



Myanmar - World Bank Group Partnership: Country Program Snapshot



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Partnership:
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Introduction

RECENT ECONOMIC DEVELOPMENTS

Growth Performance

Myanmar grew at an estimated 8.5 percent in real terms in 2014/15. Economic reforms have supported consumer and investor confidence despite business environment and socio-political challenges. Public consumption and private investment on the demand side, and the services sector on the production side were the main drivers of growth. Agricultural output picked up in 2014/15 after two years of sluggish growth. Output in manufacturing and industry has been strong thanks to gas in particular. There has been growing investment in light manufacturing, which slowed in early 2015/16 together with construction activity linked in part to the political transition.

The economic impact of the floods that hit Myanmar from July 2015 is still being assessed, but will likely adversely affect the main rice crop this year. According to preliminary analysis of Census data, the areas most affected by the floods are those where people were relatively worse off. The floods therefore affected a population that was already vulnerable to poverty.

Balance of Payments

Strong demand for investment-related capital imports has widened the current account deficit in 2014/15 to over 6 percent of GDP. Export fortunes remain closely linked to gas (around 40 percent of merchandise exports), which helped offset a drop in forestry exports last year. Agriculture trade was strong thanks to a rebound in the output of beans, pulses and rice. The drop in international commodity prices helped reduce imports of refined oil, though had not yet fully fed through to gas prices in the first quarter of 2015/16.

Inflation

Inflationary pressures increased over the course of 2014/15, largely on account of food prices, with CPI rising by 7.5 percent in the year to end March 2015, reaching just over 10 percent in the year to July 2015 due to supply pressures and a weakening Kyat. Although the price of rice, beans and pulses in 2014/15 were stable in line with international developments, the price of processed foods had increased. Rising food prices are anticipated to particularly affect urban poor households and poor rural households who are net-purchasers of food.

Monetary Sector Developments

Reserve money remained relatively stable till the end of 2014 though overall money supply grew rapidly on account of credit to the private sector. Banking sector exposure to vulnerabilities is limited by its low level of development, but strengthening banking supervision remains a priority to avoid a build-up of risks. The exchange rate depreciated by around 20 percent in nominal terms in the year to August 2015 due to a general strengthening of the US Dollar, a growing current account deficit, and slowing foreign investment inflows in the run up to the elections. Recent efforts by the Central Bank to maintain exchange rate flexibility by allowing further depreciation of the Kyat have helped to curtail the parallel market.

Fiscal Status

Estimates of Union Budget outturn for 2014/15 signal continued efforts at trying to maintain a prudent fiscal stance in the face of growing public service demands. The general government budget deficit is estimated at 4 percent of GDP for 2014/15. Strong revenue

performance was in part due to a windfall from telecom license receipts. Though reforms in tax administration – including the introduction of self-assessment and the establishment of a Large Taxpayers' Office – are also beginning to pay off in terms of higher revenue collections. Spending on social sectors and economic services continued to trend up as a share of GDP in the 2015/16 Budget. These budget shifts aim in part to reduce household spending on education and health, and to support human development outcomes among poorer households.

Economic Outlook

Economic growth in 2015/16 is expected to moderate to 6.5 percent in real terms, though this is subject to revision as more details come in on the impact of the floods.

Agriculture growth will drop on account of the floods, and investment in manufacturing and industry will likely remain slow over the course of the political transition. Inflation in 2015/16 is projected to increase to 11.3 percent (period average) due to a combination of supply pressures caused by the floods and currency depreciation.

Fiscal policy is expected to remain broadly on track, but the current account will come under further pressure due to import demand for post-flood rehabilitation and slowing agricultural exports.

Myanmar will also face a number of challenges from the external environment. Slowing growth in China could adversely affect the demand for Myanmar's merchandise exports. Low international commodity prices will affect gas exports, though these could be offset by higher output from Shwe and Zawtika fields that came on stream two years ago, and also higher Kyat earnings from gas as a result of currency depreciation. The US Federal Reserve's decision to raise interest rates could further strengthen the US Dollar and place added pressure on the exchange rate.

Economic growth is expected to pick up over the medium-term, assuming continued progress on economic reforms.

The agriculture sector should bounce back rapidly, and services should continue to grow at a strong pace thanks to further expansion of telecommunications and banking services in particular. Manufacturing and industry are also expected to pick up post elections, particularly as recent investments in light manufacturing (e.g. garments) begin their operations in newly established economic zones.

Whilst medium-term growth prospects remain strong, addressing the impact of the floods on poor households will be a challenge.

The floods have hit two of the poorest States in Myanmar, namely Rakhine and Chin, which have been declared as natural disaster zones in addition to Sagaing and Magway. Loss of livelihoods has been compounded by loss of assets and access to social services. This will require a strong public sector response.

Policy Watch

This Policy Watch covers a few selected priority issues closely related to Myanmar's overall economic developments and outlook.

Other, broader economic and social policy issues that are also central for inclusive and sustainable growth (such as education, health, rural development, energy, water, environment, or social development) are (or will be) covered in separate publications¹.

Addressing short-term macroeconomic challenges will require continued efforts at maintaining exchange rate flexibility supported by fiscal and monetary discipline.

The Central Bank of Myanmar's recent stance to have greater flexibility in the Kyat-Dollar exchange rate is a positive move. In the short-term, exchange rate flexibility will be important given structural shifts in trade, evolving capacity to carry out open market operations, and limited foreign reserves. To control growth in money supply it will be important to implement new prudential regulations in the banking sector (see below) and ensure a gradual elimination of monetary financing of the budget deficit.

Strong growth prospects assume continued progress on structural reforms.

The recent adoption of a minimum wage needs to be supported by strong institutional arrangements to ensure efficient labor markets. Other structural reforms include adoption of legislation to strengthen the business environment (e.g. the Investment Law and Companies Law), modernize the banking sector, and strengthen public debt management. Efforts to address access to finance is another priority. This remains a big constraint, particularly for poorer households who have more limited sources of collateral and limited access to formal financial institutions.

¹ See for example the World Bank Systematic Country Diagnostic for Myanmar

POVERTY PROFILE

Over a third of the Myanmar population – about 19 million people – were estimated to have lived in poverty in 2009/10, unable to meet their basic food and non-food needs (World Bank, 2014).

Poverty rates vary across geographical zones, with poverty highest in many areas affected by conflict and the coastal zone (53.1 percent, including 77 percent in Rakhine State) and hills zone (40.9 percent), and lowest in the dry zone (29.5 percent). This is consistent with global findings of the impact of conflict on poverty, and the fact that in Myanmar, conflict has been concentrated in the country's remote and often inaccessible border areas.² However, due to population density, the incidence of poverty is concentrated also in Myanmar's farming heartland of the Delta and in the Dry Zone. These two zones are home to 64 percent of the country's poor. According to the 2010 Agricultural Census, 15 percent of farming households were headed by women, who farm plots that are on average 17 percent smaller than those of male-headed households. 80 percent of female-headed farming households (or 12 percent of all farming households) are not able to produce enough food to meet household consumption requirements.

The poor lack access to basic services.

People all over Myanmar, and particularly the poor, lack access to quality basic services and infrastructure including clean water, quality schools, health services and electricity. Approximately 70% of the population has no access to electricity, and the consumption of electricity (about 160 kilowatt hours per capita) is one of the lowest in the world – twenty times less than the world average. Among those who have access to electricity, two thirds report disruptions at least once a week. The rural electrification rate is 16 percent and most border regions have no grid-based electricity entirely. Access to other basic services are similarly restricted: 30.5 percent of people lack access to clean drinking water, and 25.7 percent lack access to improved sanitation. Most rural villages also lack access to critical infrastructure needed to connect Myanmar to the rest of the world. Only 12 percent of roads in Myanmar are paved, and

almost half of the roads are impassable in the rainy season. Railways are old and rudimentary, with few repairs since their construction in the late 19th century. This contributes to isolation, and limits access of people to markets, job opportunities, and services.

Poverty has devastating and long-lasting consequences for the children of Myanmar.

Out of every 100 children born in Myanmar, 6.2 die before their first birthday and 7.2 before their fifth (Government of Myanmar, 2014). More than a third of children under the age of 5, 35.1 percent, are moderately stunted, reflecting a lack of adequate nutrition during early years, which impedes learning abilities later in life (Government of Myanmar and UNICEF 2011). There is little difference between boys and girls in the prevalence of stunting, but quite substantial differences across states and regions and across richer and poorer households. Finally, 6 out of 10 children starting grade one in rural areas drop out before the end of middle school; among the poorest families, this figure is 7 in 10. Dropout rates are high for both boys and girls, and differences in dropouts across richer and poorer households dwarf gender gaps. The effects of such childhood poverty are long-lasting: they limit physical and cognitive development, with subsequent effects on labor market outcomes.

Families struggle to make longer term investments that can improve their well-being, in part due to having to focus on short-term urgent problems such as illness, crop failures, and natural disasters.

Insecurity creeps into the lives of the people of Myanmar through multiple channels. A third of all households in Myanmar are estimated to be heavily indebted. Nearly one in ten households has taken out a loan to cover basic food needs. Crop failures due to bad weather or pests can affect indebted households severely since they struggle to pay back their loans. Households weathering these insecurities take actions that affect their ability to bounce back, including cutting back on their investments, selling core productive assets, and withdrawing children from school.

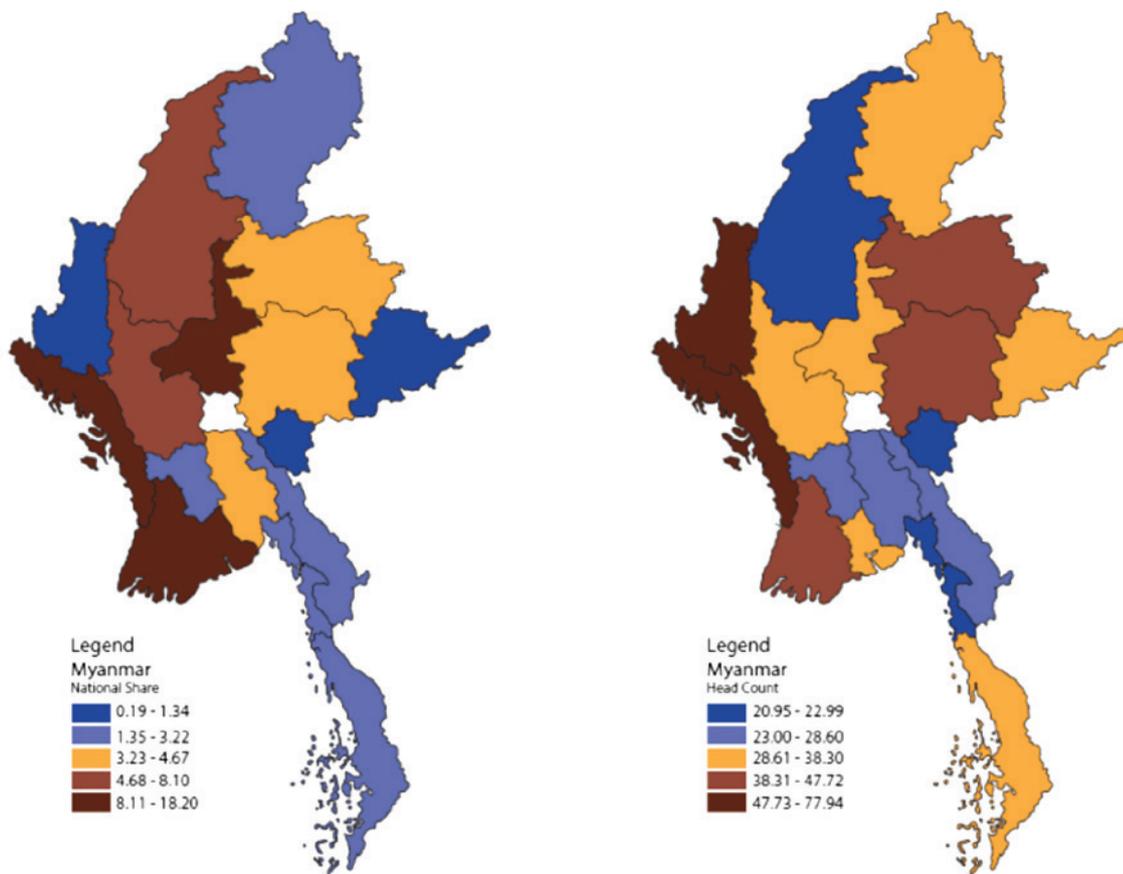
² For example, the 2011 World Development Report on Conflict, Security and Development found that for every three years a country is affected by major violence or conflict, poverty reduction lags behind by 2.7 percentage points, with the average cost of civil war equivalent to more than 30 years of GDP growth for a medium-sized developing country.

Significant gender disparities exist in the public sphere and in access to productive and economic resources.

On the positive side, the female labor force participation rate (at 86 percent) is higher than that of male counterparts (at 83 percent)³, and women and men have equal rights to land ownership. However, women's participation in politics is low, with women accounting for just 4.6 percent of the members of Parliament in the previous legislature. Similarly, in the public sector, while women account for about half of all Government staff in state administrative organizations and union ministries, their work is concentrated in lower-level positions: women hold

only one-third of managerial positions, and account for only one percent at the level of director general and above. Moreover, there is no guarantee of equal pay for equal work for men and women and some policies and laws, including customary laws, are obstacles to gender equality in land tenure, property ownership and inheritance practices. As a result, land rights held by women are often insecure as many women lack awareness of their rights as joint owners of family land or as family members with rights of inheritance.⁴ The 2013 Gender Inequality Index (GII) ranked Myanmar at 83 out of 187 countries.

Figure 1: Spatial distribution of poverty in Myanmar



Source: Poverty data from revised IHLCA2 survey, March 2014, World Bank Myanmar.

³ Source: UNDP HDR 2014. The data is being updated with the MPLCS and the ongoing Labor Force Survey.

⁴ USAID Country Profile: Property Rights and Resource Governance, Burma, page 2.

GOVERNANCE PROFILE

Governance is a key cross-cutting development challenge for Myanmar. Previous governments emphasized stability and economic self-reliance and favored the centralization of authority in a small elite group at the expense of building an accountable, transparent and effective public sector. This legacy can be seen in widespread distortions in both the public and private sectors, and in severely limited mechanisms to design, implement and monitor socio-economic development policies. Good corporate governance is also key to helping private sector companies gain investor confidence, improve access to capital, and become more sustainable. Yet the current level of governance standards in most firms in Myanmar remains very low. The existing regulatory regime includes only very basic provisions for corporate governance in companies and banks, coupled with low levels of enforcement for those requirements that do exist. In addition, the Myanmar private sector includes a number of state-owned companies, with nascent governance structures, outdated management processes, and low levels of transparency. Finally, audits often include only perfunctory attestations of company financial reports. Despite recent work by the Government, the WBG, development partners, and civil society organizations, major gaps remain in the understanding of Myanmar's governance challenges.

There have been steps to create a more effective and transparent state. Myanmar signed on to international transparency initiatives such as the Open Government Partnership and the Extractive Industries Transparency Initiative, and established new organizations to monitor and oversee official behavior, such as the Anti-Corruption Commission and the Rule of Law Commission in Parliament. In addition, Myanmar has begun to clarify the functions of state institutions and to develop the capacity of agencies to carry out their mandates. Finally, Myanmar launched a substantial reform of its public financial management system in order to establish mechanisms for effective management of public funds. However, this transition is by its nature a long-term endeavor, and questions remain, including about the formal and informal

roles of the military going forward, including at the sub-national level.

Supporting governance improvements is a core focus of the World Bank Group program (see box 1). International experience from similar transformation processes in Latin America in the 1980s and Eastern Europe in the 1990s⁵ shows that fundamental transformations of this order are likely to take decades. Government agencies and non-state actors take time to adapt to new roles and develop the capacity (in the form of policies, routines, and oversight mechanisms) needed to promote effective governance. Moreover, while this long process carries major opportunities for improving state effectiveness, it also carries significant risks since it provides vested interest groups in state and society with an opportunity to alter the very foundations of the state to their own advantage. The WBG is well positioned to support the improvement of corporate governance standards in order to build confidence and facilitate investment in domestic firms.

Central-local relations constitute a centerpiece in Myanmar's efforts to redefine the organization of the state and more effectively address the demands of citizens. Myanmar Government has begun to increase the amount of funds available for spending at the State/Region, district and township level in an effort to align development projects to local needs. If introduced and implemented in a consultative and consensus-oriented manner, such decentralization measures can play an important role in reaching a stable political settlement. However, the process of determining the division of power between different levels of government also carries risks for renewed conflict.⁶

⁵ See for example World Bank Policy Research Working Paper, no. 2444, 2000.

⁶ World Development Report 2011, 167; Huybens et al., 2014, 12-13

Box 1: Mainstreaming Governance in the WBG Program

The focus on governance across the WBG program entails a combination of project, sector, and country-level approaches:

- During project preparation and implementation, the WBG works with country counterparts and partners to consider how a project might help advance governance (institutional capacity, transparency, accountability, participation, and anti-corruption) in Myanmar, and how governance risks may affect the achievement of project development objectives and how to mitigate them. There is no presumption that a project should address a particular governance issue, rather the key is the systematic consideration of governance issues during preparation and their monitoring during implementation.
- At the sector level, the WBG integrates governance considerations in its strategic engagement. This includes the identification of key governance issues affecting sectors or sub-sectors to inform not only project design but also policy dialogue. Where feasible, the WBG supports priority activities aimed at addressing these challenges as part of its overall support to the sector, as is the case for example with the WBG's support to EITI in the area of energy and extractives.
- At the country level, the WBG will regularly review experiences, including successes and constraints, in governance mainstreaming, and adjust course as necessary in its knowledge and financing work, including through the Country Partnership Framework (CPF) and the CPF's Performance and Learning Review.

Country Partnership Framework 2015-2017⁷

EXECUTIVE SUMMARY



⁷ The Country Partnership Framework was discussed by the World Bank Group Board of Directors in April 2015.

Context: Supporting a Historic Transition

The Country Partnership Framework (CPF) succeeds the Myanmar Interim Strategy Note (FY13-14) and is the first full country strategy for Myanmar since 1984. This CPF comes at a time of great opportunity for Myanmar; over the three year period covered in this CPF, the reforms initiated in 2011 have the potential to bring Myanmar into a new era of peace and prosperity.

Myanmar's history, ethnic diversity, and geography combine into a unique set of development challenges and opportunities, including (i) emergence from a long period of international isolation; (ii) widespread poverty, despite rich land, water, and mineral resource endowments; (iii) a strategic location in the fastest-growing region in the world; (iv) the role of the military and associated groups in the economy; and (v) long standing armed conflict and ethnic and religious tensions. Myanmar is on a path of fundamental transformation, seeking to address all these challenges and opportunities simultaneously.

Despite its potential, Myanmar today is one of the least developed countries in Southeast Asia, with a legacy of conflict, isolation, and ineffective policies. With a population of 51.4 million, the country had a per capita GDP of US\$1,105 in 2014. Over a third of the Myanmar population were estimated to have lived in poverty in 2009/10. Poverty in Myanmar is largely a rural phenomenon, with at least 70 percent of the country's poor living in rural areas. Through this CPF, the World Bank Group (WBG) is scaling up its engagement with Myanmar to support two critical transformations underway: towards openness and integration, and empowerment and inclusion. Together, these two socioeconomic shifts offer a historic opportunity and hold the key to reducing extreme poverty and boosting shared prosperity in Myanmar.

Beginning in 2011, Myanmar launched major political and economic reforms aimed at increasing openness, empowerment, and inclusion. The past years have seen a dramatic increase of political and civil liberties and a significant reduction in armed conflict, although conflict continues in Kachin and northern Shan States. At the same time, new tensions and challenges have emerged, including outbreaks of unrest affecting the country's Muslim minorities and particularly those who identify themselves as Rohingya in Rakhine State. Parliamentary elections took place in November 2015, in which the opposition National League for Democracy swept into power, and the coming years offer opportunities to deepen reforms further.

Myanmar has also begun removing constraints on commerce, trade, and private enterprise that long held back the economy. Economic reforms have included the unification of the exchange rate, removal of a host of import and export restrictions, new legislation that provides greater autonomy for the central bank, and increased transparency including publication of the Government budget. Overall macroeconomic performance has strengthened, with growth at 8.3 percent in 2013 and estimated at 8.5 percent in 2014 (up from an average of 5.1 percent between 2005 and 2010), inflation down to 5.7 percent in 2013/14 (from 22 percent in 2008/09), and external debt down to 19.2 percent of GDP in 2013/14 (from 37.7 percent in 2008/09). However, major obstacles remain, including an underdeveloped financial sector, infrastructure gaps and limited capacities to manage shocks.

Proposed WBG Program: Pathways for Poverty Reduction

The CPF outlines how WBG global knowledge, financing, and convening services can support Myanmar and its people in transforming their country, reducing extreme poverty and boosting shared prosperity.

This CPF draws on the findings of the recent Systematic Country Diagnostic (SCD) carried out by the WBG, lessons learned since the WBG re-engagement in Myanmar in 2012, and extensive consultations with a wide range of stakeholders conducted in 2014.

With Myanmar's poverty rate estimated to have been between 25.6 and 37.5 percent in 2010, the group of poor overlaps significantly with the bottom 40 percent of the consumption distribution. The SCD identified two main pathways out of extreme poverty. The first is promoting sustainable private sector-led growth for more jobs. The second entails promoting universal access and empowerment for inclusive growth, particularly in rural areas.

Starting from the development priorities identified in the SCD, the CPF uses three selectivity criteria to identify a CPF program of activities for WBG engagement. The three selectivity criteria are: comparative advantage; impact on achieving the twin goals of absolute poverty reduction and shared prosperity; and the risk-reward ratio. The resulting CPF program for the WBG is focused in three 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 will integrate four cross-cutting issues that are important for the achievement of the WBG twin goals: gender,

conflict, governance and climate change/disaster risk.

- **Reducing rural poverty.** At least 70 percent of Myanmar's poor live in rural areas, reducing poverty and boosting shared prosperity will entail increasing access to essential services, economic opportunities and markets. The WBG expects to provide support to help increase agricultural incomes and productivity, rural electrification, community-driven investments in local infrastructure and services, improve Ayeyarwaddy River navigation and flood control, and reduce vulnerability to shocks.
- **Investing in people and effective institutions for people.** Successful empowerment and inclusion will depend on citizens who are able to make a better future for themselves and on transparent institutions that allow people to do so. The WBG expects to provide targeted support to help Myanmar approach universal access to and improve the quality of essential social services, especially health and education and, over time, skills development to empower people to participate in a growing economy. The WBG also expects to provide support for state institutions to deliver services effectively, including at the local level. This support is expected to contribute to improved governance in selected sectors as well as more broadly for the citizens of Myanmar.
- **Supporting a dynamic private sector to create jobs.** Reducing poverty and boosting shared prosperity will entail diversification beyond extractive-based industries to inclusive growth that creates jobs. Increased openness and integration will result in higher growth as labor reallocates to more productive sectors and trade drives innovation and productivity. The WBG will seek to foster inclusive growth and a vibrant private sector that will create jobs through investments and support for markets, trade and modern financial institutions.

Implementation: Resources and Partnerships, Risks and Opportunities

This CPF covers a period of three years, coinciding with the IDA 17 period. It will include a performance and learning review, planned for late FY16, to allow for mid-course adjustments based on changes in

country context, a review of lessons learned, and the availability of new data (including a nationally representative household survey). Should the performance and learning review indicate continuity in Myanmar's development priorities outlined in the CPF, the WBG may at that time decide to extend the CPF.

Myanmar's provisional IDA 17 allocation is about US\$1.6 billion⁹. The CPF identifies an indicative program based on this amount, with frontloading. In addition, IFC expects to provide up to US\$1 billion in investments over the CPF period and US\$20 million in technical assistance. MIGA will provide insurance against political risks based on demand by private investors.

The Government has taken the lead in donor coordination, establishing a set of sector working groups bringing together development partners in Myanmar. The World Bank Group has developed the CPF within this framework to ensure alignment with Myanmar's development priorities, the Government's reform agenda, and support provided by development partners. As such, the CPF focuses on areas where the WBG can add unique strengths (through knowledge or financing), seeks to create platforms for joint engagements between Government and development partners, and to achieve tangible impact on poverty and shared prosperity, including reducing rural poverty and increasing access to services.

Along with unique opportunities, the CPF supported program will also face substantial risks. Political risks associated with the elections in late 2015 include a polarization among stakeholders, policy discontinuity, and a slow-down of reforms. The national peace process to resolve decades-old conflicts remains fragile. On the economic front, risks include vulnerability to volatile oil and gas prices, spending pressures, an underdeveloped financial sector, and a weak regulatory framework, while overall capacity constraints may limit the country's ability to effectively manage macro-financial shocks. The design of the WBG program will help manage and mitigate these risks, and the WBG will regularly review risks and opportunities and adapt the CPF during implementation as warranted. A Performance and Learning Review planned for late FY16 will facilitate the adaptation of the WBG program to country developments as needed.

⁹ IDA allocations are in Special Drawing Rights (SDR). With the appreciation of the USD against other currencies in the SDR basket, the USD equivalent of the allocation is also decreasing.

FINANCING DEVELOPMENT

I. Reducing Rural Poverty



Myanmar: National Community Driven Development Project

Key Dates:

Approved: Original IDA grant in November 2012, additional financing credit in June 2015

Effective: Original grant in January 2013, additional credit in September 2015

Closing: November 30, 2021



Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Grant	80.0	36.0	36.5*
IDA Credit	400.0	0.0	400.0
Myanmar	30.0		
Italy	22.5	0.0	22.5
Japan Social Development Fund grant	11.5	0.0	11.5
Total	544.0		

*SDR/USD FX rate fluctuations

Development Challenges the Program is Tackling

The National CDD program (NCDDP) seeks to address long-standing underinvestment in rural service delivery and to replace historically top-down state-citizen interactions with a bottom-up approach to local development. The NCDDP empowers communities to play a leading role in their development by providing them with annual grants to construct community-level infrastructure, including schools, health centers, foot paths, access roads and water supply systems. Communities together decide on priorities and implement sub-projects, electing committees by secret ballot to receive and manage funds. Technical, social and financial audits as well as a national grievance handling mechanism ensure transparency and the proper use of funds and foster adaptive learning.

Program Development Objectives

To enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach and to enhance the Government's capacity to respond promptly and effectively to an eligible crisis or emergency.

Main Components and Activities

The four components of the program are: (i) community block grants; (ii) capacity development and facilitation; (iii) knowledge and learning; and (iv) implementation support.

Key Results Achieved

- Since its inception in 2013, the NCDDP has financed over 1,800 sub-projects, leading to communities having better schools and health centers, access to clean water and electricity, and improved roads and jetties in nine rural townships home to over 850,000 people.

Expected Results

- By 2016, the program will have expanded to cover 18 townships, and is ultimately expected to reach approximately 6.9 million people across over 60 townships across the country.

Key Partners:

Implementing agency: Department of Rural Development, Ministry of Livestock, Fisheries and Rural Development

Financing: Government budget, World Bank, Italy, Japanese Social Development Fund grant

Technical assistance provided by a range of local and international NGOs and firms.

Key Contacts:

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Project webpage: <http://cdd.drdmyanmar.org/eng/>; [cdd.myanmar@groups.facebook.com](https://www.facebook.com/cdd.myanmar)

Myanmar: Ayeyarwady Integrated River Basin Management Project

Key Dates:

Approved: December 9th, 2014

Effective: June 10th, 2015

Closing: September 30th, 2020

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	100.0	0.6	99.4
Total	100.0		



Development Challenges the Program is Tackling

The AIRBMP aligns directly with the Myanmar Country Partnership Framework (2015-2017) by improving national government capacity for sustainable environmental and social management.

Program Development Objectives

Strengthen integrated, climate resilient management and development of the Ayeyarwady River Basin and national water resources.

Main Components and Activities

The four components of the program are: (i) Water Resource (USD32 million); Hydro-meteorological Modernization (USD30.15 million); Navigation Enhancement on the Ayeyarwady River (USD37.85 million); Contingent Emergency Response (USD0 million)

Key Results Achieved

- River Basin Management Master Plan/State of the Basin effort ongoing. Hydro-Informatics Center created and ongoing capacity and partnership building. Stakeholders Workshop held in Yangon on October 14th, 2015. Ongoing technical support to the drafting of the Myanmar Water Law.
- Partnership established between the Department of Hydrology and Meteorology and the World Meteorological Organization. Impact Forecast activities ongoing.
- Ayeyarwady Navigation Master Plan Updated (in collaboration with the Netherlands). Small-scale river works expected to start in early 2016. Large-scale river works to initiate in early 2017, after completion of design and environmental studies.

Expected Results

- Development of a comprehensive River Basin Master Plan to guide the sustainable development of the Ayeyarwady river basin.
- Preparation of high priority water resource investment projects
- Functional and upgraded hydrological-meteorological system
- Navigation improvements along selected stretch of the Ayeyarwady

Key Partners:

The AIRBMP is coordinating with government agencies and other development partners working in the areas of water resources management, hydro-meteorological modernization, disaster risk management and inland water transport. Primary development partners include the Netherlands and Australia in water resources management, the Netherlands in navigation, and Japan for hydro-meteorological modernization. The AIRBMP is also collaborating with a variety of civil society organizations.

Key Contacts:

Greg J. Browder, Lead Water Resource Management Specialist, gbrowder@worldbank.org

Myanmar: Agricultural Development Support Project

Key Dates:

Approved: April 23, 2015
Effective: September 27, 2015
Closing: June 30, 2022

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	100.0	0.0	100.0
Total	100.0		



Development Challenges the Program is Tackling:

The program is tackling the low agricultural productivity due to the poor quality of agricultural services and irrigation infrastructure in selected regions of the Dry Zone. Farmers often do not possess necessary agronomic technologies and skills to take advantage of access to water, and have limited knowledge about the use of available inputs such as fertilizers, pesticides, hybrid seeds, and machinery. A social assessment conducted as part of this project found that in most of the surveyed villages, agriculture extensions service are not reaching out the farmers. However, the study also found a successful case where farmers are benefitting from very good extension services with the presence of out-posted agriculture officers. The existing irrigation systems in Myanmar are underutilized and improving their management and drainage infrastructure assets would offer relatively quick opportunities for rural poverty reduction. Out of around 13.3 million ha of total sown area, only around 2.1 million ha is currently irrigated.

Program Development Objectives:

Increase crop yields and cropping intensity in selected existing irrigation sites in Bago East, Nay Pyi Taw, Mandalay, and Sagaing regions.

Main Components and Activities:

The four components of the project are: (i) Irrigation and Drainage Management (US\$78.4 million); (ii) Farm Advisory and Technical Services (US\$17.2 million); (iii) Project Coordination and Management (US\$4.4 million); and (iv) Contingent Emergency Response (US\$0 million).

Expected Results

- The direct project beneficiaries will be farm households, who have access to irrigated land in the project irrigation sites in Bago East, Sagaing, Mandalay, and Nay Pyi Taw regions.
- These regions have a large number of poor estimated at 34 percent of all poor in Myanmar, and account for 80 percent of the existing dam-related irrigation systems in the country.
- It is estimated that the project will benefit about 22,000 farm households who have land in about 8 irrigation systems over 35,000 ha, which would span over 16 townships in the four above mentioned regions.
- The total estimated number of direct project beneficiaries is 120,000.
- In addition the project would benefit households in targeted communities who may not have access to irrigated land through participation in extension activities which would cover the command irrigation area.

Key Partners:

The implementation agency is the Ministry of Agriculture and Irrigation.

Key Contacts:

Sergiy Zorya, Senior Economist, szorya@worldbank.org.

Myanmar: Flood and Landslide Emergency Recovery Project (proposed)

Key Dates:

TBD

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit (TBC)	200.0	N/A	N/A
Total	200.0		



Development Challenges the Program is Tackling:

The multi hazard (cyclone, floods and landslide) event in July-September 2015 significantly impacted the people and economy of Myanmar. The floods extended over 6 million acres and caused vast landslides, particularly in the mountainous Chin State. Over 1.6 million people have been temporarily displaced, and 132 people have lost their lives. More than half a million houses were damaged and almost 40,000 were destroyed. Nearly three million hectares of farmland were damaged. The estimated production losses due to the disaster are US\$ 1.5 billion. The total effects would be the equivalent of 3.1% of Myanmar's GDP in 2014/2015. GDP growth could drop by 0.8 percentage points in 2015/2016 if recovery efforts are not undertaken. Upon request of the Government of Myanmar, the World Bank coordinated a Post Flood and Landslide Needs Assessment (PFLNA). The assessment resulted in a government-owned comprehensive report referencing and compiling existing sector and regional damage and loss reports, providing: (i) an assessment of the damage and recovery needs in the affected sectors and regions; (ii) a socio-economic analysis of the impacts of the floods and landslides; (iii) a summary of priority recovery and reconstruction needs, short medium and long term; iv) a long-term recovery strategy which seeks to address these needs as well as reduce disaster risks and promote resilience.

Program Development Objectives:

The proposed project development objective is to support recovery in priority areas affected by the 2015 floods and landslides.

Main Components and Activities:

The proposed project is expected to support the resilient reconstruction of infrastructure in affected areas using principles of building back better to avoid recreation of vulnerabilities that contributed to the disaster. The project will:

- (i) Rebuild public and community infrastructure, including roads and bridges that have been damaged or destroyed by the floods and landslides. Where possible, labor-based methods and cash-for-work approaches will be applied to create employment opportunities for affected population. Critical infrastructure will be rebuilt to a higher standard to reduce the risk of their destruction from future events.
- (ii) Strengthen disaster risk management systems, including improvement of safe construction capacity.

Expected Results:

- # beneficiaries with access to restored roads
- # beneficiaries who received support to restore their livelihoods
- # beneficiaries from new service infrastructure in resettlement areas.

Key Partners:

Ministry of Construction, Department of Rural Development, National Natural Disaster Management Committee

Key Contacts:

Henrike Brecht, Senior Infrastructure Specialist, hbrecht@worldbank.org
Michael Bonte-Grapentin, Senior DRM Specialist, mbonte@worldbank.org

Myanmar: Southeast Asia Disaster Risk Management Project (proposed)

Key Dates:

TBD

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit (TBC)	95.0	N/A	N/A
Total	95.0		



Development Challenges the Program is Tackling

Water and weather related disasters pose a serious threat to Myanmar's development objectives. Weak infrastructure, high poverty rates, and limited resources within the country have compounded vulnerability. The floods in July and August 2015 displaced 1.6 million individuals from their homes and economic losses equaled US\$1.5 billion, equivalent of 3.1% of the country's GDP. The program is being designed as a regional program between Cambodia, Lao and Myanmar to manage the impact of disasters, through structural flood protection measures, strengthening disaster risk management capacity, and building regional disaster risk financing and insurance mechanisms.

Program Development Objectives

The project development objective is to help reduce the risk of flooding and enhance disaster risk financing capacity within the Southeast Asia Region.

Main Components and Activities

This project has two components:

(i) **Flood Risk Management Investments:** This component would enhance the country's watershed management in order to reduce the likelihood of flooding. This would include strengthening flood protection structures, combined with urban drainage enhancement. Green solutions for storing water by means of vegetation, soil, porous surfaces and wetlands will also be considered. In addition, this component would strengthen the capacity of the government to forecast, manage and reduce disaster risk.

(ii) **Disaster Risk Assessment and Financing:** This component would strengthen the financial protection capacity of the government and pave the way towards a regional disaster risk pooling mechanism. Support would include disaster risk assessments and modeling, building national DRFI strategies and mechanisms that enable sustainable regional risk financing solutions.

Expected Result

- Reduced population and assets exposed to floods
- Disaster risk financing strategies developed

Key Partners:

National Government: Department of Waterways, Ministry of Transport; Department of Irrigation, Ministry of Agriculture; Department of Meteorology and Hydrology, Ministry of Transport; Department of Relief and Resettlement, Ministry of Social Welfare; Ministry of Finance.

Strong links with ongoing DRM-related projects, in particular supported by Japan and ADB.

Key Contacts:

Henrike Brecht, Senior Infrastructure Specialist; hbrecht@worldbank.org

FINANCING DEVELOPMENT

II. Investing in People & Effective Institutions for People



Myanmar: Modernization of Public Finance Management Project

Key Dates:

Approved: April 2, 2014

Effective: October 9, 2014

Closing: September 30, 2019

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	30.0	3.6	26.4
UK, Australia and Denmark	20.0	0.7	19.3
Total	50.0		



Development Challenges the Program is Tackling

The Public Finance Management Project is tackling: (i) low tax collections and a tax system that is susceptible to corruption; (ii) lack of budgetary links with policy priorities; (iii) outdated systems for providing finances to service delivery units at the local level; (iv) low fiscal transparency, including on natural resource revenues; and (v) inadequate parliamentary oversight capacity on the budgetary system.

Program Development Objectives

Support efficient, accountable and responsive delivery of public services through the modernization of Myanmar's Public Financial Management systems and strengthening institutional capacity.

Main Components and Activities

The project has five components:

- (i) **Implement self-assessment tax system** at internal revenue department to increase revenue collection and reduce leakages.
- (ii) **Institute a medium term fiscal framework** with revenue floor and expenditure ceilings to all spending agencies across the Union, states/regions for linking policy plan with budgets.
- (iii) **Development of an effective intergovernmental fiscal transfer system** that supports functional responsibilities across different levels of government.
- (iv) **Enhance fiscal transparency**, including in natural resource sectors through publication of key fiscal information and implementation of Extractive Industries Transparency Initiative.
- (v) **Establish a Public Accounts Committee Office** with appropriate capacity for effective oversight of the budgetary system.

Expected Results

- Contribute to enhancing the Tax to GDP ratio from 6.2 percent in FY2012/13 to over 10 percent by FY2018/19
- At least 4 of 9 key fiscal documents published: (i) pre-budget statement; (ii) annual Executive budget proposal documentation, (iii) enacted budget, (iv) in-year and year end budget execution reports, (v) audited annual financial statements, (vi) external audit reports, (vii) summary of the Executive budget proposal; (viii) medium term budget proposal, and (ix) summary of enacted budget.
- Budget preparation process including (i) issuance of ceilings (ii) preparation of medium-term fiscal framework.

Key Partners:

Implementing agency: Project Director (Ministry of Finance Permanent Secretary); Office of Auditor General (Permanent Secretary);

Financing: World Bank, Australia, Denmark, and the United Kingdom

Key Contacts:

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Arvind Nair, Economist, anair3@worldbank.org

Myanmar: Decentralizing Funding to Schools Project

Key Dates:

Approved by WB Board: May 20, 2014

Effective: November 5, 2014

Closing: December 31, 2018

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	80.0	34.6	39.2
MDTF (DFAT)	20.0	7.2	12.8
Total	100.0	41.8	52.0



Development Challenges the Program is Tackling and Program Development Objectives

The project is a 'results-based' investment which supports Myanmar's efforts to improve and expand its school grants program and to target cash stipends on children who are at risk of dropping out of school. The project also supports measuring learning outcomes in the early grades. The funding is transferred directly to the government's budget on the basis of Disbursement Linked Indicators (DLIs). The Ministry of Education (MoE) has issued guidelines for both the grants and stipends programs to townships and schools. The programs are implemented using government's own financial systems. The project is demonstrating that donors can directly support decentralized government programs and the quality of these programs can be improved over time. In addition to directly funding the school grant allocations and the stipends payments, MoE is authorized to spend project funding on related-training and on its efforts to carry out early grade reading assessment.

The results-based approach also requires effective monitoring and evaluation. Using funding from the multi-donor trust fund, MoE, the World Bank, Australia and Save the Children have worked closely together to carry out annual process evaluations, as well as a school survey and a household survey. These evaluations are being used to improve the programs over time and to monitor their impact.

Main Components and Activities

The project helped improve the grant funding program in several fundamental ways: (i) increasing resources

flowing to schools; (ii) regularizing resource flows; (iii) granting greater autonomy to schools in how they spend resources; and (iv) aiming to increase community participation and oversight in how the funds are spent.

Key Results Achieved

- Myanmar now transfers grant funding to schools ranging from 400,000 kyat to more than 10,000,000 kyat per year, depending on school size.
- The stipends program, which benefits children in grades 5-11, introduced rigorous poverty targeting approaches, providing stipend of between 5,000 and 10,000 kyat per month depending on grade level, and introduced attendance requirements. About 37,000 students in eight townships received stipends during school year 2014-15. The program expanded to a total of 27 townships in school year 2015-16, and over 100,000 stipends have already been awarded.
- The capacity to implement and to monitor both programs has also increased and improved.
- An assessment of early grade reading results is now available for the Yangon region (in 2014) and for selected townships across the country (in 2015). The results can be used to quantify and pinpoint struggling students, as well identify interventions that could help improve learning outcomes. The successful approach has resulted in a proposal by donors to add grant financing to the project.

Expected Results

- The stipends program is expected to expand to about 60 townships in total in school year 2016-17.

Key Partners:

Ministry of Education and township/school officials, the World Bank, Australia (through the MDTF), and Save the Children (for monitoring and evaluation)

Key Contacts:

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Lars Sondergaard, Co-Team Leader, lsondergaard@worldbank.org

Mar Mar Thwin, Education Specialist, mthwin@worldbank.org

Myanmar: Support of Universal Health Coverage

Key Dates:

Approved: October 14, 2014

Effective: April 8, 2014

Closing: June 30, 2019

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	100.0	25.0	75.0
Total	100.0	25.0	75.0



Development Challenges the Program is Tackling

Today Myanmar stands at a critical cusp, faced with opportunities to further reverse the decades of severe underspending and institutional neglect in the health sector, and to deepen reforms that will enable the country to advance towards Universal Health Coverage (UHC). The goal of UHC is to ensure that all people have access to healthcare they need without undue financial burden. Meaning that no one becomes poor as a result of paying for healthcare. For this goal, health systems must be strengthened to deliver at minimum an essential package of health services, coupled with financing reforms to reduce out-of-pocket spending. Immense challenges stand in the way of attaining UHC, including conflict, limited and fragmented financing, weak human resources, rudimentary infrastructure, scant data, and low health spending despite recent large increases in government's budget on health.

Program Development Objectives

In support of Myanmar's aspiration for UHC, the World Bank has mobilized financing, global expertise, and knowledge services to support strengthening of Myanmar's health system, namely health financing, with the aim of improving coverage of essential health services and increasing financial risk protection.

Main Components and Activities

The project has two types of support:

- (i) **IDA-financed Essential Health Services Access Project (EHSAP) has the objective of increasing access to essential services, especially for pregnant women, newborns and children.** The project provides more flexible, predictable, and transparent funds to facilities at the

township and below, including township hospitals, urban and rural health centers, and school health programs. These funds, also referred to as facility grants, promote greater autonomy to better respond to local needs, together with an enhanced financial management system. They help to cover operational expenses to increase outreach, greater community engagement, better maintenance and repair of facilities and equipment, and timely transportation for referral cases. The project lays the foundation for UHC—facilitating the health facilities to be ready to deliver essential package of services, making explicit this essential package to ensure sustainable financing and greater transparency/accountability, and developing a health financing roadmap.

- (ii) **Strengthening the health financing system with the aim of reducing impoverishing and catastrophic spending related to health care.** This support is provided as analytical work, policy advice, and capacity building initiatives.

Key Results Achieved:

- Financial management system in place to flow funds to below township
- Skills building of midwives in basic emergency obstetric care
- Essential package defined
- Online platform for sharing knowledge on UHC for civil society and government
- Policy briefs on pooling of funds and taxes on tobacco.

Expected Results

- EHSAP is nation-wide, with expected benefits to reach within four years 4 million pregnant women and young children in all 330 townships in 14 states and regions.

Key Partners:

Ministry of Health (implementing agency of EHSAP); Ministries of Finance and Labor; 3MDG Fund; UNICEF, WHO, and ILO; and international and local NGOs.

Key Contacts:

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Myanmar: Extractive Industry Transparency Initiative

Key Dates:

MEITI Candidacy Status : July 2014

Approved: May 18, 2015

Effective: June 25, 2015

Closing: December 2019

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
EITI MDTF	0.3	0.1	0.2
Myanmar Partnership MDTF <small>(Pending Approval)</small>	3.5	-	-
Total	3.8	0.1	3.7



Development Challenges the Program is Tackling

Extractive industries play a central role in Myanmar's economic and political landscape with the combined exports of natural gas and jade representing well above 50% of total exports. At the same time ownership structures and revenue flows remain opaque, and illegal mining and export of jade is reported to be high. Improved transparency and management of oil, gas and mining operations has the potential to increase public revenue collection from the extractive industries

Program Development Objectives

Increase transparency and accountability in Myanmar's management of extractive industry data, revenue, and impacts through support to the implementation of the Myanmar Extractive Industries Transparency Initiative.

Main Components and Activities

The EITI has three components: (i) Support to the Myanmar EITI Committee and Secretariat through preparation and dissemination of an annual EITI Reconciliation Report as well as awareness-raising about the extractive industries; (ii) Improving operators' readiness for EITI implementation by reinforcing financial management and reporting practices; (iii) Institutional development of sector ministries for EITI Implementation by developing a mineral licensing system and improving capacities for tracking production and revenues

Key Results Achieved

- EITI Multi-Stakeholder Group established and functioning effectively
- Institutional and Regulatory Assessment of the Extractive Industries completed
- Scoping Study for the 1st EITI Reconciliation Report completed
- 1st EITI Reconciliation Report on target for January 2016 Deadline

Key Partners:

EITI Unit in Ministry of Finance, Ministry of Mines, Myanmar Oil and Gas Enterprise, Myanmar Development Resource Institute, UK, Australia, EITI International Secretariat

Key Contacts:

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FINANCING DEVELOPMENT

III Supporting a Dynamic Private Sector to Create Jobs



Myanmar: Electric Power Project

Key Dates:

Approved: September 26, 2013

Effective: January 14, 2014

Closing: April 30, 2018

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	140.0	0.4	139.6
Myanmar	0.0	0.0	0.0
Total	140.0	0.4	139.6

(Note: Disbursements may differ due to exchange rate fluctuations.)



Development Challenges the Program is Tackling

Myanmar has abundant hydropower and natural gas resources, and is one of the major energy exporters in the region. However, the past policies and lack of investments in the domestic market led to widespread shortages of electricity (estimated at about 30 percent of demand) and natural gas (estimated at about half of demand). Furthermore, the existing gas-fired power plants, which account for about one third of power generation in the country, are obsolete and operate at very low efficiency (about 20 percent). As a result, load shedding, blackouts and low quality of power supply became a major obstacle for economic activities in the country and a source of popular frustration.

Program Development Objectives

To increase the capacity and efficiency of gas-fired power generation in Myanmar and strengthen the institutional capacity of Ministry of Electric Power (MOEP) and the Myanmar Electric Power Enterprise (MEPE).

Main Components and Activities

Two components of the program are: (i) supply and installation of a Combined Cycle Gas Turbine (CCGT) power plant at the existing Thaton Gas Turbine station (US\$130 million), and (ii) technical assistance component focused on institutional and capacity building support to MOEP and MEPE (US\$10 million).

Key Results Achieved

- In collaboration with Energy Sector Management Assistance Program (ESMAP) and Sustainable Energy for All (SEFA) Initiative, the Project helped MOEP and Department of Rural Development to develop the National Electrification Plan.

Expected Result:

- The project is expected to deliver 13% more power than planned, while saving about \$25 million of IDA (19% of the original cost estimate).
- The project will also significantly reduce local environmental impacts at the existing Thaton GT stations (noise and air emissions) without increasing CO2 emissions.
- In collaboration with the National Electrification Project, the project will enable full electrification of the Thaton district and Mon State.
- The project continues to support building institutional capacity for procurement and financial management in MEPE.
- Policy support to MOEP includes technical assistance for (a) preparation of financial viability action plan in the power sector; (b) review of electricity tariffs and subsidies; (c) economic valuation of natural gas in the domestic market; and (d) strengthening of environmental and social safeguards capacity in MOEP and MEPE.

Key Partners:

Implementing agency: Ministry of Electric Power and Ministry of Energy

Financing: World Bank, ADB, Japan, Norway, Australia, US, UK and European Commission.

The MOEP-led Power Sector Working Group provides a platform for regular dialogue with the government and coordination of key development partners active in the energy sector.

Key Contacts:

Key Contacts: Dejan R. Ostojic, Lead Specialist, dostojic@worldbank.org, Rome Chavapricha, Senior Energy Specialist, rchavapricha@worldbank.org Myoe Myint, Energy Specialist, mmyint@worldbank.org

Myanmar: Telecommunications Sector Reform Project

Key Dates:

Approved: February 6, 2014

Effective: May 27, 2014

Closing: December 31, 2019

Financing in million US Dollars⁹

28.46 million (at current exchange rates)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	28.5	2.9	25.7
PPIAF grant	1.0	1.0	0.0
Total	29.5	3.9	25.7



Development Challenges the Program is Tackling

The Telecommunications Sector Reform Project is tackling (i) limited capacity within government to design and implement telecommunications sector reforms in Myanmar; (ii) outdated policy, legal and regulatory environment for information and communications technologies sector development; (iii) limited rural telecommunications and internet access and use; (iv) eGovernment and mobile government at a very early stage of development in Myanmar.

Program Development Objectives

Improve the enabling environment for the telecommunications sector and extend coverage in selected remote pilot locations; and establish priority eGovernment technological foundations and institutional capacity for government to embark on its public sector reform program.

Main Components and Activities

The project has three main components:

(i) Creation of an enabling environment for connectivity

- Support development of key rules and regulations on licensing, interconnection, numbering, spectrum and competition
- Develop a telecommunications sector masterplan
- Establish the sector regulator, Myanmar Communications Regulatory Commission
- Develop a spectrum roadmap for Myanmar and establish spectrum management and monitoring systems
- Enhance capacity of government and other stakeholders

(ii) Extend connectivity to rural areas

- Develop the Universal Service Strategy and implement pilots to provide internet and telecom access in remote rural areas of Myanmar

(iii) Establish enabling foundations for eGovernment

- Myanmar national portal
- eGovernment Delivery Unit and capacity building for leaders and civil servants

Key Results Achieved

- Access to telecommunications and internet services for the people of Myanmar increased to 70% and 25 % respectively.

Results Expected

- Myanmar Communications Regulator established (expected within 2016)
- Myanmar National Portal established (expected within 2016)
- Spectrum assignments made within 30 days of application

Key Partners:

Ministry of Communications and Information Technology (MCIT)

Key Contacts:

Tenzin Dolma Norbhu, Email: tnorbhu@worldbank.org;

⁹ Original Amount in Special Drawing Rights (XDR): 20.60 million

Myanmar: National Electrification Plan

Key Dates:

Approved: September 16, 2015

Effective: December 16, 2015

Closing: September 30, 2021

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	400.0	-	400.0
Myanmar	60.0	-	60.0
Local Community	107.0	-	107.0
Total	567.0	-	567.0

(Note: Disbursements may differ due to exchange rate fluctuations.)



Development Challenges the Program is Tackling

Myanmar's energy consumption per person is among the lowest in the world and about twenty times less than the world average. About two thirds of the population and 84% of rural households lacked grid electricity access in 2014.

Program Development Objectives

The Government's National Electrification Plan (the Plan) aims to electrify 7.2 million households and achieve universal access to electricity by 2030. The Plan calls for investments of \$5.8 billion over the next 15 years to extend the distribution grid and electrify off-grid areas. Universal electricity access by 2030 requires more than doubling the current annual rate of connections. The National Electrification Project (the Project) will support the Government in implementing the Plan in coordination with all development partners and the private sector.

Main Components and Activities

To help increase access to electricity in Myanmar, the Project has three major components. (i) **Grid extension component** will support the distribution utilities to extend distribution networks and connect communities and households to the national power grid. (ii) **Off-grid component** will provide mini-grid and solar home systems solutions to communities and households in remote areas, located far beyond the existing national

grid. These off-grid areas are unlikely to receive grid access in the next 10 or more years, and the private sector is not active due to relatively high operating costs and low ability to pay. (iii) **Technical assistance and project management component** will provide support for strengthening policy and regulatory framework, institutional and human capacity and project management related to the national electrification.

Expected Results:

The project is expected to become effective in December 2015.

- First ICB tenders, amounting to \$223 million in total and including \$160 million for grid and \$63 million for off-grid, are expected to be launched in the first half of 2016.
- At the end of the project, the Project is expected to connect with grid extension and off-grid solutions 6.2 million people, 23,000 public facilities (health clinics, schools, and religious and other community buildings) and 150,000 public street lights.
- People living in areas electrified under the Project are expected to benefit from reduced poverty and shared prosperity through (i) reduced costs of electricity; (ii) enhanced well-being through electricity for lighting, telecommunications and entertainment; and (iii) job creation and opportunities to boost incomes and economic productivity.

Key Partners:

The Bank team works closely with: (i) Ministry of Electric Power (MOEP), (ii) Department of Rural Development (DRD) of Ministry of Livestock, Fisheries and Rural Development (MLFRD), which are the two implementing agencies. IFC will participate in the Project through its Lighting Myanmar Program focusing on off-grid electrification. Key Development Partners include ADB, Japan, Germany, etc.

Key Contacts:

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Myanmar: Financial Sector Development Project (proposed)

Key Dates:

TBD

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
IDA Credit	200.0	--	--
Total	200.0		



Development Challenges the Program is Tackling

Myanmar's financial system is undergoing a rapid transformation. The Government of Myanmar is implementing a wide range of reforms to build an open, modern, and more inclusive financial system that is able to serve the financial needs of its growing economy. However, at present Myanmar's financial sector remains small and underdeveloped. Further:

- Less than 30 percent of adults currently have access to formal financial services.
- Access to finance has been identified as the largest constraint to doing business by enterprises (according to the 2014 Myanmar Investment Climate Assessment).
- Credit in rural locations and in the agricultural sector is particularly limited.
- Financial sector stability and deepening is closely linked with poverty reduction.

Program Development Objectives

The project development objective (PDO) is to expand access to finance in Myanmar.

Main Components and Activities

The project will directly provide funds to the **Ministry of Finance (MOF) and the Central Bank of Myanmar (CBM)** to implement the Myanmar Financial Sector Development Strategy 2015-2020 (FSDS) and the Myanmar Financial Inclusion Roadmap 2014-2020. The project focuses on the following four reform areas:

- Reforming State-owned Banks.** The project will finance advisory services to restructure or reform the largest state-owned banks, focusing on MEB and MADB. The goal is to reduce distortions created by state-owned banks and reduce the MOF's fiscal risk.
- Upgrading the Legal, Regulatory and Supervisory Framework.** The project will finance (i) the establishment of a CBM Training Center to build the skills of financial sector regulators in the medium term, and (ii) TA and IT investments for MOF-FRD to improve the microfinance and insurance legal and regulatory frameworks.
- Modernizing Financial Infrastructure.** The project will finance critical IT investments for the CBM to enhance the payment system and also support the development and implementation of a National Payment System—improving the overall efficiency and safety of the financial system and reducing the reliance on cash.
- Streamlining development partner assistance.** This project has been developed to complement ongoing programs and serve as a platform to leverage and scale up new support.

Expected Results

- The percentage of adults who report having an account at a financial institution.
- The percentage of adults in the poorest 40% by income who report having an account.
- The loans outstanding from commercial banks as a percentage of GDP

Key Partners:

MOF, Financial Regulatory Department, CBM, and State-owned Banks

Key Contacts:

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IFC in Myanmar

Creating Opportunity Where It's Needed Most

IFC fosters sustainable economic growth in Myanmar by financing and mobilizing capital for private sector projects. We help create jobs by supporting infrastructure projects with an initial focus on the power and telecommunications sectors. We advise the government on business reforms to improve the investment climate and access to finance so that businesses can grow.



Since IFC re-engaged with Myanmar in August 2012, our portfolio has grown to include numerous investment and advisory projects, mainly in the infrastructure and banking sectors. IFC looks for sustainable projects that yield financial returns for investors while paying development dividends for the people of Myanmar.



IFC in Myanmar:

Improving Infrastructure

- IFC promotes the private sector's role in addressing Myanmar's infrastructure needs in a financially, environmentally, and socially sustainable manner.
- We support the transformation of the state-operated Yangon Electricity Supply Board into a commercially viable corporate entity, revitalizing Yangon's electricity system and extending reliable and affordable power to millions of people in the country's most populated city.
- We advise the government on a competitive selection process for the 250-megawatt combined-cycle gas turbine of the Myingyan Independent Power Producer project, which helps create a public-private partnership framework to enable quality power developers to invest in Myanmar.



Expanding Access to Finance

- IFC provides financing and builds the capacity of local banks and financial institutions to expand access to finance.
- We work with Myanmar's central bank to develop a credit reporting system that will make customers' credit history available to banks, enabling lenders to make quicker loan decisions.
- IFC provided a \$5 million convertible loan to Yoma Bank, which aims to provide an additional 1,000 loans worth \$370 million to small and medium enterprises by 2019.
- We extended a \$5 million trade finance credit line for Myanmar Oriental Bank to help facilitate international trade especially for local SMEs.
- IFC provided a \$2 million loan for Acelda MFI Myanmar as a founding investor in the microfinance operation of Cambodia-based Acleda Bank in Myanmar.

Supporting Reform, Attracting Investment

- IFC is working to establish the Myanmar Business Forum, a public-private dialogue platform to facilitate reforms that help companies grow and create jobs. We do this in partnership with the government and Myanmar's Federation of Chambers of Commerce and Industry.
- IFC supports Myanmar in preparing a new investment law as well as regulations to create a level playing field for both local and foreign investors.

Promoting Job Creation and Improved Productivity

- IFC supports Myanmar's agriculture and tourism sectors, two of the biggest employment generators. Our investments in the hospitality sector aim to create jobs and improve the skills of local laborers as well as provide much-needed business-enabling infrastructure to attract more investors and travelers.
- We provided an \$80 million loan to Shangri-La to fund the expansion of its hotel and residential real-estate operations in Yangon.

Financial Products

- Energy-efficiency financing
- Equity
- Loans
- Quasi-equity/convertibles
- Risk guarantees
- Trade finance

Tailored advice – Adding Value Beyond Financing

- IFC helps banks and other clients adopt environmental and social standards, best practices, and governance structures that will help them grow sustainably and attract international investors.
- IFC advises financial institutions on small-and-medium-enterprise banking, microfinance, mobile banking, and energy-efficiency financing.



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IFC advisory services in Myanmar are delivered in partnership with:



Foreign Affairs, Trade and Development Canada

Affaires étrangères, Commerce et Développement: Canada



Livelihoods and Food Security Trust Fund



IFC

International Finance Corporation
WORLD BANK GROUP

IFC in Myanmar: Investment Climate Reform Program

Key Dates:

Start Date: July 2013
Closing: June 2020

Program funded in cooperation with DFAT Australia, DFID and the Government of Japan.



Objectives

Improvement of Myanmar's Investment Policy

- Preparation of new Investment Law and implementing rules
- Capacity building on good practices on investor protection and FDI policies
- Support to streamline MIC approval procedures and rationalize tax incentives
- Build capacity on investment promotion, aftercare and investor grievance management

Improve Investment Climate to strengthen business environment for private sector

- Investment Climate Assessment
- Doing Business Report and support to improve Ease of Doing Business
- Support to reform program of Task Force for Business and Trade Promotion

Establishment of Myanmar Business Forum

- Public-private dialogue platform between government and private sector on reform program
- Establishment of 6 sectoral working groups and dialogue on key issues
- Support UMFCCI secretariat and Government secretariat on coordination
- Preparation for semi-annual plenary MBF event chaired by Union President

Advisory Support in Key Sectors, Including Agribusiness and Tourism

- Improve legal/regulatory environment for agricultural inputs
- Improve quality standards for key agricultural commodities and improve food safety
- In tourism support regulatory improvements and the development of key destinations

Results:

- Preparation of draft Investment Law following thorough consultation
- Improvement in Myanmar's rank in Doing Business by 20 places
- MBF established and dialogue held with government.

Key Partners:

Directorate for Investment and Company Administration
Ministry of Commerce
Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)

Key Contacts:

Charles Schneider, Senior Operations Officer (cschneider@ifc.org)

IFC in Myanmar: Expanding Access to Finance



Program Overview

As the private sector investment arm of the World Bank Group, IFC in Myanmar seeks to enhance financial inclusion by focusing on the following three areas: (i) microfinance – developing a full menu of products and services for micro-entrepreneurs, small business owners, and farmers; (ii) banking – improving the capacity of banks to serve SMEs; and (iii) financial infrastructure – building the foundations to support credit expansion by enabling the regulatory environment for credit bureaus, training the Supervisors of the Central Bank Officials, and sharing Credit Reporting knowledge to stakeholders.

Investments in million US Dollars

Client	Product	Amount	Commitment Date
ACLEDA MFI Myanmar	Equity	2	January 23, 2013
Myanmar Oriental Bank Limited	Trade Finance	5	February 18, 2014
Myanmar Oriental Bank Limited	Convertible loan	7	August 19, 2015
Yoma Bank	Convertible loan	5	September 16, 2014
Yoma Bank	Trade Finance	5	May 18, 2015
Fullerton Finance (Myanmar) Company Limited	Equity	1.2	December 7, 2015
Total		25.2	

(Note: Disbursements may differ due to exchange rate fluctuations.)

Advisory Overview

IFC has a robust advisory program across the microfinance and banking sectors in Myanmar. Microfinance advisory focuses on (i) direct advisory services to individual microfinance institutions to support the formalization of operations including treasury, internal audit, risk management, product development and related HR training; and (ii) sector building activities such as supporting the development of the Myanmar Microfinance Association to ensure a platform for transparent advocacy and hosting a regular speaker series to bring global thought leaders to expand discussion in Myanmar. In the banking advisory program, IFC works with select investee banks to strengthen core operations, expand delivery channels and develop new products.

Development Challenges the Program is tackling

Increasing financial access is critical to enabling more sustainable and diversified economic growth in Myanmar, by generating employment and income for the broader population. Yet, after decades of economic isolation, the banking and microfinance sectors remain underdeveloped and face several key constraints. These challenges include antiquated processes and systems; lack of client-centric products and services; etc.

Program Development Objectives

- (i) To increase the number of people, especially in underserved rural communities, who have access to formal financial services by strengthening the microfinance and banking sectors
- (ii) To support bank clients to adopt international banking standards, improve risk management and corporate governance practices, as well as strengthen managerial systems and staff capacity, thereby providing their clients with better, more diversified products and services
- (iii) To develop a healthy regulatory environment and support the Central Bank of Myanmar to improve its financial infrastructure, including development of a credit reporting system that will make customer credit history available to banks, enabling lenders to make loan decisions more quickly

Expected Results:

- IFC's investment and advisory projects in the financial sector contribute to the World Bank Group's support for Myanmar's goal of increasing financial inclusion from 30 percent in 2014 to 70 percent by 2020.

Key Partners:

Individual banks and microfinance institutions; Central Bank of Myanmar; Myanmar Microfinance Association

Key Contacts:

(a) Julie Fawn Earne (X5274-372; jearne@ifc.org); (b) Hanh Nam Nguyen (X5777-8729; nnam@ifc.org); and (c) Khin Thida Maw X5274-373; kmaw@ifc.org)

LEVERAGING KNOWLEDGE FOR DEVELOPMENT



Myanmar: Qualitative Social and Economic Monitoring of Livelihoods

Key Dates:

Approved: 30 March 2012

Effective: 30 March 2012

Closing: 31 May 2019



Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
Reimbursable Advisory Service	3.9	1.2	2.6
Total	3.9	1.2	2.6

Project Development Objective:

This analytical task aims to monitor and understand the changing context of village life and rural livelihoods in Myanmar. It is a partnership with the Livelihoods and Food Security Trust Fund, which funds it. It aims to monitor changes in rural life and livelihoods, help LIFT identify and respond to new and emerging challenges, and inform key stakeholders, including LIFT, the World Bank, the wider donor community, the government and civil society organizations, about how this changing context is playing out and what the implications are for policy and programs.

Main Components and Activities:

The program has three main components: (i) a core longitudinal panel study of 54 (soon to be 63) villages in the six states and regions where LIFT operates (Ayyerwady, Chin, Magway, Mandalay, Rakhine, Shan, with the forthcoming addition of Kachin State), to analyze livelihood strategies and outcomes (including issues such as debt and credit, land, and problems and challenges such as climate change and disaster), coping strategies, social relations and institutions, and external assistance. Approximately 800-1000 households are interviewed in each round. (ii) A mixed methods study on migration patterns and strategies in Magway and Ayyerwady regions, based on a quantitative survey of 1600 households and in-depth qualitative research;

(iii) forthcoming further analysis on migration using forthcoming additional data from the Myanmar Poverty and Living Conditions Survey (MPLCS).

Key Results Achieved

- Four qualitative social and economic monitoring reports completed and launched between 2012 and 2015, with a fifth report completed and launched in January 2016. The reports have, among other things:
 - Highlighted the importance of migration as a livelihoods strategy for rural households
 - Identified how poverty and marginalization are manifested at the village level
 - Documented how smallholder farmers and landless households perceive of and respond to Myanmar's new land laws, cope with shock, and manage peak season labor shortages
 - Documented the changing landscape of village governance and institutions
 - Tracked the increasing role of government in public expenditure and local service delivery.
- One migration report launched in January 2016.
- 51 qualitative researchers have been trained in qualitative research methods and have conducted intensive qualitative research (about six months of fieldwork over three years).

Key Partners:

LIFT is the key partner and financier; its government counterparts are the Ministries of Livestock, Fisheries and Rural Development and Ministry of Agriculture and Irrigation. The key research partner is Enlightened Myanmar Research (EMR). The findings are shared regularly with a wide range of NGOs and civil society organizations. Going forward, the program plans wider government engagement through linkages with the Myanmar programmatic poverty analytical work.

Key Contacts:

Andrea Woodhouse (Senior Social Development Specialist and Task Team Leader, GSURR), awoodhouse@worldbank.org; Reena Badiani-Magnusson (Senior Poverty Economist, Co-Task Team Leader); Matt Zurstrassen (Research Manager, GSURR), mzurstrassen@gmail.com; and Corey Pattison (Social Development Analyst, cpattison1@worldbank.org)

Myanmar: Poverty Analytical and Advisory Services

Key Dates:

Approved: 13th January 2014

Effective: 12th June 2014

Closing: 15th December 2016

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
Bank Budget	0.6	0.5	0.09
Bank Trust Fund	0.5	0.5	0.04
Total	1.1	0.9	0.1



Development Challenges the Program is Tackling

This analytical task focuses on the need to support better data and evidence in Myanmar, both through data collection and usage. Timely and credible official statistical information is vital for evidence-based policymaking, and at no time is it more important than during this period of tremendous reform. Myanmar suffers from a lack of reliable administrative data and from a lack of recent household data. The lack of accurate and timely data is felt across all sectors and by all stakeholders in Myanmar; it limited the ability of our teams to channel evidence into policy dialogue.

Program Development Objective:

The primary objective of this program of analytic and advisory work and technical assistance is to promote the adoption of and increase the impact of evidence-based policies and programs to reduce poverty and enhance shared prosperity in Myanmar by the Government of Myanmar and its development partners.

Main Components and Activities:

The program has two main components: (i) to support an enhanced information base for household-level welfare monitoring and the design and implementation of policies and programs to reduce poverty in Myanmar and (ii) to strengthen in-country systems and institutional capacity for poverty and shared prosperity monitoring and analysis.

Key Results Achieved

- A nationally representative household living conditions survey was collected in 2015 (the Myanmar Poverty and Living Conditions Survey). This survey can be used as a baseline for poverty and welfare analysis for the years to come. Work is currently underway to finalize revised poverty numbers, and to produce trends with previous poverty estimates.
- Capacity for data analysis and poverty measurement in government has been supported through trainings on data analysis and poverty measurement, and joint analysis of the MPLCS.
- Using existing data to support a better understanding of poverty in Myanmar.

Expected Results

- An income and poverty profile will be produced by mid-2016.

Key Partners:

The main government counterparts are the Department of Planning and the Central Statistical Organization (CSO) under Ministry of National Planning and Economic Development (MNPED). Multiple sectoral ministries have been engaged in the MPLCS survey and analysis through a technical working group and steering committee. Many Development Partners are engaged in the statistics sector in Myanmar. Some of the most active partners include: UNFPA, UNDP, ADB, IMF, UNICEF, ILO, FAO and Korea.

Key Contacts:

Reena Badiani-Magnusson (Senior Poverty Economist, rbadiani@worldbank.org), Andrea Woodhouse (Senior Social Specialist, awoodhouse@worldbank.org), Thomas Danielewitz (Senior Statistician, tdanielewitz@worldbank.org), Min Ye Paing Hein (Poverty Economist, mhein@worldbank.org) and Espen Beer Prydz (Economist, eprydz@worldbank.org).

Myanmar: Developing a National Strategy for Development of Statistics

Key Dates:

Approved: 22 April, 2013

Effective: 30 July, 2014

Closing: 31 December, 2015 (one-year extension requested)

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
WB TFSCB	0.2	0.07	0.1
Total	0.2	0.07	0.1



Development Challenge

After years of neglect, Myanmar's official statistics have become increasingly unreliable. In 2011, Government made improvement of official statistics one of its four main economic policy goals. The first major accomplishment was the 2014 Myanmar Census, the first of its kind since 1983. Building on this success, the government through the Ministry of National Planning and Economic Development (MNPED), launched a number of initiatives to reform the statistical sector. Among these, the World Bank was requested to help develop a comprehensive National Strategy for Development of Statistics (NSDS).

Project Development Objective

The objective of the support under this project is to assist and advise the statistical authorities of Myanmar in developing a National Strategy for the Development of Statistics (NSDS), which sets out the strategic vision and mission of official statistics producers in Myanmar and serves as a basis for medium-term funding decisions by internal and external financiers.

Main Components and Activities

The World Bank support under this project has primarily been in the form of technical assistance to the strategic planning process, which is led by the Central Statistical Organizational (CSO). Secondly, a lot of effort has been put into supporting the CSO in improving the inter-

agency coordination and collaboration through the creation of a National Coordination Committee as well as a 7 thematic cluster groups: 1) National Accounts and Macroeconomic Statistics, 2) Survey Coordination and Statistical Standards, 3) Agricultural and Rural Statistics, 4) Social Statistics, 5) Health and Vital Statistics, 6) Trade and Investment Statistics, 7) Energy and Environment Statistics.

Key Results Achieved

- The CSO with the help of the World Bank produced part one of the NSDS "Core Strategies" and a Policy Framework for the Statistics Sector.
- The above-mentioned clusters have been formed and have begun their work to assess gaps and needs for each sector as well as developing implementation plans to address these shortcomings.
- The project will continue to support the work to develop implementation plans as well as a unified national survey calendar.

Key Partners:

The main government counterpart is the CSO under MNPED. A lot of Development Partners are engaged in the statistics sector in Myanmar. The World Bank team is coordinating closely with other partners to avoid duplication and to build synergies. Some of the most active partners include: UNFPA, UNDP, ADB, IMF, UNICEF, ILO, FAO and Korea.

Key Contacts:

The key contact on the government side is Dr. Wah Wah Maung, Acting Director General of the CSO: wwmaung@gmail.com or mnped.cso@gmail.com.

Bank Staff include: Thomas Danielewitz (Senior Statistician and TTL, DECDG, tdanielewitz@worldbank.org), Dr. Paul Cheung (Lead Statistical Advisor), Dr. San Kyi (NSDS advisor) and Reena Badiani-Magnusson (Senior Economist, GPVDR, badiani@worldbank.org)

Myanmar: Support to the Myanmar Peace Process

Key Dates:

Effective: February 2013

Closing: June 2017

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
Korea	3.0	0.6	2.4
Total			



Development Challenges the Program is Tackling

This grant financing supports a set of activities aimed to ensure that the WBG's program in Myanmar is sensitive to the legacy of conflict and supports the ongoing peace process where opportunities to do so exist, building on international experiences with support to post-conflict transitions elsewhere.

Program Development Objectives

The development objective is to (i) integrate conflict-sensitivity measures in WBG operations; (ii) support research and technical support to build a shared knowledge base among stakeholders; and (iii) pilot interventions that can generate peace dividends and help sustain the peace.

Main Components and Activities

This support has three main components:

- (i) Integrate conflict-sensitivity measures in WBG operations. Activities under this component aim to pro-actively integrate conflict-sensitivity in the growing WBG portfolio, including through operational adaptations, translation of knowledge products into ethnic languages, and supporting consultations with a broad range of stakeholders.
- (ii) Support research and technical support to build a shared knowledge base among stakeholders. Activities under this component aim to increase shared understanding of core issues relevant to the peace process in areas within the WBG's mandate. Anchored in demand by stakeholders, this could include research and policy advice on issues such as decentralization, natural resource management, land issues and support for violence monitoring systems, as well as a joint assessment

of peacebuilding priorities of conflict-affected communities.

- (iii) Pilot interventions that can generate peace dividends, strengthen collective approaches during the post-conflict period, and help sustain the peace. As the peace process moves forward, activities under this component would aim to support and sustain peace, including by supporting collective activities and interventions that can generate peace dividends for conflict-affected communities through joint assessments of needs and priorities, and through improved coordination of delivery of aid in support of post-conflict recovery and peacebuilding.

Key Results Achieved

- Tailored adaptations of WBG-supported operations
- Increased consultations and engagement with ethnic organizations on development issues
- Technical support to government and donors in the design of a possible post-conflict needs assessment and in the establishment a multi-donor trust fund to support the peace process
- The commissioning of research focused on the relevance of other subnational peace processes in Myanmar.

Expected Results

- As the peace process moves forward, the WBG looks forward to providing technical support to a national dialogue process in areas within its mandate and where it has a comparative advantage
- The WBG also looks forward to supporting the design and conduct of a joint planning process in support of post-conflict recovery and peacebuilding, if and as deemed useful.

Key Partners:

Implementing agency: World Bank, Financing: Korea

Key Contacts:

Nikolas Myint (Task Team Leader, Yangon) nmyint@worldbank.org

Elizabeth Moorsmith (Conflict Sensitivity Specialist, Yangon) emoorsmith@worldbank.org

Myanmar: Trade Facilitation and Competitiveness

Key Dates:

Approved: February 2015

Effective: February 2015

Closing: January 2017



Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
Myanmar MDTF	0.8	0.2	0.6
Total	0.8	0.2	0.6

Program Development Objectives

This program aims to support Myanmar's institutions to formulate and implement trade related reforms, by improving practices and reducing trade costs, which will allow trade to reduce poverty and promote shared prosperity. Although opening up to trade and removal of economic sanctions provides Myanmar with greater access to markets, the reform agenda is complex and requires Myanmar to harmonize and upgrade its current trade practices and policies to strengthen its trade competitiveness.

Main Components and Activities

This program has three main components: (i) Technical assistance for reviewing trade related regulations (non-tariff measures, NTMs) and streamlining procedures for obtaining trade licenses and permits; (ii) Capacity building on trade logistics, trade policy and trade facilitation; (iii) Assessment of Myanmar readiness to implement World Trade Organization (WTO) Trade Facilitation Agreement and ASEAN commitments for greater economic integration;

Key Results Achieved

- Establishment of Committee for Non-Tariff chaired by Ministry of Commerce (MOC) which introduced "negative list" for products requiring import license. Presently import of about 4,000 products (out of 10,000 from 10-digit tariff lines) are no longer required license from MOC. This is one of major trade reform in Myanmar which can bring significant efficiency gains for Myanmar producers and consumers.
- The program facilitates regular dialogue between trade related agencies with development partners through Trade Sector Working Group (TSWG) with private sector organizations joining as observers.

Expected Results

- Myanmar to join and implement WTO Trade Facilitation Agreement. This is a major undertaking for Myanmar and requires a strong inter-agency coordination to link the on-going modernization in Customs with other reforms in risk management of cargo inspections, transparency in trade regulations, and clarity in customs valuation.
- Comprehensive capacity building for regulatory changes and transparency in trade-related agencies (Customs, Ministry of Agriculture, Ministry of Fishery, Quarantine, Ministry of Commerce, Food and Drug Agency).

Key Partners:

Ministry of Commerce of Union of Republic of Myanmar, Myanmar Business Forum @UMFCCI

Key Contacts:

Sjamsu Rahardja, Senior Economist, srahardja@worldbank.org

Myanmar: Diagnostic Trade Integration Study

Key Dates:

Approved: February 2015

Effective: February 2015

Closing: January 2016

Financing in million US Dollars

Financier	Financing	Disbursed	Undisbursed
Enhanced Integrated Framework (EIF)	0.3	0.2	0.1
Total	0.3	0.2	0.1



Program Development Objectives

DTIS aims to provide the Government of Myanmar a road map to prioritize trade reforms, drawing lessons from international experience in transitions and calibrating recommendations to Myanmar's particular challenges. It analyzes domestic and external constraints facing Myanmar in leveraging economic integration for inclusive, export-led growth. DTIS focuses on a nexus of policy challenges covering broad trade policy (including goods and services regulations), trade facilitation and logistics (including corridor management), and the key linkages between openness, employment and poverty, and peace process.

Main components and activities

This study has two main components: (i) DTIS Report containing main analyses of opportunities and challenges for greater trade integration; (ii) Action Matrix as a platform to promote inter-agency coordination for trade related reform and informing development partners' trade support

Expected Results

- Mainstreaming and sequencing trade policy reforms in Myanmar's development strategy and mobilizing resources to implement the proposed reforms

Recommendations

- Greater trade integration can be a powerful driver for growth, poverty reduction and shared prosperity in Myanmar as it is endowed with resources, pool of inexpensive labor and location next to growing markets in Asia. These provide opportunity for agribusiness, labor intensive manufacturing and services to drive the industrialization in Myanmar.

But trade reform agenda is complex as Myanmar is rapidly transitioning from a State-led economy towards a market mechanism and from conflict to peace and inclusiveness.

- This DTIS recommends reforms starting with strengthening institutional capacity in data gathering, trade policy analysis, and policy coordination. This can be accompanied with more in-depth pilot reforms to demonstrate how trade-related reforms help development in Myanmar. A key priority is to reduce trade costs through trade licensing reform, automation in Customs procedure, risk management in cargo inspection, transparency in trade-rules, improving productivity in ports along Yangon river and procedures in border clearance. In turn this would foster investments and greater jobs creation by the private sector. More complex reforms that require common vision across agencies and stakeholders can be addressed at a second stage--such as building standards and quality infrastructure, supporting firms to participate in Global Value Chain, and implementing economic corridor programs to leverage Myanmar's potentials and strategic location.
- To ensure that these initiatives are in line with the peace process, the DTIS also recommends establishing a precedent of consultations for trade-related projects in conflict sensitive areas and reviewing practice trade in extractive products to minimize negative externalities and ensure greater benefits for local communities.

Key Partners:

Ministry of Commerce of Union of Republic of Myanmar

Key Contacts:

Sjamsu Rahardja, Email: srahardja@worldbank.org,

Other Knowledge Products

	Name of publication	Description	Web Link
1.	Public Expenditure and Financial Accountability Assessment	This is the first comprehensive assessment of Myanmar's PFM system and establishes an objective baseline measurement of current PFM conditions, highlighting areas of absolute and relative strengths and weaknesses.	http://bit.ly/1OcLAFd (English version)
2.	Capitalizing on Rice Export Opportunities	This report provides information on the critical importance of rice exports in improving agricultural productivity and promoting exports, details export opportunities and challenges, and offers policy recommendations.	http://bit.ly/1HUR0zO
3.	Myanmar Agricultural Development Bank: Initial Assessment and Restructuring Options	This report proposes various actions to address the weaknesses and challenges of the Myanmar Agriculture Development Bank as modernization of the agriculture sector is a top priority in the economic and social development agenda of the Government of Myanmar.	http://bit.ly/20Yihxd
4.	Rice Price Reduction and Poverty Reduction	This report explores how rice price volatility- because it directly affects most of the population- matters for poverty reduction in Myanmar and offers recommendations on how price fluctuation can be reduced.	http://bit.ly/20YirVc
5.	Systematic Country Diagnostic (SCD)	"Ending Poverty and Boosting Shared Prosperity in a Time of Transition," the WBG's first SCD carried out in 2014, identifies factors critical to ending poverty in Myanmar.	http://bit.ly/1Qlo05D (Executive Summary) http://bit.ly/1j4u4b2 (Full report English version)
6.	Myanmar Investment Climate Assessment (ICA)	ICA provides an up-to-date and fact-based analysis of the business environment for the government and other stakeholders in Myanmar to help prioritize and contextualize the reform agenda, and to offer a baseline for future assessments of progress in terms of the investment climate reform agenda.	http://bit.ly/1NAovJJ
7.	Building Resilience, Equity and Opportunity in Myanmar: The Role of Social Protection Note 1: Risks and vulnerabilities along the life cycle: Role for social protection in Myanmar Note 2: Framework for the development of social protection systems: Lessons from international experience Note 3: Inventory of social protection programs in Myanmar	This report details the importance of setting up the core building blocks of effective, responsive and sustainable social protection policies and programs in Myanmar's strategy for poverty reduction and people-centered development.	http://bit.ly/1Ljal8J (Overview) http://bit.ly/1HURdTR (Notes)

	Name of publication	Description	Web Link
	<p>Note 4: The experience of public works programs in Myanmar: Lessons from a social protection and poverty reduction perspective</p> <p>Note 5: The experience of cash transfers in Myanmar: Lessons from a social protection and poverty reduction perspective</p> <p>Note 6: Social protection for disaster risk management: Opportunities for Myanmar</p> <p>Note 7: Strengthening social security provision in Myanmar</p> <p>Note 8: Institutional landscape for implementation and financing of social protection programs: Towards effective service delivery in Myanmar</p> <p>Note 9: Social protection delivery through community-driven development platforms: International experience and key considerations for Myanmar</p> <p>Note 10: Reaching the poor and vulnerable: Key considerations in designing targeting systems</p> <p>Note 11: Reaching the poor and vulnerable in Myanmar: Lessons from a social protection and poverty reduction perspective</p> <p>Note 12: Developing scalable and transparent benefit payment systems in Myanmar</p>		
8.	Myanmar Economic Monitor (MEM)	The MEM aims to periodically take stock of economic development and highlight economic prospects and policy priorities in Myanmar.	http://bit.ly/1QW8wsn
9.	The Qualitative Social and Economic Monitoring (QSEM) of Livelihoods in Myanmar	The QSEM research program, in partnership with the Livelihoods and Food Security Trust Fund (LIFT) which funds it, aims to monitor changes in rural life and livelihoods, help LIFT identify and respond to new and emerging challenges, and inform key stakeholders about how this changing context is playing out and what the implications are for policy and programs.	http://bit.ly/1PLuJJO

Results to be Achieved Under Country Partnership Framework



The World Bank Group
Country Partnership Framework 2015-2017
Myanmar: Empowering People for Inclusive Growth

Poverty

3.5 million people will have new or improved access to electricity

10,000 ha of land will have improved irrigation

2.5 million people will benefit from better rural infrastructure & access to basic services

Reducing Rural Poverty

With 76% of Myanmar's poor living in rural areas, reducing poverty and boosting shared prosperity will require better access to essential services, economic opportunities and markets.

People



The share of children delivered with the help of skilled birth attendants will increase from **71% in 2014** to **75% in 2017**



30,000 students will receive stipends to attend school

At least **40%** of whom will be girls

3 million pregnant women and their young children across Myanmar will benefit from better health services

Investing in People & Effective Institutions for People

The World Bank Group works to improve access to and the quality of key social services to provide people with skills to make a better future for themselves.

Jobs

Over **200,000** people will have access to better financial services

Supporting a Dynamic Private Sector to Create Jobs

Sustainably reducing poverty will require inclusive economic growth that can create jobs. The World Bank Group aims to foster a vibrant private sector that can drive job creation to reduce poverty.

Up to **\$200 million** new private sector investments will be mobilized

An additional **30%** of the population will have access to telephone services

With a cross-cutting emphasis on governance, fragility, gender, and climate change.



www.worldbank.org/myanmar

THE POWER OF PARTNERSHIPS



Overview

Partnership is at the core of WBG engagement in Myanmar, in recognition of the scope and scale of development challenges and the limited capacity of Government.

Collaboration with development partners enables the WBG to leverage its engagements and focus on its areas of comparative advantage. For example, following decades during which aid to Myanmar was delivered largely through parallel systems, the WBG's engagement, focused on working through Government systems and with Government program, has created opportunities for other development partners to use WBG investments as platforms to begin supporting Government systems.

The WBG also seeks to foster joint operational engagement between Government and development partners by creating platforms for joint investment and analytical work.

These allow other development partners to rely on the World Bank Group's established fiduciary, procurement and other controls, providing reassurance as donors begin to provide financing directly to Government in support of Government systems. Proposed work to support the development of a mechanism to target poor areas and poor people could similarly provide a platform that would help Government and development partners ensure that resources reach the poor. The pooling of fund and resources improve efficiency and coordination, bringing direct benefits to Government and Myanmar through less transaction costs in dealing with a single body rather than many. Pooled funds are also easier and cheaper to administer, and resources could be focused where they are most needed in line with Government Strategy. Recent examples of cooperation include:

- **National Community Driven Development Program**
 - o The World Bank is working with Italian Development Cooperation (IDC) on the implementation of a €20 million concessional loan by the Government of Italy to Myanmar to support geographic expansion of the national CDD program, developed and launched with IDA financing and with the Japan Trust Fund for Social Development on a US\$11 million grant to scale up the program.
- **Economic and Peace Building Transition**
 - o The Korean Trust Fund for Economic and Peace Building Transition is supporting the Myanmar peace and conflict program through a US\$3 million grant. This program supports (i) aid effectiveness; (ii) the building of a shared knowledge base; and (iii) integrating conflict sensitivity in WBG operations.
- **Financial Sector**
 - o Through the Korean Poverty Reduction and Socio-Economic Development Trust Fund, Korea is providing US\$3.3 million grant over three years to provide TA to the Myanmar government to increase financial inclusion in Myanmar. The program started in August 2015 and has the following four pillars: (i) Modernizing Financial Sector Infrastructure; (ii) Financial Institutions Reform and Development; (iii) Promoting Digital Financial Services and Expanding Access and Depth of the Financial Sector; and (iv) Upgrading the Legal and Regulatory Framework.
- **Qualitative Social and Economic Monitoring of Livelihoods in Myanmar**
 - o The Livelihoods and Food Security Trust Fund (LIFT) funds the QSEM research program which aims to monitor changes in rural life and livelihoods, help LIFT identify and respond to new and emerging challenges, and inform key stakeholders about how this changing context is playing out and what the implications are for policy and programs.
- **Universal Health Coverage**
 - o The World Bank has worked with the Three Millennium Development Goal Fund (3MDG) on strengthening of the health system and thereby delivering improved health outcomes. 3MDG Fund, managed by UNOPS, is a pooled fund from seven donors. With the US\$2.8 million from 3MDG, the World Bank has provided Ministry of Health both analytical as well as technical advice and capacity building on health financing to support the country move towards Universal Health Coverage.

Myanmar Multi-Donor Trust Fund

The Myanmar Partnership Multi-Donor Trust Fund (MDTF) was established as a collaboration between the World Bank Group¹⁰ (WBG), the Department for International Development (DFID), the Australian Department of Foreign Affairs and Trade (DFAT), and the Government of Myanmar (GoM). The Kingdom of Denmark joined this partnership in December 2014.

The objectives of the MDTF are to: (i) Support Myanmar's transition and the implementation of Myanmar's Economic and Social Reforms; and (ii) Enhance cooperation between the World Bank Group (WBG) and Donors to the Trust Fund. The program supports efficient, accountable and responsible delivery of public services, and overall public administration reform; access to and quality of education; private sector development.

The MDTF Steering Committee (SC) has endorsed five activities falling under three main programs: (i) School Grants and Stipends Program; (ii) Public Financial Management and Public Administration Program; and (iii) Investment Climate and Competitiveness Program.

Although still in the early stages of implementation, activities financed through the MDTF and implemented collaboratively with partners or solely by government have seen impacts at both the household level and public levels, enabling them to plan the use of their resources.

Some key achievements reached through the MDTF activities include:

The MDTF's **student stipends and school grants programs**. The Ministry of Education (MoE) met the goal of distributing designated funds to more than 200 townships according to a robust and transparent formula. This achievement came three years ahead of schedule. Students, teachers, administrators and parents herald the

differences these programs have made. For example, the school grants and stipends program has helped families buy batteries for lamps so children can study at night. One parent noted: "We no longer worry for children's learning."¹¹

Through the **Public Financial Management and Public Administration program**, important advances were made in the tax-collection system, including measures to increase transparency and efficiency. Technical assistance was provided on public investment management, debt management, policy-based budgeting, parliamentary oversight, and tax audits using a self-assessment system. The Ministry of Finance (MoF) now is on track to meet recently enacted requirements on publication of the Medium Term Fiscal Framework policy statement, Debt Sustainability Analysis, Budget Strategy Paper and the Citizens' Budget. Steps also were taken to make the flow of resources more predictable. In addition, direct World Bank assistance was provided to improve Myanmar's procurement system. Concurrently, support is being provided to the Public Accounts Committee of the Parliament to strengthen parliamentary oversight. Seeds are also being sown through hands-on training to improve procurement, tax administration and governance on all levels.

Work to improve Myanmar's **investment climate and competitiveness** led to progress in the revision of regulatory mechanisms and the strengthening of the advocacy role of the private sector. The Directorate of Investment and Company Administration (DICA) issued new regulations liberalizing Foreign Direct Investment and listing activities that no longer qualify for customs duty or commercial tax exemptions. The Myanmar Business Forum (MBF) was established, leading to vital public-private consultations and discussions.

¹⁰ World Bank Group for the purpose of this MDTF includes the International Bank for Reconstruction and Development and the International Development Association (collectively referred to as the World Bank) as well as the International Finance Corporation.

¹¹ Quote of one parent interviewed in the Qualitative Assessment of Grant and Stipend Program published in March 2015.

MYANMAR WBG ACTIVE LENDING PORTFOLIO

International Development Association (IDA) portfolio

Since its re-engagement in 2012, the World Bank has built a strong portfolio, including about US\$1.4 billion in IDA commitments.

- o IDA: nine active operations totaling about US\$1.46 billion (please see below table for detailed portfolio information).
- o IDA also supported a US\$420 million arrears clearance Development Policy Operation (fully disbursed so not included in the active portfolio table).

Project Name	Date, Board Approved	Closing Date	Project Age in Years	Net Commitment Amount (\$m)	Total Disbursed (\$m)	Total Undisbursed Balance (\$m)
Myanmar Emergency CDD	11/01/2012	11/30/2021	3.1	480.0	37.4	436.4
Myanmar-Electric Power Project	09/24/2013	04/30/2018	2.2	140.0	0.4	129.0
Modernization of Public Finance Mgmt	04/02/2014	09/30/2019	1.6	30.0	1.0	26.4
MM: Telecommunications Sector Reform	02/06/2014	12/31/2019	1.8	31.5	2.9	25.7
Myanmar Decentralizing Funding to School	05/20/2014	12/31/2018	1.5	80.0	34.6	39.2
Ayeyarwady Integrated River Basin Mgmt	12/09/2014	09/30/2020	1.0	100.0	0.6	93.4
Agricultural Development Support Project	04/23/2015	06/30/2022	0.6	100.0	0.0	98.0
Essential Health Services Access Project	10/14/2014	06/30/2019	1.1	100.0	23.3	68.6
Myanmar National Electrification Project	09/16/2015	09/30/2021	0.2	400.0	0.0	405.0
				1461.5	100.1	1321.6

International Finance Corporation (IFC) Portfolio

IFC Investment Engagement in Myanmar

firm/project	USD mil	Sector
Traders Co Ltd. and Shangri-la Co. Ltd.	80	services(tourism)
Landmark Yoma Strategic Holding	16.6	services(tourism)
Myanmar Oriental Bank Ltd.	12	Financial sector (Bank)
Yoma Bank Ltd.	10	Financial sector (Bank)
ACLEDA Microfinance Co. Ltd.	2	Financial sector (MFI)
Fullerton Finance Myanmar Co. Ltd	1.4	Financial sector (MFI)
Yoma Fleet Ltd.	10	Agribusiness
Ooredoo Myanmar Ltd.	150	Telecom
City Mart Holding Ltd.	25	Retail
Total	307	



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