



Grant Report

Project Number: 49334
April 2016

Proposed Administration of Grant
Republic of the Union of Myanmar:
Emergency Support for Chin State Livelihoods
Restoration Project
(Financed by the Japan Fund for Poverty Reduction)

CURRENCY EQUIVALENTS

(as of 21 March 2016)

Currency unit – kyat/s (MK)

MK1.00 = \$0.0008247

\$1.00 = MK1,212

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
DRD	–	Department of Rural Development
EMP	–	environmental management plan
GIU	–	grant implementing unit
GMU	–	grant management unit
JFPR	–	Japan Fund for Poverty Reduction
JICA	–	Japan International Cooperation Agency
m	–	meter
NGO	–	nongovernment organization
O&M	–	operation and maintenance
PAM	–	project administration manual
PDNA	–	post-disaster needs assessment
PSC	–	project steering committee
SCC	–	state coordination committee
UN	–	United Nations

NOTES

- (i) The fiscal year (FY) of the Government of Myanmar and its agencies ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2016 ends on 31 March 2016.
- (ii) In this report, “\$” refers to US dollars, unless otherwise stated.

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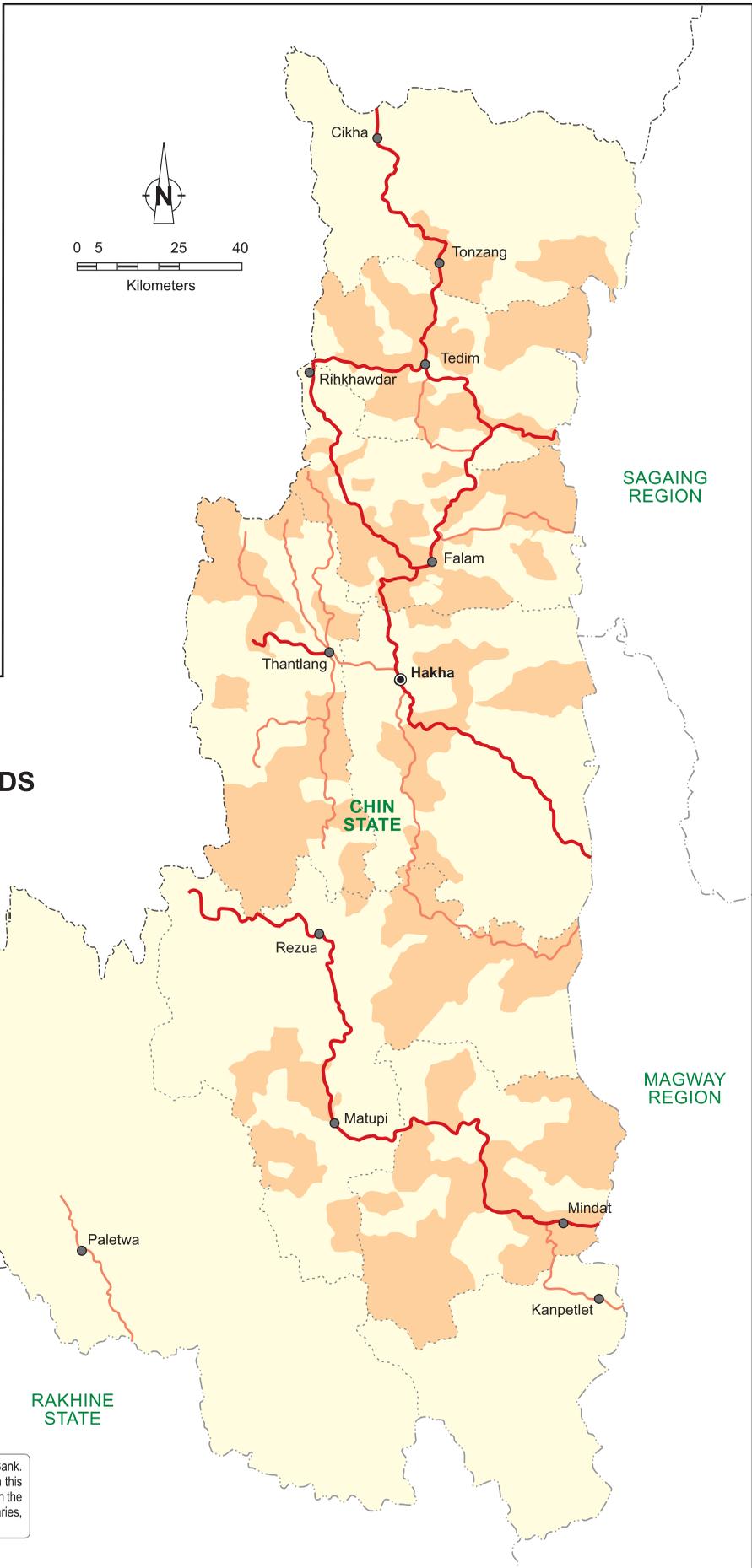
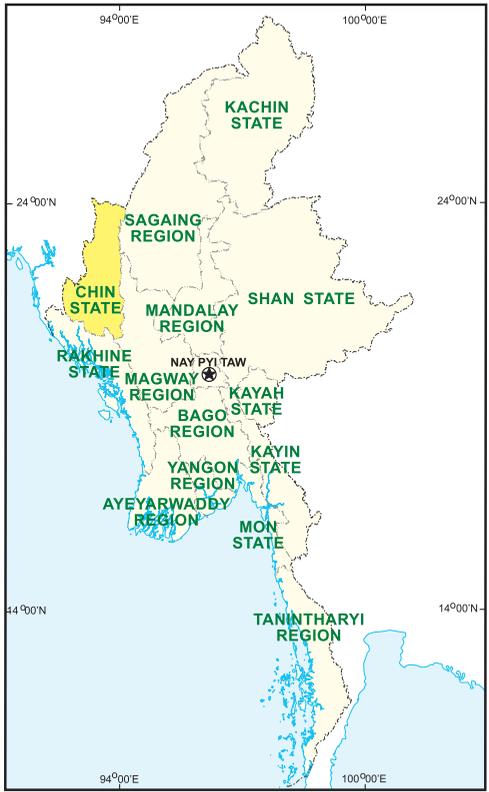
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PROJECT AT A GLANCE

1. Basic Data		Project Number: 49334-001	
Project Name	Emergency Support for Chin State Livelihoods Restoration Project	Department /Division	SERD/SEER
Country Borrower	Republic of the Union of Myanmar Republic of the Union of Myanmar	Executing Agency	Ministry of Livestock, Fisheries, and Rural Development
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Agricultural drainage		0.00
	Agricultural production		0.00
Transport	Road transport (non-urban)		0.00
		Total	0.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG) Environmentally sustainable growth (ESG)	Pillar 1: Economic opportunities, including jobs, created and expanded Disaster risk management	Climate Change impact on the Project	Medium
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD) Knowledge solutions (KNS) Partnerships (PAR)	Civil society participation Institutional development Knowledge sharing activities Bilateral institutions (not client government) Civil society organizations Implementation Official cofinancing Private Sector	Effective gender mainstreaming (EGM)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: B	Involuntary Resettlement: B	Indigenous Peoples: B
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
Cofinancing		10.00	
Japan Fund for Poverty Reduction - Grant		10.00	
Counterpart		0.41	
Government		0.41	
Total		10.41	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	



**MYANMAR
EMERGENCY SUPPORT
FOR CHIN STATE LIVELIHOODS
RESTORATION**

- Village tract selected for JFPR* funding
- National Capital
- Region/State Capital
- City/Town
- Major Road
- Minor Road
- Township Boundary
- Region/State Boundary
- International Boundary

*Japan Fund for Poverty Reduction
Boundaries are not necessarily authoritative.

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I. INTRODUCTION

1. Heavy rains that started in June 2015 and Cyclone Komen, which made landfall on 30 July 2015, caused widespread flooding and landslides across Myanmar. On 4 September 2015, the government requested emergency assistance from the Asian Development Bank (ADB) to help restore the livelihoods of communities in Chin State, where numerous landslides disrupted the fragile transport links between mountainous villages and severely damaged community assets.¹ Chin State is the poorest and most remote region in Myanmar. The project, which will benefit about 28% of the population in Chin State, will focus on restoring access and rebuilding community assets, as well as strengthening the capacity of state and local governments and communities to withstand future disasters.

II. THE PROJECT

A. Rationale

1. The 2015 Floods and Landslides in Myanmar

2. Heavy rains caused floods and landslides in several parts of Myanmar starting in June 2015. On 30 July, Cyclone Komen brought strong winds and additional heavy rains, which caused widespread flooding in 12 of the 14 states and regions in Myanmar.² The combination of heavy rainfall, strong winds, high soil saturation, and unstable soils in the mountainous areas triggered widespread and devastating landslides, particularly in Chin State.³

3. **Government response.** On 31 July 2015, the president declared Chin and Rakhine states and Magway and Sagaing regions natural disaster zones. The National Natural Disaster Management Committee took the lead in emergency coordination, communication, and distribution of relief items; facilitated international assistance; and conducted immediate needs assessments, supported by the Emergency Operations Center in Nay Pyi Taw. Regional bodies (the Association of Southeast Asian Nations–Emergency Response and Assessment Team), United Nations (UN) agencies, international organizations, and International Federation of Red Cross and Red Crescent Societies staff provided technical support to the Emergency Operations Center.

4. **Damage and loss assessment.** The National Natural Disaster Management Committee conducted a post-disaster needs assessment (PDNA) with assistance from the World Bank and supported by technical assistance from development partners, including ADB.⁴ According to the PDNA, an estimated 1.6 million individuals were displaced from their homes and 132 lost their lives in the 40 most heavily affected townships. The estimated damage and loss attributed to the floods and landslides totaled MK1,942 billion (\$1.51 billion equivalent), of which damage was about MK792 billion (\$0.62 billion equivalent) and loss was MK1,149 billion (\$0.89 billion

¹ Project processing has taken an estimated 29 weeks because (i) the government's post-disaster needs assessment (PDNA) was released on 14 December 2015 and the detailed assessment for Chin State on 3 December 2015, (ii) access to project locations was complicated by their remoteness and damage to the main road from Kale in Sagaing Region to Hakha in Chin State, and (iii) ADB had no previous operational engagement in Chin State.

² Ayeyarwady, Bago, Chin, Kachin, Kayin, Magway, Mandalay, Mon, Rakhine, Sagaing, Shan, and Yangon.

³ During 25–31 July 2015, over 30% more rain fell than in any other month since 1990. Estimated as a 1-in-1,000-year event at Hakha, the capital of Chin State, these rains triggered widespread and devastating landslides, in particular the reactivation of a large, old landslide on which parts of the city are built.

⁴ Government of Myanmar. 2015. *Myanmar: Post-Disaster Needs Assessment of Floods and Landslides (July–September 2015)*. Nay Pyi Daw. <http://documents.worldbank.org/curated/en/2016/02/25992455/myanmar-post-disaster-needs-assessment-floods-landslides-july-september-2015> (accessed 11 April 2016).

equivalent). The agriculture, livestock, and fisheries sectors were the most severely affected, followed by housing, commerce, and industry. Transport infrastructure was also extensively damaged by the flooding and landslides. Most of the damage occurred in Chin State, where numerous landslides destroyed the formation of roads passing through the state's hilly terrain.

2. Impact of the 2015 Floods and Landslides on Chin State

5. **Damage and loss in Chin State.** Chin is the poorest region in Myanmar by a considerable margin. The total population of Chin State is 478,801 (2014 census), of which about 138,400 people were affected in 152 village tracts in the 7 JFPR townships. Total poverty incidence in 2010 was 73.3%, which is significantly higher than the 25.6% national average.⁵ In Chin State, 90% of households are engaged in agriculture, almost 50% higher than in other disaster-affected areas. According to the PDNA, the total estimated damage and loss for Chin State is about \$49.4 million (\$42.2 million in damage and \$7.2 million in losses).⁶ On a per capita basis, Chin State was the second-worst affected region after Sagaing Region, with damage estimated at MK132,560 per person. Supply and communication lines remain severed in many parts of Chin State and livelihoods were severely destabilized, with production losses equivalent to 14% of its gross domestic product. The transport sector alone accounted for \$21.3 million (43%) of damage and loss in Chin State. The damage to roads in Chin State continues to pose a major logistical challenge for assistance delivery.

6. **Impact on rural access.** The PDNA notes that the disaster has worsened poor accessibility in rural areas and has resulted in longer travel times for vulnerable rural populations. In Chin State, about 740 out of 3,700 kilometers of rural roads (about 20%) require repair and restoration in nine townships. These rural roads, constructed and managed by the Department of Rural Development (DRD), are generally earth constructions, 1–5 meters (m) wide (depending on traffic type and volume), and are categorized as village–village and village–town roads. Many bridges were also damaged or washed away as a result of the floods and landslides. DRD estimates that about 310 bridges need to be repaired. These bridges comprise a range of construction types (including wooden, Bailey, and suspension bridges, as well as box and pipe culverts) 1–7 m wide and up to 152 m long, depending on the type of bridge and the adjacent rural road width.⁷

7. **Impact on community infrastructure.** In 2015, before the disaster, about 60% of the 811 villages in Chin State had some level of electricity supply scheme—micro-hydro, generators, solar panels, or biogas. The floods and landslides damaged systems in 25 villages (23 micro-hydro schemes and 180 solar panels in two villages). While none require full replacement, funds are required to restore operations. As of 2014, 68% of households had piped drinking water. However, the landslides damaged several gravity-fed piped water systems. Restoration of water, sanitation, and health systems is a priority of the government and development partners. About 57 village water supplies, serving 26,100 people in 44 villages, need repair.

8. **Disaster risk management capacity.** While most townships have disaster management plans and committees, the content of those plans is not adapted to the local risk

⁵ Government of Myanmar, Ministry of National Planning and Economic Development; Swedish International Development Cooperation Agency; United Nations Children's Fund; and United Nations Development Programme. 2011. *Integrated Household Living Conditions Survey in Myanmar (2009–2010): Poverty Profile*. Yangon. http://www.mm.undp.org/content/dam/myanmar/docs/FA1MMRPovertyProfile_Eng.pdf

⁶ The damage and loss assessment takes in all nine townships in Chin State, including both public and private assets.

⁷ Longer bridges tend to be suspension bridges.

profile, and committees have not been formally activated. State and local governments and communities lack disaster preparedness capacity; and investment needs to be increased in disaster risk reduction, awareness-raising, and capacity development. Chin State established a 10-member Rehabilitation and Reconstruction Committee, chaired by the chief minister, to lead relief efforts. In line with ADB emergency assistance guidelines, the proposed project will provide capacity building in Chin State (including working directly with the committee) to manage disaster risks.

3. Development Partner Response and Coordination

9. In August 2015, the UN Office for the Coordination of Humanitarian Affairs prepared an initial floods response plan, estimated at \$75.5 million and included in the UN humanitarian response plan for Myanmar. The Government of Japan provided emergency relief of about \$150,000 through Japan International Cooperation Agency (JICA) and a grant of \$2.6 million for emergency humanitarian assistance. JICA is also assisting the government to upgrade the main road from Kale in Sagaing Region to Hakha in Chin State. The World Bank committed longer-term support in the form of an emergency assistance credit worth \$250 million to aid in infrastructure rehabilitation and to purchase goods and commodities for recovery.⁸ Within Chin State, the Chin Committee for Emergency Response and Rehabilitation, a coalition of civil society organizations, is coordinating the efforts of UN agencies and international nongovernment organizations (NGOs). To support livelihoods, the Food and Agricultural Organization (FAO) will provide assistance through a series of livestock and agricultural recovery and resilience projects to around 150,000 farmers and fisher people in the worst-affected areas of Rakhine, Chin and Sagaing. Other UN agencies and NGOs are supporting projects to provide food aid, increase access to water supply, sanitation and hygiene, and restore rural livelihoods and housing.

4. ADB Response

10. **Disaster relief and recovery assistance.** Disaster and emergency assistance are integral elements of ADB's operational assistance in Myanmar. In response to the floods, ADB approved on 26 August 2015 a quick-disbursing \$3 million grant from the Asia Pacific Disaster Response Fund to finance relief efforts. In addition to this JFPR grant proposal, ADB is preparing (i) the Emergency Road and Bridge Rehabilitation project, also scheduled for approval in 2016, which targets one or more bridges in Chin State; and (ii) the Flood Risk Management and Disaster Risk Reduction Project, being designed to strengthen policies and institutions to enable the Government of Myanmar to address disaster risks more effectively, and develop sound strategies, guidelines, standard operating procedures, and capacity for integrating disaster risk management in national and subnational planning processes.

11. **Preparation of the grant proposal.** Following the government's request, ADB missions to Chin State identified the critical need to support livelihood recovery and restore village–village and village–town access in the seven northern townships of Chin State.⁹ The proposed project will finance the priority rural road sections and bridges identified by DRD, with distribution based on the understanding that the remaining access routes will be financed directly through the government budget. The World Bank will cover the remaining two townships because of logistical considerations.¹⁰

⁸ World Bank Group. 2016. *Myanmar–World Bank Group Partnership: Country Program Snapshot*. Washington, DC (Myanmar: Flood and Landslide Emergency Recovery Project [proposed]).

⁹ Falam, Hakha, Htantlang, Madupi, Mindat, Tiddim, and Tonzang.

¹⁰ World Bank. Myanmar National Community Driven Development Project. <http://www.worldbank.org/projects/P132500/myanmar-national-community-driven-development-project?lang=en>. The project will support disaster recovery activities in Kanpetlet and Paletwa townships as they are more easily accessible from Rakhine State.

12. **Need for emergency assistance from Japan.** The proposed emergency assistance project is aligned with the JFPR grant policy guidelines for 2016, and will have a strong focus on innovation, future orientation, and poverty reduction. The grant will strengthen community capacity in disaster risk management as well as post-disaster response, and build capacity within DRD at the state, district, and township levels to plan, design, manage, and evaluate labor-based rural infrastructure works. Labor-based technologies and approaches will provide a cost-effective means to create assets while generating income and employment in the participating villages. The JFPR grant funding will supplement the broader suite of planned ADB emergency interventions; and will accelerate the recovery in Chin State by restoring and repairing impaired access routes and critical community assets, and improving their sustainability by following build-back-better principles and incorporating climate resilience features.

13. **Consistency with ADB's country partnership strategy.** The project is fundamentally aligned with ADB's interim country partnership strategy (CPS), 2015–2016 for Myanmar (which extends the validity of the interim CPS, 2012–2014) and includes stimulating rural development through enhanced access and connectivity and improved productive infrastructure as a key program priority.¹¹ The full set of disaster-related activities will also underpin a strong focus on disaster risk reduction in the next CPS, 2017–2021.

14. **Lessons learned.** Based on practical lessons from recent disasters in Myanmar, the Philippines, and Nepal, the design of post-disaster reconstruction projects need to be kept simple and flexible.¹² Recognizing the limited availability of JFPR funds to meet all post-disaster needs, the project will take a highly focused approach and concentrate on restoring critical access and community infrastructure in Chin State, improving the resilience of infrastructure by building back better (including adapting to climate change), and building community capacity to respond to future disasters. This focused approach is intended to streamline project management, procurement, and implementation to meet these critical needs in a timely and efficient manner, and to align with existing government oversight arrangements.

B. Impact and Outcome

15. The impact of the project will be early recovery and increased resilience of affected people and communities in Chin State.¹³ The outcome will be restored rural access to at least pre-Cyclone Komen levels.

C. Outputs

16. **Output 1: Restored village access infrastructure with increased disaster resiliency.** Rural roads and bridges will be restored, following the concept of building back better, to at least the pre-disaster situation to ensure increased resilience to future disasters. The lengths, locations, and cost of repair of damaged roads and bridges in the seven townships targeted under the project will be reviewed and confirmed in consultation with DRD, state officials, community leaders, and ADB during project implementation. Subprojects will comprise (i) priority village–village and village–town roads and bridges for construction using labor-based

¹¹ ADB. 2014. *Interim Country Partnership Strategy: Myanmar, 2015–2016*. Manila; and ADB. 2012. *Interim Country Partnership Strategy: Myanmar, 2012–2014*. Manila.

¹² Cyclone Nargis in Myanmar in 2008, Typhoon Yolanda in Philippines in 2013, and the Nepal earthquake in 2015.

¹³ In support of the government's recovery plan, a Framework of Transition from Relief to Recovery has been developed to scale up recovery and reconstruction efforts, (UN-Office for the Coordination of Humanitarian Affairs. 2015. *Revised Flood Response Plan for Myanmar: August to December 2015*. Yangon. p.4. http://reliefweb.int/sites/reliefweb.int/files/resources/Revised%20Flood%20Response%20Plan_FINAL.pdf). The overall impact of the project follows this framework.

methods, and (ii) complementary sections of village–village and village–town roads and bridges using machine-based construction methods. The infrastructure repair and restoration efforts will use local labor, to the extent feasible, to promote income generation and cash infusion in the participating villages. The design process will pay particular attention to drainage and slope stability and protection, with improved vegetative cover for prevention of further landslides.

17. **Output 2: Restored community infrastructure with increased disaster resiliency.** The project will repair (i) power systems (micro-hydro and solar) in approximately 25 villages; (ii) village water supplies in approximately 44 villages; and (iii) priority community infrastructure (e.g., restoring irrigation systems and reclaiming farmland). As with Output 1, affected households and local communities will be encouraged to participate in the restoration activities, providing opportunities to earn cash incomes and help reestablish their livelihood base.

18. Future sustainability of community infrastructure for outputs 1 and 2 will be enhanced by (i) applying locally adapted design criteria and specifications; (ii) building the capacity of DRD engineers to review plans for infrastructure restoration to optimize resilience for future disaster events; and (iii) capacity building for communities on operation and maintenance (O&M).

19. **Output 3: Disaster risk management capacity strengthened.** The project will support capacity building for improved disaster risk management across the state. This will include strengthening disaster risk management systems at district, township, village tract, and village level. Updated disaster risk information will be deployed to prepare disaster management plans at all administrative levels; strengthen their linkages with development planning processes; and build the capacity of state and local government officials, civil society organizations, and communities to identify risk, prioritize risk reduction measures, and implement nonstructural measures to strengthen disaster resilience.

D. Investment and Financing Plans

20. The project is estimated to cost \$10.41 million (Table 1).

Table 1: Project Investment Plan

Item	Amount (\$ million) ^a
A. Base Cost^b	
1. Restored village access	7.68
2. Restored community infrastructure	0.73
3. Disaster risk management capacity strengthened	0.56
4. Project management	0.79
Subtotal (A)	9.76
B. Contingencies^c	0.65
Total (A+B)	10.41

^a Includes taxes and duties of \$407,000 financed by the Government of Myanmar (through exemption). The taxes and duties incurred under the project do not represent an excessive share of the project cost.

^b In end of 2015 prices.

^c Physical contingencies computed at 5% for all activities. Price contingencies computed at 1.9% for 2016, 1.7% for 2017, and 1.6% for 2018 on foreign exchange costs based on the World Bank's manufactures unit value index projection as of 20 October 2015; and 6.6% (2016), 7.5% (2017), and 7.5% (2018) on local currency costs in line with ADB's domestic cost escalation factors for 2015–2019; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

21. The JFPR will provide a grant not exceeding the equivalent of \$10 million, to be administered by ADB. The grant will finance (i) civil works and equipment; (ii) consulting services, training, and capacity building; and (iii) incidental expenditures and contingencies. The government will cover taxes and duties. The financing plan is in Table 2.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Japan Fund for Poverty Reduction ^a	10.00	96
Government	0.41	4
Total	10.41	100

^a Administered by the Asian Development Bank.
Source: Asian Development Bank.

E. Implementation Arrangements

22. The Ministry of Livestock, Fisheries and Rural Development will be the executing agency for the project. DRD at the union level will be the implementing agency. It will establish and delegate responsibility for project management to a grant management unit (GMU) at the DRD head office, which will be responsible for the project's overall management and coordination. The GMU will be headed by a project director and a deputy project director and/or project manager responsible for managing and supervising the activities.

23. One grant implementing unit (GIU) will be established in Hakha in Chin State, and seven sub-GIUs will be established at the DRD township offices to coordinate and supervise subproject activities at the township level. For Outputs 1 and 2, project financing will be channeled through the community participation umbrella contract, to finance individual subprojects using a combination of direct contracting and community procurement, as described in para 27.

24. A project steering committee (PSC) will be formed to provide overall guidance and monitoring of the project. The GMU will serve as the secretariat for the PSC. A state coordination committee (SCC) for the project at the regional level will be established to coordinate with the township, state government, and DRD at the union level; and to review and discuss the work program of the GIUs and progress reports provided by the community participation implementation contractor and/or consultant.

25. **Procurement.** All procurement financed by ADB will be carried out following ADB's Procurement Guidelines (2015, as amended from time to time) and in accordance with the simplified and expedient procedures permitted under ADB's Disaster and Emergency Assistance Policy.¹⁴ Given the specialized nature of labor-based rural access road and bridge construction and repair of community assets, the remote and widely dispersed locations of subproject sites, and the emergency nature of the rehabilitation works, community participation in procurement will be used to engage a specialized project management firm, NGO, or international agency for the procurement of goods, works, and services under outputs 1 and 2. A procurement agent will be engaged, as an individual consultant or consulting firm, to assist DRD in preparing and negotiating the community participation bidding documents and contract.

26. **Community participation umbrella contract.** This contract will cover the following goods, works, and services: (i) overall project management support to plan, monitor, and report on project implementation; (ii) support to the GMU and GIUs to undertake surveys and project design, quality control, and technical audits; (iii) technical and project management training for the design, construction, and O&M of low-volume mountainous roads, bridges, and community infrastructure for DRD staff and contractors and/or consultants to promote building-back-better principles; (iv) procurement of goods, works, and services through direct engagement of technicians, supervisors, and skilled and unskilled labor (engaging local labor where possible); and direct hiring of machinery and procurement of materials and construction-related services

¹⁴ ADB. 2004. *Disaster and Emergency Assistance Policy*. Manila.

(such as surveys); and (v) direct payment and accounting services for goods, works, and services.

27. **Consulting services.** In addition to the goods, works, and services to be procured under the community participation umbrella contract, a combination of individual consultants and international and national NGOs will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). A total of 194 person-months of consulting services (12 international and 182 national) will be required for project management, technical, advisory, training, and capacity building activities; and for a procurement agent.¹⁵ Given the emergency nature of the project and the limited number of agencies working in Chin State, fixed budget selection with an abbreviated shortlist for the engagement of NGOs to undertake output 3. DRD will sign and administer the consulting contracts.

28. **Project monitoring and evaluation.** A project monitoring and evaluation framework is outlined in the project administration manual (PAM). The implementation arrangements are summarized in Table 3 and described in detail in the PAM.

Table 3: Implementation Arrangements

Aspects	Arrangements		
Implementation period	From May 2016 to April 2019 (36 months) The 3-year implementation time frame recognizes the remote locations and seasonal nature of work in Chin State, where monsoon rains make construction difficult during June–October, and effective construction activities are typically restricted to November–May.		
Estimated completion date	30 April 2019 (Grant closing date: 31 October 2019)		
Management			
(i) Oversight body	Project steering committee Department of Rural Development (DRD) director general (chair) Line ministries, deputy director general, directors from DRD and state government (members)		
(ii) Executing agency	Ministry of Livestock, Fisheries and Rural Development through its DRD		
(iii) Key implementing agencies	Department of Rural Development		
(iv) Implementation unit	Grant management unit at the DRD office in Nay Pyi Taw (including project director, deputy project director and/or coordinator, finance officer, procurement officer, infrastructure officer, environment specialist, and social safeguards specialist); grant implementing unit at the DRD office in Hakha		
Procurement	Community participation umbrella contract	1 contract	\$8.98 million
Consulting services	Fixed budget selection (FBS)	1 lump sum	\$0.60 million
	Individual consultant selection (ICS)	66 person-months	\$0.42 million
Retroactive financing and/or advance contracting	Advance contracting of project management and community participation implementation contractor and/or consultant, FBS and ICS consulting services		
Disbursement	The grant proceeds will be disbursed in accordance with the <i>Loan Disbursement Handbook</i> (2015, as amended from time to time) of the Asian Development Bank (ADB) and detailed arrangements agreed upon between the government and ADB.		

Source: ADB mission estimates.

¹⁵ The procurement agent will assist DRD in preparing and negotiating the community participation umbrella contract. The outline terms of reference for consulting services are in the Project Administration Manual (PAM, accessible from the list of linked documents in Appendix 2).

III. DUE DILIGENCE

A. Technical

29. The project will conduct training and promote good practices on structural design, work methods, and construction practices related to low-volume rural roads and bridges.¹⁶ This will be done through a learning-by-doing approach, working with state and district staff from DRD and the communities, including a rigorous evaluation of design alternatives, where appropriate, and building capacity to optimize the cost-effectiveness of the investments and the sustainability of the improved and rehabilitated assets. The project will promote climate resilient rural infrastructure design, coupling engineering and structural measures with demonstration of site-specific and cost-effective bio-engineering improvements for reinforcing the soil, stabilizing slopes, and improving drainage systems. During implementation, knowledge products will be distilled across all outputs to share experiences. Good practices on design, O&M, and cost recovery of the target rural access and community infrastructure schemes will be consolidated as part of a communication and knowledge plan for effective dissemination and learning.

B. Economic and Financial

30. Economic and financial assessments for representative clusters of rural roads, bridges, and community infrastructure will be conducted using ADB economic analysis guidelines as part of the selection and approval of subprojects to demonstrate economic viability by GMU consultants after the ADB Board of Directors approves the project.

31. The without-project case for the rural access and community infrastructure interventions assumes that communities will continue to have no or restricted access to markets and services, and will be denied the ability to produce. In the absence of project interventions, many communities will cease to be viable and many families will be forced into involuntary resettlement. Given the emergency recovery nature of the project, the future, with-project case will be to restore the capacity to sustain household and community livelihoods at marginal cost, which allows full use of much greater sunk costs, indicating high returns to the incremental investment. It will also increase benefits by creating (i) labor opportunities in the short run because of the labor-intensive type of road works; and (ii) access to social services (such as education and health facilities), finance, and job opportunities (saving cost and time).

32. The rural roads and bridges under output 1 are public goods with no cost recovery. They will be maintained using funds from the government's recurrent budget, as before the disaster. The community infrastructure activities under output 2 will restore damaged electricity supplies in 25 of the 811 village electricity systems (3%) and 44 village water supplies. Given the low proportion of systems being addressed by the project, the requirement for a standardized system of cost recovery is not possible. However, the micro-hydro, solar panels, and water supply systems to be repaired have all previously operated on a financially sustainable basis, including community financing and cost recovery arrangements. Confirmation of willingness to continue these arrangements by the communities demonstrates that the interventions are cost-effective and financially sustainable.

C. Governance

33. ADB's Anticorruption Policy (1998, as amended to date) and Integrity Principles and Guidelines were explained to and discussed with the government and DRD.¹⁷ The specific

¹⁶ The project will draw on ADB experience in the region on the construction of low-volume mountain roads.

¹⁷ ADB. 2015. *Integrity Principles and Guidelines (2015)*. Manila.

policy requirements and supplementary measures are described in the PAM. The overall pre-mitigation financial management risk level is assessed as substantial. However, with implementation of the planned risk management measures, including the recruitment of adequate financial management staff before grant effectiveness, the documentation and reflection of financial management policies and procedures in the PAM, the engagement of a project management contractor to support financial management capacity, and regular technical and financial audits, the proposed arrangements are considered acceptable.

D. Poverty and Social

34. Rural households in Chin State, often with very young children, are located in remote and scattered mountainous villages. The destruction of vital transport links and agricultural assets following the floods and landslides in 2015 has rendered many of these villages even more isolated. Restoration of transport links, community infrastructure and livelihood assets will reestablish livelihood activities and provide cash-earning opportunities to poor affected households in the long term. Capacity building for operation and maintenance of shared assets will extend the productive lifespan of these assets. Training on community-based disaster risk management will help communities to develop resilience and adapt to future natural disasters.¹⁸

35. The project, classified as *effective gender mainstreaming*, will address the post-disaster needs of women and vulnerable groups, and promote their equal access to project benefits. The gender action plan includes measurable targets and responsibilities, and financial and technical resources allocated for implementation, monitoring, and reporting.¹⁹

E. Safeguards

36. The project is classified category B for environment. Subprojects will involve construction works that may lead to minor short-term disturbances, pollution, and health and safety risks. An environmental assessment and review framework has been prepared and disclosed on the ADB website in accordance with ADB's Safeguard Policy Statement (2009) and requirements for emergency assistance projects.²⁰ Subproject selection criteria will be formulated for outputs 1 and 2 as part of the survey and site assessments, and all subprojects will need to comply with these criteria to ensure that subprojects with potentially significant adverse environmental impacts are avoided. All subprojects will be screened, and as necessary, initial environmental examinations and environmental management plans (EMPs) will be prepared. EMPs will be incorporated in bidding and contract documents. The GMU will monitor EMP implementation.

37. The project is classified category B for involuntary resettlement and category B for indigenous peoples. As the location for some subproject activities has not yet been determined, small direct or indirect unanticipated impacts may impact individuals, families, and ethnic groups. A resettlement and ethnic groups development framework has been prepared to guide the preparation of resettlement plans and ethnic groups plans if they are needed.²¹ The framework sets out the entitlements matrix as well as procedures for land acquisition and negotiated settlements for approval by DRD prior to subproject approval. It also provides guidance on screening and categorizing subprojects for affected persons and ethnic group impacts.

¹⁸ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

¹⁹ Gender Action Plan (accessible from the list of linked documents in Appendix 2).

²⁰ Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

²¹ Combined Resettlement and Indigenous Peoples Planning Framework (accessible from the list of linked documents in Appendix 2).

F. Risks and Mitigating Measures

38. The overall risk of the project is assessed as medium. Major risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.²² The integrated benefits and impacts are expected to outweigh the costs.

Table 4: Summary of Risks and Mitigating Measures

Risks	Mitigating Measures
Unsettled climatic conditions and future natural disasters	Construction activities are scheduled within the available working season, from October–November to April–May. Building-back-better reconstruction principles will be adopted to enhance the medium- to long-term resilience of structural assets.
Unstable sociopolitical conditions	The cease-fire agreement between the Chin National Front and the Government of Myanmar was signed on 9 December 2012. The peaceful change of state and union governments after the 2015 elections is expected to improve conditions further.
Inadequate resource requirements	The project will coordinate with government and other development partners to cover missing infrastructure needs.
Weak procurement and financial management capacity and cost-effectiveness of engaging NGOs	A project management contractor will be engaged to implement outputs 1 and 2, to undertake contracting and support financial management capacity strengthening. Financial and implementation capacity assessment of the proposed NGOs will be conducted as part of the due diligence.

GMU = grant management unit, NGO = nongovernment organization, PAM = project administration manual.
Source: Asian Development Bank staff assessment.

IV. ASSURANCES

39. The government has assured ADB that implementation of the project 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 grant documents. The government has agreed with ADB on certain covenants for the project, which are set forth in the grant agreement.

V. THE PRESIDENT'S DECISION

40. The President, acting under the authority delegated by the Board, has approved the administration by ADB of the grant not exceeding the equivalent of \$10,000,000 to the Republic of the Union of Myanmar for the Emergency Support for Chin State Livelihoods Restoration Project, to be provided by the Japan Fund for Poverty Reduction.

Takehiko Nakao
President

22 April 2016

²² Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with
 Early recovery and increased resilience of affected people and communities in Chin State (Framework of Transition from Relief to Recovery, Myanmar Revised Flood Response Plan)^a

Results Chain	Performance Indicators with Targets and Baselines ^b	Data Sources and Reporting	Risks
<p>Outcome</p> <p>Restored rural access to at least pre-Cyclone Komen levels</p>	<p>a. Travel time from village–village and village–town in project communities restored to at least 2014–2015 levels by 2019-2020 (2015 post-earthquake baseline: not available)</p> <p>b. About 138,400 people benefitted in the 7 JFPR townships^c (of which 52% are women and 73% are poor) by 2019.</p>	<p>State and union government records, beneficiary surveys, project performance monitoring reports, project completion reports</p>	<p>Unstable social and economic conditions</p> <p>Further disasters caused by natural hazards</p>
<p>Outputs</p> <p>1. Restored village access infrastructure with increased disaster resiliency</p> <p>2. Restored community infrastructure with increased disaster resiliency</p>	<p>1a. About 670 kilometers of the 3,700-kilometer village access tracks and/or rural roads damaged in 2015 repaired by 2019</p> <p>1b. About 237 bridges on village access tracks and/or rural roads of the 310 damaged in 2015 repaired by 2019</p> <p>1c. At least 50% of the unskilled labor force on all contracted works are women</p> <p>2a. At least 44 gravity-fed village water supply systems restored by 2019 so that all such systems are operational</p> <p>2b. Micro-hydro and solar systems restored in at least 25 villages by 2019 so that all such systems are operational</p> <p>2c. At least 50% of unskilled labor provided by women</p> <p>3a. State and township disaster management plans and standing orders adopted to reflect local conditions by 2018</p>	<p>1a–3c. Project performance monitoring reports, project completion report, government records</p>	<p>Community members unwilling to stay in same location and previous livelihoods</p> <p>Underestimation of resource requirements</p> <p>Delays in initiation and completion of project interventions</p> <p>Unsettled climate conditions</p>

Results Chain	Performance Indicators with Targets and Baselines ^b	Data Sources and Reporting	Risks
3. Disaster risk management capacity strengthened	<p>3b. State and township disaster management committees formally activated and capacity building training delivered (with at least 25% women participants) by 2018</p> <p>3c. Village tract and village disaster management plan developed in consultation with communities and capacity building on nonstructural disaster risk reduction measures in all village tracts (with 50% representation from women) by 2018</p>		
<p>Key Activities with Milestones</p> <p>Review road, bridge, and community infrastructure subprojects; and optimize designs to increase resilience to future disasters (June 2016–December 2017)^d</p> <p>1. Restored village access infrastructure</p> <p>1.1 Restore access tracks and rural roads (November 2016–December 2018)</p> <p>1.2 Restore access bridges (November 2016–December 2017)</p> <p>2. Restored community infrastructure</p> <p>2.1 Restore gravity-fed water supply systems (November 2016–December 2018)</p> <p>2.2 Restore micro-hydropower (November 2016–December 2018)</p> <p>3. Disaster risk management capacity strengthened</p> <p>3.1 Revise and/or develop state and township disaster management plans and standing orders to reflect local conditions (June 2016–December 2017)</p> <p>3.2 Formally activate state and township disaster management committees and deliver capacity building training (June 2016–December 2017)</p> <p>3.3 Develop village tract and village disaster management plans and conduct capacity building on nonstructural disaster risk reduction measures in all village tracts (June 2016–December 2017)</p>			
<p>Inputs</p> <p>Japan Fund for Poverty Reduction: \$10 million (grant)</p> <p>Government: \$407,000 (taxes and duties)</p>			
<p>Assumptions for Partner Financing</p> <p>Not applicable.</p>			

^a United Nations Office for the Coordination of Humanitarian Affairs. 2015. *Revised Flood Response Plan for Myanmar: August to December 2015*. Yangon. p. 4.

[http://reliefweb.int/sites/reliefweb.int/files/resources/Revised%20Flood %20Response%20Plan_FINAL.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/Revised%20Flood%20Response%20Plan_FINAL.pdf)

^b Because of the emergency nature of the project, the diverse range and conditions of the roads and bridge structures to be repaired, the remote locations, and the need to study each site before more refined work and cost estimates can be prepared, the numbers and costs presented in the report and recommendation of the President are indicative and based on continually updated assessments.

^c Falam, Hakha, Htantlang, Madupi, Mindat, Tiddim, and Tonzang Townships

^d The implementation schedule recognizes the seasonal nature of work in Chin State, where monsoon rains make construction difficult during June–October, and effective construction activities are typically restricted to November–May.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=49334-001-2>

1. Grant Agreement
2. Summary Assessment of Damage and Needs
3. Project Administration Manual
4. Contribution to the ADB Results Framework
5. Emergency Assistance Coordination
6. Country Economic Indicators
7. Summary Poverty Reduction and Social Strategy
8. Gender Action Plan
9. Environmental Assessment and Review Framework
10. Combined Resettlement and Indigenous Peoples Planning Framework: Combined Resettlement and Ethnic Groups Development Framework
11. Risk Assessment and Risk Management Plan

Supplementary Documents

12. Social Assessment Report
13. Summary of State-Level Consultation Workshop