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ANNEX III

to the Commission Implementing Decision on the financing of the Special Measure in favour of the people of Myanmar for 2022

Action Document for Securing Energy Needs and Transition of RUrual areas in Myanmar (SENTRUM)

ANNUAL MEASURE

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Securing Energy Needs and Transition of RUrual areas in Myanmar (SENTRUM) OPSYS number: ACT-61326 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in Myanmar
4. Programming document	Special measure in the absence of a MIP
5. Link with relevant MIP(s) objectives / expected results	N/A
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Livelihoods and the green deal
7. Sustainable Development Goals (SDGs)	Main SDG: SDG 1 – No Poverty Other significant SDGs: 7. Affordable and Clean Energy; 5. Gender equality; 13. Climate Action
8 a) DAC code(s)	23210 - Energy generation, renewable sources - multiple technologies (40%) 23231 - Solar energy for isolated grids and standalone systems (30%) 23631 - Electric power transmission and distribution-isolated mini-grids (10%) 32174 - Clean cooking appliances manufacturing (20%)
8 b) Main Delivery Channel	Multilateral organisations – 40000

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport	YES <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	

	health education and research	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020131 Total estimated cost: EUR 20 000 000 Total amount of EU budget contribution EUR 20 000 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with the entity selected in accordance with the criteria set out in section 4.3.1.			

1.2 Summary of the Action

Supply and access to energy is vital to promoting economic growth, overcoming poverty, and facilitating human development. Prior to 2020, Myanmar was one of Asia's most rapidly growing economies and the share of the population having access to energy had increased considerably in recent years. However, the combined effects of the COVID-19 pandemic and the political crisis following the coup d'état of 2021 have deeply affected Myanmar's population, halting a decade of progress on economic development and poverty reduction in the country. The present political, economic and social crisis is expected to last for years. Currently it is estimated that nearly half of Myanmar's population is living below the national poverty line, a level of impoverishment not seen in the country since 2005¹. The current political crisis has a major impact on the population's access to energy, in particular access to electricity and clean cooking solutions.

In such a critical and uncertain context with massive and increasing needs of the people, and following the adoption of a first Special Measure in 2021, a new Special Measure is proposed for 2022. It adopts a strategic, structured and coordinated approach. While still avoiding any interaction that could be interpreted as legitimizing the coup and taking a do-no-harm and conflict-sensitive approach, one of the main components of the 2022 Special Measure is to address livelihood challenges linked with limited access to energy in rural areas.

The **Overall Objective** of this action is to support green rural economic development in Myanmar. The **Specific Objective (Outcome)** is to improve the access to renewable electricity and the use of energy-efficient products by MSMEs and rural households in Myanmar.

Output 1 targets the improvement of the availability of efficient and sustainable sources of renewable electricity for economic actors and rural households. **Output 2** is focused on strengthening the access to energy-efficient products for rural households while developing business opportunities for women entrepreneurs, and craftsmen in the housing sector. **Output 3** will target capacity enhancement of individuals and MSMEs involved in green jobs, as well as fostering business opportunities in the renewable energy and appliances sectors.

The goal of this action is to improve the availability of efficient and sustainable sources of renewable electricity (using renewable biomass value-chains, photovoltaic and hydro) and complement this with increasing the availability of

¹ <https://data.worldbank.org/indicator/>

energy-efficient products for households needs (e.g. cooking, lighting, communication). In the meantime these activities shall be accompanied by the development of business opportunities, in particular for women entrepreneur, leading to improved livelihoods. The action contributes to the realisation of the European Green Deal² and EU's Gender Action Plan III³, in particular regarding the 'Thematic area - Promoting economic and social rights and empowering girls and women'. The action is also fully aligned with the new EU External Energy Strategy⁴ as it reinforces EU's engagement with its partners to boost energy savings, energy efficiency and development of renewables. The SENTRUM project is expected to have a global tangible impact on the reduction of greenhouse gas emissions (with 4.400 tCO₂ avoided per year compared to Business as Usual prospective scenario). This will be achieved through an improved access to renewable electricity and sustainable energy solutions for businesses and poor households in rural Myanmar as renewable energy generation capacity will be installed and sustainable energy solutions will be promoted.

This action contributes to SDG 1. "No Poverty", SDG 7. "Affordable and Clean Energy", SDG 5. "Gender equality" and SDG 13. "Climate Action".

2 RATIONALE

2.1 Context

Myanmar is one of the most vulnerable countries to climate change⁵. Although hydropower and biomass are the main sources of energy, fossil fuels are still used to a large extent (coal and gas power plants, diesel for water pumps, etc.). Climate change mitigation through the reduction of fossil fuel consumption should therefore be an important element of socio-economic development. In this regard, the access to clean electricity is an important element. Previous governments were able to provide access to electricity to around 50% of the population, although the electricity system remained weak and unstable. The lack of priority, strategy and means of the de-facto authorities has stopped the progress in this sector. Access to energy in rural areas is especially critical in the present Myanmar context, since the share of Myanmar's population living in poverty in rural areas has increased a lot since the COVID-19 pandemic and the political crisis.

As mentioned above, Myanmar's primary energy sources are foremost biomass and hydropower⁶. Approximately 65% of the total primary energy consumption of the country comes from biomass sources⁷; mostly obtained from the forest and agriculture sectors. The vast majority of Myanmar's population relies on biomass for cooking and a large share uses kerosene, candles and batteries for their daily lighting needs.

75% of Myanmar's electricity is produced by hydroelectricity. The rest is generated from fossil fuels, with gas as the main fuel (20.5%) followed by coal and oil⁸. In 2017, Myanmar had an installed electricity generation capacity of about 5 gigawatts (GW). The country planned to achieve 100% electrification by 2030 and is targeting 12% of all electricity to be generated from renewable sources by 2025⁹. Myanmar's energy consumption per capita is one of the lowest in Southeast Asia due to the low electrification rate and widespread poverty. An estimated 62% of the population is still not connected to the national grid and even more so in rural areas¹⁰.

² Communication and roadmap on the European Green Deal, COM (2019) 640 final, 11.12.2019.

³ Joint Communication: Gender Action Plan III 2021-2025, An ambitious agenda for gender equality and women's empowerment in EU external action, SWD(2020) 284 final, 25.11.2020

⁴ JOIN(52022)23

⁵ According to the Climate risk index for 2000-2019, Myanmar is the most vulnerable country after Porto Rico

⁶ <https://ourworldindata.org/energy/country/myanmar>

⁷ Biomass Energy: An Overview of Biomass Sources, Energy Potential, and Management in Southeast Asian Countries (<https://www.mdpi.com/2079-9276/8/2/81/htm#B28-resources-08-00081>)

⁸ Myanmar". www.iea.org. International Energy Agency (IEA).

⁹ "Renewable energy law in the works to speed up development". The Myanmar Times. 19 September 2018. Retrieved 9 March 2019

¹⁰ Myanmar Beyond Connections, Energy Access Diagnostic report based on the Multi-Tier Framework, World Bank, ESMAP 2019.

The systemic budget deficit of the national electricity provider coupled with the on-going crisis, where a significant share of the population cannot afford or is not willing to settle its electricity bill ¹¹, has led to a deterioration in the quality of the national grid (increase of power shortages frequency and duration, voltage and frequency instability) and a slowdown in the National Electrification Program (NEP), started by the previous government.

The energy performance of buildings is poor due to the use of inefficient building materials. This results in high indoor temperatures, affecting the life of rural populations through heat-related illnesses, lowered capacities to work or study, lower capacity to recover through sleep. With no standards or guidelines on energy performance and a largely informal construction market for stand-alone houses, most households of Myanmar live in highly inefficient buildings, and the use of cooling devices increases household expenses.

In terms of overall strategic EU policy response to the situation in the country, the Foreign Affairs Council Conclusions of February 2021 ¹² stress the need to avoid any actions legitimising the military regime and to support the people of Myanmar. Regarding development assistance, an in-depth portfolio review was undertaken with the aim to put on hold or terminate all projects or components of projects which supported the government systems. Instead, programmes targeting vulnerable people, communities and civil society and covering basic needs and services continue to be implemented. Supporting the people of Myanmar with better access to renewable electricity is in line with overall EU policy to mitigate climate change by cutting emissions, and strategic priority of the European Green Deal ¹³.

Following the military coup of February 2021, with the impossibility to interact with the de facto authorities without legitimizing the military coup, all loans of development banks (AFD, ADB and the World Bank) were suspended. Therefore, it is not possible to combine the EU grant with a loan to implement this program and a blending modality cannot be used.

The present action is proposed to focus on selected areas, e.g. parts of Chin state, the dry zone with Mandalay and partly the Sagaing and Ayeyarwady region, with a possible extension and/or modification to other rural areas of the country, depending on the overall context/security evolution. This will be decided following political and operating developments in the country and based on consultations at community level. The Ayeyarwady region has high potential for the development of photovoltaic energy, which is largely under-exploited. The proximity to Yangon, the relative stability of the current political situation and the network of active non-state actors in the region, makes Ayeyarwady one of the priority areas for this project. Although the central dry zone is one of the areas most affected by the political crisis, with villages which are subject to armed conflicts, the sub-region provides 35% of Myanmar's grain crop while being the most water stressed. It is also one of the most food insecure regions in the country. There is a strong need and challenge to offer decentralised solutions for economic actors, particularly farmers (pumping, irrigation) in order to secure production and develop productivity. Chin State is a mountainous region, with a high-unassessed hydro potential. The choice of the Chin state makes it possible to reach a disadvantaged ethnic and peripheral area, in addition to the more central regions covered by the action.

2.2 Problem Analysis

Since the beginning of the political crisis in 2021, many international investors in the energy sector have pulled out or paused their investments. The regime's isolation is bound to continue and the situation can therefore not be expected to improve. Myanmar's previous government had developed the National Electrification Plan (NEP),

¹¹ According to the memo *Myanmar's Electricity Sector After the Coup* (July 2021), by an independent group called Independent Economists for Myanmar (IEM), bill collection rates had dropped as low as 2-3% in the aftermath of the coup. In a seminar under Chatham House Rule held in late 2021, a private consultancy reported less dramatic figures but maintained that monthly bill collection revenues had dropped by nearly 40% between pre-coup levels and the end of 2021.

This only applies to households connected to the national grids, i.e. who pay their bills to the MOEE-affiliated distribution network operators.

¹² Council of the European Union, Concil Conclusions – Myanmar/Burma 6287/21. 22.2.2021

¹³ Communication and roadmap on the European Green Deal, COM (2019) 640 final, 11.12.2019

which targets to achieve universal electrification by 2030. However, the electrification rate is still low, especially in rural areas, where the vast majority of households are still facing economic, technical, socio-cultural and institutional barriers to access modern and clean energy.

The cost per connection to the grid (approximately USD 100) and the high cost of energy-efficient products (e.g. USD 36 for an improved cookstove) are the main economic barriers for rural households. For MSMEs the capacity to access long-term and low-interests loans is the main economic challenge to tackle. Furthermore, the current political and banking crisis have stopped banks to provide formal loans. Accessing loans are limited to selected micro-finance provider, i.e. there are severe financial barriers to electricity production, connections and usage.

In addition, technical barriers relate to the fact that there is a lack of technical skills to install, operate and maintain mini-grids and energy-efficient products. Further, in rural Myanmar one of the main challenges remains socio-cultural barriers: solar energy equipment are considered not only expensive, but also of bad quality compared to diesel products. According to the World Bank, 58% of pico-solar product users feel these products do not meet their needs.¹⁴ In the same way, the willingness to pay for e-appliances is very low due to the lack of understanding the benefits of modern technologies. The socio-cultural barriers can be tackled through marketing and awareness raising campaigns, focusing specifically on direct interaction with prospective users, in the form of on-site demonstrations, door-to-door communication or social mobilisation. Institutional barriers, linked to the regulatory frameworks, will not be addressed in the present action considering the inability to engage with de facto government.

The insufficient access to sustainable electricity limits the development of rural economic opportunities. Promoting access to sustainable electricity services for productive uses is therefore key to inclusive socio-economic development. Electrifying productive use equipment could quickly improve environmental impact and the business of economic actors – coupled with affordable access to credit solutions, vocational-training and market expansion.

In addition, the use of energy-inefficient equipment for household also lead to health damages. Each year around 120 000 deaths in Myanmar are connected to household air pollution from inefficient cooking practices. Women and children are more affected than men, as they are in charge of cooking, and persons with disabilities may often be obliged to spend significant time inside the house with air pollution.

In the housing sector, despite increasing difficulties posed by rising temperatures and dissemination of new but more inefficient materials, building energy efficiency is not even identified as an issue to be tackled. In addition to an affordability issue, there is also an overall lack of awareness, professional capacities and appropriate materials and techniques to build or retrofit houses in a more sustainable way.

The range of events challenging resilience is high in the current context in Myanmar. Extreme climatic events and natural disasters, aggravated by the conflict and security issues in the targeted areas make energy systems highly vulnerable. By promoting renewable and decentralised electrification, the project should offer a good example of resilience. In conflict situations, decentralised electrification is more resilient than centralised power units.

Even if access to renewable energy services is currently the main issue to address, it is important to note that in a long term vision developing innovative solutions for collection, treatment, recycling and reduction of waste need to be considered as well. There is no technically competent structure in Myanmar for the recycling of electrical and electronic components, although the electrical and electronic equipment market is growing rapidly.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

- Rural population, with an emphasis on vulnerable and poor households will be the main stakeholders throughout the action, profiting by increasing access to electricity, energy-efficient products and housing solutions as well as improved livelihoods.

¹⁴ World Bank (2020)

- Economic actors, i.e. MSMEs, such as small industries, handicraft businesses and farmers, are targeted by the action as they will be able to increase their production with the technology becoming available through enhanced access to renewable electricity, for example solutions for pumping and irrigation. A further economic actor benefitting from the action are mini-grid operators, who will profit by increased business opportunities resulting from more households getting access to renewable electricity. A technical assistance facility will support the economic actors to overcome different barriers by supporting (1) project structuring/grant application/loan preparation between MSMEs and microfinance institutions (2) design work, feasibility study, and business plan preparation (3) work supervision and follow-up of operations (4) business development services. When selecting MSMEs a screening process will be applied.
- Entrepreneurs, with a particular focus on women, together with craftsmen in the housing sector, are expected to benefit by the increased business opportunities arising by expanding the distribution of energy-efficient products and the access to renewable energy. They will also be supported by technical trainings with entrepreneurship support.
- Microfinance institutions (to be selected after action approval) and possibly local banks if the situation allows in the future, will be able to provide financial mechanisms (loans and insurances) to economic actors for affording capital expenditures. Also when selecting microfinance institutions a screening process will be applied.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective (impact)** is to support green rural economic development in Myanmar.

The **Specific Objective (Outcome)** is to improve the access to renewable electricity and the use of energy-efficient products by MSMEs and rural households in Myanmar.

The **Outputs** to be delivered by this action contributing to the Specific Objective (Outcome) are:

1. Availability of efficient and sustainable sources of renewable electricity for economic actors and rural households is improved;
2. Access to energy-efficient products for rural households is strengthened, while developing business opportunities for women entrepreneurs, and craftsmen in the housing sector;
3. Enhanced capacity of individuals and MSMEs involved in green jobs, as well as fostering business opportunities in the renewable energy and appliances sectors.

3.2 Indicative Activities

Indicative activities related to output 1

- Conduct a baseline assessment of the energy needs in the selected areas and prepare the realisation of enhancing off-grid access to renewable electricity for economic actors and rural households;
- Develop a result-based grant scheme for local operators to extend the mini-grids for rural households;
- Develop financing mechanisms (e.g. grants, credits, guarantees) to support electrification solutions and business development for off-grid economic actors;
- Set up of a technical assistance facility to support the electrification projects of the economic actors under output 1 (incl. feasibility studies, support of operations and business development).

Indicative activities related to output 2

- Expand distribution networks for energy-efficient products (e.g. domestic appliances and housing materials) to increase the accessibility for rural households: expand geographic scope, recruitment and training of rural women distributors entrepreneurs, strengthening distribution network business models;

- Support craftsmen in the housing sector in offering energy-efficient construction services in order to improve living standards for households: recruitment of craftsmen and strengthening craftsmen business models;
- Enhance access to energy-efficient products of quality for e.g. rural households: identify products, test efficiency and install a quality assurance process;
- Provide co-financing grants to rural households to lower the acquisition barrier to energy-efficient products, in particular for vulnerable and women-headed households;
- Provide access to working capital for women distribution networks to enable them to develop their businesses;
- Pilot a Waste from Electrical and Electronic Equipment (WEEE) treatment and recycling facility to improve collection, treatment and recycling of electrical and electronic equipment (EEE) at the end of their lifecycle¹⁵.

Indicative activities related to output 3

- Set-up a workforce planning (jobs and skills) based on assessment surveys of the economic actors involved in this action;
- Set-up a training program including vocational training and work-based learning for economic actors to improve their businesses (output 1). Gender-inclusion will be emphasised;
- Set-up a vocational training programme to train individuals engaged in green jobs connected to the action (e.g. women entrepreneurs, technicians and craftsmen of the housing sector). Gender-inclusion will be emphasised;
- Providing hard and soft support to training centres (technical equipment, design/improvement of training curricula, technical advice on gender-inclusion and accessibility-inclusion) and mobile training units;
- Conduct awareness raising campaigns to facilitate the adoption of energy-efficient products;
- Conduct awareness raising for end-users to encourage proper use and maintenance of energy-efficient products.

3.3 Mainstreaming

Environmental Protection & Climate Change

This action considers climate change and environmental issues as main priorities in its design, implementation and evaluation phases. The promotion and use of renewable electricity will avoid carbon emissions and local air pollution compared to the use of fossil-fuel based generators; the promotion of clean cook stoves will result in a significant reduction of biomass fuel use as well as a reduction in indoor and ambient air pollution. The progressive adoption of better energy-efficient building practices will deliver a number of environmental benefits. An energy-efficient building will have the advantage of lower energy, water, and maintenance costs. Lower emissions and overall environmental impact: energy-efficient buildings have lower greenhouse gas emissions due to their reduced reliance on fossil fuels.

Assessing the emergence of a WEEE scheme is in line with the same goal. Few of the anticipated activities are likely to have significant environmental consequences, and this will be assessed on a case-by-case basis. In micro hydro project (<100kW), an environmental commitment plan validated by the community impacted will be established. Protection of the environment will be mainstreamed into all activities.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment)

Gender equality and empowerment of women and girls

¹⁵ When writing the document, there is no framework or capacity for recycling of WEEE in Myanmar. Taking advantage of the distribution network also as a possible collection network, the action envisions exploring avenues to set-up a WEEE recycling chain.

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the proposed intervention will include measures to facilitate equal women and men, youth opportunities and benefits by removing some of the barriers to participation experienced by women and youth, including women and youth with disabilities or otherwise marginalised, and addressing some of the constraints and risks they face. Women will not only benefit from the action but will also be key actors in the implementation of the action. The action is expected to mobilize women entrepreneurs, who are willing to engage in the energy-efficient products distribution networks. Women will also be strongly involved in the development and deployment of awareness / marketing actions to facilitate the adoption of energy-efficient solutions. According to World Bank study report (Myanmar Beyond Connections, 2019), more female-headed households in rural areas have no access to electricity (21%) relative to male-headed households (16%). Findings show a correlation between the use of electricity and household expenditure level, revealing that more female-headed households are in lower-expenditure quintiles relative to male-headed households; this gender gap is especially evident in rural areas. The action will contribute to the EU's Gender Action Plan (GAP) III.

Human Rights

The situation of human rights deteriorated after the military coup on 1 February 2021. This action will promote the protection of human rights as part of responsible business practices in compliance with the EU position in relation to the Myanmar's de-facto authorities and ensure relevant due diligence. The action adopts a human rights-based approach and applies its working principles of participation, non-discrimination, accountability and transparency.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the Action will not have a specific focus on disabilities, but it will take an inclusive approach through-out also considering the role and specific needs of persons with disabilities in the current context. This includes engaging organisations representing persons with disabilities in consultations and capacity building actions and advice on accessible livelihood activities and energy products. Women with disabilities will be included in the focus of female entrepreneurship, with the necessary support provided (coaching, assistive devices and technology, reasonable accommodation etc.).

Democracy

The democratic transition in Myanmar started in 2011 and has been halted by the military coup staged on 1 February 2021, preventing the elected parliament to take seat and proclaiming a state of emergency. The action will support activities tailored to find spaces to promote meaningful and peaceful participation and exchange, with the aim to contribute in preparing the ground for a positive and democratic resolution of the crisis.

Conflict sensitivity, peace and resilience

Since the project will operate in some areas that can be in conflict zones, the partner organizations will need to review and implement at all steps (activities identification and implementation, follow-up) some analysis of the stakeholders and potential impacts in order to minimize negative and maximize positive effects, and ensure conflict sensitive approaches to all of its activities. They will implement the do-no-harm approach to the programming including i) support mechanisms where all local communities will be represented, including IDPs where relevant; ii) selection of project, activities, beneficiaries and locations, based on clear and rigorous criteria, avoiding ethnic bias; iii) relationship and cooperation amongst local actors fostering; staff employment balanced in terms of gender, ethnicity and religion; iv) attention in projects to issues of sustainability; v) voluntarism and civic engagement promotion; vi) human rights due diligence and lack of engagement with MSMEs associated with the military or the SAC. Moreover, special attention will be given to the safety of the operators and of the beneficiaries with the development of security plans adapted to the different areas that will be reviewed regularly.

Disaster Risk Reduction

Due to the effect of climate change, Myanmar could face draughts and floods with increased frequency and intensity. Positive impacts on livelihoods through better access to renewable energy and energy efficiency solutions for the households and businesses will contribute to strengthen the energy and livelihood/economic resilience of in vulnerable situations vulnerable communities.

Considering the vulnerability of Myanmar and the political situation, there is an important risk of damages to the infrastructure due to the conflict/armed confrontations or because of extreme weather events (storms/cyclones).

However, the nature of the renewable electricity technologies promoted by the project (such as solar photovoltaic and micro-hydropower installations) which are of smaller size, makes them more resistant to these kinds of risks. Trainings, awareness raising campaigns and initiatives should increase knowledge of beneficiaries on how to maintain equipment in case of damages.

Other considerations if relevant

None

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1-to the external environment	Risk 1: Political and security situation in the country does not allow for effective implementation of programmes.	H	H	<p>Close monitoring of do no harm implications during the partnerships and projects;</p> <p>Work with and through local agencies whose context knowledge and relationships with stakeholders give them greater access and knowledge of local conflict dynamics;</p> <p>Conduct ongoing, inclusive conflict analysis and integrate conflict sensitivity into assessments, interventions, monitoring and evaluation;</p> <p>Coordination with key security focal points, including the INGO Forum, OCHA, UNDSS, and Embassies.</p>
1-to the external environment	Risk 2: Risk of restrictions on civil and political rights, limitations in the ability of civil society to operate in the targeted areas	H	H	<p>Recognition of significant challenges for local responders and CSOs related to security risks, increased scrutiny and harassment by violent actors;</p> <p>Take steps to jointly identify risks and mitigation measures with local partners and responders;</p> <p>Provide adequate flexibility to local partners regarding implementation, documentation and reporting requirements;</p> <p>Specific gender-related security considerations are addressed and taken into account;</p> <p>Partners are screened before engagement with the SENTRUM project.</p>

1-to the external environment	Risk 3: Risk of damages to the infrastructure due to the conflict/armed confrontations or because of extreme weather events (storms/cyclones)	M	M	<p>Because of their small size, renewable electricity technologies promoted by the project (such as solar photovoltaic and micro-hydropower installations) are not highly vulnerable;</p> <p>Field presence, network for collecting and processing information;</p> <p>Trainings, awareness raising campaigns and initiatives should increase knowledge of beneficiaries on how to maintain equipment in case of damages.</p>
1-to the external environment	Risk 4: Unavailability of thematic competencies and skilled staff required for implementation, along with staff turnover	M	H	<p>The implementing partner prioritises teamwork, knowledge transfer between team members and ensures that teams can learn and grow;</p> <p>Thematic backup is available at Headquarters for contributions to projects;</p> <p>Combining technical support with capacity building and soft skills trainings;</p> <p>Careful selection of implementing partners.</p>

Lessons Learnt:

Through various projects, the EU is currently engaged in Myanmar in the support to the resilience and sustainable livelihoods of poor households by helping people reach their full economic potential. Beyond this scope and what has been learnt from existing projects, there is a need to focus more on climate change and its impact on people's resilience including their energy resilience in a climate friendly, gender inclusive and conflict sensitive way.

Following the 2021 political crisis, direct support to government reforms and policies incl. climate change and energy are not possible, until the political crisis is resolved and a democratically legitimized government is in place. Instead, the project will strengthen the non-governmental organisations working in rural areas, CSOs and small private enterprises, not linked with the current regime actors. Lessons learned from existing projects will be considered, for instance the need to strengthen the cooperation and implementation through local CSOs.

This action is well coordinated with other programmes to which the EU contributes, like the LIFT Fund on agriculture activities. The action builds also on other partner's interventions such as the AFD financed Productive Use or Rural Energy (PURE) project, which is developing adapted renewable energy solution for rural areas (such as pumps, dryers, processing equipment etc.). The actions also builds on the WWF project on solar irrigation and solar aeration for aquaculture and the ECODEV project aiming to support a social enterprise promoting the use of home appliance based on renewable energy. The action also makes it possible to use some development partner's work on the last mile distribution of energy-efficient products for rural Myanmar populations.

Beyond the lessons learned on the field in Myanmar in terms of distribution, the program will be able to benefit from the sharing of significant experiences thanks to its integration within the Global Distributor Collective, a network bringing together more than 150 distributors whose goal it is that life-changing products can be made affordable and available to all.

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

If rural MSMEs are benefiting from reliable sources of renewable electricity for their productive uses (pumping, transformation, conservation etc.);

If MSMEs receive business development services (such as coaching, entrepreneurial training, access to finance etc.);

If awareness on energy transition opportunities for MSMEs and rural households is raised;

If rural households benefit from energy-efficient services, building measures and materials to improve their habitat;

If rural households, particularly most marginalised and women headed, benefit from energy-efficient products such as clean cook stoves, solar home systems and communication tools;

If women are trained and their business models strengthened;

If distributors, installers, technicians and housing professionals receive technical briefs and trainings, including on accessibility;

If members of the targeted communities are supported in the share of good practices and lessons learnt with energy sector stakeholders;

If CSOs and private operators are supported to provide better access to energy to rural population;

If CSOs/NGOs/local partners' technical capacities to maintain quality of services are strengthened;

Then the use of renewable electricity and energy-efficient products by the MSMEs and rural households in Myanmar will be improved, contributing to the support of the green rural economic development of the country.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this log frame matrix, a more detailed log frame (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete log frame (e.g. including baselines/targets).
- Progress reports should provide an updated log frame with current values for each indicator.
- The final report should enclose the log frame with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the log frame matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To support green rural economic development in Myanmar	1. Greenhouse Gas (GHG) emissions avoided with EU support 2. Number of green jobs supported/sustained by the EU (disaggregated by age and sex, where appropriate)	1. 0 2. 0	1. 5.600 tCO₂avoided / year¹⁶ 2. 5 000 jobs created	1. Sectorial note, project reporting 2. Project Reporting	<i>Not applicable</i>
Outcome	The access to renewable electricity and the use of energy-efficient products by the MSMEs and rural households in Myanmar is improved	1.Number of MSMEs with access to electricity 2.Number of people with access to electricity with the project's support through (a) new access and (b) improved access (disaggregated by sex, age and sex, where appropriate)	1. 0 2. 0	1. 150 2. (a) 35.000 (b) 10.000	1. and 2. Projects / Assessment reports	MSMEs can continue their work in the target areas and are supported by local authorities and population People can afford and prefer renewable electricity
Output 1	Availability of efficient and sustainable sources of renewable electricity for economic actors and rural households is improved	1. Renewable energy generation capacity installed (MW) with EU support 2. Proportion of population with access to Electricity	1. 0 2. 23%	1. 4,8 MW 2. 26%	1. Reports of the grant scheme projects 2. Project reports / Baseline Assessment	Free access to village, possibility to conduct workshop
Output 2	Access to energy-efficient products for rural households is strengthened, while developing business opportunities for women entrepreneurs, and craftsmen in the housing sector	1. Number of energy-efficient products promoted to rural households (HH)	1. 5. 000	215.000 SES	Project reports	Free access to targeted village

Output 3	Enhanced capacity of individuals and economic actors involved in green jobs, as well as fostering business opportunities in the renewable energy and appliances sectors.	1. Number of individuals benefiting from trainings disaggregated by gender and age, and location	1. Nil	1.5.000	1. Training lists, assessment sheets	Free access to targeted villages
		2. Number of individuals benefiting from awareness disaggregated by gender and age, and location	2. Nil	2. 2.000	Village survey Project report	

¹⁶ We take as a reference the amount of CO2 emitted per kWhe produced by 4,8MW by solar plant (43 gCO2/kWhe) (source: National Renewable Energy Laboratory - Life cycle greenhouse gas emission estimates - <https://www.nrel.gov/docs/fy21osti/80580.pdf>) compared to a scenario Business as Usual, i.e. a generator set (840 gCO2/kWhe). The estimated production of electricity is 7 GWhe, which means that 5,600 t of CO2 are avoided per year by the end of the project.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁷.

4.3.1 Indirect Management with a pillar assessed entity

This action may be implemented in indirect management with an entity¹⁸, which will be selected by the Commission's services using the following criteria:

- Established operational capacity in Myanmar/Burma and experience in the management of funds in related sector;
- Ability to operate in Myanmar/Burma;
- Demonstrated experience in supporting the transition towards sustainable and green growth;
- Demonstrated experience in managing development programs with a focus on natural resources, and renewable energy,
- Demonstrated experience in addressing specific climate change/resilience challenges related to livelihoods;
- Demonstrates willingness to accept EU's leading role in policy/political dialogue with all stakeholders, to promote a Team Europe approach and to provide adequate visibility to the EU as per the EU visibility guidelines.

The implementation by the entity entails contribution to the achievement of the Objectives and Expected Outputs as outlined in section 3.1.

If due to the circumstance outside of the Commission's control this action cannot be implemented in indirect management, it will be implemented in direct management in accordance with the implementation modalities identified in section 4.3.2.

4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case of exceptional circumstances outside of the Commission's control the implementation modality described in section 4.3.1 could be changed from indirect management with a pillar assessed entity to direct management through grants.

¹⁷ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

¹⁸ In agreement with article 154 of the Financial Regulation

(a) Purpose of the grant(s)

The grants under direct management would contribute to achieve all objectives and results mentioned above in section 3.

In this case, there would be the need to select one or more grant beneficiaries who would take over the role foreseen for the organisation to be selected in indirect management (see section 4.3.1.). This/these organisations would then sub-grant to smaller/local CSOs to deliver activities as described in section 3 above.

(b) Type of applicants targeted

The applicants to be targeted would be international NGOs with the experience and capacity to operate in the country and to manage the cooperation and sub-granting to local CSOs, taking into account the other criteria mentioned in section 4.3.1.

4.4 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.3	
Specific Objective: “Access to renewable electricity and the use of energy-efficient products by MSMEs and rural households in Myanmar is improved” composed of:	20 000 000
Indirect management with a pillar assessed entity - cf. section 4.3.1	20 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	shall be covered by another Decision
Totals	20 000 000

4.6 Organisational Set-up and Responsibilities

The action is governed through a Steering Committee (SC), which provides strategic leadership and oversight of the implementation of activities. It is chaired by the EU. The Steering Committee (SC) will monitor progress and endorse annual work plans. The SC will meet on a regular basis (minimum every 6 months), including ad hoc meetings if necessary. The secretariat of the Steering Committee will be ensured by the implementing partner, who will brief the SC on progress and challenges. The SC meeting may also be attended by key implementing partners and stakeholders, as appropriate.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix).

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

Roles and responsibilities for data collection, analysis and monitoring:

- Baselines setting: data collection for setting/confirmation of baselines and targets will be conducted during the first year of the action. The data collection and analysis will be under the responsibility of the implementing partner and their costs may be included in the budgets.
- Stakeholder participation: community consultations will be undertaken as part of the action to ensure context specific response. Communities' capacities to engage in education and in the learning, activities offered in the community centres should also be reinforced, ensuring a continued monitoring.

Monitoring and evaluation will be based on indicators that are disaggregated by sex and age. In order to monitor development and inequalities, data/indicators will be disaggregated even further, including disability, group, location/country/region, ethnic background, displacement/migratory status, etc., when applicable. Key stakeholders will be involved in the monitoring process.

5.2 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants.

The mid-term review/evaluation will be carried out for learning purposes or for readjustment/reprogramming if necessary.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the extraordinary context of the COVID-19 pandemic and the military coup.

Both evaluations will pay special attention to report on the action's impact on gender equality, promotion of human rights, and empowerment of people with disabilities and conflict sensitiveness of the actions.

The evaluation reports may be shared with partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

The financing of the evaluation shall be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.