and special studies.

AID/BURMA
 FUNCTIONAL ORGANIZATION
 FY 1986-1987

ANNEX A



*Local hire

April 1985

AID/Burma FY 1987 CDSS Work Plan Activities

Annex B

Goals, Strategies^{1/} & Interventions

Objectives/Benchmarks^{2/}

Progress

Action Items/Comments

I. Agriculture, Rural Development & Nutrition

A. Goals

1. Increase food production and rural incomes.
2. Improve Burma's balance of trade through a reduction in imports of edible oil, and increase in export of oil cake and agro-industrial products.

- *Oilseeds production up 240,000MT by end of 1985
- *Maize production up 375,000 MT
- *Gross farm income up \$100+M by end of 1986
- *Edible oil self-sufficiency by 1994
- *FX savings/earnings of \$200+M. by 1990

- *February 1985 Mid-term evaluation of Maize and Oilseeds Production project shows 60% of oilseeds production target achieved (resulting in 35-40,000MT of vegetable oil for consumer) and 51.2% maize target reached.
- *Baseline income data not available
- *Value of Burma's edible oil imports reduced to approx. \$4.0 M in 1985 from \$8.0 in 1982

B. Strategies

1. Carry out rolling, crop-focused production project(s) concentrating initially on maize and oilseeds crops but gradually shifting to other crops as staff and budget resources permit.
2. Strengthen production-oriented research capability in maize, oilseeds and other selected crops.
3. Upgrade edible oil mills and increase capacity of local institutions to improve edible oil processing & distribution.

- *Full high-yield package of seeds, fertilizer, credit, extension services for 350,000 acres maize and 800,000 acres oilseeds in 25 townships by FY 1986 with significant increases in oilseeds in phase two of AID assistance.
- *Investment of 1% of agricultural GDP for recurrent and capital expenditure for agricultural research
- * Oilseed mills processing 220% greater quantities (initial 15 mills processing 5,000 MT oilseeds by 1990)

1. Follow on production project to start FY 86. Need PID and PP by end of 1985 plus MOPP end-of-project evaluation by early 1987.
2. Sign Edible Oils Processing PROAG latter part FY 85 and initiate training, TA and procurement. Mid-term evaluation 3rd quarter FY 87
3. Sign Ag. Research PROAG 3rd quarter FY 85 and initiate training, TA and procurement. Mid-term evaluation 2nd quarter FY 87.

^{1/} As affirmed in recent AID Agriculture and Health Sector Strategy Reviews.

^{2/} Detailed description end-of-project status and inputs/outputs may be found in individual project LOGFRAMES.

C. AID Interventions

1. Provision of key production inputs.

2. Development and adaptation of improved technologies.

3. Strengthening of institutional capacity.

By end of FY 86, 70,000 MT of fertilizer and \$3 million of equipment from AID; by FY 91, \$3 million of equipment, 120,000 MT of fertilizer.

(a) By FY 89, will have introduced number of production oriented research experiments and trials using higher yielding technology and inputs conducted on research stations and farmer fields.

(b) By FY 90, will have introduced improved expeller technologies and demonstrated more modern methods such as solvent extraction.

(c) By FY 86, a functional rhizobium production facility producing 3 million lbs. annually. By FY 91, an improved facility to produce an increased amount.

(a) By FY 91, increased production-oriented research and trained research personnel, improved facilities and improved analytical capacity at Ag. Research Institute at Yezin and field stations.

(b) By FY 90, upgraded planning and cottage industries departments of Ministry of Cooperatives to plan, implement and evaluate projects, along with upgraded capacity of Industrial Producer Cooperatives.

Through FY 85, 55,000MT of fertilizer and \$2 million of equipment provided by AID.

Burma Agricultural Research and Development (BARD) project has not started yet.

Recent mid-term evaluation of MOPP indicated that the rhizobium inoculant production facility is operational and producing 600,000 lbs. annually.

BARD project hasn't started yet.

EOPD project hasn't started yet.

Demand for fertilizer out strips supply.

II. Health

A. <u>Goal</u>	Decrease in morbidity/mortality caused by diarrhea, malnutrition, neonatal tetanus with increase in newborn entering surveillance system	End-of-project evaluation of Primary Health Care I concluded project effective but recommended that more emphasis be placed on quality of services, supervision, training and monitoring/information systems	NA
B. <u>Strategy</u>	By 1990, 75% rural villages will have a community health worker and 100% village tracts a Govt. Mid-wife or Auxiliary Mid-wife. Increase in number of trained traditional birth attendants.	About 50% of coverage targetted thru 1990	Draft "concept" paper, PID and PP for follow on - Strengthening of Primary Health Care Delivery Systems by early 1986, negotiate PROAG and begin implementation by mid 1987
C. <u>AID Interventions</u>			
1. Strengthen institutional capacity for training, production/distribution, health information	*Increase in number of VHW's in pre-service by 22,000 + and in-sevice by 29,000 + Training of CHW's extended to 4 weeks and curricula revised to give more emphasis preventive health care updated VHW manuals, community education materials available	Awaiting project evaluation	TA contract signed in late 1984 with Western Consortium but project delayed
2. Conduct increased operational research and evaluation	*Studies completed in malaria, pneumonia, communicable diseases/immunization, and villager acceptance of primary health care services	Not yet started	Budget project and PD & S funds for FY's 86 & 87

II. Education & Human Resources

A. Goal

Increase the capacity of the Burmese Government to define and deal with Burma's development needs

*Improvement in design, management & evaluation of development programs
*Increases in donor assistance and number of projects

Cannot evaluate as yet

Burmese Government absorptive capacity for foreign aid severely strained but policies obviate against bilateral general training project. Becoming increasingly difficult to locate, and for Burmese Government to spare, qualified candidates for overseas training.

B. Strategy

Expand participant training to upgrade planning, managerial and technical skills of Burmese officials involved in national economic planning, agriculture, health, energy and other key development sectors

Through FY 85 some 150 Burmese officials will have received technical training since resumption of US bilateral aid in FY 80

Need to establish Asia Bureau development training fund for Burma. No action yet.

C. AID Interventions

1. Project training
2. Non-project training

*Project funded academic participants, returned and at work in appropriate positions by 1990
Project funded short-term technical training courses completed
*Non-project academic participants in energy and other development fields, returned and at work by 1990
*Non-project short-term technical training courses completed