



Grant Assistance Report

Project Number: 47187-001
February 2014

Proposed Grant Assistance
Republic of the Union of Myanmar: Pro-Poor
Community Infrastructure and Basic Services
(Financed by the Japan Fund for Poverty Reduction)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 9 January 2014)

Currency Unit	–	kyat/s (MK)
MK1.00	=	\$0.001017
\$1.00	=	MK982.98

ABBREVIATIONS

ADB	–	Asian Development Bank
ASR	–	assessment, strategy, and road map
CBO	–	community-based organization
CDC	–	community development committee
CDD	–	community-driven development
CQS	–	consultants qualification selection
FMA	–	financial management assessment
ICPS	–	interim country partnership strategy
ICS	–	individual consultant selection
JFPR	–	Japan Fund for Poverty Reduction
JICA	–	Japan International Cooperation Agency
MCDC	–	Mandalay City Development Committee
MOC	–	Ministry of Construction
NCB	–	national competitive bidding
NGO	–	nongovernment organization
O&M	–	operation and maintenance
PDA	–	pilot and demonstration activity
QBS	–	quality-based selection
QCBS	–	quality- and cost-based selection
SEUW	–	Urban Development and Water Division
SSS	–	single source selection
YCDC	–	Yangon City Development Committee

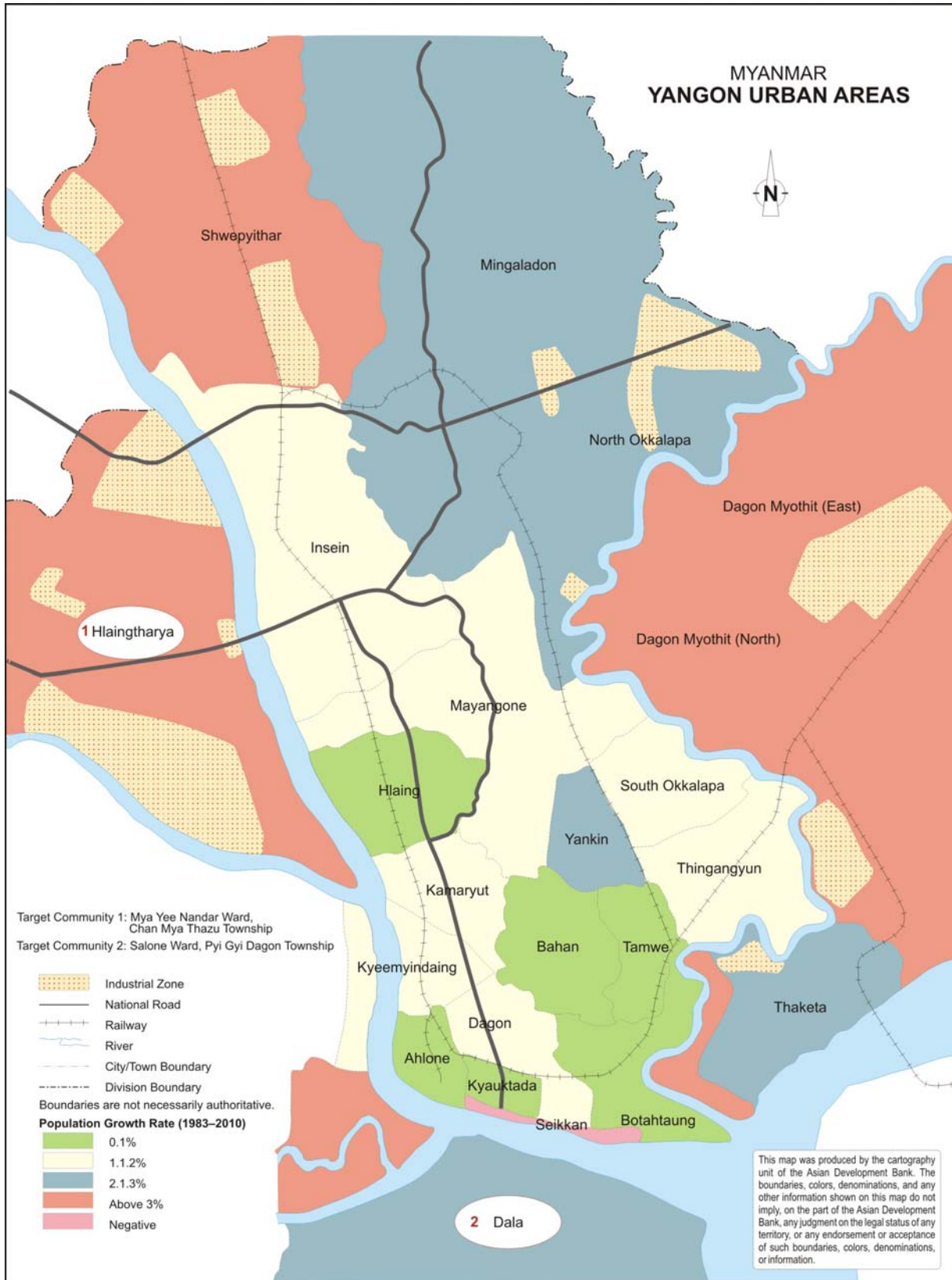
NOTE

In this report, “\$” refers to US.

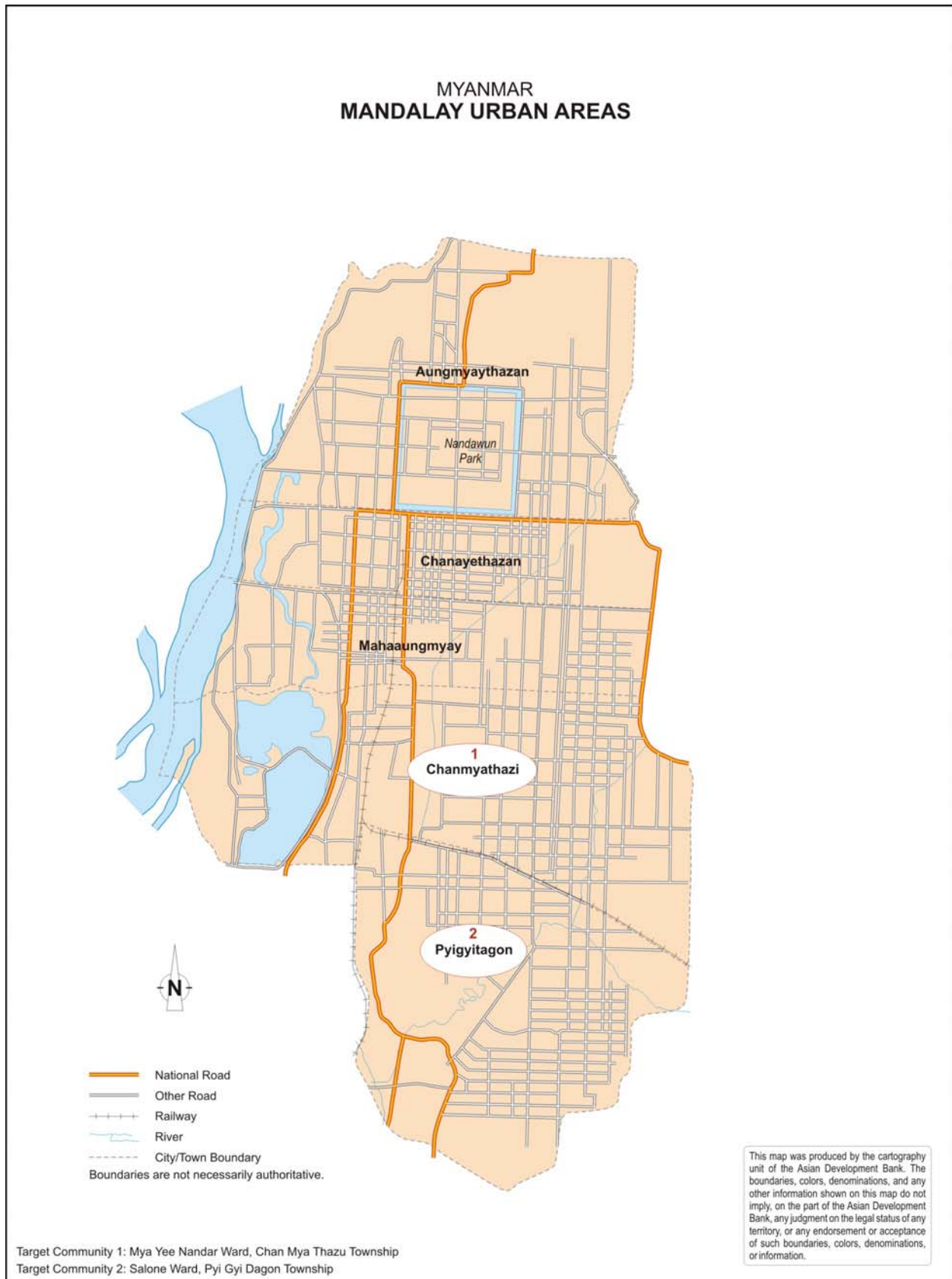
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MAP 1: YANGON URBAN AREA



MAP 2: MANDALAY URBAN AREA



**JAPAN FUND FOR POVERTY REDUCTION (JFPR)
JFPR Grant Proposal**

I. Basic Data	
Name of Proposed Activity	Pro-Poor Community Infrastructure and Basic Services
Country	Republic of the Union of Myanmar
Grant Amount Requested	\$4,000,000
Project Duration	4 years
Regional Grant	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Grant Type	<input checked="" type="radio"/> Project / <input type="radio"/> Capacity building

II. Grant Development Objective(s) and Expected Key Performance Indicators

<p>Grant Development Objectives: To reduce poverty and vulnerability in selected underserved areas of Yangon and Mandalay, by reducing vulnerability to sanitation and environment related diseases; making access to basic services easier by reducing the need to borrow money for investments in homes, including water and sanitation facilities; and improving the opportunity for the targeted population to participate in local and national economic development. The project outcomes include improved essential community level infrastructure and access to basic services, community mobilization, and a community operation and maintenance (O&M) fund. To ensure sustainable improvement, the project will include capacity building of local government institutions responsible for planning and management of community level infrastructure.</p>
<p>Expected Key Performance Indicators: The key performance indicators, based on the project's design and monitoring framework, are (i) prevalence of infectious diseases in target communities decreased; (ii) in project areas: reduced flooding and waterlogging, increased on-plot improved water supply systems, improved latrines, regular removal of solid waste, infrastructure technology designs and choices that meet international quality standards, and public sector and community development committees (CDCs) trained; (iii) training mechanism integrated with the Ministry of Construction's permanent urban sector capacity building framework; and (iv) 2,000 sanitary latrines, 17 kilometers of community drains and linking drains to city networks constructed and four community solid waste systems constructed, 100 CDCs established, project coordination team and project implementation team staffed and operational with minimum 50% female professionals, project performance and management system established, and model for pro-poor infrastructure positioned.</p>

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant Allocated in \$	Percentage of Expenditures
1. Civil works	1,890,000	47.3
2. Equipment and supplies	169,000	4.2
3. Training, workshops, seminars, and public campaigns	218,000	5.5
4. Consulting services	461,000	11.5
5. Grant management	980,000	24.5
Subtotal before contingencies	3,718,000	93.0
6. Contingencies (9.6%)	282,000	7.0
Total	4,000,000	100.0
Incremental costs	40,000	

Source: Asian Development Bank estimates.

JAPAN FUND FOR POVERTY REDUCTION

**JFPR Grant Proposal
Background Information**

A. Other Data	
Date of Submission of Application	12 September 2013
Project Officers	Linda Adams, Social Development Specialist Florian Steinberg, Senior Urban Development Specialist
Project Officer's Division, E-mail, Phone	Urban Development and Water Division (SEUW) ladams@adb.org , +63 2 632 5351
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Sector	Water supply and other municipal infrastructure and services
Subsectors	Water supply and sanitation, waste management, slum upgrading and housing, other municipal services
Theme	Environment sustainability, social development, capacity development
Subthemes	Urban environmental improvement, other vulnerable groups, institutional development
Targeting Classification	TI-G
Name of Associated ADB Financed Operation	Mandalay City Urban Services Improvement Project (TA 8472-MYA) (\$60 million Asian Development Fund; project preparatory technical assistance [TA] approved on 3 October 2013; loan approval in 2015)
Executing Agency	Ministry of Construction (MOC)
Grant Implementing Agencies	Yangon City Development Committee (YCDC) Mandalay City Development Committee (MCDC)

B. Details of the Proposed Grant**1. Description of the Components, Monitorable Deliverables and/or Outcomes, and Implementation Timetable**

Component A	
Component Name	Support to planning, delivery, and maintenance of tertiary level infrastructure
Cost (\$)	296,000
Component Description	<p>The main objective of this component is to improve awareness and build capacity of relevant local government institutions (YCDC, MCDC, township, and ward development committees) that have responsibility for providing and maintaining essential urban infrastructure and services.</p> <p>The component is designed to demonstrate to city authorities innovative and sustainable methodologies for the planning and delivery of demand-driven tertiary infrastructure with community involvement, which will contribute to achieving the full socioeconomic benefit of any future investments in large-scale infrastructure programs.</p> <p>The target agencies are (i) the city development committees of the two main urban centers of Yangon and Mandalay (i.e., YCDC and</p>

	<p>MCDC); (ii) the township and ward development committees for the communities that have been selected under this grant project; (iii) nongovernment organizations (NGOs) and community-based organizations (CBOs) like community development committees (CDCs); and (iv) MOC officials. Capacity building activities will aim to demonstrate these layers of agencies how to collaborate toward a common purpose.</p> <p>CDCs will be established to plan activities under component B, to be involved in the prioritization, design, and construction of community infrastructure and basic services on a community contracting basis. For this purpose, CBOs require preparation and TA, to be done through capacity building training of 6–30 months. Township officers, community members, municipal officers, and Ministry of Construction staff will be trained in management of community processes, including disaster risk management. Lessons learned from cases of successful infrastructure and basic services provision done through the project will also be shared as part of knowledge and information sharing to complement the training programs. Training provided to government officials and CDCs will be pilot tested to improve environmental infrastructure in targeted townships in Mandalay and Yangon (component B). The Asian Development Bank (ADB) will seek to replicate this approach under the proposed Mandalay City Urban Services Improvement Project.</p>
Monitorable Deliverables/Outputs	<ol style="list-style-type: none"> 1. Production of training materials based on international experiences and integrated in MOC Urban Research and Development Institute 2. Six exchange visits to Mandalay and Yangon 3. Forty community to community exchange visits 4. Ten training workshops for representatives of YCDC, MCDC, township and ward development committees, and CDCs 5. Project monitoring visits every 6 months 6. Case study documentation of best practices and impact level research
Implementation of Major Activities: Number of months for grant activities	<ol style="list-style-type: none"> 1. Production of training materials (6 months) 2. City to city exchange visits (30 months) 3. Community to community exchange visits (30 months) 4. Training workshops (24 months) 5. Project monitoring (30 months)

Component B	
Component Name	Improved community infrastructure and basic services
Cost (\$)	2,186,000
Component Description	<p>The main output of this component is an improvement in the environmental conditions and access to basic services in the selected high-density urban settlements. The nature of the improvements will be identified and prioritized by the selected communities through a community action planning process, implemented through YCDC and MCDC. Priority is expected to be given to safe and regular water supplies for drinking and household purposes, sanitation, drainage and flood protection, removal of solid and liquid waste from the living environment, possibly procurement of equipment for response and risk management of fires and flooding, and security lighting. Improved drainage of storm water in the project areas will contribute to better disaster preparedness to deal with the more frequent occurrences of heavier (higher intensity)</p>

	<p>rain events, which may be expected as climate change consequences.</p> <p>Small civil works will be implemented using community participation. The community has the option to hire external labor or pay community members to undertake the civil works. A community O&M fund will be established for repairs to community infrastructure, including latrine maintenance. CDCs, to be established under the project, will collect and manage O&M funds. Accumulation of monthly household contributions will form the basis of the fund. While each CDC will determine the monthly fee, \$1 per household is considered reasonable as it reflects existing community practices in selected Yangon townships.</p> <p>Maintenance and small improvements of some off-site infrastructure, such as existing linkages to drainage networks, will be required. More substantial improvements may be considered as part of the proposed ADB Mandalay City Urban Services Improvement Project. Equally, experience gained with this Japan Fund for Poverty Reduction (JFPR) grant project will serve as a pilot to inform detailed loan project preparation and implementation.</p> <p>The user households will maintain on-plot services such as latrines. Community participation will be expected for simple maintenance of common services such as drainage and removal of solid waste. Community members and officers of townships will be trained in O&M issues of the water and sanitation facilities installed. These activities will be implemented over 30 months.</p>
Monitorable Deliverables/Outputs	<ol style="list-style-type: none"> 1. Engineering designs have been developed for investment activities, including initial environmental examinations and environmental management plans, where required. 2. Households have access to sanitary latrines, including provision for maintenance. 3. Target communities have functioning drainage networks, including means of final discharge of storm water. 4. Community managed solid waste collection system linked to city collection and disposal system. 5. Permanent roads and footpaths in all community areas. 6. Community O&M funds established, which will finance O&M expenses. 7. Community action plans developed. 8. 100 CDCs established in selected townships and wards in Yangon and in Mandalay.
Implementation of Major Activities: Number of months for grant activities	Preparation of community action plans; establishment of community O&M fund; and construction of basic services and community infrastructure, including off-site linkages to drainage and water supply networks and final disposal of solid waste (30 months).

Component C	
Component Name	Project management, monitoring, and audit
Cost (\$)	1,236,000
Component Description	The objective of the project management component is to plan, design, coordinate, and monitor all grant-funded activities. The component includes establishment of project coordination and implementation teams, a project performance and management system, and conduct of parallel project preparatory activities to

	support component B's community action planning and implementation activities. The latter includes the conduct of all necessary surveys to prepare, plan and prioritize, design, monitor, and audit all civil works activities (community infrastructure and basic services) to be delivered under component B. YCDC, MDCD, and township officers will be trained in project management, monitoring, and evaluation. These activities will be implemented over 36 months, which is the project's implementation time frame.
Monitorable Deliverables/Outputs	<ol style="list-style-type: none"> Project management: Project management and coordination teams and offices established in Yangon and Mandalay. Key project management instruments prepared and submitted: work plans, terms of reference for subcontracts, procurement procedures for specialized services. Capacity development for project management and coordination team delivered. Monitoring: Baseline surveys, including health outcome data, conducted and published at project start; impact surveys at start-up, midterm, and project completion; and establish project performance and management system and community monitoring system. Project preparation surveys: Surveys conducted among target communities and results published for (i) household income and expenditure, (ii) infrastructure and services provision, and (iii) engineering and topographic surveys to design drainage networks. Design: Engineering design services to support community identified infrastructure improvements. Audit: Annual audit, final project audit. Replication: Pilot lessons inform proposed Mandalay Urban Services Improvement Project loan preparation and implementation.
Implementation of Major Activities: Number of months for grant activities	<ol style="list-style-type: none"> Establishment of project management offices (3 months) Surveys for impact monitoring (6 months) Surveys for project preparation and design (6 months) Engineering design and support (12 months) Procurement (over 30 months construction phase) Project management (36 months) Community monitoring scheme established (6 months)

2. Financing Plan for Proposed Grant to be Supported by JFPR

Funding Source	Amount (\$)
JFPR	4.0 million
Government	200,000 (In-kind through counterpart staff and office facilities)
Total	4.2 million

3. Background

1. About 34% of Myanmar's population, or some 18 million, live in urban areas. About 5.00 million live in Yangon and 1.25 million in Mandalay, the two largest cities. Urbanization in Myanmar is a relative concept, as much of the urban area includes settlements of a rural nature. A significant proportion of the urban population lives in resettlement areas created in the late 1980s or 1990s. These areas were intended to rehouse residents evicted from informal settlements, often termed squatters. Other target groups were government employees who were assigned plots as part of their remuneration. The level of service provided in resettlement

areas at their inception was extremely basic—water points (at design) for every 80 households, the absence of a functioning interconnected drainage network, and lack of any form of piped sewerage system. In general, citywide infrastructure networks and essential municipal services do not extend to resettlement areas or informal settlements. With the absence of essential infrastructure networks, through continuing densification and fill-in development, environmental conditions now cause a threat to family health and do not allow the population to have unfettered access to economic opportunity elsewhere in the city.¹ The occupants of the resettlement areas are mainly households that were granted occupational rights about 20 years ago in the form of long leases. Contributing factors to this situation are: (i) not much has been done by government, donors, development partners, or NGOs to improve this situation for the past 30 years; and (ii) the widespread use of moneylenders charging high interest rates has contributed to overall vulnerability and cycles of indebtedness to pay for health expenditure.

2. Communities have adapted to inadequate provisions by improvising self-supply, as demonstrated by a large number of informal small private systems, usually centered around a borehole with a tube well for water and sanitation needs. Even in urban and peri-urban areas of the two main cities of Yangon and Mandalay, the rural tradition of rainwater catchment has provided a partial response to water needs, in particular in the central dry zone with its prolonged periods of drought. However, in large urban settings local solutions cannot protect against flooding or perennial waterlogging, and local government agencies will need to assist with providing means of discharge of storm water through primary channels, pumping, or both. Similarly, high density population can no longer safely deal with human waste through on-plot wastewater treatment options, or with solid household waste through local disposal. The project seeks to contribute to poverty reduction—building on the proven resilience of Myanmar’s urban population to improve their own conditions—by providing grant funding for basic infrastructure and services, and by strengthening links to citywide infrastructure. Priorities will be determined by the local population, mobilized through CBOs. Sustainability will be strengthened by liaison with and capacity building of relevant local government officials to enhance awareness and accountability in the delivery of better services.

3. The JFPR grant assistance will be geographically focused on urban and peri-urban settlements, some of which were originally resettlement sites. The project responds to the key sector development needs and strategy as identified in the Urban Development and Water Sector Assessment, Strategy, and Road Map (ASR).² The assistance will learn from international experience in community-driven development (CDD),³ and will apply an approach known as “people-centered.”⁴ Previous CDD infrastructure projects have focused on facilitating

¹ 2011 health data for Yangon reveal the need for support to improve the community infrastructure. Hlaing Thar Yar township ranks in the top three of Yangon’s 33 townships in terms of incidences of waterborne diseases: diarrhea (first), dysentery (third), and malaria (second); and ranks seventh on incidences of tuberculosis. Dala township ranks first on incidences of dysentery among the 33 townships, and fifth on tuberculosis.

² ADB. 2013. *Myanmar: Urban Development and Water Sector Assessment, Strategy, and Road Map*. Manila.

³ Community-driven development approaches and projects have five defining elements: (i) they are community-focused, as the target beneficiary or implementing agency is a community-based organization (CBO) or representative local government; (ii) they involve participatory planning and design; (iii) the community controls the resources, involving some sort of resource transfer to the community or CBO; (iv) the community is involved in implementation either through direct supply of inputs or indirectly through management and supervision or operation and maintenance; and (v) the project uses community-based participatory monitoring and evaluation to ensure accountability. ADB. Brochure produced for the Forum on Community-Driven Development and Strategy 2020 in Manila on 3–4 December 2008. Unpublished.

⁴ The proposal builds on lessons learned from the implementation of people-centred projects in the delivery of community level infrastructure and basic services: ADB. 2012. *Completion Report: Urban Governance and Infrastructure Improvement (Sector) Project in Bangladesh*. Manila; ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the Republic of Indonesia for the Neighborhood Upgrading and Shelter Sector Project*. Manila (L2073-INO and L2072-INO); ADB. 2007. *Proposed Grant Assistance to Mongolia for the Community-Driven Development for Urban Poor in Ger Areas*. Manila (G9106-

community mobilization and establishment of CBOs; participatory planning, implementation, and monitoring processes; development of local action plans; and establishing mechanisms to sustain investments and promote improved governance. Such mechanisms have included the establishment of community savings funds or voluntary beneficiary contributions to support O&M, building the capacity of local government to enhance accountability in delivering better services, governance-led infrastructure provision that links the release of funds to improved performance, and developing institutional partnerships to enhance civil society engagement. The investments in community infrastructure and services will improve the urban environment and enhance climate change resilience in the targeted areas of Yangon and Mandalay. The detailed design and monitoring framework is in Appendix 1.

4. Innovation

4. The project will introduce innovative approaches and concepts that will encourage substantive and sustainable improvements of essential infrastructure and services through an action planning approach coordinated by CDCs. These will be innovative not only for the communities that benefit directly from the project, but also the respective city government departments with whom the project will liaise to ensure that improvements are grounded on a permanent institutional and governance structure. The project will build on existing lessons learned and seek to apply on a larger scale the experience gained with the pilot and demonstration activity (PDA) for Demonstrating a Community-Led Approach to Improved Sanitation in Yangon, managed by ADB and funded by the Urban Financing Partnership Facility. The PDA (\$50,000) has been pilot testing a community-led approach for the installation of improved toilets. The JFPR can apply the same technology, in addition to the provision of other essential services and infrastructure, on a larger scale.

5. Communities will be instrumental in the delivery and O&M of infrastructure subprojects. Expenditure such as government investments in water wells and sanitation facilities (toilets, pit latrines) will be implemented through community participation. A self-perpetuating community O&M fund, with CDCs responsible for the collection of household fees and administration, will be established for O&M of community-level infrastructure. This will reduce the cycle of poor people's continuing and suffocating reliance on moneylenders, for such expenditures. The scheme should demonstrate that efforts and resources previously dedicated to coping strategies for survival can then be turned to greater and lasting benefit, lifting households out of deep poverty.

6. The project will be implemented in two townships in Yangon and two townships in Mandalay and will encourage peer learning and cross-fertilization of ideas to develop concepts and innovation across townships. The enforced resilience of Myanmar's urban communities, as demonstrated over recent decades, can be directed creatively toward improving environmental living conditions, and thereby better livelihood opportunities.

7. The approaches and techniques aimed at improving essential infrastructure and services will include those for water supply, management of solid and liquid wastes, drainage of storm water, and improvements of access roads or footpaths. Solutions will be different as needs and conditions vary but will be based on partnerships and shared responsibilities between the communities, NGOs, and local government. Universally valid concepts consistent with

MON); ADB. 2007. *Proposed Grant Assistance to the Socialist Republic of Viet Nam for the Than Hoa Province Small Scale Infrastructure Investments and Services in Urban and Peri-Urban Areas*. Manila (G9112-VIE); ADB. 2007. *Proposed Grant Assistance to the Kingdom of Cambodia for Building Community Capacity for Poverty Reduction Initiatives in the Tonle Sap Basin*. Manila (G9114-CAM); and ADB. 2007. *Proposed Grant Assistance to the Democratic Socialist Republic of Sri Lanka for Improvement of Rural Access Roads and Livelihood Development for the Poor Project*. Manila (G9116-SRI).

sustainable green cities—including construction techniques, use of materials, and disposal of human and solid waste approaches—will be introduced to local communities and city departments that follow the green city concept.⁵ Relevant in this context will be in particular means of saving water and learning to recognize wastewater as a potential resource of fresh water, energy, and nutrients. In addition, improvements in drainage and flood protection of house plots will improve communities' and the city's climate change awareness and resilience, together with a greater level of disaster preparedness.

8. Through the capacity development component, the project will strengthen awareness on the service-related aspects of the designated responsibilities of engineering and services departments at the respective city development committees, as being an integral part of their mandate. Additionally, city government will recognize that extending municipal services to previously unserved areas will not only extend their commercial customer base but also strengthen their social constituency. They will thereby recognize the significant willingness and ability of residents to pay for services, provided such services present a realistic and marked improvement on previous conditions. Cost recovery on the expansion of infrastructure into underserved resettlement areas and informal settlements can thereby be shown to be achievable, even to low-income and high-density areas.

5. Sustainability

9. Sustainability features at the core of project design. Community O&M funds provide sustainable funding for the maintenance of the new infrastructure; and services will be designed, developed, and run from the start involving community members (i.e., CDCs), in particular women. Experience with the interaction between the project communities in each of the two cities will serve to identify the essential promotional model, illustrating the rationale for replication and extension by local authorities to other parts of the city.

10. The proceeds of the community O&M fund are designed to sustain, operate, and maintain the newly created facilities, infrastructure, and services. Work with the city development committees, both through formal capacity development activities and in acting as liaison between local government and community groups, will focus on illustrating to the engineering and service departments that expanding service areas can strengthen cost recovery potential by expanding a customer base that will prove willing and able to pay.

11. The project focuses on poverty alleviation through demand-driven prioritization and provision of new or better services and facilities. But the project also recognizes that sustainability simultaneously demands local government's awareness and support, for physical, practical, and political purposes. Community level services or tertiary infrastructure cannot always fully function without a citywide connection as a source (such as in water supply), or a point of final discharge (drainage of flood water) or final disposal (of household solid waste). Capacity development of local government officials is therefore a critical component of the project, to introduce or reinforce these concepts. A multiagency training structure will be pilot tested and embedded in the Ministry of Construction's permanent urban sector capacity development framework. The approach and techniques will be based on partnerships and shared responsibilities between the communities, local government, and NGOs.

⁵ The green city concept refers to cities that have achieved or are moving toward long-term environmental sustainability in all of its aspects. For a city to be green, it should undertake measures to improve the living environment of its residents or address environmental challenges in a manner that is comprehensive, planned, and that not only positively impacts the city but also contributes to environmental sustainability at the global level. ADB. 2012. *Urban Development Series: Green Cities*. Manila.

12. Initially, the approach will be to ensure that existing networks that link the communities to city level networks function as efficiently as possible. In the medium term, more substantial improvements will be brought about through the proposed ADB \$60 million loan project—the Mandalay City Urban Services Improvement Project (project preparatory TA approved on 3 October 2013, loan approval by 2015) is expected to address longer term conditions in settlements.⁶ The proposed subsequent loan will provide the opportunity to scale up the partnership approach and shared responsibilities in the delivery of infrastructure and services to urban settlements. The grant will focus on capacity development at project level only. Support will mainly focus on CDCs, concerning water and sanitation infrastructure, together with staff from the township, YCDC, MCDC, and community residents. MYA capacity development TA concerns city level capacity development, with focus on six key cities.⁷

13. Where possible, the project will introduce sustainable green city concepts at local scale (to communities) and at citywide scale (to city development committees), by exploring opportunities for low energy options in service provision, through effective water usage, such as the selective reuse of partially treated wastewater.

14. Priorities, as indicated by target communities during project preparation, always included the need for improved facilities to avoid stagnant water and flooding by sea or river. Improved drainage of storm water in the project areas will thereby contribute to better disaster preparedness, to deal with the more frequent occurrences of heavier (higher intensity) rain events, which may be expected as a climate change consequence.

6. Participatory Approach

15. Site selection, based on selection criteria consistent with JFPR poverty reduction aims and the strategic objectives of the ADB sector ASR, has been achieved in consultation with the relevant city departments to ensure essential support and endorsement by local government. However, the detailed composition of the project (selection of priority infrastructure component, purpose of savings groups, etc.) will be determined through direct participation of the target beneficiaries and their CDCs. As a result, cost estimates are only indicative ceiling allocations.

16. The ADB project design team has established contact (on a noncommittal basis) with various NGOs operating in the geographical (i.e., Yangon and Mandalay) and sector areas (community infrastructure, housing, livelihoods, saving and credit schemes). For instance, Japanese NGOs with experience in hydrogeological investigation, installation, and recuperation of tube wells could play a role in the delivery of this project.

Primary Beneficiaries and Other Affected Groups and Relevant Description	Other Key Stakeholders and Brief Description
200 representatives (about 5 from Yangon City Development Committee [YCDC], 5 from Mandalay City Development Committee [MCDC], 40 from township Development Committees, and 150 from community development committees [CDCs]) from the public sector and CDCs trained in the planning, delivery, and maintenance of tertiary level infrastructure	Other key stakeholders in both cities will be officers within the relevant infrastructure departments of the respective city development committees. Working with such officials should contribute to project results being lasting and sustainable, as the approaches demonstrated may be replicated elsewhere. A key objective to involving YCDC and MCDC officials is to strengthen their awareness of their mandate and their responsibility to provide

⁶ ADB. 2013. *Technical Assistance to Myanmar for Mandalay City Urban Services Improvement Project*. Manila (TA 8472-MYA).

⁷ ADB. 2013. *Technical Assistance to Myanmar for Transformation of Urban Management Project*. Manila (TA 8456-MYA).

Primary Beneficiaries and Other Affected Groups and Relevant Description	Other Key Stakeholders and Brief Description
<p>In Yangon: Residents of selected three wards in two townships: Dala (one ward selected) and Hlaing Thar Yar (two wards selected). It is proposed to cover about 500 households in Dala and 1,000 households in Hlaing Thar Yar. Total number of households covered will be 1,500 households.</p>	<p>services to such communities. The involvement of YCDC and MCDC officials will build on an existing dialogue and on training that YCDC officials in particular are receiving from URDI on new concepts in urban planning and management.</p>
<p>In Mandalay: Residents of selected wards in the two southern townships of Chan Mya Thazi and Pyi Gyi Dagon, which are disadvantaged in terms of quality of infrastructure and service delivery but are part of the late 1980s planned resettlement program. It is proposed to cover about 750 households in each township. Total number of households covered will be 1,500 households.</p> <p>Total number beneficiaries in Yangon and Mandalay is likely to be about 18,000 persons.</p> <p>Townships and the wards within these townships have been selected following field work and in consultation with the city administration, based on severe environmental conditions, obvious poverty, commitment to the community-driven development (CDD) approach, and proximity to some primary infrastructure that will allow linkage to future improved community level infrastructure or services. In Yangon, estimated population growth rates and available health indicators have been taken into account.</p> <p>Security of tenure or recognition by the local government of the households as permanent residents was also taken into account.</p>	<p>Employment opportunities will be created for private sector contractors, engaged to construct basic civil works.</p> <p>Private water retailers, supplying water from on-site tube wells, may need to modify their businesses as a result of the introduction of more cost-effective, improved water supply services.</p>

7. Coordination

17. Since the resumption of ADB's sector activities in Myanmar (from March 2012), other development partners have been consulted by ADB, in particular Japan International Cooperation Agency (JICA) in view of its lead role in urban master planning for Yangon city.

18. The Urban Development and Water Division of Southeast Asia Department fact-finding missions held meetings at JICA during 2012. Further meetings were held at the Embassy of Japan (on 5 July and 8 and 9 October 2012; and on 14 March 2013).⁸ The embassy appreciated the ADB initiative to make an early start with service delivery, and was interested that the JFPR grant project would have a follow-on project through ADB lending operations. Not knowing at this stage the outcome of the Yangon Master Plan and how it may affect Mandalay, the embassy requested close coordination with JICA and other Japan-funded activities to

⁸ The mission met with Hideaki Matsuo, Counsellor (Economic and Overseas Development Assistance) and Go Nakaka, Second Secretary at the Embassy of Japan, Yangon; and Saito Katsuyoshi, senior representative and Matsuoka Hajime, representative at Japan International Cooperation Agency, Yangon.

ensure complementarities. JICA commented that this would in no way represent any overlap with its ongoing or planned activities. Embassy staff expressed support for such JFPR grants focused primarily on larger cities, and shared concerns about the lack of capacity at local government level.

19. Apart from JICA, only a few development partners have expressed an explicit interest in urban areas of Myanmar so far, focusing primarily on rural development, health, and education. There is therefore little risk of overlap or conflict of interest. The World Bank's initial program for Myanmar is centered on CDD programs in rural areas. ADB has participated in meetings of a donor coordination group on water (WASH Thematic Group meeting), initiated by the United Nations Children's Fund. Donors represented at the group are working almost exclusively on water and sanitation for the rural population.

8. Detailed Cost Table

20. Please refer to Appendix 2 for the summary cost table, Appendix 3 for the detailed cost estimates, and Appendix 4 for the fund flow arrangement.

C. Link to ADB Strategy and ADB-Financed Operations

1. Link to ADB Strategy

21. ADB's medium-term goal in Myanmar, as described in the interim country partnership strategy (ICPS), is to assist the government in promoting sustainable and inclusive economic development and job creation in support of poverty reduction.⁹ In the interim strategy period, ADB will emphasize three program areas: (i) building human and institutional capacity in ADB's areas of focus, (ii) promoting an enabling economic environment, and (iii) creating access and connectivity for rural livelihoods and infrastructure development. ADB will mainstream the themes of (i) environmental sustainability, (ii) good governance, (iii) private sector development, (iv) regional cooperation and integration, and (v) gender equality. The ADB ASR, which informed the ICPS, included as initial target areas (i) TA to create an opportunity for a period of policy dialogue with critical national and subnational government agencies as well as with influential civic society organizations; (ii) assessing the existing legal and policy basis for future collaboration; and (iii) pilot implementation of community infrastructure upgrading—to explore the potential and practicalities for community-led needs-based tertiary environmental infrastructure improvement, including water supply, drainage, sewerage, and solid waste management (footnote 2). The grant is consistent with ADB's Water Operational Plan, 2011–2020, as water services will provide a link to and represent an extension of existing serviced networks.¹⁰ Neglected service provision will be mainstreamed.

22. The JFPR grant project, as proposed, is consistent with the program areas and themes described in the ICPS and the ASR.

Document	Document Number	Date of Last Discussion	Objectives
Interim country partnership strategy (ICPS)		October 2012	Key initial strategy document, as part of phased approach toward reengagement. Objective is to provide the framework for essential reengagement activities, including substantive further consultative dialogue and information gathering and analysis process required for full country partnership

⁹ ADB. 2012. *Interim Country Partnership Strategy: Myanmar, 2012–2014*. Manila.

¹⁰ ADB. 2012. *Water Operational Plan, 2011–2020*. Manila.

Document	Document Number	Date of Last Discussion	Objectives
Urban Development and Water Sector Assessment, Strategy, and Road Map (ASR)		July 2012, reissued as annex to ICPS October 2012	strategy. This preliminary ASR documents ADB's assessment and potential areas for involvement in the Myanmar urban development and water sector. Its objective is to provide the beginning of a relevant fact-base on which decisions toward strategic future sector institutional strengthening and investment may be based.

2. Link to Specific ADB-Financed Operation

Project Name	MYA Pilot and Demonstration Activity (PDA): Demonstrating Community-Led Approach to Improved Sanitation in Yangon
Project Number	Not applicable
Date of Board Approval	December 2012
Loan Amount (\$ million)	0.05 from the Urban Financing Partnership Facility)

Project Name	Mandalay City Urban Services Improvement Project (TA 8472-MYA) (Asian Development Fund loan of \$60 million; ADB Board approval in 2015)
Project Number	To be determined
Date of Board Approval	2015
Loan Amount (\$ million)	\$60 (to be confirmed)

3. State the above-mentioned project's development objective

23. The objective of the PDA in Yangon is to empower communities to improve the living environment and basic services through a rapid implementation community-led demonstration project. The immediate objective is to improve public health infrastructure and essential services, and thereby contribute to some alleviation of poverty in the pilot area. The medium-term, more strategic, objective is to assess the feasibility for this form of community upgrading, and to demonstrate to city authorities innovative and sustainable methodologies for the planning and delivery of demand-driven tertiary infrastructure with community involvement, which will contribute to achieving the full socioeconomic benefit of any future investments in large-scale infrastructure programs. The project area is Lamudan Ward, with a target population of 1,700 people, in Dawbon Township, an urban slum outside Yangon. Project activities started in December 2012, and representatives of ADB's Board of Directors visited the project area in March 2013.

24. The proposed Mandalay City Urban Services Improvement Project loan will assist the MDCDC in consolidating and expanding the scope and quality of essential urban services and infrastructure in the Mandalay urban area. The proposed project represents the first involvement in an urban development project for Mandalay since the Mandalay Water Supply Project, for which the loan was closed in 1989.¹¹ The project will provide the citywide primary infrastructure essential to support and enable future tertiary and community level infrastructure improvements.

¹¹ ADB. 1991. *Completion Report: Mandalay Water Supply Project in Myanmar*. Manila (L0584-MYA).

4. List the project's main components

Pilot and Demonstration Activity: Demonstrating Community-Led Approach to Improved Sanitation in Yangon

No.	Component Name	Brief Description
1.	Solid waste	Improved solid waste management, including collection system and the identification of means of final disposal
2.	On-plot sanitation	Improved access to sanitation, through flood- and fly-proof sanitary latrines and development of fund for de-sludging of excreta when the pits are filled
3.	Maintenance fund	A joint maintenance fund will be established in coordination between ward inhabitants and ward authorities, further involving YCDC and township authorities.

Proposed Loan Project: Urban Services Improvement Project

No.	Component Name	Brief Description
1.	Water supply system improvements	1.1 Increase water supply networks and operating pressure of water facilities 1.2 Improve water quality to drinking water quality standards 1.3 Reduce non-revenue water 1.4 New surface water treatment plant 1.5 Network expansion into as yet unserved areas with high density population
2.	Drainage and flood protection	2.1 Improved and extended network of collector drains 2.2 Improved main drains 2.3 Additional pumping capacity to lift flood waters over the levees into the Ayeyarwaddy River
3.	Improved wastewater management	3.1 Sewerage system in high-priority areas to be selected on the basis of population density for domestic wastewater, with wastewater treatment plant 3.2 Treatment of industrial wastewater
4.	Community infrastructure	Local neighborhood improvements, to ensure that the benefits from new facilities will reach the population in resettlement areas and informal settlements.

5. Rationale for Grant Funding Versus ADB Lending

25. ADB's reengagement with Myanmar is still in its early stages, and full-scale loan programs aimed at rehabilitating essential urban infrastructure are still a few years away. However, the needs for alleviation of urban poverty and improving family health are urgent. Health data show high levels of infectious diseases (Appendix 7). This grant-funded project aims to improve living conditions in the short term. Interacting with both formal subnational government agencies and CBOs would create an opportunity to improve mutual confidence to support the reengagement process, and would allow for further information gathering and analysis to underpin future lending.

D. Implementation of the Proposed Grant

1. Provide the Name of the Implementing Agency	Yangon City Development Committee and Mandalay City Development Committee, managed through an implementation contractor acting as implementing agency.
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26. The implementation arrangements are described in detail in Appendix 5.

27. All procurement of goods and civil works under the JFPR grant will be conducted in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Goods (including equipment for project offices) and civil works costing less than \$100,000 will be procured using the shopping procedure. Civil works of low level technical complexity and up to \$30,000 in value may be procured using community participation procedures, subject to approval by the implementing agency. Procurement of works above \$100,000 will follow national competitive bidding procedures, subject to ADB review of the national procurement legislation (legal framework), procedures, and standard bidding documents to ensure they are acceptable to ADB. If the national procurement environment is generally acceptable to ADB, any modifications to the legislation, procedures, or standard bidding documents necessary to ensure their consistency with ADB's Procurement Guidelines will be included in a revised national competitive bidding annex attached to the procurement plan. International competitive bidding is not envisaged under the project, unless the national procurement environment is not acceptable to ADB. The detailed procurement plan is in Appendix 6.

28. All consulting firms (including NGOs) and individual consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). An implementation consultant will be selected through quality-based selection (QBS) because of the overwhelming importance of the quality of the implementation and project management services, as it will act as implementing agency on behalf of the MCDC and YCDC. A financial management assessment (FMA) will be carried out for the implementation consultants as implementing agency. Capacity building consultants will be recruited using quality- and cost-based selection with a quality–cost ratio of 80:20. All other consulting packages will be recruited using consultants qualification selection. Individual consultants will be recruited through individual consultant selection.

29. Except for independent monitoring consultants, all other consultants (including survey consultants) will be recruited by the implementation contractor acting as implementing agency, in accordance with ADB's Guidelines on the Use of Consultants. ADB will manage the recruitment processes for both the implementation contractor and independent monitoring consultants, because of lack of government capacity. In each case, ADB will determine the first-ranked firm and the government will negotiate a contract with that firm (or next-ranked firm, if negotiations fail).

30. The project has been assigned category B for environment according to ADB's Safeguard Policy Statement (2009). Overall, the potential for negative environmental impacts for small-scale subprojects are localized, temporary, and can easily be managed through environmental management measures. The measures will be developed during the impact assessment process. The type of impacts expected include localized vegetation clearance, minor earthworks such as digging drainage lines and latrines and very small scale construction of local amenities with concrete and timber. The environmental assessment and review framework (Linked Document) guides the screening of all subprojects under the project, sets out institutional arrangements in relation to environmental management and monitoring, and defines environmental assessment guidelines. Technical support will be provided by the project to build capacity of the project management unit for implementing and monitoring environmental safeguard measures set out under the environmental assessment and review framework.

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Governance	Working with local community groups in the prioritization of investments introduces new concepts to urban management in Myanmar, which assumes a certain level of transparency and unfettered access to communities and information. All this presents a break from earlier working practices—and therefore poses a certain risk.	Certain precedents exist on a small scale of these types of community-led local development programs. In the preparation of this Japan Fund for Poverty Reduction (JFPR) project, the mayors of Yangon and Mandalay provided assurances that the participatory project approach is welcomed and encouraged.
Infrastructure	Some of the likely proposed project components, such as drainage and possibly water supply, will require improvements in linkages to citywide primary infrastructure or services (e.g. water transmission or distribution mains; main drainage channels, transportation, and final disposal of household solid waste to achieve their full benefit).	(i) One of the selection criteria for project locations is access to the main services, including waste collection. (ii) Prioritization and design will focus on technical solutions that can be independent from main services. (iii) Temporary solutions, including cleaning and maintenance of existing drains, will be created awaiting the completion of citywide networks.
Treatment of toxic waste	In Hlaingthaya, some of the waste present in the township is of industrial nature, and possibly toxic. The JFPR grant cannot deal with such waste.	The JFPR project will only deal with waste originating from the community (from domestic residences), which will generally be of organic nature and not toxic.
Fiduciary risks	The project will need to issue contracts of a reasonable size, initially up to \$30,000 for community contracting. Under conditions prevalent in Myanmar, the risk of such contracts being subject to undue influence is not imaginary.	Control of the procurement process and supervision of the quality of the work or services delivered will take place through the use of the implementation contractor as an intermediary to channel project funds, and through the involvement of community development committees. Where required because of the complex nature of any issue, an experienced independent monitoring specialist will be appointed.

3. Incremental ADB Costs

Component	Incremental Bank Cost
Amount requested	\$40,000
Justification	Preparation of financial management assessment Preparation of grant implementation manual
Type of work to be rendered by ADB	Staff costs and staff consultants to supervise implementation of works

4. Monitoring and Evaluation

31. ADB will monitor the technical quality and standards implemented. ADB will employ an international and a national water and sanitation engineer, and will undertake project site visits to conduct semiannual and quarterly (monthly during peak construction periods) monitoring. The international specialist will consolidate semiannual reports to ADB; the national specialist will support this task. In cases of critical performance, the monitoring specialists will inform ADB immediately about any concerns.

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
Prevalence of infectious diseases in target communities decreased by 30% from 2013 baseline	Official government reports; statistic and reports released by international organizations Household health and income surveys	Annual government reports and statistics 2014–2018 (annually)
At least 80% of households in project areas in Mandalay and Yangon will have reduced flooding and waterlogging, increased on-plot improved water supply systems, improved latrines, regular removal of solid waste for safe final disposal, and benefit from infrastructure technology designs and choices that meet international quality standards, as measured against 2013 baseline	Community development committee (CDC) budget and expenditure data Household health and income surveys Project review missions and steering committee meetings Project baseline, midterm, and completion report Project performance review and evaluation reports Impact assessment	2014–2018 (annually) As required, prior to issuing tender documents; during first 18 months of project
200 representatives from public sector and CDCs trained through structured and documented program by 2018 Training mechanism integrated with Ministry of Construction's permanent urban sector capacity building framework	Household surveys Community action plans Project review missions and steering committee meetings Quarterly project progress reports Performance monitoring and evaluation reports Project completion report Impact assessment	2014–2018 (annually)
By 2018, 2,000 sanitary latrines have been constructed; 17 kilometers of community drains and linking drains to city networks allow surface and grey waters to drain from project sites;	Training material and documents Community monitoring scheme established	2014–2018 (annually)

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
4 community solid waste management systems established; 100 CDCs established; project coordination team and project implementation team fully staffed and operational, with minimum 50% female professionals; project performance and management system established; and model for pro-poor infrastructure positioned for replication.	Performance monitoring and evaluation reports Quarterly project progress reports Project completion report	

5. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)
FY2014	\$500,000
FY2015	\$750,000
FY2016	\$900,000
FY2017	\$850,000
FY2018	\$700,000
Contingencies	\$300,000
Total Disbursements	\$4,000,000

Appendixes

1. Design and Monitoring Framework
2. Summary Cost Table
3. Detailed Cost Estimates
4. Fund Flow Arrangement
5. Implementation Arrangements
6. Procurement Plan
7. Summary Poverty Reduction and Social Strategy

Linked Document

Environmental Assessment and Review Framework
<http://www.adb.org/projects/documents/pro-poor-community-infrastructure-and-basic-services-earf>

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Better living conditions and environment in targeted communities in Mandalay and Yangon</p>	<p>By 2022: Prevalence of infectious diarrheal diseases in target communities decreased by 30% from 2012–2013 baseline (as measured against 2013 baseline of 240 occurrences of diarrhea in Hliang Thar Yar and Dala townships; data for Mandalay to be verified at start of project implementation)</p>	<p>Official government reports and statistics</p> <p>Households health and income surveys</p> <p>Reports issued by international organizations (e.g., ADB Country Profile, UNDP Human Development Index, World Bank Doing Business, International Labour Organization Decent Work reports)</p>	<p>Assumption The government is able to mobilize public and private resources to implement growth and development strategies.</p> <p>Risk Adverse economic conditions, political unrest, or natural disasters occur.</p>
<p>Outcome Improved environmental infrastructure and access to basic services for the targeted communities in Mandalay and Yangon</p>	<p>By 2018: Resource requirements for sustainable mechanism of provision of infrastructure and services documented and accepted at YCDC and MCDC</p> <p>As measured against 2013 baseline:^a</p> <p>At least 80% of households in four selected townships in Mandalay and Yangon will have reduced flooding and waterlogging, increased on-plot improved water supply systems, improved latrines, regular removal of solid waste for safe final disposal, and benefit from infrastructure technology designs and choices that meet international quality standards. (2013 baseline: 10%)</p>	<p>CDCs' budget and expenditure data</p> <p>Household health and income surveys</p> <p>Project review missions and steering committee meetings</p> <p>Project baseline, midterm, and completion report</p> <p>Project performance review and evaluation reports</p> <p>Impact assessment</p>	<p>Assumptions Political acceptance at state level of the need to assign regular budgets to the expansion of essential infrastructure and basic services into all urban areas, and their regular maintenance.</p> <p>Increased coverage also dependent on large-scale infrastructure investments in the pipeline (Mandalay City Urban Services Improvement Project).</p> <p>Risk Local government revenue does not increase at the pace required to expand and sustain primary infrastructure and services.</p>
<p>Outputs 1. Support to planning, delivery, and maintenance of tertiary level infrastructure</p>	<p>By 2018: 200 representatives from public sector and CDCs trained through structured and documented program (2013 baseline: 0)</p> <p>Experience and impact of capacity building program recorded and published for external audience</p> <p>Training mechanism integrated within MOC's permanent urban sector capacity building framework</p>	<p>Household surveys</p> <p>Community action plans</p> <p>Project review missions and steering committee meetings</p> <p>Quarterly project progress reports</p> <p>Performance monitoring and evaluation reports</p> <p>Project completion report</p> <p>Impact assessment</p>	<p>Assumptions Infrastructure can be improved at community level, without the need to invest in primary infrastructure improvements.</p> <p>Target communities are willing and able to participate in project training.</p> <p>Risk Interference in decision-making during planning, design, and procurement by different levels of local government.</p>

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks														
2. Improved community Infrastructure and basic services	<p>By 2018: About 2,000 sanitary latrines have been constructed (2013 baseline: 0)</p> <p>About 17 km of community drains and linking drains to city networks allow surface and grey water to drain from project sites.</p> <p>Four community solid waste management systems established (2013 baseline: 0)</p> <p>100 CDCs established with 40% management committee female (2013 baseline: 0)</p>	<p>Training material and documents</p> <p>Community monitoring scheme established</p> <p>Performance monitoring and evaluation reports</p> <p>Quarterly project progress reports</p> <p>Project completion report</p>	<p>Assumption Commitment by development committees and their officers to accept universal provision of basic infrastructure to all as the city's fundamental responsibility.</p> <p>Risk Officials at development committees at various levels overwhelmed with competing calls on their time in the wake of rapid change in the main cities of Myanmar.</p>														
3. Project management, monitoring, and audit	<p>By 2018: Project coordination team and project implementation team fully staffed and operational, with minimum 50% female professionals (engineers, urban planners, and managers) 2013 baseline: 0</p> <p>Project performance and management system established, including sex-disaggregated indicators</p> <p>Model for pro-poor community infrastructure positioned for replication in other community-driven development activities</p> <p>Audit delivered</p>	<p>Review of post-training evaluation forms</p> <p>Interviews with communities, project coordination team, project implementation team</p> <p>Review of contracts and subcontractor reports</p> <p>Project review missions and steering committee meetings</p> <p>Performance monitoring and evaluation reports</p> <p>Project completion report</p>	<p>Assumption City government makes available counterpart staff.</p> <p>Risk Shortage of skilled and competent local project staff, consultants, and contractors because of competing opportunities for skilled staff as a result of rapid economic growth in Yangon and Mandalay.</p>														
<p>Activities with Milestones</p> <p>Output 1: Support to planning, delivery, and maintenance of tertiary level infrastructure</p> <p>1.1 Define and agree needs for training and capacity building (2014–2015)</p> <p>1.2 Production of training plans and materials based on international experiences and integrate in MOC Urban Research and Development Institute course framework (2014–2015)</p> <p>1.3 Conduct 6 exchange visits to Mandalay and Yangon and 40 community exchange visits for community leaders and members (2014–2015)</p> <p>1.4 Deliver training events on the planning, delivery, and maintenance of tertiary infrastructure (2014–2015)</p> <p>1.5 Evaluate training impacts and results annually, from 2015 onward</p> <p>1.6 Prepare case study on the experience and impact of the capacity building program (2017)</p>		<p>Inputs JFPR Grant: \$4 million</p> <table border="1" data-bbox="969 1457 1443 1772"> <thead> <tr> <th data-bbox="969 1486 980 1518">Item</th> <th data-bbox="1328 1457 1443 1518">Amount (\$ million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="980 1518 1101 1549">Civil works</td> <td data-bbox="1370 1518 1443 1549">1.890</td> </tr> <tr> <td data-bbox="980 1549 1240 1581">Equipment and supplies</td> <td data-bbox="1370 1549 1443 1581">0.169</td> </tr> <tr> <td data-bbox="980 1581 1208 1654">Training, workshops, seminars, and public campaigns</td> <td data-bbox="1370 1581 1443 1654">0.218</td> </tr> <tr> <td data-bbox="980 1654 1192 1686">Consulting services</td> <td data-bbox="1370 1654 1443 1686">0.461</td> </tr> <tr> <td data-bbox="980 1686 1192 1717">Grant management</td> <td data-bbox="1370 1686 1443 1717">0.980</td> </tr> <tr> <td data-bbox="980 1717 1143 1749">Contingencies</td> <td data-bbox="1370 1717 1443 1749">0.282</td> </tr> </tbody> </table> <p>Government: \$200,000 (In-kind through counterpart staff and office facilities)</p>		Item	Amount (\$ million)	Civil works	1.890	Equipment and supplies	0.169	Training, workshops, seminars, and public campaigns	0.218	Consulting services	0.461	Grant management	0.980	Contingencies	0.282
Item	Amount (\$ million)																
Civil works	1.890																
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Contingencies	0.282																

<p>Output 2: Improved community infrastructure and basic services</p> <p>2.1 Confirm selection of target communities with YCDC and MCDC (2014)</p> <p>2.2 Mobilize and train 100 CDCs in selected wards, and establish O&M savings fund (2014)</p> <p>2.3 Jointly assess priority improvements for infrastructure and basic services, and prepare community action plans</p> <p>2.4 Prepare plans and detailed engineering designs for improvements on drainage, water supply, sanitation waste management, and access roads or footpaths (2014–2015)</p> <p>2.5 Prepare procurement plans, including community contracting (2014–2015)</p> <p>2.6 Prepare initial environmental examination and environmental management plan (as needed) and gender action plan</p> <p>2.7 Construct sanitary latrines, community drains, permanent roads, foot paths, and tube wells; and establish community sanitation system linked to city collection and disposal system (2015–2017)</p> <p>Output 3: Project management, monitoring, and audit</p> <p>3.1 Establish project management and coordination teams and offices in Yangon and Mandalay (2014)</p> <p>3.2 Plan and commission baseline surveys, including health outcome data, for socio-demographics, poverty profile, service provision, and environmental conditions (2014)</p> <p>3.3 Establish project performance and management system and community monitoring system (2014)</p> <p>3.4 Plan and commission engineering and topographic surveys, for design and as required during construction (2014 onward)</p> <p>3.5 Plan and deliver capacity development for project management and coordination team (2014 onward)</p> <p>3.6 Plan and commission follow-on impact surveys, at start-up, midterm, and completion (2014, 2016, 2018)</p> <p>3.7 Arrange for project audits to be conducted annually and at completion (2014–2018)</p> <p>3.8 Baseline report, midterm evaluation, and completion report (2014–2018)</p> <p>3.9 Pilot lessons inform proposed urban services improvement project loan preparation and implementation (2015 onward)</p>	
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ADB = Asian Development Bank, CDC = community development committee, JFPR = Japan Fund for Poverty Reduction, km = kilometer, MCDC = Mandalay City Development Committee, MOC = Ministry of Construction, O&M = operation and maintenance, UNDP = United National Development Programme, YCDC = Yangon City Development Committee.

^a At project start will conduct baseline to improve 2013 estimates.

Source: Asian Development Bank.

SUMMARY COST TABLE

(\$'000)

Inputs, Expenditure Category	Grant Components	Component A	Component B	Component C	Total	Percent
		Support to planning, delivery, and maintenance of tertiary level infrastructure	Improved community infrastructure and basic services	Project management, monitoring, and audit		
1. Civil Works ^a		0	1,890,000	0	1,890,000	47.3
2. Equipment and Supplies		0	110,000	59,000	169,000	4.2
3. Training, workshops, seminars, and public campaigns		160,000	30,000	28,000	218,000	5.5
4. Consulting services		118,000	120,000	223,000	461,000	11.5
5. Grant management		18,000	36,000	926,000	980,000	24.5
6. Other inputs		0	0	0	0	0.0
Subtotal components before contingencies		296,000	2,186,000	1,236,000	3,718,000	93.0
7. Contingencies		22,451	165,802	93,747	282,000	7.0
Subtotal JFPR Grant Financed		318,451	2,351,802	1,329,747	4,000,000	100.0
Government contribution					200,000	
Community contributions					144,000	
Total Estimated Costs					4,344,000	
Incremental Costs					40,000	

JFPR = Japan Fund for Poverty Reduction.

^a The following cost estimates represent an average for each of the four target communities. Given the community-driven infrastructure approach, where communities prioritize civil works to be undertaken, these estimates can only be indicative: (i) drainage: \$175,000, includes flood control, drains alongside roads or footpaths, as well as in some cases, some larger channels to reach main (natural) channels, and discharge areas or primary drain; (ii) water supply: \$150,000, tertiary distribution systems to link to main, possibly a deep well (i.e., drilling, well-development, pump installation, and connection to power supply and to water supply network); (iii) sanitation: \$100,000 plus \$27,500 (for latrine equipment), expect that like PDA: Demonstrating Community-Led Approach to Improved Sanitation in Yangon project, solid waste management will be a likely component; and (iv) local access: \$47,500 (roads and footpaths, and safety lighting).

Source: Asian Development Bank estimates.

DETAILED COST ESTIMATES

		(\$)								
Code	Supplies and Services Rendered	Costs				Contributions				
		Unit	Quantity Units	Cost Per Unit	Total	JFPR		Government	Other Donors	Communities
						Amount	Method of Procurement			
Component A. Support to planning, delivery, and maintenance of tertiary level infrastructure				Subtotal	296,000	296,000		0	0	0
1.1	Civil Works									
1.1.1	None				0					
1.2	Equipment and Supplies									
1.2.1	None									
1.3	Training, Workshops, and Seminars									
1.3.1	Training events, workshops; Yangon and Mandalay	events	50	800	40,000 ^a	40,000	LS			
1.3.2	Exchange visits, national, groups of 10–20; including travel	events	25	4,000	100,000	100,000	LS			
1.3.3	Training material, publications	printed matter	2,000	10	20,000	20,000	LS			
1.4	Consulting Services									
1.4.1	Training adviser, international	months	4	12,500	50,000	50,000	QCBS			
1.4.2	Trainer of trainers, national; urban management and services	months	14	3,000	42,000	42,000	QCBS			
1.4.3	Trainers, township level, community relations	months	26	1,000	26,000	26,000	QCBS			
1.5	Management and Coordination of this Component									
1.5.1	Administration and coordination ^b	month	36	500	18,000	18,000	CQS			
1.6	Other Project Inputs (none)				0					
Component B. Improved Community Infrastructure and Basic Services				Subtotal	2,186,000	2,186,000		0	0	0
2.1	Civil Works									
2.1.1	Drainage works	Local shopping/ community	4	175,000	700,000	700,000	CC, NCB			
2.1.2	Water supply facilities, civil works	Local shopping/ community	4	150,000	600,000	600,000	CC, NCB			

Code	Supplies and Services Rendered	Unit	Costs			Contributions				
			Quantity Units	Cost Per Unit	Total	JFPR		Government	Other Donors	Communities
						Amount	Method of Procurement			
2.1.3	Latrines, civil works	Local shopping/ community ^c	4	100,000	400,000	400,000	CC, NCB			
2.1.4	Local access, footpaths, lighting	Local shopping/ community	4	47,500	190,000	190,000	CC, NCB			
2.1.5	Operation and maintenance	Community								144,000 ^d
2.2	Equipment and Supplies									
2.2.1	Latrines: porcelain pans	units	1000	110	110,000	110,000	LS			
2.2.2	Deep well pumps; hand pumps: included under item 2.1.2									
2.3	Training, Workshops, and Seminars									
2.3.1	Community consultation and awareness; Yangon and Mandalay	events	30	500	15,000 ^e	15,000	LS			
2.3.2	Community training on health and hygiene; Yangon and Mandalay	events	30	500	15,000	15,000	LS			
2.4	Consulting services for design, specifications, and construction supervision									
2.4.1	Senior engineer; Yangon, 2 communities	person-months	30	1,000	30,000	30,000	ICS			
2.4.2	Assistant engineers; Yangon, 1 community each	person-months	60	500	30,000	30,000	ICS			
2.4.3	Senior engineer; Mandalay, 2 communities	person-months	30	1,000	30,000	30,000	ICS			
2.4.4	Assistant engineers; Mandalay, 1 community each	person-months	60	500	30,000	30,000	ICS			
2.5	Management and Coordination of this Component									
2.5.1	Administration and coordination ^f	months	36	1,000	36,000	36,000	LS			
2.6	Other Project Inputs: none				0					
Component C.	Project Management, Monitoring, and Audit				Subtotal	1,236,000	1,236,000	0	0	0
3.1	Equipment and Supplies									
3.1.1	Project office Yangon, setting up ^g	lump sum	1	11,000	11,000	11,000	LS			
3.1.2	Project office Mandalay, setting up ^h	lump sum	1	6,000	6,000	6,000	LS			

Code	Supplies and Services Rendered	Unit	Costs			Contributions				
			Quantity Units	Cost Per Unit	Total	JFPR		Government	Other Donors	Communities
						Amount	Method of Procurement			
3.1.3	Project office Yangon, running costs	months	36	750	27,000	27,000	LS			
3.1.4	Project office Mandalay, running costs	months	30	500	15,000	15,000	LS			
3.2	Training, Workshops, and Seminars									
3.2.1	Training events for project teams, Yangon and Mandalay; quarterly	events	16	500	8,000 ⁱ	8,000	LS			
3.2.2	Workshops (inception, interim 1+2, final), in Yangon and Mandalay	events	8	1,000	8,000 ⁱ	8,000	LS			
3.2.3	Presentations, external, Yangon	events	3	4,000	12,000 ^k	12,000	LS			
3.3	Consulting Services (for management and monitoring)									
3.3.1	Baseline survey and impact assessment, annual, final; Yangon and Mandalay	surveys	8	5,000	40,000	40,000	CQS			
3.3.2	Household surveys, poverty and gender surveys; Yangon and Mandalay	surveys	4	4,000	16,000	16,000	CQS			
3.3.3	Topographic and infrastructure condition surveys, initial, Yangon and Mandalay	surveys	2	9,000	18,000	18,000	CQS			
3.3.4	Engineering design services, national	months	13	5,000	65,000	65,000	CQS			
3.3.5	External audit, annual	units	3	10,000	30,000	30,000	SSS			
3.3.6	Independent monitoring, annual	units	6	9,000	54,000	54,000	CQS			
3.4	Management and Coordination of the Project									
3.4.1	International project manager	months	36	15,000	540,000	540,000	QBS			
3.4.2	Procurement advisor, international, short-term	months	2	14,000	28,000	28,000	QBS			
3.4.3	Project accountant, international, intermittent	months	3	12,500	37,500	37,500	QBS			
3.4.4	Community development specialist, international, intermittent	months	3	12,500	37,500	37,500	QBS			
3.4.5	Specialists advisors, international, various short-term	months	10	12,500	125,000	125,000	QBS			
3.4.6	Specialists advisors, national, various short-term	months	20	2,500	50,000	50,000	QBS			
3.4.7	Project management team support: Yangon and Mandalay ^l	months	36	3,000	108,000	108,000	QBS			
3.5	Other Project Inputs (none)									
	Components A to C = Subtotal				Subtotal	3,718,000				
	Contingency (maximum 10% of total JFPR contribution)	7.58%				282,000	282,000			
	TOTAL Grant Costs				Total	4,000,000				

Code	Supplies and Services Rendered	Costs				Contributions				
		Unit	Quantity Units	Cost Per Unit	Total	JFPR		Government	Other Donors	Communities
						Amount	Method of Procurement			
ADB Incremental Cost Details										
	Preparation of Grant Implementation Manual				30,000					
	Financial Management Assessment				10,000					
	TOTAL Incremental Costs				40,000					
	Government Contributions (in kind)				200,000					

CC = community contracting, CQS = consultants' qualifications selection, ICS = individual consultant selection, JFPR = Japan Fund for Poverty Reduction, LS = local shopping, MCDC = Mandalay City Development Committee, NCB = national competitive bidding, QBS = quality-based selection, QCBS = quality- and cost-based selection, SSS = single source selection, YCDC = Yangon City Development Committee.

^a Represents training events related to capacity development of representatives from YCDC and MCDC and 100 community development committees. Each 1-day event budgeted for 200 people at \$4 per person.

^b Including bank charges, local transport, and insurance.

^c Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value. Community participation in procurement is used where, in the interest of project sustainability, or to achieve certain specific social objectives of the project (in this case community demand-driven dimension). It is desirable in selected project components to (i) call for participation of local communities and/or nongovernmental organizations in the delivery of services, or (ii) increase the utilization of local know-how and materials, or (iii) employ labor-intensive and other appropriate technologies, the procurement procedures, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided these are efficient and are acceptable to ADB. ADB. 2013. *Procurement Guidelines*. Manila.

^d About 3,000 households in four townships will contribute \$1/month over 48 months project life. Total equivalent of \$144,000 for community operation and maintenance fund.

^e For 2.3.1 and 2.3.2: Training events directly related to the selection and prioritization of the new infrastructure and services, its preparation, and to ensure that its benefits are fully achieved by improving public health awareness. For each event at \$500 (half-day): five townships, six training events per township during the course of the project for about 50 community representatives to cover venue, facilities, and refreshments. No transport budget is needed for participants as will utilize local venue.

^f Including bank charges, local transport, and insurance.

^g To include sets of computer equipment (computer, software, printer: \$7,000); copier: \$3,000; communication equipment (networks, router: \$1,000).

^h To include sets of computer equipment (computer, software, printer: \$5,000); communication equipment (networks, router: \$1,000).

ⁱ Represent internal training events aimed at local staff of the implementation contractor team, to ensure an informed and consistent approach, for greater efficiency in project delivery. Over the course of the project, eight events will take place in Yangon and eight in Mandalay. Each event will target about 40 participants costed at \$500 per half-day event.

^j Represents semi-formal presentation of project objectives and subsequently of progress (four events in Yangon and four in Mandalay), to directly involve government counterpart agencies, to be held at key milestones of the project: (i) inception, (ii and iii) interim 1+2, and (iv) final. Budgeted at \$1,000 per event for half-day workshop to include venue and catering costs.

^k Represents formal presentation for external audience in Yangon for other government ministries, agencies, and development partners. Three events (inception, midterm, and end) to be held in Yangon to reduce transport time and cost. Budgeted at \$4,000 per 1-day event to cover participation of 120–150 invitees, including coffee and lunch.

^l Including bank charges, local transport, and insurance.

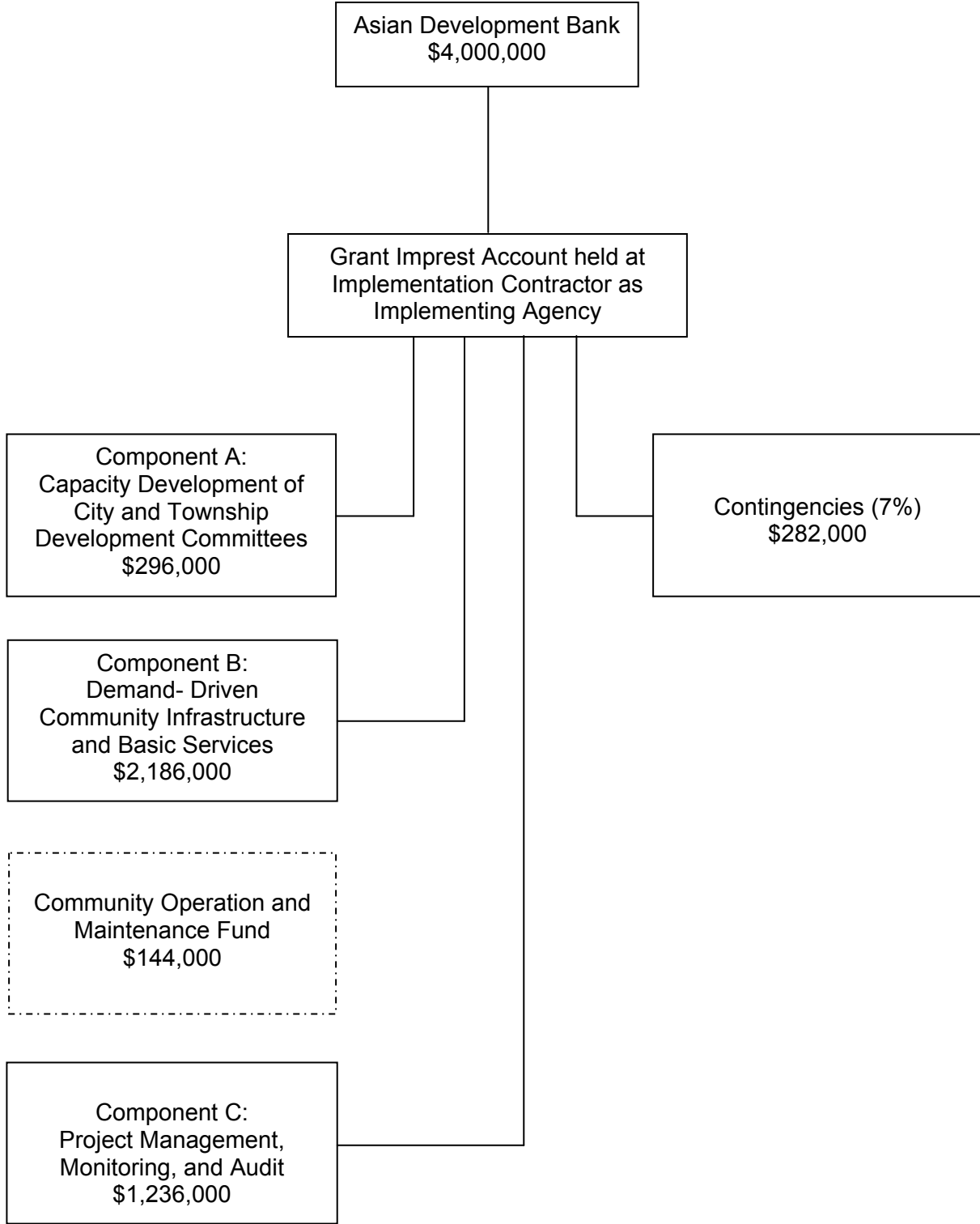
Note: Taxes and duties within the territory of the recipient, including the commercial tax, will be financed by the proposed grant.

Source: Asian Development Bank.

FUND FLOW ARRANGEMENTS

1. The Japan Fund for Poverty Reduction (JFPR) grant will be disbursed in accordance with the *Loan Disbursement Handbook* (2012, as amended from time to time). An imprest account will be opened at a commercial bank acceptable to the Asian Development Bank (ADB) by an implementation contractor appointed as the implementing agency. The currency of the imprest account will be the US dollar. The total outstanding advances to the imprest account should not exceed 10% of the grant amount. The imprest account will be established, managed, replenished, and liquidated in accordance with ADB's *Loan Disbursement Handbook*. The implementing agency will have to demonstrate capacity, via the financial management assessment (FMA), before using the imprest account. An FMA will be conducted during the procurement process to assess the priority ranked tender. JFPR funds may not be dispersed until the FMA is satisfactorily completed.
2. The implementing agency will open a sub-account in US dollars with a ceiling of \$50,000 in Mandalay at a commercial bank acceptable to ADB to process payments for eligible local expenditures.
3. The statement of expenditures procedure will be used for all payments and transactions not exceeding \$10,000 per individual payment. The implementing agency will retain the supporting documents of project expenditures for ADB's review mission and external audit.
4. Detailed implementation arrangements, such as funds flow, replenishment, and administrative procedures, will be detailed in a grant implementation manual and established between ADB and the government as stipulated in the JFPR letter of agreement. Before the submission of the first withdrawal application, the recipient will submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the recipient, together with authenticated specimen signatures of each authorized person(s). The minimum value per withdrawal application is \$100,000 equivalent, unless otherwise approved by ADB. The recipient and implementing agency are encouraged to claim to ADB through the imprest fund or reimbursement procedure for individual payments below this amount. ADB reserves the right not to accept withdrawal applications below the minimum amount.
5. Interest earned on the imprest account may be used for project purposes within the approved total amount of the JFPR project, subject to ADB approval. Any unutilized interest should be returned to the JFPR fund account maintained in ADB upon completion of the project and before closing the JFPR grant account of \$4 million.
6. The establishment of the Community Operation and Maintenance Fund and its contribution to sustain community level facilities is elaborated under Appendix 5.

Figure A4: Fund Flow Arrangements



Source: Asian Development Bank.

IMPLEMENTATION ARRANGEMENTS

A. Executing Agency and Implementing Agency

1. The Ministry of Construction (MOC) will be the executing agency of the project. The project will take place, and provide infrastructure facilities, within the urban areas of the cities of Yangon and Mandalay. For this reason, Yangon City Development Committee (YCDC) and Mandalay City Development Committee (MCDC) will be assisted by an implementation contractor who will be appointed to act as the implementing agency to manage the project and fund flow under contract with the MOC. The respective Department for Water and Sewerage and Department for Roads and Bridges (in its capacity of being responsible for urban drainage and flood control) from YCDC and MCDC will be involved. The implementation contractor will be recruited through quality-based selection, because of the need for high-quality consulting services in this implementing agency role, based on full technical proposals. The Asian Development Bank (ADB) will manage the recruitment process and identify a first ranked firm or nongovernment organization (NGO), which will then be subjected to a financial management assessment (FMA) and procurement capacity assessment to verify that it can manage the role as implementing agency. If the firm or consultant satisfactorily meets both assessments, the MOC will negotiate and sign a contract with that firm or NGO.

2. A project advisory committee will be formed, and will include representation from ADB, the implementing agency, the MOC, YCDC, MCDC, and community-based organizations (CBOs) that will be created as part of this project. Any consultants and NGOs that will be appointed to assist with the delivery of this project may attend committee meetings in an advisory role. The purpose of the committee is to provide overall strategic guidance, to advise on consistency with government policy, and to prepare for policy continuity with ADB's future sector program in Myanmar.

B. Grant Organization and Management

3. The MOC will engage an implementation contractor, to be financed by the Japan Fund for Poverty Reduction (JFPR) grant, to manage the JFPR programs and its budget, based on the defined objectives, deliverables, and outline terms of reference. The implementation contractor will manage all procurement, including consultants, contractors, community contracting through community development committees (CDCs), suppliers of equipment, and services. The implementation contractor will manage the procurement of goods and civil works following ADB's Procurement Guidelines (2013, as amended from time to time). The implementation contractor will follow all relevant procedures in the project administration instructions and use ADB's standard bidding documents. The specific procurement method will be discussed and agreed with the implementation contractor during contract negotiations and approved by ADB's Operations Services and Financial Management Department. The implementation contractor will have the authority to sign on the withdrawal applications under the proposed grant. For this purpose, the implementation contractor, with concurrence from the MOC, will prepare detailed terms of reference and specifications, and issue contracts. All these will be subject to prior approval by ADB and the MOC. The project's organization and management structure is illustrated in Figure A5.

C. Project Coordination and Implementation

4. The contract of the implementation contractor will include the services of a project management consultant team, to be based in Yangon and responsible for overall oversight and

quality control of the work, and two small project implementation teams to be installed and operating in self-contained offices in Mandalay and Yangon.

5. The project management consultant team will consist of at least an (international) project manager, infrastructure engineers (for initial design and to exercise quality control on tender documents and works), a community development specialist, and a support staff for accounting and administration. The team will procure specialist services such as for conducting surveys for benchmarking and impact monitoring (household surveys, poverty assessments, gender assessments, affordability assessments, and status of infrastructure provision); preparation of the gender action plan, initial environmental examination, and environmental management plan; topographic and engineering surveys; and project audits. The team will assist with the establishment of CDCs within each of the five subproject locations (three wards in two townships in Yangon and two townships in Mandalay). CDCs will be the institutional mechanism for communicating with the target beneficiary population; assessing their priority needs; and organizing and preparing communities for their active participation in project prioritization, planning, design, and implementation.

6. The two project implementation teams, one each for Yangon and Mandalay, will consist of (i) a project engineer supported by two assistant engineers, who will deliver detailed engineering design and construction supervision services; and (ii) a community development specialist, supported by computer-aided design technicians as required. One assistant engineer will be assigned to each community. Where required, and depending on the nature and complexity of the works, the project engineer can request more specialized design support from engineering advisors in the project management consultant team. The project engineer will act as the engineer on the project, responsible for final decisions on whether any civil works are completed according to design, and whether payment can be made (i.e., sign off on the works). The project management consultant team will maintain overall quality control regarding the conduct and operation of the project engineer.

7. The implementation contractor will recruit a capacity building consultant team, specifying the objectives and scope of training, capacity building, and exchange visits required under the program. The team will design and deliver a detailed program of capacity building aimed at YCDC and MCDC, the townships, ward development committees, and CDCs. Training specialists within the capacity building consultant team will prepare high quality training material, in consultation with the project management consultant team. Training and capacity building events will consist of exchange visits between government agencies and community organizations in the two cities, formal training at MOC's Urban Research and Development Institute in aspects of the planning of urban infrastructure and services, as well as on-site training required for the formation and running of community savings schemes and community monitoring schemes managed by the CDCs.

D. Community Coordination

8. Community mobilizers will be recruited by the project management consultant team to support the community mobilization processes, and to organize the respective communities to take an active part in realizing the improvement of basic infrastructure and services within their immediate environment. These CBOs (community development committees) will act in the first instance as the "primary groups," consisting of 20–25 households from a traditional neighborhood block, as a base unit for all subsequent participatory outreach processes.

9. These primary groups will constitute the start of all community mobilization and a basis for further community processes. Through such groups, priorities will be selected for obtaining better infrastructure and services to improve the living environment and general well-being.

From various such primary groups, representatives will be elected and appointed to constitute a CDC, which will take an active part on behalf of its respective constituencies in determining which aspects of environmental infrastructure and services should be prioritized for improvement, and how the community may participate further in specification and implementation, through community participation in prioritization of initiatives, engagement as unskilled and skilled labor in civil works construction, and local procurement. CDCs will establish community operation and maintenance (O&M) fund groups, as a basis to pay for essential maintenance of the new community level facilities under their responsibility. Community O&M funds, based on accumulation of household fees, will be established for repairs to community infrastructure, including latrine maintenance. CDCs, to be established under the project, will collect and manage O&M funds.

10. As women are most directly affected by the health and well-being impact of inadequate local services, they will lead community involvement in the prioritization of project initiatives. Women will have strong representation in the primary groups and CDC.

11. The project will provide the opportunity to deliver part of the civil works through community participation processes, as a means to engage local unskilled or semiskilled labor in the construction process. This should contribute to combating endemic underemployment, enhance the quality of works as built because of direct involvement, generate marketable skills within the community, and assist in future O&M of the facilities.

E. Procurement and Consulting Services

12. All procurement to be financed by the JFPR grant will be conducted in accordance with ADB's Procurement Guidelines and government standard procurement procedures developed for externally funded projects. In case of any inconsistency between ADB's Procurement Guidelines and government procedures, ADB's Procurement Guidelines will prevail.

13. Goods (including equipment for project offices) and civil works costing less than \$100,000 will be procured using the shopping procedure. Civil works of low level technical complexity and up to \$30,000 in value may be procured using community participation procedures, subject to approval by the implementing agency. Procurement of works above \$100,000 will follow national competitive bidding procedures, subject to ADB review of the national procurement legislation (legal framework), procedures, and standard bidding documents to ensure they are acceptable to ADB. If the national procurement environment is generally acceptable to ADB, any modifications to the legislation, procedures, or standard bidding documents necessary to ensure their consistency with ADB's Procurement Guidelines will be included in a revised national competitive bidding annex attached to the procurement plan. International competitive bidding is not envisaged under the project, unless the national procurement environment is not acceptable to ADB.

14. All consultants recruited under the project, including any firms or individual consultants to be recruited by the implementation contractor, will be recruited in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). The implementation contractor will be recruited using quality-based selection, because of the overwhelming importance of the quality of the implementation and project management services. An FMA will be conducted on the first-ranked firm or NGO. Financial management capacity acceptable to ADB will be a precondition for the firm or NGO to be invited to contract negotiations. The capacity building consultants will be recruited using quality- and cost-based selection with a quality–cost ratio of 80:20. All other consulting packages will be recruited using consultants qualification selection. Individual consultants will be recruited through individual consultant selection.

15. The implementation contractor will recruit all other consultants except the independent monitoring consultants. ADB will manage the recruitment processes for both the implementation contractor and independent monitoring packages, because of lack of government capacity. In each case, ADB will determine the first-ranked firm and the government will negotiate a contract with that firm (or next-ranked firm, if negotiations fail).

F. Safeguards

16. The objective of the project is to create environmental improvements in the living environment. The overall environmental impact will therefore be positive, by reducing the occurrence of stagnant polluted water, and diverting waste products away from living areas by treatment on-site or transport and final disposal. Temporary impacts may be created during the construction process. However, the project is small-scale, and major excavations or diversions are not expected.

17. An initial environmental examination and environmental management plan will be prepared by the consultants under component C, supervised by the project management consultants as part of the project implementation process. The environmental management plan will identify any temporary environmental issues associated with or caused by the construction process, and propose mitigation measures. The project is category B for environment.

18. No land acquisition and resettlement impacts are expected, as improvements are expected to occur on public land. However, given the community-driven development (CDD) approach, criteria will be established to assess subproject feasibility. Any civil works or infrastructure upgrading that may cause involuntary resettlement or land acquisition will not be eligible to be financed under the grant. Procedures for voluntary land donation will be prepared to be applied by the implementing agency, following the guidelines in ADB's Safeguard Policy Statement (2009). Both selection criteria and guidelines for voluntary contributions will be inserted in the grant covenant. The project is category C for resettlement.

19. Indigenous people are largely urbanized, and have either become the majority or are well integrated into homogenous communities and no longer self-identify as a distinct population. Civil works or infrastructure upgrading that may cause any adverse impacts to indigenous peoples will not be eligible for project financing. Specific screening procedures and requirements will be established. The project is categorized C as it will not trigger indigenous peoples safeguards according to ADB's Safeguard Policy Statement.

20. Pursuant to ADB's Safeguard Policy Statement, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the Safeguard Policy Statement.

G. Reporting

21. The project management consultant team will consolidate all project activity reports prepared by the project coordination team, project implementation team, consultants, and contractors into quarterly reports containing sex-disaggregated data. Quarterly reports will be endorsed by the national project director and submitted to ADB no more than 30 days after the end of each project quarter. Quarterly reports will be in English.

H. Accounting and Auditing

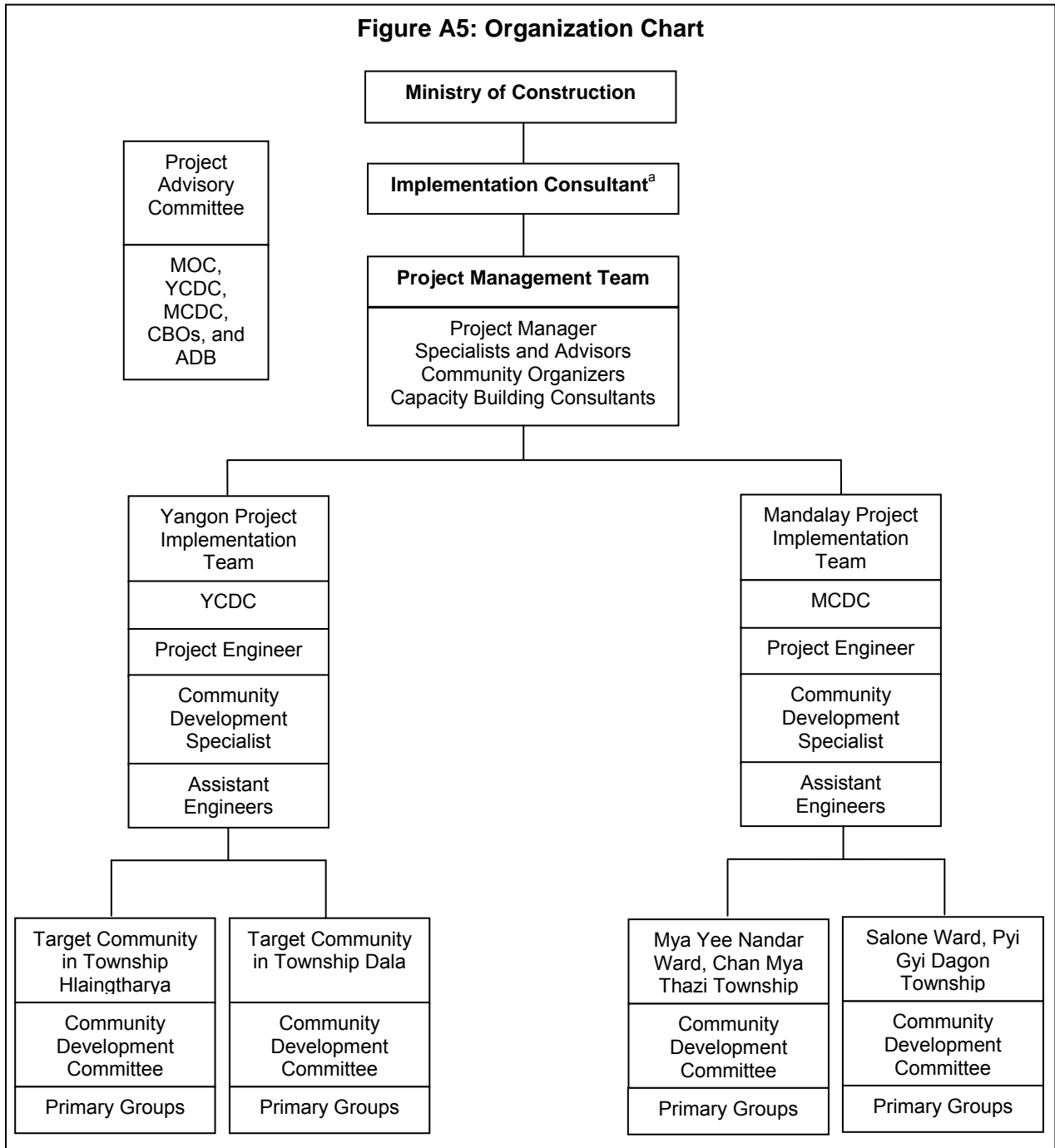
22. The project management team will maintain project financial statements in accordance with sound accounting principles. All project financial statements will be audited annually by the Auditor General's Office or an independent external national auditor acceptable to ADB.¹ Project financial statements and audited financial statements will be consistent with international accounting and auditing standards. A separate audit opinion will be issued on the use of the JFPR imprest account, sub-account, and statement of expenditures procedures. The audit opinion will include (i) an assessment of the adequacy of accounting and internal control systems regarding project expenditures and transactions; (ii) a determination as to whether the government, the project coordination team, and project implementation team have maintained adequate documentation for all financial transactions, specifically on the statement of expenditure and imprest account procedures; and (iii) confirmation of compliance with the project's financial management system and ADB and government requirements for project management. Audit reports will be submitted to ADB within 6 months of the end of each fiscal year. The duration of the contract for the implementation contractor will be determined by the physical completion date plus 6 months for contract administration, where all other administrative arrangements, including the audit, will be undertaken.

I. Implementation Schedule

23. The project will be implemented over a 4-year period, beginning in the first quarter of 2014.

¹ A budget of \$40,000 has been allocated in case a need for an independent external auditor arises.

Figure A5: Organization Chart



ADB = Asian Development Bank, CBO = community-based organization, MOC = Ministry of Construction, MCDC = Mandalay City Development Committee, YCDC = Yangon City Development Committee.

^a Under contract with MOC.

Source: Asian Development Bank.

PROCUREMENT PLAN

Basic Data

Project Name: Pro-Poor Community Infrastructure and Basic Services	
Country: Myanmar	Executing Agency: Ministry of Construction
Grant Amount: \$4,000,000	Grant Number: TBD
Date of First Procurement Plan: Q4 2013	Date of this Procurement Plan: August 2013

Q = quarter, TBD = to be determined.

Source: Asian Development Bank.

A. Process Thresholds, Review, and 18-Month Procurement Plan

1. Project Procurement Thresholds

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods

Method	Threshold
International competitive bidding for works	\$1 million
National competitive bidding works	Beneath that stated for ICB, works
Shopping	Below \$100,000
Community participation	Below \$30,000

ICB = international competitive bidding.

Source: Asian Development Bank.

2. ADB Prior or Post Review

2. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
National competitive bidding works	Post	For first package, ADB prior review will apply. This package will serve as a template to be used for subsequent packages.
Shopping	Post	
Recruitment of Consulting Firms		
Quality-based selection	Prior	
Quality and cost-based selection	Prior	
Consultant qualification selection	Prior	
Least-cost selection	Prior	
Single source selection	Prior	
Recruitment of Individual Consultants		
Individual Consultants	Post	Implementation contractor or ADB

ADB = Asian Development Bank.

Source: Asian Development Bank.

3. Consulting Services Contracts Estimated to Cost More Than \$100,000

3. The following table groups smaller-value goods, works, and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Procuring Entity	Comments
Implementation contractor (firm or NGO)	\$1.89 million ^a	QBS	Q1/2014	International	ADB ^b	This package includes project management services. The implementation contractor will also recruit (on a subcontract basis) those consulting packages (firms) indicated in the tables below.

ADB = Asian Development Bank, NGO = nongovernment organization, Q = quarter, QBS = quality-based selection.

^a The estimated contract value includes all consulting packages expected to be recruited on a subcontract basis by the implementation contractor.

^b ADB will manage the recruitment process, and the executing agency will negotiate and sign a contract with the first-ranked firm.

Source: Asian Development Bank.

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

4. The following table groups smaller-value goods, works, and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement / Recruitment Method	Procuring Entity ^a	Comments
Civil works for the construction of drainage works, water supply, latrines, and local access (component B)	\$1,000,000	20	NCB, community participation	Implementation contractor	Small works will be considered for community participation.
Baseline Surveys, Yangon and Mandalay, initial, annual, final	\$40,000	1	CQS	Implementation contractor	To be recruited by the implementation contractor
Household and poverty surveys	\$16,000	1	CQS	Implementation contractor	To be recruited by the implementation contractor
Topographic and engineering surveys	\$18,000	1	CQS	Implementation contractor	To be recruited by the implementation contractor
Independent monitoring, annual	\$54,000	1	CQS	ADB	To be recruited by ADB, with the contract to be negotiated and signed by the executing agency

ADB = Asian Development Bank, CQS = consultants qualification selection, NCB = national competitive bidding.

^a All procurement of major civil works conducted by the implementation contractor will be subject to no objection by the executing agency. All shortlists of consultants prepared by ADB or the implementation contractor will be subject to no objection by the executing agency.

Source: Asian Development Bank.

B. Indicative List of Packages Required Under the Project

5. The following table provides an indicative list of all procurement (goods, works, and consulting services) over the life of the project. Contracts financed by the borrower and others should also be indicated, with an appropriate notation in the comments section.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Procuring Entity	Comments
Civil works for drainage works, water supply, local access, and latrine supplies (component B)	\$2,000,000	40–50	NCB, community participation	No	Implementation contractor	Small contracts, packaged for local contractors or community contracts; payments from grant imprest account managed by implementation contractor; Implementation contractor will seek concurrence from YCDC and MCDC on major civil works contracts
Exchange visits: travel, subsistence	\$160,000		Local shopping		Implementation contractor	Within Capacity Building Consultant activities; local shopping; reimbursed with yearly external audits
Implementation contractor (firm or NGO)	\$1,415,000 ^a	1	QBS		ADB ^b	Full technical proposal
Capacity building consultancy	\$336,000	1	QCBS 80:20		Implementation contractor	Simplified technical proposal
Baseline surveys, Yangon and Mandalay, initial, annual, final	\$40,000	1	CQS		Implementation contractor	Biodata Technical Proposal
Households and poverty surveys	\$16,000	1	CQS		Implementation contractor	Biodata technical proposal
Topographic and engineering surveys	\$18,000	1	CQS		Implementation contractor	Biodata technical proposal
Engineering design services, national	\$65,000	1	CQS		Implementation contractor	Biodata technical proposal
Independent monitoring, annual	\$54,000	1	CQS, to be managed by SEUW		ADB ^b	Biodata technical proposal

ADB = Asian Development Bank, CQS = consultants qualification selection, MCDC = Mandalay City Development Committee, NCB = national competitive bidding, NGO = nongovernment organization, QBS = quality-based selection, QCBS = quality- and cost-based selection, SEUW = Urban Development and Water Division, YCDC = Yangon City Development Committee.

^a The estimated value of the contract for the implementation contractor does not include the consulting packages to be recruited by the implementation contractor.

^b ADB will manage the recruitment process and the executing agency will negotiate and sign a contract with the first-ranked firm.

Source: Asian Development Bank.

C. National Competitive Bidding

1. General

6. The procedures to be followed for national competitive bidding shall be those set forth for the national competitive bidding method in ADB's standard bidding documents, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of ADB's Procurement Guidelines (2013, as amended from time to time).

2. Application

7. Contract packages subject to national competitive bidding procedures will be those identified as such in the project procurement plan. Any changes to the mode of procurement from those provided in the procurement plan shall be made through updating of the procurement plan, and only with prior approval of ADB.

3. Eligibility

8. Bidders shall not be declared ineligible or prohibited from bidding on the basis of barring procedures or sanction lists, except individuals and firms sanctioned by ADB, without prior approval of ADB.

4. Advertising

9. Bidding of national competitive bidding contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the procurement plan.

5. Anticorruption

10. Definitions of corrupt, fraudulent, collusive, and coercive practices shall reflect the latest ADB Board-approved Anticorruption Policy definitions of these terms and related additional provisions.

6. Rejection of all Bids and Rebidding

11. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

7. Bidding Documents

12. ADB's standard bidding documents will be used. Procurement will follow ADB procurement guidelines.

8. Member Country Restrictions

13. Bidders must be nationals of member countries of ADB; and offered goods, works, and services must be produced in and supplied from member countries of ADB.

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Myanmar	Project Title:	Pro-Poor Community Infrastructure and Basic Services
Lending/Financing Modality:	JFPR Grant	Department/Division:	Southeast Asia Department / Urban Development and Water Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Targeting classification: Targeted intervention—geographic
<p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</p> <p>The aim of the project is to reduce poverty in selected communities of Yangon and Mandalay, where poverty incidence is high, and prospects for better economic opportunity and living conditions are poor. Myanmar's Framework for Economic and Social Reforms recognizes that Myanmar is one of the poorest countries in Southeast Asia, with the lowest ranking on the Human Development Index.^a The measures proposed for poverty reduction are structured within macroeconomic policies as well as more specific sector policies, contributing to people-centered development and inclusive growth as well as improved governance. The interim country partnership strategy, 2012–2014 of the Asian Development Bank (ADB) aims to assist the government in promoting sustainable and inclusive economic development and job creation in support of poverty reduction.^b ADB will mainstream the themes of (i) environmental sustainability, (ii) good governance, (iii) private sector development, (iv) regional cooperation and integration, and (v) gender equality. These themes are reflected in the design of this Japan Fund for Poverty Reduction (JFPR) grant project.</p> <p>The project components aim to provide sustainable improvements to physical conditions of the living environment through the provision of community level infrastructure. At the same time, savings schemes will provide a sustainable source of funding for community level operation and maintenance (O&M). A program of capacity building and awareness strengthening among city managers is designed to link the improvements of community infrastructure to the citywide networks of infrastructure and services, to ensure permanence, replication, and sustainability.</p>
<p>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</p> <p>1. Key poverty and social issues</p> <p>Yangon City Development City (YCDC) sources state that less than 60% of the urban population has access to municipal water supply. Others rely on rainwater harvesting, hand-dug shallow wells, and buying water from water sellers, which may take up to 10% of household income. Mandalay City Development Committee (MCDC) reports that about 72% of its population is served by the city's water supply system. There is no network of drains for storm-water or wastewater, especially where most poor people reside. Polluted water remains stagnant in open drains and on household plots. This has resulted in high incidence of diarrhea and water-related vector-borne diseases, such as malaria and dengue.</p> <p>2. Beneficiaries</p> <p>The expected beneficiaries of the project are about 1,500 households in Yangon (500 in Dala Township and 1,000 households in two areas in Hlaingtharyar). In Mandalay, 1,500 households will benefit (750 in both Chan Mya Thazi and Pyi Gyi Dagon townships). The townships have been selected together with city government officials and elected representatives. Informal surveys have confirmed deficiencies in infrastructure and basic services, and high incidences of poverty.</p> <p>The project is designed to provide improved water supply, which will be charged to permit cost recovery and sustainability, sanitary latrines, community drainage, solid waste management, and footpaths.</p> <p>3. Impact channels</p> <p>The impact of the project on beneficiary households will be through improving the living environment and thereby family health, through better infrastructure and services. The capacity building components are designed to ensure that community-driven infrastructure and basic services will become standard practice within city government in the future planning and management of urban services.</p> <p>4. Other social and poverty issues</p> <p>The scope of this JFPR grant project is limited to community-level infrastructure and related capacity building. However, the cities will need major investment in expansion and improvements to all major urban infrastructure, in response to decades of urban growth without matching investments. Such an investment program needs to be preceded by an urban development plan to assess strategic planning directions and relative priorities, and will include water supply, drainage and flood control, and wastewater management. Preparation is under way for investment in such subsectors supported loan financing, in particular by Japan International Cooperation Agency (JICA) and ADB.^c</p> <p>5. Design features</p> <p>The project is designed to ensure a sustained improvement in the physical living environment (better quality water, reduced flooding by putrid water) and access to affordable household and potable water. The project links community initiatives with formal municipal governance procedures, through liaison with and capacity building of the water and sanitation departments (for water and wastewater), as well as the roads and bridges department (for drainage and</p>

flood control) of YCDC and MCDC.
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.</p> <p>The project involves participatory activities by design, in the identification of community interests. Beneficiary communities prioritize infrastructure and services to improve their living environment and thereby their well-being. The main stakeholders participating are residents of the selected few wards in the two townships in Yangon and two in Mandalay. Townships and the wards within these townships have been selected following consultations with communities and city administration officials, based on severe environmental conditions, evidence of poverty, interest in community mobilization, and proximity to primary infrastructure. Other key stakeholders in both cities will be officers within the infrastructure departments of YCDC and MCDC.</p> <p>2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.</p> <p>Civil society organizations will be established for the purposes of this project. Other groups will be made responsible for O&M of new or better infrastructure and services. Planning and implementation of the project will be conducted in consultation with township and ward development committees, to ensure political endorsement and support at local level. Endorsement at city level has been confirmed by the respective mayor.</p> <p>3. Explain how the project ensures adequate participation of civil society organizations in project implementation.</p> <p>The project acts as a catalyst in the establishment of general purpose community organizations, which will be involved in prioritizing infrastructure improvements and in arranging sustainable maintenance.</p> <p>4. What forms of civil society organization participation is envisaged during project implementation? <input checked="" type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input checked="" type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The community- driven development approach by definition puts civil society front and center at the project's implementation strategy. Hence a separate participation plan is not needed.</p>
III. GENDER AND DEVELOPMENT
Gender mainstreaming category: Effective gender mainstreaming.
A. Key issues
The absence of any reasonable form of environmental infrastructure at community level places a particular burden on women among poor urban communities. Poor environmental conditions add to the constant concerns regarding family health, for which women have traditionally assumed or been assigned the responsibility. Many plots are continually inundated by stagnant polluted water, aggravated by human waste coming from unimproved latrines. The threat of gastrointestinal infections and of vector- and rodent-borne diseases is always present and impossible to avoid. Where the water distribution network does not reach the community, women are forced to draw water from rainwater or from shallow wells on the plot (which yields unsafe water) or buy from water vendors at high rates.
B. Key actions
Improvements to the living environment should improve family health, reducing the burden of medical care and concerns for family health and well-being—traditionally females' responsibility. Implementation arrangements for the project are therefore designed to improve the position and security of women. Community involvement in the prioritization of project components through community-based organizations will be led by women.
Capacity building and awareness strengthening at YCDC and MCDC will encourage the many women engineers, planners, and managers (up to 50% in relevant departments) to recognize their role in extending essential services to disadvantaged communities, as part of their mandate. Training will focus on creating a self-sustaining program and greater supportive awareness of the conditions encountered, and the responsibility of YCDC and MCDC in improving this. Community savings schemes for infrastructure O&M will be administered by women.
<input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure
The gender action plan will be prepared during project inception. It will document approaches and targets for the role of women in leading community organizations and saving schemes.
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES
A. Involuntary Resettlement Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. No land acquisition and resettlement impacts are envisioned, as improvements are expected to occur on public land. However, given the community-demand driven approach, criteria will be established to assess subproject feasibility. Subprojects that have potential for land acquisition and resettlement will be excluded from the project. Procedures for voluntary land donation will be prepared following the guidelines in ADB's Safeguard Policy Statement (2009), and will be applied to the implementing agency. Both selection criteria and guidelines for voluntary contributions will be inserted in the grant covenant.
2. Strategy to address the impacts: No impact expected.
3. Plan or other Actions.
<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Environmental and social management

system arrangement <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Social impact matrix
B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Key impacts. The project is not expected to affect any indigenous peoples specifically. Any civil works or infrastructure upgrading that may cause any adverse indigenous peoples impacts will not be eligible for project financing. Specific screening procedures and requirements will be established. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No indigenous people affected.	
2. Strategy to address the impacts. No impact expected.	
3. Plan or other actions. <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	
<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market. <input checked="" type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards	
2. Labor market impact. The project will result in small-scale contracts for civil works. Community contracting will be used to engage local unskilled or semiskilled labor in construction, contributing to combating endemic underemployment.	
B. Affordability	
The project will introduce user charges for access to improved services such as water supply and better waste management. Charges for these will be checked against household affordability. The cost of water will be less than current spending on water sellers, etc.	
C. Communicable Diseases and Other Social Risks	
1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> Communicable diseases <input checked="" type="checkbox"/> Human trafficking <input type="checkbox"/> Others: Contractors or community members working on the construction or installation of latrines and drainage facilities need to take the usual precautions when working in trenches that may be filled with water likely to be contaminated.	
2. Describe the related risks of the project on people in project area. The project is expected to reduce the incidence of waterborne and vector-carried diseases, and have a beneficial impact on community and family health.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators: Community infrastructure improvements: Households with new access to a reliable water supply connection; households no longer subject to continuous waterlogging or annual flooding; households with improved latrine installed. Capacity building of development committees: Number and nature of training events held, number of government officials attending training.	
2. Required human resources: The project management team will engage surveys for baseline data and annual progress surveys, which will report on environment conditions, social and poverty status. Project progress report will report on progress and impact of training.	
3. Information in PAM: Grant implementation manual will be formulated.	
4. Monitoring tools: Annual surveys on environmental conditions, standardized household income, and asset ownership questionnaires.	

^a Government of the Republic of the Union of Myanmar, Ministry of National Planning and Economic Development. 2013. *Framework for Economic and Social Reforms*. Myanmar.

^b ADB. 2012. *Interim Country Partnership Strategy: Myanmar, 2012–2014*. Manila.

^c ADB. 2013. *Technical Assistance to Myanmar for Mandalay City Urban Services Improvement Project*. Manila (TA 8472-MYA) and JICA's support on urban transport, water supply, wastewater management, electricity, information and communication technology, port, and logistics.