JAPAN FUND FOR POVERTY REDUCTION GRANT

I. INTRODUCTION

1. The Resilient Community Development Project will target areas that are vulnerable to climate and disaster risk (CDR) and will follow a phased, cluster approach, grouping vulnerable townships in the same area. The project has identified clusters of poor townships in regions exposed to CDR using climate projections and 2014 census data. It will benefit about 1.8 million people in 17 townships in Ayeyarwady, Chin, Sagaing, and Tanintharyi. The project will support the Government of Myanmar in strengthening its community-based development (CBD) policies and procedures. It will strengthen community resilience and reduce the food insecurity and poverty of rural people living in vulnerable areas, by building their capacity and providing resources to invest sustainably in climate- and disaster-resilient and market-oriented infrastructure and livelihoods.

2. The Japan Fund for Poverty Reduction (JFPR) grant will complement the project by supporting all 30 village tracts and 69 villages, covering a population of 25,106 people, in Hakha township in Chin State. This will include (i) 100 climate- and disaster-resilient community infrastructure subprojects implemented, (ii) at least 200 resilient livelihood activities for poor men and women developed, and (iii) at least 7,000 villagers and 40 township officers trained in climate and disaster resilience. The JFPR grant will target Hakha, a remote and difficult-to-reach township in Chin State, the poorest of the four project target states and regions. The JFPR grant will also pilot test (i) the household methodologies (HHM) approach to support women’s empowerment in their households under the livelihood activities of output 2, and (ii) the inclusion of market assessment and climate and disaster information in the village development plan (VDP) process. The project will follow a phased approach with Hakha township, as the first township in Chin State to start implementation, and scale up the approach to other townships in Chin State once the first lessons from the pilot test are collected. This will facilitate the achievement of inclusive sustainable socioeconomic development.

II. THE GRANT

A. Rationale

3. **Country context.** Myanmar is undergoing rapid change. Since 2011, the government has pursued wide-ranging economic, social, political, and governance reforms. New policies and strategies are being implemented to address development challenges, including rural development, education reform, and food and nutrition security. Myanmar’s gross domestic product grew by 6.8% in 2018 and is projected to grow by 7.2% in 2019. The country is expected to grow rapidly in the medium to long term. Agriculture accounts for 25.7% of the gross domestic product and about 49.0% of employment. Its natural resources base offers the country’s most significant opportunity for achieving inclusive economic growth. Key constraints for the sector include (i) limited public spending, resulting in gaps in rural infrastructure and human development; (ii) limited access to finance, inputs, and better technologies; (iii) high exposure and vulnerability to CDR; and (iv) limited institutional capacity.

4. **Poverty remains high in rural areas.** Myanmar remains one of the poorest countries in Southeast Asia. Poverty was estimated to be 32.1% in 2015, down from 48.2% in 2004-2005, with 84.0% of the poor living in rural areas. Multidimensional poverty reflects undernutrition, with

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1 The JFPR is a possible funding source, subject to the approval of the Government of Japan.
malnutrition rates among the highest in the region. Children under the age of five are stunted (29.0%) and 18.9% are underweight. The poor have low levels of human capital and tend to be highly exposed to various CDR shocks. The rural poor rely on agriculture and casual labor for their livelihood.

5. **High risk to disasters and climate change.** Myanmar ranks among the highest in the 2017 Global Climate Risk Index. Almost the entire country is prone to a range of natural hazards depending on location, topography, geology, and climate. The coastal and delta regions are at high risk of tropical cyclones, storm surges, and tsunamis. The dry zone is at risk of droughts and fire. Upland areas such as Chin State are vulnerable to flash flooding and landslides. Negatively impacting the poor are the following factors: (i) high exposure in hazard-prone areas; (ii) livelihood dependency on climate-sensitive sectors; and (iii) low capacity to identify and reduce risks, negatively impact the poor. Resilience-building measures can support communities in resisting, absorbing, adapting to, and recovering from the effects of hazards in a timely and efficient manner, without jeopardizing their sustained socioeconomic advancement and development—thereby reducing the risk of CDR-induced intergenerational transfer of poverty.

6. **Limited institutional capacity.** Myanmar has a legacy of centralized decision-making and administrative processes. Limited technical and administrative capacity is an issue, especially in townships and in Chin State because of its remoteness and low-density population. Myanmar’s development paradigm recognizes the important role of communities, however, as evidenced by the recent formalization of participatory VDP processes.

7. **Chin State,** located in western Myanmar, is bordered by Rakhine State to the south, Magway and Sagaing regions to the east, India to the north, and Bangladesh to the west. The terrain is mountainous, with few transportation links. Chin State is the poorest state among the four states and regions targeted by the project, and the second poorest state in the country after Rakhine State. Chin State ranks very low on several social development indicators (including stunting, immunization, diarrhea prevalence, and birth registration); and its schools and health care facilities are largely inadequate. Lack of economic opportunities has led many to migrate to other parts of Myanmar, India, Malaysia, or Thailand.

8. **Hakha township (Chin State).** About 30.0% of children in Hakha are underweight and stunted, which can have irreversible damage on their brain development. Only about 12.0% of pregnant women are likely to be tested for HIV, just 6.0% of children are born in a health facility, and only 24.0% of births are registered. A high percentage of Hakha households (24.0%) are led by women. Preschool attendance among children aged 3–5 years in Myanmar is low, with less than a quarter of all children attending. The primary school enrolment rate in Chin is comparable to the national average, but almost 15.0% of children do not have access to primary education and less than half of all children attending primary school in the state complete on time. The 2010 Integrated Household Living Conditions Assessment estimated that about 73.0% of Chin State’s population was living below the poverty line. Statistical data are not available for Hakha, but it is likely to be around the Chin State average. Hakha township was also selected because of its size (number of village tracts and population), which allows it to be fully covered by JFPR funds in line with the overall project approach targeting all village tracts in each targeted township.

9. **The theory of change for this JFPR investment is based on the premise that in poor high-CDR areas, the infrastructure, agriculture, and off-farm livelihoods of vulnerable households**

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2 Shocks are sudden, sharp events that threaten a community. In this context, shocks are triggered by natural hazards.
would only be sufficient and sustainable when communities are climate-informed, technically skilled, and linked to markets. The development hypothesis, therefore, is that smallholder producers and disadvantaged nonfarm rural households, particularly women, would benefit from increased capacity to assess CDR and market opportunities and apply this knowledge to infrastructure construction and livelihood development, through CDB processes. This would be operationalized by (i) assessing community vulnerability to CDR; (ii) identifying resilient market opportunities and associated technologies; (iii) building community capacity to assess climate risks and benefit from market-driven livelihood opportunities; and (iv) providing training and access to resources to build sustainable, resilient infrastructure and livelihood activities for vulnerable groups in scalable ways so that a portion of their increased income could be used for health and education needs.

10. Hakha—with its high level of ethnic groups, poverty, remoteness, and rugged terrain—is very vulnerable to CDR. The application of JFPR funding for this township would provide resources for developing appropriate approaches to CBD in Chin State. Through JFPR funds, the project will target all 30 village tracts, reaching about 25,106 people. Lessons learned in Hakha Township could be transferred to the other three project townships in Chin State and other target regions and states.

11. The project is fully aligned with the Myanmar Sustainable Development Plan, the Agriculture Development Strategy, the National Framework for Community Disaster Resilience, and the Myanmar Action Plan on Disaster Risk Reduction. It also builds on work under the Asian Development Bank (ADB) Technical Assistance for Strengthening Climate and Disaster Resilience of Myanmar Communities, which is working on the dissemination of climate and disaster information to communities in Ayeyarwady Region.

B. Outputs and Key Activities

12. The proposed JFPR investment will have three outputs, in line with the project.

13. **Output 1: Climate- and disaster-resilient community infrastructure developed.** One hundred climate- and disaster-resilient community infrastructure subprojects will be implemented under this output. Community infrastructure priorities will be identified through a VDP process that the village communities in Hakha Township, especially women and youth, will prepare using participatory vulnerability assessment and adaptation planning tools. The VDP will provide a multiyear framework for project-financed and community-constructed infrastructure investments that improve resilience and build public and economic good benefits in villages and across village tracts. Community infrastructure will benefit all villagers. Typical subprojects may include small bridges for light vehicles providing access to markets, small irrigation structures serving one or more villages, village access roads, village-to-farmland access serving a full village, schools, clinics, markets, village water supplies. All villages will be eligible for three cycles of infrastructure investment, which will be implemented using a CBD approach through block grants. Each

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5 The Government of Myanmar uses the term “ethnic groups” instead of “indigenous peoples.”


infrastructure investment cycle will amount to MK10 million per village or a per capita investment of MK30,000 per village person, whichever is higher.\(^8\)

14. **Output 2: Resilient livelihood activities for poor men and women developed.** At least 200 resilient livelihood subprojects will be funded through block grants. As part of the VDP process, communities will identify the lowest four deciles of poor and vulnerable households in their villages using a participatory wealth and vulnerability ranking methodology.\(^9\) That cohort will be eligible to apply for livelihood subprojects, valued at up to MK300,000 per household. Targeted households will be enabled to form groups with a common livelihood interest and to submit a livelihood subproject proposal. Livelihood subprojects might include new or improved climate-smart agriculture, livestock, fisheries activities, value addition to farm and nonfarm products, marketing, and the acquisition of new skills for employment and entrepreneurship. The project will assist interested groups, particularly women and youth, to source vocational training through the Equipping Youth for Employment Project.\(^10\) To ensure sustainability and scale-up, the project will also facilitate, but not fund, group access to credit by linking to financial services, particularly microfinance institutions. This output will also provide training to poor households that are above the lowest four deciles of the wealth ranking to adapt to CDR. The project will assist livelihood groups to evaluate the benefit of associating to township or township cluster level, to increase their market power or add scale to their production.

15. **Output 3: Institutional and organizational capacity of communities and government strengthened.** This will support outputs 1 and 2. Capacity building of communities, the Department of Rural Development (DRD), and other government departments will be strengthened through the development of training courses on climate and disaster resilience and skills development. The DRD will be supported by international and national consultants based in Nay Pyi Taw and by a team of key experts and grassroots facilitators at the township, village tract, and village levels. Participatory approaches, including on-the-job training, will be used for all training types—technical, organizational, and management training.

16. The project includes a disaster contingency feature. In the event of a disaster affecting an entire township, and on the request of the Ministry of Agriculture, Livestock and Irrigation (MOALI) and approval by ADB, funds from the subsequent cycle of community subproject implementation may be advanced for the reconstruction of damaged infrastructure and recovery of livelihoods. The selection of infrastructure and livelihood subprojects will follow similar participatory processes and criteria as for outputs 1 and 2.

17. Under the JFPR funds, the HHM approach to support women’s empowerment in their households will be pilot tested for scaling up into other project townships later during implementation.\(^11\)

**C. Cost Estimates and Financing Plan**

18. The grant outputs are estimated to cost $3.0 million (Table 1).

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\(^8\) Amounts have been calculated based on the experience of the Enhancing Rural Livelihoods and Incomes Project and feasibility studies undertaken by the design team.

\(^9\) Communities rank member households into four wealth and vulnerability categories (A to D) based on their assessment of the household’s assets (land, house, productive assets, business assets) and CDR vulnerability.


Table 1: Cost Estimates

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount(^a) ($ million)</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Base Cost(^a)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Output 1</td>
<td>2.399</td>
<td>79.97</td>
</tr>
<tr>
<td>2. Output 2</td>
<td>0.445</td>
<td>14.83</td>
</tr>
<tr>
<td>3. Output 3</td>
<td>0.156</td>
<td>5.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.000</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>B. Administrative Budget Support(^b)</strong></td>
<td>0.090</td>
<td></td>
</tr>
</tbody>
</table>

Note: Percentages may not total 100% because of rounding.
\(a\) In mid-2018 prices.
\(b\) This additional budget support is provided by the Japan Fund for Poverty Reduction to ADB for grant implementation. It is not included in the grant amount of $3.0 million.
Source: Detailed project cost tables.

19. The JFPR will provide grant cofinancing equivalent to $3.0 million, to be administered by ADB. The financing plan is in Table 2.\(^{12}\)

Table 2: Financing Plan\(^a\)

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Fund for Poverty Reduction(^b)</td>
<td>3.00</td>
<td>1.2</td>
</tr>
<tr>
<td>Government</td>
<td>19.37</td>
<td>7.9</td>
</tr>
<tr>
<td>ADB Grant</td>
<td>10.00</td>
<td>4.1</td>
</tr>
<tr>
<td>ADB Loan</td>
<td>185.00</td>
<td>75.5</td>
</tr>
<tr>
<td>AIF Grant(^c)</td>
<td>27.58</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>244.95</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, AIF = Asia Investment Facility.
Note: Percentages may not total 100% because of rounding.
\(a\) The following are ineligible expenditures under the Japan Fund for Poverty Reduction: academic research, the purchase of vehicles for project administration (except when the use of and the need to purchase a vehicle are fully justified), salaries for civil servants, and foreign and local travel (except where the participation of recipient countries, including civil servants, in international or local workshops, conferences, mentoring visits, or study tours is fully justified in the proposal with a detailed description, objectives, and budget, and approved by the Government of Japan), scholarships or long internships, and detailed engineering.
\(b\) Administered by the Asian Development Bank.
\(c\) Financed by the European Union and administered by the Asian Development Bank.
Source: Detailed project cost tables.

D. Implementation Arrangements

20. MOALI will be the grant executing agency and the DRD will be the implementing agency. The grant will be implemented during 2020–2024. The estimated closing date is June 2024. The grant will be managed by the DRD project management unit in Nay Pyi Taw, with the support of a main implementation consultant team including international and national consultants. The grant will be implemented by the Hakha township DRD project implementation unit, supported by contracted support service providers including township-level national consultants and field level community, technical, livelihood, and finance facilitators.

\(^{12}\) The JFPR grant will finance community investment funds (infrastructure and livelihoods) and facilitation and capacity building covering Hakha township only. The ADB loan and grant will finance community investment funds (all townships besides Hakha), implementation support, and facilitation and capacity building. The Asia Investment Facility grant will finance consultants, facilitation and capacity building and implementation support.
21. Villagers will establish a village development support committee, supported by finance, procurement, livelihood, monitoring, and operation and maintenance subcommittees to guide community infrastructure and livelihood implementation. A village tract development support committee will be formed in the target village tracts to manage block grant approval and disbursement. Women and men will be equally represented in all community committees. The DRD, with the support of the main implementation consultant at Union level and the support service provider at grassroots level, will supervise project implementation including block grant management. The implementation arrangements are described in detail in the project administration manual.

### Table 3: Implementation Arrangements

<table>
<thead>
<tr>
<th>Aspects</th>
<th>Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation period</td>
<td>January 2020–December 2023</td>
</tr>
<tr>
<td>Estimated completion date</td>
<td>December 2023 (estimated grant closing date is June 2024)</td>
</tr>
<tr>
<td>Management</td>
<td></td>
</tr>
<tr>
<td>(i) Oversight body</td>
<td>DRD project steering committee&lt;br&gt;Deputy minister of Agriculture, Livestock and Irrigation (chair)&lt;br&gt;Ministry of Agriculture, Livestock and Irrigation; Ministry of Planning and Finance; Ministry of Natural Resources and Environmental Conservation; Ministry of Social Welfare, Relief and Resettlement; and other related ministries as needed (members)</td>
</tr>
<tr>
<td>(ii) Executing agency</td>
<td>MOALI</td>
</tr>
<tr>
<td>(iii) Key implementing agency</td>
<td>DRD, MOALI</td>
</tr>
<tr>
<td>(iv) Implementation unit</td>
<td>DRD PMU, Nay Pyi Taw; DRD PIU, Hakha</td>
</tr>
<tr>
<td>Community investment funds</td>
<td>Community procurement guidelines&lt;br&gt;Hakha township (all villages) $2.05 million</td>
</tr>
<tr>
<td>(block grants)</td>
<td></td>
</tr>
<tr>
<td>Facilitation and capacity building (SSP)</td>
<td>QCBS&lt;br&gt;1 contract&lt;br&gt;420 person-months key experts and&lt;br&gt;1,560 person-months facilitators $0.95 million</td>
</tr>
<tr>
<td>Advance contracting</td>
<td>Advance action to prepare the SSP contract will be undertaken in the 3rd or 4th quarter of 2019.</td>
</tr>
<tr>
<td>Disbursement</td>
<td>The grant proceeds will be disbursed in accordance with ADB’s Loan Disbursement Handbook (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank; DRD = Department of Rural Development; MOALI = Ministry of Agriculture, Livestock and Irrigation; PIU = project implementation unit; PMU = project management unit; QBS = quality- and cost-based selection; SSP = support service provider.

Sources: Detailed project cost tables and procurement plan.

III. DUE DILIGENCE

22. All 69 rural villages in Hakha township, comprising a population of about 25,106 people, will benefit from community-identified infrastructure subprojects prioritized to meet the needs of women and the poor in those communities and achieve positive social and economic public good benefits, including disaster and climate risk reduction. At least 800 households, particularly women-headed households, will benefit from investments in sustainable livelihoods that they have identified.

A. Technical

23. The project has several layers of innovation, derived from the experience of implementing the Enhancing Rural Livelihoods and Incomes Project (footnote 3) and the Emergency Support
for Chin State Livelihoods Restoration Project. These include (i) integrating climate change and disaster risk planning in the VDP process; (ii) aggregating VDPs to establish village tract and eventually township rural development plans, and building that planning information into a web-based, searchable national database; (iii) improving the design and build quality of village infrastructure to be climate- and disaster-risk resilient; (iv) establishing a large-scale pro-poor market-oriented and climate-adapted livelihood investment program linked to emerging vocational training opportunities, particularly targeting women; (v) introducing CBD into remotely located townships predominantly inhabited by ethnic groups; and (vi) pilot testing the HHM approach to support women’s empowerment in their households. Specific lessons learned from the Enhancing Rural Livelihoods and Incomes Project and the Emergency Support for Chin State Livelihoods Restoration Project include (i) allocating sufficient resources and time during project start-up for community engagement, and mobilization; (ii) improving the participation and empowerment of women and the poor through increased facilitation support, particularly at the community (village tract) level; (iii) ensuring that community infrastructure subprojects are resiliently designed and of a scale that improves community resilience; and (iv) promoting livelihood resilience by diversifying sources of income, building technical and vocational skills, and linking communities to markets and service providers. The feasibility of the most common community infrastructure has been tested based on consultations with communities in Hakha township regarding the experience with the Enhancing Rural Livelihoods and Incomes Project and the Emergency Support for Chin State Livelihoods Restoration Project. The design team tested the financial viability of a range of livelihood options identified during discussions with prospective village beneficiaries. Those options in Hakha township include (i) improved production of elephant foot yam, cardamom, chili, and fruit tree (e.g., avocado) nursery; (ii) pigs and wild fish farming; and (iii) processing of elephant foot yam, coffee, and tea. All these potential investments have shown strong profitability and employment generation outcomes.

B. Economic and Other Impacts, Financial Viability, and Sustainability

24. The project has developed an innovative system to estimate the economic benefit of a project where the final identification of community investments would only be established during project implementation. That analysis shows an economic internal rate of return of 17.8% and economic net present value for Hakha township of MK2.8 billion ($1.9 million), providing a cost benefit ratio of 5:1, indicating the economic strength of this approach. Grant sustainability is being driven through three main grant factors:

(i) strengthening the VDP processes that underpin the government’s national approach to CBD by making them responsive to CDRs and market opportunities;

(ii) building villagers’ planning, organizational, and technical capacity to build more resilient infrastructure and livelihoods, with the resulting improvements in standard of living and community resilience; and

(iii) contributing to institutionalizing CBD capacity building in the DRD through the establishment of a dedicated training unit and the development of a CDR and market-oriented CBD curricula.

C. Governance

25. Financial management. The inherent financial management risk was assessed substantial because of country-level risks. The control risk was assessed moderate, mainly because the DRD has implemented large CBD projects competently since 2012. A computerized financial management database system will be used for project financial management.

13 ADB. Myanmar: Emergency Support for Chin State Livelihoods Restoration Project
Disbursements will be consolidated in and reported from the financial management system on a monthly basis. A statement of expenditures procedure will be used for reimbursement and liquidation and replenishment of the loan and grant advance accounts, with a variable ceiling based on a 6-monthly forecast of expenditures. Project accounts will be subjected to an annual external audit by a qualified auditor acceptable to ADB.

26. **Procurement.** The DRD has been highly successful in managing very large numbers of block grants for village infrastructure, including the promotion of systems for transparency in procurement and accounting, and grievance redress mechanisms. The overall procurement classification is assessed moderate and appropriate measures have been incorporated in project governance systems to manage and systematically reduce DRD’s procurement risk.

27. **ADB’s Anticorruption Policy** (1998, as amended to date) was explained to and discussed with the government and the DRD of MOALI. The specific policy requirements and supplementary measures are described in the project administration manual (PAM).^{14}

D. **Poverty and Social Impacts**

28. The project outcome is an improved standard of living and resilience of selected communities. The indicators are (i) the standard of living of at least 80.0% of households improved by 20.0%;^{15} and (ii) the resilience of project communities improved from the baseline (number of people affected and economic losses).^{16} The project target townships are assessed as being highly vulnerable to poverty and climate and disaster risk. The project village-level planning uses government-owned processes and is strongly participatory and gender-inclusive. The livelihood block grants target the most vulnerable four deciles within each community, identified through community-led processes. The project gender-related indicators in the design and monitoring framework include (i) increased knowledge of climate-resilient livelihoods reported by at least 50,000 villagers (of whom 30.0% are women); (ii) gender-responsive climate and market information incorporated in 75.0% of village tract development plans; (iii) at least 500,000 villagers (30.0% women) trained in climate and disaster resilience practices; and (iv) at least 1,000 government staff (of whom 40.0% are women) trained in climate and disaster resilience practices. The project will implement HHM to improve intra-household gender relations through women’s empowerment as a pilot program. This will build DRD staff and community capacity concerning (i) gender equality, (ii) the elimination of gender-based violence and sexual harassment, and (iii) human trafficking and the rights of the child.

E. **Participatory Approach**

29. The project will use CBD in target villages to allow villagers to (i) participate in identifying and analyzing problems and needs related to community infrastructure and household group livelihood investments, (ii) conceptualize solutions to address the identified needs, and (iii) implement the identified solutions. This commences with a project-level detailed assessment of climate and disaster risk and market opportunity at township cluster and township level, which is broken down to assist the village community in preparing a CDR and market opportunity-informed VDP. Village tracts will receive block grants to finance prioritized subprojects selected

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^{14} Project Administration Manual (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President).

^{15} The asset index is based on the valuation of household mobile and immobile assets and net income.

^{16} This assumes a level of natural hazard-related shocks consistent with those in 2016–2018.

^{17} In Myanmar villagers are categorized in four categories A, B, C and D. Categories C and D correspond to the most vulnerable four deciles of each village community.
by the villagers in a village assembly under the VDP process. The project adopts an open menu subject to a negative list of activities that cannot be financed. The selection of subprojects will also be guided by criteria to ensure that subprojects contribute to the objective of increased resilience and are technically feasible, sustainable, and benefit the poor, disadvantaged, and vulnerable.

F. Development Coordination

30. The CBD methodology to be applied under the project is built on experience gained in participatory community development under the JFPR-financed Enhancing Rural Livelihoods and Incomes Project and the Emergency Support for Chin State Livelihoods Restoration Project. The project is also informed by the experience of the World Bank-financed National Community Driven Development Project and other CBD projects in the region. The DRD has been implementing these three projects, together with the planned project and supporting JFPR grant. The project team consulted with communities in Hakha during the design stage. Subproject eligibility criteria are described in the PAM. ADB will keep the Embassy of Japan and Japan International Cooperation Agency (JICA) informed of the project progress and implementation lessons. The project will coordinate with JICA to ensure synergies and complementarities of activities in Chin State and other regions.

G. Safeguards

31. The project is designed to have a positive environmental impact, with a focus on climate adaptation and risk management. It will be driven by community consensus, so no adverse social impacts are anticipated. The project has been designed to meet agreed ADB safeguards on environment, resettlement, land acquisition, and indigenous peoples. The design team prepared a gender equity and social inclusion action plan, an ethnic groups development framework, a community participation framework, and an environmental assessment review framework. The project is classified effective gender mainstreaming and is category B for environment, indigenous peoples, and involuntary resettlement.

18 The negative list is drawn from ADB’s Prohibited Investment Activities List under the Safeguard Policy Statement (2009): (i) production or activities involving harmful or exploitative forms of forced labor or child labor; (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals, pesticides, and herbicides, (b) ozone-depleting substances, (c) polychlorinated biphenyls and other hazardous chemicals, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and (e) transboundary trade in waste or waste products; (iii) production of or trade in weapons and munitions, including paramilitary materials; (iv) production of or trade in alcoholic beverages, excluding beer and wine; (v) production of or trade in tobacco; (vi) gambling, casinos, and equivalent enterprises; (vii) production of or trade in radioactive materials, including nuclear reactors and components thereof; (viii) production of, trade in, or use of unbonded asbestos fibers; (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and (x) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats. The list also includes (i) road construction into protected areas, (ii) political and religious activities, (iii) development of new or expansion of existing settlements in critical habitats, (iv) savings and loan schemes, and (v) activities that will have a negative impact on ethnic groups.

19 The World Bank, Myanmar National Community Driven Development Project.

20 The gender equity and social inclusion action plan, ethnic groups development framework, community participation framework, and environmental assessment review framework are part of the linked and supplementary documents found in the proposed project’s Report and Recommendation by the President.
H. Risks and Mitigating Measures

Table 4: Summary of Risks and Mitigating Measures

<table>
<thead>
<tr>
<th>Risks</th>
<th>Description</th>
<th>Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Failure of the government to sustain agriculture sector policy reform processes</td>
<td>The project will strengthen market access for community-targeted commodities by improving communication along related value chains.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project-supported technologies will improve production and productivity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The livelihood support will diversify income sources and skills for poor men and women.</td>
</tr>
<tr>
<td>Financial</td>
<td>Villages do not have sufficient technical and financial capacity to maintain the infrastructure.</td>
<td>O&amp;M plan and preparedness will be a criterion for subproject selection and ensure that most of the O&amp;M can be performed and sourced locally. The DRD will budget and be responsible for major O&amp;M.</td>
</tr>
<tr>
<td>Social</td>
<td>Women are not effectively engaged in community decision making or activities.</td>
<td>Project design sets quotas for women’s engagement in (i) project teams and community management committees, and (ii) community infrastructure construction and equal pay for equal work.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Women will be trained and provided with separate meeting venues, and their priorities will be favorably weighted in community investment prioritization.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The project will pilot the household methodologies approach to empower women in their households.</td>
</tr>
<tr>
<td>Environmental</td>
<td>Climate change and disaster impacts may adversely impact project investments.</td>
<td>Project design includes a detailed assessment of climate and disaster risk by township cluster. Targeted communities will be familiarized with this risk and assisted to incorporate it into their VDP.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The project design incorporates climate- and disaster-resilient construction and maintenance technology.</td>
</tr>
<tr>
<td>Implementation</td>
<td>Limited financial management capacity of the executing and implementing agencies</td>
<td>The project has developed financial management manuals for the DRD and for the use of communities. The project will hire finance specialists under the MIC and SSPs and will mobilize community finance facilitators to work in villages.</td>
</tr>
</tbody>
</table>

DRD = Department of Rural Development, MIC = main implantation consultant, O&M = operation and maintenance, SSP = support service provider, VDP = village development plan.

IV. ASSURANCE

32. The government and MOALI has assured ADB that implementation of the JFPR grant shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and the grant agreement.21

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21 Legal document to be signed by the government and ADB.
DESIGN AND MONITORING FRAMEWORK FOR THE PROJECT GRANT TO BE FINANCED BY THE JAPAN FUND FOR POVERTY REDUCTION

Impacts the Project is aligned with

Incomes of rural households improved and resilience of communities to climate and disaster risks strengthened (Rural Development Strategic Framework, and National Framework for Community Disaster Resilience)\(^a\)

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome</strong></td>
<td>By 2024&lt;br&gt;a. Standard of living(^b) of at least 80% of total targeted communities improved by 20% (2018 baseline: 37.2%)&lt;br&gt;b. Resilience of project communities improved from baseline: (number of people affected and economic losses)(^c) (baseline total 3 years (2016–2018): people affected 634 (annual average 211); deaths 2 (annual average 0.67), economic losses MK145 billion (annual average MK48 billion)</td>
<td>a. Outcome surveys (midterm and end-term) and, M&amp;E system&lt;br&gt;b. Central Statistical Organization reports, midterm and end-term surveys; M&amp;E system</td>
<td>Major disasters and deteriorating security reduce sustainability of project results.</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>By 2023&lt;br&gt;1a. At least 100(^d) community infrastructure subprojects completed (2018 baseline: 0)&lt;br&gt;1b. Climate- and disaster-resilient standards of at least 80% of completed subprojects met (2018 baseline: 0%)&lt;br&gt;1c. At least 40% of the paid community labor held by women (2018 baseline: 0%).&lt;br&gt;1d. At least 1,000(^e) villagers (25% are women) report increased skills in construction and maintenance (2018 baseline: 0)&lt;br&gt;1e. At least 50% of target households participate in subproject construction activities (2018 baseline: 0)</td>
<td>1a–e. M&amp;E system, midterm and end-term surveys; quarterly progress reports, annual quality assurance reviews, audits</td>
<td>Major disasters damage community infrastructure.</td>
</tr>
</tbody>
</table>
### Results Chain

2. Resilient livelihood activities for poor men and women developed

<table>
<thead>
<tr>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting</th>
<th>Risks</th>
</tr>
</thead>
</table>
| By 2023  
2a. At least 200° livelihood subprojects operational (2018 baseline: 0)  
2b. Increased knowledge of climate-resilient livelihoods reported by at least 700° villagers (of whom 30% are women) (2018 baseline: 0) | 2a–b. M&E system, quarterly progress reports, midterm and end-term surveys, annual quality assurance review, audits, DRD records, and community surveys | Substantial decrease in market demand and job opportunities in the sector because of substantial increase in production in neighboring countries or political instability. Major disasters damage community livelihoods. |

3. Institutional and organizational capacity of communities and government strengthened

<table>
<thead>
<tr>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting</th>
<th>Risks</th>
</tr>
</thead>
</table>
| By 2023  
3a. Gender-responsive climate and market information incorporated in 75% of village tract development plans (2018 baseline: 0)  
3b. At least 7,000° villagers (30% women) trained in climate and disaster resilience practices (2018 baseline: 0)  
3c. At least 40° township government staff (of whom 30% are women) trained in climate and disaster resilience practices (2018 baseline: 0)  
3d. Household methodologies approach pilot tested in 100 households (2018 baseline: 0) | 3a–d. M&E system, quarterly progress reports, midterm and end-term surveys, annual quality assurance review, audits, DRD records, and community surveys | Institutional changes negatively affect the availability of skilled staff under the project. |

### Key Activities with Milestones

1. Climate- and disaster-resilient community infrastructure developed

In 1st phase townships

1.1. Establish cluster SSP teams by Q2 2020 (GCD, GEM)  
1.2. Undertake climate and disaster risk and market opportunity cluster analysis by MIC and PMU, and SSP and PIU teams by Q2 2020 (KNS)  
1.3. Commence social preparation to support community-approved subprojects by Q2 2020 (GEM)  
1.4. Establish village and village tract development support committees by Q3 2020 (GCD)  
1.5. Complete village climate and disaster risk maps and market information by Q3 2020 (KNS)  
1.6. Initiate participatory planning by Q3 2020 (GCD, GEM)  
1.7. Finalize village development plans by Q4 2020 (GCD, GEM)  
1.8. Initiate the selection of infrastructure subprojects by Q4 2020 (PAR, GEM)  
1.9. Commence the transfer of investment grants for implementation by Q4 2020 (not applicable)
1.10 Initiate key activities 1.3–1.9 in 2nd phase townships in 2021 and 3rd phase townships in 2022 (GCD, GEM, KNS, PAR)

2. **Resilient livelihood activities for poor men and women implemented**
   In 1st phase townships:
   2.1 Establish township livelihoods team by Q2 2020 (GCD)
   2.2 Identify vocational training institutions, potential training partners, and partnership agreements by Q2 2020 (GCD, GEM, PAR)
   2.3 Establish village and village tract livelihood subcommittees by Q3 2020 (GCD, GEM)
   2.4 Initiate prioritization of livelihood subprojects and identification of livelihood groups by Q3 2020 (GCD, GEM, PAR)
   2.5 Commence training to support prioritized livelihood subprojects by Q3 2020 (GEM)
   2.6 Commence transfer of investment grants for implementation by Q1 2021 (not applicable)
   2.7 Initiate key activities 2.1–2.6 in 2nd phase townships in 2021 and 3rd phase townships in 2022 (GCD, GEM, PAR)

3. **Institutional and organizational capacity of communities and local governments strengthened**
   3.1 Finalize capacity building plan by Q1 2020 (GCD)
   3.2 Commence pre-project orientation training for DRD staff by Q2 2020 (GCD, GEM) and
   3.3 Commence orientation training of MIC staff by Q2 2020 (GCD, GEM)
   3.4 Commence orientation training of township DRD and SSP staff by Q2 2020 (GCD)

DRD = Department of Development, GCD = governance and capacity development, GEM = gender equity and mainstreaming, KNS = knowledge solution, M&E = monitoring and evaluation, MIC = main implementation consultant, PAR = partnerships, PIU = project implementation unit, PMU = project management unit, Q = quarter, SSP = support service provider.


b Asset index based on the valuation of household mobile and immobile assets and net income.

c Assumes a level of natural hazard related shocks consistent with those in 2016–2018.

d Out of 3,000 for the overall project.

e Out of 40,000 for the overall project.

f Out of 15,000 for the overall project.

g Out of 50,000 for the overall project.

h Out of 500,000 for the overall project.

i Out of 1,000 for the overall project.

# COMMUNICATION AND VISIBILITY PLAN

<table>
<thead>
<tr>
<th>Target Groups and Objectives</th>
<th>Communication Activities</th>
</tr>
</thead>
</table>
| **Beneficiary populations**, to ensure they are aware of the roles of the JFPR and ADB in Hakha township | Verbal explanation of the roles of different stakeholders during introductory village meetings  
Acknowledgement of the roles at all subsequent meetings  
IEC materials to be posted on village bulletin boards  
The progress of all community construction and livelihood activities will be posted on village bulletin boards in Hakha township; and all completed infrastructure projects will have a sign, with both JFPR and Japan ODA logos |
| **Project stakeholders in Myanmar**, including union and township policy makers, mass organizations, development partners, and others. The objectives are to update them on progress and, especially, to showcase the benefits of the climate and disaster risk-adapted participatory infrastructure and livelihoods development, e.g., through developing village CDR assessment and integrating resilient building specifications into community infrastructure and climate-smart agriculture into livelihood investments. | Active donor participation in coordination meetings, workshops, and other events organized by the national and subnational coordinating bodies of the project  
Timely production of progress reports and evidence-based briefing papers and case studies  
Organization of site visits for the Embassy of Japan, JICA, or other representatives of the Government of Japan, ministry and parliamentary members, and other partners, with national press accompaniment  
Active participation in appropriate social media channels  
All assets procured and documents produced using JFPR funds will display JFPR and Japan ODA logos. |
| **The public in Myanmar**, to raise awareness about the community-based development and climate change and disaster risk management approaches and the roles of the JFPR, ADB and their partners in implementing them through this project | Township (local language) and national (Myanmar and English language) press releases associated with project milestones—kick-off, annual reporting, closure, release of briefing papers and case studies  
At the end of the project, the project team will prepare a completion report including beneficiary testimonials and photographic evidence of project achievements.  
Project content and information uploaded to DRD website |
| **International audience**, to inform them about how the funds are being spent for accountability purposes | Project documents will be disclosed on the ADB website following ADB’s disclosure policy.  
Preparation of feature articles based on project achievements and case studies, and submission to the press  
Other activities as recommended by the Embassy of Japan, the Government of Japan, and JICA communications teams |

ADB = Asian Development Bank; CDR = climate disaster risk; DRD = Department of Rural Development; IEC = information, education, and communication; JFPR = Japan Fund for Poverty Reduction; JICA = Japan International Cooperation Agency; ODA = official development assistance.

COORDINATION DETAILS WITH THE LOCAL EMBASSY OF JAPAN AND JAPAN INTERNATIONAL COOPERATION AGENCY

1. The Asian Development Bank (ADB) design team met with the Embassy of Japan and the Japan International Cooperation Agency (JICA) in Yangon to ensure full coordination with their ongoing portfolio and pipeline. This grant application incorporated their valuable suggestions.

2. Officials from the Embassy of Japan met in November 2018:
   - Keisuke Animoto
     Second secretary (Economic and Development Assistance Section)
   - Sunao Ishimaru
     Second secretary

3. The Embassy of Japan provided guidance highlighting the importance of not overlapping with projects that are funded by the Government of Japan. In this sense, the choice of Hakha township was considered appropriate.

4. Officials from JICA met in Yangon in May and November 2018:
   - Jun Yamazaki
   - Kyota Iizuka
     Project formulation advisor (Agriculture and Rural Development)
   - Hayato Nakamura
     Project formulation advisor (Disaster Risk Reduction and Environment Management)

5. JICA suggested highlighting the complementarity with ADB Technical Assistance on Strengthening Climate and Disaster Resilience of Myanmar Communities, and that the Resilient Communities Development Project is aligned with the Myanmar Action Plan on Disaster Risk Reduction.
## DETAILED COST ESTIMATES BY OUTPUTS

<table>
<thead>
<tr>
<th></th>
<th>Output 1</th>
<th>Output 2</th>
<th>Output 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Base Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Community investment funds</td>
<td>1,315</td>
<td>404</td>
<td>0</td>
<td>1,719</td>
</tr>
<tr>
<td>2. Facilitation and capacity building</td>
<td>819</td>
<td>0</td>
<td>142</td>
<td>961</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>2,134</td>
<td>404</td>
<td>142</td>
<td>2,680</td>
</tr>
<tr>
<td><strong>B. Contingencies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Physical contingencies</td>
<td>41</td>
<td>0</td>
<td>7</td>
<td>48</td>
</tr>
<tr>
<td>2. Price contingencies</td>
<td>224</td>
<td>41</td>
<td>7</td>
<td>272</td>
</tr>
<tr>
<td><strong>Subtotal (B)</strong></td>
<td>265</td>
<td>41</td>
<td>14</td>
<td>320</td>
</tr>
<tr>
<td><strong>Total project cost (A+B)</strong></td>
<td>2,399</td>
<td>445</td>
<td>156</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank
ADMINISTRATIVE BUDGET SUPPORT

1. **Administrative budget support.** The remote and disperse location of villages in Hakha township and the community-based development approach increase the complexity of the project, requiring extra resources for its implementation, coordination, monitoring, and evaluation. Administrative budget support will help ensure high-quality monitoring and adequate coordination among involved parties, leading to smooth implementation.

2. The budget support will fund a project management specialist and a safeguard specialist (Table A5.1) following the draft terms of reference in Table A5.2.

### Table A5.1: Cost Estimate of Administrative Budget Support

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Quantity</th>
<th>Unit Cost ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff consultant (international)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project management specialist</td>
<td>Remuneration (66 days)</td>
<td>600</td>
<td>39,600</td>
</tr>
<tr>
<td></td>
<td>Per diem (50 days)</td>
<td>120</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>International travel (3)</td>
<td>5,000</td>
<td>1,100</td>
</tr>
<tr>
<td>Safeguards specialist</td>
<td>Remuneration (56 days)</td>
<td>500</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td>Per diem (35 days)</td>
<td>120</td>
<td>4,200</td>
</tr>
<tr>
<td></td>
<td>International travel (3)</td>
<td>5,000</td>
<td>1,100</td>
</tr>
<tr>
<td>Total Cost</td>
<td></td>
<td></td>
<td>90,000</td>
</tr>
</tbody>
</table>

### Table A5.2: Draft Terms of Reference

<table>
<thead>
<tr>
<th>Item</th>
<th>Duration of Assignment and Estimated Budget</th>
<th>Scope of Work and Tasks</th>
</tr>
</thead>
</table>
| International project management specialist | Duration of assignment: 66 days intermittent  
Estimated budget:  
Fees: $600 x 66 days = $39,600  
Per diem: $120 x 50 days = $6,000  
International travel: $5,000  
Internal travels: $1,100  
Total: $51,700 | 1. Review and assess project implementation progress  
2. Provide recommendations and prepare action plans on how to improve implementation  
3. Review compliance of the project with ADB covenants  
4. Provide technical support and advice on technical and livelihood activities  
5. Review progress against contract awards and disbursement  
6. Review progress in the implementation of review missions’ recommendations  
7. Provide inputs at midterm review and project completion for the preparation of reports  
8. Perform other duties that may be assigned by the project officer |
| International safeguard consultant | Duration of assignment: 56 days intermittent  
Estimated budget:  
Fees: $500 x 56 days = $28,000  
Per diem: $120 x 35 days = $4,200  
International travel: $5,000  
Internal travels: $1,100 | 1. Assess and monitor compliance with social and environment safeguard requirements under the project  
2. Undertake analytical reviews of social and environmental aspects  
3. Assist to develop knowledge products and trainings to raise awareness and...
<table>
<thead>
<tr>
<th>Item</th>
<th>Duration of Assignment and Estimated Budget</th>
<th>Scope of Work and Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total: $38,300</td>
<td>understanding of environmental and social safeguards</td>
</tr>
<tr>
<td>4.</td>
<td>Review safeguard monitoring issues and help prepare plans and actions to address safeguard issues</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Support project implementation to help ensure compliance with ADB safeguard policies</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Advise executing agency and/or implementing agencies, their project management units, and main implementation consultants on Myanmar’s social and environment requirements for the submission of subproject environmental management plans following Myanmar procedures</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Advise executing agency and/or implementing agencies and main implementation consultants on the proper preparation and regular submission of social and environmental safeguard monitoring reports to ADB</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Assist ADB project officer in the review and disclosure of social and environmental safeguard monitoring reports</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Review and provide comments on project safeguard documents to ensure compliance with ADB environment and social safeguards policies</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Conduct outreach and interact with government agencies, civil society organizations, development partners, and other stakeholders and advise them of ADB’s Safeguard Policy Statement (2009), guidelines, procedures, and good practices</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Undertake other tasks as assigned by the project officer</td>
<td></td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank.  
Source: Asian Development Bank