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ANNEX

of the Commission Implementing Decision on the Annual Action Programme 2018 part 1 in favour of Myanmar/Burma to be financed from the general budget of the Union

Action Document for Enhancing the education and skills base in Myanmar

1. Title/basic act/ CRIS number	Enhancing the education and skills base in Myanmar ACA/2018/039-665 financed under the Development Cooperation Instrument	
2. Zone benefiting from the action/location	Myanmar/Burma The action shall be carried out at the following location: nationwide	
3. Programming document	Multiannual Indicative Programme (2014-20) for Myanmar/Burma	
4. Sector of concentration/ thematic area	Education	DEV. Aid: YES ¹
5. Amounts concerned	Total estimated cost: EUR 300 000 000 Total amount of EU budget contribution: EUR 221 000 000 of which EUR 175 000 000 for budget support and EUR 46 000 000 for complementary support This action is indicatively co-financed in joint co-financing, valued at approximately EUR 17 000 000, by the United Kingdom, Denmark and Australia through contributions to the World Bank (WB) administered Multi-Donor Trust Fund. This action is also indicatively co-financed in parallel, valued at approximately EUR 62 000 000, by the Global Partnership for Education, which will be administered by the World Bank.	
6. Aid modalities / implementation modalities	Budget Support: - Direct management – Budget Support: Sector Reform Contract Project Modality (complementary support): - Procurement (direct management) - Indirect management with: (i) the Asian Development Bank (ADB); (ii) the World Bank; (iii) the International Institute for Democracy and Electoral Assistance (IDEA)	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

7. a) DAC code(s)	11110 - Education policy and administrative management 11320 - Secondary education 11330 - Vocational training 11130 - Teacher training 15111 - Public finance management			
b) Main Delivery Channels	Recipient Government – 12000 Others - 52000 ADB - 46004 WB - 44000 IDEA - 47058			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. GPGC thematic flagships	N/A			
10. Sustainable Development Goals (SDGs)	Main: SDG 4 - Quality education Secondary: SDG 1 - No poverty; SDG 5 - Gender equality; SDG 8 - Decent work and economic growth.			

SUMMARY

After decades of underinvestment in the education sector, poor quality and relevance of education is leading to significant drop-out rates at secondary education level, leaving many young males and females under-educated, under-skilled and unprepared for the workplace, depriving them of access to many forms of employment, further education or training. The government recognises that improving the country's skills through education is essential for inclusive socio-economic development. The National Education Strategic Plan (NESP) 2016-2021 lays the foundation for a comprehensive overhaul of the education system. There is however a human and financial capacity constraint to achieving the planned reforms.

The action will enable effective implementation of NESP core reforms for secondary education and technical and vocational education and training (TVET). The Education Sector Reform Contract will provide fiscal space for financing them. Combined with complementary measures and policy dialogue, the action will support the Ministry of Education (MoE) in changing the predominant focus of secondary curricula, pedagogy and assessment systems from rote-learned facts to critical-thinking and soft-skills, and in reforming the structure,

management, curriculum, pedagogy and partnership capacity of TVET to ensure it is more responsive to labour market needs. The result will be steadily increasing completion rates of quality, reformed courses at these levels, including for populations in remote and ethnic areas as well as young women. This will contribute to equitably enhance the education and skills base among Myanmar/Burma youth.

Complementary measures will supplement interventions of the Asian Development Bank in secondary education and TVET, providing necessary additional resources to ensure the full scope of interventions required to sustainably achieve planned reforms. Political and policy dialogue, informed by evidence from implementation of the action and other EU-funded projects, will also contribute to keep equity issues high on the agenda, in particular related to human rights, gender and ethnic diversity.

Further complementary measures will strengthen institutional capacity and systems in the education sector, around financial management, procurement, governance and human resources management to increase accountability, efficiency and transparency, and strengthen implementation of NESP reforms. Support to the broader Public Finance Management reform will underpin this process to ensure alignment. Additional support will strengthen the capacities of the Parliaments' Public Accounts Committees and Education Committees to exercise their oversight functions.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

The 2015 elections and the successful transition to a new democratically-elected government opened a promising new era in Myanmar/Burma. The main challenges of the government, in office since April 2016, are to sustain the democratic transition and strengthen key institutions of democratic governance, move forward with the complex peace process, improve respect of human rights, develop a more decentralised governance, provide more and better social services with more equitable access, and create opportunities for employment and broad-based, inclusive and sustainable economic development. Myanmar/Burma's geostrategic location, its rich natural resources and its large workforce offer great economic potential. However, after decades of underinvestment in education, the majority of the workforce is poorly educated and lacks the skills needed in a modern economy. The new government recognises that a key factor for developing, modernising and diversifying the economy is the improvement of the country's skills through education. However, the fiscal resources and institutional capacities needed to progress are limited.

1.1.1 Public Policy Assessment and EU Policy Framework

From the outset of the transition in 2011, the EU swiftly responded to political changes and provided strong support to encourage reforms. The "Comprehensive Framework for the EU's policy and support to Myanmar/Burma"², adopted by the Foreign Affairs Council in July 2013, set out the framework for EU policy and support to reforms for a period of 3 years. Thereafter, a "Joint Communication: Elements for an EU Strategy vis-à-vis Myanmar/Burma: A Special Partnership for Democracy, Peace and Prosperity"³ was adopted on 1 June 2016 and the Foreign Affairs Council endorsed conclusions on "EU strategy with Myanmar/Burma"⁴ on 20 June 2016. The Multiannual Indicative Programme (MIP)

² https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/138272.pdf

³ http://eeas.europa.eu/myanmar/docs/join_2016_24_fl_communication_from_commission_to_inst_en_v5_p1_8_49592.pdf

⁴ <http://data.consilium.europa.eu/doc/document/ST-10482-2016-INIT/en/pdf>

2014-2020 for Myanmar/Burma⁵, with an indicative allocation of EUR 688 000 000, focuses on four focal sectors: rural development, education, governance and rule of law, and peace building. The "Joint EU Development Partners' Transitional Strategy for Myanmar 2014-2016"⁶ was the initial joint programming document on EU development cooperation in Myanmar/Burma. Preparations for a new joint programming document are on-going.

In July 2016, the new government released a 12-point Economic Policy, with Public Financial Management (PFM) reform as one of the top priorities⁷. Some sector strategies like education and health have been adopted while others are being elaborated, including a Development Assistance Policy to coordinate and implement policy priorities and sector strategies. The National Strategic Plan for the Advancement of Women (NSPAW, 2013-2022) provides guidance to mainstream gender in all sectoral policies and plans.

Supported by the EU and other development partners (DPs), the Ministry of Education launched in 2012 a Comprehensive Education Sector Review (CESR), which established an extensive evidence base on the situation of education. On that basis, MoE developed in 2015 the National Education Strategic Plan (NESP) 2016-2021, which it later revised to adjust to the new government's education priorities. The NESP⁸ was launched in February 2017.

The NESP goal is: "Improved teaching and learning, vocational education and training, research and innovation leading to measurable improvements in student achievement in all schools and educational institutions". It is comprehensive, covering all sub-sectors from preschool to higher education and Technical and Vocational Education and Training (TVET), alternative education, teacher education, as well as management and quality assurance, aiming at a comprehensive overhaul and modernisation of the whole education system. Arising from the CESR, the NESP has strong relevance to the dominant education challenges. Ownership is strong at leadership level, but uneven at MoE departmental and sub-national levels. A MoE information campaign is ongoing to further inform and involve stakeholders across the country. NESP strategies are aligned to pre-existing commitments, laws or longer-term plans, giving a reasonable guarantee for sustained implementation. Multiannual planning and budgeting capacity is weak, but progress is being made in aligning departmental activities with NESP strategies and programmes. Overall, the NESP is considered a relevant and credible basis for an Education Sector Reform Contract, although further iterations would benefit from increased attention to gender and equity dimensions.

This action is in line with the June 2017 European Consensus on Development⁹, the Gender Action Plan (GAP) 2016-2020¹⁰, and the European Commission Staff Working Document "More and better education in developing countries"¹¹, which highlight the core role education and training play in enabling inclusive growth and poverty reduction.

1.1.2 Stakeholder analysis

The action responds to priorities of the government and will contribute to its educational and socio-economic objectives.

⁵ https://eeas.europa.eu/delegations/myanmar/documents/eu_myanmar/eu-multi-annual-indicative-programme-2014-2020_en.pdf

⁶ https://eeas.europa.eu/sites/eeas/files/joint-eu-development-partners-transitional-strategy-for-myanmar-2014-2016_en.pdf

⁷ http://themimu.info/sites/themimu.info/files/documents/Statement_Economic_Policy_Aug2016.pdf

⁸ <https://firstrangoon.files.wordpress.com/2017/02/nesp-english.pdf>

⁹ https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf

¹⁰ http://www.consilium.europa.eu/en/meetings/fac/2015/10/st13201-en15_pdf/

¹¹ https://ec.europa.eu/europeaid/sites/devco/files/swd-more-and-better-education-in-developing-countries-2010_en.pdf

The final beneficiaries are the population of Myanmar/Burma, including girls and young women and populations in remote and ethnic areas (and, to the extent possible, conflict-affected and non-government controlled areas), for whom better education and training policies and improved service delivery will offer more significant opportunities for better economic and social outcomes. Increased transparency, accountability and quality in the management of public finances will also serve the interests of the population through more effective use of public resources for improved service delivery.

MoE, regional/state/township education authorities, school management and parent-teacher's associations, and other bodies (including women's associations) involved in the action are direct beneficiaries, through management and capacity inputs into the education system, assistance for modernising educational and administrative processes, and additional budgetary resources to implement key reforms identified in the NESP and in the action. Teachers and education professionals recognise the need for new teaching and learning methods, but substantial professional development and pedagogical support will be needed to enable the uptake of new approaches, including gender-sensitive ones. Extensive consultations were held on the NESP with a wide range of education stakeholders across the country, with overall consensus on proposed reforms. The NESP also foresees broad-based coordination mechanisms, inclusive of non-government stakeholders. This includes sub-national levels, although in most cases such mechanisms are yet to be established.

At operational level, the key stakeholder is MoE as lead Ministry for all education reforms under the NESP. It also has national responsibility for coordinating skills training for all other Ministries. For TVET, the action focuses primarily on TVET delivery under MoE responsibility, but also links with the Human Capital Pillar of Myanmar/Burma's Private Sector Development Framework and Action Plan (PSDFAP)¹².

The Ministry of Planning and Finance (MoPF) is another core stakeholder. It has the overall responsibility to ensure that adequate budget resources for the education sector are available in a timely manner so that NESP priorities can be implemented. It also has responsibility for the overall PFM reform programme and overseeing implementation within spending ministries such as MoE. Another stakeholder is the Office of the Auditor General of the Union of Myanmar (OAGM), which needs to transition towards a model of public audit consistent with international audit standards in terms of its mandate, independence, organisational structure, staffing and audit methodologies. The Parliaments Public Account Committees, including the Joint Public Accounts Committee (JPAC), and the Parliaments Education Committees will also be involved in the action, so that they develop their capacities to fulfil their role in ensuring oversight of budgeting, budget execution and external audits, in particular in the education sector.

MoE needs to improve the collection and use of sex-disaggregated data, gender awareness training for policy makers and institutional mechanisms to promote gender equality throughout the education system. MoE's gender focal group (MoE's arm for implementation of the NSPAW led by the Ministry of Social Welfare) will be closely involved in the action.

MoE has made preliminary but important progress in establishing partnerships with industry. To operationalise the PSDFAP Human Capital Pillar, it has established a specific Working Committee, chaired by MoE with involvement of the main chambers of commerce, employers' associations and other Ministries, which has commenced a series of dialogue initiatives. Several sectors of the economy (tourism, construction, garment, commerce etc.) will benefit from the action through a steadily improving number of students with higher

¹² http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/psd_framework_final_01_apr_english.pdf

levels of educational, technical and soft skills, whether they exit school into employment or are able to continue to tertiary education. The action could indirectly contribute to further European investments in Myanmar/Burma.

1.1.3 Priority areas for support/problem analysis

Problem analysis

Since 2011, important progress has been made in primary education, where government and DP resources are concentrated. However, this has left secondary education and TVET underfunded, and progress in these sub-sectors has lagged. ADB is starting a large-scale project for secondary education and TVET reforms, to coherently reform these two streams so that they jointly respond to skill needs, and to support cross-cutting reforms and institutional capacity building.

More than 80% of youth complete primary education. With DP support, MoE is progressively addressing remaining primary school dropout through various measures (e.g. elimination of school fees, school grants, stipends, free textbooks, non-formal primary education and school feeding). Other key reforms at primary level include curriculum revision and teacher training, which are supported by several DPs.

It is the transition into, and completion of, secondary education that are key bottlenecks, as school attendance drops sharply after primary. Net enrolment rates in lower and upper secondary have increased between 2015/16 and 2016/17, respectively from 56% to 60% and 29% to 34%, but they remain one of the lowest in the region. Low transition rates to lower secondary and high dropout at that level mean that only 44% of girls and boys complete lower secondary. Two thirds of the students in Grade 11 fail the final exam. Of the roughly 1.1 million new primary school entrants each year, only 10% complete upper secondary education 11 years later. Thus, each year, about one million young people drop out of school.

Since higher education and many forms of formal TVET require upper secondary completion, most school leavers have no access to further education or training. The lack of education and skills among young males and females undermine prospects for inclusive and sustainable growth and poverty reduction, as they leave large segments of the population (particularly in poor/rural areas) trapped in unskilled, often informal jobs.

Gaps in educational attainment relating to socio-economic status also widen markedly after primary education, with more than 3 out of 5 rural youth and 2 out of 3 poor youth not completing lower secondary education. Overall, education in Myanmar/Burma is relatively gender-equitable, although more girls than boys transition from lower to upper secondary and complete secondary. Girls in poor families, remote areas and ethnic groups are, however, disadvantaged, and are under-represented in skills training. Additional challenges relate to social norms and biases against women and girls in the community and labour market.

Many ethnic and remote areas are not reached by state education services. Alternative forms of education are often provided, including through parallel education systems run by several ethnic groups, but challenges in access and quality of teaching and learning are even more acute in these areas. The language of instruction (Myanmar) also presents a major obstacle to the completion of education for students of the many linguistic minorities. Recognition of learning under non-state education provision is a sensitive issue. While increases in government spending on education, and ceasefires, have recently allowed MoE to reach new populations, such expansion has often exacerbated long-standing conflicts over the status of ethnic education systems within the States. These issues are complex and intertwined with the peace process, and need to be addressed through political and policy dialogue as well.

At secondary level, the lack of quality and relevance of education, compounded by the need to support family income, is the lead cause of dropout. Similarly, low quality and relevance undermine both demand for TVET and trainees' employability. In all subsectors, curricula are outdated and irrelevant to the labour market, teaching and learning resources and equipment are limited and obsolete, while teaching and examinations are based on rote learning, resulting in poor learning outcomes. Employers identify critical gaps in students' mastery of basic knowledge and soft skills (critical thinking, analysis, problem-solving, communication) and hard (vocational/technical) skills, limiting their employability.

MoE upper-secondary Government Technical High Schools (GTHS) and post-secondary Government Technical Institutes (GTI, which do not require secondary education completion certificate) are by far the largest providers of TVET for pre-tertiary students. However, MoE TVET sector is still very small in relation to the potential demand and needs considerable structural and curriculum reform, along with stronger partnerships with the private sector, in order both to significantly expand the numbers, and improve quality and relevance.

Despite rising education budgets since 2011/12 (from about EUR 335 million to EUR 1.2 billion in 2017/18 – with most of this increase occurring between 2011/12 and 2013/14 when budget quadrupled), current funding levels are still inadequate. Public education spending as a percentage of GDP remains lower than most regional counterparts, at around 2 %. Current expenditures represent 83 % of the 2017/18 education budget, of which 71.5 % for salaries (59 % of total budget) and 10.6 % for 'free education'. 76.7 % of the total budget goes to basic education¹³, and 3.1 % to TVET. Recent budget growth has been mostly for goods and services and capital investments.

Several recent assessments (WB, ADB, EU), including a Public Expenditure Review of the education sector, conclude that the PFM systems in education are still labour intensive manual based accounting and reporting systems, which affects the timely preparation of accurate financial reports and are, therefore, not sufficiently informing policy decision-making timely. However, due to strong controls they are basically sound and ensure that the education system gets funded broadly in time and that expenditures are accounted for. While there is predictability of budget resources when approved by the Parliament, the budget proposal and consolidation process, although being formally bottom-up, is not sufficiently based on actual demand, strategy, objectives and/or key priorities of the sector, but rather incremental. Effective medium and/or long term budget planning in MoE needs to be strengthened. Another issue is the lack of specialised procurement staff, implying risks of inefficient spending in the sector. A new procurement law and new regulations are under development under the overall government PFM reform. Budgets and financial reports are not user-friendly and while serving for transaction purposes, they do not sufficiently allow expenditure prioritisation and analysis. Fiscal transparency is improving as budgets and financial reports are gradually made available to the public.

MoE's institutional capacity for implementing and sustaining education reforms needs to be strengthened. Staffing constraints are important, with numerous vacancies at all levels including the township level, which poses a risk to day-to-day implementation. More capacity is needed for in-house monitoring and evaluation. Reforms are also needed for staff and teacher recruitment, deployment and promotion.

Priority areas for support:

Key NESP reforms are: (1) expanding basic education from 11 to 13 years of schooling;

¹³ In Myanmar 'basic education' includes preschool, kindergarten, primary and lower and upper secondary levels.

(2) establishing modern curricula, teaching and assessment systems that motivate male and female students to enrol and stay in school, especially at secondary level; and (3) expanding access to TVET for young men and women, particularly those having dropped out of school.

In line with the NESP and in complementarity with ADB, the action focuses on improving equitable access to, and quality and relevance of, secondary education and TVET as the areas with greatest needs, and as critical foundation levels for soft and hard skills development. EU budget support will facilitate allocation of national budget and capacity resources to these reforms, while complementary measures will supplement interventions foreseen by ADB, to ensure the full scope of interventions required to sustainably achieve planned reforms. The action will assist the education sector in:

- Supporting a combined reform of curricula, teacher training, and assessment and examination systems, to improve relevance of secondary education to employment needs and increase transition rates to and completion rates of secondary education.
- Expanding and improving the quality and relevance to labour-market needs of skills-training opportunities, in particular for the many that do not access/complete upper secondary education, with a focus on MoE TVET institutions. To strengthen labour-market relevance of training, partnerships between GTHS/GTI and local employers will be encouraged. The action will also contribute to develop capacity and means to evolve the present unmodernised and narrow provision for TVET into a more diverse and flexible system with greater capacity to contribute to the skills base needed for employment.

While moving to secondary education and TVET through this action, the EU remains involved in primary education through its funding of complementary projects and through the forthcoming Global Partnership for Education (GPE)¹⁴ grant (see section 3.2). The action also covers the whole education sector through monitoring of progress in implementing the NESP.

To complement support to education and TVET reforms and buttress implementation of the NESP, the action will strengthen institutional capacity and systems in the education sector. The GPE programme, to be co-financed by a WB loan, is in preparation and will include a focus on systems-strengthening and capacity building in MoE to improve implementation, accountability and efficiency, which will be based on updated needs assessments of MoE. The action will complement and supplement the GPE/WB operation with additional resources to ensure comprehensive support, with a focus on basic education and TVET, and increase donor coordination. Systems-strengthening and capacity building will focus in particular on financial management in MoE, at central and subnational level, with a focus on planning and budgeting, reporting, internal control and oversight, to improve transparency, accountability and efficiency of public spending in the sector. In doing this, it will also support the human resources management framework in the sector. The action will also support implementation of the broader government PFM reform strategy, as a basis for broadly improving service delivery across government, and to ensure that efforts and initiatives are aligned and complementary.

The action will as well support improved Parliamentary oversight, by developing capacities of the Public Account Committees of the Parliaments in ensuring budget scrutiny and analysis and follow-up of the external audit reports. Support will be extended to the Parliaments Education Committees, as well as to State/Region levels, to strengthen budget and accounting literacy and capacities at these levels.

¹⁴ <http://www.globalpartnership.org/>

1.2 Other areas of assessment

1.2.1 Fundamental values

Myanmar/Burma's progress in areas related to fundamental values under the previous government was significant, although starting from a very low base. The 2015 election and the smooth handover of power to the new government led by the National League for Democracy demonstrated that remarkable progress had been achieved over a comparatively short period. The 2017 by-elections continued the positive trend, especially as regards democratic consolidation. However, considerable challenges still exist as regards both democracy and human rights: the military remains an important political player outside the control of the civilian government, occupying 25% of parliamentary seats unelected, holding a veto power over constitutional amendments and providing three key ministerial posts.

Serious challenges remain in the area of rule of law, human rights and gender equality. In some areas, such as freedom of expression, of speech and of media, there have been signs of backsliding: especially as concerns activities online: an increasing number of journalists, activists as well as regular citizens have been charged under section 66(d) of the Telecommunication Act for 'defaming' the government or the military in social media. Moreover, the Peaceful Assembly Act continues to be used to arrest and imprison protesters, setting undue limits to the freedom of assembly. In addition, social unrest relating to land, education and labour issues have the potential to impede Myanmar/Burma's transition towards a peaceful and modern nation.

The peace process is a key area, benefitting from significant EU support, where progress should contribute to important improvements in respect of human rights, particularly rights of minorities. The State Counsellor made peace and national reconciliation the top priority of the government. However, as clashes between the government and Ethnic Armed Organisations (EAOs) continue, inclusiveness, trust and de-escalation remain key challenges. Ethnic and religious minorities remain highly vulnerable. Hate speech and intolerance is a growing issue enforced by the increasing influence of Buddhist ultranationalist movements.

In view of the remaining serious human rights concerns, particularly the situation in Rakhine State, the EU continued to table a resolution in the 34th session of the UN Human Rights Council¹⁵ in March 2017 which was adopted without a vote.

The Advisory Commission on Rakhine State, led by Dr Kofi Annan, presented its final report to the Myanmar/Burma government on 25 August 2017. The report was well received by the government, which has set up a committee, tasked with implementing recommendations from the report. Just after the publication of the report, the insurgent group Arakan Rohingya Salvation Army (ARSA) launched terror attacks on police and border posts. This triggered in return a heavy-handed military response. These operations have led to the internal displacement of around 30,000 Rakhine and other non-Muslim ethnic minorities as well as an exodus of over 690,000 Rohingya Muslim refugees into neighbouring Bangladesh. The number of internally displaced Muslims cannot be established due to access restrictions for independent observers and humanitarian aid agencies. International civil society organisations and international media have, citing satellite data and interviews with refugees in Bangladesh, reported on large-scale burning down of chiefly Muslim villages.

The Myanmar/Burma and Bangladesh governments signed on 23 November 2017 an arrangement for the return of the refugees. The government also set up the Union Enterprise for Humanitarian Assistance, Resettlement and Development of Rakhine State, supported by

¹⁵ http://ap.ohchr.org/documents/dpage_e.aspx?si=A/HRC/RES/34/22

domestic funding. A coordinated government strategy is however yet to be defined.

The 26 February 2018 Foreign Affairs Council Conclusions on Myanmar/Burma reconfirmed the EU and Member States strong engagement in support of the country's democratic transition, peace and national reconciliation process, and inclusive socio-economic development, and reiterated readiness to support implementation of the recommendations of the Advisory Commission and to continue its support to ongoing reforms, including in the education sector.

With reference to EU budget support guidelines, a Sector Reform Contract aims to promote sector policy reforms and to ensure and protect delivery of basic services to the people. It offers an effective platform for dialogue, not only on the specific areas targeted by the operation, but on broader issues linked to the fundamental values, as shown with the policy dialogue areas listed in section 4.2.1. These policy dialogue areas reflect the education-related recommendations of the Advisory Commission on Rakhine State¹⁶, taking however a broader perspective since most of these recommendations apply as well to other ethnic minorities. By essence, education is not only a basic human right, but also a tool to promote critical thinking and foster tolerance, conflict resolution and peace. By supporting the implementation of the NESP, the Action will help address the education-related recommendations of the Advisory Commission on Rakhine State.

In the current circumstances therefore, the proposed Education Sector Reform Contract, which has a very high level of support across government, offers a precious and important entry point for the EU and Member States to demonstrate concretely their continuous engagement with the government and commitment to support development across the country including in Rakhine State.

1.2.2 Macroeconomic policy

The incumbent government took a number of bold initial steps. It reduced the number of ministries from 36 to 21 and in this process merged the Ministry of National Planning and Economic Development with the Ministry of Finance. It put forward a broad 12-point economic policy which has been well received by all parties but lacks details. Nonetheless, the government wishes to pursue an open economy based on inclusive, private sector led growth integrated with the world economy and where Foreign Direct Investment (FDI) will play an important role. Myanmar/Burma is on the standard 12-month Article IV consultation cycle with the International Monetary Fund (IMF) and in general there is agreement between the Government and IMF on the issues, strengths, and policies to follow.

Growth during the financial year (FY) 2016/17 was slower than in previous years, with full year growth at 5.7%. However the current year's rate is projected by the IMF to rebound to 6.7% and growth is expected over the medium term to gradually increase to potentially 7-7.5% of GDP. Poverty rates have fallen at a quite impressive rate from around 45% in 2004/5 to around 32% in 2015 thanks to high GDP growth rates. The increase in the consumer price index remained below 6% over the period 2011-2014, but increased up to a peak of 16% in mid-2015 due to economic overheating. It declined in 2016 and has come down to 6.8% in the current year. The current account deficit increased from 3.3% in 2014/15 to 6.5% in 2016/17 but it has decreased this year, resulting in a slight increase and stabilization of foreign

¹⁶ In particular: Ensure that all communities in Rakhine State have equal access to education, irrespective of religion, ethnicity, race, gender, or citizenship status; address the indirect costs of schooling, such as costs related to transportation, food, uniforms, teaching materials and other equipment, which reduce access to education for the poorest segments of all communities; address discriminatory practices and lack of birth registration; address language issues; expand access to post-primary education for children from all communities (including IDPs).

exchange reserves to around 3 months value of imports. At this stage however the overall balance is slightly positive due to large inflow of FDIs and DP contributions. The Myanmar Kyat depreciated in 2015/16 by 18 % against the United States Dollar however it has stabilized over the last year.

Budget revenues and expenditures increased steadily from 2010/11 until 2016/17. However, the 2017/18 budget saw a decrease of the budget's share of Gross Domestic Product (GDP) as revenue growth is not keeping pace with GDP growth. State Economic Enterprises (SEEs) receipts have been the major part of government revenues (primarily oil and gas revenues) but their proportion has fallen due to declining operational results of SEEs primarily from the oil and gas sector and high electricity subsidies. The government had agreed with IMF on a target of a fiscal deficit at 4.5 % for the coming years however this has been lowered in recent MTFE projections to 4% with the average projected to a prudent 3.4% allowing for a certain security margin. Due to low budget execution rates in some ministries the deficit in 2016/17 only reached 3%, helping to stabilize the economy. According to the debt sustainability analysis undertaken by the IMF and the WB this level of deficit is sustainable, with future debt well below the relevant benchmarks.

Expenditures in social sectors increased rapidly to 12% in the 2016/17 budget and 13.6% in 2017/18. The budget for 2017/18 for defence is 22% of the budget which is 2% down from the final 2016/17 budget. The MTFE projects expenditures reallocated from defence to social sectors with the ratio of defence spending declining from 3.8% of GDP in 2013/14 to 3.4 % in 2016/17 and 2.6% in 2019/20 with the corresponding proportions for health and education spending increasing from 2.8 % in 2013/14 to 2.9% in 2016/17 and 3.9% in 2019/20. Given the high GDP growth this increase in projected social spending implies relatively high growth rates in absolute terms.

Given the importance of SEEs in the budget, restructuring and improved oversight of the SEE sector is an important issue for macroeconomic stability. The government recognises the urgent need for the reform of this sector through corporatisation, improved management practices and privatisation to reduce corruption risks and contingent liabilities to the budget. Important DP supported programs are being implemented with this objective. Extensive tax reforms are ongoing with support from IMF, WB and United States Treasury, and Myanmar/Burma has joined the Extractive Industries Transparency Initiative (EITI) to improve management and transparency of the extractive industries sector and increase revenues.

As for the Central Bank of Myanmar, monetary policies and the finance sector, considerable progress in reforms has been achieved and a new management has recently been appointed. The Central Bank of Myanmar has reduced monetarization of the fiscal deficit to 50% of last year's budget, down from 90% the previous year, and plans to eliminate the practice gradually. Banking credit to the private sector has been increasing rapidly and in the past contributed to excess demand pressure. The growth rate, while still high, has however come down the last year. Banking supervision is being strengthened and banks are gradually adapting to the new regulatory regime with higher prudency rates.

Summing up, while Myanmar/Burma has considerable strengths and strong perspectives for economic and social progress, the government has taken over an economy with considerable challenges including some immediate sources for instability and risks. However, over a limited time the government has managed to stabilise the economy at the same time as increasing financing for key social sectors. In spite of the situation in Rakhine State and the resultant negative international image, the economic impact seems to be localised and tourist receipts and investment approvals remain stable at national level, with the impact contained to

regional level, although the tendency to increase in investments and tourist receipts has levelled out. Key challenges are to: i) continue to constrain the fiscal deficit, ii) implement prudent monetary policies and progressively finishing Central Bank financing of the deficit, and iii) ensure a sustainable growth in credit. More structural issues include implementing the new banking regulations, strengthening reform of state enterprises and continue with orderly privatisations, and continue to reform the tax system to gradually increase tax revenues to finance the increased emphasis on the social sectors and restore the level of public investments. While the development of the MTF provides some clarity on medium term fiscal policies, further clarifying the government's development and economic plans could also help improve the investment environment. Overall the situation has developed fairly positively and immediate concerns and issues have reduced.

Myanmar/Burma is according to the macroeconomic eligibility criteria eligible for budget support as the government is pursuing stability oriented policies and the policies designed are both relevant and credible although progress in their implementation is slow, due to considerable institutional capacity constraints.

1.2.3 Public Financial Management (PFM)

Myanmar/Burma is still at an early stage after reforms started in 2011 under the previous government. After nearly 60 years of military dictatorship, PFM systems had practically stagnated at a pre-independence level, democratic control and transparency were at a low level, and internal control mechanisms for budget expenditure limited. With support of DPs in 2012/13 the government undertook a Public Expenditure and Financial Accountability (PEFA) assessment which describes strengths and weaknesses of the existing PFM system and formed the basis for a broad and ambitious reform strategy. With the new democratically-elected government and with international support stepping-up, the reform efforts entered a new phase in 2016. In its economic policy statement published in July 2016, the new government clearly expressed its intention to combat corruption, improve transparency, and create a more efficient PFM system. The reform is supported by a large number of DPs, with the key actors being Japan, the IMF, the WB together with Australia, UK and Denmark via a multi-donor trust fund (MDTF), the ADB and Norway.

The implementation rate of reforms has been generally slow, but is picking up under this government, with large qualitative progress made in many fields despite substantial capacity constraints. Over a 4-5 years period this includes important structural reforms such as: establishment of a Public Account Committee in each parliamentary chamber and of a joint committee (JPAC), establishment of the Central Bank of Myanmar, the Treasury and its departments, and the Internal Revenue Department, a separation of Union and State government budgets. There has also been good progress in reviewing the legislative and regulatory framework: work on a new PFM law is ongoing, financial regulations have been updated, the procurement law is being reviewed and laws, rules and regulations related to the revenue area are being updated. A Midterm Fiscal Framework has been established providing clarity of the government's medium term fiscal strategy. Debt management, tax administration, customs reform and EITI implementation are continuously being strengthened.

Myanmar has among the lowest tax burdens in the world, far below potential and other countries in the region and the incomes from oil and gas have been falling, reducing the fiscal space the government has. Tax reforms have started to increase the tax revenue to replace oil revenues but the progress is slow and efforts are undermined by transfer pricing and exorbitant tax incentives under the investment law which have recently been extended. Short

term gains may be achieved through intensified DP dialogue with the government to reduce tax incentives but further financial support to the tax reforms is necessary to reduce capacity constraints in the tax area to have a substantial longer term impact.

In late 2016 the MoPF produced an update of the 2013 PFM reform strategy. Although the reform strategy lacks details, reform processes in relevant fields advance and MoPF management has a relatively clear idea of the directions and objectives of these processes. As the first phase of the reform was envisaged to be of 3-5 years duration, it is now appropriate to start to take stock of the present situation and achievements with a view to update the strategy. To support this process, a new PEFA is envisaged. An assessment at the decentralised/deconcentrated level through a subnational PEFA could be appropriate. Key challenge in the update of the reform strategy is to develop realistic roll-out plans taking account of limited institutional and human capacities, to produce an agreed management framework and to agree improved progress reporting. DPs have a key role to play in bringing in relevant experience for this reform update process and to ensure that their support is properly planned and coordinated.

The EU budget support eligibility assessment concludes that the PFM reform process is both relevant and credible. With the strong desire on the government side for fast improvements and the very significant support pledged by DPs to PFM reforms, Myanmar/Burma will gradually move up towards international standards in PFM.

1.2.4 Transparency and oversight of the budget

As part of the PFM reform programme the Government has started implementation of a number of activities with support of DPs to promote transparency and foster external oversight and accountability. With reference to the EU budget support guidelines, the entry point for the Transparency and Oversight eligibility criteria has already been achieved: both budget law and supplementary budget law are available on the MoPF website. In the 2015 Open Budget Initiative (OBI) survey (cut of date June 30 2014) only one of eight relevant fiscal documents was published. Under the new government, by December 2016, 2 out of the relevant 8 fiscal documents were published within the OBI time frame, 4 were published but late, 1 was published but not according to the standards of the OBI. Only the Auditor General's report of the public sector accounts was not published although the discussion of the report in the Parliament was public and the Parliament's report on the audit reports was published.

The Joint Public Accounts Committee (JPAC) was established in 2012. It was reconstituted in 2016 with largely new membership and the new JPAC appears energized. JPAC has clearly shown progress as a budgetary oversight body contributing to the prudent macroeconomic policies being implemented. However the JPAC functions need to be better defined and laid down in internal processes and regulations and there is need for capacity building of both members and the JPAC secretariat. JPAC is receiving support for strengthening this work from the EU and the WB-Joint donor PFM project.

The Office of the Auditor General of the Union (OAGM) is playing a central role in providing external oversight of budget execution and to a considerable extent also to internal control and to capacity building of PFM staff in the public sector. It had over the last three years up to last year delivered its audits to the President and Parliament within the prescribed 9 months' time frame, nevertheless there was a three months delay in finalising the report in 2017. Legal restrictions prevent OAGM from scrutinising military expenditure, and there are logistical difficulties when auditing some accounts of departments in border and remote areas. The OAGM recognises the need to improve its independence and management practices and move

towards the adoption of the International Standards of Supreme Audit Institutions. EU and the WB-Joint donor PFM project are supporting this process together with Norway and ADB.

DPs are providing technical assistance to the new fiscal transparency unit in the budget department. Further support to the JPAC is included in this action, while support to the OAGM will be provided through the MyGovernance project.

While good progress has been underway with publication of many of the relevant fiscal documents, attention needs to be given to improving the formats, quality and on-line access of the published budgets. An improved format for the mid-year execution report has been designed and is expected to be implemented for the next fiscal year. The 2017/18 Budget Estimate was already a substantial improvement compared to earlier. The authorities have committed themselves to publishing all eight key fiscal documents timely and improve quality.

2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
<p><u>Political risks</u> Myanmar/Burma's history of ethnic conflict and wide social and regional inequalities is inseparable from chronic distrust in central government. Democratisation is incomplete as the military retains important economic and political power. Improvements since 2011 need to be pursued for addressing serious and remaining human rights concerns. Inter-communal tensions between the Buddhist majority and religious minorities, particularly Muslims in Rakhine State, remain to be addressed. Inequity issues, such as gender inequality, undermine social coherence and sustainability. New elections in 2020 may change the political landscape.</p>	High	<p>The political agenda related to fundamental values and inequity-related issues will be influenced through EU political dialogue and various on-going EU development cooperation activities, including under the MIP focal sectors on governance and peacebuilding as well as thematic instruments and programmes. The ability of external actors to efficiently mitigate political risks is relatively limited. Monitoring of, and support to, the implementation of the recommendations of the Advisory Commission on Rakhine State. Specific support to education in remote and ethnic areas and for girls/women under this action and other instruments and programmes, including the GPE.</p>
<p><u>Macroeconomic risks</u> The most serious constraints refer to inadequate supervision of the financial sector, falling commodity prices and monetary financing of the budget deficit. Gender-blind macro-economic policies may increase gender gaps.</p>	Medium	<p>DP support to capacity development for financial sector supervisory bodies. Engage with government on budget execution, budget monitoring reforms and, progressively, gender responsive policy planning and budgeting. Develop Domestic Revenue Mobilization with DP support. IMF and WB monitoring reviews.</p>

<p><u>Developmental risks</u> Weak institutional capacities together with uneven lower-level ownership and awareness of key NESP reform strategies, leading to delays in policy implementation, and weaknesses in multi-annual planning capacity undermining credibility of longer-range targets. Additional financial resources are needed to finance it and substantial capacity development to implement it. Insufficient consideration of gender/equity dimensions in NESP. Equitable access to education services in conflict affected areas will present serious challenges, and require taking realistic account of the peace process. Lack of involvement of non-state actors (civil society and labour market actors) in an environment which has been predominantly state-led. Curricula and teacher training not leading to better learning. Greater student learning and employability not resulting in commensurate employment and therefore not contributing to inclusive growth.</p>	<p>Medium</p>	<p>Continued policy dialogue with the government, together with other DPs, on key educational reforms and policy priorities, acknowledging current system capacity, with joint support for capacity development, particularly on equity dimensions including gender. In particular, the action will support institutional capacity and systems strengthening within MoE, and support to PFM reforms and budget oversight to increase spending efficiency, in particular in the education sector. Policy dialogue focusing on realistic longer-term objectives for NESP, and identifying key process milestones. Promote broad and inclusive consultations as part of support for the aid effectiveness agenda, and ensure linkages to the peace process when needed. Continue to encourage participation of civil society and private sector in key education reforms and sector coordination mechanisms. In the longer term, collective support to / dialogue on intensified teacher professional development measures, intensified and more radical reforms of core subjects, and more investments in pre-service teacher training, with more internationalisation. Focus future investments on post-secondary short courses and expanded occupational options for TVET for secondary graduates.</p>
<p><u>PFM risks</u> PFM-related risks identified in the education sector targeted by this action include outdated manual accounting and reporting systems, limited procurement capacities, and lack of transparency in budgets, in budget execution, in procurement and in contracting in general, including of staff and management appointments. The lack of a proper internal control and audit function also constitutes a risk, even if the function is partly covered by extensive external audits. Limited capacities</p>	<p>Medium</p>	<p>The action will support improvement of the financial management systems in MoPF and MoE, in particular by supporting improved planning and budgeting, progressive automation of accounting and reporting systems and increased use of ICT and bank transfers instead of cash for payments (including for teacher salaries), improving procurement capacities and procedures, improving fiscal transparency in the sector, and improving internal control and, possibly, internal audit capacities. The action will also support expenditures tracking studies, to reduce fiduciary risks as well as to inform policy decisions. Oversight functions of the JPAC and the Education Committees will also be</p>

<p>of the Parliaments JPAC and Education Committees to fulfil their scrutiny and oversight functions also constitute a risk. OAGM has limited independence and no access to auditing security sector and military expenditures. Fungibility of the budget support funds.</p>		<p>strengthened through this action. Similarly, but via another project, OAGM will be supported in achieving international standards for external audit through the definition of a new legal framework and capacity building.</p> <p>Fungibility risks will be mitigated by using as a budget support indicator the share of the education budget in the overall budget, to ensure that the annual increase of the education budget is at least larger than the annual EU budget support payments.</p>
<p><u>Corruption & fraud risks:</u> The National Anticorruption Commission needs to enhance its capacity. Corruption and fraud issues are multidimensional and affect off-budget expenditure.</p>	<p>High</p>	<p>In the context of the overall PFM reform process: assistance to modernize PFM systems, including through progressive automation, support to the procurement reform and fiscal transparency and to domestic revenue mobilisation; assistance to JPAC and OAGM to develop appropriate domestic oversight mechanisms.</p> <p>The new Civil Service Reform Strategy includes strengthening of the National Anticorruption Commission and the role the Union Civil Service Board (supported by various DPs including the EU) will play in strengthening integrity across the Civil Service.</p>
<p>Assumptions</p>		
<ul style="list-style-type: none"> ● The political and socio-economic inclusive transition will be sustained. ● The government remains committed to implementation of the NESP. ● The government will implement its declared priorities, in particular (i) progress in national reconciliation and peace, with relevant structures and processes put in place for sustaining peace; (ii) implementation of the recommendations of the Advisory Commission on Rakhine State; (iii) commitment to the different reform processes, for development of education services and improvement of PFM systems. ● Government and DPs will continue to cooperate effectively. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The EU has supported the education sector since 2007, mainly through a multi-donor fund with Australia, UK, Denmark, Norway and the United Nations Children's Fund (UNICEF), implemented by UNICEF, which from 2012 supported the Quality Basic Education Programme (QBEP). QBEP was extended to mid-2019 with EU, Denmark and UNICEF support. The largest education investment of its time, QBEP laid the foundation of relationship building with MoE and its strategic support to CESR/NESP paved the way to an EU education sector reform contract. QBEP progressively showed the necessity to align development cooperation with MoE priorities, shift from service delivery to institutional and capacity development, and avoid parallel systems. The QBEP extension directly supported selected MoE programmes, partly using MoE procurement systems, which in turn allows

more open policy dialogue with MoE.

A gradual shift in the modality of EU assistance, with channelling a part of EU resources through the national budget and using country systems, will support the democratic transition and will be an important tool to leverage political and policy dialogue with the civilian government. The use of a similar results-based funding mechanism in the WB-managed school grants and stipends project, with disbursement against agreed indicators, has worked well, has increased MoE ownership, and has proven an effective tool for policy dialogue.

In terms of education reforms, lessons from many countries show that sustained positive improvements in teaching and learning need combined and synchronised improvements in three areas: curricula and teaching and learning materials; teacher professional development; and assessment and examination reform. This is the approach taken in this action, also in complementarity with support provided by other DPs in these three areas.

Limited state capacities and persistent distrust of government in ethnic/conflict-affected areas show the need for continued balanced support to both state and non-state education providers. International experience shows that diverse systems are especially important in multi-cultural and multi-lingual societies. In Myanmar/Burma, non-state (ethnic, faith-based, community) schools play an important role by complementing state education, in particular in underserved areas and for the most disadvantaged children. Studies show that they are culturally resonant and more responsive to local needs, and existing non-state and state collaborative arrangements at local level can provide good practice examples. Continuous political and policy dialogue is necessary to encourage stronger alignment and equivalency between state and non-state education provision, and address the issue of the language of instruction. These issues are however complex to tackle, intertwined with the peace process, federalism, decentralisation and democratisation, and will take time.

International experience shows that PFM reform is a gradual and complex process, with quick results unlikely. Myanmar/Burma's long period of isolation requires in particular a steady engagement and the building of trust with counterparts. Time is however of the essence, in order to catch up on the lost years. Internal coordination within government is also critical to achieving implementation synergies. Education, being a very large sector, is an ideal context for piloting PFM reforms and developing capacities for effective implementation of reforms and improved delivery of public services.

The multiplicity of development partners in Myanmar/Burma enhances challenges of donor coordination, given capacity constraints, calling for partnerships between DPs where feasible.

3.2 Complementarity, synergy and donor coordination

Since 2012 the Joint Education Sector Working Group was the MoE-DP policy dialogue platform for CESR/NESP. With the recent review of the aid architecture, it has been transformed into an Education and TVET Sector Coordination Group (ETVSCG), with seven sub-sector working groups aligned with NESP chapters and a GPE working group. This coordination structure constitutes the mechanisms for sector and sub-sector policy dialogue and technical coordination, and involves civil society organisations (CSOs). Coordination amongst DPs in education is ensured through various groups. The former PFM Sector Working Group has been transformed into a Macroeconomic Management Sector Coordination Group. A Gender Equality and Women's Empowerment Coordination Group is being established. The EU is actively involved in these dialogue platforms. The policy dialogue has considerably improved, with the new government reacting positively to DP concerns.

Continued coordination will be maintained with all DPs (including EU Member States) during the further steps in the design of the action, through the sector and sub-sector coordination mechanisms as well as through additional consultations, to ensure complementarity and lessons learning, and avoid duplication.

The action will directly complement and supplement the ADB support to secondary education and TVET. In relation to secondary education, it also complements the UK planned support to student assessment and examination reform, and will be coordinated with UNICEF and Japan support to kindergarten and primary curriculum reforms. It will also be coordinated with WB and Australia support to MoE's school grants and stipends programme, which has been expanded (with support from Denmark and Finland) to support primary teacher mentoring. The latter programme will graduate into a large operation co-financed by the Global Partnership for Education (GPE) and WB to support inclusive access and quality of education, mainly at primary level, adding support to in-service teacher professional development and non-formal primary education (see also below). The action will also complement the joint United Nations Educational, Scientific and Cultural Organization (UNESCO), Finland, and Australia support to pre-service training for primary and lower secondary teachers. UNESCO also supports education management and education management information systems, and Australia will support evidence-based policy decision-making.

In relation to TVET, the action will be strongly coordinated with Germany, through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Kreditanstalt für Wiederaufbau (KfW), and with the Swiss Development Cooperation (SDC). Their ongoing support offers concrete opportunities for complementarity in terms of: (i) testing more systemic reforms and supporting institution-based implementation, particularly in the important areas of TVET teacher training, curriculum development and local linkages with industry; and (ii) effectively expanding TVET competency-based short courses across the country in complementary ways. The combined support of GIZ, KfW and SDC will also support MoE in achieving some of the budget support TVET targets. Close coordination will also be maintained with regard to their work with the Ministry of Labour on labour market relevance of TVET. Other main DPs involved in TVET are Luxemburg, Japan, International Labour Organisation, Korea and UNESCO and mostly support selected TVET tertiary institutes. MoE intends to develop a framework for coordination of TVET DPs (including NGOs).

As a donor to the GPE and member of the ESCC, the EU will be closely involved in the WB/GPE operation, which is in preparation under MoE lead and will cover the same period of implementation as the action, complementing it in terms of conflict-sensitivity and equity. It includes a focus on townships with the weakest education outcomes, i.e. in rural/remote and ethnic areas as well as near/in conflict zones, with the possible inclusion of camps of Internally Displaced People (IDP). It also envisages support to training on the use of ethnic languages in early grades (kindergarten to grade 3, as foreseen in the NESP). It includes, as well, a component that would help build bridges between MoE and ethnic systems by facilitating dialogue on a roadmap towards a minimum education framework to protect all children's chances (addressing issues such as recognition of teaching and learning in different systems, common standards, transfer, and provision of textbooks). It is widely recognised however that, given the ongoing peace process, this is politically sensitive and should be considered with a long-term perspective.

Other EU-funded projects providing education services in remote and conflict-affected areas complement the action. Among these, and in line with the recommendations of the Advisory Commission on Rakhine State, specific support to Rakhine State is provided through QBEP

(extended specifically for this purpose), the EU-financed Education Assistance to Children in Rakhine State project, and the Livelihoods and Food Security Trust Fund (LIFT) for TVET. To ensure a conflict-sensitive and balanced support to education provision in Myanmar/Burma, the EU is exploring the possibility of funding additional support to education in ethnic areas, which would be submitted under a separate action at a later stage and would directly complement this Education Sector Reform Contract. The design will be closely coordinated with the WB/GPE operation.

The action will also complement and supplement the GPE/WB programme by providing additional resources to ensure comprehensive support to systems strengthening and institutional capacity building in MoE, taking account of ongoing and planned support to these areas. The action will also complement the overall support to the government's PFM reform programme provided by WB, IMF, Denmark, Australia, UK, US Treasury and Japan, to ensure alignment between core PFM reforms and reforms in the education sector. This action may contribute to the WB MDTF to ensure coordination. Support to JPAC has already started under MyGovernance and will be continued through this action. The support to JPAC and state/region PACs and the Education Committees has been designed in coordination with the WB and coordinated with other DP inputs. The WB support to JPAC focuses on IT and PFM related capacities, while the EU support on strategy development, staff capacity development, communication and the state/region PACs. This will be complemented by continued support, through MyGovernance, to assist OAGM in transitioning towards a modern Supreme Audit Institution and ensure that internal audit in MoE is aligned to new roles of the OAGM.

STEP Democracy and other EU-funded projects under the thematic budget lines 'Civil Society Organisations' and 'Human Rights and Democracy' provide civic education and support CSOs and citizens to increase their understanding of their oversight role in policies, programmes and budgets.

Finally, complementary assistance is and will be provided under MyGovernance to support preparatory activities and overall coordination and monitoring of the action within MoE and MoPF. MyGovernance will support other needs as may arise, including for existing education bodies such as the National Education Policy Commission, if needed.

3.3 Cross-cutting issues

The GPE secretariat made a number of recommendations to improve, among other things, NESP's attention to gender and equity dimensions, the causes of geographical disparities, the use of ethnic languages in school, collaboration with non-state education providers, the situation of children in fragile/IDP situation (particularly in Rakhine State), and a stronger focus on school disaster preparedness, which should be addressed at the NESP mid-term review. A 2016 analysis of 'Gender Equality and Women's Rights in Myanmar' includes a gender analysis of the education sector, which will provide guidance for NESP and the action. The action will contribute to cross-cutting issues through the following:

- Budget support will include an indicator to ensure that the content of new teaching and learning materials adequately address issues such as gender, ethnic diversity, environmental sustainability, disability, sex education, human rights, and disaster risk reduction and preparedness. This, in turn, will contribute to develop policy makers' awareness and capacities to promote these issues.
- TVET budget support and complementary measures on improved access, curriculum reform and expansion of competency-based short-courses will contribute to make TVET more accessible to both female students and students from remote and ethnic areas.
- Budget support and complementary measures, related to secondary education and TVET

- teacher training, will directly benefit women, who constitute most of the teaching force.
- Contribution to good governance by supporting the development of efficient and transparent PFM and budget oversight systems and capacities in bodies concerned with budget preparation and execution, ensuring more efficiency, transparency and accountability in the use of resources for improved delivery of public services, in particular in education. Opportunity for sustained policy dialogue on issues related to the use of gender and social inclusion as criteria in processes of budget allocation and execution, and support for progressive move towards gender responsive budgeting to increase equity and efficiency in spending, as foreseen in the NESP.
 - Continuous political and policy dialogue, informed by evidence from implementation of the complementary measures and other EU-funded projects, will contribute to keep equity issues, in particular related to human rights, gender and ethnicity, high on the agenda, and additional support may be provided if needed to develop specific policies.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the action is to equitably enhance the education and skills base among Myanmar/Burma youth.

The specific objectives (SO) are to support implementation of the NESP, in particular:

- SO1: To increase completion rates of quality secondary education
- SO2: To increase completion rates in reformed TVET courses
- SO3: To improve quality, transparency and accountability of PFM and budget oversight systems, in particular in the education sector

The expected results (induced outputs (IO) and direct outputs (DO)) are:

- IO1: Reformed curricula, textbooks and assessment system delivering improved quality and relevance of content and pedagogy in secondary
- IO2: Improved labour-market relevance and quality of TVET programmes
- IO3: Reform-enabling institutional and management capacities and planning processes in MoE and other agencies, relating to TVET and secondary reform
- IO4: Multi-stakeholder governance of TVET developed
- IO5: Financial reporting across the public sector improved through progressive introduction of automation in MoPF (Treasury)
- IO6: Improved budget scrutiny through improved capacities of JPAC and the Parliaments Education Committees
- DO1: Increased capacity of MoE Secondary and TVET systems
- DO2: National system for secondary teacher preparation and continuing professional development (CPD) preparing teachers for the reformed curriculum
- DO3: National system for TVET teacher preparation and professional development operational
- DO4: Increased responsiveness of MoE TVET institutions to local economies
- DO5: National system for targeting, coordinating and implementing local demand-led skills-based training developed
- DO6: Nationally or sectorally committed cross-cutting policies incorporated in reformed teaching and learning materials
- DO7: TVET and basic education budget presentation and transparency improved, allowing better parliamentary oversight and allowing civil society a clear idea of how sector resources are spent
- DO8: Financial management and procurement capacities in MoE (in particular Finance

Department, TVET and basic education departments) improved, securing value for money and smooth financing of service delivery

- DO9: Automation implemented in MoPF (treasury), and MoE (in particular in Finance, TVET and Basic Education Departments)
- DO10: Improved budget oversight and improved accountability in the education sector through improved capacities of JPAC and the Parliaments Education Committees related to education budget scrutiny and follow-up of audits

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG 4 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all', but also promotes progress towards SDG 1 'No poverty', SDG 5 'Gender equality', and SDG 8 'Decent work and economic growth'. This does not imply a commitment by the country benefiting from this programme.

4.2 Main activities

4.2.1 Budget support

The action offers a valuable platform for political and policy dialogue on key education reforms and issues. The indicative main activities of this component include:

- The transfer of a maximum of EUR 175 000 000 to the Treasury account of the MoPF held at the Central Bank of Myanmar, subject to disbursement conditions; the financial transfers would finance the national education budget;
- Policy dialogue based on the eligibility criteria for EU budget support and monitoring of satisfactory progress, as well as on the variable tranche indicators, and in education areas such as:
 - Prioritisation and sequencing of NESP interventions, taking account of present system capacity, and progressive institutionalisation of multi-annual planning and budgeting;
 - Equal access to education, irrespective of religion, ethnicity, race, gender, or citizenship status;
 - In particular, equitable access to, and delivery of, quality secondary education and TVET services to underserved areas and populations, particularly girls/female and ethnic youth;
 - Quality, affordability and equitable provision of teaching and learning materials;
 - Adequate preparation and continuous support for teachers;
 - Refocusing the TVET system on demand-driven areas, making it responsive to labour market and employment needs, and engaging with private sector, in particular in relation to Myanmar/Burma's Private Sector Development Framework and Action Plan;
 - Expansion of occupational, target groups (particularly female) and geographic (including ethnic areas) scope of TVET;
 - Expansion of primary education in underserved areas and protection of children's rights to quality education in conflict-affected areas/fragile situations (in particular Rakhine State), including access to post-primary education in IDP camps;
 - Addressing barriers that reduce access to education for the most vulnerable populations (such as costs related to transportation, food, uniforms, teaching materials and other equipment, language issues, discriminatory practices, lack of birth registration);
 - Stronger alignment and equivalency between state/non-state education systems;
 - Overall affordability of education reforms, increased efficiency in education spending;
 - Consistent gender concepts and approaches, including gender budgeting;
 - Promoting education sector coordination, inclusive of CSOs and other stakeholders including the private sector for TVET.
- Policy dialogue related to PFM and budget transparency, with a focus on the education sector, will include:

- Fiscal transparency including budget transparency and budget presentation, improved and more transparent financial reporting, and transparency in procurement and contracting;
- Improvement in overall financial accountability in the education sector, through improvement in internal control and internal audit;
- Improvement in the quality, speed and transparency of financial reporting at both sector and national level with special emphasis on the education sector;
- Procedures of parliamentary oversight;
- Macroeconomic stability, in particular fiscal deficit, inflation, domestic revenue mobilisation and tax reforms.
- Supporting a reinforced overall policy dialogue between the EU, including Member States, and the government, inter alia, on:
 - Equal access to health treatment, irrespective of religion, ethnicity, race, gender or citizenship status;
 - The development and roll-out of a comprehensive birth registration campaign;
 - The establishment and implementation of Regional Socio Economic Development Plans.
- Supporting and promoting the aid effectiveness agenda between the government and development partners.

4.2.2 Complementary support

Complementing the budget support component, the action will support the following indicative activities:

1. In-service teacher training and Continuing Professional Development: complementary to limited training planned for in-service secondary teachers in preparation for the new curriculum roll-out and new assessment system, expand the Continuing Professional Development approach, to be piloted by the ADB project, to reach a much larger number of teachers, in order to embed teacher support at school level for implementing teaching/learning reforms.
2. Pre-service teacher training: upgrade pre-service training for upper-secondary teachers through support to the Universities of Education (UoE) responsible for it (complementary to other DP support for lower secondary teachers), so that all new upper-secondary teachers are prepared to teach the new content and methods of the new curriculum.
3. Reform of TVET curricula: coordinated curriculum reform of long/short TVET courses in MoE Government Technical High Schools (GTHS) and Government Technical Institutes (GTI), so that they are responsive to emerging labour market needs and developed with employers' involvement, including developing MoE capacity to undertake labour market needs analysis and develop demand-driven curricula and teaching materials.
4. Expansion of TVET partnerships, with two sub-components:
 - i. expansion of government-NGO partnerships: expansion of labour market driven TVET competency-based short courses (CBSCs) for early school leavers, through development of a coordination mechanism for a network of NGOs running CBSCs in Myanmar/Burma (with selective funding), which will expand both geographic scope (including to underserved and ethnic areas, and to the extent possible in non-government controlled areas, IDP camps and host communities) and occupational scope (in particular for females), as well as equalise the quality of course content and delivery under a MoE-led framework for quality control and management.
 - ii. expansion of government-industry partnerships: pilot-testing of a fund for industry-led specific training, drawn down through proposals developed by industry associations, individual companies, in partnership with TVET training institutions, including those

under the local public-private initiatives to be developed by the new TVET Professional Development Centres to be established at selected GTHS/GTI. This fund will be under oversight of MoE Department of TVET, with involvement of the TVET Unit of the Union of Myanmar Federation of Chambers of Commerce and Industry.

5. Systems-strengthening and capacity building in MoE, in particular: (i) horizontal and vertical financial management in MoE (from MoE centrally to schools), in areas such as planning and budgeting including medium-term planning-budget integration, accounting and reporting including progressive automation and increased use of ICT and bank transfers, budget presentation and fiscal transparency, internal control and, possibly, internal audit; and (ii) human resources planning, allocation and management (including recruitment, deployment and promotion systems). This will be underpinned by support to the core PFM reforms with MoPF/Treasury Department to ensure alignment and complementarity (e.g. for rollout of new financial and procurement regulations, progressive automation). Support will be channelled through the WB to ensure efficient aid delivery and donor coordination.
6. Budget oversight: support to the Joint Public Accounts Committee and the Parliaments Public Accounts Committees, to improve the quality of parliamentary oversight and scrutiny of budgets and external audits. The support will include capacity development for the Parliaments Education Committees and the analogue State/Region Parliament Committees.
7. Demand-based technical cooperation, monitoring and visibility: to ensure flexibility, and account for progress in issues such as decentralisation, provision for additional technical expertise in education, TVET, PFM, systems-strengthening and institutional capacity development areas, and other areas related to the action as needs may arise (such as studies), as well as for monitoring progress on, and ensuring visibility of, the action. Specific audits and verification could be undertaken under the supervision of the OAGM as an additional safeguard on the use of the budget support financial transfers.

This complementary support is a direct response to needs identified by MoE and MoPF which, because of present institutional capacities, could not be covered through budget support. Financing these measures is a necessity in order to achieve the specific objectives of the action.

4.3 Intervention logic

The action aims to enable effective implementation of the NESP core reforms for secondary education and TVET. Government fiscal policy is expected to remain prudent in line with IMF recommendations and the availability of budget resources to implement the NESP will be limited. The action will provide fiscal space for funding core education reforms and these financial transfers, combined with complementary measures and policy dialogue, will support MoE in reforming and modernising secondary education and TVET to make them more responsive to labour market needs. This will contribute to equitably enhancing the education and skills base among Myanmar/Burma youth, with a particular focus on remote and ethnic areas as well as young women. The direct outputs of the action will induce: improved quality of content and pedagogy in secondary, thus improving secondary completion rates; improved relevance and quality of TVET programmes to the labour-market, thus increasing completion rates; increased capacity of MoE in education service delivery, leading to improved effectiveness and sustainability; and improved linkages between MoE TVET and other stakeholders and skills providers, leading to increasing coordination and collaboration in skills-training provision.

By strengthening institutional capacity and systems in the education sector, the action will

buttress overall implementation of the NESP. Reforms of PFM in the education sector, in particular, combined with strengthened transparency and oversight will directly improve financial management in the sector and provide the necessary levers for policymakers to translate policy priorities into financial allocations and improve spending effectiveness in the sector. Improvement in budget transparency and processes will provide insight and accountability to civil society and offer opportunities to introduce gender perspectives into sector budget allocations and priorities. This will contribute to improved spending on education and improved education service delivery, and strengthen implementation of NESP reforms. Support to the broader PFM reforms will underpin this process and support better coordination and synergies between the two sectors.

This first Education Sector Reform Contract in Myanmar/Burma offers a valuable platform for policy dialogue that will contribute to converting the NESP into feasible, affordable and prioritised actions, while progressively addressing some of the sensitive issues of equity, particularly relating to education in ethnic areas, including Rakhine State. As the largest grant to the education sector, complementing ADB's loan on secondary education and TVET and the GPE grant and WB loan for inclusive access and quality education, it will ensure for the EU a strong presence and visibility in the sector, and strong leverage in the policy dialogue.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 175 000 000 and for complementary support is EUR 46 000 000. This amount is based on the following: current loans and grants represent 5% of the 2017/18 education budget. The EU budget support component, to be released over five fiscal years, represents approximately 3% per year, using the 2017/18 education budget as a benchmark. The expansion of the basic education system to 13 years, with associated reforms, will be the biggest driver of costs in the years to come, while allocations to TVET have to increase to meet government objectives. The budget support will therefore provide space for additional expenditure to allow MoE to implement core reforms in a way that would not otherwise be possible given the overall fiscal constraints.

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the National Education Strategic Plan

- 2016-21 and continued credibility and relevance of that or any successor strategy;
- Implementation of a credible and relevant stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the government programme for improvement of Public Finance Management;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are the following:

- Achievement of the key milestones and coverage targets of the roll-out programmes for curriculum, textbook, teacher preparation, and assessment reforms for secondary education;
- Development and application of official cross-cutting policies to the new teaching and learning materials;
- Verifiable measures to ensure demand-driven provision of TVET – i.e. number of reformed and needs-based courses implemented, increased geographic, population, and occupational scope of TVET coverage, numbers of graduates of reformed courses, number of Industry-MoE Department of TVET partnerships;
- Achievements relating to the progressive implementation of the new teacher professional development systems for secondary education and TVET;
- Progressive upgrading of TVET facilities to meet new quality norms;
- Implementation of reform-enabling policy and organisational measures related to the action.
- Share of the education budget in the overall budget.
- Process indicators related to: fiscal transparency in the education sector, improved sector capacities for budgeting, procurement, financial reporting, internal control and audit, and human resources management, in particular in the secondary education and TVET sub-sectors.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the MoPF may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Myanmar Kyats will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

Indicative breakdown and timetable of disbursements (EUR):

Type	FY ¹⁷ 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Base tranche	35 000 000	17 500 000	17 500 000	17 500 000	17 500 000

¹⁷ Myanmar fiscal year runs 1st April - 31st March. In 2018 it will change to 1st October – 30th September.

Variable tranche	-	17 500 000	17 500 000	17 500 000	17 500 000
<i>Total (EUR)</i>	<i>35 000 000</i>				

5.4 Implementation modalities for complementary support of budget support

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁸ affecting the respective country of operation.

5.4.1 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical Cooperation for complementary support (section 4.2.2, activity 7)	Services	4	Q3 2018

5.4.2. Indirect management with an international organisation

A part of this action may be implemented in indirect management with the Asian Development Bank (ADB) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the management of the complementary support described in 4.2.2, activities 1, 2, 3 and 4 for supporting education and TVET reforms. This implementation is justified because ADB is the only agency supporting on a large-scale both secondary education and TVET reforms, with the core objective to realign those two streams to evolving labour market and skill needs and to equitably expand them. Through budget support and complementary measures, the action aims to complement and supplement ADB's interventions to ensure the full scope of support needed to sustainably achieve planned reforms. ADB has proven experience with secondary education and TVET reforms, and has developed strong relationship and policy dialogue with MoE. Given the magnitude of EU and ADB respective support, indirect management with ADB will ensure full complementarity and coherence, facilitate joint policy dialogue, ease transaction costs on the government, and respect aid effectiveness principles.

The entrusted entity would carry out the following budget-implementation tasks: (i) procurement procedures and (ii) awarding, signing and executing resulting contracts, notably accepting deliverables, as well as carrying out payments and recovering funds unduly paid.

5.4.3. Indirect management with an international organisation

A part of this action may be implemented in indirect management with the World Bank in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the management of the complementary support, described in 4.2.2 activity 5, for supporting systems strengthening and capacity building in MoE and core PFM reforms. This implementation is justified because the World Bank has been a key partner working on the implementation of the government's PFM modernisation strategy, and has been involved in education fiscal decentralisation through the school grants and stipends

¹⁸ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

project. The WB will also manage and co-finance with a loan the Global Partnership for Education grant, which the action will complement and supplement to strengthen institutional capacity and systems in the education sector. Finally, the WB is administering a Multi-Donor Trust Fund, which may be used to channel the EU contribution, and this would ensure alignment and complementarity of efforts and initiatives in the education and PFM sectors, as well as increased donor coordination.

The entrusted entity would carry out the following budget-implementation tasks: (i) procurement procedures and (ii) awarding, signing and executing resulting contracts, notably accepting deliverables, as well as carrying out payments and recovering funds unduly paid.

For the budget-implementation tasks not yet assessed, the entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

5.4.4. Indirect management with an international organisation

A part of this action may be implemented in indirect management with the International Institute for Democracy and Electoral Assistance (IDEA) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails the management of the complementary support described in 4.2.2 activity 6 for supporting the Public Account Committees and Education Committees of the Parliaments. This implementation is justified because IDEA has the demonstrated capacity and experience in democratic institution building. It has engaged with the Parliament of Myanmar/Burma since 2012. The action requires the type of close working relationships with the leadership of the Parliament of Myanmar, the Joint Public Accounts Committee (JPAC), the Education Committees of both Houses, and a range of other actors (sub national parliaments, government, political parties, civil society, the public and media) that International IDEA possesses. Continuity of on-going EU support to the JPAC through an organisation with established relationships and proven capacity needs to be ensured to maintain momentum for engagement and reform within the parliament. IDEA is therefore ideally-positioned to effectively lead implementation of the proposed action.

The entrusted entity would carry out the following budget-implementation tasks consisting of: i) carrying out procurement procedures, and ii) awarding, signing and executing the resulting contracts, notably accepting deliverables, as well as carrying out payments and recovering funds unduly paid.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (EUR)	Indicative third party contribution (EUR)
5.3 Budget support	175 000 000	-
5.4 Complementary support		
5.4.1 – Procurement (direct management): Activity 7 in 4.2.2	1 200 000	-
5.4.2 – Indirect management with an International Organisation (ADB): Activities 1, 2, 3 and 4 in 4.2.2	29 500 000	-
5.4.3 – Indirect management with an International Organisation (WB): Activity 5 in 4.2.2	12 000 000	79 000 000
5.4.4 – Indirect management with an International Organisation (I-IDEA): Activity 6 in 4.2.2	3 000 000	-
5.9 – Evaluation / 5.10 – Audit	300 000	-
Total	221 000 000	79 000 000

5.7 Organisational set-up and responsibilities

Programme implementation will be in accordance with government organisational structure and mandates. A Programme Steering Committee (PSC) may be established, to provide governance and oversight, although the EU will seek to use as much as possible existing mechanisms. The PSC would be chaired by a senior official of the MoE, with representation from MoPF, Parliament Committees and other relevant government agencies, the EU, and implementing partners.

In light of the Aid Effectiveness agenda and the EU Backbone Strategy on Technical Cooperation, there will be no parallel project implementation unit for the programme. MyGovernance will supply technical assistance to the MoE to strengthen capacities needed for implementation of the action and to support policy dialogue and reporting in relation to the agreed indicators.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means

envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

Once established, the Steering Committee (or equivalent) will review progress in implementation of the action, the degree of achievement, difficulties encountered and potential changes needed. However, monitoring of the action will be done as much as possible through existing mechanisms, such as the Sector Coordination Groups and, in the education sector, the Sub-Sector Working Groups. The NESP foresees Annual Performance Reviews and Annual Budget Reviews to assess progress in implementing NESP strategies. These Reviews involve DPs (including EU and Member States involved in education), and should allow reaching consensus on whether satisfactory progress has been made. Activities under the WB-managed MDTF will be reviewed under the existing mechanism. The Macroeconomic Management Sector Coordination Group, which involves several EU Member States, should be the forum to review progress in terms of macroeconomic stability, overall PFM and budget transparency. A coherent multi-level sector policy dialogue, closely associating Member States, will be put in place. The government will provide all the sources of verification related to each general and specific condition for the fixed and variable tranches in order to measure all results achieved in the agreed timeframe.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for the complementary measures of the action via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to providing recommendations for necessary adjustments to the action, and to informing preparation of a potential second phase of the action. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this is the first time that this type of action is implemented in Myanmar/Burma, and to help finalise the design of a potential second phase of the action.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation mission. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded in the last semester of 2020, and one in the last semester of 2022.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent

audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, at least one contract for audit services shall be concluded at the end of the project.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS (FOR BUDGET SUPPORT)

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators have been disaggregated by sex (m = male / f = female) whenever relevant and possible, while indicators aligned with the MIP are marked with '*', indicators aligned with the EU International Cooperation and Development Results Framework (EURF) with '**' and indicators aligned to the GAP with '***'.

Level	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification (MoV)
Overall objective: Impact	<i>To equitably enhance the education and skills base among Myanmar/Burma youth</i>	Myanmar's Pillar 5 (HE ¹⁹ and Training) score in the Global Competitiveness Index	GCR ²⁰ 2015-16 Pillar 5 HE score = 2.49	Target by 2019 = 3.59	Global Competitiveness Report 2021–2022
Specific objectives: Outcomes	SO1: <i>to increase completion rates of quality secondary education</i>	SO1.1 Lower-Secondary school completion rate disaggregated by sex *MIP 1, **EURF L1, 16 SO1.2 Upper secondary school completion rate disaggregated by sex *MIP 1, ***GAP 13.2 SO1.3 transition rate from lower to upper secondary disaggregated by sex	SO1.1: 2014/15: (m) 43.70 (f) 45.90 (all) 44.10 SO1.2: 2014/15: (m) 24.60 (f) 27.70 (all) 26.20 SO1.3: 2014/15: (m) 78.10 (f) 76.30 (all) 72.50 (?)	SO1.1: 2020/21 (all) Low = 50 High = 55 SO1.2: 2020/21 (all) Low = 30 High = 35 SO1.3: (2020/21 (all) Low = 75 High = 80 (Notes: - Low and High refer to NESP performance scenarios - NESP target disaggregation to be done at NESP mid-term review)	New computerised MoE EMIS ²¹ (on-stream November 2018) (Note: Baseline and target source = NESP p.69)
	SO2: <i>to increase completion rates in reformed TVET courses</i>	SO2.1: number of graduates from GTHS/GTIs by Long and Short courses, by sex *MIP 1, **EURF L2, 28, ***GAP 13.10	SO2.1: 2015/16: GTHS graduates: m-479, f-264 GTI graduates: m-489, f-319	SO2.1: 2019/20: GTHS graduates: m-47,800, f-23,600 GTI graduates: m-900, f-575	EMIS (Note: Baseline and target sources = DTVET + ADB EYE PAM ²²)
	SO3: <i>to improve quality, transparency and accountability in the PFM and budget oversight systems, in particular in the education sector</i>	SO3.1: Consolidation of Annual Education Budget execution reports disaggregated by subsectors, regions and states and publication of audited reports.	SO3.1: 2017/18: There are no Education sector budget reports available to the public and MOE reports are not disaggregated by subsectors and state/regions.	SO 3.1: 2021/22: The audited 2019/2020 MOE consolidated budget execution report is available on the MoE website with information disaggregated at subsector, state and regional levels within 9 months of the closure of the fiscal year.	MoE financial reports audited by OAGM available on MoE website
Induced outputs	IO1: <i>reformed curricula, textbooks and assessment system delivering improved quality and relevance of content and pedagogy in secondary</i>	IO1.1: % of new/revised textbooks implemented in schools according to the reform roll-out plan *MIP 2	IO1.1: 2017: 0%	IO1.1: 100% of all subjects, Grade 6: 2018/19, Grades 7 & 10: 2019/20, Grades 8 & 10: 2020/21, Grades 9 & 12: 2021/22	NESP Annual Performance Review (APR)

¹⁹ HE: Higher Education

²⁰ GCR: Global Competitiveness Report

²¹ EMIS: Education Management Information System

²² EYE: Equipping Youth for Employment; PAM: Project Administration Manual

Level	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification (MoV)
		IO1.2: Extent to which national standardised cycle completion examinations have been revised according to reform programme timing *MIP 2	IO1.2: 2017: No reformed standardised end-of-cycle examinations	IO1.2: Reformed Grades 9 and 12 end-of-cycle examinations delivered in 2023	NESP Annual Performance Review (APR)
	<i>IO2: improved labour-market relevance and quality of TVET programmes</i>	IO2.1: number of labour-market demand-driven reformed long courses and competency-based short courses in GTHS and GTIs, in partnership with the UMFCCI ²³ TVET unit, and INGOs under the monitoring of the MoE *MIP 2	IO2.1: 2017: 0% reformed or implemented	IO2.1: 75% MoE TVET long courses and Partnership Fund training programmes, and at least 16 short competency-based courses are developed or reformed with the involvement of the private sector according to labour-market assessments, and implemented by 2021/22	NESP Annual Performance Review (APR), DTVET EMIS and labour market assessments published
	<i>IO3: reform-enabling institutional and management capacities and planning processes in MoE and other agencies, relating to TVET and secondary reform</i>	IO3.1: Policy: State of readiness of curriculum, content, and training policies necessary for the implementation of reforms *MIP 3	IO3.1: 2017: National Education Policy Commission (NEPC) and sub-committees formed but no reform-related policies enacted by these bodies	IO3.1: 2023: All deadlines for policy implementation have been achieved	NEPC notified policies
		IO3.2: Organisation: Extent to which organisational changes necessary for implementing action-related reforms have been completed in time to apply the capacity to the reforms *MIP 3	IO3.2: 2017: Initial reform-related restructuring of MoE completed. Many needed changes identified for reform implementation	IO3.2: 2023: 80% notified and trained staff for curriculum, instructional materials, training and M&E are in place	Official establishment documents of new units, including assigned staff posts
	<i>IO4: multi-stakeholder governance of TVET developed</i>	IO4.1: Extent to which a TVET Council and Secretariat with national and private sector membership has been established and is functioning effectively *MIP 3	IO4.1: 2017: TVET council and secretariat under discussion with the NEPC and Parliamentary Education Committees.	IO4.1: Established and functioning TVET Council and Secretariat by end of 2020	Official government notifications
	<i>IO5: Financial reporting across the public sector improved through progressive introduction of automation in MOPF (Treasury)</i>	IO5.1: Time elapsed from end of a quarter until Treasury produce consolidated public financial statements.	IO5.1 : 2017/18: Minimum 2 months	IO5.1: 2022/23: Maximum 1 month	MoPF website
	<i>IO6: Improved budget scrutiny through improved capacities of JPAC and the Parliaments Education Committees</i>	IO6.1: For JPAC work: PEFA indicators 18 and 31 (assisted self-assessment)	IO6.1: PEFA 2012/13: Could not be measured as JPAC did not exist	IO6.1: 2022/23: Score C for both indicators	2022/23: PEFA self-assessment

²³ UMFCCI: Union of Myanmar Federation of Chambers of Commerce and Industry

Direct outputs	<p><i>DO1: increased capacity of MoE Secondary and TVET systems</i></p>	<p>DO1.1: number of TVET development Sections and units established and staffed, and number of TVET Professional Development Centres set up; number of MoE units strengthened *MIP 3 DO1.2: number of policies approved and implemented *MIP 3</p>	<p>DO1.1: 2017: no dedicated sections/units for targeted development functions, 0 TVET Professional Development Centres; no dedicated textbook production unit, limited staff, responsibility assignment, and coordination for CPD development and implementation DO1.2: 2017: no textbook production or utilisation policy, no National Assessment Policy. TVET: no quality norms, enrolment targets, organisational, curriculum reform, or teacher training policies, no implementation policies or operational guidelines for Competency Based Short Courses (CBSC)</p>	<p>DO1.1: 2 staffed Sections added to DTVET structure for Curriculum and Planning, with specific developmental sub-units by 2021; 30 staffed TVET Professional Development Centres in selected GTHS/GTI by 2021 DO1.2: 2018: textbook production or utilisation policy, National Assessment Policy, dedicated textbook production unit; 2019: clear responsibility assignment, and coordination for CPD and implementation; TVET 2021: quality norms for TVET institutions; enrolment policy; organisational reform transitional strategy; curriculum reform strategy; teacher professional development policy; CBSC implementation policy and guidelines</p>	<p>DO1.1: Official MoE notifications of units and positions; staff in place, unit outputs, unit Terms of References notified DO1.2: policies & guidelines published and notified</p>
	<p><i>DO2: national system for secondary teacher preparation and continuing professional development (CPD) preparing teachers for the reformed curriculum</i></p>	<p>DO2.1: % UoE graduates for Upper Secondary teaching trained to teach the new US curriculum using the required pedagogy *MIP 1, **EURF L2, 17, ***GAP 13.9 DO2.2: % of Secondary teachers of all grades undergoing a systematic programme of CPD at school level *MIP 1, **EURF L2, 17, ***GAP 13.9</p>	<p>DO2.1: (2017) UoE Pre-Service Teacher Training (PSTT) not adapted to new curriculum requirements DO2.2: (2017) No CPD system exists at Secondary school level</p>	<p>DO2.1: (2021) 100% students in UoE teacher education degrees following reformed PSET courses DO2.2: 80% Secondary teachers following a supported in-school CPD programme by 2023</p>	<p>DO2.1: UoE curriculum and course descriptions; UoE practical teaching records DO2.2: EMIS and local school inspection reports</p>
	<p><i>DO3: national system for TVET teacher preparation and professional development operational.</i></p>	<p>DO3.1: number of TVET Professional Development Centres in GTHS/GTI implementing Teacher professional development programmes DO3.2: % of TVET (a) new and (b) serving teachers of all course-types undergoing a minimum of 12 weeks (equivalent) of teacher professional development at institution and workplace level *MIP 1, **EURF L2, 17, ***GAP 13.9</p>	<p>DO3.1: 2017: no TVET Professional Development Centres DO3.2: 2017: (a) 43% new teachers with 12 weeks training (b) 0% serving teachers receiving training</p>	<p>DO3.1: 2021: 30 staffed TVET Professional Development Centres in selected GTHS/GTI with fully operational Teacher Training programmes DO3.2: 2021: (a) 100% new teachers following a 12-week work-based training programme (b) 100% serving teachers undergoing work-based training in the TPD Centres each year</p>	<p>DO3.1: TVET EMIS Module; TPD Centre annual performance reports DO3.2: DTVET HR records; TPD Centre training records</p>
	<p><i>DO4: increased responsiveness of MoE TVET institutions to local economies</i></p>	<p>DO4.1: number of private-sector linkages at GTHS/GTI level per TVET Professional Development Centre (including Partnership Fund activities) *MIP 2</p>	<p>DO4.1: no TVET Professional Development Centres. Ad-hoc linkages in some GTHS/GTI (unmeasured)</p>	<p>DO4.1: At least 1 linkage per institutional TVET Professional Development Centre per-year by 2020/21 (30 Centres)</p>	<p>DTVET monitoring reports</p>

<i>DO5: national system for targeting, coordinating and implementing local demand-led skills-based training developed</i>	DO5.1: number of competency-based short courses implemented annually for areas/populations of identified need under DTVET operating standards, and receiving DTVET certificates * (MIP 1)	DO5.1: 2017: no standard procedures for implementing CBSCs, 2 INGOs delivering courses with DTVET certificates, and no coordinated targeting of locations	DO5.1: 2022: at least 6 INGOs operating coordinated demand-led courses under agreed DTVET operating and assessment standards	DTVET MoUs with INGOs, INGO reports, EMIS TVET module
<i>DO6: nationally or sectorally committed cross-cutting policies incorporated in reformed teaching and learning materials</i>	DO6.1: Actions on grade and subject-wise recommendations of Social Content Review Committees relating to the portrayal of gender, disability, sex education, human rights, environment, ethnicity and disaster risk reduction and preparedness in reformed teaching and learning materials	DO6.1: 2017: policies for cross-cutting issues in teaching and learning materials not formulated and no review mechanism established	DO6.1: all Social Content Review Committees recommendations acted upon by agreement for each reformed Grade level starting from 2018 until 2023	Textbook Social Content Review Committee reports
<i>DO7: TVET and basic education budget presentation and transparency improved, allowing better parliamentary oversight and allowing civil society a clear idea of how sector resources are spent</i>	DO7.1: MoE Budgets provide clear information regarding allocations to HQ, States/regions, districts, townships and schools and are publicly available	DO7.1: MoE Budgets do not allow distinguishing allocations to HQ, States/regions, districts, townships and schools and are not publicly available	DO7.1: 2020/21 MoE Budgets provide clear information regarding allocations to HQ, States/regions, districts, townships and schools and are publicly available	MoE website; School bulletin boards
<i>DO8: Financial management and procurement capacities in MoE (in particular Finance Department, TVET and basic education departments) improved, securing value for money and smooth financing of service delivery</i>	DO8.1: Existence of specialised procurement units in relevant MoE departments	DO8.1: 2017/18: No specialised procurement staff in MoE	DO8.1: 2020/21: Specialized procurement units established in all relevant MoE departments including finance department, Basic Education department, TVET department and all states and regions.	Admin records
<i>DO9: Automation implemented in MoPF (treasury), and in MoE (in particular in Finance Department, TVET and Basic Education departments)</i>	DO 9.1: Availability of automation in MoPF treasury department DO9.2: Availability of automation in MoE	DO 9.1: 2017/18: Treasury functions use manual systems or basic computer software applications; DO9.2: 2017/18: MoE financial operations are practically all manual	DO 9.1: 2022/23: automation implemented in MoPF treasury department DO9.2: 2022/23 automation introduced in MoE operations as a minimum covering MoE finance Department, TVET and 70% of Basic education department operations	Admin records
<i>DO10: Improved budget oversight and improved accountability in the education sector through improved capacities of JPAC and the Parliaments Education Committees related to education budget scrutiny and follow-up of audits</i>	DO10.1: % of measured/expressed capacities compared to desirable capacities of JPAC and Education Committee members	DO10.1: Capacities limited compared to requirements, exact levels to be established 2018/19	DO10.1: 2022/23: 70% of staff show knowledge according to established standards; 70% of JPAC and Education Committee members express to have the knowledge required for their work.	Dedicated survey