



The World Bank

Myanmar National Community Driven Development Project (P132500)

REPORT NO.: RES29957

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

MYANMAR NATIONAL COMMUNITY DRIVEN DEVELOPMENT PROJECT

APPROVED ON NOVEMBER 1, 2012

TO

MINISTRY OF PLANNING AND FINANCE, DEPARTMENT OF RURAL DEVELOPMENT

SOCIAL, URBAN, RURAL AND RESILIENCE GLOBAL PRACTICE

EAST ASIA AND PACIFIC

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ABBREVIATIONS AND ACRONYMS

CDD	Community Driven Development
DRD	Department of Rural Development (Ministry of Agriculture, Livestock, and Irrigation)
ESMF	Environmental and Social Management Framework
ISDS	Integrated Safeguard Data Sheet
MOPF	Ministry of Planning and Finance
MDTF	Multi-Donor Trust Fund
NCDDP	National Community Driven Development Project
OP	Operational Policy
PDO	Project Development Objective
SDR	Standard Drawing Rights



BASIC DATA

Product Information

Project ID P132500	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 01-Nov-2012	Current Closing Date 30-Nov-2021

Organizations

Borrower Ministry of Planning and Finance, Department of Rural Development	Responsible Agency Ministry of Agriculture, Livestock and Irrigation
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Project Development Objective (PDO)

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.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-56870	30-Jun-2015	21-Sep-2015	30-Sep-2015	30-Nov-2021	400.00	145.23	260.84
IDA-H8140	01-Nov-2012	14-Nov-2012	11-Jan-2013	30-Nov-2021	80.00	70.14	3.99

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. PROJECT STATUS

1. The National Community Driven Development Project (NCDDP) was approved in 2012 for SDR 52.6 million (equivalent to \$80 million) IDA grant, and an additional financing credit of SDR 284.5 million (equivalent to \$400 million) was approved in 2015. The project's 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. To do so, the NCDDP empowers villagers to manage and participate in their own development. The project finances community-identified rural infrastructure investments; strengthens the capacity of communities in partnership with local authorities to effectively identify, plan and implement their development priorities; and facilitates the participation of the poor and vulnerable, both women and men, throughout the project cycle at the community level. The Myanmar NCDDP is currently designed to cover 63 townships across the 15 states and regions of Myanmar (including the Nay Pyi Taw Union Territory). At approval of the additional financing, the Project consisted of the following five components (with total estimated financing): (i) community block grants (\$358.5 million), (ii) facilitation and capacity-building (\$105.8 million), (iii) knowledge and learning (\$11.2 million), (iv) implementation support (\$56.9 million), and (v) emergency contingency response (\$0 million).

2. As of the end of January 2018, overall project implementation progress and progress toward achieving the PDO of the NCDDP are rated satisfactory, and all other performance measures are either satisfactory or moderately satisfactory. Disbursements stand at 98 percent of current projections, with 95 percent of the IDA grant and 37 percent of the IDA credit disbursed to date. The Project is in full compliance with all legal covenants, and is fully up to date on all required reports and documentation (annual audit, interim fiduciary reports, and quarterly progress reports).

3. The NCDDP continues to achieve significant results towards its PDO, with a fifth community cycle started in October 2017 in 61 townships, covering about 12,000 villages home to approximately 7 million people. Through December 2017, the project has supported the completion of about 14,500 subprojects totaling approximately \$140 million. Participation rates of community members remain robust (currently averaging 60 percent over four years, above the 50 percent target in the results framework) and communities continue to report high satisfaction rates (averaging 94 percent in the multi-stakeholder reviews completed to date for the current community cycle, versus the results framework target of 80 percent). To date, the project has supported communities in building or rehabilitating over 2,500 schools and constructing over 6,300 kilometers of footpaths or access roads, while generating over 3.6 million days of paid labor (worth approximately \$11.6 million). An independent technical audit carried out in 2016 found over 92 percent of subprojects meeting or exceeding the government's technical specifications, and costing less (on a unit cost basis) than comparable infrastructure under government programs. A second round of the independent technical (and economic) audit is currently underway, with data expected by July 2018.

4. During the current sub-project cycle that began in October 2018, 45 township teams working in more than 8,000 villages have, through January 2018, prepared more than 6,500 village development plans, approved over 4,700 subprojects, and started construction on more than 1,200. These numbers reflect the increased operational efficiencies in those townships that have moved beyond their first year of implementation, as well as significant progress by the Department of Rural Development (DRD) in setting up operational mechanisms that are able to support project operations (e.g. financial transfers



to community bank accounts, training and operational support for community facilitators at the township level, engagement with township committees, and more) at scale.

5. The project has been previously restructured in November 2015 and June 2016 to (i) address a discrepancy between the Financing Agreement and project's Operations Manual in how the village tract bodies that receive the Project's block grants are referred to; and (ii) reallocate SDR 13,510,000 from the block grant disbursement category to the emergency contingency response disbursement category under the IDA credit.

6. This restructuring is proposed to reallocate resources between disbursement categories of the original IDA grant, and to reflect the change in component costs in the project description as a result of the reallocation of funds under the emergency contingency response component of the IDA credit. The restructuring is also being done to trigger a new safeguard policy regarding physical cultural resources, the need for which became evident in the course of on-going project implementation.



II. DESCRIPTION OF PROPOSED CHANGES

A. PROPOSED CHANGES

1. This level 2 restructuring proposes three changes to the project. These are (i) a reallocation of IDA H814-MM grant funds between disbursement category 1 (block grants) and category 2 (goods, works, consultants' services, etc.), (ii) an adjustment in component costs; and (iii) the triggering of a new safeguard policy on Physical Cultural Resources (Operational Policy 4.11).
2. The proposed reallocation will shift approximately SDR 9 million of grant funds from block grants to other costs (goods, works, consultants' services, etc.) under the IDA grant (H814-MM). The proposed shift in disbursement categories allows the Government implementing agency (the Department of Rural Development) to better economize on the use of its project funds through tax exemptions allowed for under grants (versus loans). The shift in grant funds away from block grants would be compensated for through the project's additional financing IDA credit. This change has been requested by the project's implementing agency (DRD) and agreed to by the Ministry of Planning and Finance (see attached request letter from head of Finance Division and meeting minutes with MOPF).
3. The team would also use the opportunity of this restructuring to adjust the estimated component costs of the project, most importantly to reflect the reallocation of SDR 13.51 million to the emergency contingency response component that was carried out through the June 2016 restructuring of the project. This is necessary because, while the 2016 restructuring reallocated funds to the eligible disbursement categories of the project, the description of project component financing was not updated at the same time. The marginal reductions in estimated costs for the other project components is being balanced out through additional parallel and co-financing from other development partners including Italy, DFID, and through the Japanese Social Development Fund.
4. The team would also use the opportunity of this restructuring to trigger OP4.11 on physical cultural resources, given that the project is operating in some areas of cultural significance. Necessary operational adaptations have been made to ensure appropriate application of this policy, including a revision of the project Operations Manual, as well as of the Environmental and Social Management Framework. The revised ESMF was presented and discussed in 3 public consultations between May 15 and June 1, 2017, cleared by the Regional Safeguards Adviser on September 15, 2017, and publicly disclosed in English on the Bank's website on November 29, 2017. The Operations Manual has also been revised to reflect the new provisions of the ESMF and training has been provided to project staff and community committees to ensure compliance. The proposed Myanmar Partnership MDTF additional financing package for the project (P166734) also includes the relevant updated ISDS (disclosed March 25, 2018) and ESMF reflecting the inclusion of this new policy.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Change in Safeguard Policies Triggered	✓	
Change in Implementing Agency		✓
Change in DDO Status		✓
Change in Project's Development Objectives		✓
Change in Results Framework		✓
Change in Loan Closing Date(s)		✓
Cancellations Proposed		✓
Change in Disbursements Arrangements		✓
Change in Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Other Change(s)		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

IV. DETAILED CHANGE(S)



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Community Block Grants	358.60	Revised	Community Block Grants	353.55
Facilitation and Capacity Development	105.80	Revised	Facilitation and Capacity Development	100.00
Knowledge and Learning	11.20	Revised	Knowledge and Learning	6.00
Implementation Support	56.90	Revised	Implementation Support	54.00
Emergency Contingency Response	0.00	Revised	Emergency Contingency Response	18.95
TOTAL	532.50			532.50

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-H8140-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: IDAH8140-BLOCK GRANTS Pt.A			
34,400,000.00	22,644,990.03	25,400,000.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: GDS,WORKS,NON-CS,CS,TR,OC PTS.B,C,D			
18,200,000.00	20,929,364.44	27,200,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: IDAH8140-EMERGENCY EXP PT. E			
0.00	0.00	0.00	100.00	100.00
Total	52,600,000.00	43,574,354.47	52,600,000.00	



COMPLIANCE

Safeguard Policies

Safeguard Policies Triggered	Current	Proposed
Environmental Assessment (OP) (BP 4.01)	Yes	Yes
Natural Habitats (OP) (BP 4.04)	Yes	Yes
Forests (OP) (BP 4.36)	No	No
Pest Management (OP 4.09)	No	No
Physical Cultural Resources (OP) (BP 4.11)	No	Yes
Indigenous Peoples (OP) (BP 4.10)	Yes	Yes
Involuntary Resettlement (OP) (BP 4.12)	Yes	Yes
Safety of Dams (OP) (BP 4.37)	No	No
Projects on International Waterways (OP) (BP 7.50)	Yes	Yes
Projects in Disputed Areas (OP) (BP 7.60)	No	No