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**FINANCIAL EFFECTIVENESS OF PERFORMANCE
MANAGEMENT OF ACTION AID MYANMAR**

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**PERFORMANCE MANAGEMENT
OF ACTION AID MYANMAR**

**A thesis submitted as a partial fulfillment towards the requirements for the
degree of Executive Master of Banking and Finance (EMBF)**

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ABSTRACT

The overall objective of this study is to identify the financial performance management practices in Action Aid Myanmar (AAM) and concerning about the donor funding and programme activities in relation to effectiveness consideration. This study is about to analyze the effectiveness of financial performance of donor income and programme expenditures related with beneficiaries in community level in AAM. Action Aid Myanmar (AAM) is one of the international non-governmental organization (INGO) which implement the development and humanitarian assistance in many countries. The research focus the case studies identified in the Socio-Economic Development Network for Regional Development (SEDN) project is one of the AAM projects is designed to address the needs of women who are poor in rural areas of the Magwe Region who lack livelihood/income generating opportunities, access to basic services (education, health), as well as social support. It analyzed donor income and programme expenditures of AAM by using descriptive method based on secondary data only from 2013 to 2017. The secondary data are collected from periodical reports and other sources are publication from official reports, literature review, and relevant books in library and internet websites. The study used a balanced scorecard approach model with four perspective of financial perspective, donor perspective, internal organization process perspective and learning and growth perspective. The findings of the study indicate that the performance management practices of AAM constituted efficient practices on donor income and programme expenditures for the period of 2013 to 2017. It is concluded that AAM should maintain a positive relationship with all donors to ensure that the volume of funding continues on an upward trend and beneficiaries are reached effectively.

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LIST OF ABBREVIATIONS

AAI	Action Aid International
AAM	Action Aid Myanmar
AAUK	Action Aid (UK)
ALPS	Accountability Learning and Planning Systems
AsRO	Actionaid's Asia Regional Office
BBL	Bangkok Bank Ltd
CBO	Community Based Organization
CD	Country Director
CM	Country Manager
CPN	Craft Producer Network
DA	Development Areas
FM	Finance Manager
FO	Finance Officer
HoFA	Head of Finance and Administration
HoP	Head of Programs
HRBA	Human Rights Based Approach
LM	Line Manager
MBoutik	label of Myanmar Boutik
MFTB	Myanmar Foreign Trade Bank
MICB	Myanmar Investment and Commercial Bank
MMK	Myanmar Kyat (Local Currency)
MOU	Memorandum of Understanding
PM	Performance Management
PM	Program Manager
RS	Referral System
SEDN	Socio-Economic Development Network
SMT	Senior Management Team
USD	United States Dollars
VTC	Vocational Training Center
WPSGs	Women Producers Support Groups

CHAPTER I

INTRODUCTION

Non-governmental organization also called nongovernmental or nongovernment organizations commonly referred to as NGOs, are usually non-profit and sometimes international organizations independent of governments and international governmental organizations that are implementing in humanitarian activities, education, health, public policy, social audit, human rights, environmental, and other areas effected by objectives. A non-governmental organization (NGO) is not for profit organization that is independent from states and International government organizations. Most of NGOs focused on a mission and effective cost with efficiency for the programme activities. Donors provide funds to various organizations with a sole believe that the funds will be utilized towards the achievement of organizational objective as laid out in the detailed implementation plan and annual work plan.

International non-governmental organizations were appearing a history dating back to at least the late eighteenth century. It has been estimated that by 1914, there were 1083 NGOs at that time. There are tens of thousands of NGOs and international non-governmental organization (INGO) around the world. The primary purpose of NGOs is to foster community-based organizations within each country via different projects and operations. Many have components of both operational projects and advocacy initiatives working together within individual countries. There is a whole range of organizations operating in the sector from community-based organization (CBO), Non-government organizations, associations, charitable trusts, social enterprises, and foundations in Myanmar. Most of NGOs are involved in international cooperation for development, natural disasters and humanitarian emergencies. Nowadays, NGOs need to examine how the limited financial and non-financial resources can be efficiently and effectively utilized. Moreover, the nature of the working environment of NGOs forces these organizations to assess and enhance their strategies and performance. NGOs are required to manage and evaluate their performance from multiple perspectives, taking into account the project/programs performance, the agenda of donors, the needs of beneficiaries and internal effectiveness.

Funding is the act of providing financial resources, usually in the form of funding, or other values such as effort or time, to finance a need, program, and project, usually by an organization or government. The funding is not being deployed at the right opportunities, with sufficient flexibility, and critically, humanitarian and development assistance do not pursue mutually reinforcement goals.

Having good performance management, the organization can run more activities effectively. To qualify for donor funding and to reach target groups effectively. NGOs typically have to meet a range of funding conditions. Donors supporting NGOs need to take into consideration that their funding conditions may have a range of undesirable consequences. This study offers an overview of these consequences, enabling donor agencies to systematically review their conditions in the light of their potentially adverse effects. In order to contribute most effectively to other people's effort, NGOs need to continually assess their performance and how they can improve at all levels.

Action Aid International (AAI) is a global justice federation working to achieve social justice, gender equality and poverty eradication. In 1999, AAI began operating at a limited scale in Myanmar as part of their regional Asia initiative. In 2006, this initiative expanded with the implementation of the 'Fellowship Programme' in Kachin State - a programme that has since become AAMs flagship approach - and AAIs humanitarian response to cyclone Nargis in 2008. Since then, Action Aid Myanmar has progressively scaled up operations and was established as a country programme in 2011 with the aims to build national momentum for social, economic and environmental justice drive to people living in poverty and exclusion.

1.1 Rationale of the Study

Performance management systems of organization are very important to achieve a mission effectively. Myanmar is increasingly becoming the world's donor darling, with foreign aid donors and their implementation partners rushing into the country to deliver development assistance. Since the Nargis cyclone, Myanmar has a lot of international non-governmental organization (INGOs) and non-governmental organization (NGOs). Many donors are assisting in humanitarian sectors, verity of sectors and developing activities more than before. All of non-governmental organization strives to achieve their mission and project activities effectively.

Action Aid Myanmar is one of strong civil society international organization in Myanmar with various funding sources: bilateral donors, multilateral donor funds, and private donors. AAM possessed most of funding from international donors and UN agencies among other international NGOs. Moreover, AAM is one of top 10 INGOs in Myanmar and donors also satisfied the implementation of programme activities, narrative report, financial report and audit report. This is the main reason to study about AAM performance management systems. Action Aid Myanmar is one of the INGOs who operate in Myanmar for humanitarian's assistance and development sector. This study aims at assessing of the humanitarian performance management systems highlighting the areas in need of action or improvement and giving an overview of the humanitarian financing landscape and considerations of donors and partners who developed their future funding strategies. This paper tries to demonstrate how donor income and expenditures affects the capacity of donor funding relation based on performance management systems of Action Aid Myanmar.

The study attempts to analyze the relation of financial and non-financial performance management on the donor funding and programme performance of Action Aid Myanmar. This study does not consider the individual parts i.e how the strategy is affecting the communities level of the organization. Furthermore, this study focuses on donor funding rather than individuals and their actions. INGOs committed to service delivery may owe more accountability to donors and influence targets. This paper analyzed performance management system by using balance scorecard measurement and map of strategies.

1.2 Objectives of the Study

The objectives of the study are as follow:

1. To identify the financial performance management practices in Action Aid Myanmar
2. To analyze the effectiveness of financial performance in Action Aid Myanmar

1.3 Scope and Methods of the Study

This study is emphasized on financial performance management practices of SEDN project in Action Aid Myanmar (AAM) and the effectiveness of financial performance for the donors' income and expenditures of programme activities in

AAM and what are the important and how to do the process and how to link with funding and target group effectively, a case study base on AAM structure and operation. Descriptive method is using by secondary data only from internet websites, previous researches, articles, reports, publication issues, journal and papers. Main sources of financial handbook, websites and intranet of AAM, audit report, annual report and information reported by Action Aid Myanmar from the year 2013 to 2017.

1.4 Organization of the Study

This paper is organizing with five chapters, chapter I present the introduction, rationale, objective, scope and method, and organization of the study. Chapter II consists of literature review. Chapter III consists of background history and financing in Action Aid Myanmar (AAM). Chapter IV describes of comparing donor income and program expenditure per year and data analysis on target groups of programme activities. Finally, Chapter V included conclusion which consists of finding and recommendation. (See Appendix)

CHAPTER II

LITERATURE REVIEW

This chapter discuss about the literature review of multi donors funding in International Governmental Organizations (INGOs) related with effectiveness of performance management practices according to the financial view. There is the budgeting and expenditures discussion of the key concepts of the study and the theoretical background including with strategic and performance management practices.

2.1 Definition of Performance Management

It is a method that used to measure performance in strategic management and also used in identifying and improving different internal functions of non-profit organizations and its performance. It is also tool that used in measuring and providing feedback to organizations. As a result, it is important to attain quantitative results since the information that is obtained process by project managers and organization leaders to guide them towards making better decisions for the organization. The performance management process of organization was providing a vehicle through which employees and supervisors collaborating to achieve the work results and satisfaction. This process is most effective when both employee and supervisor take an action role and work together to accomplish the following:

Performance management is a forward-looking process used to set goals and regularly check process toward achieving those goals. In practice of organization sets the goals, looks at the actual data for its performance measures, and acts on results to improve the performance toward its goals. It is tool that is utilized by managers to recognize and encourages good behavior in organization by separating the four major areas of focus that require to analysis. The four main aspects entail learning and growth, redesigning the organization process, finance and donors. This tool utilized in the realization objectives and goals that are based on the project aspects. As a result, the firm may utilize this tool to integrate strategy mapping to identify areas that are being improved on and value is being added. This tool also used to develop strategic initiative and objectives.

2.2 Performance Management in NGOs/INGOs

Performance management (PM) is a complex concept with much discussion devoted to performance measurement aspect. Performance management is formally a concept in the field of human resource management. PM is a continuous process of identifying, measuring a developing performance system of individuals and balancing performance with the strategic goals of the organization. (Aguinis, 2009).

Most of Non-governmental Organizations (NGOs) has the sole purpose of providing the “social services” without necessarily making profit to a target population geared towards solving unique community problems and improve livelihoods, the recent growth of importance of NGOs as part of the voluntary sector, particularly in developing countries, research focusing on performance management practices in these organizations are very few.

2.3 Performance Measurement and Management Practices in NGOs/INGOs

Performance measurement is the evaluation of outcomes of an organization as a result of management result of management decisions on resources of an organization and execution of that decision of an organization (Hofer, 1983).

The advantages of using performance measurement and management to different organization’s management structures, techniques and process have been broadly proved (Teelken, 2008). The literature reveals theoretical frameworks and empirical investigations that exhibit the necessity of performance measurement and management to strategy at all levels, organizational transparency, organizational learning, efficiency, performance enhancement and effectiveness. Moreover, it was closely associated with the budgetary system inside NGOs since these organizations are considered to be fundraising-oriented. Another reason of the necessity of performance measurement and management in NGOs is the need for transparency and accountability towards different stakeholders.

Kaplan and Norton (2000:169) added four stages to be undertaken by the organization to use the Balanced Scorecard known as the four components of strategic management system are the formulating, transforming the vision and strategy of the organization, shared vision is the foundation for strategic learning and the strategy was the reference of the overall management practices. For the communication, linkage of the organization goals and strategic management system, the entire target of the organization should be aligned from upper management to the people at the

bottom. The strategy of empowerment of employees is the basis for the education and effective communication and compensation practices must connect from the strategy. Moreover, for the organizational plan, project targets, and align with the strategic initiatives. Stretch Targets need to be created and approved, strategic initiatives are identified and the annual budget linked to long-term work plan. In the feedback and strategic learning, feedback system used to test the base of hypothesis strategy. The establishment of a team problem solving and strategy development conducted sustainable.

The characteristics of the balanced scorecard and its derivatives are the presentation of a mixture of financial and non-financial measures each compared to a target value. The balance scorecard indirectly provides a useful insight into an organization strategy by using general statements of strategic to precipitate into more specific and tangible forms. Kaplan (2001) developed the adapted Balanced Scorecard for NGOs. This is a multi-featured framework for managing and measuring performance proposed originally for the private sector and it adjusted to become appropriate for the performance measuring of NGOs (Kaplan, 2001, Niven, 2008). The main assumption of this framework is the mission statement, non-profits, becomes the main point that must be met by NGOs through the following four perspectives of figure 2.1:

- a. Financial perspective
- b. Customer/donor perspective
- c. Internal organization process perspective
- d. Learning and growth perspective

Financial Perspective

As of balance scorecard method, Organization's achievement and its strategic objectives were due to the following conditions.

- a. The increase in the growth of donations

In the non-profit organization; profit is not the purpose of the organization but to carry out the operations necessary donations from the public. Therefore, the priority target of the financing strategy is to improve the growth of donations. Outcome indicators used to measure the success rate of organization, can be seen from the percentage increase in donations from year to year.

b. Effectiveness the use of budget

Growth in profitability was considered essential to meet the interests of the donors and foundation services as much as possible. Advantages can be used to measure the effectiveness and efficiency of the organization.

Donor Perspective

This perspective is about the various donors who are found by measuring of utilization, satisfaction and retention as well as assessing the nonprofit's organization and measured the attitude of its strongest and most loyal supporters to gain the most for the organization. Donors and volunteers engaged and identified ways to do that through the balanced scorecard which provides an incredible advantage for organization.

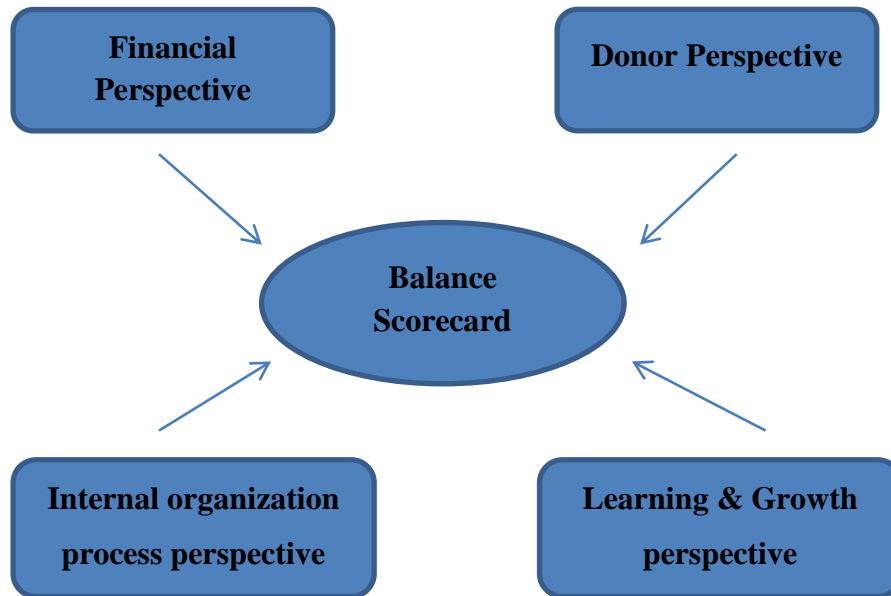
Internal Organization Process Perspective

This perspective involves measuring the cost, throughput and quality of the nonprofit's key operational processes – such as programs provided, services offered, and ability to address targeted beneficiaries needs. This internal focus given by leaders a thorough understanding of how well the nonprofit is running and can assist them determines which programs and services are meeting the requirement of the community. Organization cannot look at the overall effect of each program, it was difficult, if not impossible, to determine the sustainability.

Learning and Growth Perspective

This perspective looks at the nonprofit's human capital which included employees, volunteers and senior management team to measure satisfaction, necessary skills, community connections, retention and adherence to the organization's mission. It was imperative that their performance was appropriate measurement since the staff and volunteers represented the organization's major human resources. Decisions on training and capacity building can be based, in part, on their level of knowledge about the organization. The leadership can also take into account the organizational skills needed to advance the mission, such as donor development, leadership, communications, monitoring and evaluation and the use of technology to support every aspect of the organization. High performing boards, volunteers and staff are a prerequisite to the success of not only for the one of organization but also for any nonprofit organizations.

Figure 2.1 Balance Scorecard Model (Measurement of Non-Profit Organization)

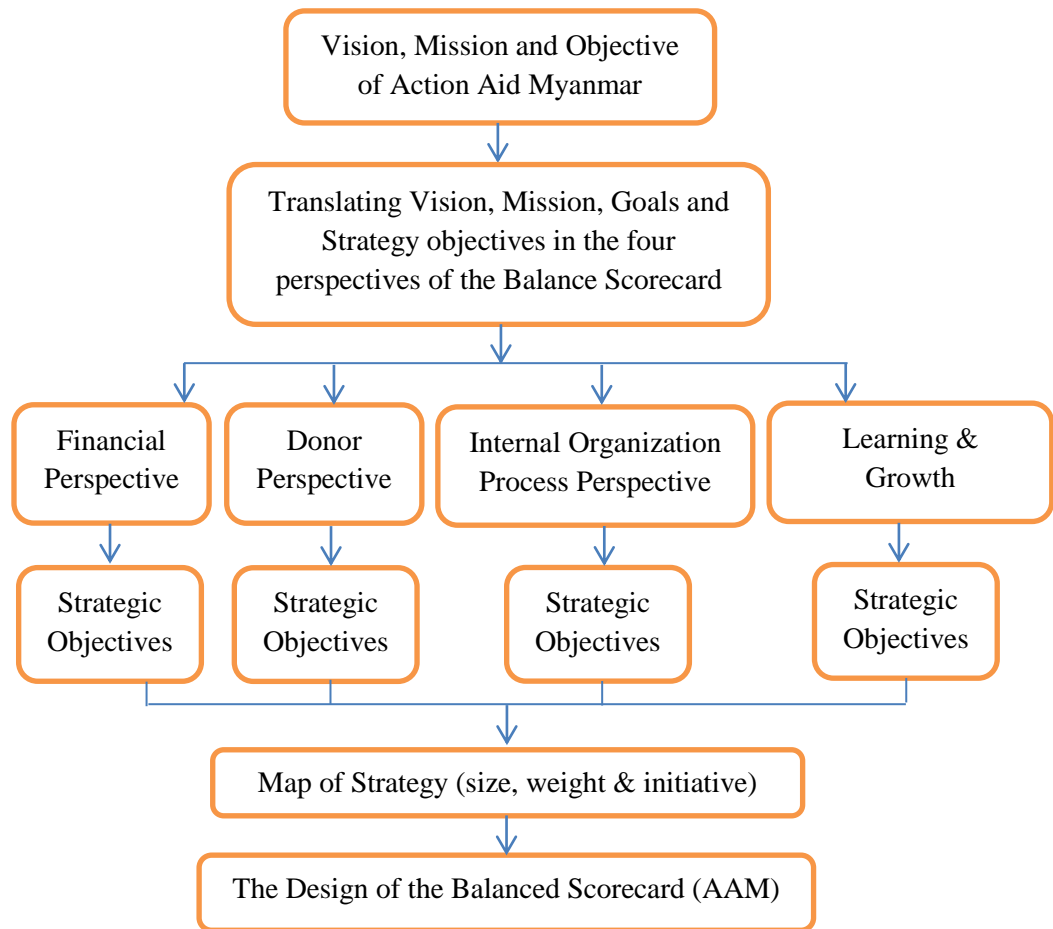


Source: Cam Scholey and Kurt Schobel, (2016)

Based on the figure (2.1), by using four perspective, Balance Scorecard may service as strategic tool to translate the vision, mission, objectives, basic values, the key to success to success and strategy into objectives as well as benchmark a comprehensive strategy, coherent, measureable and balanced (Kaplan and Norton, 2000).

To fully understand the interaction between the four key disciplines, or perspectives, and the reliance on the contribution of each to the overall success of the whole, it is helpful to explain the breadth of each perspective:

Figure 2.2 AAM design of Balance Scorecard Model



Source: AAM Balanced Scorecard Model, 2014

As the figure (2.2), this research used descriptive method and conducted within the organization of AAM. The objective of the organization is vision, mission and implementing strategic management process. So it was necessary for the achievement of organization that evaluation shows the extent to vision, mission and strategy. The appropriate measurement is evaluation of AAM performance based on the balance scorecard model. Organization research conducted during the period of 2015.

Information of the study is from AAM organization and AAM's country director, the selection of the team was based on the whole of programme and support team of administration, programme, institutional budget, employees as well as the overall management of the organization. Method of data assessments are by conducting interview, studying data and documents and literature. Organization used

the evaluation of strategy tool which is balance scorecard and weighting of four perspectives.

2.4 Donors Income in International Non-Governmental Organization

International non-governmental organization (INGO) is the same mission and vision as a local non- governmental organization (LNGO). There is scope of international and it includes outcomes over the world to deal with specific issues in most of countries. Whether NGOs are large or small, all of INGOs/NGOs need the budgets to implement the project activities in community's level and project area.

Considering donor's income and financial performance of INGOs/NGOs, fundraising efficiency is the main variable that has been heavily mentioned and highlighted in the literature. Andreasen and Kotler (2008) defined fund raising efficiency as a process of obtaining funds for the INGOs/NGOs survival and sustainable. The fundraising efficiency is measured using donors dependency ratio (Epstein and Mc Farlan, 2011). A non-governmental organization (NGO) is a non-profit organization which is independent from states and international governmental organizations. They are usually funded by donations from national or international. Most of NGOs rely on funding from a variety of sources, including individual donors, institutions, foundation, international corporations, embassy and ministry of different countries.

2.4.1 Project Funding Agreement and Management of NGOs

Project funding agreement between the donors and the organization outlines all aspects regarding the project activities to achieve the organization goals and work plan. Projects funding report includes activities report, narrative report, financial reporting, reporting period, monitoring and evaluation (M&E) report, procurement of goods and services, budget versus actual report and how to use the donors funding according to the donors guideline and policy.

In the project implementation period, some of actual costs exceed the approved budget, organization need to be negotiated with the respective donors to revise the budget and to re-adjust the budget by increasing/reducing for those some of under (over) budget lines. This will be reasonable budget line based on the actual expenditures but salaries and service fees are generally not adjustable during the project agreement. Regarding the financial reporting of donors guide lines,

organization needs to draw the updated utilization report as monthly, quarterly, mid-term and annually. Moreover, both donors and project manager of organization can check the budget, actual expenditures and variance (remaining fund balance).

2.5 Plans and Budgets for AAI

According to ALPS, all DAs, Regional Offices, Functions and Themes are required to produce an annual plan and budget with financial projection for the following 2 years. The plan and budget must clearly show how resources are to be allocated and how the planned activities contribute to strategic objectives of the organization.

a. Responsibilities on planning

There will be a focal person, appointed by the CM, to coordinate the process. Each unit head will be responsible to prepare plan and budgets of their respective areas and coordinate with the focal person.

b. Planning guidelines

Based on the Guidelines from AAI, thematic, functional and project office managers are responsible to issue guidelines to their respective units in AAMM. The detail timing for planning is stated in the guidelines and may differ year to year. AAMM will start the planning process in August every year. The Head of Programs will be overall responsible to conduct PRRP's in areas AAM work to build in the learning in the planning process.

c. Planning Stages

During end of August each unit in consultation with the relevant stakeholders will prepare plans and budgets. Standard budget formats with guidelines will be issued by Finance. The program managers will share the income and reserve position with partner and relevant stakeholders. During 2nd week of September, the new income allocation for the current planning period is sent by AAI to the CP's to calculate the new income. And the CPs Program and Fund raising unit will be finalizing the details of both confirmed and unconfirmed income generated locally. All units will finalize their budgets accordingly. During end of September the first draft of the plan is submitted to AAI AsRO for feedback. During end of October the final draft is submitted to the region. During end of December the final plan is approved and shared with the SMT for onward dissemination to relevant stakeholders.

2.5.1 Budgeting and Expenditures, Monitoring of Budget Control Procedures

Each of project/programme activities should be prepared the annual budget, operational budgets, maintain the original budget and revised budget for the financial year of government or calendar year of donor's requirement. Daily posting of expenditure and donor income in the excel version and computerized accounting system, recording cumulative expenditures and monitoring of budget remaining balance and if needed, to obtain the donor approval in advance for the revised budgets. The meaning of budgeting and budget control procedures is to prepare the annual and organizational budgets, to post of daily expenditures related with budget code, to record the cumulative expenditures year to date by using relevant budget and expenses code, to monitor the budget versus actual report by monthly, quarterly, mid yearly and annually.

CHAPTER III

BACKGROUND HISTORY AND FINANCING OF ACTION AID MYANMAR (AAM)

This chapter presents the background history and profile of Action Aid Myanmar (AAM). It includes the vision, mission, organizational structure, AAM financing, donors funding and performance management practices provided by AAM.

3.1 History of Action Aid Myanmar (AAM)

Action Aid International (AAI) is an international development organization registered as a global entity in The Hague, Netherlands. The AAI International Secretariat is based in Johannesburg, South Africa. Founded in the United Kingdom in 1972, AAI is a unique partnership of people working in over 46 countries in Asia, An 700 communities in 8 states/regions and supports around 200,000 people in partnership with 17 local and international organizations. Along with community-led self-reliance work, AAM is significantly involved with national policy level and worked in all of Africa, Australia, the Americas and Europe.

Action Aid is an international organization, working together with over 15 million people in 45 countries over the world free from poverty and injustice. We facilitate communities to identify their own needs and collaborate to change their lives in a sustainable way. Action Aid Myanmar (AAM) covers more than work is based on people's engagement in improving their own situation.

Although AAI started engaging in Myanmar on a limited scale in 2000 through the Asia Regional office in Bangkok, Action Aid Myanmar's real journey began in 2006, through a Fellowship project in upper Myanmar, at a time when NGOs were yet to talk about community led empowerment. A small AAM office was established in 2007 in Yangon. By mid-2008 AAM had scaled up massively to respond to cyclone Nargis and has continued to grow. A formal country appraisal was carried out in 2009 in order for Myanmar to be considered for a full-fledged country program and AA's International Board approved Myanmar as a country program with effect from 2011. Action Aid received official registration by the Myanmar Government on June 1, 2012 (reg. number: 0018 valid for 5 years).

As of June 2013, AAM's program covers more than 700 communities in 31 townships under 9 states/regions and AAM supports around 220,000 people in partnership with 17 local organizations. Along with community-led self-reliance work, AAM is heavily involved in national policy level work in the area of women's rights, disability, education, food security, Disaster Risk Reduction (DRR) and climate change adaptation. All of this work is taking place through the lens of the Human Rights Based Approach (HRBA), and HRBA is expected to remain an important methodology for AAM going forward.

Innovative fellowship programme is central to all our work. The programme aims at identifying young people in rural communities and equipping them with the skills, knowledge and confidence needed to stimulate participatory development in their villages and engage with local authorities to ensure sustainable local development. Fellows facilitate participatory planning processes with their community to assess and analyze their current needs, agree on future priorities and make concrete village development plans. This process and the results are documented in the Village Book. Village Books can also serve as a bottom-up plan for government-led development initiatives. Action Aid has been working in Myanmar since 2006. AAM have a MoU with the Ministry of Social Welfare and Relief and Resettlement as well as with the Ministry of Agriculture and Irrigation and we are registered as an INGO with Ministry of Home Affairs. Our current annual budget is now around six million USD.

3.2 Vision, Mission, Values of Action Aid Myanmar (AAM)

Action Aid Myanmar's vision, mission and values are as below:

Vision of AAM

AAM vision is just equitable and sustainable world in which all of people enjoy the right to a life of dignity, freedom from poverty and all forms of persecution.

Mission of AAM

AAM mission is to achieve social justice, gender balance, and poverty eradication by working together with people living in poverty and exclusion and their communities, people's organizations, activists, social movements and other supporters.

Core Values of AAM

Mutual Respect: recognizing the worth of all people and the value of diversities.

Equity and Justice: requiring us to ensure the realization of our vision for everyone, irrespective of gender, sexual orientation, race, ethnicity, caste, class, age, HIV status, disability, location and re.

Solidarity with the people living in poverty and exclusion: will be the only bias in our commitment to the fight against poverty, injustice, and gender inequality.

Courage and Conviction: requiring us to be creative and radical, bold and innovative - without fear of failure - in pursuit of making the greatest possible impact on the causes of poverty, injustice, and gender inequality.

Integrity: requiring us to be honest, transparent and accountable at all levels for the effectiveness of our actions and our use of resources and open in our judgments and communications with others of making the greatest possible impact on the causes of poverty, injustice, and gender inequality.

Independence: from any religion or party-political affiliation.

Humility: recognizing that we are part of a wider alliance against poverty and injustice.

3.3 Organizational Structure

AAM believes that the organizational structure should facilitate the realization of the organizational goals and mission. AAM have a non-hierarchical organizational structure, which promotes communication, participation, motivation and team cohesion to effectively support the delivery of strategic objectives.

AAM does not promote or insist on rigid organizational structure. Instead it follows flexible, demand driven and contextually relevant structure that helps in achieving its mission objectives. The structure will be reviewed periodically by the SMT to ensure that it remains relevant. AAM structure will be reviewed as necessary to ensure alignment with the Country Strategy Paper (CSP). (See Appendix)

3.3.1 Programme Priorities in AAM

AAM has the programme implementations as the below four objectives and there were being:

Livelihoods and Disaster Risk Reduction - Objective: To promote sustainable income through improved access to and control over natural resource and capital,

alternative livelihood practices, and build community resilience to withstand disasters.

Women's Rights - Objective: To promote women's active leadership and the policies, practices and mechanisms that enable women to live free of fear and violence and to be economically independent.

Youth and Education - Objective: To encourage and support young people to become change-makers, driving peace, democracy and development in Myanmar, and to ensure that all children in the Programme target villages need access to quality primary education.

Governance - Objective: To support the reform process for just and democratic governance in Myanmar, strengthening democratic institutions and promoting active citizenship.

3.4 Donor Incomes and Expenditures Policy of AAM

AAM is international organization and multi-donors funded organization and have the income and expenditures policy are the following.

3.4.1 Income

AAM receives and administers grants and contributions made in support of its programmes. Income shall however be recorded only when it becomes realizable with reasonable practical certainty (e.g. claims has been sent to and accepted by donor). The major income of AAM is received by different Funding Affiliates and locally. Funds received are classified according to two general groups of Restricted and Unrestricted.

a. Restricted Funds

Restricted Funds are funds subject to specific requirements of or understanding with the donors. Restricted fund of AAM include:

Partnership income is income that is restricted to a specific project and or activities in a specific area for a defined purpose. This income includes funding from official donors, trusts, foundations and individuals. In common cases, there will be project document or contract attached to each fund. The use of fund is defined by project documents and or contract with donor.

Other income such as disposal of asset, bank interest and exchange gain, are income restricted to the country.

Child sponsorship income is income restricted to a specific development area. As such, spending from this fund must be within the area mentioned in the Development Area (DA) appraisal document.

b. Unrestricted Funds

All income received by AAI which is not specifically restricted by the donor is credited to Unrestricted Funds. Unrestricted fund is used by Funding Affiliates and AAI International Secretariat. Unrestricted fund is also reallocated to country programs depending on the need.

3.4.2 Expenditure

In Action Aid, expenditures are mainly classified as follows:

a. Statutory Cost

Under Statutory Cost expenditures are grouped into Project, Support, Fundraising and Governance (internal and external audit) costs. The allocation of functional costs to statutory categories in AAM is as follows;

Table (3.1) Cost allocation of statutory cost expenditures

Themes	CD	Finance	Audit	HR / OD	Info. Sys.	Policy & campaigns	Communication	Programme Support	M&E and Impact	Fundraising
Project	20%	-	-	-	-	100%	-	100%	100%	-
Support	70%	100%	-	100%	100%	-	100%	-	-	-
Fundraising	10%	-	-	-	-	-	-	-	-	100%
Governance	-	-	100%	-	-	-	-	-	-	-
Variation allowed	+/- 20%	+/- 20%	-	+/- 20%	+/- 20%	-	+/- 30%	-	-	-

Source: AAM Finance Team

According to the table (3.1), there is cost allocation percentage of organization themes which included project, support, fundraising and governance. Project support the cost for 20% of country director (CD) and 100% of each category of policy and campaigns, communications, programme support, M&E and impact assessment and fund raising. Support theme provide the cost allocation for 70% of CD and 100% of finance, HROD, information system and communications purpose. For the fundraising, cost allocation percent is 10% of CD and 100% of fundraising. Moreover, governance provides the only cost 100% for auditing purpose related internal and external audit. In this table, organization allowed that team categories can change the variation over/under for 20% of CD, finance, HROD and information system and 30% of communication.

b. Natural Cost

Expenditures are split into grants and community input, salaries and benefits, travel and transportation, office, service and capital cost.

3.4.3 Types of AAM donors

The donors included in the financing strategy are divided into the two groups of institutional donors and private donors. Donors established strong partnership with AAM. There is a potential for either maintaining or increasing the level of funding from those donors. The financing strategy recommends that the number of strategic

donors increased. The funding situation in the humanitarian sector is more unpredictable than ever. And substantive changes in the donor landscape will most probably occur. In order to decrease the organization's vulnerability, AAM needs to have more, large strategic donors than the past time. For more detail donors of this study, can be studied the below table approved by AAM finance department.

Table (3.2) Donors of AAM

Institutional donors	Private donors
Embassy of Sweden in Myanmar	English Family Foundation
European Union	Corti Foundation
European Commission's Humanitarian Aid and Civil Protection department (ECHO)	Planet Wheeler Foundation
UN Trust Fund to End Violence against Women	Kadoori Charitable Foundation
UK Aid (DFID)	Tan Chin Tuan Foundation
Foreign & Commonwealth Office (FCO)	Prudence Foundation
Danish International Development Cooperation Agency (DANIDA)	Hilton Worldwide
Livelihoods and Food Security Trust Fund (LIFT)	Asia Pacific Adaptation Network
UNICEF	GDS
Norwegian Agency for Development Cooperation (NORAD)	Intrepid Foundation
Australian Embassy (DAP)	Nick Weeden
Swiss Agency for Development and Cooperation (SIDA)	Alex Graham
	Paul Dacamans Action- Aid affiliates in Italy
	Denmark
	about 3,400 regular supporters from the UK and Italy

Source: AAM finance team

3.5 Financial Currency and exchange rate management

AAM is exposed to possible foreign exchange (FX) gains or losses due to using foreign currency bank accounts and due to considerable amount of foreign currency exchange in the outside market (USD into MMK).

The normal practice by any organization/individual in Myanmar is to exchange foreign currency at an unofficial rate from unauthorized money changers. In the past time, the exchange rate between official and unofficial rates differs considerably with MMK 6 and MMK 1,000-1,300 respectively. Expenses are incurred both in USD and MMK. Our budgets and all local expenses incurred in MMK are converted in to base currency USD based on the unofficial rate. AAM maintains three foreign currency accounts (all 3 in USD) – one at Bangkok Bank, Thailand and other at Myanmar Investment and Commercial Bank and Myanmar Foreign Trade Bank. The only foreign currency permitted into the country is USD.

Type of rates between base currency USD and local currency MMK

1. Closing rate: The closing rate represents the period end rate such as month end or yearend rate which is the last day of the period. Since there is no way of obtaining appropriate rates from banks or websites like oanda.com, we use the rate that was used for the final money exchange in a particular period.
2. Monthly accounting rate: As there is no formal way of obtaining opening rate for a particular month or period we use a rate based on a forecast of the previous month's exchange rates.
3. Average rate: The average rate is the weighted average rate based on the particular period's exchange rates from USD to MMK

Type of rates between USD and GBP

1. Closing Rate – Bank closing rate of the particular period obtained from Bangkok Bank (where our USD account is maintained)
2. Average Rate - The weighted average remittances rate
3. Monthly accounting rate - this is not applicable for AAM as the base currency is USD.

3.5.1 Foreign Exchange Policy

Closing rate will be applied for all balance sheet items, monthly accounting rate will be applied to monthly expenditure reports such as monthly management accounts and average rate will be applied for all income and expenditure accounts and will be used in quarterly, biannual and annual reports of AAI and AsRO in all donor reports.

3.5.2 Fund Remittances Practices

AAM has the three types of fund transfer/remittances practices which consists of Remittances to Partners from AAM, Remittance from AAI/AAUK to AAM and Remittances from donors to AAM (for locally raised funds) and these are the following.

a. Remittances to Partners from AAM

Most of the remittances to the partners are done through Bangkok Bank, Thailand. In few cases cash disbursements are made locally. Every quarter, the FO will prepare a funds request in consultation with the relevant PM and submit to the finance department. The funds request will consist of signed request form with supporting documentation. The fund request must be prepared based on the budget, utilization, unspent amount in hand with the partners and forecast for the next quarter. Any changes to the plan must be clearly mentioned when making the request. The FM will verify the funds request with the supporting documentation received from the partner. After verification and receiving the required information, the FM will obtain the approval of HoFA and would make the request to AsRO for fund disbursements. The preparation of Fund Transfer Form is the responsibility of the Finance Officer.

The same procedures have to be followed for any disbursements to partners made locally. In limitation, the funds transferred shall not exceed budgeted amount of the MoU along with the provision of reserves. The partner organization shall be encouraged to keep 6 weeks reserve provided such reserve shall not exceed the total amount of the contract (MoU).

b. Remittance from AAI/AAUK to AAM

The remittance requests are made on a monthly basis based on the annual cash flow requirement that is specified in Table H. After the approval of 3 year plan and budgets, the FM prepares table H based on approved budgets. The HOF after reviewing the table, submits it to the RFC for approval. The approved Table H is then forwarded to AAI/AAUK.

FM collects information on the balances of cash and bank held by AAM and analyzes the fund requirement for the following month and determines the amount of remittance for the month. This needs to be approved by the HoFA.

FO fills in the R1 (Remittance request form) and the FM will send it to the remittances department of AAI or AAUK as necessary. Separate remittance request have to be made to AAI and AA UK for both parties.

After transferring the remittance AAI finance will send the form advising the amount and date of remittance. Once the amount is received in the bank, FM will send form R3, confirming receipt of the remittance to AAI. The FM needs to coordinate with the finance department of AsRO in order to get the transfer details confirmed.

When requesting for remittance, it is important to note that the total bank and cash balances plus the amount requested must not exceed 6 weeks average expenditure.

c. Remittances from donors to AAM (for locally raised funds)

For funds raised locally the money will be remitted by the respective donor directly to our bank account either in Yangon or Bangkok. As to which account the transfer needs to be made must be decided based on how convenient and economical it would be for AAMM. It is the responsibility of the FM to ensure the transfers are made by the donor as per the agreed contract. Upon receipt of funds a receipt will be issued to the donor by the FO with the approval of HoFA.

CHAPTER IV

ANALYSIS ON FINANCIAL EFFECTIVENESS OF PERFORMANCE PRACTICES AND DONOR’S FUNDING OF PROGRAMME ACTIVITIES IN SEDN PROJECT OF AAM

This chapter only mentioned the analysis of financial effectiveness of performance in SEDN Project performance practices amongst the many projects of Action Aid Myanmar (AAM) and comparison of donor income and expenditures of financial performance practices for the five years.

4.1 Research Design

In this study, there are some difficulties to collect the primary data in the field area due to the rural of grass roots level and so that the secondary data was taken from the annual report which included programme narrative and financial, audit report and monitoring and evaluation report and assessment report from AAM project team.

4.2 SEDN Project Performance Practices in AAM

The Socio-Economic Development Network for Regional Development (SEDN) project is one of the AAM projects is designed to address the needs of women who are poor in rural areas of the Magwe Region who lack livelihood/income generating opportunities, access to basic services (education, health), as well as social support.

One key component of the project design is to provide women access to vocational training in the production of quality handcrafts complemented with, for example, HIV prevention, hygiene and gender training. After graduating, women with commitment and the required skills have formed Women Producers Support Groups (WPSGs). Products are being sold under the label “Myanmar Boutik (MBoutik)”, primarily through the sales emporium in Nyaung Oo, Bagan and as other opportunities arise and as orders and markets develop. The Craft Producers’ Network (CPN) comprising representatives of the local business community, local authorities/government departments and WPSG representatives has been established in Bagan, which creates links to the market.

The second key component, is the establishment of the sub-Socio Economic Development Networks (SEDN) comprised of government departments, CSOs including community based organizations in Myaing and Pakkoku Townships, along with Fellows and WPSG leaders, to ensure a comprehensive approach to tackle the needs of women by linking them through a referral system to a wide range of services provided by government, non-government, civil society groups and the private sector.

The design is highly relevant to the ongoing situation in the Dry Zone of Myanmar. Due to the environmental and economic conditions, the livelihood opportunities for women who are poor remain severely limited, with many constrained to daily wage labor which is unreliable and provides minimal wages. Immigration within Myanmar and also to China is reportedly very high. The engagement and interest of government departments, the private sector and civil society organizations involved in both the SEDN and the CPN remains high, indicating that the establishment of these bodies is relevant to addressing the needs and rights of the target population as well as meeting the interests and needs of the various stakeholders.

There are two main purposes; overall objective is to contribute to the economic and social development of vulnerable families and communities in Magwe Region of central Myanmar. Specific objective is to improve the social and economic wellbeing of poor families and particularly those of poor rural women, in Magwe Region through increased access to essential services, social support and new income generating opportunities.

Tourists visiting to Myanmar in July 2015 decreased due to the flooding situation and in November because of the elections however the number of buyers from Myanmar middle class has increased and despite the challenges MBoutik sales have increased every year since its establishment.

4.2.1 SEDN Project Funding and Additional Programme Activities

Main funding is Livelihoods and Food Security Trust Fund (LIFT) with the additional funding from Corti Italy to SEDN project and completed programme activities are the following list. Firstly, VT Expanded to 2 new activities in 6 vocational training centers at Myaing and Pakkoku. SEDN project Established childcare at one of the VTCs. The childcare will accept both the small children of the trainees and also children living around the center. The day care center will provide

one meal daily, checking on hygiene, following up health and vaccination, and working on a child development with appropriate toys. The management of the day care does not require additional staff as rotation of trainees in VT will be organized to take care of the children and provided start-up capital to the WPSGs so that they can purchase the machines and initial materials to begin production. Moreover, “MBoutik” brand and marketing of the products is proceeding well. However, continued growth of the market is required in order to generate sufficient orders for the new graduates who will form additional WPSGs at the end of each vocational training cycle. Hence, ongoing development of the marketing strategies: Opening 7/7 days from 9.00 am to 6.00 pm by organizing a rotation on staff, developing links with buyers to sell the products to shop owner in other Myanmar cities, developing SEDN/MBoutik web site.

Table (4.1) Social Business Sales in MMK (2013 to 2015)

Year	Sale amount (MMK)
2013	3,020,500
2014	42,635,258
2015	51,706,560

Source: SEDN Team of AAM

As the above table (4.1), MBoutik sales of 2013 was low amount compare with 2014 and 2015 due to the beginning of SEDN project. In 2014, sales amount increased to 93% than 2013. As compare between 2014 and 2015, it is not much percentage than 2013 and 2014 and increased amount was 18% in 2015 than 2014.

Table (4.2) Detail Category of Social Business Sales in 2015

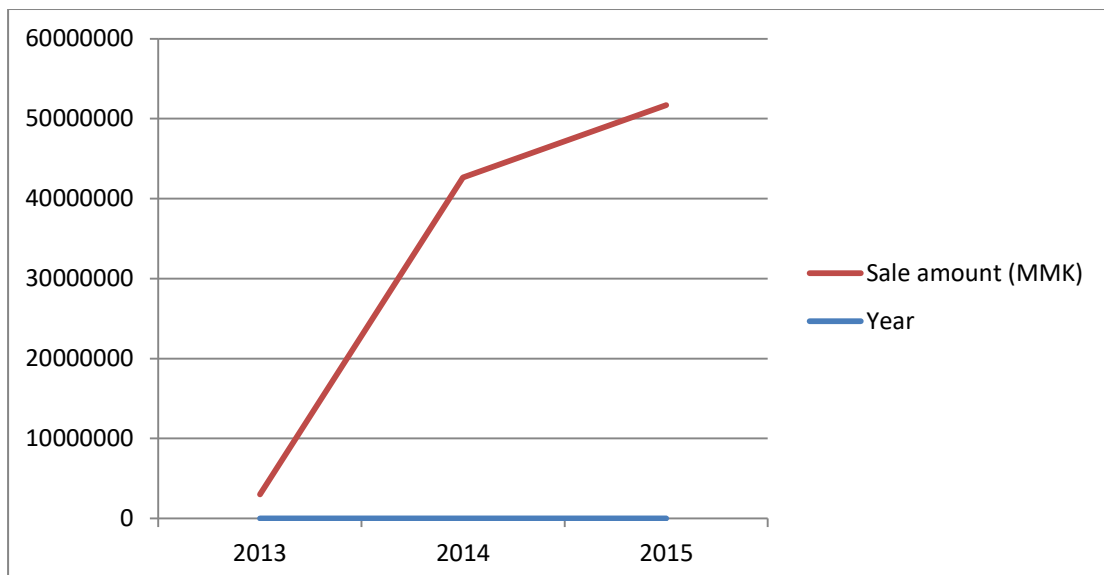
Sewing	Rattan	Weaving	Jewelry (Start in July)	Secondary sales (Not produce by the WPSG's)	Total (MMK)
31,424,700	5,266,000	10,924,360	1,467,000	2,624,500	51,706,560

Source: SEDN Team of AAM

In this analysis of table (4.2), social business sales of 2015 was the highest in the three years and can see the exact sales amount clearly in each of five categories such as sewing, rattan, weaving, jewelry and secondary products. Sewing products produced blouse, dress, skirts, trousers, hats, pillow case, key chain, purse, bags (laptop, file, tablet & phone and etc...) and file holder, Toys (ball, owl, butterfly, fish, elephant and etc...) and other types of sewing product. Rattan products produced basket, cup of ball pen, jewelry/stationery box, mirror stand, phone stand, tray and etc..., weaving products are traditional cloths, shawl, blanket, table cloth and etc..., jewelry products made by ingyin stones which included necklaces, bracelets, key chain, earring and etc...and the last one is secondary products and those are purchased by outside sources and it is not the products from women producers. Those products used resources available around the villages and made the products by hand and sewing.

Among the products, the best sales were sewing products and sale income is more than other products. For the profit from the sale income, SEDN project is supporting to women producer support groups as their individual income and directly contribute to improving their quality of life and that of their family.

Figure 4.1 Social Business Sales in MMK (2013 to 2015)



Source: Data collected from SEDN Team

4.2.2 Vocational Training (VT)

656 women have received vocational training in sewing, weaving chemical and organic, rattan and jewelry across 7 vocational training centers, with an additional 285 women completing their training in January 2016. A total of 976 women have completed training. Enhanced Livelihoods at the end of December 2015 there are 83 Women Producers Support Groups representing 656 women who work across livelihood sectors as the following table (4.3), (sewing 322 women, rattan 32 women, Weaving 253 women and Jewelry 49 women)

Table (4.3) Detail Category of Women Producers Support Groups

Round	Trainee	Sewing	Rattan	Weaving	Jewelry
1	64	20	5	27	12
2	79	43	3	30	3
3	64	27	10	22	5
4	121	86	4	28	3
5	115	82	8	15	10
6	213	64	2	131	16
Total	656	322	32	253	49

Source: Data collected from SEDN Team

4.2.3 Women Producer Support Groups (WPSGs) of VT

The number of rejected products after quality control is decreasing. The four criteria for quality were continuously reinforced: Performance management practices are respect for design; respect for measurement; good finishing; and clean product. The delivery time is also more respected but not by all producers. For many women we are representing a second source of income: some are working in agriculture and now many weaving producers in Myaing also work for local market. (70,000 to 80,000 MMK monthly average income)

WPSG members can return to the VT centers and continue to benefit from informal education sessions. Topics this past 6 months included: basic health, gender, nutrition, hygiene, reproductive health, cooperatives, book keeping etc. Most of the members attend the trainings, with 2 sessions per week in each center.

As of the end of December 2015 there is 83 WPSG's representing: 656 women (sewing 322 women, rattan 32 women, Weaving 253 women, Jewelry 49). In addition all women received training to produce the recycled newspaper packaging used at the Emporium to pack the products.

The women involved in WPSGs also receive orders and sell finished products through personal channels. We also recorded by interview the average additional income amount women earned from personal channels during this year (70,000 to 80,000 MMK per women per month). The working times engagement of women in production depend on person, some women are working more times and some others follow a lot of social events like Pagodas festivals or expend times following the seasonal agriculture work to support her family. The income and saving are variable depending of the personal delivery production. The Leaders and members of WPSG's have received training on bookkeeping and start to use a simple accounting book to record their incomes. Across 4 trainings during the year, 409 women completed training.

The WPSG's are actively receiving and filling orders for craft products but the delivery on quality of products varies between suppliers. SEDN team have developed processes to improve quality control with the WPSG's and have ceased orders from 12 women due to ongoing difficulties, despite training, with quality and timing of supply. The quality control continues to be an important part of work for the CPN staff: We organized 5 "experience sharing" workshops in the year with 83 women leaders to reinforce the importance of quality control.

As the summary of Key progress in enhanced livelihoods, additional skills learned by the women are privately selling through personal channel and earning an additional 70,000 to 80,000 MMK per month. The capacity of the majority of women doing sewing increase in term of delivery times but still not stable in term of finishing good quality. The quality of weaving products is high and women have now also developed an internal market to the WPSG sewing production for their products. The capacity of women doing jewelry is increasing quickly and systems established for quality control, both at WPSG level and CPN level Basic business training has been provided to 409 women to enable the running of their WPSG's and their own businesses.

4.2.4 Referral System (RS)

The referral system in Pakokku and Myaing through the sub- SEDN's is making good progress with strong engagement from VTC trainers and representation from the Women Producers Support Groups (WPSG's) and government services. Since its establishment 10,362 persons in 2013 have been referred to different services providers, including access to informal education. A principal challenges for MBoutik is to continue to maintain the good quality of products and to diversify our products for sale to maintain the good quality. SEDN team conducted an assessment for each producer in the women producer support groups and organized 5 workshops "experience sharing" with all producers. To feed the market demand we have involved more women producers in CPN from Shan (north of Inle Lake). Another challenge is our limited marketing budget. In 2015, marketing was limited to website development and creating and attending some events locally and in Yangon. To grow the business, further investment is needed in marketing and investment is also needed to construct the new shop in new Bagan.

The referral system works well in terms of increased facilitation access to services and acceptance of the poor women without payment. SEDN also use some service providers as teachers/trainers during the informal education sessions such as: Birth spacing, HIV/Aids prevention, nutrition, human trafficking and migration, child development, micro finance, hygiene, sanitation, mother and child care. The trainers provide sessions in each of the six VT centers following our agenda/schedule for the trainees. Graduates who are now in the WPSGs are also invited to attend. During this period, 4,783 women (Trainees on VT and women on WPSG's) attended informal education sessions on 42 different topics. Majority of beneficiaries who have been referred have received services. The directory of services book is available in Myanmar language in all villages. We distribute 163 books in Pakkoku and 142 Myaing. The Directory of services book offer a range of information to facilitate the referral system. The referent person can't lose time and energy to find the appropriate services providers to refer the persons. All the committee members and referents person at the villages level participate both for the collection of information and for distribution of the book.

Business partners with SEDN MBoutik as the following lists.

1. Thiripyitsaya Hotel group in Bagan
2. Sakura residence in Yangon
3. Ostello Bello Bagan
4. Ye Naing (Re sale person) around Inle Lake and Yangon
5. Amazing Hotel Bagan
6. City Mart in Yangon
7. Capital Mart in Yangon
8. Black Bamboo Bagan
9. Advance Medical and Diagnosis CieYangon
10. Action Aid Myanmar have developed a link with eco-tourism agency
“Journeys Adventure Travel”, Exotissimo and Diethlem
11. NGO’s buyers of the products: Help Age, ACF mission, Action Aid
12. SEDN are exploring the possibilities to engage more donors to open
new sale places and engage new groups of women producers in 2016

4.2.5 Outputs and Achievements of SEDN Project

Output 1: A Socio Economic Development Network has been established and strengthened to manage a multi-sectorial referral system, effectively addressing the health, education and social needs of the target groups.

Table (4.4) Measurements of Indicator

INDICATOR 1: Number of member agencies in the SEDN referral network	Current milestone 60 members	Cumulative results since beginning of project 120 members
INDICATOR 2: SEDN and sub-networks established and respective committees trained	Current milestone Referral system functioning and at least 50% of committee members regularly attending meeting	Cumulative results since beginning of project The referral works and 60 % of 120 committee members regularly attending meeting
INDICATOR 3: No. of referrals to service providers.	Current milestone 2,000	Cumulative results since beginning of project 10,362 (including informal education)

Source: SEDN Team of AAM

4.3 Achievements towards Targets and Evaluate Progress

1. SEDN are working with 119 villages and 7 VTCs Trainers are now actively involved in the referral system.
2. The number of women members of WPSG is variable depending of the agriculture seasonal. Some women stop at this time/season to support her family at work and return after the season. If we compare the number of stable women in WPSG with the number of trainees attending the vocational training center is around 40%.
3. For the majority of women the sale of products through our social business is a source of secondary income: They received other income from agriculture and/or from the sale of product through her personal channel (Local market, friends): average 70,000 to 80,000 MMK per month and per women. It is what she produces and sells personally. It is not included in the Emporium Sales

Financial Report but significant income they have been able to generate through the skills taught through the VTC's and CPN.

4.4 Analysis of round 1/2/3/4/5/6/7 vocational training till to 31 December 2015

This below table was vocational training for the women in Magwe Region of central Myanmar and round one to seven was the period from 2013 to 2015. Training period was three months for each vocational training round.

Table (4.5) Training Round on VTs center

Training Round	Training Period		Number of trainees	Number of graduates	WPSG members at the end of 2015	WPSGs (groups) at the end of 2015
	Start	Finish				
1	June 2013	August 2013	203	173	64	10
2	Nov 2013	Mar 2014	236	131	79	7
3	March 2014	July 2014	246	121	64	7
4	August 2014	November 2014	233	160	121	14
5	December 2014	April 2015	241	184	115	16
6	May 2015	August 2015	450	302	213	29
7	September 2015	Expected finish January 2016	285	-	-	-
Total (Women)			1,894	1,071	656	83

Source: Annual report of SEDN team

As the above table (4.5), number of trainee increased more and more for each round of vocational training and total number of trainee was 1894 referred in VTCs by focal persons 1097 women are from Pakokku and 797 women are from Myaing Township and number of graduates was 1071. 656 women were the member of women producer support group member and 83 women were the group of women producer support group. Round 6 in table (4.5), 450 women present on VT: 302 women attend the exam, 148 women don't attend the exam due to (67 seasonal work, 3 pregnancy, 1 Abortion, 4 deliver baby, 27 migration, 28 Health situation, 13 back to school, 3 work alone, 1 become teacher at school, 1 house work) 300 women are graduated, 2 are not graduated. 285 women from round 7 was processing training till January 2016. So due to the above explanation and measurement indicator of table (4.4), SEDN project practices in AAM organization spent the effectiveness and efficient cost and was performance good performance management.

4.5 Comparison of AAM Income and Expenditures of Financial Performance

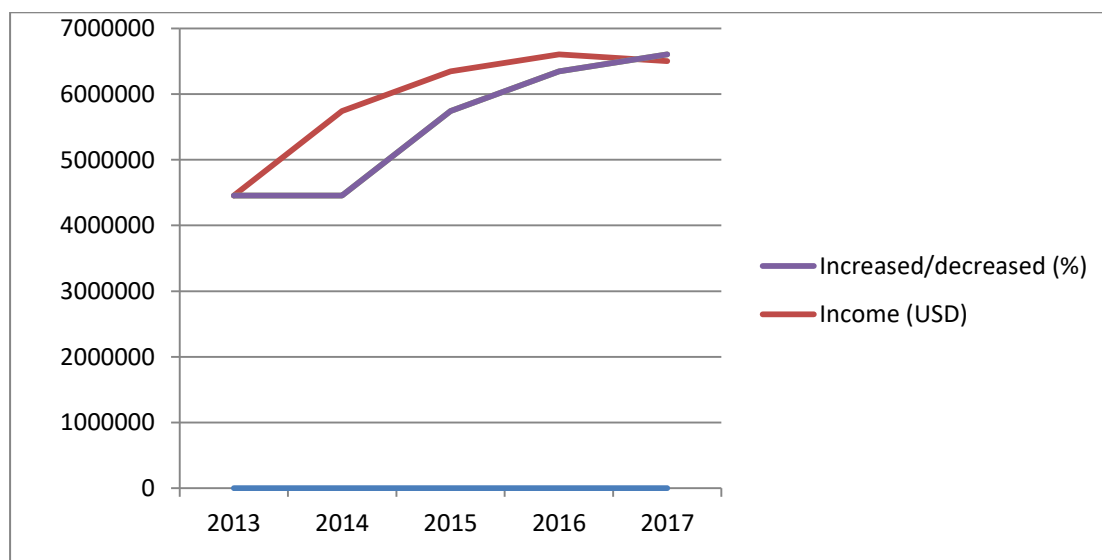
In 2015, AAM introduced a new funding concept and encouraged donors to support general programming rather than funding on a project-to-project basis. The Embassy of Sweden in Myanmar was the first donor to adopt this approach, which allows for a more flexible long-term programme design that received the benefit from the communities. Action Aid is committed to financial transparency and accountability to donors, partners and the communities. Total income of 2015 was USD 6,342,000 which was 107 percent of our forecast, but only 73% of 2014 income. From regular giving AAM received 112 per cent of 2014, while major and institutional donors saw a downward trend. AAM utilized around 90% of our budget, of which 61.5 per cent was direct community support.

Table (4.6) Donor funding increased/decreased of AAM

Financial Year	Income (USD)	Increased/decreased (USD)	Increased/decreased (%)
2013	4,451,000	-	-
2014	5,738,000	-1,287,000	22%
2015	6,342,000	-604,000	10%
2016	6,600,800	-258,800	4%
2017	6,500,600	100,200	-2%

Source: AAM finance team (2013 to 2017)

Figure (4.2) Donor funding increased/decreased of AAM



Source: AAM finance team (2013 to 2017)

As studying the table (4.7), AAM received donor funding 4,451,000 USD in 2013, 5,738,000 USD in 2014, 6,342,000 USD in 2015, 6,600,800 USD in 2016 and 6,500,600 USD in 2017. As the above figure (4.2), in compare with 2013 and 2014, 2014 funding increased to 22% than 2013, as regards with 2014 and 2015, 2015 funding raised to 10% than 2014. Moreover, as difference between 2015 and 2016, 2016 funding was slightly increased to 4% than 2015 and analysis between 2016 and 2017, 2017 funding percent was a few decreased as 2% than 2016. Due to the increased funding of analysis from 2013 to 2017, Most of donors satisfied the AAM financial performance and auditing report of programme activities.

Table (4.7) Comparison of AAM Donors Income and Expenditures of all of projects

Financial Year	Income (USD)	Expenditures (USD)	Utilization (%)
2013	4,451,000	3,006,000	68%
2014	5,738,000	4,580,300	80%
2015	6,342,000	6,215,160	98%
2016	6,600,800	6,290,000	95%
2017	6,500,600	6,497,500	100%
Total (5 years)	29,632,400	26,588,960	90%

Source: Data collected from AAM finance team (2013 to 2017)

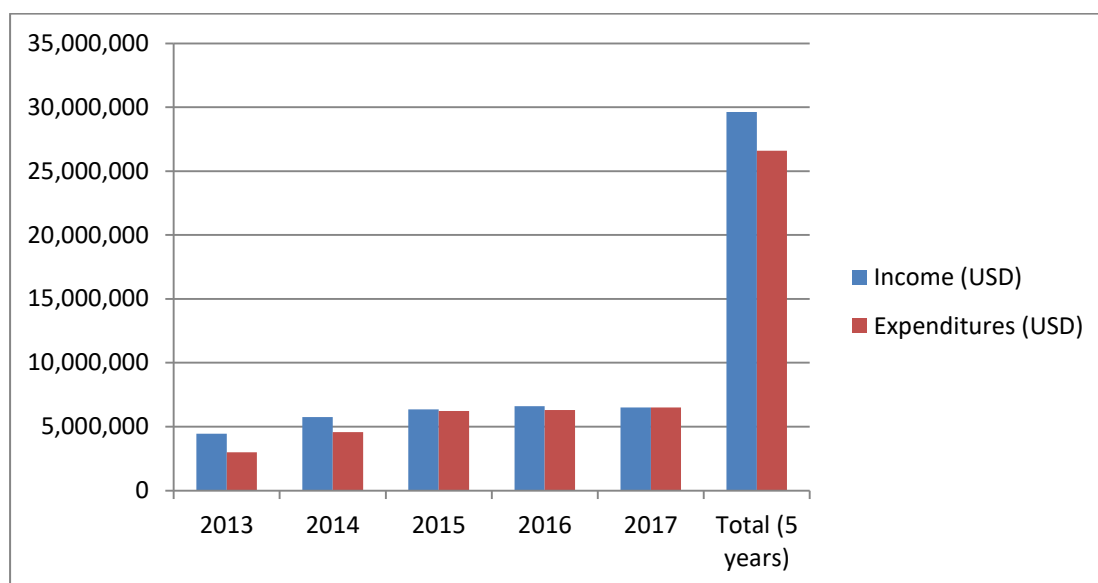
According to the table (4.7), total average percent of utilization (expenditure to income) was 90% and minimum ratio of utilization was 68% in 2013 and

maximum utilization was 100% in 2017. Moreover, 2016 income was reached higher than compare with the rest of years but 2013 was in lower income level. Although the percentage of funding was increased within 5 years and there was a different achievement results between 2013 and 2017. The donors included in the financing strategy are divided into two groups of institutional donors and private donors.

The total funding received over 29 million USD during the period of 2013 to 2017 from the above two types of donors. At the above table (4.7), the expenditures from 2015 were very significant for AAM level of activity and financial condition and that year was very significant positive implemented result.

The following bar chart shows the income and expenditure in Action Aid Myanmar (AAM) between the years 2013 to 2017 as year's intervals.

Figure 4.3 Comparisons of AAM Donors Income and Programme Expenditures (2013 to 2017)



Source: Data collected from AAM finance team (2013 to 2017)

According to the illustration in above figure (4.3), donor revenue of AAM was gradually higher. Regarding the comparative study of income and programme expenditures and the result shows the bar chart of incomes and expenditures were upward trends for a period of five years. It can be seen while donor income increased from 2013 to 2016 except 2017, the expenditures of each year also increased as a five consecutive years. As per figure (4.3), all donor income was more than programme

expenditures. The figure shows, donor funding were increasing by yearly from 2013 to 2016 but 2017 funding was decreasing a little bit than 2016. In comparison of donor's incomes and expenditures during five years, 2017 income was over USD 2 million than 2013.

4.5.1 Analysis on Effective of Financial Performance in SEDN Project and AAM

As the above table (4.7) and figure (4.3) of comparison of donor income and expenditure, this result shows the good financial performance of funding and expenditures of programme activities for the chosen period of AAM. According to the table (4.3) and (4.5), it studied the trainings which included sewing, rattan, weaving and jewelry for the women in SEDN project area and AAM provided the training and capacity buildings to the staffs for financial management, performance management and organizational management and other trainings.

As summarizing, AAM used the balanced scorecard model of non-profit organization to achieve the organization's vision, mission, goals and strategies after the analyzing stage of the map of strategy, strategic objectives and four perspectives such as financial, donors, internal organization process and learning and growth process. Especially this study is focused to analyze the effectiveness of financial performance based on the project SEDN in AAM by using financial perspective of balanced scorecard model. According to the above analysis of social business sales income, vocational training center (VT), referral system (RS), outputs and achievements of SEDN project and AAM's donor incomes and expenditures from the period of 2013 to 2017, it shows the effectiveness and efficiency of financial performance in not only for SEDN project but also Action Aid Myanmar organization.

CHAPTER V

CONCLUSION

This chapter included conclusions, findings, recommendations and suggestions and further study based on the analysis of the study.

5.1 Findings

This study focused on to identify the financial performance related with the donor incomes and expenditures of programme activities in Action Aid Myanmar (AAM) and to analyze the effectiveness of financial performance in Action Aid Myanmar. In this finding based on the first objectives, funding of donors is very important and essential for the implementation of project activities and if AAM cannot receive the enough funding for every year, it can be difficulties to run the programme activities cost and operational support cost. Moreover, expenditures spending need to be more effective and efficient and to meet the donor's requirement and to reach the target plans of beneficiaries effectively during the time period. The main finding of this study is only based on secondary data collected by the organization narrative reports and financial and audited report. The descriptive method result indicates the donor incomes which included private donors for the five years. Level of funding from Action Aid International and others international organizations increased starting from 2015 for Myanmar programme.

Regarding to the funding results, it mentioned about income and expenditures towards AAM is stronger relationship with multi-donors. AAM adopted financing strategy which the first time representing for both institutional donors and private donors and identified the project areas for the growth of organization and country strategic plan.

According to the comparison of AAM donor's income and expenditures, AAM have the maximum income in 2014 and spent the expenditures as utilization 100% and met the highest target in all of project activities in 2017. AAM shows the good financial performance with donors' organization especially strong relationship with institutional donors and private donors based. The study analyzed humanitarian data for the previous five years relating to identify trends which may have been affected by reviewing of the international aid financing of AAM. Moreover, the study focused on the donor funding behavior of the two types during the project period.

These donors funding data can show the overall volume of funding of Action Aid Myanmar continues toward trend.

The objective of the study was to establish the influencing of donor funding on financial performance of AAM. The results indicated the donor's incomes had significant effects on the financial performance of AAM expenditures of programme activities and beneficiaries target group. This is closely related to the funding situation and AAM received most of funding from a various donors. There was a clear potential for better coordination between institutional donors and private donors. According to the review, AAM could increase its impact and output in the support of WPSGs and CPN through improvement of organizational and financial management practices. AAM intended to provide the target beneficiaries male and female in community level of Yangon, Ayeyarwaddy, Magway, Sagine, Mandalay, Chin, Kaya, Kayin and Mon. As all of figures showed the achievement of targets, involving females were consistently higher in all of beneficiaries but one core competency.

AAM monitoring and evaluation practices are enhancing responsibilities and accountability towards the project target group and donors by regularly analyzing performance and AAM's response based on the findings. So AAM could perform financial performance well during the period from 2013 to 2017.

5.2 Recommendation and Suggestions

With regards to studied, some recommendation are shown for analyzed donor funding effects and related with programme activities of Action Aid Myanmar. For studied performance management practices of INGOs based on AAM, all of financing arrangements of INGOs in Myanmar should consider to receive the more fund raising for the sustainable livelihood and effectiveness spending plan of all activities and to meet donor requirements that are fit for the all of beneficiaries.

In this study, AAM strengthened its donor base and saw a significant increase in funding. So, if AAM can do more access in other areas and have more funds not only from the institutional donor but also from other donors, AAM can implement more cores competencies for the beneficiaries. From the donors side, they have right of access on required documents related to projects and programme that have received their funds in order to ensure AAM respected the applicable procedures. AAM also has the responsibilities of implementing this access and should have skillful employee and human resource. If AAM has the effective technique and specialized employee

and consultant, organization can potentially more productivity and more implement with time to time action. AAM should build more relationship with other types of donors apart from the main donors and existing donors to increase the fund raising and operation process. Moreover, organization should follow up more and more monitor the operational quality control and functions more than before to avoid having against income and expenditures amount as 2013. AAM should more improve the accountability towards affected communities by collecting their feedback and engagement. This should be ensure that the time is taken to reflect between monitoring data and project achievements and challenges and also need to find the better ways.

As the measurement of financial perspective, financial monitoring techniques should be conducted frequently to enhance programme financial performance practices. Secondly, as donor perspective, AAM should maintain donor's satisfaction and positive relationship with donors for the sustainable funding and on the other sides; need to get the more feedback from beneficiaries by collecting research for each of project. Thirdly, for internal organization process perspective, need to measure the project cost and it is effective and efficient cost based on donor requirements and internal performance management practices. Finally, in learning and growth perspective, organization needs to make sure to give the capacity building trainings for not only for employees but also for volunteers and fellows of community to be achieved for programme and organization's mission and goals effectively and efficiently in future.

5.3 Needs for further Study

This paper covers the financial perspective of balance scorecards model and performance measurement practices of Action Aid Myanmar. However, it cannot be a complete research for successful organization and operational process. This study only focuses on the data from the financial year 2013 to 2017. Due to the time and resource limitation, this study only compares within organization performance indicators and output levels. So it cannot cover with other international organizations in Myanmar.

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