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**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

**FOR
REPUBLIC OF THE UNION OF MYAMAR
FOR THE PERIOD FY15-FY17**

**Myanmar Country Management Unit
East Asia Pacific Region**

**The International Finance Corporation
East Asia and Pacific Department**

The Multilateral Investment Guarantee Agency

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The date of the last Country Partnership Framework is April 23, 2015

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Myanmar Kyat (MMK) 1,362.01 = US\$1.00

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BETF	Bank Executed Trust Fund
CBM	Central Bank of Myanmar
CPF	Country Partnership Framework
CSO	Civil Society Organization
DLI	Disbursement Linked Indicator
DSA	Debt Sustainability Analysis
DTIS	Diagnostic Trade Integration Study
EITI	Extractive Industries Transparency Initiative
ESIA	Environmental and Social Impact Assessment
FDI	Foreign Direct Investment
GHG	Greenhouse gas
GSP	Generalized System of Preferences
ICA	Investment Climate Assessment
ICT	Information and Communications Technology
IDA	International Development Association
IDP	Internally Displaced People
IFC	International Finance Corporation
IHLCA	Integrated Household Living Conditions Assessment
INDC	Intended Nationally Determined Contribution
INGO	International Non-Governmental Organizations
IPF	Investment Project Financing
JICA	Japan International Cooperation Agency
MEB	Myanmar Economic Bank
MFI	Micro Finance Institution
MDF	Myanmar Multi Donor Trust Fund
M&E	Monitoring and Evaluation
MIGA	Multilateral Investment Guarantee Agency

MONREC	Ministry of Natural Resources and Environmental Conservation
MOPF	Ministry of Planning and Finance
MPLCS	Myanmar Poverty and Living Condition Survey
MPT	Myanmar Posts and Telecommunications
MSME	Micro Small Medium Enterprise
MTFF	Medium Term Fiscal Framework
NCDDP	National Community Driven Development Project
NGO	Non-Governmental Organization
NLD	National League for Democracy
NSDS	National Strategy for Development of Statistics
PDNA	Post Disaster Needs Assessment
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Financial Management
PforR	Program for Results
PLR	Performance and Learning Review
PPP	Public-Private Partnership
PSW	Private Sector Window
QSEM	Qualitative Social and Economic Monitoring
RETF	Recipient Executed Trust Fund
RPBA	Recovery and Peace Building Assessment
RRA	Risks and Resilience Assessment
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission
SEE	State Economic Enterprise
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SOE	State Owned Enterprise
SUF	IDA Scale-Up Facility
SWG	Sector Working Group
TF	Trust Fund
UHC	Universal Health Coverage
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Program
WB	World Bank
WBG	World Bank Group

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OF THE COUNTRY PARTNERSHIP FRAMEWORK

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I. INTRODUCTION

1. **The Myanmar Country Partnership Framework (CPF) for FY15-17 (Report No. 95183-MM), discussed at a Board meeting on April 23, 2015, is the WBG’s first full country strategy for Myanmar in over 30 years.** It aims to support Myanmar’s ongoing “triple transition:” from military rule to democratic governance, from a state-directed to a market-oriented economy, and from decades of conflict with ethnic minorities to a historic peace initiative. Considering the fundamental transition, great uncertainty, and high risks, the CPF was developed for an initial period of three years.

2. **During the implementation of the CPF to date, changes in Myanmar have continued to unfold at a rapid pace.** On November 8, 2015 open elections in Myanmar ushered in a successful transition. A new Government formed by the National League for Democracy (NLD) took office on April 1, 2016.

3. **This Performance and Learning Review (PLR), originally planned in FY16, has been prepared during FY17, in order to provide an opportunity to review and discuss Myanmar’s evolving development challenges and opportunities and the World Bank Group (WBG) program fully with the new Government.** Over the past 12 months, the WBG engaged in extensive consultations with government at all levels on an ongoing basis, including with the State Counsellor’s office, line ministries, the government’s Development Aid Coordination Unit (DACU), as well as members of parliament and parliamentary committees. In addition, consultations were held with civil society, the private sector, development partners, and other actors, continuing the emphasis on openness and inclusion developed in the preparation of the original CPF.

4. **These consultations confirmed the continued relevance of the CPF objectives and pillars: (i) reducing rural poverty; (ii) investing in people and effective institutions for people; and (iii) supporting a dynamic private sector to create jobs.** The new government noted specifically the alignment between the CPF objectives and its own economic policy issued in July 2016, and welcomed the emphasis in the CPF on building country systems and the commitment to rigorous monitoring of programs to ensure aid effectiveness.

5. **Reflecting the results of the consultations over the last year, and given demand from the new administration and the continued relevance of the CPF program, management has decided to extend the period of the current CPF by two years to June 30, 2019.** The extension reflects the key directions in which the new Government is proposing to steer the country, as well as lessons from analytic work which has confirmed the priorities set out in the Systematic Country Diagnostic, and the fact that in the original CPF period in which Myanmar went through an extended political transition, several programs and investments supported by the WBG have not

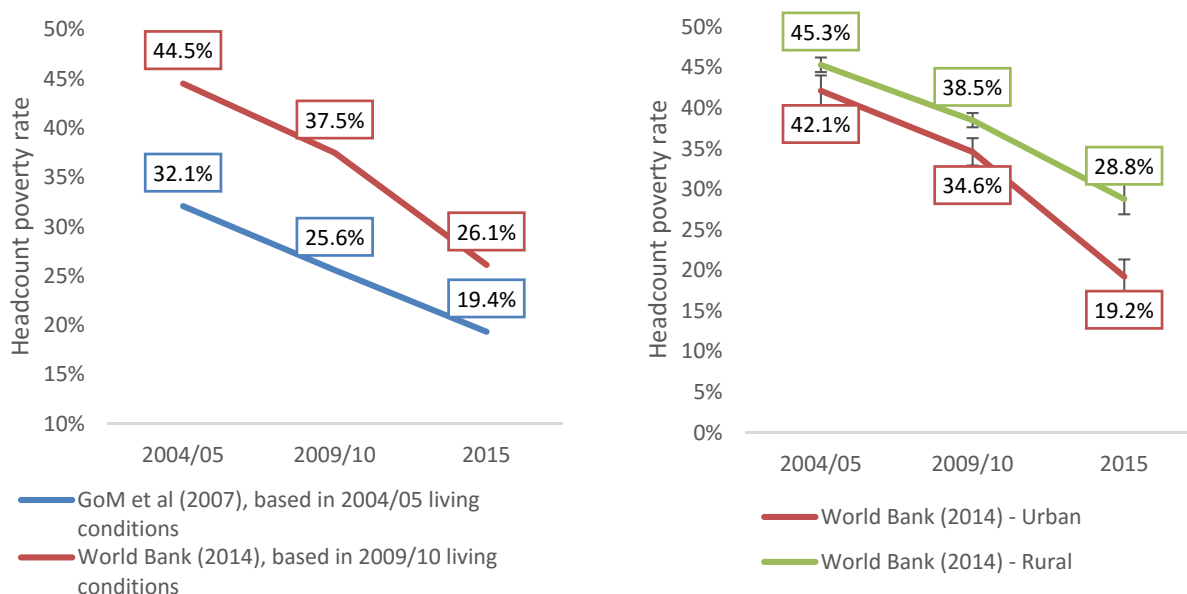
achieved their projected results fully yet, but are likely to do so over the next two years. This extension will allow the government to consolidate progress and advance toward achieving key development priorities, including on rural development and jobs. It also provides time to lay the foundations for the next WBG partnership framework.

II. MAIN CHANGES IN COUNTRY CONTEXT

A. Poverty profile

6. Myanmar has seen substantial poverty reduction between 2004/2005 and 2015 (Figure 1). Poverty declined from 32.1 percent in 2004/05 to 25.6 percent in 2009/10 and 19.4 percent in 2015 using the measurement methodology of the Government of Myanmar. A decline of a similar magnitude was registered using the World Bank’s revised estimate^{1 2}: poverty went down from 44.5 percent in 2004 to 37.5 percent in 2009/10 and 26.1 percent in 2015. These improvements in well-being are also reflected in multiple measures of welfare, including average consumption expenditures and asset ownership.

Figure 1: Poverty reduction between 2004/2005 and 2015



7. Despite these improvements in living conditions, many individuals live just above the poverty line and are at risks of falling back into poverty. The share of the population who are

¹ The poverty analysis uses data from the 2004/05 and 2009/10 Integrated Household Living Conditions Survey and the 2015 Myanmar Poverty and Living Conditions Survey.

² Although a handful of technical choices differentiate the Government and Bank methods, only a few have substantial explanatory power in explaining the differences in the estimates produced. The first important difference reflects the base year for anchoring the standard of living and definition of poverty. The second difference reflects methodological choices, in particular how household consumption was translated into individual consumption using adult equivalence scales. Due to the number of people in Myanmar living near the poverty line, small changes in assumptions can lead to large changes in poverty estimates.

near poor, that is, whose income is within 20 percent of the poverty line, was 61 percent³ of the population in 2004/2005, and still stood at 40 percent in 2015.

8. **Rural and urban poverty have declined over the past years, with urban areas experiencing faster growth in household welfare, and a sharper decline in poverty in percentage terms.** Urban poverty fell from 34.6 percent in 2009/10 to 19.2 percent in 2015, and rural poverty fell from 38.5 percent to 28.8 percent over the same time horizon. The more rapid decline in urban poverty relative to rural poverty is mirrored in sectoral growth figures, which show a more rapid rate of growth in manufacturing and services than in the agricultural sector over the same period. These developments underline the benefits of labor's reallocation to faster growing sectors of the economy, while pointing to the importance of rural development for promoting inclusive growth in Myanmar.

9. **There does not appear to be a significant relationship between the gender of household head and the economic welfare of the household.** The share of households headed by women in 2015 is similar among poor households and the general population. The gender gap has narrowed over time across a wide range of socioeconomic indicators, including enrollment at primary and middle school levels, and grade completion. Girls have higher net enrollment rates at high schools as boys are either dropping out or falling behind. However, there is a substantial gap in annual labor force participation across men and women. Annual employment participation is 59 percent for women aged 15 and over, compared to 84 percent for men.

B. Key Macroeconomic and Debt Developments

10. **The CPF implementation period was marked by several exogenous shocks that have heightened challenges for macroeconomic management.** The earlier period of CPF preparation had been one of rapid economic growth, reflecting the opening of the economy through a large number of measures including the unification of exchange rates, and the removal of trade and foreign exchange restrictions. The economy grew at an average of 8.2 percent per year in 2013/14 and 2014/15. Economic growth then eased to 7.3 percent in 2015/16 and an estimated 6.5 percent in 2016/17, essentially reflecting a supply shock due to the impact of severe flooding on agricultural production, and lower production of natural gas. While macroeconomic policy in earlier years succeeded in keeping deficits below 3 percent of GDP and inflation at around 6 percent per year, the supply shock to agriculture contributed to a sharp rise in inflation, which peaked at 16 percent (year on year) in October 2015, and an increase in the fiscal deficit by 2 percentage points of GDP (1.1 percent of GDP in 2014/15 to 3.2 percent in 2015/16) reflecting lower revenues from Myanmar's sales of natural gas, as both production and world prices declined.

11. **Recent economic developments have brought to the fore institutional and capacity constraints for dealing with external shocks and macroeconomic imbalances.** On fiscal policy, pressures from a weakening Kyat and falling commodity prices led to a sharp increase in monetary financing of the deficit in 2015/16. This compounded supply led inflationary pressures. The domestic market for government securities is gradually taking off, but it will take a long time to develop the market for much needed long-term financing, which is critical for large investment

³ Using the World Bank (2014) definition

projects. Initial pressures on the exchange rate in May 2015 prompted administrative controls, which led to a widening gap between the official and parallel market rates. Rapid growth in credit to the private sector coupled with weaknesses in banking sector oversight has led to some deterioration in banking assets.

12. **Despite these constraints, the government’s macroeconomic policy responses to external shocks have been broadly consistent with ensuring fiscal and external sustainability, and sustaining macroeconomic stability.** Fiscal policy adjustments have been implemented through tax administration reforms (e.g. rollout of self-assessment at the Large Taxpayers’ Office starting FY 2015/16 and expected at Medium Taxpayers’ Office starting in FY 2017/18); expenditure reallocations, which have tried to protect spending on high priority areas such as education, health and energy (see 2017/18 Budget approved by Parliament in March 2017); and imposition of limits on the monetization of the deficit (borrowing strategy submitted to Parliament in March 2017). The Central Bank has been working to enhance its monetary policy capacity, including improved liquidity forecasting to better target reserve money, and enhanced monetary operations. The Central Bank has maintained exchange rate flexibility, allowing the Kyat to depreciate from Kyat 1,080 per US dollar in 2015 to closer to Kyat 1,360 per US dollar in 2017.

13. **Myanmar has remained at low risk of external debt distress.** A WB-IMF Debt Sustainability Analysis in 2016 found that total public debt, and Public and Publicly Guaranteed (PPG) external debt indicators are projected to remain sustainable. Public and publicly guaranteed external debt is estimated at 15.5 percent of GDP in 2015, and total public debt is 33.8 percent of GDP. Current account shocks and currency depreciation are the main sources of vulnerability for external debt, while public sector debt is vulnerable to extreme shocks relating to slowdown in GDP growth or fiscal slippages. Looking ahead, Myanmar will require proactive debt management to ensure that the debt portfolio rebalances away from short-term to longer-term financing⁴, as supported by the Stability and Resilience Support DPO series under the CPF.

C. Emerging Country Issues

14. **During the implementation of the CPF to date, Myanmar has continued its triple transition (Box 1) and the fundamental shifts described in the CPF – from state control and exclusion to empowerment and inclusion – have continued to improve lives for millions of people across Myanmar.** The country’s first free national elections in a generation took place in November 2015, and the subsequent transfer of power to a National League for Democracy (NLD) government in March 2016 was peaceful. These high profile events have been accompanied by incremental (though not always linear) progress in participation, inclusion, and transparency, including greater media freedoms, the rejuvenation of the country’s universities and other institutions of higher learning, growth in the number and membership of trade and professional associations, and an increased number of voices active on social issues ranging from landlessness to corruption to exploitative working conditions.

15. **Along with increased freedoms, improved access to information has facilitated citizen engagement on a broad range of issues.** The percentage of the population with access to mobile

⁴ Governments and the general public in Myanmar have traditionally been hesitant to borrow externally, but this is changing especially for concessional financing such as IDA.

phones, in the single digits as recently as 2012, now exceeds 50⁵ percent. Members of parliament as well as Government departments are now using social media platforms to communicate with citizens, and efforts are underway to capitalize on the digital revolution in areas from mobile money to citizen feedback to local economic development. In 2016, Myanmar ranked 136 out of 176 on the Transparency International corruption perceptions index, with a score of 28, up from 15 in 2012⁶. This accelerating level of adoption of ICTs is creating new public and private business models and service opportunities involving digital platforms: digital ID and off-grid electrification from spare capacity of mobile phone towers as examples; as well as having the ability to avoid costly lessons of advanced economies of duplicated, fragmented and conflicting forms of technologies and information sources applied in multiple government agencies, rather than for the whole of government.

Box 1: Myanmar's Triple Transition

The WBG's Interim Strategy Note (ISN) for Myanmar, prepared in 2012 at the beginning of the WBG's re-engagement with the country, opened by noting that Myanmar was "embarking on a triple transition: from an authoritarian military system to democratic governance; from a centrally-directed economy to market-oriented reforms; and from 60 years of conflict to peace in the border areas." Acknowledging the complexity of these transitions, the ISN set out a program that would "support the success of these three transitions, promote poverty reduction, and pave the way for the resumption of a full country program."

Since the ISN was discussed in November 2012, the WBG's program in Myanmar has grown to an IDA portfolio of \$1.96 billion, but the emphasis on supporting the country's triple transition, including as the basis for achieving poverty reduction and shared prosperity, remains. Much progress has been made in these transitions over the past five years: the country's first free national elections were held in 2015 and a peaceful transfer of power to a civilian government took place in 2016; economic reforms have unleashed rapid growth and investment, with the Bank Group playing a critical role in establishing essential reforms such as a new Financial Institutions Law, a new Investment Law, the modernization of Myanmar's Public Finance Management Systems, application to EITI membership etc.; and a national peace initiative has seen the signing of a national ceasefire agreement, bringing an end to some of the world's longest running civil conflicts. And yet, as anticipated in the ISN, these transitions remain long-term, generational endeavors – democratic institutions need time to take root, poverty remains high, and conflict continues in parts of Shan, Kachin and Rakhine States.

The WBG has supported Myanmar's triple transition through a range of efforts aimed at strengthening transparent, accountable and effective governance, promoting economic growth and poverty reduction, and supporting the peace process and national reconciliation. In doing so, the WBG aims to be a reliable partner for Myanmar in the country's historic transformation, and to ensure that the results under the CPF help a dynamic country realize its full potential.

16. Meanwhile, the new government has continued to pursue an end to decades of ethnic conflicts through a peace process involving negotiations with over a dozen armed groups, offering the country's best hope for peace in a generation. In its initial phase in 2012 and 2013,

⁵ According to the Ministry of Transport and Telecommunications, there are 107 mobile phones for every 100 people in Myanmar.

⁶ The Corruption Perceptions Index aggregates data from a number of different sources that provide perceptions of business people and country experts of the level of corruption in the public sector. It is on a scale of 0-100 where a 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption.

the process led to the signing of a series of bilateral ceasefire agreements, including with the Karen National Union, ending the world's longest-running civil conflict. In October 2015, eight ethnic armed organizations signed a Nationwide Ceasefire Agreement with the Government, committing to a political dialogue aimed at a comprehensive national peace agreement. However, despite this promising start and the significant achievements of the peace process to date, progress remains uneven and fighting in recent months has intensified in the country's northeast. This includes in particular, high intensity conflict with the Kachin Independence Organization, but also armed clashes with smaller groups in Shan State which displaced thousands of civilians in late 2016 alone. The government's efforts to agree on a ceasefire with these groups and have them join the political process have so far been unsuccessful, in part reflecting a deep legacy of distrust following decades of conflict.

17. **Even as the government seeks to advance the national peace process, new sources of conflict have erupted, including in Rakhine State.** Long-simmering tensions between the predominantly Buddhist population and the state's Muslim minority led to communal violence in 2012, and the uneasy peace that prevailed thereafter (with 120,000 Muslims who self-identify as Rohingya living in segregated IDP camps) was broken with an attack on a police border post in October 2016. The government authorized a military-led security and clearance operation after this attack which caused some 65,000 people to flee to Bangladesh amid allegations of widespread human rights violations, including killings, torture, and rape of civilians. An Office of United Nations High Commissioner for Human Rights (OHCHR) report released in February 2017 described it as "very likely" that crimes against humanity occurred in this operation⁷. The need to restore stability in Rakhine State and find a political solution to the fate of the country's Muslim populations have thus become even more urgent, but no less intractable.

III. SUMMARY OF PROGRAM IMPLEMENTATION

A. Portfolio performance

18. **As of May 2017, the International Development Association (IDA) portfolio includes 12 projects totaling about US\$1.96 billion in commitments.** One operation is planned for the remaining of FY17: South East Asia Disaster Risk Management Project (US\$116 million). Myanmar is on track to fully commit its IDA 17 allocation, along with additional IDA of about US\$100 million from the Crisis Response Window (to support government response to the 2015 floods and landslides), plus an estimated US\$54 million as a result of reallocations within the EAP region, and allocations for regional projects. In addition to IDA, there is a Multi-Donor Trust Fund (see Box 3), jointly implemented with International Finance Corporation (IFC), with a commitment of US\$136.3 million as of April 2017. Besides the MDTF, other TF have commitments of US\$42.5 million as of April 2017.

19. **The IDA portfolio is in overall good standing but disbursement remains a challenge.** One out of 12 operations has a Marginally Unsatisfactory (MU) rating on Implementation Progress (IP). However, 5 operations have Moderately Satisfactory ratings for Development Outcome (DO) or Implementation Progress (IP), or both. The disbursement ratio

⁷ United Nations, Human Rights, Office of the High Commissioner, Report of OHCHR mission to Bangladesh -Interviews with Rohingyas fleeing from Myanmar since 9 October 2016, 3 February 2017

was 16 percent in FY15 and 13 percent in FY16. It stands at 10 percent as of May 2, 2017. The relatively low disbursement ratio reflects in part the young age of the portfolio (2.4 years compared to an EAP average of 3.6 years) and in part severe implementation challenges in a country with extraordinarily limited capacity. Initiated in 2015, a Joint Country Portfolio Review (JCPR) – a collaborative undertaking involving the Government, Japan International Cooperation Agency (JICA), Asian Development Bank (ADB), and the Bank – currently focuses on three cross-cutting implementation challenges: (i) processing approval of new projects; (ii) implementation procedures; and (iii) procurement. A Joint Action Plan (JAP) was agreed between the Government and ADB, JICA and the WBG to tackle these challenges. IDA is providing intensive implementation support to address these challenges, including through a growing number of country-based task team leaders. Box 2 below discusses the complexity of the capacity-building challenge in Myanmar.

Box 2: The Capacity-Building Challenge in Myanmar.

The challenge of building capacity in Myanmar is massive in scope and time—similar to that in the transition countries after the break-up of the former Soviet Union, and quite possibly even deeper, because of lower initial education levels. It is a matter of unlearning the entrenched approaches and practices that have been followed in the administration for decades, as well as learning fundamentally new skills. Developing and strengthening capacity requires strong commitment from the heads of ministries and agencies, the courage and resolve to take risks, and an ability to motivate middle-managers and officials who have reached where they are because of their success in carrying out functions that are no longer needed or even counter-productive in the new environment. The state-owned banks, for example, have been used as an instrument for transferring funds in support of specific government programs. They bear little relation to a modern commercial bank. In almost every sector capacity building requires first, helping to develop an understanding of the objectives of development administration in a market economy, second, putting in place the legal framework and implementing regulations needed to support it, and then training and motivating staff to adopt and carry out a new set of objectives aimed at supporting private-sector-led growth. Obviously new investment for growth has to take place *pari passu* with building capacity. The Bank’s work in the education sector is a good model of what can be achieved through identifying ongoing government programs and building on them to support Myanmar’s development objectives. There are limits however, and with the success the program is having in increasing access to schooling, the Government now finds itself facing the challenge of training large numbers of new school teachers. The focus of Bank support is now shifting to this area. This is the kind of careful sequencing that the Bank and other development partners need to design into their support for the Government.

20. **The WBG has undertaken a wide-ranging program of analytic work, advisory services and technical cooperation given the importance of building up Myanmar’s institutional capacity.** Ahead of the 2015 elections, the World Bank Group prepared a series of policy notes to promote debate and ideas on inclusive growth in Myanmar as new policy makers were preparing to govern. The policy notes highlight six priority areas – access to social services, reducing rural poverty, private sector competitiveness, financial inclusion, access to energy, and public sector governance. Each policy note summarizes the context and opportunities for change, including recent reforms and developments, and highlight regional experiences and lessons. The WBG has assisted Myanmar in undertaking first ever analytical work in a number of fields, including two Public Expenditure Reviews, an Extractive Industries Transparency Initiative (EITI)

reconciliation report, power sector financial viability, natural gas supply economics and a Diagnostic Trade Integration Study (DTIS). The World Bank also launched and delivered 3 Myanmar Economic Monitors, which has become a widely read and quoted bi-annual publication. Through its knowledge work, the WBG has helped inform policy and programs on issues such as Universal Health Coverage (UHC), qualitative and quantitative poverty measurement and analysis, a Post Disaster Needs Assessment (PDNA) after the 2015 floods and landslides, public finance allocations and reforms etc. Ongoing technical assistance aims to improve the legal and regulatory framework for banking and non-banking financial institutions and supervisory capacity of Central Bank and Financial Regulation Department of Ministry of Planning and Finance (MOPF). Work is underway on jobs; social inclusion; a study on the economy of Rakhine, and others. Most IDA-funded projects also include significant capacity building components.

21. IFC has a total commitment (own account of US\$482 million and mobilization of US\$403 million) of about US\$885 million as of May 2017, in the information, transportation, tourism, construction, agro-business, retail, and finance sectors in Myanmar. By June 2017, IFC expects its total commitments to be US\$1.0 billion which was the original target under the CPF. IFC's strategy in Myanmar is directly linked to the WBG CPF. Within the CPF, IFC has pursued three strategic themes: (i) access to reliable and affordable infrastructure, particularly power; (ii) development of the agriculture and tourism sectors; and (iii) financial inclusion.

22. IFC has significant advisory services, totaling US\$32.1 million in value as of April 2017. In line with the CPF, the IFC advisory work has focused on helping the Government of Myanmar and private firms to implement reforms that improve the business environment and encourage and retain investment in infrastructure, financial sector and in sectors which create jobs. This includes improving the investment climate in Myanmar, both through regulatory reform (e.g., new Investment Law, Myanmar Business Forum, Credit Bureau, Secured Transactions Framework, Corporate Governance, and Environment and Social Sustainability Performance Standards), supporting policy dialogue (for example through the Myanmar Business Forum as a platform between government officials and the private sector) and support for infrastructure, including power, telecommunications, and ports. IFC advised the Government for the first internationally tendered Independent Power Producer (IPP) in Myanmar (225 MW Combined Cycle Gas Turbine or CCGT Myingyan IPP) which resulted in price discovery that will save the Government several billion dollars over the life of the concessions.

23. Although the IFC portfolio is in good standing with no non-performing loans, implementation remains challenging. The main challenges include the inability to date to provide B-loans (see below); limited capacity in the domestic private sector to meet the international standards expected of IFC's investments, poor corporate governance; and weak capacity of the Environmental Conservation Departments to enforce the existing regulation on environmental safeguards. IFC has also not received B-loan tax letters from the Myanmar Government yet, which is limiting its ability to mobilize long term private finance, particularly for large infrastructure. IFC has also signed a Technical Assistance MOU with the Securities and Exchange Commission of Myanmar (SEC) to help improve corporate governance of private firms in Myanmar.

24. **The Multilateral Investment Guarantee Agency (MIGA) has two active projects with a total exposure of US\$511.94 million in the telecommunications sector.** The guarantees cover the risks of currency convertibility, transfer restriction, expropriation, and war and civil disturbance. The expected development impact of the projects benefitting from MIGA guarantees is the improvement of the telecommunications infrastructure sector and economic growth in Myanmar. One project's activities include the construction of a fiber optic cable which will increase access to telecom services in urban and rural areas; provide additional tax revenues for the government; and boost economic activity and employment opportunities, directly and indirectly, during the construction and operational phases. The second project involves a joint operation between the Myanmar Post and Telecom (MPT) and KDDI Summit Global Myanmar (KSGM) to operate, upgrade, reactivate, and expand MPT's fixed line and wireless telecom network and service offerings in Myanmar, thus leading to an increase in the number of connections that are affordable.

25. **MIGA is currently considering another guarantee in the electricity sector.** The proposed project is the IPP which IFC advised the Government on and which IFC may also support financially. It involves the development, financing, construction, testing, commissioning, operation, and maintenance of a 225-megawatt gas-fired combined cycle power station on a build-operate-transfer basis. The proposed project will help address the current severe power shortage in Myanmar. In addition, the project's combined-cycle gas turbine is more energy efficient than single-cycle gas power plants currently in use in the country. The proposed project will create significant employment opportunities during the construction and operational phases.

B. Partnerships

26. **The CPF described partnerships as being at the core of the WBG's engagement in Myanmar, and during the CPF implementation, important progress has been made to broaden and deepen partnerships in the CPF focus areas.** Specifically, the WBG was able through its financing to create platforms that allowed other development partners to begin channeling resources through the government budget, instead of the parallel systems that had characterized the aid landscape in Myanmar for many years. As of March 2017, a broad range of development partners were co-financing WBG-supported programs, ranging from public financial management, to health and education, to community-driven development and energy. Many of these partnerships used an innovative trust fund covering both the World Bank and IFC (see Box 3) to channel their resources. IFC is mobilizing the Asia Infrastructure Investment Bank (AIIB) to take up to US\$20 million of IFC's exposure into the proposed Myingyan IPP, and this transaction will represent AIIB's first private sector investment in Myanmar.

Box 3: Myanmar Partnership Multi-Donor Trust Fund

The Myanmar Partnership Multi-Donor Trust Fund (MDTF), established in 2014, has expanded significantly during CPF implementation. Donor contributions have risen from US\$10.3 million in 2014 to US\$136.3 million by April 2017. In April 2017, the Finland Ministry of Foreign Affairs joined the partnership, along with the United Kingdom Department for International Development, the Australian Department of Foreign Affairs and Trade, the Kingdom of Denmark, and the Government of Myanmar (GoM).

Within the three development areas of the MDTF ((i) Social Inclusion and Development; (ii) Institutional Strengthening; and (iii) Private Sector Development), the scope of activities has also expanded during the CPF implementation to now include support to the EITI, the financial sector, and poverty work.

Selected results achieved include: 1) providing stipends to over 100,000 students from poor families; 2) provision of grants to government-sanctioned basic education schools and monastic schools to help them improve their education outcomes; 3) helping to increase tax collection through the introduction of self-assessment system at the Large Taxpayer's office; 4) improvement of in-year financial reporting; 5) saving the private sector US\$3.8 million in compliance costs as a result of introducing a negative list for trade licensing; and 6) the enactment of a modern Investment Law on October 18, 2016.

27. **By building platforms of scale and avoiding fragmentation, these partnerships help increase aid effectiveness while reducing transaction costs and associated burdens on overstretched government systems.** The WBG has played a catalytic role in initiating these partnerships, by providing donors with sufficient fiduciary, safeguards and technical oversight of the programs they are co-financing. For example, the World Bank Group was instrumental in helping the Government of Myanmar establish a national electrification plan and aligning support from development partners and the private sector toward the goal of achieving universal electricity access by 2030. More than US\$600 million of donor financing, including IDA, Italy, Germany, etc. have been mobilized to support 'one goal, one plan' of national electrification. At the same time, these partnerships are beneficial to the WBG in that they help leverage IDA resources to maximize their impact on reducing poverty and boosting shared prosperity.

C. Progress toward achieving CPF Objectives

28. **Significant progress has been made to date (Annex 2), although some targets will not be met or fully met by the CPF's original end date of June 30, 2017.** The PLR analysis highlights both the potential impact of effective WBG assistance in Myanmar, and the difficulty in designing and implementing effective projects with a new client in a fragile, low capacity context. In particular, the PLR found that the Bank at times was overly optimistic in estimating implementation timelines, as complex government decision-making procedures and capacity constraints led to longer implementation delays than anticipated. Moreover, in some instances, project design was ambitious, assuming for example that support under an IDA operation could help tackle limited inter-ministerial coordination, while coordination problems turned out to be too deeply rooted to be overcome rapidly. Finally, the government transition that

took place during the CPF period has delayed implementation, as new ministers and senior officials needed time to come up to speed on projects under their purview. As part of the PLR, the results framework for the CPF has been revised to account for lessons learned in implementation to date.

29. **The CPF supported three focus areas: reducing rural poverty; investing in people and effective institutions for people; and supporting a dynamic private sector to create jobs.** Activities in these focus areas integrate four cross-cutting issues: gender, conflict, governance and climate change and disaster risk. Progress to date under each of these focus areas and cross-cutting issues is summarized in Table 1 and discussed below.

Table 1: Assessment of Progress against CPF objectives indicators

Focus areas	CPF Objectives Indicators # 22			
	Achieved	Likely with additional time	Watch	Total
Reducing Rural Poverty	2	2	2	6
Investing in people and effective institutions for people	5	1	2	8
Supporting a dynamic private sector to create jobs	7	1		8
Total	14	4	4	22

Focus Area 1: Reducing Rural Poverty.

30. **As of May 2017, it appears that targets for the CPF objectives of increased productivity in farming and agribusiness will not be achieved in FY17, while the targets for the CPF objectives of improved power generation and access to electricity are likely to be achieved in FY18.** WBG programs supporting these objectives have experienced delays in preparation, securing final approvals from the Government and, in the case of IDA projects, in putting in place the major procurement packages for the core investments. There have been major positive developments in the power sector though, as the competitive procurement introduced by the WBG has led to decreased prices, with potential savings of several billion US\$ over the life of future concessions. In addition to demonstrating substantially lower prices and establishing new efficiency norms resulting from competitively procured gas-fired generation, whether public or private, more than 50 percent cost savings (compared to cost estimates) were achieved in the competitively bid solar home systems under the Bank project.

31. **Targets for the CPF objective of improved access to critical infrastructure and services for the rural poor have been achieved, in the process demonstrating the effectiveness of a participatory model.** As of early 2017, the National Community Driven Development Project (NCDDP) financed over 6,500 subprojects in 27 townships, home to 3.5 million people. Subprojects included the rehabilitation of over 2,300 kms of roads, extensions and renovations of 1,400 schools, along with investments in new water supplies, sanitation facilities, electrification, jetties, libraries and health centers amid a broad range of community level infrastructure. To date, the project has created over one million days of paid labor. An independent technical audit in 2016 found that 92 percent of subprojects met or exceeded technical

specifications, and that subprojects were cost effective when compared to the construction of similar infrastructure through other programs.

32. Besides infrastructures and jobs, the NCDDP has helped in using innovative tools and approaches that have the potential to increase social capital and support the peace process. This includes: (i) the transformation of the relation between the State and the citizens (from top down to bottom up governance); (ii) the organization of communities into an active and inclusive (gender) force for changes; (iii) annual performance reviews, including social audits; (iv) large scale grievance handling mechanisms; and (v) confidence building measures and partnerships between Union Governments and Ethnic Armed Organizations (EAOs) to serve communities in townships that are still contested.

33. To achieve original CPF objective of improved national capacity for sustainable environmental and natural resource management will require engagement and time beyond the CPF period ending June 30, 2017. This objective pertains to the capacity of the Government to carry out Environmental Impact Assessments (EIAs) for projects – both those domestically financed and those supported by development partners. The picture is mixed. While there is clear accountability with the Ministry of Natural Resources and Environmental Conservation (MONREC) and high-standard legislation is in place, there is a serious mismatch between this and the Ministry’s capacity to manage the EIA process and enforce compliance with the regulations. The WBG is working with the Government towards an approach that can prioritize those areas where the EIA process needs to move ahead most urgently, and to prioritize targeted capacity building for sustainable environmental management in key natural resource subsectors.

Focus Area 2: Investing in people and effective institutions for people.

34. The targets for the CPF objective of improved capacity to manage public finances and Central/Local relations for better services delivery are partially achieved as of April 2017. The Ministry of Planning and Finance has made the budget more transparent and accessible to the Myanmar public (e.g. publication of Citizens’ Budget; budget proposal to Parliament (for the first time ever starting this year)); budget execution reports; information on State Enterprise finances), has prepared a medium-term fiscal framework (MTFF), and is using formula-based transfers from the center to state and regions. Myanmar has also reformed some of the outdated financial rules and regulations that were a major impediment to services delivery at the local level. Regarding transparency in the reporting of revenue from natural resources, Myanmar published its first EITI reconciliation report in January 2016, but there has been a significant delay since then, and the second report is not expected until early 2018.

35. In education and health there has been significant progress in increasing resources available to schools and local health personnel. The targets of the CPF objective of expanding and improving education coverage and measurement of learning outcomes were exceeded. Stipends allow over 150,000 students from poor households to continue their education. The program has also revealed the urgent need to address poor learning outcomes by undertaking assessment of early grade reading performance. The targets of the CPF objective of expanding health services and improving health financing, with a focus on maternal, newborn and child health, are not met yet but more funding is channeled to front line service providers to improve

health services. Some of the success of the health and education programs are attributed to the use of block grants and disbursement-linked indicators (DLIs) rather than traditional IPFs.

36. The Bank has supported a substantial program of analytic work for increased understanding of poverty and key governance issues. The Bank contributed to a new household survey and a poverty assessment which are helping to build a consensus on the levels and distribution of poverty in Myanmar. A first-ever Public Expenditure Review has also helped to shed light on intergovernmental fiscal transfers and recent trends in public spending in the health and education sectors. A second PER is looking at ways to create fiscal space and protect spending on economic and social trends. Spending trends have been monitored and reported on through bi-annual Myanmar Economic Monitors, which have also looked at links between growth and migration, job creation, and the impact of natural disasters. The Bank has supported a “Pay, Compensation and Human Resource Review” jointly undertaken with the Ministry of Planning and Finance and other key public sector agencies. The policy recommendations, including the use of a customized pay and compensation model that has been applied in the MTFP process, are likely to be approved by the cabinet in June 2017.

Focus Area 3: Supporting a dynamic private sector to create jobs.

37. All the targets but one of the CPF objectives indicators were achieved, though there remains a large unfinished agenda to enable the private sector to reach its full potential. Of the eight objectives indicators under this focus area – which covers access to finance, ICT, better business climate and improved trade regulations – only one target relative to trade regulations was partially achieved. The Government of Myanmar has taken a number of important steps in the past few years to liberalize markets for finance, trade and telecommunications, and improve the enabling environment for private sector. The WBG Group has played a supporting role in all these areas, though given the evolving context, attribution is difficult. In the telecommunications sector for instance, mobile communications have expanded rapidly as a result of low prices brought about by the competitive market, to which the WBG has contributed. A new Banking and Financial Institutions Law, developed with the assistance of the WB, defines the scope of power of the Central Bank of Myanmar (CBM) adequately, marks the perimeter of exercise of discretion, sets out clear procedures to guide, and ensures consistency. Additionally, the law includes upgrading the regulatory framework for mobile financial services, which is expected to be a game changer in the area of expanding financial inclusion in Myanmar in light of the rapid uptake of smartphones.

38. The progress has been slower in improving the investment climate more generally where Myanmar’s indicators have only improved marginally during the CPF period ending June 30, 2017. However, the new Investment Law – drafted with the help of IFC – which came into effect on April 1, 2017 brings fundamental changes such as providing a level playing field for foreign and domestic investors alike, simplifying the investment approval process (including by reducing the discretionary authority of the Myanmar Investment Commission), improving minority protection rights, financial reporting and auditing requirements, managing investor grievances, directing tax incentives to where they are needed most etc.

D. Cross-Cutting themes

39. **Gender.** As planned in the CPF, all IDA-supported operations are gender informed⁸, and a Country Gender Action Plan (CGAP) was developed. As an illustration, under the Essential Health Services Access Project, approximately 4 million pregnant women and their young children would potentially benefit from the project, and gender is mainstreamed throughout the project design, implementation and monitoring. The NCDDP is ensuring women have substantive voice in the decision making forum, through a representation of a least 50 percent in Village Development Committees; at least one sub-project per village tract annually that will directly respond to women’s priorities; and equal pay for equal work for women and men for work performed for sub-projects. The CGAP which is aligned with and supports CPF implementation has three strategic priority areas: (i) addressing relevant gender aspects in *operational work*; (ii) improving gender *knowledge* and data on key development issues, and promote policy dialogue on gender issues; and (iii) providing *capacity building* and learning support to clients and WBG staff. The CGAP will be updated to cover the CPF extension timeframe, and will identify gender disaggregated indicators for relevant CPF outcomes, whenever data allows.

40. **Climate Change and Disaster Risk.** Myanmar submitted its Intended Nationally Determined Contribution (INDC) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015. The INDC recognizes that Myanmar is highly vulnerable to the adverse impacts of climate change, including extreme weather events, sea level rise, flooding and drought. Myanmar is a net Greenhouse gas (GHG) sink as a result of having the largest standing forests on mainland South East Asia, low level of development and still relatively clean energy sources. Adaptation to climate change is a strong priority of the WBG in Myanmar. The WBG has assisted Myanmar to enhance the efficiency of existing gas-fired plants and develop energy sources and operations that will help power the country in a sustainable and clean manner. Under the Ayeyarwady Integrated River Basin Management Project, enhancing hydromet services is helping to strengthen climate adaptation capacity and disaster risk management, including a national system to produce and disseminate disaster warning information. A disaster risk management operation planned in FY17 will strengthen resilience against floods and earthquake in the city of Yangon while improving the capacity for disaster risks financing. Building “emergency response contingencies” into IDA supported operations where appropriate, has allowed the rapid reprogramming of funds to respond to natural disasters.

41. **Conflict.** At a strategic level, the WBG – as a founding member – has maintained an active role in the Peace Support Group⁹ which works towards ensuring effective coordination of the international community’s support to peace in Myanmar. At the operational level, the WBG is striving to ensure its portfolio is conflict sensitive by undertaking conflict assessment prior to engagement and engaging with all stakeholders, including with ethnic armed organizations, and by piloting operational adaptations where needed. At both the strategic and operational level, this engagement has benefitted from the Korean Trust Fund for Economic Transitions. In addition to proactively mitigating risks, the WBG has also aimed at maximizing opportunities for supporting

⁸ A Project is “gender informed” if the PAD and/or supporting documents at the time of Board approval document demonstrates that the project address gender in all 3 dimensions of the gender flag: analysis, actions, M&E.

⁹ It currently includes Australia, Canada, Denmark, the European Union, Finland, Indonesia, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, the United Nations, the United States of America and the World Bank Group.

peace in Myanmar by supporting increased access to services and opportunities for communities affected by conflict. The case of the NCDDP is discussed in Box 4.

Box 4: Integrating conflict sensitivity in the Myanmar NCDD project

Approved in November 2012 as the WBG's first project in Myanmar after a 25-year absence, NCDDP was not originally intended to address the government's long-running conflicts with ethnic groups along the country's periphery. However, changes in Myanmar unfolded at a dramatic pace, with the signing of a nationwide ceasefire agreement in October 2015 paving the way for the NCDDP to expand to areas under the influence of various ethnically-based armed groups and home to some of the country's poorest and most vulnerable communities. At the same time, conflict erupted in a project area in Shan State, necessitating a review of operational procedures to ensure the safety of project staff and communities.

To address conflict, the project team took a three-fold approach. First, the Bank and the government actively engaged in a dialogue with local stakeholders, including ethnic armed organizations, in conflict-affected townships and built relations to introduce the project. Second, the project built knowledge and skills within the project, both upstream by undertaking participatory township-specific, in-depth conflict assessments and during implementation by hiring staff from a variety of ethnic groups, who spoke the local languages, knew local actors, and had an in-depth understanding of local context. And finally, it adapted operations to fit the local context. Negotiations with armed groups ensured unhindered access of staff to key areas, conflict sensitivity training increased staff skills, while regular review meetings were held with civil society to build trust and address problems, and additional villages were allowed to participate in the project in the second year of operations while maintaining access to four annual cycles of grants. These adaptations were time intensive, required a spirit of openness and learning, and leadership on the part of the government, plus additional resources on the task team side, but they allowed the NCDDP to become the first government project to operate at scale in conflict-affected parts of Myanmar, and to do so while building mechanisms for collaboration and communication with previously marginalized groups.

42. **Governance.** As envisioned in the CPF, Governance has been mainstreamed in the WBG Program at the project, sectoral and country level. As an illustration at the sectoral level, the WBG has helped identify governance issues in the management of natural resources, and have assisted Myanmar in publishing its first EITI reconciliation report in 2016. The WBG – along with UK and Australia – has also helped to mobilize resources to continue supporting EITI implementation. In the financial sector, the WBG is providing technical assistance for assessment and improvement of governance arrangements, including auditing and accounting standards and disclosure requirements of financial institutions. Furthermore, during CPF implementation, the WB has broadened its public sector engagement along three major themes: (i) making the Central-Local architecture work better; (ii) resolving bottlenecks in economic and social services through policy dialogue and capacity development; (iii) improving performance through streamlining government structure and improving systems for rewarding, recruiting, deploying and retaining public servants. In addition to the Pay, Compensation and Human Resources study mentioned above, the WB has also expanded collaboration with State and Region governments on Public Administration Performance, including improving delivery of administrative and social services; strengthening the organizational and staff capacity of civil servants; and strengthening citizen engagement.

43. **Jobs.** While implicit in other topics discussed above, job creation is being given increased importance in the overall program moving forward, through systematically ensuring that these

cross-cutting areas are taken up in the Bank's analytic work and the design of lending operations. The Bank is currently undertaking a Jobs report to inform the dialogue with the Government of Myanmar on this topic. Bank and IFC support for the financial sector will play an important role through widening access to Bank credit for all, and particularly for women: indeed, access to finance is the first bottleneck listed by firms for their expansion. Bank analytic work will include coverage of the topic of migration and explore how Myanmar can derive greater benefits from its high rate of migration.

IV. EMERGING LESSONS

A. Main lessons from portfolio and program implementation and performance

44. **The triple transition remains work in progress. Myanmar is still a fragile state with significant violence, major tensions, and a difficult interplay between political realities and economic policies.** In this context it is essential for the World Bank Group to have access to the best possible knowledge and understanding of what is happening on the ground. This requires well-staffed local offices (in Yangon and Nay Pyi Taw). In addition, the Bank has found it useful to establish links with agencies that are able to report on and evaluate the situation in the states and provinces where intermittent violence is still occurring. Factoring the evolving political economy in Myanmar into the design of the Bank's program is key to the achievement of the objectives the Bank is supporting.

45. **There are a number of lessons from Myanmar's experience for application in other FCV contexts.** They include the following: (i) the importance of being present in the country in sufficient strength, including local staff who brings local language skills and an intimate country knowledge; (ii) a solid understanding of the social and political dimensions of fragility and conflict; (iii) the willingness to enter into policy dialogue on sensitive issues; (iv) the willingness to take risks, e.g., by reaching out to ethnic armed groups and civil society; (v) the aptitude to work in partnerships.

46. **Need for factoring in the relative inexperience in handling World Bank Group projects and procedures into more realistic assessments of the likely pace of program implementation.** In particular, the Bank tended to under-estimate the costs associated with learning curves and transition in terms of program delays. Looking forward, project design should also emphasize simplicity. IFC and MIGA initially under-estimated the lead time in seeking approvals for projects from the Government, especially during a time of transition. Having a joint WBG approach such as in the case of the energy sector with a Joint Implementation Plan is an effective way to address these issues of low capacity and coordination challenges across Ministries. The positive experience from the energy Joint Implementation Plan (JIP) in Myanmar is being replicated into the financial sector engagement.

47. **The value of consulting broadly in advance of changes of Government.** The Myanmar experience is a good practice example of the Bank's building up close relationships with both the outgoing and incoming administrations.

48. **The Joint Country Portfolio Review has identified the implementation bottlenecks for WBG portfolio, chiefly a strong centralization, lengthy and sometimes unpredictable internal decision mechanisms, in addition to weak capacity on handling fiduciary and safeguards aspects.** With the recent establishment of DACU that is tasked to enhance the effectiveness of external assistance, there is an opportunity to simplify, rationalize and streamline internal decision mechanisms, and adopting a more structured approach to capacity building, while avoiding the risk that DACU would constitute an additional bureaucratic layer.

49. **Analytical and technical assistance activities have played a critical role during the CPF period in assisting the authorities with managing the economic transition, and the next round of knowledge work may shift toward advising policy makers on prospective risks in the medium to long terms.** In a time of transition, the WBG has responded well to the needs to inform major institutional changes. Examples include the first-ever Public Expenditure Review to guide the preparation of a first MTF; the technical assistance in setting up a Large Taxpayer Office (LTO) and moving to a self-assessment system; support to the new Financial Institutions Law and new Investment Law; and advice leading to the first-ever EITI reconciliation report. With these major reforms now in place, it may be appropriate to rethink the approach and coverage of the knowledge program, with a shift to forward-looking products. An example of the latter would be a comprehensive Country Economic Memorandum that seeks to advise policy makers on the key economic challenges that they are likely to confront in the next three to five years. The WBG will initiate a discussion with the authorities on the need for such shifts in the knowledge program.

B. Lessons from experience in other countries/Regions applicable to Myanmar

50. **Myanmar's experience is unique but it can learn from countries that have emerged from long years of isolation or have overcome protracted civil or inclusion challenges.** The WBG is supporting a range of south-south exchanges to enable Myanmar government officials to learn from other countries and build networks with their peers. On the NCDDP, sustained exchanges with Philippines and Indonesia have brought useful lessons on how to manage a nationwide scale up, integrate disaster risk management in CDD platforms, and how to operate effectively in areas affected by armed conflict. On Public Finance Management, the WBG has supported Myanmar in organizing major learning events with the participation of ASEAN officials, including study tours on: project appraisal and prioritization to Vietnam; SEE fiscal management to Indonesia; and fiscal management and national accounts to Thailand. The WBG is also supporting Myanmar officials in undertaking study tours on land reforms in Malaysia and Kyrgyz Republic; and on cybersecurity to Israel, given the transformative impact of technology and data on all ways of life and doing business and government in developing and advanced states. A final example is a visit to Vietnam to learn from the successful Vietnam Business Forum, a public private partnership to improve investment climate.

Box 5: Implementation challenges and measures to help strengthen Myanmar program

Implementation of a rapidly expanding portfolio in a context of limited capacity and significant knowledge gaps requires close monitoring and support. Experience to date since reengagement reveals a number of portfolio implementation challenges. These include:

- **Knowledge Gaps:** Prolonged WBG absence from Myanmar has led to significant gaps in WBG knowledge of Myanmar's context and institutions and in the Government of Myanmar's understanding of WBG policies and procedures. This translates into a need for broader and more thorough analysis to inform effective project design and implementation.
- **Working through Country Systems:** In contrast with other limited capacity countries where a parallel structure of project implementing units is established to implement development projects, the Bank has committed to building country institutions by working through country systems. The long-term nature of institutional change, and the limited time Government staff dedicate to Bank-financed project implementation, and capacity constraints in implementing agency staff to perform key operational tasks, have also impacted portfolio performance. Moreover, a need for project expenses to be included in the Government's budget also leads to important delays, as this can only be conducted as part of the Government's semi-annual budget review process.
- **Rapid Expansion of Investment Portfolio in Low Capacity Environment:** The need to ensure rapid channeling of development resources to Myanmar, in a context of limited knowledge base and government capacity, compromises project implementation readiness at approval. Thus, preparatory activities such as preparation of procurement documents, etc. often carry into the first year of implementation, slowing down project start-up.

In addition to continuous implementation support and a rapid increase in country-based WBG staff and task teams, the WBG has proactively addressed these challenges by:

- **Deepening Understanding of Policies and Procedures:** the ongoing JCPR indicates that capacity constraints are one of the key impediments to effective project implementation. In response, the Bank has developed a systematic approach to capacity building in Myanmar, taking on lessons from relevant Bank's experiences in other countries such as Vietnam, and reflecting local context and dynamics. This approach has built on existing training programs to develop into a more systematic and coordinated program with clear delivery by theme (project management, results-based management, financial management, procurement, safeguards, communication, etc.). Three different program levels: orientation (beginners), intermediate and advanced are offered. Training needs are identified and prioritized through a demand-driven assessment and built-in feedback mechanism. Two critical aspects of the training are: (i) co-facilitator (s) from the project implementing agency will deliver the training jointly with Bank staff; and (ii) a client database will be set-up for medium term tracking and monitoring of the progress of this initiative. The Bank has delivered the first orientation in April 2017 and will deliver the intermediate training in June 2017 with follow-on training planned for FY2018 and beyond.
- **Simplifying Project Design:** Ensure project implementation arrangements are consistent with the constrained capacity environment in Myanmar by minimizing the scope of activities and the number of Government agencies implementing a particular project.
- **Promoting Stronger Staffing Arrangements in Government Agencies Implementing Bank-financed Projects:** Stronger commitment will be sought from counterparts to ensure the appointment of sufficiently qualified staff who can prioritize implementation of Bank-financed projects.
- **Addressing Systemic Implementation Bottlenecks:** The WBG led the first JCPR, launched together with ADB, JICA, and the Government in 2015 to identify cross-cutting implementation challenges and measures to improve project implementation. JCPR will continue to focus on facilitating the implementation of the actions identified in the Joint Action Plan in the following areas: streamlining processing approvals of new projects, rationalizing implementation procedures, and streamlining procurement.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

51. **The PLR extends the period of the CPF by two years.** There are a number of compelling arguments for this extension. First and foremost, the CPF objectives reflect the key directions in which the new Government is proposing to steer the country. Second, the analytic work undertaken during the past three years has confirmed the priorities set out in the SCD, while allowing for a sharpening of the focus of Bank support in particular areas. Third, given the fact that the original CPF covered FY15-FY17, a period in which Myanmar went through an extended political transition, several programs and investments supported by the Bank Group have not achieved their projected results fully yet, but are likely to do so over the next two years. Drawing from the lessons of CPF implementation to date, such as the need for strong in-country presence, the WBG is strengthening its footprint in Myanmar. Lessons from implementation challenges will be reflected in simpler project designs and the expansion or introductions of instruments that shift the emphasis from inputs to results, such as PforR or DLI-type IPF. The extension is expected to provide the current programs with the time they need to mature, and also build the additional experience, further deepen the Bank's knowledge base, and allow for the level of dialog needed to underpin the next CPF starting in FY20.

52. **Since taking office, the new government has defined its overall priorities and identified the key areas where it looks for support from development partners.** The government has consistently reiterated the importance it places on national reconciliation, and its view that balanced growth is critical to that goal. The Economic Policy of the Union (Annex 4) released by the Government in July 2016 describes the policies that will support national reconciliation. Consistent with the Economic Policy, DACU has outlined priorities for support from the WBG along with the continuous implementation of the ongoing programs: agriculture and rural development; fostering human capital; and infrastructure.

53. **World Bank Group programs are being adjusted to emphasize the priority areas identified by the DACU and the deeper understanding the Bank Group has gained of the development constraints in the areas in which it has been operating and which have been the subject of its analytic and advisory work.** Annex 5 summarizes the envisaged IDA partnership program of support for FY18-19, which is tentative and subject to adjustment in view of country developments. While the priorities set by DACU are consistent with the strategic focus of IFC and MIGA, their actual program during the CPF extended period will be also determined by private sector's demand.

- a. **Agriculture and rural development.** IDA will develop a new agriculture project to promote agricultural diversification, and innovative, high-value organic production systems. IFC will support agribusiness, improved input supply, storage and logistics. Through the repair of rural roads under the ongoing Floods and Landslides Emergency Recovery Credit, the Bank Group will improve connectivity and allow farmers to seize market opportunities in their states/regions and beyond. The Bank will also support the Government in undertaking an independent evaluation of the NCDDP, and will respond positively should such an evaluation lead to a Government's request for additional financing. In addition, the Bank Group will continue to advise on the restructuring needed to turn the State-owned Myanmar Agriculture Development

Bank into a positive force for the development of the sector rather than simply a channel for delivering government subsidies. Access to finance is the most important challenge for SMEs in Myanmar as per the Investment Climate Assessment (2014), and the challenge is highest in rural areas. The Bank Group will support improved access during the CPF extended period.

- b. **Fostering human capital.** The program is being adjusted to further strengthen the emphasis placed by the SCD in the need for ensuring that Myanmar’s social services and social protection system contribute effectively to poverty reduction. A first nutrition project will be added to the program, in recognition of the strong demand from the Government, and the importance of nutrition both in its direct contribution to poverty reduction in the short term, as well as the contribution to productivity in the long run by preventing stunting and cognitive impairment of infants and young children. The ongoing IDA education project while continuing to support the stipends program which helps to enable poor children to continue their schooling, will be scaled up and expanded to include a significant teachers mentoring program and clusters support. At the request of the Government, IDA will also prepare a new education project to help improve inclusive access and quality of basic education services in Myanmar. The health project will be restructured and scaled up to align with and support the UHC goal of the new National Health Policy, specifically greater access to essential health services and better financial protection. The CGAP will be revised during the CPF extended implementation period to ensure further alignment with gender strategic priorities under IDA 18, including equal access to improved public services.
- c. **Infrastructure.** The Government posits that better infrastructure (electricity and roads) will lead to job creation. Beyond its sizeable investment in rural infrastructure through the national CDD program (6,898 community subprojects in the first three years of operations under which rural roads account for 50 percent of the infrastructure constructed and electrification of public facilities for another 5.3 percent) and the off-grid component of the National Electrification Project (NEP) (which will provide electricity access to over 140,000 households this year), the WBG will scale up its support for enhanced access to reliable, safe and affordable power, including the development of the significant hydropower potential in Myanmar. The WBG support will be critical to the implementation of Myanmar’s ambitious climate action plan¹⁰ including achieving 30 percent renewables in rural electrification and building 9.4 GW hydroelectric generation capacity by 2030. The ongoing JIP in the electricity sector will also leverage private investment (Box 6). Through the Flood and Landslides Emergency Recovery Credit, IDA will support a program of reconstruction of national and rural roads, “building back better” to meet standards of environmental resilience, and setting standards for future road construction in Myanmar. The WBG will also selectively consider further support to the transport sector, particularly given the strong correlation between the growth in agriculture sector and the access to markets through an efficient logistics supply chain. Reflecting on the contemporary infrastructure policies of many countries, the WBG will also consider the integrative

¹⁰ World Bank Group Climate Policy Team, “Myanmar INDC Content Brief”, 2016.

benefits of ‘dig once’ infrastructure implementation and maintenance for water, power and ICT sectors; and the ICT common infrastructure for government and public services (including One Stop Shops).

- d. **Enhanced Social Inclusion.** The Systematic Country Diagnostic highlights social inclusion as a prerequisite to achieving inclusive growth, poverty reduction and shared prosperity in Myanmar. Indeed, adverse developments, during CPF implementation, in Rakhine State, Kachin State and Northern Shan State are stalling progress in Myanmar. There are opportunities in the years ahead for the WBG to support Myanmar’s national reconciliation priority. In Rakhine State, the interim recommendations by the Advisory Commission chaired by Kofi Annan for sustainable solutions to the challenges facing Rakhine State were accepted by the Government, with final recommendations expected in August 2017. The recommendations recognized the nexus between humanitarian and development programs, calling for example for increased access to services such as health and education for all groups in Rakhine. The existing Bank portfolio provides the government with a number of potential instruments to achieve these goals. In addition, the Bank is undertaking major analytical work, the findings of which along with the investment portfolio could help enhance social inclusion: (i) a study on the economy of Rakhine; (ii) a social inclusion study that maps out the landscape of exclusion in Myanmar and identifies the drivers for such exclusions; (iii) a capacity building program for raising awareness and mainstreaming human rights considerations in WB portfolio; (iv) embedding social protection in sectoral engagements, such as the expanded coverage of the stipends program that is keeping poor children in school; and (v) ensuring all IDA-funded operations remain gender-informed under IDA18 and beyond. The Bank will also explore conducting Risks and Resilience Assessments (RRA) and Recovery and Peace Building Assessments (RPBAs) when appropriate, to further identify drivers of conflicts and initiate recovery in areas emerging from conflicts, including areas where refugees may return to, such as in South East Myanmar.
- e. **Financing and Instruments.** The indicative IDA18 allocation for Myanmar is on the order of US\$1.3 - US\$1.6 billion.¹¹ During the two years of the CPF extension, financing of up to US\$1.2 billion could be considered by Myanmar. The indicative IDA program for FY18-19 is shown in Annex 5. This includes the use of Development Policy Operations (DPO), as envisaged under the original CPF. Due to the political transition, the enabling conditions for effective DPO support have materialized only recently. Naturally, future IDA DPO support will complement IPF financing, and will depend on the pace and scope of continuing policy and institutional reforms. IDA will also consider the PforR instrument in the education sector to shift the emphasis from input to results, thus also addressing implementation challenges. On the one hand the use of these instruments reflects recognition of the need for fungible budget resources and the evidence, based on Bank analytical work that additional resources are being

¹¹ Referenced IDA18 volumes are indicative. Actual PBA allocations will be determined annually during the FY18-20 period and will depend on (i) total IDA resources available; (ii) the number of IDA-eligible countries; (iii) the country’s performance rating, per capita GNI, and population; and (iv) the performance and other allocation parameters for other IDA borrowers.

allocated for poverty reducing expenditures. Bank, IFC and MIGA teams will collaborate closely to identify options to tap the IDA 18 IFC-MIGA Private Sector Window. Bank will also explore to access the Scale-Up Facility as well as financing for regional programs under IDA 18.

Box 6: Crowding in private investment in the energy sector of Myanmar

Investment needs for Myanmar's Energy Sector are very high of the order of over US\$20 billion during the next decade. Energy being a key infrastructure sector, institutional and implementation capacity would need to be significantly augmented; transparent and investor friendly regulations need to be developed. These are critical to support the economic growth needed and targeted for the country and to meet the GoM target of providing Electricity Access to all by 2030.

The Myanmar World Bank Group energy team (IFC, MIGA and World Bank) will continue supporting private sector participation through a well-coordinated approach, underpinned by a Joint Implementation Plan. The JIP is reviewed and updated to incorporate any new developments in the sector, based on periodic joint strategy discussions to respond to new demands from the Government and other stakeholders. The WBG has helped support development of two efficient Combined Cycle Gas Turbine (CCGT) plants. IDA supported modernizing the old plant at Thaton to produce three times the power from the same amount of gas being used by existing plant. IFC and MIGA supported private developer Sembcorp, Singapore at Myingyan, which has set a new benchmark for the capital cost for efficient CCGT plants.

WBG also jointly supports energy related policy. While the major share is supported by the World Bank team, IFC is helping with Strategic Environment Assessment to identify best hydro basins for development and also jointly advising the government on natural gas sector development. The plan is to jointly help the Government to develop the next hydro project and natural gas infrastructure through the best combination of private and public support.

To ensure full alignment with the goal to enhance private sector participation, the WBG will carry out a study in FY18, to review conditions under which private financing should be favored, and circumstances where full or partial public investment may be the preferred or more viable option. The study will also identify, in situations where private or commercial financing is not viable, the nature of the perceived underlying market risks or failures, as well as possible future support to address these, through reforms to strengthen country and sector policies, regulations and institutions.

54. **Table 2 summarizes the changes to the results framework drawing from lessons learned on implementation pace and reflecting to some extent the introduction of new programs.** Given actual experience of delayed effectiveness, the assumption is that most of the new IPF, and all planned for FY19, would not progress in time to deliver results by FY19. Annex 3 provides the full picture of the changes to the CPF results framework.

Table 2: Summary of main adjustments to the CPF results framework

Objectives and indicators in the original CPF				
	Unchanged	Dropped	Revised (definition and/or target date/value)	New
Objectives	10	0	2	0
Objectives indicators	12	0	16	6
Supplementary indicators	0	10	14	8

VI. RISKS TO CPF PROGRAM

55. **The CPF noted that while Myanmar’s ongoing transitions presented a unique opportunity for Myanmar to reduce poverty and boost shared prosperity, these transitions also presented significant risks.** Seven of the ten categories of risks identified as part of the WBG’s Standardized Operations Risk-Rating Tool (SORT) were rated high, two were rated substantial, and only one (technical design of project or program) was rated moderate. The PLR has reviewed the specific risks under each of these categories and given the continuing high levels of contextual and capacity risks and their potential implications for the effectiveness of portfolio outcomes, proposes to maintain the current ratings except in the case of the technical design of the program where the experience of program implementation during the CPF period suggests a rating of substantial is more appropriate. (see Table 3 below).

56. **Specifically, the CPF identified six key country risks as being critical for the WBG’s operational engagement.** These risks captured core country issues that will be resolved over decades rather than years, and that remain relevant today.

- **Political risks and the continued fragility of reforms.** The 2015 elections and the 2016 transfer of power proceeded peacefully, with the country managing a potentially difficult period exceptionally well. However, discontinuity in policy formulation and decision making have affected the WBG portfolio, and may continue to do so for the remainder of the CPF.
- **Conflict risks.** As noted above, the ongoing peace process offers Myanmar’s best chance for peace in a generation. At the same time, some important armed groups remain outside of the process, and late 2016 and early 2017 saw an intensification in fighting, including in the country’s northeastern region (Kachin State and northern Shan State).
- **Social inclusion.** Religious and ethnic tensions continue to linger, as demonstrated not just in the significant deterioration of the situation in Rakhine State, but also in public debates over citizenship and entitlement to government services.
- **Governance risks.** Government institutional and private sector capacity are top constraints. Skilled resources are in serious shortage in Myanmar. While WBG operations are aimed at building capacity, this will take time, and the capacity gaps noted in the original CPF remain. In a growing portfolio, limited transparency and limited experience with issues such as for example land acquisition and resettlement create higher risks for some types of WBG operations.

- **Economic risks.** As noted above, Myanmar remains vulnerable to global economic developments, including changes in commodity prices, while the increasing complexity of the country's financial markets and economy may test the government's regulatory capacity.
- **Disaster risks.** As the devastating impact of the 2015 floods showed, Myanmar remains highly vulnerable to the impact of natural disasters.

57. **The CPF recognized that some of these risks were largely outside the control of the WBG, and thus proposed a focus both on mitigating risks where possible, and managing these where not.** On the mitigation side, the WBG has been actively involved in mitigating a range of risks, including for example reducing Myanmar's vulnerability to natural disasters (including through disaster mitigation measures included in the Ayeyarwady Integrated River Basin Management project, as well as in the proposed Disaster Risk Management project), economic risks (through ongoing economic monitoring, policy dialogue and capacity building) and governance risks (by supporting the development of national frameworks for environmental impact assessments, procurement, and others).

58. **The key risks to meeting the revised objectives of the CPF/PLR remain those related to the motivation and capacity of the government to achieving the agreed results on the ground.** The experience of past three years of program implementation indicate the importance of ownership of programs by the core and line ministries, of effective delegation of decision-making on approved projects within the ministerial hierarchy, and of designs that do not overstretch the available capacity and systems in place. The existing portfolio has been systematically adapted to reflect these principles and the pipeline will be subject to careful review to ensure that proposed projects embody these approaches.

59. **Given the overall high level of risk and the implications for operational results, with support from the Korean Trust Fund for Economic Transitions, the WBG has taken a proactive approach to monitoring and managing risks.** This process includes an ongoing risk monitoring mechanism that includes a monthly risk monitor capturing country developments across the dimensions outlined above, monthly discussions with a small group of top Myanmar experts to provide real time analysis for country developments affecting the portfolio, and annual workshops for the country team to ensure team leaders as well as fiduciary, legal, safeguards and communication teams were aware of the evolving risk landscape in which the WBG was operating.

60. **Going forward, the PLR recognizes that Myanmar remains a high-risk environment for the WBG, but also one in which its engagement can have transformational impacts.** The above risk mitigation measures will continue to help the country address some of the longer-term risks it faces, while ongoing risk management will seek to ensure that the WBG program is informed by and fit for context, and that WBG management is kept apprised of developments with the potential to impact the WBG portfolio. In line with the approach described in the original CPF, this PLR proposes to mitigate and manage specific risks on a case-by-case basis, retaining the set of guiding criteria that span the portfolio and individual projects: (i) manage risks at portfolio level which will facilitate an understanding of the balance of risks and results across the portfolio; (ii) calibrate support and use of country systems. For instance, on the macroeconomic risks, absent an

adequate macro framework, Development Policy Operations may not materialize or could be delayed; (iii) manage reputational risks through clear communication on the WBG program, including a monthly open door with civil society organizations; (iv) pace reforms both to adapt and phase WBG support in line with country developments, thus avoiding overloading systems with limited institutional capacity.

Table 3: Standardized Operations Risk-Rating Tool for Myanmar Risk Categories

Risk Categories	CPF Rating	PLR Rating
Political and governance	High	High
Macroeconomic	Substantial	Substantial
Sector strategies and policies	Substantial	Substantial
Technical design of project or program	Moderate	Substantial
Institutional capacity for implementation and sustainability	High	High
Fiduciary	High	High
Environment and Social	High	High
Stakeholders	High	High
Knowledge Gaps	High	High
Overall	High	High

Annex 1: Updated CPF Results Matrix

CPF Objective Indicators	Key WBG Activities
<i>Focus Area 1: Reducing Rural Poverty</i>	
Objective #1.1: Improved power generation and access to electricity	
<p>Indicator #1. People provided with new or improved electricity service (million) Baseline: 0 (2014) Target: 3 (2019)</p> <p>Indicator #2. Expanded conventional/renewable power generation (gigawatt hours, annual) Baseline: 260 (2014) Target: 660 (2018)</p> <p><i>Supplementary Indicators</i></p> <p>a. Thermal efficiency of energy conversion (%) Baseline: 20 (2014) Target: 48 (2019)</p> <p>b. Adoption of a pricing policy toward full operating cost recovery over 4 years. Baseline: tariffs are below cost (2017) Target: new pricing policy is adopted (2019)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • MM Electric Power Project (P143988) • National Electrification Project (P152936) • Ayeyarwady Integrated River Basin Management Project (P146482) • Myingyan IPP AS (600181) • Yangon Electricity Supply Corporation (33865) • Political Risk Guarantee of Myingyan • First Macroeconomic Stability and Fiscal Resilience DPO (P152734) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> • Energy efficiency improvement/system strengthening project • Second Macroeconomic Stability and Fiscal Resilience DPO • Mandalay Electricity Supply Corporation <p>Knowledge services <u>Delivered:</u></p> <ul style="list-style-type: none"> • Power Sector Financial Viability Study • Natural gas supply economics and import options • Strategic communications for the Power Sector • Geospatial least-cost electrification planning • Gender and social inclusion in electricity services <p><u>Ongoing:</u></p> <ul style="list-style-type: none"> • Strategic environmental and social Assessment of all hydropower concessions

CPF Objective Indicators	Key WBG Activities
Objective #1.2: Increased productivity in farming and agribusiness	
<p>Indicator #3. Average rice yields in targeted irrigated areas Baseline: 2.7 tons/ha (wet season rice) and 3.0 tons/ha (dry season rice) (2019) Target: 2.9 tons/ha (wet season rice) and 3.2 tons/ha (dry season rice) (2019)</p> <p>Indicator #4. Cropping Intensity in targeted areas (ratio) Baseline: 1.3 (2015) Target: 1.4 (2019)</p> <p><i>Supplementary Indicators</i></p> <p>c. Advisory agreements signed Baseline: 0 (2014) Target: 2 (2019)</p> <p>d. Area provided with improved irrigation and drainage services (ha) Baseline: 0 (2015) Target: 10,000 ha (2019)</p> <p>e. Clients who have received improved agricultural technologies promoted by WBG financed projects. Baseline: 0 (2015) Target: 4,500 (2019)</p> <p>f. Seed farms identified for upgrading to produce improved seeds. Baseline: 0 (2015) Target: 2 (2019)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • Ayeyarwady Integrated River Basin Management Project (P146482) • Agricultural Development Support Project (P147629) • Myanmar Agricultural Input Reform and Standards • Myanmar Awba Agricultural Products (agri-chemicals and fertilizer) • Fullerton Myanmar (MSME finance) • Aceda Myanmar (Micro-finance) • Myanmar Industrial Port, Yangon (Container port) • Yoma fleets (transport leasing for commodity movements) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> • Support for commodity storage and warehousing facilities <p>Knowledge Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • Advisory support to Ministry of Agriculture, Livestock and Irrigation. <p><u>Delivered:</u></p> <ul style="list-style-type: none"> • MM Agriculture Policy Alternatives: Status, Opportunities and Risks AAA (P144951) • Greater Mekong Rice Policy AAA (P152624)

CPF Objective Indicators	Key WBG Activities
Objective #1.3. Improved Access to Critical Infrastructure and Services for the Rural Poor	
<p>Indicator # 5. Population in townships benefiting from improved access to and use of rural infrastructure and services under the WBG interventions (number) Baseline: 0.8 million (2014) Target: 7.0 million (2019); of which at least 40 percent female</p> <p>Indicator #6. Rural roads damaged by floods reconstructed (kms) Baseline: 0 (2015) Target: 200 (2019)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> National Community Driven Development Project (P132500) Flood and Landslide Emergency Recovery Credit (P158194) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> Additional Financing for NCDDP (P153113)
<p>Objective #1.4. Improved National Capacity for sustainable environmental and natural resource management Myanmar has abundant natural resources which are being exploited unsustainably, e.g. through deforestation and uncontrolled gemstone mining, both of which are associated with large rents from illicit logging and gemstone smuggling, and through activities in key sectors, such as energy, infrastructure or agriculture where environmental impact assessment and management is inadequate. The Bank is pursuing two parallel streams in this area. First, there is a focus on the capacity to manage the environmental impact assessment process and ensure that environmental safeguards are met both for Bank and donor projects. Second, there is effort to improve analytical basis for engagement in sectors depending on the exploitation or affecting the productivity of natural resources (forests, fisheries, minerals) including on EITI to provide the governance framework for enhanced NRM (see also objective 2.1).</p>	
<p>Indicator #7. Inclusion and implementation of environmental safeguards capacity building components in WBG investment operations (number of projects) Baseline: 4 (2014) Target: 8 (2019)</p> <p><i>Supplementary Indicators</i></p> <p>g. Environmental risk management report for one or two key sectors completed Baseline: None (2017) Target: Yes (2019)</p> <p>h. An Ayeyarwady State of the Basin Assessment, which covers strategic environmental and social issues, completed. Baseline: No (2014) Target: Yes (2018)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> Ayeyarwady Integrated River Basin Management Project (P146482) Myanmar EITI Implementation Project (P156124) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> Support to the Environment Conservation Department Preparation of Future Investments in Water Resources under the ongoing Ayeyarwady Integrated River Basin Management Project (P152942) <p>Delivered:</p> <ul style="list-style-type: none"> Extractive Industries Transparency Initiative Implementation Grant (P143321) <p>Knowledge Services <u>Ongoing:</u></p>

CPF Objective Indicators	Key WBG Activities
<p>i. The Ayeyarwady River Basin Master Plan is initiated Baseline: None Target: (2019).</p>	<ul style="list-style-type: none"> • Building national capacity for sustainable management of NRM (P152942) <p><i>Delivered:</i></p> <ul style="list-style-type: none"> • Myanmar EITI Preparation Support (P145465) • Country Safeguard Assessment Report
<i>Focus Area 2: Investing in People and Effective Institutions for People</i>	
Objective #2.1. Improved capacity to manage public finances and Union-State/Region relations for better services delivery	
<p>Indicator #8. Increase in the tax revenue/GDP ratio Baseline 7.8 (2014/15) Target: 10.0 (2019)</p> <p>Indicator #9. Formula for intergovernmental transfers Baseline: No formula (2014) Target: Approval of formula (2016)</p> <p>Indicator #10. Budget preparation process in place, including issuance of ceilings and preparation of a medium-term fiscal framework Baseline: No (2014) Target: Yes (2017)</p> <p><i>Supplementary Indicators</i></p> <p>j. Government commitment of fiscal transparency in line with global good practice, including second EITI report on revenues from natural resources Baseline: No (2014) Target: Yes (2018)</p> <p>k. Auditor General’s Reports are made publicly available. Baseline: Not available (2016) Target: Publication on line (2019)</p>	<p>Financial Services</p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> • Modernization of Public Finance Management Project (P144952) • MM Decentralizing Funding to Schools (P146332) • Macroeconomic Stability and Fiscal Resilience DPO (P152734) <p><i>Planned:</i></p> <ul style="list-style-type: none"> • Second Macroeconomic Stability and Fiscal Resilience DPO • Programmatic TA for Governance <p>Knowledge Services</p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> • Support to Peace Process (P146479) <p><i>Delivered:</i></p> <ul style="list-style-type: none"> • MM Programmatic Public Expenditure Review (P132668)

CPF Objective Indicators	Key WBG Activities
Objective #2.2. Expanded Health Services and Improved Health Financing with a focus on Maternal, Newborn and Child Health	
<p>Indicator #11. Deliveries with skilled birth attendant (percentage) Baseline: 60 (2015/16) Target: 65 (2019)</p> <p>Indicator #12. Deliveries which are followed by adequate post-natal care (percentage) Baseline: New born 36 (2015/16); Mothers 57 (2015/16) Target: Newborn: 60 (2019); Mothers: 60 (2019)</p> <p><i>Supplementary Indicators</i></p> <p>l. Health financing strategy toward UHC is approved Baseline: Strategy not yet approved (2016) Target: Strategy approved (2018)</p> <p>m. Health facility grants transferred to township and below based on formula Baseline: No (2014) Target: Yes (2018)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> Essential Health Services Access Project (P149960) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> Proposed Support for Improved Nutrition Project Additional Financing for Essential Health Services Access Project (P160208) <p>Knowledge Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> MM Health Systems Strengthening Advisory and Technical Services (P145346)
Objective #2.3. Expanded and improved education coverage and measurement of learning outcomes	
<p>Indicator #13. Students who have received stipend payments Baseline: 0 (2014) Target: 200,000 (2019); of which at least 40 percent female</p> <p>Indicator #14. Nationally representative assessment for early grade reading performance (EGRA) in primary schools Baseline: No (2014) Target: Yes (2019)</p> <p><i>Supplementary Indicators</i></p> <p>n. Teachers in the mentoring program Baseline: 0 (2016) Target: 2000 (2019)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> MM Decentralizing Funding to Schools (P146332) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> Additional Financing for Decentralized Funding to Schools project (P157231) Inclusive Access and Quality Education Project <p>Knowledge Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> Monitoring school grants and stipends (P151137)

CPF Objective Indicators	Key WBG Activities
Objective #2.4. Increased understanding of poverty and key related issues	
<p>Indicator #15. Agreement reached on respective roles of central and line ministries in implementing the National statistics strategy Baseline: No agreement (2014) Target: Agreement (2018)</p> <p>Indicator #16. Increase government knowledge on poverty and public expenditures Baseline: no fiscal incidence (2014) Target: Fiscal incidence report completed (2019)</p> <p>Indicator #17. Poverty baseline for 2016 is defined Baseline: Different figures used (2014) Target: Agreement on a set of numbers and the methodology for updating. (2018)</p> <p><i>Supplementary Indicators</i></p> <p>o. Poverty assessment published Baseline: No updated assessment (2014) Target: Published assessment (2017)</p>	<p>Financial Services <u>Delivered:</u></p> <ul style="list-style-type: none"> • Developing a National Strategy for Development of Statistics for Myanmar (P146127) <p>Knowledge services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • MM Poverty Monitoring and Diagnostics (P146898) • Myanmar Poverty Programmatic AAA (P146920) • MM Economic Monitoring (P092731) • Qualitative Social and Economic Monitoring (P130963) <p><u>Planned:</u></p> <ul style="list-style-type: none"> • Second Poverty Assessment

CPF Objective Indicators	Key WBG Activities
<i>Focus Area #3: Supporting a dynamic private sector to create jobs</i>	
Objective #3.1 Improved financial infrastructure and access to finance	
<p>Indicator #18. Adults with active transaction accounts (%) Baseline: Male 28.6 – Female 17.4 (2016) Target: Male 33 – Female 27 (2019)</p> <p>Indicator #19. Adults in the poorest 40% with accounts at a financial institution (%) Baseline: 16.1 (2016) Target: 20 (2019)</p> <p>Indicator #20. Additional people, microenterprises and SMEs reached with financial services Baseline: 0 (2014) Target: 200,000 (2017)</p> <p>Indicator #21. Additional financing facilitated (US\$ million) Baseline: 0 (2014) Target: 40 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>p. Credit Bureau established and operational Baseline: not established. Target: up and running (2019)</p> <p>q. Reform of State-Owned bank begun Baseline: No formal restructuring plan (2017) Target: Approval of a comprehensive restructuring plan for one of the State-Owned banks (2019)</p> <p>r. Supervisory manuals or internal guidelines for insurance, microfinance, and state-owned banks are developed Baseline: 0 (2016) Target: 2 (2019)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • Myanmar Financial Sector Development Project (P154389) • ACLEDA Myanmar I (32731) • GTFP MOB Bank (33664) • Yoma Equity (34178) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> • Investments in SME banks and MFIs (PACT Myanmar, World Vision, Proximity). • Political risk guarantees for commercial bank expansion <p>Knowledge Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • Scaling Up Financial Services for the Poor (P153898) • Assistance to review and amend laws and regulations for bank and microfinance institutions • New Financial Sector Development Strategy • Assessment of all state-owned banks. • Myanmar Corporate Governance • Secured Transaction Reform • Myanmar Credit Bureau project (599806) <p><u>Delivered:</u></p> <ul style="list-style-type: none"> • Building Financial Sector Development ASA (P145173)

CPF Objective Indicators	Key WBG Activities
Objective #3.2. Improved the legal and regulatory environment for private sector investment in productive and services sectors	
<p>Indicator #22. Additional private investment (US\$ millions): Baseline: 0 (2017) Target: 200 (2019)</p> <p>Indicator #23. New laws/regulations/ amendments/codes enacted or government policies adopted Baseline: 0 (2017) Target: 4 (2019)</p> <p>Indicator #24. Reform - investment policy (number) Baseline: 0 (2014) Target: 1 (2017)</p>	<p>Knowledge Services</p> <p><u>Ongoing:</u></p> <ul style="list-style-type: none"> • Myanmar Investment Policy (600309) • Myanmar IC Reforms and Myanmar Business Forum (600430) • Agricultural Input Reform and Standards • Lighting Myanmar • City Mart Holding (Retail) <p><u>Delivered:</u></p> <ul style="list-style-type: none"> • Investment Climate Assessment (P143595)
Objective #3.3. Increasing effectiveness and transparency of trade regulations	
<p>Indicator #25. New laws, regulations, amendments, codes enacted or government policies adopted Baseline: 0 (2017) Target: 3 (2019)</p> <p>Indicator #26. Reform - trade policy (number) Baseline: 0 (2014) Target: 1 (2017)</p>	<p>Financial Services</p> <p><u>Planned:</u></p> <ul style="list-style-type: none"> • DPO on Private Sector Development (P161189) • Myanmar Industrial Port, Yangon (Container port); • Yoma fleets (transport leasing for commodity movements). • Investment in Hospitality Sector (Hotels) <p>Knowledge Services</p> <p><u>Ongoing:</u></p> <ul style="list-style-type: none"> • Trade Facilitation and Competitiveness in Myanmar (P149672) • Trade component of project (600430) • Myanmar ICT Reforms <p><u>Delivered:</u></p> <ul style="list-style-type: none"> • Diagnostic Trade Integration Study (P153934) <p><u>Planned:</u></p> <ul style="list-style-type: none"> • Agribusiness Investment Climate;

CPF Objective Indicators	Key WBG Activities
	<ul style="list-style-type: none"> • Possible investments in PPPs for river training/dredging; improving the navigability of Yangon ports, development of dry ports and inland container depots. • Possible support for commodity storage and warehousing facilities • Myanmar Sustainable Tourism Project
Objective #3.4. Increased access to ICT	
<p>Indicator #27. Access to telephone services (fixed mainlines and cellular phones per 100 people) Baseline: 10 (2014) Target: 100 (2019)</p> <p>Indicator #28. Access to Internet services (number of broadband subscribers per 100 people) Baseline: less than 2 (2014) Target: 15 (2019)</p> <p><i>Supplementary Indicators</i></p> <p>s. Universal service strategy adopted Baseline: No strategy (2014) Target: Strategy adopted (2018)</p> <p>t. Licensed telecommunications operators (number) Baseline: 3 (2014) Target: 8 (2019)</p> <p>u. MPT is corporatized Baseline: No (2016) Target: Yes (2018)</p>	<p>Financial Services <u>Ongoing:</u></p> <ul style="list-style-type: none"> • MM Telecommunications Sector Reform (P145534) • Ooredoo Myanmar <p>Knowledge services <u>Delivered:</u></p> <ul style="list-style-type: none"> • ICT Sector Policy Dialogue (P132295)

Annex 2: Matrix summarizing Progress towards CPF Results

Focus Area 1: Reducing Rural Poverty	
Objective #1.1. Improved power generation and access to electricity	
<p>OBJECTIVE INDICATORS</p> <p>1. People provided with new or improved electricity service (million) Baseline: 0 (2014) Target: 3 (2017)</p> <p>2. Expanded conventional and renewable power generation (gigawatt hours, annual) Baseline: 260 (2014) Target: 660 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>a. Thermal efficiency of energy conversion (%) Baseline: 20 (2014) Target: 48 (2017)</p> <p>b. Investment/financing facilitated from private sector (US\$ million) Baseline: 0 (2014) Target: 300 (2017)</p> <p>c. National electrification executive secretariat (NEES) functional Baseline: Established (2014) Target: Adequately staffed and functional (2016)</p>	<p>1. Likely with delay. 140,000 units of solar PV systems to serve 1.2 million people have been delivered to Myanmar and under installation. Additional 100,000 units are under procurement. Procurement packages for grid extension totaling US\$160 million will be contracted in 2018. In parallel to its direct funding, the WBG has enabled electricity access to an additional one million households between FY14-17 through technical assistance leading to Government adoption of a national electrification plan to provide universal access by 2030.</p> <p>2. Likely with delay. The planned commissioning of Thaton (MM EPP) and Myingyan IPP plants in FY18 will increase generation capacity by 340MW. In addition to these, 784 MW capacity has been added to Myanmar grid through public and private funding.</p> <p>a. Likely with delay. Related to the above commissioning of two plants financed by the WBG.</p> <p>b. Achieved. The target relates to IFC and MIGA’s investment in Myingyan IPP. The figure is the full cost of the project including financing from ADB and a Singapore firm. The Government has approved the investment after a year’s delay.</p> <p>c. Not Achieved. The National Secretariat has been established on paper with the member agencies designated. By early FY16 however the staff had not been assigned and no budget had been approved, and the Secretariat was disbanded during the political transition.</p>
Objective #1.2. Increased productivity in farming and agribusiness	
<p>3. Average rice yields in targeted irrigated areas Baseline: 2.7 tons/ha (wet season rice) and 3.0 tons/ha (dry season rice) (2015) Target: 2.9 tons/ha (wet season rice) and 3.2 tons/ha (dry season rice) (2017)</p> <p>4. Cropping Intensity in targeted areas (ratio) Baseline: 1.3 (2015) Target: 1.4 (2017)</p> <p><i>Supplementary Indicators</i></p>	<p>3. Not achieved yet. The Agriculture Development Support Project (ASDP) became effective in September 2015 but physical works are unlikely to begin before late 2017. These improvements in yields should be achieved when the project’s irrigation components get off the ground in FY18.</p> <p>4. Not achieved yet. The explanation above also refers to the cropping intensity.</p>

<p>d. Advisory agreements signed Baseline: 0 (2014) Target: 2 (2017)</p> <p>e. Area provided with improved irrigation and drainage services (ha) Baseline: 0 (2015) Target: 10,000 ha (2017)</p> <p>f. Clients who have received improved agricultural technologies promoted by WB financed projects. Baseline: 0 (2015) Target: 4,500 (2017)</p>	<p>d. Partially achieved. IFC has signed one advisory agreement with the Ministry of Agriculture (now Ministry of Agriculture, Livestock and Irrigation) for the Myanmar Agricultural Input Reform and Standards project.</p> <p>e. Not achieved yet. This requires that one of the identified sites for irrigation and drainage rehabilitation and upgrading is completed in 2017.</p> <p>f. Not achieved yet. Work with the extension service, demonstration plots and farmer field schools has only just begun. It is likely that this number of stakeholders who receive various forms of advice or training will be met by FY19.</p>
<p>Objective #1.3. Improved Access to Critical Infrastructure and Services for the Rural Poor This relates to the achievements under the NCDDP which has been successful in moving resources for critical local infrastructure to the village level and securing widespread participation in decision-making. The Department of Rural Development (DRD) has proven an effective counterpart in its leadership of the project.</p>	
<p>5. Population in townships benefiting from improved access to and use of rural infrastructure and services under the WBG interventions (number) Baseline: 0.8 million (2014) Target: 3.3 million (2017); of which at least 40 percent female</p> <p><i>Supplementary Indicators</i></p> <p>g. Households in project villages participating in planning, decision-making, and implementation of sub-projects (percent) Baseline: 0 (2014) Target: >50 (2017)</p>	<p>5. Achieved: By FY16 about 3 million were already benefiting from access to rural infrastructure and this number has increased to over 5 million in FY17.</p> <p>g. Achieved: Participation rates were already at over 70 percent by FY16.</p>
<p>Objective #1.4 Improved National Capacity for sustainable environmental and natural resource management. There is a large gap between the legislative requirements and the capacity of the Ministry of Natural Resources and Environmental Conservation (MONREC) to implement them.</p>	

<p>6. Country demonstrates capacity for sustainable environmental and natural resource management by preparing and implementing investment projects following quality safeguards and performance standards (number of projects) Baseline: 4 (2014) Target: 8 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>h. Country Safeguard Assessment Report completed Baseline: No (2014) Target: Yes (2016)</p> <p>i. Report on analysis of one key natural resource completed Baseline: No (2014) Target: Yes (2016)</p> <p>j. Environmental risk management report for one or two key sectors completed Baseline: None (2014) Target: Yes (2017)</p> <p>k. Strategic Environmental and Social Assessment for the Ayeyarwady River Basin (ARB) initiated. Baseline: No (2014) Target: Yes (2017)</p>	<p>6. Achieved. The objective here reflects the fact that all WB projects by definition need to follow quality safeguards and performance standards. However this is only a partial indication of the country's overall capacity to sustainably manage all projects funded domestically and externally.</p> <p>h. Partially Achieved. The Country Safeguard assessment reported was completed with delay in FY17. Its main focus is on environmental safeguard and the Bank is planning a separate social safeguard assessment in FY18.</p> <p>i. Not Achieved yet. A consultant-led study on gemstones was completed in FY16 but has not gone through Bank's quality assurance yet.</p> <p>j. Not achieved yet. The report is planned for early FY19.</p> <p>k. Achieved. An Ayeyarwady State of the Basin Assessment, which covers strategic environmental and social issues, was initiated in 2016.</p>
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Focus Area 2: Investing in People and Effective Institutions for People

Objective #2.1. Improved capacity to manage public finances and Union-State/Region relations for better service delivery
Overall the technical support provided by the Bank to the Ministry of Planning and Finance and the Central Bank of Myanmar has resulted in considerable achievements. Beyond the indicators below, there have also been the increased transparency of the budget with its publication and the preparation of a Citizen's budget.

<p>OBJECTIVE INDICATORS</p>	
<p>7. Formula for intergovernmental transfers Baseline: No formula (2014) Target: Approval of formula (2016)</p> <p>8. Budget preparation process in place, including issuance of ceilings and preparation of a medium-term fiscal framework Baseline: No (2014) Target: Yes (2017)</p>	<p>7. Achieved. The formula, developed in consultation with the Bank, was used for the 2016/17 budget and voted by Parliament.</p> <p>8. Achieved. Ceilings are in place and have been communicated to the Ministries. A Medium-Term Fiscal Framework has been prepared and used for the 2016/17 budget.</p>

<p><i>Supplementary Indicators</i></p> <p>l. Public expenditure review completed Baseline: No review (2014) Target: Review completed (2015)</p> <p>m. Government commitment of fiscal transparency in line with global good practice, including report on revenues from natural resources Baseline: No (2014) Target: Yes (2017)</p>	<p>l. Achieved. The public expenditure review was completed in FY16.</p> <p>m. Substantially Achieved. In 2014 Myanmar was admitted to EITI as a candidate country, producing its first report in January 2016. Given delays in finalizing the financing of the next phases and reestablishing new oversight structures after the political transition, the Government has been granted an extension of the deadline for publication of the second EITI Report. The new deadline is March 31, 2018. Currently, the oversight and implementation structures have been reconfirmed and the drafting of the second report is underway. The Ministry of Planning and Finance has made the budget more transparent and accessible to the Myanmar public, through publication: of Citizens’ Budget; budget proposal to Parliament (for the first time ever starting FY 17/18); budget execution reports and information on State Enterprise finances.</p>
<p>Objective #2.2. Expanded Health Services and Improved Health Financing with a focus on Maternal, Newborn and Child Health. The performance against the Bank Group’s specific objectives is yet to be assessed. However, the broad objective of moving more resources to the local level and the front lines is being achieved through Disbursement Linked Indicators, despite obstacles posed by outdated financial rules and regulations.</p>	
<p>9. Deliveries with skilled birth attendant (percentage) Baseline: 71 (2014) Target: 75 (2017)</p> <p>10. Deliveries which are followed by adequate post-natal care (percentage) Baseline: 78 (2014) Target: 80 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>n. Health financing strategy Baseline: None (2014) Target: Approved (2016)</p> <p>o. Health facility grants transferred to township and below based on formula Baseline: No (2014) Target: Yes (2016)</p>	<p>9. Yet to be assessed given new data and evidence from the 2015/16 Demographic and Health Survey (DHS). The DHS shows a baseline of 60 percent as of 2015/16.</p> <p>10. Yet to be assessed given new data and evidence from the 2015/16 Demographic and Health Survey (DHS). The DHS indicates a lower baseline of 57 percent for mothers and 36 percent for newborn.</p> <p>n. Partially achieved. A strategy has been prepared and the Bank regards it as being of high quality, but has not yet been approved by the Ministry and the expectation is that the Ministry will revise it before approval.</p> <p>o. Partially achieved. The Department of Health was split and the one successor Department applied the formula but the other did not.</p>
<p>Objective #2.3. Expanded and improved education coverage and measurement of learning outcomes All indicators have been achieved reflecting the decision to focus initially on inputs. Over time the Bank will support building the capacity to monitor and evaluate whether the inputs are producing the expected outputs in terms of enabling students from poor households to achieve additional years of schooling.</p>	
<p>11. Students receiving stipend payments Baseline: 0 (2014) Target: 30,000 (2017); of which at least 40 percent female</p>	<p>11. Achieved. The target has been far surpassed and already in FY16 100,000 students received stipends, which rose to 150,000 in FY17.</p>

<p>12. States/Regions that have conducted assessment for early grade reading performance (EGRA) in primary schools Baseline: 1 (2014) Target: 5 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>p. States/regions with revised guidelines for student stipends and school grants Baseline: 1 (2014) Target: 15 (2017)</p>	<p>12. Achieved. EGRA assessments were carried out in 1 State/Region in the first year, an additional 4 in the second, and 1 in the third.</p> <p>p. Achieved. Each year the guidelines are revised on the basis of the experience on implementing the stipends and grants program in the previous year. This is now a nation-wide program so coverage of all 15 states/regions has been achieved.</p>
<p>Objective #2.4. Increased understanding of poverty and key related issues The delays in this area reflect the efforts to reach a consensus on the poverty data, including addressing disagreements on which household survey should be used to derive the data.</p>	
<p>13. National statistics development strategy endorsed Baseline: No strategy (2014) Target: Government endorsement (2015)</p> <p>14. Increase government knowledge on poverty and public expenditures Baseline: limited data (2014) Target: Poverty assessment and expenditure review completed (2015)</p> <p><i>Supplementary Indicators</i></p> <p>q. Poverty assessment conducted Baseline: No updated assessment (2014) Target: Updated assessment (2016)</p>	<p>13. Achieved. The NSDS was endorsed at the cabinet level, though not by Parliament. Parliamentary approval is not a requirement however. While there are still a number of technical issues regarding the division of responsibilities between the central agency and the line ministries, by and large there is commitment and the program is broadly on track.</p> <p>14. Partially Achieved. There has been a major investment both by the Bank and other donors in Poverty Surveys and Assessments. A Public Expenditure Review was completed in early 2016. A Poverty Assessment was discussed in the course of FY17. A fiscal incidence report is planned in FY18</p> <p>q. Partially achieved. Updated Poverty Assessment completed in FY17.</p>
<p>Focus Area 3: Supporting a dynamic private sector to create jobs</p>	
<p>Objective #3.1. Improved financial infrastructure and access to finance Both the Bank and IFC are actively engaged in supporting the financial sector. There is substantial progress on the ground, as a result of an active dialog and technical support for both the Ministry of Planning and Finance and the Central Bank of Myanmar.</p>	
<p>15. Additional people, microenterprises and SMEs reached with financial services Baseline: 0 (2014) Target: 200,000 (2017)</p> <p>16. Value of additional financing facilitated (US\$ million) Baseline: 0 (2014)</p>	<p>15. Achieved. From January 2014 to December 2016, IFC provided five MFIs with investments and advisory services related to operational support and capacity building, new product development, institutional transformation, and training to personnel on best microfinance and commercial practices. This has resulted in 1,066,047 MFI clients reached in the market. IFC has also supported two local banks as they expanded their SME loan portfolios, reaching 8,914 SME clients from September 2014 to December 2016.</p> <p>16. Achieved. From January 2014 to December 2016, IFC provided advisory and investments support, which has facilitated a total of \$1.09 billion in financing: \$553.5 million has been disbursed through SME loans, and \$540 million has been disbursed through 2,078,281 microloans.</p>

<p>Target: 40 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>r. Financial sector master plan Baseline: No master plan (2014) Target: Master plan developed (2015)</p> <p>s. Bank and Financial institutions law Baseline: Outdated law (2014) Target: A new Bank and Financial Institutions Law passed by Parliament (2015)</p> <p>t. Number of investments committed (IFC) Baseline: 3 (2014) Target: 5 (2017)</p>	<p>r. Achieved. This was prepared with Bank Group support and the Government has adopted it.</p> <p>s. Achieved. The Financial Institutions Law was enacted in early 2016.</p> <p>t. Achieved. By April 2017, IFC had approved 14 investments cumulatively and 5 new investments in FY17.</p>
<p>Objective #3.2. Improved enabling environment for private sector investment in productive and services sector The enactment of the Investment Law is a major development, but there is still need of wide range progress on simplifying licensing and start-up requirements for both foreign and domestic investors, including for SMEs.</p>	
<p>17. Reform - investment policy (number): Baseline: 0 (2014) Target: 1 (2017)</p> <p>18. Mobilization of private investment (millions): Baseline: 0 (2014) Target: 150 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>u. Number of recommended laws/regulations/ amendments/codes enacted or government policies adopted Baseline: 0 (2014) Target: 4 (2017)</p>	<p>17. Achieved. In October 2016 the new Investment Law was approved by Parliament. IFC contributed advisory services to the preparation of the law.</p> <p>18. Achieved. IFC has mobilized \$403m through its investment activities. The impact of the new Investment Law on mobilization of private investment will only become clear and be monitored once the implementing regulations have been issued. IFC expects to start monitoring this in FY18.</p> <p>u. Achieved. 3 implementing regulations related to the new Investment Law have been issued in addition to a number of reforms covering the Doing Business Indicators:</p> <ul style="list-style-type: none"> • Implementation regulation and procedures of the investment law • Revision of investment incentives • Revision of investment restriction list. • Doing Business reforms: <ul style="list-style-type: none"> ○ In 2015 Myanmar made starting a business easier by eliminating the minimum capital requirement for local companies ○ In 2015 Myanmar streamlined incorporation procedures by removing the process of issuing a provisional incorporation certificate while the file is checked by the Ministry of Home Affairs and the Police. Full certificate is now issued immediately without the need for these checks, which removed 60 days from time needed to start a business. ○ In 2016 Myanmar made starting a business easier by reducing the cost (fees paid to registry) to register a company

	<ul style="list-style-type: none"> ○ In 2016 Myanmar simplified the process of starting a business by removing the requirement to submit a reference letter and a criminal history certificate in order to incorporate a company. ○ In 2016 Myanmar improved its credit information system by enacting a law (Financial Institutions Law) that allows the establishment of a new credit bureau ○ On March 31, 2017 Myanmar issued the Regulation on Credit Information Reporting System, which provides the basis for the establishment and operations of credit reporting companies, such as credit bureaus
Objective #3.3. Improved capacity to facilitate (and benefit from) trade	
<p>19. Reform - trade policy (number): Baseline: 0 (2014) Target: 1 (2017)</p> <p>20. Number of recommended laws/regulations/amend-ments/codes enacted or government policies adopted Baseline: 0 (2014) Target: 3 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>v. Trade related regulations published on public website Baseline: No (2014) Target: Yes (2017)</p>	<p>19. Achieved. There have been significant policy reforms. At the end of 2015 there was a reduction in the import licensing requirements of about 50 percent of the products that previously required licenses.</p> <p>20. Partially Achieved. The government issued notification to eliminate duplication in valuation of cargo for imports. The Government also has launched a medium term reform program based on the findings of the Diagnostic Trade Integration Study, the Exports Strategy and other reports, and implementation is ongoing.</p> <p>v. Achieved. In May 2016 a new Trade Portal was launched by the Ministry of Commerce. The intention is that eventually it will be possible to make license applications on-line.</p>
Objective #3.4. Increased access to ICT There has been rapid progress in expanding services associated with Bank, IFC and MIGA support for ensuring an appropriate regulatory framework and for sufficient competition to bring down prices.	
<p>21. Access to telephone services (fixed mainlines and cellular phones per 100 people) Baseline: 20 (2014) Target: 50 (2017)</p> <p>22. Access to Internet services (number of subscribers per 100 people) Baseline: 10 (2014) Target: 15 (2017)</p> <p><i>Supplementary Indicators</i></p> <p>w. Universal service strategy adopted Baseline: No strategy (2014) Target: Strategy adopted (2015)</p> <p>x. Licensed telecommunications operators (number) Baseline: 3 (2014) Target: 8 (2017)</p>	<p>21. Achieved. This reflects the rapid growth of the cellular network.</p> <p>22. Achieved.</p> <p>w. Not achieved yet. The adoption of the Universal Service Strategy has been delayed but should be achieved by end 2017.</p> <p>x. Achieved. The number of licensed telecommunications operators has exceeded the 2017 target and has reached about 34 by end-2016. While there are only four nationwide service operators, a large number of local companies have taken licenses to provide more limited services.</p>

Annex 3: Matrix of Changes to Original CPF Result Matrix

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
Focus Area 1: Reducing Rural Poverty		
Objective #1.1. Improved power generation and access to electricity	Unchanged	
1. People provided with new or improved electricity service (million) Baseline: 0 (2014) Target: 3 (2017)	New Target date: (2019)	Acknowledging a slow start due to capacity and implementation challenges, but recognizing recent pickup in activities which may deliver the planned outcome given additional time.
2. Expanded conventional and renewable power generation (gigawatt hours, annual) Baseline: 260 (2014) Target: 660 (2017)		
<i>Supplementary Indicators</i>		
a. Thermal efficiency of energy conversion (%) Baseline: 20 (2014) Target: 48 (2017)		
b. Investment/financing facilitated from private sector (US\$ million) Baseline: 0 (2014) Target: 300 (2017)	Dropped.	The milestone has been achieved and will no longer be required in the remainder of the CPF period, in light of lessons from recent engagement, and while assisting the Government on electricity tariff adjustment.
	New: Adoption of a pricing policy toward full operating cost recovery over 4 years Baseline: tariff below cost (2017) Target: New pricing policy is adopted (2019)	Below cost tariffs are a large burden on the state budget with annual subsidies above US\$400 million, and a major impediment to private sector involvement in the power sector. The Bank provided technical assistance for a review of power sector financial viability and is now supporting the tariffs reform through programmatic DPO on macroeconomic stability and fiscal resilience.
c. National electrification executive secretariat (NEES) functional Baseline: Established (2014) Target: Adequately staffed and functional (2016)	Dropped.	The new administration has not expressed support for such institution and it is not being considered in the ongoing discussion on sectoral coordination and working groups.
Objective #1.2. Increased productivity in farming and agribusiness	Unchanged.	
3. Average rice yields in targeted irrigated areas	New target date:	

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
<p>Baseline: 2.7 tons/ha (wet season rice) and 3.0 tons/ha (dry season rice) (2015) Target: 2.9 tons/ha (wet season rice) and 3.2 tons/ha (dry season rice) (2017)</p>	<p>(2019)</p>	<p>The achievement of the objective indicators of increased yields and cropping intensity was dependent on the progress of the Agriculture Development Support Project. Under the new Government, the three Rural Development ministries (Agriculture; Livestock and Fisheries; and Irrigation) have been merged into a single ministry. The challenges of moving to a new structure have contributed to implementation delays. This means that the rehabilitation of irrigation works on which the achievement of the indicators is dependent, will at best only begin in 2017. The objective indicators relating to increased output will therefore not be achieved within the original time-frame. For the extension, a new supplementary indicator has been added on the number of seed farms identified for upgrading under the project. IFC is providing support in this area through focus on more efficient and higher quality input supply. Support for fertilizer supply is ongoing. In addition, IFC is providing advisory services to the Ministry of Agriculture, Livestock and Irrigation.</p>
<p>4. Cropping Intensity in targeted areas (ratio) Baseline: 1.3 (2015) Target: 1.4 (2017)</p>		
<p>Supplementary Indicators</p>		
<p>d. Advisory agreements signed Baseline: 0 (2014) Target: 2 (2017)</p>		
<p>e. Area provided with improved irrigation and drainage services (ha) Baseline: 0 (2015) Target: 10,000 ha (2017)</p>		
<p>f. Clients who have received improved agricultural technologies promoted by WB financed projects. Baseline: 0 (2015) Target: 4,500 (2017)</p>		
	<p>New: Seed farms identified for upgrading to produce improved seeds Baseline: 0 (2015) Target: 2 (2019)</p>	<p>New IFC activities</p>
<p>Objective #1.3. Improved Access to Critical Infrastructure and Services for the Rural Poor</p>	<p>Unchanged.</p>	
<p>5. Population in townships benefiting from improved access to and use of rural infrastructure and services under the WBG interventions (number) Baseline: 0.8 million (2014) Target: 3.3 million (2017); of which at least 40 percent female</p>	<p>Revised beneficiaries target: 7 million (2019); of which at least 40 percent female</p>	<p>At present the Myanmar national community-driven development program (NCDDP) covers some 8,800 villages, home to 5.2 million people. Notably, the program has also exceeded targets on the levels of community participation and satisfaction rates, and achieved targets on participation of women. The additional time as well as</p>

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
		additional resources from Japan and UK will allow reaching more beneficiaries.
	New: Rural roads damaged by floods reconstructed (kms) Baseline: 0 (2015) Target: 200 (2019)	In the 2015 flood hundreds of kilometers of rural roads were washed away. These represent a lifeline for poor rural villagers and the Government has assigned high priority to repairing them. Obviously there were no indicators for this program in the original CPF, but the extended CPF includes indicators of the roads to be rehabilitated.
Supplementary Indicators	Dropped.	The milestone has been achieved and will no longer be required in the remainder of the CPF period,
g. Households in project villages participating in planning, decision-making, and implementation of sub-projects (percent) Baseline: 0 (2014) Target: >50 (2017)		
Objective #1.4. Improved National Capacity for sustainable environmental and natural resource management.	Unchanged.	
6. Country demonstrates capacity for sustainable environmental and natural resource management by preparing and implementing investment projects following quality safeguards and performance standards (number of projects) Baseline: 4 (2014) Target: 8 (2017)	Revised: Inclusion and implementation of environmental safeguards capacity building components in WBG investment operations (number of projects) Baseline: 4 (2014) Target: 8 (2019).	
Supplementary Indicators	Dropped.	This supplementary indicator has been achieved (albeit with delay, Annex 2) and will no longer be required in the remainder of the CPF period.
h. Country Safeguard Assessment Report completed Baseline: No (2014) Target: Yes (2016)		
i. Report on analysis of one key natural resource completed Baseline: No (2014) Target: Yes (2016)	Dropped.	The EITI Multi-stakeholder, a body bringing together Government and civil society has independently commissioned a review of the gemstone sector of Myanmar.
j. Environmental risk management report for one or two key sectors completed Baseline: None (2014) Target: Yes (2017)	Revised Target date: (2019)	Plans for this task are being initiated following the completion of the overall country safeguard assessment report.

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
k. Strategic Environmental and Social Assessment for the Ayeyarwady River Basin (ARB) initiated. Baseline: No (2014) Target: Yes (2017)	Revised: The State of the Ayeyarwady River Basin is completed Baseline: No (2014) Target: Yes (2018)	The original indicator called for the initiation of a “Strategic Social and Environmental Assessment” by 2017. During the early project implementation this activity name was changed to “State of the Basin Assessment” at the request of the client. The Assessment focuses on environmental and social issues. The kick-off workshop was held in November 2016, and as such the initial milestone is met.
	New: The Ayeyarwady River Basin Master Plan is initiated Baseline: None Target: (2019).	The Ayeyarwady River Basin Master Plan, a core component of the IDA-funded Ayeyarwady Integrated River Basin Management Project, will guide the sustainable development and management of the Ayeyarwady river basin.
Focus Area 2: Investing in People and Effective Institutions for People	Unchanged.	
Objective #2.1. Improved capacity to manage public finances and Union-State/Region relations for better service delivery	Unchanged.	
7. Formula for intergovernmental transfers Baseline: No formula (2014) Target: Approval of formula (2016)	Unchanged.	
8. Budget preparation process in place, including issuance of ceilings and preparation of a medium-term fiscal framework Baseline: No (2014) Target: Yes (2017)	Unchanged.	
	New: Increase in the tax revenue to GDP ratio (percent) Baseline: 7.8 (2014/15) Target: 10.0 (2018/19)	The revenue/GPD ratio is a critical issue for the long-term resilience of the fiscal sector and the capacity to support expanded public service provision.
Supplementary Indicators		
l. Public expenditure review completed Baseline: No review (2014) Target: Review completed (2015)	Dropped.	This supplementary indicator has been achieved and will no longer be required in the remainder of the CPF period.
m. Government commitment of fiscal transparency in line with global good practice, including report on revenues from natural resources Baseline: No (2014) Target: Yes (2017)	Revised: Second EITI reconciliation report is published. Baseline: No (2014)	After a promising start with the successful preparation of the first EITI reconciliation report in January 2016, progress has stalled as a consequence of the political transition. The extension of the time-frame of the CPF will

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
	Target: Yes (2018)	allow for the resumption of progress towards full compliance.
	New: Auditor General's Reports are made publicly available. Baseline: Not available (2016) Target: Publication on line (2019)	The Auditor General Office is supported through the Bank-funded PFM project. Stronger external oversight will raise accountability and help improve the quality and cost effectiveness of public services delivery.
Objective #2.2. Expanded Health Services and Improved Health Financing with a focus on Maternal, Newborn and Child Health.	Unchanged.	
9. Deliveries with skilled birth attendant (percentage) Baseline: 71 (2014) Target: 75 (2017)	Revised: Deliveries with skilled birth attendant (percentage) Baseline: 60 (2015/16) Target: [65] (2019)	A Demographic and Health Survey (DHS) conducted in 2015 provided new data on the main indicators, revealing a poorer situation than assumed in the CPF baseline, so both baselines and targets needed to be re-set.
10. Deliveries which are followed by adequate post-natal care (percentage) Baseline: 78 (2014) Target: 80 (2017)	Revised: Deliveries which are followed by adequate post-natal care (percentage) For newborns Baseline: 36 (2015/16) Target: 60 (2019) For mothers Baseline: 57 (2015/16) Target: 60 (2019)	
Supplementary Indicators		
n. Health financing strategy Baseline: None (2014) Target: Approved (2016) o. Health facility grants transferred to township and below based on formula Baseline: No (2014) Target: Yes (2016)	Revised Target date: Target: Approved (2018)	The new administration has prioritized the preparation of a National Health Plan (presented in March 2017) to guide subsequent sub-strategies or operational mechanisms, such as the Health financing strategy.
Objective #2.3. Expanded and improved education coverage and measurement of learning outcomes	Unchanged.	
11. Students receiving stipend payments Baseline: 0 (2014)	Revised beneficiaries target Baseline: 0 (2015)	Over 150,000 students have received stipend payments as of the school year 2016-17. With additional financing

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
Target: 30,000 (2017); of which at least 40 percent female	Target: 200,000 (2019), of which at least 40 percent female	coming into the program which is one of the most successful IDA-financed programs in Myanmar (a result of simple design and alignment with country systems), it is expected that more students will benefit during the CPF extension.
12. States/Regions that have conducted assessment for early grade reading performance (EGRA) in primary schools Baseline: 1 (2014) Target: 5 (2017)	Revised: Nationally representative EGRA is conducted Baseline: No (2017) Target: Yes (2019)	The Government has decided to go from a regionally representative to nationally representative Early Grade Reading Performance (EGRA)
Supplementary Indicators		
p. States/regions with revised guidelines for student stipends and school grants Baseline: 1 (2014) Target: 15 (2017)	Dropped.	The target for this supplementary indicator is met and is not needed in the remainder of the CPF period.
	New: Teachers in the mentoring program Baseline: 0 (2016) Target: 2000 (2019)	An additional financing supported by the Bank, Australia, Denmark and Finland is building on the success of the Decentralizing Funding to Schools Project, to provide teachers mentoring and cluster support to the many new, inexperienced teachers hired by the Ministry in its efforts to increase coverage.
Objective #2.4. Increased understanding of poverty and key related issues		
13. National statistics strategy endorsed Baseline: No strategy (2014) Target: Government endorsement (2015)	Revised: Agreement reached on respective roles of central and line ministries in implementing the national statistics development strategy. Baseline: No Agreement (2014) Target: Agreement (2018)	With the initial indicator being met, the focus is on implementation.
14. Increase government knowledge on poverty and public expenditures Baseline: limited data (2014) Target: Poverty assessment and expenditure review completed (2015)	Revised: Increase government knowledge on poverty and public expenditures	The poverty assessment is completed. The public expenditure review is narrowly defined as a fiscal incidence analysis.

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
	Baseline: no fiscal incidence (2014) Target: Fiscal incidence is completed (2019)	
	New: Poverty baseline for 2016 is defined. Baseline: Different figures used (2014) Target: Agreement on a set of numbers and the methodology for updating (2018)	The wide range of views on what poverty levels and poverty dynamics are adversely affecting the discussions on the appropriate policies and program designs to eliminate extreme poverty.
<i>Supplementary Indicators</i>		
q. Poverty assessment conducted Baseline: No updated assessment (2014) Target: Updated assessment (2016)	Revised: Poverty assessment published Baseline: No updated assessment (2014) Target: Published assessment (2016)	Next steps after completion of the assessment.
Focus Area 3: Supporting a dynamic private sector to create jobs	Unchanged.	
Objective #3.1. Improved financial infrastructure and access to finance	Unchanged.	
15. Additional people, microenterprises and SMEs reached with financial services Baseline: 0 (2014) Target: 200,000 (2017)	Unchanged.	
16. Additional financing facilitated (US\$ million) Baseline: 0 (2014) Target: 40 (2017)	Unchanged.	
	New: Adults with active transaction accounts (%) Baseline: Male 28.6 – Female 17.4 (2016) Target: Male 33 – Female 27 (2019)	Activities supported under the Financial Sector Development Project approved in December 2016

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
	New: Adults in the poorest 40% with accounts at a financial institution (%) Baseline: 16.1 (2016) Target: 20 (2019)	Activities supported under the Financial Sector Development Project approved in December 2016
Supplementary Indicators		
r. Financial sector master plan Baseline: No master plan (2014) Target: Master plan developed (2015)	Dropped.	The milestone was achieved and is no longer required in the remainder of the CPF extension period.
s. Bank and Financial institutions law Baseline: Outdated law (2014) Target: A new Bank and Financial Institutions Law passed by Parliament (2015)	Dropped.	The milestone was achieved and is no longer required in the remainder of the CPF extension period.
t. Number of investments committed (<i>IFC</i>) Baseline: 3 (2014) Target: 5 (2017)	Revised Target date: (2019)	High Transaction costs in Myanmar require longer implementation period. The target is expected to be achieved within the CPF extension period.
	New: Credit Bureau established and operational Baseline: not established. Target: up and running (2019)	Reflect WB and IF activities that have started after the preparation of the CPF, and are relevant to the achievement of the CPF objective of improved financial infrastructure and access to finance.
	New: Reform of State-Owned bank begun. Baseline: No formal restructuring plan (2017) Target: Approval of a comprehensive restructuring plan for one of the State-Owned banks (2019)	
	New: Supervisory manuals or internal guidelines for insurance, microfinance, and state-owned banks are developed Baseline: 0 (2016)	

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
	Target: 2 (2019)	
Objective #3.2. Improved enabling environment for private sector investment in productive and services sector	Improving legal and regulatory environment for private sector investment in productive and services sector.	To be more specific and align closer with the instrument and activities supported by the WBG.
17. Reform - investment policy (number): Baseline: 0 (2014) Target: 1 (2017)	Unchanged.	
18. Mobilization of private investment (millions): Baseline: 0 (2014) Target: 150 (2017)	Revised target date and data (additional financing in 2017-2019). Baseline: 0 (2017) Target: 200 (2019)	Initial CPF target is met, and the CPF extension will allow to scale up initial gains.
<i>Supplementary Indicators</i>		
u. Number of recommended laws/regulations/ amendments/codes enacted or government policies adopted Baseline: 0 (2014) Target: 4 (2017)	Revised target: Additional recommended laws, regulations, amendments enacted or government policies adopted. Baseline: 0 (2017) Target: 4 (2019)	Initial CPF target is met.
Objective #3.3. Improved capacity to facilitate (and benefit from) trade	Increasing effectiveness and transparency of trade regulations.	To be more specific and align closer with the instrument and activities supported by the WBG.
19. Reform - trade policy (number): Baseline: 0 (2014) Target: 1 (2017)	Unchanged.	
20. Number of recommended laws/regulations/amendments/ codes enacted or government policies adopted Baseline: 0 (2014) Target: 3 (2017)	Revised: New laws, regulations, amendments, codes enacted or government policies adopted Baseline: 0 (2017) Target: 3 (2019)	
<i>Supplementary Indicators</i>		
v. Trade related regulations published on public website Baseline: No (2014)	Dropped.	Target achieved, and will no longer be sought in the remainder of the CPF period.

Original Objectives and Indicators	Revised Objectives/Indicators	Rationale for Change
Target: Yes (2017)		
Objective #3.4. Increased access to ICT	Unchanged	
21. Access to telephone services (fixed mainlines and cellular phones per 100 people) Baseline: 20 (2014) Target: 50 (2017)	Revised: Baseline: 10 (2014) Target: 100 (2019)	According to Ministry of Transport and Telecommunications, current mobile penetration is 107%.
22. Access to Internet services (number of subscribers per 100 people) Baseline: 10 (2014) Target: 15 (2017)	Revised: Access to Internet services (number of broadband subscribers per 100 people) Baseline: 10 (2014) Target: 15 (2019)	Measure broadband subscription specifically, and adjust target date accordingly.
Supplementary Indicators		
w. Universal service strategy adopted Baseline: No strategy (2014) Target: Strategy adopted (2015)	Revised target date: (2018)	The reform was delayed.
x. Licensed telecommunications operators (number) Baseline: 3 (2014) Target: 8 (2017)	Dropped.	Target achieved, and this supplementary indicator will not be used in the remainder of the CPF extension period.
	New: MPT is corporatized Baseline: No (2017) Target: Yes (2018)	MPT is the former public monopoly with still significant market share, though declining. A professional management will be instrumental in supporting MPT and overall market development.

Annex 4: Economic Policy of the Union of Myanmar

Vision

The economic policy of the Union of Myanmar is people-centered, and aims to achieve inclusive and continuous development. It aims to establish an economic framework that supports national reconciliation, based on the just balancing of sustainable natural resource mobilization and allocation across the States and Regions.

Objectives

1. To support national reconciliation and the emergence of a united federal democratic union.
2. To achieve balanced economic development across the States and Regions
3. To create opportunities for the emergence of capable and skilled new generations for the benefit of the country.
4. To establish an economic system that can achieve and maintain positive development outcomes through the participation, innovation and efforts of all citizens.

Policies

- (1) Expanding our financial resources through transparent and effective public financial management.
- (2) Improving the operations of state-owned enterprises, and privatizing those state-owned enterprises that have the potential to be reformed, while promoting and assisting small and medium enterprises as generators of employment and growth.
- (3) Fostering the human capital that will be needed for the emergence of a modern developed economy, and improving and expanding vocational education and training.
- (4) Prioritizing the rapid development of fundamental economic infrastructure such as electricity generation, roads and ports, and establishing a data ID card system, a digital government strategy, and an e-government system.
- (5) Creating employment opportunities for all citizens including those returning from abroad, and giving greater priority in the short term to economic enterprises that create many job opportunities.
- (6) Establishing an economic model that balances agriculture and industry, and supports the holistic development of the agriculture, livestock and industrial sectors, so as to enable rounded development, food security, and increased exports.
- (7) Asserting the right of individuals to freely pursue the economic opportunities they choose, so as to enable private sector growth in line with a market economy system; formulating specific policies to increase foreign investment; and strengthening property rights and the rule of law.
- (8) Achieving financial stability through a finance system that can support the sustainable long-term development of households, farmers and businesses.
- (9) Building environmentally sustainable cities, upgrading public services and utilities, expanding public spaces, and making greater efforts to protect and conserve our cultural heritage

(10) Establishing a fair and efficient tax system in order to increase government revenues, and protecting individual rights and property rights through enacting laws and regulations.

(11) Establishing technical systems and procedures to support intellectual property rights that can encourage innovation and the development of advanced technology.

(12) Identifying the changing and developing business environment both in ASEAN and beyond, so as to enable our own businesses to situate themselves to take advantage of potential opportunities.

Annex 5: World Bank Financing (US\$ million)

World Bank Financing in FY15-17 (US\$ million)

Focused Areas	Project ID No.	Project	Approval FY			Financing (US\$ million)
			FY15	FY16	FY17	
Focus area 1: Reducing rural poverty	P146482	Ayeyarwady Integrated River Basin Management	December 2014			100
	P147629	Agriculture Development Support Project	April 2015			100
	P132500	National Community Driven Development Project – Additional Financing	June 2015			400
	P152936	National Electrification Project (off grid)		September 2015		90
	P158194	Floods and Landslides Emergency Recovery Credit <i>Of which US\$100 million from the Crisis Response Window</i>			July 2016	200
	P160931	Disaster Risks Management Project			Planned June 2016	116
Focus Area 2: Investing in People and effective institutions for people	P149960	Access to Essential Health Services Project	October 2014			100
	P152734	First Macroeconomic Stability and Fiscal Resilience Development Policy Operation			April 2017	200
Focus Area 3: Supporting a dynamic private sector to create jobs	P152936	National Electrification Project (Grid)		September 2015		310
	P154389	Financial Sector Development Project			December 2016	100
Total						1,716

FY18-19 Indicative IDA Lending

<i>US\$ million</i>	FY18	FY19
IDA 18 - Indicative Amount *	560	440
Focus area 1**: Reducing rural poverty		140
Agriculture		140
Focus Area 2: Investing in People and effective institutions for people	200	100
Additional Financing for the Essential Health Services Access	100	
Inclusive Access and Quality Education Project	100	
Nutrition		100
Focus Area 3: Supporting a dynamic private sector to create jobs	360	200
Development Policy Operation for Private Sector Development	200	
Energy efficiency improvement/system strengthening project	160	
Development Policy Operation for Macroeconomic Stability and Fiscal Resilience		200
IDA 18 Regional Integration Window	To be explored	
IDA 18 Scale-Up Facility	To be explored	
IDA18 IFC-MIGA Private Sector Window	To be explored	
* US\$ amounts are indicative as IDA18 country level allocations have not been finalized; also, IDA allocations are expressed in SDRs (Special Drawing Rights), whose exchange rate to the dollar may fluctuate.		
** Upon completion of an independent evaluation of the National Community Driven Development Project, the Union Government may request World Bank support for additional financing of US\$200 million in FY19.		

Annex 6: World Bank Active Portfolio

Advisory Services and Analytics (ASA)

Practice Area	FY15	FY16	FY17	FY18 and beyond (indicative)
Focus Area 1: Reducing rural poverty				
Agriculture		<ul style="list-style-type: none"> ✓ Myanmar Agriculture Policy Alternatives: Status & Opportunities (Completed) 		<ul style="list-style-type: none"> • Myanmar Agricultural Policy Dialogue (Ongoing – To be completed in FY19) • Myanmar Food Systems (To be completed in FY19)
Energy and Extractives	<ul style="list-style-type: none"> ✓ Myanmar Extractive Industries Transparency Initiative (EITI) Preparation Support – Programmatic ASA (Completed) ✓ EITI Scoping Study & Legal Review (Completed) ✓ Political Economy Study of Extractives Industry (Completed) ✓ EITI Constituency Building and Outreach (Completed) 			<ul style="list-style-type: none"> • Energy policy dialog and sector reform in Myanmar Programmatic ASA (Ongoing –To be completed in FY19) • Infrastructure/Diagnostics/ Assessment (Cascade) in Energy (To be completed in FY18)

Practice Area	FY15	FY16	FY17	FY18 and beyond (indicative)
	✓ TA on EITI implementation (Completed)			
Environment & Natural Resources			<ul style="list-style-type: none"> • Safeguards Systems/Capacity Assessment (Ongoing – To be completed in FY17) 	<ul style="list-style-type: none"> • Country Environmental Analysis (To be completed in early FY19)
Social, Urban, Rural and Resilience		<ul style="list-style-type: none"> ✓ Myanmar: Floods Needs Assessment and Recovery Planning (Completed) 		<ul style="list-style-type: none"> • Social Inclusion in Myanmar (Ongoing – to be completed in FY18) • Myanmar Land Assessment (Ongoing – To be completed in FY18) • Myanmar Post-earthquake Rapid Assessment and Recovery Planning (Ongoing - To be completed in FY18) • Support to Myanmar Peace Center (Ongoing – To be completed in FY18) • Post Nargis Final Impact Monitoring (Ongoing – To be completed in FY18) • Urbanization Review (To be completed in FY18)

Practice Area	FY15	FY16	FY17	FY18 and beyond (indicative)
				<ul style="list-style-type: none"> • Social Safeguards Assessment for Environment and Social Framework (To be completed in FY18) • Qualitative Social and Economic Monitoring of Livelihoods in Myanmar (Ongoing – To be completed in FY19) • Integrating Human rights in the WBG Myanmar (Ongoing – To be completed in FY19) • Myanmar Community Driven Development: Italian Financing Supervision (Ongoing – To be completed in FY21)
Focus Area 2: Investing in people and effective institutions for people				
Education	✓ Providing technical assistance to Myanmar Comprehensive Education (Completed)	✓ M&E Activities for Grants and Stipends (Completed)		<ul style="list-style-type: none"> • Monitoring school grants and stipends (Ongoing – to be completed in FY21)
Governance			<ul style="list-style-type: none"> • Strengthening Auditing and Accounting (Ongoing – To be completed in FY17) 	<ul style="list-style-type: none"> • Pay, Compensation, HR Review and Sub-national Service Delivery

Practice Area	FY15	FY16	FY17	FY18 and beyond (indicative)
				(Ongoing – To be completed in FY19)
Health, Nutrition and Population				<ul style="list-style-type: none"> • Advisory and Technical Services for Myanmar Health Systems Strengthening (Ongoing – To be completed in FY18) • Strengthening Health Financing Systems for UHC in Myanmar (Ongoing – To be completed in FY18) • Myanmar Universal Health Coverage Programmatic ASA (Ongoing – To be completed in FY19)
Macro Economics & Fiscal Management	✓ Myanmar Public Expenditure Reviews 2013 (Completed)	✓ Myanmar Policy Notes for Incoming Government (Completed)	<ul style="list-style-type: none"> • Myanmar Public Expenditure Review 2 (Ongoing – To be completed in FY17) • Myanmar Economic Monitor (Ongoing – To be completed in FY17) 	• Myanmar Macro-Fiscal Program Programmatic ASA (Ongoing – To be completed in FY18)
Poverty and Equity		✓ Strengthening Household Welfare Surveys (Completed)	• Myanmar Poverty Monitoring & Diagnostics (Ongoing -	• Myanmar Poverty Programmatic ASA (Ongoing – To be completed in FY18)

Practice Area	FY15	FY16	FY17	FY18 and beyond (indicative)
			To be completed in FY17)	<ul style="list-style-type: none"> Data-driven Analysis for Better Public Spending in Myanmar (Ongoing – To be completed in FY19)
Social Protection and Labor		✓ Myanmar Social Protection Reform (Completed)	<ul style="list-style-type: none"> Myanmar Future Jobs (Ongoing – To be completed in FY17) 	<ul style="list-style-type: none"> Myanmar TA on Targeting (To be completed in FY18)
Focus Area 3: Supporting a dynamic private sector to create jobs				
Finance and Market	<ul style="list-style-type: none"> ✓ Financial Inclusion for National Development (Completed) ✓ Building Financial Sector Development in Myanmar (Completed) 			<ul style="list-style-type: none"> Myanmar Scaling Up Financial Services for the Poor Programmatic ASA (Ongoing – To be completed in FY18) Modernizing Payment Systems (Ongoing – To be completed in FY18) Myanmar Macro-Fiscal Programmatic ASA (Ongoing- To be completed in FY18)
Trade & Competitiveness	✓ Myanmar Investment Climate Assessment (Completed)	✓ Diagnostic Trade Integration Study (Completed)	<ul style="list-style-type: none"> Trade Facilitation and Competitiveness in Myanmar – Programmatic ASA (Ongoing- To be completed in FY17) 	

World Bank Active Financing (As of May 2017)

No.	Project ID	Project	Loan/TF Account	Approved Amount (US\$)	Percent Disbursed	Approval	Closing
1	P152734	First Macroeconomic Stability and Fiscal Resilience DPO	IDA 60660	200,000,000.00	0.00%	27-Apr-17	31-Dec-17
2	P154389	Myanmar Financial Sector Development Project	IDA 59300	100,000,000.00	0.00%	20-Dec-16	30-Jun-21
3	P158194	Myanmar Flood and Landslide Emergency Recovery Project	IDA 58890	200,000,000.00	0.21%	14-Jul-16	31-Dec-21
4	P156124	Myanmar EITI Implementation Project	TF A1901	2,500,000.00	9.70%	11-Apr-16	31-Dec-19
5	P158724	Survey on Household Living Conditions	TF A3458	670,000.00	81.28%	14-Sep-16	18-May-18
6	P152936	National Electrification Project	IDA 57270	400,000,000.00	2.23%	16-Sep-15	30-Sep-21
7	P147629	Agricultural Development Support Project	IDA 56240	100,000,000.00	6.00%	23-Apr-15	30-Jun-22
8	P143321	Myanmar EITI Implementation Grant	TF A0156	290,000.00	100.00%	25-Jun-15	31-Dec-15
9	P146482	Ayeyarwady Integrated River Basin Management Project	IDA 55590	100,000,000.00	4.52%	9-Dec-14	30-Sep-20
10	P149960	Essential Health Services Access Project	IDA 55420	100,000,000.00	43.85%	14-Oct-14	30-Jun-19
11	P146332	Myanmar Decentralizing Funding to Schools	TF 17814	17,000,000.00	69.35%	11-Oct-14	31-Dec-18
			IDA 54550	80,000,000.00	77.10%	20-May-14	31-Dec-18
12	P144952	Modernization of Public Finance Management	TF 17910	20,000,000.00	17.80%	4-Sep-14	30-Sep-19
			IDA 54020	30,000,000.00	19.55%	2-Apr-14	30-Sep-19
13	P145534	MM: Telecommunications Sector Reform	IDA 53530	31,500,000.00	28.32%	6-Feb-14	31-Dec-19
14	P143988	Electric Power Project	IDA 53060	140,000,000.00	14.52%	24-Sep-13	30-Apr-18
15	P132500	Myanmar National Community Driven Development Project	IDA 56870	400,000,000.00	21.38%	30-Jun-15	30-Nov-21
			IDA H8140	80,000,000.00	92.23%	1-Nov-12	30-Nov-21

IDA	US\$1,961,500,000
Trust Funds	US\$40,460,000

Annex 8: IFC PORTFOLIO (US\$ million)

IFC Investment Portfolios

No.	Client	Sector	Debt	Equity	Quasi-equity	GTFP	Mobilization	Total
FM								
1	Aceda Microfinance	Microfinance	6	2	0	0	0	8
2	Myanmar Oriental Bank	Banking	0	0	7	5	0	12
3	Yoma Bank	Banking	0	0	5	20	0	25
4	Fullerton Myanmar MF	Microfinance	0	2	0	0	0	2
Sub-total			6	4	12	25	0	47
MAS								
7	Shangrila-Myanmar	Hotels	80	0	0	0	0	80
8	City Mart Holding	Retail	0	0	25	0	0	25
9	Landmark Project*	Property	50	20	0	0	105	175
10	Yoma Fleet	Logistics	10	0	0	0	0	10
11	Myanma Awba	Agribusiness	0	0	10	0	0	10
12	United Hotels	Hotels	8.5	0	0	0	0	8.5
13	Oway Travels	Travels&Tour	2	0	0	0	0	2
Sub-total			151	20	35	0	105	311
INFRA								
14	Myanmar Industrial Port	Port	0	0	40	0	0	40
15	Ooredoo Myanmar	Telecom	150	0	0	0	150	300
16	Sembcorp/Myingyan Proj*	Energy	57	0	0	0	273	330
Sub-total			207	0	40	0	423	670
Total			370	24	87	25	528	1028

Note: * expected by June 30, 2017

IFC Advisory Services

Project Name	Date	CPF Focus areas	
		Reducing Rural Poverty	Supporting a dynamic private sector to create jobs
Myanmar Investment Policy	2013-18		√
Myanmar Investment Climate	2014-18		√
Myanmar Agri Input Reform and Standards	2015-19	√	
Myanmar Sustainable Tourism	2015-18	√	
E&S Standards of Hydropower Sector	2015-19	√	
Corporate Governance	2016-21		√
Lighting Myanmar	2016-20	√	
Credit Bureau Project	2014-19		√
Secured Transaction Reform	2016-21		√
Banking Sector Development	2014-17		√
Microfinance Sector Development	2014-17		√
Yoma Bank	2013-17		√
Myanmar Oriental Bank	2014-19		√
Aceda MFI	2013-16		√
Fullerton	2014-17		√

Annex 9: MIGA PORTFOLIO (US\$ million)

Project Name	Sector	Transfer Restriction	Expropriation	War & Civil Disturbance	Breach of Contract	Total Guarantee Amount
KDDI Summit Global Myanmar Company Ltd.	Infrastructure (Telecom)	406.2				406.2
Myanmar Fiber Optic Communication Network Co., Ltd	Infrastructure (Telecom)	105.7	105.7	105.7		105.7
Total		511.9	105.7	105.7		511.9

Annex 10: Key Economic Indicators 2014/15 – 2018/19 (% of GDP)¹

	2013/14	2014/15	2015/16	2016/17 e	2017/18 p	2018/19 p	2019/20 p
Output and prices (% change)							
Real GDP (% change)	8.4	8.0	7.3	6.5	6.9	7.2	7.3
Agriculture	3.6	2.8	3.4	4.3	5.4	5.3	5.3
Industry	11.4	12.1	8.7	4.5	6.5	7.2	7.3
Services	10.3	9.1	9.1	9.5	8.2	8.5	8.5
CPI (% change, Period average)	5.7	5.9	11.4	8.9	6.3	5.7	5.5
Public sector (% of GDP)^{2,3}							
Revenue	20.2	22.3	19.9	16.8	16.7	16.3	16.8
Union Government	10.2	12.4	12.4	9.6	9.6	9.5	10.2
Tax	7.7	10.0	8.7	7.7	7.9	7.9	8.7
Non-Tax	2.4	2.2	3.4	1.4	1.3	1.2	1.2
Grants	0.1	0.3	0.3	0.4	0.4	0.4	0.4
Expenditure	21.7	23.4	23.2	21.3	20.5	19.6	19.9
Union Government	13.1	14.6	15.1	13.9	13.5	13.1	13.4
Recurrent	7.4	9.3	10.3	9.8	9.7	9.5	9.6
Wages ⁴	1.5	1.7	2.2	2.0	1.9	2.0	2.1
Transfers	1.0	2.6	2.7	2.4	2.2	2.0	1.9
Interest	1.1	1.1	1.0	1.1	1.3	1.4	1.4
Other	3.8	3.8	4.4	4.3	4.2	4.1	4.1
Capital	5.7	5.4	4.9	4.0	3.8	3.7	3.8
Balance ⁵	-1.5	-1.1	-3.2	-4.5	-3.8	-3.3	-3.1
Public debt	34.2	29.5	33.8	33.8	33.8	34.3	34.7
Money and credit (% change)							
Reserve money	16.0	5.0	20.0	13.4	9.7	9.4	10.5
Net claims on Government	6.6	13.5	31.5	24.5	12.8	10.0	6.0
Broad money	32.7	19.6	23.2	20.8	16.5	18.6	18.0
Private sector credit	52.5	36.5	34.0	21.0	19.0	25.0	24.0
Balance of payments (% of GDP)							
Current account balance	-4.9	-3.3	-4.8	-6.7	-6.8	-6.7	-6.6
Trade balance	-5.1	-6.3	-8.6	-10.2	-10.4	-10.4	-10.2
Financial account	7.4	7.1	6.6	6.5	7.8	8.1	8.3
FDI (net)	4.4	7.1	6.6	5.9	6.4	6.7	6.9
Overall balance	2.0	1.8	-0.7	-0.3	1.0	1.3	1.8

Sources: MOPF, CBM, IMF BoP Statistics, WB Staff estimates

1/ e = estimates; p = projections

2/ The recently approved 2017/18 Union Budget envisages a large increase in the deficit. The figures in Annex 9 however are WB Staff estimates of expected fiscal outturns for 2017/18.

3/ Union Government is the equivalent of General Government. SEE operations are equivalent to public sector financial and non-financial corporations. The consolidated public sector aggregates Union Government and SEE operations (netting out SEE payments to the Union Government).

4/ Excludes military wages, which are captured in "Other" recurrent expenditure.

5/ Fiscal balances are calculated on the basis of net financing (GFS standards)