

CORPORATE ENGAGEMENT PROJECT

Report of Fifth CDA/CEP Visit to the Yadana Pipeline

Myanmar/Burma

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This document was developed as part of a collaborative learning project directed by CDA. It is part of a collection of documents that should be considered initial and partial findings of the project. These documents are written to allow for the identification of cross-cutting issues and themes across a range of situations. Each case represents the views and perspectives of a variety of people at the time when it was written.

These documents do not represent a final product of the project. While these documents may be cited, they remain working documents of a collaborative learning effort. Broad generalizations about the project's findings cannot be made from a single case.

CDA would like to acknowledge the generosity of the individuals and agencies involved in donating their time, experience and insights for these reports, and for their willingness to share their experiences.

Not all the documents written for any project have been made public. When people in the area where a report has been done have asked us to protect their anonymity and security, in deference to them and communities involved, we keep those documents private.

PREFACE

The Corporate Engagement Project (CEP) is a collaborative effort involving multinational corporations that operate in areas of socio-political tensions, instability or conflict. Its purpose is to help corporate managers better understand the impacts of corporate operations on local people and societies. From this understanding and analysis, CEP helps companies develop practical management approaches to address local challenges and to ensure that they establish productive and positive relations with local communities.

In the spirit of collaborative learning, CEP has engaged with Total over a period of six years, visiting (among others) the Yadana pipeline joint venture project in Myanmar/Burma in October 2002, May 2003, November-December 2003, and April-May 2005. The Reports of these site visits are available on CDA's web site.

Building on these visits and pursuing the issues raised in the previous Reports, Mary B. Anderson, Executive Director of CDA¹ and Brian Ganson, independent consultant, carried out a fifth in-country visit to Total and the Yadana Project between February 9 and February 19, 2008. The purpose of this trip, as with all CEP field visits, was to examine and report on the interaction between corporate operations and the lives of people in the pipeline corridor, as well as to assess the impacts of the corporate presence and operations on the wider context of Myanmar/Burma. Specifically, the focus in the pipeline area was to follow up on findings from previous CEP visits that raised concerns about village dependency on Total and the non-sustainability of the Socio-Eco projects when Total ultimately leaves the region. The focus of this trip with regard to the broader society was to consider how the changing environment of recent months has shaped the working environment for Total and the Yadana Project.

Because in examining the operations of the Joint Venture Project, we engaged with the operational partner, Total, we consistently refer in this report to Total's actions and impacts. However, our observations and analyses concern all the joint venture partners: Total, Unocal/Chevron, MOGE and PTTEP².

This Report begins with an Introduction in which we outline the approach and process of the field visit team. Section I covers the findings with regard to impacts in the pipeline corridor, the defined geographical region that encompasses the gas pipeline where Total conducts a Socio-Eco program in support of the twenty-five villages in the area. Section II of the Report then examines the broader context of Myanmar/Burma and considers how the ongoing presence and operations of Total and its partners in this context affect broader social and economic welfare.

¹ CDA Collaborative Learning Projects which is the home agency of the Corporate Engagement Project.

² Although Unocal remains the name of the agency in Myanmar/Burma, Chevron has bought Unocal and is the overall JVP; MOGE refers to the Myanmar Oil and Gas Enterprise; PTTEP is the Thai governmental company and a partner.

As always, CDA/CEP invites comments and feedback on the observations laid out in this Report. In all of CEP's work, we seek to establish partnerships among groups with different approaches with the ultimate objective of improving the lives of people who live in the countries where companies operate. The purpose of this Report is to contribute additional and up-to-date information to support broader discussions within the company, and between the company and other stakeholders, that will enable progress and improvement in the lives of people in Myanmar/Burma.

INTRODUCTION

This field visit differed from previous visits in two ways. First, it was much briefer than previous trips and involved more days in Yangon/Rangoon than in the pipeline area (five days in Yangon/Rangoon and two days in the pipeline corridor). Second, the visit was focused on listening to people within Myanmar/Burma as they discussed their circumstances; the team did not attempt to meet with observers and advocates outside Myanmar/Burma. These two factors clearly shape, and to some degree limit, what we observed.

Even in the brief time period of this field visit, however, the Team was able to talk with over seventy-five individuals. Included were villagers, doctors, workers, business people, religious leaders, diplomats, NGO staff, UN agency representatives, educators, government personnel, and intellectuals. We also spoke with company personnel at a range of levels and positions, as well as joint venture partners. As we always do, we promised anonymity to the people with whom we spoke but agreed with them that their insights, perspectives and ideas could be reported without attribution.

Details of our approaches in the pipeline area and in Yangon/Rangoon are covered in the sections that report on findings in each of these locations.

SECTION I: THE PIPELINE CORRIDOR

It is always a challenge for the CEP both to engage with international corporations in the collaborative learning effort and to maintain full independence from them when doing site visits. This is especially the case when CEP teams have to rely on the transport and hospitality of the corporate partners in order to visit their field-based operations. Anyone who knows Myanmar/Burma and the location of the pipeline will realize that the CEP teams who visit this site must fly on the company plane to get there and, once in the region, use company vehicles with company drivers to get around to the villages.

Over the several field visits that CEP has made to Myanmar/Burma, Total and CEP have worked out arrangements which permit the CEP teams to have full access to the villages and to conduct what we judge to be fair and open conversations with people in these villages. For the trip reported here, these conditions included:

1. CEP hired one independent translator who traveled with the CEP team in the villages. On the first day of village visits (to four villages), this individual accompanied the two members of the CEP team in their village conversations. On day two of the field visits, one CEP team member and the independent translator had conversations while the other CEP team member was accompanied by a staff member of the Socio-Eco program of Total. Although this latter arrangement could have compromised the honesty of conversations about Total's impacts in the villages, this seemed not to be the case as people openly discussed their criticisms and doubts of company actions, as well as making positive comments. Further, the content of this team's discussions did not differ in any noticeable way from the content of the conversations carried out by the independent translator and CEP team member.
2. All conversations began with our introduction, indicating that although we were there as invitees of Total, we were independent of the company and interested to hear what people had to say about their judgments of the impacts of Total's presence in their area.
3. The CEP teams decided which villages to visit and often, en route, made new decisions about where to go next. None of the village visits was pre-arranged or predicted by Total staff.
4. As the drivers of Total vehicles are required to report in by radio each time they cross pre-specified dividing lines among communities and when they enter any village, the Total Pipeline Center did know more or less where we were at any given time.

Background to Pipeline Corridor Visits

Before the CEP team went to Yadana, we were briefed in the Total Headquarters in Yangon/Rangoon on the new directions of the Socio-Eco Program. In previous visits to the Pipeline, CEP teams have found that virtually everyone expresses appreciation for Total's programs.³ However, in previous reports, CEP teams have also noted that Total's approach to programming (covering the costs of building and staffing clinics, refurbishing and maintaining schools, providing seed funding for loans, maintaining staff for agriculture and animal projects, etc.) is unsustainable over time. In particular CEP teams have been concerned that this approach will result in dependency of the villages on Total's continuing presence, even as it is clear that the gas will, at some future date, run out and Total will end its operations in the area. Previous CDA reports have suggested that Total address the dependency issue and find ways to enable villagers to take more responsibility for the clinics, schools, etc.

Having done a thorough review of their Socio-Eco program (perhaps partly in response to these findings of previous CEP visits to the area), Total staff who oversee the Socio-Eco

³ Total's Socio-Eco program has had projects in seven areas: public health, communication, agriculture, veterinary, education, infrastructure and micro-credit.

program have initiated a new, comprehensive Community Development (CD) approach to their village-level work in the Corridor. Six representative villages have been selected as “pilot” areas for the new approach.

To initiate its Community Development approach, Total employed several new staff and consultants who developed an overall, multi-year strategy for introducing the ideas and techniques of CD to villages and for training and encouraging villagers to take increasing initiative for their own economic progress. The plan includes a detailed timeframe for steps to be taken in six reorganized programming areas (education, public health, infrastructure, agriculture, micro-finance and community development). The plan calls for a “transversal role” of the Community Development Section through which it will:

- Develop a participatory approach with other departments and design impact indicators
- Organize and train future local actors and local associations
- Analyze and define the needs of the communities with the communities
- Guarantee access to everyone to the Socio-Eco Program and avoid any exclusion.

Further, the plan sets the target of 100% community responsibility for managing all aspects of programming (though continued funding from Total for some of these activities) by 2011.

At the time of the CEP visit, some pilot villages had received initial training from a CD expert and some had undertaken follow-up steps.

What We Heard and Observed

The CEP team visited three of the pilot villages (although one of these was engaged so intensely in a holiday celebration that the team was able only to speak with two elderly persons who were not taking part in the festivities!) and six other villages where CD has not yet been initiated.

In all villages, people reiterated their appreciation for the programs that Total provides. As has been true in all previous CEP visits to the area, people consistently referred to their reliance on Total to protect them from abuse by the army. Many commented, as they have in the past, that the presence of the company means they “do not have to run away at night” (i.e. hide to avoid conscription by the army into forced labor or, in the past, to avoid armed conflict in the Region). Also named by many people were the schools and agricultural programs. One person captured the spirit of many of the comments we heard, when she remarked, “Things would be better if there were three or four companies in the area like Total.”

CEP teams found a remarkable number of people specifically mentioning the importance of the “banking committees” which Total has established in most villages, through which community people are able to acquire small loans. Total specifies that the purpose of

these loans is to “improve the livelihood of the community within the pipeline area and to reduce the vulnerability of poor families.” We surmise that we heard about this program from many people because, over several years, these loans have reached and helped an increasing number of people

A few people thought that Total was to be thanked for the periodic distribution of bags of rice to village families. One woman noted that such a distribution had happened once a year over several years but that, last year, distribution had been diverted to an area that “needed it more than we did.” She was not at all unhappy with this shift, noting that one bag is not enough to matter in her family’s overall welfare in any case and that, if others’ need was greater than that in her village, it was appropriate that Total should provide food to that area of greater need. (When we checked on this with Total staff, they confirmed that they have on occasion provided this kind of charity support but that it occurs only where and when they deem there is special need.)

As in previous visits to the area, the CEP team also heard more nuanced comments about the impacts of Total in the area. One villager expressed her appreciation for the local health clinic, but noted that her life had in the aggregate not been significantly improved by Total’s presence. She said, “I still have to work today, to eat today.”

A Special Note on Clinics

Interestingly, although a number of people still noted that they appreciate the health services provided through Total clinics, it seemed to us to be less often mentioned than in previous CEP visits. Yet, it is clear that the villages do continue to rely on these medical services. One possible explanation for this is that people have become accustomed to having clinics at hand and see these as a fixture in the village rather than something worthy of comment. That is, they take the provision of a village clinic as a given, possibly as a “right.”

One example of this was when a woman, who lived twenty feet from the Total clinic said she had never known of or participated in any Total programs. When we asked her if she uses the clinic, she said, “Of course.” She went on to say that she and her husband had even donated the land for this clinic which was built essentially in her front yard. Yet, she saw this as a community asset rather than as a benefit from Total.

In another village (not a CD pilot village), a family told us that whereas they formerly had a full time doctor in their clinic, they now had to share him with another village (or more). He now was present in their village only two days per week. But, a young woman in this group noted that she had been trained, through the Total Socio-Eco Program, as a health worker and she is now hired (by the Total program) to be in the clinic full time. She noted that she is trained to care for most non-emergency health needs. She was very proud of her ability to “handle things” without the doctor. One man in the group noted that he would prefer it if they still had a full-time doctor, but others in this conversation confirmed that they were satisfied with the full-time health worker and part-time doctor.

These two stories are instructive to us in that they 1) show a decreasing sense of dependency on Total on the part of communities in relation to health care and 2) show that communities have come to expect that they should and will have a local clinic without questioning where the financial support for such clinics comes from. The second factor—that people expect to have health services without questioning where the financial support for the clinics, doctors and drugs comes from—remains important for Total as it moves to reduce its inputs to communities in order to ensure the sustainability of programs after the closure of the gas pipeline.

Findings in the Pilot Community Development Villages

The CEP team was particularly interested in following the progress of the newly launched Community Development approach. In the two pilot CD villages where we were able to have real conversations, we asked a number of questions about whether and how people understood this change in approach, whether they supported it or not, and what they expected of it in the future.

We heard people describe enthusiastically the meetings at which the concepts and principles of community development were explained. Several people noted that they always come willingly to meetings that are called by Total. One person noted that, although as a community they had been meeting to address common problems for many generations, the fact that Total encouraged them to include everyone (rather than just the male leadership who, typically, had convened to solve problems) meant that women and young people are now mobilized and involved in decisions that affect the village as a whole. Another woman said that she was happy to attend meetings convened by Total because of all the good work the company had done, and because “it’s our village; we need to be responsible for it.” She noted, however, that the community had held meetings to solve problems and had been “self-sufficient” long before Total’s presence, and would continue to have meetings and take care of its own needs after Total was gone.

In one village, we talked at length with a young woman who had attended the community meeting, led by a Total consultant, which launched the new CD approach. She told us that at least one, and often two or three, members of every family in the village had been present at this meeting. She was shy when we asked her to describe what had happened at the meeting, but she was able (to her own surprise, it seemed) to recall almost everything that the trainer had said and to describe in detail the process the village had been led through to discuss their hopes for how the village would develop over time. Together, the community had “mapped” what the village would look like, if they worked together, in ten years. This particular village ten-year map had included a high school and an expanded clinic. Currently the village has a small clinic and a primary school.

When we asked her what would come next after this introductory meeting, however, she was puzzled. She recalled how the village had re-built their clinic, themselves, with help from Total only for the new roof. She felt that this was one follow-up to the CD initiative. However, we learned later that this process had been underway before the CD launching meeting. It was true that one member of the community had given land and funds to

rebuild an improved clinic and that community members had participated in gathering construction materials and providing funding to pay for the builder, but they had done so before the village was designated as a pilot village in the Total CD scheme. When we asked the young woman how the community would follow up further on the community development approach, after the improvement of the clinic, she had no ideas.

Other people in this same pilot village also spoke enthusiastically about the process of taking more initiative for their own development. One woman, a school teacher who had not attended the CD meeting (because it had been held during school hours; her husband who works on a road crew had also not been available to participate) said she knew nothing about community development and what it means. However, when we asked about the rebuilding of the clinic, she told us how she had taken part in this process. She said she was very happy to be involved because “After all, this is our village and our clinic. We are the ones who use it. Of course, we need to take initiative to make our own clinic a good one.” When we told her that this is, indeed, what community development is all about, she was quite amused.

In another pilot village, we talked with a number of people who had not attended the CD meeting and who felt they did not really know what CD is all about. However, they were not concerned about this because they knew people who had gone to the meeting (one woman said her husband had gone) and they were sure that these people did understand what Total had in mind.

Others in this village were very clear on the concepts of community development. One individual said that the idea of a community’s taking over its own welfare was already known in this town because the school that had originally been funded by Premier Oil (and started by Save the Children who ran the socio-eco program for Premier) was now fully managed by community people and funded by a revolving fund that Save had set up before leaving. This man also quoted the community development trainer whom Total had provided as teaching them about “buying a man a fish or teaching him to fish.” He told this adage as if it were a new, but important, idea.

In general, the CEP team was impressed by how well people did understand and accept the concepts and principles of Total’s community development approach, even though the meetings to launch this approach had only occurred in January. (This might also suggest that the principles were already, to some extent, embedded in the community culture.) We also found no one questioning the value of this approach or (mis)interpreting it as a step toward Total’s abandoning them. A number of people commented that the communities would and could do more on their own, but that “Total will be here to help us if/when we need them.”

Opinions Regarding the Future

Previous CEP team reports noted that there has been visible economic improvement in the pipeline area. Cited as physical examples of this increased wealth were the number of motorcycles and brick houses under construction (see Report of Nov.-Dec.-2003). For

one member of the current visit's CEP team who had been in the area almost six years ago, these signs of improved economic conditions were still apparent.

However, many people noted that life today is getting noticeably more difficult. Some pointed out more elementary school children are dropping out of school earlier now than in the past or are being taken out of school whenever work is available because families need their labor to help make ends meet. We were told by several people that many families now eat only two meals a day rather than three or, in some cases, one meal a day. One teacher estimated that 30% of her pupils are suffering from malnutrition, and that many still suffer from malaria.

The issue of land scarcity was raised by several people. As noted in previous report, the government expects Army and Navy units assigned in the countryside to be self-sufficient, meaning that they appropriate land in the Region for their agriculture use. As rations for soldiers have steadily decreased over the years, they increasingly require more local land for their maintenance. The expansion of a commercial farm in the Yadana region and a national park in the area put additional limitations on villagers' ability to use neighboring lands for food production or other forms of income generation such as carpentry.

Some people noted that they feel increasing pressure to migrate to make a living. Costs of many basic goods are rising. People noted that wages are not keeping up with inflation for anyone and, as in the past, some attributed price inflation to Total's presence and expenditures in the area.

Based on descriptions of wide-spread poverty that we heard from NGO staff and others who travel and work around the country (the CEP team did not travel in the countryside outside the pipeline area so we do not have any personal visual basis of comparison), life in the pipeline corridor may be better in many ways than life in other parts of Myanmar. However, the area is not immune from the increasing economic hardship that is reported as widespread and worsening in the country.

In both pilot CD villages and non-CD villages, the CEP team asked villagers how they felt about the future when the gas would run out and Total would, at some point, no longer operate in their area. Although there was a general sense that the future of the region and of the country held great uncertainties and that life would likely continue to become more difficult, people did not seem to fear Total's departure. When asked how they would handle this eventuality, answers included, "By the time Total leaves this area, I will have enough money to move away from here to a place where there are better opportunities;" "The outlook for the future is uncertain and nobody knows about tomorrow;" "The younger generation will marry men from far away places so what happens in those places will be the fate of our grandchildren," and "I have some of my family living in 'x' place and, if things are not so good here, I will move back there to live with them."

"We Don't Know Why" Issue

In a number of conversations as villagers described their interactions with Total (mostly with strong appreciation), they would raise some issue regarding something that had not gone as expected. Examples of this include: a request for access to a water pipe that Total had built that had not been answered; a reduction in total amount of MMK allocated to a village banking committee for distribution; a question concerning ownership of a plot in a rubber project. In these instances, people would describe an area of disappointment or confusion with regard to expected outcomes from a Total program and conclude with the comment that “we don’t know why ‘x’ happened.”

The CEP team encountered several other examples of small problems in program implementation that, had there been more opportunity for interaction between Total staff and village people, might have been more effectively handled. For example, one dam project that was intended to provide drinking water to a village had failed. Some local people said “this was as much our fault as Total’s in that we did not know how to build it correctly.” However, if an engineer from Total had been aware of this early enough, perhaps the village could have been helped to get it right so that they would have the water access today. Another example involved the election of a banking committee in one village where the one woman who had served on this committee was not reelected, while three men were. No one told us that this was a problem, but perhaps the principle of inclusion that underlies Total’s programs could have been better served if this kind of change had been more closely followed and discussed by a Total staff person with that village.

It should be noted that the Socio-Eco staff maintain very good relationships with people in the area. In a previous CEP report, the team noted that a continuing expansion of Socio-Eco Program activities had not been matched by corresponding increases in staff over the years. However, in recent years the number of staff has been significantly increased (to total about eighty people now. They are constantly out in the villages and interacting with people on the programs they run. There is a great deal of communication between staff and people. In fact, as we were told by some of the Socio-Eco staff, the fact that they do not have sufficient vehicles for each staff person to have his/her own very often means that they have time to sit and talk with people about a range of things outside the focus of their programmatic work as they wait for the vehicle to come back to the area to get them.

Nonetheless, based on our conversations, there are times when communication appears not to be adequate in the minds of some villagers.

Issues for Further Consideration by Total’s Socio-Eco Program

Observation #1:

The CEP team noted that in both non-pilot villages and in pilot CD villages there were people who have attitudes of efficacy and are actively engaged in promoting new ideas and direct community benefits (e.g., the donations of land and funds to community-based building of clinics). There were apparent and impressive “capacities” and energies for

working as a community to make things better (e.g., woman who, without knowing “anything about CD” nonetheless participated in a CD activity; health worker who could “handle things” by herself; woman who believed that the community had always been self-reliant). These attitudes and capacities provide a strong basis for non-dependency and community-based activities.

The CEP team also observed that the current thrust of the CD program does not seem to acknowledge and build on these strengths. The approach of the CD launching meetings seems to assume that such attitudes need to be “taught to” villagers, that they are not already present and active. Of course, it is likely that many people will benefit from training and orientation to CD principles and the Socio-Eco Program will need to continue to offer such training and mentoring. However, to ensure that the CD program recognizes and builds on the skills, capacities, positive attitudes and expertise that already exists in the villages, the CEP team suggests that the Socio-Eco staff do a “capacities assessment” of the villages. If the program is based solely on “needs assessments” or an assumption that strong attitudes and skills are not present, it runs the risk of ignoring existing strengths and, by doing so, undermining and weakening them. The program will be stronger and sustainability will be reinforced if it is based on, and builds on, existing strengths and capacities.

Observation #2:

From its inception, the Socio-Eco Program has been focused on the delivery of things and services (clinics, drugs, health care, schools, loans, advice, etc.) The people in the villages of the pipeline area are deeply appreciative of these things and these services. However, the shift toward a community development approach will necessitate a corresponding shift in the styles of interaction between Socio-Eco staff and village people as fewer things/services are delivered and the focus becomes helping people not need or want external deliveries of things.

Some aspects of the past programming have been consistent with CD approaches. For example, the VCCs and Banking Committees have introduced community-based decision making structures and provided venues for civil society activity which is often discouraged in Myanmar. However, even these structures have been focused on allocating the things that were to be delivered by Total.

The CEP team noted that other aspects of program implementation have been less consistent with CD approaches. Although the CEP team did not observe any of the community meetings in which the community development approach was launched, from the detailed descriptions provided by villagers who had attended these meetings, it appears that the processes and dynamics of these meetings may inadvertently reinforce the former “delivery system” approach. Though the intent is to encourage grass-roots activity that builds from the bottom-up, the fact that Total provides a trainer who stands in front of the room and facilitates these meetings locates the initiative for the effort in Total’s Socio-Eco program rather than in the community. In their comments on the meetings, villagers appeared to see CD as a new program that Total’s Socio-Eco staff are bringing to them.

Option:

A question that the Socio-Eco staff might do well to consider is how can they match their CD approaches and processes to the messages and principles of community control? How can they introduce and reinforce community activities in ways that build on the ideas and capacities of village people and assert the management responsibility of villagers?

Observation #3:

The Socio-Eco Program was thoughtfully redesigned to pursue CD in response to the staff's analysis that previous programming approaches had not had sufficient emphasis on sustainability and community participation. It may be that the terminology of community development, meant to emphasize community control, is misleading. The real intent of the new Socio-Eco approach is to promote sustainability of existing benefits that communities enjoy as a result of previous Total programming and to reduce village dependence on Total's continuing support. This intent is not developmental, per se. That is, reducing dependency and ensuring that things continue is substantively different from generating ongoing economic growth and productivity (which would be development).

The CEP team noted that the mapping exercise used in the CD meetings might create unfounded expectations and subsequent disillusionment and discouragement. If all the villagers who participated in mapping their village ten years hence believe that, by working together, they can ensure that their little village has its own high school by 2018, this could become a real problem of expectations. (The CEP team does not know that this is what everyone believes but we are concerned about this possibility from the one woman's report.) Given the limited resources of the villages and given the general downturn in economic welfare across Myanmar, it is hard to imagine that each village could, or should, have its own high school.

The Socio-Eco staff and management in Total need to be clear among themselves, and transparent with the communities in which they operate, about their goals and what is possible. The question is: Are the processes of community mobilization and the future economic surpluses expected to be generated by the current Socio-Eco micro-credit, agricultural or other income-producing programs together sufficient to sustain the roads, clinics and schools provided in the past by Total? Given the larger, constrained economic context discussed elsewhere, this seems problematic.

In the aggregate, current strategies – even if successfully implemented – may or may not be sufficient to ensure that villages will be able to pay for doctors, schools, clinics, road maintenance, etc. (i.e. be able to sustain what they have now without Total's inputs). Beyond that, there are additional questions as to whether these strategies can underlie any form of basic economic growth and development. CD is one necessary, but not sufficient, aspect of overall economic development. Village-based self-help initiatives cannot, by themselves, lead to development. Unless such programs are linked to a more encompassing strategy for area-wide economic viability, they will not bring sustainable development outcomes.

Option:

If Total wants to ensure the longer-term sustainability of existing village-based activities – as well as help accommodate villagers’ aspirations for the future (development) – a starting point might be support for a macro-analysis to identify viable economic options for investment in the pipeline area. The purpose would be to analyze opportunities for, and constraints to, overall economic progress, viability and development and, from this, to determine whether (or not) the current levels of services and infrastructure can or cannot be sustained by local village inputs. Further, such a macro-analysis could perhaps direct investments into areas which would, over time, add to the general economic improvement.

Such a macro-analysis may benefit from reaching out to stakeholders with whom the Socio-Eco Program has not yet collaborated. For example, individual Regional Commanders, business owners, or individual government officials may share an interest in improving the economy of the region. Engagement with a range of individuals and offices with a shared interest in economic progress may open options for broader economic success which would better the lives of people living in the region. A viable economic plan for the area would improve the potential for success of individual village initiatives as well.

Total could help enable a process of economic planning that might, over time, present a model for planning that could be adopted in other parts of Myanmar. Answers to technical questions might also be shared across Regions: Is rubber production a good long-term investment? If so, how can greater economic rents be kept close to home? Are there ways to address the reported falling fishing and cashew yields? If such a planning process could proceed and show results, this could spread the benefits of economic planning to areas beyond the pipeline corridor.

Security Issues/Events

In two villages, we heard stories of a recent kidnapping of several people that had been carried out for ransom by an insurgent group in a village north of these two. This event surprised people as there had been little or no insurgent activity in this area recently. (Those who were kidnapped had been released after some negotiated ransom had been paid by villagers.) The event had also, some villagers reported, brought a small new contingent of military personnel to their area. Some villagers appreciated this military presence as providing more security while others seemed to resent and/or fear it.

Several people noted that the kidnapping had consequences for them directly. The new military contingent (one person said it involved only five people) had asked villagers for food. Some people said the amounts requested were not a burden while others reported this as problematic. Villagers also told us that, each night, some men were asked to sleep together near the periphery of their village as a precaution against kidnappers coming into their community. Some felt this was justified; others felt the men were “forced” to do this against their will. And, several people reported that fishing boats were now required

to pay the army MMK 500/voyage in order to get an identification which they could show to the patrolling navy boats to prove that they were legitimate fishermen rather than insurgents. Some people resented this new “taxation” while others found the protection it afforded well worth while.

In another part of the pipeline corridor, the CEP team talked with a group of migrant workers who came from a somewhat distant village, who had been recruited by a foreman to work on road reconstruction in the area. In a general conversation in which all the workers were present, one of the older men indicated that the work and the pay were good and that they welcomed this employment opportunity. As the CEP team drove farther down the road, however, two young men flagged us down and told us that the foreman had tricked them into coming with promises of wages and conditions that he now was not meeting. One CEP team member had also talked with the foreman who indicated that he was a government employee who needed to recruit road workers under these conditions; the other CEP team member had talked with the village headman who indicated that people in that village did not want to do this work so they were glad to have migrant workers imported from outside.

Issues for Further Consideration by Total

The security issues reflected in these events as they relate to Total’s presence are complicated. Increasingly, Total is finding it difficult to determine whether, when and how to intervene when some people report what they see as abusive treatment (a new tax on fishing, needs to feed new army personnel, non-payment of wages) while other people report that these things are not burdensome and that they appreciate the security (of labor, of an opportunity to work) that comes with the “payments.” When there is not consensus among villagers about whether or not they are being misused, even though some people feel strongly that they are, what is the responsibility of Total to respond? In some cases, Total has even been asked not to take action because local people fear they will lose some privilege (ability to fish at night, ability to go into the forest preserve to get firewood) if the army changes its policies in response to Total’s pressure. Further, if the foreman who recruited the migrant laborers were a government employee, then Total would feel it should raise the migrant labor issue with authorities; if the foreman were in fact a private contractor, Total was unclear as to whether it has any access for addressing this problem.

To explore the definitions of forced labor further, the CEP team asked others what they considered “forced labor” and what not. One person said that any unwilling participation in any work was, to his mind, forced labor. This, he thought, would affect Total’s efforts at promoting community development since, if anyone did not want to work on a community project, it would then turn into “forced labor.” Under such circumstances, the Total community development strategy would violate Total’s own rules! Others did not agree with this definition, noting that everyone should help take care of things in their villages. It makes sense, they said, to work on road maintenance “in front of our own houses because we use it.”

Importance of these issues for Total

Total has consistently maintained that it will always take action whenever an abuse by the government/military is brought to its attention. It has developed a strict system for taking steps to investigate complaints and follow through with government as promised to communities. However, as the range of complaints and counter-claims shifts over time, this raises unexpected challenges to Total's standard operating procedures.

Options:

Total management have recognized that they may rely on the ILO representative as a resource to advise them on these challenges. They were considering inviting him to meet with their staff, as well as with villagers, to explore and advise on the less-clear security issues that are now arising. Further, Total might undertake an active educational campaign in all the pipeline villages to explain to these communities why it, as an international company, has no leeway to ignore any complaint—why it must always act, and be seen to be acting on any claim of any sort of a violation of human rights. Such an unambiguous position by Total, carefully and fully explained in the villages, could forestall attempts by communities, or authorities, to negotiate “wiggle room” on violations and/or reporting of violations.

SECTION II: THE CHANGING CONTEXT OF MYANMAR AND TOTAL'S OPERATIONS

As noted in the Introduction to this Report, the CEP team spent five days in Yangon/Rangoon where we had many conversations with local and international actors discussing the broader impacts of Total's presence in Myanmar. In all countries where CEP makes field visits, we consider the company's impacts on communities that neighbor its operations and we consider company impacts on the broader society. At both levels, CEP works with companies to ensure that their impacts are positive, leaving people in the society better, rather than worse, off as a result of their presence.

More International Investment

Six years ago when a CEP team first visited Myanmar there were three oil and gas companies operating in the country. One of these, a western company, has withdrawn under pressure from advocacy groups. Today there are fifteen oil and gas companies with active projects under development in Myanmar. In addition to the Joint Venture Partners of the Yadana Project, these include companies based in Japan, Thailand, China, South Korea, India, Russia, Malaysia and several companies owned by private Myanmar investors. In addition, there is investment in gems and agricultural crops (cocoa and rubber, as well as timber) by European and Asian companies. Several of the gas companies have already invested \$200 million to \$400 million in developing their projects. China has plans to construct a 900 km pipeline from its intake point off the coast of Myanmar across the border directly into China. An additional pipeline is planned by a Thai company that will pass through the exact zone alongside the Yadana pipeline.

Demand for Myanmar's energy resources is high in the neighboring countries. China, India, Thailand, to name only three, have virtually unlimited demand for as much gas as

Myanmar can produce. Everyone estimates that the demand, and the number of companies moving into Myanmar to help produce the supply, will continue to rise in the foreseeable future.

Worsening Economic Conditions for Most People

Alongside this remarkable growth in investment, many people note that the economic conditions for most Myanmar people are worsening. Mirroring what we heard in the pipeline area were many comments about rising costs—especially of food staples and of fuel—across the country. Many people were also concerned by recent reductions in domestic rice production due, in part, to a decision by top government that more acreage should be put into growing bio-fuels to meet domestic energy needs. One result is that many households are literally short of sufficient rice for daily consumption.

The events which occurred last September were motivated, according to most people, by the monks' concern with these worsening economic conditions. Many comment that the monks are in a position to hear about, and even to feel themselves, the shortages that many families are experiencing. Not only do they stay close to people in their daily lives, but the monks also depend on people to provide, through daily alms, sufficient food for the monks to eat. When there are shortages, they are in a position to observe and to express their concern about the impacts on health and life. No one with whom we spoke believes that the September events were initially motivated by the broader political agenda reported in the international media. As demonstrations proceeded and grew in number, some feel that political activists then joined and began to call for political reforms. Most felt that this process changed the purposes of the events and was one reason for the response that ensued.

Everyone with whom we spoke was concerned about where the rising prices and food and fuel shortages would lead. Most felt that there is some turning point that could not be ignored. One commented that Asian governments have always watched the price of rice as one barometer of social satisfaction. This person was concerned that the rising rice price in Myanmar/Burma today was dangerous in terms of social cohesion.

Fuel is an Issue

As mentioned above, but requiring special note here, is the fact that fuel is a major issue today in Myanmar/Burma. Increased prices of diesel fuel caused the outpouring of concern in September. Many people observe that the fuel companies operating in Myanmar/Burma ship the gas under the ground of Myanmar/Burma villages into other countries. As one person told us, "The real beneficiaries of all of Total's programs are the Thais who get the gas." Another said, "Thailand gets the gas; we are here in the dark."

As more companies come into Myanmar/Burma to pump fuel out to others, the internal disquiet over a lack of fuel for domestic use quite possibly will grow. Gas and oil companies may find themselves in the middle of the domestic fuel crisis, even though the gas they pump may not be exactly what the people of the country can immediately use.

We were told that technologies do exist to transform the gas that Total pumps into the fuels that can be used domestically (especially into electricity). These realities pose challenges to the Government of Myanmar of course, but also to companies such as Total, who are known by the population to be engaged in fuel production.

Responses to the Sanctions

Among the quite disparate group of people with whom we spoke, not a single person favored the current move to impose additional international sanctions on Myanmar/Burma. Most based their opposition in a very pragmatic analysis that concluded that they “simply will not work” to change things that are intended to be the focus and that, instead, “they are definitely, already, hurting the wrong people.” We heard directly from some who have been hurt who are middle level or small business people. Some of these note that they have had to reduce staff, meaning that the impacts have extended to their employees. Many people were expressly concerned that George and Laura Bush had led a misguided campaign in which, as some put it, “they wanted to feel good, rather than to do good.”

One person felt there may be some merit to the banking sanctions as these may be more targeted in their impacts. However, others noted that movement of funds is “a cat and mouse game” which can be played out across the globe through the interconnected banking systems that exist.

A number of people expressed concerns about the increasing distance between Myanmar/Burma and the West that results from sanctions. One person noted that the current policies of some Western entities in effect cedes the “space” of this part of Asia to China’s influence alone. Another noted that, given its relations to India, Russia, China, Thailand and Singapore, Myanmar/Burma is not an isolated country; it is only isolated from the West. Many felt that an alternative strategy of engagement, through which more (rather than fewer) western companies would invest and operate in and around Myanmar/Burma would hold more promise both for the welfare of the Myanmar/Burmese people and for future relations between South Asia and Europe and North America. This person felt that it would be far more productive in foreign policy terms if the West were to “compete” with China for influence in the region.

Further Isolation Issues

We were told by several people that the policies of Myanmar/Burma now encourage emigration. Visas are easily available to people who want to leave and many people are doing so for work elsewhere. Several companies reported that they are finding it difficult to keep their staff who, due to the changes within Myanmar/Burma, feel that they need to leave to ensure a better life for their children. Quality education is an immediate concern; future opportunities also influence the decision. The Government of Myanmar/Burma is apparently comfortable with increasing out-migration of educated people. One reason for this is a growing reliance on remittances to support family members left inside the country.

Possible Engagement with GOM

In previous CEP visits, the teams have encouraged Total management and staff to maintain ongoing relations with people in various branches and levels of government. We have often noted that every government has people who are trying to be effective. Companies can often find points of common interest with such people and, by interacting, support more effective outcomes through existing bureaucracies.

Two factors seem to make this more difficult for Total now than in the past. First is the move of the national government to the new capital city, Naypyidaw. The simple fact of distance makes each governmental interaction at the national level more difficult and less casual. Whereas CEP had formerly urged Total to talk with Ministers even when there is no issue on the table that needs to be decided, as a way to explore and share common interests, the time it takes to travel to the Ministries makes such open-ended conversations less likely and more cumbersome.

Second, recent months have seen an even greater distancing of the top governmental leadership from interactions. More people now comment that the hierarchy of decision-making is increasing; few things can be decided without referral to the “top” which, often, takes time and effort. Perhaps, because many decisions continually must be referred up, individual Ministers must consider carefully which issues they even want to put in the queue for consideration. Many decisions seem to “get lost” somewhere along the process of upward consultation.

Despite these circumstances, a number of people involved in health, education and other social service areas of work noted that there are often surprising and unpredictable openings for effective collaboration with various levels of government. Several people noted that working with Regional Commanders in the areas where they are responsible may hold some promise for programming around issues of social and economic benefit for the people. Those who suggested this possibility noted that the Commanders may be able to act on issues of concern to their Regions somewhat independently of the Ministry hierarchies. Also they are recognized as taking a more Regional approach to decision-making and priority-setting.

Most people with whom we spoke felt they have sufficient leeway to accomplish many things that are useful to people’s lives. This is not surprising at one level since the people with whom we talked were all involved in programs within Myanmar/Burma. If they felt they could do nothing, presumably they would no longer be in the positions they now hold. Still, it was encouraging to hear a number of specific stories of ways that people have found to open avenues for effective work in the social and economic spheres. The message from this is that opportunities exist and that anyone working in Myanmar/Burma needs to stay alert to these opportunities in order to remain effective.

Many of the international people with whom we spoke, as well as some of the people from Myanmar/Burma, talked of the importance of working in the “Myanmar/Burmese”

way. Again, we heard many examples of how to show respect and honor to varying points of view while also remaining clear about one's own goals and commitments. It is clear that work in this country requires a special set of skills that can, and should, be learned for effectiveness.

Options for Total in Relation to the Broader Myanmar/Burma Society

The CEP team asked many of those with whom we spoke how they would advise Total to be increasingly helpful to the broader society, beyond the pipeline area. Several people felt that a company should not, itself, take on any broad programming but, instead, should work through other accepted agencies such as NGOs or UN agencies. Others felt that a company earning money should be explicitly seen to be taking broad responsibility for national welfare.

An Energy Industry Forum Option

In this regard, one idea seemed to many people to have real potential for Total to help make a positive difference in people's lives across other parts of Myanmar/Burma. Total has been operating in Myanmar/Burma for over ten years and, as such, has "seniority" as a gas and oil company in the country. Total's experience in 1) managing the Yadana operations, 2) developing the Socio-Eco Program to benefit villages near its operations and 3) learning to respond to challenges raised by international human rights advocacy groups are all relevant to the other companies that are now entering Myanmar/Burma also to extract and sell gas.

Because of the relevance of its experience, Total might convene and provide leadership on the agenda for an "industry forum" of all the energy companies now in Myanmar/Burma to discuss issues of common concern. For example, Total's experiences within Myanmar/Burma in laying the pipeline could be immediately of use to China and Thailand as they each move toward pipeline construction. If Total were able to help these companies address the human rights and village welfare issues that arise during the construction phase of a project, this could have important benefits in terms of preventing suffering in, and ensuring benefits to, neighboring communities – as well as help companies manage the criticism that can be brought to bear by international advocacy groups. A number of people's lives could be directly benefited by avoiding the negative impacts of construction and designing positive and proactive benefit systems.

Further, such a forum could provide a venue for sharing information and facts about operating conditions, regulatory processes, and the like, which are of interest and relevance to all the companies. It would provide a venue for establishing bridges across companies, communities, civil society and departments of government that are involved in specific activities. It could provide a basis for ensuring corporate operations bring direct benefits to local populations, and for building bridges between companies and competent implementing partners. It could, possibly, begin to address the issues of domestic fuel shortages and, together with government, devise approaches that would ease these problems.

This would seem to be an opportune time for convening such a forum before construction work commences on the new pipelines. All of the energy companies now entering Myanmar/Burma have exposure in other parts of the world through other Projects, joint venture partnerships and, in some cases, other enterprises owned by the corporate entity. Many of the international human rights and sanctions advocacy groups will be watching their operations in Myanmar/Burma ready to take action at the company sites in Europe and elsewhere if they feel that violations are occurring in Myanmar/Burma. It behooves them all, individually and as a group, to take transparent and collective steps to prevent mistakes and to pursue positive policies.

CONCLUSION

The Corporate Engagement Project has found that most companies do not hold their corporate social responsibility programs to the same standards of investment decision-making that they apply to all other aspects of their businesses. Whereas they would rarely initiate any operational activity without specifying expected returns to investment, they undertake various socio-economic and welfare activities on an ad hoc, “do-gooder” basis, believing that whatever they do that is good and useful for some people will be good for community relations and will demonstrate that they are socially responsible.

Total has an opportunity to take several new steps to focus and rationalize its CSR efforts. Doing so will require an investment of leadership energies. But by being explicit with itself and its partners on its program goals and then matching strategies to desired outcomes, by considering the relationships of village-level programs (fully underway and appreciated in the pipeline corridor) to a broader economic viability planning process, and by convening a forum of others engaged in the energy sector to address their individual and collective impacts on people’s welfare in Myanmar/Burma, Total has the potential to realize greater positive impacts on people’s lives with relatively little cost.