



Annual Report to Members & Supporters

2017



The Mandalay Projects

Our **VISION** is:

that all children will live **free from fear of exploitation**, with **access to a proper education**.

Our MISSION is:

to prevent the trafficking of children into the worst forms of child labour

Our **PHILOSOPHY** is:

that children's vulnerability to trafficking is directly linked to their **living conditions** and **life opportunities**.

Our **OBJECTIVE** is:

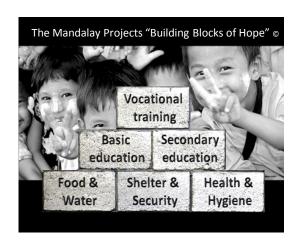
to reduce that vulnerability to trafficking by **giving children a safer and healthier environment** and by helping them to become **more independent and self-sufficient**.

Shelter Health Education Hope



Dear Members & Supporters,

The Mandalay Projects had another busy and productive year in 2017. Our project work continues to span the full range of our "Building Blocks of Hope", but our bias is now firmly in favour of strategic vocational training initiatives. A particular highlight of the past 12 months has been our launch of a traditional weaving training project at our partner orphanage in the Chin Hills of western Myanmar. We look forward to seeing this initiative grow in scale in coming years. We are hopeful that — consistent with our experience at other partner sites - the workshop will ultimately be capable of securing regular contract work, and therefore a sustainable income stream for the orphanage, as well as providing valuable training to the older residents of the Metta Geha Parahita.



As Myanmar has opened up to international trade and tourism in recent years, we have often been asked how our project work has been affected by broader developments in the country. The short answer is that it hasn't been affected much at all, and our initiatives are just as important and impactful today as they were 14 years ago, when we launched our first vocational training centre in Mandalay. Our main feature article in this year's Annual Report looks in more detail at our project work in the context of general conditions in Myanmar today, with a particular look at the data which has continued to emerge from the country's first census in 30 years.

During 2017 we launched a new-look secure website at www.themandalayprojects.net. Our supporter (and former TMPL director) Lucy Henry created this fresher and more accessible site, with help from our long-term online advisor and email marketing specialist Kay Smoljak. Both continue to provide their services pro bono, and we are very grateful for their support. Of course we'll continue to keep you posted on our latest news and events via Facebook, but our website will be an important permanent store of information and documentation, including details of our philosophy and approach, our financial data and our Annual Reports.

We are grateful to all of our supporters around the world for their continued interest in, and donations towards, our project work.

We send you our sincere thanks, and our best wishes for 2018.

The Board of Directors of The Mandalay Projects Limited

lan Love (Chairman)

David Gibson (Chief Executive)

Anne Love (Director)

Project news 1 - Metta Geha Orphanage

Our last few Annual Reports have featured our project work at this remote orphanage in the Chin Hills, with a particular highlight having been our horticulture initiative. The manager of the project – Stephan – has successfully adjusted it every season, so that it continues to provide important nutritional additions to the children's daily diet. Stephan also has one eye on the commercial viability of the project, adding over the past 18 months banana trees, sugar cane and – in the latest iteration – a coffee plant nursery. Our new kitchen and dining block became fully operational during 2017 and is being well-used by the children and staff.



Our most recent initiative at Metta Geha has the potential to be one of the most impactful projects we have undertaken. We have trained one of the residents to operate a traditional Chin loom and have acquired three of these looms as the basis of a new looming workshop to be built in the orphanage grounds. We will establish a "train the trainer" system, as we have done at other project locations, ensuring that the acquired skills are passed on to other residents, such that the workshop doesn't become dependent on one individual.



Harnessing emerging technology to combat child trafficking

The past year has seen a surge in interest in "the blockchain", with a broader consensus emerging on the potential power and influence which this new technology may bring in coming years. The reach of the blockchain is seemingly without limit, but one specific area which captured our attention is the possible use of distributed ledger technology to combat the trafficking of humans, and particularly of children.



According to United Nations statistics, nearly half of the world's children under the age of five do not possess a birth certificate. The global estimate for such "invisible" children under the age of 14 exceeds 600 million worldwide and most of them live in the world's poorest countries where traditional record keeping is woefully inadequate or non-existent, or readily corruptible. Creating an encrypted record of each child using the blockchain - admittedly a mammoth task - would help to improve the tracking of these children, give them an immutable identity, and hopefully reduce the risk of their being trafficked, or at least increase the probability that a trafficking event would be spotted and intercepted, and the perpetrators brought to justice. A number of investigative projects are underway in this area, and we will continue to monitor progress to see if, and how, TMP might become involved.



Somewhat relatedly, and quite significantly (for us at least) TMP received its first donation in the form of Bitcoin in 2017. We can envisage a time, not far off, when our entire business is blockchain-based, from the receipt of cryptodonations, to the processing of secure payments to partner organisations and contractors in Myanmar (who might not even have a traditional bank account).



The good news from this little orphanage in the town of Kyaiklat, deep in the Irrawady Delta area, is seemingly never-ending. Four of the resident girls are now at University, and one has already qualified as a teacher.

Our tailoring workshop is in active use, and has recently won a contract to provide 83 uniforms for the students at a local junior school. The profit margin on this skilful work is quite small, but the contract volumes are sufficient to ensure that the whole initiative is self-sustaining.

We funded a mini-horticulture project in April 2017, which has taken off, with vegetables and herbs going straight to the orphanage kitchen, while sales of decorative flowers in the local market are providing cash flow to reinvest in seeds and fertiliser.

In November, we decided to establish a new vocational training project – another in the series of TMPL Computer Training Centres, which we will set up early in 2018. By a piece of serendipitous magic, on the very day that we committed to this, one of our long-standing Australian corporate contacts in Yangon wrote to us, offering to donate the company's PCs, which were due for an upgrade. The hardware is still in great condition, and our budget will now be focused on upgrading the software and provision of training.



As signalled in last year's Annual Report, during 2017 we invested in a substantial electrical transformer at this site, to ensure a more stable power supply to our pre-existing computer and light engineering workshop projects.

Ten boys have made particularly good use of our training, with 3 having graduated as IT teachers, and 7 taking up tech jobs in the Mingaladon industrial area near the airport in Yangon.

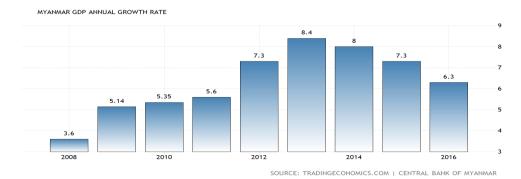
We agreed to fund an extension of our transformer cabling, to ensure that the power supply to the nearby village school is on a par with that to the orphanage. We had a long and very positive discussion with the school headmistress about the relationship between the orphanage and the school/village, and it seems that our project work is acting as an important catalyst in bringing the two together. This has long been an important element of our project work — ensuring that, in supporting an impoverished orphanage or youth development centre, we do not (however inadvertently) create a "them and us" situation, where the (equally impoverished) villagers do not feel that they have been further disadvantaged.

The journey to peace and prosperity in Myanmar was never going to be easy. The initial wave of optimism following the National League for Democracy's election victory seemed, for a while, to have been vindicated. Economic growth picked up, largely on the back of a surge in foreign direct investment and tourism, and there was much talk of bold reform programs which would transform the country's fortunes. In the past year, a starker reality has emerged. Reform has been painfully slow and economic growth has decelerated, while food prices have risen and electricity supply outages have become more frequent. Improvements in health and education standards have been woeful, even from their very low base.

On our regular visits to the country, we have noted a significant increase in road traffic in the cities, a boom in construction of hotels and apartments and, of course, a big rise in the number of foreign visitors, both tourists and business people alike.

We have yet to witness a commensurate rise in general living standards, although the increase in wages for basic manual workers from \$1 to \$4 a day may be the first sign of a "trickle down" effect.

Certainly, the lives of the children we support have not yet been affected in any meaningful way by the economic situation.



Human trafficking remains a major issue, with a particularly worrying increase in the past year in the trafficking of "child brides" to China. According to UNICEF Myanmar, over 40% of child trafficking cases investigated by local police in 2017 involved forced marriages in China.

The focus of our project work is the creation of better living standards and life opportunities for vulnerable children, and – despite the opening of the economy and the talk of reform – there appears to be a significant ongoing need for the sort of assistance and support we provide.

Analysis of recent NGO studies and official government census data (the first such census in 30 years) reveals a challenging environment for the young people of Myanmar. Life expectancy is the lowest, and infant mortality rates are the second highest, among ASEAN countries, and almost a third of Myanmar children under 5 are nutritionally stunted (by WHO standards). Access to basic infrastructure and services remains a challenge in both rural and urban areas. For example, only around one third of the population has access to the national electricity grid.

Around half a million children aged 7-15 years have never attended school, with nearly 40% of that number categorised in the bottom quintile of the population, as measured by family wealth. Not surprisingly, the data for rural communities presents an even bleaker picture, with up to a fifth of children in some states having received no form of education by the age of 15. Among those who do attend school, the dropout rate is high, again especially in rural areas where 6 out of 10 children who start Grade 1 schooling drop out before the end of Grade 9. Among the poorest families, where the pressure on children to earn some form of income for their household is greatest, this figure is 7 in 10.

The vulnerability of these groups of young people to trafficking or forced labour is significant, and it is no coincidence that the bulk of the development support provided by The Mandalay Projects is focused on children in the poorest rural communities.

Percentage of population by school attendance by age by sex, 2014 Census

Age group	Both sexes			Males				Females				
	CA	PA	NA		CA	PA	NA		CA	PA	NA	%
1000000	%	%	%	%	%	%	%	%	%	%	%	
5-9	71.2	8.8	20.1	100	70.7	8.7	20.5	100	71.7	8.8	19.6	100
10-14	72.4	23.2	4.4	100	72.7	22.9	4.4	100	72.2	23.5	4.4	100
15-19	29.2	64.8	6.0	100	28.1	66.0	5.9	100	30.3	63.7	6.0	100

CA Currently Attending; PA Previously Attended; NA Never Attended

For those who persevere through the school system, the standard of education is depressingly low. We have witnessed on many occasions the "rote" teaching of all age groups, with teachers transcribing from 50-year-old text books onto blackboards, then leading their students through lengthy sessions in which the only activity is the chanting of the words on the board, over and over again.

We have witnessed students at privately-funded "cramming" classes doing exactly the same thing, often late at night, and others sitting in quiet areas of temples and parks in the lead-up to exams, chanting lines from their chemistry, geography or history textbooks.

The issue is not the supply of teachers – the census shows that there are over 311,000 active teachers in the public sector – but rather the outmoded teaching methodology, which is seemingly also a feature of college education, possibly raising important questions about the true technical ability of those with tertiary qualifications. Perhaps this explains in part the surprising census statistic that only 40% of college graduates are defined as "economically active" – i.e. officially part of the country's labour force.



The census reveals that, at age 10, around 4% of children are already working, and by age 16 this proportion rises to 47% for boys and 36% for girls. Not surprisingly, around 82% of children who are working at age 10 no longer attend school or have never attended school and, by age 12, this proportion rises to over 90%. So this is not about kids taking odd jobs while they are at school – they are permanently leaving the education system in favour of full time work. That is not to imply that there is always a choice made by the individual student – forced labour is prevalent in many states, particularly on rural road-building projects. We have witnessed on many of our visits children, seemingly as young as 8 or 9, working on such projects, breaking rocks or carrying bags of cement, often in searing heat and with no protective clothing.



In last year's Annual Report we addressed the clarion call by many NGOs and supranational agencies for the closure of all orphanages around the world, on the basis that institutional child care is necessarily a bad thing. Without going over the whole argument again here, we would note that school attendance rates at our partner orphanages and youth training centres are generally very high (nearing 100%).

It is generally a central tenet of the management ethos at these institutions that the children must go to school, every day, and mandatory evening homework sessions are quite common.



The government has set out its basic strategy for reforming the education system, and uses encouraging language such as "placing greater emphasis on child-centred teaching methodologies", "upgrading teacher training", "establishing a rigorous system for education quality assessment" and "introducing supportive measures to address high drop-out rates." While we recognise that rolling back 50 years of mismanagement will take time, we can only hope that the government now proceeds with the details of this program as a matter of urgency.

Of some concern is the apparent lack of engagement of senior teaching staff in the policy review. During our most recent visit to our partner orphanage in the village of Kani, in the Irrawaddy Delta region, we spent an hour with the Headmistress of the local high school. She was lamenting the fact that she, and her senior colleagues, had a lot of ideas and suggestions for the improvement of the system, but local Education Ministry representatives were not interested in engaging with them, even though the Kani School has just been ranked #3 in the area, by exam results.

There are still significant numbers of students attending school into their early 20s, which is another legacy of the poor standard of education. We know of many cases of residents of our partner orphanages who resit their final high school "matriculation" exams for multiple consecutive years, with some of them eventually giving up at the age of 22 or 23.

Against this backdrop, it is perhaps understandable that our partner orphanages and youth training centres celebrate every high school graduation with huge enthusiasm, hanging photos of the successful students in prominent places.



Our ultimate aim in supporting our partner institutions is to establish some form of vocational training. This is the final layer in our "Building Blocks of Hope" approach, and the one which gives the children the best chance of creating an independent future for themselves. In the broader economy, despite this being a pet subject of Aung San Suu Kyi, the government has been slow to initiate vocational training programs on the scale required to address the clear shortage of skilled labour in many areas. The census highlights the poor take-up of vocational training opportunities, at least historically.

Population* aged 25 and over by highest completed level of education by sex, 2014 Census

Level of education		Number	Proportion (%)			
Level of education	Both sexes	Males	Females	Both sexes	Males	Females
None	4,369,423	1,671,231	2,698,192	16.2	13.3	18.8
Incomplete Primary	6,093,024	2,459,097	3,633,927	22.6	19.6	25.3
Completed Primary	6,067,151	2,839,697	3,227,454	22.5	22.6	22.5
Incomplete Lower Secondary	3,577,926	1,991,290	1,586,636	13.3	15.9	11.0
Completed Lower Secondary	1,261,514	744,663	516,851	4.7	5.9	3.6
Incomplete Upper Secondary	1,245,632	706,013	539,619	4.6	5.6	3.8
Completed Upper Secondary	1,412,870	779,912	632,958	5.2	6.2	4.4
College	360,589	224,515	136,074	1.3	1.8	0.9
Vocational Training	35,721	25,234	10,487	0.1	0.2	0.1
Undergraduate Diploma	72,377	51,356	21,021	0.3	0.4	0.1
Graduate	1,861,755	763,762	1,097,993	6.9	6.1	7.6
Postgraduate Diploma	48,170	18,718	29,452	0.2	0.1	0.2
Master's degree	56,514	20,202	36,312	0.2	0.2	0.3
PhD	11,817	4,576	7,241	0.0	0.0	0.1
Other	448,790	249,021	199,769	1.7	2.0	1.4
Total	26,923,273	12,549,287	14,373,986	100	100	100

^{*} Includes population in both conventional households and institutions.

A few announcements were made on this during 2017, with foreign governments offering support – there are now vocational training centres in Yangon sponsored by the Japanese and Singaporean governments, with additional private sector funding – but the pace of investment needs to pick up substantially in the coming few years.

So, whether from a health, education, training or future employment perspective, the strategic support we provide to young people in Myanmar is as relevant and important today as it was 14 years ago, when we launched our first project.

Doing business in Myanmar has been very challenging over the past 14 years of our involvement there. Government bureaucracy, corruption, highly restrictive banking practices, a controlled and illiquid currency, trade embargoes, absence of a robust corporate governance code, negligible health and safety regulation, frequent and unpredictable power outages, significant restrictions on the free movement by foreigners around the country – these are all issues we have been forced to deal with while conducting our project work in Myanmar. We had hoped that the situation would improve markedly, as the country opened its doors to the international community.



This year's World Bank "Doing Business" report, which ranks countries by the ease of conducting commercial operations there, would suggest otherwise. Assessing variables such as "starting a business", "obtaining credit", and "enforcing contracts", the World Bank ranks Myanmar at number 171 of the 190 countries rated, coming in below Iran, Zimbabwe and Sudan.

Despite this, we have been able to deploy our aid effectively across several states, from Kampetlet in the western Chin Hills, to Putao in the very far north of Kachin State, to Kani in the Irrawaddy Delta region. We have built dormitories, dug deep water wells, established health clinics, invested in electricity infrastructure, set up vocational training centres, and more. None of this would have been possible without the help of our loyal band of local supporters on the ground in Myanmar, and most notably our colleague Oo Min Lwin, who is the subject of a special feature below.

The economic and commercial reality in today's Myanmar provides a strong incentive for us to keep doing what we've been doing, and to continue with our existing operating model, for the foreseeable future.



Featured team member: Oo Min Lwin

The TMP team members are generally a humble lot. They volunteer significant amounts of their time (not to mention their finances) in helping us to raise funds and invest in projects, but they rarely blow their own trumpet. So in this Annual Report we are going to turn the spotlight on a team member who is the epitome of those characteristics, and who has perhaps done more for the TMP cause than any other individual over the past 14 or so years. His name is Oo Min Lwin, but we have always know him as Min Min. He is our "go to" resource in Myanmar, and he has worked diligently on our behalf in everything from negotiating contracts, to arranging travel to our project sites, to setting up meetings with partner organisations and service providers, to handling cash flow, to taking photos of our projects for Facebook posts. Min Min juggles many different roles and responsibilities, in addition to his pro-bono work for TMP. He runs his own travel agency, Myanmar Frangipani, and we would encourage any of our supporters who might be thinking about visiting Myanmar to discuss their plans with Min Min or one of his staff. Min Min also runs a successful export business, with an emphasis on Burmese artwork and souvenirs, and another company which imports medical laboratory equipment to Myanmar. Min Min is married to Nandar, and they have a son and a daughter. In 2016, Min Min became a Rotarian and he is currently studying for a degree in law. Quite how he manages all this is beyond us . . . but he has our heartfelt thanks for his incredible energy and commitment to The Mandalay Projects.



Members & Supporters – fund-raising and site visits

Our members and supporters had another busy year in 2017, both in raising funds on behalf of The Mandalay Projects and in conducting visits to our project locations around Myanmar. Here are a few of the highlights . . .





On a site visit to the Metta Geha Orphanage in the Chin Hills, we announced the establishment of a new educational support fund, sponsored specifically by St. Dominic's School in Perth, Western Australia. This Fund will help to finance the purchase of text books, school uniforms and other items for the younger children at Metta Geha. St. Dom's teachers Liz Lofthouse, Stirling Bovell and Ciara Walsh made the long journey to the orphanage.



Our Singapore supporters achieved another incredible fund-raising result at their annual Quiz Night. The organising team of Cathy Birch, Marie Braniff-Hudson, Heather Allen, Lucy Hill and Sally Morris were joined by Quiz Master Simon Cholmeley and auctioneer Shukor from Eastern Carpets and an enthusiastic band of supporters, and a sizeable amount was again raised for TMP's project work.





Our visits to the Pana Wady Girls' Orphanage in Kyaiklat are always happy events. Our visit in November was made special by seeing the reaction of the girls to the gift of a large number of hand-knitted teddy bears. The bears were the idea and creation of the ladies of the Noosa Springs Knitting Group. Special thanks to Trudy Ryan and Marylin Dill for organising this lovely gift.



The Kin Ywa Orphanage & School in Mawlamyine was one of our earliest partners – we established a Medical Clinic there in 2005 and co-sponsored the construction of a new dorm building in 2006. Our visit in April 2017 was our first to the site for many years, and it was good to see that our Clinic was still up and running, and that the dorm was in full use. The manager (Sayadaw U Wilatha) gave David Gibson and Lucy Henry a warm welcome.