Aid Effectiveness in Burma/Myanmar: Study on Development Agency Perceptions

Adaeze Igboemeka

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EXECUTIVE SUMMARY

1. This report is aimed at providing a better understanding of development partners’ perceptions on aid effectiveness in Burma/Myanmar in order to begin to gather evidence that will substantiate the issues raised. The study was conducted by interviewing development agencies in Yangon and in Bangkok by telephone over a five-day period and by reviewing relevant literature related to aid effectiveness in Burma/Myanmar. The framework for discussion was based on the DAC Aid Effectiveness Indicators (see Annex 1) and the DAC Principles for Development Effectiveness in Fragile States (see Annex 2).

2. There is not a clear consensus at present on what more effective aid would be or on the objectives for aid effectiveness. The differing views illustrate the diverging mandates, policies, and relationships with government of the various international actors. There was consensus however on the most significant constraints to aid effectiveness: the highly politicized context, the highly restricted space for assistance, an atmosphere of secrecy and self-censorship, limited financial and human resources, and weak capacity, and the lack of reliable data. While the debate on AE is clearly in its nascent stages, respondents did have a strong understanding of the concepts and objectives of the global agenda.

Ownership and alignment
3. In Burma/Myanmar where government legitimacy is internally and externally contested, the objectives of ownership and alignment become problematic for many donors. Development agencies had divergent views on whether they could or should work on ownership and alignment at all, and if so what was possible. There were stakeholders who saw alignment with government priorities as crucial for supporting poverty reduction and possibly catalyzing broader policy changes. Ownership and alignment were seen as closely linked to assistance space. It was suggested that developing a robust understanding how changes in assistance space take place and then developing strategies for expanding space are crucial. Further a strong understanding of government policies and legislation presents the opportunity to build on what already exists to benefit poor communities and to push for wider issues. The Education for All Action Plan and Myanmar Millennium Development Goal Report were cited as key strategic opportunities where donors could align with the government to support internationally credible development objectives.

Harmonisation
4. Many understood the Paris harmonisation agenda as aiming at decreasing government transaction costs in contexts where there are high levels of development assistance and a proliferation of donor projects. But the low level of funds available and the limited capacity to use those funds in Burma/Myanmar were two commonly held reservations with respect to harmonisation. Some of the INGOs involved in the Joint Programme on HIV/AIDS did perceive that their own
transaction costs had increased as a result of harmonisation. The limited scale and coverage of the Joint Programme on HIV/AIDS raised questions about the human and financial resources required for harmonisation. Evidence on the impact of harmonisation on efficiency, effectiveness and outcomes in contexts where there are few agencies, and a relatively low volume of funds would strengthen support for these modalities. Further, evidence that highlights examples of ‘lighter’ management arrangements (ie lower transaction costs for agencies involved) for harmonised programmes would help to support buy-in for any future joint programmes.

5. Harmonisation between donors was seen by most interviewees as a very difficult issue. A major constraint is the divergent policies toward aid in Burma/Myanmar. Countries in the region such as China, Thailand, and Japan to a lesser extent have a policy of engagement with the government and therefore have differing strategies for assistance from the majority of OECD countries. To bridge these differences it is necessary to create a forum where donors can work towards shared development objectives or at minimum common principles.

**Managing by Results**

6. The absence of a credible national development plan is a considerable constraint to taking forward the results agenda in Burma/Myanmar. Interviewees were frank about the lack of reliable baseline data as one of the most important limitations to aid effectiveness in Burma/Myanmar. Respondents observed that deep political sensitivities make producing accurate data a challenge. The result is that the comprehensive understanding of the development challenge is largely unquantified.

7. Because of the political sensitivities around data, agencies are unwilling to share the information they collect from their own operations with each other. The result is disparate pieces of data spread amongst different agencies, often collected by differing methodologies. One way of moving towards better shared information might be to conduct joint analytical work in non-controversial areas or those where government has engaged. There appears to be greater government openness to lesson learning from neighbouring countries. Facilitating regional exchange in information management could be a fruitful approach.

**Mutual Accountability**

8. Mutual accountability to jointly achieve the DAC aid effectiveness commitments was not seen as a relevant issue at present, as most donors are not currently engaged in development partnerships with the government.

**State-Building**

9. As with the objectives of ownership and alignment, the political context makes reaching consensus on whether or not this should be a goal difficult. Donor countries in the region were clear however that this should be an objective. There needs to be further discussion of the state building objective. Differing agency
mandates will determine if their interventions are ‘state-avoiding’ or not and this will have an impact on the sustainability of interventions. Yet this needs to be balanced with the political risks of assistance to the state and its implications for legitimising the government.

Understanding the context

10. There has been no systematic attempt to develop a common understanding of the political economy in Burma/Myanmar. Most felt that there was still a way to go towards having a shared understanding of the context. One of the constraints is the differing frameworks through which the country is seen. For example the analyses of neighbouring countries look quite different from those of the OECD countries. Further, some stakeholders suggested that analysis conducted by external actors often do not reflect in-country understandings of the context. A thorough understanding of the development challenge and its links to change processes needs to be debated among constituents both inside and outside the country. Some have suggested that this could be taken forward through jointly communicating the issues with powerful external actors such as the US Congress.

Conclusions and Recommendations

11. Examining ways of addressing some of the difficult issues related to the complex operating environment needs to take place in order to move the focus of the debate towards the global aid effectiveness commitments. The following recommendations were made as initial steps for promoting discussion around these issues and deepening the debate on aid effectiveness:

- Developing a robust understanding of how changes in assistance space take place and then developing strategies for expanding space. This could be done by producing case studies that document areas where changes in assistance space have taken place.
- Initiate steps toward building confidence for a shared development agenda through donor-government dialogue on the levels of assistance, the number of programmes, what they are delivering to communities.
- Establish a donor forum to promote transparency between agencies and to explore shared objectives. Where interests and policies diverge, seek to agree on broad principles for development assistance.
- Promoting a shared understanding of the Burma/Myanmar context focusing on the role of development and its links to political change processes - a debate that needs to take place among constituents inside and outside the country.
- Encourage commitment amongst donors to consider how they can jointly communicate a stronger understanding of conditions in the country, especially to powerful external actors such as the US Congress.
12. Where debate on the more specific commitments and objectives related to the aid effectiveness agenda is taking place, the following recommendations were made to strengthen dialogue on the issues raised:

- Gather evidence on the benefits of harmonisation – in terms of efficiency, effectiveness, and outcomes – in contexts where there are few agencies, limited capacity, and a relatively low volume of funds. This would entail analysis to examine the scale and level of coverage at which harmonisation is most cost effective.
- Explore examples of lighter harmonisation procedures to address the considerable transaction costs incurred by agencies.
- Work towards jointly produced analytical work in non-controversial areas and areas where government is engaged to improve data reliability and to promote shared information.
- Promote government buy-in to generating and sharing reliable data through facilitating regional discussion and exchange on information management.
- Provide a forum for debating and possibly finding common principles on some of the more contentious aid effectiveness objectives such as ownership, alignment, and state building.
Aid Effectiveness in Burma/Myanmar: Study on Development Agency Perceptions

1. This study was commissioned by the UK Department for International Development (DFID) South East Asia programme as part of its plans to implement the commitments on aid effectiveness promoted by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). The study is aimed at providing a better understanding of development partners’ perceptions on aid effectiveness in Burma/Myanmar in order to begin to gather evidence that will substantiate some of the issues raised in discussion.

2. The study will:
   - Present an overview of the DAC aid effectiveness agenda and its implications for the Burma/Myanmar context.
   - Synthesize development agency perceptions on aid effectiveness in Burma/Myanmar.
   - Make recommendations on initial steps for gathering evidence to strengthen dialogue on aid effectiveness.

Methodology

3. The study was conducted by interviewing development agencies in Yangon and in Bangkok by telephone over a five-day period. The consultant met with UN agency representatives, international NGOs and donor agencies. The literature review examined documents related to aid effectiveness in Burma/Myanmar: country strategies and project documents, sector reviews, and background literature on aid in Burma. It was not possible in the timeframe to meet all of the UN agencies in Yangon and there were several donor agency representatives that were unavailable. There were key groups outside of Burma – NGOs working from Thailand, lobby groups – that the consultant was not able to interview. But recognizing that their views are important for this debate, any follow up work should include them.

4. The framework for discussion was based on the DAC Aid Effectiveness Indicators (see Annex 1) which helped to structure the debate and will be used in the other regional studies for comparison. The DAC Principles for Development Effectiveness in Fragile States (see Annex 2) were also used to gauge respondents’ views on their applicability to the Burma/Myanmar context. Although the interviews touched on all of the principles, the study focuses on the areas which respondents found the most relevant to working environment and which therefore generated the most substantial discussion.

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1 The commitments on Aid Effectiveness were first developed by the OECD DAC in Rome in 2003 and followed up at the High Level Forum on Aid Effectiveness in Paris in 2005.
The OECD-DAC Aid Effectiveness and Fragile States Agenda

5. In 2002 the Monterrey Consensus called on developing countries to strengthen their commitment to stimulating growth, reducing poverty, and achieving the Millennium Development Goals (MDGs). It also called on developed countries to provide more and better aid. The High Level Forum in Rome in 2003 took forward the debate and donor countries agreed to a set of principles for good practice in development cooperation. These principles included among other things respecting partner government priorities, reducing transaction costs, and working towards harmonisation and alignment. At the follow-up High Level Forum on Aid Effectiveness meeting in Paris in 2005, these principles were made into commitments and targets in order to galvanise global action to improve the effectiveness of development assistance. Donor and partner countries have signed up to commitments that include:

- Supporting partner government ownership of development strategies
- Alignment with partner country strategies, institutions, and procedures;
- Harmonisation with other donors – common arrangements, simplified procedures, joint analysis, programme-based aid;
- Managing for results – linking programming and resources to results, strengthen statistical information and monitoring systems.
- Mutual accountability – increased transparency in aid flows, broad participation in assessing national development strategies, joint assessments of agreed commitments on aid effectiveness.

6. The Paris Declaration that came out of the 2005 meeting recognizes that these commitments should be adapted to the country context. Hence delivering effective aid in “fragile states” was also a key part of this agenda and the principles should be adapted to environments with weak governance and institutional capacity. The Declaration proposes the following commitments for fragile states:

- Harmonising activities with a focus on upstream analysis, joint assessments, joint strategies, and coordination of political engagement.
- Align to the maximum extent possible behind central government-led strategies and systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.

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2 See the Indicators of Progress in Annex 1.
3 These are the headline commitments but there are others related to: untying aid, strengthening public financial management and procurement procedures, and support for capacity building. Cf. DAC, *Paris Declaration on Aid Effectiveness*, 2005.
4 There are several synonymous terms and definitions for ‘fragile states.’ One broad approach is to look at fragility from the perspective of the role of the state in development effectiveness. This definition would consider fragile a state that is unable or unwilling to harness domestic and international resources effectively for poverty reduction. Cf. Anderson and Morreno-Torres, 2004.
• Use an appropriate mix of aid instruments, including support for recurrent financing for countries in promising but high-risk transitions (DAC, 2005).5

The Burma/Myanmar Context
7. Development agencies’ perceptions and understanding of the aid effectiveness agenda were largely influenced by the difficult conditions under which international assistance is delivered in Burma/Myanmar. The following section gives a broad picture of the current aid environment in which the discussions on aid effectiveness took place.

8. Burma/Myanmar is one of the poorest countries in Asia with a ranking on the UN Human Development Index (HDI) of 132 out of 177. Available data suggests that the population is under severe socio-economic strain and that the number of households living in acute poverty is increasing (UN 2005). The current military regime has been in power since 1988 and has instituted some economic reforms, made some efforts to tackle poverty and problems such as HIV/AIDS. However the levels of public spending in the social sectors are amongst the lowest in the world, raising serious concerns over the government’s commitment to poverty reduction and development. Spending on education and health combined are currently less than $1/year per capita (DFID, 2004). Further, the limited space for political discussion – severe restrictions on the political opposition, controls on civil society and the media - has meant that there has not been broad participation in determining national development policy.

9. Despite the ceasefire agreements signed between the government and the main insurgent groups, the country is sill hampered by ethnic conflict, political and social instability.6 After 40 years of civil war, there has not been a sustainable political solution in Burma/Myanmar. The Seven-Step road map that the government has proposed as a way forward to a political settlement has raised concerns of international actors. Foreign policy on Burma/Myanmar has differed, with neighbouring countries prioritising regional stability and economic progress and adopting a policy of engagement. The west on the other hand has imposed sanctions, calling for early and comprehensive democratic reform. The lack of success of both foreign policy approaches is leading to proposals of alternative solutions.7

10. Burma/Myanmar receives very little aid, about $120million/year. After the failed elections in 1990, many donors withdrew bilateral assistance. The majority

5 These commitments are based on the DAC Principles for Good International Engagement in Fragile States which came out of the Senior Level Forum on Development Effectiveness in Fragile States in January 2005. The complete list of principles is found in Annex 2.

6 For background on the political situation in Burma see for example International Crisis Group, 2001 and 2003.

of international aid is presently humanitarian. The largest donor to Burma/Myanmar is the EC. Significant funding is also provided by DFID, JICA, Germany, USAID, and Ausaid. China provides significant assistance through concessional loans and grants in five keys areas: agriculture, natural resource exploration, infrastructure, telecommunications, human resource management and development, and industrial processing. Thailand, South Korea, India, and Singapore also provide various forms of donor support. A number of international NGOs provide aid within the country with a budget totalling approximately $30 million. There are also a number of NGOs which provide assistance from Thailand to refugees and internally displaced persons. The UN has the largest international presence with ten agencies operating inside the country. The mandate restrictions placed on some of its agencies has been a challenge. Since 1993 UNDP has been restricted to providing humanitarian assistance and social support at the grassroots level. The restrictions have been a challenge for aid effectiveness as they constrain support for government programs and broad capacity-building (UN, 2005).

11. The UN leads on the coordination of international NGOs, donor agencies, the government and the wider international community. It leads a series of sectoral and geographic working groups which have recently been established to ensure successful results and efficient use of the scarce resources currently available (UN, 2005). There are coordination groups in the following sectors: HIV/AIDS; health, basic education, food security and nutrition, natural disaster management, and human trafficking. The geographic working groups coordinate implementing agencies in Shan State (Wa and Kokang region) and Northern Rakhine State. These groups differ in the compositions (UN, INGO, NNGO, Government and donors) and their levels of activity. The UN also leads a coordination group of donors in Bangkok, BIGMAI.

12. The complex political situation and government policies have affected the way international agencies operate. There is an evident mistrust of international actors in Burma/Myanmar, which manifests itself in suspicion and stringent controls on aid projects. These controls place significant constraints on the effectiveness of aid operations. An important challenge for all agencies is the difficulty in gaining access to some of the neediest areas of the country. Organisations such as the ICG have called for “minimising the obstructions currently place on foreign aid organisation and increasing the scope for international actors to work with local NGOs” (ICG, 2002). Although there has been growing recognition within the government of the need to expand assistance into remote and conflict-affected areas, some interviewees have remarked a more recent tightening of assistance space. This and other setbacks

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in the work of international agencies have been attributed to the shift in political leadership that took place in the fall 2004.9

Development Agency Perceptions on Aid Effectiveness
13. International agencies saw aid effectiveness (AE) as an important issue but had differing conceptions of what it means in the Burma/Myanmar context. There is not a clear consensus at present on what more effective aid would be or on the objectives for aid effectiveness. Respondents saw more effective as ranging in meaning from providing for the basic needs of the poor, contributing to the conditions for political change10, building confidence within government to promote stability and economic development. Objectives for increasing aid effectiveness ranged from widening the space for assistance, producing reliable data, to increasing the volume and quality of aid.

14. The differing views illustrate the diverging mandates, policies, and relationships with government of the various international actors. China and Thailand explained how their development programmes are directly aimed among other things at building a relationship of trust with government and they therefore prioritise bilateral assistance. The European countries’ are working within by the framework of EU Common Position which restricts the sectors in which and the partners with whom they can work. This definition was last changed in Autumn 2004. The U.S. has a very restricted mandate. In discussion the Embassy representative noted that the U.S. does not consider itself a donor to Burma/Myanmar, spending most of its aid funds outside of the country and only participating as an observer in donor coordination forums.11 The differing mandates of the UN agencies may explain the differing views on aid effectiveness. Some agencies are running regular development programmes through government as in any other country, while others can only work with grassroots organisation. The diverse views indicate the need to establish broad consensus around what aid effectiveness means in the specific Burma/Myanmar context.

15. The discussions on aid effectiveness centred initially on quite different issues than those associated with the DAC agenda. Agencies’ concerns lay more with the present political environment and how it affects nearly all aspects of delivering assistance. Some interviewees, particularly the NGOs and the non-OECD countries, were not very familiar with the commitments made in Paris under the DAC Aid Effectiveness work. Of those interviewed, there were no other agencies apart from DFID who stated that the Aid Effectiveness agenda was a high corporate priority. There may be differences at headquarter level as a

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9 In October 2004 several top government officials were removed from power and replaced by more army commanders. Since summer 2005, GONGOs have called on the government to pull out of the ILO, and some international agencies have found their operations restricted.

10 Here even the meaning of political change is not uniform. It could refer to reform within the current structure, gradual democratic transition, or regime change depending on with whom one is speaking.

11 The U.S does however support INGO work on HIV/AIDS and drug control within Burma/Myanmar.
number of the agencies interviewed would have signed up to the DAC commitments. Most people thought that the most significant constraints to aid effectiveness were the following issues which structure and delimit the operating environment within which agencies are working:

- **The highly politicized context.** This operates at two levels: *i)* fragility of government-development agency relationships: there was an overall impression from stakeholders of government mistrust of international actors along with a lack of commitment to poverty reduction. The result is that development partnerships are extremely fragile. Several people observed that, even if there is willingness at ministry level, senior officials are often not empowered to make decisions and may be at great personal risk if they do so; *ii)* fragility of internal and external international relationships: The external lobby and political opposition have a powerful influence on agencies’ room for manoeuvre. Development interventions become part of the political debate and are thus subject to an external scrutiny that is perhaps unique.

- **Highly restricted space for assistance:** The result of political pressure is a precarious operating environment where agency freedom of movement (travel permits) and agreements with government (MoUs) are subject to restriction; moreover the areas acceptable to government where assistance may be provided are also constrained. Local NGOs are also highly restricted by government. The external political pressures also have an effect on assistance space.

- **Atmosphere of secrecy and self-censorship:** Government control and limitations on development projects result in agencies feeling unable to share information or openly debate government policies and performance. The consequences are twofold – limited open and frank dialogue with government, and also a reluctance to share information amongst development agencies.

- **Limited financial and human resources, weak capacity:** Low volumes of aid, a limited pool of human resources, and limited capacity of both within government and international agencies all impact on the effectiveness of aid.

- **Lack of reliable data:** Information and statistical data is highly sensitive. The authorities are often reluctant to openly share national data and can be resistant to acknowledging the limitations and reliability of existing official data.

16. At least one or more of the issues above were raised in all discussions as the major barriers to aid effectiveness. The discussion below will show that agency perceptions of the AE agenda is that it was originally developed for countries with different operation conditions – high volumes of aid, high number of international actors, and a proliferation of projects. In order to advance the debate on aid effectiveness, the EC Proposal for a New EU Development Policy (June 2005) has aid effectiveness as one of its objectives. It proposes a workplan on aid effectiveness that will address among other things: greater complementarity, an EU roadmap, promoting harmonisation of procedures. As this is still a proposal at headquarters level, it may take some time before this filters down into practice at country level.
effectiveness in Burma/Myanmar donors will have to look at ways of addressing the specific contextual conditions which are perceived as limiting the space for AE processes and for the delivery of assistance overall. The discussion and recommendations attempt to propose some initial ways forward.

17. Despite these difficult conditions, there are aid effectiveness activities in place in Burma/Myanmar. While the debate on AE is clearly in its nascent stages, respondents did have a strong understanding of the concepts and objectives of the global agenda. Discussions touched on most of the Paris targets and the Fragile States agenda. The section below will focus on: ownership and alignment, harmonisation, managing by results, mutual accountability, state-building, and understanding the context. The next section will synthesise the stakeholders’ perceptions and analyze the extent of the debate on these issues.

Box 1 – Aid Effectiveness and the Political Environment: The Global Fund in Burma/Myanmar

The Global Fund is a prime example of how the highly politicised environment has a significant impact on aid effectiveness in Burma/Myanmar. It demonstrates how external restrictions on how aid is delivered can impact on cost effectiveness and limit opportunities to strengthen government capacity and ownership of the development agenda.

After Burma was awarded $36.5million, advocacy groups became alarmed that these funds would be misused by the government. Safeguards were set in place to ensure that the government does not benefit in any way from the funding. The safeguards entail:

- a “zero cash policy” where no national entity receives any funds through the grant;
- all public sector health personnel involved in the programmes will be contracted to work for UNDP, the Principal Recipient;
- UN volunteers may be deployed in the field to assist in the stringent monitoring of the implementation;
- UNDP is to undertake close monitoring to ensure that the government does not benefit from or take credit for actions conducted with Global Fund funding.

In addition UNDP has been holding monthly meetings with the NLD, as well as periodic consultations with exile groups in the sub-region, while both UNDP and the Global Fund have been briefing key stakeholders in the US and Europe.

While it is essential to ensure that funds are not misused, the costs both human and financial for implementing the safeguards have raised concerns. The measures will complicate the implementation in a context where considerable logistical difficulties already exist. The zero cash policy means that UNDP staff will need to accompany national staff into the field to pay for any costs related to the programme – eg training, provision of services. The measures could considerably slow down implementation, increase costs, and influence the overall effectiveness of the programme. It is also questionable whether the safeguards are developmentally sound. They have significant implications for the sustainability of the interventions. While the funds will provide crucial health services to needy communities, the public health sector will not be able to benefit from any capacity strengthening measures to support institutions that are already extremely weak. The UNDP and WHO are examining ways of making the programme as effective as possible given the considerable restraints and the very strict targets that must be met to secure continued funding. It remains to be seen how the safeguard measures will impact on implementation, the effectiveness of the programme, and the long-term sustainability of the public health programmes. Meanwhile, UNDP will be under severe scrutiny by the U.S. congress, which is considering legislation that would withdraw the equivalent amount of UNDP-Myanmar’s budget if it oversteps its mandate restriction.
Ownership and Alignment

18. Much of the rationale behind harmonisation and alignment in fragile states rests on the question of the large and diverse number of international actors and its consequences for state capacity and legitimacy.\(^\text{13}\) When a country is emerging from conflict, state institutions may be dysfunctional and the government may be attempting to re-establish its legitimacy with the population. In Burma/Myanmar where government legitimacy is internally and externally contested, the objectives of ownership and alignment become problematic for many donors. This was clear in discussions with development agencies that had divergent views on whether they could work on ownership and alignment at all, and if so what was possible. There were clearly different readings of the EU Common Position on this. The EC stated that the time was not right for alignment with central government unless through support for international agencies, given the Common Position. One DFID respondent thought that the parameters of the Common Position had not been tested, while another felt that funding government ministries through the UN in the FHAM was exploring its boundaries. The U.S. on the other hand claimed that it could not consider alignment as an objective at all. The safeguards applied to the Global Fund, largely from U.S. pressure, demonstrate its explicit aim of avoiding any legitimisation of the state. By contrast, China and Thailand see ownership and alignment as important. This is demonstrated by their preference for bilateral assistance. These differing positions demonstrate that there is no consensus on what the principles should be for supporting government ownership and alignment, what can be done within the sanctions framework, nor agreement that they should be pursued at all in the short term.

19. Nevertheless there were stakeholders who saw alignment with government priorities as crucial for supporting poverty reduction and possibly catalyzing broader policy changes. Opium production and HIV/AIDS are the most evident areas where government priorities and policy lined up with those of the international community, opening up a space where the two could interact and collaborate productively. Several people pointed out that it is only in the past 5 years or so that HIV/AIDS is being openly addressed as a serious threat. Many credited this change in government’s approach to HIV/AIDS as being the result of sustained advocacy and consistent dialogue by international organisations. Agencies have been able to push further within the context of the established HIV/AIDS programme to implement harm reduction policies such as needle exchange, a considerable achievement in the Burma/Myanmar context.

The Kokang and Wa Initiative (KOWI) is an example of alignment with government priorities, which resulted in the opening up of assistance space leading to broader policy changes. The initiative takes a multi-sectoral approach to eliminating poppy cultivation by providing holistic support to poor opium farming communities. The government approach had been top-down eradication

measures without addressing the livelihood implications for poppy farmers. UNODC managed to capitalize on the government’s commitment to drug control to open up space for agencies to enter a desperately poor region to which there had been no prior access. This access allowed partners to address wider development issues such as livelihoods, agriculture, health and education in an integrated manner (UNODC, 2005).

20. HIV/AIDS, reproductive health, human trafficking, the environment, and opium production are all areas where the government is currently willing and able to work with international partners. Some respondents pointed to the need to capitalize on opportunities and to be aware of where the openings in assistance space are. These naturally coincide with government priorities, making and ownership and alignment closely linked to assistance space. The opportunities are sometimes in unexpected areas which may not be in donors comfort zone. It was suggested that developing a robust understanding of how changes in assistance space take place and then developing strategies for expanding space are crucial. This should start by documenting the cases where successful changes have taken place.

21. Some persons interviewed felt that there was not a solid enough knowledge of existing government policy frameworks. For example, it was pointed out that there are national development plans and programmes which are not well understood by the international community and have not been discussed with the government. A good understanding of government policies and legislation presents the opportunity to build on what already exists to benefit poor communities and to push for wider issues. One example of this is CARE’s work in northern Rakhine state that employed existing legislation to obtain a 30-year land lease for communities to undertake forestry activities. This is a difficult area however and there have been unsuccessful attempts to take this approach. For example JICA conducted analytical work on government economic policy that made recommendations on reform which were subsequently rejected. The Education for All Action Plan and Myanmar Millennium Development Goal Report were cited as key strategic opportunities where donors could align with the government to support internationally credible development objectives.

22. Several respondents spoke about the importance of confidence-building in their relationship with the government as a means to promoting ownership of a development agenda. The government has been so isolated and unaccustomed to working with international partners that its very understanding of what aid is about, what it can do, and what it is presently delivering may not be completely clear. It was suggested that a first step towards building trust would be to enhance donor-government transparency. Providing information on the levels of aid assistance, existing programmes, and what they deliver to government institutions and communities may be a step in the right direction. Some donors have already done this.
Harmonisation
23. There was a fairly consistent understanding of the concept of harmonisation, which largely pointed towards joint programming, common frameworks and objectives, and joint funding arrangements. Donor harmonisation was viewed quite broadly as being about developing a common development agenda with shared analysis and objectives. It was less about common procedures and arrangements or delegated partnerships. This can be attributed to the small number of donors in-country and the fact that working through government is for most agencies not possible.

24. Few interviewees argued strongly against working towards greater harmonisation. However many understood the Paris agenda as aiming at decreasing government transaction costs in contexts where there are high levels of development assistance and a proliferation of donor projects. Some respondents simply didn’t feel that overlap and duplication were an issue because there are so few programmes in place. There were others who believed duplication was a problem in some sectors. However the low level of funds available and the limited capacity to use those funds were two commonly held reservations with respect to harmonisation.

25. Some of the INGOs involved in the Joint Programme on HIV/AIDS did perceive that their own transaction costs had increased as a result of harmonisation. The amount of time spent in meetings and the added bureaucracy were all cited as concerns about harmonisation.

26. Even though harmonisation was seen as important, especially for putting in place structures for the future, there was at times uncertainty as to whether complex modalities such as the Joint Programme (see Box 2 below) achieve greater impact at present in a context with very few agencies and limited capacity. The limited scale and coverage of the programme raised questions about the human and financial resources required for harmonisation. As an example of the growing concerns about this, the UNODC stated that they were considering options for a joint funding mechanism for the Kokang and Wa Initiative (KOWI) but that there was reluctance on the part of the implementing agencies of entering into a complex, time-consuming modality. One of the ‘lighter’ harmonisation options UNODC is examining instead is a CAP-type modality. It may be important for donors to demonstrate that they acknowledge the concerns of agencies and allow harmonised structures to evolve. Gathering evidence on the benefits of harmonisation – in terms of efficiency, effectiveness and outcomes - in contexts where there are few agencies, limited capacity, and a relatively low volume of funds would strengthen support for these modalities.

Such a study would ideally undertake an analysis to examine the scale and level of coverage at which harmonisation is most cost effective. Further, evidence that highlights examples of ‘lighter’ management arrangements (ie lower transaction
costs for agencies involved) for harmonised programmes would help to support buy-in for any future joint programmes.

27. Members of the Myanmar NGO Consortium on HIV/AIDS said that there were clear benefits from coordinating their efforts: greater efficiency and scale, complementarities, increased effectiveness. Agencies outside of the consortium were less convinced of the added value of formal harmonisation. It could be the case that the incentives for larger organisations to work in consortia are lower because they may receive a smaller share of the funding than if they ‘go it alone’. It was the impression amongst some stakeholders that a joint programme will attempt to distribute funds amongst a larger number of agencies, so that

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**Box 2 - The Joint Programme for HIV/AIDS in Myanmar**

The Joint Programme for HIV/AIDS in Myanmar 2003-2005 was developed as a coordinated response to reducing HIV transmissions and to improving the health of those living with the disease. The Fund for HIV/AIDS in Myanmar (FHAM), a joint funding mechanism that was established in 2003, has raised a total of US$23 million. The programme has had some significant achievements: securing government buy-in to address the disease, the scaling up of resources, and providing a harmonised approach that sets out a common framework and common objectives.

Putting a system in place to make the harmonised programme work effectively has been a challenge. Implementing agency capacity has been a challenge especially for national partners. Moreover the management structures have not fostered equal participation from national government and NGO representatives. The costs of harmonisation in terms of time, human resources, and added bureaucracy have been a concern. The first draft of the recent mid-term review has also pointed to weaknesses in the coverage and quality of interventions and the governance structures. The fact that Technical Working Group members are also implementing agencies with MoUs with the government has resulted in a feeling of limited freedom to engage with government on policy reforms and on the quality of government programmes. Some felt that donors should be more proactive in this regard, as they have the leverage and freedom to press for needed policy reforms and to discuss the technical quality of programmes. This is especially important for the FHAM since some of the interventions could be seen as controversial by external constituents.

The operating space that the Joint Programme has opened up to address HIV/AIDS should not be underestimated. It shows what is possible to achieve even under very fragile conditions. The impact and sustainability of the programme will rest on ensuring that all stakeholders are proactive in making its systems work effectively. This will require consensus that the harmonised approach is worthwhile and is having an impact on beneficiary communities. Evidence to demonstrate that harmonised approaches in contexts where there is limited capacity, relatively few resources, and a small number of agencies will be important in this regard – both for keeping stakeholders engaged and bringing in others, and for giving more donors confidence to invest and scale up the response.

In late August 2005, the global fund grant to Burma/Myanmar was terminated. The Global Fund explained this decision in terms of the difficult operating environment. The UN has emphasised that the time and results based nature of the global fund made it inappropriate for working in Burma/Myanmar where much flexibility is needed.
everyone gets a share of the resources. Whereas larger agencies with higher capacity may be able to secure more funding if allocations are based solely on competition. There was however more consensus on the benefits of informal coordination arrangements such as the clinic referral system between several agencies. This preference for informal arrangements was again attributed to the lower transaction costs involved.

28. The donor countries viewed harmonisation within donor governments as essential in a fragile environment like Burma/Myanmar. Interviewees felt that there was policy coherence between their mission’s political and development strategies, particularly at country level. The Chinese and Thai Embassies stated that there is an inseparable link between their political and development strategies. The development strategy feeds directly into foreign policy.

29. Discussion about the balance between development policy and foreign policy is taking place. The recent widening of the EU Common Position definition of permissible aid may be a result of this. However some respondents felt there may be some disconnect between headquarters and in-country level. Discussions with local representatives seemed to suggest a dissonance between internal and external understandings of the conditions in Burma/Myanmar. One embassy representative noted for example that there were promising community based organisations with which they felt they could work but influencing the strong policy against working through local actors at headquarters level was difficult due to the domestic debate on Burma/Myanmar. The emerging evidence coming out of both the policy coherence for development and the harmonisation literature is that delegating appropriate authority to country level representatives contributes to more effective programming especially in difficult environments. This view was echoed by several respondents.

30. Harmonisation between donors was seen by most interviewees as a very difficult issue. One of the recognized constraints to harmonisation is that few agencies have institutional incentives for harmonisation. DFID was the exception, and several respondents observed that DFID’s presence in-country had changed the dynamic through its efforts toward greater donor harmonisation. UN respondents were frank about the challenges in producing the Strategic Framework for UN Agencies in Myanmar, which exemplify the differing incentives and mandates among the UN agencies. The institutional procedures of some donor agencies like JICA rule out the possibility of contributing to multi-donor funding arrangements. Yet there may be other modalities to overcome this constraint such as delegated partnerships or co-funding in specific sectors.

31. Another constraint is the divergent policies toward aid in Burma/Myanmar. The debate over whether or not there should be aid or not to Burma/Myanmar and how it should be done is still ongoing. Uncertainties of some countries over the pace and process of political reform has lead to the tightening of sanctions and reduced levels of planned assistance (UN, 2005). Countries in the region such as China, Thailand, and Japan to a lesser extent have a policy of engagement with the government and therefore have differing strategies for assistance from the OECD countries. Yet there are also considerable differences between the policies of the Australians, the European countries, and the U.S. There even appeared to be divergent views between the European agencies on what the parameters of the Common Position imply.

32. Respondents felt that finding common ground for discussion will be a challenge but is essential for building consensus around key policies of common interest. Experience from HIV/AIDS shows that this consensus can help to create space for particular issues which has resulted in government policy changes. Countries in the region are important in this regard as many felt they possessed superior knowledge of what goes on in government and may therefore be better able to influence and identify critical pressure points than the OECD countries. The challenge here is evident. The diverging political objectives that frame donor approaches to assistance are not easy to overcome. Some respondents referred to the need to have coordination rather than harmonisation at this point. Others suggested a forum of ‘like-minded’ agencies that are able to work together. A necessary first step is creating a forum in which donors countries can be transparent with each other in order to work towards shared objectives and at minimum common principles for development assistance.

Managing by Results
33. One of the key aims of the managing by results agenda is using information to improve decision-making for better development outcomes. Managing for results begins with identifying national goals and developing strategies to achieve them. (DAC, 2005) However the absence of a credible national development plan that could be used as a basis for development partnerships is a considerable constraint in Burma/Myanmar. The Myanmar Millennium Development Goal Report was generally welcomed by most respondents as a positive signal towards an emerging agenda for development from the government. However there are significant reservations about the quality of the data in the report and considerable misgivings over the accuracy of the projections to meet the MDGs. The MDG Report appears to be illustrative of the difficulties of obtaining reliable data: “Data weaknesses present a major obstacle to needs assessments, strategic planning and programme implementation for all national and international entities working in the social sectors.” (UN, 2005)

34. Interviewees were frank about the lack of reliable baseline data as one of the most important limitations to aid effectiveness in Burma/Myanmar. The mid-term review of the Joint Programme on HIV/AIDS raised serious concerns about the
lack of reliable data and its impact on achieving programme outcomes. Further the lack of progress in conducting second generation behavioural surveillance surveys was seen as an important constraint. Respondents observed that the deep political sensitivities make producing accurate data a challenge. The result is that the comprehensive understanding of the development challenge is largely unquantified. The impact of present interventions in relation to overall needs may be therefore difficult to demonstrate. One interviewee expressed the extent which unreliable data constrains the results agenda: “The concept of measurable results is not operative in this context.”

35. Others believed that reliable data did exist but that it was a question of getting the government to share information. On the other hand, some respondents pointed out that there are strong incentives for distorting information, especially data seen by the top leadership as being important to national interests. It was pointed out that there are risks involved with attempting to produce aggregate national data in a context where the government is resistant to external involvement. Because of the sensitivities around data, agencies are unwilling to share the information they collect from their own operations with each other. The result is disparate pieces of data spread amongst different agencies, often collected with differing methodologies. One of the identified opportunities is the development of the Myanmar DevInfo system – produced through the UN - which is a collective database for planning and analysis of social sector interventions, tracking progress of the MDGs, and for assessing vulnerability.

36. Perhaps one way of moving towards jointly produced and widely shared data is to conduct analytical work in non-controversial areas or those where government has engaged. One UN agency suggested that there was some success in bringing together countries in the region to share experience on specific policy issues. There appeared to be greater openness to share lessons and experience by examining change processes in the region. Facilitating regional exchange of experience in information management could be a fruitful approach to strengthening official data.

Mutual Accountability
37. Mutual accountability to jointly achieve the aid effectiveness commitments was not seen as a relevant issue at present in the Burma/Myanmar context, as donors are not currently engaged in development partnerships with the government. However, some donors have already begun promoting transparency with government on aid volumes.

State-Building
38. The DAC principles on development effectiveness in fragile states consider state-building a central objective for the international community. As with the objectives of ownership and alignment, the political context makes reaching consensus on whether or not this should be a goal difficult. As discussed above,
what the objectives for state-building ought to be are not completely clear to all of
the stakeholders. Most interviewees saw building state capacity as directly
related to achieving developmental goals. This implied in some cases a
disconnect between high-level policy and the developmental importance of
supporting state capacity.

39. Donor countries in the region were clear that this should be an objective.
JICA is cooperating with ASEAN on a regional capacity building initiative to
provide training for government departments. Their view is that making efforts
now to strengthen capacity of the bureaucracy would contribute to stability once
a political transition takes place. China takes a similar view and has engaged in
strengthening capacity in areas such as economic planning and development,
public administration, and taxation.

40. There needs to be further discussion of the state building objective. Differing
agency mandates will determine if their interventions are ‘state-avoiding’ or not
and this will have an impact on the sustainability of interventions. Yet this needs
to be balanced with the political risks of assistance to the state and its
implications for legitimising the government. There appeared to be a need to
unpack the difference between the bureaucracy and the government, as there
are divergences in views as to whether supporting the former is legitimising the
latter. These views determine agency policy on dealing with state institutions.
However there are lessons to be learned from those organisations that are willing
to engage with the state. They can provide knowledge about how state
administrative systems and policy processes work so that strategies for
supporting future structures are effective.

41. Understanding the context. Sound political analysis is particularly important in
difficult environments to ensure that development responses do not have
unintended effects. Interviewees pointed to the difficulty of obtaining accurate
socio-political analysis due to sensitivities around sharing information. There has
been no systematic attempt to develop a common understanding of the political
economy. Analyzing the dynamics of conflict as an integrated part of
programming has not been a widespread approach. Some work in this area is
being conducted: for example the work on civil society by SC-UK, and DFID’s
Strategic Development Assessment. DFID is also conducting ‘Drivers of Change’
work which is attempting to understand how change processes work and what
influence the international community can have on these.

42. Most felt that there was still a way to go towards having a shared
understanding of the context. One of the constraints is the differing frameworks
through which the country is seen. For example the analyses of neighbouring
countries look quite different from those of most OECD countries. Further, some
stakeholders suggested that analysis conducted by external actors often do not
reflect in-country understandings of the context and thus contribute to further
polarisation of the debate on development in Burma/Myanmar. These factors
have implications for the strategies employed for supporting political change and the role of development within those strategies. A thorough understanding of the development challenge and its links to change processes needs to be debated. One respondent suggested examining the contribution of development to broader change in other countries in the South East Asia region for building a better understanding of the possible costs and benefits of supporting development in Burma/Myanmar. Developing a shared understanding of the conditions in Burma/Myanmar among constituents both inside and outside the country is a difficult but necessary step. This will require donor commitment to jointly communicate with powerful external actors such as the US Congress.

Conclusions and Recommendations
43. This study has focused on development agency perceptions of aid effectiveness in Burma/Myanmar in order to determine how to deepen the debate further. The discussions demonstrated that the debate on AE is still in the early stages. The following inter-related concerns about the complex operating environment were seen as the most important barriers to aid effectiveness:

- The highly politicized context
- Restricted space for assistance
- Atmosphere of secrecy and self-censorship
- Limited financial and human resources, and weak capacity
- Lack of reliable data

44. Examining ways of addressing some of these difficult issues would need to take place in order to move the focus of the debate towards the global aid effectiveness commitments. The following recommendations were made as initial steps for promoting discussion around these complex issues and deepening the debate on aid effectiveness:

- Developing a robust understanding of how changes in assistance space take place and then developing strategies for expanding space. This could be done by producing case studies that document areas where changes in assistance space have taken place.
- Initiate steps toward building confidence for a shared development agenda through donor-government dialogue on the levels of assistance, the number of programmes, what they are delivering to communities.
- Establish a donor forum to promote transparency between agencies and to explore shared objectives. Where interests and policies diverge, seek to agree on broad principles on what effective aid should aim to achieve.
- Promoting a shared understanding of the Burma/Myanmar context focusing on the role of development and its links to political change processes - a debate that needs to take place among constituents inside and outside the country. Examining country examples in the South East Asia region will be key.
• Encourage commitment amongst donors to consider how they can jointly communicate a stronger understanding of conditions in the country, especially to powerful external actors such as the US Congress.

45. Where debate on the more specific commitments and objectives related to the aid effectiveness agenda is taking place, the following recommendations were made to strengthen dialogue on the issues raised:

- Gather evidence on the benefits of harmonisation – in terms of efficiency, effectiveness, and outcomes – in contexts where there are few agencies, limited capacity, and a relatively low volume of funds. This would entail analysis to examine the scale and level of coverage at which harmonisation is most cost effective.
- Explore examples of lighter harmonisation procedures to address the considerable transaction costs incurred by agencies. Stronger donor role in policy dialogue to recognize the fragility of the positions of INGOs.
- Work towards jointly produced analytical work in non-controversial areas to improve data reliability and to promote shared information.
- Promote government buy-in to generating and sharing reliable data through facilitating regional discussion and exchange on information management.
- Provide a forum for debating and finding common principles on some of the more contentious aid effectiveness objectives such as ownership, alignment, and state building.
ANNEX 1 – OECD DAC Indicators for Aid Effectiveness

OWNERSHIP TARGETS FOR 2010
Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.

ALIGNMENT TARGETS FOR 2010
Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.

Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners’ national budgets.

Strengthen capacity by co-ordinated support — Percent of donor capacity development support provided through co-ordinated programmes consistent with partners’ national development strategies.

Use of country systems — Percent of donors and of aid flows that use partner country procurement and/or public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.

Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.

Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.

Aid is untied — Percent of bilateral aid that is untied. Continued progress

HARMONISATION TARGETS FOR 2010
Use of common arrangements or procedures — Percent of aid provided as programme-based approaches.

Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.

MANAGING FOR RESULTS TARGET FOR 2010
Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.

MUTUAL ACCOUNTABILITY TARGET FOR 2010
Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.
ANNEX 2- OECD DAC PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES PREAMBLE

1. Take context as the starting point. Sound political analysis is needed to adapt international responses to country context, above and beyond quantitative indicators of conflict, governance or institutional strength.

2. Move from reaction to prevention. A shift from reaction to prevention should include sharing risk analyses; acting rapidly where risk is high; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening the capacity of regional organizations to prevent and resolve conflicts; and helping fragile states themselves to establish resilient institutions which can withstand political and economic pressures.

3. Focus on state-building as the central objective. States are fragile when governments and state structures lack capacity – or in some cases, political will - to deliver public safety and security, good governance and poverty reduction to their citizens. The long-term vision for international engagement in these situations must focus on supporting viable sovereign states.

4. Align with local priorities and/or systems. Where governments demonstrate political will to foster their countries’ development but lack capacity, international actors should fully align assistance behind government strategies. Where alignment behind government-led strategies is not possible due to particularly weak governance, international actors should nevertheless consult with a range of national stakeholders and seek opportunities for partial alignment at the sectoral or regional level.

5. Recognise the political-security-development nexus. The use of simple integrated planning tools in fragile states, such as the transitional results matrix, can help set and monitor realistic priorities and improve the coherence of international support across the political, security, economic, development and humanitarian arenas.

6. Promote coherence between donor government agencies. Close links on the ground between the political, security, economic and social spheres also require policy coherence within the administration of each international actor. What is necessary is a whole of government approach, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance.

7. Agree on practical coordination mechanisms between international actors. This can happen even in the absence of strong government leadership. In these fragile contexts, it is important to work together on upstream analysis; joint assessments; shared strategies; coordination of political engagement.

8. Do no harm. International actors should especially seek to avoid activities which undermine national institution-building, such as bypassing national budget processes or setting high salaries for local staff which undermine recruitment and retention in national institutions.

9. Mix and sequence aid instruments to fit the context. Fragile states require a mix of aid instruments, including, in particular for countries in promising but high risk transitions, support to recurrent financing. Instruments to provide long-term support to health, education and other basic services are needed in countries facing stalled or deteriorating governance.

10. Assistance to fragile states needs to be capable of flexibility at short notice to take advantage of windows of opportunity and respond to changing conditions on the ground.
11. Stay engaged long enough to give success a chance. Given low capacity and the extent of
the challenges facing fragile states, investments in development, diplomatic and security
engagement may need to be of longer-duration than in other low-income countries.

12. Avoid pockets of exclusion. International engagement in fragile states needs to address the
problems of “aid orphans” - states where there are no significant political barriers to engagement
but few donors are now engaged and aid volumes are low.

Source: DAC Learning Advisory Group *Principles for Good International Engagement in Fragile
## ANNEX 3 - Persons Interviewed

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
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<tr>
<td>Beth Moorthy</td>
<td>UNDP</td>
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<td>Julie Belanger</td>
<td>UNDP</td>
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<td>Hans Henri Kluge</td>
<td>WHO</td>
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<td>Nikolas Win Myint</td>
<td>UNODC</td>
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<td>Sasaki Takahiro</td>
<td>JICA</td>
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<td>Dirk Augustin</td>
<td>German Embassy</td>
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<td>Glen Hill</td>
<td>SWISSAID</td>
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<td>Jirusaya Birananda</td>
<td>Embassy of Thailand</td>
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<td>Peter Newsum</td>
<td>CARE</td>
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<td>Brian Williams</td>
<td>UNAIDS</td>
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<td>Isabel Tavitian Exley</td>
<td>UNAIDS</td>
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<td>Dean Tidwell</td>
<td>US Embassy</td>
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<td>Carroll Long</td>
<td>UNICEF</td>
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<td>Wang Xiaojian</td>
<td>Chinese Embassy</td>
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<td>Elke Wisch</td>
<td>UNICEF</td>
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<td>Andrew Kirkwood</td>
<td>SCUK</td>
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<td>Rurik Marsden</td>
<td>British Embassy (DFID)</td>
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<td>Chris Pycroft</td>
<td>DFID</td>
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<td>Tom Beloe</td>
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<td>Michael O’Dwyer</td>
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<td>Elizabeth Hoff</td>
<td>Global Fund</td>
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<td>Eric Habers</td>
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<td>Bernard Delpuech</td>
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<td>Ietje H. Reerink</td>
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<td>Tin Maung Win</td>
<td>PSI</td>
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<td>Frank Smithius</td>
<td>MSF-Holland</td>
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ANNEX 5 - Documents Consulted


DAC. *Chair’s Summary: Senior Level Forum on Development Effectiveness in Fragile States*, Feb 2005.


DFID. *DFID South East Asia Action Plan to Promote Aid Effectiveness*. Draft, 2005

DFID. *Promoting Aid Effectiveness through Harmonisation and Alignment in Myanmar*, 2005.


JICA. *JICA Country Programme Myanmar and JICA-ASEAN Regional Cooperation Meeting Modality*, Presentation.


UNODC. *In Need of Assistance: The Case of the Border Areas*, 2005.

ANNEX 6 - Terms of Reference: Study to gather perceptions of donors on aid effectiveness in Myanmar

Background
The Department for International Development (DFID) is committed to the targets and commitments on Ownership, Harmonisation, Alignment, Results and Mutual Accountability to promote aid effectiveness (AE) that were developed as part of OECD DAC High Level Forum (HLF) meetings in Rome and then in Paris in 2005. DFID is also committed to piloting and strengthening the OECD DAC draft Principles of Good International Engagement in Fragile States. DFID South East Asia (DFIDSEA) has placed AE at the centre of its vision for programming in the region and has drawn up an action plan to (a) draw out the numerous targets and commitments that DFIDSEA has made in relation to AE and compare them to OECD DAC commitments; and (b) help provide a framework for DFIDSEA to manage its progress towards these commitments. It will also (c) provide DFID senior management with evidence of DFID progress against HLF commitments and (d) policy division with evidence from which to deepen learning on AE approaches.

DFIDSEA implements country programmes in Vietnam, Indonesia, Cambodia, Myanmar, Sri Lanka and East Timor. Vietnam’s programme management is located in Hanoi (with some regional advice from Bangkok) whilst the other programmes are provided with both programme and advisory support from Bangkok.

The DFIDSEA action plan recognises that information on activities to promote AE is hard to come by. Largely due to the inclusion of Cambodia and Vietnam as specific case studies for the OECD/DAC High Level Forums on Aid Effectiveness, data for these countries is far more systematic than for any of the others. Data on current H&A activities / targets in these two countries and progress reports are available. Within the DAC review documents for Cambodia and Vietnam there is also some analysis of how country context has affected AE (e.g. Vietnam’s low aid dependency and strongly centralised government has affected opportunities for national planning). In the cases of Indonesia, Myanmar and Sri Lanka there is little information on AE. Information can be gathered on activities / targets to promote aid effectiveness from terms of reference for working groups or documentation on specific processes (e.g. joint analytic work). In no country context is there documentation that contains analysis of how progress on aid effectiveness has affected poverty reduction.

Not all donors are convinced of the value of the activities that aim to promote aid effectiveness. Corporate policies, incentives and procedures may not be in tune with the DAC declaration. Country programmes may not be in line with corporate agendas. And more informally, individuals and offices may be sceptical about the benefits of some of the harmonisation or other activities that are meant to promote aid effectiveness. The arguments that are used to counter pressures for
more attention to AE are numerous and depend largely on country contexts and the personalities involved, but they include, for example:

- Harmonisation and alignment slows down the delivery of aid and impacts negatively on progress in poverty reduction;
- Headquarter policy on aid effectiveness is disconnected from the realities of in-country practice (and is therefore inappropriate);
- Harmonisation of approaches reduce the quality of aid delivery by reducing everything to the lowest common denominator;
- The harmonisation of approaches eliminates opportunities for individual donors to contribute their own special approach to development;
- Governments have to lead the aid effectiveness agenda and they are not;
- Harmonisation leads to donors ‘ganging up’ on government and actually reduces government leadership and independence;
- In fragile states with limited commitment to poverty reduction, harmonisation and alignment activities are not ‘worth it’ – there is nothing to align behind.

Whilst it is too early to gather systematic evidence of how activities to promote AE have impacted on poverty we can begin to better understand the views of our partners in-country and gather evidence that counters some of the process-oriented arguments that are presented. For example, evidence that refutes the assertion that aid is reduced to a common denominator approach or that proves harmonisation does not have to increase the inefficiency of aid. Or evidence that shows that aid effectiveness activities can deliver benefits even when there is no clear government leadership.

This assignment is the first of a series that will look to develop donors’ evidence base of the advantages and disadvantages of pursuing commitments on harmonisation and alignment. This assignment will focus on gathering evidence to substantiate debate around the more generic arguments presented against H&A. It will help provide donor staff with a range of evidence to support their discussions on the importance of aid effectiveness.

This overall assignment will entail in-country consultations and literature reviews in Vietnam, Cambodia, Myanmar, Sri Lanka and Indonesia as well as some international consultations and reviews. The in-country reports will be synthesised into an overall regional report. At the country level the process will involve peer review / discussants from key donors – to help finalise the report and consider implications of the findings.

**Goal**
Development effectiveness is strengthened in partner countries in South East Asia.

**Purpose**
Donor (and other partner) staff better understand the perceptions and intentions of other key stakeholders in promoting aid effectiveness and have access to evidence that substantiates dialogue on aid effectiveness issues.

**Scope of Work**
The assignment will entail consultations with key international agencies (including NGOs), in Myanmar, carrying out a literature review, report writing and presentation of findings.

In synthesising evidence on perceptions there will clearly be data quality issues. For example, officials may not have shared their perspectives on aid effectiveness in full. The consultant will need to triangulate evidence as much as is possible and be explicit about evidence that is not robust.

Through internet search, document review and broad consultations, the consultant will:
- Familiarise themselves with key targets on aid effectiveness
- Assemble and summarise arguments deployed by key international agencies both for and against the pursuit of aid effectiveness targets
- Assemble and summarise other donor perceptions relating to:
  - Opportunities for promoting aid effectiveness
  - Constraints to aid effectiveness
  - Any plans to work differently in-country
  - Incentives for working on aid effectiveness
  - Gather robust evidence from country examples that substantiates dialogue on aid effectiveness
  - Make recommendations for further evidence gathering exercises that will strengthen dialogue on aid effectiveness

Through presentation and report writing the consultant will:
- Present draft findings for peer review discussion
- Submit a final report to DFIDSEA

**Outputs**
Deliver a Powerpoint presentation (if possible given travel constraints) and a report of not more than 15 pages, including an executive summary, plus annexes.

**Competencies required**
The consultant should have a broad experience of international development approaches in Myanmar and a good understanding of the role of different international agencies.

The consultant should have a strong understanding of the aid effectiveness agenda and some of the arguments for and against harmonisation and alignment.
Timing
The assignment will be for a total of 9 days. 2 days to familiarise themselves with the core aid effectiveness debates and processes globally and within Myanmar, 5 days literature review and consultations. 2 days for report writing and presentation

The assignment will begin at the end of June / beginning of July.

Management and reporting
The consultant will be managed by and report to the Bangkok based DFIDSEA Social Development Adviser and the DFID in-country contact.