

**LIFT**

Livelihoods  
and Food  
Security  
Trust Fund

# Annual Report 2009



A multi-donor trust fund supported by Australia,  
the European Commission, the Netherlands, Sweden,  
Switzerland and the United Kingdom

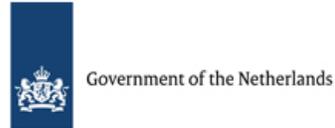


### Acknowledgement

We would like to thank Australia, the European Commission, the Netherlands, Sweden, Switzerland and the United Kingdom for their kind contributions to improving the livelihoods and food security of the poorest and most vulnerable people in Myanmar. Their support to the Livelihoods and Food Security Trust Fund (LIFT) is gratefully acknowledged.

### Disclaimer

This document has been produced with financial assistance from Australia, the European Commission, the Netherlands, Sweden, Switzerland and the United Kingdom. The views expressed herein can in no way be taken to reflect the official opinion of the European Commission or the governments of Australia, the Netherlands, Sweden and Switzerland or the United Kingdom.





## Abbreviations and Acronyms

ADRA	: Adventist Development and Relief Agency
CBO	: Community-Based Organization
CDN	: Consortium of Dutch NGOs
CESVI	: Cooperazione e Sviluppo (Italian NGO for cooperation and development)
DC	: Donor Consortium
EC	: European Commission
EU	: European Union
FAO	: Food and Agriculture Organization
FB	: Fund Board (LIFT)
FM	: Fund Manager (LIFT)
FY	: Fiscal Year/Financial Year
GDP	: Gross Domestic Product
GOUM	: Government of the Union of Myanmar
IOM	: International Organization for Migration
IP	: Implementing partner (LIFT)
LEAD	: Linking Emergency Aid and Development
LIFT	: Livelihoods and Food Security Trust Fund
LoA	: Letter of Agreement
LWF	: The Lutheran World Federation
MBCA	: Myanmar Business Coalition on AIDS
MDG	: Millennium Development Goal
MDTF	: Multi-Donor Trust Fund
M&E	: Monitoring and Evaluation
MMK	: Myanmar Kyat (local currency)
MOU	: Memorandum of Understanding
MoAI	: Ministry of Agriculture and Irrigation
MoSW	: Ministry of Social Welfare, Relief and Resettlement
NGO	: Non-Governmental Organisation
NMTPF	: National Medium Term Priority Framework
PONREPP	: Post Nargis Recovery and Preparedness Plan
SIM	: Social Impact Monitoring
TCG	: Tripartite Core Group
UNDP	: United Nations Development Programme
UNESCAP	: United Nations Economic and Social Commission for Asia and the Pacific
UNFPA	: United Nations Population Fund
UNOPS	: United Nations Office for Project Services
WCM	: World Concern Myanmar

## Executive Summary

Discussions began in 2008 among a group of donors on ways to help Myanmar make faster progress towards the achievement of Millennium Development Goal 1 (the eradication of extreme poverty and hunger). After extensive consultations with key stakeholders from government, embassies, UN and NGOs, in March 2009 LIFT – the Livelihoods and Food Security Trust Fund – was launched.

In the spirit of the Paris Declaration on Aid Effectiveness and the OECD/DAC guidelines on “Harmonising Donor Practices for Effective Aid Delivery”, the donors agreed on a multi-donor trust fund approach with the conviction that pooling resources allows for programme coherence and leads to greater impact.



Agronomist and farmer discussing about irrigation system and seed brocasting system in the field.

The LIFT donors are expected to contribute US\$100 million over a five year period. These donors include: AusAid (Australian Government), the European Commission, the Netherlands, the Swedish International Development Agency, Swiss Agency for Development and Cooperation (SDC) and UK Aid (the Department of International Development, the United Kingdom).

The donor consortium appointed a fund board to act on its behalf and also contracted the United Nations Office for Project Services (UNOPS) as the fund manager to administer the funds and provide monitoring and oversight for LIFT. The fund manager established an independent office in Yangon in late 2009 and began to appoint staff.

Eligible implementing partners for LIFT include specialised UN agencies, international NGOs, local NGOs and professional associations. The fund manager and implementing partners are expected to adhere to the European Union Common Position on assistance to Myanmar<sup>1</sup>.

LIFT’s first call for proposals was launched in November 2009 and organised in two streams: one for prioritised townships in Cyclone Nargis-affected areas (Delta), and another for areas in other parts of the country prioritised by the FAO/WFP crop and food security assessment mission of Oct/Nov 2008. The selection of 22 projects for the Delta was finalised in December 2009. The selection of projects for the rest of the country will be done in early 2010.

LIFT did not implement field activities in 2009. Establishing the LIFT monitoring and evaluation (M&E) system will be a priority during 2010. The M&E system will be developed in close consultation with implementing partners to ensure effective monitoring of progress and results.

**As of 31 December 2009, donor contributions to LIFT totalled USD 19.9 million. Total confirmed commitments from the donors totalled USD 66.5 million.** No disbursements to implementing partners occurred in 2009. The Fund Manager incurred expenses of USD 0.27 million.

<sup>1</sup> Common Position 96/635/CFSP. (Australia shares the concern to address the humanitarian needs of the population)



## 1. FUND IMPLEMENTATION

### Context

Myanmar is one of the largest and poorest countries in South-East Asia; ranked 138 out of 177 countries in the 2009 Human Development Index report. Ethnically diverse, with some 130 ethnic groups, its population is estimated to be between 55 and 60 million. Myanmar lags behind its neighbours in most socio-economic indicators and is the poorest country in South-East Asia after East Timor in terms of gross domestic product (GDP).

Agriculture remains the mainstay of the economy with almost 50 percent of GDP being derived from agriculture, fisheries and forestry. Sixty-three percent of the labour force is engaged in the agriculture sector, indicating that agriculture will be a key sector in the economy for some time to come.

Rice is the staple crop and a significant export commodity. Other important crops are sugar cane, groundnuts, sesame, wheat, maize, millet, jute, cotton, beans, pulses and oilseeds, vegetables, rubber, toddy palm, tobacco, spices and other edible produce.

The recent global economic downturn and weak domestic economic policies mean that household poverty levels are significantly higher in Myanmar than in neighbouring countries.

In addition to weaknesses in the economy<sup>2</sup>, many rural people in Myanmar have been affected by natural disasters in recent years. Cyclone Nargis struck Myanmar over a two day period, from May 2nd to 3rd 2008. The storm left an estimated 140,000 people dead or missing. It also had a severe impact on an additional 2.4 million people in the Ayeyarwady Delta. Nargis destroyed livelihoods and greatly reduced the capacity of people to generate income and sustain their families<sup>3</sup>. A recent survey in the cyclone-affected area showed that 23 percent of people still report food as their most pressing need. An additional 20 percent reported the need for cash grants to restart livelihoods as their most pressing need.<sup>4</sup>

Another recent natural phenomenon, referred to locally as “Mautam” (bamboo death), has enabled rats to decimate crops and food reserves in Chin State, leaving many households in the area without adequate food supplies.

Other food security issues exist in the Dry Zone where droughts have affected food production. Peoples’ lives are further disrupted along border areas where insecurity and/or armed conflict persist.

<sup>2</sup> Structural weaknesses include: a) an agricultural economy that has undergone little technological change since independence; b) weak linkages to the global economy and little foreign direct investment, partly as a result of sanctions; c) a rudimentary banking system resulting in limited access to credit within the agricultural sector; d) a weak manufacturing base dominated by state-owned enterprises; e) a declining natural resources base, including a deterioration of soil quality and widespread deforestation; f) multiple exchange rate regimes; and g) widespread underemployment and unemployment.

<sup>3</sup> Post Nargis Periodic Review III

<sup>4</sup> Post-Nargis Social Impact Monitoring Report, June 2009

## Genesis of the LIFT Fund

Discussions began in 2008 among a group of donors on ways to support poor and disadvantaged people in Myanmar to address the above-mentioned problems. In late 2008 and early 2009, the European Commission supported the work of two consultants to provide advice on the architecture and key thematic areas of a fund that like-minded donors could support. The consultants carried out extensive consultations with donors and key stakeholders concerned with livelihoods and food security in Myanmar.



Helping Myanmar achieve the Millennium Development Goal of eradicating extreme poverty and hunger.

In the spirit of the Paris Declaration on Aid Effectiveness and the OECD/DAC guidelines on “Harmonising Donor Practices for Effective Aid Delivery” a multi-donor trust fund approach was proposed as a way to consolidate and harmonise joint strategies through regular exchanges and mutually reinforcing actions responsive to a national programme approach where it exists.

A wide range of stakeholders from the GoUM, embassies, UN and NGOs participated in a workshop in March 2009 to draw lessons from existing projects, and identify immediate priorities<sup>5</sup>. As a result of these consultations the Livelihoods and Food Security Trust Fund –LIFT - was established.

The overall objective of LIFT is to contribute resources to a livelihoods and food security programme with the aim of making progress towards the achievement of Millennium Development Goal 16 (the eradication of extreme poverty and hunger) in Myanmar. An assumption that underpins the LIFT programme is that working through pooled resources will allow for programme coherence and will thus lead to greater impact.

Working through a trust fund modality, LIFT’s mission is to strengthen the capacity of local implementing partners. This increased capacity is expected to lead to increased food availability, income generation oppor-

tunities and food use for 1 – 1.5 million target beneficiaries. It is also expected to influence policy that has an impact upon food and livelihood security.

<sup>5</sup> The priorities identified were: saving and credit schemes; safety nets; nutrition; capacity building (at all levels); agriculture production and productivity; market/value chain improvement; job creation; and, policy formulation.

<sup>6</sup> Reduce by half the proportion 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; reduce by half the proportion of people who suffer from hunger.



### LIFT will increase local capacity by providing:

1. Direct agricultural production support to target individuals
2. Effective market and employment support mechanisms for targeted individuals (on farm, off farm and non-farm)
3. Effective social protection measures to the chronically poor in the target house holds

### And by:

4. Strengthening the capacity of local partners to support livelihoods and food security initiatives
5. Using monitoring and evaluation evidence and commissioned studies to inform national programme and policy development as well as LIFTs' activities.

### LIFT will also ensure that:

6. Funds are allocated in line with Fund Board policies and accounted for in a transparent manner
7. Fund flow and implementing partner performance are monitored and evaluated

Cross-cutting themes for LIFT assistance include capacity building, strategic planning, gender, environment, coordination, sustainability and the participation and inclusion of vulnerable groups - especially those suffering from food insecurity.

The donors agreed on the importance of aligning LIFT with existing national programmes as well as the Post-Nargis Recovery and Preparedness Plan (PONREPP) in the Delta region.

The donors formalised a Donor Consortium, the highest authority in terms of the Fund's governance, which is responsible for:

- Approving the Fund's overall policy, strategy and design
- Ultimate decision making on the Fund's ability to operate
- Commitment and replenishment of resources in the Fund
- Appointing the Fund Board and Fund Chairperson
- Referring and reporting major decisions to respective donor headquarters, and
- Commissioning mid-term, final (external) and independent evaluations of the Fund's performance.

Members of the donor consortium are donors who have contributed financially to the fund. The donor consortium is currently made up of representatives from the European Commission, United Kingdom, Australia, the Netherlands, Sweden and Switzerland. Switzerland is the Chair for 2010.

In the last quarter of 2009 these donors signed a joint collaboration agreement formalising the fund.

To effectively undertake its role, the donor consortium appointed a fund board to act on its behalf. The fund board is responsible for interpreting and implementing the funds' policy, as



well as monitoring the fund manager and fund performance on behalf of the Donor Consortium. The Fund Board is comprised of donor representatives and independent experts. A senior member of the donor consortium, the European Commission's head of operations was appointed as the first chair of the fund board until the end of 2010.

The donors contracted UNOPS as the fund manager for the general management, monitoring and oversight of LIFT's activities. The fund manager has delegated authority for the management of the fund under the rules and regulations of UNOPS and within the overall policy and strategy framework approved by the donor consortium and priorities established by the fund board.

The fund manager is accountable to the fund board for delivering all activities entrusted to the fund manager, including:

- Effective distribution of funds to implementing partners, in line with decisions of the fund board
- Measuring the success of the fund using an approved monitoring and evaluation system, and
- Developing, managing and reporting on all other aspects of the fund's implementation.

To achieve the above, the fund manager established an independent office in Rangoon/Yangon in 2009 and began to appoint staff able to undertake the required tasks.

### Identifying and Contracting Implementing Partners

LIFT's first call for proposals was launched in November 2009 and organised in two areas of work:

- (i) prioritised townships in Cyclone Nargis-affected areas (Delta), and
- (ii) other parts of the country prioritised by the FAO/WFP Crop and Food Security Assessment Mission of October/November 2008.

A launching workshop was held on 13 November 2009. Potential implementing partners were invited to attend. A question and answer forum was established on the Fund Manager's website ([www.unops.org](http://www.unops.org)) in order to respond to any questions relating to the call for proposals. The call for proposals was posted on the UNOPS website on 11 November 2009.

The closing date for Delta applications was 2 December 2009. A total of 36 proposals were received. An independent assessment team reviewed the technical proposals against the technical criteria set out in the call for proposals (i.e., financial and operational capacity of the proposing organisation; relevance of the action proposed; methodology proposed; and sustainability). The Fund Board conducted a second review of all the proposals that met the minimum technical requirements.

The selection of 22 projects for the Delta was finalised in December 2009.

Applications for areas outside the Delta are due 18 January 2010. The same selection process will be followed as the Delta projects.

## 2. MONITORING AND EVALUATION

No field activities were implemented by LIFT during 2009. Establishing the funds monitoring and evaluation (M&E) system will be a priority during 2010. Activities will include:

- Developing a robust logframe based upon the existing drafts in donor agreements, with SMART<sup>7</sup> indicators that have been harmonized, where possible, with implementing partners
- Collecting baseline information
- Developing an input/output tracking database at the village level
- Establishing a results and impact monitoring system
- Preparing an Annual M&E work plan.

The M&E system will be developed in close consultation with implementing partners to ensure timely and effective monitoring of the fund's progress and results. Stakeholder and thematic workshops will be held to learn from field activities and capture and promote best practices. Linkages will be established among working groups to assist with coordination and sharing of information. These groups include the Delta Livelihood Working Group, Food Security and Agriculture Thematic Working Group, Nutritional Technical Network, Food Security Working Group and others.

Developing a comprehensive M&E system will take time. Careful consideration is required of (i) the diverse range of stakeholders associated with the LIFT Fund, (ii) the inherent complexity of measuring change in livelihoods and food security within a relatively limited time-frame (iii) and the difficulty of attributing changes to interventions supported by the Fund.

The logframe and results framework will form the backbone of LIFT's M&E strategy/ system.



Projects include: training, road and jetty construction, loan programmes and distribution of seeds and livestock.



### 3. FINANCIAL MANAGEMENT & PROCUREMENT

#### Financial Contributions

Donors started contracting the fund manager from September 2009. As at 31 December 2009, donor contributions to LIFT were as follows:

Donor	Contribution
EC	\$13,808,140
Netherlands	\$2,950,000
Sweden	\$2,725,775
Switzerland	\$379,975
Interest	\$17,584
<b>Total</b>	<b>\$19,881,474</b>

Commitments from donors to the LIFT Fund as of 31 December 2009 are estimated as follows:

Donor	Contribution
Australia	\$3,370,768
EC	\$47,579,617
Netherlands	\$2,950,000
Sweden	\$2,725,775
Switzerland	\$471,000
UK	\$9,388,792
<b>Total</b>	<b>\$66,485,952</b>

#### Expenditures

No disbursements to implementing partners occurred in 2009. The fund manager incurred expenses as follows:

Activity	Amount
Grants to Implementing Partners	\$0
Research & Visibility	\$753
Operation of the FM Office	\$235,757
Support to the Fund Board	\$18,632
Facilities & Administration	\$17,860
<b>Total</b>	<b>\$273,002</b>