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FOURTH ITEM ON THE AGENDA

Follow-up to the resolution concerning remaining measures on the subject of Myanmar adopted by the Conference at its 102nd Session (2013)

Review of the situation in Myanmar on issues relating to ILO activities, including forced labour, freedom of association, and the impact of foreign investment on decent working conditions

Purpose of the document

The document provides an update on ILO activities in Myanmar as required by the resolution adopted by the International Labour Conference at its 102nd Session (2013).

Relevant strategic objective: Promote and realize standards and fundamental principles and rights at work.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: Ongoing application of the ILO programme of work.

Author unit: Liaison Office in Myanmar.

Related documents: Resolution concerning remaining measures on the subject of Myanmar adopted under article 33 of the ILO Constitution, adopted by the Conference at its 102nd Session (2013).

Introduction

1. In compliance with the resolution concerning remaining measures on the subject of Myanmar adopted under article 33 of the ILO Constitution, adopted by the International Labour Conference at its 102nd Session (2013), this report provides a brief analysis of the ongoing reform process in Myanmar and the associated ILO programme of work, together with detailed information in respect of three substantive areas, namely:
 - (a) progress made in pursuit of the objective of eliminating the systematic use of forced labour by 2015, as contained in the Memorandum of Understanding between the Government of the Republic of the Union of Myanmar and the ILO, dated 16 March 2012;
 - (b) progress in respect of the introduction and application of freedom of association and social dialogue;
 - (c) the impact of foreign direct investment on employment and decent work.

Current context

2. Since March 2011, the Government of the Republic of the Union of Myanmar has embarked on a multidimensional reform process encompassing the country's political, economic, social and administrative settings. As a result, the country has moved rapidly from a situation of insular, repressive military dictatorship to being more open (both economically and socially) and democratic. The Government and Parliament have embarked on a major legislative programme, with every policy area and associated application procedure subject to review and revision. The Government targeted all reform activity at its two principal outcome priorities: poverty reduction and rural development. In parallel, it moved to end the 60-year armed conflict between government forces and some 16 non-state armed groups, achieving 14 bilateral ceasefire agreements and entering into negotiations with all protagonists for a nationwide ceasefire agreement as a precursor to substantive peace negotiations.
3. In addition to the continuation of the vast reform agenda, the Government gained considerable credit for its successful chairing of the Association of Southeast Asian Nations (ASEAN) during the 2014 calendar year.
4. While considerable progress has been made, there remains a long way to go in respect of both the policy settings and the adaptation of behaviours required for their application. Trust levels remain low, as does the institutional capacity to deliver. While a range of far-reaching rights have been granted, there remains a low level of understanding of fundamental democratic concepts and of the responsibilities attached to the exercise of such rights. This, combined with high expectations and impatience for dividends from the reform to be felt by people at all levels of society, has led to some civil discontent, which is further complicating the process of reform.
5. Increasing Buddhist nationalism is reflected both in discriminatory legislative proposals being introduced into Parliament and in serious civil violence against religious and ethnic minorities, particularly in respect of the Muslim grouping, who self-identify as being of Rohingya ethnicity but who are officially recognized as Bengali, a description which implies immigrant status.

6. The nationwide ceasefire talks continue, with all parties appearing to be committed to a successful outcome; however, at this stage agreement is elusive. This is a reflection of the complexity of the issues and the low levels of trust between the stakeholders. In the interim, the bilateral ceasefire agreements, while generally being respected, remain fragile and serious armed conflict continues between government forces and the non-state armies which have not, as yet, achieved ceasefires.
7. A general election is scheduled for late October/early November 2015 and, although the official campaign has not yet commenced, the prospect of those elections is influencing behaviours. A number of political narratives are guiding responses: some see that the Government remains committed to the reform process but that its ability to move forward is being hampered by the evolving circumstances; some suggest that the reform and peace process has been allowed to stagnate in recent months, as preparations for the elections are made; others suggest that, in order to retain the support of its traditional base, certain elements of the Government are pulling back from the reform process; and yet others suggest that the current situation confirms their long-held perception that the commitment to reform was not genuine from the beginning. There is no way to determine which, if any, of these narratives is correct, but suffice it to say that the prospect of the upcoming elections is having an impact on general stability, the ongoing reform process and the peace process.
8. Although the environment is clearly sensitive and there are considerable potential risks, the reform process is continuing, with the Government, in consultation with its development partners, developing long-term strategic plans as well as seeking “quick wins”, continuing its legislative reform programme and operationalizing political, economic, social and administrative procedures for its application.

The ILO programme of work

9. Following the lifting of mandate restrictions by the International Labour Conference in 2012, an ILO programme of work was agreed upon in tripartite consultations held in October 2012. The introduction of this programme has resulted in the ILO Liaison Office in Myanmar moving from managing two areas of activity in 2012 – the elimination of all forms of forced labour and the introduction of freedom of association and social dialogue – to having a programme as at January 2015 that also encompasses: safe migration; child labour; international labour standards as tools for peace and reconciliation; livelihood development and labour-intensive infrastructure; technical vocational education and training; social protection floors and social security; responsible investment; entrepreneurship and the development of small and medium-sized enterprises (SMEs); labour law reform and institutional capacity building; labour statistics; social partner capacity support; industrial relations; and occupational safety and health. The total annual budget has increased from some US\$1.4 million in 2012 to \$5.1 million in 2014, with a corresponding increase in the number of staff from 11 in January 2012 to 70 in December 2014, with new projects coming on stream in the first quarter of 2015, bringing the expected total number of staff to 94.
10. Tripartite consultations were held on 4 and 5 December 2014, at which the ILO programme of work was reviewed and the tripartite constituents’ priorities confirmed. It was agreed that a national tripartite forum would be established, to meet on a quarterly basis, with the first meeting scheduled for the first week of March 2015, at which the forum’s terms of reference and a workplan for the development of a Decent Work Country Programme would be discussed.

I. Progress in the elimination of the use of forced labour

11. The Government has agreed to a further 12-month extension of the Supplementary Understanding as from 26 February 2015.
12. With the continued low level of trust in government institutions and the absence of the necessary reform of the justice system, the complaints mechanism within the Supplementary Understanding remains one of the few trusted alternative justice systems in the country. On average during 2014, 33 complaints within the mandate of the mechanism were received monthly, with 28 being individual complaints and five being lodged by multiple complainants.
13. While this number represents only a small increase against the numbers received in 2013, it is considered to reflect the increasing awareness of the law and increasing confidence to complain. The configuration of complaints has changed, reflecting, it is believed, the new environment. The number of complaints against the military in respect of the use of porters in conflict areas has reduced, with the practice now being limited largely to areas of continuing armed conflict, in particular Kachin and Shan States, or where large numbers of troops have been deployed in response to civil unrest – in particular Rakhine State. While there continue to be complaints concerning the use of forced labour by the civil authorities, the number of such complaints has fallen, suggesting that the awareness-raising activity undertaken with government officials has been effective. It is noted that this reduction appears to be greater in central Myanmar than in the ethnic or border regions. The Government has orally reconfirmed its advice concerning the provision of a specific budget allocation for the wages cost of public works and the introduction of supplementary allocation procedures, should such be necessary. Complaints have been received suggesting that there may continue to be funding constraints, which have resulted in local authorities being instructed to obtain voluntary community contributions to public works activities. This is translating in some instances into a forced labour situation. There are also reports that, taking advantage of the new funding mechanism, local corruption is leading to the continuation of forced labour practices.
14. The number of complaints concerning forced labour in connection to land acquisition and confiscation has increased, reflecting the weakness of the land management system and the dramatic increases in land values in response to the opening of the economy. Complaints in the private sector have also increased, which it is believed reflects a greater public understanding of the legal concept and increased confidence to complain.
15. The Strategic Working Group for the Elimination of Forced Labour continues to oversee the application of the action plan that was developed for the implementation of the 2012 Memorandum of Understanding on the elimination of forced labour by 2015. Case management is being undertaken by a technical working group, which initially consisted of a senior representative of each of the military, the police, the Ministry of Labour, Employment and Social Security (hereinafter, the Ministry of Labour) and the ILO, some of whom had attended a training programme at the International Training Centre of the ILO in Turin on the investigation of forced labour complaints. This configuration has served well; however, recent changes in the composition of the technical working group, with new members not having benefited from the training, has regrettably reduced its effectiveness in respect of cross-agency coordination, the quality of investigations and the timeliness of responses.
16. In conjunction with the mission of the ILO's Deputy Director-General for Management and Reform in December 2014, a review of progress was conducted with the Minister of

Labour, his deputy, multiple directors-general and their senior staff dedicated to the operation of the complaints mechanism.

17. Attached as an appendix to this document is a detailed report on progress in respect of each element of the action plan, indicating actions taken, actions ongoing, challenges and issues yet to be addressed.
18. Progress continues to be made and the Government continues to express commitment to the objective of the elimination of forced labour by 2015. However, an analysis of complaint trends shows that there are a number of areas of continuing concern:
 - (a) While **awareness-raising** activities continue, the planned training of trainers in both the military and the police has not yet taken place. This activity is considered critical for achieving an environment in which the complaints mechanism is no longer required. That is not yet the case. With the support of the Ministry of Information, public announcements providing a definition of forced labour, confirming that it is a crime and giving guidance on how to lodge a complaint, have been made in newspapers and on both radio and television. Brochures containing the same information have been widely circulated in Burmese and in the principal ethnic languages. Given the size of the country and the limited access of the large proportion of the population to such media, penetration levels remain relatively low and the Government has been requested to revitalize and broaden the campaign.
 - (b) **Accountability** continues to be an area requiring increased commitment. The military is generally responding positively to the call for accountability and the application of military regulations has been reinforced by the issuance and wide distribution of orders reconfirming that the use of forced labour in any of its forms is a crime. Each complaint against military personnel is investigated and the majority of cases result in prosecution under military regulations. Some 274 prosecutions, resulting in punishments ranging from the issuance of formal reprimands, monetary fines, demotion, loss of service time against promotion and pension rights, dishonourable discharge or imprisonment, have been made against military personnel in response to complaints under the Supplementary Understanding. In contrast, there have been no reported prosecutions under the Law Amending the Ward or Village Tract Administration Law since it came into effect in 2012 in respect of perpetrators identified in either the non-military public service or the private sector.
 - (c) An apparent **reluctance to bring a number of cases to final closure** is acting to undermine the confidence that has built up in respect of using the complaints mechanism. A number of complaints, although substantially resolved, remain open, and as a result continue to be raised by the complainants both with the ILO and in some instances in the public media. A case in point involves a large number of farmers who, following the lodging of complaints under the mechanism, were granted permission to return to their traditional land, which had been confiscated owing to their refusal to undertake forced labour on it following the transferral of its ownership to the military. The Land Records Department has, however, refused to recognize their legal right of occupancy, advising that it needs specific authority from the military to do so, which to date has not been forthcoming.
 - (d) It is necessary to refer to one specific case that has arisen under the forced labour complaints mechanism, which is of serious concern. In December 2011, an air force captain, U Chit Ko, communicated by email with the ILO Liaison Officer enquiring as to the applicability of his situation to the law against forced labour. Some 16 months after receiving Captain Chit Ko's enquiry, the ILO was informed that he had been prosecuted for having contacted the ILO and that, in December 2012, he had been convicted in a military court, resulting in his dishonourable discharge, and

sentenced to ten years' imprisonment. While initially denied by the Government, it was later confirmed that his having contacted the ILO was the reason for his prosecution and conviction. During his December 2014 mission, the Deputy Director-General reiterated earlier requests for information and indicated to the Minister of Labour the seriousness with which the ILO viewed this case. A further communication was sent by the ILO to the Minister of Labour in January 2015, but to date no response has been received. In addition to the personal situation of Captain Chit Ko, which must be clarified and resolved, the ongoing publicity concerning his continued imprisonment for making contact with the ILO is obviously acting to undermine confidence in the complaints mechanism.

II. Progress with regard to freedom of association and social dialogue

- 19.** The Norwegian-funded Promoting Freedom of Association and Social Dialogue in Myanmar project grew out of the one-year Promoting Rights at Work in Myanmar project, which was funded by the United States (US) Department of State. As the first such project to take place since the reintroduction of a system of industrial relations, its initial phase aimed at introducing concepts and engaging with very basic awareness raising and enterprise-level capacity building, as well as at providing support to the tripartite constituents. It involved working with the leaders of newly formed unions to better serve their constituents and reach out to potential new members, and promoting the growth of effective and meaningful bipartite and tripartite social dialogue in Myanmar. While awareness raising and capacity building on the basic concepts and techniques of industrial relations remained very necessary, a broad range of complementary initiatives was required to build on these foundations, and to expand into other areas of labour market governance to ensure a comprehensive and holistic approach.
- 20.** The second phase of the project continues the work of helping the new labour organizations and employers at the enterprise and factory level to effectively engage in social dialogue, including collective bargaining and dispute settlement. It is designed to work in a coordinated manner with other ILO projects, as part of the overall ILO programme of work, and in particular with the European Union-funded project on forced labour and international labour standards; a programme on responsible business funded by the Danish International Development Agency; a garment sector project funded by the State Secretariat for Economic Affairs of Switzerland; a project to develop the capacity of employers, funded by the Regular Budget Supplementary Account; and the US Department of Labor's programme on the elimination of child labour. A three-pronged approach has been adopted, which involves: working with national labour market institutions to ensure that they are in a better position to recognize, implement and enforce fundamental rights at work; working – separately and together – with employers' and workers' organizations to improve their knowledge and skills with regard to the new industrial relations framework, as well as with regard to dispute resolution, collective bargaining and occupational safety and health; and working to promote sound labour relations and social dialogue at the enterprise, industry or sector, regional and national levels.
- 21.** Since the Labour Organization Law entered into force in 2012, the number of registered labour organizations has grown steadily. As at January 2015, there were 1,458 basic labour organizations, 53 township labour organizations and four labour federations (all in the maritime sector), as well as 28 basic employers' organizations, one township employers' organization and one employers' federation (maritime).

- 22.** Based on the most recent data, the majority of labour organizations are in the agricultural sector (66 per cent). Other sectors with high numbers of labour organizations include: garments (6.5 per cent); freight handling (6.5 per cent); consumer goods (5.2 per cent); and transport and fisheries (3.2 per cent each). Overall, the number of members registered in labour organizations stands at below 100,000 (88,261 as at September 2014),¹ representing less than 0.3 per cent of the total labour force.
- 23.** Despite the growth of basic, and to a lesser extent township, labour organizations, with the exception of the maritime sector, there remain no registered organizations at the state, division or regional levels, nor any national labour or employers' federations under the Labour Organization Law. After protracted negotiations, the Government has extended recognition to the unregistered labour federations and to the recently formed but unregistered labour confederation, as the representatives of their registered labour organization memberships. On this basis, they have been invited to take part in various consultations, including on legislative drafts, and were invited to nominate representatives to the December 2014 national tripartite consultations on the ILO programme of work.
- 24.** In the context of the development of social dialogue structures, it is recognized that success will rest largely on building relations between the social partners based on trust and mutual respect. This calls for the introduction and acceptance of some new attitudes and approaches, with employers and workers recognizing the common interest they have to support each other towards achieving their separate but directly linked objectives.
- 25.** Collective bargaining, while provided for in the law, is not at this stage a commonly understood or used concept. Most of the existing collective agreements are in fact dispute settlement agreements and do not address the breadth of issues required to support solid industrial relationships. Current law fails to provide specific guidance on the process of collective bargaining and the very immature institutional framework for the provision of conciliation and arbitration services is largely unknown and in need of considerable capacity support.
- 26.** A review of the existing industrial relations system has recently been undertaken, some three years after the enactment of the relevant legislative and regulatory framework, to assess the extent to which current laws and practices are fostering sound industrial relations. Based on interviews with workers, employers and government representatives, as well as an analysis of key administrative data, the preliminary results point to both legal and operational issues seen as hampering the establishment, registration and development of trade unions and employers' organizations in Myanmar.
- 27.** While the Office continues to work with all parties to resolve problems related to registration and is working to promote freedom of association and collective bargaining under the existing legal framework, it would appear that a review and revision of the relevant legal framework (in particular, the Labour Organization Law and the Settlement of Labour Dispute Law, and their accompanying rules) is needed.
- 28.** The Settlement of Labour Dispute Law puts in place a system intended to support the development of voluntary collective bargaining within the country. Conciliation bodies receive complaints related mainly to wages and allowances, employment conditions and unfair dismissals. The initial conclusions of the industrial relations review suggest that a general lack of understanding of labour laws and social dialogue principles, as well as ineffective workplace dispute settlement systems, contribute to disputes.

¹ It should be noted that these figures are limited to the membership numbers of basic labour organizations at the time of registration by the Government. Changes in membership levels are not documented. Data disaggregated by sex are unavailable.

29. While cases related to wages and working conditions tend to be settled at the factory level, or through conciliation at the township level, unresolved cases are submitted to the relevant arbitration body and, where appropriate, to the national Arbitration Council. From the information currently available, nearly all cases reaching the Arbitration Council were related to dismissals, with the Council ordering reinstatement in nearly a quarter of these cases. Most of these relate to the dismissal of labour organization leaders, and it would appear that orders of reinstatement are not always being adhered to by employers.
30. In early 2014, the Ministry of Labour introduced a draft amendment to the Settlement of Labour Dispute Law, increasing the penalty for non-compliance with an Arbitration Council decision, to include the possibility of a prison sentence of up to three months. This was considered important both to afford workers adequate protection against acts of anti-union discrimination in respect of their employment and to ensure respect for the Arbitration Council as a quasi-judicial body whose decisions are final and to be directly applied. The amended law was promulgated in late 2014, with the monetary penalty increased but no provision for a prison sentence.
31. Engagement in targeted awareness raising and capacity building continues and is being extended to include collective bargaining agreements and simple, enterprise-level dispute settlement procedures. A labour law guide is also being developed, in an effort to assist the parties in understanding the relevant labour laws. Factory visits are being intensified, which are intended to provide more direct, focused advice to unions and employers at the workplace, in relation to the establishment and functioning of workplace coordinating committees and in relation to collective bargaining and dispute prevention and resolution. Assistance to the conciliation bodies is ongoing, and a review of the arbitration bodies – including their legal and operational frameworks – will soon begin.
32. The Office has worked to support the Government in the process of drafting new or amended labour law provisions in conformity with international labour standards and following consultations with the social partners. Through a labour law reform and institutional capacity-building initiative agreed in 2014 between the Government of Myanmar, the Governments of the United States, Japan and Denmark and the ILO, a full review of all existing labour law will be undertaken towards the production of a revised, comprehensive and coherent labour code within a two- to three-year time frame.
33. This foundational activity is recognized as being critical; however, with the opening of the economy, the speed of change is such that the social partners are, at the same time, being required to deal with technical issues including national-level policy and legislative reviews, associated awareness-raising and application processes and the management of disputes. This is placing considerable strain on all parties and particularly the social partners. While every effort to move forward constructively is being made, parallel efforts to manage expectations are important for avoiding the locking-in of confrontational attitudes.

III. The impact of foreign investment on employment conditions

34. Foreign investment and the opening of the economy to trade and competition have generated considerable legislative and regulatory responses, which are generally positive. Institutional frameworks have been established and actions to remove administrative impediments are being taken. New investment levels, while significant, have not been as high as expected; this is felt to be due to a number of factors, including continued hesitancy owing to perceived political or stability-related risks around the upcoming election, the absence of appropriate rule-of-law protections for investors, the continued

issue of corruption, and the cost of doing business taking account of infrastructure limitations and process blockages.

- 35.** The Framework for Economic and Social Reform, released in December 2012, aims to accelerate Myanmar's integration into the international community. It identifies policy priorities for the Government in the next three years with emphasis on, among other policy priorities, promoting local and foreign investment, the effective implementation of people-centred development and poverty reduction. Its third stage, focusing on administrative reform, was launched in 2014. Among the major economic reforms have been a new law aimed at ensuring a stable environment for foreign investment, which was passed in November 2012. This Foreign Investment Law sought to support Myanmar's successful integration into the global and regional economy through trade and inward foreign direct investment. Alongside the development of the new legal framework, Myanmar is also working on its administrative procedures and internal infrastructure towards the removal of remaining barriers to investment.
- 36.** Updated and accurate statistics to guide investors on setting up businesses in Myanmar are still lacking. The Government considers this to be a high priority, and has the intention of making statistics more transparent and available. Development partners supporting this endeavour include, among others: the ILO (labour force survey); the United Nations Population Fund and the World Bank (census); the United States Agency for International Development (business statistics); and the European Union (trade statistics).
- 37.** Key available data show that, in Myanmar:
- (a) Real gross domestic product (GDP) growth has improved from 5.1 per cent in 2009/10 to an estimated 6.4 per cent in 2012/13 and 6.8 per cent in 2013/14. Foreign investments are considered to be one of the reasons behind the GDP growth. The Asian Development Bank projects an annual growth rate of 7–8 per cent in the next decades.
 - (b) Annual income per capita is still low, at US\$900, the lowest among ASEAN countries.
 - (c) Unemployment is at 1.7 per cent, but underemployment is at 37.5 per cent² and the proportion of working poor is 26 per cent for males and 25 per cent for females.
 - (d) Inward foreign direct investment rose in 2010/11 to almost \$20 billion but dropped in 2011/12 to \$4.6 billion. Foreign investments are mainly in electric power, oil and gas, and mining, and a significant proportion goes to large construction projects, such as the Nay Pyi Taw airport, and telecommunications.
- 38.** The policy and legal framework for foreign investment is based on the following:
- (a) the Foreign Investment Law, promulgated in November 2012, which provides for a “negative list” that allows foreign investment in all activities except those that are listed as being prohibited or restricted;
 - (b) the Citizens Investment Law, which provides for a single investment framework by harmonizing the investment incentives and procedures for national and foreign investors;

² Estimates, pending the final figures from the labour force survey.

- (c) the Employment and Skills Development Law, overseen by the Ministry of Labour, which aims to ensure that skills training promotes increased employability;
- (d) the Competition Law, overseen by the Ministry of Commerce, which aims to ensure fair competition by addressing anti-competitive agreements, monopolies and mergers;
- (e) the Economic Zone Law, which aims to overcome infrastructure bottlenecks in order to attract more foreign direct investment and increase exports, and which provides additional tax incentives for investment in several strategic locations; and
- (f) the Worst Forms of Child Labour Convention, 1999 (No. 182), which came into force on 18 December 2014 following its ratification by the Government in 2013. With the establishment of a tripartite and multi-stakeholder technical working group, work has commenced towards ensuring that the required legislative framework is in place.

39. The following key issues are present at the macro level:

- (a) *Building an appropriate framework for investment:* An appropriate framework for investment is centred on the promotion of responsible business conduct in Myanmar. Much can be done in this area, such as through enhancing public consultations on legislation and on investment projects, as well as on labour and human rights. This framework needs to take into consideration the impact of investments on employment creation, in particular ensuring that foreign investments are employment-intensive and contribute to job growth. Furthermore, the framework needs to pay attention to the issue of land acquisition, in particular for large-scale investment projects. Property rights are not well established and there is lack of consultation with the communities living on the lands that are being acquired for large construction projects.
- (b) *The need for transparency and systemic change:* Businesses, including SMEs, find it hard to invest in the country due to the lack of transparency in economic policies and measures. Trust remains a big issue in the country, especially among potential investors. The Foreign Investment Law, while representing a considerable step forward, leaves many questions unanswered. There are no mechanisms in place for investor protection, the approval process is lengthy and there is a long list of sectors in which foreign investment is either prohibited or restricted. In 2014, the Government ratified the Extractive Industry Transparency Initiative and recent steps have been taken to expand the application of transparency principles to other key sectors of the economy.
- (c) *Development issues:* The Government's ability to address Myanmar's developmental needs, including by giving proper attention to and implementing actions to improve electricity supply, provide better transportation and telecommunication facilities, develop educational and health services, and enhance access to safe and clean water, is among the many challenges the country faces. All these developmental needs are being addressed; however, the challenges are huge and it will take some time to respond to them. They are, however, a priority and are critical to ensuring that the outcomes of economic growth are inclusively shared and contribute to poverty reduction and stability in the country. Systemic changes are crucial in order to tackle the many ongoing social and economic difficulties that can hamper Myanmar's goal of genuine development.
- (d) *Complying with commitments for the establishment of the ASEAN Economic Community,* which envisions ASEAN as a single market and production base; a highly competitive economic region; a region of equitable economic development; and a region that is fully integrated into the global economy. Myanmar aims to address the legislative and regulatory limitations that are impeding the timely

implementation of the ASEAN commitments and to strengthen the Ministry of National Planning and Economic Development as the national coordinating agency for the Community. Considerable emphasis is being placed on the mutual recognition of skills in support of the free flow of people within the ASEAN community.

- (e) *Barriers need to be removed to allow for more inward foreign direct investment to help domestic industries:* The Government is promoting the removal of barriers and is improving support services in the areas of trade financing, market access and trade facilitation.
40. It is not, as yet, possible to clearly establish the impact of foreign investments on employment creation. According to the Myanmar Investment Commission, around 300,000 jobs have been created in the past year. However, it is unclear whether these are new jobs, or old jobs that have been transferred from domestic companies to foreign companies. Investors are having difficulty in finding skilled labour and in overcoming the high costs of investing (associated with the unstable electricity supply, the limited infrastructure, the lack of centralized business information and cumbersome registration procedures).
41. Increased foreign competition can have mixed results for SMEs. It is important for SMEs to have some form of protection, since they are the backbone of Myanmar's economy and engines for employment creation. In addition, SMEs need support in order to improve their productivity and working conditions. Limited access to finance and the lack of an effective business support sector for SMEs limits their ability to take advantage of growth opportunities.
42. Encouraging investment in the agriculture sector remains a challenge. The contribution of agriculture to GDP was 30.5 per cent in 2012/13 and the sector accounted for 61.2 per cent of total employment in 2010/11. Although there is a huge employment creation potential in this sector, new investments to date have been very low.
43. The manufacturing sector's contribution to GDP was 19.9 per cent and it accounted for 11.3 per cent of employment in 2010/11. The main manufacturing industries are food and beverage processing and textiles and clothing, where SMEs dominate. The challenge in this sector is how to transform investments in manufacturing to make the sector more employment intensive.
44. Myanmar has achieved steady growth in tourist arrivals since 2008, with a 30 per cent growth rate in 2012. The issue in the tourism sector is how to sustain the interest of tourists in Myanmar and how to ensure responsible tourism, so that the communities benefit from the growth in the sector in terms of jobs and income.
45. The priority areas for the ILO's contribution are as follows:
- (a) *Strengthening labour market information systems:* The ILO is supporting the Ministry of Labour and the Central Statistical Organization in conducting a comprehensive labour force, child labour and school-to-work transition survey. This survey aims to provide the latest information on labour market trends to guide economic and social policy-making and programme formulation.
- (b) *Supporting labour law reform and promoting policy coherence:* A new two-stage initiative by the Government is being put in place with the ILO and the development partners. This includes stage 1, which involves the provision of technical support in the amendment or updating of existing laws and the filling of critical legislative gaps; and stage 2, which will focus on the development and application of a two-

three-year strategy for the development of a comprehensive labour code that is modern, cohesive and in line with international labour standards.

(c) *Supporting the capacity development of the tripartite partners to promote responsible investments and business practices:* Through various technical cooperation projects, the ILO has made provision to:

- (i) build the capacity of the Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry, business associations and employers' and workers' organizations with regard to research, policy advocacy and service provision for members;
- (ii) strengthen workplace compliance with international labour standards and national legislation;
- (iii) encourage tripartite dialogue for responsible investments and business practices.

46. Value chain analyses of economic sectors with high employment-creation potential, such as the garment, fisheries and tourism sectors, have been drafted, with a focus on the contribution of the SMEs in these sectors. These analyses, when completed, will identify the critical underlying constraints for increased investments, improved productivity, increased employment and better working conditions along the supply chain. Recommendations for interventions to promote decent work in these sectors and to further SME development are being formulated.

47. A new cooperation project with the European Union is being implemented, with a specific component on the promotion of corporate social responsibility among national and foreign direct investors, in particular with regard to labour standards and their application in special economic zones (SEZs) and other commercial developments in or in close proximity to conflict-affected areas. With the development of SEZs for national and foreign investment in or in proximity to conflict-affected areas and in locations populated largely by ethnic peoples, many of whom were previously displaced through the conflict, the ILO is working with the national Government, local parliaments, local governments, contractors, investors, and employers and workers and their organizations to develop a framework of labour laws and to promote labour management cooperation within the workplace, the application of international labour standards and community engagement towards the rebuilding of trust and promotion of mutual respect for enhanced cohesion between ethnic groups. Tripartite consultative committees will be established within SEZs. Community liaison committees will be established in communities in proximity to SEZs, establishing communication between those communities and SEZ management towards minimizing potential human rights abuses in connection with SEZ development and operation, and seeking maximum community benefit from the existence of the SEZ through direct employment opportunities.

48. While positive policy responses, in particular in respect of labour market policy and legislative reform (including with regard to freedom of association, the elimination of child labour, the minimum wage, occupational safety and health, and technical vocational education and training) can in part be accredited to the opening of the economy to foreign investment and trade, at this stage it is not possible to be specific as to the impact of foreign investment on new job creation. New investment has clearly created job opportunities, but much of the investment is in sectors with low labour intensity. It is unclear as to whether those jobs are new jobs or simply replacement jobs, with the skilled staff of domestic companies moving to the new companies. Competition and the need to provide evidence of the application of standards when trading in the global economy have led to some sectors developing codes of conduct, with emphasis on international labour standards, the environment and corporate social responsibility. In excess of 50 domestic

companies have signed the United Nations Global Compact. This, however, is all foundational activity and is still on a limited scale, meaning that there has been relatively little direct positive impact on working conditions as yet.

Appendix

Joint Action Plan on the Elimination of Forced Labour by 2015

1. Awareness raising

Objective	To ensure that all citizens of Myanmar are aware of what constitutes forced labour, have access to information regarding their rights and responsibilities under the law, and have the ability to exercise those rights as appropriate.
Accomplishment/ongoing	Brochures in the Burmese language and principal ethnic languages have been agreed on by the Government. The brochures have been widely distributed to targeted groups and geographic areas across the country, including remote rural and ethnic areas. Targeted training has been conducted for judges, General Administration personnel, Ministry of Labour personnel, fire service officers and police, but it needs to be revitalized (including the training of trainers (TOT)) to provide both central and regional coverage during 2015. This is particularly true for the police covering the investigation and prosecution of perpetrators under the Penal Code, with special emphasis on the issue of bonded labour. Joint awareness-raising seminars (Ministry of Labour and ILO) for local government authorities have been held in 13 of the 14 states and regions. The recent joint TOT workshop for local community members and state-level government representatives in Chin State designed to support self-sustaining, ongoing, joint awareness raising is a model for application in other states and regions. Half-day workshops for national journalists have been held in Yangon, and similar workshops have begun to be held at the regional/state level. Training has been provided for members of the United Nations and international non-governmental organizations, and a schedule developed for further such activities in 2015. Newspaper, radio and television advertising has been undertaken, with the support of the Ministry of Information, and is scheduled to continue during 2015. The practical guidelines for the Tatmadaw (armed forces), General Administration and other government departments are being revised and updated for approval by the Strategic Working Group for the Elimination of Forced Labour (SWG) and distribution.
Outstanding	Planned TOT training for military personnel, the routine scheduling of joint presentations to the military academy and commanding officers, and officers' and non-commissioned officers' (NCO) in-service training remain outstanding, as does routine training/awareness raising for parliamentarians, teachers and university lecturers. Although the Tatmadaw has consistently shared information on prosecution with the ILO, it has to date remained confidential and the agreed publishing of prosecution details on a quarterly basis remains outstanding.
Challenges	The application of training received is mixed, with complaints of forced labour continuing to be received from areas where training and joint seminars have previously been conducted (Magway, Yangon and Sagaing being cases in point). In contrast, in a recently recorded case in Rakhine trained local authorities took positive initiatives to suppress the use of forced labour prior to ILO formal intervention. The SWG has to date not been in a position to facilitate targeted training of teachers and university lecturers, although specifically agreed in the formal action plan. One TOT for military personnel was scheduled via the SWG in 2013 but was called at too short notice to be accommodated by the ILO. There has been no response to requests to reinstitute those arrangements.

2. Continued activities under the Supplementary Understanding

Objective	To support the overall strategy for the elimination of forced labour through the effective operation and use of the complaints mechanism.
Accomplishment/ongoing	Cases continue to be received – the 2014 average being 33 per month. The Supplementary Understanding has been extended annually since 2008. A technical focal point group for operational coordination of case management has been established. The SWG meets on average twice yearly and reviews progress against the action plan. Four local ILO staff members have been appointed in regional areas to act as local focal points for the case management system and as the contact point for the some 1,500 strong voluntary complaint facilitators' network.
Outstanding	Responses from the military, particularly in respect of underage recruitment, are positive. However, this is not the case in respect of responses to complaints concerning civil authorities and the private sector. The same can be said for accountability measures taken against perpetrators. As agreed, the originally nominated police and Ministry of Labour members of the technical focal point group undertook training at the International Training Centre of the ILO on forced labour complaint investigation – regrettably, the military nominee was not able to attend and subsequently both the police and Ministry of Labour nominees who received training have been replaced. This means that none of the group members have received the specialized training and this is being reflected in the quality of coordination and investigation, and subsequently in the response decisions. While the absence of trained personnel is critical in respect of each institution, it is most critical at the Ministry of Labour, which is the coordinating focal ministry for the Government.
Challenges	Achieving complete responses, which permit cases to be closed, is a major challenge in a large number of cases. Partner agencies (such as the Tatmadaw and the General Administration) acknowledge their inability to move some cases to closure owing, for example, to resistance to formally acknowledging a complainant's right to land occupancy notwithstanding their being unofficially allowed to reoccupy their land, or to the inability to initiate criminal proceedings in cases of forced or bonded labour in the private sector even when the victim has been rescued from their plight by the authorities. This would appear to be due to a lack of cross-ministry cooperation and continued confusion as to who has authority or responsibility for investigating forced labour, and prosecuting and handing down decisions on such cases.

3. Undertake investigations and take necessary remedial action in respect of unanswered allegations as documented in the comments of the ILO supervisory bodies

Objective	To satisfactorily fulfil legal requirements under ILO supervisory mechanisms.
Accomplishment/ongoing	The schedule of unanswered allegations is under development; once completed it will be submitted to the SWG for further action. With the majority of outstanding cases relating to events in conflict-affected areas, agreement in principle has been obtained from the Myanmar Peace Centre, the relevant ethnic armed groups and the civil society organizations (CSOs) involved in the action. Funding to proceed was obtained in 2014.
Outstanding	The action will proceed when the schedule is finalized and when clearance is reconfirmed from the key peace process stakeholders so as to ensure that the action supports peace and reconciliation within the framework of the ceasefire and peace negotiation frameworks.
Challenges	The number of outstanding cases is large, and obtaining raw data from different sources to develop a work chart is proving to be a challenge. The lack of specificity suggests that the action may by necessity be undertaken on a community basis as opposed to addressing specific individual cases. Changes to the administrative names of the locations contained in the original allegations as recorded by the Committee contribute to difficulties in processing the data.

4. Specific activities in policy areas and categories of work identified as actual or potential causes of the use of forced labour

Objective	To provide for sustainable policy and sound practice without recourse to forced labour.
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4.A Forced labour directly or indirectly associated with public works and major construction projects, including special economic zones (SEZs)

Accomplishment/ongoing	A list of major public work and construction projects was developed and shared with the ILO. Government focal points were appointed to two SEZs. Contact was made and relationships established with SEZ boards and community CSO networks. Funding for action was obtained in 2014.
Outstanding	Special awareness raising for management, supervisors, staff, contractors, subcontractors, associated government authorities and local communities is being prepared and the ILO will shortly move to launch.
Challenges	The actual development of SEZs appears to be proceeding at a slower pace than originally planned for in two locations and faster than foreseen in the third. The availability of information on the development of each of the SEZs is limited and as such it has proven to be difficult to identify the areas that need priority support.

4.B Forced labour directly or indirectly associated with energy projects

Accomplishment/ongoing	A list of energy projects has been provided to the ILO.
Outstanding	Owing to resource limitations, action will initially be targeted at energy projects developed to service SEZs, with work being undertaken in conjunction with the SEZ programme.
Challenges	The same as 4.A.

4.C Forced labour resulting from the absence of local-level funding

Accomplishment/ongoing	Practical guidelines were completed but are being revised to comply with changes in Myanmar national budget allocations, which make specific provision for the wages component of public works projects.
Outstanding	Township administrators' reports on public works projects undertaken with local funding support and on state/regional audits of local projects are yet to be submitted to the SWG.
Challenges	The ILO continues to receive complaints with regard to lack of local funding of public works and infrastructure projects. In some areas there appears to be a continued expectation that the community will contribute to local public works activities – this contribution is often an expectation of voluntary labour. The Government's own initiative to seriously audit its development programme signifies its commitment to move away from forced labour practices. Parliament's recent initiative to establish a committee to examine government procurement procedures is welcomed. However, it would appear that the labour costs involved in public works at state level are not part of the committee mandate.

4.D Forced adult recruitment into the defence services and militia

Accomplishment/ongoing	A new military regulation on voluntary recruitment has been issued and implemented by the Tatmadaw. While complaints of forced recruitment or recruitment by trickery continue to be received, the number has dropped significantly. The prosecution of military persons responsible for forced recruitment is being recorded (four cases with five charges) as ongoing through the complaints mechanism.
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Outstanding	The following items of the workplan remain outstanding: 1. Submission of investigation into the involuntary nature of recruitment. 2. Inclusion of militia in awareness-raising seminar.
Challenges	In the most recent SWG meeting, the ILO was informed that it was impossible for the Ministry of Defence to facilitate awareness raising with militia groups due to the complicated command structure between the militia and the Tatmadaw, and the current sensitivities around the peace process.

4.E Underage (under 18 years) recruitment into the defence services and militia (refer to Action Plan 5)

4.F Human trafficking for forced labour

Accomplishment/ongoing	The ILO has been an official member of the Human Trafficking Working Group since 2012. A total of 95 complaints of bonded labour and/or human trafficking for forced labour have been received through the forced labour complaints mechanism and have been referred to the anti-human trafficking unit of the police. Investigations have been undertaken by the security forces of the countries concerned supported by the ILO projects in those countries, as necessary. In this respect, 113 human trafficking victims have been located and returned home with the associated prosecution of the perpetrators.
Outstanding	The referral system between the SWG and the anti-trafficking task force needs to be sorted out. In some instances investigations into cases reported as trafficking for forced labour continue to be conducted by a representative of the Ministry of Labour, the result of which is that the police are then reluctant to prosecute on the findings of another ministry. Training to ensure that the trafficking, forced labour and bonded labour concepts are well understood by both police and Ministry of Labour personnel is necessary to ensure a seamless application of the law.
Challenges	Achieving inter-agency cooperation, in particular between the Ministry of Labour, the police anti-human trafficking unit and the police transnational crime unit. Achieving the conceptual understanding of bonded labour and the elements of trafficking for forced labour by the police as well as by the representatives of the Ministry of Labour responsible for investigations. The Ministry of Labour is currently not taking advantage of the skills of the staff member who was specifically trained to investigate such cases.

4.G Forced/bonded child labour

Accomplishment/ongoing	The Government of the Republic of the Union of Myanmar ratified Convention No. 182 in December 2013 and it came into effect in December 2014. Following the ratification the ILO has secured funding from the United States Department of Labor to support the Government in its programme to eliminate the use of child labour. The four-year Myanmar Program on the Elimination of Child Labour (My-PEC) started to operate at the beginning of 2014. The programme is aiming to support child labour policy and amendments to the legislative framework and to conduct research for the identification of specific areas of intervention that are scheduled for the last year of the programme.
Outstanding	The ILO is launching a billboard campaign on forced labour, which will include bonded labour. The campaign will target strategic locations and is expected to be in place by June 2015.
Challenges	The level of awareness of police and labour inspectors regarding bonded labour remains very low. Both the My-PEC and the ILO forced labour projects will work towards addressing the issue, but it seems the practice has become almost an accepted tradition in Myanmar and as such it will require a change at attitudinal level.

4.H Forced labour in the private sector, including in domestic work

Accomplishment/ongoing	The ILO continues to undertake awareness-raising workshops with labour organizations across the country and, in addition to its current awareness-raising activities, will soon launch a billboard campaign on forced labour, which will include forced labour in the private sector and in domestic work.
Outstanding	Workshop to be undertaken with the Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (RUMFCCI) on forced labour.
Challenges	The private sector is at the centre of the reform process and while the representative business organizations are attempting to draw attention to social elements, the sectoral focus tends to give importance to the economic value of growth, with less attention being paid to protection issues and labour standards practices.

4.I The use, by the defence service, of civilian (or convict) porters, particularly in conflict zones

Accomplishment/progress	The practice of using prison labour for military portering duties in conflict zones has been stopped. The ILO has provided technical comments to the draft of the Prisons Act to ensure that prison labour practices comply with its forced labour standards. Military instructions ordering that civilian porters not be used in conflict zones have been issued as have orders providing instruction for the contracting of voluntary labour for portering duties in non-conflict areas. The use of porters has reportedly fallen considerably, particularly in the non-conflict areas and in the ceasefire areas – however, some reports of its use in conflict zones continue to be received. The ILO noted that in one case a captain was punished by reducing one pensionable year of service once it was established that he had used a civilian porter.
Outstanding	The Ministry of Home Affairs has committed itself to provide the ILO with the latest version of the draft Prisons Act.
Challenges	The draft Prisons Act has been under parliamentary consideration for a considerable time. Neither the ILO nor any other agency, such as the Office of the High Commissioner for Human Rights, has seen the entire piece of draft legislation. Only the parts considered relevant to each agency's mandate have been provided, which has made it difficult to advise on the overall coherence of the Act or to identify the principles referred to by the drafters in addressing these issues.

4.J The forced use by the defence services and civilian authorities of civilians on guard and/or sentry duty

Accomplishment/ongoing	Following the issuance of both military orders and administrative instructions there have been no formally reported cases of forced sentry duty since 2012.
Outstanding	The ILO does not have on record copies of the instructions issued.
Challenges	The ILO continues to receive verbal allegations of the use of civilians for sentry duty from conflict areas such as Kachin, Shan, Sagaing and Rakhine

4.K Forced labour imposed through land acquisition/confiscation activity

Accomplishment/ongoing	In a number of cases, some hundreds of farmers who had been evicted from their traditional land for refusing to accept employment conditions tantamount to forced labour imposed by “new owners” of that land have been permitted to reoccupy their land.
Outstanding	The ILO continues to address the land management issue at both policy and application levels as it relates to forced labour, both directly and indirectly, making reference to both Convention No. 29 and Recommendation No. 35. There continue to be problems with bringing such cases to closure, with reluctance to formalize the victims’ reinstated right of occupancy.
Challenges	There continues to be reluctance on the part of the authorities to accept the linkage between land management policy and the concept of forced labour.

4.L Forced labour associated with the Ministry of Defence self-sufficiency policy

Accomplishment/ongoing	While this subject was agreed by the Government, including the Tatmadaw, for inclusion in the action plan, and signed off by the Cabinet, there was subsequently a denial by the Tatmadaw that such a policy existed. It indicated that if such practices occurred they were not undertaken as part of a formal policy and that no special ILO action was warranted. They indicated that any complaints alleging forced labour as a result of such practices should be handled normally under the complaints mechanism. In practice, a relatively large number of such complaints had been received and some reports of such activity, particularly in remote rural–border areas, continue to be received, in some instances associated with land confiscation and in others involving labour required to service the operation of gardens, farms or commercial activities by local military units.
Outstanding	No procedures have been issued. Cases of local regiments exacting forced labour from the local population to support their self-sufficiency needs, albeit a reduced number of cases, continue to be reported and remain largely unresolved.
Challenges	The Tatmadaw continues to deny the official sanctioning of a self-sufficiency policy and does not agree with any specific intervention to address the practice sanctioned or otherwise.

4.M Forced labour in association with the construction and/or maintenance of military camps

Accomplishment/ongoing	A military instruction has been issued banning the use of forced labour for maintenance/construction activities in conflict zones and giving instructions on the voluntary contracting of labour for such duties in non-conflict areas.
Outstanding	A request has been made for operational guidelines in support of the above orders to be issued and shared clarifying the procedure for contracting such labour.
Challenges	The Tatmadaw has indicated that the use of civilian forced labour in the construction or maintenance of camps is a breach of military regulations and should be dealt with in the same way as other complaints of forced labour – no special intervention support should be considered. While the number of such complaints received has fallen, the ILO continues to receive reports of camp construction forced labour from Karen and Rakhine States and the Sagaing region.

5. Forced labour by way of underage (under 18) recruitment into the defence services and militia, including support for the final agreement and implementation of a joint action plan in respect of children in armed conflict (Security Council resolution 1612)

Accomplishment/ongoing	The Country Task Force on Monitoring and Reporting of grave violations of child rights in armed conflict (CTFMR) joint action plan was signed in June 2012. This additional mechanism operates in parallel with the ILO complaints mechanism to support the end of underage recruitment. Necessary channels of communication and referral systems have been put in place to ensure collaboration between the two mechanisms. Analysis of the ILO case register on underage recruitment and arrests of underage runaways considered to be deserters has been consistently shared with the CTFMR and the SWG with a view to improving screening and recruitment procedures and to handling the issue of runaway underage recruits. In response to ILO complaints, 510 underage recruits have received their discharge, with 140 being discharged since January 2014, and notifications of 274 prosecutions of military personnel have been received.
Outstanding	Agreement has been reached on a discharge ceremony for 36 runaways who are currently the subject of arrest warrants – this is expected to take place in the first quarter of 2015. It was agreed under the action plan that the ILO would receive, on a regular basis, a list of persons arrested or incarcerated for desertion, with a view to verifying the legitimacy of that charge in respect of their age on recruitment. This list is still outstanding. Access to militia groups associated with the Tatmadaw for the purpose of inspecting their ranks in respect of underage recruitment remains under negotiation.
Challenges	Disparities remain between the policy concerning the arrest and prosecution of underage runaways at the higher level and the practice at regimental/battalion level. Access to prisons to verify the age of such persons has not been easily granted and access to militia groups has been denied due to the sensitivity of ongoing peace negotiations.

6. Support for the justice system (civilian and military) and other institutions, such as parliamentary commissions/committees and the National Human Rights Commission, in the evolution of their roles, particularly in the context of the continued development and enforcement of legislation and policy against the use of forced labour

Accomplishment/ongoing	Regular joint ILO/Ministry of Labour presentations to judges' in-service training sessions and at trainee judges' courses continue.
Outstanding	Access to the military academy and other in-service training for officers and NCOs in order to introduce joint presentations to army officers in respect of their responsibilities in conducting summary trials has to date not been granted. While introductory meetings have been held with parliamentary committees at the national level to discuss the fundamental principles of forced labour, such meetings have yet to be held with parliamentarians at the state/regional level. Awareness-raising sessions continue with the main opposition parties. In respect of the obligation on the SWG under the action plan to support the development of policy and the drafting of legislation and regulations with direct or indirect implications for forced labour, as a member of the SWG the Attorney-General has been encouraged to ensure that legislation drafted by responsible ministries is checked for coherence and compliance with international obligations prior to submission to Parliament.

Challenges	<p>The justice system is still not independent of political influence. There continue to be indications that old attitudes persist, and judges and judicial trainees continue to be bound by them. Open discussion between the ILO and trainees on legal concepts and interpretations is still not encouraged.</p> <p>The vast majority of prosecutions in response to complaints under the complaints mechanism relating to underage recruitment, and to a lesser degree to traditional forced labour with military involvement, occur under military summary trial. Only three cases of civilian prosecution for forced labour under section 374 of the Penal Code have been recorded in response to ILO complaints, with no prosecutions having been reported since the passing of the Law Amending the Ward or Village Tract Administration Law 2012, which made specific provision for the criminalization of the use of forced labour.</p> <p>Legislation came into force in 2014 giving the National Human Rights Commission relative independence; however it continues to be perceived by many as being bound by political constraints and is not seen as an independent body with the legitimacy to operate complaints mechanisms in a fair and impartial manner.</p>
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7. Providing assistance in poverty reduction and employment creation in the border areas where peace agreements have been achieved through good employment practice modelling

Accomplishment/ongoing	<p>The ILO continues to engage regularly with the Myanmar Peace Centre, ethnic communities and their non-state armed organizations, which are parties to the ongoing peace negotiations, and has well-developed relationships with all parties to the various conflicts. As part of the Myanmar Peace Support Initiative the ILO has supported a number of pilot project activities in the conflict-affected areas in Chin, Mon and Karen States, and Bago and Tanintharyi regions, with the objective of supporting the peace process through the provision of peace dividends to the affected communities. These activities include: trust and relationship building between the respective protagonists and the local communities; the training of peace liaison officers as the communication focal points between the Government and non-state armed forces and local communities for ceasefire monitoring and dispute settlement; and support for the development of local governance mechanisms to accommodate internally displaced persons returning to their original post-conflict villages and to provide them with access to sustainable, conflict-sensitive livelihood support (safe water provision, small-scale labour-intensive infrastructure, vocational training, entrepreneurship (micro, small and medium-sized enterprises) support, including access to finance and market mechanisms). A four-year European Union peace-building project in Shan State is due to begin on 15 March 2015.</p>
Outstanding	<p>Recent restructuring of the development partner peace support structures and the resulting absence of funding have led to delays in the ability to meet expectations for the move to stage 2 in the Mon State pilot programme.</p>
Challenges	<p>The Myanmar peace process is extremely complex, with multiple protagonists and as yet unresolved issues encompassing political, economic and social aspects, which must be taken into account in any substantive peace outcome. Fourteen bilateral ceasefire agreements have been agreed since 2012 and a nationwide ceasefire is under negotiation. However, agreement on the agenda of and process for subsequent substantive peace talks remains elusive. Armed conflict continues in Kachin State and northern Shan State between the government forces and non-state armed groups, which are not as yet party to bilateral ceasefire agreements. As can be expected in such long-standing and complex conflict situations, issues of trust impact heavily on community engagement initiatives.</p>