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Assistance to Myanmar

Note by the Administrator

Summary

The present report contains the major conclusions, recommendations and strategic challenges identified in an assessment of the Human Development Initiative (HDI), Phase IV (HDI-IV, 2002-2007) for the period May 2006 to April 2007, in accordance with the guidelines set out in decisions 98/14, 2001/15, 2003/2, 2004/2, 2005/3, 2005/42, 2006/2 and 2006/31. The four-member international independent mission carried out its work in Myanmar from 22 April to 12 May 2007. The report of the previous (2006) HDI Assessment was presented to the Executive Board in September 2006.

The mission concluded that the HDI-IV programme is in full compliance with the Executive Board mandate and addresses the needs of the poor and vulnerable in rural areas of Myanmar. The mission highlighted key challenges and made recommendations that the Board may wish to consider for implementation under the HDI. The full text of the report of the independent assessment mission is available at the website of the Executive Board secretariat.

In accordance with the Executive Board decision 2006/31 of 13 September 2006 on assistance to Myanmar, which approved the extension of the current phase of the HDI for the period 2008-2010, with the understanding that formal presentation would be made to the Executive Board in September 2007, UNDP has prepared a formal proposal for the extension. The concept paper for this extension is also available on the website of the Executive Board. A summary is contained in section VI of this Note. The independent assessment mission reiterated the importance of the proposed 3-year extension in their report.

Elements of a decision

The Executive Board may wish to: (a) take note of the present document and of the report submitted by the independent assessment mission to Myanmar, in particular the strategic challenges and recommendations mentioned therein; (b) request that the Administrator take account of and implement the findings of the independent assessment mission, as appropriate, under the HDI; (c) endorse the proposed programme focus during the 3-year extension (2008-2010) of HDI Phase IV; and (d) authorize the Administrator to allocate an estimated amount of \$24.1 million from regular budget resources for the period 2008-2010. This will be



supplemented by other resources mobilized in the amount of \$24.9 million, within the envelope already approved by the Executive Board in 2005.

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I. Introduction

1. Since 1993, UNDP assistance to Myanmar has been carried out in compliance with the guidelines established in Governing Council decision 93/21 and Executive Board decisions 96/1, 98/14, 2001/15, 2003/2, 2004/2, 2005/3, 2005/42, 2006/2 and 2006/31. In accordance with those decisions, resources are targeted towards critical humanitarian and basic human needs in Myanmar at the grass-roots level, in the areas of primary health care, the environment, HIV/AIDS, training and education, and food security. Projects have been formulated and coordinated within a framework entitled the Human Development Initiative (HDI).
2. The first phase of the HDI (15 projects) was implemented between 1994 and 1996. The second phase, an extension (HDI-E), consisted of 10 projects that were concluded in late 1999. HDI Phase III projects were initiated in late 1999 pursuant to decision 98/14. The ongoing HDI Phase IV was approved in 2002. Focusing initially on 24 townships, the programme has six projects: two community development projects, a microfinance project, a project on HIV/AIDS and two comprehensive surveys on rural poverty and agriculture that have now completed field-level activities.
3. With the approval of the Executive Board (decision 2005/3), in 2005 the community development and microfinance projects began an expansion to an additional 40 townships, and HDI-IV was extended for two more years (decision 2005/42) to facilitate implementation of the expansion. A corresponding expansion in funding was approved, bringing the total core resource envelope to \$43 million for the period from 2002 to 2007 and the ceiling for non-core resource mobilization to \$65 million. In September 2006, the Executive Board (decision 2006/31) authorized, in principle, a further 3-year extension of the programme for the period from 2008 to 2010, with the requirement that the programme be presented in greater detail in 2007.
4. The 2007 independent assessment mission to Myanmar, consisting of four international consultants, provides a detailed review of the following: the conformity of HDI-IV with the Executive Board mandate; HDI focus and effectiveness; and challenges and constraints in project implementation. Programme strategies for the extension period, which take into account the lessons learned during programme implementation to date, have been developed both by the independent assessment mission team and other UNDP country office consultations and are summarized in the present note. The detailed assessment report and the extension programme are available on the Executive Board website.

II. Conformity with Governing Council and Executive Board decisions

5. The assessment methodology included: extensive review of documentation for the HDI-IV projects that are still operational, namely, the community development projects; microfinance and HIV/AIDS; visits to project villages in 16 of the 57 project townships; systematic consultations with beneficiaries during field visits; and meetings with diplomatic delegations, international and national non-governmental organizations (NGOs) and United Nations organizations.
6. The mission concluded that the content and objectives of all HDI projects are in full conformity with the relevant provisions of Governing Council and Executive Board decisions. All projects operate independently of Government and target the

village-level groups and needs described in the mandate. The mission found that the projects respond to the basic needs of the poor and the enhancement of household income by enhancing opportunities, especially for women. It concluded that HDI, through its focus on food security, sustainable livelihood opportunities and health and education services, works effectively in the sectors identified by the Executive Board.

III. Programming context and constraints

7. Within the framework of the Executive Board mandate, UNDP assistance under HDI-IV is geared towards addressing the needs of the rural poor in Myanmar to the greatest extent possible. Although Myanmar is well endowed with natural resources, a large proportion of the population is extremely poor and faces extreme constraints on its ability to organize basic survival of the family. The Government provides extremely limited funds for rural development, and a policy dialogue with the international community on poverty reduction has largely been lacking. Also, a basic concern affecting the lives of the poorest families is public health (especially the three diseases: HIV/AIDS, malaria and tuberculosis, as well as others such as measles and diarrhoea).
8. The political environment continues to pose challenges for the delivery of humanitarian assistance within the country. The “Operating Guidelines” put forward by the Government in February 2006 for United Nations organizations, international organizations, NGOs and international NGOs appear to reflect the Government’s interest in greater central control of the operations of international organizations and could represent a constraint on humanitarian assistance. To date, their application has been inconsistent and frequently arbitrary. UNDP has been able to manage this situation locally, primarily by being completely transparent in its dealings and by virtue of operational relationships that have been nurtured over the last 15 years. Effectively, the operating environment for the UNDP programme during the period under review did not change significantly when compared to the previous year.
9. The mission pointed to the fundamental humanitarian needs facing significant numbers of vulnerable people in the country as a consequence of the current situation and concluded that it is “undeniable that UNDP is having success in meeting these needs and has unexploited potential to speak to them further.” The mission firmly believed that UNDP remains capable of working in the constrained programming environment.

IV. HDI-IV assessment

A. Programme scale

10. As of May 2007, approximately 2.4 million of the rural poor participate in HDI-IV (56 per cent of whom are women)¹, representing a 35 per cent increase from the previous year. Participants are drawn from households in 6562 targeted villages in the 57 townships where the programme currently operates (up from 5,444 villages

¹ For the microfinance project, 98 per cent of the participants are women.

a year ago). The goal is to cover 64 townships by the end of 2007, as per the expansion plan (decision 2005/42).

11. Specific benefits to those participating in the HDI-IV programme include: (a) improved food security and social services for poor households; (b) development of functional groups of women (known as self-reliance groups) managing small savings and credit needs for their households as well as mixed ad-hoc committees to manage community resources in a participatory manner; (c) improved economic and social status of poor women; and (d) improved village-level basic infrastructure.

B. Follow-up to 2006 recommendations

12. With regard to the implementation of key recommendations from the 2006 assessment, the mission noted that significant progress had been made in a number of areas: (a) balancing HDI humanitarian interventions against the constraints of the political situation; (b) developing a strategy to improve the participation of the poorest and most vulnerable segments of the population in the programme; (c) reducing overhead costs for microfinance; and (d) improving outreach to a larger beneficiary group, expanding cumulative coverage by 35 per cent.
13. The assessment identified several important challenges that remain: (a) defining a transition strategy to scale down assistance in long-served areas (i.e., the original 24 townships) so as to use HDI resources more effectively; (b) ensuring effective systems for monitoring and evaluating development impact; (c) effecting further reductions in the microfinance project overheads; (d) addressing the capital constraints for the community groups utilized by the community development projects; and (e) undertaking a dialogue on the legal framework and institutional strategy for microfinance.

C. Current status of HDI-IV projects and issues

14. The two main community development projects address the basic needs of the rural poor, focusing on household food security and income-generation. The Integrated Community Development Project (ICDP), executed directly by UNDP, with activities initially in 11 townships, has now expanded to an additional 9 of 16 targeted new townships. As of May 2007, it covers a total of 1620 villages in 20 townships in the Dry Zone, Shan State, Ayeyarwaddy Delta and Kayah State. The Community Development in Remote Townships (CDRT) project, executed by the United Nations Office for Project Services (UNOPS), operates in several border areas of the country. Initially working in 13 townships in Rakhine, Chin and Kachin States, the project has now expanded to an additional 13 townships in those states as well as in Mon and Kayin, covering 1043 villages as of May 2007.
15. The projects use a range of mechanisms to empower communities, including the formation of self-reliance groups (SRGs), capacity-building activities for participatory development and assistance through small grants for community infrastructure and sustainable livelihoods. The mission concluded that both ICDP and CDRT have increased the capacity of poor households and communities to organize, plan, implement and manage their own activities. The assessment found that SRGs (4063 SRGs established as of May 2007, with most members being women) have helped improve livelihoods and reduce vulnerability. The mission

cautioned that SRGs should not be overloaded with additional programme or United Nations-related activities that may be external to their original purpose.

16. The scale of other livelihoods activities: testing and extension of agricultural technologies, land development, crop diversification and training, has also increased significantly in the past two years. The achievements in this regard cannot yet be measured adequately since a full-fledged development impact monitoring system is lacking. Moreover, the mission underlined the need to examine whether the activities related to land use take adequate account of the high landlessness rate, with landless villagers generally being the poorer and most vulnerable in a community.
17. The assessment noted that resource allocation priorities in the community development projects have now shifted, as per the recommendation from the previous year, and that livelihood activities now account for about two thirds of the budgets, when compared to infrastructure investments. This has significantly increased the potential of projects to contribute to livelihood improvements. However, a key concern is the significant increase in grant funds provided to SRGs and ad hoc committees for agriculture, livestock and technology development. These serve as village-level credit institutions, extending community credit facilities without rigorous procedures for book-keeping and credit management. These new informal channels need to be monitored more rigorously to review issues such as the sustainability of capital and distribution of newly created assets.
18. The mission found that the project on Sustainable Microfinance to Improve the Livelihoods of the Poor (executed by UNOPS) continues to excel by international standards. The project directly addresses the issue of livelihood improvements through loans and savings deposit services. During the review period, the project has continued to expand its activities without sacrificing performance. In terms of outreach, by the end of 2006 the project operated in 2799 villages (a 17 per cent increase over the previous year) in 22 townships; the number of clients increased at the same rate, reaching 264,000; the number of loans disbursed increased by 26 per cent, reaching 307,000; and the value of the loans disbursed amounted to \$9 million. The loan recovery rate in the period under review improved from some 97 per cent to the impressive figure of 99.9 per cent. UNDP was also able to reduce project operating costs. However, no progress has been achieved regarding the issue of institutional sustainability of microfinance operations, in terms of a legal and regulatory framework.
19. In response to the 2005 independent assessment recommendations, the HIV/AIDS project made concerted efforts during 2006 to align its activities with CDRT and ICDP and to widen the scope of its activities. In addition to training programmes, the project included activities such as: focusing on prevention; greater involvement of people with HIV for effective networking and advocacy and income-generation skills; and care and support training for destitute women and girls. However, the current assessment found this approach to be less effective, since most of the beneficiaries from the CDRT/ICDP and the microfinance projects are from low HIV prevalence areas. The 2007 mission therefore recommended that the project widen its geographic coverage to high-prevalence areas in all parts of the country and high-risk groups, aligning its operations with the activities of other actors in the field of HIV/AIDS rather than with other HDI projects. In the HDI areas, the focus should be on the most vulnerable groups (such as returned migrants).

20. The Integrated Household Living Conditions Assessment (under UNOPS execution) was conducted in collaboration with the Ministry of National Planning and Economic Development. Based on quantitative and qualitative surveys, reports have been prepared on poverty, vulnerability and the Millennium Development Goal (MDG) indicators, which were endorsed by the Government in May 2007². The mission acknowledged that UNDP work to accomplish the household survey was unique and reflected recognition by all parties and the Executive Board of the urgent requirement for good quality household-level information. The approval of the report on the incidence of poverty may be a significant step forward for policy dialogue on poverty reduction.
21. The assessment report also addressed issues of vulnerability: (a) with regard to gender, the mission commended the HDI for focusing its programme activities primarily on women in the lower economic strata in society. This has helped women improve their livelihoods, self-confidence, skills and status within the family and community; (b) some 8 to 10 per cent of the population in HDI villages are excluded from programme activities owing to factors ranging from their seasonal migration in search of employment to fewer income and savings opportunities. The assessment acknowledged the initiative being piloted by ICDP in this regard, which focuses on creating special SRGs for the poorest groups. However, it cautioned that such special SRGs might not be appropriate as these groups might have too little in common and too little time to come together. Care will also be required to ensure that such efforts complement the existing social safety networks that traditionally exist in most villages for the very poor; (c) with regard to environmental sustainability, the HDI attempts to reduce slash-and-burn agriculture will need to draw on additional expertise to assist villagers in selecting appropriate strategies while simultaneously developing alternative job opportunities.
22. The assessment also reviewed needed improvements in programme management: (a) although steps have been taken set up impact monitoring systems (including the ICDP monitoring and evaluation system and increased use of client satisfaction surveys), progress is lagging. The continuing information gap is significant and leads to lost opportunities for learning between offices, areas and projects as well as for improvements in design. Relevance, simplicity and cost (villagers' time and staff time) for data collection should guide the design of the monitoring and evaluation system; (b) with UNDP and its implementing partners employing more than 1500 people (of whom more than half are women), the mission observed the important strategic impact of HDI on the creation of a new generation of human resources in the country who have skills in participatory development processes; (c) for efficiency and cost reduction reasons, as well as effective monitoring and learning purposes, the mission suggested streamlining the management of the different HDI projects: instituting one execution modality for the community development projects (direct execution) and putting in place an additional senior manager to coordinate the two projects; and switching to NGO execution (with the current international NGO implementing partner) for the microfinance project.

² The current studies represent the first addition to national information since the 1997 work by the Central Statistics Organization and the work by the World Bank in 1999 to project poverty figures based on that survey.

V. Independent assessment conclusions and recommendations

23. The 2006 mission concluded that HDI-IV is being implemented in full compliance with the mandate set by the UNDP Governing Council and Executive Board and that it is effective in reaching the poor and vulnerable in rural areas of Myanmar. Given the continuing humanitarian needs and the HDI record of achievements, the mission reiterated the importance of the proposed 3-year extension of the HDI Phase IV for the period 2008-2010. Key areas requiring greater emphasis include: livelihoods, drawing on international best practices in designing and implementing interventions, with a focus on vulnerable groups; a transition strategy for villages in which HDI has been operating for more than five years; a more streamlined management for the projects so as to ensure efficiency and cost-effectiveness; an effective system for monitoring and evaluation of development impact; and improved partnerships with other United Nations and non-governmental actors.

VI. Extension programme (2008-2010)

24. Taking into account the recommendations of the independent assessment mission and other consultations, and pursuant to Executive Board decision 2006/31, UNDP has developed the strategy and focus for the extension of HDI-IV for the period 2008-2010. The extension period will continue the basic focus of the programme, i.e., to assist the rural poor in addressing the needs that they themselves have identified and prioritized. It will ensure greater emphasis on involving poor women as well as the poorest segments of the community more systematically in programme coverage.
25. All the ongoing HDI-IV projects will continue, with the exception of the completed agriculture sector review: (a) the community development and microfinance projects will explore approaches to improving impact, such as linkages with market outlets and demand-driven microbusiness development; (b) in the original 24 townships, the approach will be to scale back to a less intensive but continuing intervention, which will involve monitoring, mentoring and linking to other donor and international NGO programmes. ICDP will also initiate activities in the 7 remaining townships approved for expansion in 2005; (c) the microfinance project will be further consolidated to ensure overhead cost reductions and expansion into new clusters of client villages within the current 22 townships; (d) the HIV/AIDS project will be reoriented to focus more on high-prevalence areas across the country, taking into account the comparative advantage of UNDP vis-à-vis other partners; and (e) the IHLCA project will undertake additional surveys and consultations on the policy implications of the findings relating to poverty, vulnerability and the MDGs.
26. Overall, there will be a much stronger emphasis on strategic partnerships with United Nations organizations as well as with NGOs and international NGOs operating in HDI areas. Measures to streamline programme management will also be implemented during this period. Although the mission recommended taking forward microfinance institutionalization, UNDP notes that options remain limited within the current guidelines given by the Executive Board. UNDP will also use the extension period to examine and build a transition consistent with the strategic directions suggested by the assessment mission and a series of other consultations undertaken to inform and validate the focus of the programme.

VII. Funding requirements

27. The total new regular budget funding requirement for 2008-2010 is an estimated \$24.1 million (which is the target for resource assignment from the core (TRAC) allocation for Myanmar). The corresponding other resource needs are estimated to be \$24.9 million, within the envelope already approved by the Executive Board in 2005.

VIII. Elements of a decision by the Executive Board

28. The Executive Board may wish to:
- (a) Take note of the present document and of the report submitted by the independent assessment mission to Myanmar, in particular the strategic challenges and recommendations mentioned therein;
 - (b) Request that the Administrator take account of and implement the findings of the independent assessment mission, as appropriate, under the HDI;
 - (c) Endorse the proposed programme focus during the 3-year extension (2008-2010) of HDI Phase IV; and
 - (d) Authorize the Administrator to allocate an estimated amount of \$24.1 million from regular budget resources for the period 2008-2010. This will be supplemented by other resources mobilized in the amount of \$24.9 million.
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