



Aid Program Performance Report 2012–13 Burma

Key messages

This report summarises the aid program's progress in Burma from January 2012 to June 2013. The key achievements over this period include:

- > distributing more than 230 000 essential learning packages of textbooks and basic learning materials
- > vaccinating 10 129 children against diphtheria, pertussis and tetanus
- > increasing the incomes of over 14 490 poor men and women
- > providing life saving assistance to 242 570 conflict and disaster affected people
- > supporting the Myanmar Government's reform agenda, including activities in response to requests from the government and to promote dialogue to address the underlying causes of conflict.

The Australian Government aid program in Burma responded very effectively to the rare opportunity to support a new, reformist government, particularly through new governance and peace initiatives and the finalisation of a bilateral memorandum of understanding on development cooperation. At the same time, Australia's core programs in health, education and livelihoods are adapting well to the new operating context, ensuring conflict sensitivity and increasing their engagement with government and civil society through policy dialogue and capacity building. As new development partners have entered Burma and existing partners build their programs, Australia has been a leading advocate for good donor behaviour, seeking to minimise the burden of donor coordination on an inexperienced administration. Burma's democratic transformation is unleashing social tensions previously held in check. The Australian aid program has responded swiftly to provide humanitarian assistance to conflict affected communities, particularly in Rakhine State, and worked closely with partners to jointly advocate for appropriate government responses.

Context

Events have moved rapidly in Burma over the last two years with the continued progress towards democracy of a political system once closed to its own people and the international community and dominated by the military. Prominent economic reforms by the Government of Myanmar over the last 18 months include the gradual harmonisation of market and official exchange rates and the approval of a new, more hospitable foreign investment law. In response to this economic opening, major investors such as Mitsubishi, General Electric and Coca Cola are seeking engagement in Burma. Two new agricultural laws have also been passed with important implications for land rights and land use. Agricultural development is a priority for the government, which announced this would be an important component to achieve its objective of reducing poverty from 26 to 16 per cent by 2015. The country's 2012–13 budget saw an increase in health spending to three per cent of total budget, up from 1.1 per cent. Education rose to 4.91 per cent from 4.13 per cent the previous year.

Important political reforms over this period include releasing political prisoners, holding relatively free and fair by-elections, increasing media freedom and rights to peaceful

assembly, elevating reform-minded ministers in key portfolios, and increasing the independence of parliament. The Myanmar Government has signed ceasefire agreements with 10 of the country's 11 major ethnic groups. Progress has not however been without difficulties. The relaxation of central government control has opened space for extremist elements, resulting in an increase in ethnic and religious conflict in parts of Burma where underlying tensions were previously held in check.

Notwithstanding these important reforms, the development needs of Burma's people remain critical. The most recent census was undertaken in 1983, meaning that statistical data on population and development indicators must be estimated. Of Burma's estimated 60 million people, a quarter live on less than \$1.25 a day and up to 10 per cent do not have access to sufficient food.¹ Agricultural development in Burma has long been deeply affected by natural disasters, mismanagement, lack of credit and infrastructure, high cost of inputs, and poor knowledge and uptake of new technologies. With primary net enrolment estimated at around 81 per cent, Burma is off-track to meet Millennium Development Goal 2 to achieve universal primary education.² The United Nations Children's Fund estimates that only around half of children complete five grades of primary school. Low levels of government investment lead to poor education outcomes and place a heavy burden on households, with parents contributing some 70 per cent of all education costs. For those children in school there is an urgent need to improve teaching and learning: most students completing government primary school have not mastered even half of the curriculum.³

Health outcomes in Burma remain among the worst in the region with large numbers of people dying from easily preventable illness and disease. Women and children bear the brunt of poor health services. Around one in 14 children dies before the age of five⁴ and the United Nations estimates that 2400 pregnant women die each year of largely preventable causes.⁵ The burden of communicable disease mortality and morbidity for HIV/AIDS, tuberculosis and malaria also presents significant challenges. Burma accounts for 75 per cent of malaria cases and deaths in the Mekong region.⁶ With one of lowest levels of public investment in health in the world, Burma's health system is ill equipped and insufficiently funded to address these issues. High out of pocket payments for patients deny access to health services and drive the vulnerable into poverty. Sustained underinvestment in infrastructure and the health care workforce particularly affects populations in underserved rural areas. Women's representation in Parliament remains the lowest in the region⁷—only 54 per cent of women participate in the labour force compared to 82 per cent of men—and the lack of reliable gender-disaggregated data and gender analysis is a major constraint to ensuring inclusive poverty reduction strategies in the reform process.⁸

¹ World Food Programme and Food and Agriculture Organization, Crop and Food Security Assessment Mission to Myanmar, 2009.

² Estimates for 2010. *CESR rapid review report* (forthcoming) 2013; and Ministry of Education 2010, *Education for all: country progress report*, October 2010, Nay Pyi Taw.

³ United Nations Children's Fund study results reported in *Progress in implementation of child friendly schools (2010)*, p.12, cited in AusAID and World Bank, Rapid Assessment of Financing the Education Sector in Myanmar, January 2013.

⁴ United Nations Children's Fund 2010, *Levels and trends in child mortality: Report 2010*, estimates developed by the United Nations Inter-agency Group for Child Mortality Estimation, p.13, viewed on 1 March 2012.

⁵ World Health Organization, United Nations Children's Fund, United Nations Population Fund and the World Bank 2010. *Trends in maternal mortality: 1990 to 2008*, estimates developed by World Health Organization, United Nations Children's Fund, United Nations Population Fund and the World Bank, p.25, viewed on 1 March 2012.

⁶ World Health Organization, Mekong Malaria Programme, *Malaria in the greater Mekong subregion: regional and country profiles 2007*.

⁷ United Nations Development Programme, 2012, International Human Development Indicators, <http://hdrstats.undp.org/en/indicators/83506.html>

⁸ United Nations Development Programme, 2012, Country Programme Document for Myanmar (2013–2015), http://web.undp.org/asia/country_programme/CP/CP_MYA_2013-2015.pdf

Australia's progressive policy of engagement has seen an increase in the number of high-level visits between Australia and Burma. During the reporting period visits were undertaken by Australia's Minister for Foreign Affairs, the Minister for Employment and Workplace Relations (accompanied by a business delegation), and the President of the Senate. Australia has also hosted visits by Burma's President, the speakers of both the lower and upper houses of Parliament, the Minister of Finance and Revenue and the Minister for Mining, along with senior officials. AusAID's⁹ Director General and his counterpart from the United Kingdom also undertook a joint visit in January 2013.

This high level engagement and associated policy dialogue have positioned Australia well to support Burma's reform agenda. It underpins the program's ongoing transition from its previous focus on delivering assistance separate from the Myanmar Government to a development partnership that strengthens government systems and responds to government priorities. In response to the transformation underway in Burma and the pressing needs of its people, the Australian Government has developed an interim Aid Program Strategy 2012–2014. The two year period of the strategy reflects the pace of change in Burma, the increasing role of the government and civil society in leading the country's reform and development agenda, and the expanding opportunities for Australia to support this agenda.

Under this strategy the purpose of Australian aid to Burma is to help people overcome poverty by focusing on four objectives:

1. improving the delivery of basic education and health services to the poor
2. improving the livelihoods of the rural poor
3. addressing the needs of conflict and disaster-affected people
4. supporting reform and improved governance.

These objectives have been chosen because they address the pressing needs of Burma's people, build on established Australian programs and relationships, and support the reform priorities of the Myanmar Government. Improving service delivery entails expanding the reach of our education and health programs and the quality of services. Australia supports livelihoods by improving income opportunities and agricultural productivity, the means by which most poor people in Burma secure the necessities of life. Conflict and disaster-affected people include those who are beyond the reach of programs delivering basic services, including refugees outside Burma's borders. Support for reform includes an increased focus on building the capacity of institutions to develop policies and deliver services, to ensure that improvements are sustainable and reforms are embedded. It also includes initiatives that help maintain a positive reform path in Burma, including activities that strengthen the peace process, democratisation and good governance. Gender equality is a high priority issue that cuts across all objectives.

In 2011 Australia was the second largest bilateral grant donor to Burma with USD44.4 million, behind the United Kingdom at USD62.2 million. This contribution represented 15.8 per cent of bilateral grant official development assistance to Burma.¹⁰ Following the lifting or suspension of most international sanctions, other donors—most notably the United States—are increasing the value and scope of their aid programs and looking more to work bilaterally with the government, rather than contributing to multi-donor funds as in the past.

⁹ In November 2013 AusAID was integrated into the Department of Foreign Affairs and Trade (DFAT). DFAT now the Australian Government department responsible for the delivery and management of Australia's overseas aid program.

¹⁰ Proportion of total official development assistance grants by Development Assistance Committee countries, Geographical Distribution of Financial Flows to Developing Countries, Organisation for Economic Co-operation and Development, 2013.

Expenditure

Objective	\$ million	% of bilateral program
Objective 1: Improving the delivery of basic education and health services to the poor	23.103	68.05
Objective 2: Improving the livelihoods of the rural poor	0.0178	0.05
Objective 3: Addressing the needs of conflict and disaster-affected people	9.574	28.2
Objective 4: Supporting reform and improved governance	0.731	2.15
Other	0.524	1.54
Total	33.952	100

Table 1A: Expenditure 1 January to 30 June 2012

Source: AidWorks

Objective	\$ million	% of bilateral program
Objective 1: Improving the delivery of basic education and health services to the poor	28.861	45.52
Objective 2: Improving the livelihoods of the rural poor	5.4	8.52
Objective 3: Addressing the needs of conflict and disaster-affected people	17.764	28.02
Objective 4: Supporting reform and improved governance	9.198	14.51
Other	2.197	3.43
Total	63.42	100

Table 1B: Estimated expenditure in 2012–13

Source: AidWorks at 7 June 2013. Figures are based on predicted actual spend for 2012–13 and do not include global and regional flows which will be finalised in the new financial year.

Progress towards objectives

The interim Australia–Myanmar Aid Program Strategy 2012–2014 includes a performance assessment framework that provides the indicators against which the Burma program reports. This framework was developed while Australia’s major health initiative in Burma was being designed, and consequently no health indicators had been established at the time of publication. A revised performance assessment framework will be developed by February 2014. For the purpose of this report, objective 1 of the program strategy—improving the delivery of basic education and health services to the poor—will be disaggregated into separate education and health objectives to better highlight the progress of these two major initiatives.

With the easing of sanctions, the Myanmar Government is now in a position to increase its engagement with development partners and take greater leadership of the country’s development agenda. In January 2013 Australia was the first western donor to enter into a bilateral memorandum of understanding with Burma and the United Kingdom to open a liaison office in the capital Nay Pyi Taw. The memorandum of understanding makes provisions for high-level consultations between officials on Australia’s aid program, the first of which has been proposed for July 2013.

Years of isolation however, have left the government with limited capacity to lead donor coordination efforts. Given the country's urgent development needs, a challenge facing Burma's policymakers is determining not only what needs to be done, but establishing priorities and appropriate modalities. Australia has been a strong supporter of Burma's leadership and has provided advisory support to help it take up this role. The release of the government's framework for economic and social reform in early 2013, and finalisation of the Nay Pyi Taw Accord on Effective Development Cooperation, will support better integration of international development programs with the government's reform priorities.

Reform in Burma has seen an increase in the number of development partners operating in the country and the scope of activities these partners can potentially engage in. As well as addressing the development objectives outlined in the aid program strategy, Australia and likeminded partners have been consistent advocates for good international development practice, particularly donor coordination, and for unrestricted operations in Burma by United Nations agencies and international financial institutions. The World Bank and the Asian Development Bank have cleared Burma's arrears so it can again borrow for development projects. Reform has opened up opportunities for development cooperation in areas previously beyond the reach of international partners, such as democratic and economic governance. Established service delivery programs have until recently been operating in parallel to government systems. Burma's reforms have changed the operating environment for these programs, requiring them to take into consideration, and help strengthen, government policy and processes.

Partnerships

Aid to Burma during the country's long period of isolation was typically delivered through the limited number of available partners: United Nations agencies and international non-government organisations. The partnerships and joint programs developed over this period have allowed for consistent support to be delivered during Burma's ongoing reform, particularly through multi-donor trust funds. This situation is changing however as new development partners establish themselves, existing partners increase their engagement, and the government seeks direct bilateral support. Existing multi-donor mechanisms are being adapted to respond to the changing context, allowing for greater engagement with, and capacity building for, Burma's institutions. At the same time new partners are bringing their own comparative advantages, priorities or preferred aid modalities, increasing the donor coordination burden on the government.

Despite the increasing number of development actors, there remains a limited number of implementing partners with the skills, experience and relationships required to effectively deliver aid. In time this pool will expand, increasing Australia's options for program delivery. As development activity in Burma increases, adherence to agreed principles of effective development cooperation and support for Burma's leadership of the development agenda will become more critical. This will include identifying and using the respective strengths of new partners, as Australia is doing through our partnerships with the World Bank in economic governance and the United Nations Development Programme to strengthen law and justice.

Australia Awards

In recognition of the shortfalls in human capacity created by decades of isolation, 10 long-term awards were offered in Burma when the Australia Awards program re-started in 2010. Long-term awards are expected to grow to 50 by 2015 and the program also includes around 60 targeted short-term fellowships a year. In 2012 the Australian aid program offered 31 awards for study in Australia commencing in 2013. In 2013, 40 awards are being offered for study commencing in 2014. The emphasis for 2012–13 was on evaluating the initial two

selection processes and undertaking the necessary consultations and design work to underpin the expansion of the program.

Consultations with the Myanmar Government have identified three focal areas: education, health, agriculture and governance (with a particular focus on economic governance). The aim of Australia Awards is to enhance leadership, knowledge and technical skills to drive sustainable development, and build enduring links with Australia. Building the capacity of Burma is critical to its development and the program now strives to provide at least half the allocation of long-term awards to Myanmar Government officials. While starting from a small base, success of the program is indicated by the successful completion of studies and on-time return to Burma of 12 people (others remain to complete studies). Myanmar Government officials have shown strong appreciation of the program and its ability to meet capacity gaps.

Gender

The program's gender equality considerations have improved throughout 2012–13. Gender analysis and sex-disaggregated data increased, particularly in our education, health and livelihoods activities. A gender stocktake report was completed in December 2012 which helped program managers assess how their activity is addressing gender and also provided a greater understanding of our partners' capacity to implement gender-sensitive programs. To address stocktake recommendations, the program is working closely with partners to ensure activities are gender sensitive and exploring options for specific women's empowerment programs, particularly those focused on ending violence against women and ensuring women's involvement in the peace process.

It will be important for the program to implement the stocktake recommendations, which will build on improvements, address gaps in gender considerations and increase the program's ability to measure its impact on women's empowerment. DFAT's support for the 2014 census in Burma will also be important in generating more data on gender and poverty analysis. As data becomes available it will be used to inform our program, particularly in preparation for the next country strategy process in 2014.

Table 1: Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Objective 1a: Improving the delivery of basic education services to the poor	Green	Amber
Objective 1b: Improving the delivery of health services to the poor	Green	Amber
Objective 2: Improving the livelihoods of the rural poor	Green	Amber
Objective 3: Addressing the needs of conflict and disaster-affected people	Green	Amber
Objective 4: Supporting reform and improved governance	Amber	N/A

Note:

Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Objective 1a: Improving the delivery of basic education services to the poor

The Burma aid program developed a coordinated \$67 million portfolio of investments in basic education in the 12 months to June 2012. Annual expenditure has grown from \$4 million in 2011 to \$14.5 million in 2012 through initiatives that support Australia's commitment to work flexibly with the Myanmar Government to deliver real results. Three major components of the program are now in place:

- > A joint partnership through the Multi-Donor Education Fund to deliver a Quality Basic Education Programme led by the United Nations Children's Fund. The current four year phase of this commenced in January 2012. Core elements of the program target 38 poor or marginalised townships (of over 300 townships nationwide), and expand coverage of quality early childhood development services, improve teaching and school management, and provide opportunities for second chance education for out-of-school children, as well as support to the national-level reform agenda.
- > The Myanmar Education Consortium, which is managed by the Burnet Institute, Save the Children, and World Vision, focuses on improving quality and access in the non-formal sector and the monastic school system, community schools and ethnic areas where education services are delivered outside of the national system. Around five per cent of students in Burma attend monastic or other schools that receive no support from government. Children from poorer regions are more likely to be in these more poorly-resourced schools. Implementation of the consortium began in the first half of 2013.
- > A technical assistance and research program to harness the historic opportunity to deliver major reforms. This component has leveraged the multi-donor education fund along with Asian Development Bank and World Bank expertise to support a major government review of education. A 'food for education' school feeding component will also be delivered through the World Food Programme. This component will improve primary school access and retention by providing food at school and take-home rations to children in food insecure areas that fall below the national average for enrolment and retention. Australia's 2012–13 contribution will reach 37 500 children.

Australia is the lead donor in the education sector, in partnership with the United Nations Children's Fund as the major implementing agency. This role sees us making a major contribution to the aid effectiveness agenda through the frequency and depth of our engagement with government and other stakeholders, including parliamentarians and civil society organisations. In accordance with the scope and pace of education reform, and Australia's ability to respond flexibly to these opportunities, progress against this objective is

as expected for this point in time and it is likely to be achieved—an improvement since the last reporting period. All core elements of the United Nations Children’s Fund-led Quality Basic Education Programme commenced in 2012, delivering major benefits to school children. These included:

- > distributing essential learning packages of textbooks and basic learning materials in 28 targeted townships (including three in northern Rakhine State) as school opened in June 2012
- > training and mentoring teachers, particularly heads of school
- > supporting expanded and higher quality early childhood education that improves school-readiness.

There is evidence this investment is already achieving results, despite the challenging operating environment. Initial reports from the United Nations Children’s Fund suggest that in many townships enrolment increased by two to eight per cent between the 2011–12 and 2012–13 school years.¹¹ These increases will need to be verified in future reporting as the program matures. Monitoring visits have identified evidence of more interactive and effective teaching and learning in primary classrooms. We recognise however, the limitations of this form of program delivery. A 2012 baseline study on classroom practices highlighted how changing the emphasis from choral drills and rote memorisation as key learning strategies remains a major challenge. The United Nations Children’s Fund notes that training workshops alone will not be enough for lasting system-wide change. Major policy reforms are needed in teacher education and curriculum.

The Myanmar Education Consortium was to commence in late 2012 but mobilisation was delayed until February 2013 to finalise the design and streamline administrative arrangements, including delegated cooperation from the United Kingdom. The result is expected to be a more efficient and effective program once fully implemented in the next reporting period. This work in the non-formal and monastic schools will complement the predominantly government-centric work undertaken by the United Nations Children’s Fund. An important challenge for the department is to ensure these two investments are well coordinated and continue to complement each other in the rapidly evolving policy environment.

Australia is supporting Burma’s Comprehensive Education Sector Review, which was agreed in February 2012. We used flexible elements in our existing multi-donor fund, planned technical assistance and research program, and donor leadership to deliver on this Myanmar Government priority. This process has positioned the education sector at the forefront of good development practice at a critical time in Burma’s reform process. An initial rapid assessment phase of the review was finalised in May 2013 and is frank about the dire state of the sector. It makes wide-ranging recommendations, including for major increases in the education budget as well as initiatives to reduce the private cost of schooling. A second phase of analysis will be completed by December 2013, informing a costed sector plan ready for mid-2014 to match the government’s planning cycle. The potential reward of greater evidence-based policy development does come with some risk. Key stakeholders can become frustrated by the time it takes to develop the evidence base and an apparent lack of results on the ground. Australia is mindful of this tension between rigour and delivery and is ensuring that the results and benefits of this work are widely communicated.

The Myanmar Government’s welcome openness to policy dialogue and its new partners in education have increased the importance of donor coordination in the sector. Australia helped establish a development partner coordination group in 2012, which meets regularly to develop

¹¹ United Nations Children’s Fund, 2012 Multi Donor Education Fund II Annual Report, p.8.

coordinated policy positions and advocacy with the government and other stakeholders. Our donor leadership has an impact beyond our basic education investments. For example, our consistent advocacy to improve policy on language of instruction has seen a clear shift to broaden uptake in Burma, and enable local language instruction in ethnic areas. Beyond basic education, Australia responded rapidly to a request from the Chair of the Parliamentary Committee for Revitalisation of Yangon University to help develop a master plan to revitalise the university. The principal education adviser for the Australian aid program facilitated a highly regarded workshop with senior parliamentary officials.

An increasing array of stakeholders in Burma are becoming closely involved in education policy development, ranging from parliamentary committees, opposition parties and civil society groups to returning diaspora. They bring diverse views and increasing demands and expectations, along with a growing liaison workload for Australia. Maintaining effective leadership through active participation in the national dialogue on education and strong donor coordination will remain a key priority and continue to draw substantial resources.

Decades of internal conflict have left Burma's education system fragmented. Many regionally based ethnic and language groups have independent education administrations and school systems that are not yet cooperating with central authorities. Good development outcomes in the education sector can contribute to national reconciliation and, likewise, poor donor programming can exacerbate tensions. Recognising this, Australia has engaged a specialist in post-conflict education and made conflict analysis front and centre in our programming decisions. An ethnic education workshop convened by Australia in March 2013 was hailed by other major donors as a forum for ground-breaking discussion on education policy. Some of the 46 participants attending from ethnic areas had never been to Rangoon, let alone engaged with the central government.

In December 2012 the Myanmar Government launched its framework for economic and social reforms, which emphasises school grants and targeted cash transfers as policy priorities. The Australian Government is financing World Bank specialists to work with the government to scope potential donor support to expand and strengthen the quality of these initiatives. This work will begin in mid-2013. The Australian Government is also funding the World Bank to provide the technical assistance needed to establish a baseline of early grade reading ability in the 2013–14 school year. This will provide much needed hard evidence on how much children are learning in school to support policy development in all areas and to focus the agenda squarely on real learning outcomes.

Objective 1b: Improving the delivery of health services to the poor

Australia is a major donor in the health sector and our support is having a direct impact on improving health services to the poor. We are aligned with Burma's health priorities by supporting achievement of the Millennium Development Goals 4, 5 and 6, which aim to reduce child mortality, improve maternal health, and combat HIV/AIDS, malaria and other major diseases. Australia has been a key contributor (12 per cent) to the multi-donor Three Diseases Fund, which has provided approximately 30 to 50 per cent of the country's inputs towards achieving national targets for HIV, tuberculosis and malaria. Australia has partnered with other donors and United Nations health agencies through the Joint Initiative on Maternal, Newborn and Child Health and the Joint United Nations Program on Maternal, Newborn and Child Health programs.

Without these programs, which increase access to basic health services, including emergency obstetric care, contraceptives and immunisations for poor women and children, the health needs of thousands of Burma's people would have gone unmet. Our support has also built the capacity of local systems to deliver integrated, low cost, and high impact services at the community level along with effective referral systems. They have also worked to increase

technical engagement and policy leadership on these key health issues from the Ministry of Health.

Progress against health objectives has improved over the reporting period, and is now as expected as our investments are consolidated under a more strategic and flexible programmatic approach. Our established initiatives delivered strong results by providing critical services for women and children and addressing priority communicable diseases. Our new programming is building and improving on these successes by also strengthening the broader health system and responding more flexibly to the highly dynamic health sector in Burma. Key results from our contributions in partnership with other donors until June 2012 include:

- > distributing over 2.2 million rapid diagnostic tests to support malaria detection, treating 1.9 million malaria cases, and treating and distributing over 2.2 million bed nets to prevent the disease
- > distributing over 59 million condoms and over 13.2 million needles nationwide to prevent HIV infection
- > detecting 180 000 cases of tuberculosis and referring 135 000 suspected cases to appropriate health facilities
- > enabling 22 700 births to be attended by skilled personnel
- > enabling 60 000 pregnant women to receive antenatal care at least once, and increasing access to midwives with 17 000 outreach and 3500 hard to reach outreach visits
- > increasing access to emergency care with funding support for nearly 10 000 emergency obstetric or child care referrals
- > vaccinating 41 000 children under the age of one against diphtheria, pertussis and tetanus, and 40 000 against measles.

Implementation of the Joint Initiative on Maternal, Newborn and Child Health and the Three Diseases Fund ended in December 2012, and the Joint United Nations Program on Maternal, Newborn and Child Health ended in May 2013. As these programs have concluded, our support for maternal and child health and communicable disease priorities is being consolidated under a streamlined investment in the new Three Millennium Development Goals (3MDG) Fund. Lessons learnt from implementing these programs have closely informed the design and implementation plans for this multi-donor trust fund. Support by Australia and other donors to 3MDG in Burma over five years is expected to save the lives of approximately 25 000 children and 3000 mothers. The fund will play a key role in preventing and treating HIV, tuberculosis and malaria, including addressing the critical need for the containment of the growing threat from drug resistant malaria.

While the 3MDG Fund commenced operation in early 2013, the roll out of maternal and child health services in new program sites has been delayed until later in 2013 to allow program to align more closely with Ministry of Health planning and financial management processes. Significant work has however already commenced in supporting HIV, tuberculosis and malaria services and commissioning a key health sector review which is being undertaken by the World Bank. The fund will also support the peace process by expanding access to health care in previously under-served areas under a conflict-sensitive approach.

The sustainability of our past investments and the future success of the 3MDG Fund will be linked to the progress of broader reforms to the health system in Burma, increased investments in health by the government and other development partners, and successful coordination of partners in the sector. Fundamental reforms are needed to the way the sector is financed, human resources are managed, and medical supplies are bought and distributed. Measuring the true burden of disease and the effectiveness of health interventions remains

difficult due to weak health data collection and disease surveillance. Australia, both via the 3MDG Fund and direct bilateral engagement with the Ministry of Health and other development partners, is championing changes to help develop a more equitable and effective health system.

Increased public expenditure to support health care staff, infrastructure and essential medicines is critical to improve access to quality health services. Recent increased national budget allocations to the health sector have been welcomed, but further increases are needed to address decades of underfunding. Future funding levels from other major health sector funders, including the Global Fund to Fight AIDS, Tuberculosis and Malaria, will also impact on the 3MDG Fund, with the potential for further demands for funding for the three diseases if investments from these sources are insufficient to grow programs to meet needs.

The number of development partners engaged in Burma's health sector grew significantly in 2012. While these additional resources are welcomed, they have tested the capacity of the Ministry of Health as it has sought to increase its engagement with partners and leadership of the sector. The changing dynamic of the health sector means that all partners, particularly United Nations health agencies and international non-government organisations, will need to change their approach, moving away from the current focus on project delivery towards a greater emphasis on programmatic approaches, technical assistance, policy advice and strategic coordination. Due to our long-standing engagement in the health sector and our strengthened relationship with the Myanmar Government, Australia is well placed to work with other development partners and to support the Ministry of Health in strengthening coordination of health sector policies and programs.

Objective 2: Improving the livelihoods of the rural poor

Improving food and livelihoods security is a long-standing pillar of Australia's aid program to Burma, which has significant agricultural and food production potential. Effective agricultural and rural development is crucial to reducing poverty: around 70 per cent of the population are subsistence-level farmers and agriculture accounts for approximately 50 per cent of Burma's gross domestic product.

Progress against this objective in 2012–13 for the Strengthening Partnerships and Resilient Communities initiative, which is implemented by CARE and the Australian Centre for International Agricultural Research's multi-disciplinary research program, was less than expected due to implementation delays. Both of these programs have made progress in late 2012 and early 2013, and are now on track and expected to commence implementation in July 2013. However the impact of these delays was offset by the good performance of the multi-donor Livelihoods and Food Security Trust Fund (LIFT), resulting in an overall improvement in performance against the objective since the last reporting period.

In 2012–13 Australia contributed \$2.7 million to LIFT, which continues to improve livelihoods for up to two million target beneficiaries by increasing food availability, income generation opportunities and food use. LIFT continues to yield positive results. By the end of 2012, it has provided services that have directly benefited 373 520 households, surpassing its goal of assisting 360 890 households by 2016. In 2012 alone, LIFT helped:

- > 20 600 farming households to improve their yields by using new agricultural practice delivered through farmer training courses
- > 9400 households to increase their crop yield by more than five per cent above their yields prior to LIFT intervening
- > 69 000 households to access credit (including low interest loans) to invest in agriculture.

Of the 150 291 households supported by LIFT in 2012, 17 183 of these were headed by a woman and 2344 included a person with disability.

Although LIFT's results are positive against its logical framework, which is output focused, the initiative does not report well on its result outcomes, or the real effect its interventions are having. Australia and a number of other donors have advocated for stronger reporting that is outcome orientated, as opposed to LIFT's current requirements of its implementing partners, which are output focused. LIFT has been responsive to donor requests but is slightly hindered because its implementing partners do not have monitoring and evaluation systems set up to produce outcome focused results. To address this, LIFT is generating new information that will allow outcomes to be measured through, for example, a household baseline survey, generating qualitative information through reviews and evaluations, and requesting new data from implementing partners. DFAT will continue to monitor the success of this approach.

LIFT has had difficulties with timely disbursement of funds and with program coherence. Steps have been taken to improve the issues surrounding this slow disbursement including by helping implementing partners to start activities quicker where there have been delays in implementation, and to develop future expenditure strategies, such as developing a program for former conflict areas in Burma. Australia deferred payment of \$2.7 million from 2012–13 to 2013–14, and will continue to scrutinise expenditure to ensure that funding is being disbursed effectively and efficiently.

A gender strategy was finalised in August 2012, which aims to help implementing partners integrate a gender perspective into all stages of programing. LIFT has also provided a four-year grant to the Gender Equality Network, which will develop enabling systems, structures and practices that improve women's economic rights and women's livelihoods. Since the network began, it has helped the Myanmar Government's Ministry of Social Welfare, Relief and Resettlement to adopt a National Strategic plan for the Advancement of Women 2012–2021, which is anticipated to be endorsed by the Myanmar National Committee for Women's Affairs in 2013.

In its current format, LIFT is due to conclude in 2016. A key challenge for the initiative's future will be its ability to adapt to the new operational environment brought about by Burma's reforms. In 2012 the government took a greater interest in its activities and showed an increased willingness to engage. This, and broader developments in the peace process, means there are now greater opportunities for LIFT to expand its reach in Burma. Better targeting of the poorest of the poor may be required now that access to post-conflict areas is increasing. If the decision is taken to move into these areas, it will be important to ensure LIFT recruits expertise in conflict-sensitive development. LIFT must respond to these opportunities in the way it engages with the government, including exploring possibilities to strengthen government systems, such as agricultural extension services, to ensure that the benefits of improved agricultural productivity are delivered as widely as possible.

While LIFT has been proactive in developing a strategy on engagement with the Myanmar Government, the question of where it would be best suited to engage with and involve the government remains a challenge. LIFT held a forum in December 2012 titled "Priorities in Agriculture Development of Myanmar" which received strong support from government (including a number of key ministers), and was co-hosted and co-led by the Ministry of National Planning and Economic Development and the Ministry of Agriculture and Irrigation. This forum was seen as an important first step in engaging with the government at this level. Given its successes, the data it has built-up and the partnerships it has developed, LIFT is well placed to adapt to the changing environment and challenges of Burma. Ongoing and close collaboration with the Australian Centre for International Agriculture Research will also be important. It will also be critical for LIFT to move towards a consolidated, programmatic approach focused on results rather than outputs.

In 2012–13 Australia contributed \$2.7 million to the CARE Australia program, Strengthening Partnerships and Resilient Communities, in northern Rakhine State. The program's full implementation was postponed following the outbreak of violence in Rakhine State in June

2012. Although the activity was delayed, the program was able to provide immediate humanitarian relief to the hundreds of thousands of people displaced by the conflict. However this has meant that there are fewer livelihoods results to report than originally expected for 2012–13. CARE has maintained an active presence in Rakhine and will resume program activities in mid-2013. CARE has adapted well to the fluid situation in Rakhine, as evidenced by a redesign following a review of its program to suit changed the changed conditions.

The Australian Centre for International Agriculture Research Multi-Disciplinary Research Program aims to improve food security in the Irrawaddy Delta and Central Dry Zone. It does this by building research knowledge and capacity to improve food production (legumes, livestock, fisheries and rice) by small-holder farmers, agricultural universities and government institutions. The centre did not have an in-country presence until very late in 2012 and program design missions were delayed due to challenges in securing visas for entry to Burma. The design phase of the program was delayed by 12 months and concluded in November 2012, so there are no results to report for 2012–13. The centre recruited an in country program manager in November 2012, and expects to finalise memoranda of understanding with relevant ministries to commence activities in 2013. The Australian aid program deferred payment of \$3 million to the Australian Centre for International Agriculture Research in 2012–13 as a result of the delay, and will continue to monitor progress closely.

Objective 3: Addressing the needs of conflict and disaster-affected people

The emerging peace process in Burma and Australia's corresponding commitment of support announced in June 2012, as well as ongoing humanitarian needs in Burma and on the Thai-Burma border, has seen our peace and humanitarian portfolio expand rapidly. By early 2012 the Myanmar Government had signed ceasefire agreements with 10 of the 11 major ethnic groups, including the first ever with the Karen National Union after more than 60 years of conflict. On 30 May 2013 the Myanmar Government signed a preliminary ceasefire agreement with the last major armed group, the Kachin Independence Organisation. This marks the first time since independence that the Government is not in conflict with armed ethnic groups. A lasting political settlement to Burma's long-running civil conflicts is critical to securing sustainable improvements in the lives of its people and to the success of the broader economic and political reform process underway. Australia's efforts to address the needs of conflict and disaster affected people includes support to Burma's peace process, humanitarian assistance in Burma, and humanitarian assistance for Burmese refugees in Thailand. Progress made against this objective has improved since the last reporting period and it is likely that it will be achieved.

Support to the peace process

In October 2012 Australia funded the first ever pilot project of the Myanmar Peace Support Initiative in Kyaukkyyi Township, Bago Region. The pilot was delivered by a local organisation with support from Norwegian People's Aid, and it allowed international access to an area that was previously inaccessible to assistance. The pilot was jointly agreed by the Myanmar Government and the Karen National Union, and helped strengthen the ceasefire in the area. It delivered food and basic household items to 1500 people in the Kyaukkyyi township (the first known time assistance was provided from within Burma rather than across the border from Thailand) and gave the local community an opportunity to interact with the government and local armed elements (both military and non-state armed group) to address their concerns. The pilot attracted significant attention, including criticism from local and international groups about the model. While formal monitoring and evaluation of the project could be improved, visits by aid program staff show that despite the reaction from outside groups, the community has been very positive. Options for further assistance in Kyuakkyi are being explored with partners.

Australia has supported two non-government organisations to assist with ongoing negotiation and dialogue processes that help address the underlying causes of the conflicts. The Centre for Peace and Conflict Studies has helped strengthen understanding on both sides of the negotiations by facilitating visits to places like such as Mindanao in the Philippines, to examine models of conflict resolution and ceasefire monitoring that have been used in other contexts. It has also provided training to journalists about conflict-sensitive reporting and supported community consultations to help ensure that negotiations between the government and the Karenni National Progressive Party reflect the demands of communities.

The Centre for Humanitarian Dialogue has provided advice, technical support and access to international expertise to support both sides to resolve obstacles in the ceasefire negotiations in Kachin and reconciliation efforts in Rakhine State. Support for the dialogue process will be important if the current ceasefire agreements are to be transformed into a national political dialogue and eventual political settlement that addresses the underlying causes of the conflicts.

Australia has supported the establishment of the Myanmar Peace Centre, headed by Minister U Aung Min, the Myanmar Government's lead negotiator in the peace process. The centre was established to ensure initial ceasefire agreements are upheld, begin discussion on the underlying political causes of the conflict and to coordinate international assistance to the peace process.

Burma has one of the highest levels of landmine contamination in the world, resulting in 2861 recorded casualties between 1999 and 2010. Information about landmine contamination in eastern Burma is poor but it is believed that 10 out of 14 of Burma's states or regions are contaminated with mines, and an estimated five million people live in contaminated townships. With Australia's support, the Mines Advisory Group began mine risk education in Kayah State in June 2013. This program will help to raise awareness and understanding about landmines among at risk communities, to make them safer until mines can be removed. Australian support for the Norwegian Refugee Council to issue National Registration Cards to people in ethnic areas also started in June 2013. Providing these cards to people will enable them to access government services, create economic opportunities by allowing people to open bank accounts and register business, and to vote in future elections. The program has issued 70 843 National Registration Cards to date with the support of other donors. Australia's support will allow the program to expand into new areas including Kyauakkyi Township.

As a founding member of the Peace Donor Support Group, Australia has advocated strongly for international support to the peace process that balances the need to capitalise on opportunities quickly, with the need to understand local conflict dynamics to avoid unintentionally causing harm. Australia's support to date has delivered some early results and established good partnerships and relationships for ongoing assistance. The situation, however, remains complex and fluid. There are substantial information gaps about the conditions in ceasefire areas as well as the credibility and incentives of different stakeholders. Access to conflict-affected areas remains difficult and improvements have been slow despite ceasefires, limiting the number of partners who can deliver programs to these sites. A lack of trust on all sides is also restricting partners who have the necessary relationships to deliver programs in support of the peace process.

Reaching a resolution to Burma's long-running conflicts will be a generational endeavour and the international community has only a supporting, though important, role. The process is increasingly dependent on progress towards political dialogue between the government and ethnic groups. The peace process will need to be sustained through significant criticism and setbacks at a time of immense political and economic change. While the prospect of peace is better now than at any point in recent history, the situation is difficult—Australian support carries substantial risks and it may be difficult to demonstrate the impact of our investments.

Despite this, the costs of not engaging are higher still, and Burma's transition to a democratic and prosperous country cannot be achieved without a national peace.

Humanitarian assistance in Burma

Efforts to support the peace process have been complemented by humanitarian assistance to people affected by ongoing conflict in Rakhine and Kachin states. Communal violence between Buddhist and Muslim communities in Rakhine State in June and October 2012 has left over 140 000 people displaced. In response to their urgent needs, Australia has provided over \$5.79 million to help affected people. Our assistance to Rakhine has provided:

- > food to more than 100 000 displaced people
- > tents and other emergency shelter materials to people who have fled their homes
- > blankets, clothes, mosquito nets and other essentials for up to 14 000 people living in temporary shelters
- > protection for vulnerable people, including around 7000 children, who have been separated from their families.

Tensions between the two communities and deteriorating conditions due to the periodic monsoon season make meeting people's basic needs a challenge. Further violence is only being prevented by a heavy security presence and the forced segregation of the communities, though there are regular flare ups of conflict on a smaller scale. Finding a long-term solution that supports reconciliation between the communities remains a key challenge for the government and international community.

Armed conflict between the Myanmar Government and the Kachin Independence Organisation before the 30 May ceasefire agreement displaced over 100 000 people in Kachin and northern Shan States. International organisations have been allowed only occasional access to areas not controlled by the government, making it difficult to provide assistance. Australia has provided \$1.35 million to help people affected by the conflict through Oxfam Australia and its local partners. This assistance is providing access to clean water and sanitation to people displaced by the conflict by:

- > delivering water buckets and soap to more than 15 000 people
- > providing small cash grants to purchase food and other essentials to more than 11 000 people
- > supplying rice and nutritional supplements to around 7000 people.

Humanitarian assistance for displaced people on the Thai-Burma border

The final element of Australia's support for disaster and conflict-affected people focuses on more than 130 000 Burma's refugees living in nine camps along the Thai-Burma border. The refugees have been living there since 1984, making this one of the most protracted refugee situations in the world. They are largely dependent on international assistance to meet their needs due to the closed nature of the camps. The context in southeast Burma has changed significantly with the signing of ceasefire agreements. The voluntary return of refugees from Burma in Thailand is now looking more likely than at any time in recent history. However, all key stakeholders agree that the conditions are not yet right to promote return. Progress in the peace process will determine whether refugees will be able to return home to Burma. The return of refugees without adequate preparation also presents a significant threat to peace in southeast Burma as it will likely involve competition for land, power and jobs between those who stayed, returning refugees and internally displaced people.

In 2012 Australia's support to the Thai-Burma border has:

- > delivered food, shelter and other essential items such as blankets and clothes to 8820 refugees through The Border Consortium
- > supported access to a comprehensive health, water and sanitation services for 24 866 refugees through the International Rescue Committee
- > provided vocational training courses for 1865 refugees to promote livelihood opportunities through the Adventist Development and Relief Agency
- > provided primary health care services for 19 578 displaced Burmese people in Thailand through the Mae Tao Clinic.

An independent evaluation in August 2012 found that Australian government assistance to the camps is appropriate to needs and provides essential humanitarian assistance. The evaluation recommended that future programs focus on supporting durable solutions and more closely align with development programs inside Burma, particularly as these programs expand into the conflict-affected areas. A new multi-year program of assistance that maintains current levels of funding support has been designed incorporating these recommendations. This will start in the next reporting period.

Objective 4: Supporting reform and improved governance

Ongoing reform has presented development partners with an unprecedented opportunity to assist Burma to secure lasting peace and improve the lives of millions of people. In response to this opportunity and the fast pace of change, Australia's interim aid program strategy makes provision for the program to deliver flexible and responsive support for priority reforms. By responding to requests for support from reformers and supporting high-impact activities that strengthen the peace process, democratisation and good governance, Australia can help sustain Burma's reform momentum. At the same time, Australia's broader aid program is increasing its focus on building the capacity of Burma's institutions to develop policies and deliver services, to ensure that improvements are sustainable and reforms are embedded.

Burma's reform era has just begun and Australia's governance program is not yet mature enough to state with confidence that our objective will be achieved. Notwithstanding this, progress to date against this new objective is positive.

In January 2013 the memorandum of understanding on development cooperation between Australia and the Myanmar Government was signed. This document provides for high-level consultations between Australian and Myanmar Government senior officials to discuss Australia's aid program, the first of which are tentatively scheduled for late July 2013. Australia has responded to a number of requests for support from the Myanmar Government, including organising a study tour of Australia's mining industry and governance arrangements for ministers, senior officials and representatives from community organisations, following the Mining for Development and Extractive Industries Transparency Initiative conferences in May 2013. Australia has also supported the government's leadership of the aid effectiveness agenda, particularly donor coordination. In partnership with the Asian Development Bank, we funded a senior adviser in the Myanmar Ministry of National Planning and Economic Development and facilitated a visit by officials from the ministry to Vietnam to learn from the experience of their counterparts.

The first phase of the Myanmar–Australia Partnership for Reform announced during President Thein Sein's visit to Australia in March 2013 provides a mechanism for us to continue to deliver support for Burma's reform priorities over the next two years. For example, this support will include funding for Burma's first census since 1983, which will be critical to develop an understanding of the development needs of its people and to ensure accurate voter registration data ahead of elections in 2015. Our funding for the census ensures we can advocate that the process is inclusive of ethnic minorities and people with disability. The

initial two year phase of the partnership will allow Australia to develop the necessary relationships and understanding to inform a longer-term program of support. This will include support for development partners such as the United Nations Development Programme, which are establishing major initiatives in support of improved governance in Burma. As programs get underway, we expect increased results in the next reporting period.

Australia's approach to supporting reform in Burma is not without its risks. A program that is responsive to requests for support is open to incoherence and fragmentation, whereby a number of disparate, small value activities—while building goodwill—do not deliver significant or lasting development impact. Similarly, in the lead up to the 2015 elections, there may be political imperatives within the Myanmar Government to focus on short-term development outcomes at the expense of longer term, system-wide reform. Ensuring that activities align with broader programs, or are likely to build momentum for reform in critical areas, will be key to managing these risks.

One indicator to measure the success of this objective is that all initiatives to which Australia provides more than \$3 million a year in funding have representation from Burma in the governance arrangements. This representation could, for example, include officials from counterpart ministries in the Myanmar Government or from local community-based organisations. Delivering on this target by 2014 is not entirely within Australia's control, as most of our support is delivered through multi-donor mechanisms and any changes in governance arrangements will require the support of a range of development partners. Notwithstanding this, we consider this objective is worth pursuing in support of increased local ownership of the country's development agenda.

Through our core programs we will continue to improve governance within the education, health and livelihoods sectors. Support for delivering better services is a key priority of the Australian aid program's global governance strategy. Crucial to building the Myanmar Government's capacity to take a greater role in service delivery will be improving its internal financial management systems. DFAT is supporting a World Bank-led public expenditure review, the first phase of which will assess Burma's macro-fiscal context, broad revenue and expenditure patterns, fiscal decentralisation, and financing and expenditure patterns in the education, health and energy sectors. Australia's support for joint analytical programs such as this review complements our advocacy for increased government spending in service delivery. It is important that increased trade, investment and economic growth deliver improved opportunities for the people of Burma and complement our aid to ensure it has a lasting impact.

Quality at Implementation ratings

Quality at Implementation (QAI) reporting is an annual self-assessment undertaken by program managers. This year, QAI reports were completed for the 10 monitorable activities in the program.

All activities rated *relevance – is this the right thing to do* satisfactorily again this year (a rating of at least 4), signalling that the initiatives remain highly appropriate for meeting the high priority development goals in Burma.

In terms of *effectiveness – are we making the progress we expected at this point in time*, seven of the 10 initiatives rated satisfactory achievement of outcomes, including the Joint United Nations Maternal Newborn and Child Health program, which was considered unsatisfactory last year. Unsatisfactory achievement of outcomes was noted for the Australian Centre for International Agricultural Research Multidisciplinary Research Program Burma, Three Millennium Development Goals Fund and Malaria resistance support via 3MDG Fund.

Satisfactory ratings for *efficiency – is the initiative making appropriate use of Australia's and other partners' time and resources to achieve objectives* were given to eight initiatives. Efficiency for the Periodic Fund for Humanitarian Assistance in Burma was rated as unsatisfactory again this year. The Australian Centre for International Agricultural Research Multidisciplinary Research Program Burma was also considered unsatisfactory in terms of efficiency.

Gender equality ratings improved this year. Four of the seven initiatives with satisfactory ratings for gender equality improved from last year's unsatisfactory position. However, improvements to overcoming the vulnerability of women and girls to poverty were not found within LIFT and the two new initiatives: Australian Centre for International Agricultural Research Multidisciplinary Research Program Burma and Three Diseases Fund.

Gender equality ratings improved. Four initiatives received satisfactory ratings, three of which improved after receiving less than satisfactory ratings last year (the Joint Initiative on Maternal, Newborn and Child Health, the Joint United Nations Maternal, Newborn and Child Health Program, and the Thai-Burma Border Programs). Malaria resistance support maintained a very high gender equality rating, while LIFT maintained a less than satisfactory rating. LIFT has developed targeted, remedial actions to improve gender considerations over the next 12 months. The Three Diseases Fund final QAI rating for gender equality fell from satisfactory to less than satisfactory. To ensure the second phase of Three Diseases Fund has stronger gender considerations, critical lessons learned were identified and have been considered in implementing its successor, Three Millennium Development Goal Fund. Two new initiatives rated above satisfactory—the Basic Education Portfolio and Three Millennium Development Goal Fund. Another new initiative—the Australian Centre for International Agricultural Research Multi-disciplinary Research Program—rated less than satisfactory.

The accessibility and reliability of monitoring and evaluation systems continued to improve again this year with satisfactory systems in place for all initiatives. Similarly, sustainability improved with nine initiatives considered to be well-positioned to ensure that benefits will endure after Australia's involvement ceases.

Three of the 10 activities were given satisfactory ratings across all six quality assessment criteria, compared with three of eight in the last reporting period.

Management consequences

The Australian aid program has responded effectively over the year to the management challenges arising from the new operating context in Burma, addressing all the consequences raised in the last annual program performance report¹² (Annex A). Resourcing at Rangoon Post has been increased from three A-based and seven O-based personnel to six A-based and 15 O-based staff, to allow for increased engagement with the government and development partners, and new programs of support for governance and peace. DFAT has also, with its United Kingdom aid counterpart, opened a joint liaison office Nay Pyi Taw to allow more effective engagement with government. Strengthened management oversight of the Burma program and the deployment of expertise from the department's Hanoi hub have contributed to this outcome.

Priorities for 2103–14 include:

¹² Prior to 2012-13, Aid Program Performance Reports were called Annual Program Performance Reports

Strategy

- > Convene the inaugural Australia–Myanmar High Level Consultations with the Ministry of National Planning and Economic Development in the second half of 2013.
- > Commence development of the next country situational analysis in late 2013, including a range of supporting research, to feed into a new country strategy that will underpin the program's direction in 2015 and beyond.
- > Develop and implement a performance assessment framework based on the current Aid Program Strategy 2012–2014 but retaining relevance for key sectoral investments in the next strategy developed by end 2014.

Program

- > Maintain our advocacy for responsible donor behaviour, leading by example on the application of the Nay Pyi Taw Accord and supporting the government's coordination capacity, while assuming a more manageable involvement in the daily mechanics.
- > Assess capacity to make a difference in key sectors and consider reducing involvement in those where our partners are able to represent our interests or new donors are emerging.
- > Consolidate existing investments in health and education, maintain our donor leadership in education and improve gender integration and the quality of gender data.
- > Manage the increasing risk of activity proliferation and program fragmentation and the potential this has to reduce aid effectiveness.
- > Complete the Governance Delivery Strategy and finalise the draft Education Engagement Strategy, which will lay the foundations for future engagement in these sectors and help inform the next country situational analysis.
- > Sustain advocacy on key issues that impact on the peace process to complement service delivery programs and expand the reach of existing investments where practical.

Management

- > Secure support from senior management to ensure an adequate allocation of resources to deliver the newly established governance program, and to minimise excessive fragmentation due to pressure from domestic and other interests.
- > Continue devolving program resources to reflect increasing responsibility for program management at Post, ensuring transfer of roles only take place when the necessary systems and support are in place.

Table 2: Risks associated with the program and management actions


Most significant risks	Management response – What? Who? How? When?
The influx of donors, along with increased money and programs, undermines coordination and the effectiveness of our aid.	<p>Post will build on established relationships and mechanisms for donor coordination, and will advocate for Myanmar Government leadership on aid coordination where possible.</p> <p>DFAT will promote the collaborative development of Myanmar Government plans to ensure that appropriate priorities are widely shared.</p> <p>DFAT will focus its assistance on areas where it has a comparative advantage and encourage development partners to do the same.</p>
Donor support overwhelms local systems.	<p>DFAT will ensure that building the capacity of Burmese institutions is central to its aid interventions, particularly through support for government institutions to deliver better services to the people.</p>
The reform agenda stalls or regresses.	<p>Post will work closely with development partners, including civil society organisations, through joint assessment of Burma's reform progress and advocacy for further reforms as required.</p> <p>DFAT will respond flexibly and pragmatically to requests for support from the Myanmar Government to maintain reform momentum and promote a culture of reform success.</p>
The Myanmar Government's desire for quick wins in development undermines the effectiveness and sustainability of the aid program, or leads to criticism of Australia due to perceived delays in delivering demonstrable results.	<p>DFAT will continue to engage with government in a responsive and pragmatic manner on its priorities.</p> <p>DFAT will advocate for appropriate sequencing of reforms and realistic objectives at the sectoral level and through the high-level consultations.</p> <p>Post will lead on careful and frequent ministerial-level and public communication of progress and challenges.</p>
The growth in, or fragmentation of, Australia's aid program imposes excessive administrative costs.	<p>DFAT will maintain a disciplined approach to program management, supporting fewer, larger programs in our key sectors to contain administrative costs.</p> <p>In the Myanmar–Australia Partnership for Reform, which is most at risk of fragmentation, DFAT will carefully assess requests for support against criteria such as comparative advantage, value for money and impact to ensure that activities deliver development results.</p>


Annex A


Progress in addressing 2011 management consequences

Management consequences Identified In 2011 APPR	Rating	Progress made In 2012-13
Achieve consensus around principles for good donor behaviour in Burma.	Green	Nay Pyi Taw Accord on Development Effectiveness agreed between the Myanmar Government and development partners in January 2013.
Finalisation of Burma country strategy.	Green	Completed December 2012.
Resist program fragmentation.	Amber	The Burma program has maintained its focus on the core education, health and livelihoods sectors. However, the introduction in the interim country strategy of a new objective to support reform will increase the risk of fragmentation in the future, requiring ongoing performance monitoring.
Undertake gender stocktake.	Green	Completed December 2012.
Seeking a bilateral aid agreement.	Green	Signed January 2013.

Note:

 Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

 Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Annex B

Quality at Implementation ratings

Initiative name	Approved budget and duration	Qal year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality
Australian Centre for International Agricultural Research Multidisciplinary Research Program Burma	\$12.0 million Feb 11-Jun 15	2012–13	5	2	2	4	4	3
		2011	EXEMPT					
CARE SPARC	\$8.0 million Nov 10-Feb 16	2012–13	EXEMPT					
		2011	EXEMPT					
Burma Basic Education	\$66.7 million Feb 12-Jun 16	2012–13	5	4	4	4	4	5
		2012 QAE	5	5	4	4	4	4
Humanitarian and Peacebuilding Support in Myanmar	\$21.3 million Oct 12-Jun 15	2012–13	EXEMPT					
		2011	EXEMPT					
Assisting Myanmar's Conflict-Affected & Displaced	\$27.0 million Apr 13-Jun 16	2012–13	EXEMPT					
		2011	EXEMPT					
Periodic Fund for Humanitarian Assistance in Burma	\$11.4 million Apr 05-Jun 14	2012–13	4	5	5	4	3	5
		2011	4	4	3	3	3	4
Three Diseases Fund 2	\$13.1 million Nov 06-Jun 13	2012–13	5	5	5	4	5	3
		2011	EXEMPT					
Livelihoods and Food Security Trust Fund	\$19.0 million Dec 09-Jun 15	2012–13	5	4	5	5	4	3
		2011	5	4	5	5	4	3
Improving Access to Maternal and Child Healthcare	\$3.5 million Feb 10-Jun 13	2012–13	5	5	4	4	5	5
		2011	5	4	4	3	2	2
Thai-Myanmar Border Refugee Programs	\$5.0 million Jul 11-Jun 13	2012–13	5	5	4	4	5	4
		2011 QAE	5	4	4	4	2	3
Joint UN Maternal Newborn & Child Health Program	\$5.0 million Feb 12-Oct 13	2012–13	5	4	4	4	3	4
		2011 QAE	5	3	3	3	4	2
Three Millennium Development Goals Fund	\$101.9 million Mar 12-May 17	2012–13	6	3	4	4	4	5
		2011 QAE	6	4	5	5	4	6
Malaria resistance support via 3MDG Fund (Burma)	\$4.5 million Jun 12-Jun 13	2012–13	6	3	4	4	4	6
		2011	6	4	5	5	4	6

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Annex C

Evaluation and review pipeline planning

List of evaluations completed¹³ in the reporting period

Name of Initiative	Aidworks number	Type of evaluation ¹⁴	Date evaluation report received	Date evaluation report uploaded into Aidworks	Date management response uploaded into Aidworks	Published on website
Three Diseases Fund	ING997	Completion Report – External Evaluation Report	12 September 2012	5 November 2012	20 December 2012	Yes
Thai-Myanmar border programs	INJ713, INJ718, INK079	Independent evaluation	30 April 2013	14 June 2013	14 June 2013	Yes

List of evaluations planned in the next 12 months

Name of Initiative	Aidworks number	Type of evaluation	Purpose of evaluation ¹⁵	Expected completion date
Improving Access to Maternal and Child Health Care	INJ170	Joint Lesson Learning	To inform 3MDG maternal and child interventions	June 2013
Joint UN Maternal Newborn and Child Health Programme	INK437	Independent Joint Review	To inform 3MDG maternal and child interventions with UN agencies	October 2013 (tentative)

¹³ ‘Completed’ means the final version of the report has been received.

¹⁴ E.g. mid-term review, completion report, partner-led evaluation, joint evaluation.

¹⁵ E.g. to inform a future phase of program, to improve existing program, to verify program outcomes.