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Report No: PAD2534

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$25 MILLION

TO THE

REPUBLIC OF THE UNION OF MYANMAR

FOR A

ENHANCING COMMUNITY DRIVEN DEVELOPMENT PROJECT

October 23, 2020

Social Sustainability and Inclusion Global Practice
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

Exchange Rate Effective September 30, 2020

Currency Unit = Myanmar Kyat

MMK1,306 = US\$1

FISCAL YEAR

October 1 – September 30

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ABBREVIATIONS AND ACRONYMS

CDD	Community Driven Development
DRD	Department of Rural Development
EAO	Ethnic Armed Organization
ECDDP	Enhancing Community Driven Development Project
EPP	Emergency Project Paper
ESMF	Environmental and Social Management Framework
ESSAF	Environmental and Social Safeguards Assessment Framework
FA	Financing Agreement
GESI	Gender and Social Inclusion
GHM	Grievance Handling Mechanism
GRS	Grievance Redress Service
IDA	International Development Association
IDC	Italian Development Cooperation
IPP	Indigenous Peoples Plan
JSDF	Japanese Social Development Fund
MEB	Myanmar Economic Bank
MIS	Management Information System
MSDP	Myanmar Sustainable Development Plan
MSR	Multi-stakeholder Reviews
NCA	National Ceasefire Agreement
NCDDP	National Community Driven Development Project
NGO	Non-Governmental Organization
OM	Operations Manual
O&M	Operations and Maintenance
POM	Project Operations Manual
PDO	Project Development Objective
PPCP	Peaceful and Prosperous Communities Project
PPSD	Project Procurement Strategy for Development
RAP	Resettlement Action Plan
SORT	Systematic Operations Risk-Rating Tool
TPIC	Township Planning and Implementation Committee
VT	Village Tract
VTDP	Village Tract Development Plan
VTDSC	Village Tract Development Support Committee
WB	World Bank



MYANMAR
ENHANCING COMMUNITY DRIVEN DEVELOPMENT PROJECT

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**BASIC INFORMATION**

Country(ies)	Project Name	
Myanmar	Enhancing Community Driven Development Project	
Project ID	Financing Instrument	Environmental Assessment Category
P162647	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
23-Dec-2020	31-Dec-2023

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The development objective is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach.

Components

Component Name	Cost (US\$, millions)
Community Block Grants	18.65



Facilitation and Capacity Development	3.00
Monitoring and Evaluation, Knowledge and Learning	0.87
Project Management and Implementation Support	2.48

Organizations

Borrower:	Republic of the Union of Myanmar
Implementing Agency:	Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	25.00
Total Financing	25.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	25.00
Japan Social Development Fund	25.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023	2024
Annual	0.00	2.00	10.00	10.00	3.00
Cumulative	0.00	2.00	12.00	22.00	25.00

INSTITUTIONAL DATA



Practice Area (Lead)

Social Sustainability & Inclusion

Contributing Practice Areas

Agriculture and Food, Fragile, Conflict & Violence

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● High
9. Other	
10. Overall	● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	



Forests OP/BP 4.36	✓
Pest Management OP 4.09	✓
Physical Cultural Resources OP/BP 4.11	✓
Indigenous Peoples OP/BP 4.10	✓
Involuntary Resettlement OP/BP 4.12	✓
Safety of Dams OP/BP 4.37	✓
Projects on International Waterways OP/BP 7.50	✓
Projects in Disputed Areas OP/BP 7.60	✓

Legal Covenants

Sections and Description

Institutional Arrangements (Section I.A, Schedule 2 of Grant Agreement):

1. The Recipient shall maintain, throughout the implementation of the Project, a Steering Committee with a mandate, composition and resources satisfactory to the World Bank.
2. Without limitation to the provisions of paragraph 1 of this Part A, the Steering Committee shall meet periodically for the purposes of, inter alia: (a) providing overall strategic and policy guidance on all activities carried out under the Project; and (b) facilitating the coordination of Project activities among the relevant ministries and the effective removal of any obstacles to the timely implementation of the Project.

Department of Rural Development

3. The Department of Rural Development of the MOALI shall, throughout the implementation of the Project, be responsible for the coordination, monitoring and evaluation, and reporting of Project activities.
4. The Recipient shall maintain within the Department of Rural Development, throughout the implementation of the Project, a secretariat with functions, staffing and resources satisfactory to the World Bank, which shall be responsible for, inter alia: (a) overseeing and guiding the overall administration of financial management, procurement, environmental and social safeguards management, and communication of the Project; (b) carrying out the overall monitoring and evaluation of Project activities; (c) providing technical and capacity building support to all Project stakeholders; and (d) consolidating all reports under the Project.

Sections and Description

Project Operations Manual (Section I.B, Schedule 2):



The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall not amend, abrogate or waive any provision of the Project Operations Manual unless the World Bank has provided its prior no-objection thereof in writing.

Sections and Description

Annual Works Plans and Budgets (Section I.C, Schedule 2):

1. The Recipient shall prepare and furnish to the World Bank for its approval not later than one (1) month before the beginning of each Recipient's fiscal year during the implementation of the Project (or such later date as the World Bank may agree), a consolidated Annual Work Plan and Budget ("AWPB") containing all Project activities and Eligible Expenditures, including the amount of Block Grants, proposed to be included in the Project in the following fiscal year, including a specification of the sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part E of this Schedule.
2. The Recipient shall ensure that the Project is implemented in accordance with the AWPB accepted by the World Bank for the respective Recipient fiscal year; provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not make or allow to be made any change to the AWPB without prior no-objection in writing by the World Bank.

Sections and Description

Subprojects (Section I.D, Schedule 2):

1. The Recipient shall make available Block Grants to Beneficiaries in accordance with eligibility criteria, arrangements and procedures acceptable to the World Bank and set out in the Project Operations Manual for the purpose of carrying out Sub-Projects under Part 1 of the Project.
2. The Recipient shall make each Block Grant pursuant to a Block Grant Agreement with the respective Beneficiary, on terms and conditions approved by the World Bank, and shall obtain rights adequate to protect its interests and those of the World Bank, including the right to:
 - (a) require each Beneficiary to: (i) carry out the respective Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the applicable provisions of the Project



Operations Manual, the Procurement Regulations, the Environmental and Social Management Framework, the relevant Safeguard Assessments and Plans, and the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods, works and services to be financed out of the Block Grant in accordance with the provisions of Section III of Schedule 2 to this Agreement, and utilize such goods, works and services exclusively in the carrying out of the Sub-project and for the objectives thereof; (iv) maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank and set out in the Project Operations Manual, the progress of the Sub-project and the achievement of its objectives; (v) (A) maintain records and accounts adequate to reflect the expenditures pertaining to the respective Sub-project and provide such information to the Recipient and the World Bank upon request; and (B) at the World Bank's or the Recipient's request, have such records and accounts audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the records and accounts as so audited to the Recipient and the World Bank; (vi) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing; and

(b) suspend or terminate the right of the Beneficiary to use the proceeds of the Block Grant, or declare to be immediately due and payable all or any part of the amount of the Block Grant then withdrawn upon the Beneficiary's failure to perform any of its obligations under the Block Grant Agreement.

3. The Recipient shall exercise its rights under the Block Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Block Grant Agreement or any of its provisions

Sections and Description

Environmental and Social Safeguards (Section I.E, Schedule 2):

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework ("ESMF").

2. Whenever a Safeguard Assessment and Plan shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the Recipient shall ensure that: (a) such Safeguard Assessment and Plan is prepared, reviewed, disclosed and consulted upon, and adopted in accordance with the provisions of the ESMF and in a manner satisfactory to the World Bank; and (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan.



3. Without limitation on the foregoing, the Recipient shall: (a) finance exclusively out of its own or other resources, and not out of the proceeds of the Grant or the Co-financing, any land that may be acquired by the Recipient in relation to or on account of the Project, and any such acquisition shall, in any event, comply with the applicable requirements of the ESMF; and (b) in the case of any resettlement activity under the Project involving Displaced Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the ESMF have been executed, including, in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.
4. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF or any Safeguard Assessments and Plans, unless the World Bank has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
5. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the World Bank on a quarterly basis (or such other frequency as may be agreed with the World Bank) consolidated reports on the status of compliance with the ESMF and the Safeguard Assessments and Plans, giving details of:
 - (a) measures taken in accordance with the said instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and
 - (c) remedial measures taken or required to be taken to address such conditions.
6. In the event of any conflict between the provisions of any of the ESMF or any Safeguard Assessments and Plans, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Conditions



I. STRATEGIC CONTEXT

A. Country Context

1. Notwithstanding a rich natural resource base and a strategic location in one of the most economically dynamic regions in the world, Myanmar today is one of the least developed countries in Southeast Asia due to a long period of conflict, isolation, and ineffective economic and social policies. At least 70 percent of Myanmar's poor live in rural areas, where decades of underinvestment have limited access to essential infrastructure and services. Beginning in 2011, Myanmar accelerated major political and economic reforms that have seen a significant increase of political and civil liberties as well as notable economic growth.
2. Following the country's first open national elections in 2015 in a generation, a government led by the National League for Democracy (NLD) assumed power in April 2016. Consistent with its election manifesto, the NLD Government has prioritized rural development and job creation as core economic objectives. Beginning in 2017, the government specifically emphasized the importance of rural infrastructure, including roads and electrification, to support broad-based, private-sector driven job growth in rural areas. The National Community Driven Development Project (NCDDP) reflects this commitment to rural infrastructure, while adopting a community-driven approach to development that places communities at the center of decision-making, including in the identification, implementation and maintenance of community-level infrastructure.
3. At the same time, the government has continued to pursue an end to decades of ethnic conflicts through a peace process involving negotiations with over a dozen armed groups. In its initial phase in 2012 and 2013, the process led to the signing of a series of bilateral ceasefire agreements, including with the Karen National Union, ending the world's longest-running civil conflict. In October 2015, eight ethnic armed organizations signed a Nationwide Ceasefire Agreement (NCA) with the Government, committing to a political dialogue aimed at a comprehensive national peace agreement, with a further two groups signing in 2018. However, despite this promising start and the significant achievements of the peace process to date, progress remains uneven and fighting in recent months has intensified in the country's northeast. This includes high intensity conflict with the Kachin Independence Organization, but also armed clashes with smaller groups in Shan State which have displaced thousands of civilians. The government's efforts to agree on a ceasefire with these groups and have them join the political process have so far been unsuccessful, in part reflecting a deep legacy of distrust following decades of conflict.
4. Even as the government has sought to advance the national peace process, other sources of conflict have re-emerged, including in Rakhine State. Longstanding tensions between the predominantly Buddhist population and the state's Muslim minority led to communal violence in 2012, and the subsequent restriction of 130,000 Muslims who self-identify as Rohingya to IDP camps. Since October 2016, Government has responded to attacks on police and military facilities by a recently formed insurgent group with military-led security and clearance operations that have caused over 730,000 people to flee to Bangladesh in two waves.^[1] The situation in Rakhine State has become further complicated by

^[1] Inter Sector Coordination Group. 2018. Situation Report Rohingya Refugee Crisis.



the emergence of armed conflict between the military and another insurgent group, the Arakan Army, which has displaced a further 40,000 people in 2019.

B. Sectoral and Institutional Context

5. The NLD-led Government that came to power following historic elections in October 2015 has confirmed the priority that government attaches to rural poverty reduction and access to essential services in infrastructure. This included the February 2018 Myanmar Sustainable Development Plan, and the December 2017 Myanmar Development Assistance Policy, where the State Counsellor's foreword emphasized the importance of roads and electrification as among "the highest priorities for development assistance in the immediate period."

6. Prepared and approved in 2012 and becoming effective in January 2013, the National Community-Driven Development Project (NCDDP, P132500) is the World Bank's first IDA investment project in Myanmar in over 25 years. Aimed at operationalizing the vision of the reformist Government for people-centered development, the NCDDP marked a fundamental shift in government policy towards rural areas, both by reversing decades of underfinancing, and by enabling communities to participate in the development process. Since becoming effective in January 2013, the NCDDP has delivered rapid results. As of March 2019, the NCDDP has financed over 21,721 village sub-projects, which have supported the rehabilitation and/or construction of 8,900 km of rural roads, 1,600 bridges, 3,300 water supply systems, and 3,600 schools. Community participation rates remain high (61 percent), women participate actively in community meetings (51 percent) and project implementation committees, and community satisfaction rates continue to exceed 90 percent. Over 1,300 Government staff and 387,000 village committee members have received project management training. Independent technical audits have found that well over 80 percent of subprojects meet or exceed technical specifications, and that subprojects are cost effective when compared to the construction of similar infrastructure through other programs in Myanmar.

7. Besides infrastructures and jobs, the NCDDP has pioneered the use of innovative tools and approaches to increase citizen engagement and social accountability. This includes: (i) strengthening the capacity of communities to serve as agents of local development; (ii) annual bottom-up performance reviews, including social audits to foster adaptive learning and transparency; (iii) a large-scale feedback and grievance handling mechanism; and (iv) confidence building measures between Government and some Ethnic Armed Organizations (EAOs) to serve communities in townships that are still contested.

8. The Government of Japan and the Secretariat of the Japan Social Development Fund (JSDF) have approved an introductory note for a JSDF grant in an amount of US\$11 million to provide complementary financing to support the implementation of community development activities under the NCDDP. This financing was also reflected in the Project Paper for the Additional Financing IDA credit (P153113) approved in July 2015. The grant amount was subsequently increased to US\$25 million at the request of the JSDF Secretariat, necessitating a separate processing of this grant financing contribution.¹ The

https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/iscg_situation_report_27_sept_2018.pdf.

¹ In addition, US\$2.256 million would be allocated to the World Bank to ensure the appropriate technical, fiduciary and safeguards supervision of the JSDF resources.



increase in grant funding allows for five additional townships with ethnic minority populations to benefit from Community Driven Development (CDD) investments which will help fill acute gaps in infrastructure in these townships, and to strengthen community facilitation capabilities in Department of Rural Development (DRD). These funds will also pilot methodologies for conflict mapping and conflict resolution at the community and village tract level, as well as strengthen the capacity of women and other groups at risk of social exclusion at the village level to engage effectively in CDD activities. These measures will serve to inform approaches both for the ongoing NCDDP, and for the Peaceful and Prosperous Communities Project (PPCP; P168107), which is currently under preparation.

9. To accomplish its objectives, the Enhancing Community Driven Development Project (ECDDP) will place an enhanced emphasis on i) increasing participation and facilitation at the community level; ii) training facilitators and communities in conflict sensitivity and conflict resolution; and iii) investments in the capacity of women and ethnic minority groups to serve effectively as village committee members and to engage in village planning processes. The ECDDP block grants will finance community-level public infrastructure, including rehabilitation and construction of transport connectivity (e.g. roads, bridges, jetties, footpaths), water supply systems, schools, rural electrification and rural health centers.

C. Higher Level Objectives to which the Project Contributes

10. The project's relevance is reflected in four specific strategies of the Myanmar Sustainable Development Plan (MSDP) of the Government of Myanmar, namely: Strategy 1.2. Promoting equitable and conflict-sensitive socio-economic development across all regions and states; Strategy 1.4. Enhancing good governance and institutional performance; Strategy 1.5. Promoting increased engagement of all people and open communication with government; and Strategy 4.5. Protecting the rights and harnessing the productivity of all, including migrant workers.

11. The proposed financing is also in line with the World Bank Group's (WBG)'s previous Country Partnership Framework (CPF) for Myanmar², which envisaged a scale up of the National Community Driven Development Project under its first focus area of "reducing rural poverty." The CPF specifically notes the importance of the National CDD Project in increasing access to essential services for rural populations in a bottom up manner as part of the WBG's engagement in Myanmar to reduce extreme poverty and boost shared prosperity. In line with the NCDDP, the ECDDP will contribute to this agenda by increasing access to essential services in poor and vulnerable rural communities in a bottom-up manner.

² Myanmar CPF for the period 2015–2019: Empowering People for Inclusive Growth (Report No. 95998) discussed by the Board on April 23, 2015. The project is also fully aligned with focus area 1 (building human capital and fostering peaceful communities) of the WBG's most recent CPF for Myanmar for the Period FY20–FY23 (Report # 147607-MM) discussed by the Executive Directors on May 12, 2020.



II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

12. The **development objective is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach**. The objective will be achieved through: (i) financing community-identified rural infrastructure investments; ii) strengthening the capacity of communities in partnership with local authorities to effectively identify, plan and implement their development priorities; and iii) facilitating the participation of the poor and vulnerable, both women and men, throughout the project cycle at community level.

B. Project Beneficiaries

13. The ECDDP Project will finance the construction of public infrastructure that will provide access to and use of improved public infrastructure (e.g., water supply systems, schools, roads) that will benefit approximately 400,000 persons living in an estimated five rural townships in states with ethnic minorities in Myanmar. The townships targeted will be in Shan state (Mawmai and Mongkhet), Kayin state (Kawkareik) and Rakhine state (Ponnagyun and Gwa). It is expected that fifty percent of beneficiaries will be women.

14. Participating communities will gain skills in the planning, decision-making, and implementation of small public infrastructure sub-projects, with a particular focus on gender and social inclusion (GESI), and on adapting community engagement processes to ensure reflection of their needs and priorities. The Project will support enhanced training for Community Facilitators, Technical Facilitators and DRD staff in target townships with a view to fostering and institutionalizing culturally socially inclusive and conflict-sensitive approaches. The Project will also pilot approaches to measuring the effects of the Project on women's well-being.

C. PDO-Level Results Indicators

15. Key results that will be measured throughout the life of the project include the following:
- a) Number of direct project beneficiaries (Disaggregated by gender);
 - b) Number of persons having access to and use of project-built infrastructure and services (e.g. all-weather roads, water, schools, health services);
 - c) Percentage of households in project villages participating in planning, decision-making, and implementation of sub-projects; and
 - d) Percentage of community members satisfied with the project.

III. PROJECT DESCRIPTION

A. Project Components



Component 1: Community Block Grants (US\$18.65 million, 75 percent)

16. These resources will finance four annual cycles of community block grants in five townships in Kayin, Shan and Rakhine states over a period of four years. The average estimated value of the grants is equivalent of US\$34,000 per village tract³ (village tracts typically consist of 4-6 villages) per year, or about US\$13 per capita. Village tract allocations vary depending on the population of a given village tract. The grant funds will be utilized to finance community-level public infrastructure, including the rehabilitation and construction of transport connectivity (e.g., roads, bridges, jetties, footpaths), water supply systems, schools, rural electrification and rural health centers.

17. ECDDP project townships have been selected by the state and regional Chief Ministers based on a participatory process that brings together local government officials, civil society, and community representatives in a workshop setting to identify the poorest township of the State/Region. The key criteria for township selection are (i) poverty; (ii) absence of external funding for similar activities, (iii) willingness and capability of the township authorities to implement the project, (iv) adequate peace and stability of the township, and (v) relative ease of logistical access to and within the township. The JSDF grant resources will be utilized to finance community block grants in townships with ethnic minorities and/or other vulnerable communities.

18. Block grants are allocated through a participatory planning process comprising all villages within a village tract. All village tracts in selected townships are covered for equity and inclusion purposes. Planning and prioritization of sub-projects is undertaken by villagers and representative village tract fora. The majority of sub-projects financed by block grants are also directly implemented by community groups. The administration and allocation process for the block grants, including eligibility criteria, is described in detail in the Project Operational Manual (POM).

Proposed Intermediate Indicators

- Number and type of rural infrastructure built⁴ (for instance, kilometers of road rehabilitated, number of schools, clean water provision); and
- Percentage of sub-projects evaluated independently meeting project operations manual technical and safeguard specifications.

Component 2: Facilitation and Capacity Development (US\$3 million, 12 percent)

19. Effective community facilitation, local development planning and civil works engineering are essential for the success of a CDD project. While the NCDDP has developed a solid community engagement model, DRD is keen to advance the institutionalization of participatory village and local development planning in a manner that will (i) be suitable for a further geographic scale up, (ii) provide more customized support to women, ethnic minorities and communities affected by conflict, (iii) further strengthen social accountability elements; (iv) be sustainable and cost-effective in staffing terms, and (v)

³ In Myanmar, village tracts are the level below the township (there are 330 townships in the country). On average village tracts each comprise about five villages, with an average population of about 2,755 people. Village tracks are the lowest administrative level of government.

⁴ Due to the demand-driven nature of the project, it is not possible to determine ex-ante the type of investments communities will choose and therefore who will benefit. These figures will be reported upon after sub-projects are completed.



enable the NCDDP's community engagement systems and village development planning efforts to serve as a platform for a wider range of local development interventions.

20. The community development space is still relatively young in Myanmar – the skills necessary to undertake participatory community development processes at the grass roots are being built incrementally, and there is still a limited pool of skilled facilitators in Myanmar. Therefore, the ECDDP, will support the establishment of a learning program targeted at developing and rolling out a curriculum for participatory community local development planning, small-scale rural civil works, rural electrification, as well as expanding the cadre of Community Facilitators (CFs), Technical Facilitators (TFs) and DRD staff. This initiative would provide technical training and experiential learning in mobilization, facilitation and interface/liaison activities in poor communities, building off the lessons learned from facilitation in the NCDDP to date, and drawing on relevant regional experience. It would include a focus on the skills necessary to facilitate core CDD activities, and will look into serving as a platform to train facilitators to help communities engage in local development planning, behavior change and demand-side accountability more broadly (e.g. training on social accountability in health, education or other basic services, and behavior change efforts related to water and sanitation or nutrition), with a view to creating a broader foundation and platform for citizen engagement in Myanmar in the medium term. Finally, this training program will include modules to help facilitators identify and mitigate risks of conflict and/or social exclusion in community engagement processes, and to foster community capacity for local conflict resolution. The Project will help DRD to develop a system of certification and accreditation for this training. To assist DRD to institutionalize capacity-building for participatory rural development, the Project will assist DRD to improve its training centers.

21. Fifty percent of community committee members under the ECDDP will be women. The Project will invest in assessing potential capacity and confidence gaps of these women and working with them to ensure they are able to fully play their roles in NCDDP committees. Similarly, the project will undertake additional social analysis to map participation of potentially vulnerable minority groups (e.g., ethnic, religious, elderly, youth, persons with disabilities) in participating villages, with a view to fostering inclusion of these groups in Project processes. Lessons from this enhanced engagement will be used to inform gender and social inclusion (GESI) capacity-building across the NCDDP.

22. A partnership of a locally-based organization/institute with capacity building skills, together with an international partner, will deliver these training programs in at least two locations in Myanmar. Implementation arrangements will be determined based on the capacity of partners to deliver a well-designed, targeted and sustained set of training events – linked to learning in real situations. In addition, experience from the region and elsewhere will provide the ECDDP with the potential to benefit from lessons learned over years in this regard in other countries.

Proposed Intermediate Indicators

- Number of community members using their new skills in project planning, financial management, and procurement
- Number of Community Facilitators and Technical Facilitators trained and using their participatory development skills; and
- Number of Government officials using their new skills in project management, engineering, planning



Proposed Outcome Indicators

- Percentage of sub-projects evaluated as high priority by communities.

Component 3: Monitoring and Evaluation, Knowledge and Learning (US\$0.87 million, 3 percent)

23. This component will support a series of bottom up participatory M&E activities that are fully integrated into the annual community planning and sub-project cycle. These include annual social audits of ECDDP activities in each project village. At the township level, annual multi-stakeholder reviews (MSRs) will reflect on performance and lessons learned in each of the five beneficiary townships. ECDDP findings will also be fed into the annual MSRs held for the NCDDP at the Union level.

24. In addition, this component will support DRD to commission “process reviews” to assess the quality of community engagement efforts. They will include reviews of the relevance and effectiveness of community engagement measures in all stages of the Project cycle (planning, implementation and evaluation), including with regards to language and other cultural variables, gender and social inclusion. These reviews will help to inform the curriculum and of the training programs for facilitators and DRD staff. Also, the grant will finance support to the refinement of the NCDDP Project Management Information System (MIS)⁵, which will also be used for the ECDDP, with a view to expanding efforts to harness ICT technologies to improve the consistency and quality of community engagement. This may include the development of customized software applications for both Community Facilitators and community committees. These resources will also finance enhancements to the MIS with a view to making it more user-friendly to the public and other external stakeholders, as part of the Project’s commitment to transparency.

25. The ECDDP will work to strengthen the grievance handling mechanism (GHM) developed under the NCDDP. While the GHM has functioned well to date, there are opportunities for upgrading the system to make greater use of the increased mobile telephone network coverage across the country, and increased Internet access and utilization. The system would also benefit from adaptation to facilitate functioning at a greater scale, with a greater role for state-level nodes. The Project will finance technical assistance towards this end.

26. This component will support the collation and reporting of information on JSDF grant financed activities within the framework of the overall NCDDP quarterly and annual reporting processes. Finally, it will support a final evaluation and a related evaluation workshop.

27. The World Bank’s aide memoires of implementation support missions as well as Implementation Status and Results Reports (ISRs), Mid Term Reviews (MTR) and Implementation Completion and Results Report (ICR) will report specifically on JSDF grant implementation. These will be complemented by a number of analytical activities to be administered by the Bank as part of its enhanced supervision for this grant, including Governance and Accountability assessments, a study to assess the suitability of the

⁵ The main tool for monitoring and evaluation (M&E) of the project is the Project Management Information Systems (MIS) which is a complete network of information (project cycle, financial, procurement, social accountability information etc.) required to assist project management to make timely decisions, to track progress and access the degree of realization of the indicators in the Results Matrix. A more detailed description of the MIS is provided in the POM.



Project for results-based financing related to gender and well-being, an outcome assessment, and enhanced monitoring in areas affected by conflict.

Proposed Intermediate Indicators

- Number of annual township multi-stakeholder reviews conducted;
- Number and percentage of Grievances related to delivery of project benefits that are addressed;
- Number of ECDDP community engagement process evaluations completed;
- Number of internal cross-township learning exchanges;
- Timeliness and quality of NCDDP quarterly and annual reports, with dedicated annexes on JSDF grant activities; and
- Improved community perceptions of quality of project community engagement activities over time.

Component 4: Project Management and Implementation Support (US\$2.48 million, 10 percent)

28. This component will support project management by DRD at the Union, State/Region, district, township, village tract and village levels, including financial management, procurement, environmental and social safeguards management, and communications, audits and rehabilitation of DRD offices necessary for Project implementation. DRD has assigned the same staff responsible for the implementation of the NCDDP to ensure implementation of the ECDDP. This group includes staff at Union level and at the state level responsible for community engagement, gender, technical quality / engineering, safeguards, procurement, financial management, communications and M&E. At the township level, DRD will assign seven dedicated staff per township to oversee implementation. Community Facilitators and Technical Facilitators will be recruited to engage regularly at the village tract and village level. The Project will finance technical assistance for fiduciary matters at the Union level with a view to fostering capacity-building and ensuring timely procurement and financial reporting.

Proposed Intermediate Indicators

- Timeliness and satisfactory quality of financial reporting and of annual Project audits;
- Allocation of adequate DRD staff for Project implementation at union and township levels; and
- Percentage of annual significant financial audit findings addressed (misuse of funds, non-compliance with procedures).

B. Project Cost and Financing

Project Components	Project cost	JSDF Financing Trust Funds	Counterpart Funding
Total Costs	25.0	25.0	0
Total Project Costs	25.0	25.0	0
Front End Fees	0	0	0
Total Financing Required	25.0	25.0	0



C. Lessons Learned and Reflected in the Project Design

29. Implementation of the NCDDP started in 2013. The Project has adopted an adaptive learning approach, whereby implementation lessons are collected annually through a bottom-up feedback process that begins with social audits in villages and culminates in a multi-stakeholder review at the Union level. This has been complemented with technical audits. The findings and recommendation from these processes and studies have then fed back into regular updates of the Operational Manual and have informed the design and priorities of the ECDDP.

30. Key lessons learned to date have included increasing the size of the block grants to facilitate more meaningful community investments, the importance of timing block grant disbursement in relation to seasonal agricultural cycles of communities, increasing the time allocated for training of Community Facilitators, the importance of adapting the content of Project communications to different audiences, and the need for providing enhanced training on gender and social inclusion to Project staff. The Project has also begun to engage in areas affected by conflict since 2015. Key lessons in this regard have included the importance of regular consultations with all stakeholders in such areas, the need for flexibility in implementation timelines, the importance of regular monitoring of the overall peace process, the value of Community Facilitators from the area who are familiar with communities and are well-informed about risks, and the importance of patient and sustained engagement.

31. This Project will draw on and respond to the lessons learned to date lessons by (i) further strengthening the capacity of the facilitators to engage with communities in an adaptive and culturally sensitive manner, with due regard for gender and social inclusion measures, (ii) strengthening community level conflict mapping and conflict resolution measures, and (iii) strengthening the bottom up governance and accountability measures of the Project, including the annual community social audits and the Feedback and Grievance Handling Mechanism (GHM).

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

32. DRD has been implementing the NCDDP in a satisfactory manner, scaling up the Project successfully from three townships in 2013 to 47 townships by 2017. The ECDDP will build on the existing approach and implementation arrangements. The ECDDP will allow for the increase in the number of sub-projects financed, but their average size, complexity or safeguards implications will remain the same. This Project will specifically invest in further strengthening the capacity of the “frontline” community engagement personnel and DRD staff with a view to enhancing the quality of the Project’s community engagement, gender and social inclusion processes, including in challenging environments characterized by ongoing conflicts or a legacy of conflict. To this end, DRD will contract qualified training service providers.

33. DRD will be responsible for overall project management, including coordination and monitoring of and reporting on project activities. In each participating township the DRD office will provide oversight



and provide technical support throughout the project cycle through its existing staff. Any staffing gaps will be filled by reassignments from other township offices or the union DRD office.

34. The ECDDP will make use of the existing Township Planning and Investment Committees (TPICs). These committees are chaired by Township Administrators and include line ministry representatives (health, education, agriculture, planning, DRD, etc.). They endorse Village Development Plans and investment priorities; and will ensure coordination with relevant line agencies.

35. Village tract forums and village implementation committees will be responsible for the community planning process and sub-project cycle at the village tract and village levels, respectively. The village tract forums will be responsible for the preparation and annual revision of tract development plans, and for accounting for the funds received. DRD engineers will prepare the subprojects in consultation with the village implementation committees and the community facilitators. The village monitoring sub-committees will report on progress.

36. With the on-set of the COVID-19 pandemic, DRD and TTAs have adjusted a number of project activities and sub-project funding cycle requirements in response. These changes, among others, include: (a) allowing staff rotation (on a 50/50 basis) at township level offices, (b) use of social media platforms for training and information dissemination purposes, (c) prioritize trainings and numbers of people participating to avoid large gathers, (d) respecting local travel restrictions and “stay-at-home” directives, (e) enhanced cooperation with department of health officials to help disseminate relevant pandemic mitigation information, (f) reduce non-essential community meetings and rely on other forms of mass communication, (g) carry out all community level meetings in open-air conditions if possible and in accordance with social distancing recommendations, and (h) ex-post social audit meetings will not be required to proceed to the next cycle of support. The ECDDP will also prioritize sub-projects that enhance labor content to increase wage transfers to community members.

B. Results Monitoring and Evaluation

37. As the implementing agency for the project, DRD under the Ministry of Agriculture, Livestock and Irrigation (MoALI) is responsible for the overall project implementation, including compliance with the provisions of the POM, procurement of consultancy services for technical assistance and institutional support, communications and outreach, capacity development of all project stakeholders, monitoring and evaluation, and consolidated reporting. In addition, DRD will ensure the operation of an effective Grievance Handling Mechanism (GHM) accessible across all project townships. In carrying out these functions, DRD will procure and supervise the work of local and/or international NGOs and firms with a previous track record of implementing community-based activities for technical assistance and institutional support as necessary.

38. As part of its work, union level DRD staff will undertake regular monitoring and supervision visits to project locations, review township quarterly reports, resolve management and implementation issues as they arise, and provide a learning feedback loop with the townships. The DRD office will provide quarterly and annual progress reports to the World Bank. DRD will disclose all audit reports on its website, <http://www.cdd.drdmyanmar.org>.



39. ECDDP results will be assessed through assessments of the quality of community engagement processes. Block grant outcomes and the technical quality as well as cost-effectiveness of sub-projects will be assessed through the broader NCDDP evaluation processes, which include bi-annual technical audits. A final evaluation will assess outcomes in relation to the Project Results framework and capturing key lessons learned.

40. As noted, above, as part of its enhanced supervision of the ECDDP, the Bank will undertake: (i) Governance and Accountability assessments, with a focus on social accountability issues and the GHM; (ii) assessing the feasibility of results-based measurement of wellbeing impacts of interventions for women; (iii) an outcome study, which will provide a before/after analysis of Project investments; and (iv) enhanced monitoring in areas at risk of conflict and violence.

C. Sustainability

41. The sustainability of CDD investments in small-scale infrastructure has already been demonstrated: strong community participation ensures local ownership and local government participation provides additional support as necessary. At the sub-project level, villages establish maintenance groups that will collect funds to finance maintenance costs associated with ECDDP investments. As with the NCDDP, part of the selection criteria prior to resource allocation require a commitment from relevant line agencies for upkeep of investments made under the ECDDP. Technical audits undertaken to date under the NCDDP indicate that sub-project design specifications, implementation quality, and O&M arrangements are appropriate and adequate.

42. To enhance prospects for institutional sustainability, the ECDDP will: (i) strengthen the capacity of communities to play a leading role in community planning and sub-project implementation; (ii) intensify investment in the capacity of facilitators and DRD staff to support community and local participatory development efforts; (iii) the capacity of DRD to provide training on participatory rural development; and (iv) foster regular learning and adaptation through participatory evaluations and selected studies.

43. In the longer-term, it is envisaged that responsibility for implementation of community-based rural development activities would be integrated further into Government service delivery institutions. This will require: (i) greater clarity on the Government's policy, institutional and fiscal frameworks and resourcing for decentralized service delivery; (ii) stronger technical and fiduciary capacity at the district and township levels; and (iii) greater multi-sector collaboration among service delivery agencies. The analytical activities under the ECDDP will help to inform the dialogue that the Bank is engaging with Government on these issues.

D. Role of Partners

44. The Project will provide valuable complementary resources for community development in remote and challenging parts of Myanmar. To date, the Department for International Development (DFID) and the Italian Aid Cooperation Agency (AICS), as well as IDA have provided external financing in support of the NCDDP, which also receives national budgetary allocations. DRD conducts quarterly partner meetings for the NCDDP to which all financing partners are invited, in addition to the annual union-level MSRs. In view of the overall high-risk profile of the NCDDP and the country environment, the Bank



undertakes at least three formal implementation support missions per year. These are complemented with regular technical missions undertaken by country-based team members. Representatives of the Japanese government will be invited to participate in all missions and learning events related to the ECDDP and the broader NCDDP.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

45. **The overall risk is assessed as high**, primarily due to the high political, governance and stakeholder risks associated with the townships selected for this grant, which are located in parts of the country affected by sub-national conflict. Stakeholder risks are high as there remains a diversity of views by stakeholders on the country's transition process and the appropriateness of international assistance, especially in the wake of large scale forced displacement in northern Rakhine state. Proposed mitigation measures include continued engagement with a broad range of stakeholders, transparency in project design and implementation, careful monitoring of community block grant disbursements, as well as a sustained focus on conflict sensitivity, capacity building within the implementing agency, regular monitoring and engagement with a wide range of stakeholders.

46. This project will support activities in areas affected by conflict and communal violence, subject to meeting minimal security conditions and the support of key local stakeholders. This would enable the project to support confidence building and fill acute gaps in infrastructure and access to essential services. The Project will seek to support at least one township in Rakhine State. In working in areas affected by risks of conflict and violence, the project will continuously review and adapt implementation and supervision modalities as needed to ensure that its operations are adapted to local security conditions and are conflict sensitive, including through extensive consultations with a broad range of stakeholders, local conflict analysis and external monitoring.

Risk Category	Risk Description	Risk Mitigation Measures	Rating
1. Political and Governance	Notwithstanding efforts by the government at the union level, there remain challenges such as the lack of transparency, top-down accountability, limited voice and weak institutions of accountability.	Extensive governance, accountability and transparency measures have been integrated into the project's design including attendant capacity development for all actors involved in project implementation. A grievance handling mechanism is in place. A code of conduct/ethics is in place for all project staff, and is integrated into the project operations manual. Clear and transparent criteria for the selection of sub-projects will	High



Risk Category	Risk Description	Risk Mitigation Measures	Rating
		<p>also be incorporated into the project operations manual.</p> <p>The project will include annual financial audits and internal controls.</p> <p>The fraud and corruption clauses in the World Bank's Procurement/Consultant Guidelines will be included in bidding documents, request for proposals and in contracts financed by the project.</p>	
4. Technical Design of Project or Program	Exposure to risks of fragility, conflict and violence.	In working in FCV areas, the project will continuously review and adapt implementation and supervision modalities as needed to ensure that its operations are adapted to local security conditions and are conflict sensitive, including through extensive consultations with a broad range of stakeholders, local conflict analysis, regular monitoring and capacity-building.	Substantial
6. Fiduciary	<p>DRD at Union and township levels have gained implementation experience and knowledge in managing World Bank finance project during the implementation of the original parent project. The DRD fiduciary team have also had their capacity built and supported using local and international fiduciary consultants.</p> <p>Implementation support missions indicate that capacity at village level continue to require support, training and monitoring, these</p>	<p>Extensive governance, accountability and transparency measures have been integrated into the project's design including attendant capacity development for all actors involved in project implementation. A grievance handling mechanism will be in place.</p> <p>A code of conduct/ethics is in place for all project staff, and is integrated into the project operations manual.</p>	Substantial



Risk Category	Risk Description	Risk Mitigation Measures	Rating
	<p>weaknesses could still lead to risk of implementation delays of sub-projects and misuse of such funds.</p> <p>For the NCDDP, DRD's latest performance has been Moderately Satisfactory for financial management and Satisfactory for procurement.</p>	<p>The project will include annual financial audits and internal controls.</p> <p>The fraud and corruption clauses in the World Bank's Procurement/Consultant Guidelines will be included in bidding documents, request for proposals and in contracts financed by the project.</p>	
8. Stakeholders	The stakeholder risks are high for this grant due to its proposed engagement in townships of the country affected by sub-national conflict.	Proposed mitigation measures include continued engagement with a broad range of stakeholders, transparency measures in project implementation, careful monitoring of community block grant utilization, as well as a continued focus on capacity building within the implementing agency, regular monitoring and conflict risk analysis.	High
OVERALL			High

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

47. **A cost-benefit analysis (CBA) of the additional financing cannot be conducted ex ante given the demand driven nature of the project.** However, a recent technical audit of NCDDP investments included an assessment of cost effectiveness and Economic Internal Rates of Return (EIRR). The EIRR found that the main subproject types supported under the NCDDP, e.g., roads, bridges, water and schools are all economically viable, at a threshold rate of 10 percent. Water-supply systems, roads and bridges were found to have the highest estimated EIRRs ranging from 46 to 58 percent. In terms of cost effectiveness comparing NCDDP subprojects to other similar projects, results suggest lower unit costs for concrete bridges, boreholes, and electrical grid extension works as compared to similar infrastructure constructed through other government programs. This reconfirms findings from the 2016 technical audit, which also found that NCDDP's subprojects were cost effective as compared to other similar quality infrastructure.



Community contributions (in many cases labor and locally sourced materials), were found to enhance the cost effectiveness of all NCDDP sub-projects, particularly concrete road schemes.

B. Technical

48. The recently completed second technical audit⁶ of the NCDDP found that 80 percent of subprojects met or exceeded technical specifications and another 16 percent were considered only slightly below specifications. This compares favorably with a previous technical audit (2016) that found 78 percent of subprojects had met specifications and 19 percent were slightly below. Sustainability of sub-projects has to date generally been satisfactory, with O&M sub-committees established for all sub-projects, and clear responsibilities assigned for follow-up. In cases where line ministries (e.g., education, health) are required to provide supplementary inputs and/or longer-term maintenance, relevant commitments are obtained from these ministries in advance of sub-project proposal approval.

C. Financial Management

49. **Summary:** The assessment was carried out in accordance with Bank Policy and Bank Directive: Investment Project Financing. Based on the assessment carried out during the IDA additional financing (P153113), as well as the implementation experience to date, financial management capacity and experience at the community level remain relatively weak, which could lead to misuse of funds. Insufficient capacity and inexperience of township level staff could also lead to ineffective support to community level, and the potential 'overstretch' of NCDD union level finance staff capacity due to scale up of project activities and increased financing could lead to low quality financial management support to the project overall. These risks would be addressed through (a) provision of training to community facilitator who would in turn train the community. Training of community facilitators is key as they are at the front line and provide first hand support to the community; (b) increase community oversight by increasing awareness of the importance of transparency (demand for information on financial management and procurement), increase awareness of the availability and use of Grievance Handling Mechanism, increase awareness of sanction policy (c) provision of TA support to township office, (d) strengthen monitoring and supervisory effort by the Union level DRD team, including the finance team visiting townships at least twice per year to follow up and help resolve problem and potential problems, (e) have the project financial statement audited annually, including audit of a sample of block grants; and (f) maintain the current level of staff at the finance unit by expediting the replacement of two consultants and two DRD staff. This is to ensure sufficient staff capacity to manage increased funding.

50. **Financial Management Implementation Arrangements:** The NCDDP finance unit, comprising DRD finance staff and consultants, will be responsible for financial management and disbursement of the ECDDP. To ensure sufficient capacity to manage increased funding and project activities, DRD will maintain the current level of finance unit staff and consultants.

51. **Budgeting:** Budgeting will follow the same process as the IDA financing for the NCDDP. The budget will detail the activities under each component as well as the source of financing. The rationale for the estimation and basis used shall be explained.

⁶ A technical and economic assessment of 235 geographically and technically representative subprojects from cycles 3 and 4 of the NCDDP recently completed by a team of field engineers overseen by an international expert.



52. **Accounting Policies and Procedures and Internal Controls:** The project will follow policies, procedures and internal controls as set out in the Financial Management Manual (FMM). The community will follow policies and procedures set out in the Financial Management section of the Operation Manual. These manuals have been revised from time to time during implementation. New account codes will be created in the accounting software to enable recording of receipts and expenditure of this financing source.

53. **Fund flows:** Fund will flow from the grant account to three (3) designated accounts (DA) to be opened at the Myanmar Economic Bank (MEB). Two will be denominated in MMK and one will be denominated in USD. The USD denominated account will facilitate payments of expenditure below US\$50,000. The funds flow to township and community will follow the same arrangement as the IDA financing, i.e. funds for operation at township level will flow from the DA to township bank accounts. Block grant will flow from the DA directly to the community bank account opened at MEB at township level. The funds flow to township and community will follow the same arrangement as the IDA financing for the NCDDP, i.e. funds for operations at township level will flow from the DA to township bank accounts. Block grants will flow from the DA directly to the community bank account opened at MEB at township level. The eligible expenditures are defined when the block grants are received by the project township and community bank account.

54. **Financial Reporting:** Financial reporting will follow the requirements and procedures as stipulated in the project's Financial Management Manual. Interim Unaudited Financial Report (IFR) for the project will be prepared in an agreed format and to be submitted to the World Bank no later than 45 days after the end of quarter. Community block grants reporting will follow the requirements as stipulated in the financial management section of the Project Operations Manual. Receipts and expenditure at sub-project level will be reported in a specific format upon completion of the sub-project. Similarly, receipt and expenditure at the village tract level will be reported in a specific format upon completion of the sub-project cycle for that village tract.

55. **External Audit:** The Office of the Auditors General of the Union will audit the project's financial statement, as for the NCDDP. An annual audit covering all financing will be required, including audit of a satisfactory sample of sub-projects. Audit reports and management letters are to be submitted to the World Bank no later than six months after the fiscal year end. The audit report and audited financial statements will continue to be disclosed publicly on the NCDD project website.

56. **Implementation Support and Supervision Plan:** Financial management implementation support will be semi-annual or more frequent depending on the updated project FM risk assessment. The FM missions will include reviews of the continued adequacy of financial management arrangements, transaction review and an integrated fiduciary review (procurement and financial management) of sub-grant expenditure and other goods and services contracts.

57. **Disbursement Arrangements:** The primary disbursement methods will be Advances and Direct Payments. Reimbursements and Special Commitments will also be made available. Three (3) new DAs will be opened, two denominated in MMK and one in USD. Supporting documentation required for documenting eligible expenditures paid from the DAs are Statement of Expenditures. Direct Payments will



be documented by Records. The frequency of reporting of expenditures paid from the DAs shall be on monthly basis or a period not exceeding a quarter. All segregated DAs will have Variable Ceilings based on 6 monthly forecasts. The transfer to State/Region and township offices for operation expenses will be considered as advance, with monthly reporting on the use of funds. These accounts will appear as reconciling items on the DA Reconciliation Statement to the extent they have not been accounted for. The transfer to the community bank accounts opened at MEB at township level for block grants will be recorded in the World Bank system as documented eligible expenditures at the time of disbursement. The minimum application size for Reimbursements, Special Commitments and Direct Payments will be equivalent to US\$50,000. All documentation for expenditures submitted for disbursements will be retained at the DRD offices at various levels and village level during the lifetime of the project and be made available to the external auditors for their annual audit, and to the WB and its representatives if requested. After project closing, the relevant documentation will be retained for two years or following the Government's regulations on record keeping and archiving.

58. Disbursement from grant accounts will finance the following:

Category	Amount of the Grant Allocated (USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Block Grants under Part 1 of the Project	18,650,000	100%
(2) Goods (except motor vehicles) under Parts 2, 3 and 4 of the Project	400,000	100%
(3) Works under Parts 2 and 4 of the Project	460,000	100%
(4) Consulting services and non-consulting services under Parts 2, 3 and 4 of the Project	2,820,000	100%
(5) Training and Operating Costs under Parts 2, 3 and 4 of the Project	2,670,000	100%
Total	25,000,000	

Action Plan

Action	Responsible party	Timing
Revised IFR format to be agreed	DRD/WB	Confirmed

D. Procurement

59. The Project will be implemented by the Department of Rural Development (DRD) central unit in Nay Pyi Taw, in coordination with township DRD units. DRD has accumulated five years' experience in implementing procurement in accordance with World Bank procurement guidelines under the NCCDP. DRD has in place a dedicated pool of staff headed by a director responsible for procurement and has recruited two international procurement consultants for the project procurement and training to DRD staff on an intermittent basis. Overall DRD performance on management of procurement activities has been satisfactory to date. Sub-project procurement processes at township level have also been satisfactory.



60. Procurement under this project will mainly include the recruitment of individuals and firms for DRD capacity building program, including providers for enhanced training of community facilitators/technical facilitators, selection of consulting firms and individual consultants for capacity-building, technical assistance and studies, and printing of training materials, communication facilities materials such as poster, pamphlets, etc.

61. Procurement under the Project will be carried out in accordance with Bank Procurement Regulations for IPF Borrowers dated July 1, 2016, revised November 2017 and August 2018. DRD has prepared a project procurement strategy for development, which has informed the procurement arrangements in the procurement plan. DRD has prepared a procurement plan that has been reviewed and approved by the Bank. Procurement under national procurement procedures will follow Government Directives issued on 10 April 2017. The Directive is new and has not been widely disseminated by the Government and bidding documents to implement the Directive are still under preparation. Despite the experience of DRD, there is risk of delays and confusions on the application of Procurement Regulations and new Directive. To mitigate this risk, the Bank team, together with Ministry of Planning, Finance and Industry (MOPFI), will provide training to DRD on these new rules. DRD will use bidding documents acceptable to the Bank for procurement under National procurement procedures. Two different rules will be used for original project and this complementary financing. Contracts are expected to be separate and therefore no mix up of procedures is expected. The project will use the Systematic Tracking of Exchanges in Procurement (STEP) system for all procurement processes.

62. The overall procurement risk of this Project is substantial, and overall fiduciary risk is also rated as substantial. For each contract to be financed by the Project the applicable procurement or consultant selection method, estimated costs, prior review requirements, and time frame have been agreed between the Project and the Bank's Task Team and indicated in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect actual project implementation needs.

63. The World Bank delivered the introduction section of World Bank's procurement regulations for borrowers and preparation of PPSD training during preparation, and in collaboration with MoPFI, delivered additional training about the new regulations. Four DRD procurement staff have attended a comprehensive two-week training in India in November 2017 to specifically learn about the World Bank's New Procurement Framework and Procurement Regulations. The Bank and DRD will continue to collaborate during the project implementation, and to provide hands on support throughout the project.

E. Social (including Safeguards)

64. Consistent with the original Project design, no major loss of land or assets is likely to occur under the ECDDP. Physical relocation of households is not allowed. However, the possibility of minor losses of private land or assets cannot be excluded, and the Project thus triggers OP/BP 4.12 (Involuntary Resettlement), as is the case in the ongoing NCDDP. The Project seeks to minimize losses of land or assets in the first instance through sub-project selection and design. In cases where minor losses of land or assets are unavoidable, it is expected that these will be primarily based on voluntary donations by the affected people and those voluntary donations will be fully documented. If their informed consent to donating assets is not obtained, an abbreviated Resettlement Action Plan (RAP) will be developed and



compensation would be provided at replacement value as per the policies and procedures laid out in the Environment and Social Management Framework (ESMF). In exceptional cases where project impact is significant, a full RAP will be developed.

65. The project will include townships where ethnic minorities are present, therefore OP/BP 4.10 (Indigenous Peoples) is triggered. The project will continue to support the participatory social assessments to be conducted by affected community members themselves, including ethnic minorities, with the support of qualified Community Facilitators who speak local languages. The participatory social assessment will include ethnic screening, and free, prior and informed consultations with affected ethnic minorities aimed at ensuring their broad community support. The Village Tract Development Plans (VTDP), which will be developed based on the result of the participatory social assessments, will serve as the Indigenous Peoples Plan (IPP) under this project, and will meet the requirements of the OP/BP 4.10 for the IPP. The VTDP will be disclosed in all affected local communities in a language understandable to them. Where broad community support is not ascertained, subprojects will not be implemented.

66. The Project will also use and enhance to participating townships the grievance handling mechanism under the NCDDP. The mechanism to date has received and processed over 9,000 inquiries and complaints, with a resolution rate of 99 percent and an average resolution time of two weeks. Most of the inquiries received relate to suggestions or appreciation, but the mechanism has also received and effectively resolved more serious grievances.

67. The Recipient has been implementing World Bank safeguards policies satisfactorily under the NCDDP to date. The DRD project management unit has dedicated staff responsible environmental safeguards, social safeguards, grievance redress mechanism and gender, who are knowledgeable and experienced in implementing the ESMF. The Union level project management unit conducts regular training on environmental and social safeguards for staff who work at the township and village levels. As a result, staff at the village level are competent at screening for environmental and social safeguards risks and escalating as necessary.

F. Environment (including Safeguards)

68. Similar to the original project, the ECDDP is classified as environmental category “B”. It will finance complementary activities including community block grants in approximately five townships, financing four rounds of sub-projects in the selected townships over a period of four years. The project triggers three environmental safeguards policies, including OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats) and OP/BP 4.11 (Physical Cultural Resources). The infrastructure to be financed include small scale rural infrastructure such as small roads, foot-paths and small bridges and jetties, village water supply, rehabilitation of class rooms and health centers, and small-scale rural electrification such as pico hydro or solar panels, etc. The size of these sub-projects will be limited by the size of the block grant allocation (US\$33,000 per village tract per year in average). In Myanmar, village tracts consist of on average four to six villages. These sub-projects are not expected to have significant adverse and unprecedented environmental and social impacts. Temporary negative impacts will be those typical of small scale construction activities. Cumulative impacts for the project as a whole at sub-project sites and regionally are also expected to be insignificant given the small size of the grants and the dispersion of resources over large and dispersed areas. New construction of infrastructure that has the potential to



cause significant impacts (e.g. degradation of natural habitats, protected forests, or cultural resources) is not eligible for financing under the project. In addition, any sub-projects larger than 40 million kyats (ca. US\$35,000) would require notification to the union level DRD office and a prior no objection from the World Bank to screen potential environmental and social risks associated with sub-projects of this size.

69. This ECDDP will follow the ESMF prepared and adopted for the ongoing NCDDP operation to fulfill requirements from the three safeguards policies triggered. The ESMF has been updated to reflect lessons learned, and to incorporate procedures for Physical and Cultural Resources (PCR). The document provides guidance for environmental and social impacts screening, assessing and preparing safeguards instruments for sub-projects. Given the small scale and limited impacts envisaged for the proposed investments, Environmental Codes of Practice (ECOPs) and/or simplified Environmental Management Plans (EMPs) will be the safeguards instruments used to reflect, assess, mitigate and monitor for any possible impacts related to subprojects. The updated ESMF had been consulted with key stakeholders including with civil society and the concerned authorities in Yangon, Naypyitaw and Mandalay. The final version of ESMF in English and Myanmar was disclosed on DRD's website on December 18, 2019, and on the World Bank website on October 16, 2020.

G. Other Safeguard Policies (if applicable)

70. The Project will not trigger OP/BP 7.50 (Projects on International Waterways). Some of the project townships are located along international waterways or their tributaries. These include Mawmai township (Shan state), which is located on the Thanlyin and its tributaries, and Ponnagyun township (Rakhine state), which is located on a distributary and tributary in the delta area of the Kaladan river, shared with India. The project will not finance sub-projects that involve the use or potential pollution of any international waterways or their tributaries or connected aquifers. The Project Operations Manual will include an eligibility criterion to exclude any sub-project that involves the use or potential pollution of any international waterways or their tributaries or connected aquifers.

H. World Bank Grievance Redress

71. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Myanmar

Enhancing Community Driven Development Project

Project Development Objective(s)

The development objective is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Enable poor communities to benefit from improved access to and use of basic infra and services			
Direct project beneficiaries (Number, Custom) (Number)		0.00	400,000.00
Female beneficiaries (Percentage, Custom Supplement) (Percentage)		0.00	50.00
Number of persons having access to and use of project-built infrastructure and services (e.g. all-weather roads, water, schools, health services) (Number) (Number)		0.00	400,000.00
Percent of households in project villages participating in planning, decision-making, and implementation of sub-projects (Percentage, Custom) (Percentage)		0.00	50.00
Percent of community members satisfied with the project (Percentage, Custom) (Percentage)		0.00	90.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Community Block Grants			
#/type of rural infrastructure built (Number, Custom) (Number)		0.00	2,000.00
% of sub-projects evaluated independently meeting project operations manual technical and safeguard specifications (Percentage, Custom) (Percentage)		0.00	85.00
Facilitation and Capacity Development			
# of community members using their new skills in project planning, financial management, and procurement (Number, Custom) (Number)		0.00	2,500.00
Number of Community Facilitators and Technical Facilitators trained and using their participatory development skills (Number)		0.00	500.00
% of sub-projects evaluated as high priority by communities (Percentage)		0.00	90.00
# of Government officials using their new skills in project management, engineering, planning (Number, Custom) (Amount(USD))		0.00	50.00
Monitoring and Evaluation, Knowledge and Learning			
Annual township stakeholder reviews conducted (Number, Custom) (Number)		0.00	20.00
Grievances related to delivery of project benefits that are addressed (Percentage, Custom) (Percentage)		0.00	85.00
ECDDP community engagement process evaluations completed (Number)		0.00	2.00
# of internal cross-township learning exchanges (Number,		0.00	10.00



Indicator Name	PBC	Baseline	End Target
Custom) (Number)			
Timeliness and quality of NCDDP quarterly and annual reports, with dedicated annexes on JSDF grant activities (Percentage)		0.00	85.00
Improved community perceptions of quality of project community engagement activities over time (Percentage)		0.00	80.00
Project Management - Implementation Support			
% of annual significant financial audit findings addressed (misuse of funds, non-compliance with procedures) (Percentage, Custom) (Percentage)		0.00	95.00
Timeliness and satisfactory quality of financial reporting and of annual Project audits (Percentage)		0.00	85.00
Allocation of adequate DRD staff for Project implementation at union and township levels (Text)		No	Yes

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Direct project beneficiaries (Number, Custom)	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection).	Annual	Project management information system, field reports		Department of Rural Development



	Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female.				
Female beneficiaries (Percentage, Custom Supplement)	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	Annual		project management information systems, field reports	DRD, NGOs, Firms
Number of persons having access to and use of project-built infrastructure and services (e.g. all-weather roads, water, schools, health services) (Number)	Number of persons having access to and use of project-built infrastructure and services (e.g., all-weather roads, water, schools, health services)	annual	project management information systems, field reports		Department of Rural Development
Percent of households in project villages participating in planning, decision-making, and implementation of sub-projects (Percentage, Custom)	Villagers participating in various project activities	Annual	project management information system, field reports		DRD, NGOs/firms
Percent of community members satisfied with the project (Percentage, Custom)	Satisfaction rates (percentage of community	Measured twice	Qualitative monitoring,		DRD, NGOs/firms, survey



	members based upon sample)	during project	field supervision, impact evaluation		firm
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Monitoring & Evaluation Plan: Intermediate Results Indicators

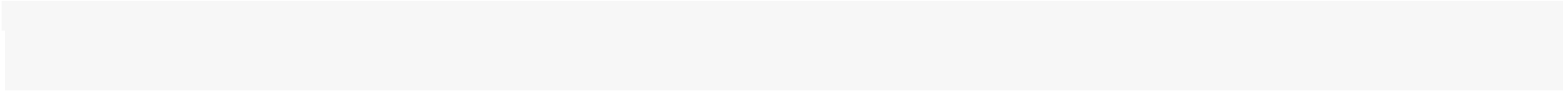
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
#/type of rural infrastructure built (Number, Custom)	#/types of infrastructure selected by community	Annual reporting	Project management information system		Department of Rural Development
% of sub-projects evaluated independently meeting project operations manual technical and safeguard specifications (Percentage, Custom)	Extent to which sub-projects actually meet community needs (percentage based upon sample)	One Technical Audit undertaken during Project lifetime	Technical review	Sample-based technical review	Consultant contracted by Department of Rural Development
# of community members using their new skills in project planning, financial management, and procurement (Number, Custom)	Trained villagers using their new skills (# of persons, cumulative values)	Annual	Management information system, training data	Management information system, training data	Department of Rural Development
Number of Community Facilitators and Technical Facilitators trained and using their participatory development skills		Annual	Management information systems,		DRD, NGOs/firms



			training data		
% of sub-projects evaluated as high priority by communities		measured twice during the project	implementation support missions, qualitative research reports, impact evaluations		DRD, NGOs/firms, survey firms
# of Government officials using their new skills in project management, engineering, planning (Number, Custom)		Annual	Management information system, training data		DRD, NGOs
Annual township stakeholder reviews conducted (Number, Custom)	Facilitation of knowledge across townships (# of annual exchanges)	annual	progress reports	Progress reports	Department of Rural Development
Grievances related to delivery of project benefits that are addressed (Percentage, Custom)		annual	NGOs/firms		NGOs/firms, village monitoring sub-committee
ECDDP community engagement process evaluations completed		twice during project	DRD progress reports		DRD
# of internal cross-township learning exchanges (Number, Custom)		Annual	progress reports		DRD
Timeliness and quality of NCDDP quarterly and annual reports, with dedicated	Timeliness and quality of NCDDP quarterly and	quarterly and	Qualitative monitoring,		DRD, NGOs, Firms



annexes on JSDF grant activities	annual reports, with dedicated annexes on JSDF grant activities	annually (based on the type of report)	field supervision		
Improved community perceptions of quality of project community engagement activities over time	Improved community perceptions of quality of project community engagement activities over time	Measured twice during project	Qualitative monitoring, field supervision, impact evaluation		DRD, NGOs/firms, survey firm
% of annual significant financial audit findings addressed (misuse of funds, non-compliance with procedures) (Percentage, Custom)	Findings of annual audits followed up/resolved	annual	Audit reports		External Auditor
Timeliness and satisfactory quality of financial reporting and of annual Project audits		annual	project management information system, field reports		DRD, NGOs, Firms
Allocation of adequate DRD staff for Project implementation at union and township levels	Allocation of adequate DRD staff for Project implementation at union and township levels	Throughout project implementation	project management information systems, field reports		DRD





ANNEX 1: Implementation Support Plan

COUNTRY: Myanmar **Enhancing Community Driven-Development Project (ECDDP)**

Strategy and Approach for Implementation Support

1. The implementation support strategy for the Project is based on the following key considerations: (i) provision of hands-on support to DRD with a view to strengthening client capacity, in particular with respect to social inclusion considerations for ethnic minority groups and women; (ii) proactive mitigation and monitoring of risks associated with fragility, conflict and violence in the participating townships; (iii) fostering learning and knowledge sharing, with a view to ensuring that lessons learned are captured and can be scaled up across the overall Program.
2. **Gender and Social Inclusion:** The Project will operate in townships with populations from ethnic minority groups. While the overall NCDDP has rolled out to such areas, more is needed to better understand the opportunities and constraints for making participatory community development efforts work effectively in different cultural and language contexts in Myanmar, as well as for more vulnerable segments of communities (e.g., women, persons with physical disabilities, youth, etc.). The Bank team will help to seek to deepen understanding of these issues and experiment with adaptations that would foster inclusive community engagement and the empowerment of women and vulnerable groups.
3. **Fragility, Conflict and Violence.** The majority of townships to be targeted are either at risk or have been affected by fragility, conflict and violence. Implementation support will thus focus especially on identifying FCV risks and on mitigating, and where necessary, addressing them should events require. In particularly high risk townships, and in particular in cases where regular access may at times be restricted for non-Myanmar citizens, regular Bank implementation support will be enhanced with external monitoring to be contracted by the Bank as necessary.
4. **Governance and Accountability:** With the support of the Bank, DRD has established a robust accountability framework for the Project, which includes elements related to transparency, grievance redress, access to information. The Bank team will assist DRD to review and strengthen these systems through GAC assessments that will seek to analyze the strengths and weaknesses of the current systems, and make recommendations for how best to further strengthen the Project's performance in this regard. This will include a detailed analysis of the existing feedback and grievance mechanism, and the provision of enhanced implementation support to monitor the functioning of the system.
5. **Remote Areas.** It is important to keep in mind that all target townships for this Project will be in remote rural parts of the country. This has implications in terms of costs in terms of travel time and logistics for implementation support, as well as for research and learning activities.



6. **Fiduciary and Safeguards supervision.** There are risks of noncompliance in procurement, FM, and safeguards during project implementation. The project, therefore, requires intensive monitoring and supervision to identify issues on time and address them before they become major problems.

Implementation Support Plan and Resource Requirements

7. In view of the overall high risk rating and the learning emphasis of the Project, the World Bank task team will provide intensive implementation support throughout the Project. Full ISMs will be conducted at least twice per year. These will be complemented with regular technical missions by country-based personnel on an as needs basis. In view of the FCS nature of the country and the need for enhanced supervision, the team will undertake a number of analytical activities to support risk management and outcome monitoring.

8. The team will ensure semi-annual meetings with the Japanese embassy and JICA, who will also be invited to join implementation support missions. The embassy of Japan and JICA will be invited to attend the annual Union-level multi-stakeholder review meetings for the NCDDP and the ECDDP. Aide memoires and Project progress reports will be shared with the embassy and with JICA.

9. The total ISM budget required for the lifetime of the Project is thus **US\$2,256,900**. This represents 8.3% of the overall grant amount. The Task Team Leaders at preparation are based in Washington DC.

Table 3.1. Implementation Support

Time	Focus	Skills Needed	Resource Estimate (staff weeks)	# Trips
Y1 (first 12 months)	TTL / Lead Social Development Specialist	Project management/ Social Development (Team leader)	8	3
	Social Inclusion, participation and capacity-building for women and vulnerable groups	Gender and Social Inclusion Specialist	8	3
	Institutional Development / Training Specialist	Institutionalization of Participatory Development	8	3
	Communications Specialist	Project Communications	6	3
	Conflict specialist	Conflict / Risk Analysis & Mitigation Planning / Monitoring	8	4
	Civil works / Sub-project quality	Civil Works Engineer	6	3
	FM and disbursement	FM	2	2
	Social risk management	Social safeguards	2	2
	Environmental risk management	Environmental safeguards	2	1



Time	Focus	Skills Needed	Resource Estimate (staff weeks)	# Trips
	Monitoring & Evaluation	M&E	6	3
	Estimated budget for year 1 (US\$)			400,000
Y2–Y4 (13–48 months)	TTL / Lead Social Development Specialist	Project management/ Social Development (Team leader)	8	2
	Social Inclusion, participation and capacity-building for women and vulnerable groups	Gender and Social Inclusion Specialist	6	3
	Institutional Development Specialist	Institutionalization of Participatory Development	6	2
	Communication Specialist	Project Communications	4	2
	Conflict specialist	Conflict / Risk Analysis & Mitigation Planning / Monitoring	8	3
	Civil works / Sub-project quality	Civil Works Engineer	4	2
	FM and disbursement	FM	2	2
	Social risk management	Social safeguards	2	2
	Environmental risk management	Environmental safeguards	2	1
	Monitoring & Evaluation	M&E	6	2
	Estimated budget per year (US\$)			300,000
Yr5 (49-56 months)	TTL / Lead Social Development Specialist	Project management/ Social Development (Team leader)	4	2
	Institutional Development Specialist	Institutionalization of Participatory Development	2	1
	Conflict specialist	Conflict / Risk Analysis & Mitigation Planning / Monitoring	2	1
	Monitoring & Evaluation	M&E	2	1
	Communication Specialist	Project Communications	2	1
	FM and disbursement	FM	1	1



Time	Focus	Skills Needed	Resource Estimate (staff weeks)	# Trips
	ICR			56,900
	Estimated budget per year (US\$)			156,900
	Total			1,456,900

10. In addition to above implementation support, the Bank will undertake a number of assessments to strengthen risk management and supervise governance risks, as well as to ensure regular and robust monitoring and evaluation of gender and social inclusion activities and results.

Table 3.2. Enhanced Risk Management & Outcome Assessment Support

Activities	Frequency	Total Estimated Budget
Gender and Social Inclusion outcomes assessment	2	500,000
Conflict risk assessments, enhanced conflict monitoring, and conflict management results assessment	Ongoing	150,000
Governance and Accountability Assessments	2	150,000
Total (US\$)		US\$800,000



ANNEX 2: Inclusion and Peace Note

Enhancing Community Driven Development Project

The Inclusion and Peace Note (IPN) has been prepared at the same time as the appraisal package, and included, as an annex to the PAD of an operation.

Project Name and P code:	Enhancing Community Driven Development Project – ECDDP (P162647)	Name of Task Leader:	Ingo Wiederhofer Nikolas Myint
Estimated financing:	\$25 million	Name of Staff/Consultant assisting with IPL:	Ei Ei Htwe, Natacha Lemasle, Patrick Barron, Sean Bradley
Key project activities	1) Financing community-identified rural infrastructure investments; 2) Strengthening the capacity of the communities in partnership with local authorities to effectively identify, plan and implement their development priorities; and 3) Facilitating the participation of the poor and vulnerable, both women and men, throughout the project cycle at the community level.		
Geographic area(s) of intervention	5 townships (Mawkmai and Mongkhet Townships in Shan State, Kawkareik Township in Kayin State and Gwa and Ponnagyun Townships in Rakhine State)		

Inclusion

1. **Background.** Has the project identified any specific groups that are particularly excluded from the sector of intervention?

The Enhancing Community Driven Development Project (ECDDP) will work within the same context as the National Community-Driven Development (NCDDP), which has a long experience in identifying and targeting excluded groups. Effective since January 2013, the NCDDP aims to empower poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centred approach. The ECDDP Additional Financing will allow assistance to be extended to five townships in ethnic minority dominated and conflict-affected areas of the country-- Mawkmai and Mong Khet (of Shan State), Kawkareik (of Kayin State), and Gwa and Ponnagyun (of Rakhine State).

Based on the NCDDP's 6 years of experience to date, analytical work, and continuous consultations with



stakeholders⁷ there are three main groups that are at risk of exclusion under the ECDDP and for which the project has developed and will continue applying specific strategies and mitigating measures to address exclusion. These groups are: **ethnic minorities, communities affected by conflict, and women.** **In terms of ethnic minorities (EMs)**, there are several different groups in the proposed ECDDP area in addition to the majority Bamar people. These are: (i) Mawmai Township-- Kayan; Mong Khet Township—Wa and Shan; Kawkareik Township-- Mon, Pa'O and Shan; Gwa Township—Chin; and Ponnagyun Township—Kame and Myo. It is also important to note that both Kawkareik and Ponnagyun Townships include Muslim populations that have also experienced high degrees of exclusion. **Individuals and entire communities affected by conflict**, including people living in unregistered villages, **and/or areas controlled by Ethnic Armed Organizations (EAOs)** also run the risk of being excluded for a number of security and project access reasons discussed in detail below. **Women are also traditionally excluded** from the type of community consultations and decision making that the ECDDP will pursue. This type of exclusion is even greater among certain ethnic minority groups and particularly relevant in the Muslim areas covered by the project (in Ponnagyun and Kawkareik townships).

2. **Targeting.** How are individual beneficiaries or beneficiary groups selected for participation in the project? Does the project include specific actions or design features that focus on inclusion of specifically identified excluded groups? If not, should it? Does the project seek to strengthen or build systems with relevant agencies to address and/or measure social exclusion?

The ECDDP will follow the well tested and inclusive targeting approach developed and fine-tuned under the NCDDP. The approach uses a two-stage consultative process that first prioritizes townships within all States and Regions in the country, and then prioritizes investments at village and village tract level. The approach was reviewed under the 2018 Myanmar Social Inclusion Portfolio review and considered a best practice in the Myanmar portfolio. The process is briefly described below.

Township Selection: ECDDP project townships were selected by the state and regional Chief Ministers through a participatory process that brought together local government, officials, civil society, and community representatives to prioritize the townships for support under the project. The process applied available data on poverty and welfare, considered conflict and access, and also took into account support from other development programs. The ECDDP townships were chosen from priority lists established in 2015 and 2016, prior to when the Multidimensional Disadvantage Index was available.

It is important to note that as with the NCDDP, the ECDDP will cover all villages and village tracts in a selected township to help ensure equity and inclusion. Decisions to allocate resources to individual villages are taken at village tract level by a committee made up of gender balanced representatives of all villages in a given tract.

At village level, decisions on priority investments for support are taken based on processes that seek to enhance understanding and participation of marginalized groups in problem identification, solutions,

⁷State Chief Minister, State and Township DRD, Township Government, Members of Parliament, Civil Society Organizations/CSOs, Ethnic Armed Organizations/EAOs, development organizations, communities from the targeted state/regions and townships.



and prioritization of community investments. Participatory appraisal tools are applied and minimum rates of community (and gender) participation and consultation are mandated to help ensure inclusion in the process.

In the case of conflict-affected villages, the ECDDP will apply the same approaches as used by the NCDDP to gain trust with and access to those areas that are under the control or influence of the EAOs. A recent stock-taking of the NCDDP's approach in these areas found a number of important project adaptations that facilitated this trust and access, including: (i) early and regular consultation with EAO leadership (by both Government and WB team), (ii) involvement of EAOs in all relevant township level information, consultations, and annual feed-back events, (iii) hiring of local facilitators (project extension staff) with relevant language skills and networks, (iv) providing facilitators with conflict sensitivity training, and (v) allowing for staggered or delayed participation in the program (so that groups could become more familiar and gain trust of the approaches used).

3. **Consultations.** Have representatives of excluded groups been engaged in project consultations? How widespread were consultations (both geographically, in number, and with different population groups)? What languages other than Myanmar were used?

The ECDDP builds on the initial NCDDP project consultations and the on-going consultations conducted during implementation support missions and other activities over the course of the past 6 years. The format of the engagement with beneficiaries and stakeholders varies from formal to informal, from union to state, township and/or village levels, from smaller, individual and separate meeting to multi-stakeholder reviews. To date, the NCDDP has carried out 18 implementation support missions (ISMs), visiting all 63 townships covered under the program, during which time thousands of community members and hundreds of stakeholders have been met and spoken with. Each ISM includes separate meetings with civil society organizations and with EAOs when the mission engages in conflict-affected townships. In between formal ISMs, the Bank team organizes regular field monitoring trips where project staff engage with community members, government counterparts, and development partners.

Specifically regarding the ECDDP townships, the Bank team participated in the Township Selection Workshops held at state capital (3 meetings in Shan, Rakhine and Kayin States), in the socialization workshops held in four of the five project townships at the beginning of program assistance. To date, multi- and bi-lateral meetings have been carried out with government and EAOs two to three times per project township. Consultation meetings with CSOs were done at least once in all states and townships. The task team estimates that in total approximately 20 visits have been carried out to the 5 ECDDP townships to date. There is an experienced interpreter for all meetings (Burmese, local languages, etc.) to ensure the discussions are productive and avoid misunderstanding. Invitation or meeting requests and relevant project materials are always prepared in Burmese language and shared in advance of the meetings.

4. **Assessment and Mitigation of exclusion risks in project design.** In what ways could implementation of project activities exacerbate social exclusion? How are these risks mitigated? Could



the way the Project Management Unit/Agency is perceived by project beneficiaries hinder access to project benefits by certain groups? How is this mitigated?

The ECDDP is specifically designed to enhance inclusion, particularly of those groups that are traditionally marginalized—including ethnic minorities, the poorest, women, etc. The Project’s operational procedures include several mechanisms to help ensure increased engagement and participation that has direct consequences for how project benefits are oriented. The specific actions and design features of the ECDDP to mitigate exclusion risks include:

- Community and technical facilitators with local language and cultural skills are hired under the project to help ensure better knowledge and engagement with local communities;
- The project seeks to hire 50% female Community Facilitators to help improve inclusion of women;
- Extension and township level project staff are trained in simple and culturally appropriate tools and techniques for participatory assessment and planning, conflict-sensitive facilitation, gender and social inclusion;
- The Project Operations Manual (POM) provides clear “rules of the game” that help ensure that procedures (including those specifically oriented at inclusion) are applied transparently and consistently;
- Key project information materials on critical project procedures are captured in posters and brochures that are translated into 12 local languages;
- Project orientation workshops, sensitization activities, social assessment, participatory planning, monitoring and evaluation are planned together with each community to ensure time, venue and approaches chosen are most suitable to the community;
- A robust feedback mechanism/grievance handling system that is managed by the project grievance sub-committees at village and village tract levels. Annual social audits are conducted in every project villages, and community satisfaction with project process and investment is evaluated;
- The project’s management information system is a dynamic web-based publicly accessible tool that captures project participation and progress data in real-time and allows rapid monitoring and follow-up if and when deviations in project results arise.

The department responsible for implementing the ECDDP, the Department of Rural Development (DRD), as part of the Ministry of Agriculture, Livestock and Irrigation, has a strong presence in most rural areas of the country where the project operates. The Department leads Government efforts at “people-centered development”, which includes activities under the village development planning process, the NCDDP, and several other similar development partner supported activities. However, DRD was original part of the Ministry of Boarder Affairs that has a mixed, but generally negative, reputation especially with ethnic minority groups and conflict-affected communities. Nonetheless, experience working with DRD under the NCDDP has not indicated any adverse repercussions from this previous affiliation.

5. **Assessment and Mitigation of exclusion risks in project design (Gender).** Has the project considered adaptations to promote gender equality and inclusion of women, especially for those who are unable to leave the home, or who are illiterate?



The ECCDP will maintain ongoing NCDDP's good practices in women's participation, in decision-making and in ensuring equal access to project benefits, that have so far yielded strong results, including: (i) more than 51% of beneficiaries being women, (ii) gender equality in chairing the village and village tract project support committees, and more than 49% of all project committee and sub-committee members being women (and 26% of all committees are headed by women), (iii) equal pay to women for equal work on sub-projects, and (iv) ensuring that at least 1 sub-project per village tract is specifically prioritized by a women's group.

In addition, based on lessons learned from the NCDDP, the ECDDP has identified further ways to strengthen gender equality, including by: (i) integrating gender aspects in all elements of the project cycle, (ii) supporting a network of gender focal points at the Union, state/region and township levels that includes social media communication groups and quarterly meetings to updated project information and responding to inquiries from the field, and (iii) working closely with the Department of Social Welfare at Union, state, and township levels to support efforts at gender mainstreaming.

Finally, the project will undertake several additional studies to further assess obstacles to women participation and leadership in community development work, to identify additional measures supporting gender equality and women empowerment through the project.

6. **Assessment and Mitigation of exclusion risks in project design (Access).** Has the project anticipated and mitigated potential resistance of Government officials to travel to certain types of villages or conflict affected areas given fears for personal security? What adaptations to project design and implementation approaches are being considered to reach communities whose movement is restricted?

The NCDDP is working in more than 20 conflict-affected townships (including four of the five under the ECDDP) and has developed specific practices and protocols to ensure staff safety and to respond in the event that violence breaks out during operations. Experience to date does not indicate that these field staff generally resist traveling to communities. This is likely because the bulk of these staff are hired locally, with local language skills and networks, that provide better understanding of logistical and security challenges that they may encounter. In addition, since 2015, the project has provided conflict sensitivity and management training to these field staff, has required staff to be paired when traveling to areas of heightened security concerns, and maintains close engagement with relevant EAOs (see below) to ensure the safety of staff when moving in areas under their control. The ECCDP will follow these same recruitment, training and operational policies.

7. **Assessment and mitigation of exclusion risks in project implementation.** Has the project considered the role that the General Administration Department, or that military-controlled ministries and security forces may play in influencing project implementation on the ground?

The project team does not believe that this will be a significant issue based on experience to date under



the NCDDP, which indicates that GAD has primarily served to facilitate the implementation of the project. Indeed, in some instances, the township team of DRD and the township technical advisor have work with GAD to update government lists of unregistered villages that have been identified through the initial NCDDP assessment. We expect similar support in implementing the ECDDP. However, there is a risk that where the ECDDP is operating in areas where EAOs have not signed the National Ceasefire Agreement (Shan and Rakhine States), the Ministry of Home Affairs may assign armed police as security to Bank missions that include foreign members, which could negatively affect our efforts at supervision. The suitability of this and potential alternative options available to the Bank should be discussed portfolio wide.

8. **Monitoring and evaluation.** Does the results framework include indicators to adequately monitor social inclusion? Is technology being used to overcome challenges to monitoring inclusion? What other aspects of social inclusion are monitored by the project through other mechanisms (surveys, studies, consultations, etc.)?

The results framework includes an indicator for women's participation rates and other data disaggregated by gender, but not by ethnicity. However, the project MIS includes detailed information of the ethnic and religious make-up of all villages where the project operates. As such, the task team has access to very precise information on the ethnicity of project beneficiaries.

The project's management information system is a dynamic web-based publicly accessible tool that uses smart-phone technology to capture and upload project data in real-time and allows rapid monitoring and follow-up on both process and results. The ECDDP will support the refinement of the MIS, with a view to expanding efforts to harness ICT technologies to improve the consistency and quality of community engagement. This may include the development of customized software applications for both Community Facilitators and community committees. ICT improvements are also considered for the grievance handling mechanism.

The ECDDP will also include specialized "process review" studies to assess the quality of community engagement efforts. They will include reviews of the relevance and effectiveness of community engagement measures in all stages of the Project cycle (planning, implementation and evaluation), including with regards to language and other cultural variables, gender and social inclusion.

Peace

9. **Consultations.** If the project is implemented in conflict-affected areas, has the Task Team consulted widely with local CSOs on relevant conflict dynamics and between Government and EAOs?

Of the five townships targeted under the ECDDP, only Gwa in southern Rakhine can be considered free of substantive conflict risks. Of the four remaining townships, three (Mawmai, Mongkhet, and Kawkaik) have benefitted from the structured approach developed under the NCDDP to assess and orient work in conflict-affected areas. This approach follows the following steps: (i) desk reviews of the conflict context and actors in a given township, (ii) field-based conflict analysis and assessment to further determine the feasibility of operation and to establish a network of stakeholders, (iii) early and continuous contact with EAOs and other related CSOs to better understand the specific local context, (iv) flexible implementation approach allowing for phased or



gradual participation in the program as trust is built up between program and EAOs, (v) regular engagement with EAOs and other representatives in all consultations, communications, feedback mechanisms, etc., and (vi) direct negotiation on work plans, travel authorizations, and staff movements (and IDs) in recognition of EAOs local authority.

Desk reviews for Mawkmai, Mongkhet, and Kawkareik townships were carried out in June 2017, and field assessments were undertaken between July and October 2017 (report attached), which included consultations with stakeholders and CSOs in the townships. These field assessments provide an overview of the conflict profile of the township, current security risk, status of IDPs and refugees, discuss access issues, identify key conflict actors, and make recommendations for NCDDP. In all three cases it was concluded that NCDDP could implement in most areas of the townships using suitably sensitive approaches.

In the case of Ponnagyun, a desk review was done in May 2017 that found minimal risk of conflict and therefore recommended NCDDP expansion. No follow-up field-based conflict assessment was done at the time, as the risk of conflict was considered moderate, and clearance was given to proceed to implement the NCDDP in October 2017, under close and careful observation given tensions that had arisen after August 2017 in northern Rakhine. Consultations with government authorities, local CSOs, and other stakeholders have been undertaken since the summer of 2017, and have continued as the NCDDP has begun to roll-out in early 2018. However, the township has experienced a recent and rapid change in context with an upsurge in Arakan Army attacks in Rakhine state and in the township itself in late 2018/early 2019. These attacks and the changing security profile of the township will demand further and wider consultations on the part of the Bank team to assess and advise on the ECDDP operation going forward. In the meantime, NCDDP project staff are following recommended security protocols and precautions.

10. **Assessment and mitigation of the risk for the project to exacerbate tensions.** In what ways might project implementation exacerbate conflict? How is this risk mitigated? What are the attitudes of the relevant EAOs toward government, service delivery, the potential project? Are relevant EAOs providing similar services in their areas of control or influence? How will these parallel delivery mechanisms be reconciled? How are different groups/stakeholders likely to perceive the project? Would differences in perception potentially lead to inter-group violence? What “bridging” mechanisms (to connect different social groups) are or might be contemplated to address possible tensions? Will the project support IDP camps? If so, how will these services affect discussions around the permanency of camps?

As the project intends on injecting funds into areas that are conflict affected, there is always a risk that the presence of these resources, or the extension of government into EAO areas of control or influence, may exacerbate conflict. There are two important mitigating strategies in response to these risks: (i) the key role played by communities in deciding how resources will be used under the program, and the transparent manner in which the funds are managed and accounted for reduce risk of capture and exacerbating conflict; and (ii) the strategy of gradual engagement and trust building with EAOs as outlined in the question 9 above. The robust information and feedback mechanisms under the NCDDP (a grievance handling mechanism, a publicly accessible MIS, annual



social audits and stakeholder reviews, etc.) will further help to mitigate risks of exacerbating conflict.

Reasonably good working relations have been established between the NCDDP and relevant EAOs in Kawkaik, Mawmai and Mongkhet townships so that the project can operate effectively. The recent intensification of conflict in Ponnagyun, and the Government's strongly belligerent stance toward the Arakan Army there do not suggest that a *modus operandi* will be established easily. As such, working arrangements for Ponnagyun will need to be more explicitly worked out between DRD, the Bank, and the technical facilitating partners on the ground. Gwa township in southern Rakhine state is currently not affected by EAO activity.

The support provided under the NCDDP, and therefore the ECDDP, generally complements the type of assistance normally provided by EAO service organizations—such as health, education, or extension services. Nonetheless, some care will be needed to properly negotiate between some of the service providers in Kawkaik township (KDHV), and in Mawmai township (SSDF, PHWC). There are currently no IDP camps in these townships nor any significant recently returned refugee populations. However, the ECDDP may encounter smaller number of spontaneously returned populations from the Thailand camps, and there is a possibility that larger numbers could return, possibly to Kawkaik, under the recently renewed UNHCR initiative. Any potential support would only be done in the context of the existing project.

11. **Assessment and mitigation of the risk for the project to fuel the conflict.** Does the project allocate indirect benefits (employment opportunities, etc.) that could be captured or be a cause of local conflict? How is this mitigated? What direct or indirect effect might the project have on (i) local authority/power, (ii) access to natural resources, (iii) illegal trade/activities that may create tensions?

The project involves the hiring of local staff that could be perceived as an important indirect benefit the allocation of which could fuel local tensions. There are two mitigating measures in this regard. First, initial hiring is done through an independent facilitating partner (generally an international or national NGO) that helps to increase the objectivity of this process and allows the partner to invoke the need for Government and World Bank clearance for all selected project staff. Second, the project's grievance handling mechanism (GHM) has been shown to be effective in catching and addressing staffing issues. At sub-project level, casual labor opportunities exist as well, however these are allocated through a process that is endorsed by the village project support committee which normally allocates opportunities equitably within the village.

Of equal potential risk is the issuing of local contracts to supply inputs (building materials) for sub-project activities. This risk is mitigated by both the GHM as well as the regular transparent financial accounting processes used by communities to report on sub-project implementation. A related risk is the potential pressure that EAO-affiliated businesses could seek to apply to either "tax" community activities and procurements, or capture contracts particularly related to the supply of inputs—such as sand, stone, and other building materials. This risk exists under the current NCDDP operating in other conflict-affected areas, and the project has been able to mitigate and/or reduce the impacts of it through negotiations at community and township levels.



The operating procedures for the NCDDP that will be used under the ECDDP explicitly exclude government authorities at village and village tract level (administrators), as well as EAO authorities, in sub-project decision making and direct project management. This approach has not, to date, proven to be controversial.

12. **Assessment and mitigation of conflict-related risks to project implementation.** Do obstacles to including conflict-affected communities need to be addressed? (e.g., eligibility based on presence of government administrative staff, past results achieved or level of governance, recognized communities by township GAD, etc.). Are security provisions adequate to allow Bank implementation support to conflict affected areas?

The ECDDP will face two main constraints in working in conflict-affected areas: access constraints due to EAO control or influence, and the existence of unregistered villages. A third constraint related to access due to security concerns—which currently applies to northern Ponnagyun township (approximately 25% of township villages) cannot be directly addressed at the project level. In all three cases, ECDDP will draw on experiences from and procedures developed under the NCDDP.

In the first instance, a process of engagement and negotiation with EAOs has generally and gradually allowed for full access to areas under EAO control or influence. At present, less than 1 percent (19 of 2,332) of village tracts are inaccessible to DRD and TTA staff. The ECDDP team expects similar levels of access in the targeted townships. Regarding unregistered villages, the NCDDP has developed a suitable protocol with GAD to identify and add to government records villages and settlements that are not initially registered with Government. This may be applied under the ECDDP, particularly regarding possible returning refugees in both Shan and Kayin states. Specific security considerations are affecting work in Ponnagyun township, and may potentially affect day-to-day operations in Shan state (Mawmai and Mongkhet townships). The ECDDP staff will therefore need to abide by restrictions placed on movements recommended by state and local authorities, as well as EAOs. Experiences from NCDDP will inform relevant security precautions in these areas. The same experiences from areas such as Namhsan township in northern Shan state (where violent conflict broke out after the first year of implementation) also suggest that patience and flexibility in program implementation ultimately allows for the deliver on intended program support to target beneficiaries.

All targeted areas under ECDDP, except Gwa Township, require Travel Authorization (TA) for international staff/consultants. Due to increased unrest across the country and recent changes in government policies and structures at the union level, the TA application process is unclear, and approval has been unpredictable. However, the task team will coordinate closely with colleagues from Country Management Unit and counterpart ministry and will prepare in advance to ensure sufficient time for TA process. Recent experiences have also seen improvements in the TA process led by the Foreign Economic Relations Department. Also, the ECDDP team includes Myanmar national staff who can travel to restricted areas without TA.

13. **Supporting peace.** Is the project expected to support peace (for example, related to the national peace process, in terms of trust building, delivery of development assistance, etc)?

The ECDDP does not intend to directly support peace (though it does target areas that involve key signatories to the NCA—the KNU and the RCSS). However, the project does provide a model and



specific operational processes that could inform the Interim Arrangements, a key element of the NCA.

14. **Monitoring and Evaluation.** What is the team's plan to continuously monitor the project's impact on peace during implementation? Will technology be applied to ease monitoring constraints?

The project will not monitor directly its impact on peace or peacebuilding. However, the ECDDP will study and document the impacts of the project on community governance and collective actions in establishing or enhancing linkages with local authorities and EAOs for community development. Also, the GHM that would be implemented throughout the project area will provide a potential channel of information and insights into the interactions between Government and EAOs.