

ANNUAL REPORT

(April 2015 – March 2016)

EXECUTIVE SUMMARY



National Community Driven Development Project
(NCDDP)



**National Community Driven Development Project
(NCDDP)**

IDA Grant No: H814-MM
IDA Credit No: 5687-MM
Italian soft loan 10244

ANNUAL REPORT
(April 2015 – March 2016)

EXECUTIVE SUMMARY

Presented by

Community Driven Development Secretariat
Department of Rural Development
Ministry of Agriculture, Livestock and Irrigation





EXECUTIVE SUMMARY

1. The National Community Driven Development Project (NCDDP) seeks to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach. Implemented by the Department of Rural Development, the project began implementation in three townships in November 2013. Since then, the project has expanded to new townships annually, covering 27 townships in the 2015-16 community cycle, home to approximately three million people across 5,000 villages in all of Myanmar's 14 States and Regions and the Nay Pyi Taw union territory.

2. This annual report covers the government fiscal year 2015/16 (e.g. 1 April 2015 through 31 March 2016). During this time, the project saw the conclusion of the second community cycle in nine townships by mid-2015, and the start of the third community cycle in late 2015, in which the project expanded from nine to 27 townships (see map 1).¹

3. During the reporting period, the project's success in delivering results for poor rural communities led the Government to decide to scale up the project to make its benefits available to more communities across the country. In addition to increased financing from the Government budget, a concessional IDA \$400 million additional financing credit was agreed between the World Bank and the Government of Myanmar in June 2015 to support the scale up of the project. At the same time, the project was also able to attract additional donor support, with a €20 million soft loan by the Italian government becoming effective in December 2015, and a grant from the Japanese Social Development Fund agreed in principle in June 2015. The project's total financing envelope is now \$554 million, with the project scheduled to run through October 2021, aiming to cover at least 63 townships home to an estimated seven million people during this period.

Component 1: Community Block Grants

4. In FY2015/16, the project disbursed MMK 21.6 billion (\$16.8 million) in block grants to communities, to finance the construction of over 5,000 subprojects across 5,429 villages in 27 townships. Cumulatively, the project by 31 March 2016 had disbursed MMK 33.4 billion (\$25.9) in block grants to communities across the country, representing 68 percent of overall project spending (Table 12).

5. In the second community cycle (2014/15), the project disbursed grants totalling MMK 10.5 billion (\$8.2 million), financing a total of 1,811 sub-projects across 1,727 villages in 9 townships. Out of this amount, MMK 10.45 billion was spent on construction, with a total of MMK 102.9 million in unspent grants remaining with villages for operations and maintenance. Transport (roads, jetties, bridges, etc.) and education were the most frequent priority sectors in year 2 accounting for 41% and 24% of subprojects respectively. This was followed by water and sanitation (23%), energy (8%), and community meeting places and other buildings (4%). (See Figure 1). This sectoral distribution profile is very similar to year 1, and based on a review of planned subprojects appears similar again for year 3.

¹ Since community cycles (e.g. the periods during which communities plan and implement sub-projects) are aligned with Myanmar's dry season, this cycle continued beyond the reporting period. As such, completion data on subprojects in this report include data only up to the second completed community cycle.

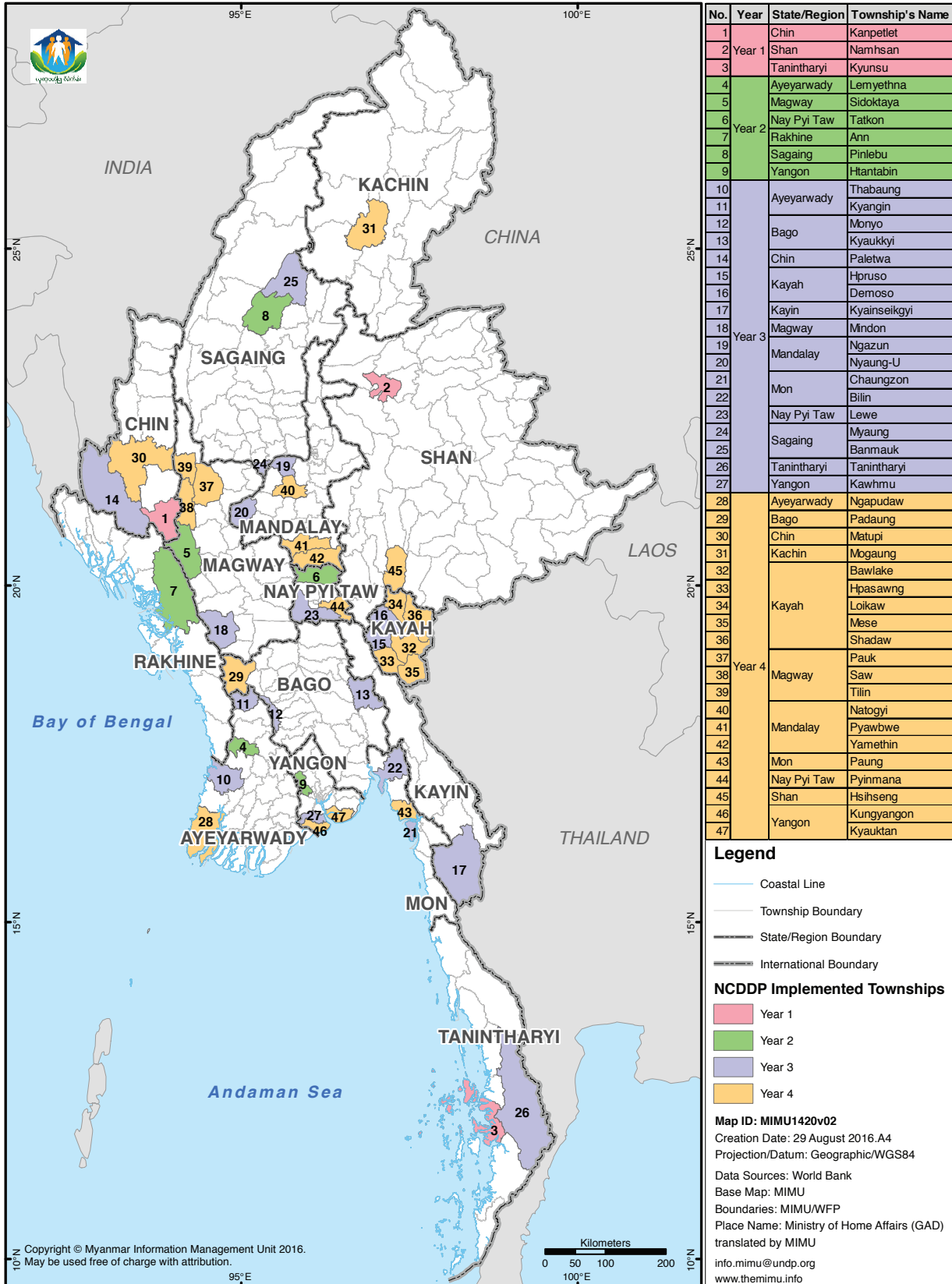
² Myanmar Ministry of Finance official conversion rate: \$1 = MMK1285

Map of NCDDP Project Areas



Myanmar Information Management Unit

Myanmar National Community Driven Development Project



Disclaimer: The names shown and the boundaries used on this map do not imply official endorsement or acceptance by the United Nations.

6. An independent technical audit carried out in January 2016 found that the NCDDP has been successful in supporting the construction of satisfactory quality infrastructure in rural communities. The technical audit, which looked at a representative sample of 10 percent of completed subprojects rated 92% of subprojects as satisfactory or highly satisfactory (see Figure 2). Moreover, the audit found that technical quality of subprojects was consistent across villages regardless of whether they were remote or easily accessible, including due to consistency in support from technical and community facilitators across remote and less remote villages. Finally, it found that subprojects constructed under the NCDDP were cost-effective when compared to similar infrastructure financed through other government programs in Myanmar.

7. Ensuring a timely start to the community cycle remains a challenge, in particular in townships entering the project for the first cycle. For example, in the 18 new townships entering the project in the 2015/16 cycle, township teams began mobilizing only in December 2015, meaning that communities for the most part were unable to implement subprojects prior to the onset of the rainy season in June 2016 due to the time needed for sufficient training and community planning. DRD accommodated this delay by authorizing construction of subprojects under the cycle to continue through January 2017, ensuring that communities would not need to construct subprojects during the rainy season (when access is often more difficult and more expensive) and are able to integrate participation in NCDDP with seasonal livelihood activities. For subsequent cycles, implementation timing continues to be generally satisfactory, with plans developed from October through January and implementation taking place from February through May.

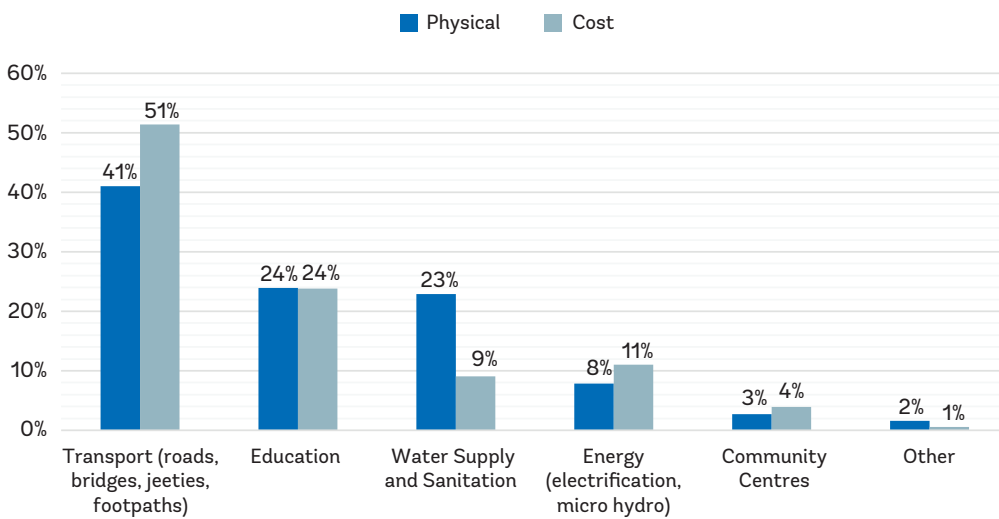
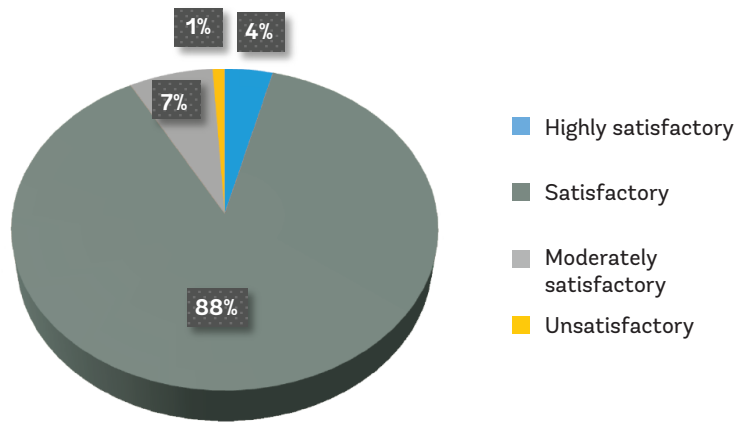


Figure 1: Cost and Physical Distribution of Sub-Projects by Sector



Figure 2: Sub-Project Quality as Sampled by Technical Audit 2015



Component 2: Facilitation and Capacity Development

8. Active participation by communities is at the heart of the NCDDP, and the continued high participation rates (62 percent during the reporting period) confirm the relevance of the project to communities and the value of the facilitation provided under the NCDDP. In the NCDDP, it is communities that decide which projects to undertake, communities that hold the funds and decide how to use them, and communities that offer the primary indicators of whether the project is working. Over the reporting period, the project has continued to thrive through active community participation and leadership, including by women (who comprise 46 percent of committee members in Year 3).

9. Expenditures on this component in FY2015/16 was MMK 5.8 billion (\$4.5 million), while cumulative spending to end March 2016 was MMK 8.4 billion (\$6.5 million), representing 18 percent of overall project spending (see table 12).

Training

10. In response to feedback provided by participants at the 2015 union-level multi-stakeholder review regarding the content, timeliness and delivery of training, the project has significantly reinforced the training program, with an increased focus on village planning skills and participatory rural appraisal methodology. The project initiated the development of a pool of permanent trainers, able to deliver trainings at township level in modules throughout the community cycle. Following training provided by the union training team to 27 project townships, township teams then provided training in project planning, financial management, and procurement to an estimated 75,000 village and village tract committee members in 27 township (see Table 6 below and Annex II for details).

11. Training for the project's community facilitators (CFs) was a particular area of focus in the strengthening of the training program, given NCDDP's commitment to hiring CFs locally at the township level wherever possible. This both helps the project to benefit from the local knowledge that CFs can bring, and provides job opportunities in poor and remote parts of the country. Under the new training program, NCDDP has enhanced the training program for facilitators comprised of, over the course of the first project cycle, a 20-day core program for all facilitators, with an additional 9-12 days for technical facilitators, and up to 5 additional days on sector-specific topics.



Grievance Handling Mechanism

12. The NCDDP grievance handling mechanism (GHM) continued to play an important role in ensuring accountability and effective feedback loops over the reporting period, with communities across all project townships using the system to communicate questions, grievances and comments about the project. Over the reporting period, the system received 1,358 grievances and enquiries through the GHM, bringing the cumulative number of grievances to end March 2016 to 1,934, with 1,923 of these (99 percent) having been resolved (Table 7). Core grievances (e.g. those relating to violations of project rules and regulations, including corruption, abuse of power, etc) constitute about 9 percent of total grievances. The resolution rate for these core grievances is consistent with the overall resolution rate, at 99 percent.



13. The majority of grievances were received using the grievance boxes available in every village participating in the project, suggesting that this mechanism continues to serve its intended purpose. Other mechanisms used include calls to grievance hotlines at the township or union level, email, Facebook and in person during supervision visits. As connectivity increases in project townships, the project will continue to explore using social media and mobile-based applications to ensure effective grievance and feedback mechanisms.

Gender Mainstreaming

14. During the reporting period, the NCDDP continued to successfully achieve key gender mainstreaming objectives. The gender parity targets for committees and committee leadership outlined in the Operations Manual have been consistently achieved across all project townships, with women accounting for 50 percent of committee members and of committee chairs. Principles of equal pay for equal work are being adhered to, gender disaggregated reporting continues, and the village development planning process includes a number of provisions that ensure voice for priorities identified by women.

15. The union level gender team continued to provide technical guidance and advice to township-based gender focal points. During the reporting period, the gender team held two gender workshops for advanced training, three quarterly meetings (following on the main quarterly meetings organized by the project) to discuss gender issues encountered at the township level, and carried out field visits to conflict-affected townships to examine gender and conflict issues.



Bridge Subproject | Namhsan



Technical Assistance

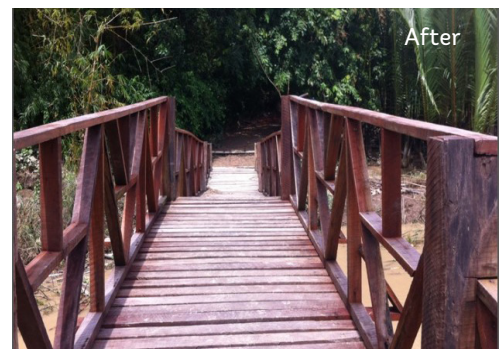
16. DRD continues to draw on technical assistance at both the union and township level in specific areas to support effective project implementation. At the union level, this includes a team of six national and international experts providing support on financial management, procurement, training, monitoring and evaluation, and the operation of the grievance handling mechanism. Additional expertise for specific operational tasks is mobilized as needed as reflected in the project's procurement plan.

17. At the township level, technical assistance continues to be provided to DRD offices in the implementation of the NCDDP by a mix of domestic and international partners, comprising both NGOs and private firms. These technical assistance arrangements have created new working partnerships between local government officials and NGOs. While challenging at times, especially in the first months of working together, these partnerships have been broadly successful, enabling the project to deliver quickly in a rapidly growing number of townships, with technical assistance partners responsible for the recruitment and supervision of the project's facilitators in the first two years in each township.

18. In the most recent township technical assistance contracts, DRD decided to discontinue the position of infrastructure expert. This omission has created bottlenecks at the township level, with DRD engineers struggling to keep up with the design and supervision of the large number of subprojects in a given township. To address these bottlenecks, DRD management has decided to make additional experienced infrastructure specialists available to townships through the new State and Regional NCDDP offices, described below.

Component 3: Knowledge and Learning

19. The NCDDP is designed to continue to improve through adaptive learning. As the project enters its fourth community cycle, it has gained significant operational experience, including through multi-stakeholder reviews (MSRs) held at both the township and union levels and social audits at the village level. Lessons from these events have included increased grant sizes and simplified forms following the 2014 MSR and a strengthened facilitator training program (see above) following the 2015 MSR. As a result of this learning and adaptation, the community cycles are delivering significant results for poor communities across Myanmar.



Bridge Subproject | Htantabin



**Table 1: NCDDP
Performance
against Results
Framework**

1	Development Objective Indicators	Yr1 2013/4	Yr 2 2014/5	Yr 3 2015/6	Cumulative
1.1	Direct project beneficiaries	227,000 (3 tns)	669,570 (6 tns)	2,186,415 (18 tns)	3,082,985 (27 tns)
1.2	% female beneficiaries		51%	51.5%	51.2%
3	# persons having access to and use of project-built infrastructure and services (1)	204,527	621,361	2,042,112	2,868,000
4	% households in project villages participating in planning, decision-making, and implementation of sub-projects	56%	58% (3)	65%	
5	% community members satisfied with the project	90%	78.8%	n.a	78.8%
2	Intermediate Results Indicators				
2.1	#Type of rural infrastructure built	357	1811	17 ⁽⁴⁾	2186
2.2	% of sub-projects evaluated independently meeting project operations manual technical and safeguard specifications	85%	93%	n.a	
2.3	# of Government officials using their new skills in project management, engineering, planning.	48	115	234	234
2.4	# of community members using their new skills in project planning, financial management, and procurement (6)	4731	19,160	56,780	80,667
2.5	# of internal cross-township learning exchanges	2	4	1	7
2.6	Annual Multi-Stakeholder Review conducted	1	1		2
2.7	% grievances registered, related to delivery of project benefits, that are addressed	99	98.5%		98.5%
2.8	# grievances related to delivery of project benefits, that are addressed	318	1,605		1,923
2.9	% of annual significant financial audit findings addressed	100%	100%		100%



Monitoring and Evaluation

20. Rigorous monitoring and evaluation of performance is central to the NCDDP's adaptive learning approach as it provides the project with the ability to identify what is working well and where changes are needed. During the reporting period, the project expanded the use of GIS-equipped tablets to allow facilitators to complete forms, enter data, and take photos while in the field, with data uploads from township to the union level. Together with an improved management information system (MIS), including an upgraded user interface, this data provides real time information on project operations across the 27 townships.

21. During the reporting period, important technical challenges were addressed, including through additional training for facilitators, strengthened IT support for township teams, and upgrading of the MIS at the union level. Over the coming year, the GIS function of the MIS will be activated, allowing public, real time access to subproject implementation data, including before and after photos for each subproject, through a redesigned NCDDP website.

Technical Audit

22. During the reporting period, DRD commissioned an independent technical audit to evaluate the technical quality and cost effectiveness of infrastructure being constructed under the NCDDP. As noted above, the technical audit rated 92 percent of subprojects as satisfactory or highly satisfactory, and found that technical quality of subprojects was consistent across villages regardless of whether they were remote or easily accessible. Finally, it found that subprojects constructed under the NCDDP were cost-effective when compared to similar infrastructure financed through other government programs in Myanmar.

Social Audits

23. During the 2015/16 community cycle, a total of 1,470 social audits were held at the village level to enable the community to reflect on what worked well and what could be improved for the coming year. These lessons informed the township level multi-stakeholder reviews and are presented in tables 9 and 10 and Annex III.





Multi-Stakeholder Review

24. The second annual union-level Multi-Stakeholder Review for the NCDDP was held in Nay Pyi Taw in August 2015, with the Vice President of the Union of Myanmar opening the event. The two day event attracted over 470 participants, including representatives of communities in NCDDP townships, as well as union ministers and deputy ministers, State and Regional Ministers, Members of Parliament, officials from line ministries and departments at the union, state and township level, international and local non-governmental organizations, development partners and media.

25. Immediately preceding the union MSR, the Department of Rural Development (DRD) also organized internal meetings to facilitate learning and exchanges between 530 project staff across the project townships. Key outcomes from union MSR are presented in Annex I and included (i) confirmation from participants that the project's simplification of forms and paperwork following the 2014 MSR had been successful; (ii) several discussions that highlighted the need for better training in terms of content, timing and delivery; and (iii) a discussion on operational challenges, including around conflict and disaster risk.

Cross Township Visits

26. As part of its efforts to learn from implementation on the ground, DRD during the reporting period organized a number of cross-townships learning visits for township teams. This included visits by the six townships entering the project in year 2 to observe the social audits of the first three townships (July 2015), visits by selected community members of year 2 townships to the first three townships (September / October 2015), and visits by DRD staff from the 18 new townships entering the project in year 3 to the ongoing nine project townships (January 2016). These visits were followed by discussions among township teams on lessons learned.



Component 4: Implementation Support

- 27. The NCDDP is implemented by the Department of Rural Development (DRD), with a union level NCDDP secretariat overseeing implementation.** By the end of March 2016, the union NCDDP secretariat (Annex V) had two Deputy Director Generals serving as Project Director and Deputy Project Director, two Directors serving as Project and Procurement Managers, a Deputy Director in charge of project operations, and two Deputy Directors in charge of financial management. This management group was assisted by 63 staff members as well as by national and international consultants providing specialized support on procurement, financial management, monitoring and evaluation, and training as described under component 2 above. The union level secretariat convenes quarterly meetings that bring together township team leaders at the union level to review and resolve ongoing implementation issues.
- 28. At the township level, township DRD offices support implementation.** Given the additional work required, DRD provides additional staffing to its offices in NCDDP townships. Moreover, DRD recruits township-level technical assistance to provide capacity building in key areas, as described in component 2 above.
- 29. As the project expands to additional townships, DRD has decided to create NCDDP offices at the State and Region level to ensure effective implementation.** These offices would provide support to township offices on infrastructure, monitoring and evaluation and operational support, and would aggregate reporting and carry out supervision activities to streamline operations at the union level. These offices would also seek to engage State and Regional governments in the implementation of the NCDDP.
- 30. During the reporting period, as part of a broader government reorganization, DRD's line ministry, the Ministry of Livestock, Fisheries and Rural Development, was merged with the Ministry of Agriculture and Irrigation, to create a new Ministry of Agriculture, Livestock and Irrigation.** This reorganization did not impact the day-to-day operations of DRD, and project implementation was not affected.





Jetty Subproject | Kawka Hnin Village, Kyunsu Township, Tanintharyi Region

Financial Management

31. Total NCDDP expenditures in FY2015/16 were MMK 32.8 billion (\$25.5 million, see table 12 below), with cumulative expenditures as of March 2016 standing at MMK 49.4 billion (\$37.7 million). The largest share of project funds were spent on community block grants, accounting for MMK 33.4 billion (\$26 million) or 68 percent of total project expenditures. This was followed by expenditures for facilitation and capacity building at MMK 8.4 billion (\$6.5 million) or 17 percent.

32. During the reporting period, an unqualified audit report for FY14/15 was received from the Office of the Union Auditor General and made publicly available on the project's website. In addition, the project submitted quarterly unaudited Interim Financial Reports (IFRs) to the World Bank for its review. Annual financial statements were also prepared for submission to the Office of the Union Auditor General for the FY15/16 audit, which will take place from June to August 2016.

33. In the conduct of the audit, the Auditor General reviewed documentation at both the union, township and community level. Spot checks of community finance records were also carried out by the three World Bank implementation support missions that took place during the reporting period. Financial management of community grants at both the village tract and village level has been highly satisfactory, with bank accounts being well managed, subproject related financial reports and supporting documentation being well maintained by village committees, and nearly all subprojects being completed within the estimated budget.

Procurement

34. The DRD procurement unit over the reporting period carried out a broad range of procurement for goods and services, including procurement of township TA services, project motorcycles, computers and other equipment. Procurement follows both applicable DRD and World Bank regulations, with procurement notices published in national newspapers, on the project website, and on the UN Development Business website. During the reporting period the project prepared a revised procurement plan (PP7), which publicly available at www.worldbank.org and included in Annex 4. All procurement done under the NCDDP is subject to review by the World Bank, with both prior and post reviews of packages carried out during the reporting period.





School Renovation Subproject | Par Kon Village, Kanpetlet Township, Chin State

35. The scale up of the project to 27 townships stretched the capacity of the procurement unit, and the procurement of some key goods and services for the 18 new townships was delayed in the 2015/16 community cycle. This led to a later than planned mobilization of township teams and a delay in the start of activities at the community level. To accommodate this delay, DRD extended the construction period of the community cycle to provide communities with the flexibility to wait until after the rainy season to undertake construction of subprojects, while taking measures to strengthen the procurement unit and accelerate the preparation and procurement of packages needed for the 2016/17 cycle.

36. Community procurement has proceeded well, with guidelines in the Operations Manual providing sufficient clarity for communities to execute procurement for subprojects, having been simplified after the first community sub-project cycle on the basis of MSR feedback. The ability of communities to pay themselves for labor under subprojects using the grants has created a significant positive economic impact: by the end of the 2014/15 community cycle, this had provided nine townships with a total of MMK 1.46 billion (\$1.14 million) in daily wages and 533,000 person days of paid labour, of which 325,000 was under CFA, the main source of labor in 70 percent of all subprojects.



National Community Driven Development Project
(NCDDP)





**Ministry of Agriculture,
Livestock and Irrigation**

Department of Rural Development
Office # 14, CDD Secretariat
Nay Pyi Taw, Myanmar
www.cdd.drdmyanmar.org
www.facebook.com/ncddpmyanmar