UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
Myanmar

Project Title: Township Democratic Local Governance Project
Project Number:
Implementing Partner: United Nations Development Programme
Start Date: 1 November 2017 **End Date:** 31 December 2020 **PAC Meeting date:** 3 October 2017

Brief Description
The adoption of the 2008 Constitution of the Government of the Republic of the Union of Myanmar marked the beginning of a decentralization process by the Government towards a federal state. While some functions and budget allocations have been decentralized to the state and regional governments, the township administrations—where the majority of public services are delivered—remain largely ignored by decentralization efforts, with little influence over the budgets executed by line ministries and little capacity to effectively coordinate service delivery. The current institutional set-up for the township administrations greatly limits the ability of officials to address expressed local needs; dissuades public participation in the annual planning processes and engagement with township administrations, especially for women; fosters dissatisfaction with public service delivery and information sharing by the State; and hinders further decentralization reforms.   The Township Democratic Local Governance Project addresses the institutional challenges in Myanmar's local governance structures, emphasizing planning at the township level. It is designed along four work streams to strengthen the capacities of township administrations to meet local needs for public services; to facilitate information sharing and meaningful participation by the public in planning processes; to facilitate township administrations engaging with ethnic armed organizations on service delivery coordination; and to utilize lessons learned by the project to advocate for policy change.   Ultimately, the project will result in 15 participating townships making investment decisions informed by, and more accountable to, a broader and more inclusive range of stakeholders, which will also promote and help underpin a stable and peaceful political settlement in Myanmar promoted through local engagement and increased trust. It will also contribute to the development of a policy framework for democratic local governance and decentralization. This project builds on a pilot initiative on participatory township planning by UNDP Myanmar 2013–2017.

CPD output:		
Effective public institutions enabled to develop and implement evidence-based policies and systems that respond to the needs of the people		

Outputs
- Township administrations have improved capacity to respond to people's needs
- Improved engagement between people and township administrations on public service delivery
- Improved ethnic armed organization engagement in annual township planning and public service delivery
- Dialogue on policy and institutional local governance reforms informed by technical support and research

Gender marker: GEN2

Total resources required (USD):		19,130,751
Total resources allocated (USD):		
	UNDP TRAC	TBC
	Switzerland (SDC)	10,028,106
	United Kingdom (DFID)	5,173,656
	In-kind:	TBC
Unfunded (USD):		3,926,861

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Agreed by (signatures):

Government Coordinating Agency	UNDP
(signature) 8/12/2017 U Tun Tun Naing Permanent Secretary Ministry of Planning and Finance	*(signature)* Mr. Peter Batchelor Country Director UNDP Myanmar
Date: 8th December, 2017	Date: 11/12/17

DEVELOPMENT CHALLENGE

Over the past few years, and following the 2008 adoption of the constitution, a series of decentralization efforts have been initiated by the Government of Myanmar (GoM) in the direction of remodelling the unitary state along the lines of a decentralized federalist structure. The new constitution was in part an effort to contribute to solving the ethnic conflicts by decentralizing certain powers to the state and regional (S/R) governments. The most notable developments in the realm of political decentralization include the establishment of S/R parliaments and subnational governments that are gradually getting increased budgets and decision-making powers; however, as the country remains in transition, no clear decentralization policy exists and S/R political autonomy is limited. S/R chief ministers are centrally appointed, and administrative, accountability and reporting lines remain ambiguous for newly decentralized departments, in part because responsibilities of S/R governments and Union ministries tend to overlap. Several ministries have started delegating increasing responsibility (and small budgets) to their township departments, but there is no single township administrative unit with its own discretionary budget. Township administration describes, rather, a grouping of individual departments, which is coordinated by the township administrator from the General Administration Department (GAD). Each department has its own budget and administration, and some departments (those under schedule two of the 2008 constitution) report to government at the S/R levels, while others (those under schedule one of the 2008 constitution) report to the Union Government.

The constitution did not include any provisions for township-level involvement in governance and administration, yet it is at this level where the bulk of essential public services (such as health, education, water supply, rural infrastructure and administrative/regulatory services), which affect peoples' daily lives, are delivered. Townships, as the lowest administrative level with substantive government staff and service delivery responsibility, may host up to 40 line departments, and the only binding element that brings these departments together is the fact that they are in the same geographical area, and coordinated by the township administrator.

Improvements has been made, including the creation of a coordinating body, the Township Plan Formulation and Implementation Committee (TPIC)[1], which facilitates horizontal coordination between line departments during the annual planning process, though departments mainly continue to operate within their respective sectors, sending information vertically rather than discussing development priorities horizontally (while executing decisions made at higher levels of Government). Apart from a few small discretionary funding decisions made at the township level, most budgetary decision making and management takes place at levels above the township; therefore, local officials have very limited incentives to take initiative, reach out or to become more responsive to expressed community needs.

At the same time, however, the need for more responsive subnational governance systems and public service delivery is clear, as a large proportion of people are dissatisfied with services provided. In fact, many people often avoid using public services (e.g. 43% of people use private health services and a majority use natural or private water sources).[2] Evidently, low satisfaction levels are also explained by very low public investment in core sectors such as health and education. Investments continue to be among the lowest in South-East Asia despite ongoing reforms.[3] Meanwhile, public service tends to vary greatly across Myanmar, as well as within states and regions; therefore, a localized approach, including discretionary budgets to address people's needs and improve participation and citizen satisfaction with public service delivery, is required.

The unresponsiveness of institutions and poor service delivery are exacerbated by limited public participation in local governance, and the absence of clear accountability and oversight

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[1] President's Office Notification No 13/2016 directs the state and regional governments "...to form a Township Planning and Implementation Committee with the Township Planning Officer as secretary and the Township Administrator as chairperson; and representatives of Township Elders, CSOs and relevant Heads of Departments as members." The Notification also states that state/regional planning committees should be formed to support the National Planning Commission of the Union Government.

[2] UNDP, *The State of Local Governance: Trends in Myanmar* (2015). Available from http://www.mm.undp.org/content/myanmar/en/home/operations/projects/poverty_reduction/LocalGovernancePillar1/local-governance-mapping.html.

[3] World Bank, *Realigning the Union Budget to Myanmar's Development Priorities: Myanmar Public Expenditure Review 2015* (2015). Available from http://www.worldbank.org/en/country/myanmar/publication/myanmar-public-expenditure-review-realigning-budgets-to-development-priorities.

structures (i.e. checks and balances) erodes trust between citizens and the State. The elected ward/village tract administrators (W/VTAs) are widely recognized as institutionally responsible for leadership on community-level development issues, but only 13% of the population consider the township administrators responsible for their development issues.[4] The fact that civil servants rotate duty stations every third year contributes to the W/VTA being generally better known in the communities. W/VTAs also play a pivotal role in communicating information between township administrations and the people, since most people rely on the them, alongside ten household leaders, to provide government-related information. Hluttaw members constitute another important group that has started to engage with the population in a more systematic way and controls a small budget for local development interventions. They regularly interact with their constituencies and also with the township departments to be more involved in development.

While Union-level government institutions have taken initiatives to strengthen the position of women in the public sector, women's participation in township development planning and service delivery is impeded by current policies, or the lack of them. In local administrations, the situation varies between different departments, but generally there are fewer women in local administration than in ministries or higher levels of administration. The departments of planning, education and health have more women, while there are no female township administrators in any of the 330 townships. Currently, only 88 of nearly 17,000 W/VTAs are women (i.e. approximately 0.45%).[5]

In conflict-affected areas, ethnic armed organizations (EAOs) maintain authority as administrators and public service providers in contested geographical areas, not necessarily mirroring township boundaries and often only covering part of townships. EAOs are often recognized by the public as the *de facto* administrations of their respective areas, while their legitimacy is often contested by other EAOs, ethnic parties or civil society (many of whom have affiliations with specific ethnic groups). Chapter 6, Paragraph 25 of the Nationwide Ceasefire Agreement (NCA), signed on October 15, 2015, recognizes that EAOs, who have signed the NCA, are key parties responsible for promoting development, security, regional stability and peace for civilians living in their respective states and regions during the interim period. Changes to governance and social service delivery systems for areas emerging from conflict will be determined as part of the national political dialogue, but final arrangements will probably take years to be concluded. In the interim period, it is essential that communities in conflict areas have their basic needs met and are empowered to engage in the transition that will determine their future.[6] In recognition of the State's contested authority in these areas, both the states and EAOs (and their affiliated service providers) need to engage in coordination and collaboration on local development and public service delivery, as recognized in the interim arrangements, in order to benefit people residing in these areas.

EAO governance structures are often placed at state, district and township levels and show similar characteristics to the structures (and procedures) of the GoM. Many EAO service providers (e.g. education and health) have limited capacity, and the main funding for implementation of social programs comes through taxes. Improving this situation requires coordination and cooperation with government counterparts (convergence). As for the (former) government structures, EAO-society relationships have remained top-down in nature, and are often dominated by military leaders, with little real dialogue and the absence of clear accountability and oversight structures.

In Mon State, the relation between the EAOs and Mon State Government has positively progressed recently. More constructive engagement between the parties relating to service delivery under the NCA is ongoing. In Thaton District, the KNU have officially nominated five officials responsible for service delivery in different areas to participate in all activities organized under this project. In addition, all village tracts and wards in KNU-controlled areas have assigned equivalents to W/VTAs to join all sessions related to the development of the annual township plan.

Increased activity by civil society organizations (CSOs) is an evolving issue across the country, but this presents a constant challenge around how to constructively integrate them in governance at different levels. Even though the trust between the Government, CSOs and the people has improved, citizen engagement with local administrations is still generally low.

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[4] UNDP, *The State of Local Governance: Trends in Myanmar* (2015). Available at
http://www.mm.undp.org/content/myanmar/en/home/operations/projects/poverty_reduction/LocalGovernancePillar1/local-governance-mapping.html.
[5] World Bank, *Institutional Assessment of Local Governance in Myanmar* (2016).
[6] USAID, *Advancing Community Empowerment in Southeastern Myanmar* (2017), p.7.

In brief, key challenges in local governance, participation and public service delivery can be summarized as follows:

- Planning, sufficient use of statistics and data, coordination and structures of public service delivery at S/R and township levels are centralized and top-down, with little opportunity for local officials to meaningfully influence or coordinate budget allocations that respond to people's expressed needs.
- Public participation in township development and local coordination platforms is low, particularly for women. Women are also significantly underrepresented in local-level civil service positions.
- The number of elected women is very low at Union, state and region levels, and as W/VTAs.
- In contested and mixed areas there is little dialogue and coordination on service delivery provision between township and EAO administrations.
- People have little knowledge of and information on local governance structures, service delivery standards and what they could expect from the Government. At the same time, people are dissatisfied with public service delivery. They neither feel informed about public expenditures, nor think that the Government and local administrations are responsive to community needs and priorities.
- Civil society has both limited capacity and sporadic opportunity to engage constructively in governance or policy dialogue, or to support and mentor people's constructive engagement in local governance.
- Generally, citizens are unable to participate in planning and coordinating service delivery. An absence of institutionalized participatory processes limits people's opportunity to express their needs for service provision and service providers.
- Local governance reforms are hindered by lack of legal and policy frameworks for autonomous planning and budget execution and coordination of public services at township level. There are currently few interministerial coordination, oversight, and accountability mechanisms, which limits the development effectiveness of budget allocations.

Support to local governance in Myanmar

Development partners (DPs), such as local and international NGOs, are working on many different aspects of governance, but have so far mainly focused on either the national level (with DPs now also increasingly focused on the S/R level) or supporting, in virtually all states and regions, village-level interventions. Support is mainly geared toward village-level planning with notable examples being the 'village books' by Action Aid,[7] village development plans by PACT[8] and the National Community Driven Development Project (NCDD-P) financed by the World Bank.[9] Oxfam is active at both township and S/R levels, working on public financial management (PFM) and social accountability related issues and building a responsive subnational government by capacitating local administrations to better respond to local priorities and suggest allocations of resources properly in the annual planning processes.[10] At the same time, the GoM is seeking ways to make public sector management at the township level more responsive and people centered, and improve the way public services are delivered. So far there is no explicit vision for future arrangements and structures for decentralization and local governance expressed by the GoM, which has led to fairly limited institutional support to the S/R and township-level departments.[11]

Two exceptions from the community development approach have been the United Nations Development Programme (UNDP) under its local governance project,[12] and the European Union (EU) project implemented by the International Cooperation Agency of the Association of Netherlands Municipalities (VNG) in Tanintharyi Region.[13] UNDP has, since 2013, (initially in Mon and Chin

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[7] See https://mohinga.info/en/profiles/activity/MM-FERD-ID0761/.

[8] See http://www.pactworld.org/country/myanmar/project.

[9] See http://projects.worldbank.org/P132500/myanmar-national-community-driven-development-project?lang=en.

[10] See https://myanmar.oxfam.org/what-we-do/holding-decision-makers-account.

[11] SDC, "Township Democratic Local Governance," internal draft project document (2016).

[12] See http://www.mm.undp.org/content/myanmar/en/home/operations/projects/poverty_reduction/LocalGovernancePillar1.html.

[13] See https://ec.europa.eu/europeaid/projects/promotion-participatory-and-accountable-local-governance-tanintharyi-region_en.

States) been supporting township administrations to institutionalize participatory township planning. Starting in 2016, UNDP began implementing a pilot project to provide township development grants in two townships (Bilin Township in Mon State and Kawa in Bago Region) explicitly using an institutional approach. The project works with the departments responsible for annual township planning by strengthening and developing systematic procedures and policies for participatory planning and budget execution. Under the pilot, township administrations receive a modest discretionary grant to implement projects approved in the annual township plan (if they meet the stipulated minimum conditions of preparing the plans in a participatory and inclusive manner) for a minimum period of three years. In Bilin Township the pilot initiated collaboration with the World Bank (NCDD-P) to improve the link between village tract and township planning, a collaboration that continues in all areas where both UNDP and the NCDD-P are working. In addition, UNDP, under the same local governance project, has been technically supporting the GoM in its establishment of One Stop Shops (OSSs) and is currently the technical lead for further improvement of the initiative, such as providing technical assistance for policy development to the Union-level committee under the supervision of Vice President H.E. U Henry Van Thio. The OSSs are only providing administrative services and are not implementing any projects under the annual planning process, but they play an important role in the GoM's efforts to improve transparency and accountability in local service delivery. Recently, the GoM has been supported by various CSOs in raising awareness about the OSSs and the services they provide. The OSSs provide many opportunities for the GoM to improve its engagement with citizens.

UNDP is supporting the GAD and other participating departments by training OSS officials and providing technical support to improve processes, systems and service delivery. In addition, UNDP has been able to build a solid relationship with the GoM in areas related to subnational governance and public service delivery, in particular through the nationwide local governance mapping in 2014, biannually held local governance forums, support to the OSSs and GAD's Institute for Development Affairs (IDA), which trains all GAD staff, and its work on participatory township planning in Mon State and Bago Region.[14] The relation with GAD, which is the coordinating body at all levels, is important for access to other relevant institutions and smooth implementation of projects at subnational level.

STRATEGY

The Township Democratic Local Governance Project (TDLG) is designed to 'institutionally' address the above-mentioned development challenges in Myanmar in alignment with ongoing interventions in the country. The project seeks to contribute to a long-term vision for democratic local governance in Myanmar:

> *Inclusive and responsive public institutions collaborate with local stakeholders to improve service delivery, leading to increased trust between the State and the people, and contributing to peace and stability in Myanmar.*

The strategy for achieving the project's overall objective is testing fiscal decentralization and supporting the TPICs to establish an inclusive and participatory model and a regulatory framework for annual township development planning and public service delivery. This includes providing capacity development to township departments to plan, budget, execute and monitor implementation of local development infrastructure projects and the delivery of basic services; supporting community-based monitoring of these initiatives to enhance local transparency and accountability of local administrations; piloting intergovernmental fiscal transfer systems (IFGS) from S/R to township level; and incentivizing decentralization reforms and the systematic documentation of lessons learnt, and experiences gained in the process of improved service delivery. The project is designed according to the following theory of change:

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[14] Nicolas Garrigue, Marla Zapach, U Kyaw Thu, *Independent Outcome Evaluation of UNDP Myanmar's Outcome 1 (Local Governance Programme (2013–2016)* (2017). Available at https://erc.undp.org/evaluation/evaluations/detail/6633.

If township departments, led by the TPICs, plan and coordinate development and public service delivery vertically and horizontally in an inclusive, transparent and accountable manner, facilitating people's needs to be considered, the following major improvements will occur:

- Township departments will be institutionally strengthened, more responsive and accountable in delivering public services.
- Wider participation of various stakeholders in township annual planning will be institutionalized.
- Township administrations and EAOs in applicable areas will collaborate to promote responsive and inclusive service delivery in accordance with the NCA interim arrangements, which may inform the political dialogue under the peace process.
- Vertical and horizontal coordination and sharing of information between departments at township and S/R levels will improve, resulting in better capacity and quality of township and S/R planning, budget execution and service delivery systems.
- S/R governments and parliaments will enhance their democratic accountability.
- People's satisfaction with public services will improve, and trust in local institutions will be enhanced.
- Lessons learned will inform national policy on local governance and decentralization and allow the GoM to institutionalize an improved annual model for fiscal transfers and local development planning.

Ultimately, the project will result in township investment decisions in the participating townships being informed by, and more accountable to, a broader and more inclusive range of stakeholders, which will also promote and help underpin a stable and peaceful political settlement promoted through local engagement and a stronger social contract between the State and the people. It will also contribute to the development of a policy framework for democratic local governance and decentralization through replicable models tested and refined in partnership with the S/R and Union governments over time.

These improvements support the GoM's reform process, initiated by the 2008 constitution and continued through ongoing political discussions in relation to enhancing public participation, by improving public service delivery and contributing to the peace process (as guided by the NCA) through establishing a decentralized federalist structure for the country that fosters people-centred development.

The project contributes to output 1.1 in the UNDP Country Programme Document (CPD) for Myanmar, currently being finalized to be effective by January 1, 2018: 'Effective public institutions enabled to develop and implement evidence-based policies and systems that respond to the needs of the people.' The project constitutes a significant part of UNDP's new country programme emphasizing integrated programming to better address the interlinkages between peacebuilding, governance, natural resource management/resilience and balanced and inclusive growth, while strengthening vertical linkages between subnational and national structures.

The project is a key part of UNDP's contribution to the GoM's efforts to integrate the Sustainable Development Goals (SDGs) into government planning, budgeting and monitoring frameworks for the effective implementation of the SDGs at subnational level. In line with Agenda 2030 and the central principle of leaving no one behind, this project is designed to promote peaceful and inclusive societies founded on effective, accountable and inclusive institutions, and reflects UNDP's commitment to expand its use of conflict-sensitive and human rights-based approaches to programming.[15]

Intervention logic

The TDLG aims to improve democratic local governance structures by supporting GoM in developing policies, processes, systems and procedures, as well as encouraging changes in attitudes and behaviour, that will lead to more equitable and responsive service delivery to meet the needs of the population. The overall objective of providing discretionary funds to townships is to

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[15] This project contributes to SDG 16: Peace, justice and strong institutions. See https://sustainabledevelopment.un.org/sdg16.

assist in establishing a responsive township administration that effectively and efficiently provides basic services to its population, in an evidence-based, inclusive, accountable and transparent manner in consultation with the population and/or its representatives. The discretionary funding, hereafter called township development grants, will be made available to participating townships through the S/R governments according to stipulated minimum conditions.[16] The funds will serve as an incentive and be divided across townships following an expenditure needs-based allocation formula, which will leverage the engagement of townships in a guided development planning and implementation process (outlined in the annually updated grant manual).

Using fiscal decentralization and discretionary funding to townships as a driver of change, the specific objectives of the township development grant are to:
- Pilot and promote participatory and responsive planning and budgeting at township level
- Promote local democratic governance through the W/VTAs, whereby people are given a voice to influence public service delivery by the township administration
- Institutionalize guidelines for public participation
- Pilot initial steps of fiscal decentralization and intergovernmental fiscal transfers to township level, thereby providing the township with some cross-sectoral discretionary decision-making powers
- Enhance township-level public financial management capabilities
- Pilot new roles and accountability mechanisms for and within township administrations

This process systematically involves the TPIC (which is the body responsible for finalizing and submitting the annual township plans to the S/R governments), the heads of the sector departments, civil society representatives, Hluttaw members and the elected W/VTAs. How the township development grant is to be used will ultimately be decided in the annual township planning process facilitated by the TPIC (with active participation of the W/VTAs, CSOs, the Hluttaw members and the sector departments). Elected representatives will also be encouraged to perform an oversight function during implementation of projects approved in the plan.

The project will work with government institutions at all levels (Union, S/R and township) and introduce and apply democratic (local) governance systems and processes, while recognizing that the general population, as well as non-State actors (i.e. various interest groups), have a key role to play. The project will therefore develop a mutually reinforcing feedback loop through information, consultation, civic engagement and civil society forums, whereby the township administrations can practice and learn to be more transparent and participatory, for example by transparently publishing plans and budgets through channels that reach people widely and where, as a result, increased demand from people for more information, stronger voice and ultimately improved accountability will be the result. An essential part of the project is to address issues of inclusiveness, particularly with regards to women in official local governance structures and their ability to engage in and inform planning processes—thereby offering them voice and participation. The project emphasizes institutional development and provides concrete opportunities for local people through W/VTAs (as their elected representatives), Hluttaw members, CSOs and township administrations to engage in democratic processes that may generate learning and inspire wider democratic transition initiatives beyond the scope of this project.

Institutionalizing participation also means that township and district administrations will engage with and formally involve EAO administrations in mixed control areas in annual planning processes, prioritizing development projects and coordinating issues related to inclusiveness and service delivery in line with the interim arrangements. These interactions will be combined with opportunities for EAOs and the GoM to explore options for applying democratic and participatory approaches under the interim arrangement with regards to responsibilities in development planning and service delivery processes; a process no other development actor has been able to support so far.

In addition to engaging the townships in developing and implementing a participatory and inclusive annual planning process, the provision of the grant also provides an entry point for technical assistance to the S/R and Union governments on issues of planning and budgeting, fiscal decentralization and PFM and intergovernmental fiscal transfer systems to allow subnational development, administrative reform and particularly more local governance policy dialogues with the S/R and Union governments. The project will document experiences, lessons learned and evidence

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[16] See the grant manual in annex seven for a detailed description of the grant modality and minimum conditions.

collected from the participating townships, state and regions that will regularly feed into policy dialogues through UNDPs systematic policy consultations with its counterparts, but also through larger events such as the Good Governance Forums. The project will also contribute to clarifying what the NCA interim arrangements can mean at local levels and potentially provide contributions for the political dialogue under the peace process by engaging in and testing practical modalities, as well as facilitating discussions between Government and EAO representatives on roles and responsibilities in public service delivery.

Policy dialogue based on evidence and learning from a S/R intervention, where the Government itself is engaged in the provision and management of such a grant, is viewed as a key mechanism for leveraging the development of a coherent local governance policy and institutional change in Myanmar. This approach, using fiscal transfers to drive institutional or policy change, has also proved effective in establishing strong foundations for fiscal decentralization and formula-based allocations and improving government capacities around planning and budget execution, e.g. using templates for costing infrastructure projects.[17]

Human rights-based and conflict-sensitive approaches

The TDLG project will support the development of institutions, systems, and procedures for duty-bearers to better understand their responsibilities, and for people to voice their needs (which will primarily be a consideration of the township development plans). The following approaches to promoting human rights will be applied: 1) Human rights will be mainstreamed into all training packages delivered to both duty-bearers and rights holders; 2) regular dialogue between duty-bearers and right holders on development and service needs will be facilitated; 3) social accountability mechanisms will be supported to open government processes and practices up to the public; and 4) service providers will be incentivized to strengthen their performance.

While being based on inclusion and participation as underlying principles of good governance, as well as objectives of this project, it is recognized that interventions might potentially worsen conflict drivers in target areas. The project dedicates an entire work stream under result area three to fostering governance collaboration and trust between government institutions and EAOs within the remit of the interim arrangements, but it also recognizes that conflict may happen beyond the armed conflicts, for instance between ethnic, religious and political groups. Conflict sensitivity is more effective when adopted by all relevant stakeholders across sectors in a common operating environment, which is challenging when the definition and understanding of conflict sensitivity varies between actors.[18] The project therefore follows a three-step working definition of and strategy towards conflict sensitivity based on continuous analysis:[19]

- Understand the conflict context. An actor working in fragile and conflict-affected situations is part of the context. Its representatives should understand the actors related to conflict and fragility, tensions and conflict-related events, and have a basic understanding of the related governance and fragility issues.
- Understand the interaction between the organization and the conflict context. What is the interaction between the identified elements of conflict and fragility and the project? The project will identify the factors creating tensions or having positive impacts on the conflict context that may be related to information sharing and communication and/or the transfer of resources. Relevant messages will then be sent out during project implementation.
- Develop strategic decisions from project management. Based on the actors and factors that are creating tensions or having a positive impact on the conflict context, strategic management choices will be developed. Adjustments of the project to the conflict context therefore become part of the project management cycle.

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[17] For examples from Bhutan, see UNCDF, *End of Programme Evaluation of Local Governance Support Programme* (2013) and Gross National Happiness Commission, Thimpu Bhutan 2013. See also James Manor, ed., *Aid That Works: Successful Development in Fragile States* (Washington, D.C., The World Bank, 2007).

[18] South-East Working Group, "Discussion Paper on Conflict Sensitivity in South-East Myanmar" (2017). Available at http://ingoforummyanmar.org/sites/ingoforummyanmar.org/files/report-files/Discussion_Paper_on_Conflict_Sensitivity_in_South-East_Myanmar_SEWG_Feb.pdf.

[19] Definition adapted from Helvetas and the South-East Working Group. See Helvetas and Swisspeace, *Manual: 3-step for Working in Fragile and Conflict-Affected Situations (WFCS)* (2013). Available at https://assets.helvetas.ch/downloads/2013_hsi_manual_3_steps_wfcs.pdf (accessed September 15, 2017).

Gender considerations

While unequal gender representation is a systemic issue in the governance structures in Myanmar, the project recognizes that poor inclusion of women in local governance is also a result of household heads, W/VTAs, township administrators and Hluttaw members lacking awareness and capabilities to systematically integrate women's concerns in development planning and decision making. The project emphasizes women's inclusion in the annual township planning process by creating awareness and providing tools to government institutions to promote gender responsive and inclusive planning, as well as support women in taking active part in the planning process (e.g. by including one women's representative per ward/village tract next to the elected W/VTAs and/or household leaders) and systematically consulting women's groups.

UNDP value addition

Through its established partnership with the GoM and its support to substantive areas of governance and efficient public service delivery, particularly at the subnational level, UNDP is well positioned to support local governance interventions revolving around the annual township planning process using fiscal transfers. UNDP's widely respected position as a facilitator between government and non-government actors at all levels enables this project to apply the envisioned approach, not only testing fiscal decentralization and participatory planning processes, but also introducing systematic government social accountability mechanisms and wider civic engagement dialogues with civil society and EAOs.[20] UNDP's excellent relations with different government ministries and departments also enable horizontal facilitation, which is equally important as facilitation between the Government and non-State actors.

Complementarity and synergies

This project fills a current gap in local governance interventions supporting the decentralization agenda, participatory subnational development planning and coordination of public service delivery at township level. The project is aligned with the above-mentioned National Community Driven Development Project (NCDD-P), developing village tract plans in areas where both the World Bank and UNDP are present. These plans will be utilized as inputs to determine which projects will be funded by township development grants, thus improving the coordination between village tract and township-level interventions. The project will also align with other actors, e.g. the forthcoming USAID programme for South-Eastern Myanmar; the Asia Foundation's strategic support to planning and budgeting and PFM; the European Commission's support to strengthening the capacities of local authorities; and the British Council's programme, My Justice, which is working on strengthening the capacity of ward and village tract administrators to manage conflict negotiation. The project aims to further strengthen institutions using democratic processes by building on UNDP's national and subnational support to parliaments; the work with the Ministry of Natural Resources and Environmental Conservation on mainstreaming disaster risk reduction and climate change adaptation in planning policies at various levels; the support to public administration reforms, notably the work on integrity, anti-corruption and civil service reforms; and strengthening capacities of the Central Statistical Organization to collect and analyse data at the subnational level, which will contribute to the use of evidence-based data and improve the quality of township and S/R annual plans. In the absence of a national development strategy, the GoM has underlined its commitment to institutional strengthening by prioritizing SDG 16 for the country's future. The project's focus on institutional development contributes to this priority, while also seeking to advance the SDG localization agenda.

Effectiveness and sustainability

The project approach is based on global experiences of fiscal decentralization and institutional development by UNDP, UNCDF, the World Bank and bilateral agencies in countries such as Cambodia, Bangladesh, Bhutan, Solomon Islands, Uganda, Kenya, Mozambique and Nepal.[21] The

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[20] Nicolas Garrigue, Marla Zapach, U Kyaw Thu, *Independent Outcome Evaluation of UNDP Myanmar's Outcome 1 (Local Governance Programme (2013–2016)* (2017).

[21] For example, see Van't Land, G. "Township Democratic Local Governance" SDC draft project document, September 2016; Joakim Öjendal and Anki Dellnas, eds., *The Imperative of Good Local Governance: Challenges for the Next Decade of Decentralization* (Tokyo, UN University Press,

approach is tailored and contextualized to Myanmar utilizing existing institutions and structures and anchored in the S/R and township sector departments—including the TPIC and the elected W/VTAs—having a voice in identifying needs, prioritizing development projects, monitoring progress and documenting lessons learned. Moreover, by engaging EAOs in government-led planning processes in conflict areas, the project seeks to contribute to an enabling environment for dialogue, collaboration and to establish mutual trust at the local level. Eventually, the project will generate well-tested evidence enabling the GoM to continue its local governance reform process nationally and make concrete policy changes.

Assumptions

The project's change logic rests upon several assumptions: Firstly, that the GoM will maintain the vision of a decentralized federalist structure and more subnational autonomy for the states and regions. This is particularly relevant to the ongoing fiscal decentralization policies and political discussions around the NCA, which might result in some resolutions during the lifecycle of this project. In this regard, this project assumes that the township level will remain the key local governance tier for public service delivery, and that the TPIC and the GAD will maintain their central roles in planning and coordinating development and public service delivery. It is expected that sector departments both at S/R and township level will be motivated to utilize the project to align their general service delivery plans with the annual township plans, and that this—in combination with grant investments—will be sufficient for local people to perceive a quantitative and/or qualitative improvement of service delivery and subnational governance. The project also assumes that discretionary grants, capacity development and mentoring will be sufficient to leverage the changes expected and that S/R and township administrations are motivated in pursuing inclusiveness, transparency and accountability toward local citizens, as well as willingness to cooperate closely with the public and civil society to establish feedback loops. It assumes that there will be willingness among EAO administrations and service providers to engage in dialogue and coordinate with the township planning process at some level and that openness exists to examining and developing their own more inclusive and participatory planning processes. Similarly, it is expected that civil society will be capable of ensuring the inclusion of women, and that W/VTAs will manage to identify the needs of vulnerable groups and act as efficient two-way information channels between township administrations and their constituencies. It is assumed that the envisioned transparent and inclusive processes designed around the planning and implementation of the projects to be funded by township development grants will result in people trusting township administrations and, indirectly, the S/R governments as responsive and accountable institutions. Based on the above assumptions, the project expects that evidence and lessons learned from this project will enable the GoM to develop and implement policy changes on democratic local governance and fiscal decentralization.

RESULTS AND PARTNERSHIPS

Expected results

This project contributes to the overarching objective:

Effective public institutions are enabled to develop evidence-based policies and systems responding to the needs of the people.

Myanmar's democratically elected Government is expected to promote democratic governance and translate it into visible change at the local level, alongside further improving service delivery, which provides a natural entry point for this project. The real success of the project will be in the extent of

2013); James Manor, ed., *Aid That Works: Successful Development in Fragile States* (Washington, D.C., The World Bank, 2007); Jesper Steffensen, *Performance-Based Grant Systems: Concept and International Experience* (New York, UNCDF, 2007); Roger Shotton and Mike Winter, *Delivering the Goods: Building Local Government Capacity to Achieve the Millennium Development Goals* (New York, UNCDF, 2005); and UNDP, *Decentralized Governance for Development: A Combined Practice Note on Decentralization, Local Governance and Urban/Rural Development* (2005).

its contribution to a public sector that increases the quality of both service delivery and democratic processes at township level, e.g. by putting mechanisms in place to manage inclusive annual planning and public sector management; enhancing human resource capacity to manage such mechanisms; and encouraging development of annual plans that respond to evidence-based priorities. Consequently, people's trust in local governance institutions is expected to improve as annual planning processes become transparent and accountable to the public and investments are responsive to local needs. For S/R governments, tangible projects will help them to demonstrate 'delivery' and active drivers for change, which will support Government in making policy decisions on how it can further implement democratic local governance reforms.

The project is designed along four streams of activities (see annex eight for an overview of activities during the planning cycles), each with a specific area of results:

Result one: Township administrations have improved capacity to respond to people's needs

This stream of work focuses on strengthening the capacities of government institutions to manage aspects of local governance and seeks to support the township administrations (all relevant departments) in the annual planning and budget execution cycle for the efficient and effective delivery of services and projects, based on the principles of inclusion and participation. Township administrations will be supported in improving their financial, procurement, technical and monitoring systems and practices through an established training program and on-the-job support. This, in combination with skills development for participatory planning and inclusivity, will constitute the foundation of capacities necessary for implementing the township planning process. The project will utilize existing government structures for annual planning—e.g. the biweekly coordination meetings between heads of departments (HoD) and W/VTAs, the township management meetings and TPIC meetings—as the entry point for initiating a more participatory and democratic planning process. Township administrations will develop their capacities to prioritize investment projects in a democratic manner using the project's grant manual as guidance. They will be supported in improving facilitation of a series of planning workshops, resulting in improved annual township development plans. To ensure evidence-based planning, the project will assist sector departments in collecting and analysing relevant data as input for the plans. Improved data utilization will also contribute to promoting issues such as inclusion, gender and environmental risk assessments, which the project will gradually strive to integrate as standards for the township plans. Measures will be undertaken to test approaches for collecting and analysing data locally aligned with the SDGs and the GoM's national SDG mainstreaming efforts.

During the planning and budget execution cycle of the infrastructure projects funded by a township development grant, the TPIC, additional sector departmental staff and W/VTAs will be given the opportunity to put new knowledge and skills into practice with extensive on-the-job support and mentoring by the project's township governance officers.

The project will continue UNDP's technical support to OSSs to enhance their capacities to provide public services in a transparent, accountable, efficient and service-minded manner that contributes to the overall objective of the project: improved township governance processes.

For the S/R Hluttaws, the project will provide an opportunity to enhance democratic accountability by engaging the Hluttaw members in the planning processes, as well as in monitoring the budget execution phase. Similarly, S/R governments will be closely involved in the planning processes, enabling them to improve vertical coordination and better align with respective S/R planning and budgeting processes.

Township administrations will be supported to launch new mechanisms and systems for transparency and social accountability as measures to improve public understanding. This will include communication on planning and budget cycles, for example through social media, public notices and simplified communication materials to assist township administrations and W/VTAs to inform and consult communities. Open budget meetings during the planning process and public procurement announcements will allow the public and civil society opportunities to monitor the planning process, as well as the budget execution phase. The project will, in agreement with S/R governments, develop complaints mechanisms to promote accountability of the township administrations. These will include various channels for the public and other stakeholders to report complaints and ensure that townships governments are performing in terms of addressing complaints.

The project will continuously seek to improve the annual planning process in a participatory manner by facilitating annual learning reviews at township and S/R levels, allowing project stakeholders to engage in an open dialogue on how to improve planning and budgeting processes.

Key activity results:
- S/R and township administration staff have increased capacity on good local governance and public sector management.
- Township administration staff have increased capacity to understand and analyse the socio-economic context including conflict (economic, social, environmental), inclusivity and gender issues.
- Township annual plans are developed in an inclusive manner and approved by TPICs and elected representatives.
- Transparency and social accountability measures are launched.
- Township administrations effectively manage the full cycle of service delivery through the township development grant.
- Public service delivery through OSSs is strengthened

Result 2: *Improved engagement between people and township administrations on public service delivery*

This area of work emphasizes the promotion of opportunities to strengthen democratic and social accountability of the S/R governments and township administrations towards the public. The project will increase information flows, enhance the role of W/VTAs as the link between communities and township administrations and provide opportunities for communities to gain voice and influence planning processes and decision making, which is expected to improve people's trust of township administrations and S/R governments.

Women's participation in the planning process is an essential area of work where the project applies a two-pronged approach to integrate gender equality into the planning process and to support women to utilize the enabling environment to advocate women's concerns. Based on township and S/R level gender and power analysis, the project will design a gender strategy for mainstreaming gender into annual development planning and service delivery, which will include identifying tools, e.g. gender responsive budgeting. Considering the minimal presence of women among W/VTAs, a women's representative will be paired with each W/VTA and receive the same capacity building measures enabling them both to support W/VTAs in the consultation and information-sharing tasks, as well as facilitate women-specific discussions in communities to allow local women to raise their concerns. Annual leadership trainings for women, in particular those who are household leaders, will be facilitated to encourage and strengthen their capacity to be active in local governance. Informal women's forums will be facilitated with participation of women from S/R Hluttaws, EAOs, township administrations, CSOs, and media. These forums will have a dual function of building trust between women from various backgrounds and facilitating broader discussions on local women's issues. Similarly, the project will identify and nurture 'inclusive development champions' in each township to be critical allies to ensure the voices of women are raised and assist in challenging structural barriers.

W/VTAs will play a key role as intermediaries of information sharing between township administrations and communities. The project will therefore provide them with skills and mentorship support in participatory public management and inclusivity. Support and training will also be provided to ensure W/VTAs and the women's representatives take active part in the planning process. W/VTAs and the women's representative will be lead facilitators in identifying community priorities, undertaking discussions and consolidating community feedback to township administrations in an inclusive and participatory manner, and the project will provide them basic facilitation skills and on-the-job support during these community meetings.

As an additional engagement approach, the project will select local CSOs to: 1) strengthen community understanding of and skills in using the planning model and 2) engage with W/VTAs and the women's representative to ensure community needs and feedback are presented effectively. Local CSOs will also be involved in identifying and implementing social accountability plans in partnership with township administrations, such as citizen report cards, allowing people to assess

government performance on the implementation of township plans and provision of services. Citizen report cards will be valuable progress monitoring tools for the project to assess level of change, township administration behaviour and procedures. Other social accountability measures may include public expenditure tracking, where local CSOs and HoDs undertake joint public budget monitoring and wider public hearing forums at state level to address civic engagement monitoring and participation in state-level planning. Joint visits by CSOs and township administrations to S/R Hluttaws will enable them to engage with MPs and learn about Hluttaws' functions and PFM at this level. Finally, citizen budgets will be produced by township administrations and disseminated to the public to communicate budgets in a simplified manner.

Key activity results:
- Women have improved leadership skills and participate in annual planning processes.
- People have access to information on government procedures and increased space for constructive engagement with township administrations.
- W/VTAs and the women's representative facilitate consultations on community priorities and improve information sharing between communities and township administrations.
- CSOs facilitate public engagement in township planning.

Result 3: *Improved engagement of EAOs in annual township planning and public service delivery*

This work stream focuses on both government and non-government actors as part of local governance in areas under full or partial EAO administration with an aim to bring EAOs into the above-mentioned work streams. EAOs will be capacitated and provided mentoring support to participate in all activities and platforms related to the planning and execution of the township development grant. The project maintains a flexible approach to engaging EAOs, recognizing that the support required for their participation in the project may differ from government institutions, and the project will regularly update its engagement strategy for each participating EAO.

Depending on the local situation (as well as the national peace process), the project will gradually explore options for regular (informal) dialogues between government institutions and EAOs on budget priorities and other local governance issues. Similarly, the project may offer support to the EAOs in applying democratic and participatory governance in their areas (as per the interim agreement under the NCA).

Key activity results:
- EAOs have the capacity to participate in annual township planning processes.
- Township administrations and EAOs have improved their communication on public service delivery through constructive dialogues.
- Township administrations and EAOs explore mechanisms for coherent, efficient and inclusive service delivery.

Result 4: *Dialogue on policy and institutional local governance reforms is informed by technical support and research*

This stream of work seeks to facilitate policy development, using internal learning to improve project processes and implementation, as well as to promote external sharing of the learning results generated by the project that may lead to scale-up and national replication of the township planning model. This includes eliciting, documenting and utilizing experiences from the field and lessons learnt from the township planning processes, procurement of services and monitoring of implementation, testing of social accountability and gender actions, as well as engaging community-based organizations in documenting changes at the community level. Research will be undertaken to further explore people's expectations of local governance and social accountability, including taking the issue of contested areas in account. This work will support the project to develop knowledge products to strengthen implementation, as well as to advocate the approach externally.

The project will facilitate discussions with the S/R governments and use the lessons learnt to engage with the Union Government in policy development. This will include enhancing the capacity of government institutions that play key roles in promoting participatory and people-centred local development, championing leaders to pursue policies that support local development processes, and moving the Union Government towards wider fiscal and democratic decentralization.

The project represents an innovative model that is effectively aligned with core government objectives and strong ownership by the Government. It also includes the peace process actors in generating solutions related to interim arrangements and convergence. This area of work will also involve exploring innovative measures to improve efficiency and quality of local administration and service delivery (e.g. on digitalization).

Key activity results:
- Lessons learned are captured through participatory action research.
- Policy dialogues are supported with evidence-based facts.
- Policies for annual township planning are developed.
- Policies for subnational public participation and PFM are developed and introduced.

Resources required to achieve the expected results

The project will provide all the required capacity development support to township and S/R administrations to plan and execute the budgets of the township development grants directly at S/R and township levels, especially through the deployment of staff in all covered townships to train and provide on-the-job mentoring and support in facilitating planning cycles. The project will also offer direct support to township administrations in engaging with civil society and EAOs throughout the planning and grant execution process. The project will cover all costs related to the planning sessions, training costs and grants to participating townships for implementation of the township plans.

The UNDP Country Office and UNDP Bangkok Regional Hub will support the project with quality assurance and policy advisory support in facilitating learning cycles, strengthening the planning model and promoting policy change to the Union Government.

The project will contract INGO services to implement the activities in Mon, support annual auditing, and provide individual experts to develop and deliver capacity development activities, project advisory and research support on a competitive basis.

Capacity development will partially be facilitated by short-term consultants with subject matter expertise (e.g. on conflict sensitivity, public sector management, procurement and evidence-based data collection).

Partnerships

The main project partner is the GoM (Union and S/R governments). The project is primarily focusing on subnational governance, particularly at the level of township administration.

The project will benefit from other components of UNDPs Country Program in Myanmar, such as parliamentary work at both national and subnational levels; public administration work, primarily with the civil service and anti-corruption reforms; work on disaster risk reduction and climate change adaptation, which covers both national and subnational levels; social cohesion and conflict prevention work; and promotion of the SDGs and the 2030 Agenda. Starting in 2017, UNDP is also supporting the Joint Ceasefire Monitoring Committee (JMC), which will inform the project on how the peace process is moving forward both at Union and subnational levels. Coordination with other UNDP interventions will take place under the leadership of Country Office senior management at regular programme coordination meetings.

The project will also seek to create and maintain synergies and partnerships with the following organizations and projects implemented in South-Eastern Myanmar.

NCDD-P

The development objective of the NCDD-P is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centred approach and to enhance the recipient's capacity to respond promptly and effectively to an eligible crisis or

emergency. As such, the project empowers villagers to manage their own development by inducing participatory approaches into planning and implementation of projects related to basic services and (public) infrastructure at village tract level. The project will achieve its objective primarily by making funds available to each participating tract (varying from MMK 20 million for small tracts below 3,000 people to MMK 120 million for tracts with more than 9,000 inhabitants) to support activities identified during a participatory planning process that involved all villages, was carefully balanced for gender representation and that highlighted the voices of poor and more vulnerable sections of the community. This funding is combined with explicit support (some 20% of the project budget) for community facilitation and training. The NCDD-P presently operates in all village tracts of 27 townships in all 14 state and regions, and is scaling up to cover at least 63 townships over the coming years. UNDP has already initiated collaboration with NCDD-P in Bilin Township and will, from the start of the TDLG project, engage in a closer collaboration with all NCDD-P townships in Mon State and Bago Region to strengthen the links between planning activities at tract and township levels. The project will also benefit from the NCDD-P's work on empowering local communities and CSOs.

British Council My Justice programme

My Justice is a five-year programme funded by the EU that focuses on strengthening public awareness and understanding of legal rights and obligations. My Justice provides one stop shop legal advice, assistance and representation in civil and criminal matters for the poor and vulnerable. It also helps raise people's understanding of their legal rights and obligations, including collaborations and linkages with community-based paralegals and social service providers. UNDP and My Justice started collaborating in 2016 on capacity development activities for W/VTAs in areas such as community dispute resolution and interest-based negotiations. My Justice is active in Mon State and UNDP will continue to partner with the programme in trainings for W/VTAs and expand to other relevant stakeholders, such as the womens' village tract representatives and the township administrators.

UNFPA

UNDP has engaged with UNFPA to improve the use of evidence-based data for planning and budgeting in supporting the Ministry of Labour, Immigration and Population to conduct Census reports in 2014. Since 2016, UNFPA has been developing census data reports at township level to support planning processes. UNDP has supported this effort by facilitating the engagement of township administrations and TPIC members from Kawa and Bilin to finalize those reports. The project will continue its collaboration with UNFPA to ensure that qualitative and quantitative evidence-based data are used in the development of the annual township plans.

UNDP ART

Developing capacity for local governance and local development (LGLD) is essential not just for delivering internationally agreed development goals, but also to support the process of making the State more responsive, inclusive and accountable. At the same time, the creation of multistakeholder partnerships has been widely acknowledged as crucial for the implementation of the new 2030 Agenda for Sustainable Development at the national and local levels. Globally, UNDP supports a wide range of interventions to promote LGLD in a variety of contexts. It builds and promotes innovative partnerships by working closely with subnational governments, their associations and other local stakeholders to support them in achieving their development objectives, and to stimulate and promote inclusive LGLD initiatives. It also strongly contributes to establishing multi-actor, multisector and multilevel governance structures and systems in order to address the complex needs of LGLD.

Since 2005, UNDP, through the ART (Articulation of Territorial Networks) initiative, has promoted sustainable human development at the local level by strengthening the capacities of local stakeholders and by facilitating the sharing of knowledge and expertise. The ART initiative is also offered as an important entry point to more than 600 decentralized cooperation partners (such as regions, cities and universities) to UNDP and the development system. The project will utilize the expertise of ART in both Mon State and Bago Region, focusing on creating awareness of how to address and relate to the SDGs in annual S/R and township planning processes.

Local Governance Initiative and Network (LOGIN)

The Local Governance Initiative and Network (LOGIN) is a multistakeholder network focused on South and East Asia that promotes reform agendas in favour of greater decentralization and the strengthened role of local governments. LOGIN spans over 11 countries and includes elected representatives, training institutions, think tanks, government departments, non-governmental organizations and intergovernmental organizations, among others. LOGIN works in favour of accountable, transparent and inclusive local governance and facilitates knowledge sharing and peer engagements on key local governance issues among its stakeholders. UNDP Myanmar is a member of LOGIN and has actively contributed to knowledge sharing, for example by sponsoring government officials to travel to workshops organized by LOGIN as a way of stimulating peer-to-peer collaboration and contributing to policy discussions. The TDLG project will actively continue its collaboration with the LOGIN network by sharing new knowledge products developed and by supporting government officials to participate in learning events and workshops organized in the region.

Joint Ceasefire Monitoring Committee and JMC Support Platform Project

The JMC was established in 2015 as a national body consisting of the Myanmar army (Tatmadaw), EAO signatories of the NCA and civilian representatives with the mandate to implement the NCA, focusing on establishing a monitoring, verification and resolution mechanism related to ceasefire violations. UNDP Myanmar has been implementing the JMC Support Platform Project since 2017, which seeks to build the JMC's institutional capacity to implement its mandate to ensure peace and stability in conflict-affected areas. The JMC presence in five conflict-affected states, one of them being Mon, includes a state-level committee (JMC-S) and a secretariat. In Mon, the KNU participates in meetings to discuss ceasefire resolutions reported by civilians and ceasefire parties, as well as in joint verification missions. While the JMC has begun to receive complaints from civilians, many fall beyond the mandate of the JMC and are instead related to local administrations and public service delivery. The TDLG project will seek to engage with the JMC, via the JMC Support Platform Project, to explore options for coordinating complaints management and the potential for establishing a referral system for those complaints that fall outside the JMC's remit, which will allow them to be taken forward by township administrations.

Supporting Partnerships for Accountability and Civic Engagement (SPACE)

The United Kingdom's support for the TDLG project in Bago is being provided through a new programme called Supporting Partnerships for Accountability and Civic Engagement (SPACE), the aim of which is to strengthen civic engagement in governance. Other components of SPACE will support the reforms that are being tested through the TDLG. This includes a new facility that is being implemented by Cardno, working in close partnership with TDLG in Bago to deepen the understanding of the context, piloting new ways of working and supporting effective engagement with broader groups of stakeholders. SPACE also includes a new component on evidence and learning, which will support impact evaluation and operational research to support policy making.

Risks and assumptions

The creation of an annual local development planning model that is participatory and inclusive, and that will be advocated for national replication, depends greatly on the Union Government's interest in the decentralization agenda, the development of a regulatory framework to guide its implementation, and on the Government's success in increasing its revenue base to mobilize funds (including overseas development assistance). Similarly, the likelihood of national replication depends on the ability of peace actors to agree on interim local governance arrangements and, eventually, permanent solutions. The relevance of the proposed model is linked to the assumption that the township level and its administration continues to be the substantial level for delivery of public services and planning of local infrastructure investments. The project will address these risks through continuous dialogues with Government and advocacy at governance fora at Union and S/R levels, and by maintaining internal tracking of these factors at board meetings and during the mid-term review (2019). In contested areas, EAO ownership of project implementation remains uncertain, and the project will address this via extensive consultations with EAOs throughout the project duration, as well as by utilizing the staged approach of rolling out the project to sensitize EAOs on the benefits of the project.

The project includes several operational risks related to the delivery of grants through township administrations that are inexperienced in managing projects according to international standards, as well as to facilitating inclusive consultations with the public. The project will address these issues through continued focus on developing capacities and providing on-the-job mentoring directly to staff involved in this process. The project will maintain a responsive approach to uncertainties and includes regular learning cycles that allows the project, together with S/R and township representatives, to continuously improve its interventions and procedures.

Stakeholder engagement

The direct target group of the project is the elected ward and village tract representatives, the township administrators, Hluttaw members, the heads of departments and other staff of the most relevant sector departments that play a role in public service delivery and that, as such, partake in the annual township planning exercise. It also includes the members of the above-mentioned TPIC.

Through its engagement with the township administrations, and while operating under the cover and with endorsement at the S/R government level, the project will also engage with and develop capacity of the S/R governments, notably cabinets and staff from budget, planning and other relevant departments. Through the policy advocacy component, the experiences of the project will be shared with the Union Government, which is therefore an additional target group of the project.

Civil society is another key actor for establishing dialogues and public participation in planning processes, as well as to promote better accountability of the township administrations. Civil society will be included in the annual planning process and supported to organize forums to discuss priorities and planning process separately.

Similarly, the project will target EAO administrations (in relevant townships) and the bodies of public service providers (notably in health and in education) they represent, to engage township administrations in the township planning cycle and improve coordination and responsiveness in service delivery. This may also include providing support to EAOs outside of the annual planning process if deemed effective. The project recognizes the risk that some EAOs may refuse to cooperate with the project due to political factors around collaborating with township administrations; therefore, the project will undertake a series of studies and analyses during the initial months by a conflict advisor, which will allow the project to define engagement strategies for various stakeholders. The conflict advisor will continuously be linked to the project during its implementation.

The ultimate beneficiary group for the project is, in principle, the entire population in the townships that participate in the project, as the project is based on the premise that township administrations become more responsive and engaged with the population in a transparent, accountable and inclusive manner, and that public services are to be more equally and equitably accessible to all.

With dedicated activities, the project focuses on two groups of residents that are currently underrepresented in public decision making: women and people in areas that are under the control of ethnic armed groups.

South-South and triangular cooperation

The project will benefit from UNDP's global and regional expertise on local governance and decentralization, particularly from the experiences and best practices of similar projects implemented in the Asia-Pacific region. It should be noted that the Swiss Agency for Development and Cooperation (SDC) is currently engaged with UNDP on four other local governance/decentralization projects in the region. A joint initiative between SDC, the UNDP Bangkok Regional Hub and the four projects could be envisaged to share knowledge and discuss common approaches, particularly around the importance of local governance for the SDGs at subnational/local levels. The ART initiative, discussed above, is also an important entry point for decentralized cooperation partners to engage UNDP and the development system.

At the policy and strategic level, Myanmar's political context—especially its current transition phase—inevitably impacts on the pace of its decentralization and local governance reform process. Several countries in the region have been facing similar situations, and lessons learned will be

shared to improve the capacity of the project (and the Country Office) to either anticipate or respond to such changes. Ongoing experiences from the region related to online training courses and the use of mobile technology to connect citizens to local administrations or to report fraud could be tested and integrated in the project.

At the technical and implementation level, Myanmar's experience and best practices from the project will be shared and promoted within the region and globally through UNDP's network, notably through interactions with the UNDP Bangkok Regional Hub and UNDP's Global Centre for Excellence in Public Service in Singapore. The project has also initiated a collaboration with the UNDP global initiative, Gender Equality in Public Administration (GEPA), a facility that:

(i)   Supports women's empowerment and expanded participation and leadership in the executive branch of the State.

(ii)   Contributes to the availability of up-to-date information on gender equality in public administration and of evidence and analysis to facilitate informed policy and decision-making.

Experiences, lessons learned and results from the project will be shared and promoted through the GEPA network, contributing to global awareness and policy development.

Knowledge

The project will document, analyse and develop new knowledge products and practical handbooks, e.g. on local development planning, fund management, civic engagement, effective financing mechanisms, public participation, project management and procurement for township and state/region officials, among others. These products will be regularly updated with new content and reproduced for wide dissemination through printed and online forms. The project, supported by the above-mentioned global UNDP initiatives, will also develop knowledge products in Myanmar language drawing from international sources, as most local officials and practitioners working in local governance do not speak English.

Sustainability and scaling up

The project will be testing a model of fiscal transfers for participatory local development planning that is designed in a way that could be scaled up and used all over the country. By using government systems, rules and regulations, the sustainability of the project is high, since capacities developed and improvements of intergovernmental systems will remain when the project is finished. It is anticipated that average grant amount will be US$1 per capita. The amount has deliberately been kept low to enable the GoM to use its own resources to sustain funding of the township development grants in the future. The project is designed to support the Government and participating townships for a minimum of three planning and budget execution cycles, which will allow participatory learning and policy development in local governance areas that contribute to strengthening government responsiveness in areas such as:

- What do effective and transparent financing mechanisms for local service delivery look like?
- How can inclusive, efficient and accountable public expenditure management procedures for township administrations be established and used?
- How could government policy, regulatory, support and supervisory functions be strengthened?
- How can systematic participation and consultations help to improve government capacity to respond better to people's needs and development challenges in the townships?

PROJECT MANAGEMENT

Cost efficiency and effectiveness

The project will maintain a high rate of cost efficiency by linking and integrating all activities to the annual township planning and budget execution process. This is particularly evident in the decision to apply an institutional approach: utilizing government processes and existing bodies for planning and coordination as the main avenues for implementation. While the project ensures technical

assistance in place locally to support the S/R governments and township administrations, the bulk of work related to developing annual township plans and budget execution, as well as progress monitoring, will be carried out by township administration staff, thereby making the project operationally light, sustainable and making it possible for Government to continue after the project is finished.

The Governments of Bago and Mon, and the involved departments at township level, will provide their staff time as government contribution to the project (this will be costed). The project will be audited annually by an external audit firm that has a long-term agreement with UNDP to conduct audits for all UNDP supported projects. In line with the UNDP Executive Board approved Policy on Cost Recovery (EB document DP-FPA/2012/1, DP-FPA/2013/1 and EB Decision 2013/9), organizational costs incurred by UNDP in terms of staff time and other implementation costs of a policy advisory, technical and implementation nature that are essential to delivering development results of the project will be included in the project budget and directly charged. Operational costs will also be kept low by utilizing public buildings for trainings and workshops and to host local project offices as in-kind contributions, as well as by using UNDP's common services for processing procurement, administration, finance (including its field offices) and Yangon-based operations.

The project is expected to be very cost effective, as the grants will be invested via public implementation channels, coordinated horizontally among line departments and based on identified local development needs. Lessons learned and capacity developed will hence remain within the supported institutions, promoting sustainability of the interventions. Secondly, as this project creates evidence and facilitates policy discussions on local governance practices and fiscal decentralization, the implications may result in national reforms impacting a much wider group of beneficiaries than directly covered under this project.

Project management
The project will initially operate in one state (Mon) and one region (Bago). In Mon State, the project will be implemented in all ten townships starting with the four townships in Thaton District in 2017, covering all the remaining townships in 2018. In Bago, the project will start in five townships, covering all four districts. The different implementation modalities will enable comparison and additional learning on effective implementation strategies.

The project will have a field coordination office in the regional government compound in Bago while utilizing the UNDP Area Office in Mawlamyine to cover Mon. A project support team will be placed at the UNDP Country Office to ensure efficient delivery, administration and coordination with Country Office operations and programme support units. Through UNDP regular programme coordination, the project will ensure that linkages to other UNDP interventions are effectively maintained.

Implementation arrangements
The project will use the direct implementation modality (DIM), under which UNDP is the implementing partner (IP). Under DIM, UNDP will bear full responsibility and accountability to manage the project, achieve project outputs and ensure the efficient use of funds. UNDP will be accountable to the funding partners for disbursing funds and achieving the project objective and outputs, according to the approved annual work plans. In particular, the IP will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) approving terms of reference for consultants and tender documents for subcontracted inputs; and (vi) reporting to the project board on project delivery and impact.

The day-to-day management of the project will be delegated to a project manager. The project manager will be supported by a project management unit (PMU) that will be staffed by a chief technical advisor, a project coordinator (national), a project associate (national), five township governance officers (national), a monitoring and evaluation (M&E) specialist (international), a civil engineer (national) and a project driver.

The PMU will be supported by the UNDP Country Office. UNDP will provide direct project services (DPS), according to the UNDP's policy on direct project costs. DPS costs are those incurred by UNDP for the provision of services that are execution-driven costs, directly related to the delivery of project.

UNDP, as IP, can enter into agreement with other entities, i.e. responsible parties (RPs) to deliver project outputs. Oxfam has been selected following a competitive procurement process as the RP to carry out project activities and produce project outputs covering Mon State, whereas UNDP will maintain responsibility over implementation in Bago, as well as disbursing funds to S/R governments, and national policy advocacy activities.

UNDP will sign a standard letter of agreement (LoA) with respective government agencies as RPs for implementing the funded projects (i.e. by a township development grant) to be transferred to those government agencies.[22] The LoA regulates the implementation modality, usage of the funds provided by the UNDP, reporting and audit requirements.[23]

UNDP will ensure technical and financial monitoring of all activities undertaken by RPs and S/R government in line with the signed agreements. Bimonthly or monthly project management meetings between UNDP and the RPs, and between UNDP and the townships, will provide further guidance on implementation.

Audit
As the implementation modality for the project is DIM, UNDP will apply the DIM audit arrangements. The audit of DIM projects is made through the UNDP's Office of Audit and Investigation (OAI). Audits shall be conducted on an annual basis. The townships receiving a development grant shall also be subject to an annual independent audit conducted by a private firm, to be recruited by UNDP in consultation with the S/R government. The outcome of the annual audit will determine the eligibility of the township for a subsequent grant in the following year. Should the biennial audit report of the board of auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to the donor.

Equipment, supplies and other property
Ownership of equipment, supplies and other property financed from the project shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with applicable policies and procedures of UNDP.

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[22] The township development grant should technically be considered an intergovernmental fiscal transfer from S/R governments to the township administrations, whereby to the extent possible, planning and implementation, as well as all related functions, are transferred or delegated to the township level. However, as the township administration is not a legal entity nor body corporate (all departments continue to belong to either the S/R government or the Union Government), the S/R government remains legally the ultimate responsible party for the use and implementation of the grant. In line with the Government's ongoing decentralization policy to give more authority to the S/R governments, funding from UNDP is made available to the S/R governments directly. This will not, for the moment, pass through the Union budget for further allocation to the participating townships.

[23] UNDP will use cash advances to disburse funds on a quarterly basis (against approved progress and financial reports) to the S/R government for immediate transfer to the townships. The transfers will be based on the estimated cash flow needs from the townships. S/R governments or townships are not allowed to use the funds for any other purpose than intended. The funds shall be received by the townships in a separate dedicated bank account established for that purpose. Unspent funds shall be returned to UNDP at the end of the fiscal year.

RESULTS FRAMEWORK

Intended outcome as stated in the UNDAF/Country Programme Results and Resource Framework:	
TBC	
CPD outcome	
TBC	
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:	
TBC	
Applicable output(s) from the UNDP Strategic Plan:	
TBC	
UNDP Country Programme output 1.1: Effective public institutions are enabled to develop and implement evidence-based policies and systems that respond to the needs of the people.	
Indicator 1.1.1: # of government development plans, at national/subnational level, including townships, formulated with UNDP support based on the following principles of the 2030 Agenda and the SDGs: use of data, inclusive participation, cross-sectoral coordination	
Baseline: Union – 0/0, Region/State – 0/1, Township – 0/0	
Target: Union – 1, Region/State – 4, Township – 64	
Indicator 1.1.2: # of female village tract administrators	
Baseline: 88	
Target: 500	
Indicator 1.1.3: Formula-based allocation for participatory local development planning adopted by Government	
Baseline: No such formula exists	
Target: Formula-based allocation mechanism operational by 2020	
Indicator 1.1.4: # of townships using formula-based allocation mechanism in participatory planning	
Baseline: 2	
Target: 15	
Project title: Township Democratic Local Governance Project	

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS				DATA COLLECTION METHODS & RISKS
			Value	Year	2018	2019	2020	FINAL[24]	
Result 1 Township administrations have improved capacity to respond to people's needs	1.1 % of trained township administration staff reporting having been able to apply public sector management skills for successful implementation of township development grants (disaggregated by sex)	Annual survey	TBC	2018	75%	85%	90%	83%	Annual survey, using questionnaire
	1.2 % of township development grant planning cycles completed in compliance with grant manual	Annual learning workshop report	TBC	2018	50%	80%	100%	82%	Annual learning workshop report using checklist
	1.3 % of township development grant capital investments implemented, as per work plan	Annual learning workshop report	TBC	2018	0	25%	50%	42%	Annual learning workshop report using checklist

[24] Final targets are cumulative. Final target may reduce due to staged rollout of planning process (i.e. 2018: 9 townships; 2019: 15 townships; 2020 15 townships).

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Indicator	Means of verification	Baseline	Year					Means of verification
1.4 % of township administrations that managed resources in accordance with national public procurement standards and regular external audits	Project procurement process control checklist, external audit report	TBC	2018	50%	78%	80%	73%	Project procurement process control checklist, external audit report
1.5 % of township development grant capital investment portfolios with accumulated 'satisfactory' rating received by people's representatives	Annual survey	TBC	2018	50%	100%	100%	96%	Survey, using random sampling questionnaire
1.6 % of complaints and issues received via complaints mechanism addressed by township administrations	TPIC meeting minutes	TBC	2018	25%	50%	75%	50%	TPIC meeting minutes
1.7 # of public financial management procedures/guidelines/policies put in place by state/regional governments	Project board meeting minutes	0	2017	2	2	2	6	Project board meeting minutes

Result 2: Improved engagement between people and township administrations on public service delivery	Means of verification	Baseline	Year					Means of verification
2.1 % of participating women reported having satisfactory access to planning process	Annual survey	TBC	2018	50%	75%	90%	90%	Annual survey during annual learning workshop using questionnaire
2.2 % of people reporting being satisfactorily informed on township planning process by their ward/village tract administrator (disaggregated by sex)	Local governance mapping	76%	2015	80%	90%	90%	90%	Citizen report card
2.3 % of people reporting improved public service delivery (disaggregated by sex)	Citizen report card	TBC	2018	50%	75%	90%	90%	Citizen report card
2.4 % of civil society members reporting having satisfactory engagement with township administrations	Annual survey	TBC	2018	50%	75%	90%	90%	Annual survey during annual learning workshop using questionnaire
Result 3: Improved engagement of EAOs in annual township planning and public service delivery								
3.1 # of townships with EAOs engaged in township planning processes	Annual learning workshop report	0	2017	1	2	4	4	Annual learning workshop report

Indicator	Baseline	Year					Source of verification
3.2 % of mixed-administered townships with improved participation, alignment and convergence organizations	0	2017	20%	60%	100%	100%	Annual learning workshop report
Result 4 Policy and institutional decentralization reforms informed by technical support and research							
4.1 % policies for public participation developed and used	0	2017	25%	75%	100%	100%	Project Board meeting minutes
4.2 Formula-based allocation for participatory local development planning taken up by Government	No	2017	No	No	No	Yes	Project board meeting minutes
4.3 # of innovative local administration and service delivery practices tested	0	2017	1	2	2	5	Project board meeting minutes

MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans.

Monitoring plan

Monitoring activity	Purpose	Frequency	Expected action	Partners	Cost (USD)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator	Slower than expected progress will be addressed by project management.		316,342
Monitor and manage risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's social and environmental standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners, and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		33,450
Annual project quality assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision-making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and make course corrections	Internal review of data and evidence from all monitoring actions will inform decision-making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project report	A progress report will be presented to the project board and key stakeholders, consisting of progress data showing the results achieved against predefined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures,	Annually and at the end of the project (final report)			