



Burma Development Cooperation Report 2010

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This report summarises the progress made in 2010 towards the objectives of Australia's aid program in Burma. The program provides development assistance that complements bilateral programs and supports regional objectives.

Australia's aid to Burma is undergoing a major transition from a primarily humanitarian approach to a significantly increased program that incorporates a focus on long-term development outcomes.

This is the Australian Agency for International Development's (AusAID) first annual Development Cooperation Report for the Burma aid program. It assesses performance against the objectives identified in the Ministerial Statement on Burma (February 2010)¹.

Context

At the time of Independence in 1948 Burma was expected to become one of the most prosperous countries in Asia due to its geographic location, abundant natural resources and comparatively strong human resource base. Today most Burmese are desperately poor. Health and education outcomes are among the worst in the region, governance is poor and human capital has declined across all sectors of society. Official Burmese economic and social data is highly unreliable and evidence assembled from a range of other sources suggests that Burma is not on track to achieve key Millennium Development Goals (MDG) targets. In contrast to its neighbours Burma continues to slide further into poverty.

Burma is one of the most ethnically diverse countries in the region. Many ethnic groups, particularly in border areas, live in difficult economic and political situations exacerbated by ongoing armed conflict. It is in these areas that some of the worst poverty, human rights abuses and disenfranchisement occur. This has resulted in Burmese refugees moving to Thailand and Bangladesh.

Burma is prone to natural disasters and communities are highly vulnerable to the effects. The Irrawaddy Delta is still recovering from the devastation caused by Cyclone Nargis, which struck in May 2008. In June 2010 Rakhine State was severely affected by floods and Cyclone Giri, which hit in October, killed more than 100 people and caused widespread damage to crops, homes and infrastructure.

While reliable data is difficult to obtain, Burma has one of the lowest levels of public social sector expenditure. At the heart of the development challenges in Burma is a sustained lack of political will to provide the right policy settings and essential services for economic development and poverty reduction. This, however, masks a deep decline in human and organisational capacity that would inhibit reforms even if the Burmese Government changed its approach.

Australian aid to Burma

Australia is the second largest donor to Burma. Total Australian aid in 2010–11 was \$49.1 million, approximately 18 per cent of total aid flows to Burma²—up from \$29 million the year before. The February 2010 Ministerial Statement announced that the Burma program would transition from primarily humanitarian assistance to a broader development program designed to achieve long-term poverty reduction in line with progress towards the MDGs. The program also includes capacity building elements to help address the long-term challenges facing the Burmese people.

¹ Stephen Smith, Minister for Foreign Affairs. Ministerial Statement on Burma (2010)
http://www.ausaid.gov.au/media/release.cfm?BC=Speech&ID=4023_7267_6332_1366_4075

² Based on estimates from the Burma Partnership Group on Aid Effectiveness (September 2010) which estimated that in 2010 aid flows would be US\$270 million.



Other major Development Assistance Committee donors of the Organisation for Economic Co-operation and Development (OECD) include the European Commission (US\$76.8 million in 2009), the United Kingdom (US\$53.1 million in 2009), Japan (US\$48.3 million in 2009), and the United States (US\$35.2 million in 2009).³ Smaller, specialised programs are also maintained by Denmark, Norway and Sweden. Most of these donors operate under restricted mandates to provide only humanitarian support targeting immediate needs in health, livelihoods, food security, education and protection.

Levels of aid and investment from non-traditional donors such as China, India and the Republic of Korea have been increasing over recent years. These donors work directly with the Burmese authorities, especially on large-scale infrastructure.⁴

Key global development organisations either do not operate in Burma or operate under limited mandates. The World Bank, Asian Development Bank and International Monetary Fund, for example, do not engage directly in Burma. Sixteen United Nations (UN) agencies are active in Burma. However some, such as the United Nations Development Programme, operate under mandates that restrict their focus and engagement with central government. This limits the availability of experienced partners, technical expertise and the overall levels of aid funding.

Country ownership of development is weak and the regime is suspicious of the motives of donors to establish a presence and bring aid into Burma. In the absence of a government-led consultative process on development priorities, close coordination with other donors and implementing partners is particularly important in Burma. Currently donors work effectively together through multi-donor funds targeting health, education, livelihoods and food security. They also consult regularly with one another to discuss aid effectiveness, programming and policy issues. Multi-donor arrangements consolidate available funds, enabling programs to be delivered country-wide, using the broad networks and experience of UN agencies and non-government organisation (NGOs).

How Australia delivers the aid program

Australia delivers its aid assistance to Burma primarily through multilateral organisations, regional institutions and international NGOs. Our assistance does not flow through Burmese government systems. This is consistent with the way most international aid to Burma is provided and is appropriate given the political landscape. Australia therefore cooperates closely with like-minded donors, such as the United Kingdom and the European Union, to extend our reach and share information and resources. While aid activities require the formal approval of Burmese authorities, the chosen delivery methods help to ensure that aid actually reaches the people of Burma.

Program objectives

Like many international donors, Australia limits its aid assistance in Burma to helping the people with their pressing and essential needs. In 2010, the program targeted the alleviation of critical needs in health (especially for mothers and children), education and food security.

However, humanitarian aid alone will not help Burma move towards long-term poverty reduction. In recognition of the prolonged nature of the country's humanitarian crisis, the decline in human capital and the need to help address the MDGs and other development priorities, the Ministerial Statement on Burma (2010) shifted the policy framework for Australian assistance to include broad-based development objectives. During 2010 Australia's

³ Organisation for Economic Co-operation and Development (2011) Geographical Distribution of Financial Flows to developing Countries

⁴ China provides substantial support to Burma through partial debt relief, concessional loans and technical assistance, with a strong emphasis on economic cooperation and infrastructure.



program made a transition to incorporate a focus on long-term development outcomes. This Development Cooperation Reports covers progress against the five priorities in Table 1.

Table 1: Estimated expenditure in 2010–11

	\$ million	Approximate % of bilateral program
Objective 1: Reduce the burden of HIV/AIDS, TB and malaria	8.1	19
Objective 2: Improve the delivery of basic health services	8.2	19
Objective 3: Improve access to and quality of basic education	5.0	12
Objective 4: Improve food and livelihoods security	11.4	27
Objective 5: Address the needs of vulnerable people.	3.4	8

Progress against objectives

The results of activities in 2010 are assessed in this performance assessment. Where our assistance to Burma is provided through large multi-donor funds that operate on a large scale, Australia's performance is assessed on the fund's performance as a whole. The results for activities where Australia has sole responsibility, and the roles played by Australia in the governance of funds management and sector influencing, are also discussed. This assessment describes the steps underway to move towards the new policy framework focusing on sustainable long-term development outcomes.

Table 2: Rating of the program's progress in 2010 towards the objectives of the Burma program

Objective	Rating in 2010
Objective 1: Reduce the burden of HIV/AIDS, TB and malaria	■
Objective 2: Improve the delivery of basic health services	■
Objective 3: Improve access to and quality of basic education	■
Objective 4: Improve food and livelihoods security	■
Objective 5: Address the needs of vulnerable people	■

Note:

- The objective is on track to be fully achieved
- The objective will be partly achieved
- The objective is unlikely to be achieved

Objective 1: Reduce the burden of HIV/AIDS, Tuberculosis and malaria

Objective 2: Improve the delivery of basic health services

As objectives 1 and 2 are closely related they are reported together.

The health of the Burmese people is poor. Large numbers of people are regularly dying from easily preventable illness and diseases. One in 12 children die before they reach the age of five years, mostly from pneumonia, diarrhoea and malaria. Communicable diseases⁵ such as HIV/AIDS, tuberculosis (TB) and malaria, are a major health concern.⁶ The Burmese health

⁵ A communicable disease is an infectious disease transmissible (as from person to person) by direct contact with an affected individual or the individual's discharges or by indirect means (as by a vector)

⁶ Burma has the highest malaria burden of south-east Asian countries. The World Health Organization conservatively estimates 4.2 million cases a year. TB prevalence is higher than in other countries in the region, with a prevalence rate of 604 per 100 000 people.



to participate in and lead health interventions; and accessible sexual and reproductive health services to increase the adoption of safer sexual and reproductive health practices.

To address critical water, sanitation and hygiene needs in areas where Cyclone Nargis destroyed almost the entire water supply and sanitation infrastructure, AusAID supported the Nargis Water, Sanitation and Hygiene projects delivered by international NGOs and UN agencies. Key achievements of these activities include:

- > providing safe drinking water to more than 93 000 people, rehabilitating more than 100 existing ponds, building 20 new ponds to improve access to clean drinking water, and building almost 3 500 latrines
- > forming and strengthening community-based water committees to identify the most vulnerable households, help with water distribution and develop water safety plans
- > providing training on health and hygiene for more than 17 000 people, to improve hygiene practices— including hand-washing before collecting water, cleaning water receptacles and cleaning ceramic water filters.

The 3DF has demonstrated it is possible to provide health services in Burma despite the operating environment constraints. The fund has leveraged additional donor resources for health and was instrumental in the return of other donors such as the Global Fund to Fight AIDS, TB and Malaria. This in turn has allowed donors to expand their focus from communicable diseases to other areas of the health sector. Australia's future engagement in the sector will build on the strengths of current programs, including the 3DF and Health PONREPP models. Both these funds operate within the European Union Common Position⁹ and Australia's policy position, which now pays greater attention to long-term capacity building and system strengthening.

New initiatives will focus on improving the health of mothers, babies and children by increasing access to high-quality health services for all. Initiatives will address constraints in the Burmese health system, including service delivery, human resources and program coordination, in line with the Ministerial Statement.

Objective 3: Improve access to and quality of basic education

Extremely low government investment in education in Burma has prevented the achievement of quality basic education for many of the country's 18 million children. While the net enrolment rate is high—at more than 80 per cent—and while there is gender parity for primary education enrolment, school completion rates are low. Burma is one of the few countries in the world where the current generation of school children will be less educated than their parents and grandparents. The low allocation of public resources to the education sector (around 1.3 per cent of GDP) has created a huge gap between the demand for, and the ability to offer, quality education services. The lack of government investment means families have to share the cost of schooling, a burden which disproportionately affects the poorest families.

Since 2006 Australia's support to the education sector has mostly been through the Multi-Donor Education Fund (MDEF) which forms part of the United Nations Children's Fund's (UNICEF) overall education program in Burma. MDEF is on track and meeting expectations. It aims to increase equitable access to, and the quality of, early childhood development and basic education with extended learning opportunities for all children, especially in disadvantaged and hard-to-reach communities. MDEF provides school supplies and materials direct to children (attending state, community and monastic schools) and funds capacity development for monastic and community teachers. UNICEF helps to strengthen the capacity of state education service delivery, especially through teacher training and township-

⁹ A common position, once agreed, is binding on all EU states who must follow and defend the policy.



level planning and management. Donors have to date been restricted in their ability to fund these activities. Australia's expanded mandate to focus on capacity building will be implemented through the second phase of MDEF, due to start in 2012.

Since 2006, MDEF has improved access to education for more than 609 000 children in 4046 primary schools in 25 townships. This coverage represents roughly 10 per cent of primary schools in Burma. Around 918 000 children have received essential learning packages to support their schooling, and school environments have been improved—including school sanitation through the installation of 5700 sanitary latrines in 1222 schools. More than 239 000 children received early childhood development opportunities. A Child Friendly School Study conducted in May 2010 found 76 per cent of target children entering grade one are continuing to the final grade of the primary cycle (five), compared to 62 per cent three years earlier. The year saw steady progress towards results with the strengthening of head masters, teachers and partners' capacity to improve quality of service delivery in schools. The year also marked the end of the 2006–10 UNICEF country programme and the preparation of the next country programme for the period 2011–15.

Despite its many achievements and primary school coverage, MDEF's impact is limited, in part because donors have had restrictions placed on the breadth of their work across the sector by the Burmese government. However, we believe the improving political situation in Burma will provide opportunities to engage more broadly with both the formal and monastic school system in the coming year. Australia will take a lead role in education. Funding for capacity building for Burmese teachers and education officials at township levels will complement UNICEF's work.

A full re-design of multi-donor support to UNICEF in the education sector is underway, including identifying where improvements can be made. AusAID is contributing to this design by funding two international education experts and participating throughout the in-county mission and design formulation. The design process will analyse how to involve international NGOs in implementing the multi-donor fund and will provide options for donors to support capacity building, including teacher training.

Australia also provided direct grants to three NGOs—the Burnet Institute, Save the Children and World Vision—to implement education projects in the Irrawaddy Delta following Cyclone Nargis. These NGOs have so far helped 3435 children attend early childhood care and development centres and provided 4911 children with schools supplies. While UNICEF is the only partner with large-scale access into the formal education sector in Burma, international NGOs play a niche role in early childhood development, monastic and community education. Donors are encouraging UNICEF and NGOs to work together to design a comprehensive approach to education in Burma.

Objective 4: Improved food and livelihoods security

An estimated one-third of the Burmese population live below the poverty line and five million people do not have access to sufficient, safe, nutritious food to maintain a healthy and active life. Unfavourable economic policies, vagaries of weather, limited social cohesion and the marginalisation of some sectors of the population adversely affect livelihood opportunities and adequate access to food. More than 60 per cent of the Burmese population relies on agriculture for employment and income.

One way in which Australia is addressing food and livelihood insecurity in Burma is through contributions to the Livelihoods and Food Security Trust Fund (LIFT), a multi-donor fund operating across the country. Through our position on the LIFT Board, Australia is well placed to take a direct leadership role and influence food and livelihoods security. Since the beginning of 2010, LIFT has already delivered:

- > financial or in-kind support to 34 279 farming households to increase production (buffalo, power tillers, seeds, fertiliser, pesticides and capital)



- > technical training to 10 720 farmers, skills-based training to 12 556 people (31 per cent female) and 176 325 person days of work targeting landless and poor households to develop community-based infrastructure
- > grants to 5331 household to be used for income generation
- > grants to 5637 households with malnourished children (62 per cent female beneficiaries).

Australia also funds the Rakhine Rural Household Livelihood Security Project (2004–11), implemented by CARE, to meet the basic needs of vulnerable people in northern Rakhine State. A key success of the project has been Forestry Department certification for 2700 households (largely Rohingya and including 68 women-headed households) as the legal custodians of land for forestry plots, which are expected to provide a source of income for at least 30 years.

As part of the NGO cooperation program, Periodic Funding for Humanitarian Assistance to Burma, AusAID funds CARE to deliver the Southern Chin Livelihood Security Project (2007–11) in 62 villages in Mindat Township and 17 Villages in Rezua, Matupi Townships. The project is:

- > increasing cultivation of market potential crops and livestock and creating links among market stakeholders
- > increasing agricultural production by introducing new crops and improving varieties and technologies
- > establishing village savings and loans associations to support new income-generation opportunities
- > improving household hygiene and malaria prevention
- > supporting community-based organisations to facilitate and mobilise community activities.

Achievements for the target areas include:

- > a 26 per cent reduction in the incidence of landlessness and land-poverty
- > year-round access to clean water for 91 per cent households.

AusAID also supports the World Food Programme to provide food assistance to meet immediate needs, improve the nutritional status of targeted women, girls and boys and to re-establish the livelihoods of vulnerable populations by increasing education levels, improving market opportunities for small farmers and building the capacity of development partners.

To implement Australia's four-year, \$20 million commitment to livelihoods and food security in Burma, AusAID expects to continue contributing to LIFT and supporting World Food Programme and NGO programs. AusAID will also work with The Australian Centre for International Agricultural Research to build agricultural expertise and help farmers improve their crop yields.

Objective 5: Addressing the needs of vulnerable people

Achievements against this objective are particularly difficult to measure and further consideration will be given to how best to represent and measure them during the development of the country performance framework for Burma.

Many vulnerable people inside Burma and on its borders face threats to their safety and dignity. They require assistance and protection from harm. The human rights situation is dire and years of state neglect have impacted negatively on most of the population. Some groups are especially vulnerable, including ethnic minority groups, internally displaced people, refugees, people with disabilities, children and women. A number of the programs Australia funds to support vulnerable people in Burma are discussed throughout this report. In

Thai-Burma border

Ethnic-minority populated parts of Burma have been affected by armed conflict since Independence in 1948 and refugees have been fleeing from Burma into Thailand seeking asylum for more than 26 years. Ten refugee camps are located along the Thai side of the Thai-Burma border which house around 140 000 Burmese refugees. The camps are highly dependent on support from the international community. Continued low-level armed conflict in the border areas has maintained the need for the camps.

In 2010 support along the border was provided through the Thailand Burma Border Consortium, Australian NGOs and Australian volunteers. Along with support from other donors, the consortium provided humanitarian services including basic food supplies (such as supplementary feeding for particularly vulnerable refugees and provision of nursery school lunches for children under five), emergency shelter, and basic non-food items (such as cooking fuel, pots, clothes and blankets) to all refugees living in the camps. Local community organisations in Thailand were supported through Australian NGOs to provide basic health care, promote women's equal participation in decision making, raise awareness of issues of sexual and gender-based violence and provide skills training for women. Nine Australian volunteers were placed with various organisations along the border to work on health and governance issues.

Towards the end of 2010 Australia broadened the number of international NGO partners we work with and tripled our assistance to the needs of those living along the border. Arrangements are governed by multi-year agreements which help provide continuity planning of assistance and continued support for the basic needs of refugees. This longer-term funding is also used to build the capacity of refugees and displaced people to become self-reliant by developing and using their own resources. This includes, skills training for healthcare workers to support health care at the Mae Tao Clinic and vocational training in three refugee camps to provide livelihoods opportunities.

Juvenile justice

The situation of vulnerable children in Burma remains volatile, with the declining socio-economic situation resulting in a deterioration of services for children. Children in poor families are often the first to suffer, finding themselves in extreme conditions and exposed to exploitation, neglect, physical and emotional abuse. Australia has supported UNICEF since 2005 to enhance knowledge, skills, practices and procedures on juvenile justice, child protection and social work to contribute to a strengthened protective environment for children (including children in conflict with the law, child victims and witnesses).

Key achievements in 2010 included further strengthening the juvenile justice sector through continued capacity building of the police force and Supreme Court; establishing two juvenile courts in Rangoon and Mandalay; providing legal aid to children and families in contact with the law (children as victims, offenders and witnesses); setting up community based child protection and referral systems for complicated child protection cases; and strengthening coordination between key agencies on child protection.

Program-wide initiatives

Emergency responses

Burma is a country prone to natural disasters. In 2010 Australia supported humanitarian responses to disasters and AusAID expects to continue this part of the Burma program in coming years.

Cyclone Nargis



The \$66.7 million Association of Southeast Asian Nations Australian Development Corporation Phase II (2008–15) capacity building program supports the Association of Southeast Asian Nations to implement its economic integration policies.

The Asia Regional Trafficking in Persons Project—a \$21-million, five-year initiative, contributes to stopping human trafficking by building the capacity of government criminal justice agencies, strengthening national law enforcement, judicial and prosecutorial functions, and encouraging bilateral and regional cooperation.

The HIV/AIDS Asia Regional Program (2007–15) is a \$19.3 million program concerned with reducing the spread of HIV associated with drug use among men and women in the South East Asia region. Within Burma, the Program operates in 10 sites.

Scholarships

As part of the 2011 academic year scholarships pilot program, 10 postgraduate students started study at Australian universities to gain knowledge and skills they can transfer to their country once they have returned home. This includes strengthening essential service delivery. In future, topics of study will be more closely aligned with the Burma program sectors of health, education and food security.

Program quality

This is the first Development Cooperation Report for Australia's aid program in Burma. Australia relies on the performance management systems that implementing partners have in place and AusAID's internal quality assessment system to measure and evaluate all monitorable activities.

Table 6 provides the quality rating scores for the program's six main activities. These scores have been derived from findings of implementing partners and AusAID. Overall, the quality ratings are reasonable given the difficult working environment in Burma. Activities implemented in 2010 were relevant to the needs of the Burmese people and priority development outcomes were aligned with the objectives and priorities of the Ministerial Statement. Also, objectives for specific activities were clearly defined and highly relevant to addressing essential needs.

The efficiency scores demonstrate that the Burma program has been efficiently delivered and in a timely manner. Implementation progress is tracking well, meeting key milestones and operating within budget. Despite being complex to set up, multi-donor funds have proven to be an efficient way of delivering aid in the challenging circumstances of Burma. Results demonstrate it is possible to deliver quality aid in spite of a constrained operating environment.

Monitoring and evaluation scores show that insufficient attention has been paid to collecting and assessing performance information and this limits the programs' ability to demonstrate aid effectiveness. Undertaking rigorous evaluation has been difficult because of a lack of reliable national data and socio-economic statistics in Burma. Also, the absence of a performance assessment framework for the program has resulted in a reliance on the monitoring and evaluation efforts of the multi-donor fund or implementing partners.

Table 3: Quality at implementation ratings against the six main activities of Australia's aid program in Burma

Initiative name	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality
Rakhine Rural Household Livelihood Security	6	4	5	5	4	5
Three Diseases Fund 2	6	5	5	5	4	5
UNICEF Improving Access to Quality Basic Education	5	3	4	2	3	3
Livelihoods and Food Security Trust Fund	5	3	5	3	2	2
Improving Access to Maternal and Child Healthcare	5	4	3	5	3	4
Cyclone Nargis Water, Sanitation and Hygiene	5	4	4	4	4	3

As the program focus shifts to a longer-term perspective, rigorous monitoring and evaluation systems will become even more important. The program will work with fund managers and implementing partners to improve the usefulness of performance reporting and ensure the type of information and quality of evidence satisfies all donor partners.

Across the activities, sustainability received a moderate rating. Truly sustainable development outcomes may be difficult to achieve in Burma, particularly given the limited investment in social sectors by the Burmese authorities. Attention to sustainable long-term development outcomes will continue to become more meaningful as Australia's aid program in Burma transitions to broader development outcomes. Strategies for sustainability and how this will be measured in the Burma program will be identified through the upcoming development of the performance assessment framework document.

Although the situation for women continues to improve in Burma, with greater opportunities in education and better access to health care, the quality rating for gender equality is mixed across the program. Concerted effort is still needed to overcome the persistent challenges faced in reducing the vulnerability of women and girls to poverty, gender-based violence and human-trafficking.

Next steps

The coming years are expected to bring significant political and social change in Burma. AusAID is well-positioned to support reform in a dynamic political environment, and also to provide a long-term program of service delivery in health, education and livelihoods to secure sustainable outcomes for the poorest in Burma. The program will continue to transition from a primarily humanitarian approach to a significantly increased program with a focus on long-term development outcomes. Education will be the flagship program of our bilateral assistance.

At the Agency level, AusAID is re-positioning itself to deliver the Australian Government's response to the Independent Review of Aid Effectiveness. The Burma Program is part of this and is developing clear strategic directions and results-based performance frameworks. We will implement fewer, bigger programs that will focus on the three priority sectors in Burma—basic education, maternal and child health, and sustainable economic development. The program as a whole will also be designed to support the reform process as it unfolds in Burma, through assistance to both civil society and to emerging democratic institutions.

We will continue to support humanitarian relief, in particular on the Thai-Burma border; and will work with UNICEF to protect children through reform of child welfare laws, through rights training for government officials, and through providing a safe, inclusive environment in the schools we support. AusAID will undertake a gender stocktake to ensure the program



has a measurable impact on equality and women's empowerment. Mothers will directly benefit from our program in maternal and child health, and more girls will be encouraged to attend school through our basic education program. Women will also be key beneficiaries of our livelihoods program, in particular through targeted microfinance loans.