

HUMAN RIGHTS WATCH

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October 9, 2012

Ms. Pamela Cox
East Asia and Pacific Regional Vice President
The World Bank
1818 H Street, NW
Washington, DC 20433 USA

Cc: Ms. Karin Finkelston, IFC Vice President, Asia Pacific
World Bank Board of Executive Directors

Re: World Bank Group Re-engagement with Burma

Dear Ms. Cox,

We write to you to share our recommendations for the World Bank Group as it re-engages with Burma.

The Group has a rare opportunity to shape the development agenda in Burma by pressing for enhanced transparency, accountability, and respect for human rights through the re-engagement process. Experience elsewhere has shown that if these reforms do not take place early in a transition, they are much more difficult to achieve later on. The Group should ensure the proper sequencing, priorities, and safeguards for its programs in Burma.

Fiscal transparency and accountability, and respect for human rights are essential for development assistance to be meaningful in Burma, particularly as the country's finances and governance have been opaque for so long. Human Rights Watch is encouraged that the World Bank plans to initially focus efforts in Burma in part on enhancing fiscal transparency and government accountability. However, we feel strongly that the Group should make clear now, in the context of the Interim Strategy Note (ISN), that the Burmese government will be eligible for lending, on a limited basis, only when it achieves significant progress with regard to fiscal transparency and accountability, as well as giving priority to urgent social needs, implementing the necessary reforms to enable full civil society participation, and enhancing social accountability. The Group should further expressly state that such lending would be subject to an assessment of the risk of adverse impacts on human rights and implementing adequate measures to address such risks.

A more detailed outline of our recommendations can be found in the attached memo, which we sent to World Bank staff during the consultation period last month. We also took part in consultation meetings on the draft ISN in Chiang Mai, Thailand, and Washington, DC.

1. The World Bank Group Should Require Demonstrable Advances on Fiscal Transparency and Accountability before Lending

The Group should articulate in the ISN that Burma will be eligible for lending once it makes significant advances toward:



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- Implementing best practice on transparency and accountability over government finances;
- Terminating all off-budget military funding and securing proper parliamentary oversight over the military's budget; and
- Prioritizing urgent economic and social needs.

The World Bank should provide the necessary technical assistance to advance these conditions.

2. Ensure Civic Participation in Identifying and Shaping Development Priorities

The World Bank has increasingly emphasized the importance of civic participation – involvement by civil society – and social accountability for sustainable development. These themes should be reflected in the Group's ISN for Burma, with respect to the Bank's own practices and the reforms that it presses the government of Burma to implement. The Group should not only engage with civil society groups in preparation for Bank-funded projects, but also encourage the Burmese government to institute the systemic reforms necessary for open public debate to thrive in Burma, enabling citizens to hold the government accountable. The Group should state in the ISN that Burma will be eligible for lending once it achieves significant progress in this area.

3. Articulate Key Human Rights Concerns as Challenges to Burma's Development Goals

The summary of the draft ISN offers a vague and overly positive assessment of Burma's progress on human rights. The Group's analysis should be counterbalanced with a frank acknowledgment of ongoing problems, which are only hinted at in the draft. In particular, in its ISN, the World Bank should highlight specific human rights concerns related to the government's interactions with the country's ethnic minorities, including addressing the sectarian violence in Arakan State and the ongoing armed conflict in Kachin State, which present challenges to Burma's development goals.

4. Highlight Need for Key Reforms

The Group should, through the ISN, highlight the importance of labor, land, citizenship law, and anti-corruption reforms for sustainable development in Burma, and recognize the current state of the laws in these areas as challenges to Burma's development goals.

5. Analyze the Potential Human Rights Impact of Group Projects

The history of rights abuses and corruption in Burma in relation to infrastructure projects, coupled with the country's history of economic isolation, underscores the importance of analyzing the potential impact of proposed projects on human rights and taking steps to mitigate any adverse impacts. The Group should require that proposed projects in Burma go forward only after the potential human rights impacts of a project have been analyzed and the necessary steps taken to mitigate any adverse impacts.

Thank you for your consideration of these important issues. Please do not hesitate to contact me should you wish to discuss these matters further. We would be delighted to meet with you or your staff to take this conversation forward.

Yours sincerely,



Jessica Evans
Senior Advocate/Researcher for International Financial Institutions

Recommendations for the World Bank Group in Drafting the Interim Strategy Note for Burma

October 2012

Human Rights Watch welcomes the opportunity to provide input as part of the consultation process on the World Bank Group's Interim Strategy Note (ISN) for Burma, which is intended to guide engagement with Burma over the next 18 months. We have reviewed the Summary for Consultations and attended WBG consultations on the strategy in Chiang Mai, Thailand, and Washington, DC, United States.

As the World Bank prepares to re-engage in Burma, it has a rare opportunity to shape the development agenda by pressing for enhanced transparency, accountability, and respect for human rights. Experience has shown that if these reforms do not take place early in a transition, they are much more difficult to achieve later on. The World Bank should ensure the right sequence, priorities, and safeguards for its programs in Burma.

Fiscal transparency and accountability, and respect for human rights are essential for development assistance to be meaningful in Burma, particularly as the country's finances and governance have been opaque for so long. Human Rights Watch is encouraged that the World Bank plans to initially focus efforts in part on enhancing fiscal transparency and government accountability in Burma. We also understand that any proposals for World Bank lending in Burma—whether during the ISN period or thereafter—will be subject to discussion and approval by the Bank's board. However, we feel strongly that the Bank should make clear now, in the context of the ISN, that the government of Burma will be eligible for lending, on a limited basis, only when it achieves significant progress with regard to fiscal transparency and accountability, as well as giving priority to urgent social needs, and that such lending would be subject to adequate safeguards to assess and address the risk of adverse impacts on human rights, as described more fully below.

We also note that the materials made available for the Bank's public consultations on the ISN, including a two-page summary of the current draft of the strategy note, do not address a number of the key challenges facing Burma that are highly relevant to prospects for sustainable, inclusive growth. We strongly encourage the Bank to take the following issues into account, including by incorporating them into its policy dialogue with the government:

- The need to ensure civic participation in identifying and shaping development priorities, including by addressing ongoing restrictions affecting civil society and the media.
- The need to address ongoing human rights concerns that present challenges to Burma's development goals, in particular sectarian violence in Arakan state, ethnic armed conflict in northern Kachin state, and local concerns about militarization in ethnic areas.
- The importance of reforming labor, land, and citizenship laws and undertaking comprehensive anti-corruption efforts to advance Burma's development goals.

Require Demonstrable Advances on Fiscal Transparency and Accountability before Lending

The World Bank should require the following as pre-conditions to lending, while providing the necessary technical assistance to advance these reforms:

- 1) Significant advances toward implementing best practice on transparency and accountability over government finances;
- 2) An end to off-budget funding of the military, including through military conglomerates; significant progress in securing proper parliamentary oversight over the military's budget and expenditures; and more generally, the establishment of civilian accountability over military finances; and
- 3) Giving priority to urgent economic and social needs.

1) Best practice on transparency and accountability over government finances

The World Bank should require, as a pre-condition to lending, that the government of Burma make significant advances toward implementing best practice on transparency and accountability over all government finances, including the finances of the state security forces, Myanma Oil and Gas Enterprise (MOGE), and other state-owned enterprises.

In order to support this progress, the World Bank should:

- (a) Support efforts for all government entities to comply with internationally recognized standards of transparency and accountability, notably including the state security forces, MOGE, and other state-owned enterprises. One key standard is contained in the IMF's Code of Good Practices on Fiscal Transparency.¹ The Code identifies a set of principles and practices to help governments provide a clear picture of the structure and finances of government.
- (b) Support the full implementation of the Extractive Industries Transparency Initiative (EITI) criteria on civil society participation now, at the outset of engagement, even though these are not formally required until a later stage of EITI candidacy. The government of Burma recently

¹ Also reflected in the IMF Guide on Resource Revenue Transparency and other initiatives. See International Monetary Fund (IMF), *Code of Good Practices on Fiscal Transparency*, 2007, www.imf.org/external/np/pp/2007/eng/051507c.pdf (accessed August 3, 2012); and IMF, *Guide on Resource Revenue Transparency*, 2007, www.imf.org/external/np/pp/2007/eng/051507g.pdf (accessed August 3, 2012). In 2012 the IMF began work to prepare a board paper on "Natural Resources Wealth Management." See IMF, *Consultation on IMF Natural Resources Work*, July 2012, www.imf.org/external/np/exr/consult/2012/NR/ (accessed August 3, 2012). See also, for example, the principles underlying the Extractive Industries Transparency Initiative (EITI), the Natural Resource Charter, and the Global Initiative on Fiscal Transparency at: Extractive Industries Transparency Initiative (EITI), *The EITI Principles and Criteria*, June 2003, <http://eiti.org/eiti/principles> (accessed August 3, 2012); The Natural Resource Charter, *The Twelve Precepts*, <http://www.naturalresourcecharter.org/precepts> (accessed August 3, 2012); and The Global Initiative for Fiscal Transparency (GIFT), *Draft High-Level Principles on Fiscal Transparency*, <http://fiscaltransparency.net/> (accessed August 3, 2012).

expressed interest in joining EITI, but EITI membership is a multi-staged process and the initial “sign-up” requirements are quite basic. Any World Bank technical assistance to help Burma prepare for EITI candidacy should focus on substantive requirements to allow for full civil society engagement. This would include addressing politically motivated restrictions and onerous requirements faced by civil society organizations in registering their associations legally and the risks entailed by working on issues of fiscal transparency and accountability.

- (c) Support the wider application of transparency principles to include spending disclosures through open budgeting processes, given that EITI covers revenues only (from oil, gas, and mining) and not government spending.
- (d) Support projects to build the capacity of Burma’s Finance Ministry and parliament to carry out their oversight functions.
- (e) Support projects to build the capacity of civil society to scrutinize government budgets, revenue and expenditure, to provide input into budget allocations, participate in budget planning and oversight processes, and to hold the government accountable for its spending decisions.

2) An end to off-budget funding of the military and progress in securing accountability over military finances generally

The World Bank should require, as a pre-condition to lending, that the government of Burma cease off-budget funding of the military and ensure full oversight of military finances. To support the government of Burma in achieving this objective, the World Bank should extend its current work to promote fiscal transparency and accountability in Burma’s government to the security forces, which have off-budget access to funds via military conglomerates (such as the Union of Myanmar Economic Holdings (UMEH) and the Myanmar Economic Corporation (MEC)) and the military fund created by the 2011 Special Accounts Law, and likely through state-owned enterprises as well. As described in the summary of the draft Interim Strategy Note, the World Bank is currently undertaking or plans to undertake several key analytical and diagnostic assessments, including a Public Expenditure Management and Financial Accountability Review (PEMFAR), a Public Expenditure Review (PER) and Investment Climate Assessment (ICA). While the World Bank generally excludes the security forces from such studies, it has previously funded projects to enhance transparency of military accounts in other countries, and should also do so in Burma.²

² See, for example, Sierra Leone – Governance Reform and Growth Grant, approved November 4, 2009, which funded public sector reforms, including legal and structural changes to increase budget transparency and auditing of eight ministries, including Defense (The World Bank Group, *Sierra Leone – The Governance Reform and Growth Credit Program*, June 2011, <http://www.worldbank.org/projects/P107335/governance-reform-growth-grant-3?lang=en> (accessed August 3, 2012); Central African Republic (CAR) – Economic Governance and Management Reform Grant, approved May 27, 2008, which involved redeploying treasury agents to each of CAR’s ministries, including Defense, to facilitate the reporting of their respective revenues in the recipient’s government accounts (The World Bank Group, *CAR – The Economic Management and Governance Reform Grant (EMGRG)*, May 2009, <http://www.worldbank.org/projects/P106458/economic-management-governance-reform-grant?lang=en> (accessed August 3, 2012). See also, Argentina - Public Enterprise Reform Adjustment Loan II, approved January 5, 1993, which involved restructuring the Ministry of Defense by analyzing defense expenditures and enterprises, subjecting its budget to the same transparency requirements as other categories and making recommendations for the privatization of defense enterprises (The World Bank Group, *Argentina –*

3) Give priority to urgent economic and social needs of the population

The World Bank should require, as a pre-condition to lending, that the government of Burma show that it is giving priority to urgent economic and social needs of the population, including ethnic minorities. To support the government in achieving this, the World Bank should:

- (a) Ensure that analytical work directed at understanding the economic and social needs in Burma, including the World Bank's ongoing qualitative social and economic monitoring and planned joint staff assessment of the government's poverty reduction strategy, are undertaken in a non-discriminatory manner and include all of Burma's ethnic minorities.
- (b) Support additional programs directed at understanding the economic and social needs of all in Burma, including the proposed national household expenditure survey, and likewise ensure that they are conducted in a non-discriminatory manner; and
- (c) Work to ensure that the government appropriately uses its considerable financial resources, including from exports of natural gas and other natural resources, to address urgent social needs, including by supporting programs that strengthen the link between the allocation of available resources and progressive realization of economic and social rights.³

Ensure Civic Participation in Identifying and Shaping Development Priorities

The World Bank has increasingly emphasized the importance of civic participation – involvement by civil society – and social accountability for sustainable development. These themes should be reflected in the World Bank's Interim Strategy Note for Burma, with respect to the Bank's own practices and also with respect to the reforms that it presses the government of Burma to implement.

1) Civic Participation in Bank Processes

In addition to civil society organizations in Rangoon and the capital, Naypyidaw, the World Bank should engage with groups working in remote and conflict areas and with those working on Burma from Thailand and other neighboring countries. This should include all variety of organizations, from legally registered and established groups to those who operate in the country's hinterlands or have been unable to register their association due to onerous registration requirements and the political risk that can come with registration. Moreover, few residents in remote and conflict areas in Burma are able to travel to Rangoon or Naypyidaw, so World Bank staff should consult civil society organizations outside of these two main cities. People in these areas often face acute humanitarian needs, lack basic legal protections, and receive little development assistance from the state.

In the past, some members of civil society groups have been imprisoned as a result of meeting or working with foreign officials, for instance in the wake of Cyclone Nargis in 2008. The arrests and incommunicado

Public Enterprise Reform Adjustment Loan Project (02), December 1995, <http://www.worldbank.org/projects/P006012/public-enterprise-reform-adjustment-loan-project-02?lang=en> (accessed August 3, 2012).

³ See, for example, The World Bank Group, *Sierra Leone – The Governance Reform and Growth Credit Program*, June 2011, <http://www.worldbank.org/projects/P107335/governance-reform-growth-grant-3?lang=en> (accessed August 3, 2012).

detention in June 2012 of local staff members of UN agencies and international nongovernmental organizations operating in Arakan state on undisclosed charges similarly raises serious concerns. The World Bank should be sensitive to this history in developing strategies to engage with civil society. Specifically, the Bank should obtain assurances from the Burmese government that no one who engages with the Bank would face any sort of reprisals for engaging with the Bank. The Bank also should explicitly recognize these risks and identify how it will address them in its Interim Strategy Note.

To ensure active engagement with the Burmese populace, the World Bank should be transparent in developing its proposals for engagement and allocate sufficient time for meaningful engagement. The Bank should make its draft proposals public, hold public consultations on draft proposals, take into account feedback before proposals are considered by the board, and publicize final proposals in advance of board consideration. The Bank should undertake to publish a full draft of the Interim Strategy Note for Burma and open it for consultation before submitting it to the board of directors. The fact that Burma has been a closed country for so long makes it all the more necessary that the World Bank be transparent.

2) Civic Participation and Social Accountability in Burma

The World Bank should actively encourage the Burmese government to institute the systemic reforms necessary for open public discussion and debate to thrive in Burma, enabling citizens to hold the government accountable. This includes releasing all remaining political prisoners and repealing overbroad and vague laws that have been used against dissidents. There have been some positive changes in Burma that contribute to a more open climate for public debate as compared to the past. However, the World Bank should recognize ongoing restrictions on the rights to freedom of expression, assembly, and association as a challenge to development goals in its Interim Strategy Note for Burma and address what steps it will take to address these problems.

The World Bank should emphasize in its meetings with government ministries and agencies the importance that they meaningfully engage with civil society organizations and networks. It should encourage the government to enhance access to information and subject decision-making processes to public discussion and input at all levels. Examples include community budgeting initiatives, public, meaningful consultations about proposed legal reforms, and the continued creation of independent oversight bodies when needed.

With regard to media freedoms, while the recent repeal of pre-publication press censorship and the appointment of a new minister of information are important steps in promoting media freedom, significant restrictions remain in place, including post-publication review of published content. The government continues to ban private daily newspapers. Journalists and editors continue to self-censor in light of the risks they could face if their reporting is seen as overly critical. And there are no independent television or radio broadcast media outlets in the country—the state owns all broadcast media with the exception of two joint venture agreements with two private entertainment television outlets. Guidelines to the media issued by the Ministry of Information on the same day it ended pre-publication censorship are also quite

troublesome. Among other things, the guidelines prohibit negative criticism of the “economic policies of the state,” general government policies, and the state itself. Other guidelines restrict reporting on economic information and corruption unless “the source is reliable” (but the guidelines do not define what is “reliable” or who determines this). Similarly, the guidelines set out that “things that damage ties with other countries shall not be mentioned.” The World Bank should urge the government and the Ministry of Information to introduce the necessary reforms to advance media freedom, thereby enhancing the ability of the Burmese people to hold their government accountable, and make promotion of greater openness for civil society and the media a central plank of its Interim Strategy Note.

Articulate Key Human Rights Concerns as Challenges to Burma’s Development Goals

We find that the summary of the draft Interim Strategy Note offers a vague and overly positive assessment of Burma’s progress on human rights. The World Bank’s analysis needs to be counterbalanced with a frank acknowledgment of ongoing problems, which are only hinted at in the draft. In particular, in its Interim Strategy Note, the World Bank should highlight specific human rights concerns that present challenges to Burma’s development goals.

1) Sectarian Violence in Arakan State

In June, sectarian violence erupted between Arakan Buddhists and Rohingya Muslims (and non-Rohingya Muslims) in northwestern Arakan State. Mobs from both Arakan and Rohingya communities stormed unsuspecting villages and neighborhoods, brutally killing residents, and destroying and burning homes, shops, and places of worship. Security forces failed to protect communities and committed killings, rape, and arrested nearly 1,000 Rohingya men and boys in violent sweeps, holding most incommunicado without access to legal representation and other due process rights. Over 100,000 people were displaced and tens of thousands remain in segregated camps. The government has not publicized a plan to enable the Rohingya community to return to their homes and communities. There is a risk the Rohingya will be forced to remain in squalid camps for an unnecessarily extended period of time, and that the government authorities will attempt to permanently segregate the Rohingya from the Arakanese, in line with some statements from officials and the expressed wishes of many in the Arakanese community.

Government restrictions on humanitarian access to the Rohingya community have left many of the displaced in dire need of food, shelter, and medical care. The government continues to limit access of aid agencies to Rohingya areas, and all pre-crisis humanitarian programs are indefinitely suspended, adversely affecting hundreds of thousands. This includes lifesaving programming in HIV/AIDS treatment, health, food, and nutrition.

On July 12, Burmese President Thein Sein told the United Nations High Commissioner for Refugees (UNHCR) that the “only solution” to the sectarian strife was to expel the Rohingya to other countries or to camps overseen by the UNHCR. The government has now established a 27-member commission to look into the June violence and report to the president, but the commission does not intend to seek accountability or ascertain responsibility, according to council members. While the president

acknowledged the role of ethnic Arakan, political parties, and monks in perpetuating the sectarian violence, the government has not investigated or subjected state security forces to prosecution for alleged abuses in any meaningful way.

2) Ethnic Armed Conflict

The Burmese government and the Kachin Independence Organization (KIO) are currently engaged in armed conflict in northern Kachin State. The Burmese army renewed hostilities against the Kachin Independence Army (KIA) in June 2011 in a contested area surrounding a hydropower dam being built by a Chinese company, ending 17 years of ceasefire between the government and Kachin insurgents.

The Burmese army has been implicated in numerous violations of the laws of war, including attacks on Kachin villages, where they have burned homes, destroyed property, and committed looting. Soldiers have tortured civilians during interrogations and raped women. The army has also used antipersonnel mines and conscripted forced laborers, including children, on the front lines. The KIA has also perpetrated serious abuses, including using child soldiers and deploying antipersonnel mines.⁴

Tens of thousands of displaced Kachin in KIO-controlled territory still lack adequate humanitarian aid due to restrictions on aid deliveries. The government has obstructed humanitarian access to KIO territory for UN agencies and international nongovernmental organizations since the fighting began, permitting only minimal and sporadic access, leaving over 50,000 internally displaced persons with inadequate aid. While local organizations have attempted to fill the gaps, their resources and capacity are limited. As a result, camps lack adequate shelter, food, and medicine.

The World Bank should urge the Burmese government to end abuses against ethnic minority groups and open humanitarian space for all displaced persons in the country.

The World Bank has proposed support for community projects in Burma's border areas, including in areas affected by conflict. Several ceasefire and non-ceasefire ethnic areas are sites of ongoing human rights abuses and politically tenuous ceasefire arrangements. Human Rights Watch recommends that reconciliation efforts in war-torn ethnic areas should proceed with caution and emphasize human rights. The World Bank should work with partners supportive of ethnic tolerance in a multi-ethnic Burma and support programs designed to promote human rights and accountability for past and present human rights abuses. Any direct support should be allocated across ethnicities in a way that is mindful of ethnic divisions and the need for an ethnically diverse civil society.

The World Bank should also ensure that the Burmese government grants World Bank teams unhindered access to remote and conflict areas, to ensure that people in these areas are included in the census, household surveys, and other assessments.

⁴ Human Rights Watch, *Burma – “Untold Miseries”: Wartime Abuses and Forced Displacement in Burma’s Kachin State*, ISBN: 1-56432-874-0, March 20, 2012 <http://www.hrw.org/reports/2012/03/20/untold-miseries>.

Highlight Need for Key Reforms

In its Interim Strategy Note, the World Bank should highlight the importance of labor, land, and citizenship law reforms for sustainable development in Burma, and recognize the current state of these laws as challenges to Burma's development goals. It also should reflect the need for systematic reforms to combat corruption.

1) Labor Reforms

There have been encouraging developments with regard to the right to freedom of association and the elimination of forced labor in Burma. The World Bank should emphasize the importance of building on these changes to ensure Burma's labor laws fully comply with international labor standards set out in the core International Labor Organization (ILO) conventions.

The Labor Organizations Law, which took effect in March 2012, created a new framework for the establishment, registration and operation of trade unions. A new Settlement of Labor Dispute Law, enacted on March 28, 2012, provides rules for collective bargaining and the resolution of industrial disputes. These laws are an important step forward, though in some respects they fall short of international standards, and in practice trade unionists, especially in industrial zones, are still being fired for exercising these rights. Workers and workers' organizations should be supported in their right to organize unions, collectively bargain, and take industrial action, including by protecting the rights to peaceful assembly and to strike.

In 2012, the Villages Act and the Towns Act were amended, bringing the definition of forced labor in line with ILO Convention No. 29. A joint action plan to end the use and recruitment of child soldiers was signed in June 2012 between the government and the country task force on monitoring and reporting. However, forced labor continues today, with credible reports of various forms of unpaid forced labor conscripted primarily by the military in 2012, including in Arakan, Chin, Kachin, Karen, and Shan states.

The World Bank should urge the Burmese authorities to fully cooperate with the ILO to immediately end the practice of forced labor and to investigate and prosecute those found to have procured and used forced labor.

2) Land Reforms

Land confiscations by the government of Burma and some private interests are ongoing in Burma, perpetuating patterns of human rights abuses. Consultation and compensation are frequently absent or inadequate, particularly for farmers, and in many cases the land seizures are arbitrary and not justified by an overriding government interest. Two land reform bills were passed by parliament in early 2012 – the Farmland Law and the Vacant, Fallow and Virgin Lands Management Law. There was no meaningful public consultation on either of the draft laws. Local civil society and public interest lawyers are concerned the

laws do not adequately ensure security of tenure or provide adequate appeal mechanisms in cases of land acquisition. As a result, land disputes continue to go unresolved throughout the country.

We urge the World Bank to encourage the Burmese government to seek assistance from international experts and amend the land laws to ensure that they meet international human rights standards. The Bank should also press the government to consult broadly with agricultural and legal experts, farmers' groups, and other affected elements of civil society in undertaking such land reforms. Moreover, legal reforms should also be done to ensure access to justice when rights are violated so that those facing land confiscations have an effective legal means to contest such seizures.

3) Citizenship Law Reform

Burma's 1982 Citizenship Law effectively denies citizenship to the Muslim minority Rohingya, a population estimated at 800,000 to 1 million people in Burma, rendering them stateless and resulting in their being denied other human rights, including freedom of movement, access to freely chosen employment, right to marriage and having a family, and access to education and health services. The World Bank should highlight discrimination against the Rohingya as a challenge to development in Burma in its Interim Strategy Note and urge the Burmese government to amend the Citizenship Law and all other laws and policies that discriminate against the Rohingya. It should urge the Burmese government to invest in the urgent economic and social needs of the Rohingya people. The Citizenship Law also discriminates against ethnic Indians, Chinese, Gurkhas, and other groups long resident in Burma. The World Bank's proposed support for the upcoming national census and the preparation for a national household survey should be made explicitly conditional on the government's agreement to include in the census all of Burma's ethnic groups, including Rohingya Muslims in Arakan State.

4) Anti-Corruption Reform

Corruption is rampant in Burma. The country is tied with Afghanistan for the second-worst ranking in the 2011 Transparency International Corruption Perception Index. Only North Korea and Somalia fared worse. The widespread and entrenched nature of corruption in Burma raises serious risks, including by fostering unequal economic opportunities that undermine the potential for inclusive growth and, in some cases, by fueling environmental degradation that negatively impacts human rights and hinders prospects for sustainable development.

The World Bank should press for meaningful anti-corruption measures to ensure that Burma's own considerable resources and any subsequent World Bank assistance benefit the people of Burma and are not squandered or stolen. The Bank should take special care to avoid bolstering the economic elite who cultivated close ties to military authorities and gained privileged access to state resources. It also should urge the government to dismantle the military's vast network of businesses that it owns or controls and to fundamentally reevaluate the military's outsized share of the national budget. In addition, alongside existing and planned efforts to promote better financial management, the World Bank should encourage the Burmese government to create independent oversight bodies, audit all government departments and

government spending and make public these audits, make bidding and tendering for government procurement processes open and publish results, and make public contracts for natural resource extraction and sales.

Implement Human Rights Safeguards

The history of rights abuses and corruption in Burma in relation to infrastructure projects, coupled with the country's history of economic isolation, underscores the importance of analyzing the potential impact of proposed projects on human rights and taking steps to mitigate any adverse impacts. The World Bank should require that proposed projects in Burma go forward only after specific human rights safeguards have been rigorously implemented. Such safeguards should require:

- (a) Human rights impact assessments on any proposed projects in Burma and development of an action plan to mitigate potential adverse rights impacts, ahead of board consideration. Assessments, action plans, and any related documents should be developed in consultation with affected communities and civil society, particularly humanitarian and human rights groups, and published ahead of board consideration. The World Bank should rigorously monitor and supervise implementation of the action plan. Assessments should be conducted throughout all stages of projects.
- (b) In the context of a human rights impact assessment or environmental and social impact assessments, assess potential for discrimination on any grounds. The World Bank does not have non-discrimination safeguards, but considering the recent inter-ethnic violence in Arakan State and history of ethnic conflict and discrimination generally, this is of crucial importance for all proposed projects in Burma.⁵
- (c) In the context of a human rights impact assessment or environmental and social impact assessments, assess potential labor or land rights violations. This is particularly important considering the long history of such abuses in Burma. The World Bank should ensure that it does not directly or indirectly support labor or land rights abuses, or any other human rights violations, and that it promotes workers' rights in line with relevant ILO conventions.
- (d) Due diligence on government partners and any private sector partners to ensure they are not implicated in rights abuses or corruption.
- (e) Recognition that the World Bank's Inspection Panel should have jurisdiction to investigate each project, including to review mitigation measures outlined in human rights impact assessments.
- (f) Rigorous application of existing safeguard policies, including beyond the immediate project area to include associated facilities, to ensure projects will not be directly or indirectly linked with rights abuses.

⁵ Human Rights Watch, *Burma – “The Government Could Have Stopped This”: Sectarian Violence and Ensuing Abuses in Burma’s Arakan State*,” ISBN: 1-56432-922-4, August 2012, <http://www.hrw.org/reports/2012/07/31/government-could-have-stopped>.