Subnational Governance in Myanmar Discussion Paper Series

Local Development Funds in Myanmar

An Initial Review

Bart Robertson, Cindy Joelene and Lauren Dunn

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The Subnational Governance in Myanmar Discussion Paper Series is a collaborative research initiative between MDRI-CESD and The Asia Foundation. The paper series aims to provide Myanmar policy-makers at national and local levels, civil society organizations, the business community, development partners, and other interested stakeholders with timely research on subnational governance issues that directly inform policy and reform processes. The research behind the series incorporates the perspectives of a range of government, political, non-governmental, civil society, and community stakeholders in subnational governance, while also bringing to bear the most relevant policy analysis and international experience. MDRI-CESD and The Asia Foundation welcome input and suggestions on published, ongoing, or future research.

The **Myanmar Development Resource Institute's Centre for Economic and Social Development** is an independent think-tank dedicated to the economic and social transformation of Myanmar. The Centre undertakes participatory policy research studies related to economic reform, poverty-reduction, sustainable development, and good governance in Myanmar. It also provides training and education services for key institutions and organizations contributing to the ongoing process of reform.

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ActionAid Myanmar works with the most vulnerable people, women and youth for their empowerment and development through a human rights based approach. Working in the country since 2006, AAM has been actively involved with policy advocacy at different levels of government on issues like women's rights, governance and disaster risk reduction. Within the governance portfolio, AAM engages all stakeholders on issues of budget transparency, public finance, decentralization, and accountability. Currently AAM reaches over 600,000 people in 13 regions and states in the country.

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Preface

The Myanmar Development Resource Institute's Centre for Economic and Social Development (MDRI-CESD) and The Asia Foundation are pleased to present this 9th volume in the Subnational Governance in Myanmar Discussion Paper Series, in collaboration with ActionAid Myanmar.

The pace of change in Myanmar is rapid and constantly evolving, and decentralization and local governance are issues of critical importance to the country's long-term development, and priorities in the government's reform agenda. As such, there is a real need for timely research and analysis on key reform areas related to decentralization and local governance. As an extended collaboration between The Asia Foundation and MDRI-CESD, this series of discussion papers aims to provide Myanmar's policymakers at national and local levels, civil society organizations, the business community, development partners, and other interested stakeholders with research findings on subnational governance issues that directly inform policy and reform processes.

A growing number of Local Developments Funds (LDFs) are helping to drive "bottom-up" planning in Myanmar. This report provides an overview of international best practice in the administration of LDFs, a brief discussion of the history of LDFs in Myanmar, a review of major LDFs in Myanmar, and concludes with an analysis on how these funds impact fiscal decentralization and local development planning.

This report was jointly funded by the United Kingdom's Department for International Development (DFID), The Asia Foundation, and ActionAid Myanmar. The opinions expressed in this report are solely those of the authors and do not necessarily reflect those of DFID, MDRI-CESD, The Asia Foundation, or ActionAid.

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List of Acronyms

CDF	Constituency Development Fund
CSO	Civil Society Organization
CCD	Central Committee for Development Affairs
DRD	Department of Rural Development
FY	Fiscal Year
FSC	Finance Sub-Committee
GAD	General Administration Department
GEF	Green Emerald Fund
LDF	Local Development Fund
MPLADS	Member of Parliament Local Area Development Scheme
MOE	Ministry of Education
MOH	Ministry of Health
MP	Member of Parliament
NCDDP	National Community Driven Development Project
NGO	Non-Governmental Organization
PRF	Poverty Reduction Fund
RDF	Rural Development Fund
TDIC	Township Development Implementation Committee
TDSC	Township Development Support Committee
TMAC	Township Municipal Affairs Committee
TPIC	Township Project Implementation Committee
VA	Village Administrator
VTA	Village Tract Administrator
VTDSC	Village Tract Development Support Committee
WA	Ward Administrator

Executive Summary

Research Objective

Since 2011, Myanmar has embarked on a series of development reforms to promote a more "people-centered" and "bottom-up" approach to government planning and budgeting. Inter alia, these reforms have led to the establishment of Local Development Funds (LDFs) to identify and fund community development projects. LDFs in Myanmar, and the government institutions that manage them, are both recently formed and evolving at a rapid pace. To date, little research on these funds has been conducted. The objectives of this study are to: provide a general understanding of international best practice and common uses for LDFs, assess how community needs are identified and aligned with LDFs in Myanmar, provide an overview of the most relevant LDFs in Myanmar, and give some analysis of how these funds impact fiscal decentralization and local development planning.

Local Development Funds in Other Countries: An Overview

In essence, LDFs are an intergovernmental fiscal transfer, which provide development funding directly to local government and communities. Doing so provides local government and communities with some degree of fiscal autonomy over their own development agenda and leads to development projects which are in-line with both their needs and management capacities. As a direct fiscal transfer, LDFs also promote more rapid and complete disbursement of funds than more traditional ministerial channels for development financing. LDFs typically fund small-scale infrastructure projects such as small bridges and connecting roads between villages. Drainage and irrigation projects are also common. Although LDFs can be useful for providing targeted funding to small projects, large-scale projects should continue to be identified, financed and managed by ministries and departments; less multi-sectoral planning becomes problematic. Doing so, can also undermine the long-term development of government ministries and departments and overload local government and communities with projects that are beyond their technical expertise.

LDF projects should be aligned with community needs. Consequently, they are usually managed under the supervision of both local government and a locally elected fund management committee. Furthermore, any system for identifying community needs and potential LDF projects should follow a formal process for capturing the concerns of the poor and marginalized groups within communities. LDFs should also have some budget set aside for awareness raising initiatives about the fund. Communities need to be well informed of a fund's formal guidelines and procedures if they are to be truly active in fund management and play an effective monitoring role. Civil society organizations (CSOs) can play a large part in organizing communities in this respect. Financial data of LDFs should also be made publically available.

Major Local Development Funds in Myanmar

The Poverty Reduction Fund (PRF), Constituency Development Fund (CDF), and Rural Development Fund (RDF) are the only LDFs with a ubiquitous presence across Myanmar.[1] The township and village tract committees play a fundamental role in needs identification and project implementation for the

[1] Research also revealed other "funds" for local development. However, many of them have only a limited geographic presence and their management structure differs significantly from that of a traditional LDF model. Even the three LDFs mentioned here do not fit the strict, technical definition of LDFs because final discretion over fund use does not rest with the township administration.

CDF and PRF. The RDF is much smaller than the other two funds and primarily managed under the General Administration Department (GAD).

Unfortunately, the rapid pace of reforms that has brought about these funds, and the institutions that manage them, has also meant a general lack of formal procedures for fund management, especially regarding community participation. Although CDF guidelines are outlined in law, criteria for project selection remain vague, and fail to provide adequate safeguards against the political ambitions of Members of Parliament (MPs). By giving MPs direct control over government funds, the CDF blurs the lines between the executive and legislative branches of government. This creates perverse political incentives and, in other countries, has often led to vote buying and a pervasive mentality of political clientelism.

Guidelines for the PRF and the RDF remain even more nebulous and informal, resulting in wide variation of fund management across Myanmar. Since these two funds are not firmly established in law, there is no guarantee that they will continue to exist if there is a change of government in the upcoming election. It is important that detailed, formal guidelines be developed for all LDFs in Myanmar. These should specify both procedures and criteria for project selection, tendering, implementation, and monitoring. It is also important to note that final discretion over fund usage does not rest with the township administration or local communities. Discretion over both the PRF and the RDF remain with state/region level governments. Discretion over the CDF remains at the township level, but with the legislative rather than executive branch. As such, these funds do not fit the strict, technical definition of LDFs.

The National Community Driven Development Project (NCDDP) and the Village Development Plan (VDP) program are also sizeable LDFs. They are both in the early stages of implementation, but plans exist to dramatically expand their coverage area. They are also different from the other LDFs in Myanmar in that they have established formalized needs identification mechanisms and use different management structures than the other LDFs.

As LDFs in Myanmar continue to evolve, it is important that they do so in a coordinated manner. They have emerged as individual initiatives rather than a consolidated set of reforms. Consequently, the environment for local development funding has grown in absolute size but has also become more fragmented and more burdensome to manage. The existence of separate management structures for separate funds leads to the duplication of needs identification activities and an undue administrative burden on local leadership. Consolidating needs identification activities and management structures across all LDFs should be promoted where politically feasible.

Local Development Financing Mechanisms

Research has revealed a variety of development “funds” that exist within the budgets and under the management of specific ministries and departments. Many are not ubiquitous across the country and their management is largely an internal process of a given ministry. Two sizeable funds that have a common presence across the country are the Green Emerald Fund (GEF) under the Department of Rural Development and the Agricultural Loan Program under the Ministry of Cooperatives. Both these funds represent a source of credit to individuals at the village level rather than a fund for community development projects. Although they do not fit the strict definition of an LDF, they hold significant potential impact on local development but at the same time place additional management burdens on village and township leadership.

Fund Management Bodies and Community Needs Identification for LDFs

Apart from the NCDDP and the VDP, the de facto management body for LDFs in Myanmar is the Township Development Support Committee (TDSC).[2] This committee is further supported by the Village Tract Development Support Committee (VTDSC). There are also a number of other committees specifically created to manage certain LDFs; though, membership on these committees usually overlaps with one another. There are no definitive guidelines for how the TDSC and VTDSC are supposed to identify community needs; though, input is often solicited from community members directly or from Village Tract Administrators (VTAs) and Ward Administrators (WAs).

Individuals and groups within communities submit their list of needs to the VTDSC and the TDSC who often work together to formalize needs into proposals. They also review proposals that have been submitted which are often written by community members with the help and advice of CSOs, political parties, or MPs. This is an iterative process, conducted in consultation with communities. The end-goal is to produce a pool of project proposals at the township level.

TAlthough this needs identification system is a promising start, it lacks formality, and the community is not actively involved in the decision-making process. The system would benefit from increased awareness in communities about the funds, their uses, and proposal selection criteria, as well as more formalized community participation frameworks with specific measures for the inclusion of marginalized groups. The guidelines established by the NCDDP could serve as a useful example in this regard.

Local Development Funds' Effects on Fiscal Decentralization

At this time, the LDFs and the local development financing mechanisms have a negligible impact on fiscal decentralization in purely formal terms. First, LDFs are small relative to total government expenditure at the township level. Second, final discretion over LDF allocation lies outside the purview of the township administration and committees.

Although in some jurisdictions, local development funding has increased significantly since its introduction, at present it would be neither desirable nor advantageous for LDFs to constitute a large portion of township expenditure in Myanmar at this juncture. Their primary purpose is to quickly disburse funding to small community development projects. They should serve to complement larger projects and the operations of ministries and departments, not replace them. Furthermore, LDFs represent far more than simply their absolute fiscal worth. When properly designed, and truly based on community participation, LDFs are able to build trust and confidence between communities and the government. This is particularly useful in countries such as Myanmar where there are many post-conflict areas. Consequently, the focus of LDFs should be less about increasing total size, and more about raising public awareness and strengthening methods for community participation in project selection, monitoring and implementation.

Fund discretion is also a relevant factor when considering fiscal decentralization. LDFs should allow communities and the township administrative unit a greater degree of fiscal autonomy over their own

[2] The Township Municipal Affairs Committee (TMAC) often plays a significant role in this process as well, though this varies according to township. In general, the TMAC works with the TDSC to identify needs and draft and prioritize proposals. At minimum, the TMAC reviews the list of prioritized projects to make sure it does not overlap with its own projects planned in urban areas.

development agenda. For this to be guaranteed, they must have final discretion over how the funds are used. Informally, this has already been the case in many townships. Township committees and township administration play a pivotal role in fund management. It is often the case that the committees are able to identify and select projects with higher levels of government making few or no revisions to their selection. However, this is not guaranteed in any policies or guidelines, and higher levels of government still have the ability to allocate funding as they see fit.

Consequently, at this time, LDFs do not formally provide the township administrative unit greater discretion over government expenditure, but have offered greater discretion over the identification and prioritization of community needs. From this perspective, the funds appear to promote administrative decentralization, rather than fiscal decentralization. This lies in contrast to the de facto, informal impacts of LDFs on fiscal decentralization. The township administrative unit has shown adequate capacity to prioritize needs, disburse funding and monitor LDF projects. In an informal sense, LDFs do promote fiscal decentralization; albeit to a relatively small degree. It is recommended that as fund management continues to evolve, township and village administrations and committees be given full discretion over these funds, thereby formalizing LDFs as a narrow mechanism through which fiscal decentralization can occur. The lessons learned by township administrations and committees in managing these LDFs will provide valuable insights and pave the way for more significant fiscal decentralization to occur in the future.

ONE: Introduction

President Thein Sein's government has undertaken an ambitious reform agenda spanning the entire sphere of government operations. These reforms and the 2008 Constitution have led to the creation of new institutions, most notably the formation of parliamentary bodies for state/region governments and a plethora of committees at the township level. Consequently, the government is in a state of institutional flux. Much ambiguity exists regarding who does what. The mandates of ministries often overlap, as do the responsibilities of state/region governments with those of the central government. Furthermore, the absence of clear mandates has left township level committees handling a motley assortment of duties as they carve out their own niche within government administrative structures.[3]

Within this nebulous institutional environment, the state/region government and the township administrative unit have been tasked with managing recently established Local Development Funds (LDFs). The Myanmar[4] government has managed something akin to LDFs in the past; though, these were implemented under previous military regimes with significant guidance from the central government. The current LDFs, which have a higher degree of community participation, have been heralded as a means of promoting both participatory planning and fiscal decentralization.

In theory, LDFs increase the fiscal autonomy of local governments by providing them direct access to development funding. They are seen as a mechanism through which funding can bypass onerous bureaucratic processes within line ministries at the state/region and national level. The current government's focus on implementing a "people-centered" development agenda has been a key driver behind the creation of these funds. Not only is this sentiment expressed in President Thein Sein's 2011 landmark speech to the Poverty Alleviation Central Committee, but it is also included in the country's Framework for Economic and Social Reforms.

1.1 Research Rationale and Methodology

The most commonly-known LDFs in Myanmar are the Constituency Development Fund (CDF) and the Poverty Reduction Fund (PRF). Other, lesser-known funds exist, though they are either negligible in size or lack a ubiquitous presence across the country. Donor financed community based block grants such as the Department of Rural Development's (DRD) National Community Driven Development Project (NCDDP) are also beginning to emerge. These are supported by International Financial Institutions (IFIs) such as the World Bank. Despite the increasing presence of LDFs across Myanmar, little research has been done regarding their management. There remains a lack of clarity regarding the funds' implementing bodies and their responsibilities, oversight mechanisms, criteria for project selection, reporting rules and regulations, and procurement guidelines. Information regarding how the funds are allocated also remains limited. Increasingly, concerns about the politicization of the funds are being openly expressed.

[3] By definition, in a democratic system, a level of government collects its own revenue, manages its own expenditures and has duly elected representatives. Although the decentralization process in Myanmar continues to give the township greater autonomy, it does not fully meet these criteria. It is technically a sub administrative unit and not local government.
[4] A note on names: In 1989 the State Law and Order Restoration Council (SLORC) Government in Myanmar (Burma) adopted new transliterations and pronunciations of key place names, including that of the country itself. For consistency with current practice in Myanmar, this discussion paper series adopts these new spellings when referring to contemporary locations. In reference to earlier historical eras, the paper uses the historical terms common at that time. No position on the 'correct' Anglicization of Burmese names is implied.

To this end, this study has four objectives:

1. Draw on other countries' experiences to explain what LDFs are typically used for, how they are managed, and where their strengths and weaknesses lie;
2. Provide a descriptive overview of the major LDFs and local development financing schemes that exist in Myanmar;
3. Describe the mechanisms in place in Myanmar for identifying and prioritizing community needs and aligning LDFs to them; and,
4. Assess how LDFs affect fiscal decentralization within Myanmar.

Primary research for this study consisted of site visits to four states and regions, which vary in terms of government administrative capacity, ethnic composition, climate, and related livelihoods. State and region[5] level government officials were interviewed where reachable and appropriate; however, the bulk of analysis centered on the township subnational administrative unit. In total, 28 interviews were conducted with Members of Parliament (MPs) and officers from various government departments and ministries at the Union level, and in eight townships across four states and regions and in the Union Territory.[6] Focus group discussions were also held with members from township and sub-township committees. Some civil society actors were interviewed as well; though, the main thrust of this research was to determine the use of these funds and their management structure, not to examine public perception or knowledge of the funds. Table 1 gives the townships in which fieldwork was conducted and their respective state or region. In each state and region visited, one township was picked to study 'in depth' in order to better capture the interrelated nature of funding at the township level.[7] These townships are listed below in italics.

Table 1: Fieldwork Locations

State/Region	Township
Ayeyarwaddy	*Pyapon*
	Pathein
Chin	*Hakha*
	Tantalang
Tanintharyi	*Dawei*
	Long Lonn
Yangon	*Ton Tay*
	Kun Chan Kone

[5] States and regions are constitutionally equivalent in Myanmar, but have different historical roots. The states primarily cover areas with large ethnic minority populations and are located along the country's more mountainous borders. The regions (formerly known as 'divisions') encompass majority 'Burman' areas and are generally located near the center. Other areas include the Naga Self-administered Zone in Sagaing Region, four self-administered zones (Danu, Pa-O, Pa Laung, Kokang) and Wa Self-Administered Division in Shan State. (Nixon et al. 2013).
[6] Several interviews were conducted with Union level government officials in the capital, Nay Pyi Taw. This is the Union Territory and not part of a state or region.
[7] Where appropriate, other townships were also visited in the states and regions.

A literature review was also conducted, which covered relevant reports, articles, laws, and government documents. Data on fund allocation and spending was also collected from the Ministry of Finance and other relevant ministries and departments where available.

TWO: Local Development Funds in Other Countries: An Overview

Development financing in highly centralized governments can take a significant amount of time to filter through various bureaucratic layers before it reaches local government. LDFs represent a source of development financing which is transferred directly to local governments and communities; thereby promoting quicker, more direct fund disbursement.

> *"In Indonesia….KDP's ability to provide quick, high-volume disbursements of development funds from the national level straight down to the local level was the main reason that the government chose to launch the program in 1997–98… Even during the East Asian financial crisis, KDP disbursed funds nearly twice as fast, on average, as agriculture, health, and education projects implemented through line departments."* [8]

LDFs are often used to finance small-scale, community-based development projects, such as small bridges and roads which increase connectivity between villages. Drainage and water provision projects are also common. LDFs can also be sectoral in nature. For example, the Education Quality Improvement Project in Cambodia provides block grant funding directly to school cluster communities.[9] In other cases, such as Indonesia, and India, local development funding makes up a comparatively larger portion of the national budget. This is, in turn, reflected in larger sums of money being given to local governments for the purposes of broader local planning and development.[10]

When designed and implemented correctly, LDFs should serve to unload micro-management burdens from higher level government and empower local government and communities with discretion over how funds are managed. They should not be seen as an alternative to national, multi-sectoral planning. Large projects should continue to be funded and managed through departments and ministries, lest LDFs actually serve to disempower capable government bodies and make national planning more problematic. Doing so could also overburden local government and community groups with decisions that are beyond their technical capacity. LDFs should have a clear set of standards that ensure that project size and sophistication match the capacity of local government. Keeping LDF projects small and simple also allows communities to make proportionally significant contributions either financially or in-kind through their voluntary participation and labor. Doing so not only increases community ownership and decreases opportunities for corruption, but also maximizes fund impact by stretching it across more projects.

LDFs operate under the premise that local government and communities are more in-tune with local development needs than central government; hence, local government and community committees are given discretion over how the fund is spent. Consequently, LDFs are also referred to as "discretionary" funds. These funds hold significant potential in countries where ministries have historically been highly centralized and unresponsive to local needs. They can also be an effective mechanism for delivering development funding in post-conflict areas, though with an admitted trade off in efficiency.[11]

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[8] Wong and Guggenheim (2005). *Community Driven Development: Decentralization's Accountability Challenge.*

[9] Ibid.

[10] Personal Communication: Susan Wong, Community Driven Development Specialist, World Bank, August 8, 2015.

[11] It is not advisable to use LDFs in areas which remain contested between the government and other armed groups. Doing so could increase the government's influence over such areas and potentially fuel future conflict.

Given the dearth of government funding characteristic of developing countries, it is common for bilateral donors and IFIs such as the World Bank to provide a government with conditional grants or loans to finance LDFs and other development initiatives. Block grants generally hold some conditionality regarding project selection, transparency and reporting. Such is the case in Myanmar with the recent appearance of the National Community Driven Development Project (discussed in Section 4.5). IFI financing often requires some degree of co-financing by the host government, especially if the fund has existed for some years and shows positive results.

The proper coordination of LDFs with other funding sources can create positive cumulative effects for local government. For example, an LDF can serve as a useful mechanism for identifying community needs which may fall outside or beyond the accountabilities of local governments and can therefore be funded by other sources. Furthermore, the budgets of local government can also be used to finance the maintenance of aging LDF projects or vice versa. In the Philippines, local government budgets cover the recurrent costs of projects built through the Community Driven Development Fund.[12]

LDFs should also fund projects that are directly based on community needs. While conceptually desirable, the realization of this goal is often problematic. Providing funding directly to local government does not guarantee greater accountability and servicing of community needs. In fact, it is often the case that the injection of large sums of funding at the local level can be more easily captured by local elites and serve only to further exacerbate existing power imbalances.[13]

To safeguard against elite capture, management of the fund should include community oversight. This often takes the form of a community council. The exact composition, remit, and powers of such a council can vary depending on the country, but the general idea is that a council duly elected by the community will ensure that funds are spent in the community's interest. International best practice dictates that these councils should be elected by the community through a transparent and widely publicized process rather than being appointed by government. A high degree of public knowledge regarding project selection, tendering and implementation can promote more community responsive spending. Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs) 'watchdog' groups can play an active role in this regard. There should also be a clearly defined grievance mechanism in place that enables individuals to dispute the validity of a council's actions.

Widespread public knowledge of LDFs and community participation in their management also holds symbolic importance, making funds far more valuable that merely their financial worth. LDFs can build trust and confidence between communities and the government. This is especially important in post-conflict areas, where government may have traditionally been perceived as a foreign occupier rather than a responsive service provider.

Finally, it is important to remember that an LDF is essentially a sum of money that is transferred directly to local government or community groups. Doing so shifts the balance of power. Control or 'discretion' over the fund can be understood as directly empowering the individuals that possess it. Communities and local governments only have real power over their own development agenda if they have discretion over fund use. If fund discretion remains at higher levels of government, there is no

[12] Wong and Guggenheim (2005). *Community Driven Development: Decentralization's Accountability Challenge.*
[13] Ibid.

guarantee that the finalized list of selected projects is in-line with local needs, and the full potential of LDFs may go unfulfilled.

2.1 Constituency Development Funds in Other Countries

A CDF is a particular type of LDF in which MPs identify community needs and control fund disbursement. CDFs first started appearing in the Philippines, India and Pakistan and had spread to 23 countries by 2009.[14] CDFs work under the premise that MPs know the development issues affecting their respective constituencies and can effectively target development funding to address these issues. However, the existence of these funds is a matter of much contention. The majority of existing research on CDFs cast them in a negative light, often highlighting their perverse effects on political incentive structures. In a democratic government, MPs have the responsibility of drafting the law while the executive branch is tasked with implementing it. Allowing MPs direct control over development funds, in effect, changes their function within government from a legislative to an executive one.

Having the power to both draft and implement laws tips the power of balance disproportionately towards the legislative branch of government. It also presents MPs with a moral hazard in which they can exchange development financing to communities for votes. This, in turn, promotes a pervasive mindset of clientelism in politics. This mindset has taken hold in the Philippines, where a CDF has been operating since 1990. Journalists have reported that Filipinos primarily judge MPs on their ability to bring more funding to their constituency, rather than on their legislative actions. Even when well-designed, guidelines for CDF use are commonly disregarded in India's Member of Parliament Local Area Development Scheme (MPLADS).[15] A 2010/11 fiscal year (FY) audit of the scheme noted the common absence of financial records and the use of the fund for unauthorized projects such as religious halls, commercial apartment buildings and so on. It also cited the channeling of MPLADS funding through trusts and societies that were ineligible for funding according to MPLADS guidelines.[16]

The use of CDFs to curry political favor is also a driver for the rapid escalation in the size of CDFs in many countries.[17] The Philippines saw a six fold increase in CDF allocation per MP between 1990 and 2010.[18] Similarly, the CDF allocation per MP in Zambia increased from US$ 13,000 in 2006 to US$ 185,185 in 2012.[19] Some CDFs are allocated as a percentage of government revenue, meaning that these funds grow with the overall size of government budgets. In the case of Kenya, the CDF is proportional to 2.5% of all government revenue, resulting in an average allocation of US$ 524,000 per constituency in 2013.[20] Along similar lines, higher levels of CDF spending also coincide with the MPLADS selection periods in some countries, signaling political patronage.

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[14] van Zyl (2010). *What is Wrong with the Constituency Development Funds?*
[15] Chua and Cruz (2004). *Pork is Political, not a Developmental Tool.*
[16] Member of Parliament Local Area Development Scheme (2011). *Performance Audit of MPLADS*. *Report No. 31 of 2010-11.*
[17] van Zyl (2010). *What is Wrong with the Constituency Development Funds?*
[18] Ibid.
[19] Economics Association of Zambia (2011). *Impact of the Constituency Development Fund in Zambia.*
[20] Auya and Oino. (2013). *The Role of Constituency Development Fund in Rural Development: Experiences from North Mugirango Constituency, Kenya.*

"The expenditure under the Scheme (MPLADs) had a propensity to increase at the times close to elections, while during the intermediary period, funds tended to accumulate."[21]

As CDFs grow, their management also requires a greater proportion of MPs' time, limiting their ability to effectively carry out legislative duties such as drafting and debating new laws.[22] It is also politically difficult to reduce the size of CDFs once they have grown, lest MPs fall into disfavor with their constituencies. Large CDFs can also have long-term regressive effects on the capacity of government ministries and departments. Providing development funding through CDFs takes it away from ministerial budgets, reducing their ability to develop into more effective mechanisms for public service delivery.

If a country is to have a CDF, the risk of vote buying should be minimized. This can be aided by including community councils in project selection. Furthermore, project implementation and monitoring should be done through existing government departments and ministries where possible, rather than creating new parallel structures. As with other LDFs, CDFs should be subject to auditable accounting principles and all documentation regarding the use of funds should be made widely available to the public.[23] It is also best practice for an implementing government agency to be the account holder of the fund, not the MP.[24] CDFs should also be kept small. At best, a CDF should be seen as a stop-gap measure to promote small, targeted community development projects, and at worst, a route to political clientelism and perpetually underdeveloped and underfunded ministries. The benefits of poverty alleviation through CDF projects must ultimately be weighed against the long-term necessity of keeping the executive and legislative branches of government separate.

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[21] Member of Parliament Local Area Development Scheme (2011). *Performance Audit of MPLADS*. *Report No. 31 of 2010-11.*

[22] van Zyl (2010). *What is Wrong with the Constituency Development Funds?*

[23] CPA-SUNY (2011). *Principles and Guidelines for Constituency Development Funds.*

[24] Ibid.

THREE: The History of Local Development Funds in Myanmar

As Myanmar embarks on a new wave of fiscal reforms and implements newly-created LDFs, it is important to look not only at the experiences of other countries but also reflect on Myanmar's own history. LDFs are not a new occurrence in Myanmar. As early as 1962 the Revolutionary Council established a Rural Development Fund (RDF) in Myanmar (then Burma). The RDF's three objectives were: (i) to improve the socio-economic status of rural people, (ii) to encourage people's participation in, and contribution to, community development, and, (iii) to enable people to become more responsible for creating their own future. The RDF was originally implemented by the Security and Administrative Committee (SAC), which was later replaced under the 1974 Constitution by People's Councils (PCs). PCs were composed of representatives elected from communities with the goal of supporting local project administration and implementation, including RDF projects, at the village tract and township levels.

The RDF and its management under the PCs can be seen as the country's first attempt at bottom up, participatory planning. RDF funding came with procedures outlining how community participation and public consultation should be used in order to better achieve the fund's objectives. At the time, the projects were controversial as individuals' contributions to community development projects were not voluntary. While public consultations were held about projects, each household was still required to provide one person for RDF project labor. Although communities provide labor and other resources in kind for current LDF projects, it is now a voluntary contribution that is established in consultation between community members and leadership.

The original RDF was managed by a variety of committees and working groups, including the Rural Development Project Monitoring Committee (RDPMC), State/Division[25] People's Council Working Group (S/D PCWG), Township People's Council Working Group (TPCWG), and Village Tract People's Council Working Group (VTPCWG). Needs gathering began at the village level with a community consultation to develop a list of community needs. This list was submitted to the TPCWG to ensure there was no overlap with the projects undertaken by other ministries. The TPCWG then compiled project budget estimates and submitted the proposals to the S/D PCWG for a final overlap check. Projects were then selected based on the following prioritization criteria:

(i) projects supporting economic development,

(ii) projects supporting social development,

(iii) projects that do not exceed the allocated budget,

(iv) projects that are in line with the rules and regulations, and

(v) projects that can be implemented within a fiscal year.

The General Administration Department (GAD) of the Ministry of Home Affairs was accountable to both RDPMC and S/D PCWG for project implementation.

There were no directives stating the sum of contributions in kind that were expected from communities, but proposals were expected to outline the community contributions, both monetary

[25] A division is the same as a region. Division was the term used under the previous military government.

and in kind. If the projects were not implemented, or if these contributions were left over, the contributions should be given back to the community. In every process the GAD was closely involved.

FOUR: Major Local Development Funds and Local Development Financing Mechanisms in Myanmar

4.1 Constituency Development Fund

Constituency Development Fund	
Fund Obj. & Use	Construction & maintenance of small-scale infrastructure and "other development projects"
Prioritization of Projects/Sectors	(1) Water Supply (2) Building and Repair of Roads and Bridges in Rural Areas (3)"Other essential tasks"
Fund Total Size	33 billion kyats
Fund Source	Union Budget
Max. Project Size	5 million kyats
Relevant Decree/ Policy/Law	• Proc. of Controlling and Using Development Funds (Order 82/2013) • Proc. Of Controlling and Using Development Funds (Order 86/2013) • Union Parliament Development Funds Law (Law 9/2014) • Amendment Union Parliament Development Funds Law (Law 48/2014) Amendment Proc. For Controlling and Using Development Funds (Order 18/2014) • Proc. for Controlling and Using Development Funds (Notification 92/2014)
Geographic Allocation	100 million kyats to each of the 330 townships in Myanmar
Fund Mgmt. & Discretion	The fund is managed by the Township Development Implementation Committee (TDIC). MPs have final discretion over which projects are selected; though, their finalized list of projects must also be reviewed and signed by the Township Development Support Committee (TDSC) and the Township Municipal Affairs Committee (TMAC) to ensure that their projects do not overlap
Tendering	Projects are often implemented by villagers; hence, no need for tendering
Implementation	Labor provided by villagers
Quality Control	Projects implemented by VTDSC and monitored by TDSC under the TDIC
Funding Cycle	One year budgeting cycle. Submission of project proposals in August; though, anecdotally funding is often distributed in February. Projects must be completed by the end of March
Auditing Body	Township Auditor and 'audit inspection team' at the national level

The CDF made its debut in Myanmar in the 2013/14 FY. "Order No. (82/2013) Procedures of Controlling and Using of Development Funds" was originally promulgated in the lower house of parliament and subsequently passed by the upper house. The President refused to sign this first version into law, citing that it was in contradiction with the constitution by granting executive powers to the legislative branch of government. The parliament submitted two subsequent versions with minor revisions; the second of which was signed into law.[26] Despite the revisions, this version of the law still granted MPs a significant degree of autonomy over fund management and received criticism from both local and international experts. An updated version of the law was drafted and passed in the 2014/15 FY, which allows for greater inclusion of township committees in fund management. It also provides some degree of budgetary oversight to the Union Financial Commission.

The primary purpose of the CDF is to support the construction and maintenance of small-scale infrastructure and development projects. The CDF has a total of 33 billion kyats. This is equally divided between Myanmar's 330 townships for a total of 100 million kyats per township. Under the current version of the law, the fund is managed by the Central Committee for Development Affairs (CCD) at the Union level and the Township Development Implementation Committee (TDIC) at the township level.[27] The TDIC consists of both state/region and Union MPs, with one serving as chairperson. Other members include the Executive Officers from both the TDSC and the TMAC, and the Township Officer for the DRD. The Township Administrator from the GAD serves as secretary. This committee is responsible for collecting and/or drafting project proposals and submitting a finalized list of proposals with a total budget to the Central Committee.

In accordance with the law, MPs have final discretion over which projects are chosen. For this process, they typically consult with the Township Administrator and township committees,[28] and select proposals from the needs gathering mechanism discussed in Section 5 of this report. However, the current law does not provide any specific guidelines for the identification and prioritization of community needs. Fieldwork has shown that the coordination and formality of this process often depends on the capacity of the township committees. Anecdotally, water supply projects and rural roads and bridges have been prioritized. Given the lack of formal selection criteria, many MPs have developed their own.

> *'Projects were prioritized on the number of beneficiaries in the communities. If there are a significant number of beneficiaries, we chose that project.'*[29]

MPs have stated that they submit their project proposals around August and funding is received in February. It is not clear why fund disbursement takes this length of time. Projects must be finished by the end of Myanmar's fiscal year (March 31st).

Although the MPs retain decision making power, project implementation and fund management remain outside of their control. The Township Administrator and the Executive Officers of the TDSC and the TMAC are the only members of the TDIC that can withdraw CDF funds. As previously stated, placing a community council in charge of financial management makes for a more transparent funding system and safeguards against some common weaknesses of the CDF. The current law also stipulates that the Central Committee must clear the total budget with the Union Financial Commission.

According to the law, the TDIC serves as the main management body for the CDF once funds are distributed. This includes not only financial management but also project implementation and

[26] Nixon and Joelene (2014). *Fiscal Decentralization in Myanmar: Towards a roadmap for reform.*
[27] The TDIC is a committee formed solely for the management of the CDF. This should not be confused with the Township Development Affairs Committee (AKA municipals committee) or the TDIC.
[28] Consultation with these committees is mentioned in articles 5(d) and (j) in the CDF law.
[29] Interview with an MP.

monitoring.[30] In practice, these latter two tasks are mostly handled by the TDSC and the VTDSC, while the TDIC oversees their operations. CDF projects are a maximum of 5 million kyats in value. As such, they represent fairly small community-based projects that can be implemented by communities rather than tendered out to contractors.

The TDIC must report on the status of CDF-funded projects to the CCD through a standard reporting format. Reports cover information on projects from each village tract, including total fund budgeted and actual expenditure. Additional attachments include project reports with photographic evidence, receipts, expenditure statements for petty cash, meeting minutes, and contracts, if applicable. The TDIC is also required to put a sign on each finished CDF project, which displays basic financial information about the project.

The CDF Law also stipulates that 3% of the fund can be used to cover administrative expenses;[31] though, this is not always done in practice.[32] MPs interviewed during fieldwork also mentioned a 2% tax on the CDF; though, research was unable to determine why this tax is collected or what it is used to fund. Financial oversight of the CDF is the responsibility of the Township Auditor at the township level and the CCD at the national level. The CCD can also form an audit committee if it deems such a body is necessary.

CDF Issues and Concerns

CDFs in other countries have often led to the misappropriation of government funds for political gain as well as a pervasive mindset of clientelism in politics. There are already allegations of this occurring in Myanmar. It is imperative that Myanmar's CDF is structured in such a way as to minimize these risks. The fact that the CDF is set out in law bodes well in this regard. A legal framework provides more clarity in implementation than is seen with some other LDFs, such as the PRF or the RDF. Revisions to the CDF law have also allowed for more balanced and transparent fund management. Requiring that a sign be posted with basic financial information about CDF projects is also a step forward in promoting a more transparent funding process.

However, the current law falls short of providing guidelines for community needs gathering and criteria for project selection. This does not guard against the personal preferences and political interests of MPs. Furthermore, true community participation and comprehensive public knowledge about the CDF projects will require more awareness raising initiatives than just erecting a sign at project sites. Findings from a recent public opinion poll[33] show very limited public knowledge about the fund.

Lastly, the law does not limit the size of the CDF. Rather, its financial value is subject to change every year in negotiations between the CCD and the Union Financial Commission. It is unclear why the current figure has remained at 100 million kyats per township for the past 3 years. A funding cap should be set on the CDF to keep it small. Evidence from other countries has shown that CDFs tend to increase exponentially within a few years because they represent a funding stream for political

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[30] Government of Myanmar (2014). *Union Parliament Development Funds Law.* Union Parliament Law No. 9, March 12, 2014. Article 9(e).
[31] Ibid. Article 17 (b).
[32] In Myitkyina Township, Kachin State 3% of the CDF has been used to fund the salary of an administrative staff member to facilitate fund management and purchase some office equipment (Personal communication: UNDP Local Governance Specialist July 22, 2015).
[33] Myanmar Egress. (2013). *Public Opinion Poll of Approved National Budget Bill for 2013/2014 FY.*

patronage. It would also be politically difficult to reduce the size of the CDF once it has already increased. The current law suggests that the CDF should be based on the size and development needs of a township. Making CDF funding to townships variable rather than fixed can theoretically allow for more efficient fund targeting. However, it risks further politicizing the fund by creating a situation in which MPs negotiate for more funding. It is recommended that the CDF remain a small fund that is equally distributed to all townships. Less politically charged funds such as the PRF could serve as an 'equalization fund' by providing greater funding to poorer or more populated townships based on a standardized formula.

4.2 Poverty Reduction Fund

Poverty Reduction Fund	
Fund Obj. & Use	Support poverty reduction measures in accordance with 8 priority areas
Prioritization of Projects/Sectors	Eight priority areas, as mentioned in President Thein Sein's speech to the Poverty Alleviation Committee in 2011: (1) Agricultural production sector; (2) Livestock breeding and fish and meat production; (3) Rural productivity and cottage industries; (4) Micro saving and credit enterprises; (5) Rural cooperative tasks; (6) Rural socio-economy; (7) Rural energy; (8) Environmental conservation
Fund Total Size	(FY 2013/14) 16 billion kyats (FY 2014/15) 50 billion kyats
Fund Source	State and Region Government Budget
Max. Project Size	None
Relevant Decree/ Policy/Law	President's Speech to the Poverty Alleviation Central Committee in 2011
Geographic Allocation	(2013/14 FY) 1 billion kyats to each S/R except: 3 billion to Chin (2014/15 FY) 1 billion kyats to each S/R except: 5 billion to Chin, 15 billion to Kachin, 15 billion to Rakhine, and 4 billion to Shan
Fund Mgmt. & Discretion	CM of each S/R has final discretion over fund allocation; however, the TMC, TMSC and TMAC are often included in project selection and implementation.
Tendering	Tendering is the responsibility of the GAD, though it is occasionally managed by the TDSC
Implementation	Private companies are the lead implementers, often with labor inputs from villagers
Quality Control	The GAD, in coordination with the TDSC and VTDSC
Funding Cycle	One year: Disbursement triggers based on project completion milestones
Auditing Body	Township Auditor

The PRF made its debut in the 2013/14 FY as a funding mechanism for the eight development priority areas highlighted in the President's 2011 speech to the Poverty Alleviation Committee (see the box above for details). Unfortunately, the fund was disbursed before an adequate institutional framework existed for its implementation. State/region governments and township committees were still at an embryonic state with limited capacity for fund management. In addition, no law exists which stipulates the size, usage or management of the PRF. Consequently, the GAD was tasked with managing the fund for the first year with little direction as to how it should be used. Proper monitoring procedures were widely absent in the PRF's first year of implementation and project selection and loan disbursement were not transparent. Interviews with GAD Township Officers indicate that a majority of the PRF was distributed through microfinance schemes; though, research was unable to determine who participated in these schemes or what has become of the presumed financial returns on the loans. Since the 2014/15 FY, project identification, prioritization and implementation is the responsibility of township committees. The PRF is no longer supposed to be used for loans, though fieldwork has revealed that this is still the case in some townships.

The PRF is used to support projects in the eight priority areas listed in the President's speech; though, these allow for a wide scope of activities. Some TDSCs stated that the fund is too small to spread equally across all eight priority areas. Instead, most committees concentrate funding on rural infrastructure projects such bridges, drainage and water provision, and small connecting roads between villages. Dawei Township was one exception seen in the fieldwork where the majority of the PRF went to education related expenses this past fiscal year.

In the 2013/14 FY, the PRF totaled 16 billion kyats. Each state and region was initially given 1 billion kyats; though, funding for Chin State was later increased to 3 billion kyats due to its high rate of poverty. In the 2014/15 FY, the PRF increased substantially to 50 billion kyats with some states and regions receiving significantly higher amounts based on poverty, remoteness and post-conflict reconstruction needs. Chin, Kachin, Rakhine, and Shan States, received 5, 15, 15 and 4 billion kyats, respectively, while other states and regions received 1 billion kyats each. Although there is no set standard for project size, the PRF tends to fund projects above 5 million kyats and below 150 million kyats.

Although the PRF is no longer managed directly by the GAD, the Chief Minister in each state and region still decides how the fund is allocated across townships and retains final discretion on which projects are selected. In some states and regions, the PRF is divided evenly amongst all the townships as is the case in Ayeyarwaddy Region.[34] Others have opted for targeting more funding to poorer townships. No standardized formula exists for determining fund allocation to states and regions or to townships; rather, final figures are dependent upon negotiations within the state/region government and ultimately the decision of the Chief Minister.

Township committees often play a role in community needs identification and project prioritization and management. Depending on the situation and capacity of the committees, some township committees also oversee project tendering, while the GAD manages the process in other townships. The township auditor is responsible for financial oversight. In some townships, engineers have also been assigned to audit project quality. In some townships such as Tontay, the township committees are not involved in the management of the PRF. Rather projects are identified and selected at the state/region level by the Chief Minister and managed internally by the GAD.[35] Such a system for fund management limits project transparency and does not necessarily promote projects that are in-line with community needs.

[34] Interview with Township Administrator, Pyapon Township, Ayeyarwaddy Region.
[35] Interview with Township Assistant Administrator, Tontay Township, Yangon Region.

PRF Issues and Concerns

Financial transparency and fund management have improved since the PRF began. Fieldwork suggests that the fund is typically managed at the township level, where community participation and input are a possibility via the TDSC, TMAC and the VTDSC. In the townships visited, many projects selected by these committees are endorsed by the township GAD and approved by the Chief Minister with little or no revision. These committees and the township administration have also shown their capacity to manage this fund in coordination with other funding streams. Although local management of the PRF is possible and often occurs; it is not guaranteed so long as final discretion over the fund rests higher up the administrative ladder with the Chief Minister. In Hakha Township, Chin State, for example, the Chief Minister has rejected many of the township committees' proposed projects with an aim of redirecting funding from rural to urban development. Furthermore, the lack of formally written procedures has not only led to wide variation in how the fund is managed but it also does not guarantee the continued existence of the fund. Without the existence of a law supporting the PRF, a new government regime may choose not to continue the PRF. This concern was voiced by many respondents during fieldwork and is particularly relevant given the upcoming elections in November of 2015.

State/region governments are also concerned with the proper financial monitoring of the PRF and other funds, as they fall outside the traditional budgets of line ministries.

> *'There have been many policy changes and the auditor could not keep up with it because the rules and regulations used by auditors are outdated. It is not updated to keep up with the changes in the budget such as the poverty reduction fund. The auditors only audit the state government budget but not the implementing agencies'.*[36]

Lastly, the current allocation of the PRF both between states and between townships has raised concerns among some officials. Allocating greater funding to poorer states and regions is a logical approach for targeting a poverty-related fund, but the current allocations have led to "widely varying entitlements on a per capita poverty basis".[37] For example, Yangon Region in the 2014/15 FY received 136 kyats per capita from the PRF, while Chin State received 10,445 kyats per capita. Although the need for poverty alleviation is greater in Chin State than in Yangon Region, a funding formula based on poverty incidence would lead to a more uniform and equitable allocation of the PRF. As it stands, the current allocation is not efficient. Township officers in Pyapon Township in Ayeyarwaddy Region stated that the PRF fund size per township is too small to create any large scale positive impacts.

[36] Nixon and Jolene (2014). *Fiscal Decentralization in Myanmar: Towards a roadmap for reform.*
[37] Ibid.

State/Region	# of Townships	Population	Poverty Reduction Fund (Millions of kyats)	Per Capita (kyats)
Ayeyarwaddy	26	6,175,123	1,000	162
Bago	28	4,863,455	1,000	206
Chin	9	478,690	5,000	10,445
Kachin	18	1,689,654	15,000	8,878
Kayah	7	286,738	1,000	3,488
Kayin	7	1,572,657	1,000	636
Magway	25	3,912,711	1,000	256
Mandalay	31	6,145,588	1,000	163
Mon	10	2,050,282	1,000	488
Rakhine	17	3,188,963	15,000	4,704
Sagaing	37	5,320,299	1,000	188
Shan	55	5,815,384	4,000	688
Tanintharyi	10	1,406,434	1,000	711
Yangon	45	7,355,075	1,000	136
TOTAL		50,261,053	49,000	975

4.3 Rural Development Fund

Rural Development Fund	
Fund Obj. & Use	Fund Development projects in rural areas
Prioritization of Projects/Sectors	Official prioritization is unknown but it has been used to fund new farmland identification projects, transportation projects, health programs, education programs, and other economic and social programs that are not overlapping with other projects
Fund Total Size	254.5 million kyats in 2011/12 FY and 329.5 million kyats for 2012/13 FY and onwards
Fund Source	Varies by township
Max. Project Size	10–20 million kyats
Relevant Decree/ Policy/Law	Unknown
Geographic Allocation	Every township receives some level of funding from the RDF
Fund Mgmt. & Discretion	Management is handled by the GAD
Tendering	Projects are often implemented by villagers, hence no tendering
Implementation	Labor provided by villagers
Quality Control	Quality control is handled by the GAD
Funding Cycle	1 year
Auditing Body	Township Auditor

As the longest standing LDF in Myanmar, the RDF continues to be governed and administered by its 1977 regulations. Some new directives have been added to the 1977 ones (discussed in Section 3) so that the fund could accommodate the new government structure. The objective of the new RDF is to reduce the inequality between rural and urban populations by improving the social, economic and physical quality of life in rural areas. These objectives are carried out through four main priority areas; agriculture land development, communications, health, education, and other social economic developments that are not overlapping with other sectors.

The budget for the RDF is approved in the Union Budget Law. This budget is transferred from the Union Ministry of Finance to the State/Region Government Fund through Finance Departments at the State/Region level. In the new RDF scheme, the budget is not under the control of the GAD head office, or of the Ministry of Home Affairs. The total amount for the RDF is roughly 329.5 million kyats, with 20 million kyats given to the states, and 15 million kyats given to the regions.[38] Budget allocations from the Union depend on the number of projects that are submitted. The state/region government determines the township level allocations. The average township allocation is 1.5 million kyats per year.[39] Funding must be used within the fiscal year for which it is allocated. Unspent funding must be returned to the Union Government. Hence, fund under spending is rare.

Project proposals are compiled by the GAD and submitted for discussion to the four committees at the township level (i.e. TDSC, TMAC, TMC, and the Township Project Implantation Committee [TPIC]). These proposals are then submitted to the State/Region Chief Minister (CM). The CM finalizes project selection and the budgetary allocation at a cabinet meeting and implementation is then the responsibility of the GAD. As has always been the case with RDF projects, the individual project budget amounts are usually small, and roughly half of project costs are covered by monetary and/or labor contributions in kind from the community. In kind contributions vary greatly and can range from 30% to 500%.[40] According to the majority of townships interviewed, the in kind contribution guidelines state that 50% of project costs should be covered locally. The norm is that those who are expected to benefit the most from the project are asked to make the majority of the contributions. As these projects are small, contracting companies is not common, and most of the work is undertaken directly by community members. As the amount is limited, one state official noted that:

> *"To have a bigger project, labor contribution is given from the people. If we also use the budget for labor charges, our projects will be very small and ineffective."*

All the projects must finish by the 31st of March, the end of the government's fiscal year, and project reports are submitted annually to the state/region government. The reports consist of photographic evidence of projects, financial accounts and statements.

RDF Issues and Concerns

Under the previous government, the inclusion of locally elected officials in project identification led to some optimism that there would be greater public input and accountability. The realities of a highly centralized military regime meant that initial hopes about projects being driven by local needs were not fully realized.

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[38] There are a few exceptions to this standard. Rakhine State received 25 million kyats because of its high poverty rate. Yangon Region received 20 million kyats and Ayeyarwaddy received 100 million kyats to support on-going rehabilitation efforts since Cyclone Nargis.

[39] Interview with Deputy Director, Rural Development Department, Ministry of Livestock, Fisheries, and Rural Development.

[40] Interview with Deputy Director, Rural Development Department, Ministry of Livestock, Fisheries, and Rural Development.

There have been very few modifications to RDF procedures since 1977. The small size of the fund means that the projects implemented continue to be small. Sometimes they are only extensions of less than 10 kilometers to existing roads. This makes it difficult for projects to meet local needs. The fund would benefit from updated guidelines regarding public consultations and from local GAD officials seeking input from community organizations and CSOs.

Guidelines regarding in kind contributions should also be clarified. Fieldwork has revealed variation in expected community contributions across townships. There should also be clarification regarding how contributions can be solicited from community members and households so as to not unduly burden community members.

4.4 Village Development Plan

Village Development Plan	
Fund Obj. & Use	To encourage active participation of villagers for the greater wellbeing of their families and elimination of poverty
Prioritization of Projects/Sectors	Small-scale infrastructure projects for all 63,899 villages across the country's 305 rural townships
Fund Total Size	Unknown
Fund Source	Department of Rural Development
Max. Project Size	Unknown
Relevant Decree/ Policy/Law	Unknown
Geographic Allocation	10 million kyats per village
Fund Mgmt. & Discretion	The fund management is the responsibility of an elected Village Development Committee (VDC)
Tendering	Unspecified
Implementation	Implementation is approved by the VDC and is the responsibility of the DRD
Quality Control	Unspecified
Funding Cycle	3 years
Auditing Body	Community social audit

Launched in early 2015, the Village Development Plan (VDP) program is an effort to fund integrated planning at the village level.[41] Run by the Union DRD, in the Ministry of Livestock, Fisheries, and Rural Development, the VDP fund's design is the result of analysis of in-country experience by government and NGOs over the last decade. Government and organizations noted that village development planning often resulted in a simple consolidated "shopping list" of local needs and wants, with little evidence of strategic planning.[42] The VDP model is designed to support villages in creating Village

[41] Interview with Deputy Director, Rural Development Department, Ministry of Livestock, Fisheries, and Rural Development.
[42] Government of Myanmar (2015). *Guidelines on the National Village Development Planning Process*.

Development Plans that will be aggregated and inform national development planning—thereby also ensuring that national development planning reflects local needs and priorities.

The VDP was initiated with preliminary testing in two villages in Nay Pyi Taw in early 2015. Phase One was rolled out across 170 villages in 34 townships in the first half of 2015. Stakeholder consultations were conducted in order to support Phase Two planning that will be rolled out over the second half of 2015. The program targets villages in the 305 designated rural townships and it is hoped that it will be implemented in all 63,899 villages in Myanmar by the end of 2017. Each village will be given 10 million kyats from the DRD to fund selected development projects.[43]

It is the intention of the VDP program to employ formalized community planning tools to gather data and develop projects. The process begins with village-wide meetings that include both an introduction to the program and a local assessment using Participatory Rapid Appraisal techniques. A Village Development Committee (VDC) is then elected that includes women, the elderly, youth, and different occupational groups. The VDP program guidelines state that the VDC should be represented at the VTDSC through the attendance of unspecified committee representatives.

The following box lists the benefits that the VDP intends to achieve.

Benefits and utility of village development planning

The village development planning process strengthens participation, promotes community and social capital, and facilitates development priorities and orderly implementation of intervention activities.

It brings residents, business communities, and civil society organizations together to share ideas and work together on issues that are important to everyone.

It increases the level of concern in the community about the problems that affect them.

It improves information collection, objective assessment of the village's situation and the wellbeing of villagers; and it facilitates communication, sharing of ideas and the building of consensus.

It helps a village to: identify its strengths and potentials; assess the barriers and challenges to development; formulate a strategy to overcome barriers; identify and convert community concerns into action and priorities for development intervention activities and make arrangements for their implementation; evaluate its resources; and explore options for resource mobilization.

It encourages creativity and builds partnerships both within and outside the village.

It helps the communities to build their capacities in implementation, and monitor their activities in a sustainable manner, together with achieving a sense of commitment.

It enables others to become more informed and responsive about what needs to be accomplished.

It can influence the policy and financial decisions of central, local government, development partners, and the business community.

Source: Extracted from *Guidelines on the National Village Development Planning Process,* Myanmar, DRD.

The projects developed at the village level are then submitted to the township level for incorporation into the Township Development Plan. Appropriate ministries and departments provide technical support to the township administration during this process. A Township Multi-Sectoral Planning Team, made up of representatives from appropriate departments and headed by the GAD determine resource allocation for projects. Funding distribution is managed by the DRD. Once the list of projects has been finalized and allocations determined, the TPIC will receive a copy of the list to ensure that there is no overlap with other local development projects. The intention is that the VDPs will

[43] Interview with Deputy Director, Rural Development Department, Ministry of Livestock, Fisheries, and Rural Development.

contribute to township and regional level planning by creating opportunities for integrated projects where villages identify needs.

As the projects that emerge from the VDP process reflect locally-conducted needs assessments, they will be quite varied. Reports from the initial two test villages showed a variety of village-identified priority projects that included technical training in agriculture and livestock, construction of a village health center or a bridge, CBO strengthening training, etc.[44]

VDP Issues and Concerns

As the VDP was introduced less than a year ago and has only been tested in two locations, it would be premature to draw conclusions about the program at this stage. The multi-stage consultation process involved in the development of the VDPs, while very thorough, has potential to overlap with similar projects being undertaken through other LDFs. Although there is significant potential for the VDPs to make a broader impact on local development planning, to date, it appears to remain within its own 'silo'. For the VDPs to maximize their impact, they will need to link with other local development initiatives. This would require explicit direction from the Union government to both those involved with the VDPs, and those involved with other funding sources.

The results of the initial test villages showed that local planning capacity must be built at both the township and village levels. The need for technical support from the Union government and for programmatic support from the township administration were also highlighted.[45] Capacity building associated with the VDP would be beneficial not only for its planning, but also for broader village development planning. At present, the existence of multiple planning committees for different sources of funding places a significant burden on local leadership and authorities in terms of time and workload.

4.5 National Community Driven Development Project (NCDDP)

National Community Driven Development Project	
Fund Obj. & Use	To support people centered development and enable poor rural communities to benefit from improved access to infrastructure and services
Prioritization of Projects/Sectors	Public goods
Fund Total Size & Source	Originally, the NCDDP received a US$ 80 million grant from the World Bank International Development Association (IDA). Another US$ 6.3 million was provided by the Myanmar Government Substantial funding increases to the NCDDP were approved in mid-2015. Funding totals and sources are given below: • Myanmar government: US$ 30 million • World Bank (IDA grant): US$ 80 million • World Bank (IDA loan): US$ 400 million • Government of Italy (loan): US$ 22.5 million • Japanese Social Development Fund (JSDF) (grant): US$ 11.5 million **TOTAL: US$ 544 million**

[44] Rahman (2015). *Key findings of development planning in two villages in Pyinmana Township* – Lei Lu Ai village and Nyaung Pin Tha village. Workshop on Village Development Planning, Nay Pyi Taw, 9 June 2015. p. 3.
[45] Ibid. p 4.

	*The JSDF grant supports complementary activities. The Italian government is also providing € 730,000 for supervision of its loan. The Myanmar government is providing in kind financing as well, such as DRD staff salaries, office space and utilities valued at US$ 10 million[46]
Max. Project Size	Village tracts receive block grants based on their population, with a range from 20 million kyats for the smallest village tracts, up to a maximum of 120 million kyats for the largest village tracts[47]
Relevant Decree/ Policy/Law	National Community Driven Development Project, Operations Manual (2014) Government of the Republic of the Union of Myanmar
Geographic Allocation	The fund is currently being piloted in 9 townships. A funding increase was approved in mid-2015 which will expand coverage to 64 townships across the country by the end of the current 6-year project cycle
Fund Mgmt. & Discretion	The DRD receives funds at the Union level and then transfers: (i) block grants directly to village tracts, and (ii) operating expenses to DRD township offices Village and Village Tract Project Support Committees are responsible for sub-project selection and implementation. This process is facilitated by township DRD offices and facilitating partners, including local and international NGOs[48]
Tendering	Communities manage project tendering if it occurs
Implementation	Communities are in charge of all aspects of project implementation. Most communities have chosen to implement projects themselves. Some have hired contractors for complicated parts of a project[49]
Quality Control	A social audit is conducted annually in each village at the end of a sub-project. A multi-stakeholder review is held annually at both the township level and the union level The project requires expenditures to be displayed publicly on village notice boards, and operates a grievance handling system for anybody who has concerns about the project In addition, a technical audit is conducted annually on a sample basis to verify that project's meet technical, social and environmental standards laid out in the project's Operations Manual
Funding Cycle	Each village tract within participating townships is eligible for an annual block grant for a four year period
Financial Auditing	A financial audit is carried out annually by the Union Auditor General's Office and is publicly available on the project's website

Under the poverty reduction scheme of President Thein Sein, the Myanmar government, with support from the World Bank initiated the National Community Driven Development Project (NCDDP) in 2013. Implementation in three townships began in 2013, with the project expanding to nine townships, covering over 800,000 people in 1,700 villages. The project is expanding to 27 townships in 2015, as part of the Government's bottom-up planning agenda by giving rural communities increased access

[46] International Development Association (2015). *Project Paper on a Proposed Additional Financing Credit in the Amount of SRD 284.5 Million (US$ 400 Million Equivalent) to The Republic of the Union of Myanmar for the National Community Driven Development Project.*

[47] Government of Myanmar (2014). *National Community Driven Development Project, Operations Manual*.

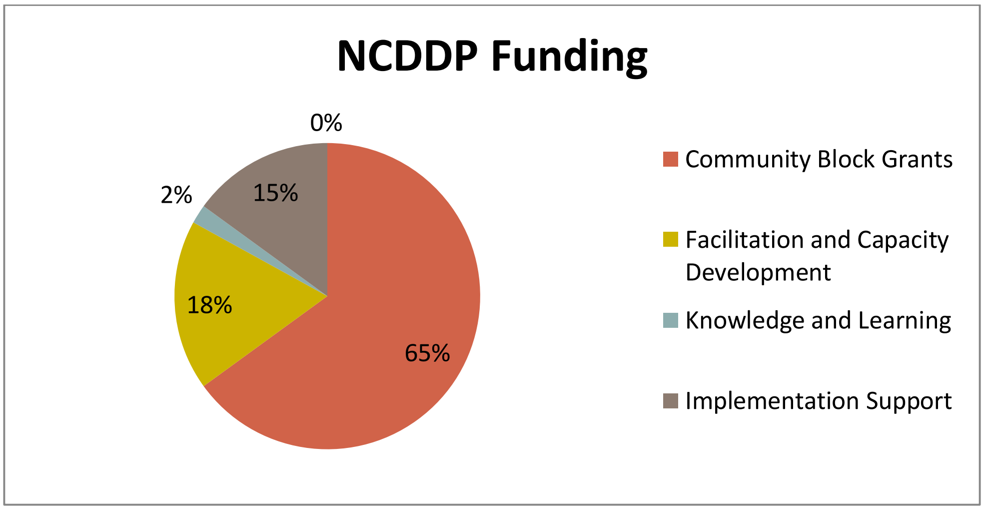
[48] Facilitating partners at present include both local NGOs (such as NAG), international NGOs (such as Mercy Corps, Relief International, and International Rescue Committee) and private firms (such as Cardno).

[49] Email communication with Nik Myint, Senior Social Development Specialist, World Bank. July 29, 2015.

to development resources, funding, and greater input into the planning processes. The project is also intended to enhance the government's capacity to make meaningful local engagement related to planning, and to respond effectively to priorities that emerge from this process.[50]

The Myanmar government originally pledged US$ 6.3 million to the NCDDP, while the World Bank provided US$ 80 million in the form of an IDA grant. Substantial funding increases to the NCDDP were approved in mid-2015, leading to a total of US$ 544 million in NCDDP funding.[51] In townships covered by the NCDDP, all village tracts are eligible to receive four rounds of annual block grants. Given recent funding increases, the goal is to launch the NCDDP in a total of 64 townships by the end of the current 6-year project cycle.

NCDDP funds are divided into five components as presented in the pie chart below.[52]



Townships are selected for participation in the NCDDP through a 3-step process.[53]

i) The DRD prepares data and figures for all states and regions;

ii) The DRD organizes consultation meetings with different stakeholders from states and regions to develop a list of suggested townships; and,

iii) The Chief Minister of each state and region prioritizes three townships for his or her respective state or region.

A list of these townships is sent to the Foreign Aid Management Working Committee at the Union level, where one final township for each state and region is selected.[54] NCDDP guidelines stipulate that townships should be selected based on high poverty rates, stability and lack of access to other funding sources.

Although the NCDDP is considered an LDF, it is important to remember that it is a substantially different type of LDF than those previously mentioned. Most notably, it has a highly formalized management structure and it is managed under a government line department. The institutional

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[50] Government of Myanmar (2014). *National Community Driven Development, Operations Manual, Part 1.*
[51] This figure does not include in kind funding from the Myanmar Government.
[52] Government of Myanmar (2014). *National Community Driven Development, Operations Manual, Part 1.*
[53] Government of Myanmar (2014). *National Community Driven Development, Operations Manual, Part IV*.
[54] Government of Myanmar (2014). *National Community Driven Development, Operations Manual, Part IV*.

arrangement of NCDDP consists of three primary levels: (1) Union level, (2) township level and (3) village tract level and village level.[55] The DRD and Foreign Aid Management/Working Committee are the main players at the Union level. The DRD at the township level has the responsibility of providing technical support to committees and communities. DRD offices at the township level receive additional staffing, training and resources from the Union level to carry out these tasks and are supported in these tasks by facilitating partners consisting of both international and local NGOs and private firms. Under the NCDDP, there is one facilitating partner in each township, recruited through an open procurement process. Facilitating partners are responsible for recruiting, training and supervising a group of community and technical facilitators that support communities in working with NCDDP. The Township Planning and Implementation Committee (TPIC) coordinates the development activities of line ministries with bottom-up planning from the village level.[56] [57] [58]

The mechanism for both community needs gathering and project implementation and monitoring for the NCDDP leverages existing committees and mechanisms within communities. The Village Tract Project Support Committee (VTPSC) comprises members who are elected from the VTDSC, with additional representation from women and ethnic minorities with the aim of ensuring representation from groups who risk being marginalized during local planning processes. Three members of the VTPSC are selected to form a Finance Sub-Committee (FSC). One is elected as head of the FSC, while the other two serve as book keepers. All these committees are provided with capacity building training by the facilitating partners, and are supported by frequent visits from designated community and technical facilitators. The VTA acts as an advisor to the VTPSC. The finance sub-committee posts monthly summary statements of the incidental expenses on the village tract and village notice boards.

If a village plan has already been developed, it can be used to support the NCDDP planning and needs identification process. If one does not exist, a series of community consultations are held. These are managed by a community facilitator from the DRD. In the first consultation, villagers either update an existing 3-year village development plan or develop a new one. The draft version of this plan is then reviewed in the second consultation meeting. Priorities are also set, as well as criteria for selecting projects. The community facilitator is responsible for finalizing both the meeting minutes and the development plan. The VTPSC reviews the plan and submits it to the township aid-management sub-committee for endorsement by the TPIC. The TPIC reviews each development plan to see whether it overlaps with other sectorial plans or with other projects undertaken by the government and development partners.

The block grants are deposited into community-owned bank accounts that are opened by the village tract and managed by the VTPSC and the Finance Sub-Committee. Fund distribution is dependent

[55] State/region and district level responsibilities are not significant compared to the above three levels, leaving them responsible for reporting and coordination. It was originally planned to pilot the NCDDP in one township in each state and region, but currently it is only being piloted in nine townships.
[56] The TPIC is one of many committees found at the township level. Many of these committees have overlapping mandates and membership. The operational capacity and influence of these committees vary across townships. Consequently, certain responsibilities may be undertaken by different committees in different townships. During fieldwork, researchers were unable to visit one of the townships in which the NCDDP is being implemented. Consequently, this document cannot draw any conclusions regarding the actual working arrangements of township committees such as the TPIC in the NCDDP townships.
[57] Government of Myanmar (2014). *National Community Driven Development, Operations Manual, Part IV*.
[58] The TPIC was established under the Ministry of National Planning and Economic Development in 2012, while the other committees were established by Presidential Notification in 2013. Consequently the World Bank chose the TPIC as a body to coordinate the NCDDP because it was already functioning, and other committees were still being formed.

upon the population size of the village tract: tracts with a population of 3,000 or less receive a block grant of 20 million kyats; those with 3,001 – 5,000 receive 40 million kyats; those with populations of 5,001 – 9,000 receive 60 million kyats; and those with populations above 9,000 receive 120 million kyats.[59]

NCDDP Issues and Concerns

The NCDDP is still in its initial stages of implementation, so it is too early to draw any conclusions about the funds' long-term effectiveness or inclusiveness. However, it should be noted that community-driven development projects have been conducted effectively in many countries. Villages in the pilot townships have only recently received block grants. It is too early to draw any conclusions about the funds' long-term effectiveness or inclusiveness. However, it should be noted that the NCDDP is conducted in many countries. It follows standard guidelines for project selection, implementation, monitoring, and tendering, while leaving some flexibility to fit the local context. These formal guidelines bode well for community participation and fiscal transparency and should be taken into consideration when drafting guidelines for other LDFs in Myanmar. According to the World Bank, technical and financial audits and multi-stakeholder reviews conducted in Myanmar under these guidelines already indicate initial positive findings.[60]

The role of village, village tract and township level committees in the management of the NCDDP should also be carefully considered. Other LDFs in Myanmar rely primarily on the TDSC and TMC at the township level; though, the NCDDP relies on the TPIC at the township level. Although the specific roles and capacities of committees vary by township, the TPIC is not considered to be widely active relative to other township level committees.[61] It may be worth reconsidering the roles of township committees in the management of the NCDDP or at least consider what the ramifications of using the TPIC have on coordination between the NCDDP and other LDFs.[62] In general, LDFs are managed by a growing number of committees at the village, village tract and township level. Although membership on these committees often overlaps, the duplication of committees with similar functions should be avoided where possible.

4.6 Local Development Financing Mechanisms

LDFs are not the sole means by which the government provides pools of funding to support local development. Numerous Union ministries have funding for local development that can overlap with LDFs and require facilitation and fund management by communities. Some local funding mechanisms provide loans to individuals rather than community development projects. Most notably, the Ministry of Cooperatives' Agricultural Loan Program is ubiquitous across Myanmar and constitutes a significant proportion of government funding available at the village level. Similarly, the DRD's Green Emerald Fund (GEF) has also emerged as a financing mechanism in many townships across the country. They cannot be accurately classified as LDFs, but their substantial size and potential impact on rural

[59]Government of Myanmar (2014). *National Community Driven Development, Operations Manual, Part I*.

[60] Email communication with Nik Myint, Senior Social Development Specialist, World Bank. July 29, 2015.

[61] In 2014, the United Nations Development Programme conducted Local Governance Mapping in each state and region in Myanmar. The TPICs' low level of capacity and activity was noted multiple times throughout the report series.

[62] The TPIC was established under Ministry of National Planning and Economic Development in 2012, while the other committees were established by Presidential Notification in 2013. Consequently the World Bank chose the TPIC as a body to coordinate the NCDDP because it was already functioning and the other committees were still being formed (Personal Communication: UNDP Local Governance Specialist. July 22, 2015).

development merit analysis. Furthermore, they add to the complexity of the local funding environment. The increasing number of funding sources available at the local level invariably places a greater management burden on township and village committees and government officials.

Green Emerald Fund

In the 2014/15 FY, the DRD launched the Green Emerald Fund with the goal of establishing revolving funds at the village level. Total fund size varies by township, but fund size per village is fixed at 30 million kyats. Most townships visited during fieldwork were able to set up the fund in at least two or three villages. The township DRD Officer is responsible for village identification and selection; though, final selection requires the approval of the Chief Minister and the Director of the DRD for a given state or region.[63] Once a village is selected, the DRD forms and trains a village level Management Committee. This committee is responsible for collecting loan applications and disbursing funds. It also sets a loan interest rate of between 0.5% and 1.5% per month. The objective of the fund is to provide loans for entrepreneurial activities in the village. Fieldwork revealed a variety of such uses for the fund, most notably the purchasing of livestock and the creation of small shops.

The GEF injects a significant amount of development financing over a small population. This lies in contrast to the PRF and the CDF which are more broadly spread out. CDF projects are, at a maximum, 5 million kyats per village and PRF projects usually have a price tag below 15 million kyats. The GEF is putting 30 million kyats in each village towards individual loans. Concentrated funding is not an intrinsically negative characteristic of a fund; though, it does present some challenges. First, a village's population is inversely related to its funding per villager. People living in a small village may receive more credit than what is needed, and people living in larger villages may feel unfairly treated.[64] The NCDDP fund also provides a significant amount of funding in each project village, but it is spent on community development projects and is adjusted according to village tract population size. Demand for private credit is more directly linked with population; hence, a distribution formula based on population may be more appropriate. Second, the GEF is a large fund to manage at the village level. Township and state level DRD Officers cited fund management as a significant burden for village committee members.[65]

Ministry of Cooperatives' Agricultural Loan Program

Cooperatives have emerged as a significant part of the government's rural development agenda after receiving a significant financial boost in 2014 from a US$ 100 million loan from China's Import-Export Bank.[66] [67] The Ministry of Cooperatives currently provides loans of 100,000 kyats at an interest rate of 1.5% per month. Loan eligibility is contingent upon membership in a Cooperative Association at the village level. According to township officers, the Ministry of Cooperatives' long-term plan is to have at least one Cooperative Association in each village in the country.

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[63] DRD internal documents provide guidelines for both village selection and fund management.

[64] A GEF village visited in Tanintharyi Region had approximately 30 households. This means a ratio of 1 million kyats per household.

[65] Interview with Township Office, DRD, Dawei Township, Tanintharyi; Interview with Director, DRD, Chin State.

[66] Latt (2014).

[67] There are a wide variety of co-operatives in Myanmar, covering many different sectors and activities. This report only reviews the financing scheme for agricultural cooperatives. The elaborate categorization system of cooperatives which is divisible by sector and hierarchical level makes it difficult to ascertain the exact number of agricultural cooperatives. Furthermore Ferguson (2013) states that, "Official statistics regarding the number and status of cooperatives in Myanmar likely contain inaccuracies." Consequently, this report does not provide a total number of agricultural cooperatives.

A Cooperative Association is initially formed when the Ministry of Cooperatives' Township Officer visits a village and holds a mass meeting. Potential members arrange themselves into borrowing clusters of five people and elect a Management Committee for the Association. Each borrowing cluster signs a joint contract, stating their agreement to repay the loan. If one of the five members fails to repay the loan, then the other members of the group are obliged to cover the deficit. The members then submit their joint-contract to the Management Committee, which forwards it to the township officer. The contracts are then forwarded to the district, and then to the state level for final approval. After membership and loan requests are approved, funds are transferred to a township level account. The township officer withdraws the funds and distributes it to the Management Committees which, in turn, distributes loans to members.

First time borrowers must pay a 5,000 kyats membership fee and repeat borrowers must pay a fee of 10,000 kyats. These fees and the interest gained on them go into a Cooperative Association Account in the village. The remaining balance goes back to the Ministry of Cooperatives. Loans are based on a 1-year repayment cycle; though, Association members must pay the loan back in full, plus accumulated interest, after the first 6 months. Loans are then redistributed to the members to be collected again after another 6 months.

The agricultural loans from the Ministry of Cooperatives are providing much needed agricultural credit in a country where, historically, there has been a dearth of such financing. The fact that the loans are being taken out signals demand, and therefore some degree of usefulness. However, township officers from the Ministry of Cooperatives noted that 100,000 kyats falls short of farmers' need for agricultural credit. The Ministry of Cooperatives plans to start expanding the maximum loan size to 500,000 kyats for repeat borrowers.

FIVE: Community Needs Identification, Prioritization and Selection

Since 2011, the current regime under President Thein Sein has called for a more people-centered approach to development. A key element to this approach is developing a system for bottom-up planning in which communities play a participatory role. LDFs represent a means for financing such a system; though, the alignment of funding to community needs is neither a straightforward nor a simple process. The traditionally hierarchical nature of the Myanmar government lies in contrast to the mindset and mechanisms needed to facilitate participatory planning methods. Effectively responding to community needs requires both a conceptual shift in the way civil servants think, as well as an institutional 'retooling' of local government for how to collect and prioritize community needs. Coordination between LDF management structures and ministries is also necessary to minimize project duplication.

The VDP and the NCDDP both have formalized guidelines, which take these factors into account; however, guidelines for other LDFs are not as clearly defined. The following section describes the general process for how community needs are identified by government in Myanmar and assigned to respective funding mechanisms. Apart from the VDP and NCDDP, other LDFs in Myanmar rely on this process to a greater or lesser extent. It should not be understood as a formalized system, but rather a collection of common practices observed during fieldwork, which could be viewed as a foundation for a formalized system in the future.

5.1 Needs Identification

Given the rapid pace of government reforms in the past few years, processes for identifying community needs are still evolving and are far from uniform across the country. No comprehensive national strategy exists for the identification of community needs. Rather, the township administrative unit must work with a sundry assortment of presidential decrees and notifications, which broadly outline goals and mechanisms for participatory planning. Apart from the NCCDP, there is also little, if any, additional budget given to the township to finance the logistical and administrative costs of participatory planning. Consequently, township officers cobble together financial and human resources to implement these new reforms through their various interpretations.

In general, the township is where community needs are sent and assigned to funding sources. The TDSC and the VTDSC are the primary modus operandi through which the identification and prioritization of community needs occur; though, final allocation of funding sources lies further up the administrative ladder.[68] Though the remit of these committees does not specifically include 'needs gathering', their primary function is to serve as a bridge between government and the wider population and advise township officials in matters related to socio-economic development.[69] The VTDSC is the TDSC's counterpart at the village tract level, and is tasked with supporting the TDSC in such functions.

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[68] The TMAC often plays a significant role in this process as well, though this varies according to township. In general, they work with the TDSC to identify needs and draft and prioritize proposals. At a minimum, the TMAC reviews the list of prioritized projects to make sure it does not overlap with its own projects planned in urban areas.

[69] The TDSC is comprised of civilians, which according to the Presidential Notification…. are "elected". The VTDSC is composed of VTAs. As with the TDSC members, VTAs/WAs are supposedly elected, yet at the same time they are government employees serving under the Township Administrator as part of the GAD.

Genesis and Proliferation of Subnational Committees

In 2011, President Thein Sein delivered an address to the Poverty Alleviation Central Committee[70] in which he outlined eight development priorities.[71] In 2013, President Office Notification No. 27, called for the formation of multiple committees at the township, village tract, and village level to support these priorities.

The Township Management Committee is the most influential of these committees at the township level, holding most, if not all, decision-making power. It is chaired by the Township Administrator and its membership is comprised of government officers.[72] 'Advisory committees' were also established to support the TMC; though, there is a general lack of clarity on their formal responsibilities. They are tasked with advising the township administration on community issues, though anecdotally, these committees have been known to facilitate various other government functions such as community needs gathering and prioritization.

More prominent advisory committees include the TDSC and the TMAC. With the exception of one representative from the GAD on both the TDSC and TMAC, and a municipal officer on the TMAC, these advisory committees are composed of non-government members. The Committee heads are supposed to be an "elected influential person", while other members include representatives from various economic and social interest groups (e.g. civil society, farming, business, academia, etc.).[73] In practice, the manner in which committee members are selected varies. The pool of committee nominees is usually comprised of 'community elders'. In some townships, committee selection is based on a vote by CSO representatives, VTAs/WAs and/or village elders. In other townships, the Township Administrator directly appoints the members.[74]

The TDSC receives further support at the village tract level from the VTDSC. The VTDSC is chaired by the VTA, with the Village Tract Clerk as Secretary. Membership includes community elders (*yet-mi-yet-pha),* 10 and 100 household heads and other elected members from the community.

There are no definitive guidelines for how the TDSC and VTDSC are supposed to identify community needs. In some cases, VTAs or WAs hold a meeting in each village with one member from each household present.[75] In this meeting, community needs are noted and participants discuss potential development projects. Alternatively, some VTAs/WAs forgo the meeting and ask Village Administrators (VAs) or village elders for either a written or verbal list of needs. VTAs/WAs then forward the list of needs to the VTDSC.

The VTDSC and the TDSC often share the task of formalizing community needs into proposals. This is an iterative process with much revision and direct discussion with local communities through site visits. Anecdotal evidence suggests that TDSCs often seek technical advice from engineers. The TDSC in Dawei Township includes engineers in the proposal making process to help estimate costs.

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[70] Address of President U Thein Sein, Chairman of the Rural Development and Poverty Alleviation Central Committee to the Central Committee, 1/2011.

[71] Eight priority areas, as mentioned in President Thein Sein's speech to the Poverty Alleviation Committee in 2011: (1) Agricultural production sector; (2) Livestock breeding and fish and meat production; (3) Rural productivity and cottage industries; (4) Micro saving and credit enterprises; (5) Rural cooperative tasks; (6) Rural socio-economy; (7) Rural energy; (8) Environmental conservation.

[72] Government of Myanmar (2013). *Formation of district, township management committees and township and village tract/ward development support committees. President Office Notification No. 27.*

[73] Ibid.

[74] UNDP. (2014). *The State of Local Governance: Trends in Ayeyarwaddy.*

[75] A VTA is responsible for a village tract. This is generally 5 or 6 villages. A WA is responsible for a ward. This is administratively the same as a village tract but it refers to an urban area.

Ministries and departments at the township level such as the Ministry of Education (MOE) and the DRD also receive proposals through various avenues. The TDSC and VTDSC coordinate with other government entities to remove duplicate proposals. The end goal is to create a 'pool' of project proposals at the township level.

There is no nationally standardized format for proposals; though, some funding streams such as the CDF and the DRD do require specific information.[76] Some townships have designed their own standardized formats. A translated example of a proposal can be found in Annex A. Proposals tend to include:

- Name of the township, ward, village, and village-tract of the proposed project,
- Name and details of the proposed project,
- Some reasoning as to why the project is relevant and should be conducted,
- A basic project work plan,
- An estimated budget, with an indication of expected community contribution to the project, and
- Pictures or a description of the proposed project site.

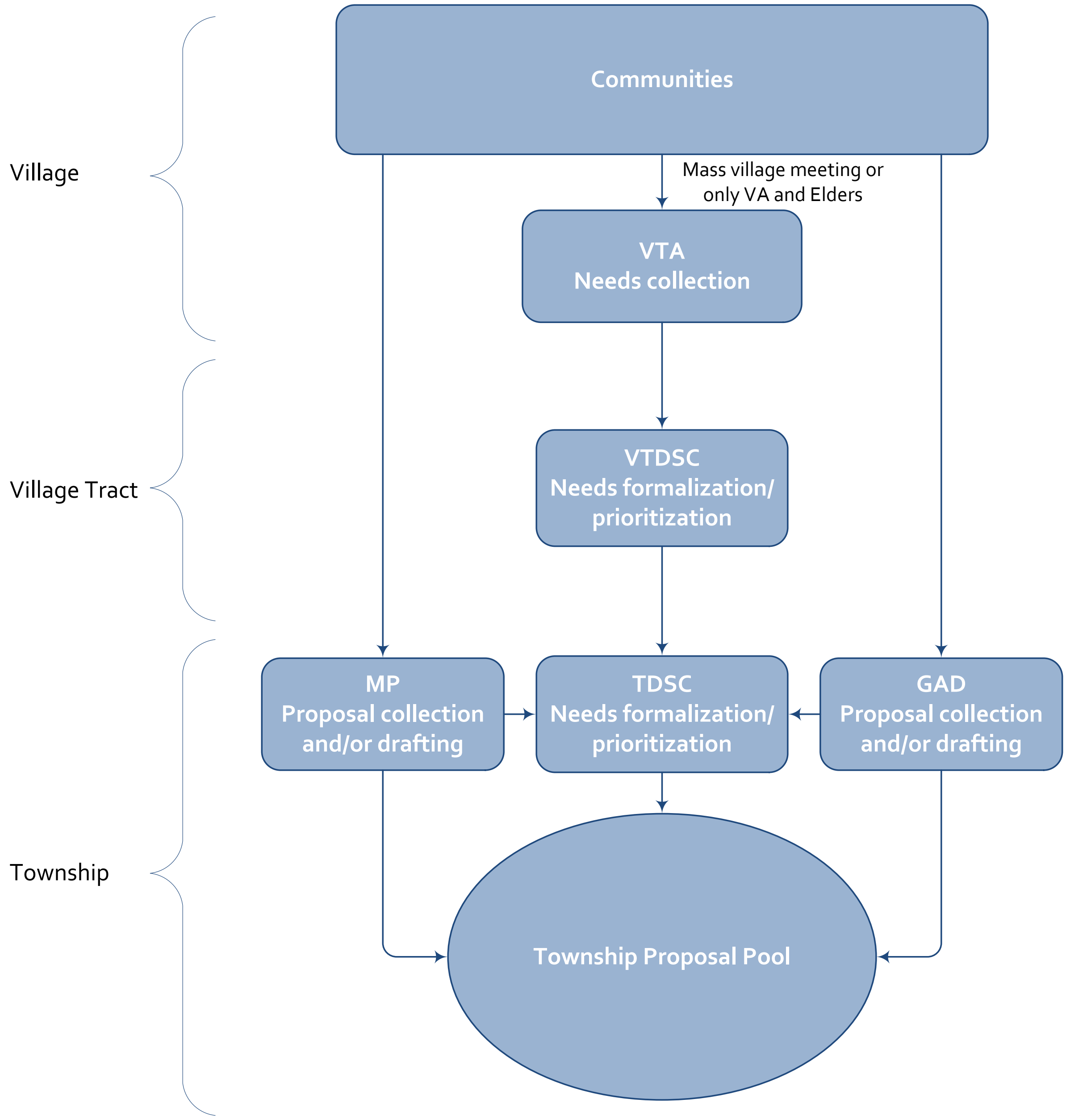
The VTDSC and TDSC also receive existing proposals, provided they contain the required information. Individuals who submit written proposals are often educated or influential individuals within their community. Political parties and CSOs have also been known to help individuals write and submit proposals.

Individuals can also directly approach MPs to forward their proposals to the 'proposal pool'. Some MPs interviewed during fieldwork prefer to follow-up on community needs themselves by conducting field visits, speaking with their constituents and providing advice on proposal drafting. Others prefer to redirect these tasks to the VTDSC and TDSC. Citizens also have the option of submitting proposals directly to the GAD, though this is seldom done in practice.[77] The large majority of proposals in the townships visited for fieldwork are submitted through the VTDSC and TDSC channel.

[76] A governance expert in Myanmar noted the use of a form from the planning department in some townships that serves as a proposal. This form provides a limited list of projects for villagers to choose from, thereby calling into question how accurately the submitted proposals meet local needs.

[77] Proposals that come through the GAD are usually re-directed to the VTDCS/TDSC.

Diagram 1: Typical LDF Needs Identification Mechanism in Myanmar



5.2 Proposal Prioritization and Selection

Needs are collected in response to a call for proposals for a particular fund, such as the CDF or the PRF, but they are not necessarily linked to that fund. Rather, township level meetings are held to determine the best aligned funding source for a given proposal. At a minimum, these meetings include the TDSC and MPs; though, it is common for the TMC and TMAC to attend. Representatives from the Ministry of Planning and Economic Development and other ministries and departments also attend in some cases.[78]

Proposals are first divided according to size. Proposals of 5 million kyats or less are considered for CDF funding. Proposals for between 5 million kyats and 15 million kyats are set aside for the PRF, if the PRF

[78] Some TDSCs handle the bulk of project prioritization by themselves. The larger meeting only serves as a verification process of their choices.

exists in that township.[79] Larger proposals are forwarded on to other government agencies such as the DRD, the Ministry of Construction or the Ministry of Border Affairs. These typically include large-scale road or bridge construction and maintenance. Proposals are then prioritized and selected according to their alignment with fund objectives; however, fund criteria and objectives for the PRF and CDF are limited and vague. Significant leeway exists over how proposals are prioritized and selected.

TDSC and VTDSC Capacity and Involvement

Most of the VTSDC and TDSC members interviewed during fieldwork were highly motivated and enthusiastic about their work. Many were quick to boast of their multiple fieldtrips to visit and consult with communities. They also took pride in the quality of the proposals they had helped to draft. Although most had received only minimal training, they were quick to cite complications they had experienced in the past and their plans for improving the model in the future. Most of these complications are related to the lack of formal guidelines for project prioritization, and lack of coordination between LDF projects and government planning. Anecdotally, most committee members have a high degree of autonomy in the prioritization and selection of the projects. In most cases, the TMC played a passive role and would agree to all or most of the projects selected.[80]

Despite the zeal with which these committees go about their work, lack of training and financial support is an issue. At present, the committees must self-finance their visits to communities and take time away from paid work to complete the substantial workload that has come with their volunteer position. One exception is that the CDF Procedures Law, which specifies that up to 3% of the fund can be used to cover administrative costs. An MP from Hakha stated that he gives 1% to MPs, 1% to the VTDSC and 1% is divided between the TDSC, TMC and DAC. While useful, this model only applies to CDF-related administrative expenses, leaving the majority of VTDSC and TDSC needs' gathering activities to be self-financed.

The effectiveness of the current needs identification model is directly linked to the active participation of the VTDSC and TDSC; though, they receive little support at the moment. Given that they hold an unpaid position, their onerous workload and significant influence over project prioritization hold the potential for underperformance and rent seeking. It is worth considering that the government and international donors work to strengthen the capacity of these committees and provide financial support where appropriate.

When asked how they prioritize projects, committee members often base decisions on factors such as proposed community contribution to the project, estimated number of beneficiaries, and poverty incidence in the proposed project area. In general, communities that received funding for projects last year are ineligible for project funding this year. Other government spending is also taken into account. Projects such as small connecting roads between villages, bridges and drainage were widely prioritized over schools and health clinics, purportedly because of recent budget increases for the MOE and MOH. In Tanintharyi Region, projects in villages located far away from conflict areas were prioritized.

[79] There is no nationally-specified maximum project size for the PRF, though townships or states/regions occasionally set their own. According a UNDP report on the state of local governance (2014), 150,000 kyats is the maximum project size for the PRF in Ayeyarwaddy Region.
[80] UNDP's 2014 report, *The State of Local Governance: Trends in Ayeyarwady State*, reveals similar findings regarding township committees' high levels of autonomy.

5.3 System Formality and Public Knowledge

The current process for identifying community needs is a positive start; however, a general lack of formalized procedures and a dearth of public knowledge on this process are issues of concern. It is conceptually important to understand that these committees are tasked with accumulating and prioritizing a general list of needs. Villagers are, for the most part, unaware where their list of needs is going and where funding is coming from. According to one community activist:

> *"The VTA came to the village to call for proposals, but did not explain which funds would be used to pay for them. He also did not give any guidelines for proposals."*

In the same interview, the activist also stated that no follow-up or explanation is given to villages if their proposal is rejected. Findings from a recent public opinion poll regarding the CDF echo similar sentiments.[81] Fifty-one percent of the 1,210 respondents in the poll stated that they have never heard of the CDF. Another 32% stated that they have only heard of it in name but know nothing about it. Furthermore, 80% of respondents stated that they did not think the fund is being spent in a transparent manner. During field research, several interviewees including MPs and TDSC and VTDSC members indicated that most people at the village level do not understand these funding mechanisms or where funding comes from, particularly regarding the origins of the CDF. According to a VA, and MP interviewed:

> *"We have put up signboards [for the CDF] at project sites, but still most people think the money comes straight from the Hluttaw."*[82]

> *"People do not always know where the CDF comes from. Some other MPs claim that it is from their political party."*[83]

The committees that collect these needs enjoy little legitimacy in their respective townships as public knowledge about them remains limited. According to a recent nationally-representative survey conducted for the UNDP's local governance mapping, only 4% of respondents are aware of the township level committees.[84] VTAs/WAs are the most direct and usually the only avenue for citizens to interact with the government and voice their concerns. As such, the role of the VTAs/WAs in the needs identification model should not be overlooked. Providing them with proper training and support should be a priority. Relatedly, they could also play a useful role as a feedback mechanism in the needs identification system. They could provide communities with clear guidelines for proposals and provide reasoning for why certain proposals are not selected.

At present, the process for needs identification is new and therefore lacks formality. The few guidelines that do exist are ambiguous and open to interpretation. This can lead to shortcomings at a number of points along the process. Most noticeably, the use of 'verbal proposals' provides no guarantee that the needs gathered by the VTDSC are actually in-line with what the community said. CSOs could potentially play a supporting role to the VTAs/WAs in these meetings, ensuring that

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81 The opinion poll took place in July 2013 and gathered responses from 2,813 people. Most were from Yangon Region and Kayin State as well as some from the Ayeyarwaddy and Magwe Regions.
82 Interview with a VA.
83 Interview with an MP.
84 UNDP (2015). *The State of Local Governance: Trends in Myanmar, A Synthesis of People's Perspectives Across All States and Regions*.

communities' needs are accurately reflected. Documentation requirements for these meetings such as detailed meeting minutes signed by the VTAs/WAs would also promote a more transparent process.

Relatedly, there are no guidelines stipulating whether the CDF or PRF is to be used for urban or rural projects. Fieldwork in Pyapon Township revealed that these LDFs had been used on municipal roads. In Chin State, the Chief Minister has also called for use of the PRF for urban development. While there is likely substantial need for urban development in these areas, a lack of clearly demarcated development funding for rural areas runs the risk of favoring urban centers, while neglecting the periphery. The tendency to favor urban development, also known as "urban bias", has led to uneven development in many countries.[85] This is not to say that LDF's in Myanmar have, or will inherently, develop an urban bias; though, safeguards against such a possibility are preferable.

Given that poverty rates are generally higher in rural areas than urban, rural areas should be a priority for these LDFs, particularly for the PRF. This is not to say that development funding for urban areas should not be provided. Rather, it should come about through a different, urban-specific mechanism. In the case of Myanmar, this funding would potentially come through the Township Development Affairs Committee which is tasked with overseeing the municipals department and the development of urban areas.

The current needs identification and prioritization system has shortcomings, but it also represents a significant shift in government thinking and has the underpinnings of a more responsive demand-orientated system. A general push towards greater formalization of this process is needed. More technical criteria for project selection, implementation, awareness raising and transparency should be drafted as the process continues to evolve and gain greater legitimacy.

[85] Lipton (1978). *Why poor people stay poor: urban bias in world development*. pp. 84–86.

SIX: Conclusion and Recommendations

6.1 LDFs' Effects on Fiscal Decentralization

In purely formal terms, LDFs in Myanmar have a negligible impact on fiscal decentralization. First, LDFs are small relative to total government expenditure at the township level. Second, final discretion over LDF allocation lies outside the hands of township level officers and committees.

Numerous government officials interviewed during fieldwork clearly stated that LDFs make up only a small portion of expenditure at the township level.[86] Most of them also recommended a substantial increase in fund size. While in many countries LDFs have increased substantially in size since their introduction, one must weigh the immediate benefits of increasing the size of these funds against the necessity for the long-term growth and development of traditional systems of government service provision. At present, the main benefit of these funds in Myanmar is to quickly disburse targeted funding to small-scale community development projects. They should not replace or undermine the capacity and financing of ministries and departments. This is particularly problematic for the CDF, which blurs the lines between the legislative and executive branches of government. The provision of funding and technical support by international organizations such as the World Bank, coupled with the government's efforts to strengthen community-driven development, presents opportunities for increases in local development funding in the future. If any increases to these funds are to be made, it should be done with caution and implemented in such a way as to complement existing ministerial operations.

LDF effects on decentralization are just as heavily dependent upon fund discretion as they are upon fund size. In Myanmar, a significant proportion of government spending takes place at the township level. Although spending at the township level has increased in both absolute and relative terms to total government expenditure, final discretion over funding often lies further up the administrative ladder. Discretion over both the PRF and the RDF remain with state/region level governments. Discretion over the CDF remains at the township level, but with the legislative rather than the executive branch. Management of the GEF and the Ministry of Cooperatives' Loan Program occurs mostly at the village level; though, final discretion rests at higher levels of government. Both the VDP and the NCDDP offer greater discretion over funding to community committees. Consequently, their design promotes fiscal decentralization to a greater extent than the other LDFs, but they have yet to become as common place as other LDFs. This will likely change in the future as they expand their geographical coverage.

LDFs such as the CDF, PRF and RDF do not formally provide the township administrative unit greater discretion over government expenditure, but rather greater discretion over the identification and prioritization of community needs. From this perspective, the funds appear to promote administrative decentralization rather than fiscal. This lies in contrast to the de facto, informal impacts of these funds on fiscal decentralization. In the townships visited, the township administrative unit has shown adequate capacity to prioritize needs, disburse funding and monitor projects. The township-level committees, in particular, have taken a leading role in fund management. Anecdotally, these

[86] This is referring to LDFs such as the PRF, CDF and RDF. Fieldwork was not conducted in any of the townships where the NCDDP or VDP are being administered. In such townships, these funds will constitute a substantially larger portion or township expenditure.

committees are often given free reign over project prioritization and spending, with MPs and higher levels of government making few revisions to proposed projects. In an informal sense, funds such as the PRF and the CDF do promote fiscal decentralization; albeit to a relatively small degree. It is recommended that as fund management continues to evolve, township administration and committees would be given full discretion over these funds, thereby formalizing LDFs as a mechanism through which fiscal decentralization can occur. The lessons learned by the township administration and committees in managing these LDFs will provide valuable insights and pave the way for more significant fiscal decentralization to occur in the future.

6.2 LDFs' Impact and Effectiveness

If designed and managed properly, LDFs in Myanmar can serve as a suitable financing mechanism for community development projects and pave the way for more significant forms of fiscal decentralization, alongside greater devolution of powers. All government officials and MPs interviewed in this research stated that LDFs are capable of disbursing targeted funding at the community level. Unfortunately, the rapid pace of reforms that has brought about these funds and the institutions that manage them has also meant a general lack of formal procedures for fund management, especially regarding community participation. At present the NCDDP represents the most formalized system for fund management and community participation; however, this fund has yet to expand coverage to a nationwide scale. Although CDF guidelines are outlined in law, criteria for project selection remain vague and fail to provide adequate safeguards against the political ambitions of MPs. Guidelines for the PRF and the RDF remain even more nebulous and informal, resulting in wide variation in fund management across Myanmar. Since these two funds are not firmly established in law, there is no guarantee that they will continue to exist if there is a change of government in the upcoming election.

It is important that detailed, formal guidelines be developed for the CDF, PRF and RDF. These should specify both procedures and criteria for project selection, tendering, implementation, and monitoring. Guidelines should also clearly indicate whether the funds are to be used in rural or urban areas. In addition, an allocation formula based on poverty rates should be considered when determining PRF funding to states and regions. This will not only promote a more effective and equitable distribution of the fund but also support a more horizontally-balanced fiscal decentralization process.

As these funds continue to evolve, it is important that they do so in a coordinated manner. They have emerged as individual initiatives rather than a consolidated set of reforms. Consequently, the funding environment for local government has grown in absolute size but has also become more fragmented and more burdensome to manage. As evinced from this research, the creation of LDFs has required the establishment of new local governing bodies and processes. Consequently, there is often significant overlap in the membership of the committees that have been established. Furthermore, the needs identification processes and requirements for each fund are often similar and needlessly duplicated. This constitutes a significant burden in terms of time and resources for those involved in village and township leadership.

Consolidating LDFs should be considered where politically feasible. The RDF is negligible in size and used for many of the same purposes as the PRF. Folding the RDF into the PRF could serve to reduce undue administrative burden. Fewer LDFs with more clearly-defined guidelines will also promote better integration with ministerial budgeting and planning. These funds are meant to compliment such planning, not overlap or replace it. Ideally, a common needs identification system should be formally established and shared by all the LDFs. Greater integration and streamlining of local needs assessments could reduce the risk of project overlap and duplication as well as the administrative burden placed on village and township leadership. Except for the VDP and the NCDDP, the de facto body to facilitate needs identification for LDFs has been the TDSC with the support of the VTDSC, VTAs and VAs. This system has shown positive results; though, it must be given greater legitimacy. The inclusion of this system is stated in the CDF law, but not mandated for the other LDFs. Training and financial support from government and donors would enhance committee members' ability to carry out their roles effectively. At the same time, one must weigh the importance of a standardized process against the finite management capacities of community representatives and the necessity for flexibility in identifying and managing community projects. It is imperative that the LDFs avoid becoming excessively bureaucratic and cumbersome to administer. Their ability to respond to community needs and foster local initiatives and leadership should not be compromised. A balance must be struck.

The needs identification system should also develop specific measures for actively seeking the views and opinions of community members, particularly the poor and marginalized. Currently, both community knowledge of, and participation in, the needs identification process is limited.[87] Villagers are asked to submit a list of needs. They do not know where this list goes, how it will be funded, who will be assessing it, or what assessment criteria will be used. A precursor to more inclusive public participation is increasing public knowledge about the funds. Increased public knowledge will also promote fund transparency, increase the legitimacy of the committees and safeguard against corruption. In this regard, CSOs can play an important role in documenting how these funds are managed and collaborate with the township committees on public participation and awareness raising. It is recommended that the role of CSOs be included in any laws, policies or other formal documents for LDF management that the government may develop. Donors should also consider providing funding and support to CSOs undertaking such endeavors. Determining the optimal extent and nature of CSO and general public involvement will require further research and much trial and error.

When LDFs are planned and implemented properly, wide public knowledge about them has the added benefit of building trust between communities and the government. Public perception of the government changes to one of cooperative communication and responsive service provision. This study has focused on the structure and management of LDFs and mainly involved interviews with government officials and MPs. The authors strongly recommend that follow up research be conducted, which assesses public knowledge of these funds and participation in project implementation and oversight.

In strictly formal terms, LDFs will have a negligible effect on fiscal decentralization so long as final discretion lies with higher levels of government. By definition, these funds are not truly LDFs unless local government has discretion over their use. Thus far, the township administrative unit and respective committees have demonstrated their ability to adequately manage LDFs. There is no reason

[87] The VDP and the NCDDP offer a more formalized system for community engagement in needs identification, which could serve as a good example for other funds to follow. However, the CDF, PRF, and RDF are the only funds with a ubiquitous presence across the country and formal guidelines for community participation in these funds remain largely absent.

to believe that they are not capable of taking on final discretion over fund allocation as well, especially if they are given technical assistance by donors and the government.

The LDFs have laid the groundwork for community participation in local development planning and will provide valuable insights to the township administration and committees for managing more significant forms of fiscal decentralization. It is hoped that the future will see more detailed, formal LDF guidelines, financial and administrative support to township committees, and greater local discretion over the funds. Doing so would allow the full benefit of LDFs to be realized and give local government and communities the ability to steer their own development agenda.

6.3 Recommendations

- LDFs have come about as individual initiatives rather than a coordinated push for greater local fiscal autonomy. It is recommended that the government develop a policy 'home' for not only LDFs but also fiscal decentralization reform in general. Doing so would allow for more coordinated efforts in the future and enable the actualization of several recommendations given below.
- Detailed, formal guidelines should be developed for all LDFs in Myanmar, reflecting those that currently exist for the NCDDP. These should specify both procedures and criteria for project selection, tendering, implementation, and monitoring. The guidelines should be clearly written, succinct, and should provide frameworks that village and township leadership can use to support project planning, implementation and reporting. Funding for LDF projects should be contingent upon following these guidelines, and oversight bodies should be developed to actively monitor compliance with these guidelines and promote their enforcement.
- A common needs identification system should be formally established and shared by all the LDFs. The NCDDP represents a more formalized needs identification system than other LDFs and relies on the TPIC at the township level. The NCDDP promotes a more holistic view by facilitating a local planning process in which needs identification is one part. However, the de facto needs identification system for the PRF and the CDF and community planning, in general, has been the TDSC, with the support of the VTDSC, VTAs and VAs. Although this system lacks formality, the active participation of the township and village tract committees bodes well for its future development. As previously stated, the TDSC is typically a much more active and capable committee than the TPIC. Ultimately, a hybrid system would likely be most preferable, with the formalized guidelines of the NCDDP paired with the TDSC as the management body at the township level.
- Donors should provide technical assistance to the aforementioned bodies to promote better fund management. Financial assistance to cover the logistical costs of fund management could also be provided where appropriate.
- Measures for monitoring and evaluation should be developed for the CDF, PRF and RDF funds as well as their projects. Not only will this promote more efficient fund implementation, but it will capture valuable lessons learned and pave the way for performance-based fund allocation in the future.
- CSOs and other community representation organizations should be actively engaged in the needs identification process and any subsequent consultation processes.
- The role of CSOs in documenting fund usage and public awareness raising about the funds should be stipulated in any guidelines developed for LDFs. Donors should also provide technical support to CSOs undertaking such an endeavor.

- Follow-up research should be conducted, which assesses public knowledge of these funds and participation in project implementation and oversight.
- Increasing the autonomy of the township administrative unit to manage the funds should be explored, including the ability to pool funds for larger community-based projects that meet the requirements of multiple funds. At the same time, limits should be placed on LDFs, which prevent their use to fund large-scale projects, which should fall under the purview of traditional ministerial operations and budgets.
- In order to minimize the risk of perverse political incentives, the CDF should not be increased.
- If politically feasible, the RDF should be folded into the PRF. If this is not possible, then the RDF should also be drafted into law with clear guidelines for fund management.
- The PRF should be drafted into law to ensure its continuation through changes of government. Inter alia, this law should:
    - Stipulate clear guidelines for fund management.
    - Specify that the fund is to be used for rural development only.
    - Grant final discretion over project selection to the TDSC, or if not politically feasible, at least the township administration. State/region government should only be able to override the township committees' project selection if the proposed project duplicates or runs directly counter to a project planned by the state.
    - Provide a formula for fund allocation between states and regions that, at a minimum, takes into account population and poverty rates. This would result in a more horizontally-balanced distribution of the funds. A similar formula may also be appropriate for allocation of the PRF between townships in a given state or region. A township's capacity to spend the fund should also be taken into account.

Provide a limit on project size. Keeping projects small to moderate in size promotes greater community participation and mitigates the risk of corruption. Using LDFs to fund large-scale projects such as major highways and bridges also runs the risk of replacing traditional ministerial operations rather than complimenting them. Fungibility can also become problematic in such cases

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Annex A: Example of a proposal for a Community Development Project

To the Chairman Township Development Support Committee, Pyapon

Title: Request to provide for village development needs

1) Pyapon Township, Ma Yat Pyar Hmoot village tract is located in the North of the Pyapon Township, where it is difficult to access the road and the only transportation is by boat. The village is very far away from the township and we are only connected to a village called Kyone Kyie village for health and education. Mayat Pyar Hmoot village tract people constructed a clay road to Kyone Kyie village, so villagers and children can go to school, but this kind of road can only be used in summer time and can't be accessed in the raining season. That is why, children and villagers use boats in the raining season. Children go to school every day, even during bad weather. Parents are worried about their children and the risk this situation poses for school children.
2) That is why we would like to request to upgrade the clay road to tarmac and then provide bridge to this road. This kind of road would connect us to Kyone Kyi village and then directly connect us with the Pyapon highway road. This would give our community great opportunities. Please put this project as a first priority for the Pyapon development plan.

Attached: The list of the implementation photos

Copy: Township Administration Officer, Township GAD department, Pyapon Office

Ma Yat Pyar Hmot Village Tract, the cost of tarmac village connection road

1) length of the road – 4,600 ft.
2) breadth of the road – 6 ft.
3) thickness – 6 in.

Estimation of the road costs

1) Rock/stone: 90 Kyin x 50,000 kyats = 4,500,000 kyats
2) Sands: 100 Kyin x 15,000 kyats = 1,500,000 kyats
3) Community Contribution = 1,500,000 kyats
4) Community will contribute for labor cost

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