



Brussels, 12.12.2014
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COMMISSION IMPLEMENTING DECISION

of 12.12.2014

**on the Annual Action Programme 2014 in favour of Myanmar/Burma to be financed
from the general budget of the European Union**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014¹ of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action, and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002², and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Multiannual Indicative Programme for the period 2014-2020³, point 1.1 of which provides for the following priorities: (1) to support peace and national reconciliation; (2) to assist in building a functioning democracy; (3) to foster development and trade; (4) to support the re-integration of Myanmar/Burma into the international community. These priorities are outlined in the EU-Myanmar/Burma Comprehensive Framework, which sets out the framework for EU policy and support to the ongoing reforms in Myanmar/Burma, and was adopted by the Foreign Affairs Council on 22 July 2013.
- (2) The objectives pursued by the Annual Action Programme to be financed under the Development Cooperation Instrument⁴ are to: (1) reduce hunger and increase income of poor and vulnerable people in Myanmar/Burma; (2) strengthen governance in support of Myanmar/Burma's democratic transition processes and reform agenda, with EU support specifically focusing on institutional strengthening and policy dialogue, rule of law and access to justice, and support to elections; and (3) contribute to lasting peace, security and sustainable development in Myanmar/Burma by supporting the ongoing peace process.
- (3) The action entitled "Livelihoods and Food Security Trust Fund (LIFT)" has the specific objective to increase food security, income and nutrition of vulnerable populations in rural areas. In terms of food security, this includes food availability, access, utilization and stability of access. The implementation modality is indirect management with the United Nations Office for Project Services (UNOPS).

¹ OJ L 77, 15.03.2014, p. 95

² OJ L 298, 26.10.2012, p. 1

³ Decision C(2014)9135

⁴ Regulation (EU) 233/2014 of the European Parliament and of the Council establishing a financing instrument for development cooperation, OJ L 77, 15.3.2014, p.44

- (4) The action entitled "Strengthening Governance in Myanmar/Burma" has as specific objectives: (1) to strengthen institutions and non-state actors and develop capacities for policy making, planning and implementation to respond to citizens' needs and contribute to general socio-economic development; (2) to improve access to justice and legal aid for the poor and vulnerable, develop legal capacity among justice sector professionals and strengthen selected rule of law institutions to better fulfil their mandates; (3) to support the electoral reform process and lay the groundwork for more credible, inclusive and transparent elections with the results accepted by the people and electoral stakeholders. The implementation modalities are: Procurement (direct management) for specific objective 1; Indirect management with the British Council for specific objective 2; Direct grant award (direct management) for specific objective 3.
- (5) The action entitled "EU Peace Support in Myanmar/Burma" has as specific objective to provide support for monitoring ceasefire agreements, for carrying out a national political dialogue, and promoting social and economic recovery in former conflict-affected areas through activities that build confidence of key actors in the transition to peace and transform institutions directly related to the conflict. The implementation modality is indirect management with an international organisation, combined with a call for proposals and a call for tender..
- (6) This Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union⁵.
- (7) The Commission should entrust budget-implementation tasks under indirect management to the entities identified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the responsible authorising officer has ensured that these entities guarantee a level of protection of the financial interest of the Union equivalent to that required when the Commission manages Union funds. The British Council complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary. UNOPS is currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the responsible authorising officers deems that, based on the entity's positive assessment under Regulation (EC, Euratom) No 1605/2002 and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to this entity.
- (8) It is appropriate to acknowledge that grants may be awarded without a call for proposals by the responsible authorising officer who ensures that the conditions for an exception to a call for proposals according to Article 190 of Commission Delegated Regulation (EU) No 1268/2012 are fulfilled. The reasons for and potential beneficiaries of such award should be identified, where known, in this Decision for reasons of transparency.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of

⁵ OJ L 362, 31.12.2012, p. 1

Regulation (EU, EURATOM) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012⁶.

- (10) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of Delegated Regulation (EU) No 1268/2012 to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (11) The measures provided for in this Decision are in accordance with the opinion of the Development Cooperation Committee set up by the basic act referred to in Recital (2)⁷.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the measure

The Annual Action Programme 2014 in favour of Myanmar/Burma to be financed from the general budget of the European Union, as set out in the Annexes, is approved.

The programme shall include the following actions:

- Annex 1: Livelihoods and Food Security Trust Fund (LIFT)
- Annex 2: Strengthening Governance in Myanmar/Burma
- Annex 3: EU Peace Support in Myanmar/Burma

Article 2

Financial contribution

The maximum contribution of the European Union authorised by this decision for the implementation of this programme is set at EUR 120 000 000 to be financed from budget line 21.021400 of the general budget of the European Union for 2014.

Article 3

Implementation modalities

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the attached Annexes, subject to the conclusion of the relevant agreements.

Section 4 of the Annexes referred to in the second paragraph of Article 1 sets out the elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012.

Grants may be awarded without a call for proposals by the responsible authorising officer according to Article 190 of Delegated Regulation (EU) No 1268/2012. Where known at the moment of the adoption of this Decision, the reasons for this as well as the potential beneficiaries shall be identified in the attached Annexes.

The financial contribution referred to in Article 2 shall also cover any possible interests due for late payment.

⁶ OJ L 362, 31.12.2012, p. 1.

⁷ OJ L 247, 9.9.2006, p. 32.

Article 4

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20 % of the contribution referred to in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20 % of that contribution shall not be considered substantial within the meaning of Article 94(4) of Delegation Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling set by this Article.

The responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 12.12.2014

For the Commission

Neven MIMICA

Member of the Commission

ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2014 in favour of Myanmar/Burma to be financed from the general budget of the European Union

Action Document for the Livelihoods and Food Security Trust Fund (LIFT)

1. IDENTIFICATION

Title/Number	Livelihoods and Food Security Trust Fund (LIFT) CRIS number: DCI-ASIE/2014/340-550		
Total cost	Total estimated cost (2009-2018): EUR 228 850 226 ¹ . Total amount of EU budget contribution: EUR 60 000 000 ² . This action is co-financed in joint co-financing by: <ul style="list-style-type: none">– Australia for an amount of USD 18.56 million;– Denmark for an amount of USD 9.99 million;– France for an amount of USD 1.31 million (EUR 1 million);– Netherlands for an amount of USD 2.95 million (EUR 2.02 million);– New Zealand for an amount of USD 0.8 million;– Ireland for an amount of USD 0.27 million (EUR 0.2 million);– Sweden for an amount of USD 2.75 million;– Switzerland for an amount of USD 9.09 million;– United Kingdom for an amount of USD 55.59 million;– United States for an amount of USD 5 million.		
Aid method / Management mode and type of financing	Project approach Indirect management with the United Nations Office for Project Services (UNOPS)		
DAC-code	52010	Sector	Food Security

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The action will contribute to progress towards Millennium Development Goal (MDG) 1, by reducing hunger and increasing income of the rural poor in Myanmar/Burma. It will mainly focus on increasing agricultural production in a sustainable way, improving access to microfinance and markets, providing opportunities for off-farm employment, targeting vulnerable households for cash transfer schemes, diversifying food production and consumption, and improving basic hygiene conditions. The action is a top-up to an existing Multi Donor Fund established in 2009 by the EU together with other donors. The Livelihoods and Food Security Trust Fund (LIFT) has been operational for four years. It has provided direct assistance to over 2.5 million people living in the poorest and most food insecure parts of the country. At the end of 2013, LIFT had funded a total of 76 projects ranging in size from USD 160 000 to USD 22 million in 95 of the 330 townships of Myanmar/Burma.

¹ Spent in 2009-2013: EUR 82 436 677; Budget for 2014-2018: EUR 146 413 559.

² EU contribution to LIFT under former decisions: USD 74.14M (41%) (EUR 54.6M).

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Myanmar/Burma is one of the largest and poorest countries in South-East Asia. It is ranked 149 out of 187 countries in the 2011 Human Development Index. It has 130 ethnic groups, with an estimated population of roughly 55 million³. Myanmar/Burma is lagging behind its neighbours in most socio-economic indicators.

According to a recent country-wide survey⁴, 26% of Myanmar/Burma's population lives below the poverty line. The poverty rate is much higher in Chin (73%), Rakhine (44%), Tanintharyi (33%), Shan (33%) and Ayeyarwady (32%). The same study showed that Ayeyarwady, Mandalay, Rakhine and Shan account for two-thirds of total food poverty and over half of total poverty in Myanmar/Burma. The contribution of rural poverty to total poverty is 87%.

Myanmar/Burma is also a fast growing economy. The growth rate of 5.5% in 2013/14 is expected to quicken to a yearly pace of 6.9% for 2014/15-2018/19.⁵ The economic expansion is mainly driven by Foreign Direct Investment in power, petroleum and infrastructure as well as sustained by growth in private consumption. Government revenues mainly rely on natural gas exports that account for 40% of total exports.

2.2.1.2. National development policy

Under the new civilian Government that came to power in March 2011, Myanmar/Burma has embarked on an ambitious and comprehensive reform agenda. This seeks to transform the country by securing peace, entrenching democracy and reviving a stagnant economy. The current key priorities for the Government include (1) ensuring lasting peace in ethnic areas, (2) improving state-society relations and (3) maintaining a trajectory of economic growth that is both sustainable and pro-poor.

The national development strategy is constituted by the Framework for Economic and Social Reforms (FESR) which runs from 2012 to 2015. This serves as a precursor to the 20-year National Comprehensive Development Plan that is currently under development and will subsequently be implemented by a series of five year plans. The FESR sets out priorities and sequencing along with outlines of sector plans and a number of quick wins. Priorities include peace building, the achievement of the MDGs, pro-poor growth and an equitable sharing of resources, Least Developed Country graduation, moving towards a stable and market-driven economy, promotion of Foreign Direct Investment, and economic integration with ASEAN. Emphasis has been placed on strengthening good governance and transparency along with moving from top-down to bottom-up planning and promoting people-centred development. The FESR also highlights Myanmar/Burma's intentions to exploit a late-comer's advantage, building on lessons learned from other transitional countries' transitions and ensuring national ownership of aid. Most immediate priorities/deliverables include actions on governance, health, education, rural development, infrastructure, trade and private sector development. For the first time in recent history Government policy is therefore centred on sustainable pro-poor development.

2.2.2. Sector context: policies and challenges

Agriculture remains the mainstay of the economy, accounting for 40% of Gross Domestic Product and providing employment for over 60% of the labour force. Nearly a quarter of

³ Estimates of the population vary between 50 million and 60 million.

⁴ Integrated Household Living Conditions Assessment (IHLCA 2), UNDP and the Ministry of Planning, 2011

⁵ Economist Intelligence Unit Myanmar/Burma Country Report, February 2014.

people whose primary economic activity is agriculture have no access to land of their own for cultivation³. Most farmers are smallholders who combine a mix of crops, livestock, fishery and off-farm income-generating activities in order to diversify risk. The food crop sub-sector represents 80% of agricultural production with rice, pulses and beans as the main outputs and export commodities. Productive potential is not currently fully utilised with the result that yields remain below average and inferior to their historical highs.

The livestock sub-sector is characterised by small-scale production at the household level and plays an important role in supplementing incomes and improving nutrition. Aquaculture and inland fisheries have grown rapidly in recent years with medium to large production units emerging that offer significant employment potential. They face however important challenges such as the lack of reliable power supply and numerous diseases affecting production. Small-scale fishery production remains obstructed by an opaque administrative system of fishing rights and licenses.

Skewed land distribution has resulted in rural poverty and inequality. Large-scale development projects are expected to increase competition for land. The Farm Land Bill, passed in 2012, should secure access to land for a number of farmers. However customary land tenure, which is mainly found in the upland regions, is not recognised by the existing land laws, as it is considered as fallow, vacant or virgin land.

Overall, agricultural productivity has suffered from a lack of basic infrastructure to connect rural areas to population centres meaning that transport and marketing costs have remained high. The lack of financial services has further hampered growth with only an estimated 10% of financing needs currently met by existing institutions. Research and extension services are also largely absent, leading to poor input quality and sub-standard management practices.

Approximately one third of the country's children suffer from chronic malnutrition (stunting). The nationwide prevalence of moderately underweight children is 32%, representing nearly 16 million children. The average proportion of total household budget expenditure on food is 68%⁶.

Rural development has been prioritised in the reform agenda (FESR). A Rural Development Strategy was launched in November 2013 with the focus on eight priority areas: a) agriculture; b) livestock and fisheries; c) rural productivity and cottage industry; d) micro savings and credit enterprises; e) rural cooperatives; f) rural socio-economy; g) rural renewable energy; and h) environmental conservation.

The Strategy reflects a pro-poor approach and introduces a bottom-up planning process. The Government hopes to reach 3 million rural poor within the next 30 months, and expects to start implementing the strategy at village level by May 2014. The President's Office strongly backs the Minister of Livestock, Fisheries and Rural Development (MoLFRD) to take a leading role in policy development.

In parallel, the Ministry of Agriculture and Irrigation (MoAI) is developing a National Plan for Agriculture. Another key programme is the National Plan of Action for Food and Nutrition drafted in June 2013 under the guidance of the Ministry of Health. This document is also expected to be articulated with a specific plan to scale up nutrition (SUN) currently under preparation. Concerning land tenure security, a draft national land policy will be presented to the President this year. The drafting exercise has been led by the Ministry of Forestry and Environmental Conservation with the involvement of MoAI and MoFLRD.

⁶ Integrated Household Living Conditions Assessment (IHLCA 2), UNDP and the Ministry of Planning, 2011.

2.3. Lessons learnt

LIFT has been operational for four years and has provided direct assistance to over 2.5 million people living in the poorest and most food insecure parts of the country. It has also contributed substantially to understanding the determinants of poverty in the country and established a network of partners across all important stakeholder groups involved in rural development and poverty alleviation.

LIFT has managed to shift from a reactive mode (financing of projects submitted through calls for proposals for various thematic priorities) to a more proactive and programmatic mode, with well-articulated programmes addressing key obstacles and challenges to food security in defined agro-ecological zones.

Experience has underlined the importance to scale up activities, engage more strategically with Government, and identify a key partnership with the private sector. LIFT has the capacity to become an 'information hub'. Its learning role can be built on to support and feed in the policy dialogue of LIFT donors. The ongoing reforms provide opportunities to engage with the Government and the Private Sector.

The Mid Term Review undertaken in the first half of 2013 pointed out interventions that have worked well such as cash for work in infrastructures (generally embankment for water management), or well-designed and technically supported community-based organisations (village committees, self-help groups).

2.4. Complementary actions

The EU is working towards complementarity and synergy with EU funded projects and with donors' interventions. Four projects under the Food Security Thematic Programme (FSTP) are on-going (EUR 4.9 million) focusing on alternative livelihoods to poppy farming, crop productivity, diversification, small livestock, producers' organisations, nutrition education, and water infrastructure. Under Aid to Uprooted People (AUP), four projects (EUR 18.9 million) have supported food security, livelihoods, and improved access to water and sanitation in areas where internally displaced people are relocated, along the border with Bangladesh and Thailand. Under Non State Actors (NSA), two projects are strengthening cooperatives. ECHO supports activities in Rakhine and Kachin states in food aid, nutrition, health, water-sanitation-hygiene, shelter and protection. Where possible, the Fund will link relief, rehabilitation and development (LRRD) with ECHO funded operations.

Development Partners are showing an increasing interest in agriculture and food security. The Food and Agriculture Organisation of the United Nations (FAO) has been active in policy advice and institutional capacity building. The International Fund for Agricultural Development (IFAD), the Asian Development Bank (ADB) and Agence Française de Développement (AFD) will provide loans for irrigation schemes rehabilitation in partnership with MoAI. The World Bank's main project is the Community Driven Development Project (USD 80 million) aiming at improving access to basic infrastructures and services in rural areas. Future interventions are being identified. Research centres⁷ have undertaken scoping missions for future programme development, building on their experience in the region.

The United Kingdom Department for International Development (DFID) is the second largest donor of LIFT after the EU. DFID supports microfinance projects (GBP 7.47 million) and provides humanitarian assistance to Internally Displaced People (IDPs) on the Thai Border and in Kachin. A programme on Disaster Risk Reduction of GBP 8 million with Oxfam and Save the Children has recently started. Australia supports livelihoods in Northern Rakhine

⁷ International Rice Research Institute (IRRI), World Fish, Integrated Water Management Institute (IWMI) and International Centre for Tropical Agriculture (CIAT), which are all members of the Consultative Group on International Agricultural Research (CGIAR).

(AUD 8 million). It also supports research knowledge, extension services and capacity to improve agricultural production by small-holder farmers, through an AUD 12 million programme with the Australian Centre for International Agricultural Research. The programme also targets agricultural universities and institutions and concerns the production of legumes, livestock, fisheries and rice. The United States Agency for International Development (USAID)'s support focuses on relief and rehabilitation, agricultural growth (value chains), and on technical assistance for the drafting of the national land policy. The Japanese (JICA) and the Korean development cooperation (KOICA) are also being very active in the field of agricultural development.

Close coordination will be needed with other programmes supporting peace building as LIFT will start expansion into conflict areas (zones having recently become accessible).

2.5. Donor coordination

Donor coordination is guided by the Nay Pyi Taw Accord for Effective Development Cooperation agreed in January 2013. It sets out how Government and development partners will work together to support the country, building on experiences and lessons learned from elsewhere.

The Agriculture and Rural Development Sector Working Group (ARDSWG) is one of the sixteen Sector Working Groups (SWG) created by the Government to provide advice and line up external support behind nationally-owned strategies and avoid gaps and overlaps. The Group is chaired by MoAI and co-led by USAID and FAO. The ARDSWG has met twice since August 2013. Additionally, the MoLFRD has convened donors to form the Consortium of Development Partners (CDP) for Rural Development to ensure effective and coordinated implementation of the rural development strategy. The CDP met for the first time in January 2014. Development Partners are seeking the right balance between relations with MoAI on the one hand, and, on the other hand, engaging with the MoLFRD, who has the support from the President's Office.

For its multi donor nature and its knowledge of the sector, LIFT is playing a leading role in supporting these two groups. Responding to the growing calls for coordinated external assistance, the Fund gives participating donors and other stakeholders the opportunity to consolidate joint strategies and initiatives through regular exchanges and mutually reinforcing action, in line with any national programme approach whenever there is one.

Within LIFT, donors are organised in a two-level governance structure: (i) the Donors' Consortium, chaired by DFID, gathers all donors for key strategic decisions and (ii) the Fund Board, chaired by the EU, selects partners, monitors fund performance and is in direct contact with the Fund Management Office.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** of LIFT is to reduce hunger and increase income of poor and vulnerable people in Myanmar/Burma thereby contributing to progress towards the achievement of Millennium Development Goal 1⁸.

LIFT's **purpose** is to increase the food security, income and nutrition of vulnerable populations in rural areas targeting 2 million people. In terms of food security, this includes food availability, sustainable access, utilization and stability of access.

⁸ Halve the number of people living on less than a dollar a day; achieve full and productive employment and decent work for all, including women and young people; halve the number of people suffering from hunger.

LIFT will primarily target the States with higher level of poverty such as Rakhine, the Dry Zone and the upland regions.

A revised LIFT strategy has been agreed among donors early October 2014. There are no fundamental changes with respect to the last Action Fiche related to LIFT, but a limited variation in the structuring and wording of the LIFT results framework. The revised LIFT strategy includes a broad layer of outcomes: (i) increased incomes of rural households; (ii) increased resilience of rural households and communities to shocks, stresses and adverse trends; (iii) improved nutrition of women, men and children; and (iv) improved policies and effective public expenditure for pro-poor rural development.

3.2. Expected results and main activities

Expected result 1: Increased agricultural production and productivity, as well as increased diversification of production allowing building resilience to climate change.

The main eligible activities include: (i) capacity building among farmer and fishermen groups; (ii) promotion of appropriate agronomic techniques (e.g. technical assistance, optimal use of fertilisers and pesticides, irrigation, seed production, post-harvest losses, improved fruit trees, varieties and techniques adapted to changing climate conditions etc.) and farm-based demonstration; (iii) establishment of rice banks; (iv) development of garden-type agricultural and horticulture production; (v) support for small and medium-scale irrigation projects, small road infrastructure; (vi) better veterinary services and expansion of vaccination coverage; (vii) livestock and poultry production; (ix) training and support for in-shore and inland fishery production, crab fattening; and (x) promotion of, training in and inputs for forest management for sustainable and economically viable land use (including reforestation for fuel wood and mangroves).

Expected result 2: Increased household income through the provision of micro-finance, support to value chain development, off-farm employment and vocational skills development.

The main eligible activities include:

(i) promotion and establishment of village-level revolving funds and other micro-credit schemes; (ii) capacity building of community-based organisations, (iii) skills training (small-scale home-based fish raising, fish net production, local production of tools (e.g. hoes, spades, shovels, etc.), small marketing, weaving, tailoring, reading and writing, food processing, etc.); and (iv) vocational training (engine repair, masonry, carpentry, infrastructure building, boat construction, small businesses and cottage industry management, etc.); (v) development in marketing skills and activities to encourage business contacts within and outside target areas; and (vi) support to farmers' and private sector organisations.

Expected result 3: Livelihoods protected through improved sustainable management of natural resources and environmental protection

The main eligible activities include training and community capacity building on sustainable natural resource management, including on forest and biodiversity conservation and on other environmental protection measures and rehabilitation activities.

Expected result 4: Enhanced livelihood opportunities through effective social protection measures that increase the incomes, food and nutrition security, or protect the livelihood assets of chronically poor households.

The main eligible activities include: (i) support for safety net measures for the most vulnerable population, both in rural and in urban areas (e.g. cash transfers, cash for work, food aid, etc.) (ii) capacity building and training among community-based organisations.

Expected result 5: Strengthened capacity of civil society to support and promote food security and nutrition for the poor.

The main eligible activities include: (i) capacity-building to local NGOs on technical issues and project management; (ii) advocacy initiatives and workshops (iii) studies and policy analysis by civil society organisations and networks for improved dialogue on policies and on their implication for rural poverty reduction and nutrition.

Expected result 6: Monitoring and Evaluation (M&E) evidence and commissioned studies are used to inform programme and policy development

The main eligible activities include: (i) studies, (ii) research, (iii) workshops, and (iv) LIFT reports and reviews, including reports generated by LIFT M&E unit, on the impact of LIFT-funded activities to generate evidence-based findings and demonstrate impact.

3.3. Risks and assumptions

3.3.1. Assumptions

- The Government of Myanmar/Burma will provide the Fund Manager with visas either through an agreement for LIFT with the Government of Myanmar/Burma or another mechanism;
- The Government of Myanmar/Burma will allow access to LIFT operating areas for implementing agencies, the Fund Manager, the Fund Board and the donors;
- The Government of Myanmar/Burma will co-operate with donors on the development of an appropriate strategy for food security and livelihoods;
- The Government engages in a dialogue with donors and puts in place reforms that will enhance food security;
- It will be possible to put a system in place that minimises the risk of financial loss through exchange regulations, corruption, abrupt population displacements or sudden community isolation.

3.3.2. Risks

A risk assessment and management strategy has been developed for LIFT. A risk matrix is maintained and reviewed regularly by both the Fund Manager and the donors. A number of these risks are mentioned hereafter:

Risk 1: Development partners fail to harmonize and align

Mitigating measures:

- The LIFT donors will develop a communication strategy for engaging with non-LIFT donors. A champion will be identified amongst the donors to take a leading role in donor coordination.
- The Fund Manager supports donor coordination through, inter alia, sector working groups.

Risk 2: Political uncertainties, including the upcoming elections in 2015, undermine LIFT's effectiveness

Mitigating measures:

- The Fund Manager and donors assess risks and identify mitigating measures during the formulation of programmes.
- The Fund Manager promotes robust Do No Harm and risk management procedures with implementing agencies.
- LIFT engages with various parts of the political spectrum, including parliament and decentralised parts of the administration. LIFT also engages with technocrats less subject to political changes.

Risk 3: Institutional and policy developments conflict with development priorities supported by LIFT.

Mitigating measures:

- The Fund Manager monitors the situation through its supervision missions and through its qualitative monitoring mechanism (QSEM).
- The Fund Manager cooperates with relevant stakeholders to influence policy and increase public advocacy on key issues (e.g. land related issues).
- LIFT supports initiatives such as "Principles for responsible agricultural investment that respect rights, livelihoods and resources."
- The Fund Manager engages with legislative work relevant to agriculture and rural development (e.g., the Farmer Protection Act).
- The Fund Manager engages with local authorities (i) to be aware of Government and programs at the local level, and (ii) to raise their awareness of LIFT interventions.

Risk 4: Social & environmental consequences of project design and implementation are not adequately considered.

Mitigating measures:

- Donor guidelines on environmental safeguards apply to LIFT projects.
- The Fund Manager screens proposals in light of these safeguards and climate change mitigation is taken into account in programming.
- Feedback from LIFT's M&E system, including supervision by the Fund Manager, report systematically on how ethnic groups are targeted and benefitting from activities.
- LIFT's QSEM monitors village level dynamics and targeting issues.

Risk 5: Poor project implementation results in the delivery of poor quality outputs and outcomes.

Mitigating measures:

- The Fund Manager visits projects normally three times per year so that implementation problems are identified and reported early on.
- The Fund Manager commissions regular ad hoc studies to capture lessons on implementation issues and shares them widely.
- The Fund Manager is in the process of establishing call-down technical support to increase the quality of its M&E.

3.4. Cross-cutting issues

The Fund's main focus will be the needs of the vulnerable, marginalised and underserved population groups. The Fund will help to improve pro-vulnerable people decision-making processes. In areas vulnerable to natural disasters, especially coastal and low-lying areas, disaster risk reduction and adaptation to climate change will be mainstreamed where appropriate. Practices and technologies promoted by LIFT will be focused on strengthening smallholders' resilience to climate change, and in promoting the sustainable use and management of natural resources as well as their protection and restoration. LIFT will continue implementing its Gender Strategy to promote gender equality between men and women. The Fund Manager will play a major role in ensuring that issues of equity are taken into account in operational work plans. Good governance will be promoted for example, through support to farmers' organisations, village committees and community-based organisations, by enhancing transparent mechanisms and accountability. Human rights will be addressed in relation to people's rights to have access to sufficient resources to cover their basic needs. Special attention will be paid to land rights. Efforts will be made to promote the rights of ethnic minorities and marginalised groups.

3.5. Stakeholders

Vulnerable, underserved and marginalised population groups mostly in rural areas will be the final beneficiaries of LIFT. Particular attention will be paid to pregnant and lactating women, as well as to children under five, especially in view of nutrition goals. Intermediary stakeholders will be implementing partners (UN agencies, international NGOs, local NGOs, professional organisations, community-based organisations). The Fund provides stakeholders with monitoring mechanisms to give them a better global understanding of situations, programmes/projects being undertaken or envisaged, achievements, constraints and outcomes. Government at central, state and township level will become more actively involved in LIFT Programmes and benefit from partners' assistance on technical and policy issues.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Budget Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 54 months from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

4.3.1 Indirect management with an international organisation

This action with the objective of reducing hunger and increasing income of poor and vulnerable people in Myanmar/Burma may be implemented in indirect management with UNOPS in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation is justified because UNOPS has delivered to the satisfaction of donors, authorities and implementing partners. UNOPS was selected by donors for its ability to provide financial and project management services to other organisations. UNOPS also managed a Health Multi Donor Trust Fund (now the 3MDG fund) with similar procedures. Implementing partners are familiar with UNOPS and the LIFT Fund Management Office.

UNOPS manages the Fund under its' Rules and Regulations and within the overall policy and strategy framework approved by the donors and priorities established by the Fund Board. UNOPS specific responsibilities include (i) launching calls for tenders and for proposals; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of grants, contracts; acting as contracting authority concluding and managing contracts, carrying out payments (ii) Monitoring and Evaluation to monitor the performance of implementing partners; (iii) developing, managing and reporting on implementation issues.

The entrusted entity is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The responsible authorising officer of the Commission deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the entity can be entrusted with budget-implementation tasks under indirect management.

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 shall apply.

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

4.5. Indicative budget

Module	Amount in EUR	Third party contribution (indicative, where known)
4.3.1. – Indirect management with UNOPS	60 000 000	114.25 million USD
Total	60 000 000	114.25 million USD

4.6. Performance monitoring

Under the guidance of the Fund Board, UNOPS has designed, developed and implemented a monitoring and evaluation system specific to the Fund to monitor the performance of implementing partners and ensure that fund resources are used effectively. UNOPS is maintaining or obtaining up-to-date information on aid delivered or planned by other stakeholders (“*Aid Tracking*”) and monitors national indicators in the sectors in which it is involved. The Fund Board and the Fund Manager will launch monitoring and evaluation missions to be carried out by independent consultants.

The Fund M&E mechanism is gauging progress through the use of output and outcome indicators. Additionally, more M&E expertise will be drawn in to further robust the monitoring of LIFT and analyse impact. Household and community-level progress is being assessed through the Qualitative and Socio Economic Monitoring undertaken by the World Bank.

In addition to the financial and administrative aspects of the Fund, indicators have been developed to measure programme progress, including aspects such as scaling-up of coverage, geographic distribution, focus on the vulnerable, direct community/household participation, and equity issues.

Actions are adjusted accordingly to meet community needs as they evolve. Demonstrable coordination of activities at township level will be a requirement for them to qualify for funding by the Fund and will be monitored continuously. Six-monthly narrative reports and yearly progress and financial reports will be submitted by the Fund Manager to the Fund Board, in addition to unscheduled reports that may be requested by the Board.

4.7. Evaluation and audit

Evaluations (mid-term, final, ex-post) and audit arrangements are an integral part of the contractual arrangement with international organisations. External evaluations and audits might also be carried out by independent consultants recruited directly by the Commission – in accordance with Commission rules and procedures and specifically established terms of

reference, and in consultation with other donors –, bearing in mind the need to minimise the number of uncoordinated missions.

A mid-term review report of LIFT was finalised in August 2013. DFID undertook an annual review in September 2013. It has been agreed that reviews undertaken by donors should as much as possible be organised jointly. A joint donor evaluation is expected to take place in 2015.

4.8. Communication and visibility

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

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

LIFT is a pooled trust fund. Details of the contributing donors are included on the LIFT website (www.lift-fund.org), on the website of the EU Delegation to Myanmar and in other documentation.

LIFT's profile, within Myanmar/Burma and internationally, significantly increased in 2012. LIFT was featured or mentioned once every two weeks in the local and international media in 2012. LIFT received several media visits. LIFT participated in high level events in Myanmar/Burma. It also organised a number of national seminars and knowledge sharing forum. In November 2013, it organised the National Workshop on the Rural Development Strategic Framework opened by the President.

The EU visibility is also ensured through its lead role in the Donor Fund Board and in policy dialogue with the Government of Myanmar/Burma. A new communication and visibility strategy will be prepared in the forthcoming months to take advantage of new opportunities arising with the changing context.

ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2014 in favour of Myanmar/Burma to be financed from the general budget of the European Union

Action Document for Strengthening Governance in Myanmar/Burma

1. IDENTIFICATION

Title/Number	Strengthening Governance in Myanmar/Burma CRIS number: DCI-ASIE/2014/037-333		
Total cost	Total estimated cost: EUR 42 000 000 Total amount of EU budget contribution: EUR 42 000 000		
Aid method / Management mode and type of financing	Project approach – Direct Management - Procurement of services – Indirect management with a Member State Agency - the British Council – Grants - direct award		
DAC codes	15110 15150 15160	Sectors	Public sector policy and administrative management Democratic participation and civil society Human rights

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The Republic of the Union of Myanmar, the largest country in continental Southeast Asia, has embarked on a major process of reform since 2011, aimed at addressing significant economic and social challenges as well as long-standing conflicts with ethnic minorities. The Government's willingness to implement reform and spur economic development has provided the EU with an opportunity to expand its support for positive change, and to position itself as a key partner for the country. This action supports the Myanmar/Burma reform agenda, particularly in the area of good governance, and complements other development partners' actions.

EU support under this action will cover the period 2015-2018 and address executive and legislative institutions at the national level as well as relevant institutions at local and state/regional levels. It will also support civil society's role in the processes of democratisation and political transition that Myanmar/Burma is currently undergoing. By helping to reinforce specific areas of governance in the country, the action underpins the EU's assistance to institutional strengthening and capacity development, to peace, as well as to specific sectors such as rural development, agriculture, food security and education.

The action's structure involves three mutually supportive components:

Institutional strengthening and policy dialogue: this aims to support key Government ministries and other institutions – including Parliament – in the formulation and implementation of policies, strategies and action plans to deliver Government services, particularly in the focal areas of EU support. It will help expose Government officials to international best practices, standards and procedures in relevant fields of governance, and will assist the EU in ensuring that support to Myanmar/Burma is well informed and aligned with the capacities and needs of the country.

Rule of law and access to justice: this will help ensure that the citizens of Myanmar/Burma are better protected by the law, and increase their access to formal and informal dispute resolution and justice systems. It will also support civil society in their provision of legal education and awareness raising for citizens and officials, and improve the work of institutions which support the rule of law.

Electoral processes support: this will support the design and implementation of election management practices consistent with international standards, through in-depth dialogue and assistance to the Union Election Commission (UEC). Support will also target observation efforts, methodologies and implementation mechanisms for domestic election monitoring, as well as developing the media's capacity to monitor and report effectively on electoral processes. Inclusive voter education and public outreach targeting ethnic minority groups, advice to political parties and technical cooperation on legislative and constitutional reforms in the field of elections will also be provided, in accordance with demands and needs.

The three components of the action will be delivered through mechanisms and organizations that make the best possible use of available international expertise. The mechanisms are also designed to take into account the specific circumstances which prevail in Myanmar/Burma, particularly in the context of political transition and a complex peace process. Delivery mechanisms will need to be kept closely accountable and to demonstrate high sensitivity to the Myanmar/Burma context, and, where appropriate, to complement the peace support action described in the separate Action Document (Annex 3).

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation

Prior to the current reforms, Myanmar/Burma experienced military rule for almost 50 years, during which time the country experienced widespread communist and ethno-nationalist insurgencies. Since independence in 1948, the inability of successive governments to build a strong, effective and legitimate state has impeded both political and socio-economic development. International isolation made the situation worse.

Reliable socio-economic data are largely lacking. However, it is generally understood that despite Myanmar/Burma's privileged geographical location and the richness of natural resources, the country is one of the poorest in Asia and lags behind the majority of its regional neighbours on most social and economic development indicators. The most recent national Household Survey (2009-2010) indicates that 26% of the overall population lives below the poverty line, with the worst conditions found in Chin (73%), Eastern Shan (46%) and Rakhine (43%) states and Tanintharyi (33%) and Ayeyarwady (32%) regions, as well as in areas directly affected by armed conflict.

Since early 2011, an elected Government headed by former general U Thein Sein has embarked on an ambitious and comprehensive reform agenda, implemented through a sequenced *Four Waves* framework: 1) Political and democratic reforms; 2) Socio-economic reforms; 3) Governance and administrative reforms; and 4) Private sector development. Early results include greater political freedoms, increased transparency, greater consultation and responsiveness in Government decision-making, and improved economic growth, with Gross Domestic Product for 2014 expected to grow by 7.5%.

In recognition of these positive developments, the EU, along with most other major development partners, has thrown its strong support behind Myanmar/Burma's multi-dimensional transition in a renewed spirit of cooperation and partnership. However, Myanmar/Burma still faces major challenges along the road to transition, not least the need to secure sustainable peace with its numerous ethnic armed groups and to address serious

communal violence affecting Buddhist and Muslim communities. Without peace and social stability, all other development objectives could be in jeopardy.

2.2.1.2. National development policy

Key components of the Government's overarching reform agenda are embedded in the 2008 Constitution. The major challenge is to take these reforms forward, track progress and ensure broad-based ownership of, and public participation in, new initiatives. Currently, the 2012-2015 Framework for Economic and Social Reforms (FESR) is the main policy tool used by the Government for strategic direction. The FESR sets out key policy priorities alongside sector plan outlines and a number of quick wins designed to promote inclusive growth and poverty reduction, as well as good and clean governance. The document follows a people-centred approach in order to serve the public effectively and ensure public participation in the reform process. The FESR will constitute the basis for a national development plan and subsequent five-year plans, the first of which should cover 2016-2021. The design of these plans, however, has been delayed. Development of sector plans by line ministries are at different stages of progress.

In 2013, the Government set up a national reform leading committee, led by President U Thein Sein, to speed up the reform process. It also established delivery units and ad-hoc committees¹ to improve the cooperation and coordination needed to implement policies on the ground. These committees aim to fast-track actions for improving the Government's response to citizens' needs.

The Government has welcomed cooperation and assistance from development partners in support of the reform process. The Nay Pyi Taw Accord for Effective Development Cooperation, agreed in January 2013, sets out how Government and development partners will work together to support the country. Substantial efforts have been made to put the principles of the Accord into practice, including the establishment of sixteen Sector Working Groups (SWGs), chaired by line ministries and supported by development partners, to provide advice and channel external support through nationally-owned strategies, while avoiding gaps and overlaps. Some SWGs include members drawn from civil society and the private sector. SWGs help to ensure that reforms and policies are implemented in a timely manner, including in areas of specific interest to the EU.

2.2.2. Sector context: policies and challenges

The Government recognises the need for substantial institutional and skills development, as well as for technical cooperation to key Government ministries and other institutions, in order to improve the quality of public services and the quality of policy formulation and implementation. It is also willing to look at international and regional/ASEAN experiences and best practices to inform its reforms.

Those key sectors which are of priority interest to the EU face significant challenges. The rural development sector is confronted by a lack of reliable power supply, inadequate transport infrastructure, competition for land and a lack of financing capacity. The education sector faces low enrolment rates among the poor and a lack of investment. Public administration needs structural reform, while the justice system suffers from low capacity, remoteness from citizens and a lack of judicial independence. Myanmar/Burma has long suffered from a lack of development, democracy and adherence to internationally recognised human rights standards; underpinning all of these serious checks on human dignity has been the almost complete absence of rule of law. Following the initiation of the reform process, such inadequacies have been – more or less – publicly recognised, and a willingness to begin

¹ Among the established committees are those on poverty reduction and rural development, education, public administrative reform, accurate and quality statistics, trade and investment.

the process of change has been signalled from within the judicial system and relevant Government ministries. In the field of democratic accountability, recent by-elections have led to significant positive changes, but much remains to be done to entrench democratic accountability and the role of civil society and free media. Despite recent improvements, national statistics need still to be further strengthened to provide reliable data.

The present action specifically aims to address public administration and capacity development challenges across sectors, and those related to access to justice and electoral reform.

2.3. Lessons learnt

The **institutional strengthening and policy dialogue** component draws from past and current EU assistance to Government in support of the reform process. The main lessons learnt are that national buy-in on developing new reforms, policies and procedures are crucial. Technical cooperation needs to respond to specific Government requests to ensure ownership and must be provided in a flexible manner so that it can address new priorities and needs as soon as they arise. It should combine international and local expertise to facilitate mutual understanding and capacity development. The identification of the most appropriate beneficiaries and areas for technical cooperation is key for ensuring a positive impact.

The **rule of law and access to justice** component relies on lessons learnt in Myanmar/Burma and elsewhere in the region, demonstrating that justice reforms are gradual processes in which civil society (including in its role in facilitating non-judicial complaints resolution) can and should be supported to meaningfully participate. Given uneven development across the country and specific challenges in regions populated by ethnic minorities, an approach that includes pilot or “model” activities in selected areas is more likely to succeed than one which simply enacts blanket changes.

The **electoral processes support** component flows directly from experience since February 2013 when the EU was the first international partner to assist the UEC, demonstrating the need for reinforcing existing support and institutional development, while giving civil society organisations, as well as the media, the support they need to play their respective roles in contributing to democratic accountability. The finalisation and approval of a 5-year strategic plan is a significant achievement by the UEC that could set an important precedent to be replicated for other institutions and professional development activities in the entire public sector.

These lessons learned suggest the need to ensure that the three components are delivered under the most appropriate modalities and in a manner which complements other EU funded projects.

2.4. Complementary actions

In relation to **institutional strengthening and policy dialogue**, the EU has been providing support through dedicated projects including: the ongoing "Strengthening policy development to meet Millennium Development Goals", which offers technical cooperation for efficient policy making and planning; the Local Authority Thematic Programme, which supports projects to strengthen the institutional capacity of Local Administrations; the Non-State Actor Programme and the European Instrument for Democracy and Human Rights (EIDHR), which support, among others, good governance-related projects that contribute to local planning processes, individual participation and improved accountability; and the Instrument contributing to Stability and Peace, which currently supports the reform of the Myanmar Police Force. The EU also has separate programmes to address rural development and education, and to support the peace process. This new EU action will complement activities implemented by other actors. The United Nations Development Programme (UNDP) country programme has a dedicated component in support of democratic governance targeting similar areas of support, including institutional strengthening, development effectiveness,

parliamentary strengthening, rule of law and access to justice, and public administration reform. The World Bank focuses on public finance management, fiscal decentralisation and public administration reform. The Asian Development Bank and other bilateral donors implement technical cooperation programmes supporting the Government at central level with capacity development and institutional support in various sectors. The Myanmar Development Resource Institute, Myanmar Egress and Asia Foundation are among the main organisations which support research and training for Government officials and other actors engaged in supporting good governance.

In relation to **rule of law and access to justice**, the British Council is a key actor, supported by the EU and the United Kingdom Department for International Development (DfID) through recent and current related projects, including the implementation of pilot projects on justice at community level and civil society capacity development. Pyoe Pin, a British Council project, has a pilot rule of law component, funded by DfID and Swedish International Development Cooperation (SIDA). The United States Agency for International Development (USAID), along with UNDP, form the co-chairs of an informal donor coordination group in the justice sector, with both primarily focusing on supporting formal justice sector institutions. At a local level, the Myanmar Legal Aid Network (MLAW) is a notable body coordinating legal aid initiatives. Several other donors and agencies are involved in small-scale justice related projects, from facilitating the establishment of an independent national bar association to training lawyers and research on alternative dispute resolution and justice in ethnic minority areas. This action will combine the delivery of quality services, especially for those deemed most likely to suffer adverse consequences from the inadequacies of the justice system, with related inputs that aim to address institutional inadequacies over the long term. The action therefore complements and adds synergy to projects by other donors which are centred upon providing support at an institutional level, from capacity development through to training and skills development. Whilst the USAID and UNDP Rule of Law projects are mainly top-down approaches, the bottom-up approach advocated by this action will address the missing links between individuals and institutions. In order to realise the full potential of justice sector reform, it is essential that support to judicial institutions be accompanied by support at community level.

In the field of **electoral processes support**, the EU was the first international partner to mobilise technical cooperation to support the work of the UEC, following and building on recommendations provided by an EU mission that was deployed after the by-election in 2012. Being a top political priority, the EU continues to fund a variety of electoral support activities. The proposed action will build on these ongoing initiatives and help consolidate them into a comprehensive programme. The International Institute for Democracy and Electoral Assistance (I-IDEA) has signed a Memorandum of Understanding (MoU) in 2013 with the UEC to improve electoral regulations and voter education, and to advise on strategies to assess and mitigate risks to the electoral processes. The UEC formally requested the implementation of IDEA's Electoral Risk Management Tool for the 2015 elections. USAID is another key funder. It supports a Consortium for Elections and Political Process Strengthening, led by the International Foundation for Electoral Systems (IFES), which includes support to UEC; political party training is carried out by their consortium partner the International Republican Institute (IRI), and domestic observation by the National Democratic Institute (NDI). IFES has been embedded within UEC since May 2013 and, having assisted UEC in formulating its strategic plan, is now providing support to voter registration (funded by Australia) with the intention of establishing a centralised computerised data base for the production of a more accurate and inclusive voter list. Other non-Governmental organisations specialising in elections include the Danish Institute for Parties and Democracy (DIPD), the Asia Network for Free Elections (ANFREL) and the EU-funded Democracy Reporting International (DRI), Election Reform International Services (ERIS) and Friedrich Naumann

Foundation (FNF). A technical working group was set up encompassing the ongoing EU election support project, I-IDEA and IFES.

A donor secretariat for electoral support will be formed to ensure complementarity of respective projects, agree on a common risk mitigation analysis and to facilitate joint political messaging throughout the electoral reform process. This action will support this secretariat, both operationally and with technical inputs.

2.5. Donor coordination

Donor coordination is closely linked to the Sector Working Groups (SWGs) mentioned in section 2.2.1.2. The 2013 Nay Pyi Taw Accord for Effective Development Cooperation commits the Government and development partners to coordinate closely with each other under conditions set out in the Accord. In this context, each component will be working with one or more SWG, as well as with other Government committees, responding to country demand. The components will liaise with the donors listed in section 2.4 above, through existing coordination and information-sharing mechanisms such as the informal donor Governance Reforms Working Group. This serves as a platform for donor coordination on governance related topics including specific governance areas such as the rule of law and access to justice; human rights, civil society and media; democratic institutions and processes, work with Parliament, elections and support to related institutions; public administration and capacity building, including local governance and decentralisation; and public financial management including anti-corruption work.

In terms of coordination, the **institutional strengthening and policy dialogue** component is anticipated to work, along with other stakeholders, with the new structure set up by the Government in May 2014 for promoting Administrative Reforms and the existing Public Administration Reform SWG. For the **rule of law and access to justice** component, the main target groups include communities, civil society and professional associations and, on the state side, the local authorities. In the absence of a Ministry of Justice, the Attorney General's Office is likely to be the main counterpart alongside the Courts, the Myanmar Police Force and the General Administration Department (GAD), under the Ministry of Home Affairs. The UEC will be the key partner for the **electoral processes support** component, together with civil society, media, and political parties, including from ethnic states. The action will coordinate with parliamentarians at both state and regional level and Government advisory bodies addressing legal and constitutional reforms. GAD will continue to be a main electoral-related partner due to its role in establishing the voter registry before the content is used by UEC.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** is to strengthen governance in order to support Myanmar/Burma's democratic transition processes and reform agenda.

The **specific objectives** are:

- To strengthen institutions and non-state actors and develop capacities for policy making, planning and implementation to respond to citizens' needs and contribute to general socio-economic development (**Component 1**)
- To improve access to justice and legal aid for the poor and vulnerable, develop legal capacity among justice sector professionals and strengthen selected rule of law institutions to better fulfil their mandates (**Component 2**)

- To support the electoral reform process and lay the groundwork for more credible, inclusive and transparent elections with the results accepted by the people and electoral stakeholders (**Component 3**)

3.2. Expected results and main activities

The expected results are:

Component 1: Institutional strengthening and policy dialogue

- 1.1 Policy and strategy making institutions and organisations have increased capacity to facilitate the reform process and make well-informed decisions.
- 1.2 Service delivery institutions and organisations have increased capacity to deliver basic services as demanded by the population.
- 1.3 EU cooperation programmes/projects are well-informed, well communicated and responsive to the Government reform agenda and the needs of the population.

Component 2: Rule of Law and Access to Justice

- 2.1 Improved access to both formal and informal justice systems for the people of Myanmar/Burma, especially for vulnerable and marginalised groups.
- 2.2 Improved capacity of institutions supporting the rule of law in Myanmar/Burma to carry out their key functions.

Component 3: Electoral processes support

- 3.1 An efficient, independent, transparent and accountable election administration by the UEC;
- 3.2 Enhanced people's ownership and engagement of key stakeholders in the electoral reform process;

Main activities may include:

Component 1: Institutional strengthening and policy dialogue

- Provision of demand-based technical cooperation in the areas of EU's focal cooperation with Myanmar/Burma;
- Support for studies, organisation of training sessions, conferences, seminars, workshops, study tours for governmental and non-governmental actors;
- Support for assessments and feasibility studies;
- Support to policy dialogue and coordination;
- Performance monitoring and audit;
- Support to efficient communication of EU assistance.

Component 2: Rule of Law and Access to Justice

Integrated justice services are proposed, which will respond to the needs of the poorest and most vulnerable, and strengthen the capacity of individuals to access more responsive, accountable and effective justice services. The action will in part contribute to the development of state-level institutions through targeted support operations, information sharing and policy dialogues. Under **result area 2.1**, the action will expand available legal services; develop and implement a community mediation programme with the close involvement of civil society to increase capacity of targeted communities to resolve disputes and conflicts themselves; build and expand upon existing legal aid centres; provide paralegal services to the community; establish community safety committees; build trust and develop the capacity of local authorities to deliver improved community services; and develop legal education using appropriate methodology. Under **result area 2.2**, the action will provide legal representation, support and advice to accused persons in selected local courts; provide limited IT support to improve court administration, which will in turn reduce the backlog of cases at local courts; train lawyers in the Attorney General's office to enable them to access model legislation and international case law; provide legal information through paralegals; provide welfare services to improve human rights; and establish an evidence-based knowledge management information system and utilise information and examples of best practice to

inform institutional policy dialogue. The action will also engage with other accountability actors such as Parliament and the National Human Rights Commission.

Component 3: Electoral processes support

Under **result area 3.1**: technical cooperation to UEC based on the needs identified in their Strategic Plan, in collaboration with other electoral actors. Under **result area 3.2**: support to other electoral actors, in particular civil society, for engaging in a constructive dialogue with UEC and for designing and implementing a professional, impartial and credible domestic observation system; strengthening the capacity of media to report accurately on elections and democratic reforms; preparing programmes and strategies to enhance the voters' interest and motivation to participate in elections; facilitating dialogue among political parties and between parties and UEC on matters relating to the electoral process; and support to the constitutional review process aimed at entrenching democratisation and peace-building after the 2015 elections.

The action has a good basis for long term sustainability, as it builds and capitalises on previous and current interventions in the same areas. Ownership is ensured since the action has been drafted after consultations with key concerned stakeholders, including the Government and civil society, and provides assistance in responds to their needs. By strengthening Government institutions, the action will contribute to greater reliance on the country systems in the future.

3.3. Risks and assumptions

The **key assumptions** for this action are: 1) the on-going process of economic and political transition will continue; 2) the Government will continue pursuing the strategies outlined in its FESR; and 3) government and non-government actors will continue to require technical cooperation.

Some **specific risks** that might emerge in this context include:

Significant change in Government' priorities and structures following the 2015 National Elections: This risk is moderate as new policies and strategies proposed by the Government are discussed in Parliament, where representatives of the opposition are also sitting. Activities in support of rule of law and access to justice are particularly welcomed by all opposition parties and civil society.

Insufficient UEC involvement due to the organisation of the 2015 National Elections: This risk is medium and needs to be carefully monitored and managed throughout 2015.

Discontinuation of the peace process: This would have a significant impact on the whole Government and its ability to function effectively, and particularly on the decentralisation process since various issues – such as the degree of political autonomy, security and share of national wealth for ethnic states – need to be agreed upon with all involved armed groups. This risk is moderate as a ceasefire agreement is expected to be signed shortly.

Disturbance of the peace and reform process by the outcome of the population census: the risk that the dissemination of census data, especially on ethnicity, religion and citizenship status, will negatively impact the situation in the country is moderate. Considerable efforts are being made to ensure appropriate communication of results.

Low absorption capacity of most planning and implementing ministries and institutions: This is a risk if too many resources are released by development partners too quickly in support of the reform process. The risk can be reduced by making capacity and needs assessments and adhering to the Nay Pyi Taw Accord for Effective Development Cooperation.

Overlap with other development partners: This risk is low as the action has been drafted after consultations with key development partners active in the same areas. Complementarities and synergies have been ensured as much as possible.

3.4. Cross-cutting issues

All three components include measures to increase gender equity, particularly to increase women's participation in the democratic transition processes and their representation in decision-making bodies as well as other beneficiary institutions and organisations. Through public outreach activities, the action will enhance awareness and understanding of these issues. The current justice system is widely regarded as inaccessible, denying ordinary people the opportunity to exercise their rights. This action will provide a framework to address these issues as human rights are an objective of at least two components of the action. This action addresses good governance and institutional and human resource capacity development. Environment and climate change will be addressed in line with the guidelines on the integration of environment and climate change in development cooperation. The action is expected to have a positive environmental impact through the promotion of good governance across beneficiary institutions and organisations active in the area of environment. Conflict-sensitive planning, implementation, monitoring and evaluation will permeate EU action at all levels, grounded on do no harm analysis.

3.5. Stakeholders

The proposed action is expected to benefit the entire population of Myanmar/Burma by strengthening governance in general and helping the transition process to reach individuals.

Institutional strengthening and policy dialogue: The direct target groups are executive bodies, such as Government ministries, departments and agencies as well as legislative bodies, when appropriate, both at national and sub-national level. Non-state actors are also seen as stakeholders and may be targeted when justified needs arise. The assistance provided responds to the desire of these stakeholders to strengthen capacity and skills in their areas of competence so as to better implement their tasks in line with the reform process.

Rule of law and access to justice: To ensure the necessary institutional support, it will be necessary to work with local communities, civil society, professional associations, the Office of the Attorney General; the Judiciary, Courts (mainly Township Courts), local authorities including law enforcement bodies, and the National Human Rights Commission. The action has the support of the relevant institutions and meets the identified needs of people on the ground.

Electoral processes support: Key institutions and actors involved include UEC; civil society organisations in the fields of voter/civic education, public outreach and domestic election observation; political parties; and the media sector. The inclusion of the ethnic minorities within the electoral process will be crucial for ensuring credible elections. The action has the support of UEC as well as other electoral stakeholders.

The **civil society and research institutes**, including those operating in remote areas and ethnic states, are crucial partners for all three components to ensure the bottom-up approach adopted by the Government and to ensure that people needs are heard.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2 and 4.3 will be carried out, is 60 months from the date of entry into

force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

The action's three components will be implemented through three different modalities as follows:

4.3.1. Procurement (direct management): *institutional strengthening and policy dialogue*

4.3.2. Indirect management with a Member State Agency: *rule of law and access to justice*

4.3.3. Grant: direct award (direct management): *electoral processes support*

4.3.1. Procurement (direct management) - Institutional strengthening and policy dialogue

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Short, medium and long term technical cooperation.	Services	1	4 th , 2014

4.3.2. Indirect management with a Member State agency - Rule of law and access to justice

This action, with the objective of improving access to justice and legal aid for the poor and vulnerable, developing legal capacity of justice sector professionals and strengthening selected rule of law institutions to better fulfil their mandates, may be implemented in indirect management with the British Council in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation is justified because the British Council possesses unique expertise on rule of law and access to justice issues in Myanmar/Burma; has a record of implementing relevant pilot projects and programmes in the same field, including through access to a network of dependable community-level organisations; has significant experience in managing similar projects in South Asia, East Asia and Sub-Saharan Africa; and has both the management and technical expertise necessary to design, implement and report on projects of the proposed large scale in the country.

The British Council retains a well-earned reputation in Myanmar/Burma for political neutrality, ensuring its ability to work discreetly and with the trust of a wide group of relevant stakeholders and to facilitate much-needed links between community and institutional levels. The British Council's justice programme has been operating for over 10 years in multiple fragile states. In Myanmar/Burma, the British Council has worked with the human rights defenders community from 2004, while a fully-fledged programme that includes a component dedicated to the rule of law has been operational since 2008. Thus it has clear insight into the developments within the justice sector and a comprehensive understanding of the challenges facing the key institutions which support the rule of law, as well as their interaction with the society that they should support. Working on governance issues with the EU since 2009, the project will yield an immediate impact by building upon the outputs and results of these projects, in particular the current EIDHR-funded rule of law project. The British Council is very well placed to ensure consistency, and indeed synergy, between the work funded by DfID and the EU. Given that the Myanmar/Burma legal system is based on the British system,

the British Council will be able to draw highly relevant input from its UK institutional legal network, as well as introducing Myanmar/Burma to sector players from other member states.

The entrusted entity would implement the action with the above objective, aimed at benefiting members of communities through the provision of more responsible, accountable and effective justice services. The action would address target groups including judicial officials (under the Office of the Attorney General and the General Administrative Department); selected members of the Myanmar Police Force, and the managers and staff of selected prisons. The tasks of the British Council would include designing and implementing the action; monitoring its progress and reporting to the EU as required; coordinating activities with other civil society actors and other development partners working in similar fields; liaising and coordinating as necessary with organisations and actors in charge of other action components and of the peace support action; and maintaining a sound, impartial and conflict-sensitive strategic leadership on all activities, while remaining accountable to the EU.

The budget-implementation tasks delegated to the British Council are those of the contract-management cycle, subject to the provisions of the relevant Indirect Management Delegation Agreement to be signed in accordance with DEVCO templates and, when applicable, approved derogations, notably: launching calls for tenders and proposals; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of grants, contracts and financial instruments; acting as a contracting authority concluding and managing contracts, carrying out payments.

The entrusted entity is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The responsible authorising officer of the Commission deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the entity can be entrusted with budget-implementation tasks under indirect management.

4.3.3. *Grant: direct award (direct management) - Electoral processes support*

- (a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objectives and results of the action are presented in section 3.

- (b) Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the grant may be awarded without a call for proposals to the International Institute for Democracy and Electoral Assistance (I-IDEA).

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because:

- This electoral support component requires both close working relationships with UEC and a range of institutions (parliament, government and non-government media, political parties, as well as the broader civil society). I-IDEA is the only intergovernmental organisation fulfilling these conditions in Myanmar/Burma and works specifically to “promote and advance sustainable democracy worldwide” (I-IDEA Statute, Article II).
- I-IDEA’s interactions with UEC are based on a formal MoU, which helps ensure the sustainability of I-IDEA’s engagement, and provides UEC with a degree of assurance that the organisation’s engagement is of an on-going nature.
- I-IDEA has extensive experience and largely proven technical competence on election-related work, including working in post-conflict areas, institutional support to election management bodies, electoral system design, electoral management design,

voting from abroad, electoral justice, electoral legal frameworks, elections and conflict, electoral technology, media and elections, and money and politics.

- I-IDEA has a proven track record and demonstrated its in-depth knowledge by implementing several election-related projects with the EU, including as consortium leader in the Network for Enhanced Electoral and Democratic Support project (EuropeAid/126-024); Support Activities to the Electoral Processes in Egypt (IFS-RRM/2011/279-390); Democratic Transition in Libya (EIDHR/2011/276-873); Egypt (IFS-RRM/2013/335-319); Bolivia (IFS-RRM/2012/306-457); and Haiti (IFS-RRM/2013/335-319).
- It is essential that the elections in Myanmar/Burma be seen by the entire country, including the ethnic minority population, as credible and democratic, as expectations are very high. It is the transition process, peace and stability of the country that are at stake. Planning and managing peaceful and successful elections in the entire national territory (ethnic states included) will be challenging as the situation in the ethnic states remains very volatile and access to these regions is still highly variable and subject to unpredictable changes. Volatility and instabilities caused by inter-communal and inter-faith violence will have a negative impact on the elections. These risks need to be managed carefully. With assistance from I-IDEA, UEC is now developing an electoral risk management tool to help all electoral actors understand risk factors, analyse risk data, and take action to prevent and mitigate election-related violence.
- Continuity of our on-going targeted technical support to UEC that ends in January 2015 needs to be ensured to maintain established relations with the institution. The next general elections will take place in the second semester of 2015 and this action should begin latest in January 2015 in order to have a meaningful effect on the on-going electoral reform process.
- I-IDEA has the capacity and experience to manage and coordinate the complex and politically sensitive action that will involve other election specialised implementing partners. The action will implement activities with UEC, civil society, trainings of journalists, domestic observers and media and will facilitate multi-political party dialogues.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are the relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100% of the eligible costs of the action.

The maximum possible rate of co-financing may be up to 100% in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to contract the potential direct grant beneficiary

End of fourth quarter of 2014.

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 shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(3) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Module	Amount in EUR	Third party contribution (indicative)
4.3.1. Procurement (direct management)	14 000 000	0
4.3.2. Indirect management with the British Council	20 000 000	0
4.3.3. Direct grant with I-IDEA	8 000 000	0
Total	42 000 000	0

4.6. Performance monitoring

Each component will be monitored by the EU Delegation during implementation. A Steering Committee made up of representatives of the EU Delegation and of concerned partners of each component will meet regularly to review the performance of the action and the coherence of overall implementation. Civil society representatives will be included when appropriate. The Steering Committee will also take account of the performance of the peace support action implemented separately.

During the implementation phase, interim and final reporting will be carried out by the implementing partner in compliance with the provisions set in the contractual conditions with the EU.

Each component will develop its own performance monitoring and evaluation system in close consultation with the EU Delegation. This should include, at a minimum, a baseline established through a preliminary assessment conducted at the outset of the project, and result-based performance indicators to monitor progress and report main achievements.

4.7. Evaluation and audit

Evaluations (mid-term, final, ex-post) and audit arrangements are an integral part of the contractual arrangement with the beneficiaries. They might be also carried out by independent consultants recruited directly by the European Commission in accordance with EU rules and procedures.

4.8. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. Communication will be ensured by each implementing partner and for the entire action through Component 1.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan for each component of the action, to be elaborated before the start of implementation and supported with the budget under Module 4.3.1. in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

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

ANNEX 3

of the Commission Implementing Decision on the Annual Action Programme 2014 in favour of Myanmar/Burma to be financed from the general budget of the European Union

Action Document for EU Peace Support in Myanmar/Burma

1. IDENTIFICATION

Title/Number	EU Peace Support in Myanmar/Burma CRIS number: DCI-ASIE/2014/037-338		
Total cost	Total estimated cost: EUR 18 447 368 Total amount of EU budget contribution: EUR 18 000 000 This action is co-financed by grant beneficiaries for an indicative amount of EUR 447 368		
Aid method Management mode and type of financing	Project approach – Direct management – Grants – call for proposals – Direct management – Procurement of services – Indirect management with UNOPS		
DAC-code	15220	Sector	Civilian peace-building, conflict prevention and resolution

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The overall objective of this action is to contribute to lasting peace, security and sustainable development in Myanmar/Burma by supporting the ongoing peace process. The Government has recently concluded ceasefire agreements with 14 out of 16 ethnic armed groups; yet armed clashes continue in certain areas. The expected signing of a nationwide ceasefire agreement later this year is scheduled to be followed by a national political dialogue addressing the concerns of ethnic groups who are seeking greater political and economic autonomy for their regions. The specific objective of the action is to provide support for monitoring ceasefire agreements, for carrying out a national political dialogue and for social and economic recovery in former conflict-affected areas through activities that build confidence in key actors in the transition to peace and transform institutions directly related to the conflict. It is envisioned that additional funding may be mobilised in the future to support Security Sector Reform, Disarmament, Demobilisation and Reintegration, and Transitional Justice, which at this time are still some way from being realisable, as well as to complement existing EU programmes to address the separate but related issue of communal violence.

2.2. Context

2.2.1. Country context

2.2.1.1. Political, economic and social situation

Myanmar/Burma was under military rule for almost 50 years, while the country experienced widespread communist and ethno-nationalist insurgencies. The inability of successive governments since independence in 1948 to build a strong, effective and legitimate state has impeded both political and socio-economic development. International isolation made the situation worse.

Reliable socio-economic data are largely lacking. However, it is generally understood that despite Myanmar/Burma's privileged geographical location and the richness of natural resources, the country is one of the poorest countries in Asia and lags behind the majority of its regional neighbours on most social and economic development indicators. The most recent national Household Survey (2009-2010) indicates that 26% of the overall population lives under the poverty line, with the worst conditions

found in Chin (73%), Eastern Shan (46%) and Rakhine (43%) States, and Tanintharyi (33%) and Ayeyarwady (32%) regions, as well as in areas affected by armed conflict.

Since early 2011, a new elected Government headed by former general President U Thein Sein has embarked on an ambitious and comprehensive reform agenda, implemented through a sequenced *Four Waves* framework: 1) Political and democratic reforms; 2) Socio-economic reforms; 3) Governance and administrative reforms; and 4) Private sector development. Early results include greater political freedoms, increased transparency, greater consultation and responsiveness in Government decision-making; and improved economic growth, with Gross Domestic Product for 2014 expected to grow by 7.5%.

In recognition of these positive developments, the EU, along with most other major development partners, has thrown its strong support behind Myanmar/Burma's multi-dimensional transition in a renewed spirit of cooperation and partnership. However, Myanmar/Burma still faces major challenges along the road to transition, not least the need to secure sustainable peace with its numerous ethnic armed groups and to address serious communal violence affecting Buddhist and Muslim communities. As the situation in Rakhine State remains fragile, the EU continues to address the challenges of inter-communal violence. However, the operating environment in Rakhine State is very complex, with most implementing partners facing difficulties affecting their activities. Without peace and social stability, all other development objectives could be in jeopardy.

2.2.1.2. National development policy

Key components of the Government's new reform agenda are embedded in the 2008 Constitution, while others are being negotiated in Parliament, notably in its committee for constitutional amendments, or through the broader peace process. A major challenge is to take these reforms forward, track progress and ensure broad-based ownership of, and public participation in, new initiatives. Currently, the 2012-15 Framework for Economic and Social Reforms (FESR) is the main policy tool used by the Government for strategic direction. The FESR sets out key policy priorities alongside sector plan outlines and a number of quick wins to promote inclusive growth and poverty reduction, and to promote good and clean governance. The document follows a people-centred approach to serve the public effectively and ensure public participation in the reform process. The FESR will constitute the basis for a national development plan and subsequent five-year plans, the first of which should cover 2016-2021. The design of these plans, however, has been delayed. Development of sector plans by line ministries are at different stages of progress.

The Government has welcomed cooperation and assistance from development partners in support of the reform process. The Nay Pyi Taw Accord for Effective Development Cooperation, agreed in January 2013, sets out how Government and development partners will work together to support the country. Substantial efforts have been made to put the principles of the Accord into practice, including through the establishment of sixteen Sector Working Groups, chaired by line ministries and supported by development partners, to provide advice and channel external support through nationally-owned strategies, while avoiding gaps and overlaps. To fast-track actions and progress in specific areas, the Government has also set up its own specific Sector Committees in priority areas, such as public administration, trade and education.

2.2.2. *Sector context: policies and challenges*

Myanmar/Burma is one of the world's most heterogeneous countries in ethnic and religious terms with 135 officially recognized ethno-linguistic groups, and since the earliest years of independence it has faced widespread ethnic insurgency. During the 1960-80s, several ethnic armed groups were able to carve out what were essentially independent micro-states with their own rudimentary Governments, civil services and foreign policies. Even today, some parts of the country have never been under central Government control.

The current Government has identified concluding comprehensive settlements to end all armed conflict in the country as a national priority. Since August 2011, it has successfully negotiated bilateral ceasefire agreements with most of the Ethnic Armed Groups (hereafter referred to as EAGs), although serious armed clashes have continued to occur in some areas, in particular Kachin and North Shan States. According to the Government's five-step peace plan, the aim is to conclude (1) a Nationwide Ceasefire Agreement; this in turn is supposed to be followed, within a few months, by negotiation of

(2) a Framework for Political Dialogue; the conduct of (3) an inclusive National Political Dialogue¹; the signing of (4) a National Peace Accord; and (5) the demobilisation of combatant soldiers and wider security reform. This plan roughly corresponds with the expectations of the main EAGs, although both timing and the substantive content of each step remain uncertain (see section on “Assumptions and Risks”).

The present action is devised to support the ongoing peace process and help ensure that the outcomes are sustainable. Decisions on key procedural and substantive issues will be made by national actors, but they will need international support for the formulation and implementation of those decisions. If the overall process continues to evolve in a positive direction, future “top-ups” of EU funding for relevant components may be considered. Alternatively, if certain sub-processes stall, funding may be reallocated among the different components of the action.

The existing bilateral ceasefire agreements are currently not being monitored in any systematic way, nor is there any comprehensive plan for how to do so. The only mechanisms available for use when armed clashes occur are the informal links between the Tatmadaw (the National Army) and EAGs at different levels. Some of these links are through a patchwork of new EAG Liaison Offices, which are authorized in the bilateral ceasefire agreements. These links do not constitute robust arrangements, nor would they be able to manage the additional monitoring and related issues which would flow from a Nationwide Ceasefire Agreement. The signing of a nationwide ceasefire, however, would provide the opportunity to establish a comprehensive and robust mechanism, including joint ceasefire monitoring mechanisms at national, state and local levels; and an early warning and response system for conflicts. Major international technical and financial assistance will be required to establish these new institutions and ensure that they function effectively.

The framework for the National Political Dialogue is uncertain, as the Government, EAGs and other political actors have different ideas of what is required. It is likely, however, to involve some form of national forum, as well as a number of technical working groups. In addition, participants will have to engage in preparations and consultations outside the formal structures of the dialogue process itself in order to make sure that they can meaningfully contribute to the discussions and adequately represent their constituencies. Key issues for negotiation will include further devolution of power and the possible transformation of the country into a federal union of semi-autonomous states; revenue-sharing between the central Government and ethnic states where much of the country’s immense natural resources are located; collective ethnic rights relating to language, education and culture; security sector reform; and transitional arrangements for the delivery of security, justice, health, education and other public services in areas currently controlled by EAGs. Given the nature of these issues and the need for buy-in from all significant political groups in the country, including the Parliament, the range of actors involved will have to be broadened substantially compared to the current ceasefire negotiations, which are essentially conducted between the Government and EAGs. In addition to greatly complicating the achievement of consensus on key issues, this will require substantial investments in capacity development of the participants and the groups they represent, as well as international technical and financial assistance to establish effective supporting institutions, provide logistics and explore appropriate solutions to outstanding issues.

In parallel to supporting the political processes, it is imperative to attend to the needs of local communities in conflict-affected areas in ways that support longer-term peacebuilding, as well as basic human needs and social justice. The humanitarian needs in many of these areas are enormous and urgent. Despite the ceasefire agreements, conflict remains an everyday feature of many peoples' lives, and estimates suggest that there are up to 632 000 internally displaced people (IDPs), as well as 415 000 refugees in neighbouring countries, many of whom will have to be resettled.² The need for broader development is also pressing, not least to address long-held grievances regarding inequality between central Myanmar/Burma and more remote areas mainly inhabited by ethnic nationalities.

¹ As mentioned in the Council conclusions on Myanmar/Burma of 16 December 2013: *"The EU stands ready to support an inclusive political dialogue which should lead to a lasting peace agreement. This process should involve all stakeholders, including the participation of women"*.

http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/140115.pdf

² UNHCR, Statistical Snapshot, <http://www.unhcr.org/pages/49e4877d6.html>

Many ethnic minority areas have an abundance of natural resources such as teak, precious stones and gas, yet remain extremely poor and economically underdeveloped. In some areas, war economies have developed that make a settlement of the conflicts even more challenging. Drug cartels, for example, benefit from the lack of stable state structures and rule of law and often enter into opportunistic “accommodations” with local authorities on different sides of the conflicts. Moreover, local communities are generally wary of traditional development projects such as dams, mining and commercial agriculture, which often give rise to land grabs or have other negative social and environmental impacts.

There is currently no formal Government, EAG or donor strategy for peace, recovery and development in ethnic areas. Following a January 2013 request by the Government for support in undertaking a Joint Peacebuilding Needs Assessment (JPNA) in conflict-affected areas, a number of donors (UN, WB, UK and EU) together with the Government’s Myanmar Peace Centre (EU funded) formed a joint task force to develop an approach for this undertaking, inspired by the Post-Conflict Needs Assessments Global Framework.³ The core objective of this exercise is to build a shared understanding among stakeholders (Government, EAGs, communities and donors) of the needs and priorities of communities emerging from armed conflict and provide small grants to these areas. In the absence of a Nationwide Ceasefire Agreement, the JPNA has not yet been able to move forward, but the established methodology remains relevant.

In planning for and implementing peace support in ethnic areas, it is important to acknowledge that for many local communities the primary expressed needs are peace, security and justice, including absence of violence, economic exploitation by armed groups and freedom of movement. What is needed to meet humanitarian and broader development needs is not necessarily “big aid”, but rather a large number of smaller projects, identified and designed through genuine consultation with local communities that are flexible enough to accommodate specific priorities in different areas. Importantly, international assistance must reflect the reality that in many areas the role of aid in development will be minimal compared to that of private trade and investments, and that support for institutions that can help ensure that such wider economic forces truly benefit, and do not harm, local communities will be an important part of international peace support.

Overall, the peace process is at a crossroads with no easy solutions in sight. It is difficult to predict what will happen in the political arena in the coming months and years, let alone, when. However, it is imperative that international funding is ready and sufficiently flexible and responsive to be able to tackle the issues outlined above and move the all-important peace process forward.

2.3. Lessons learnt

The following lessons learnt from existing peace support initiatives by the EU and others in Myanmar/Burma,⁴ as well as experience from subnational conflicts elsewhere in the region,⁵ should inform the present action. Some clash with traditional approaches to international aid:

- **Be realistic about what international aid can accomplish.** External actors cannot lead transitions to peace, which must be locally owned; they can only provide support. This global lesson is all the more relevant in Myanmar/Burma since the Government sees no need or place for international mediation or peacekeeping.
- **Do not get ahead of the political process.** For local actors, negotiating peace is an extremely sensitive endeavour, which involves engaging with former enemies to identify workable compromise, often without wholehearted or united support of their own groups. It is critically important that international support does not undermine those committed to finding common ground by engaging in activities that are perceived as threatening by others less inclined to negotiate. The peace process in Myanmar/Burma is still at an uncertain stage, characterised by a lack of confidence on part of many ethnic communities that existing ceasefires are sustainable and

³ [http://www.undg.org/content/post-crisis_transition/post-conflict_needs_assessments_\(pcna\)](http://www.undg.org/content/post-crisis_transition/post-conflict_needs_assessments_(pcna))

⁴ Myanmar/Burma Peace Support Initiative, *Lessons Learned from MPS's Work Supporting the Peace Process in Myanmar/Burma*, March 2014, http://www.peacedonorsupportgroup.com/uploads/1/8/1/9/18194913/mpsi_lessons_learned.pdf.

⁵ The Asia Foundation, *The Contested Corners of Asia. Subnational Conflict and International Development Assistance*, 2013, <http://asiafoundation.org/resources/pdfs/ContestedCornersOfAsia.pdf>.

genuine peace possible. It is imperative, therefore, not to get ahead of the political process. In particular, international actors must be careful not to engage in state-building or developmental activities in ethnic areas unless or until there is broad local support for such activities.

- **Work for transformative outcomes.** Peace building is fundamentally a political project. The primary aim must be to build confidence of key actors in the transition to peace and transform institutions that are directly related to conflict. Such transformational outcomes require aid strategies that are different from the vast majority of development assistance models. The process is often as important as the output, and there is a primary need to work flexibly with all significant stakeholders across conflict lines to help break negative mind-sets and established patterns of behaviour in order to build new common ground.
- **Do not assume that development is conducive to peace.** The relationship between peace and development in subnational conflicts is highly complex. Development aid can support peace by building bridges between former hostile or estranged groups by explicitly targeting communities that are marginalised and discriminated against. But it can just as easily exacerbate tensions. In Myanmar/Burma, consultations show that many local ethnic communities prioritise security over development and are deeply suspicious of development delivered by the state, which in the past has often had strongly negative effects on the welfare of local communities.
- **Be flexible.** Like all transitions, peace processes are inherently uncertain and tend to move in fits of starts according to no particular timetable. Donors and implementing agencies alike must ensure that programmes can be easily adapted to changing political circumstances. They must be able to respond quickly at key political moments to fill spaces while other structures are negotiated, and also to revise objectives and methodologies as the peace process evolves. It is important that rigid procurement and financial management rules and procedures do not limit the responsiveness of aid programs, reducing aid effectiveness in conflict affected areas.
- **Consult, consult, consult.** Consultation with all stakeholders affected by international interventions are necessary not only to identify local needs and appropriate methodologies, but also to ensure that projects enjoy broad legitimacy in situations of deeply contested authority and local communities have a sense of ownership. To achieve this, consultations must be meaningful and properly resourced. They need to address where, how, if and what kind of interventions are needed and reach broad agreement.

2.4. Complementary actions

International support for the peace process to date has mainly taken two forms: support for political negotiations between the Governments and EAGs, and humanitarian assistance in ceasefire and, to a lesser extent, conflict-affected areas. No major international funding has yet been committed to support the new institutions and mechanisms that this action is primarily intended to support. As a major provider of peace support in Myanmar/Burma, the EU must commit funding now to be ready to act when the demand arises or increases.

The present action will build on and complement existing EU support for the Myanmar Peace Centre, ceasefire monitoring and ethnic groups under the Instrument contributing to Stability and Peace, and for socio-economic recovery and development in ethnic areas under Aid to Uprooted People, Non State Actors and the Development Cooperation Instrument (DCI), as well as existing support through the multi-donor trust funds for health, education and livelihoods. The EU funds initiatives that contribute to improving the situation in Rakhine State, like support to reconciliation, combat discrimination, livelihoods, education, health and capacity development of non-state actors.

Other prominent donors of peace support are Norway, Japan, the UK, Australia and Switzerland:

- Norway has played a leading role in the early phase, as the initiator on the Government's request of the Peace Donor Support Group and the Myanmar Peace Support Initiative (see below).
- Japan has also played a prominent role, particularly through the Nippon Foundation, which has provided significant assistance directly to the United Nationalities Federal Council (UNFC),⁶

⁶ The UNFC is an umbrella group of EAGs, including most of the key groups.

including humanitarian aid in ceasefire areas controlled by member EAGs. JICA is also gearing up to provide major development aid to ethnic areas, initially focusing on the southeast (Kayah and Mon States).

- The UK, Australia and Switzerland all have provided significant support for the ceasefire negotiations, including advice, training and support for EAGs, mainly working through well-placed local and international NGOs.

US, UN and the World Bank, so far, have played a more supportive role, mainly of a diplomatic (US and UN Special Advisor), humanitarian (US, UNHCR, OCHA, UNODC) or developmental (World Bank) nature, but are likely to step up their efforts as the peace process develops.

2.5. Donor coordination

Given the complexities and cross-cutting nature of the peace process, effective coordination of all international peace support is essential. There are currently four main groups seeking to coordinate international support for the peace process in Myanmar/Burma, although none of them are currently providing any form of robust donor coordination. These are:

- The **Myanmar Peace Centre (MPC)** was established by the Government in 2012 to act as a secretariat to the National Peace Making Committee and as the focal point for international actors concerned with peace.
- The **Peace Donor Support Group (PDSG)** was initiated by Norway in 2012 on the request of President U Thein Sein to provide a common platform for dialogue between the Government and the donor community, and to better coordinate international support for the peace process. The PDSG encompasses Western Government donors, as well as Japan, UN and the World Bank. It meets at ambassador level and has also established a Working Group and a Secretariat, but does not include a pooled fund and even sharing of information by donors about their programmes has been limited.
- The **Myanmar Peace Support Initiative (MPSI)** was also launched in 2012 as part of Norway's effort to lead international support to the peace process. It serves as the secretariat of the PDSG, but its main role has been in piloting projects in new ceasefire areas to support and test the ceasefires. Its role is currently under review.
- The **International Peace Support Group (IPSG)** is an informal coordination network of over 20 international NGOs (many of them funded by the EU), most of which provide expert analysis and/or capacity-building in support of the peace process. It has monthly meetings, which are followed by a briefing to interested donors.

In addition to these existing arrangements, the EU is currently working with other PDSG members to set up a new Multi-donor Trust Fund for Peace, to which the EU may contribute through indirect management with UNOPS for activities included under the present action, and potentially for other peace support activities as well. Interested parties include the UK, UN and the World Bank; other donors have indicated that they may be interested in joining later. It will be important to ensure that any new Fund is closely coordinated with the PDSG and its secretariat.

3. DETAILED DESCRIPTION

3.1. Objectives

The **Overall Objective** is to contribute to lasting peace, security and sustainable development in Myanmar/Burma by supporting the ongoing peace process.

The **Specific Objective** is to provide support for monitoring ceasefire agreements, for carrying out a national political dialogue, and for promoting social and economic recovery in former conflict-affected areas through activities that build confidence of key actors in the transition to peace and transform institutions directly related to the conflict.

3.2. Expected results and main activities

Result 1: *Nationwide ceasefire agreements are concluded, honoured and effectively monitored by robust ceasefire monitoring mechanisms, leading to increased confidence between the Government, the Tatmadaw and Ethnic Armed Groups, and increased security for local communities.*

Possible activities: (i) support for establishing new institutions or strengthening existing institutions required to monitor and sustain the ceasefires; (ii) support for the activities of these institutions, including monitoring, liaising, conflict analysis and dispute resolution; (iii) training of staff; (iv) provision of expert advice on the organisation and conduct of ceasefire monitoring; (v) provision of international monitors/observers (as requested by relevant authorities); (vi) research on causes of conflict; (vii) collation and communication of relevant information to the public; (viii) additional *ad-hoc* activities to facilitate confidence building between the Government, the Tatmadaw, EAGs and local communities.

Result 2: *An inclusive national political dialogue takes place and reaches a broad consensus on the main aspects under discussion, thus creating the political basis for sustainable peace.*

Possible activities: (i) support for new or existing institutions required to guide, manage and support the national dialogue process; (ii) support for activities of these institutions, including meetings, research and consultations with constituencies; (iii) training and broader capacity-building of participants in the dialogue, as well as staff of supporting institutions; (iv) provision of expert advice on the organisation of national dialogue processes and solutions to substantive issues; (v) provision of international observers; (vi) research supporting identification of solutions to substantive issues; (vii) facilitation of broader confidence-building between the Government, the Tatmadaw, EAGs, political parties and civil society groups; (viii) collation and communication of relevant information to the public; (ix) support for inclusion and empowerment of women in the dialogue process and priority attention to issues of particular concern to women.

Result 3: *Suitable peacebuilding needs assessments are undertaken and aid for recovery and development in former conflict affected areas is delivered promptly and effectively, using appropriate peacebuilding methodologies.*

Possible activities: (i) support for the establishment of new structures to manage the JPNA or other needs assessments; (ii) support for pre-assessment consultations with local stakeholders (EAGs and ethnic communities), data collection, analysis and validation, and the formulation of recovery strategies; (iii) training of data collectors; (iv) establishment of a grants facility to facilitate rapid implementation of priority projects identified by needs assessments; (v) funding of projects to be implemented by the grants facility⁷, including support for transitional governance arrangements in ceasefire areas, empowerment of women, and responsible regulation of development projects to ensure that any negative social or environmental impacts are minimised.

Complementary technical cooperation will be provided by the Policy Dialogue Facility, included in Annex 2 (Action Document for Strengthening Governance in Myanmar/Burma).

3.3. Risks and assumptions

The present action is designed to support three distinct, but mutually supporting and temporally overlapping phases or dimensions of the peace process as it is currently envisioned to unfold by most of the key stakeholders. It is implicitly assumed that the Government and (most) EAGs will reach a Nationwide Ceasefire Agreement, which in turn will establish the confidence on all sides needed to move forward with an inclusive National Political Dialogue, aimed at reaching a National Peace Accord and permanent ceasefire. It is further assumed that a Nationwide Ceasefire Agreement will permit the delayed JPNA to progress and significantly expand the space for delivery of aid into ethnic areas. Importantly though, neither the rationale for this action nor the relevance of broad kinds of support proposed are dependent on the peace process unfolding in this precise way. In the case of failure to conclude a Nationwide Ceasefire Agreement, for example, it is anticipated that the current bilateral ceasefires will remain in place. This would delay and complicate but not necessarily inhibit

⁷ Rakhine State is also included under this result.

the initiation of the National Political Dialogue, which in turn may be carried out in any number of different frameworks and with different constellations of actors participating. Similarly, a full-scale JPNA is not the only way to assess peacebuilding needs, nor does the delivery of aid to former conflict-affected areas necessarily have to await a formal joint needs assessment, as long as individual projects are properly informed.

The risk of a collapse of the peace process is low. The fact that all sides have remained engaged in talks for nearly two years, even in the midst of major fighting in Kachin State in particular, testifies to the genuine will that currently exists in Myanmar/Burma to break the long cycle of violence and find solutions at the negotiation table. At the same time, there is today much greater realism on part of the Government about what will be required in terms of time and concessions to successfully conclude the peace process than was the case even a year or two ago. For the first time in the country's history, the Government is making an effort to facilitate meetings and negotiations among different ethnic groups, when previously it has sought to divide and rule. Sustainable peace will require amendments to the constitution which would enable that aspirations of ethnic minorities, including decentralisation of power and revenue-sharing, are met. Also for the first time, it has called for a limited but significant role for international actors in the peace process. These shifts are driven from the top by a President who has staked the legacy of his Government on achieving peace, but are rooted in a much broader recognition among the country's Burman elites that without peace Myanmar/Burma will miss out on the opportunity to join in regional economic integration and growth and may be left behind. All this means that the peace process is likely to be sustained in one form or another even if particular components may have to be adjusted or replaced with others serving similar purposes.

The risk of delays or set-backs in the peace process, on the other hand, is high. The distrust among the different sides after 65 years of civil war runs very deep and negotiation of the major political, economic and rights issues that have for so long divided the country have yet to begin in earnest. Both the Government side and the ethnic side face significant internal divisions over how to proceed and, especially, what to concede. Meanwhile, the elections scheduled for the end of 2015 are likely to distract attention from the peace process and create new tensions between key political players and possibly the wider communities and may, especially if a new Government takes over, test the sustainability of some of the agreements and institutions established so far. Of particular concern is the tendency among some political opposition groups to conflate the democratisation and peace processes, when in fact they are primarily concerned with quite different issues. These obstacles are compounded by the dearth of both administrative capacity and financial resources needed to implement political decisions. Robust international diplomacy and assistance can do much to help alleviate these problems, but has the least influence where it matters most, i.e. on domestic political will and unity of purpose.

Political risks to the EU are mainly associated with result 3. The Government's approach to peace is still dominated at many levels by ideas of economic development and service delivery to areas hereto beyond state control (i.e. "peace dividends"). The EAGs and broader ethnic communities, however, are generally hostile to expansion of Government control in their areas, and any perception on their part that international aid serves this agenda could not only undermine their confidence in the peace process, but also impede access to conflict-affected areas under their control. It is critical therefore that aid does not get ahead of the political process, but is positioned just behind and in support of it. It is critical, too – for political as well as technical reasons – that international projects include at every stage the widest possible consultations with all relevant stakeholders, including not least local communities.

Weak capacity of many local groups, including the Government, the EAGs, political parties and civil society organisations and community-based organisations, constitute the main implementation constraint. The sheer scope of the broader reform agenda means that the most capable people and organisations on all sides are already overloaded, while new groups are struggling to catch up, not least, to the demands of working with international aid. This demands careful attention by donors when selecting implementing partners, as well as flexibility in standard funding modalities. It also requires many substantive projects to be accompanied by capacity development of implementing partners, including where appropriate through salary support and secondments.

Continued or renewed armed conflict in some areas could make it impossible to deliver the kind of peace supporting aid envisioned in this action. Instead, renewed efforts may be required to deliver

traditional humanitarian assistance to the affected areas, as well as to any new internally displaced populations or refugees. These actions should be conducted in close coordination with ECHO.

3.4. Cross-cutting issues

As in many peace processes gender equality is one of the most prominent cross-cutting issues. A strong effort will be made both to encourage and support increased participation of women in peace negotiations in decision-making bodies, and to ensure that gender issues, including violence against women, are properly addressed. At the community level, opportunities will be provided to women to actively participate in community-development and decision-making.

Few of the anticipated activities are expected to have environmental consequences, but this will be assessed on a case by case basis in line with the guidelines on the integration of environment and climate change in development cooperation. Concerns of indigenous peoples and ethnic populations are considered through the inclusive participatory planning. Ethnic communities will have the opportunity to design and develop proposals for interventions addressing their specific concerns.

Governance and human rights are overarching concerns while addressing ethnic grievances. The action will consider the status of the target groups as well as the different ethnicities concerns in the different regions of intervention. Violation of human rights, lack of democracy and weak governance were among the root causes of the conflict. As such, the future implementation of this proposed intervention will provide a framework to address these issues.

3.5. Stakeholders

The main parties to the ceasefire negotiations are the Government, the Tatmadaw, and the EAGs, while the national political dialogue will include political parties and civil society organisations as well. The main beneficiaries include also local ethnic communities and ultimately the Myanmar/Burma population as a whole. Part of the funds, under the indirect management component, will, if possible, be distributed through a new Multi-donor Trust Fund to a number of potential recipients, including the Government and groups linked to EAGs, as well as UN agencies, INGOs, NGOs and community-based organisations.

- The Government has publicly and repeatedly committed to ending all armed conflicts through political settlements. President U Thein Sein, working through his main negotiator and minister in the president's office, U Aung Min, has been a major force behind this and has shown courage in bringing in advisers from civil society and overseas, including former exiles. For the first time, special institutions have been created to advance the peace process, including the Union Peace Making Committee, the Union Peace Making Work Committee and the Myanmar Peace Centre. Parliament has so far played only a limited role in the peace process, but members of its Internal Peacemaking Committee are part of the Government team in the ceasefire negotiations, as are members of the Tatmadaw.
- The Tatmadaw is a key actor in the peace process. Local commanders have been closely involved in the negotiation of bilateral ceasefires in their areas, and more senior generals recently joined the negotiations of the Nationwide Ceasefire Agreement. The interests of the Tatmadaw do not necessarily correspond with those of the Government, even though most members of the latter are retired military officers. Traditionally, the Tatmadaw has perceived itself as the sole guarantor of national unity and national sovereignty, and has been adamantly opposed to any discussion on federalism, which it perceives as a threat to Myanmar/Burma's territorial integrity. In addition, the military has its own economic interests in many ethnic areas, just as issues of military culture and pride are complicating factors. It remains unclear exactly what degree of authority the Government has over the Tatmadaw.
- There are about 16 EAGs (excluding a significant number of small splinter groups), 14 of which currently have bilateral ceasefire agreements. In addition, the Kachin Independence Organisation, despite recent major battles with the Tatmadaw, has an informal agreement, which effectively amounts to a ceasefire agreement. The EAGs vary greatly in goals, strength and local support. Over the past two years, major progress has been made in shaping a common negotiation position, working through groups such as the United Nationalities Federal Council (UNFC), the Working Group of Ethnic Coordination (WGEC) and the Nationwide Ceasefire Coordination Team (NCCT). However, uncertainties remain about the position of several groups on key issues,

including the United Wa State Party/Army which is by far the strongest of the EAGs. All EAGs are committed to remaining part of the Union, but are demanding greater local autonomy under a “genuine” federal system of Government.

- The political parties have yet to become formally involved in the peace negotiations. The major opposition party, the National League for Democracy (NLD), in particular has kept a low profile, arguing that peace is the Government’s responsibility. Some of the ethnic political parties are working closely with EAGs, helping them work out a political strategy. The role of the political parties, however, is set to increase significantly once the national political dialogue and the 2015 election campaign gets underway. This is likely to reveal further schisms on all sides, but may strengthen moderates voices overall.
- Like the ethnic political parties, many ethnic civil society organisations are working with EAGs, particularly in support of social service delivery and other support for local communities. At the same time though, they are also often challenging the top-down, authoritarian structures of the EAGs and, in this respect, play a critical role in local democratisation processes. This is the case not least for a number of strong ethnic women’s organisations.
- Local ethnic communities have suffered immensely from the armed conflicts and are a major driver of the push for peace. In some areas, the EAGs enjoy significant popular legitimacy; yet in others local communities generally resent all armed groups.
- The populace of Myanmar/Burma will benefit from peace, and will be affected by the overall restructuring of national and local political and economic institutions.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Budget Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 60 months from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

This action will be implemented through a combination of a call for proposals, procurement for services and indirect management with an international organisation.

4.3.1. Grants: call for proposals “Support to peace activities in Myanmar” (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objectives and expected results of the grants will be peace, reconciliation, reintegration, rehabilitation and sustainable development of Myanmar/Burma, as described in sections 3.1 and 3.2.

(b) Eligibility conditions

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

- be a legal person, or entities without legal personality originating from Myanmar⁸;

⁸ Subject to the prior approval by the relevant services of the European Commission: Grant applications may be eligible if submitted by entities which do not have legal personality under the applicable national law, on the condition that the representatives of that applicant can prove that they have the capacity to undertake legal obligations on behalf of the applicant, and that they offer financial and operational guarantees equivalent to those provided by legal persons.

- be non-profit-making;
- be a specific type of organisation such as: non-governmental organisation, public sector operator, local authority, international (inter-governmental) organisation as defined by Article 43 of the Rules of application of the EU Financial Regulation;
- 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) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95% of the eligible costs of the action.

The maximum possible rate of co-financing may be up to 100 % in accordance with Article 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

First trimester of 2015.

4.3.2. Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Provision of Technical Cooperation related to peace	services	2	1 st , 2015

4.3.3. Indirect management with an international organisation

A part of this action with the objective of contributing to lasting peace, security and sustainable development in Myanmar/Burma by supporting the ongoing peace process may be implemented in indirect management with UNOPS in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. The EU is conducting an intense consultation process with other interested donors that are active in the peace sector in order to set up a Multi-donor Trust Fund. There are several advantages to this specific type of fund: It permits joint ownership among the Government, the EAGs, donors and other relevant stakeholders through an inclusive steering committee; it facilitates stronger coordination (including joint analysis, planning and distribution of funds) among donors, something which is very much needed; it helps secure timeliness, flexibility and certainty of financial support for priority projects; it allows the pooling not only of financial but also human resources, thus strengthening the capacity to meet the high demands for proper planning, oversight and evaluations of projects supporting a highly complex, fluid and sensitive peace process; and it reduces the already very high transaction costs for donors and the different country Government ministries and agencies, such as the MPC. Finally, an excessive proliferation of instruments on the same sector can be avoided.

The entrusted entity would be in charge of the whole contract-management cycle, subject to the provisions of the relevant Indirect Management Delegation Agreement which will be signed following the EuropeAid template, and when applicable approved derogations, notably: launching calls for

tenders and proposals; definition of eligibility, selection and award of grants and contracts, concluding and managing contracts, carrying out payments.

If negotiations with the above-mentioned entrusted entity fail, a part of this action may be implemented in indirect management either with the World Bank, or UNDP, or ILO. The implementation by this alternative entrusted entity would be justified because of the long lasting problem free cooperation with these entities. The alternative entity would be in charge of the whole contract-management cycle, subject to the provisions of the relevant Indirect Management Delegation Agreement which will be signed following the EuropeAid template, and when applicable approved derogations, notably: launching calls for tenders and proposals; definition of eligibility, selection and award of grants and contracts, concluding and managing contracts, carrying out payments.

The potential entrusted entities are currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The responsible authorising officer of the Commission deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the entities can be entrusted with budget-implementation tasks under indirect management.

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 shall apply.

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

4.5. Indicative budget

Module	Amount in EUR	Third party contribution (in EUR, indicative, where known)
4.3.1. Call for proposals “Support to peace activities in Myanmar” (direct management)	8 500 000	447 368
4.3.2. Procurement (direct management)	500 000	N.A.
4.3.3. Indirect management with UNOPS	8 000 000	0
Contingencies	1 000 000	N.A.
Total	18 000 000	447 368

4.6. Performance monitoring

The EU Delegation aims to ensure regular monitoring of the state and progress of the action. Monitoring and evaluation costs will be included in the project's specific budgets. The mechanism of monitoring which the EU Delegation will set-up shall be complementary to the regular Result Oriented Monitoring (ROM) performed by independent consultants contracted by the EU.

A Steering Committee will be set up for the overall planning of activities and strategic direction. The chair of the Committee will be decided at a later stage and will comprise at least representatives of the EU and other donors, MPC, EAGs and other concerned stakeholders. Its function will be to provide general orientation of the project.

4.7. Evaluation and audit

The General Conditions of the grant contracts for external actions of the European Union set the requirements related to expenditures verifications, technical and financial checks.

Evaluations (mid-term / final / internal and external) and audit arrangements are an integral part of the contractual arrangements with international organisations and Member State agencies. External evaluations and verification missions might be also carried out by independent consultants recruited directly by the European Commission in accordance with its rules and procedures and financed outside of the scope of this programme.

4.8. Communication and visibility

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

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan for each component of the action, to be elaborated before the start of implementation and supported with the budget under Component 1.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

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

The EU Delegation will ensure active participation in the Steering Committee to influence strategic decisions and to monitor that visibility provisions are respected. A comprehensive Information and Communication Visibility Plan will be prepared which will serve as the framework for all visibility actions. To ensure that EU messages are conveyed correctly to the public, all press releases should receive prior approval from the EU. The EU Delegation will also ensure that appropriate communication materials (e.g. brochures, pamphlets, etc.) as well as activities such as special events, alongside the traditional media and personal communication techniques will be maximised to the fullest to convey both general and specific communication messages in the context of the EU to its intended stakeholders.