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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX II**

to the Commission Implementing Decision on the financing of the special measure in favour of the people of Myanmar for 2023

**Action Document for Sustainable Livelihoods and Inclusive Growth**

**SPECIAL 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**

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Sustainable Livelihoods and Inclusive Growth (SLING) OPSYS number: ACT-62172 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Myanmar
<b>4. Programming document</b>	N/A
<b>5. Link with relevant MIP(s) objectives / expected results</b>	N/A
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Green deal, Incl. growth and jobs, climate change, agriculture and nutrition
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG: SDG 1 – No Poverty Other significant SDGs and where appropriate, targets: 2 - Zero Hunger, 5 - Gender Equality, 7 - Affordable and Clean Energy, 8 - Decent Work and Economic Growth, 9 - Industry, Innovation and Infrastructure, 10 - Reduced Inequality, 11 – Sustainable Cities and Communities, 12 - Responsible Consumption and Production, 13 - Climate Change, 16 – Peace, Justice and Strong Institutions
<b>8 a) DAC code(s)</b>	43040 – Rural development (56%) 25040 – Responsible business conduct (44%)
<b>8 b) Main Delivery Channel</b>	Multilateral organisations – 40000 Non-Governmental Organisations and Civil Society - 20000

<b>9. Targets</b>	<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			
<b>10. Markers</b>  <b>(from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/

	education and research			
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 14.020131 Total estimated cost: EUR 23 000 000 Total amount of EU budget contribution EUR 23 000 000 The contribution is for an amount of EUR EUR 23 000 000 from the general budget of the European Union for 2024, subject to the availability of appropriations for the respective financial year following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Direct management</b> through: - Grants <b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.2.			

## 1.2 Summary of the Action

Myanmar is highly exposed to the impact of climate change. Combined with environmental degradation, it poses significant challenges to Myanmar's economic growth and the livelihoods of the poorest and rights holders (population groups) living in vulnerable situations and poverty.

Moreover, the protracted crises have severely disrupted agricultural markets. The combined impacts of the escalating conflict, attacks, climate impact and the deteriorating economic situation have worsened farmers' vulnerabilities across Myanmar. Real incomes of farmers have been squeezed, and food production dropped due to increased prices of agricultural inputs.

This action aims to reduce inequality and support the social and economic resilience of Myanmar's population, focusing on the transition to more sustainable livelihoods, sustainable management of natural resources, resilience to climate change, and inclusive growth. A two-pronged approach is envisaged focusing on: i. Improving livelihoods and food security of populations living in the most vulnerable situations, whilst supporting their resilience to climate change, and; ii. Promoting inclusive growth of micro, small and medium-sized enterprises (MSMEs) in local agricultural value chains, to enhance their economic resilience.

This action will specifically target women and men smallholder farmers and other right holders (population groups) living in vulnerable situations and MSMEs in agricultural value chains in rural and peri-urban Myanmar as they are engines of local economic growth. Women in all their diversity, internally displaced persons (IDPs), landless and stateless persons, and persons with disabilities have been particularly exposed to the shocks following the military takeover. The inequalities have increased as a result; reports show that female-headed households are more likely to be food-insecure than male-headed ones. Following the growing conflict, internal displacements have increased, leaving the IDPs without access to their farmland and income generating activities. Landless and stateless women and men rely heavily on casual labour and is more prone to economic shocks. The conflict has also exacerbated situation of persons with disabilities, worsening their living conditions due to displacements and lack of institutional and financial support.

The action will focus on providing financial and technical support to MSMEs to invest in environmentally sustainable technologies and improve their practices in clean water, energy efficiency, waste treatment, occupational safety and health (OSH) and food standards. Given the low electrification rate and power outages, renewable energy is of utmost importance for rural population and MSMEs; increasing their resilience to shocks through increased autonomy, as well as their economic viability and ability to reduce the carbon footprint. Hence, they can become more competitive,, providing better opportunities for the actors along agricultural value chains.

For economic viability, the sustainability and responsible practices (e.g. quality standards) targeted through Specific Objective 2 (Inclusive Growth) will be complementary to activities under Specific Objective 1 (Sustainable Livelihoods), embedding synergies from the outset (both within and between components). In addition to increasing productivity at farmer level, the action aims to step up the support by consolidating local agricultural value chains to enhance economic resilience. This will drive inclusive growth of vulnerable smallholder farmers, as well as overall long term sustainable development of MSMEs. As local economic resilience is the main objective<sup>1</sup>, the value chains affected by the action are mainly for domestic markets, although if potential for export exists it can be supported.

The Action will be implemented in areas which are affected by conflict and by climate change, but will also seek to link these areas with local economic growth centers.

The engagement with civil society, incl. women´s human rights organisations and those representing persons with disabilities (DPOs), and local actors will be crucial to support the Myanmar people's hopes for sustainable and equitable development, as the European Union does not recognise the military regime. The private sector will be essential in building sustainable livelihoods of the rural and peri-urban populations living in vulnerable situations and socio-economic difficulties and offering improved working conditions and environmentally sustainable production.

As the conflict has spread all over Myanmar and is not only limited to rural frontier areas, a conflict-sensitive approach is essential and due diligence of actors, especially private ones, are required.

The action foresees partnering with international and local organizations with experience in supporting livelihoods and inclusive growth practices in Myanmar in response to the military takeover. The action foresees using the Direct Management approach as well as Indirect Management approach.

This Action proposes to build on the achievements of two initiatives: the Livelihoods and Food Security Fund (LIFT), of which the EU is a longstanding partner and which has demonstrated its strong relevance in the current context; and the Responsible Business Fund, set up by the Denmark Embassy, which has achieved strong results. This Action will be implemented in synergy with ACT-61326 “Securing Energy Needs and Transition of Rural areas in Myanmar (SENTRUM)” (Special Measures 2022).

## 2 RATIONALE

### 2.1 Context

The Council Conclusions of 22nd of February 2021, guiding EU engagement in Myanmar, stressed the need for continued support to the population of Myanmar and to avoid legitimizing the regime.

Two years after the military takeover of the 1st of February 2021, **a peaceful resolution of the conflict is not likely in any close future**. The military has executed a total of 3,465 people since February 2021, and 17,740 political prisoners are currently under detention (as of the 5<sup>th</sup> of May 2023)<sup>2</sup>. 151 people have been sentenced to death, and political prisoners have been executed for the first time in 30 years.

<sup>1</sup> Foreign Direct Investment which would substantially upgrade the value chain is not foreseen in the near-to-medium term future.

<sup>2</sup> <https://aappb.org/?lang=en>

The democratic transition was halted, and the progress achieved from 2010 to 2021 in democratic governance, individual and economic freedoms, freedom of expression and respect for human rights was lost. **The extension of the state of emergency** by the State Administrative Council (SAC) for another six months was announced on the 1st of February, 2023. On the 28th of March, the military-appointed Union Election Commission of Myanmar decided to dissolve forty political parties, including the National League for Democracy, on the grounds of failing to register under the military regime's registration law<sup>3</sup>. The military regime has announced its intention of holding elections sometime in the near future but the expected polls has not yet been announced.

Despite the progress made, one-third of the Myanmar population was considered near poor in 2017, leaving the population susceptible to economic shocks as COVID-19 hit Myanmar in 2020. Between 2019 and 2020, over 80 per cent of households reported a drop in income by 46.5 per cent, on average. As of 2022, 40 per cent of the Myanmar population was living under the national poverty line<sup>4</sup>. Half of all households recourse to reducing food and non-food consumption in response<sup>5</sup>.

Following the compounded shocks of COVID-19 and the military takeover, the Myanmar economy shrank by 18% in 2021<sup>6</sup>. In the year ending September 2023, the **GDP is projected to grow modestly by 3 per cent**, with the recovery constrained by continued conflict, electricity outages and macroeconomic and regulatory uncertainty. The regime's shift in exchange rate policy to the administrative-controlled one has led to **foreign currency shortages and trade restrictions**, limiting the availability of many products and increasing their prices<sup>7</sup>. **Foreign investment** has shrunk significantly and is now stalling. China is currently one of the few countries willing to bring in new investments. As announced in February 2023, Myanmar would stay on Financial Action Task Force's (FATF) blacklist, marginalising economic operators further.

**The new Registration of Associations Law**, enacted on the 28th of October 2022, has established broad SAC control over NGO and INGO activities, introducing criminal penalties for noncompliance. According to the CIVICUS Monitor, as of March 2023, the Myanmar civic space rating has been downgraded from "repressed" to "closed"<sup>8</sup>

A household survey conducted by International Food Policy and Research Institute (IFPRI) in July and August 2022 showed that almost half of the households reported experiencing income losses compared to the previous year. As of October 2022, According to UNHCR, **more than 1.38 million people remained internally displaced by conflict**, more than 1 million of which have been displaced since February 2021<sup>9</sup>.

Against the backdrop of increased hardships for the population, **the role of NGOs and CSOs in delivering essential services has increased**, replacing the state in addressing the basic needs of communities, increasingly affected by conflict<sup>10</sup>.

As of September 2022, **15.2 million people in Myanmar were facing acute food insecurity**, showing a sharp increase from the 13.2 million food insecure people at the same time in 2021<sup>11</sup>. Food prices have continued to soar. According to WFP's price monitoring, the cost of a basic food basket has increased year-to-year by 62 per cent. **In agricultural households**, smallholder farmers and those living off livestock are more likely to be food insecure, as are female-headed households<sup>12</sup>. Input prices during the monsoon season of 2022 increased compared to the same period in 2021 by 60 percent for urea, 33 percent for mechanization, and 17 and 16 percent for hired labor of men and women, respectively<sup>13</sup>.

<sup>3</sup> <https://www.consilium.europa.eu/en/press/press-releases/2023/03/29/myanmar-statement-by-the-high-representative-on-behalf-of-the-european-union-on-the-dissolution-of-democratic-political-parties/>

<sup>4</sup> The World Bank, July 2022

<sup>5</sup> Myanmar Economic Monitor

<sup>6</sup> <https://www.worldbank.org/en/news/press-release/2022/01/26/economic-activity-in-myanmar-to-remain-at-low-levels-with-the-overall-outlook-bleak>

<sup>7</sup> Myanmar Economic Monitor

<sup>8</sup> <https://www.civicus.org/index.php/media-resources/news/united-nations/geneva/6312-myanmar-civic-space-is-under-assault>

<sup>9</sup> WFP Situation Report, September 2022

<sup>10</sup> Special rapporteur report

<sup>11</sup> WFP Situation Report, September 2022

<sup>12</sup> OCHA

<sup>13</sup> <https://myanmar.ifpri.info/2023/05/04/insecurity-is-affecting-agricultural-commercialization-in-myanmar/>

Myanmar is considered one of the most disaster-prone countries in the world, and its location puts it at risk of heatwaves, flooding and cyclones. **In the 2021 Global Climate Index, Myanmar ranked second most affected country by the impacts of extreme weather events**<sup>14</sup>. According to World Wildlife Fund’s projections, by 2050, rising sea levels along the country’s southwest coast will further exacerbate current levels of flooding in coastal areas<sup>15</sup>.

Decades of authoritarian rule and armed conflicts in Myanmar have hindered the ability of local communities to protect natural resources and respond to climate change. The military's increased **exploitation of natural resources** since the military takeover raises concerns about deforestation, fisheries depletion, land degradation, flooding, biodiversity loss, and environmental pollution<sup>16</sup>.

The private sector and its workers have been hit hard by the effects of the COVID-19 pandemic and in the wake of the military takeover. Around one million jobs were projected to be lost at the onset of the COVID-19 pandemic in 2020, equivalent to 4 to 5 per cent of total employment in 2019. The combined effects of the military takeover and pandemic cost Myanmar around 1.6 million jobs in 2021<sup>17</sup>. 2022 saw a slight recovery, however, by July 2022 there were still 1.1 million less people employed than pre-pandemic<sup>18</sup>. Job losses remain higher among women than men. In the first half of 2022, total employment is estimated to have been 5.4 per cent below the level estimated for 2020, while the corresponding figure is 6.5 per cent for female employment. Many workers experienced declines in incomes due to reduced hours or wages. Welfare substantially declined. The military takeover compounded these livelihoods and welfare challenges, leading to further poverty and heightened food insecurity<sup>19</sup>.

In the wake of compounded shocks of COVID-19 and the military takeover, the inequalities have increased, and food and nutrition security has deteriorated, having even more significant adverse effects on already vulnerable groups – women, IDPs, landless and stateless people and people with disabilities. Female headed households are most vulnerable to food-insecurity due to limited access to resources, social unpaid housework and childcare. Moreover, societal norms further restrict women from economic advancement.

## 2.2 Problem Analysis

### **Sustainable Livelihoods**

Most social, economic and environmental challenges are faced in rural areas, where almost 69% of the population lives<sup>20</sup>. Employment in Myanmar heavily relies on agriculture, with nearly 50% of the labour force employed in the sector<sup>21</sup>. Given the importance of agriculture for people’s livelihoods, rural development will be crucial for Myanmar’s socioeconomic recovery.

The current crisis severely disrupted Myanmar's agricultural markets. Rising input prices, including fertiliser and fuel, squeezed farmers' incomes, leading to decreased food production. The cost of fertiliser is currently four times higher than in 2019<sup>22</sup>, and according to IFPRI’s surveys, half of all farming households reduced their expenses for agricultural inputs<sup>23</sup>. Rural households faced greater challenges in accessing financing, exacerbating their financial difficulties.

Myanmar's agriculture is highly vulnerable to climate -related natural hazards such as cyclones, floods, and droughts. Rising temperatures, erratic rainfall, and other more frequent extreme weather events lead to reduced agricultural production, crop failures, livestock losses, and long-term productivity declines<sup>24</sup>. Both women and

<sup>14</sup> Global Climate Risk Index 2021

<sup>15</sup> Humanitarian Needs Overview, OCHA, 2023

<sup>16</sup> Climate Change Action In Conflict-Affected Contexts Insights from Myanmar after the military coup, DIIS POLICY BRIEF MARCH 2023

<sup>17</sup> Employment in Myanmar in 2021: A rapid assessment, ILO

<sup>18</sup> ILO Brief., Employment in Myanmar in the first half of 2022: A rapid assessment, August 2022

<sup>19</sup> Progress, Setbacks, & Uncertainty Effects of COVID-19 & Coup on Poverty in Myanmar, The World Bank, 2022

<sup>20</sup> Data source: World Bank

<sup>21</sup> ILO 2019. [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms\\_624758.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_624758.pdf)

<sup>22</sup> Humanitarian Needs Overview Myanmar, OCHA, Jan 2023

<sup>23</sup> Myanmar Economic Monitor, Jan 2023

<sup>24</sup> Myanmar's Environment And Climate Change Challenges, International IDEA Policy Paper No. 27, November 2022

men smallholder farmers face challenges in timing agricultural activities due to changing climate patterns. Additionally, low rainfall makes it difficult for those dependent on rainwater.

The lack of access to electricity, irregular climate patterns, poor market information flow, limited financial resources and liquidity constraints constitute other challenges faced by smallholder farmers. Myanmar's conflict pattern has significantly changed following the military takeover. On top of long lasting conflict in ethnic areas, the fighting escalated also in areas as Sagaing and Magwe, which are important land-producing areas, disrupting farming activities. The most heavily conflict affected states and region (Chin, Kachin, Kayah, Kayin, Magway and Sagaing) were already the least developed, prior to the military takeover. Farmer IDPs are unable to return home to their land because of safety concerns, and some properties and assets, including seeds necessary for next cropping season, have been destroyed. These disruptions will certainly have impact on the agricultural production in longer term<sup>25</sup>.

Women in agriculture face challenges in accessing land, credit, technology, and training. Adult men outnumber adult women as landowners by nearly three times. Women receive loans less frequently, primarily for basic needs, while men's loans focus more on investment, particularly in farming activities<sup>26</sup>.

### **Inclusive Growth**

State and military-controlled conglomerates have hindered the growth of smaller enterprises in Myanmar's private sector, limiting employment opportunities and innovation. Private sector initiatives are necessary to support micro, small, and medium-sized businesses for inclusive and sustainable economic development.

Since Myanmar embarked on intensive economic growth relatively late, MSMEs have the unique opportunity to benefit from the latest technologies that make 'low carbon'/'green'/'responsible' growth commercially viable. However, due to decades of isolation from the global markets, Myanmar MSMEs still lag behind in knowledge about new technologies and responsible practices. Supporting MSMEs to implement improved and resources efficient technologies and practices will be essential for sustainable, environmentally sound, and thus more resilient businesses, integrated more and sustainable market-led value chains.

The COVID-19 crisis and the military takeover have severely impacted MSMEs due to their vulnerability and limited resources. Around half of all companies faced disruptions in input and raw material supply, mainly due to increased costs and logistics constraints. The devaluation of the Myanmar Kyat has further worsened the situation, making imported goods and raw materials more expensive and reducing economic activity<sup>27</sup>. Businesses in conflict areas are facing even greater challenges, struggling to survive amidst escalating violence.

Due to increased power outages, businesses have seen a sharp spike in operational costs. Since early 2022, electricity blackouts have expanded across the country, including in the business hub cities of Yangon and Mandalay. Power generation declined from 3,711 MW in October 2021 to 2,665 MW in March 2022<sup>28</sup>, with no possibility under the current political circumstances to start increasing again. For businesses, investment in renewable energy sources will soon become a necessity.

MSMEs in the agri-food value chains face challenges such as rising input prices, reduced credit, transportation issues, and disruptions in operations. Access to electricity and fuel, particularly for mills, is a significant concern<sup>29</sup>. Because the country has been closed for such a long period, agricultural MSMEs have lacked access to knowledge, technology and markets, often have informal labor practices and struggle to meet international standards and food safety requirements. Therefore meeting buyer requirements is a major challenge for accessing export and high-end domestic markets.

Women entrepreneurs in Myanmar face additional constraints in accessing capital to develop their businesses. Women-owned enterprises are more likely to be informal, lack business registration, and receive lower loan

<sup>25</sup> Aung Tun, Agriculture in a State of Woe Following Myanmar's 2021 Military Coup, ISEAS, Singapore, March 2022

<sup>26</sup> Women and Youth in Myanmar Agriculture, IFPRI Discussion Paper 02071, December 2021

<sup>27</sup> <https://dkiapecs.edu/myanmar-economy-in-tailspin-2-years-after-the-military-coup/>

<sup>28</sup> <https://www.trade.gov/country-commercial-guides/burma-energ>

<sup>29</sup> United Nations Myanmar, UN Socio-Economic Resilience Response Plan, September 2021

amounts compared with those owned by men, due to their lower income and reduced access to collateral-based lending<sup>30</sup>

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

**a) Main beneficiaries**

Almost 69% of Myanmar's population lives in rural areas, and Myanmar's employment heavily relies on agriculture – nearly half of the labour force is employed in the agricultural sector. Myanmar's private sector is dominated by micro and small firms (most established after 2011) operating in the informal economy and concentrated in urban areas (Yangon and Mandalay). Most of the country's microenterprises and small enterprises are in traditional sectors such as agriculture. MSMEs in Myanmar are critical for driving economic growth, job creation and poverty alleviation. They are a source of livelihood for over 80% of the total population. The action will target rural and peri-urban populations in socioeconomic difficulties as rights holders (primary beneficiaries), with the aim to decrease rising inequalities by addressing food insecurity, climate change and challenges faced by MSMEs in agricultural value chains. Special attention will be given to women, in all their diversity particularly affected by the protracted crises.

**b) Vulnerable groups within these populations**

IDPs and persons with disabilities in rural areas have been disproportionately affected by the military takeover. The increased conflict has led to further displacements, limiting populations' access to farmland, assets and crops. Challenges faced by people with disabilities have been exacerbated after the military takeover, with decreased support from the state and increased conflict. This action will give these groups special attention.

**c) Local NGOs and CSOs**

Nearly 300 local NGOs and CSOs maintain connections with local communities and their organisations through assistance projects, including in the agriculture and rural sector and supported by the EU. They are particularly strong in ethnic areas, where many local organisations have links to ethnic armed groups and on this basis are the only actors able to access large areas where women and men in highly vulnerable situations live. The role of NGOs and CSOs delivering essential services has increased after the military takeover, as they address the basic needs of the communities increasingly affected by military's violence and human rights violations.

**d) INGOs**

The overwhelming majority of INGOs operating in Myanmar work in close partnership with national and local civil society actors, and many of them actively support the agriculture and rural sector through direct grants or indirect management with the EU. INGOs have been crucial to implementation of livelihoods programs in the rural areas and working on building more sustainable and economically viable agricultural value chains. To continue working in the Myanmar context, INGOs have been channelling funds and building capacity of local organizations, especially working in the conflict-affected areas.

**e) International organisations**

There is ample presence of UN agencies working for the agriculture and rural sector in Myanmar, especially given the increased conflict and growing food security crisis following the compounded crisis of COVID-19 and the military takeover. UNOPS manages the Livelihoods and Food Security Fund (LIFT), a multi-donor fund established in 2009 to improve the lives and prospects of smallholder farmers and landless people in rural Myanmar. Partners are mobilising to support livelihood, food and nutrition security, social protection interventions such as in-kind transfers, vouchers and cash transfers, nutrition counselling, breastfeeding support and treatment of severe acute malnutrition in the absence of available public services.

UNDP funds the Myanmar Sustainable Business Network (MSBN), a multistakeholder platform bringing together businesses and professionals committed to building a more sustainable economy in Myanmar through responsible business practices.

<sup>30</sup> Insights On Lending Opportunities To Women-Led Businesses Myanmar, UNWOMEN, UNCDF, 2022

The Responsible Business Fund (RBF), a part of Danish Development Assistance to Myanmar, was established to leverage local private sector abilities to deliver economic and environmental development results in a sustainable manner. RBF is a DKK 125 Million ‘Challenge Fund’ to “increase the competitiveness and responsible behaviour of Myanmar enterprises” by providing partial grants to MSMEs to implement projects with the potential to demonstrate ‘Responsible Technologies/Business Practices’.

**Political actors will not be engaged in the implementation, which will depend on the evolution of the conflict. The Action will adopt a conflict-sensitive approach.**

**Any engagement with Myanmar private sector will require a thorough due diligence and conflict sensitive approach, with a strong focus on Do-No-Harm and compliance with EU sanctions regime.**

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective of this action is to reduce inequality by strengthening the socio-economic resilience of populations in rural and peri-urban Myanmar.

The Specific(s) Objective(s) of this action are to:

1. Improve livelihoods and food security of populations living in the most vulnerable situations, whilst supporting their resilience to climate change;
2. Promote inclusive growth of MSMEs in local agricultural value chains, to enhance their economic resilience.

For economic viability, the sustainability and responsible practices (e.g. quality standards) targeted through Specific Objective 2 will be complementary to activities under Specific Objective 1 so that synergies are embedded from the outset, and there is systematic engagement with both input and output markets rather than a narrower focus on increasing productivity at the farmer level.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives are:

- 1.1 contributing to Outcome 1 (or Specific Objective 1) Rural communities living in vulnerable situations become more resilient against climatic, economic and social shocks.
- 2.1 contributing to Outcome 2 (or Specific Objective 2) MSMEs in agricultural value chains improve their resilience by adopting environmentally sustainable solutions and responsible business practices.

Geographic priority focus for Specific Objective 1 will be both on conflict affected areas, and areas that are particularly vulnerable to the impacts of the climate crisis. Tentatively, these are the Delta (Ayeyarwady plus), Rakhine, Chin, the dry zone (Magway and Sagaing), the Southeast (Karen, Kayah), Shan and Kachin. Yangon may also be included if relevant to the intervention logic. For Specific Objective 2, the Action will be open to support MSMEs nationwide, with a substantial portion of the support earmarked for initiatives in commercially weaker states which are affected by the conflict. For this specific allocation, Chin, Kachin, Kayah, Kayin and Rakhine are tentatively identified as commercially weaker states.

#### 3.2 Indicative Activities

Activities relating to Output 1:

- Improve household and community food production of women and men smallholder farmers in conflict-affected areas from a food security and climate change adaptation perspective through technical trainings,

including on agroecology and through the provision of agricultural inputs, reducing dependency from external inputs;

- Support the integration of women and men smallholder farmers in vulnerable situations into more sustainable, climate-resilient and commercially viable agricultural value chains through improving food production and fostering links with value chain actors;
- Support improved access to market by providing information on relevant market actors;
- Strengthen the capacities of farmers and fishermen groups and organisations through capacity building, including in the area of occupational safety and health;;
- Support generation of income activities through capacity building and skills development trainings, technical and vocational training for women in all their diversity, IDPs, landless and stateless persons, and persons with disabilities;
- Strengthening the knowledge and understanding of women's rights and gender equality as a motor for economic development, and raising awareness on gender-based violence (GBV) as a barrier for women's economic empowerment;
- Support access to finance for agricultural production for vulnerable smallholder farmers, especially women led households through village savings and loans associations, household savings, agricultural loans and work with MFIs;
- Empowering women in all their diversity to lead the creation of sustainable small business, through capacity building and grants, in collaboration with non-state organisations and the private sector for selected initiatives;
- Promote and support production, distribution and access to high-quality seeds and other inputs through increased private sector participation;
- Strengthen the management of natural resources to support climate resilience through supporting farming and fishing groups and capacity building;
- Support through inputs and techniques to climate-smart agriculture to build climate resilience and increase the diversification of farming systems.
- Perform gender analyses throughout the project cycle.

Activities related to Output 2:

- Provide co-financing for investments proposed by MSMEs in agricultural value chains in rural and peri-urban Myanmar in renewable energy solutions, water use efficiency, waste treatment and recycling, occupational safety and health (OSH), and food safety technology;
- Improve working conditions of women and men agricultural workers by providing trainings and raising awareness in labour rights and human rights to MSME;
- Provide technical assistance to MSMEs (incl. women-led MSME) in agricultural value chains towards introducing employees and employers to the main occupational safety and health (OSH) principles, processes and tools;
- Provide technical support to agricultural MSMEs (incl. women-led MSME) towards implementing food safety requirements demanded by buyers and access new markets;
- Support agricultural MSMEs (incl. women-led MSME) by providing customised training and coaching to implement and adhere to responsible business practices;
- Support and promote decent and attractive employment opportunities in agricultural value chains with a focus on women through building skills and capacity of female business-owners and workers.
- Demonstrate the business case for environmentally-sustainable business practices in terms of climate impact, biodiversity conservation, soil quality preservation, etc.
- Demonstrate and promote environmentally-sustainable MSME business opportunities such as agroecology, etc.
- Perform gender analyses throughout the project cycle.

### 3.3 Mainstreaming

**Outcomes of the SEA screening** (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded no further action was required.

**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 B (not requiring an EIA, but for which environment aspects will be addressed during design).

Where considered relevant as part of any subsequent intervention under the Action, however, respective Implementing Partners may conduct EIAs as part of the design phase, in order to ensure the targeting of any environmental concerns throughout the design and implementation.

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

Where considered relevant or needed, respective Implementing partners may conduct CRAs as part of the design phase of any specific intervention under the Action, in order to outline and target any particular climate risks in its design and implementation.

**Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender is a significant objective as the action aims to target women in all their diversity as main rights holders (beneficiary group) but also as the main actor for resilience. This action responds to identified needs of women in the 2 areas of intervention: i) livelihoods, food insecurity and resilience in rural areas and ii) promotion of best practices in the labour market and improved work conditions. Given the chosen sectors of intervention, women in all their diversity are at the centre of the action.

Women in agriculture suffer long-term setbacks in workforce participation and income generation, and efforts must be made to mitigate these effects. The action will address the needs of women in rural and peri-urban areas by supporting the generation of income activities through capacity building and skills development training, technical and vocational training and supporting under the Specific Objective 1 (Sustainable Livelihoods) and promoting decent and attractive employment opportunities in agricultural value chains under the Specific Objective 2 (Inclusive Growth).

Power and decision-making in the household are important aspects of gender equality. Gender inequalities in the household reinforce and are reinforced by gender inequalities in society. The survey conducted by UNWOMEN in 2022 shows a clear increase (from 19 percent to 33.8 percent) of women reporting to be the main decision maker for the purchase of major items, however in the rural household less than 30 percent of women report being the main decision maker (versus over 50 percent in urban households). This action is designed to have a transformational approach by challenging these unequal gender relations by providing women with technical training and access to financial services, encouraging them to take a greater role in agricultural decision-making.

Overall, this action strongly contributes to the implementation of the Gender Action Plan (GAP) III<sup>31</sup> in the country, and in particular to the thematic area of engagement 3 “Promoting economic and social rights and empowering girls and women” and thematic area 6 “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”, while also mainstreaming the thematic area 4 “Promoting equal participation and leadership”.

Specific gender assessments shall be conducted out as part of the design phase of each of the interventions funded under the action, in order to ensure integration of gender mainstreaming throughout the design and implementation as required for DAC gender marker G1.

<sup>31</sup> [https://capacity4dev.europa.eu/library/clip-myanmar\\_en?refpage=search](https://capacity4dev.europa.eu/library/clip-myanmar_en?refpage=search)

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**Human Rights**

Myanmar has faced a profound regression in human rights. Protection of human rights will be promoted by this action as a part of responsible business conduct, especially concerning equality of opportunity and treatment, adopting a human rights-based approach and applying its working principles of participation, non-discrimination, accountability and transparency. Due diligence in terms also of social and environmental standards will be promoted.

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**Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the disability is a significant objective.

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Women, men, and children with disabilities face discrimination and stigmatization in Myanmar. For Myanmar women and girls with disabilities, gender inequality compounds these challenges. They are disproportionately affected by the new and protracted crises, and their needs, including food security and nutrition, were amplified by the conflict. Given the socioeconomic collapse, people with disabilities struggle to find livelihood opportunities. As FAO-WFP Food Security and Livelihoods Assessment show, they have fewer jobs and are more likely to suffer abuses, even more so in hard-to-reach areas. The action is set to address these exacerbated hardships through supporting generation of inclusive income activities, as well as through capacity building and skills development trainings, technical and vocational training. The Action will ensure that the rights of women and men with disabilities are going to be respected, and the envisaged interventions are disability responsive and inclusive. The Action is going to invite the organisations representing persons with disabilities (DPOs) when possible and it will make sure that (at least physical) accessibility of planned events is guaranteed.

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**Reduction of inequalities**

As the Myanmar Living Conditions Survey from 2020 showed, more than half of the employed labour force work in agriculture and 64 per cent of households earn income from agricultural activities. Compared to non-agricultural activities, agricultural ones (particularly wage labour) are associated with lower returns. On average, earnings from agricultural activities account for just 22 per cent of total household income. The poor are significantly more likely than the non-poor to be engaged in agriculture. Geographical variations in income can also be attributed to differences in engagement in non-farm business and non-agricultural labour.

As the Myanmar Living Conditions Survey shows, women are 30 per cent less likely than men to be in the labour force, but their engagement in housework and childcare present significant barriers to their workforce participation. There is an untapped potential in the inclusion of a subsidized childcare component in the agricultural livelihoods and women's empowerment programmes not only in Southeast Asia. Evidence shows<sup>32</sup> that subsidized childcare accompanied by relevant capacity-building measures could be a powerful mechanism to promote economic empowerment and improve women's labour outcomes, incl. reducing structural gender inequalities.

The action will contribute to tackling these inequalities by improving rural livelihoods and women's empowerment by improving household and community food production in conflict-affected areas, supporting the integration of vulnerable smallholder farmers into more sustainable value chains, supporting generation of income activities through capacity building and skills development trainings, technical and vocational training and by support and promote decent and attractive employment opportunities in agricultural value chains with a focus on women through building skills and capacity of female workers and strengthening women farmers.

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**Democracy**

The action will contribute to strengthening the resilience and local capacities of farmers and fishermen in view of locally-led and community-based natural resources management and promoting businesses adhering to social standards, creating a more conducive environment for dialogue with workers.

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**Conflict sensitivity, peace and resilience**

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<sup>32</sup> Warner & Zhilin (2006), Del Boca (2015) or Clark et al. (2017)

A conflict analysis screening has been finalised at the end of 2021. It reviews and updates the assessments carried out in 2019, prior to the military coup, and as such builds on a continuous process of conflict sensitivity considerations, which in the current context has become even more important than before. Conflict sensitivity is particularly crucial in Myanmar's current operating environment and its recommendations.

A conflict-sensitive and rights-based approach will be adopted to mitigate the risk of exacerbating conflict dynamics. Ethnicity and relations between host communities and IDPs will also be taken into consideration. Contextualized conflict analysis will be carried out before the implementation of the supported projects, also to ensure that local economies and value chains do not indirectly feed into conflict economies, benefitting certain armed actors. Women and minority ethnic groups, IDPs and host communities benefitting from these programmes should be monitored in terms of unforeseen risks and threats linked to their activities (especially when related to natural resources management).

#### **Disaster Risk Reduction**

Awareness of climate change and climate change adaptation measures will be built into the intervention under this action contributing to a greater resilience to shocks caused by natural hazards and climate change.

#### **Other considerations if relevant**

NA

### 3.4 Risks and Lessons Learnt

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium / Low)</b>	<b>Mitigating measures</b>
1 – External environment	Risk 1 SAC uses the force of the law and violence to dismantle civil society, which directly or indirectly force the withdrawal of the international community from Myanmar.	<b>M</b>	<b>H</b>	<p>The EU will keep a low profile and communicate in a selective, targeted and conflict-sensitive way.</p> <p>Projects targeting agriculture and rural development are not likely to draw particular negative attention of the military regime.</p> <p>The projects will not benefit military's economic interests nor will it fuel conflict-related economies.</p> <p>Implementation in partnership with other donors will allow to strengthen the EU's position and maximise information sharing.</p> <p>Partnerships will be closely monitored during the projects' cycle.</p> <p>The delivery of support might require continued crisis declaration and flexible procedures.</p>

1 – External environment	Risk 2 The effective implementation of programmes is hindered by CSOs and/or other actors not being able to operate due to security concerns and/or practical causes.	<b>H</b>	<b>H</b>	<p>Before implementation of the supported projects, a conflict sensitivity analysis, protection risks analysis and PEA will be required.</p> <p>Do No Harm principles will be used to minimise the negative impact on organisations and their personnel.</p> <p>EU engagement with the CSOs will be carried out according to the CSO Strategy using conflict sensitivity principles.</p> <p>Recognising changing conflict dynamics, the projects will work with its long terms partners to assess the dangers to communities and partners due to mine and unexploded ordnances (UXO). In areas where the danger of mines or UXO exists, the partners will ensure that activities are safe and that the population is aware of the dangers and properly trained to avoid accidents</p>
4 – Legality and regulatory aspects	Risk 3 Businesses have ties with the military regime or with military companies	<b>L</b>	<b>H</b>	<p>The MSMEs participating in the action will undergo due diligence in the contracting stage to make sure that they are not associated with the military. PEA analysis will also be conducted prior to establishing partnerships.</p> <p>Due diligence will also apply to the targeted value chain, including logistics, banking and management of natural resources).Private sector actors will be obliged to commit to UN Guiding Principles on Business and Human Rights.</p> <p>Consultations will be held with all key stakeholders.</p>
4 – Legality and regulatory aspects and 1- External environment	Risk 4 The new Registration of Associations Law is enforced in the most restrictive way, limiting the number of possible local partners	<b>H</b>	<b>M</b>	<p>The EU will closely monitor the situation regarding the application of the new Associations Law, including through the technical assistance under the EU-CSO Partnership.</p> <p>Close communication will be established with local partners to understand their stance and strategies regarding registration under the current context.</p> <p>Should the implementation of the action be restricted by the application of the new law, alternate modalities will be sought.</p>
1- External environment	Risk 5 Natural disasters/climate-related disasters occur in areas of interventions	<b>M</b>	<b>M</b>	<p>The intervention logic is based on resilience to this type of risk, so project activities which will be designed in this sense. Monitoring of climate vulnerability in areas of intervention and close coordination with stakeholders will be maintained. In addition, a flexible approach will be adopted to allow a nexus approach where and when needed.</p>
<b>Lessons Learnt:</b>				

Two years after the coup d'état which halted our cooperation with the Myanmar Government and brought the EU to reorient its programming, the EU can now focus on what has effectively been built over our years of cooperation with Myanmar, and consolidate this foundation. As such, traditional EU support to agriculture and livelihoods gives a starting point to branch off into connected areas which consolidate the impact in this area. Thus, to enhance impact on local economic development, support to rural livelihoods is complemented in this action by an added focus on MSMEs, and synergies will be built with ACT-61326 "Securing Energy Needs and Transition of Rural areas in Myanmar (SENTRUM)" (Special Measures 2022), which will increase access to renewable electricity and the use of energy-efficient products.

Another lesson learnt is that the partnerships built over the period pre-coup represent a solid foundation to consolidate and expand. The multi-donor approach continues to be highly valuable to express in tangible ways common priorities among like-minded development partners, and project partners need to be selected for their efficiency and effectiveness in building trust with local organisations in a highly sensitive environment, and build their capacity. This has proven critical to achieve the high absorption capacity that EU programmes display.

The 2019 evaluation<sup>33</sup> of the LIFT programme, implemented for ten years, showed positive impact on rural livelihoods, reducing poverty and increasing consumption. It prioritized women and conflict sensitivity. To address climate vulnerability, the evaluation recommended integrating climate-smart agriculture approaches.

The LIFT Strategy for 2024-2028 was designed to take onboard lessons learnt. It aims to address Myanmar's food security crisis resulting from the COVID-19 pandemic, military takeover, conflict, and rising commodity prices. It includes climate change adaptation measures and focuses on strengthening the resilience and livelihoods of communities living in vulnerable situations. The strategy is centred around four pillars: increasing food production, improving income opportunities and women's role, enhancing household nutrition, and building community resilience to climate change. LIFT will be guided by its Gender Equality Strategy (GES 2022-2023) to promote gender equality and women's empowerment. Monitoring and assessment of impact on women's empowerment will be done through a MEAL plan.

Several initiatives have been piloted to support MSMEs investment in sustainable and responsible practices, and the Responsible Business Fund stands out as having come up with a successful formula to generate demand on part of MSMEs and achieve sustainable development results, not only for the participating MSME but through the demonstration effect of the support provided. The 2020 Midterm Review of the Danish Myanmar Country Program highlighted the continued relevance and success of the Responsible Business Fund. It had an impressive portfolio of 500 grants to SMEs in areas such as energy, water efficiency, waste management, working conditions, OSH, and food safety. The review praised the Fund's flexible implementation approach, gender performance, and country-wide distribution of benefits. By December 2022 MSMEs have already made investments in technologies that promote resource efficiency, export readiness, improved working conditions, and responsible business practices that demonstrate the 'business case' for investing in Resource Efficiency.

Another lesson learnt from the RBF has been that MSMEs are willing and capable of substantially co-funding these investments and demonstrating achievements to other players in their line of business. These key principles were built into the RBF methodology, and have been fundamental to the success of the RBF and sustainability of results.

### 3.5 The Intervention Logic

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<sup>33</sup> LIFT's 2015-2019 Evaluation

The underlying intervention logic for this action is that if the socio-economic resilience of the most vulnerable populations and Micro, Small and Medium Enterprises (MSMEs) in rural and peri-urban Myanmar is strengthened, then inequality is reduced.

This overall objective is underpinned by the following statements:

- If rural communities living in the most vulnerable situations have good farming techniques and inputs that make their crops more resilient to climate shocks and provide more income in times of crisis, and improved access to market and finance, and more income generating activities, then their livelihoods will be improved, and food security will be ensured.
- If inclusive growth is promoted among MSMEs (incl. women-led MSMEs) in the agricultural value chains through the adoption of environmentally sustainable solutions, quality standards, and responsible business practices then their resilience will improve, and rural communities living in the most vulnerable situations will improve their livelihoods through access to decent jobs and integration into markets.

Outcome 2 (Inclusive Growth) will be complementary to activities under Outcome 1 (Sustainable Livelihoods), embedding synergies from the outset (both within and between components). Rather than a narrower focus on increasing productivity at the farmer level, the action will emphasize consolidating local agricultural value chains to enhance economic resilience. The business case for these environmentally sustainable investments will be demonstrated to other MSMEs as integral part of the methodology, to increase the impact.

Assumptions for this action are:

- Channelling EU support through the de-facto military government is not possible, directly or indirectly;
- Conflict will not lead to further disruption of farming activities and value chains, and MSMEs continue to operate;
- Greater energy efficiency and sustainable practices of MSMEs in agricultural value chains improve their competitiveness and create new opportunities for smallholder farmers;
- CSOs can continue to operate in Myanmar to provide services related to sustainable livelihoods and inclusive growth.

### 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 logframe matrix, a more detailed logframe (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 logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe 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 logframe 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
<b>Impact</b>	To reduce inequality by strengthening the socio-economic resilience in rural and peri-urban Myanmar.	<p>1. Proportion of the population living below the national poverty line by sex, displacement and disability status, and geographic location (urban/rural)** (SDG 1.2.1)</p> <p>2. World Bank Gini index ** (GERF 1.32)</p> <p>3. Poverty rates in Myanmar</p>	<p>1. up to 40% in 2022</p> <p>2. 30.7 in 2017</p> <p>3. About 40 % living below the national poverty line in 2022</p>	To be defined at contracting stage	<p>1. UNDP</p> <p>2. WB</p> <p>3. WB</p>	<i>Not applicable</i>
<b>Outcome 1 (Sustainable Livelihoods)</b>	1 Improved livelihoods and food security of populations living in the most vulnerable situations whilst supporting resilience to climate change.	<p>1.1 Number of food insecure persons receiving assistance through interventions supported by the EU (disaggregated by sex, displacement status, landless/stateless, disability/no disability [disaggregated by sex])** (GERF 2.32)</p> <p>1.2 Number of smallholders reached with EU supported interventions aimed to increase sustainable and climate-resilient production, access to markets and/or security of land (disaggregated by sex, displacement status, landless/stateless, disability/no disability [disaggregated by sex ** (GERF 2.1)</p> <p>1.3 Share of households supported by the EU-intervention reporting increased food production</p> <p>1.4 % of households (inc. female-headed) with an acceptable Food Consumption Score (INTPA)</p>	To be defined at contracting stage	To be defined at contracting stage	<p>1.1, 1.2 Annual progress reports, project and programme monitoring systems</p> <p>1.3, 1.4 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>1.5 Project-commissioned studies (at the beginning and end of the Action)</p> <p>1.6 Project and programme</p>	EU is committed to maintaining key role in the areas of agriculture, rural and peri-urban development and responsible business conduct in Myanmar

		<p>1.5 Average income of small-scale food producers, disaggregated by sex, displacement status, disability (disaggregated by sex ) and landless/stateless**</p> <p>1.6 Proportion of women who participate in decisions about use of productive resources (choice of crops, inputs, timing of cropping, sale/transfer of land) (Percentage (%)) (INTPA)</p>			monitoring systems	
<b>Outcome 2 (Inclusive Growth)</b>	2 Promote inclusive growth of MSMEs in the agricultural value chains to enhance economic resilience.	<p>2.1 Number of Micro, Small and Medium Enterprises (MSMEs) applying Sustainable Consumption and Production practices with EU support (disaggregated by sex of MSME owner)** (GERF 2.6)</p> <p>2.2 Number of companies implementing projects to introduce and improve sustainable water and energy practices, occupational safety and health, and quality standards with support of the EU-funded intervention</p> <p>2.3 Number of business plans for Sustainable Consumption and Production (SCP) investments elaborated with support of the EU-funded intervention (OPSYS core indicator)</p> <p>2.4 Increased access for women in all their diversity to financial services and products, and productive resources (GAP III)</p>	To be defined at contracting stage	To be defined at contracting stage	<p>2.1 Annual and final reports from implementing organisations, baseline surveys, ROM reviews, and evaluations</p> <p>2.2 Project M&amp;E system</p> <p>2.3 Progress reports for the EU-funded intervention</p> <p>2.4 Progress reports for the EU-funded intervention</p>	Businesses can continue to operate in Myanmar

<b>Output 1 relating to Outcome 1</b>	1.1 Rural communities living in vulnerable situations become more resilient against climatic, economic and social shocks.	<p>1.1.1 Number of persons receiving inputs and assets (e.g. livestock, seeds, tools, etc.) with EU funding, disaggregated by sex, displacement and disability status; and beneficiary, value and type of input (INTPA)</p> <p>1.1.2 Proportion of households (incl. female-headed) trained on and adopting climate-resilient agriculture practices</p> <p>1.1.3 Share of villages supported by the EU-funded intervention where climate change adaptations are effectively applied using risk reduction and management strategies</p> <p>1.1.5 % of women, IDPs, persons with disabilities (disaggregated by sex ) and landless and stateless persons with increased access to new income-generating activities resulting from intervention</p>	To be defined at contracting stage	To be defined at contracting stage	<p>1.1.1 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>1.1.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>1.1.3 Periodic Progress reports</p> <p>1.1.4, 1.1.5 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	CSOs can continue to operate in Myanmar to provide services related to sustainable resilience
<b>Output 1 relating to Outcome 2</b>	2.1 MSMEs in agricultural value chains improve their resilience by adopting environmentally sustainable solutions and responsible business practices.	2.1.1 Number of companies investing in renewable energy solutions, water use efficiency, waste treatment and recycling, and food safety, with support of the EU-funded intervention. including women led companies,	To be defined at contracting stage	To be defined at contracting stage	2.1.1 Baseline and endline surveys conducted and budgeted by	Agricultural MSMEs have interest in adhering to environmental and safety standards

		<p>disaggregated by sex and displacement/disability status.</p> <p>2.1.2 Number of companies' representatives supported by EU-intervention with increased knowledge in occupation safety and health and food safety. including women led companies, disaggregated by sex.</p> <p>2.1.3 Number of persons with access to business incubator services (e.g. entrepreneurial mentoring, advisory services and technical assistance for diversified businesses) developed/strengthened with support of the Action (INTPA)</p> <p>2.1.4 Amount of green investments in targeted sectors (OPSYS core indicator)</p> <p>2.1.5 Number of women with increased training, financial resources, technology or other resources for sustainable and safe food production, sustainable energy, sustainable transport, and clean water sources, for family consumption or for productive uses (GAP III)</p>			<p>the EU-funded intervention</p> <p>2.1.2 Pre- and post training tests</p> <p>2.1.3 Project and programme monitoring systems</p> <p>2.1.4, 2.1.5 Baseline and endline studies conducted and budgeted by the EU-funded intervention</p>	
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## 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 60 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 of the Budget Support Component n/a

### 4.4 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 measures<sup>34</sup>.

#### 4.4.1 Direct Management (Grants)

##### **(a) Purpose of the grant(s)**

The grant will contribute to achieving Specific Objective 2: "Promote inclusive growth of MSMEs in agricultural value chains to enhance their economic resilience", as described in section 3.

##### **(b) Type of applicants targeted**

In order to be eligible for a grant, the applicant(s) must:

- be a specific type of organisation such as: non-governmental organisation, international (inter-governmental) organisation, or other types of organisations active in areas of relevance to this Action.
- be established in a Member State of the European Union or one of the eligible countries under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe) as stipulated in Article 28 of Regulation (EU) No 2021/947, and
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

##### **(c) Justification of a direct grant**

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the type of applicant(s) listed in point b) above, selected using the following criteria:

- ability to work with the relevant MSMEs,
- experience in managing projects in the responsible business sector, related to agricultural value chains

<sup>34</sup> [www.sanctionsmap.eu](http://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.

- experience in operating in Myanmar
- experience in adhering responsible business practices in view of social, environmental and human rights standards, including on WEE and gender equality

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals can be justified because Myanmar is in a crisis situation referred to in Article 2(21) of the Financial Regulation<sup>35</sup> at the date of the Financing Decision, and/or because of the nature of the action with regard to Article 27(3) NDICI-Global Europe Regulation.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission’s services using the criteria defined in section 4.4.1.c above.

#### 4.4.2 Indirect Management with an entrusted entity

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission’s services using the following criteria:

- Demonstrated long term experience in providing support in rural areas and in collaborating with civil society partners in Myanmar;
- Demonstrated experience in the agriculture, rural livelihoods, food security and nutrition, and resilience sectors;
- Established presence in Myanmar and experience in the management of funds in related sector.

The implementation by this entity entails achievement of Specific Objective 1: “Improve livelihoods and food security of population living in the most vulnerable, whilst supporting resilience to climate change”, as described in section 3.

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

If the preferred modality for Specific Objective 1: “Improve livelihoods and food security of populations living in the most vulnerable situations, whilst supporting their resilience to climate change” (indirect management with an entrusted entity, as specified in 4.4.2) cannot be implemented due to circumstances outside of the Commission’s control, the modality can be replaced with direct management with (a) grant(s):

##### **(a) Purpose of the grant(s)**

Grants will achieve Specific Objective 1: “Improve livelihoods and food security of populations living in the most vulnerable situations, whilst supporting their resilience to climate change”.

##### **(b) Type of applicants targeted**

In order to be eligible for a grant, the applicant(s) must:

- be a specific type of organisation such as: non-governmental organisation, international (inter-governmental) organisation, or other types of organisations active in areas of relevance to this Action, and
- be established in a Member State of the European Union or one of the eligible countries under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe) as stipulated in Article 28 of Regulation (EU) No 2021/947, and

<sup>35</sup> In line with [art.195\(a\) FR](#)

- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

Furthermore, the applicant(s) will be selected using the following criteria:

- demonstrated long term experience in providing support in rural areas and in collaborating with civil society partners in Myanmar;
- demonstrated experience in the agriculture, rural livelihoods, food security and nutrition, and resilience sectors;
- established presence in Myanmar and experience in the management of funds in related sector.

**(c) Justification of a direct grant**

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals can be justified because Myanmar is in a crisis situation referred to in Article 2(21) of the Financial Regulation<sup>36</sup> at the date of the Financing Decision, and/or because of the nature of the action with regard to Article 27(3) NDICI-Global Europe Regulation.

If the preferred modality for Specific Objective 2: “Promote inclusive growth of MSMEs in agricultural value chains to enhance economic resilience” (direct management with a grant(s), as specified in 4.4.1) cannot be implemented due to circumstances outside of the Commission’s control, the modality can be replaced with indirect management with an entity, which will be selected by the Commission’s services using the following criteria:

- ability to work with the relevant MSMEs,
- experience in managing projects in the responsible business sector, related to agricultural value chains
- experience in operating in Myanmar
- experience in adhering responsible business practices in view of social, environmental and human rights standards, including on WEE and gender equality

**4.5. Scope of geographical eligibility for procurement and grants**

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

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).

**4.6. Indicative Budget**

<b>Indicative Budget components<sup>37</sup></b>	<b>EU contribution (amount in EUR)</b>
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<sup>36</sup> In line with [art.195\(a\) FR](#)

<sup>37</sup> N.B: The final text on audit/verification depends on the outcome of ongoing discussions on pooling of funding in (one or a limited number of) Decision(s) and the subsequent financial management, i.e. for the conclusion of audit contracts and payments.

<b>Implementation modalities</b> – cf. section 4.44.4		
<b>Objective 1</b> Improved livelihoods and food security of the population living in the most vulnerable situations, whilst supporting their resilience to climate change.	13 000 000	
Indirect management with an entrusted entity cf. section 4.4.2	13 000 000	
<b>Objective 2</b> Promoted inclusive growth of MSMEs in the agricultural value chains, to enhance their economic resilience.	10 000 000	
Grants (direct management) – cf. section 4.4.1	10 000 000	
<b>Grants</b> – total envelope under section 4.4.1	10 000 000	<b>9 000 000</b>
<b>Evaluation</b> – cf. section 5.2	Will be covered by another decision <sup>38</sup>	
<b>Audit</b> – cf. section 5.3		
<b>Totals</b>	23 000 000	

#### 4.7 Organisational Set-up and Responsibilities

For each of the two objectives of the action (Sustainable Livelihoods and Inclusive Growth), a Steering Mechanism will be established, with a mandate to give strategic guidance on implementation and monitoring of the action, endorse annual work plans, identify risks and opportunities, and ensure overall coherence of implementation. Main Implementing Partners will be represented in the Steering Mechanism, which will meet regularly with ad hoc meetings if the situation requires. The composition of the Project Steering Committee will strive for equal representation of women and men, and ensure inclusivity for persons with disabilities.

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 and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

## 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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

<sup>38</sup> Where the action is not covered by a financing agreement (see section 4.1), but 'will be covered by another Decision' as it is unlikely that evaluation and audit contracts on this action would be concluded within N+1. These contracts have to be authorised by another Financing Decision.

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: The implementing partners will be responsible for conducting the surveys required and ongoing progress monitoring and will allocate budget necessary for monitoring of results. Baselines required will be conducted in the first four months of the project.
- Given that the support to the Government of Myanmar is not envisaged, if information necessary for reporting is not published, proxy indicators can be identified and other secondary sources of information used.

## 5.2 Evaluation

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

Mid-term evaluations will be carried out to assess the relevance, effectiveness and efficiency of the action, while Final evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the impact of the conflict on rural livelihoods and economic opportunities.

The Commission shall inform the implementing partner at least 30 in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination<sup>39</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation may 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.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, 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

<sup>39</sup> See best [practice of evaluation dissemination](#)

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.