



**Australian Government**  
**Department of Foreign Affairs and Trade**



# **AID PROGRAM PERFORMANCE REPORT 2017-18**

Myanmar

September 2018



## KEY MESSAGES

This report summarises the performance of Australia's aid program in Myanmar from July 2017 to June 2018 against the Myanmar Aid Investment Plan 2015-2020 (AIP). It also reflects on the implementation of Australia's Foreign Policy White Paper objectives in Myanmar.

In 2017-18, Australia provided \$84.2 million in development assistance to Myanmar. Our aid was delivered in line with the three objectives of the Myanmar AIP: enhancing human development through education; promoting peace and stability by supporting Myanmar's nationally-led peace process and providing humanitarian assistance to conflict-affected and displaced communities; and promoting inclusive economic growth and government management.

The performance of Australian aid in Myanmar was mixed in 2017-18. Our core investments in education, rural livelihoods and humanitarian assistance met or exceeded performance targets. The three highest performing investments received around half of the bilateral aid allocation, demonstrating that funding followed performance. Overall, our education investments are on track and maintain a green rating. However, the operating environment in Myanmar has become more challenging. This has resulted in downgrading the performance ratings of two of the three objectives.

This performance assessment is set against the backdrop of the largest humanitarian crisis in our region, with around 900,000 Rohingya displaced to Bangladesh, and more than 530,000 in need in Rakhine State. Conflict in Kachin and northern Shan has increased during the reporting period, with over 100,000 people now displaced. The decision by the Myanmar Government to further curtail humanitarian access has resulted in increased unmet needs.

The crisis in Rakhine has diverted Myanmar's attention from ongoing democratic, economic and social reforms. The slowing of democratic and economic reform momentum, delays in the peace dialogue, and ongoing conflict made it difficult to achieve the results we expected. In this environment, reshaping our investments to better promote gender equality and women's empowerment has proved more difficult than anticipated, and has highlighted the need for concerted advocacy with particular investments.

Some key achievements attributable to Australian aid in 2017-18 include:

- improving the school learning environment for more than 10 million Myanmar students by providing grants to over 47,000 government and monastic schools
- providing stipends to 46,605 disadvantaged students (53.6 per cent girls) to enable them to continue their education
- delivering humanitarian assistance to 397,772 people (at least 44 per cent estimated to be women) in Rakhine, Kachin, northern Shan and on the Thai border
- increasing access to finance for 124,000 people, of whom 90 per cent are rural women.

## CONTEXT

Australia's equities in Myanmar's democratic, economic and social reform agenda have been seriously challenged by recent events in Rakhine State. In August 2017, violence in Rakhine State led to more than 700,000 people fleeing to Bangladesh, creating the region's current largest humanitarian crisis. Many more people are internally displaced in Rakhine, Kachin, and northern Shan states after years of conflict and outbreaks of violence. The security response in Rakhine underscored the continuing influence of the military on key areas of governance, and the fragility of Myanmar's democratic transition. While there have been some developments - including the conclusion of a tripartite agreement between Myanmar, UNDP and UNHCR in June 2018, the announcement of a Commission of Inquiry into events in Rakhine State, and Myanmar's acceptance of the UN Special Envoy on Myanmar - there has been no measurable change for Rohingya on citizenship and freedom of movement, and conditions in Rakhine are not yet conducive to returns from Bangladesh.



The Myanmar Government is continuing its complex political, economic and social reforms, albeit at a slower rate than hoped. The trial of two journalists in 2018 has called into question media freedom and perceptions of the rule of law in Myanmar. More positively, perceptions of transparency in government have improved: the most recent Corruption Perceptions Index from Transparency International scores Myanmar at 30 per cent better than before the current government took office.

Reforms to Myanmar's economy are ongoing. Myanmar's economy performed better in 2017-18 than 2016-17, and has maintained an average growth rate of 7 per cent over the past five years. However, growth levels have started to lose pace, and reform momentum slowed during the reporting period. Despite recent growth, Myanmar is developing from a very low base. Myanmar still has the second lowest GDP per capita in Southeast Asia, and most development indicators continue to lag behind regional neighbours.

The peace process is the Myanmar Government's highest stated priority. It is taking this forward by implementing the 2015 Nationwide Ceasefire Agreement (NCA) and encouraging non-signatory ethnic armed groups to sign the NCA and participate in the formal political dialogue. In 2017-18, implementation of the NCA and ongoing peacemaking efforts were complicated by ceasefire breaches, continued fighting between the military and non-signatories in the northeast of Myanmar, as well as shifting alliances among ethnic armed groups. Restrictions on the conduct of formal consultations by ethnic armed groups that have signed the NCA contributed to frustration and decreased trust in the peace process. Panglong Peace Conferences – expected six monthly – were repeatedly postponed during the reporting period (though one was held in July 2018). However, there were some signs of progress, with two new parties signing the NCA in February 2018.

Promoting gender equality and social inclusion is challenging in Myanmar. The term social inclusion is often linked to discussions relating to Myanmar's many ethnic groups, and discussion of gender equality are often deflected. Myanmar has conservative gender norms, which are often amplified in situations of conflict and displacement. Women's participation in political leadership is low by ASEAN standards. Female leadership in public sector management and business is limited – apart from a few high profile exceptions. Women's participation in formal peace mechanisms is also low. Myanmar's first legal framework for preventing and responding to violence against women remains unpassed after many years.

Building support for disability-inclusive development in Myanmar is also difficult. Remoteness, poverty, a lack of accessible infrastructure as well as attitudes combine to pose significant barriers for adults and children with disabilities. However, the passage of the Rights of Persons with Disabilities Law in 2015, with its focus on education and health access, job opportunities and accessibility, provides a basis for addressing barriers.

Myanmar is an important partner for Australia. A member of ASEAN, and bordering both China and India, it is significant to the implementation of Australia's Foreign Policy White Paper objectives, particularly the focus on the Indo-Pacific and the promotion of liberal democratic principles and rules-based norms. Australian aid is guided by the Myanmar Aid Investment Plan 2015-2020. The AIP identifies the overarching goal of Australia's aid program as supporting Myanmar's process of political, social and economic reform. Australian aid helps create an environment conducive to inclusive economic growth and increased trade by strengthening government capacity, promoting peace and stability, and supporting the development of an educated and competitive workforce. These activities complement and reinforce other elements of the bilateral relationship, including our growing trade and investment ties, support for human rights, and people-to-people links. For example, improvements to the business regulatory environment assist Australian and international business engagement in Myanmar, and our Australia Awards scholarships and New Colombo Plan scholars foster people-to-people links.

Our three bilateral aid objectives remain relevant and appropriate, but harder to deliver on in some cases. The operating environment is increasingly uncertain. To maximise the impact of Australia's development assistance to Myanmar, it is essential our aid program continues to respond to opportunities to support the reform agenda. Equally, continuing to strengthen connections between humanitarian, development and peace support is key to our success, as it will be these actions that will help build a more durable future for Myanmar. Our lack of traction in promoting gender equality and women's empowerment in Myanmar has

highlighted the need for a comprehensive gender strategy that clarifies our objectives and approaches to working with government, partners and others.

Australia remains deeply concerned about human rights abuses that have occurred in Rakhine State, and we have expressed these concerns directly to the Myanmar Government. We continue an approach that engages rather than isolates Myanmar. After decades of isolation, supporting democratic and economic reform and the nationally-led peace process is key to future stability and prosperity. On this basis, Australia has maintained a constructive development cooperation relationship with the Myanmar Government.

In 2017-18, Australia provided \$84.2 million in official development assistance (ODA) to Myanmar, an increase of 8 per cent on 2016-17. This was delivered largely through multi-donor trust funds, and is rigorously assessed to ensure it is effective, appropriate and compliant with safeguards. Australia's ODA to Myanmar equated to approximately 3.82 per cent of total ODA to Myanmar and 0.1 per cent of Myanmar's estimated gross domestic product. OECD statistics place Australia as the fifth largest bilateral donor to Myanmar, after Japan, the United Kingdom, the European Union, and the United States. Australian aid to Myanmar is entirely grant-based funding, whereas some donors provide a significant proportion of their ODA as concessional lending. Further, Australia's technical expertise, enduring engagement with government, and reputation as a constructive and pragmatic partner have enabled us to remain closely involved in key policy discussions with government and donors in areas of strategic interest.

## EXPENDITURE

Aid allocations against AIP objectives were largely unchanged in 2017-18. Humanitarian funding has been allocated under objective 2 in 2017-18, rather than regional and global flows as occurred in 2016-17. Further, the allocation to other government departments increased in 2017-18 due to the Australian Centre for International Agricultural Research (ACIAR) receiving its own budget appropriation for Myanmar research activities. ACIAR was previously funded through the DFAT-managed aid program.

**Table 1 Total ODA Expenditure in FY 2017-18**

	A\$ million	% of total ODA
Objective 1: Enhancing human development	21.7	25.8
Objective 2: Promoting peace and stability	25.3	30.0
Objective 3: Promoting inclusive economic growth and government management	9.3	11.1
<b>Sub-Total Bilateral</b>	<b>56.3</b>	<b>66.9</b>
Regional and Global	23.4	27.8
Other Government Departments	4.5	5.3
<b>Total ODA Expenditure</b>	<b>84.2</b>	<b>100.0</b>

## PROGRESS TOWARDS AIP OBJECTIVES

The performance of Australia's aid program is measured against the benchmarks and assessment framework detailed in the Myanmar AIP. While Australia's education investments under objective 1 continue to meet expectations, we assess that progress against objectives 2 and 3 is less than expected. This reflects the more challenging operating environment, particularly in light of the situation in Rakhine State. It also reflects the relative maturity of some investments and our expectation that results should move beyond outputs to intermediate or end-of-program outcomes. While there is some evidence of outcomes, the inconsistency across investments has resulted in amber ratings.

Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

	Previous Rating	Current Rating
Objective 1: Enhancing human development	Green	Green
Objective 2: Promoting peace and stability	Green	Amber
Objective 3: Promoting inclusive economic growth and government management	Green	Amber

**Green.** Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

**Amber.** Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## OBJECTIVE 1: ENHANCING HUMAN DEVELOPMENT



This objective was rated green in 2017-18 in light of Australia's contribution to improving school learning environments, enhancing teaching and learning practices, supporting disadvantaged girls and boys to stay in school, and strengthening government education policy development and oversight. All PAF indicators were met or exceeded.

Education continued to be the flagship of Australian aid to Myanmar, accounting for 39 per cent of bilateral development assistance in 2017-18. Our assistance is designed to improve access, completion and learning. Australia's investments support priorities identified in the Myanmar Ministry of Education's National Education Strategic Plan (NESP), including: reducing student dropouts from school; improving teaching and learning outcomes; and strengthening systems to assess and improve the performance and quality of education services. The reporting period aligned with the first school year of NESP implementation. Although Myanmar has significantly increased funding for education in recent years (from 0.7 per cent in 2011 to 2.17 per cent in 2018), resourcing remains low compared to Southeast Asian countries and will need to be increased to around 4 per cent to fully implement the NESP. The Ministry is relatively high performing; however, capacity constraints across the Myanmar Government limit progress.

Australia's support for education is consistent with Australia's Foreign Policy White Paper, which affirms that Australia will continue to work with Southeast Asian countries to promote peace and prosperity during a time of change. Our investments recognise that addressing barriers to quality education helps to build a peaceful and prosperous society and contributes to Myanmar's democratic transition.

Australia has a strong and collaborative partnership with the Myanmar Ministry of Education. This relationship enabled us to remain deeply engaged on policy reform and promote good practice across the education sector. We maintained our leadership role as co-facilitator of the Education and Vocation Training Sector Coordination Group, which is chaired by the Minister for Education. In April 2018, development partners endorsed Australia to continue in this role until October 2019. As part of our policy coordination role, we engaged closely with the Ministry of Education on its NESP commitment to inclusive access to quality education, including its approach in Rakhine State.

Australia's major education investment is a partnership between the Myanmar Ministry of Education and the World Bank, known as the Decentralising Funding to Schools Project (DFSP, \$10 million in 2017-18). DFSP



provided grants to schools to improve learning environments, benefiting more than 10 million students and their teachers across around 47,500 schools. By the end of the reporting period, 88 per cent of schools had developed school improvement plans, ahead of the 50 per cent target. In future years we will assess whether an improved school environment leads to better learning outcomes. School grants were disbursed to all of Myanmar's states and regions, including conflict-affected and/or hard-to-reach areas in Kachin, northern Shan and Rakhine. Following the crisis in Rakhine State, we worked closely with the Ministry of Education to enable grants to be disbursed as soon as schools reopened. The Ministry's willingness to seek advice on grant disbursement in Rakhine at a sensitive time highlights the benefits of our constructive and pragmatic approach.

DFSP expanded its stipends program to enable disadvantaged students to stay in school. In 2017-18, stipends were provided to 192,586 students (53.6 per cent girls) across all 18 states and regions – up from 158,247 in 2016-17 and almost doubling the target of 100,000 students. Of these, 46,605 can be attributed to Australian aid, exceeding the performance benchmark of 24,000).

To address the inexperience among Myanmar's teachers, Australian aid has increased its focus on the quality of teaching. DFSP implemented an in-service teacher mentoring program, which sees experienced teachers providing guidance and support during visits to schools. In 2017-18, 316 mentor teachers (64 per cent women) were engaged, trained and assigned to school clusters. This diversifies the workforce in male-dominated Township Education Offices. While this program is relatively new, early reporting shows evidence of improved teaching. For example, mentees increased their use of teaching aids and lesson planning, and improved cooperation between teachers.

Australia also supported pre-service teacher training through the Strengthening Pre-Service Teacher Education in Myanmar program (STEM, \$2.9 million in 2017-18). STEM supported the Ministry to complete a draft of Myanmar's first Teacher Competency Standards Framework - meeting the PAF target. This will improve the quality of teacher education and lead to improved teaching and learning. In 2017-18, STEM undertook two gender assessments and training needs analysis for pre-service teacher education, which will inform the program's direction.

Australia also supports Myanmar's long-established ethnic and monastic education systems through the Myanmar Education Consortium (MEC, \$2 million in 2017-18). These complementary education systems provide education to around 600,000 students. MEC recognises that inequalities in education, with its defining role in national identity, have long been seen as a driver of conflict.

In 2017-18, MEC continued to strengthen ethnic and monastic education systems and encourage steps towards an inclusive national education system. Specifically, MEC established new partnerships with four complementary education service providers: Mon National Education Committee, Karen Teachers Working Group / Karen Education Department, Kachin Education Consortium, and Monastic Education Development Group. In 2017, MEC supported successful policy dialogue between the Mon National Education Committee and the Ministry of Education. This covered important issues affecting learning in the classroom, such as language of instruction.

The education portfolio offers a practical example of how Australia is integrating humanitarian and development assistance in Myanmar, in line with international humanitarian commitments. In addition to funding MEC through the development program, Australia funds Save the Children through our Thai-Myanmar border humanitarian program. Through this work, education services for girls and boys in Thai refugee camps improved and the Myanmar Ministry of Education and ethnic education providers were better able to align teacher training and curriculum in the camp education system with that delivered in Myanmar. This illustrates Australia's efforts to support conditions conducive to refugee returns in southeast Myanmar.

In 2017-18, Australia launched the Myanmar Education Quality Improvement Program (My-EQIP, \$1.5 million in 2017-18) to help the Ministry of Education strengthen its policy and planning capability. Early implementation has been positive, with the Ministry dedicating additional resources to evidence-based policy and planning (meeting the performance benchmark). Support from My-EQIP has enabled the Ministry



to promote inclusive education policies. In 2017-18, there was inadequate attention given to disability inclusiveness across the education sector. However, My-EQIP commissioned a socio-demographic study of the education sector to guide disability and gender inclusion work with the Ministry; the findings will support an increased focus on social inclusion going forward.

My-EQIP has been responsive to Ministry requests for assistance, including by supporting the Ministry to develop a monitoring and evaluation framework for the NESP to support Myanmar's application to the Global Partnership for Education (GPE). This is helping Myanmar to leverage significant additional education grant funding through GPE, to which Australia is a major contributor globally. As a consequence of this responsive approach, My-EQIP is a partner of choice supporting the Ministry's research and policy needs.

The Australia Awards Scholarships program enabled high-performing Myanmar students to complete Masters-level programs in Australia. In 2018, Australia offered 51 scholarships to Myanmar students (61 per cent women; 2 per cent with disability), bringing the total to 281 since 2011. The priority areas of study for Myanmar are aligned with the AIP objectives.

The Australia Awards Scholarships continued to be highly regarded in Myanmar, including by the Minister for Education. Australia Awards are more inclusive than similar programs: the selection process includes affirmative measures to encourage people disability to apply; and we provide up to 12 months of English language training before deployment to ensure applicants with lower English language skills are not excluded.

The scholarships program helped to strengthen Myanmar government capacity. In 2017-18, 50 per cent of scholarships were focused on building government capacity, and there are a growing number of alumni returning to government roles. Within the Ministry of Education alone, seven alumni have completed their studies and returned the Ministry, five are currently studying, and five more will commence their studies soon.

Recognising the benefits for a long-term, strong relationship with and among our scholarship alumni, in 2017-18 we increased resourcing to the Australian alumni in Myanmar to facilitate alumni-led networking and support professional development activities.

## OBJECTIVE 2: PROMOTING PEACE AND STABILITY



This objective was rated amber in 2017-18 due to mixed performance across Australia's investments. Our humanitarian assistance met agreed performance targets, but an independent evaluation identified inefficiencies in our annual planning and funding cycle. Results for peace and democratic governance varied, underscoring the slowing momentum around reform and the uncertain trajectory of the peace process. On balance, we assess that an amber rating is most appropriate.

The Foreign Policy White Paper emphasises the importance of promoting peace and stability in our region, including by providing humanitarian assistance and broader support to address protracted crises. Australia's efforts to promote peace and stability in Myanmar encompass development assistance for peace and democratic governance, humanitarian assistance, and diplomatic engagement on human rights, humanitarian access, peacebuilding and democratic reform. In this challenging environment, we believe a holistic approach is most likely to yield positive results.

### Humanitarian

The humanitarian situation in Myanmar deteriorated sharply in 2017-18, with the displacement of more than 700,000 people from Rakhine State and increased fighting in Kachin and northern Shan States. The Myanmar-Bangladesh border is now the site of the largest humanitarian crisis in our region. The 2018



interim Humanitarian Response Plan for Myanmar estimates that approximately 863,000 people are in need of humanitarian assistance in Myanmar, in addition to 98,000 living in refugee camps on the Thai border. Around 660,000 of these people are in Rakhine State; most identify as Rohingya. The Rohingya community continued to depend on humanitarian assistance to survive, as severe restrictions obstruct their access to livelihoods and essential services. Humanitarian access in Rakhine, Kachin and northern Shan has been severely curtailed, resulting in increased unmet humanitarian needs. UN reports have highlighted widespread sexual violence in Kachin, northern Shan and Rakhine. Women and girls from ethnic or religious minorities remain especially vulnerable and often suffer multiple forms of abuse.

An independent evaluation of Australia's humanitarian assistance to Myanmar between 2014 and 2017 was finalised just prior to the outbreak of violence in Rakhine State. The evaluation found that Australia's assistance aligned well with the needs outlined in Myanmar's Humanitarian Response Plans, and that Australia had a reputation as a flexible and engaged donor that worked collaboratively with humanitarian actors to deliver effective aid. The evaluation recommended that Australia develop a multiyear humanitarian strategy to improve efficiency by enabling more targeted investment in fewer sectors and supporting humanitarian partners with multiyear planning. It further recommended Australia be proactive and support humanitarian partners to mainstream protection, gender equality, disability inclusion and accountability to affected populations.

Australia also commissioned a review of Australia's humanitarian assistance to the Thai-Myanmar border during the reporting period. This review found that Australia's assistance was effective and appropriate, but noted competing humanitarian priorities in other parts of Myanmar. The review recommended that Australia further strengthen links between humanitarian assistance in the Thai camps and development activities in southeast Myanmar, to support voluntary returns.

In 2017-18, Australia provided humanitarian assistance to 397,772 women, men, girls and boys (83,709 women; 106,514 men; 4,071 people with disabilities; remainder not disaggregated by partner reports). This exceeded the performance benchmark of 250,000 and reflects the increased humanitarian need – particularly in northern Rakhine State. Our assistance was delivered through international humanitarian partners and local organisations. The Red Cross Movement (\$4 million in 2017-18) – the only international actor with access in northern Rakhine following the August 2017 crisis – provided protection, food, water, health care and cash to around 150,000 people and helped to reunite separated and unaccompanied children with their families. The Myanmar Humanitarian Fund (MHF, \$3 million in 2017-18) increasingly delivered assistance through local non-government organisations. In 2017-18, 41 per cent of the \$11 million MHF fund was delivered by local partners, well ahead of the global (and PAF) target of 25 per cent.

Australian humanitarian assistance continued to focus on protection and the particular needs of women and girls. Through UNFPA (\$1 million in 2017-18), Australian aid helped provide a holistic approach to supporting survivors of sexual and gender-based violence and promoting sexual and reproductive health. UNFPA provided health care and counselling to 212,885 women and girls in Rakhine, Kachin, Shan, Mon and Kayin States, exceeding the target of 98,180. Of this total, services to 59,608 women and girls can be attributed to Australian aid (against PAF target of 27,490). UNFPA also trained 1943 security personnel and justice officials in how to prevent and respond to sexual and gender-based violence. This included a session on masculinity and the exercise of power, which heightened law enforcement officers' understanding of how male officers are perceived by survivors of gender-based violence.

With Australian funding, the Danish Refugee Council conducted the first ever disability survey in Rakhine internally displaced persons (IDP) camps, where approximately 129,000 people have resided since 2012. This survey documented the barriers facing people with disability in IDP camps, and the findings have been adopted by all camp service providers to ensure services are more disability-inclusive.

Australia contributed to strengthened coordination and ongoing reform within the humanitarian system in Myanmar, through: membership of the Myanmar Humanitarian Fund Advisory Board; our contribution to pooled funds, in line with Grand Bargain commitments; and efforts to better connect humanitarian and development stakeholders and programs.



The lack of humanitarian access across Myanmar made operations difficult. With the exception of ICRC, all of Australia's humanitarian partners lost access to northern Rakhine from August 2017 and were unable to recommence operations outside urban centres for the remainder of the reporting period. This underscores the value of working through nationwide humanitarian appeals implemented by international actors such as the Red Cross Movement, UNHCR, and the MHF. Such an approach enables partners to respond flexibly and reorient activities where access allows. But our experience in the reporting period again reaffirmed the need to develop multiyear commitments for humanitarian partners working in protracted crisis settings, to enable more effective aid delivery and increase efficiency. Work is now underway to develop a multiyear humanitarian strategy for Myanmar and the Thai border that implements evaluation recommendations and responds to recent developments.

## **Peace**

Australia continued to support Myanmar's nationally-led peace process through the multi-donor Joint Peace Fund (JPF, \$2 million in 2017-18). In 2017-18, JPF has been responsive to the needs of negotiating parties, providing grants to government, signatory ethnic armed groups, and non-signatory ethnic armed groups so they can prepare for and engage with peace negotiations and dialogue. JPF has also provided support for the important and highly sensitive area of security sector reform. While JPF implementation has been slower than expected, continued collaboration between the military, civilian government and ethnic armed groups supports the foundation for future discussions.

Australian aid supported the effective operation of Joint Ceasefire Monitoring Committees (JCMCs) - a key component of implementing the Nationwide Ceasefire Agreement. The JCMCs are functioning at state and region level, bringing together civilian government, the military and ethnic armed groups to jointly resolve breaches of ceasefire agreements. JPF provided significant financial and technical support, contributing to the JCMCs' resolving more than 70 per cent of complaints. The Paung Sie Facility (PSF, \$2.2 million in 2017-18) also supported greater civilian engagement with the JCMCs, which resulted a woman being included in the Bago regional JCMC for the first time.

Progress on increasing women's participation in the peace process was modest. Discussions with ethnic armed groups highlighted the growing recognition of the importance of women's participation in the peace process. A review of the PSF Gender, Peace and Security Window found that it is an innovative funding mechanism supporting sub-national organisations to advocate for women's involvement in the peace process. These organisations would otherwise have limited or no access to funding. While a number of PSF-funded organisations set gender quotas for participation and civil society activities to engage women in the peace process expanded, there was little evidence of progress on the inclusion of women during the reporting period. Therefore, the performance benchmark on women's participation in the peace process was only partly achieved.

A mid-term evaluation of PSF was finalised in August 2017. It found that 85 per cent of partner organisations credited PSF with increasing their capability to engage in the peace process. The evaluation also recommended PSF improve monitoring and evaluation and focus its efforts on social cohesion, to ensure clear delineation with the work of JPF. PSF has taken action on these recommendations, including by focusing on social cohesion and revising its performance framework. This focus on social cohesion is key to creating underlying conditions for enduring peace.

## **Democratic governance**

Australia supported the Myanmar Union Electoral Commission (UEC) and civil society groups to promote inclusive participation in electoral processes. With assistance from the International Foundation of Electoral Systems (IFES, \$1.09 million in 2017-18), the UEC drafted a Strategic Plan and prepared for political party and civil society consultations. Such consultation is atypical in Myanmar, and this effort demonstrates increased commitment to transparency and inclusiveness. Despite this, progress on electoral legal and regulatory reform was less than expected against the PAF indicator. While the UEC conducted internal consultations and sought technical advice on legislative reform, key reforms were delayed.



Although momentum for electoral reform waned, IFES stepped up its focus on helping marginalised groups participate in the political process and engage with election officials. The She Leads program trained 249 women on the electoral process, and introduced new training for young women in conflict-affected areas. The Myanmar Independent Living Initiative designed inclusive civic education training and delivered it to 20 participants from traditionally marginalised communities, such as women, persons with disabilities and the LGBTQ community. And a new campaign to increase electoral participation reached 1,185 first time voters (58 per cent women) in its first year, including in ethnic areas.

Australia contributed to UNDP’s governance program (\$2.6 million in 2017-18), recognising the importance of strengthening democratic institutions to support Myanmar’s reform. Australian aid promoted the rule of law and access to justice, training 227 law and justice officers (58 women) and supporting four Rule of Law Centres across Myanmar. UNDP helped the Myanmar Union parliament to strengthen its committee processes to promote contestability, accountability and good policy making. In 2017-18, preparations for the first parliamentary inquiry commenced. The subject of the inquiry – plastic pollution – was agreed by both Houses of parliament, and the inquiry is scheduled to commence in August 2018. Progress against the PAF indicator is as expected at this stage.

Australia has been at the forefront of parliamentary training and mentoring in Myanmar. Staff from the Australian Parliament’s Representatives Committee delivered training on committee processes and machinery of government, and a small group of senior Myanmar parliamentary staff visited the Victorian and New South Wales parliaments in December 2017 to learn about parliamentary rules and procedures. Myanmar’s continued interest in Australia’s democratic institutions and practices is mutually valuable at this critical juncture in Myanmar’s development.

Australia funded the International Women’s Development Agency (IWDA, \$0.2 million in 2017-18) to facilitate a successful mentoring program between six Myanmar women parliamentarians and Australian women MPs. This included a visit to Australia in 2017, where the Myanmar parliamentarians had an opportunity to meet with their mentors and see the Australian parliament in operation.

The regional Australia-Asia Program to Combat Trafficking in Persons (AAPTIP) continued to support the criminal justice response to trafficking in persons (TIP) in ASEAN. In Myanmar, AAPTIP worked with the Myanmar Police Force to improve investigations of transnational labour trafficking and trained Myanmar prosecutors in victim-centred interviewing practice and TIP principles. AAPTIP also engaged with civil society in Myanmar on projects to increase the effectiveness of protection and support of TIP victims, providing advice on their rights as they navigate the criminal justice system. Over 200 victims were reached through the project, and many of them were referred by police investigators trained by AAPTIP.

At the regional level, AAPTIP supported cross-border cooperation on TIP between the Myanmar Police Force and the Thai Department of Special Investigation and Royal Thai Police. This included facilitating cooperation between Myanmar and Thai anti-trafficking agencies on specific transnational cases, which has directly resulted in victim rescue and repatriation.

## OBJECTIVE 3: PROMOTING INCLUSIVE ECONOMIC GROWTH AND GOVERNMENT MANAGEMENT



This objective was rated amber during the reporting period. While our investments in rural livelihoods performed well, the results of our public financial management (PFM) investment were less than adequate. Further, our major private sector development investment met output-level targets, but there is insufficient



evidence that these outputs are contributing to higher level outcomes for Myanmar's economy. Given consideration to results and the relative size of each investment, we assess an amber rating is appropriate.

Australian aid is aligned with four of the twelve priorities outlined in the Myanmar's Government's Economic Policy: transparent and effective public financial management; promoting growth in agriculture; encouraging private-sector led growth by easing business regulation; and reforming the tax system. Within these policy settings, Australian aid is helping to create a legislative and policy environment that incentivises inclusive investment, trade and economic reform. We also promote women's economic empowerment and support partners to facilitate increased engagement between government, the private sector and civil society. In rural development, Australia is committed to increasing incomes and access to finance for rural households.

### **Private sector development**

Our major investment in private sector development is the Investment Climate and Competitiveness Program (ICCP, \$5.5 million in 2017-18), which is implemented by the International Finance Corporation (IFC). ICCP supported the drafting and passage of the Investment Law in 2015 and 2016. The mechanisms that underpin the Law provide a 'one stop service' for investors, which has made the conduct of business easier for local and foreign firms during the reporting period. In the last financial year, foreign direct investment was 25 per cent higher than in the previous year. In the reporting period, ICCP supported government to formalise an investor grievance mechanism to underpin the Investment Law, which is expected to provide further comfort to investors. However, there is still limited understanding of the Investment Law, investment rules and investment approvals process among stakeholders and local government.

ICCP also contributed to an improved business environment by delivering corporate governance training and developing a training program on the role of company directors, achieving the target for this performance indicator. During the reporting period, with ICCP support, six of Myanmar's largest and most influential companies established the Business Coalition for Gender Equality. These companies commenced internal gender assessments of their own workplace practices.

The regional Mekong Business Initiative supported the development of Myanmar's Companies Law, which was passed in December 2017 and provides greater clarity, security and stability for businesses. Importantly, the Companies Law promotes investment by allowing local companies to accept a high threshold (35 per cent equity) of foreign investment while still being classed as 'domestic entities'. Implementation of this Law commenced after the reporting period, so it is too early to assess what has changed as a result.

Despite these positive developments, Myanmar was ranked 171 out of 190 countries in the World Bank's Doing Business Index for 2017. This is a performance benchmark for the Myanmar aid program. The ranking is one place lower than in 2016, but still ahead of the 2015 baseline of 177. This reflects the complexity of economic reform, the delay between enacting legislation and improvements in the business environment, and capacity constraints within an inexperienced government.

While ICCP has met its output level targets during the reporting period, the extent to which economic reform progress can be attributed to ICCP is unclear. This points to shortcomings in the program logic and monitoring and evaluation framework. ICCP's efforts to integrate gender equality and empowerment of women throughout the program have been less than adequate, though the recruitment of a gender adviser and an increased focus on gender-related data collection during the reporting period are positive steps.

### **Rural development**

The Livelihoods and Food Security Trust Fund (LIFT, \$2.5 million in 2017-18) is the largest multi-donor financing mechanism in Myanmar, to which Australia is the third largest donor (contributing 5.9 per cent of total funds). LIFT continued its strong performance record in 2017-18: facilitating access to finance to more rural women and men; providing technical expertise to inform the Myanmar Government's agricultural policies; and continuing to leverage private sector investment in support of rural development.



In 2017, LIFT met or exceeded 29 out of 33 outcome indicators. Against the performance benchmark, Australian aid has enabled increased incomes to 47,535 households (6,526 female-headed households), which exceeds the target by 61 per cent.

LIFT's financial inclusion program continued to close the enormous gap between supply and access to financial services in Myanmar. LIFT partnered with a risk hedging facility to remove investors' risk of losses caused by currency fluctuations, with the aim of attracting foreign investment in Myanmar's microfinance market. LIFT's investment of US\$10 million, which paid hedging costs and fees, resulted in an additional US\$80 million in debt financing – a significant injection to the Myanmar market.

In total, LIFT's financial inclusion program now reaches 2.1 million clients in 16,211 villages across Myanmar. Access to finance for approximately 124,000 of these clients (90 per cent women) can be attributed to Australian aid, which is 22 per cent above the target. From 2017, this included IDPs in Rakhine (mostly Rohingya) and Kachin States who had previously been unable to access financial services. A review of the gender impacts of LIFT's financial inclusion program found that while increasing women's access to finance resulted in increased income and self-confidence, there was no discernible change in women's participation in community activities and decision-making. This highlights the cultural norms in community structures and the barriers to women's leadership.

LIFT has adjusted its approach in Rakhine following the mass displacement in August 2017. LIFT's projects in northern Rakhine have been suspended, while projects in central and southern Rakhine resumed after a short pause. In December 2017, LIFT called for proposals aligned with the Advisory Commission on Rakhine State's recommendations and focused on access to safe livelihoods and nutrition for all people in Rakhine. This is consistent with LIFT's increasing focus on working in fragile and conflict-affected parts of Myanmar.

In December 2017, with Australian encouragement, LIFT established a US\$2 million funding opportunity for disability-inclusive programming. LIFT anticipates the new funding will reach 150 villages and reduce the socio-economic vulnerability of around 2,000 households that include people with disability. While implementation did not commence in the reporting period, LIFT's decision to increase its focus on disability-inclusive programming is a positive sign.

The Australian Centre for International Agricultural Research (ACIAR, \$4.3 million in 2017-18) continued to collaborate with Myanmar research partners on increasing food production household incomes in the Central Dry Zone and Ayeyarwady Delta. This research developed new varieties of pulses that have 39 to 55 per cent higher yields than earlier varieties. The increased yield equates to a potential economic benefit of \$30 million over three years.

More than 10,000 rice farmers in the Ayeyarwady and Bago regions benefited from research on pre- and post-harvest management practices. This resulted in yield increases of more than 20 per cent, a reduction of 15 per cent in post-harvest losses. Taken together, these improvements delivered an average 30 per cent increase in income for the rice farmers. ACIAR's research also contributed to the new Ayeyarwady Fisheries Law, which was passed in April 2018. The Law improves efficiency by allowing community-based fisheries management of the leasable fisheries in the Delta area. Fisheries research has also highlighted the potential to increase rural incomes by farming fish in rice paddies.

The regional Grow Asia program complements these bilateral investments by supporting local agriculture partnerships and networks in Myanmar. Grow Asia supported the Myanmar Agriculture Network to revitalise its in-country operations and appoint a full time Secretariat. Membership of the network is now over 300, and Grow Asia has facilitated successful international networking and contract farming events to build value chains and share good practice on productivity, profitability and environmental sustainability. Grow Asia has also worked with the Myanmar Government and other ASEAN governments to draft guidelines on responsible investment in food, agriculture and forestry.

### **Public financial management**

Australia continued to support tax reform through our partnership with the World Bank. In 2017-18, the number of large taxpayers increased to 800 (up from 512 in the previous year) and the number of medium



taxpayers was 1,900 in the first year of tax self-assessment (data was not previously collected). A Small Taxpayer Office was also established during the reporting period. The World Bank reports Myanmar's tax to GDP ratio as 7.1 per cent for financial year 2017-18 – down from 8.71 per cent in 2015-16. Although year-on-year variations are common, it is likely that the end-of-program target of 10 per cent by 2018-19 will not be met.

Myanmar engaged positively with the Extractive Industries Transparency Initiative (EITI) during the reporting period. Reporting on public and private natural resource companies' production rates and contributions to tax and revenue for 2013 to 2016 was finalised and made public. This is a major step towards increasing the transparency of Myanmar's natural resources sector and improving accountable and robust public financial management.

Transparency and accountability in Myanmar's public finances was bolstered with the publication of the first subnational Citizens' Budgets for six Myanmar states and regions. The Asia Foundation's Myanmar Strategic Support Program helped Ayeyarwady, Bago, Kayin and Tanintharyi states to develop Citizens Budgets, and Mon and Kayah states independently published Citizens Budgets. All the Citizens Budgets included gender budgeting, reflecting different economic experiences of women and men. The use of sex disaggregated data in these budgets is helping Myanmar's governments to address those different needs in planning and budgeting decisions. The Union Minister of Planning and Finance openly endorsed the development of subnational Citizens' Budgets, encouraging other states and regions to follow suit. An Australian volunteer helped to make the Citizens' Budgets more accessible by preparing publications to raise awareness of public finances and budgeting.

## MUTUAL OBLIGATIONS

Australia provides aid to Myanmar under the Memorandum of Understanding (MoU) on Development Cooperation, which was signed in 2013. Our development investments are aligned with Myanmar's own sector priorities. High Level Consultations (HLCs) in Development Cooperation have been held twice since the MoU was signed; the next round of consultations is scheduled for 2018-19. Our bilateral engagement on development is best characterised as a traditional donor-recipient relationship, with discussion centred on Myanmar's requests for assistance rather than mutual obligations. Subject to the Myanmar Government's agreement, we propose to use the next HLCs to shift the conversation towards mutual obligations, including by sharing this report to stimulate a discussion on aid performance.

Mutual accountability is most advanced in the education sector, where aid coordination structures are functioning and the National Education Strategic Plan guides both government and development partner activities. For example, Australia has consistently encouraged the Ministry of Education to meet its NESP commitments around inclusive education. In the AIP, we committed to increasingly work within national systems. While our major education investments work closely with and through the Ministry of Education, the slow momentum on public financial management and governance reforms have paused our plans to explore sector budget support.

More broadly, Australia has supported the Myanmar Government's new (and complex) aid coordination structure. This is particularly evident in the education sector, where, as co-facilitator of the sector's leadership group, we have led efforts to reshape this coordination mechanism to meet the government's needs. During the reporting period, we engaged in the development of the Myanmar Strategic Development Plan, which is expected to guide development priorities for government and development partners once finalised.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

### Overview

While the performance information generated by our education investments and LIFT were high quality, overall our performance systems have fallen short of expectations in the reporting period. Only 33 per cent of Myanmar Aid Quality Checks (AQC) concluded that investment-level performance information was



adequate. Output-level information is broadly satisfactory, but outcomes have been more difficult for our partners to report on. This is partly due to the traditional, linear approaches used to measuring performance. The rapidly evolving context in Myanmar demands adaptive programming and performance measurement to effectively track progress, such as a strategy testing approach. We will look to incorporate such adaptive approaches into our governance, peace and humanitarian work to improve performance reporting.

DFAT also needs to clarify the line between Australia's aid contribution and Myanmar's development goals. As an early step, the Myanmar program updated the AIP performance assessment framework in 2018 to reflect existing investments and approaches. In 2019, we will assess performance systems as part of the review of Australian aid to Myanmar.

The Myanmar program has made progress on consolidation, but there is still scope for more. More than 90 per cent of portfolio funds are in high value investments over \$10 million. However, humanitarian and governance require further consolidation to realise efficiencies. The governance portfolio expensed \$3.6 million in 2017-18 across six activities. By comparison, our education portfolio expensed \$21.7 million through six activities. Continuing many small value investments in multi-donor pooled funds is resource intensive. The development of a governance strategy in 2018 will seek to strike a balance between efficiency and supporting a range of reforms.

The independent evaluation of Australia's humanitarian assistance to Myanmar was finalised in September 2017. All ten recommendations were accepted, and all have either been implemented or will be implemented as part of the multi-year humanitarian strategy being developed in 2018-19. Findings of the review of the STEM education investment informed phase two of the program, which commenced in 2018.

In 2018-19, we will finalise an evaluation of the Decentralising Funding to Schools Project. The evaluation has been conducted over a longer time period than originally expected to fit with the Myanmar school year and ensure a partnership approach. DFAT will also conduct an evaluation of economic governance investments and commission a review of Australia's support for the peace process, to inform the next phases of support.

To date, bilateral development priorities have not always been reflected in regional and global investments operating in Myanmar. To address this, we will engage early with ANCP and other investments to ensure policy coherence wherever possible.

The budget pipeline is firm and expenditure was well managed in 2017-18. While the AIP emphasises the need to be flexible and responsive to requests from government, our key governance investments are not designed to be adaptive to rapidly changing contexts and new opportunities. Ensuring we build flexibility into our investments, while maintaining a well-programmed budget pipeline, could be considered as part of the review of the Myanmar aid program in 2019.

### **Aid Quality Checks (AQC)s**

In 2018 the Myanmar program was required to complete 11 AQC)s. One investment has been granted an extension, and one was exempt from the process. Analysis here covers 8 AQC)s and 1 Humanitarian AQC).

Quality scores for most Myanmar investments have declined significantly against most criteria. In 2017-18, 78 per cent of investments were considered satisfactory on effectiveness, down from 100 per cent in 2016-17. Similarly, the satisfactory rating for efficiency dropped from 85 to 56 per cent. The difficulty our partners face working in Rakhine and other conflict areas is reflected in the scores – work in Rakhine state can be neither effective nor efficient with access and other restrictions in place.

Performance on gender and monitoring and evaluation was generally inadequate, with only 44 per cent of investments receiving a satisfactory rating on gender equality (down from 85 per cent in 2017). The difficult operating context has made reshaping our investments to better promote gender equality and women's empowerment more challenging than anticipated. Leveraging change to an investment that is already underway is difficult, especially when Australia is one partner on a large multi-donor investment. We are exploring ways to address this, including by developing a Gender Strategy for Yangon Post in 2018 and ensuring that all program reviews include gender and social inclusion advice. Although not formally rated, the AQC) process identified shortcomings in our ability to gain traction on disability inclusive development.

with our partners. Senior managers have agreed to increase technical assistance available for staff and implementing partners to mainstream disability inclusiveness, gender equality and empowerment of women and girls across all investments.

Despite the challenges, it is worth noting that the three highest performing investments receive around half of the bilateral allocation, demonstrating that funding follows performance and that the portfolio is managing risk. A table of AQC ratings is included in **Annex D**.

### Performance of key delivery partners

Australia’s aid program in Myanmar is unusual in its heavy use of grants-based funding. Almost all funding is delivered through multilateral partners and NGOs. This is a legacy of Myanmar’s isolation, when there were few commercial incentives for development contractors to establish a presence in Myanmar. In a first for the Myanmar program, DFAT engaged a contractor in November 2017 to manage implementation of an aid investment, My-EQIP. In 2018, the Myanmar program completed 9 Partner Performance Assessments: 7 for multilaterals; 1 for a contractor; and 1 for an NGO.

While working through multilateral partners helps manage risk and expands the reach of Australian aid beyond what we could achieve alone, the cost in some instances is a reduction in influence in decision-making. Our education partnership with the World Bank and our roles on the LIFT and JPF Fund Boards (both managed by UNOPS) offered good examples of multilateral partners engaging in policy discussions and decision-making with the Myanmar Government, Australia and other donors. UNOPS has been very responsive, and has effective systems to generate performance information.

Our engagement with other UN partners has been mixed. While we value our open and constructive relationship with UN agencies in Myanmar, there is a lack of coordination between UN agencies. UNDP proposed to expand into areas that would duplicate existing Australian-funded work, and has been less responsive to requests to strengthen its MEL systems and the integration of gender equality and social inclusion into its work. UNFPA’s leadership role on promoting women’s safety and protection has been impressive, as is their effort to bridge the humanitarian-development divide through the Women and Girls First program.

The World Bank Group continued to be our largest implementing partner in Myanmar. The education partnership remained strong, with the Bank engaging Australia in decision-making, providing guidance to the Ministry of Education, and promoting sustainability within the program. Our collaboration on public financial management was less positive. While the Bank’s reporting and communication with DFAT improved from late 2017, there are unresolved questions around strategic direction and program management processes that require attention. Program managers have undertaken frank performance discussions with partner organisations and this is already leading to changes in management and operational approaches.

## RISKS

**Table 3: Management of Key Risks to Achieving Objectives**

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)	Are these same risks in in Post’s Risk Register (Yes/No)
Further deterioration in Rakhine or elsewhere causes suspension of investments and undermines development.	Within a constrained operating context, the aid program has adapted support for Rakhine as opportunities arise.	Australia will continue to advocate for improved access to and conditions in Rakhine for all communities.	High	No
Australia loses influence with the Myanmar	Australia has largely favoured private	We will continue to express deep concerns	High	No

Government and is unable to engage effectively on reform.	representations on Rakhine and maintained engagement with the military.	while supporting development and reform to benefit Myanmar people.		
Lack of access to conflict-affected areas means we are unable to monitor and manage our aid investments.	We have consistently advocated for access and/or monitored investments through partners.	We will continue to seek access to monitor aid investments and consider alternatives as necessary.	Very high	No
Lack of technical advice reduces performance of investments.	A MEL adviser has supported education investments and a social inclusion adviser has provided support.	Expansion of MEL support will be considered; social inclusion adviser inputs are being doubled.	High	No

The risk profile for the program increased during the reporting period, largely due to the deteriorating humanitarian situation in Rakhine State.

## MANAGEMENT ACTIONS

Of the 20 management actions identified in the 2016-17 APPR, 8 have been achieved, 9 have been partly achieved, and 3 have not been achieved. This largely reflects the decision to reprioritise resources in response to the Rakhine crisis. A summary of progress on management actions is included at **Annex A**.

In 2018-19, Australia's aid program in Myanmar will pursue the follow **strategic** management actions:

- Review the Aid Investment Plan to guide development assistance from 2020 (January-June 2019);
- Shape investments to respond to emerging development and humanitarian needs, particularly in Rakhine State;
- Strengthen mutual accountability by discussing with Myanmar government officials the performance of Australian aid and ways in which Myanmar can help remove obstacles to delivery at High Level Consultations on Development Cooperation;
- Evaluate our economic governance investments to inform future programming decisions (August 2018 – February 2019);
- Finalise a Gender Equality Strategy to clarify objectives for gender equality and women's empowerment in the aid program and our diplomatic advocacy, and implement DFAT's Women in Leadership agenda;
- Finalise a Myanmar Humanitarian Strategy and seek multi-year funding for its implementation;
- Draw on global humanitarian partnerships to encourage humanitarian reform in Myanmar; and
- Finalise a strategy to guide and consolidate democratic and economic governance investments.

In addition, we will prioritise the following **operational** management actions:

- Increase technical support for monitoring, evaluation and learning, initially by expanding the scope of an existing MEL contract (August 2018);
- Consider developing investment-level MEL frameworks for governance, peace and humanitarian programs that allow for adaptive programming;
- Increase inputs from the Social Inclusion Adviser to assist program managers in mainstreaming gender and disability inclusive development into all investments (August 2018);
- Use Aid Management Meetings (AMMs) to review progress against APPR management actions; and
- Strengthen contestability by appraising investment proposals at AMMs.

## ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

### Management actions identified in 2016-17 APPR

#### Strategic objectives:

Assess how Australia's investments fit within and support the broader Australian Government's relationships with Myanmar

### Rating

Achieved

Australia continually assesses investments' fit and support through ongoing program management, and through the yearly aid quality reporting and program evaluations, to enable ongoing dialogue and relationships with Myanmar. A strategic review of investments in education was conducted in May 2018 and concluded the balance across the portfolio was appropriate and well-targeted.

Continue assessment of whether activities and modalities of support selected remain the most effective and efficient way to achieve objectives, including options to consolidate activities within AIP pillars where appropriate

Partly achieved

Consolidation of Australian aid program activities and modalities is an ongoing process. The upcoming assessment of Australia's economic and democratic governance approaches will form a Governance Strategy in early 2019. Adding to this will be the completion of the AIP review in early 2019 followed by a successor aid strategy in 2019-20.

Encourage continued engagement by the Myanmar Government on Australian aid funded investments, particularly for Government-led projects

Achieved

Australia continues its engagement with the Myanmar Government on Australian aid-funded investments across all three pillars of Myanmar's Aid Investment Plan. The education portfolio includes several excellent examples of successful Myanmar Government-led programs, including through Australia's ongoing investment in the DFSP and the ownership of My-EQIP within the Ministry of Education.

Support the capacity of Ministry of Education officials to provide effective leadership of My-EQIP

Achieved

My-EQIP commenced on 16 August 2016. Australia engaged a consultant to work with Myanmar's Ministry of Education to socialise My-EQIP, establish governance structures, and develop a My-EQIP work-plan of activities. Australia has since engaged an implementing contractor and government-led activities commenced at the end of 2017.

Consistently resource advocacy, activities, advice and monitoring of inputs to support Government and implementing partners to advocate gender equality and women's empowerment

Partly achieved

At the working level, we have consistently prioritised advocacy, activities and advice to strengthen gender equality and women's empowerment in our investments. Despite this, only 44 per cent of Myanmar AQC's had a satisfactory gender rating. Consistent deflection of discussions on gender equality in Myanmar meant reshaping our investments to better promote gender equality and women's empowerment has proved more difficult than anticipated.

Closely monitor Myanmar's peace process and humanitarian situation, and ensure support is responsive to changes

Achieved

Australia closely monitors Myanmar's peace process. Peace partners have been responsive, with the PSF increasing its focus on social cohesion and the JPF being responsive to requests, albeit during a period of relative stagnation for the peace process. Australia also closely monitors the humanitarian situation across Myanmar, including in Rakhine, Kachin/Shan States and on the Thai-Myanmar border. Australia has provided additional assistance to all these areas in 2017-18, notably additional resourcing to Rakhine State following the August 2017 crisis.

Assist Myanmar and partners to address Rakhine State's humanitarian and development challenges, including in response to recommendations of the Advisory Commission on Rakhine State

Partly achieved

The significant curtailing of initial access to Rakhine since August 2017 is making operations more difficult. However, Australia continues to provide humanitarian assistance in Rakhine through their partners on the ground, addressing the needs, while providing additional development assistance through its education program by increasing stipends. Australia continues to support and advocate the recommendations from the Advisory Commission on Rakhine State.

## Operational actions:

Finalise a Myanmar Humanitarian Strategy	Not achieved	The Rakhine State crisis diverted resources. The strategy was deferred to 2018 (July-December).
Implement agreed recommendations from a review of humanitarian assistance, including through advocacy for multi-year funding	Partly achieved	Australia has increased advocacy on policy priorities, particularly disability inclusion. Partners have subsequently given greater attention to disability inclusion in programming and reporting. Multi-year funding is yet to be realised, though we continued to explore opportunities.
Adopt a more consolidated humanitarian portfolio	Not achieved	We supported the same seven humanitarian partners in 2017-18 as we did in the previous year. Given the deterioration in humanitarian access in conflict-affected areas, it is appropriate to maintain this number of partnerships.
Assess peace funding, to ensure a correct balance of support directly to bilateral partners and through the Joint Peace Fund	Partly achieved	Australia adjusted funding for peace partners in 2017-18 to recognise changing mandates and momentum. We assessed that maintaining JPF funding was appropriate. A more formal review of Australia's peace support will occur in 2018-19 to shape the portfolio in future years.
Engage a managing contractor for My-EQIP to facilitate activity selection and commencement of implementation	Achieved	Australia selected a managing contractor in November 2017 with activities under My-EQIP commencing in December 2017.
Conduct a mid-term review of the Decentralising Funding to Schools project	Partly achieved	Australia has completed Phase I of the review, with Phase II, commencing in August 2018, completing the mid-term review. Australia is aiming to publish the results in November 2018.
Continue to address barriers for potential Australia Awards Scholarships applicants	Achieved	The Australia Awards Scholarships took steps to reduce barriers to inclusion. These included: flexible interview times; affirmative measures for people with disability; providing additional English language training, if needed; and accepting both hard copy and electronic applications.
Implement findings of analysis of support in the area of public financial management, to address issues of low disbursements and areas experiencing a lack of adequate progress	Partly achieved	Disbursement levels improved in 2017-18; however, program performance was mixed..
Continue support on the implementation of recommendations of an interim review of LIFT, including work towards developing government capacity and strengthening support for gender equality	Achieved	LIFT's increased focus on government engagement was evident in its collaboration on social and agricultural policies. Gender equality and women's empowerment was prioritised through revisions to their gender strategy and action plan, and by appointing a gender adviser.
Develop and consider future investments in rural development	Partly achieved	Development of next phase of LIFT underway and scheduled to commence in 2019. The next phase is to seek increased focus on people in conflict-affected areas.
Revise PAF indicators to reflect major new investments and progress already achieved, and add indicators for rural development	Achieved	The Performance Assessment Framework (PAF) is revised and updated.
Finalise a twin-track Gender Strategy for the Myanmar Program, with mainstreaming targets for all programs and policy objectives aligned with NSPAW	Not achieved	Constraints with competing work priorities has delayed the finalisation of the twin-track Gender Strategy until 2018-19.
Monitor Embassy staff resourcing to ensure allocation of responsibilities reflect priorities and workload, particularly at times when responding to a humanitarian crisis is required.	Partly achieved	The demands on staff managing the humanitarian portfolio remained high, particularly following the August 2017 crisis in Rakhine. Additional short term support was deployed to assist, and a locally-engaged position was created. Duties were redistributed to balance workloads; however, efforts to secure long-term additional humanitarian resources have been unsuccessful to date.

### Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## ANNEX B – PERFORMANCE BENCHMARKS

### Progress towards Performance Benchmarks in 2017-18

Aid objective	Performance Benchmark	Rating	Progress in 2017-18
Enhancing human development	Reduced drop outs and repetition of disadvantaged students	Achieved	The Decentralising Funding to Schools Project expanded its stipends program to enable disadvantaged students to stay in school. In 2017-18, stipends were provided to 192,586 students (53.6 per cent girls) across all 18 states and regions – up from 158,247 in 2016-17 and almost doubling the target of 100,000 students. Of these, 46,605 can be attributed to Australian aid.
	Improved education quality systems in Myanmar's Ministry of Education	Achieved	Early implementation of the Myanmar Education Quality Improvement Program has been positive, with the Ministry dedicating additional resources to evidence-based policy and planning.
Promoting peace and stability	People in need receive effective and appropriate humanitarian assistance	Achieved	In 2017-18, Australia provided humanitarian assistance to 397,772 women, men, girls and boys (83,709 women; 106,514 men; 4,071 people with disabilities; remainder not disaggregated). This exceeded the target of 250,000.
	Women supported through Australian aid are active in the peace process	Partly achieved	While a number of Australian-funded organisations set gender quotas for participation and momentum within civil society continued to grow, there was little publicly-evident progress on the inclusion of women during the reporting period.
Promoting inclusive economic growth	Contribute to an improved business environment	Not achieved	Myanmar was ranked 171 out of 190 countries in the World Bank's Doing Business Index for 2017. This is a performance benchmark for the Myanmar aid program. The ranking is one place lower than in 2016, but still ahead of the 2015 baseline of 177.
	Increased incomes of rural households	Achieved	Australian aid has enabled increased incomes to 47,535 households (6,526 female-headed households), which exceeds the target by 61 per cent.

**Note:**

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

## Performance Benchmarks for remainder of Aid Investment Plan

Aid objective	Performance Benchmark	2018-19	2019-20
Enhancing human development	Reduced drop outs and repetition of disadvantaged students	<i>48,000 students receiving payments; Ministry of Education (MoE) has selected two new townships in central/southern Rakhine for the stipends programs</i>	<i>7,200 basic education students in two new Rakhine townships receive stipends; 48,000 students in other townships</i>
	Strengthened policy formulation and oversight	<i>Demonstrated improvements in the quality, quantity, usefulness and reach of My-EQIP products across MoE</i>	<i>At least three instances of improved education quality outcomes contributed by the supply and demand of My-EQIP</i>
Promoting peace and stability	People in need receive effective and appropriate humanitarian assistance	<i>250,000 vulnerable women, men, girls and boys provided with humanitarian assistance in conflict and crisis situations (M/F)</i>	<i>250,000 vulnerable women, men, girls and boys provided with humanitarian assistance in conflict and crisis situations (M/F)</i>
	Women are effectively engaged in peace negotiations and dialogue	<i>Women supported through Australian aid are active in the peace process</i>	<i>Women supported through Australian aid are active in the peace process</i>
Promoting inclusive economic growth and government management	Contribute to an improved business environment	<i>Improvement in Myanmar's Doing Business Index ranking (171 in 2017)</i>	<i>Improvement in Myanmar's Doing Business Index ranking from 2018</i>
	Increased incomes of rural households	<i>30,680 households with increased income</i>	<i>31,860 households with increased income</i>

## ANNEX C - EVALUATION PLANNING

### List of evaluations completed in the reporting period

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
Humanitarian assistance to Myanmar covering multiple investments between 2014-2017	Review of Australia's Humanitarian Assistance to Myanmar	September 2017	September 2017	September 2017	December 2017

### List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Myanmar Decentralising Funding for Schools Project Evaluation	INL347 Decentralising Funding for Schools Project	October 2017	November 2018	To verify the performance of Australia's major education investment in Myanmar and its innovative financing and monitoring approaches, to inform future programming in education and with the Myanmar Government more broadly.	DFAT-led evaluation
Economic Governance, Private Sector Growth Evaluation	INL603 Supporting Reform, Improving Governance  INL739 Myanmar (Burma) Investment Climate and Private Sector	August 2018	February 2019	Assess modalities for Australian support to Myanmar's economic reforms	DFAT-led evaluation

## ANNEX D - AID QUALITY CHECK RATINGS

### AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
INJ135 Livelihoods and Food Security Trust Fund	\$29.00m 2009-19	2018 AQC	5	5	5	5	4	4	n/a
		2017 AQC	5	4	5	5	4	4	n/a
INK256 CARE Supporting Partnerships and Resilience of Communities (SPARC)	\$9.75m 2011-18	2018 AQC	5	1	4	3	3	4	n/a
		2017 AQC	5	4	4	4	3	4	n/a
INK588 UNICEF Child Protection Program	\$8.20m 2012-18	2018 AQC	4	4	4	3	5	3	n/a
		2017 AQC	4	5	4	4	5	3	n/a
INL347 Decentralising Funding to Schools Project	\$84.00m 2014-21	2018 AQC	6	5	5	5	5	3	n/a
		2017 AQC	6	5	5	5	5	4	n/a
INL603 Supporting Reform, Improving Governance	\$21.19m 2014-19	2018 AQC	5	4	3	3	4	3	n/a
		2017 AQC	5	3	4	5	5	4	n/a
INL739 Myanmar (Burma) Investment Climate and Private Sector	\$20.67m 2015-20	2018 AQC	4	4	3	3	3	3	n/a
		2017 AQC	4	4	3	3	3	4	n/a
INL920 Myanmar-Australia Peace Support program	\$29.23m 2016-19	2018 AQC	5	3	4	3	4	4	n/a
		2017 AQC	6	4	5	4	4	4	n/a
INM211 Myanmar Education Consortium (MEC) Phase II	\$35.50m 2017-20 *Reported in INK545	2018 AQC	5	4	3	3	4	3	n/a
		2017* AQC	5	5	4	4	4	4	5

## HAQC RATINGS (include if relevant)

Humanitarian response AQC's assess performance over the previous 12 months (ratings are not compared to previous years).

Investment name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Connectedness	Protection	Gender equality	Risks and Safeguards
INM027 Safety, Humanitarian & Women's Empowerment (SHWE)	\$30.03m 2016-18	5	4	3	4	4	5	4	n/a

## FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
INK149 ACIAR Multidisciplinary Research Program Burma	\$10.8m 2011-17	FAQC to be finalised in October 2018 due to late submission of final reporting.							

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

## ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

<i>Pillar 1: Enhancing human development</i>						
Sub-objective	Outcome	Targets				Data source/s
		2017-18	2018-19	2019-20	Baseline	
Improved school learning environment through expanded and strengthened government school grants program	Schools with school improvement plan aimed at learning outcomes that involved community participation	50 %	90 %	95 %	5 per cent had a school improvement plan (2014)	DFSP reporting, DLI 12
	Evidence that improved school infrastructure has led to better learning outcomes				N/A	DFSP reporting, program monitoring
Improved teaching and learning practices	Development of Myanmar Teacher Competency Standards Framework (TCSF)	Draft Myanmar TCSF prepared	Consultation completed and final draft ready for approval	TCSF approved and support provided for implementation	Myanmar has no TCSF (2017)	STEM reporting
Maintaining access to education for disadvantaged students	Increased numbers of students receiving stipends, with 50/50 gender split	24,000 students receiving stipend payments	48,000 students receiving payments; MoE has selected two new townships in central/southern Rakhine for the stipends programs	7,200 basic education students in two new Rakhine townships receive stipends; 48,000 students in other townships	0 (2014)	DFSP Results Area 1 DLI 13 and DLI 17  Australian attribution is 24 per cent of total

Strengthened education policy formulation and oversight	Improved education quality systems in Myanmar's Ministry of Education (MoE)	MoE provides resources to develop education quality information systems capacity	Demonstrated improvements in the quality, quantity, usefulness and reach of My-EQIP products across MoE	At least three instances of improved education quality outcomes contributed by the supply and demand of My-EQIP	Limited knowledge of M&E and how to generate information to shape policy (My-EQIP diagnostics)	My-EQIP reporting
	Instances of policy influence and institutional strengthening that lead to improved education management					Interviews with program managers

*Pillar 2: Promoting peace and stability*

Sub-objective	Outcome	Targets				Data source/s
		2017-18	2018-19	2019-20	Baseline	
People in need receive effective and appropriate humanitarian assistance	Vulnerable women, men, girls and boys are provided with humanitarian assistance in conflict and crisis situations	250,000 people (M/F)	250,000 people (M/F)	250,000 people (M/F)	235,313 (M/F) (2014-15)	Aggregate Development Results reporting, drawn from humanitarian partner reports
	Local partners deliver humanitarian assistance through the Myanmar Humanitarian Fund	25 %	25 %	25 %	Zero	MHF reporting

Increased access to information, services and justice for survivors of sexual and gender-based violence in conflict-affected areas.	Women and girls have access to gender-based violence services and sexual and reproductive health services.	27,490* women and girls	81,368* women and girls	TBC* women and girls	8,500 total women and girls (May 2017)	UNFPA Women and Girls First program reporting (*Australian attribution currently 28 per cent of total)
Governments and non-state actors are effectively engaged in peace negotiations and dialogue	Partners are responsive to negotiating parties' requests for technical support				N/A	JPF, HD, PSF
	Women supported through Australian aid are active in the peace process.				Women play a very limited role in formal peace negotiations	PSF Gender, Peace and Security Window
Capacity of key democratic institutions strengthened	Strengthened Parliamentary committee processes	Parliament agrees to first parliamentary inquiry	First parliamentary inquiry conducted	Increased MP competencies and confidence to undertake a committee inquiry	No parliamentary inquiries conducted (2017)	UNDP country project reporting
	Strengthened Union Electoral Commission (UEC) capabilities	Evidence of progress on electoral legislative and regulatory reform			Electoral legislation and regulation is generally weak	IFES reporting, program reports
<b>Pillar 3: Promoting inclusive economic growth</b>						
Sub-objective	Outcome	Targets				Data source/s
		2017-18	2018-19	2019-20	Baseline	
Contribute to an improved business environment	Myanmar's improved ranking in the Doing Business Index	169 (ranking)	Improvement on 2017 ranking	Improvement on 2018 ranking	177 out of 190 (2015)	World Bank Group annual DBI
	Improved corporate governance	Two corporate governance trainings completed;	Institute of Directors inaugurated; corporate governance practices assessment tool developed and piloted	Myanmar Directors training program rolled out	0	ICCP reporting (DFID BSP output indicator 1.4)

		'The Role of Directors' training program developed	with the Myanmar Securities and Exchange Commission; Ring the Bell for Gender Equality initiative held.			
Increased incomes of rural households	Households in target locations increase incomes	29,500* households	30,680* households	31,860* households	9,086* households (2015)	LIFT PO 1.1 LIFT Household Survey (*Australian aid attribution = 5.9 per cent of total)
Increased access to adequate and affordable financial services by smallholders and landless	Households in target locations have increased access financial services	103,250* households (M/F head of household)	118,000* households (M/F head of household)	129,800* households (M/F head of household)	74,930* households (M/F head of household) (2015)	LIFT Pr 4.2 LIFT Annual Reports (*Australian aid attribution = 5.9 per cent of total)



# APPENDIX 1: 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT INFOGRAPHICS

 <p><b>1 NO POVERTY</b></p>	End poverty in all its forms everywhere	 <p><b>10 REDUCED INEQUALITIES</b></p>	Reduce inequality within and among countries
 <p><b>2 ZERO HUNGER</b></p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	 <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>	Make cities and human settlements inclusive, safe, resilient and sustainable
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	Ensure healthy lives and promote well-being at all ages	 <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	Ensure sustainable consumption and production patterns
 <p><b>4 QUALITY EDUCATION</b></p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	 <p><b>13 CLIMATE ACTION</b></p>	Take urgent action to combat climate change and its impacts
 <p><b>5 GENDER EQUALITY</b></p>	Achieve gender equality and empower all women and girls	 <p><b>14 LIFE BELOW WATER</b></p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	Ensure availability and sustainability management of water and sanitation for all	 <p><b>15 LIFE ON LAND</b></p>	Protect, restore and promote sustainable use of terrestrial ecosystems
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	Ensure access to affordable, reliable sustainable and modern energy for all	 <p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p>	Promote peaceful and inclusive societies for sustainable development and provide access to justice for all
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment	 <p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>	Strengthen the means of implementation and revitalise the global partnership for sustainable development
 <p><b>9 INDUSTRIE, INNOVATIE EN INFRASTRUCTUUR</b></p>	Build resilient infrastructure, promote inclusive and sustainable Industrialisation and foster innovation		