

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA22329

Project Name	National Community Driven Development Project (P153113)
Parent Project Name	Myanmar National Community Driven Development Project (P132500)
Region	EAST ASIA AND PACIFIC
Country	Myanmar
Sector(s)	Rural and Inter-Urban Roads and Highways (30%), Irrigation and drainage (20%), General water, sanitation and flood protection sector (20%), General education sector (15%), Health (15%)
Theme(s)	Rural services and infrastructure (65%), Participation and civic engagement (25%), Gender (5%), Social Inclusion (5%)
Lending Instrument	Investment Project Financing
Project ID	P153113
Parent Project ID	P132500
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Livestock, Fisheries and Rural Development
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	06-Apr-2015
Date PID Approved/Disclosed	06-Apr-2015
Estimated Date of Appraisal Completion	13-Apr-2015
Estimated Date of Board Approval	28-May-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

Myanmar is one of the least developed countries in Southeast Asia due to a long period of conflict, isolation, and ineffective economic and social policies. With a population of 51.4 million, the country has an estimated per capita GDP of US\$1,105. The poverty rate in 2010 was estimated at between 25.6 and 37.5 percent, with the lower rate reflecting the Government's methodology—which showed a 20 percent decline since 2005—and the higher rate reflecting a more broad based methodology used by the World Bank. At least 70 percent of Myanmar's poor live in rural areas where decades of underinvestment has severely limited access to essential infrastructure and services. Beginning in 2011, Myanmar launched major political and economic reforms. The past years have seen a significant improvement of political and civil liberties, and a marked reduction in armed conflict, although conflict continues in Kachin and northern Shan States. Myanmar has also

begun an economic reform process by removing constraints on commerce, trade, and private enterprise that long held back the economy, driving increased economic growth of 8.3 percent in 2013 (up from an average of 5.1 percent between 2005 and 2010). Government has also significantly increased social expenditures, with education spending having risen three-fold between 2011 and 2014 and health spending having risen four-fold over the same period.

Sectoral and institutional Context

The Government has adopted a vision of “people-centered development” as a guiding principle for its key reform frameworks, including both the Framework on Economic and Social Reforms (which aims to achieve sustainable and inclusive growth in Myanmar) and the Rural Development Strategic Framework (which outlines support for rural communities and remote areas). A core part of “people centered development” has been to demonstrate the commitment and capacity of the state to deliver public services in a responsive, transparent and accountable manner. Key initiatives in this regard include early steps towards fiscal decentralization, with a focus on state and regional level governments as well as township governments, all of whom have received an increasing share of fiscal transfers from the union level to support local development. Moreover, the Government has been piloting efforts to decentralize frontline service delivery by providing greater spending autonomy to township level healthcare and education officials.

II. Proposed Development Objectives

A. Current Project Development Objectives – 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.

III. Project Description

Component Name

Community Block Grants

Comments (optional)

This component finances four annual cycles of block grants to project townships. Village tract allocations vary depending on the population of a given village tract. Public infrastructure eligible for financing includes small feeder roads, footpaths and bridges, water supply systems, rehabilitation of class rooms and health centers, and small-scale rural electrification. Block grants are allocated through a participatory planning process covering all villages within a village tract. All village tracts in selected townships are covered for equity purposes.

Component Name

Facilitation and Capacity Development

Comments (optional)

This component finances technical assistance and institutional support at the union and township levels, including the hiring of community facilitators for the purpose of supporting the implementation of community driven activities under component 1. The Project supports capacity development in areas such as participatory planning processes, project management, gender equality and social inclusion, environmental management and social accountability for local committee

members as well as government staff at the township, region/state and union levels. This component also includes a grievance handling mechanism. During the AF phase, this component will further strengthen and institutionalize capacity development of township and Region/State level DRD staff and facilitation.

Component Name

Knowledge and Learning

Comments (optional)

This component supports government staff and community and civil society representatives through learning from community based approaches implemented within and beyond Myanmar. The Project in August 2014 organized a first annual multi-stakeholder review to share experiences from the previous cycle and discuss ways to improve the project’s design. These reviews included lessons learned with regard to governance, social accountability and anti-corruption measures and informed a revision of the Project Operations Manual. This component will be further strengthened to include monitoring activities, evaluation studies and financial and technical audits during the AF. This component will also test models for enhanced social accountability for front line service delivery.

Component Name

Implementation Support

Comments (optional)

This component supports project management by DRD at the union and township levels including reporting and communications as well as administration and logistical support for project implementation. This component may also finance civil works to support the rehabilitation or construction of DRD offices in support of project implementation.

Component Name

Emergency Contingency Response

Comments (optional)

This contingency component allows for the rapid reallocation of financing in accordance with the IDA Immediate Response Mechanism in order to provide preparedness and rapid response support to disaster, emergency and/or catastrophic events, as needed. Intended as a contingency in case of disasters, it has a zero budget allocation and has not yet been activated during implementation to date.

IV. Financing (in USD Million)

Total Project Cost:	453.35	Total Bank Financing:	380.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			40.00
International Development Association (IDA)			380.00
ITALY Dev. Coop. Department (MOFA)			22.35
Japan Social Development Fund			11.00
Total			453.35

V. Implementation

The current National Community-driven Development Project (NCDDP) is designed to roll out

community grants in one township in each of the 15 states and regions of Myanmar (including the Nay Pyi Taw Union Territory). Since becoming effective in January 2013, the Myanmar National CDD project has delivered quick results and demonstrated the feasibility of operationalizing “people-centered development” in rural communities in Myanmar. During the first community cycle in three townships, the Project financed 357 subprojects that have helped to increase access to and use of basic infrastructure and services, including rehabilitating and expanding school buildings, water supply systems, and roads, footpaths, jetties and bridges. The second community cycle is currently underway, with the project expanding to operate in nine townships, home to almost one million people, in some of the country’s poorest and most remote rural areas. The Project has also set up a Grievance Handling Mechanism (providing a new type of bottom up feedback loop to local communities) and held successful social audits and multi-stakeholder reviews at both local, township and union levels as part of the Project’s intent to foster adaptive learning.

The proposed additional financing IDA credit, to be processed under OP10.00 (Investment Project Financing), would help finance the costs associated with scaling up the project to expand its geographical reach and increase the number of grant cycles available to beneficiary communities. The proposed additional financing, alongside financing from Government and other donor sources as outlined below, would be used to (i) increase the coverage of the CDD project by adding an estimated additional 40 townships, for a total of 55 townships under the project; and (ii) increase the number of grant cycles available to beneficiary communities, from three cycles in the original grant design to four annual cycles. The geographic expansion will allow the project to reach more townships in rural Myanmar, providing both economies of scale for the government and increasing its impact on poverty reduction. The additional grant cycle for communities will increase the funds available to communities, drawing on international evidence that CDD projects increase in effectiveness at the community level over time, as communities become more familiar with the CDD approach.

The AF phase will benefit from a number of sources of parallel financing. The Government of Italy will provide parallel financing for the NCDDP through a €20 million concessional loan extended to the Government of Myanmar. The Governments of Italy and Myanmar have requested the World Bank to provide supervision services for this loan, which will follow the same provisions as the proposed IDA credit, including on safeguards and procurement, under a reimbursable advisory services agreement. The team is also preparing a parallel grant from the Japanese Social Development Fund (JSDF) that will provide an additional \$11 million for the Project. These resources will finance Project activities in one additional township, as well as supporting enhanced facilitator training and strengthened project accountability mechanisms.

In addition, the Government of Myanmar has committed to providing the equivalent of at least \$5 million per year of national budget resources to co-finance block grants under the Project. This financing will be in addition to continued in-kind contributions estimated at \$10 million over the AF phase.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x

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

Comments (optional)

VII. Contact point

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