



July 2017

U.S. DEMOCRACY ASSISTANCE IN BURMA

USAID and State Could Strengthen Oversight of Partners' Due Diligence Procedures

Accessible Version

GAO Highlights

Highlights of [GAO-17-648](#), a report to congressional committees

Why GAO Did This Study

U.S. policy toward Burma has been to promote the establishment of a democratically elected civilian government that respects the human rights of the Burmese people, according to State. Since 2011, Burma has been in transition from military, authoritarian rule toward parliamentary democracy. Congress included a provision in statute for GAO to review U.S. democracy programs in Burma. This report examines (1) USAID and State democracy projects, including coordination of these projects; (2) steps USAID and State have taken to help ensure that U.S. democracy projects and the U.S. Strategy for the Promotion of Democracy and Human Rights in Burma (Burma Democracy Strategy) address and support the specified purposes and groups, respectively, for Burma assistance funding; and (3) USAID and State efforts to ensure that U.S. democracy assistance is not provided to prohibited entities and individuals. GAO reviewed relevant agency documents; conducted fieldwork in Burma; and interviewed officials in Washington, D.C., and Burma.

What GAO Recommends

GAO recommends that USAID and State review their procedures and practices to determine whether additional guidance or reviews of implementing partners' due diligence procedures are needed. USAID and State both concurred with our recommendations.

View [GAO-17-648](#). For more information, contact David B. Gootnick at (202) 512-3149 or GootnickD@gao.gov

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USAID and State Could Strengthen Oversight of Partners' Due Diligence Procedures

What GAO Found

The U.S. Agency for International Development (USAID) and the Department of State (State) have funded 34 democracy projects in Burma since 2012, including efforts to strengthen the country's civil society and democratic institutions. These projects are primarily coordinated by the interagency Assistance Working Group (AWG) at the U.S. embassy in Burma, which approves all U.S. agencies' activities in Burma. However, State's Bureau of Democracy, Human Rights, and Labor (State/DRL) is not directly included in AWG proceedings because it does not have an embassy presence, and embassy policy limits participation in the AWG to those located at the embassy. As a result, the AWG has made decisions about State/DRL's projects without direct input from State/DRL and without State/DRL always receiving feedback. State officials said that they had recently begun an effort to identify more inclusive methods for coordinating with State/DRL and obtaining its input, which, if implemented properly, could improve coordination.

USAID and State/DRL Obligations for Democracy Projects in Burma, Fiscal Years 2012-2016

Dollars in millions

Agency	FY2012	FY2013	FY2014	FY2015	FY2016	Total
USAID	18.0	23.1	21.9	25.9	15.1	104.0
State/DRL	2.4	2.2	1.7	2.2	0.8	9.3
Total	20.4	25.3	23.6	28.1	15.9	113.3

Legend: FY = fiscal year; State/DRL = State's Bureau of Democracy, Human Rights, and Labor

Sources: GAO analysis of U.S. Agency for International Development (USAID) and Department of State (State) data. | GAO-17-648

USAID and State take several steps to help ensure that their projects and the Burma Democracy Strategy address the specified purposes for Burma assistance funding. When designing projects, USAID and State both consider purposes for which assistance shall be made available. For example, GAO found that several current projects include objectives addressing purposes in the Consolidated Appropriations Act, 2016. Also, the Burma Democracy Strategy—an interagency strategy for promoting democracy in Burma—includes language supporting civil society, former prisoners, monks, students, and democratic parliamentarians, as required by the Consolidated Appropriations Act, 2014.

USAID and State make some efforts to ensure that U.S. democracy assistance is not provided to prohibited entities and individuals specified in law. USAID and State/DRL provide information to implementing partners on prohibited entities and individuals and the need for partners to conduct due diligence. However, USAID's Mission in Burma Office of Democracy and Governance (USAID/DG) and State/DRL only provide some guidance to partners on how to conduct due diligence and do not review partners' procedures. Partners GAO interviewed either did not conduct due diligence or expressed concerns about their due diligence procedures. Standards for internal control in the federal government call for management to review procedures and controls for relevance in addressing risks. Without providing more guidance and reviewing partner due diligence procedures, USAID/DG and State may miss opportunities to better ensure that U.S. assistance is not provided to prohibited entities and individuals.

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Abbreviations

AWG	The U.S. embassy in Burma's Assistance Working Group
Burma Democracy Strategy	Strategy for the Promotion of Democracy and Human Rights in Burma
FY	fiscal year
NED	National Endowment for Democracy
NLD	National League for Democracy
SPDC	State Peace and Development Council
State	Department of State
State/DRL	Department of State's Bureau of Democracy, Human Rights, and Labor
USAID	U.S. Agency for International Development
USAID/DG	USAID's Mission in Burma Office of Democracy and Governance
USAID/OTI	USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance's Office of Transition Initiatives
USAID's DHRG Strategy	USAID's Strategy on Democracy, Human Rights, and Governance

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July 28, 2017

The Honorable Lindsey Graham
Chairman
The Honorable Patrick Leahy
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
United States Senate

The Honorable Hal Rogers
Chairman
The Honorable Nita Lowey
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
House of Representatives

U.S. policy toward Burma has been to promote the establishment of a democratically elected civilian government that respects the human rights of the Burmese people, according to the Department of State (State).¹ Since 2011, Burma has been in the process of a historic transition, moving from military, authoritarian rule to a parliamentary democracy. The landslide victory of Aung San Suu Kyi's National League for Democracy (NLD) in Burma's November 2015 parliamentary elections may prove to be a major step in the nation's potential transition to a more democratic government, according to a Congressional Research Service report, though violence and discrimination against ethnic groups continue to occur within Burma.

On April 4, 2012, the United States announced the reestablishment of the U.S. Agency for International Development (USAID)'s Mission in Burma.² Since that time, USAID and State have obligated over \$113 million in democracy assistance to Burma. At the same time, the annual

¹Burma is also known as Myanmar.

²The USAID mission in Burma had been closed since 1989.

appropriations acts have specified purposes for and restrictions on the use of such assistance. The Consolidated Appropriations Act, 2014, required that the Secretary of State, in consultation with the Administrator of USAID, submit a comprehensive strategy for the promotion of democracy and human rights (democracy projects) in Burma and required that the strategy address support for civil society and certain segments of the population. In response, USAID and State developed the U.S. Strategy for the Promotion of Democracy and Human Rights in Burma (Burma Democracy Strategy).

The Consolidated Appropriations Act, 2016, includes a provision for us to review U.S. democracy assistance in Burma.³ This report examines (1) USAID and State democracy projects, including coordination of these projects; (2) steps USAID and State have taken to help ensure that U.S. democracy projects and the Burma Democracy Strategy address and support the specified purposes and groups, respectively, for Burma assistance funding; and (3) USAID and State efforts to ensure that U.S. democracy assistance is not provided to prohibited entities and individuals. In addition, we provide information about USAID's and State's monitoring and evaluation of democracy projects in appendix I.

To address these objectives, we reviewed relevant agency and implementing partner documents and interviewed agency and implementing partner officials in Washington, D.C., and in Burma. We conducted fieldwork in Burma in October 2016 and November 2016. To describe USAID and State democracy projects in Burma, we reviewed project documents, including award agreements and quarterly reports. To examine how U.S. democracy projects in Burma are coordinated, we assessed existing coordination mechanisms against selected leading collaboration practices identified in previous GAO work.⁴ To examine steps USAID and State have taken to help ensure that U.S. assistance and the Burma Democracy Strategy address the specified purposes of Burma assistance funding, we reviewed fiscal years 2012-2016 appropriations acts (appropriations acts), relevant project documents, and the Burma Democracy Strategy. To examine USAID and State efforts to ensure that U.S. democracy assistance is not provided to prohibited

³Pub. L. No. 114-113, § 7043(b)(4) (Dec. 18, 2015).

⁴GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

entities and individuals, we reviewed agreements and agency guidance and interviewed implementing partners about their due diligence procedures. To examine how USAID and State monitor and evaluate their democracy projects, we identified monitoring and evaluation requirements contained in agreements for all ongoing USAID and State projects. We then reviewed recent monitoring and evaluation reports for ongoing projects against the monitoring and evaluation requirements stipulated in the agreements, as well as additional monitoring efforts.

We conducted this performance audit from May 2016 through July 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. See appendix II for a more detailed discussion of our scope and methodology.

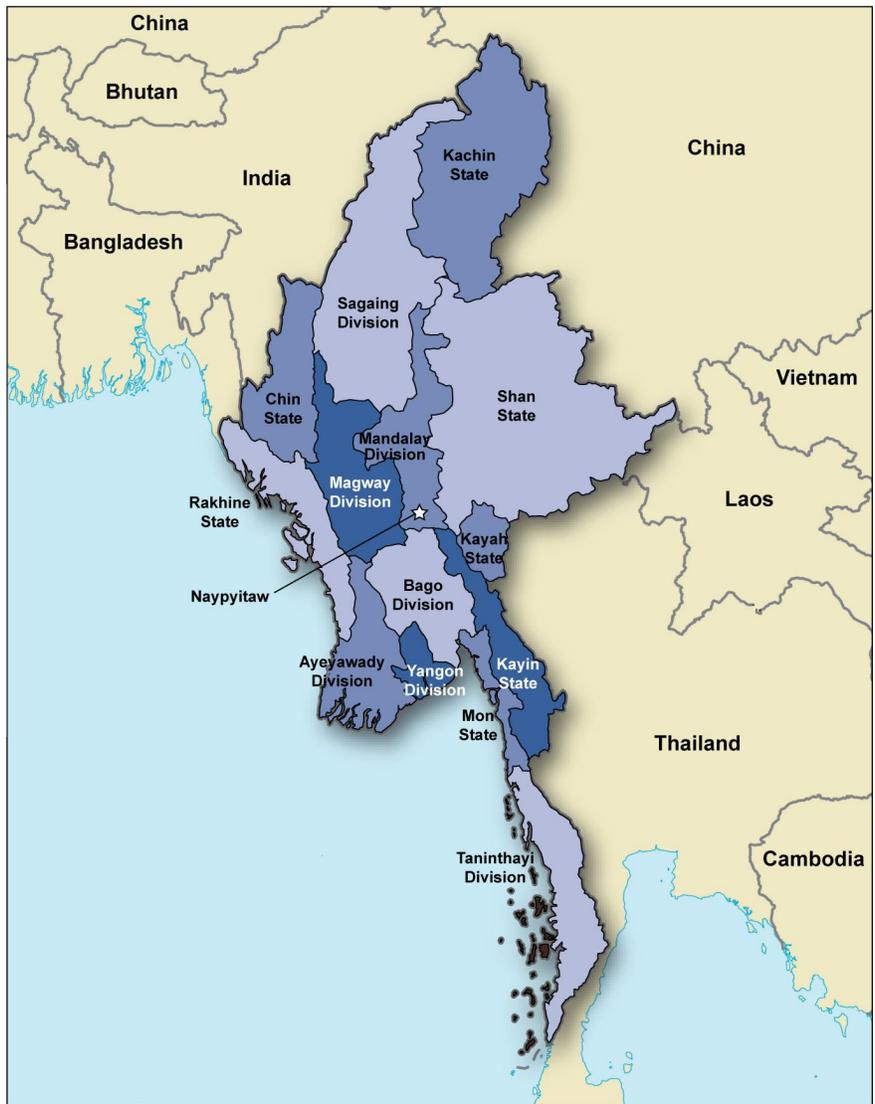
Background

Burma's Population and Geography

Burma, with a population of over 56 million people, is located in Southeast Asia between Bangladesh, India, China, Laos, and Thailand, and borders the Andaman Sea and the Bay of Bengal (see fig. 1). The country consists of seven divisions, seven states, and one union territory.⁵ Burma is an ethnically diverse country with 135 officially recognized ethnic groups.

⁵The seven divisions are Ayeyawady, Bago, Magway, Mandalay, Sagaing, Taninthayi, and Yangon; the seven states are Chin, Kachin, Kayah, Kayin, Mon, Rakhine, and Shan; and the union territory is Naypyitaw. States and division are constitutionally equivalent, according to the Asia Foundation. States cover areas with large ethnic minority populations and are located along Burma's borders. Divisions encompass majority "Burman" (Burma's majority ethnic group) areas.

Figure 1: Location of Burma



Source: GAO. | GAO-17-648

Burma's Political History and U.S. Relations

From 1962 until 2011, Burma was under military rule, with leaders routinely restricting freedom of speech, religion, and movement and committing other serious human rights violations against the Burmese people, according to State documents. Further, the military government, at times, condoned the use of forced labor and took military action against ethnic minorities living within the country, according to State.

Through legislation and executive orders, political and economic sanctions were imposed on Burma's military government in response to its violent suppression of the Burmese people. In May 1997, President Clinton declared a national emergency with respect to Burma.⁶ Beginning with this executive order, the United States prohibited new investment in the country and later also imposed broad sanctions to prohibit the exportation of financial services, certain imports, and transactions with senior Burmese officials and others and provided limited assistance to the country.⁷ The sanctions were developed through laws, such as the Burmese Freedom and Democracy Act of 2003 and the Tom Lantos Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2008, as well as through presidential executive orders.

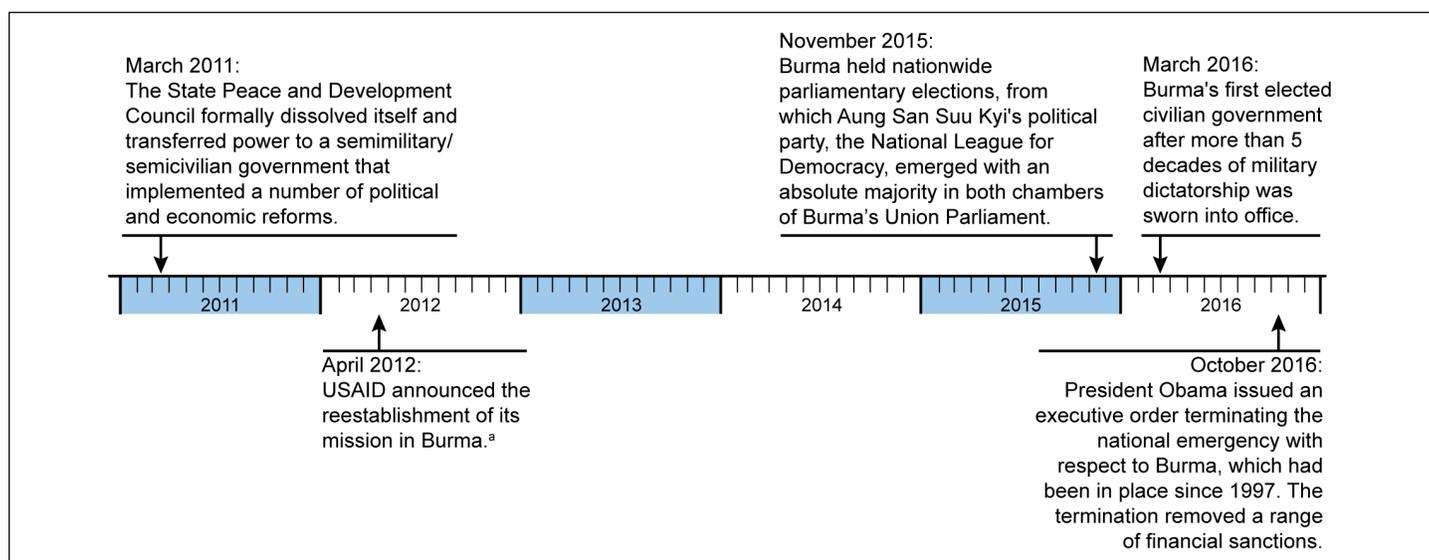
In 2011, the Burmese government began a transformation to a more open and democratic society. In March 2011, the State Peace and Development Council (SPDC), which had been in power since 1988 and had restricted freedom of speech and committed human rights violations, formally dissolved itself and transferred power to a semicivilian government known as the Union Government, headed by President Thein

⁶Executive Order 13047 of May 20, 1997, stated that the Government of Burma had committed large-scale repression of the democratic opposition in Burma after September 30, 1996, and further determined that the actions and policies of the Government of Burma constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and declared a national emergency to deal with that threat.

⁷The sanctions were developed through a series of federal laws and executive orders, many of which block property and interests in property of certain entities and individuals in Burma. The sanctions apply to senior Burmese government officials designated by the Department of the Treasury's Office of Foreign Assets Control (OFAC). They also apply to any Burmese persons who provide substantial economic and political support for the Burmese government who are on OFAC's list of Specially Designated Nationals and Blocked Persons (Pub. L. No. 110-286, § 5(d) (2008); Pres. Det. 2009-11 (Jan. 15, 2009)).

Sein. President Thein Sein, with the support of Burma's Union Parliament, implemented a number of political and economic reforms. See figure 2 for a time line of significant events since 2011.

Figure 2: Time Line of Significant Events in Burma's Democratic Transition and Relationship with the United States since 2011



Source: GAO analysis of U.S. Government documents. | GAO-17-648

^aThe USAID Mission in Burma was closed in 1989

In response to the reforms made by the Burmese government starting in 2011, the U.S. government adopted a new policy of greater engagement while maintaining existing sanctions. On April 4, 2012, the United States announced the reestablishment of the USAID mission in Burma to support further political and economic reforms. According to U.S. officials, U.S. democracy assistance aims to deepen Burma's political and economic transition, strengthen human rights, ensure that reform benefits everyday people, and support the development of a stable society that reflects the diversity of the country.

In November 2015, Burma held nationwide parliamentary elections, from which the NLD, Aung San Suu Kyi's political party, emerged with an absolute majority in both chambers of Burma's Union Parliament. Using its majority in both houses of parliament, the NLD elected Htin Kyaw, Aung San Suu Kyi's close advisor and long-time NLD supporter, according to a Congressional Research Service report, as president.

Burma's first civilian government after more than 5 decades of military dictatorship was sworn into office in March 2016.

On October 7, 2016, President Obama issued an executive order that ended the national emergency with respect to Burma that had been in effect since 1997 and revoked five other executive orders that had imposed, enforced, or waived economic sanctions on Burma.⁸ In addition, the executive order waived the financial sanctions contained in the 2008 JADE Act, as allowed for in the act.⁹

Current Challenges Facing the Burmese Government

Burma has made progress in its transition to a democratically elected civilian government, according to U.S. officials, but the new government still faces significant challenges, given the country's history of corruption, repression, human rights abuses, armed conflict, and isolation. There is broad agreement among the international community that Burma's opening constitutes the most significant opportunity to advance democracy and national reconciliation in the country in more than 60 years, according to USAID. However, the new government will need to address many issues to continue its democratic transition.

A recent Congressional Research Service report identified several challenges facing Burma's new government, including managing relations with the military, ending the ongoing civil war, dealing with internally displaced minority ethnic groups, and releasing its political prisoners.¹⁰

⁸Executive Order 13742, "Termination of Emergency with Respect to the Actions and Policies of the Government of Burma." Some restrictions on assistance for Burma contained in U.S. law still remain. Some of these restrictions are included in annual appropriations acts and include, depending on the year and among other things, restrictions on providing assistance to any individual or organization credibly alleged to have committed gross human rights violations or that advocates violence against ethnic or religious groups and individuals in Burma, or to any organization or entity controlled by the Burmese military and related interests.

⁹Section 5(i) of the Tom Lantos Block Burmese JADE Act of 2008 (Pub. L. No. 110-286 (July 29, 2008)) allows the President to waive certain sanctions contained in the act if the President determines and certifies to the appropriate congressional committees that such a waiver is in the national interest of the United States to do so.

¹⁰U.S. Congressional Research Service, *U.S. Relations with Burma: Key Issues for 2016* (Washington, D.C.: Sept. 8, 2016).

U.S. officials in Burma also identified many of these same issues. Specifically, the main challenges identified were the following:

-
- **managing relations with Burma's military, known as the Tatmadaw.** Burma's new government will need to work with the military to get any reforms passed. By order of the Burmese constitution, the military occupies 25 percent of the seats in parliament, giving it the ability to block constitutional amendments.
 - **ending the civil war.** For Burma's new government to be successful, it must bring about peace. For nearly 70 years, the Burmese government and various ethnic armed organizations have engaged in periods of active fighting and times of relative peace under negotiated ceasefire agreements. The most recent ceasefire was signed in October 2015, but not all ethnic armed organizations were signatories.
 - **ending the persecution of minority groups.** Burma's new government faces international pressure to end widespread persecution of minority groups. Burma has been plagued by the continued persecution of minority ethnic groups, especially the Rohingya, a Muslim group located in Rakhine State.¹¹
 - **resettling internally displaced people.** Burma's new government also faces international pressure to develop a solution that allows for the safe resettlement of tens of thousands of internally displaced people. In addition to the estimated 100,000 Rohingya located in resettlement camps in Rakhine State, Burma has tens of thousands of other internally displaced persons, mostly in Kachin State and Shan State, the result of ongoing fighting between the Tatmadaw and several ethnic militias.
 - **releasing political prisoners.** Lastly, Burma's new government needs to release all remaining political prisoners or risk facing increased international scrutiny and pressure. The Burmese Assistance Association for Political Prisoners asserts that as of July 31, 2016, at least 83 political prisoners remained in jail, along with 202 activists awaiting trial for political actions.

¹¹In 2012, hundreds of Arakans (or Rakhines), a predominately Buddhist minority in Burma's western Rakhine State, attacked Rohingya, resulting in hundreds of deaths and the internal displacement of an estimated 140,000 people, mostly Rohingya. Nearly 4 years later, over 100,000 displaced people remained in camps in Burma, with limited access to international assistance, education, or employment. More recently, a seemingly coordinated attack on three security outposts along the border with Bangladesh in October 2016 has touched off a new round of violence in Rakhine State, with allegations that the Tatmadaw and other Burmese security forces are perpetrating serious human rights violations against the Rohingya, according to a Congressional Research Service report.

In addition, U.S. officials have also cited a low level of capacity as a major challenge for Burma's new government. USAID officials told us that many of the members of the new government have little to no experience governing. As a result, there is a need for capacity building.

U.S. Agencies Providing Democracy Assistance in Burma

U.S. democracy assistance in Burma is primarily provided by USAID's Mission in Burma Office of Democracy and Governance (USAID/DG), USAID's Bureau of Democracy, Conflict, and Humanitarian Assistance's Office of Transition Initiatives (USAID/OTI), and State's Bureau of Democracy, Human Rights, and Labor (State/DRL). USAID/DG and USAID/OTI maintain staff at the U.S. embassy in Burma, while State/DRL manages its projects in the country from its headquarters in Washington, D.C., and through the human rights officer at the embassy, consistent with State/DRL practice.

- **USAID/DG:** Supports U.S. foreign policy in Burma by promoting democracy and respect for the rule of law and human rights, building transparent and accountable governance systems, supporting independent media, and fostering a vibrant, tolerant civil society.¹²
- **USAID/OTI:** Supports U.S. foreign policy objectives by promoting stability, peace, and democracy through fast, flexible, short-term assistance targeted at key political transition and stabilization needs. USAID/OTI works to enhance the ability of key stakeholders to engage in the peace process, support civil society to advance reforms, and reduce the influence of drivers of intercommunal conflict.
- **State/DRL:** Supports U.S. foreign policy by promoting democracy, protecting human rights and international religious freedom, and advancing labor rights globally.

¹²Civil society is the aggregate of nongovernmental organizations and institutions that manifest the interests and will of citizens. It can also refer to individuals and organizations in a society that are independent of the government.

U.S. Strategies for Democracy Promotion in Burma

The Burma Democracy Strategy developed by USAID and State in 2015 includes five strategic goals:

1. Develop the capacity of influential entities to employ principles of a well-governed democratic state that is inclusive, accountable, and responsive to its people.
2. Support and strengthen civil society, and strengthen societal foundations and institutions at all levels to reflect the will, concerns, and participation of the Burmese people.
3. Encourage responsible investment and greater respect for human rights by the private sector.
4. Support Burma's peace process, while engaging the military on human rights issues.
5. Promote tolerance and support legitimate and sustainable processes, which enable domestic stakeholders to pursue national reconciliation and the establishment of a stable, inclusive democratic union.

USAID and State also rely on two other, broader U.S. strategies when developing their democracy projects for Burma, according to U.S. officials.

- **The Burma Integrated Country Strategy:** An interagency, multiyear, overarching strategy that encapsulates U.S. policy priorities and objectives and the means by which foreign assistance, among other things, will achieve these priorities.¹³
- **USAID's Strategy on Democracy, Human Rights, and Governance:** A framework to support the establishment and consolidation of inclusive and accountable democracies.

See appendix III for more information on how these strategies align with the Burma Democracy Strategy.

¹³The U.S. embassy is in the process of updating the Integrated Country Strategy along with the Burma Democracy Strategy.

USAID and State Have Funded 34 Democracy Projects in Burma since 2012, but Coordination of These Projects Has Been Incomplete

USAID and State Have Funded 34 Democracy Projects in Burma since 2012

USAID and State have obligated over \$113 million in funding for 34 democracy projects in Burma, according to agency officials, since 2012, when the USAID Mission in Burma reopened.¹⁴ Specifically, USAID/DG and USAID/OTI obligated about \$104 million from fiscal years 2012 through 2016, while State/DRL obligated about \$9 million over the same period. See table 1 for a breakout of USAID and State obligations for democracy projects in Burma.

¹⁴In addition, the National Endowment for Democracy (NED), a private, nonprofit foundation dedicated to the growth and strengthening of democratic institutions around the world, receives appropriated funds through grants made by State to NED to conduct democracy programs. Because the 2016 appropriations act required us to examine USAID and State's democracy projects in Burma, we focused our review on those two agencies, but we included information on NED efforts as appropriate. State/DRL obligated a total of \$17,321,120 to NED to use for democracy projects around the world from fiscal years 2012 through 2016.

Table 1: USAID and State Obligations for Democracy Projects in Burma, Fiscal Years 2012-2016 Dollars in millions (as of March 30, 2017)

Agency	FY2012	FY2013	FY2014	FY2015	FY2016	Total
USAID (total)	18.0	23.1	21.9	25.9	15.1	104.0
USAID/DG	9.5	16.7	8.5	16.4	9.2	60.3
USAID/OTI	8.5	6.4	13.4	9.5	5.9	43.7
State/DRL	2.4	2.2	1.7	2.2	0.8 ^a	9.3
Total	20.4	25.3	23.6	28.1	15.9	113.3

Legend: FY = fiscal year; USAID/DG = USAID's Mission in Burma Office of Democracy and Governance; USAID/OTI = USAID's Office of Transition Initiatives within the Bureau for Democracy, Conflict, and Humanitarian Assistance; State/DRL = State's Bureau of Democracy, Human Rights, and Labor

Source: GAO analysis of U.S. Agency for International Development (USAID) and Department of State (State) data. | GAO-17-648

Note: Values are rounded at the hundred thousand place.

^aAccording to State/DRL officials, the bureau intends to obligate about an additional \$3.2 million in fiscal year 2016 funds.

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- USAID/DG has initiated eight democracy projects in Burma since 2012, with obligations totaling more than \$60 million. Total obligations for each project have ranged from less than \$1.2 million to \$17.6 million, and the projects have had an average duration of 3-1/2 years. According to USAID officials, USAID/DG projects have focused on civil society participation, particularly on the elections held in November 2015, and strengthening democratic institutions. For example, one project focuses on strengthening core democratic institutions at different governmental levels to address capacity limitations.
 - USAID/OTI has initiated two projects that included more than 400 democracy activities in Burma since 2012, with obligations totaling more than \$43 million, according to USAID/OTI officials.¹⁵ USAID/OTI officials said that the activities generally have lasted for 3 to 6 months, with some lasting up to a year. The projects have primarily focused on finding opportunities to bring government and civil society together and supporting the ongoing peace process, according to USAID officials. For example, USAID/OTI provided assistance to an implementing partner for a human rights defenders' skill-building forum and assisted another implementing partner with three workshops in three cities in the Mandalay region during the International Day of Peace 2016.
 - State/DRL has initiated 24 democracy projects in Burma since 2012, according to State/DRL officials, with obligations totaling more than \$9 million. Obligations for these projects have averaged approximately \$500,000, and the projects typically have lasted 12 to 15 months, according to State/DRL officials. Current State/DRL priorities in Burma include addressing communal violence, inclusive economic growth,

¹⁵According to USAID/OTI officials, the office entered into an agreement with an implementing partner, which, in turn, provides assistance to third parties, such as civil society and community groups, to carry out numerous small-scale democracy activities of limited duration in Burma. According to USAID/DG and State/DRL officials, their offices instead provide grants directly to implementing partners that carry out their own democracy projects. USAID/OTI has competed two separate contracts for its democracy projects, both were won by the same contractor. The first contract had a start date in September 2012 and an estimated completion date of August 2016. Under the initial contract, USAID/OTI obligated \$18 million with 343 activities distributed across Burma. Specifically, there were 136 activities focused on strengthening the capacity of civil society members and government officials, 47 on increasing awareness of peace issues and democratic processes, 71 on creating opportunities for community dialogue and reform discussions, and 89 on improving access to accurate content on peace and reform processes and countering hate speech and rumors, according to USAID/OTI officials. The second contract, which is currently in effect, was issued in March 2016.

and corruption and public financial management, according to a State/DRL official.¹⁶ For example, one State/DRL project's goal is to reduce ethnic conflict and build social cohesion by bringing together influential people of diverse backgrounds and training them in conflict resolution.

As of September 30, 2016, USAID and State had 13 active democracy projects in Burma (6 USAID/DG projects, 1 USAID/OTI project, and 6 State/DRL projects).¹⁷ See table 2 for information on the projects, including the responsible office or bureau and the projects' total estimated cost. Appendix IV provides additional information on all 13 currently active USAID and State projects.

Table 2: Active USAID and State Democracy Projects in Burma

Project name	Office/bureau providing assistance	Active fiscal years	Total estimated cost (dollars in thousands)
Accountable to All: Strengthening Civil Society and Media in Burma	USAID/DG	2014-2018	20,000
Building Constituencies for Peace in Southeast Burma	USAID/DG	2014-2017	1,172
Community Peace Building in Rakhine State	USAID/DG	2013-2017	2,000
Promoting Rule of Law Program	USAID/DG	2013-2016	12,128
Rakhine Early Recovery Activity	USAID/DG	2016-2018	5,000
Strengthening Democratic Institutions	USAID/DG	2016-2021	23,200
Burma Transition Initiative - II	USAID/OTI	2016-2018	31,205
A Program to Assist in the Rehabilitation and Reintegration of Burma's Political Prisoners	State/DRL	2013-2016	743
Accountability for Burma Marginalized Communities	State/DRL	2015-2017	297
Bridging Religious and Ethnic Divides in Burma - Supporting Civil Society in Promoting Tolerance, Conflict Resolution, and Documentation of Human Rights Violations	State/DRL	2015-2018	297
Multi-Religious Networks Promoting Religious Diversity and Tolerance	State/DRL	2015-2017	396
Promoting International Labor Rights through Bilateral Consultative Dialogue in Burma	State/DRL	2016-2017	371

¹⁶In addition to State/DRL's projects, State's political office in the embassy runs a small grants program aimed at providing democracy assistance, according to embassy and implementing partner officials.

¹⁷Our review of current projects does not include four State/DRL projects that started in July 2016 and four State/DRL projects that started in September 2016 because those projects had not undertaken many, if any, activities before the end of the fiscal year. It also does not include three projects that were slated to end by September 2016 at the start of our review but were later extended, according to State/DRL officials.

Project name	Office/bureau providing assistance	Active fiscal years	Total estimated cost (dollars in thousands)
Supporting Democracy through Education for Released Political Prisoners and Other Disadvantaged Burmese Nationals	State/DRL	2013-2017	198

Legend: USAID=U.S. Agency for International Development; USAID/DG = USAID's Mission in Burma Office of Democracy and Governance; USAID/OTI = USAID's Office of Transition Initiatives within the Bureau for Democracy, Conflict, and Humanitarian Assistance; State=Department of State; State/DRL = State's Bureau of Democracy, Human Rights, and Labor

Source: GAO analysis of U.S. Agency for International Development and Department of State data. | GAO-17-648

Note: All projects were active as of September 30, 2016. Total estimated cost values are from the initial award amounts and do not reflect any subsequent modifications of those values. Our review does not include the 11 State/DRL projects that started in the fourth quarter of fiscal year 2016 or that State/DRL extended during this same period, according to agency officials.

In reviewing the scopes of work of USAID/DG's, USAID/OTI's, and State/DRL's 13 active democracy projects, we found that either the purpose or objectives of each project support the strategic goals of the Burma Democracy Strategy. The following are examples:

- USAID/DG's "Accountable to All: Strengthening Civil Society and Media in Burma" project supports the strategy's goal of strengthening civil society.
- USAID/OTI's "Burma Transition Initiative-II" project supports the goal of developing the capacity of key individuals to employ good governance principles.
- State/DRL's "Multi-Religious Networks Promoting Religious Diversity and Tolerance" project supports the goal of promoting tolerance and supporting national reconciliation.

USAID and State Democracy Projects Are Primarily Coordinated through an Interagency Working Group Represented by Embassy Officials That Has Not Directly Included State/DRL

The U.S. embassy in Burma's Assistance Working Group (AWG), the primary mechanism for coordinating agencies' democracy projects in Burma, according to USAID officials, consists of representatives from each agency located at the embassy, including USAID, State, and the Department of Defense.¹⁸ Agencies submit all potential projects to the AWG, which is co-chaired by the embassy's Deputy Chief of Mission and the USAID Mission Director. The AWG meets biweekly to review and approve assistance projects and coordinate assistance among U.S. agencies.¹⁹ The AWG ensures that all democracy projects align with relevant strategies and address the legal and policy restrictions on U.S. assistance, including projects that propose working with the government of Burma, according to embassy officials.

According to embassy officials, the embassy does not directly include State/DRL in AWG proceedings because its policies allow only entities (including agencies, bureaus, or offices) with staff at the embassy to participate. Embassy officials told us that entities without embassy-based staff, including State/DRL, are not directly included in the AWG because of the high number of project proposals and the logistical difficulties of coordinating meeting times with entities in different locations around the world. Instead, embassy officials noted, the embassy assigns each entity without embassy-based staff, including State/DRL, an embassy

¹⁸In addition to coordinating democracy projects, the AWG coordinates all other U.S. foreign assistance provided in Burma, including counternarcotics and refugee assistance, and ensures that all projects are consistent with U.S. policy toward Burma, according to embassy officials.

¹⁹The AWG also makes decisions on issues that arise in between regular meetings via email as needed, according to agency officials.

representative who presents the entity's project proposals at the AWG.²⁰ Embassy officials also noted that the human rights officer at the embassy serves as the representative for State/DRL in the AWG and that State/DRL channels all proposal documents for embassy feedback to its representative through the Burma desk in Washington, D.C., and has contact with its representative through monthly phone calls and quarterly visits to Burma.

However, while the documents that State/DRL submits for project proposals to the AWG contain all the information required by the AWG for review, there is no formal mechanism for State/DRL to present its analysis of the proposals as part of the AWG review, according to State/DRL officials. Further, because State/DRL channels all proposal documents through the Burma desk rather than directly to the State/DRL embassy representative, the representative has not always had all the necessary knowledge or information to fully represent State/DRL's proposals to the AWG, according to a State/DRL official. State/DRL also lacks the opportunity to provide direct input on other agencies' democracy projects at the AWG, according to State/DRL officials. Moreover, State/DRL does not always have the opportunity to provide input into projects led by the embassy that are developed and implemented quickly. State/DRL officials told us that the bureau has requested to participate directly in AWG meetings via teleconference but that the embassy has denied those requests. According to embassy officials, representatives from any entity without an embassy presence, including State/DRL, may attend the AWG if they are in Burma for official duty. In addition, according to the embassy, other agencies and offices providing democracy assistance at the embassy work to coordinate with State/DRL outside of the AWG process through one-on-one consultations with State/DRL officials and by allowing State/DRL to review technical proposals prior to AWG review.

²⁰In addition to State/DRL, other State and USAID bureaus and offices without an embassy presence submitted projects to the AWG for approval during fiscal year 2016. These include State bureaus and offices, such as Economic and Business Affairs; Oceans and International Environmental and Scientific Affairs; Energy Resources; Population, Refugees, and Migration; Education and Cultural Affairs; and Global Women's Issues. In addition, these include USAID bureaus and missions, such as the Asia Bureau; Democracy, Conflict, and Humanitarian Assistance Bureau; Global Health Bureau; and the Regional Development Mission for Asia. The AWG also reviewed proposals from components of the Departments of Defense, Labor, Commerce, the Treasury, the Interior, and Justice, all of which did not have an embassy presence during fiscal year 2016 and were assigned an embassy representative.

USAID officials told us that, while the AWG is the primary coordination mechanism for U.S. agencies' democracy projects in Burma, the agencies conducting these projects use other methods to coordinate with State/DRL. For example, according to USAID officials, USAID participates in coordination meetings with State/DRL during the latter's regular visits to Burma, joins monthly calls between the embassy and State/DRL, solicits and receives State/DRL input on democracy project designs, and conducts ad hoc meetings and calls with State/DRL.²¹

However, because State/DRL cannot regularly attend AWG meetings, officials noted that they have not always received feedback on AWG decisions on their projects. Embassy officials told us that for approved projects, they do not provide additional information. For projects that the AWG does not concur with, the embassy provides written feedback to the Burma desk officer to share with State/DRL. A State/DRL official told us that State/DRL had not received this feedback in the past. State officials told us that starting in fiscal year 2016, this feedback has been provided verbally to State/DRL as part of State/DRL's project review process.²² In addition, in May 2017, officials from the embassy, the Burma desk, and State/DRL stated that they had recently initiated a process to identify more efficient and inclusive methods for coordinating with and obtaining

²¹In addition, according to USAID officials, the embassy and agency bureaus and offices, including State/DRL, coordinate during the preparation of annual foreign assistance documents such as operational plans, congressional budget justifications, and mission resource requests.

²²All technically eligible applications submitted to State/DRL for a given solicitation are reviewed by a State/DRL Review Panel against selected criteria, which include quality of project idea, project planning/ability to achieve objectives, and project monitoring and evaluation. In most cases, the State/DRL Review Panel includes representatives from DRL, the appropriate State regional bureau (to include feedback from U.S. embassies), and USAID (to include feedback from USAID missions). During the panel's discussion on an application, the representative from the regional bureau provides feedback, including from the embassy. AWG feedback has been incorporated into the Burma desk's feedback beginning with the panel process for fiscal year 2016 funding.

State/DRL's input on future democracy program decisions, partly as a result of our review.²³

We assessed the embassy's AWG in relation to key features of interagency collaboration that GAO previously identified and found that the AWG generally displayed six of the seven features.²⁴ For example, we found that the AWG had clearly defined roles, responsibilities, and leadership, outlined in documents that were circulated to, and approved by, all participating bureaus and offices within the embassy. However, prior to the recent actions taken to improve coordination, the AWG had not adequately ensured that relevant participants were included in collaborative efforts. If State's recent efforts to improve coordination with State/DRL are properly implemented, these efforts could potentially address this feature of effective collaboration for the AWG.

²³State officials told us that our review has prompted renewed discussions between the embassy, the Burma desk, and State/DRL on strengthening coordination between the parties both through the AWG and alongside other coordinating mechanisms. To better inform these conversations, the embassy in Burma's human rights officer has observed a State/DRL Review Panel to gain a better understanding of the Washington, D.C. based proposal Review Panel process. The State/DRL program officer told us that she would be travelling to Burma for her quarterly visit in June 2017 and would work with colleagues at the embassy to participate in an AWG meeting and to discuss opportunities for improved programmatic coordination with State/DRL.

²⁴In 2012, we reported that while interagency collaborative mechanisms differ in complexity and scope, they all benefit from certain key features, which raise issues to consider when implementing these mechanisms. These features are (1) outcomes and accountability, (2) bridging organizational cultures, (3) leadership, (4) clarity of roles and responsibilities, (5) participants, (6) resources, and (7) written guidance and agreements. See [GAO-12-1022](#).

USAID and State Have Taken Steps to Help Ensure That Democracy Projects and the Burma Democracy Strategy Address and Support the Specified Purposes and Groups, Respectively, for Burma Assistance Funding

Several annual appropriations acts have stated that assistance for Burma shall be made available for certain types of activities.²⁵ For example, the Consolidated Appropriations Act, 2016, states that appropriated funds for assistance for Burma shall be made available

- to strengthen civil society organizations in Burma, including as core support for such organizations;
- for projects to promote ethnic and religious tolerance, including in Rakhine and Kachin states; and

²⁵Pub. L. No. 112-74, § 7044(b) (Dec. 23, 2011); Pub. L. No. 113-6, § 1101(a)(6) (Mar. 26, 2013); Pub. L. No. 113-76, § 7043(b) (Jan. 17, 2014); Pub. L. No. 113-235, § 7043(b) (Dec. 16, 2014); Pub. L. No. 114-113, § 7043(b) (Dec. 18, 2015). These purposes for which funds shall be made available have varied over the years both in where funds shall be made available and as to which funds they apply. For fiscal year 2016, the purposes apply to funds provided for Bilateral Economic Assistance, which includes both Economic Support Funds and Democracy Funds. These are two of the funds from which State and USAID provided funding for democracy assistance for Burma. According to State, Economic Support Funds promote the economic and political foreign policy interests of the United States by, among other things, providing assistance to allies and countries in transition to democracy. According to State, the Human Rights and Democracy Fund (State's portion of the Democracy Fund) promotes human rights and democracy worldwide by, among other things, providing assistance to minimize human rights abuses, supporting democracy activists worldwide, opening political space in struggling or nascent democracies and authoritarian regimes, and bringing positive transnational change.

- for the implementation of the Burma Democracy Strategy.²⁶

Other annual appropriations acts from 2012-2015 contained similar specified purposes for Burma assistance funding, with some variations.

USAID and State take several actions to ensure that their democracy projects support these purposes. USAID officials stated that as new project activities are designed, annual appropriations act language for Burma is taken into account as part of the project design process. A State/DRL official told us that State/DRL chooses the projects it pursues in Burma based on overall State/DRL policy objectives, which are in general alignment with the purposes found in annual appropriations acts for the types of projects that shall receive funding. In addition, in reviewing proposed assistance projects, the AWG works to ensure that USAID and State projects address these purposes.

Through our analysis of project documents, we found several examples of USAID and State democracy projects where the stated objectives of the project generally addressed one of the specified purposes in the Consolidated Appropriations Act, 2016. See table 3 for examples.

Table 3: USAID and State Democracy Projects in Burma Whose Stated Objectives Address Specified Purposes in the Consolidated Appropriations Act, 2016

Specified purpose for where 2016 funds shall be made available	Examples of projects whose stated objectives address the specified purpose	
To strengthen civil society organizations in Burma, including as core support for such organizations.	State/DRL:	Supporting Democracy through Education for Released Political Prisoners and Other Disadvantaged Burmese Nationals.
For programs to promote ethnic and religious tolerance, including in Rakhine and Kachin states.	USAID/OTI:	Burma Transition Initiative-II Project.

Legend: USAID/OTI=U.S. Agency for International Development Office of Transition Initiatives; State/DRL= Department of State Bureau of Democracy, Human Rights, and Labor

Sources: GAO analysis of U.S. Agency for International Development and Department of State Bureau of Democracy, Human Rights, and Labor data. | GAO-17-648

²⁶In addition, some of the annual appropriations acts since 2012, including the Consolidated Appropriations Act, 2016, also call for assistance to be made available for community-based organizations operating in Thailand to provide food, medical, and other humanitarian assistance to internally displaced persons in eastern Burma. We did not review this directive, as it did not meet our definition of democracy assistance. In addition, the 2014-2016 annual appropriations acts state that assistance may be made available for programs administered by USAID/OTI for ethnic groups and civil society in Burma to help sustain ceasefire agreements and to further prospects for reconciliation and peace, which may include support to representatives of ethnic armed groups for this purpose. USAID/OTI has issued two contracts for this type of assistance since 2012.

Note: Democracy projects were active as of September 30, 2016, and received fiscal year 2016 funding for which the specified purposes applied.

Further, the Consolidated Appropriations Act, 2014, required that the Burma Democracy Strategy include support for civil society, former prisoners, monks, students, and democratic parliamentarians.²⁷ We reviewed the Burma Democracy Strategy and determined that it includes language regarding supporting all of the specified groups, as shown in table 4.²⁸

Table 4: Burma Democracy Strategy Language Supporting Specified Groups

Groups the strategy shall support	Examples of supporting language in the Burma Democracy Strategy
Civil society	U.S. programs will build the technical and organizational capacity of, and provide grants to, local civil society organizations to advocate for greater transparency, human rights, democratic political processes, service delivery, and local provision of humanitarian services.
Former prisoners	Further technical assistance programs will rehabilitate released political prisoners so they can effectively resume their roles promoting democratic transition and human rights.
Monks	Further technical assistance programs will bring key civil society representatives, including monks, religious leaders (including Buddhists, Christians, and Muslims), students, and media leaders, together with U.S. counterparts and experts, to raise awareness of democratic practices and systems.
Students	Further technical assistance programs will bring key civil society representatives, including monks, religious leaders (including Buddhists, Christians, and Muslims), students, and media leaders, together with U.S. counterparts and experts, to raise awareness of democratic practices and systems.
Democratic parliamentarians	Through State and USAID programming and diplomatic engagement, the agencies will support parliamentarians in their efforts to represent their constituents and press for constitutional and legal reforms.

²⁷Pub. L. No. 113-76, § 7043(b)(3)(A) (Jan. 17, 2014). These strategic requirements were applicable with regard to the strategy and implementation of that strategy through fiscal year 2016. Pub. L. No. 113-235, § 7043(b)(4) (Dec. 16, 2014); and Pub. L. No. 114-113, § 7043(b)(1)(B)(iii) (Dec. 18, 2015).

²⁸The Burma Democracy Strategy's five objectives are the following: (1) Develop the capacity of influential entities to employ principles of a well-governed democratic state that is inclusive, accountable, and responsive to its people; (2) support and strengthen civil society and strengthen societal foundations and institutions at all levels to reflect the will, concerns, and participation of the Burmese people; (3) encourage responsible investment and greater respect for human rights by the private sector; (4) support Burma's peace process, while engaging the military on human rights issues; and (5) promote tolerance and support legitimate and sustainable processes, which enable domestic stakeholders to pursue national reconciliation and the establishment of a stable, inclusive democratic union.

Legend: Burma Democracy Strategy = the Strategy for the Promotion of Democracy and Human Rights in Burma; State=Department of State; USAID=U.S. Agency for International Development

Source: GAO analysis of a U.S. Agency for International Development and Department of State document. | GAO-17-648

Note: These appropriations act requirements regarding the Burma Democracy Strategy are contained in Section 7043(b)(3)(A) of the Consolidated Appropriations Act, 2014, Pub. L. No. 113-76 (Jan. 17, 2014) and were applicable with regard to the strategy and implementation of that strategy through fiscal year 2016.

USAID and State Make Some Efforts to Prevent U.S. Democracy Assistance from Being Provided to Prohibited Entities and Individuals, but Partners Indicate They Could Benefit from Further Guidance, and USAID/DG and State Do Not Review Partners' Procedures

Annual appropriations acts have included provisions that state U.S. democracy assistance may not be provided to certain categories of prohibited entities and individuals.²⁹ We found that USAID/DG, USAID/OTI, and State/DRL inform their implementing partners about these restrictions and include due diligence requirements in their award agreements to address these restrictions.³⁰ However, some partners indicated that they could benefit from additional guidance on how to conduct these activities, and USAID/DG and State/DRL do not review implementing partners' due diligence procedures. We found that some implementing partners do not conduct due diligence, while others use a range of approaches and expressed concerns about whether they are meeting their responsibilities. Standards for Internal Control in the Federal Government call for management to periodically review policies, procedures, and related control activities for continued relevance and effectiveness in addressing related risks.³¹ Providing only some guidance on how to conduct due diligence to partners unclear on appropriate procedures for undertaking such procedures, and not conducting reviews of partners' due diligence processes, may limit USAID's and State's ability to avoid making U.S. democracy assistance available to prohibited entities and individuals.

²⁹We use the term "prohibited entities and individuals" to refer to those categories of entities and individuals identified through appropriations acts as being ineligible to receive U.S. democracy assistance.

³⁰We use the term "due diligence" because this is the term used by State and USAID.

³¹GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

Appropriations Acts Prohibit U.S. Democracy Assistance from Being Provided to Prohibited Entities and Individuals in Burma

Annual appropriations acts have included provisions that state that U.S. assistance cannot be provided to certain categories of entities and individuals. These restrictions have varied over the years in number, breadth, and applicability. Depending on the project's purpose, funding year, and source of funds for each democracy project, different restrictions apply.³²

The active democracy projects we reviewed were funded by funds from a variety of fiscal years and accounts to which different restrictions apply. However, as an illustrative example, the Consolidated Appropriations Act, 2016, states that assistance may not be made available

- for budget support for the Government of Burma;³³
- to any successor or affiliated organization of the SPDC controlled by former SPDC members that promotes the repressive policies of the SPDC;³⁴
- to any individual or organization credibly alleged to have committed gross violations of human rights, including against Rohingya and other minority groups;³⁵

³²See Pub. L. No. 112-74, § 7044(b) (Dec. 23, 2011); Pub. L. No. 113-6 § 1101(a)(6) (Mar. 26, 2013); Pub. L. No. 113-76, § 7043(b) (Jan. 17, 2014); Pub. L. No. 113-235, § 7043(b) (Dec. 16, 2014); and Pub. L. No. 114-113, § 7043(b) (Dec. 18, 2015).

³³USAID and State/DRL officials noted that they do not design, and would not approve, any projects that violate this restriction.

³⁴According to a State official, the SPDC no longer exists, and there are no successor organizations, so we do not discuss SPDC sanctions elsewhere in the report. Additionally, this restriction is not included in the Consolidated Appropriations Act, 2017. Pub. L. No. 115-31 § 7043(b) (May 5, 2017).

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- to any organization or individual the Secretary of State determines and reports to the appropriate congressional committees that advocates violence against ethnic or religious groups and individuals in Burma, including such organizations as Ma Ba Tha.

³⁵While the annual appropriations acts do not contain a definition of gross violations of human rights, for purposes of this provision, State officials told us that they use the definition found in Section 502B of the Foreign Assistance Act of 1961, as amended, which defines the term as “including torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, causing the disappearance of persons by the abduction and clandestine detention of those persons, and other flagrant denial of the right to life, liberty, or the security of person.”

USAID and State Provide Information about Prohibited Entities and Individuals and the Need for Due Diligence

USAID/DG and USAID/OTI have taken various steps to inform all implementing partners of the restrictions, including by providing a description of certain categories of entities and individuals that are prohibited from receiving assistance in all of their award agreements and responding to questions from implementing partners about the restrictions, according to USAID officials.³⁶ Specifically, USAID/DG and USAID/OTI have both included language regarding the restriction against providing assistance to any individual or organization credibly alleged to have committed gross violations of human rights in all of the project awards for the active projects in 2016. In addition, the USAID Mission’s legal advisor held several training sessions on the restrictions, including on the need to conduct due diligence, during events such as post-award conferences and standalone training sessions.³⁷

According to a State/DRL official, for programmatic reasons, State/DRL started including information on the restriction against providing assistance to any individual or organization credibly alleged to have committed gross violations of human rights in its project awards in 2016, in response to language in the Consolidated Appropriations Act, 2016.³⁸ State did this even though the projects utilized funding for which this restriction was not applicable. Three of the five awards signed in 2016 included information specifically about the need for conducting due

³⁶The annual appropriations acts that provide these restrictions have not required that USAID or State incorporate language about these restrictions in awards subject to them. Nonetheless, both USAID and State have begun incorporating language regarding one of these restrictions, even for projects where the restriction does not apply.

³⁷In most cases, on being awarded an agreement, the implementing partner will be invited by USAID to a post-award conference to discuss implementation of the award and answer any questions from the partner.

³⁸This official stated that State/DRL started providing this information because the Consolidated Appropriations Act, 2016, for the first time included restrictions related to religious freedom and communal violence—priority areas for State/DRL democracy projects. As part of our review of restrictions, we examined the award agreements, and any modifications, for the six current State/DRL democracy projects as well as four other agreements for projects that began after July 2016. In total, of the awards signed in 2016, we reviewed five award agreements.

diligence to identify potential recipients alleged to have committed gross violations of human rights.³⁹ In addition, one award signed prior to 2016 included an amendment in September 2016 that added similar information on the restriction and the need to conduct due diligence. This project utilized funding for which the restriction against providing assistance to any individual or organization credibly alleged to have committed gross violations of human rights was applicable.⁴⁰ State/DRL officials told us that they are considering the bureau's approach going forward on due diligence requirements for implementing partners.

According to USAID and State, the restrictions in the annual appropriations acts can change from year to year, and their applicability can vary depending on, for example, the funding account or purpose of the program. USAID and State/DRL said that they review the legal restrictions each year and inform implementing partners of any changes in the restrictions. USAID officials also said that they update their training materials with current information as part of their annual review or in response to partner questions.

We found that all 13 of USAID/DG's, USAID/OTI's, and State/DRL's current implementing partners were generally aware of the current restrictions and the need for them to conduct due diligence on potential assistance recipients, where restrictions were applicable.

USAID and State Provide Some Guidance on Due Diligence, but USAID/DG and State/DRL Do Not Review Partners' Processes

USAID and State have provided some guidance to their implementing partners on how to conduct due diligence to address appropriations acts

³⁹USAID officials stated that conducting due diligence to identify those credibly alleged to have committed gross violations of human rights is burdensome and creates a large compliance issue for implementing partners while syphoning off resources from the projects.

⁴⁰Pub. L. No. 114-113, § 7043(b)(1)(B)(vi) (Dec. 18, 2015).

restrictions.⁴¹ However, USAID/DG and State/DRL do not review partners' due diligence processes, according to agency officials. USAID/OTI communicates frequently with its partner about conducting due diligence. According to USAID/OTI officials, they are in daily contact and hold three weekly meetings with the partner about activity design, which involves partner selection for the activities and conducting due diligence. In addition, USAID/OTI officials stated that they conferred with the partner regarding due diligence procedures as appropriate during weekly "Senior Management Team" meetings.⁴² USAID/DG officials stated that they used trainings and individual meetings with partners to provide guidance and answer questions on conducting due diligence. In the USAID Mission's March 2016 training session, the USAID legal advisor provided information on, for example, using U.S. government websites to check for prohibited entities and individuals.⁴³ However, training on how to conduct due diligence to identify parties alleged to have committed gross violations of human rights was limited to instructing partners to "search public sources" and providing several search terms.⁴⁴ Since the March 2016 training, USAID/DG has not provided additional written information to its implementing partners on how to conduct due diligence. Similarly, State/DRL has provided some guidance to only a few implementing partners on conducting due diligence. We found that three of the four State/DRL awards we identified earlier as including information on the restriction against providing assistance to any individual or organization

⁴¹USAID and State officials noted that due diligence is not a legal obligation under the annual appropriations acts but rather is a tool that is used to further implementation of legal restrictions or for risk mitigation.

⁴²USAID/OTI's implementing partner told us that the focus on due diligence from USAID officials has shifted over time from being very concerned about it to a more hands-off approach.

⁴³Specifically, the training included information on how to conduct checks of the Specially Designated Nationals and Blocked Persons (SDN) lists on the Department of the Treasury's Office of Foreign Assets Controls' (OFAC) website. OFAC, which oversees the SDN list, notes that the termination of the Burma sanctions program in October 2016 does not impact Burmese individuals or entities blocked pursuant to other OFAC sanctions authorities.

⁴⁴While training materials did not provide specific instructions on how to conduct due diligence, they did include a reference to the definition of "Gross Violations of Internationally Recognized Human Rights" (GVHR) that appears in Section 502B of the Foreign Assistance Act and drew attention to search terms included in this reference. Training slides also provided FAQs for conducting GVHR due diligence, including topics such as "credible allegations," statutes of limitations on human rights violations, the intersection between OFAC sanctions and GVHR due diligence, and the scope of the definition of GVHR.

credibly alleged to have committed gross violations of human rights stated that a review of open-source documents must be conducted, with nothing further on due diligence. The fourth award included more detailed language on the due diligence process, including requirements to check recipients against existing sanctions lists and conduct searches in both Burmese and English.⁴⁵ State/DRL did not provide any other written guidance to its implementing partners on how to conduct due diligence, according to agency officials.

Moreover, for those projects active in 2016, USAID/DG and State/DRL did not review their implementing partners' due diligence procedures, leaving it to the partners to design and conduct their own procedures, according to USAID/DG and State/DRL officials. These officials told us that implementing partners report the results of due diligence only when they have found derogatory information about an individual or organization, as is required of the partners by the agreements for those projects that were active in 2016; the AWG then makes a final determination of that individual's or organization's eligibility for assistance.⁴⁶

⁴⁵This award includes the following information, in addition to citing the restriction about those credibly alleged to have committed gross violations of human rights: The implementer cannot provide assistance to people credibly alleged to have promoted violence against minorities; the implementer will certify in their quarterly reports that they take steps to exclude restricted individuals; the implementer will confirm that subaward recipients do not appear on certain restricted lists, like the SDN list; open-source media searches will be conducted in English and Burmese; and State/DRL site visits will be used to verify that implementing partners comply with this language. A current State/DRL official told us that the inclusion of this more detailed language was the result of negotiations between the implementing partner and a former State/DRL official, but the official was unsure whether the same language would be included in future project awards.

⁴⁶USAID officials reported that they had received derogatory information on entities from their implementing partners on five occasions since 2014, while State/DRL officials reported that they had not received any negative information from their implementing partners. In four of the five instances, an implementing partner provided derogatory information to USAID about an organization. In two of those cases, the AWG determined that the information was not credible and approved assistance to individuals in the organization. In the other two cases, the AWG determined that the information was credible; in one case, USAID advised the implementing partner not to provide assistance to members of the organization, and in the other case, USAID relied on notwithstanding authority to provide assistance to members of the organization. In the fifth instance, an implementing partner provided derogatory information about an individual; USAID instructed the implementing partner to ensure that it did not issue the individual in question an invitation to a USAID-funded event. (This instance was related to an economic growth activity that is outside the scope of this review.)

Standards for Internal Control in the Federal Government states that management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in addressing related risks.⁴⁷ By providing only some guidance on how to conduct due diligence and by not reviewing partners' procedures, USAID/DG and State/DRL miss opportunities to help partners strengthen their due diligence efforts. Further, the agencies limit their ability to address any risks that assistance may be provided to prohibited entities and individuals.

⁴⁷[GAO-14-704G](#).

Implementing Partner Representatives Expressed Concern about Adequacy of Due Diligence Procedures and That They Could Benefit from Additional Guidance

Representatives of the USAID/DG, USAID/OTI, and State/DRL implementing partners active in 2016 told us they use a variety of procedures to conduct due diligence, and some expressed concerns about the due diligence process. These partners ranged from large, international nongovernmental organizations to smaller, more locally based groups. One USAID implementing partner stated that their organization did not conduct any due diligence, despite a requirement to do so. Representatives of the other partners reported using a variety of due diligence procedures. Examples included conducting open-source searches, using personal networks to check on individuals' credentials, or using their organization's established due diligence procedures that are used in all relevant countries.

Implementing partner representatives also expressed concerns about the adequacy of their organizations' due diligence procedures and about how to conduct due diligence in certain situations, such as the following:

- One representative told us they had requested, but had not received, additional information beyond the training session held by the USAID Mission's legal advisor. The representative noted that the term "substantive checking" was not explained in USAID due diligence procedures and that USAID had not responded to a request for an explanation.⁴⁸
- Another representative said that they were unsure whether their organization's due diligence procedures were sufficient to satisfy their obligations under their award from USAID and expressed a desire for more guidance.
- Another representative said that their organization lacked the capacity to conduct Internet searches in Burmese because it does not employ local staff.

⁴⁸According to USAID officials, the term "substantive checking" does not appear in USAID training materials and is not a term used during training presentations.

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- Another representative observed that many people in Burma have the same name or have multiple names, which can complicate the due diligence process, and expressed uncertainty about the correct procedure in those situations.
 - Several representatives told us about instances in which their organizations received the attendee list for a project activity, such as a training class, just prior to the event. The representatives said that their organizations lacked the ability to quickly conduct due diligence on these attendees and instead had to complete due diligence after the event, if at all. Similarly, another representative said that the need to assist a local project can arise quickly, allowing little time for his organization to conduct due diligence on potential recipients.

In addition, USAID Mission officials stated that conducting due diligence to identify those credibly alleged to have committed gross violations of human rights is burdensome and creates a large compliance issue for implementing partners while syphoning off resources from the projects.

Conclusions

Since 2012, the U.S. government has committed increasing diplomatic and financial resources to helping Burma transition to a democratically elected civilian government, obligating over \$113 million for 34 democracy projects. USAID and State have taken some actions to ensure that their democracy projects support the specified purposes of annual appropriations act provisions regarding assistance to Burma. However, some partner representatives are concerned about the sufficiency of guidance they have received from State and USAID regarding how they should conduct due diligence to ensure that U.S. assistance is not provided to prohibited entities and individuals. Further, the lack of USAID/DG and State/DRL review of partners' due diligence procedures limits the agencies' ability to help strengthen these efforts. Additional agency involvement in the due diligence process could better ensure that implementing partners do not provide U.S. democracy assistance to prohibited entities or individuals. The importance of this is highlighted by the history of human rights abuses in Burma and the reported clashes between Burma's military and various ethnic groups in Burma.

Recommendations for Executive Action

To better ensure that sufficient due diligence is undertaken by implementing partners of U.S. democracy assistance in Burma, where appropriate, to help ensure that assistance is not made available to prohibited entities or individuals, we are making the following two recommendations:

- We recommend that the Administrator of USAID direct the Mission in Burma to review its procedures and practices regarding due diligence for democracy projects to determine whether additional guidance or reviews of implementing partners' due diligence procedures would be appropriate.
- We recommend that the Secretary of State direct the Bureau of Democracy, Human Rights, and Labor to review its procedures and practices regarding due diligence for Burma democracy projects to determine whether additional guidance or reviewing implementing partners' due diligence procedures would be appropriate.

Agency Comments

We provided a draft of this report to State and USAID for comment. In their written comments, reproduced in appendix V and VI, both State and USAID concurred with our recommendations. USAID disagreed with our characterization of their due diligence guidance, stating that it has provided extensive training to implementing partners on legal restrictions and due diligence requirements. We found that all USAID implementing partners we spoke with were aware of the current restrictions and the need for them to conduct due diligence. However, we note that several USAID partners were uncertain as to whether their actions to conduct due diligence were adequate. Further, USAID noted that some of the awards included in our assessment do not require implementing partners to conduct due diligence. We reported that USAID and State officials told us that due diligence is not a legal obligation under the annual appropriations acts but rather is a tool that is used to further implementation of legal restrictions or for risk mitigation. Moreover, we found that all current USAID projects included in this review contained language in the award agreements establishing a restriction against providing assistance to any individual or organization credibly alleged to have committed gross

violations of human rights. State and USAID also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Department of State, and the Administrator of the U.S. Agency for International Development.

If you or your staff have any questions about this report, please contact me at (202) 512-3149, or GootnickD@gao.gov . Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VII.

A handwritten signature in black ink, appearing to read "David Gootnick". The signature is fluid and cursive, with the first name "David" written in a larger, more prominent script than the last name "Gootnick".

David B. Gootnick
Director, International Affairs and Trade

Appendix I: USAID and State Use Several Tools to Monitor and Evaluate Their Democracy Projects in Burma

The U.S. Agency for International Development (USAID) and the Department of State (State) use, among other things, written reports and site visits to monitor their democracy projects in Burma. We found that USAID's implementing partners met all monitoring report requirements specified in the agreements, while State's Bureau of Democracy, Human Rights, and Labor's (State/DRL) implementing partners generally met the reporting elements. USAID and State require evaluative components in partners' final reports, which partners provided. In addition, USAID and State have conducted some external evaluations.

USAID and State Use Written Reports and Site Visits to Monitor Democracy Projects in Burma, and Implementing Partners' Reporting Generally Responded to Reporting Elements

USAID and State Use Several Tools to Monitor Their Democracy
Projects

USAID Burma Mission's Office for Democracy and Governance (USAID/DG), USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance's Office of Transition Initiatives (USAID/OTI), and State/DRL stated that they use written reports, site visits, and frequent informal communications (such as e-mail, phone calls, meetings, and weekly reports in some cases) as parts of their monitoring efforts.¹

USAID/DG, USAID/OTI, and State/DRL rely on quarterly reporting by their implementing partners, as stipulated in their award agreements, as a component of monitoring projects in Burma.² We reviewed the award agreements for all 13 active USAID/DG, USAID/OTI, and State/DRL projects and found that they all called for quarterly reporting.³ The reporting elements varied, as follows:

- **USAID/DG:** All six award agreements included reporting elements focused on progress or results and problems or challenges

¹According to officials, the National Endowment for Democracy (NED), a private, nonprofit foundation dedicated to the growth and strengthening of democratic institutions around the world, requires quarterly narrative and financial reports from its grantees, and NED program managers make an effort to conduct site visits to every grantee at least once a year. Each project is also evaluated on an annual basis in order for a decision to be made on its renewal.

²USAID/OTI has changed from quarterly to semiannual the frequency of reporting under the Burma Transition Initiatives-II award agreement, effective March 2016. USAID/OTI officials also reported that they view the periodic rolling assessments as their primary monitoring mechanism, not these reports.

³According to USAID officials, USAID and implementing partners agreed upon which program indicators to use to measure progress through the development and approval of the monitoring and evaluation plan. The USAID award agreements did not identify specific indicators to use.

encountered in the implementing partners' quarterly reports.⁴ The other elements varied based on the individual award agreement.⁵

- **USAID/OTI:** The agreement calls for a summary of the country situation; political updates; program highlights, achievements, and major activities; budget information; a summary of grant implementation and appraisal; and problems encountered and proposed remedial actions.
- **State/DRL:** Four of the six award agreements we reviewed requested that the same elements be included in the quarterly reporting. The other two agreements differed only slightly in what was to be included in the reports. All agreements called for a discussion of sustainability efforts.⁶

Agency officials from all three entities told us that they work with implementing partners to develop monitoring and evaluation plans that

⁴While the agreement for USAID/DG's Strengthening Democratic Institutions project contained no specific reporting elements for its quarterly reporting, officials told us that this was a follow-on agreement from a prior project for which these reporting elements applied and that these elements were applicable for the Strengthening Democratic Institutions project as well.

⁵Other items required in some, but not all, USAID/DG award agreements were (1) current progress achieved toward objectives, keyed to project indicators; (2) problems/challenges encountered and/or addressed; (3) actual expenses versus budget estimates, including analysis and explanation of cost overruns or high unit costs; (4) success stories; (5) management and personnel changes; (6) priorities for programming during the next reporting period; (7) details of direct assistance provided to the Government of Burma, if any; (8) political context and/or enabling environment of the country in which program activities are implemented; (9) updated list of current subgrantees and a brief report of status for each; and (10) evolution of critical assumptions.

⁶All six State/DRL award agreements requested the following information: (1) Relevant contextual information; (2) explanation and evaluation of significant activities of the reporting period and how the activities reflect progress toward achieving objectives; (3) any tangible success stories, when possible, with relevant supporting documentation or products related to the project activities as separate attachments (i.e., articles, meeting lists and agendas, participant surveys, photos, manuals, etc.); (4) a description of how the recipient is pursuing sustainability, including looking for sources of follow-on funding; (5) any problems/challenges in implementing the program and a corrective action plan with an updated time line of activities; (6) data for the required framework indicators for the quarter as well as aggregate data by fiscal year; and (7) proposed activities for the next quarter. Four of the six award agreements also called for (8) a copy of midterm and/or final evaluation reports conducted by an external evaluator, if applicable; (9) reasons why established goals were not met; and (10) additional pertinent information, including analysis and explanation of cost overruns or high unit costs, if applicable. The other two agreements requested (11) a description of efforts at coordinating with other donors and any meetings with U.S. government personnel.

include the use of indicators agreed upon by the respective entity and the implementing partner. In addition,

- USAID/DG officials in Burma stated that the Mission conducts biannual portfolio reviews,⁷ and
- USAID/OTI officials stated that they conduct internal assessment processes on average every three months.⁸

USAID Implementing Partners Provided Information on All Reporting Elements, While State/DRL Implementing Partners Provided Information on Most Elements

USAID implementing partners reported on all requested elements in their monitoring reports, and State/DRL partners provided most of the requested elements. We reviewed all relevant fiscal year 2016 monitoring reports for the six active USAID/DG projects and found that all implementing partners had submitted their required reports, including a narrative report as well as progress toward their agreed-upon indicators. We also found that all reporting met the requirements as set out in the agreements.⁹ In addition, we reviewed all relevant fiscal year 2016 monitoring reports for the six active State/DRL projects and found that all partners had submitted the required reports, including both the narrative report and documentation showing progress against the required indicators. We also found that while implementing partners included most of the information requested, but not required, in the award agreements, implementing partners did not provide information on how the recipient

⁷A portfolio review is a periodic assessment of all aspects of a USAID mission, including the mission's assistance objective, projects, and activities.

⁸The frequency of these assessments is generally no more than quarterly and no less than semiannually. USAID/OTI officials in Burma stated that they conduct rolling assessments every 3 months on average.

⁹USAID/DG stated that their practice is for the agreement/contracting officer's representative to review reporting to ensure that it is accurate and complete and that there are no questions. If reports are incomplete, or if there is a question about something, they are referred to the agreement/contracting officer to follow up with the implementing partner.

was pursuing sustainability.¹⁰ However, a State/DRL official told us that sustainability efforts are discussed during site visits or in other channels of communication, and if the program officer is satisfied with the answer, he or she will not necessarily ask the implementing partner to go back and update their written reports to record that sustainability was in fact being considered. Further, State/DRL officials told us that sustainability is an important aspect of all State/DRL projects in Burma; not only does State/DRL request updates on sustainability efforts in the implementing partners' reporting, but sustainability is also one of seven criteria against which all DRL project proposals are reviewed.

USAID and State Conducted Site Visits to Monitor Their Democracy Projects

USAID/DG, USAID/OTI, and State/DRL officials stated that conducting numerous site visits and communicating frequently with implementing partners were other components of monitoring their projects in Burma.

- **USAID/DG:** Officials reported conducting 28 site visits in 2016, with each project getting at least 1 visit. A trip report from one of these site visits included information such as a discussion of observations from the USAID staff, as well as recommendations for project adaptations. Three of the six active projects received multiple site visits in 2016. The projects that only received one visit in 2016 were primarily projects located in difficult to reach or conflict-prone areas, such as Rakhine State.¹¹ In addition to site visits, all active implementing partners reported frequent informal communication with USAID staff, and two reported providing informal weekly reporting to USAID.

¹⁰In addition to all six implementing partners not reporting on efforts to pursue sustainability, one implementing partner did not include required contextual information or a discussion of challenges or problems faced in any of its 2016 reporting, one implementer did not include information on coordination efforts with other donors, and another implementing partner did not include information on why goals were not met for one quarter in 2016.

¹¹USAID officials told us that authorizations from the Burmese government are required to travel to some regions outside of central Burma, including Rakhine State, and that obtaining these authorizations requires both coordination and time. They told us that the process for obtaining travel approvals and the level of detail required by the Burmese government tends to change often and that government coordination and communication on who has the authority to issue travel authorizations is a challenge. The officials stated that official Burmese government policy requires USAID staff to apply for a travel authorization at least 10 business days prior to the travel.

- **USAID/OTI:** Officials reported that USAID/OTI staff conducted seven official site visits in 2016. In addition, USAID/OTI officials reported that they hold three weekly in-person meetings with the implementing partner: an ideas meeting where new project ideas are raised and discussed, a management meeting where any administrative issues that need to be handled are discussed, and a portfolio review meeting where the ongoing activities for the project are discussed. In addition, USAID/OTI staff reported discussing activities with the implementing partner on a daily basis via email, telephone calls, and in-person meetings.
- **State/DRL:** Officials reported that they typically make three trips to Burma each year and attempt to visit each project at least once a year. In 2016, State/DRL made three site visits—one in February, one in July, and one in October. The trip reports from the October visit included high-level problems or concerns that needed to be brought to the attention of the front office, summaries and observations from program and site visits conducted during the trip, and any action items to follow up on after the trip. In addition to site visits, all active implementing partners reported frequent, informal communication with State/DRL staff.

USAID and State Require and Receive Evaluative
Components in Implementing Partners' Final Reports and
Have Conducted Some External Evaluations of Their
Democracy Projects in Burma

USAID and State/DRL Require Final Evaluative Reporting, and All
Implementing Partners Met Reporting Requirements

USAID/DG, USAID/OTI, and State/DRL award agreements require that the final reports submitted by the implementing partners include several evaluative elements. Our review of final reports submitted shows that partners had provided these elements in their reports.

USAID/DG: The agreements we reviewed called for the final performance report to include, among other things,

- an overall description of the activities under the project and the significance of these activities; and
- results toward achieving the project objectives and the performance indicators, as well as an analysis of how the indicators illustrate the project's impact.

USAID/DG conducted a total of 8 democracy projects in Burma since 2012, of which 3 had been completed, as of December 2016. We

reviewed the final reports for two of the completed projects.¹² Both of the final reports met all requirements specified in the agreements regarding evaluative components. Tools used by the various projects to evaluate the assistance included analysis of progress using both quantitative and qualitative data, surveys of participants, interviews, and focus group discussions.

USAID/OTI: The award agreement we reviewed required a final report that includes, among other things,

- program highlights, achievements, and major activities;
- a summary of grant implementation and an appraisal; and
- problems encountered and how they were solved.

USAID/OTI's initial project in Burma was completed in mid-2016. Upon completion, a final report was submitted. We found that the report met all the required elements as specified in the initial award agreement. Tools used to evaluate the assistance included analysis of progress using both quantitative and qualitative data.

State/DRL: The agreements we reviewed called for the final performance report to include, among other things, an in-depth impact assessment and/or project evaluation.

State/DRL conducted a total of 24 democracy projects in Burma since 2012, of which 7 had been completed and had submitted final reports, as of August 2016.¹³ In reviewing the seven final reports, we found that all seven met the requirements specified in the award agreements. Tools used by the various projects to evaluate the assistance included analysis of progress using indicators, formal surveys of participants, semistructured interviews, and focus group discussions.

¹²A third completed project was a survey and did not contain any program activities and, therefore, no final report was completed.

¹³Three other State/DRL projects had been completed in July and August 2016 and, therefore, did not have final reports submitted as of August 2016.

USAID and State Have Conducted Some External Evaluations

According to USAID policy, not all USAID/DG award agreements are required to have a final external evaluation.¹⁴ Plans for evaluations, if they are to be conducted, are developed in the project design phase as part of the monitoring and evaluation plan. We found that one final external evaluation had been completed as of December 2016. In addition, although not required in the agreements, USAID/DG completed a midpoint evaluation of one project in July 2015, and two USAID projects were undergoing midterm evaluations that were scheduled to be completed by April 2017.

The USAID/OTI award agreement we reviewed stated that within 3 months prior to close-out, USAID/OTI may organize, and the implementing partner will cooperate with and contribute to, a final external evaluation of the program. This final evaluation will include an assessment of the impact or results of activities managed by the implementing partner. An external evaluation was completed at the end of the first USAID/OTI award agreement.

According to a State/DRL official, external final evaluations were not required for any of the Burma projects because of the short-term nature and fairly small budgets of projects (for example, budgets less than \$350,000). According to officials, under State/DRL guidance, an external evaluation is not a requirement for State/DRL projects, but proposals that include one tend to be rated more competitively by State/DRL. We found that two external evaluations had been completed as of December 2016. State/DRL does not typically conduct midterm evaluations, again because of the relatively short average length of the projects.

Both USAID and State officials told us that the nature of democracy projects makes measuring effectiveness difficult. Issues cited by officials

¹⁴USAID's evaluation policy requires at least one external evaluation per program. According to the policy, "program" refers to a set of complementary activities, over an established time line and budget, intended to achieve a discrete development result; "program" does not refer only or primarily to an implementing mechanism, such as a contract or grant. An external evaluation is commissioned by USAID, rather than by the implementing partner, and the evaluation's team leader is an expert external to USAID who has no fiduciary relationship with the implementing partner. By contrast, internal evaluations are either (1) commissioned by USAID in which the evaluation team leader is USAID staff (a USAID internal evaluation) or (2) conducted or commissioned by an implementing partner—or a consortium of implementing partners and evaluators—concerning its own project.

included the long-term nature of the programs where results are often seen years later, and the difficulty in measuring the impact of democracy projects, particularly relative to other influencing factors. We have previously reported on the difficulties in evaluating democracy assistance.¹⁵

¹⁵See [GAO-09-993](#), *Democracy Assistance: U.S. Agencies Take Steps to Coordinate International Programs but Lack Information on Some U.S.-Funded Activities* (Washington, D.C.; Sept. 28, 2009). We reported that some USAID mission officials noted that they conducted few independent evaluations of democracy assistance because of the resources involved in the undertaking and the difficulty of measuring impact in the area of democracy assistance. For example, one technical officer stated that “behavior change is difficult to measure and change in democracy is not seen overnight. It is a long process difficult to measure.” In addition, some senior USAID officials stated that it is difficult to demonstrate causality between projects and improvements in a country’s democratic status.

Appendix II: Objectives, Scope, and Methodology

Our objectives were to examine (1) U.S. Agency for International Development (USAID) and Department of State (State) democracy projects, including coordination of those projects; (2) steps USAID and State have taken to ensure that U.S. democracy projects and the U.S. Strategy for the Promotion of Democracy and Human Rights in Burma (Burma Democracy Strategy) address and support the specified purposes and groups, respectively, for Burma assistance funding; and (3) USAID and State efforts to ensure that U.S. democracy assistance is not provided to prohibited entities and individuals. We also provide information about USAID's and State's monitoring and evaluation of their democracy projects in appendix 1, and appendix IV includes details on USAID and State democracy projects, including implementation and results. We conducted fieldwork in Hpa' An, Mandalay, Mawlymyaing, Naypyidaw, and Rangoon, Burma, in October 2016 and November 2016.

To describe USAID and State democracy projects in Burma, we reviewed project award documents, including relevant modifications, for 13 projects funded by USAID and State's Bureau of Democracy, Human Rights, and Labor (State/DRL) that were active as of September 30, 2016.¹ We also obtained agency funding data on obligations for all USAID and State democracy projects that were active between fiscal years 2012 and 2016. To assess the reliability of those data, we interviewed knowledgeable agency officials and sent them a set of questions that asked about data collection, validation, and related issues. We determined that these data are sufficiently reliable for the purpose of reporting USAID's and State's obligations to Burma between 2012 and 2016. In addition, we reviewed the award documents for the 13 projects that were active as of September 30, 2016, and created a table containing the total project values from them. These values were the initial award amounts and do not reflect any modifications that were made subsequently. We also

¹Our review of current projects does not include four State/DRL projects that started in July 2016 and four State/DRL projects that started in September 2016 because those projects had not undertaken many, if any, activities before the end of the fiscal year. It also does not include three projects that were slated to end by September 2016 at the start of our review but were later extended.

interviewed officials from USAID and State in Washington, D.C., and Burma about their active projects. Additionally, we compared the purposes and objectives of USAID's and State's democracy projects with the goals of the Burma Democracy Strategy.

To examine how the projects are coordinated, we reviewed agency documents and interviewed agency officials about coordination and, in particular, the embassy in Burma's Assistance Working Group (AWG). We reviewed the AWG as a coordination mechanism against GAO's *Key Considerations for Implementing Interagency Collaborative Mechanisms*.² We analyzed information collected from our document review, including the terms of reference for the AWG, and interviews with agency officials and compared this information against the seven key considerations listed in a prior GAO report. To assess the extent of interagency coordination, we compared the evidence we collected against the key considerations, which include outcomes and accountability, bridging organizational cultures, leadership, clarity of roles and responsibility, participants, resources, and written guidance and agreements.³ Two analysts independently completed this analysis, identifying characteristics, practices, or other evidence that generally aligned with the criteria for each key consideration. They then compared their responses and resolved any initial differences. They only judged a consideration to be lacking if no evidence of generally aligning with that characteristic was identified by either analyst.

To examine steps USAID and State have taken to help ensure that U.S. democracy projects and the Burma Democracy Strategy address and support the specified purposes and groups, respectively, for Burma assistance funding, we reviewed the specified purposes for Burma assistance funding in the Consolidated Appropriations Act, 2016, as well as the specified groups for the Burma Democracy Strategy in the Consolidated Appropriations Act, 2014. We also interviewed USAID and State officials in Washington, D.C., and at the embassy in Rangoon, Burma. We then analyzed the Burma Democracy Strategy to identify whether it supported each of the five specified groups: civil society, former prisoners, monks, students, and democratic parliamentarians. We also identified the purposes for which funds shall be made available in the Consolidated Appropriations Act, 2016. We analyzed project award

²[GAO-12-1022](#).

³See [GAO-12-1022](#) for full details about these collaboration considerations.

documents for projects active as of September 30, 2016, that received fiscal year 2016 funding to which the purposes applied, and compared the stated purpose and objectives of the projects to the purposes for which funding shall be made available in the act. From this process we found examples, which we included in our report, where the project's purpose and objectives were broadly consistent with the purposes specified in the act.

To examine USAID and State efforts to help ensure that U.S. democracy assistance is not provided to prohibited entities and individuals, we identified restrictions applicable to assistance funding for Burma in the Consolidated Appropriations Act, 2016, for illustrative purposes. We reviewed USAID documents, including presentations and emails, used to train implementing partners on the restrictions. We reviewed USAID's and State's active project awards for information related to the restrictions or the need to conduct due diligence to identify prohibited entities and individuals. We also interviewed officials from USAID and State to discuss, among other things, whether and how they provide information to implementing partners about the restrictions and the due diligence process. Further, we interviewed all 13 USAID and State implementing partners about their due diligence processes and their interactions with agency officials related to conducting due diligence for prohibited entities and individuals.

To examine USAID's and State's monitoring and evaluation of their democracy projects in Burma, we reviewed documents and interviewed agency officials in Washington, D.C., and at the U.S. embassy in Burma. We also interviewed all current implementing partners in Burma. We reviewed award agreements for 13 ongoing democracy projects as of September 30, 2016—6 USAID/DG projects, 1 USAID/OTI project, and 6 State/DRL projects—to identify any monitoring and evaluation requirements contained in the agreements. We then reviewed all fiscal year 2016 monitoring reports for those projects and analyzed them against the monitoring requirements stipulated in the agreements, to assess compliance. We also reviewed final reports from all USAID and State democracy projects that had been completed since 2012. We analyzed these reports against the requirements that we identified from the individual award agreements for each project, to assess compliance. These requirements include elements such as an overall description, results summary, and description of problems encountered. We had two analysts independently assess whether these elements were present or absent in the final reports and then meet to reconcile any initial differences. We did not make any attempt to evaluate the quality of the

information included in the monitoring or final reports. Additionally, we interviewed agency officials about their use of other tools to monitor and evaluate their democracy projects, and reviewed trip reports from site visits, where relevant. We also discussed agency monitoring and evaluation efforts with the implementing partners from the 13 ongoing projects in-country to verify that their experiences matched up with what agencies reported doing.

To examine how the Burma Democracy Strategy aligns with other U.S. strategies, we analyzed and compared the goals of the Burma Democracy Strategy to the objectives of the Burma Integrated Country Strategy and the objectives of the USAID Strategy on Democracy, Human Rights, and Governance.

We conducted this performance audit from May 2016 through July 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix III: The U.S. Strategy for the Promotion of Democracy and Human Rights in Burma Aligns with Broader U.S. Strategies

The Consolidated Appropriations Act, 2014, required the Secretary of State, in consultation with the Administrator of the U.S. Agency for International Development (USAID), to submit a comprehensive strategy for the promotion of democracy and human rights in Burma, which became the Strategy for the Promotion of Democracy and Human Rights in Burma (Burma Democracy Strategy).¹

To examine how the Burma Democracy Strategy aligns with other relevant strategies, we reviewed its objectives and compared them to objectives contained in other relevant strategies (i.e., the Burma Integrated Country Strategy and USAID's Democracy, Human Rights, and Governance Strategy). We also interviewed USAID and Department of State (State) officials in Washington, D.C., and at the U.S. embassy and USAID Mission in Rangoon, Burma.

To continue moving Burma toward a well-governed democratic state that is inclusive, accountable, and responsive to its people, the Burma Democracy Strategy includes five strategic goals:

1. Develop the capacity of influential entities to employ principles of a well-governed democratic state that is inclusive, accountable, and responsive to its people.

¹Pub. L. No. 113-76, § 7043(b)(3)(A) (Jan. 17, 2014). These strategic requirements were applicable with regard to the strategy and implementation of that strategy through fiscal year 2016. Pub. L. No. 113-235, § 7043(b)(4) (Dec. 16, 2014); and Pub. L. No. 114-113, § 7043(b)(1)(B)(iii) (Dec. 18, 2015).

2. Support and strengthen civil society, and strengthen societal foundations and institutions at all levels to reflect the will, concerns, and participation of the Burmese people.
3. Encourage responsible investment and greater respect for human rights by the private sector.
4. Support Burma's peace process, while engaging the military on human rights issues.
5. Promote tolerance and support legitimate and sustainable processes, which enable domestic stakeholders to pursue national reconciliation and the establishment of a stable, inclusive democratic union.

We found that the Burma Democracy Strategy aligns with broader U.S. strategies on Burma and democracy promotion. For example, the strategic goals of the Burma Democracy Strategy align with objectives included in the U.S. embassy's Burma Integrated Country Strategy. The Integrated Country Strategy is a multiyear, overarching strategy that encapsulates U.S. policy priorities and objectives and the means by which foreign assistance, among other things, will achieve these priorities in a country. U.S. embassy officials said that the requirements for the Burma Democracy Strategy in the Consolidated Appropriations Act, 2014, were already included in the Integrated Country Strategy. The current Burma Integrated Country Strategy runs through 2017, and embassy staff are revising the Integrated Country Strategy concurrent with the revision of the Burma Democracy Strategy.

Our analysis of the Burma Democracy Strategy and the Integrated Country Strategy found that each goal of the Burma Democracy Strategy aligns with at least two objectives from the Integrated Country Strategy. For example, the first goal of the Burma Democracy Strategy aligns with the fourth and fifth objectives of the Integrated Country Strategy, as shown in table 5.

Table 5: Alignment of the Burma Democracy Strategy and the Burma Integrated Country Strategy

Burma Democracy Strategy goal	Burma Integrated Country Strategy objective
Develop the capacity of influential entities to employ principles of a well-governed democratic state that is inclusive, accountable, and responsive to its people.	Influential entities employ principles of a well-governed democratic state that is inclusive, accountable, and responsive to its people. Burma nurtures a vibrant, participatory, representative and capable civil society and free and responsible media able to (1) monitor, engage, access, and hold local and central government accountable; and (2) represent and advance citizen interests in pursuit of democratic ideals at all levels of society.

Appendix III: The U.S. Strategy for the Promotion of Democracy and Human Rights in Burma Aligns with Broader U.S. Strategies

Legend: Burma Democracy Strategy = the Strategy for the Promotion of Democracy and Human Rights in Burma
 Source: GAO analysis of Department of State and U.S. Agency for International Development documents. | GAO-17-648

In addition, we found that the five goals of the Burma Democracy Strategy align with the development objectives in USAID’s Strategy on Democracy, Human Rights, and Governance (USAID’s DHRG Strategy). USAID’s DHRG Strategy provides a framework to support the establishment and consolidation of inclusive and accountable democracies and lays out USAID’s vision to support democracy, human rights, and governance as essential to achieving the agency’s broader social and economic development goals. USAID officials said that the Burma Democracy Strategy is derived from USAID’s broader, agency-wide DHRG Strategy.

Our analysis found that each goal of the Burma Democracy Strategy aligns with at least two development objectives in USAID’s DHRG Strategy. For example, the second goal of the Burma Democracy Strategy aligns with three objectives from USAID’s DHRG Strategy, as shown in table 6 .

Table 6: Alignment of the Burma Democracy Strategy and USAID’s Strategy on Democracy, Human Rights, and Governance

Burma Democracy Strategy goal	USAID Strategy on Democracy, Human Rights, and Governance objective
Support and strengthen civil society, and strengthen societal foundations and institutions at all levels to reflect the will, concerns, and participation of the Burmese people.	Promote politically engaged and informed citizenries, active civil society organizations, organized labor, independent and open media, and representative political parties.
	Provide electoral assistance that enables citizens to exercise their right to select and replace their leaders through periodic, free, and fair elections.
	Support the ability of civil society and independent and open media to provide oversight and an informed critique of government.

Legend: Burma Democracy Strategy = the Strategy for the Promotion of Democracy and Human Rights in Burma; USAID= U.S. Agency for International Development
 Source: GAO analysis of U.S. Agency for International Development documents. | GAO-17-648

Appendix IV: Summaries of Active USAID and State/DRL Democracy Projects in Burma as of the End of Fiscal Year 2016

The following is a summary of information on 13 democracy projects in Burma that were active as of July 1, 2016 — 6 U.S. Agency for International Development (USAID) Mission in Burma Office of Democracy and Governance (USAID/DG) projects; 1 USAID Office of Transition Initiatives project; and 6 Department of State (State) Bureau of Democracy, Human Rights, and Labor (State/DRL) projects.¹ We reviewed the award agreements, modifications and obligation data as well as the fiscal year 2016 fourth quarter progress reports submitted by the implementing partners. We present an illustrative sample of activities reported in those progress reports for each project.

¹USAID and State later identified all active democracy projects in Burma as of August 31, 2016. We did not independently verify the list of projects provided by USAID and State.

USAID/DG Democracy Projects in Burma (Active as of the End of Fiscal Year 2016)

Accountable to All: Strengthening Civil Society and Media in Burma

This award agreement totals \$20,000,000 and runs from September 25, 2014, through September 24, 2018 (see table 7).

Table 7: USAID’s Mission in Burma Office of Democracy and Governance-Funded Burma Democracy Project, Accountable to All: Strengthening Civil Society and Media in Burma

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To achieve improved public oversight of, and engagement with, the Government of Burma to sustain democratic reforms and bridge the country’s center-periphery divide.</p> <p>Objective 1: Improve civil society capacity for engagement in democratic processes and policy dialogue.</p> <p>Objective 2: Increase availability of and access to information on democratic governance and reform issues.</p> <p>Objective 3: Expand inclusive public dialogue and political spaces.</p>	<p>Nine 12-month, follow-on project grants were awarded to grantees to build on the strong foundation laid by independent media partner organizations across the country. The total value of the grant portfolio is approximately 680 million Burmese kyat (\$580,200). Follow-on projects began in August 2016. News reports on matters of public concern and public policy will be produced in print, through online media, or on radio and television.</p> <p>A subawardee provided critical voter education to approximately 20 million Burmese voters. During the 6-month grant period, this subawardee broadcasted 2,760 minutes (or 46 hours) of airtime, including 600 minutes of news coverage of the elections and 41 TV clips/episodes. It also produced the first debate among election candidates in the country’s history.</p> <p>In May 2016, the project organized two forums between media and civil society organizations (CSO) in Mon State and Kayah State. Mon forum attendees included 28 representatives from two international nongovernmental organizations (NGO) and 21 CSOs and 17 participants from eight print media outlets, three television channels, and two independent news agencies. At the Kayah forum, 27 participants from three international NGOs, eight local CSOs, and two media organizations were present. The forum in Mon State was particularly successful, according to the implementing partner, with the formation of an informal network between civil society and media communities. The network launched a Facebook group with 51 members from the media and CSOs.</p>

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of the USAID’s Mission in Burma Office of Democracy and Governance’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

Building Constituencies for Peace in Southeast Burma

This award agreement totals \$1,171,781 and ran from September 16, 2014, through February 16, 2017 (see table 8).

Table 8: USAID’s Mission in Burma Office of Democracy and Governance-Funded Burma Democracy Project, Building Constituencies for Peace (BCP) in Southeast Burma

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To broaden and build constituencies for peace in Karen State by changing community attitudes and fostering constructive engagement with key actors.</p> <p>Objective 1: Increase the capacity and confidence of Karen communities to engage in the transition process.</p> <p>Objective 2: Foster relationships between Karen communities and key actors at the local and union levels.</p>	<p>Twenty 1-day village-level meetings with a total of 380 participants (109 female) were conducted during July 2016 and August 2016. The meetings involved village leaders, representatives nominated in the Village Agency Workshops, and other community members. The purpose of the village meetings was to validate the findings of the Village Agency Workshops and secure the support and commitment of the village and village leaders to engage in the project, according to the implementing partner.</p> <p>The BCP team, with support from the USAID-funded Project for Local Empowerment Protection Program, trained 90 people in Alternative Dispute Resolution between September 27, 2016, and October 1, 2016. An additional round of Alternative Dispute Resolution training for an equivalent number of people was scheduled for the first week of October 2016.</p> <p>The project team worked to further develop collaboration with local civil society organizations and supported activities in Hpa’ An designed to contribute to the national peace process (the State Civil Society Organization Forum on 21st Century Panglong Conference and the Youth and Peace forum).</p>

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of USAID’s Mission in Burma Office of Democracy and Governance’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

Community Peace Building in Rakhine State

This award agreement totals \$1,999,999 and runs from September 30, 2013, through October 15, 2017 (see table 9).

Table 9: USAID’s Mission in Burma Office of Democracy and Governance-Funded Burma Democracy Project, Community Peace Building in Rakhine State

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To strengthen communities and leaders to prevent violence in Northern Rakhine State.</p> <p>Objective 1: Promote tolerance among Rohingya and Rakhine.</p> <p>Objective 2: Promote economic interdependence between Rohingya and Rakhine communities.</p> <p>Objective 3: Strengthen conflict-prevention mechanisms through building up new leadership among peace actors.</p>	<p>The number of people trained on the self-awareness and empathy module hit 664 out of the overall target of 669 in trainings that took place throughout the year in both Maungdaw and Buthidaung townships. One key highlight for the trainings has been the focus on women-only trainings. Because of this focus, there has been a surge in participation among women from the Muslim community who would otherwise not attend mixed-gender training, according to the implementing partner.</p> <p>A 1-day training on the small village development grants community needs assessment tool was carried out on May 12, 2016, facilitated by the Project Director. Eight staff members (including two from other projects) and 20 community mobilizers attended the training – 12 male and 16 female. The purpose of the training was to facilitate staff and community mobilizers with the skills to train others, as well as to conduct village participatory assessments. According to the implementer’s small village development grants tool, these assessments help identify village strengths and areas for development as well as help villagers decide what problems to focus on and to choose a suitable project to address them.</p> <p>During the 16 days of the gender activism campaign carried out in November 2015, the project conducted gender-based violence awareness-raising sessions in eight locations in both Maungdaw and Buthidaung. A total of 133 male and 126 female participants attended the gender-based violence awareness-raising sessions. As part of the 16 days of gender activism, activities carried out included hosting a debate on gender issues by two community mobilizers, a gender quiz organized for 300 participants, games, and a photo exhibition on gender issues.</p>

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of USAID’s Mission in Burma Office of Democracy and Governance’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

Rakhine Early Recovery Activity

This award agreement totals \$5,000,000 and runs from January 4, 2016, through July 3, 2018 (see table 10).

Table 10: USAID’s Mission in Burma Office of Democracy and Governance-Funded Burma Democracy Project, Rakhine Early Recovery Activity

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To reduce displacement by supporting livelihoods and early recovery initiatives of vulnerable persons in the ethnically diverse Rakhine State.</p>	<p>In late June/early July 2016, the baseline assessment was conducted through a mixed methodology of a quantitative field survey and qualitative focus group discussions. The baseline report was finalized and shared in late September 2016.</p>
<p>Objective 1: Develop or revitalize participatory community structures at the village and village tract^a level in return and neighboring villages to lead community development activities.</p>	<p>The implementation of field activities has shown noticeable progress across four of the five targeted townships. Village entry, mass meetings, Village Development Committee formation and Participatory Rural Analysis activities were initiated in Mrauk-U, Myebon, Rathedaung, and Minbya. In addition, the first Community Action Plans have been drafted.</p>
<p>Objective 2: Implement livelihoods, water, sanitation and hygiene, disaster risk reduction, and/or community infrastructure projects to improve resilience of target households.</p>	<p>Pauktaw Township showed no progress to date, primarily because of the stalled process of returning displaced people. Following numerous discussions with the local government and with no imminent plan for returns, a decision was made to request an immediate change of location. A formal request was submitted to USAID on August 30, 2016, selecting Kyauktaw Township as a new target location, where work could commence immediately.</p>
<p>Objective 3: Foster trust and engagement between neighboring communities on issues of shared concern.</p>	

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of USAID’s Mission in Burma Office of Democracy and Governance’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

^aA village tract is a fourth-level administrative subdivision of Burma’s rural townships. As of August 2015, there were 13,602 village tracts in Burma, consisting of 70,838 villages.

Promoting Rule of Law Program

This award agreement totals \$15,956,101 and runs from October 1, 2013, through September 30, 2018 (see table 11).²

Table 11: USAID's Mission in Burma Office of Democracy and Governance-Funded Burma Democracy Project, Promoting Rule of Law Program

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To provide USAID in Burma with a set of interventions to promote and protect the rule of just law and civil liberties in Burma. The project will address key capacity and structural gaps that limit the effectiveness of selected justice system actors and inhibit inclusive participation in rule of law reform initiatives.</p> <p>Objective 1: Promote more effective, accountable, and accessible justice sector institutions.</p> <p>Objective 2: Increase legal literacy, access to justice, and the participation of marginalized populations in target regions/states.</p>	<p>During this quarter, the project worked with the Office of the Supreme Court of the Union's Case Management Committee and Information Technology (IT) Department to finalize an automated case management database system prototype. This system will not just serve to support the new case management processes, it will also build capacity for the Supreme Court to have electronic access to management reports and statistics on which broader policy decisions can be considered. The prototype will be installed next quarter in the Taungoo District Court for its first testing, which is expected to last 3 months, during which refinements will be made before further rollout in 2017.</p> <p>In this quarter, the project completed its analysis and, with USAID, presented findings to the Union Attorney General's Office's Permanent Secretary. The results show a system that inhibits adequate trial preparation by prosecutors and is burdened by unnecessary administrative processes. Based on this analysis, the project made a series of recommendations, which, if implemented correctly, could significantly reduce criminal case prosecution times, reduce the period the accused spends in custody awaiting trial, and improve investigation procedures to increase the quality of prosecutions and better identify cases for which there is insufficient evidence to prosecute.</p> <p>Establishment of a "National Paralegal Network" began with a "Network Design Workshop" hosted in Rangoon on August 10-12, 2016, and attended by 42 paralegals from across Burma. The workshop identified five working groups – Sustainable Funding, Professional Development, Networking & Communications, Paralegal Recognition, and Management – and set organizational and technical priorities for the network.</p>

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of USAID's Mission in Burma Office of Democracy and Governance's implementing partner's fiscal year 2016 fourth quarter progress report. | GAO-17-648

²While the award agreement documentation we received indicates the award total as \$12,127,811, USAID obligation data indicate that the total obligation was \$15,956,101 at the time we received the data, so here we have provided obligation data rather than award information.

Strengthening Democratic Institutions

This award agreement totals \$23,200,000 and runs from July 1, 2016, through June 30, 2021 (see table 12).

Table 12: USAID’s Mission in Burma Office of Democracy and Governance-Funded Burma Democracy Project, Strengthening Democratic Institutions

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To strengthen Burma’s core democratic institutions— the national parliament, state and regional parliaments, the Union Election Commission, and political parties. Building upon its strong track record in Burma among key stakeholders, the project will address fundamental capacity limitations within these institutions with programming that will ensure progressive learning and embed democratic practices that foster resilience and sustainability.</p> <p>Objective 1: Increase role and effectiveness of legislatures in law making and oversight.</p> <p>Objective 2: Strengthen the integrity and transparency of the electoral process, legislation, and reforms to ensure credible, transparent, and inclusive elections from 2016 through 2021.</p> <p>Objective 3: Promote more competitive and representative political parties as the basis of a multiparty political system.</p> <p>Objective 4: Respond to unanticipated windows of opportunity that support the project’s activity objectives.</p>	<p>Twenty-one political party branch offices from Mandalay and Magway attended the project’s Political Party Academy, which included 260 party members, including 64 women and 72 individuals under the age of 35. This total exceeded the target of 100 attendees by 160 percent.</p> <p>The project held the second Legal Review Roundtable on September 20, 2016. Fifty-six participants – including 43 men and 13 women – attended the event as representatives of state institutions and civil society. The event built on the first legal review roundtable by further refining legal and regulatory reform recommendations and discussing the establishment of a joint working group, according to the implementing partner.</p> <p>The project held a variety of assessment sessions with parliamentary committees in August 2016. The report stated that these assessments were well attended by the chairs and members of parliament of each respective committee. Several of the committees included parliamentary committee staff to ensure that all had the opportunity to learn at the Parliamentary Resource Center in the future. The project will use these assessments as it continues to develop parliamentary programming, according to the implementing partner.</p>

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of USAID’s Mission in Burma Office of Democracy and Governance’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

USAID/OTI Democracy Projects in Burma (Active as of the End of Fiscal Year 2016)

Burma Transition Initiative-II (Kann Let)

This award agreement has a ceiling total of \$31,204,695, of which \$5,750,000 has been obligated, and runs from March 2016 through March 2018 (see table 13).

Table 13: USAID’s Bureau for Democracy, Conflict, and Humanitarian Assistance’s Office of Transition Initiatives -Funded Burma Democracy Project, Burma Transition Initiative-II

Overall goal and objectives	Selected illustrative activities
<p>Goal: To deepen and sustain reforms and foster legitimate processes for peace and national reconciliation in Burma by increasing public participation in reforms, addressing intercommunal conflict, and providing critical support to the peace processes.</p> <p>Objective 1: Reduce the influence of the drivers of intercommunal conflict.</p> <p>Objective 2: Enhance the ability of key stakeholders to engage in the peace process.</p> <p>Objective 3: Address constraints to the peaceful transition of a new government.</p>	<p>Facilitating civil society engagement on draft legislation to ensure that resultant laws reflect public expectations and protecting fundamental freedoms through travel, meeting support, and technical assistance.</p> <p>Supporting locally driven campaigns to promote tolerance and diversity in target areas.</p> <p>Funding the development and production of never-before-seen media content: debate shows, soap operas addressing intercommunal conflict, and promoting responsible social media use.</p> <p>Facilitating meetings among and between representatives of ethnic armed groups as they prepare for formal negotiations and implementation of the Nationwide Ceasefire Agreement.</p> <p>Supporting community leaders to promote dialogue in Rakhine State.</p> <p>Supporting local civil society organizations to conduct civilian ceasefire monitoring and civilian protection monitoring in conflict-affected areas.</p> <p>Enabling civil society, ethnic armed groups, Government of Burma, and political party representatives to prepare for and participate in the planned National Political Dialogue.</p>

Legend: USAID=U.S. Agency for International Development

Source: GAO analysis of USAID’s Bureau for Democracy, Conflict and Humanitarian Assistance’s Office of Transition Initiatives’ implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

State/DRL Democracy Projects in Burma (Active as of the End of Fiscal Year 2016)

Multi-Religious Networks Promoting Religious Diversity and Tolerance

This award agreement totals \$396,039 and runs from August 11, 2015, through August 31, 2017 (see table 14).

Table 14: State’s Bureau for Democracy, Human Rights, and Labor-Funded Burma Democracy Project, Multi-Religious Networks Promoting Religious Diversity and Tolerance

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To mitigate conflict and build social cohesion in Burma to break the cycles of violence and support the development of a diverse, multiethnic, and multireligious society that respects the rights of all people. Activities will help to raise the profile of the Women of Faith Networks and Interfaith Youth Network within the community and solidify their reputation as peacemakers. Activities will take place in Kachin and Rakhine States, and Mandalay Division (Meikthila).</p> <p>Objective 1: Build multireligious capacity to support peace building.</p> <p>Objective 2: Support social cohesion and reconciliation.</p> <p>Objective 3: Facilitate the conditions for the smooth return/resettlement of IDPs.</p> <p>Objective 4: Strengthen local organizations and support the community of practice on multireligious peacebuilding.</p>	<p>Fourteen meetings with the Women of Faith Networks, Interfaith Committees, and Interfaith Youth networks were supported. The bulk of these meetings were directly linked to the training received earlier in the year and connecting these new skills to action.</p> <p>Six “Welcoming the Other” activities were conducted across all three project sites, with more than 515 participants engaging in activities.</p> <p>The Women of Faith Network held an interfaith dialogue on resettlement issues at the Mali Yum Internally Displaced Persons (IDP) Camp, 5 miles south of Myitkyina in Lal Kone Ward. Eight women of faith participated in the dialogues with 14 IDPs.</p> <p>Local project staff and Interfaith Committees meet regularly with local authorities to keep them apprised of the project’s activities, to foster a strong sense of cooperation between the religious groups and local authorities, and to obtain buy-in and support for activities, according to the implementing partner. After meeting with the IDPs, all findings from the visit to Mali Yum were shared by the Myitkyina Women of Faith Network and Interfaith Committee with the local authorities.</p>

Legend: State=Department of State

Source: GAO analysis of State’s Bureau for Democracy, Human Rights, and Labor’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

Supporting Democracy through Education for Released Political Prisoners and Other Disadvantaged Burmese Nationals

This project's obligated funding totals \$792,078 and runs from September 3, 2013, through December 31, 2017 (see table 15).³

Table 15: State's Bureau for Democracy, Human Rights, and Labor-Funded Burma Democracy Project, Supporting Democracy through Education for Released Political Prisoners and Other Disadvantaged Burmese Nationals

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To support qualified Burmese students who are committed to working toward a return to democracy in Burma with scholarships. The project also supports teacher training, English and computer skill training, and a school to increase critical thinking and other skills of individuals who promote democracy in Burma. With fiscal year 2012 funds, the project will adapt existing programs to include recently released political prisoners.</p> <p>Objective 1: Provide former political prisoners with skills and knowledge, through appropriate training, to enable them to fully participate in Burmese society and to contribute to building a democratic future in Burma.</p> <p>Objective 2: Enable Burmese nationals to contribute to the rebuilding of democracy and civil society in Burma, either immediately or in the future, through providing them the funds to pursue tertiary education.</p>	<p>In May and June 2016, three national seminars were organized:</p> <ul style="list-style-type: none"> Geopolitics of Myanmar –Yangon, May 15, 2016 (approximately 200 attendees) National Reconciliation and 21st Century Panglong Conference –Pyi Taw nship, June 18, 2016 (approximately 150 attendees) The direction of Myanmar's political transition –Yangon, June 25, 2016 (approximately 200 attendees) <p>In July 2016, Prospect Burma disbursed grant awards to students who had previously not received an award before. In total, 44 scholarships were awarded to new students. Of these, 12 (totaling \$61,587) were funded by State/DRL.</p> <p>Quote from a recent graduate who received a scholarship:</p> <p>Hlaing Wai Wai Phyo, Master's in Public Health, Bangladesh. "After finishing this course, I was so inspired and motivated for continuation of my academic development. Therefore, I would like to try for getting entrance for PhD program especially for the subject of health system management within next two years because I would like to contribute on strengthening of health system of Myanmar. After this, I must try hard to get senior level management positions which can help me to provide vital input to government and policy-makers, local authorities, non-governmental organizations to strengthen the health system of Myanmar."</p>

Legend: State=Department of State; State/DRL=Department of State Bureau for Democracy, Human Rights, and Labor
 Source: GAO analysis of State's Bureau for Democracy, Human Rights, and Labor's implementing partner's fiscal year 2016 fourth quarter progress report. | GAO-17-648

³While the award agreement documentation we received indicates the award total as \$198,020, State/DRL obligation data indicate that the total obligation was \$792,078 at the time we received the data, so here we have provided obligation data rather than award information

A Program to Assist in the Rehabilitation and Reintegration of Burma's Political Prisoners

This project's obligated funding totals \$817,500 and ran from September 19, 2013, through November 30, 2016 (see table 16).⁴

Table 16: State's Bureau for Democracy, Human Rights, and Labor-Funded Burma Democracy Project, A Program to Assist in the Rehabilitation and Reintegration of Burma's Political Prisoners

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To support former political prisoners' rehabilitation and reintegration into Burmese society. The implementer will establish a Burmese-led platform to support former political prisoners that will (1) improve released prisoners' access to vocational and educational training opportunities, (2) provide former political prisoners with opportunities to reengage in community and familial life, (3) expand quality mental and physical health care available to released political prisoners from local and international healthcare providers, and (4) advocate on behalf of the continuing needs of political prisoners.</p> <p>Objective 1: Create an integrated, sustainable, Burmese-led platform for Burmese society and appropriate international actors to engage and assist a highly disadvantaged group of political activists whose successful reintegration is critical to Burma's democratic transition.</p> <p>Objective 2: Integrate expanded quality mental health and healthcare availability for former Burmese political prisoners, including access to services tailored to their particular needs, into an overall program of assistance.</p> <p>Objective 3: Improve former political prisoners' access to education and vocational training opportunities, including by meeting their remedial education and social needs.</p> <p>Objective 4: Provide former political prisoners with opportunities to reengage in the life of their communities and participate constructively in ongoing reform processes in Burma.</p>	<p>Monitored developments with current and former political prisoners in Burma, including legal developments and election-related impacts, including a July 2016 consultation trip to work with local partners.</p> <p>Provided financial support and technical assistance to an ethnic nationalities youth conference in Panglong, Shan State, which featured more than 700 grassroots youth activists from all across the country.</p> <p>Entered into an agreement with another organization to provide financial and technical support to an informal, thematic dialogue series for ethnic members of parliament in Naypyidaw.</p> <p>Began working with key national-level women members of parliament on an internship/mentorship program.</p>

Legend: State=Department of State

Source: GAO analysis of State's Bureau for Democracy, Human Rights, and Labor's implementing partner's fiscal year 2016 fourth quarter progress report. | GAO-17-648

⁴While the award agreement documentation we received indicates the award total as \$742,500, State/DRL obligation data indicate that the total obligation was \$817,500 at the time we received the data, so here we have provided obligation data rather than award information.

Promoting International Labor Rights through Bilateral Consultative Dialogue in Burma

This award agreement totals \$371,287 and runs from May 13, 2016, through November 30, 2017 (see table 17).

Table 17: State’s Bureau for Democracy, Human Rights, and Labor-Funded Burma Democracy Project, Promoting International Labor Rights through Bilateral Consultative Dialogue in Burma

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To foster the establishment of an initiative that brings together labor organizations and businesses to provide meaningful input into the development of a functional industrial relations system in Burma.</p> <p>Objective 1: Establish a Bilateral Consultative Group, composed of labor and management stakeholders, capable of developing concrete recommendations to the Government of Burma regarding labor law reforms that promote internationally recognized labor rights.</p> <p>Objective 2: Employ the mechanism of the newly established Bilateral Consultative Group to improve the labor relations environment in at least two key economic sectors.</p>	<p>The implementer conducted meetings with key project partners, including leaders of the Union of Myanmar Federation of Chambers of Commerce and Industry and Confederation of Trade Unions -Myanmar, to begin planning initial program activities.</p> <p>The implementer conducted a joint meeting with multiple stakeholders, including the International Labor Organization, the Embassy of Denmark, Pyoe Pin, and H&M, the clothing retailer, all of whom are involved in various initiatives related to industrial relations, social dialogue, and labor law reform.</p> <p>The implementer’s country Program Director delivered a short presentation introducing the bilateral consultative project to participants in the Second Stakeholders Forum on Labor Law Reform and Institutional Capacity Building.</p>

Legend: State=Department of State

Source: GAO analysis of State’s Bureau for Democracy, Human Rights, and Labor’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

Accountability for Burma Marginalized Communities

This project's obligated funding totals \$469,874 and ran from August 14, 2015, through April 30, 2017 (see table 18).⁵

Table 18: State's Bureau for Democracy, Human Rights, and Labor-Funded Burma Democracy Project, Accountability for Burma Marginalized Communities

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To focus on developing indigenous think tanks that will produce high-quality research on issues that affect populations that have historically been excluded from the policy-making process.</p> <p>Objective 1: Help Burmese think tanks develop the organizational and technical capacity necessary to become credible, independent sources of policy information.</p> <p>Objective 2: Help Burmese think tanks produce and provide actionable, high-quality policy research on the country's most critical development issues to a broad group of stakeholders, including policy makers and government officials.</p>	<p>Participating civil society organizations completed research related to religious conflict or discrimination in Rangoon, the Mandalay Division, the Peru Division, and Northern Shan/Eastern Kachin states, and the Naga self-administered zone.</p> <p>All organizations have finalized their final reports and are making plans for research dissemination and advocacy.</p> <p>Project partners and consultants are setting up joint advocacy meetings for the research civil society organizations with the Emergency Management Central Committee, the Ministry of Information, the Ministry of Religious Affairs and Culture, and key diplomatic missions.</p> <p>To support joint advocacy, Freedom House is creating an integrated briefing paper that includes summaries of each organization's research, analyzes trends across projects, and offers a single set of policy recommendations.</p> <p>This project is the only project ongoing in Burma that focuses on forming or solidifying connections between and among grassroots communities, civil society, and decision makers for the purpose of influencing policy change related to freedom of religion, according to the implementing partner.</p>

Legend: State=Department of State

Source: GAO analysis of State's Bureau for Democracy, Human Rights, and Labor's implementing partner's fiscal year 2016 fourth quarter progress report. | GAO-17-648

⁵While the award agreement documentation we received indicates the award total as \$297,029, State/DRL obligation data indicate that the total obligation was \$469,874 at the time we received the data, so here we have provided obligation data rather than award information.

Bridging Religious and Ethnic Divides in Burma - Supporting Civil Society in Promoting Tolerance, Conflict Resolution, and Documentation of Human Rights Violations

This award agreement totals \$517,028 and runs from August 14, 2015, through August 31, 2018 (see table 19).⁶

Table 19: State’s Bureau for Democracy, Human Rights, and Labor-Funded Burma Democracy Project, Bridging Religious and Ethnic Divides in Burma: Supporting Civil Society in Promoting Tolerance, Conflict Resolution, and Documentation of Human Rights Violations

Overall goal and objectives	Selected activities from fiscal year 2016 fourth quarter progress reports
<p>Goal: To contribute to building local constituencies in support of a diverse, multiethnic, and multireligious society in Burma. The project will target three ethnic states: Mon, Karen, and Rakhine.</p> <p>Objective 1: Mobilize and empower grassroots civil society initiatives, especially women, youth leaders, and civil society members, to bridge ethnic and religious divides and increase tolerance and acceptance in Mon, Karen, and Rakhine states.</p> <p>Objective 2: Increase understanding and acceptance of cultural and religious diversity, tolerance, and mutual respect for all individuals at the local level in Mon, Karen, and Rakhine states.</p> <p>Objective 3: Strengthen capacity of civil society organizations to monitor and document human rights discrimination in Mon, Karen, and Rakhine states.</p>	<p>The implementer awarded six selected organizations with subgrants for human rights monitoring and documentation activities in Mon, Karin, and Rakhine States.</p> <p>Two series of trainings for 43 community leaders, especially youth and women, on community mobilization and conflict mitigation were organized in Mon and Kayin States, followed by announcement of the call for proposals for cultural activities.</p> <p>To the date of the report submission, eight small cultural grants were awarded for projects like music concerts, and a fire balloon and candle light festival.</p> <p>In addition, 2-day networking meetings for local stakeholders combined with capacity-building training were organized in Kayin State and Mon State.</p> <p>The purpose of the meetings was to exchange information and promote dialogue among different stakeholders such as local authorities, community leaders, and civil society. It was also a chance to coordinate advocacy activities and share lessons learned and best practices.</p> <p>Because of the new outburst of violence in Rakhine State, activities in this state were postponed till November and December 2016.</p>

Legend: State=Department of State

Source: GAO analysis of State’s Bureau for Democracy, Human Rights, and Labor’s implementing partner’s fiscal year 2016 fourth quarter progress report. | GAO-17-648

⁶While the award agreement documentation we received indicates the award total as \$297,000, State/DRL obligation data indicate that the total obligation was \$517,028 at the time we received the data, so here we have provided obligation data rather than award information.

Appendix V: Comments from the Department of State



United States Department of State

Comptroller

Washington, DC 20520

Charles M. Johnson, Jr.
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

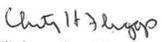
Dear Mr. Johnson:

We appreciate the opportunity to review your draft report,
“U.S. DEMOCRACY ASSISTANCE: USAID and State Could Strengthen Efforts
to Ensure Prohibited Entities Do Not Receive Assistance” GAO Job Code 100871.

The enclosed Department of State comments are provided for incorporation
with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact
Kourtney Pompei, Program Officer, Office of Global Programs, Bureau of
Democracy, Human Rights and Labor at (202) 261-8106.

Sincerely,


Christopher H. Flaggs

Enclosure:
As stated

cc: GAO – David Gootnick
DRL– Virginia Bennett (Acting)
State/OIG - Norman Brown

Department of State Comments on GAO Draft Report

**US DEMOCRACY ASSISTANCE IN BURMA: USAID and State Could
Strengthen Oversight of Partner's Due Diligence Procedures**
(GAO-17-648SU)

Thank you for the opportunity to comment on the GAO draft report, entitled "*US Democracy Assistance in Burma: USAID and State Could Strengthen Oversight of Partner's Due Diligence Procedures.*"

The Department of State accepts the GAO's recommendations to review procedures and practices for Burma democracy projects to determine whether additional guidance or reviews of implementing partners' due diligence procedures would be appropriate. State will continue to ensure that their democracy programs are conducted in a manner fully consistent with applicable law and do not provide assistance to beneficiaries who are legally prohibited from receiving such assistance. Based on its review, the Department will revise procedures, as appropriate.

Appendix VI: Comments from United States Agency for International Development



JUL 10 2017

Mr. David Gootnick
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: U.S. DEMOCRACY ASSISTANCE IN BURMA: USAID and State Could Strengthen
Oversight of Partners' Due Diligence Procedures (GAO-17-648SU)

Dear Mr. Gootnick:

I am pleased to provide the United States Agency for International Development's (USAID) formal response to the U. S. Government Accountability Office (GAO) draft report entitled "*U.S. DEMOCRACY ASSISTANCE IN BURMA: USAID and State Could Strengthen Oversight of Partners' Due Diligence Procedures*" (GAO-17-648SU).

This letter and the enclosed USAID comments are provided for incorporation as an appendix to the final report. Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff while conducting this GAO engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Angelique M. Crumbly".

Angelique M. Crumbly
Acting Assistant Administrator
Bureau for Management

Enclosure: a/s

- 2 -

**USAID COMMENTS ON GAO DRAFT REPORT
U.S. DEMOCRACY ASSISTANCE IN BURMA: USAID and State Could Strengthen
Oversight of Partners' Due Diligence Procedures (GAO-17-648SU)**

USAID appreciates the opportunity to comment on GAO's draft report entitled, "U.S. Democracy Assistance in Burma: USAID and State Could Strengthen Oversight of Partners' Due Diligence Procedures."

USAID also appreciates the positive finding on U.S. democracy programs in Burma, including the summary statement by GAO that "USAID and State take several steps to help ensure their projects and Burma Democracy Strategy address the specified purposes for Burma assistance funding. When designing projects, USAID and State both consider purposes for which assistance shall be made available."

However, USAID disagrees with a statement in the final draft report which characterized guidance provided by USAID to implementing partners as "limited." USAID has provided extensive training to implementing partners on legal restrictions and due diligence requirements, but has not mandated specific processes for implementing partners to conduct due diligence. Given the wide range of programs and partners, overly prescriptive procedures could have the unintended consequence of constraining partner due diligence implementation. USAID training utilizes an adaptive approach that is routinely updated in response to changing legal requirements and implementing partner inquiries. Staff are available on site at USAID/Burma to provide timely responses to all implementing partner inquiries regarding due diligence.

Gross Violations of Human Rights due diligence is used as an information gathering tool to inform funding decisions and comply with legal restrictions that apply to specific funding accounts in certain funding years. Some awards included in this assessment do not require implementing partners to perform due diligence.

This report has one recommendation for USAID as shown on page 27 of the draft report:

Recommendation: To better ensure that appropriate due diligence is undertaken by all implementing partners of U.S. democracy assistance in Burma so that assistance is not made available to prohibited entities or individuals, we recommend that the Administrator of USAID direct the mission in Burma to review its procedures and practices regarding due diligence for democracy projects to determine whether additional guidance or reviews of implementing partners' due diligence procedures would be appropriate.

USAID's Response: USAID concurs with the recommendation to conduct a review of its procedures and practices regarding due diligence conducted by implementing partners.

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact:

David B. Gootnick, (202) 512-3149 or GootnickD@gao.gov

Staff Acknowledgments:

In addition to the contact named above, Leslie Holen (Assistant Director), Michael Maslowski (Analyst-in-Charge), Christopher Hayes, Julio Jebo Grant, and Debbie Chung made key contributions to this report. In addition, Martin de Alteriis, Mark Dowling, Reid Lowe, Sarah Veale, and Alex Welsh provided technical assistance.

Appendix VIII: Accessible Data

Data Tables

Accessible Data for Figure 2: Time Line of Significant Events in Burma's Democratic Transition and Relationship with the United States since 2011
March 2011: The State Peace and Development Council formally dissolved itself and transferred power to a semimilitary/semicivilian government that implemented a number of political and economic reforms.

April 2012: USAID announced the reestablishment of its mission in Burma.^a

November 2015: Burma held nationwide parliamentary elections, from which Aung San Suu Kyi's political party, the National League for Democracy, emerged with an absolute majority in both chambers of Burma's Union Parliament.

March 2016: Burma's first elected civilian government after more than 5 decades of military dictatorship was sworn into office.

October 2016: President Obama issued an executive order terminating the national emergency with respect to Burma, which had been in place since 1997. The termination removed a range of financial sanctions.

^a The USAID Mission in Burma was closed in 1989.

Source: GAO analysis of U.S. Government documents. | GAO-17-648

Agency Comment Letter

Accessible Text for Appendix V: Comments from the Department of State

Page 1

Charles M. Johnson, Jr. Managing Director International Affairs and
Trade

Government Accountability Office

441 G Street, N.W.

Washington, D.C. 20548-0001

Dear Mr. Johnson:

United States Department of State

Comptroller

Washington, DC 20520

JUL 12 2017

We appreciate the opportunity to review your draft report,

“U.S. DEMOCRACY ASSISTANCE: USAID and State Could Strengthen
Efforts to Ensure Prohibited Entities Do Not Receive Assistance” GAO
Job Code 100871.

The enclosed Department of State comments are provided for
incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact
Kourtney Pompei, Program Officer, Office of Global Programs, Bureau of
Democracy, Human Rights and Labor at (202) 261-8106.

Sincerely,

Christopher H. Flaggs

Enclosure:

As stated

cc: GAO -David Gootnick

DRL- Virginia Bennett (Acting) State/OIG - Norman Brown

Page 2

Department of State Comments on GAO Draft Report

US DEMOCRACY ASSISTANCE IN BURMA: USAID and State Could Strengthen Oversight of Partner's Due Diligence Procedures

(GAO-17-648SU)

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Accessible Text for Appendix VI: Comments from United States Agency for International Development

Page 1

USAID

FROM THE AMERICAN PEOPLE

JULY 0 2017

Mr. David Gootnick

Director, International Affairs and Trade

U.S. Government Accountability Office

441 G Street, NW

Washington, DC 20548

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Could Strengthen Oversight of Partners' Due Diligence Procedures
(GAO-17-648SU)

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Enclosure: a/s

Page 2

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