



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 24-Nov-2020 | Report No: PIDISDSA30487



**BASIC INFORMATION**

**A. Basic Project Data**

Country Myanmar	Project ID P174405	Project Name NCDDP post CERC Covid activation replenishment	Parent Project ID (if any) P132500
Parent Project Name Myanmar National Community Driven Development Project	Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 30-Nov-2020	Estimated Board Date 28-May-2021
Practice Area (Lead) Social Sustainability & Inclusion	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Planning and Finance, Department of Rural Development	Implementing Agency Ministry of Agriculture, Livestock and Irrigation

Proposed Development Objective(s) Parent

The development objective is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach and to enhance the government’s capacity to respond promptly and effectively to an eligible crisis or emergency.

Components

- Community Block Grants
- Facilitation and Capacity Development
- Knowledge and Learning
- Implementation Support
- Emergency Contingency Response

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

**SUMMARY**

<b>Total Project Cost</b>	110.00
<b>Total Financing</b>	110.00
<b>of which IBRD/IDA</b>	110.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**



International Development Association (IDA)	110.00
IDA Credit	110.00

Environmental Assessment Category

**B-Partial Assessment**

Decision

The review did authorize the team to appraise and negotiate

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## B. Introduction and Context

### Country Context

**Notwithstanding a rich natural resource base and a strategic location in one of the most economically dynamic regions in the world, Myanmar today is one of the least developed countries in Southeast Asia due to a long period of conflict, isolation, and ineffective economic and social policies.** At least 70 percent of Myanmar's poor live in rural areas, where decades of underinvestment have limited access to essential infrastructure and services.

**Beginning in 2011, Myanmar embarked on multiple transitions, from a planned to an open market economy, from military to civilian rule, and from conflict to peace.** These complex transitions are ongoing. The economic openness and reforms accompanying the transition have produced early positive results. The country has witnessed remarkable economic growth, with gross domestic product (GDP) growth averaging 7.3 percent per year from 2011 to 2016, or 6.4 percent in per capita terms. This ranks Myanmar among the five fastest growing countries in the world,<sup>1</sup> well above the average of lower-middle-income countries (3.3 percent in per capita terms) and of the East Asia region (4.8 percent when excluding high-income countries).

**Moves to an open market economy have resulted in improved welfare and visible socioeconomic changes.** Poverty declined from 48 percent in 2005 to 42 percent in 2010 and to 32 percent in 2015.<sup>2</sup> Nonmonetary welfare also improved. Middle school enrollment went from 52 percent to 71 percent between 2010 and 2017.<sup>3</sup> The proportion of people using candles and kerosene as a source of lighting declined from 40 percent in 2010 to 7 percent in 2017. Reforms in the telecommunications sector have unleashed significant opportunities. Mobile phone ownership increased from 4.8 percent to 81.5 percent in the same period, with the majority being Internet-connected smartphones. The impact goes beyond mobile phone usage. People are becoming more active on social media platforms, and mobile financial services are providing new opportunities to effectively reach broader segments of the population.

**However, the benefits from the transition have not been widely shared with the poor.** Growth has not been as pro-poor or inclusive as it could have been. While its growth performance puts Myanmar among the top performers globally, its rate of poverty reduction over 2010–2015 has been less impressive, with a compound annual rate around the global average and well below the East Asia and Pacific's average.<sup>4</sup> Reforms in the early years of the transition have unleashed faster expenditure growth among those people with capital, land, and education, who are typically less poor and live in urban areas. Myanmar's agricultural sector has lacked the momentum needed to support broad-based rural poverty reduction, and structural transformation remains slow.

**Following the country's first open national elections in 2015 in a generation, a government led by the National League for Democracy (NLD) assumed power in April 2016.** Consistent with its election manifesto, the NLD Government has prioritized rural development and job creation as core economic objectives. Beginning in 2017, the government specifically emphasized the importance of rural infrastructure, including roads and electrification, to support broad-based, private-sector driven job growth in rural areas. The National Community Driven Development Project (NCDDP) reflects this commitment to rural infrastructure, while adopting a community-driven approach to development that places communities at the center of decision-making, including in the identification, implementation and maintenance of community-level infrastructure.

**At the same time, the government has continued to pursue an end to decades of ethnic conflicts through a peace process involving negotiations with over a dozen armed groups.** In its initial phase in 2012 and 2013, the process led to the signing of a series of bilateral ceasefire agreements, including with the Karen National Union, ending the world's



longest-running civil conflict. In October 2015, eight ethnic armed organizations signed a Nationwide Ceasefire Agreement (NCA) with the Government, committing to a political dialogue aimed at a comprehensive national peace agreement, with a further two groups signing in 2018. However, despite this promising start and the significant achievements of the peace process to date, progress remains uneven and fighting in recent months has intensified in the country's northeast. This includes high intensity conflict with the Kachin Independence Organization, but also armed clashes with smaller groups in Shan State which have displaced thousands of civilians. The government's efforts to agree on a ceasefire with these groups and have them join the political process have so far been unsuccessful, in part reflecting a deep legacy of distrust following decades of conflict.

**Even as the government has sought to advance the national peace process, other sources of conflict have re-emerged, including in Rakhine State.** Longstanding tensions between the predominantly Buddhist population and the state's Muslim minority led to communal violence in 2012, and the subsequent restriction of 130,000 Muslims who self-identify as Rohingya to IDP camps. Since October 2016, Government has responded to attacks on police and military facilities by a recently formed insurgent group with military-led security and clearance operations that have caused over 730,000 people to flee to Bangladesh in two waves.<sup>5</sup> The situation in Rakhine State has become further complicated by the emergence of armed conflict between the military and another insurgent group, the Arakan Army, which has displaced a further 40,000 people in 2019.

**An outbreak of coronavirus disease (COVID-19) has been spreading rapidly across the world since December 2019,** from Wuhan, Hubei Province, China to over 110 countries and territories including the Republic of the Union of Myanmar. Myanmar confirmed its first case of COVID-19 on March 23, 2020 and by November 23 there were 80,505 confirmed cases in the country. Since WHO's declaration of COVID-19 as a global pandemic on March 11, the Government has progressively intensified its public health measures including the closing of borders, suspension of visa on arrival, screening of incoming travelers at all point of entries, quarantining of individuals with travel history to affected countries and/or contact history with confirmed cases, isolation of suspected cases at designated hospitals, and banning of crowd gatherings, among other measures. Local communities have been mobilized to monitor returnees (mostly migrant workers) and temporary quarantine facilities have been set up. Leading Ethnic Armed Organizations (EAOs), which occupy areas likely to see large returns of migrant workers from Thailand, have appealed for urgent international assistance.

**The impact of the global and regional growth slowdown on the Myanmar economy is expected to be severe.** Global and regional growth prospects have been battered first by a supply shock and a widening shock to global demand due to travel and movement restrictions in different parts of the world. Myanmar's growth is estimated to fall to 0.5 percent in FY2019/20 from 6.3 percent last year and a forecast of 6.4 percent this year.<sup>6</sup> The downgrade reflects impacts in all sectors, driven by a slowdown in domestic demand and significant trade, tourism and supply-chain exposure to China

<sup>1</sup> Excluding oil exporters and small countries.

<sup>2</sup> Ministry of Planning and Finance and World Bank (2017), *An Analysis of Poverty in Myanmar*, using Integrated Household and Living Conditions Assessment 1 (IHLCA-1) for 2005 data, IHLCA-2 for 2010 data, and Myanmar Poverty and Living Conditions Survey for 2015 data.

<sup>3</sup> Central Statistical Organization, United Nations Development Programme, and World Bank (2018), Myanmar Living Conditions Survey 2017 Key Indicators Report.

<sup>4</sup> World Bank staff calculations using World Development Indicators, based on household surveys 2010–2015.

<sup>5</sup> Inter Sector Coordination Group. 2018. Situation Report Rohingya Refugee Crisis.

[https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/iscg\\_situati\\_on\\_report\\_27\\_sept\\_2018.pdf](https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/iscg_situati_on_report_27_sept_2018.pdf).

<sup>6</sup> World Bank, June 2020 Myanmar Economic Monitor (25th June 2020)



and the rest of the East Asia region. China, which accounts for a third of Myanmar's trade, and a fifth of foreign tourists is estimated to grow much slower than expected this year. Thailand's economy is expected to contract by 3 percent in 2020. And there are projections of a global economic recession, with the spread of the COVID-19 pandemic to Europe, US and other parts of the world.<sup>7</sup>

**Disruptions in trade and supply chains are already manifesting themselves in a decline in import of inputs from China in the first quarter of 2020.<sup>8</sup> These include fertilizers and other agricultural inputs, expected to limit agricultural production in rural areas.** Parts and materials used in manufacturing industries, such as garments, are also in scarce supply. Meanwhile, exports of agricultural and manufacturing products to China and other trading partners (e.g. garments to the European Union) also declined and may remain in low demand.<sup>9</sup> Loss in labor income also affects those deriving their livelihoods from tourism and related sectors such as food services, transportation, and recreational activities, as the number of visitors has plummeted, large-scale events have been cancelled, and people take preventive social distancing measures.

**These dynamics have resulted in factories closing in Myanmar, leading to declines in labor incomes due to loss of employment and lower returns to productive activities.** In addition, declines in incomes derived from international remittances, as Myanmar economic migrants in Thailand and other neighboring countries face job losses and/or return, is likely to have an adverse impact on livelihoods, especially in high out-migration communities.

**It is expected that a set-back in tourism and agricultural incomes would significantly slow poverty reduction and threaten a reversal of previous progress in lifting millions out of poverty.** Agriculture is the main source of livelihoods for the poor and is the main sector of employment in Myanmar, accounting for 70 percent of job in rural areas and among poor households.<sup>10</sup> In urban areas, 70 percent of people live in households engaged in either retail trade or tourism and allied activities.<sup>11</sup> Poor and vulnerable households are thus more likely to be exposed to changes in employment and revenues in agriculture, retail trade, and tourism. Even small changes in employment levels in these sectors would generate visible impacts on poverty and vulnerability in Myanmar.<sup>12</sup>

**The economic downfall is also expected to particularly hit economic migrants and households relying on remittances.** In 2017, 7.5 percent of households in Myanmar derived some income from household members living abroad. In Kayin and Mon states, this figure reaches as much as 38 and 32 percent, respectively. Temporary economic migration abroad is higher among the non-poor, given migration costs; however, even for poor households receiving international remittances, they amount to about half of their total income. Female-headed households are 64.2 percent more likely to receive remittances than those headed by a male, and they rely on remittances for a larger share of their income.<sup>13</sup> There are already indications of returning migrants from Thailand, who have queued in tens of thousands every day to enter Myanmar. In addition to loss in incomes, a rapid inflow of such a large volume of jobless returnees may also have severe social and economic consequences.

**There is thus a very real risk that the crisis might disproportionately affect the poor, and further increase inequalities**

<sup>7</sup> World Bank, April 2020, Potential economic impact of COVID-19 on Myanmar and policy responses

<sup>8</sup> <https://www.nytimes.com/2020/03/27/world/asia/coronavirus-myanmar-jobs-china.html>

<sup>9</sup> <https://www.mmtimes.com/news/more-woes-myanmar-garment-industry-eu-cancels-orders.html>

<sup>10</sup> World Bank 2020, Myanmar Systematic Country Diagnostic

<sup>11</sup> World Bank 2020, Myanmar Systematic Country Diagnostic

<sup>12</sup> World Bank, April 2020, Potential economic impact of COVID-19 on Myanmar and policy responses

<sup>13</sup> World Bank, April 2020, Potential economic impact of COVID-19 on Myanmar and policy responses



**and exclusion dynamics at play in Myanmar.** Poorer households, those located in remote and conflict-affected areas, as well as ethnic and religious minorities and non-citizens, are already found to be at risk of exclusion from access to basic health services, as well as other services, and at higher risk of poverty and disadvantage.<sup>14</sup> These already vulnerable groups are also likely to be the hardest hit by the impacts of the crisis.

**On April 27, 2020, the GoM published the Myanmar Overcoming as One: COVID-19 Economic Relief Plan (CERP).** The CERP seeks to mitigate the economic impact posed by COVID-19 while establishing foundations that will facilitate Myanmar’s rapid economic recovery, using available policy instruments and as part of a coordinated whole-of-nation response. The CERP attempts to balance the needs of all stakeholders while leaving no one behind. The GoM specifically has requested World Bank support to implement action plans 2.1.7 (b) and 2.1.7 (d) (combined with 3.1.2(a)), respectively for cash or lending support to affected smallholder farmers, and labor-intensive community infrastructure projects. This set of three CERP action plans will be supported by the contingency emergency response component (CERC) of the National Community Driven Development Project, activated on July 10, 2020 with US\$110 million allocated to the Cash for Work and Emergency Village Revolving Fund programs. As of October 19, 2020, the cash for work scheme has supported 315,000 beneficiaries (42% female) and transferred approximately MMK 17 billion (approximately US\$12.8 million) in wages to vulnerable households. At the same time the emergency village revolving fund had approved and disbursed 134,816 loans worth approximately MMK 41.1 billion (approximately US\$30.9 million) to borrowers, of which 47% were female.

#### Sectoral and Institutional Context

**The NLD-led Government that came to power following historic elections in October 2015 confirmed the priority that government attaches to rural poverty reduction and access to essential services in infrastructure.** This included the February 2018 Myanmar Sustainable Development Plan, and the December 2017 Myanmar Development Assistance Policy, where the State Counsellor’s foreword emphasized the importance of roads and electrification as among “the highest priorities for development assistance in the immediate period.” Prepared and approved in 2012 and becoming effective in January 2013, the National Community-Driven Development Project (NCDDP, P132500) has been the World Bank’s first IDA investment project in Myanmar in over 25 years. Aimed at operationalizing the vision of the reformist Government for people-centered development, the NCDDP marked a fundamental shift in government policy towards rural areas, both by reversing decades of underfinancing, and by enabling communities to participate in the development process.

**The project continues to be relevant to both Government and World Bank country priorities.** The project directly supports four specific strategies of the Myanmar Sustainable Development Plan (MSDP) of the Government of Myanmar,<sup>15</sup> namely: Strategy 1.2. Promoting equitable and conflict-sensitive socio-economic development across all regions and states; Strategy 1.4. Enhancing good governance and institutional performance; Strategy 1.5. Promoting increased engagement of all people and open communication with government; and Strategy 4.5. Protecting the rights and harnessing the productivity of all, including migrant workers. Similarly, the project continues to resonate with the

<sup>14</sup> World Bank 2020, *Myanmar Country Partnership Framework, Economic Transition Amid Conflict*, World Bank: Washington, DC., p.17

<sup>15</sup> The Government of the Republic of the Union of Myanmar: Ministry of Planning and Finance – Myanmar Sustainable Development Plan 2018-2030  
[https://themimu.info/sites/themimu.info/files/documents/Core\\_Doc\\_Myanmar\\_Sustainable\\_Development\\_Plan\\_2018\\_-\\_2030\\_Aug2018.pdf](https://themimu.info/sites/themimu.info/files/documents/Core_Doc_Myanmar_Sustainable_Development_Plan_2018_-_2030_Aug2018.pdf)



Bank's updated country strategy as reflected in the new CPF.<sup>16</sup> This is specifically reflected in CPF focus area 1: building human capital and fostering peaceful communities, which includes the objectives of improving inclusive access to community-level services and infrastructure and strengthening the capacity of public institutions to make policies, plan, and deliver services more effectively, transparently and equitably.

### C. Proposed Development Objective(s)

#### Original PDO

The development objective is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach and to enhance the government's capacity to respond promptly and effectively to an eligible crisis or emergency.

#### Current PDO

There is no change in PDO, the PDO continues to be to *enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach and to enhance the government's capacity to respond promptly and effectively to an eligible crisis or emergency.*

#### Key Results

**Since becoming effective in January 2013, the NCDDP has delivered rapid results.** As of October 19, 2020, approximately US\$407 million of an estimated total of US\$480 million of IDA financing had been disbursed (86.4%). The project is on track to achieving its PDO with progress towards its development objective rated Highly Satisfactory over the last two years of implementation. In line with the latest Implementation Status and Results Report, dated June 2020, results for all PDO level indicators have exceeded targets. Block grants of approximately US\$242 million have financed 34,348 village sub-projects, which have supported the rehabilitation and/or construction of 11,801 km of rural roads and footpaths, 2,222 bridges, 4,042 water supply systems, and 4,897 educational facilities. In addition, community participation rates remain high (with 60% of households participating in the decision-making meeting that prioritizes sub-projects for implementation), women make up 50% of project beneficiaries and members of project decision-making bodies, and overall community satisfaction rates continue to exceed 92%. Implementation progress is rated Satisfactory (and has been for more than two years), the project has no outstanding project audits, financial or technical reports, and the Government is in compliance with all legal covenants.

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

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<sup>16</sup> Country Partnership Framework for Myanmar for the period 2020-2023  
<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/110961589818564510/myanmar-country-partnership-framework-for-the-period-of-fy20-fy23>





## D. Project Description

**The project uses a community-driven development approach that builds the capacity of communities to analyze, design and implement directly their identified development priorities themselves.** The project seeks to enhance participation, inclusion, transparency, social accountability and adaptive learning in the Government's efforts to address poverty in rural Myanmar. The project has five components: Component 1: Community Block Grants; Component 2: Facilitation and Capacity Development; Component 3: Knowledge and Learning; Component 4: Implementation Support; and Component 5: Contingency Emergency Response.

The Project Paper that this ISDS supports seeks the approval of the Board of Executive Directors for a second Additional Financing (AF) credit from the International Development Association (IDA) in the amount of SDR 80,700,000 (US\$110 million equivalent) for the Myanmar National Community Driven Development Project (NCDDP, P132500). This second AF aims to replenish the financing gap of US\$110 million created by the activation of the NCDDP's Contingency Emergency Response Component (CERC). The second AF would replenish funds to finance project activities previously planned under the NCDDP, which are fully consistent with both the first NCDDP AF Project Paper of June 2015, and the project's Financing Agreement, to achieve the project's Development Objective. A project restructuring is also proposed to extend the project closing date by 31 months, reallocate funds across components, revise several results framework indicator targets, add two intermediary results indicators, and trigger two additional safeguards in relation to the activation of the CERC.

## E. Implementation

### Institutional and Implementation Arrangements

**Project implementation arrangements remain the same** with DRD continuing to manage the project, including the additional activities under the CERC. The Director General of the department will continue to provide overall management oversight and policy guidance for the project, which will be implemented by several of the relevant technical units of DRD. A deputy Director General (finance) will oversee all financial management and disbursement aspects of the project, while three Directors are responsible for procurement, infrastructure and M&E, and overall project management. DRD staff and a small number of national consultants at state, region, and district levels are responsible for supervising and providing technical support to the township level teams that are made up of DRD staff and key experts from a consultant firm "facilitating partner". For the CERC, the Director of the Infrastructure and M&E unit of DRD oversees the cash-for-work activity, while the Director of the Planning and International Relations division of DRD is responsible for the day-to-day management of the Emergency Village Revolving Fund (EVRF).

## F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The second Additional Financing would replenish a financing gap due to CERC activation. This fund will finance project activities previously planned in 29 townships, out of a total of 63 townships under NCDDP. Geographical coverage for the CERC extend beyond the current 63 townships footprint of the NCDDP. The NCDDP CERC, activated on July 10, 2020, aims to respond to the Covid-19 crisis in Myanmar through two activities: (i) labor-intensive Cash for Work (CfW), and (ii) Emergency Village Revolving Fund (EVRF). NCDDP and CERC activities cover rural areas of Myanmar. While rural areas have sensitive ecosystems such as rivers



and forest areas, the eligible activities to be financed under NCDDP focus on small-scale rural infrastructure and small-scale livelihood support activities that are not anticipated to have any significant impacts on such ecosystems. In addition, the ESMF (including the CERC Addendum) contains measures to screen and manage potential impacts on natural habitats.

**G. Environmental and Social Safeguards Specialists on the Team**

- Marcel Robert Frederik, Social Specialist
- Wasittee Udchachone, Environmental Specialist
- Thiri Aung, Environmental Specialist
- Thiha Ko Ko, Social Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project’s Environmental Assessment Category remains Category B. The AF will continue implementing the same activities as under the parent project, and two additional activities under the CERC (Cash for Work and Emergency Village Revolving Fund). Experiences from implementation of the on-going NCDDP has proved that environmental impacts from sub-projects are mostly temporary, small in scale, limited to the sub-project sites, and with no expected significant or cumulative negative environmental and social impacts. These negative impacts are typical environmental impacts from construction of village-level infrastructure such as generation of wastes/wastewater, dust, noise, removal of vegetation, worker and community safety hazards, and potential risks of exclusion from project benefits of the poor, vulnerable groups and ethnic minorities.</p> <p>Besides the triggering of two additional safeguards policies, namely Pest Management (OP 4.09) and Forest (OP 4.36), in relations to the CERC, no substantive changes are proposed. The addition of these new policies is due to the inclusion, under the CERC components, of activities for livelihood support</p>



(agriculture) and possible tree planting or maintenance of existing firebreaks. This second AF will follow the ESMF prepared and adopted for the ongoing NCDDP operation. This document has served as the sole safeguard instrument for all activities financed under the NCDDP, including the original IDA grant, the additional IDA credit financing, as well as parallel co-financing provided by other donors. An Addendum to the ESMF had also been prepared and disclosed for the CERC activation. The ESMF provides (i) the process and procedures for conducting the assessment of environment and social impacts of specific sub-projects and activities during project implementation once investments are proposed; (ii) the requirements and process for screening and assessing sub-project eligibility and potential impacts; and (iii) the identification and implementation of mitigation measures while following relevant World Bank safeguards policies and existing environmental protection laws, regulations and standards in Myanmar.

For the CERC, safeguards will be managed in the same way as under the NCDDP project, through participatory establishment of village committees and through safeguards procedures following guidance in the ESMF Addendum. The CERC ESMF Addendum satisfactory to the Bank was prepared and disclosed through the Department of Rural Development's website and the World Bank's external website on July 3, 2020 and July 9, 2020, respectively.

Performance Standards for Private Sector Activities OP/BP 4.03	No	n/a
Natural Habitats OP/BP 4.04	Yes	This policy was triggered under the parent project because of the potential negative impacts that subproject activities might have on natural habitats. While these activities are expected to be small in scale, typical for CDD operations, and with overall limited impacts manageable through application of mitigation measures, the policy is triggered for precautionary reasons to ensure that any physical interventions (including those proposed in known reserved or declared national forests zones) will not



			<p>adversely impact or lead to the degradation of critical or other natural habitats. The NCDDP ESMF including CERC ESMF Addendum provide for the screening of potential project impacts and how safeguard issues under this policy should be addressed during project implementation.</p>
Forests OP/BP 4.36	Yes		<p>The triggering of OP/BP 4.36 is due to the inclusion, under the CERC, of activities including tree planting on village/community-owned lands, existing village firewood plantations, and catchment areas nearby and for activities involving maintenance of firebreaks around villages adjacent to the forest area. However, such sub-projects will mainly bring positive environmental impacts and negative impacts are expected to be minimal, insignificant and manageable.</p> <p>Activities that would cause significant conversion or degradation of critical natural forest areas will not be eligible for project support. The CERC ESMF Addendum provides for the screening of potential project impacts and how safeguard issues under this policy should be addressed during project implementation.</p>
Pest Management OP 4.09	Yes		<p>The project will not promote the use of pesticides, insecticides and herbicides and other dangerous chemicals. However, this policy is triggered as the proposed works to be financed under the CERC Emergency Village Revolving Fund activity includes a variety of agricultural activities and it may lead to an increased use of pesticides or agrochemicals. The CERC ESMF Addendum attaches a guidance for Pest Management Plan (PMP) for the farmers to ensure that the pesticides used have negligible or minimal impact on environment and people.</p>
Physical Cultural Resources OP/BP 4.11	Yes		<p>This policy was triggered under the parent project because of the possibility that sub-projects may be implemented in, or in the vicinity of, a physical cultural heritage site recognized by the borrower. It is anticipated that impacts on PCR from sub-projects activities are likely to be minimal/limited, site-specific and manageable because: (i) infrastructure works that the project will support are small-scale demand-driven community infrastructure; and (ii) investments detrimental to cultural resources are not-eligible under project. The NCDDP ESMF</p>



includes guidance on screening, assessing and identifying measures to avoid or mitigate and monitor impacts on Physical Cultural Resources.

OP/BP 4.10 was triggered under the parent project because project activities are implemented in selected townships in all States and Regions nationwide, where ethnic minorities are present. Under the parent project a number of measures are in place to ensure the inclusion of ethnic minorities, besides the wide coverage of the project including both States (mostly populated by ethnic minorities), and Regions (mostly populated by the ethnic Bamar majority), including: (i) translation of all project communications in local languages, (ii) ethnic screening and free, prior and informed consultations with ethnic minorities, as well as, where relevant, with representative of Ethnic Armed Organizations, (iii) monitoring of the number ethnic minorities benefiting from the project, (iv) recruitment of village volunteers elected from ethnic groups who will assist the community facilitator through project implementation, (v) active support for the involvement of ethnic minorities in the decision-making process in village meetings, (vi) mandatory participation of ethnic minority representatives in village tract meetings, (vii) the participation of ethnic minority representatives in village implementation committees and monitoring sub-committees, (viii) qualitative monitoring and beneficiary assessment that focus on ethnic minorities. The CERC activities follow similar approaches.

Indigenous Peoples OP/BP 4.10

Yes

This policy was triggered under the parent project as a precautionary measure. No major loss of land or assets are likely to occur under the NCDDP or activities under the CERC. Physical relocation of households prohibited under the project. However, the possibility of minor losses of private land or assets cannot be excluded. The project seeks to minimize losses of land or assets through sub-project selection and design. In cases where minor losses of land or assets are unavoidable, it is expected that these will be primarily based on voluntary donations by the affected people and those voluntary donations will be fully documented.

Involuntary Resettlement OP/BP 4.12

Yes



World Bank supervision missions have found that voluntary donation forms were properly prepared and signed by the affected people. As of June 2020, a total of 1,217 cases of land donation were recorded out of a total of 8624 sub-projects. In cases where informed consent to donating assets could not be obtained, an Abbreviated Resettlement Action Plan (ARAP) would be developed and compensation would be provided at replacement value as per the policies and procedures laid out in the ESMF. Since the inception of the project there have been no case such case recorded. In exceptional cases where project impact is significant, a full RAP will be developed.

Under the CERC activities that might result in physical relocation or displacement of any villagers will not be eligible for support. Land acquisition is also not expected as Cash for Work will not finance any substantial construction or expansion of infrastructure. Activities funded by loans under the Emergency Village Revolving Fund scheme, will likely be implemented on private land.

The project will not finance the construction of any new dams or the rehabilitation of existing dams including structural and or operational changes.

Given the country-wide coverage of the proposed project interventions, it is conceivable that some sub-projects (for example village water supply, sanitation systems or irrigation schemes) could be implemented along the Ayeyarwaddy river and/or its tributaries. This river meets the definition of an International Waterway as stipulated in paragraph 1 of the World Bank’s Operational Policy 7.50 on International Waterways, although the combined flow outside of Myanmar is estimated to be less than 1%. (The Ayeyarwaddy rises in the Himalayas, bisects Myanmar from north to south and empties through a nine-armed delta into the Bay of Bengal. A portion of the catchment areas that feed two of the tributaries of the river (the Maykha which is referred to as the Daying in China, and the Malikha which is referred to as the Jiang in China) are located in China. The Malikha tributary in turn is fed by a sub-tributary originating within India.)

Safety of Dams OP/BP 4.37

No

Projects on International Waterways  
OP/BP 7.50

Yes



The project will not finance sub-projects that may use water from international waterways including activities such as community water supply, small scale irrigation or pico-hydropower generations facilities on the mainstream of the Ayeyarwaddy River. The Project also will not finance community water supply and small-scale irrigation on or along the the Maykha and Malikha tributaries of the Ayeyarwaddy River.

However, OP 7.50 applies since the project will finance small community-level sub-projects for water supply, irrigation and pico-hydro facilities that may draw water from tributaries of the Ayeyarwaddy river which run exclusively within the territory of Myanmar. These tributaries include the following: the Chindwin, the Mu, the Chaungmagyi Chaung, the Myitnge, the Mon Chaung and the Nawin Chaung. The project is not expected to adversely affect the quality or quantity of water flows to other riparians and will not be adversely affected by other riparians' possible water use. On this basis, the Bank had determined that the project does not require riparian notification in accordance with paragraph 7(c) of OP 7.50 as recorded in the First AF ISDS of April 2015.

Projects in Disputed Areas OP/BP 7.60	No	No activities are planned in areas considered as disputed under OP7.60.
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**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project's Environmental Assessment category remains Category B. No large scale, significant or irreversible impacts are expected under the project. Funding from the second Additional Financing will fill the financing gap for activities planned under the parent project. It will not finance new activities. Beneficiary community members will identify their own priorities from an open menu of activities. Potential sub-project activities includes new construction, the rehabilitation and minor extension of small rural infrastructure, such as small roads, footpaths, small jetties and bridges, health centers, markets, school facilities, culverts, the rehabilitation of small-scale irrigation schemes (<25 ha) and water supply. The size and scale of these activities will be limited by the size of the block grants (typically US\$27,000 / village tract (4-6 villages) per year. Any sub projects cost between 40-60 million kyats (\$ 31,000 – 46,500) would require the union level Department of Rural Development review and clearance and any sub projects



cost more than 60 million kyats (\$ 46,500) would require prior no objection from the World Bank.

Potential negative environmental and social impacts will come from the construction, operation and maintenance of the eligible sub-project activities funded by the project. Such potentials impacts are related among other things to: (i) safety hazards including worker safety; (ii) dust, noise, vibration and access restriction; (iii) damage to forest or existing plantation or natural resources; (iv) impacts to Physical Cultural Resources; (v) improper disposal of wastes; (vi) temporary impacts to surface water or ground water and aquatic livings. Under the Contingency Emergency Response Component (CERC), environmental impacts from the Cash for Work activities would be similar to those generated by sub-projects under the parent project. Potential negative environmental impacts from Emergency Village Revolving Fund activities are those derived from release of waste/wastewater, odor, dust from small-scale livelihood activities, increased use of pesticides or agrochemical (although the project will not promote use of such chemicals), etc. These impacts are expected to be minimal, localized and temporary. These impacts will be properly managed during the construction phase by communities or contractors hired by them and closely supervised by the Department of Rural Development at the township level supported by the township technical assistance teams. Cumulative impacts for the project as a whole on sub-project sites and regionally are expected to be insignificant given the small size of the grants and the dispersion of resources across village tracts.

This second Additional Financing will follow the ESMF adopted under the parent project as well as the ESMF Addendum prepared for the CERC. The ESMF and ESMF Addendum cover all investments and activities financed by the Bank. The document describes eligible investments; procedures to addressing environmental and social safeguards requirements; previous safeguards implementation experience and lessons learned during project implementation; existing legislative and organizational structures for environmental management; existing institutional and capacity building and measures to address; outlines environmental impact mitigation and monitoring actions; as well as institutional responsibilities and implementation arrangements. It also describes the grievance handling mechanism and the public consultation process. Finally, it includes annexes with examples of and simple guidance notes for screening forms, Environmental Codes of Practice (ECOPs) for specific sub-projects eligible under the project, sample formats for Environmental Management Plans (EMPs).

A general ECOP applicable to most small-scale rehabilitation and construction works and livelihood activities in project villages is presented in the ESMF/ESMF Addendum and the project's Operations Manual. Similarly, specific ECOPs for various specific small-scale infrastructure and livelihood support activities eligible for project support are detailed in the ESMF and ESMF Addendum.

Implementation experiences during the first 8 years of the NCDDP indicated that environmental impacts from sub-projects are low/moderate and limited to the sub-project sites. The majority of sub-projects impacts can be managed through application of ECOPs and only 4% of total sub-projects have so far required an EMPs.

Training has strengthened the knowledge of Technical Facilitators (TF) and Community Facilitators (CF) both on safeguard documentation and on overall safeguard processes, which the Department of Rural Development has acted upon through an intensified training process for both TFs, CFs and the Project's township staff. Project proposals and loan proposals will be screened for land-related impacts and, if any land acquisition or asset loss is found to be unavoidable, measures to mitigate such impacts would be developed and implemented





2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No indirect or long term negative environmental and social impacts are expected under the project. It is unlikely that the implementation of subprojects would lead to a significant change in land use patterns in local areas. If investments are proposed in existing communities living in protected areas or reserved forests, such investments will be screened for eligibility and environmental and social impacts in line with the requirements provided in the ESMF, and if an investment is considered for financing, mitigation measures will be developed to avoid or minimize negative impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The project has developed eligibility criteria that render non eligible for financing under the project investments that would potentially generate significant adverse impacts. During sub-project preparation and implementation, beneficiary communities select and manage their own sub-projects. The communities receive technical support from the Department of Rural Development and CF/TFs in order to properly identify and adequately mitigate potential negative environmental and social impacts, and to address the special needs of marginalized groups, including women and minorities.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

This project will follow the ESMF (including the ESMF Addendum prepared and adopted for CERC activities of Cash for Work and Emergency Village Revolving Fund). These documents will serve as the sole safeguards instruments for all activities financed under the NCDDP, including the original IDA grant, the additional IDA credit financing, and parallel co-financing provided by other donors. The ESMF Addendum for the CERC reflects the triggering of two additional policies, namely Pest Management (OP 4.09) and Forest (OP 4.36).

Safeguards implementation to date under the NCDDP has been satisfactory and has proved that use ECOPs could effectively manage environmental impacts from the majority of sub-projects. Technical audits carried out for the project found that 90 to 96 % of sub-project's environmental aspects had been appropriately handled, during and after construction. The audits and project progress reports also indicated that only 4% of total sub-projects required an Environmental Management Plan (EMP) given the limited scale of the associated environmental impacts. The project will continue to use the ECoP as part of the ESMF (including the ESMF addendum) to ensure adherence to environmental and social safeguards in sub-projects, and will use safeguards screening during the sub-project design stage to determine whether the ECoP will be sufficient to mitigate potential impacts or whether an EMP needs to be prepared.

The Department of Rural Development under the Ministry of Agriculture, Livestock and Irrigation, will continue to implement this second Additional Financing. Under the parent project, the Department of Rural Development has developed the necessary management systems to adequately oversee safeguards implementation. The government has dedicated staff and consultants responsible for environmental and social safeguards, grievance redress mechanism and gender, who are knowledgeable and experienced in implementing the ESMF. The Union level project management unit conducts regular training on environmental and social safeguards for staff who work at the village level. As a result, staff at the village level are competent at screening for environmental and social safeguards risks, and escalating, as necessary.

For CERC activities, the safeguards team at the Union DRD that has satisfactorily implemented the ESMF under the parent project will take direct responsibility for the Cash for Work activities. This team is actively involved in the implementation of the NCDDP and as such is well versed in Bank procedures and requirements. The Emergency Village Revolving Fund activity under the CERC will be supervised by the Planning and International Relations division of the



Union DRD. This division has been implementing DRD’s national Mya Sein Yaung program, which follows an approach similar to the CERC Emergency Village Revolving Fund scheme since 2014 but is new to the World Bank safeguards policies, with support from the Union DRD team implementing the parent project, and additional safeguards training.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The second Additional Financing will continue to use the ESMF that is applied for the on-going NCDDP operations. The ESMF was updated for the NCDDP Additional Financing in 2017. The government and civil society stakeholders in Yangon, Naypyidaw and Mandalay were consulted on the ESMF in May 2017. The final ESMF in both English and Myanmar languages was disclosed on DRD’s website on November 6 and November 9, 2017 respectively and on the World Bank’s website on November 29, 2017. On December 13, 2019, the ESMF was re-disclosed on DRD’s website and the World Bank’s website for minor revisions required for co-financing support from the Japanese Social Development Fund.

In addition, the ESMF Addendum for CERC activities was disclosed on the website of the Department for Rural Development on July 3, 2020 and through the World Bank’s external website on July 9, 2020. Consultations on the CERC and ESMF addendum started before the CERC activation and will continue after the CERC activation, during sensitization and information sessions at the community level. CERC preparation and activation took place in the Covid-19 context with restrictions on mobility and social interactions. Engagement methods for consultations therefore have been limited to video conferencing and the use of mass media, including internet-based social media platforms that are widely used in Myanmar. For CERC-related activities stakeholder groups consulted included: township DRD staff, representatives of state and region government, union government and members of parliament. In addition, DRD has informed the public at large through print and social media channels.

The project also supports annual public forums (multi-stakeholder reviews) across the country to widely share experiences and lessons emerging from project implementation, including with regard to governance and anti-corruption measures. These forums will provide a space for the government to hold a dialogue with non-state actors on community development, and will serve to discuss ways to improve the project's design and implementation.

**B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
03-Jul-2020	09-Jul-2020	

**"In country" Disclosure**

Myanmar  
03-Jul-2020



Comments

An Environmental and Social Management Framework (ESMF) was conducted and disclosed for the parent project and the first AF. On December 13, 2019, the ESMF was re-disclosed on DRD’s website and the World Bank’s website for minor revision required for co-financing support from the Japanese Social Development Fund. An addendum to the ESMF was prepared and disclosed in country on July 3rd, and on the World Bank website on July 9, 2020, before CERC activation on July 10, 2020.

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank

03-Jul-2020

Date of submission for disclosure

09-Jul-2020

**"In country" Disclosure**

Myanmar

03-Jul-2020

Comments

The ESMF, that includes the RPF was revised to include the CERC Addendum and and re-disclosed on the project website of the client. (<https://cdd.drdmyanmar.org/en/esmf>)

**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank

03-Jul-2020

Date of submission for disclosure

09-Jul-2020

**"In country" Disclosure**

Myanmar

03-Jul-2020

Comments

The ESMF, that includes the IPPF revised to include the CERC Addendum and re-disclosed in the project website of the client. (<https://cdd.drdmyanmar.org/en/esmf>)

**Pest Management Plan**

Was the document disclosed prior to appraisal?

Yes

Date of receipt by the Bank

03-Jul-2020

Date of submission for disclosure

09-Jul-2020

**"In country" Disclosure**



Myanmar  
03-Jul-2020

Comments

Measures related to Pest Management are included in the CERC ESMF addendum, which was disclosed publicly through the DRD's website (<https://cdd.drdmyanmar.org/en/esmf>; and <http://drdmyanmar.org/index.php?page=UERGJmlkPTky#>) on July 3, 2020. The final version of the CERC ESMF addendum was also publicly disclosed through the World Bank's external website ([www.worldbank.org](http://www.worldbank.org)) on July 9, 2020.

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

n/a

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA

**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?



NA

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

Is physical displacement/relocation expected?

No

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

TBD

**OP/BP 4.36 - Forests**

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

**OP 7.50 - Projects on International Waterways**



Have the other riparians been notified of the project?

NA

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?

Yes

Has the RVP approved such an exception?

Yes

### **The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

### **All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

### **CONTACT POINT**

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**APPROVAL**

Task Team Leader(s):	Natacha Caroline Lemasle
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**Approved By**

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Practice Manager/Manager:	Susan S. Shen	20-Nov-2020
Country Director:	Mariam J. Sherman	25-Nov-2020

**Note to Task Teams:** End of system generated content, document is editable from here. *Please delete this note when finalizing the document.*

