

PROJECT ANNUAL REPORT

(April 2016 – March 2017)

EXECUTIVE SUMMARY



National Community Driven Development Project
(NCDDP)



National Community Driven Development Project
(NCDDP)

PROJECT ANNUAL REPORT
(April 2016 – March 2017)

.....
EXECUTIVE SUMMARY
.....



Presented by

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

31 May 2017

.....



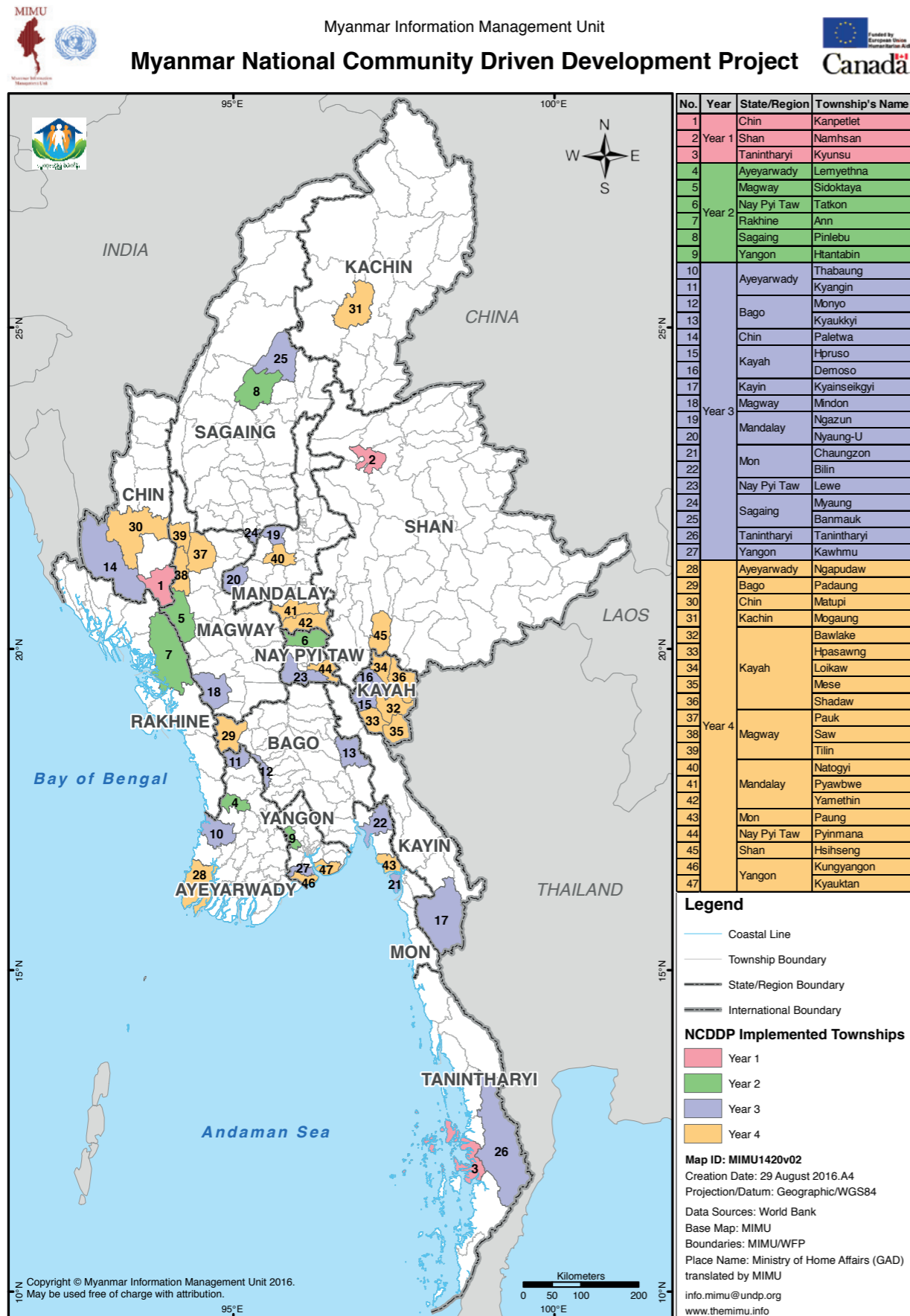
EXECUTIVE SUMMARY

- 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 47 townships in the 2016-17 community cycle, home to more than five million people across 8,600 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 2016/17 (e.g. 1 April 2016 through 31 March 2017).** During this time, the project saw the conclusion of the third community cycle in twenty seven townships by end October 2016, and the start of the fourth community cycle in November 2016, in which the project expanded from 27 to 47 townships (see map 1).¹
- 3. The project's total financing envelope is now \$546 million, with the project scheduled to run through October 2021, aiming to cover at least 63 townships, home to an estimated seven million people.** 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 also has been able to attract additional donor support with a €20 million soft loan and 3 billion MMK debt swap from the Government of Italy. In addition to the current envelope, a \$5 million grant from the Government of the United Kingdom/Department for International Development and a World Bank administered grant from the Japanese Social Development Fund are under process.



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 third completed community cycle.

Map 1: NCDDP Project Areas



Component 1: Community Block Grants

4. In FY2016/17, the project disbursed MMK 60.981 billion (\$44.77 million²) in block grants to communities, to finance the construction of over 8,000 subprojects across 8,600 villages in 27 townships. Cumulatively by 31 March 2017, the project had disbursed MMK 94.39 billion (US\$ 25.9 million) to communities across the country, representing 68 percent of overall project spending (Table 12).

5. This reporting period saw the conclusion of the third community cycle in twenty seven townships by end October 2016, and the start of the fourth community cycle in November 2016 (see paragraph 2 above). For the third community cycle, the project disbursed grants totalling MMK 35.72 billion (\$26.23 million), financing a total of 4,731 sub-projects across 5,528 villages in 27 townships. During this cycle, the project constructed 1,646 km of roads, giving a cumulative total of 2,340 km of roads renovated/extended during the first 3 years of the project. In the education sector, a cumulative 1,425 schools were renovated, extended or constructed in years 1-3, of which 57 were new construction. Finally, a total MMK 4.97 billion was paid out in community wages to work on their sub-projects, representing 864,000 labour days.

6. Transport (roads, jetties, bridges, etc.), water supply/sanitation, and education were the most frequent priority sectors in Year 3 accounting for 50.3 percent, 20.3 percent, and 19percent of subprojects respectively. Other sectors (electrification, community facilities, health, other buildings, and other) trailed far behind at less than 5 percent. Comparing years 1-3, Figure 1 below shows that as the project expanded to 27 townships, an increasing number of communities have prioritised transport infrastructure, rising from 35 percent to 50 percent of sub-projects. This trend continues in year 4, with transport nearing 60 percent of sub-projects. Comparing costs with physical numbers, the former seem to follow the latter fairly closely, except in the case of water supply and sanitation, where costs are less than physical units (21percent versus 14 percent), indicating that water supply has lower unit costs than other sub-project types.

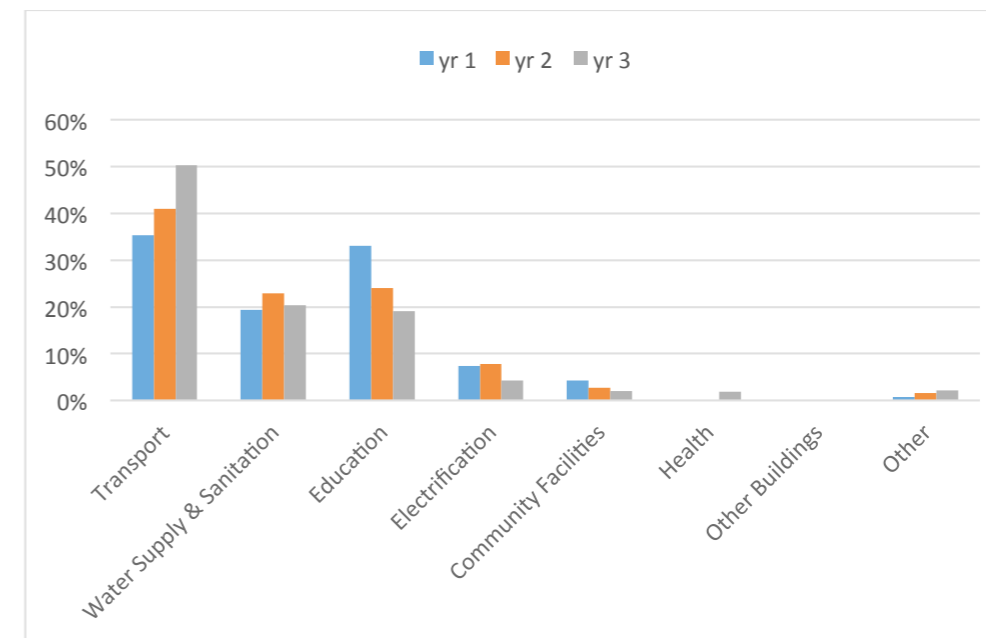
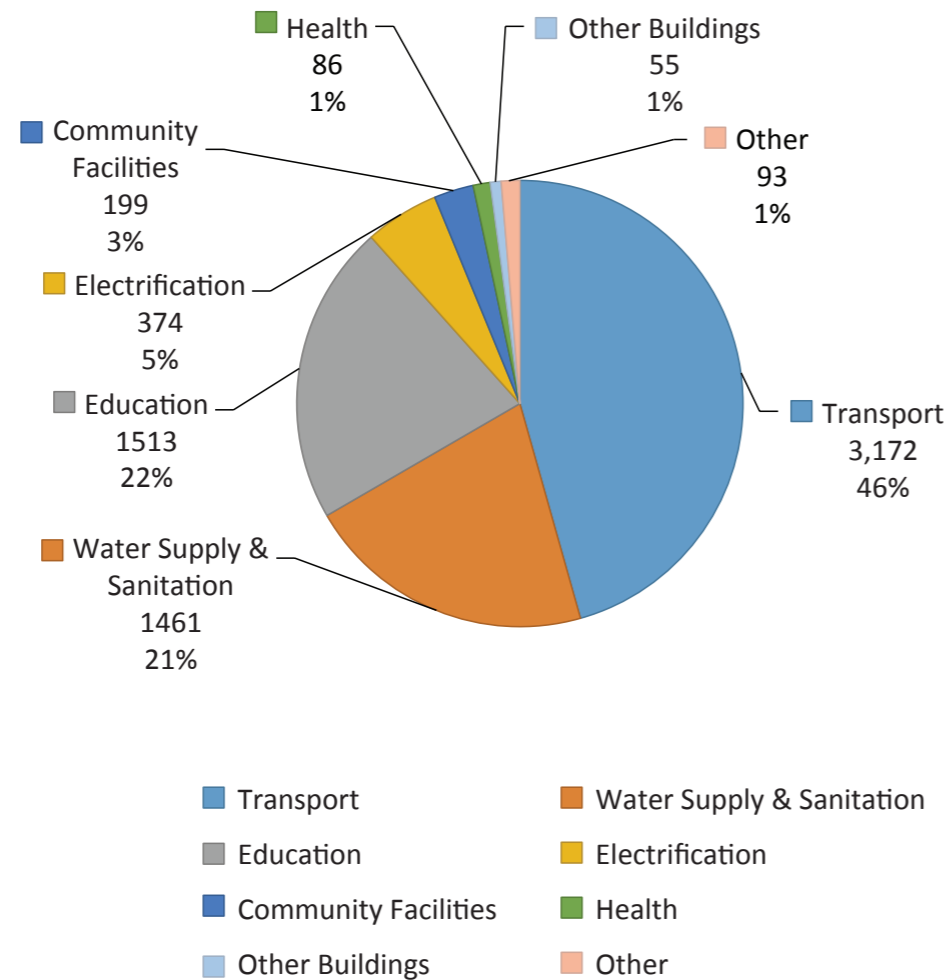


Figure 1: Sectoral Distribution of Sub-Projects Years 1 - 3

² SVR for financial year 2016/17: \$1 = MMK 1,362.

Figure 2 : Cumulative Sectoral Distribution of Sub-Projects Years 1-3



7. **Ensuring a timely start to the community level planning and implementation cycle remains a challenge for new townships.** In the 20 new townships entering the project in the 2016/17 cycle, township teams began mobilizing only in January 2017, meaning that the majority of these communities were unable to implement subprojects prior to the onset of the rainy season in June, due to the time needed for sufficient training and community planning. Therefore, to accommodate this delay, sub-project implementation in the 20 new townships of Project year 4 will be allowed to continue until end December 2017. For subsequent sub-project cycles, implementation progress is generally satisfactory, with plans developed from October through January and implementation taking place from February through May.



Component 2: Facilitation and Capacity Development

8. 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. **Active participation by communities is therefore firmly at the heart of the NCDDP, and the Operations Manual requires that any meeting should have a quorum of 50 percent of village households before a major meeting can take place.** The project has continued to thrive through active community participation and leadership, **with participation in 27 townships during the third cycle standing at 65 percent, and at 61 percent to date amongst the 47 townships undergoing the fourth cycle of project support.** When disaggregated by gender, women comprised 46 percent of committee members in Year 3, and 47 percent in year 4.

9. Total expenditure for facilitation and capacity building in FY2016/17 was MMK 13.06 billion (\$9.59 million), while cumulative spending to end March 2017 was MMK 21.46 billion (\$15.76 million), representing 16 percent of overall project spending (see table 12).

Training

10. **The project has continued to reinforce the training program,** so as to be able to maintain consistent quality at increased scale. To this end, the project has begun to develop a pool of permanent trainers at Union level. Using a cascading approach, start-up training (Operations Manual and core subject matter modules) and Training of Trainers (ToT) modules are delivered by the Union trainers to township TTA teams, who then provide training to technical and community facilitators, who in turn train village and village tract committee members in community management (project planning, financial management, and procurement) in 47 townships. By the end of March 2017, community management training (CMT) had been provided to over 84,700 committee members in villages and village tracts. This will expand by a further 49,000 as CMT is completed in all of the 20 Year 4 townships.



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. The development of strong ToT courses to township and state/regional team leaders in this last year has been a key feature in operationalising the cascade system, transferring full responsibility for facilitator training to the township after year 1.

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 GHM received 5,343 grievances and enquiries in Cycle 3, and 332 in Cycle 4 (1st quarter 2017), bringing the cumulative number of grievances by end March 2017 to 7,277, of which 7,261 (99.8 percent) had been resolved. Core grievances (e.g. those relating to violations of project rules and regulations, including corruption, abuse of power, etc) constitute about 7 percent of total grievances, with the remainder coming from letters of appreciation and suggestions. The resolution rate for these core grievances, at 99, is consistent with the overall resolution rate, although the time for resolution is usually a little longer.

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. In February 2017, a World Bank Grievance Specialist visited the project and made a range of recommendations for further improvements in the GHM of NCDDP, including improved MIS handling, confidentiality in naming respondents, systematization of the response steps, shortening response times, use of other channels, and tracking of final satisfaction. of These will fully implemented during Year 4.



Before



After

School Renovation Subproject | Agga



Gender Mainstreaming

14. During the reporting period, the NCDDP continued to successfully achieve key gender mainstreaming objectives. The gender parity targets for committee leadership (1 chair of each gender) outlined in the Operations Manual have been consistently achieved across all project townships, but for committee membership year 3 was slightly below parity at 46 percent of female committee members. Principles of equal pay for equal work are being adhered to, despite initial resistance in some villages, 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. With the addition of a new national gender consultant and additional DRD staff at the Union level, the reporting period saw a significant strengthening of the team and intensity of activities at all level, including national and international workshops, training, monitoring and evaluation, data collection and research. In particular, continued field visits to conflict-affected townships are starting to build useful experience, analysis and guidelines for staff regarding the interface between gender and conflict.

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. This has enabled the project to deliver quickly as the number of townships has grown rapidly, with technical assistance partners responsible for the recruitment and supervision of the project's facilitators in the first two years in each township. 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, and in the last two cycles the contracts have been extended to cover the full four years of project benefits to the townships. DRD keeps a close eye on the format of these arrangements to ensure that they continue to provide the best value for money to the nation.

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 started to make additional experienced infrastructure specialists (3 per office) 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. Over the last three years, lessons from these events that have been applied to project operations include increased grant sizes, simplified forms, a strengthened facilitator training program, and provision of infrastructure support consultants in regional offices. As a result of this learning and adaptation, the community cycles are delivering significant results for poor communities across Myanmar.

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. Together with an improved management information system (MIS), including an upgraded user interface, this data provides weekly updated progress information on project operations across the 47 townships.

21. During the reporting period, the project upgraded the GIS interface to present a dashboard of key Result Matrix indicators at Union, township, village tract, and village level, and widened the range of weekly updated progress milestones covering 47 townships publically viewable online (www.ncddmis.com). These weekly progress updates are of increasing daily usefulness to managers and other units, such as procurement needing to check completion of milestones for payment purposes. Data collection forms were streamlined once again to focus on key indicators, increasing quality over quantity. Over the coming year, the GIS function will continue to be improved, adding a regional data layer and development results for previous years. The capacity of the system will reach its peak in the last quarter of 2017, as the MIS will cover 61 townships in Year 5.

Table 1: NCDDP Performance against Results Framework

1 Development Objective Indicators		Yr1 2013/14	Yr 2 2014/15	Yr 3 2015/16	Yr 3 2015/17
1.1	Direct project beneficiaries	227,000 (3 tns)	669,570 (6 tns)	2,186,415 (18 tns)	2,253,630 (20 tns)
	Cumulative	227,000 (3 tns)	896,570 (9 tns)	3,082,986 (27 tns)	5,336,616 (47 tns)
1.2	% female beneficiaries	51.9%	51%	51.5%	50.7%
1.3	# persons having access to and use of project-built infrastructure and services	204,527	621,361	2,042,112	2,120,302
1.4	% households in project villages participating in planning, decision-making, and implementation of sps	56%	58%	65 %	58%
1.5	% community members satisfied with the project	90%	78.8%	82%	t.b.a ⁽¹⁾
1.6	CFA Participation				
	<ul style="list-style-type: none"> Total CFA labour paid out (MMK billion) Total # of labour days provided CFA payments as % of BG % sub-projects with CFA as main source of labour 	0.6	• 1.46 • 325,400 • 15% • 70%	• 4.97 • 863,648 • 17.4% • 92%	t.b.a ⁽¹⁾
2 Intermediate Results Indicators					
2.1	#Type of rural infrastructure built	357	1812	4,731	112
	Transport (roads, jetties, bridges)	126	743	2,306	67
	Water and sanitation	69	415	978	13
	Education	118	434	959	13
	Electrification	26	142	207	9
	Community facilities	15	49	140	2
	Health	1	-	33	1
	Other	2	29	108	7
2.2	Total sub-project costs: NCDDP costs (MMK billion)	1.5	9.55	9.55	
	Community contribution (% project costs)	0.1	0.845 (0.8%)	1.8 (5.7%)	
2.3	Total block grants disbursed (MMK billion)	1.57	10.46	35.7	46.64
2.2	% of sub-projects evaluated as high priority by communities	Not yet eval.	Not yet eval.	Not yet eval.	
2.3	% of sub-projects evaluated independently meeting project OM technical and safeguard specifications	85%	93%	⁽²⁾	
2.4	# of Government officials using their new skills in project management, engineering, planning	48	115	234	452
2.5	# of community members using their new skills in project planning, financial management & procurement	4,731	19,160	84,748	133,740
2.6	# of internal cross-township learning exchanges	2	4	4	
2.7	Annual Union Multi-Stakeholder Review conducted	1	1	1	
2.8	% grievances registered, related to delivery of project benefits, that are addressed	99%	98.5%	99%	99%
	A Core	98%	98%	99%	79%
	B Core supplement	99%	99%	99%	97%
2.9	# grievances related to delivery of project benefits, that are addressed	318	1,605	4,113	1,241
	A Core	n.a	119	211	58
	B Core supplement	n.a	1,486	3,902	1,183

Note: | 1) Data available at the end of the cycle, after submission of all financial documentation
2) Third technical review expected end 2017.

Technical Audit

22. Following an initial technical review of infrastructure quality of subprojects constructed during the first community cycle, DRD commissioned an independent technical audit to assess infrastructure quality, cost effectiveness and sustainability in the nine townships that had participated in the first two community cycles.³ The overall findings of this audit were: 1) 92 percent of subprojects rated satisfactory or highly satisfactory 2) technical quality of subprojects was consistent across villages regardless of whether they were remote or easily accessible and 3) subprojects constructed under the NCDDP were cost-effective when compared to similar infrastructure financed through other government programs in Myanmar. It is planned to conduct a third technical audit covering the 47 current townships towards the end of 2017.

Social Audits

23. After completion of construction and final inspection of the village's sub-project, social audit meetings are held to provide beneficiary communities and their committees with an opportunity to voice for their feedback and approval rating regarding the process and the results of their sub-project. Feedback is analyzed into three broad categories of 1) what worked well 2) what did not work so well and 3) suggestions/recommendations for improvements. **During the third community cycle, a total of 4,694 social audits were held at the village level. Lessons from these social audits informed the township level multi-stakeholder reviews and are presented in summary in Annex III of the main Progress Report.**

³ This technical audit report is available at <http://cdd.drdmyanmar.org/eng/project-manuals/>



Multi-Stakeholder Review

24. The second annual union-level Multi-Stakeholder Review for the NCDDP was held in Nay Pyi Taw in September 2016. Dr. Aung Thu, Union Minister for Agriculture, Livestock and Irrigation opened the Union-Level MSR with a welcome to participants, followed by opening remarks from Mr. Aboulaye Seck, World Bank Country Manager. The one-day event attracted over 580 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, DRD also organized internal meetings to facilitate learning and exchanges between 530 project staff across the project townships, including CFs, TFs and TTA Experts. The full report (presented in Annex I of this Annual Progress report), summarizes the outcomes from the seven MSR focus group discussions, which were organized according to: i) implementation results, ii) community financial management, iii) community procurement, iv) quality of infrastructure/O&M, v) social accountability and grievance handling vi) participation and inclusion vii) conflict, security and safety, as well the preceding fora of CFs, TFs and TTA Experts.

Cross Township Visits

26. As part of its efforts to learn from implementation on the ground, during the reporting period DRD also organized a number of cross-townships learning visits for township teams. This included visits by the eighteen townships entering the project in year 3 to observe the social audits of the first nine townships (June/July 2016), visits by selected community members of year 2 townships to the first three townships (September 2016–January 2017), and visits by DRD staff from the 20 new townships entering the project in year 4 to the ongoing 27 project townships (December 2016, January 2017). 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 2017, the union NCDDP secretariat 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 68 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 regional and township DRD staff 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 a team of 6 staff dedicated to NCDDP in township offices. Moreover, DRD recruits township-level technical assistance to provide capacity building in key areas, as described above.

29. As the project expands to additional townships, DRD has created 15 NCDDP offices at the State and Region level to ensure effective implementation. These offices have a range of tasks aimed at distributing the Union's management burden as follows: 1) provide support to township offices on infrastructure, monitoring and evaluation and operational support 2) aggregate township quarterly reporting 3) carry out township supervision activities 4) engage State and Regional governments in the implementation of the NCDDP. While these offices are still young in terms of experience and capacity, the attachment of 3 infrastructure consultants per office has already had significant positive impact in terms of supporting TFs and township engineers with detailed design and engineering knowledge.

Financial Management

31 Total NCDDP expenditures in FY2016/17 were MMK 84.661 billion (\$62.16 million, see Table 1 below), with cumulative expenditures as of March 2017 standing at MMK 134.156 billion (\$98.5 million). The largest share of project funds have been spent on community block grants, accounting for a total of MMK 94.387 billion (\$69.3 million) or 70.4 percent of total project expenditures. This was followed by expenditures for facilitation and capacity building at MMK 21.46 billion (\$15.76 million) or 16 percent.



Road Subproject | Padakaw



32. During the reporting period, an unqualified audit report for FY15/16 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 FY16/17 audit, which will take place from July to August 2017.

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. These missions have found that 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 for 20 new townships. 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 implemented a revised procurement plan seven (PP7) and began formulation of PP8. These documents are publicly available at www.worldbank.org. 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 | Yan Se Village, Kanpetlet Township, Chin State

35. The scale up of the project to 47 townships has continued to stretch the capacity of the procurement unit, and the procurement of some key goods and services for the 20 new townships, notably computers and tablets, was delayed in the 2016/17 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 has 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 2017/18 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 increasingly simplified after the first three community cycles 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 third community cycle, this had provided twenty seven townships with a cumulative MMK6.47 billion (\$4.7 million) in daily wages and 1.3 million person days of paid labour under community force account, the main source of labor in 70 percent of all subprojects.

For more information

cdd.drdmyanmar.org

www.facebook.com/ncddpmyanmar

www.worldbank.org/myanmar

NCDDP Office

Telephone: 067-409413

Email address: cdd.drd.myanmar@gmail.com





**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