

# COUNTRY PARTNERSHIP FRAMEWORK FOR **MYANMAR**



FOR THE PERIOD FY20–FY23





# COUNTRY PARTNERSHIP FRAMEWORK FOR **MYANMAR** FOR THE PERIOD FY20–FY23

South East Asia Country Management Unit  
East Asia and Pacific Region  
International Development Association  
International Finance Corporation  
Multilateral Investment Guarantee Agency

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# Abbreviations & Acronyms

AA	Arakan Army	EITI	Extractive Industries Transparency Initiative
ADB	Asian Development Bank	EHSAP	Essential Health Services Access Project
ADSP	Agricultural Development Support Project	ESF	Environmental and Social Framework
AIRBMP	Ayeyarwady Integrated River Basin Management Project	ESMAP	Energy Sector Management Assistance Program
ASA	Advisory Services and Analytics	ESP	Ethnic Service Provider
ASEAN	Association of Southeast Asian Nations	EU	European Union
OCEM	Country Economic Memorandum	FCV	Fragility, Conflict, and Violence
CCD	Community-driven Development	FDI	Foreign Direct Investment
CERC	Contingency Emergency Response Component	FESR	Framework for Economic and Social Reform
CERIP	Contingent Emergency Response Implementation Plan	FM	Financial Management
CGAP	Country Gender Action Plan	FSDP	Financial Sector Development Project
CLR	Completion and Learning Review	FSMP	Financial Sector Master Plan
CMU	Country Management Unit	GAD	General Administration Department
CNT	Contract Negotiations Team	GDP	Gross Domestic Product
CPG	Cooperation Partners Group	GEF	Global Environmental Facility
CPF	Country Partnership Framework	GoM	Government of Myanmar
CPSD	Country Private Sector Diagnostic	GPE	Global Partnership for Education
CRW	Crisis Response Window	GNI	Gross National Income
CSO	Central Statistics Office	HCI	Human Capital Index
DACU	Development Assistance Coordination Unit	HMIS	Health Management Information System
DAP	Development Assistance Policy	IAQEP	Inclusive Access and Quality Education Project
DFAT	Department of Foreign Affairs and Trade	ICJ	International Court of Justice
DHS	Demographic and Health Survey	ICOE	Independent Commission of Enquiry
DLI	Disbursement-linked indicator	ICT	Information and Communication Technology
DP	Development Partner	IDP	Internally Displaced Person
DPO	Development Policy Operation	IFC	International Finance Corporation
EAO	Ethnic Armed Organization	IFR	Interim Financial Report
EEP	Electric Power Project	IMF	International Monetary Fund
EGRA	Early Grade Reading Assessment	IPF	Investment Project Financing
EICP	Enhancing Institutional Capacity of State and Region Governments in Myanmar Project	IPL	Inclusion and Peace Lens
		IPSAS	International Public Sector Accounting Standards

IRM	Immediate Response Mechanism	PMI	Purchasing Manager Index
ISN	Interim Strategy Note	PMU	Project Management Unit
ISR	Implementation Status and Results Report	PPCP	Peaceful and Prosperous Communities Project
JCPR	Joint Country Portfolio Review	PPP	Public-Private Partnership
JET	Jobs and Economic Transformation	PSW	Private Sector Window
JICA	Japan International Cooperation Agency	RAC	Advisory Commission for Rakhine State
JIP	Joint Implementation Plan	RF	Results Framework
KfW	Kreditanstalt für Wiederaufbau	RRA	Risk and Resilience Assessment
MDI	Multidimensional Disadvantage Index	RRDP	Rakhine Recovery and Development Project
MDTF	Multi-Donor Trust Fund	RSW	Regional Sub-window for Refugees and Host Communities
MFD	Mobilizing Finance for Development	SEA DRM	Southeast Asia Disaster Risk Mitigation
MFI	Microfinance Institution	SEADRIF	Southeast Asia Disaster Risk Insurance Facility
MIGA	Multilateral Investment Guarantee Agency	SCD	Systematic Country Diagnostic
MoALI	Ministry of Agriculture, Livestock, and Irrigation	SEE	State Economic Enterprise
MOHS	Ministry of Health and Sports	SHS	Solar Home System
MONREC	Ministry of Natural Resources and Environmental Conservation	SMEs	Small and Medium Enterprises
MOPFI	Ministry of Planning, Finance and Industry	SOB	State-owned Bank
MSDP	Myanmar Sustainable Development Plan	SOE	State-owned Enterprise
MPT	Myanmar Posts and Telecommunications	SORT	Systematic Operations Risk-Rating Tool
MTR	Midterm Review	TA	Technical Assistance
NCA	National Ceasefire Agreement	UHC	Universal Health Coverage
NCDDP	National Community-driven Development Project	UN	United Nations
NDC	Nationally Determined Contributions	UNHCR	United Nations High Commissioner for Refugees
NEP	National Electrification Project	UNOPS	United Nations Office for Project Services
NFASP	National Food and Agriculture Systems Project	WBG	World Bank Group
NGO	Nongovernmental Organization	WHO	World Health Organization
NLD	National League for Democracy	WTO	World Trade Organization
PASA	Programmatic Advisory Services and Analytics	YCDC	Yangon City Development Committee
PEFA	Public Expenditure and Financial Accountability		
PER	Public Expenditure Review		
PFM	Public Financial Management		
PLR	Performance and Learning Review		



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# INTRODUCTION

1. **This Country Partnership Framework (CPF), which covers FY20–FY23, seeks to accompany Myanmar through a challenging and complex transition at a time when the COVID-19 pandemic is creating unprecedented uncertainty and vulnerability globally.** It represents the second CPF since the World Bank's reengagement in Myanmar and is built upon a second-generation, comprehensive Systematic Country Diagnostic (SCD) and a Risk and Resilience Assessment (RRA) and update. It outlines the World Bank Group's (WBG) strategy of support for Myanmar, a country in the early stages of a transition from decades of isolationist military rule.
2. **The country's historic, but unfinished, transition has proceeded unevenly.** Myanmar's military rulers launched a managed transition in 2011 to move from autocratic military to democratic civilian rule, from a planned to an inclusive and sustainable market-oriented economy, and from widespread conflict to durable peace. A milestone was reached in late 2015 with the election of a civilian government with circumscribed powers, under the de facto leadership of State Counsellor Aung San Suu Kyi. Myanmar's transitions have, however, proceeded at differing paces, with substantial progress on the economic transition, moderate progress on the political transition, and limited progress on peace.
3. **Through sustained efforts, Myanmar has achieved high 'catch up' growth and poverty reduction under the transition, yet it continues to be the embodiment of a fragility, conflict, and violence (FCV) affected state.** The country has a decades-long history of conflict, violence, and forced displacement in border states inhabited by diverse ethnic minorities. Today, according to analysis supported by the World Bank, one-third of Myanmar's townships are affected by conflict, and dozens of Ethnic Armed Organizations (EAOs) exert varying degrees of territorial control over border zones (figures 1 and 2). Competition for Myanmar's abundant natural resources, geography, and postcolonial efforts at state integration, and control over of ethnic and religious minorities, have generated various forms of social and economic exclusion over the decades. These exclusionary patterns have fueled long-standing conflicts and now create formidable hurdles for a transition to a peaceful and prosperous nation that offers opportunity and a common sense of belonging for all its people.
4. **The crisis in Rakhine State, together with intensified conflict in other states, poses a serious threat to the country's transition to peace and prosperity.** Attacks by militant groups and subsequent military and police operations in October 2016 and August 2017 in northern Rakhine State led to hundreds of thousands of people, including Muslims who self-identify as Rohingya (hereafter referred to as the 'Muslim community in Rakhine' in line with the 2017 Report of the Advisory Commission for Rakhine State<sup>1</sup>) and some Hindus, fleeing across the border to Bangladesh. The Muslim community in Rakhine has suffered episodes of violence over many years and faces exclusion from key markets, services, and spaces due to restrictions in terms of citizenship status and on rights such as freedom to congregate and freedom of movement. The situation in Rakhine became even more complex in 2019, with the emergence of an ethnic Rakhine nationalist force, the Arakan Army (AA), waging its own struggle for autonomy, resulting in the displacement of tens of thousands of ethnic Rakhine and other communities. The conflict has further destabilized a restive region and created additional challenges for the safe and voluntary return of refugees. Conflict has also flared in other states, including Shan, Chin, and Kachin.
5. **The WBG joined with many in the international community in condemning the violence and forced displacement in Rakhine State, working across borders to address the needs of those affected.** The WBG has worked with the United Nations (UN) system to improve the welfare of the remaining members of the Muslim community in Rakhine and other communities, to promote the creation of appropriate conditions for safe, voluntary, and dignified refugee return. World Bank projects are supporting access, including of the remaining members of the Muslim community in Rakhine, to health care and learning opportunities. The World Bank is also supporting refugees from Rakhine in the refugee camps in Bangladesh, through the provision of grants in

1 This reference captures those who self-identify as Rohingya but does not include the Kaman Muslims in Rakhine or other Muslims in the country.

Figure 1 | Subnational conflict areas, 2016

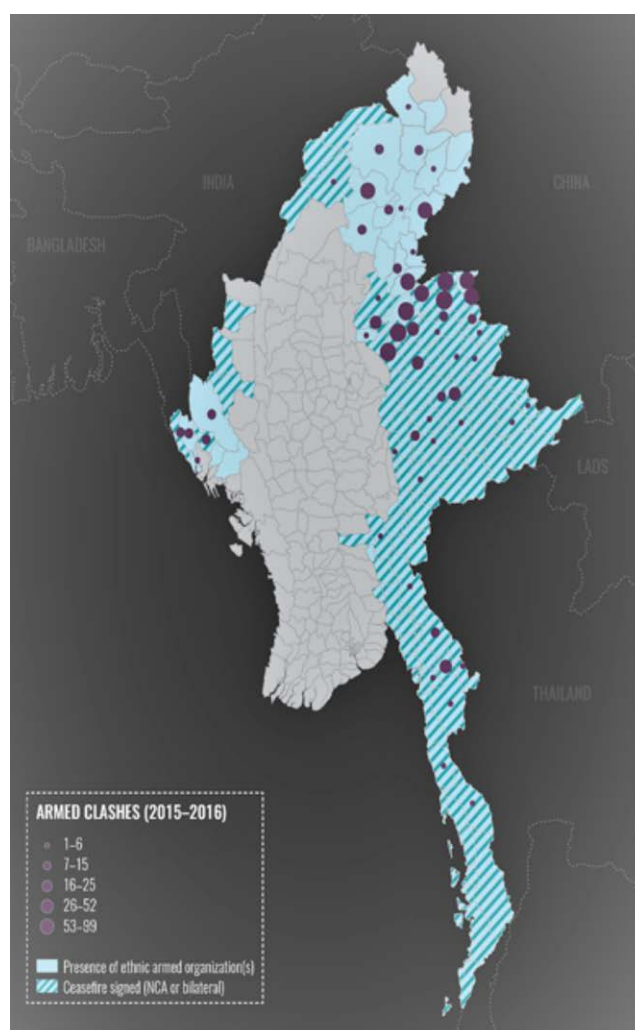
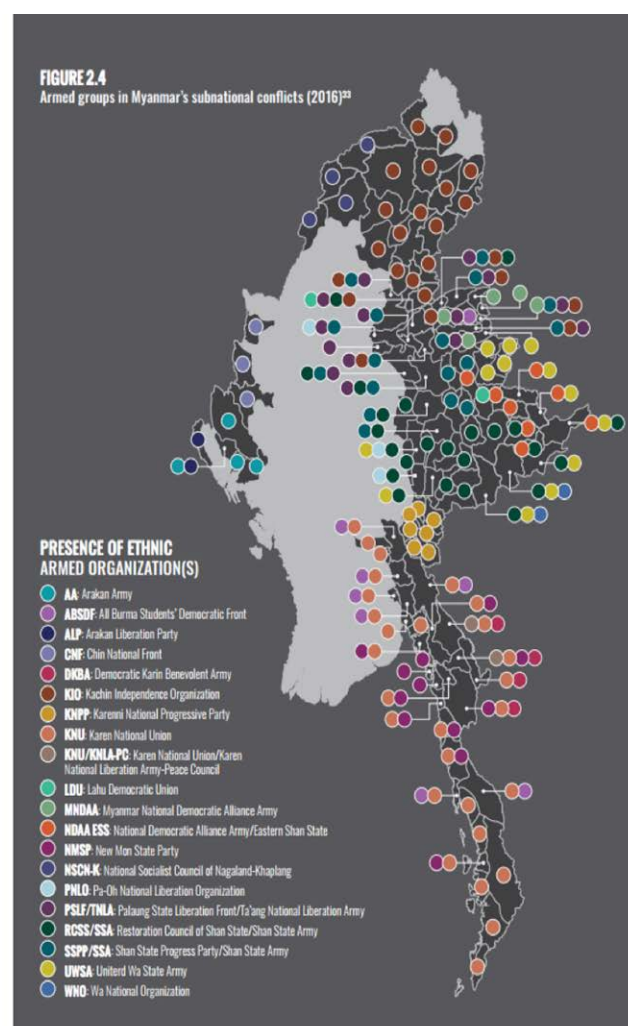


Figure 2 | Armed groups in Myanmar's subnational conflicts, 2016



Source: The Asia Foundation, The Contested Areas of Myanmar, 2017.

the order of US\$500 million from the IDA18 Regional Sub-window for Refugees and Host Communities (RSW). In the initial phase, three operations were delivered and were aimed at strengthening government systems in Bangladesh to provide refugees with basic health services and education for out-of-school children and deliver multi-sector interventions such as safe water and sanitation, multipurpose shelters, and social services, among others. In the second phase, three additional operations are planned in FY20 to address the basic needs of both the host communities and displaced Rohingya population in the camps.

6. **The WBG has also reexamined how best to respond to Myanmar's recurring conflict, violence, and inclusion challenges, taking immediate measures to adjust and pace its engagement.** This involved analysis of the drivers of exclusion and conflict and on social inclusion within the WBG program. Training for WBG staff on Myanmar's complex history and on human rights and social inclusion was conducted. In addition, the WBG developed new tools—including an Inclusion and Peace Lens (IPL)—to ensure that all teams understand the drivers of conflict and exclusion and design interventions that foster peace and social inclusion. On this basis, the WBG adjusted its focus, redesigned its planned pipeline, and started to design new operations focused specifically on social inclusion in conflict areas. For the remainder of the last CPF period, as the WBG reexamined its engagement and discussed with the Government the new emerging priorities, no new funding was approved by the World Bank. As a result of this lending pause, Myanmar will only receive about 50 percent of its original IDA18 allocation.

## 7. **The ongoing COVID-19 crisis compounds the challenges Myanmar faces as a fragile state in transition.**

Across the globe, the outbreak is quickly evolving from an unprecedented global health emergency to a full-blown economic crisis, spreading rapidly throughout the financial sector and real economy. The impact on lives, livelihoods, firms and the economy in Myanmar, threaten to undo the transition gains made to-date. Given limited fiscal and external buffers and capacity constraints, Myanmar will need to respond rapidly and rely upon support from development partners, including the WBG, to help contain the spread of the virus and minimize its impact on the transition process (box 1).

### Box 1. Response to COVID-19 in Myanmar

An outbreak of the coronavirus disease, COVID-19, caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, with the World Health Organization (WHO) declaring a global pandemic in March 2020. Though Myanmar had its first confirmed case only on March 25, the Government and development partners recognized the high risk of a national outbreak and the deleterious economic and social impact that the pandemic would likely have.

The Government has intensified public health measures include the closure of borders, suspension of visas on arrival, screening incoming travelers at all point of entries, quarantining and isolating high risk and suspected cases and closing all educational institutions. A Myanmar Health Contingency Plan on COVID-19 has been developed and a National-Level Central Committee on Prevention, Control and Treatment of Coronavirus Disease 2019, led by the State Counsellor, established to spearhead the national response effort.

Policy measures have also been announced. By 25 March 2020, these measures included an additional allocation of US\$0.2 million to the Ministry of Health and Sports, an extension of income and commercial tax payments due, an exemption for the advance income tax on exports and the establishment of a COVID-19 Fund worth US\$70 million (0.1 percent of GDP) at the Myanmar Economic Bank to provide soft loans to affected business (particularly the priority garment and tourism sectors and SMEs). In terms of monetary policy, the Central Bank of Myanmar also cut the policy interest rate. Sustained efforts will be needed to expand and intensify policy measures to contain the impact of the crisis.

To support Myanmar at such a critical juncture, the WBG is adjusting its existing portfolio and pipeline to reprioritize or restructure engagements to meet emergency needs. A US\$50 million Myanmar COVID-19 Emergency Response Project is being prepared under the Fast Track COVID-19 Facility to support the country with its immediate pandemic response in the health sector. The World Bank is also engaging with the Government on new operational investments to support urgent relief, recovery and resilience efforts, including through support for safety nets for households and businesses and to address financial sector vulnerabilities and economic resilience.

## 8. **This CPF reflects the WBG's commitment to maintain engagement in Myanmar's historic economic transition, but with a greater focus on inclusion, including in conflict-affected areas.**

In line with the World Bank's FCV Strategy which highlights the importance of flexibility in times of crisis, the CPF builds in room for adaptation to respond to the country's emergency needs and to support Myanmar in staying on course notwithstanding the impact of the COVID-19 pandemic. The CPF is intended to support implementation of the country's national strategic development goals, as outlined in the Myanmar Sustainable Development Plan (2018–2030) (MSDP), targeting engagement, to areas that will benefit the poorest and most excluded groups, including in conflict-affected areas. Through this CPF, the WBG seeks to help Myanmar pursue an integrationist and reformist path while working to change attitudes and build a tolerant, multiethnic society with opportunities for all. On the one hand, this involves responding to the immediate needs of populations that have hitherto missed out on the gains brought by the transition, especially vulnerable and excluded populations in underserved and conflict-affected areas. On the other, it involves reinforcing the building blocks for the longer-term transition: well-governed and capable institutions that apply inclusive policies and a level playing field for

a competitive and responsible private sector that complies with the law and upholds international standards.<sup>2</sup> Finally, it involves making cities and vulnerable communities more resilient to the increasingly ravaging effects of natural hazards and climate change and preserving the country's rich natural resource base as both a public and global good for existing and future generations. The CPF formalizes the recent adjustments made to the WBG's strategic engagement in Myanmar, ensuring that the promotion of social inclusion and peace remains at the forefront of support for the country.

**9. The CPF program is selectively, but flexibly, defined and sequenced to leverage the WBG's comparative advantage and optimize the impact of WBG engagement on inclusive development outcomes for Myanmar.**

The WBG has been an important partner for Myanmar's first-generation economic reforms under the FY15–FY19 CPF. Following the pause in new IDA lending since 2017, the CPF establishes a phased program of engagement. Operational investments in the initial years of the CPF will focus on areas in which the WBG has an existing engagement (through operations and policy dialogue). These investments address core requirements for (a) supporting the immediate needs of the underserved and excluded, (b) developing core foundations to advance an inclusive economic transition or (c) supporting inclusive climate change mitigation and adaptation to preserve the country's rich natural resource base as both a public and global good for the existing and future generations. Emphasis will be placed on operational investments that support the country in weathering the impact of the COVID-19 pandemic. Flexibility to adapt to the rapidly evolving situation will be built into the entire CPF program, particularly the initial years. As the country context and program performance (including on social inclusion) improve, the CPF creates room for expanding the scope of WBG engagement in the latter years of the CPF implementation. The program is also filtered to place an emphasis on promoting inclusion. Accordingly, the CPF channels the World Bank's engagement to supporting inclusive institutions and programs at the national level and targeting IDA investments geographically so that they benefit the poorest and most underserved parts of the country, including those affected by conflict. It also defines new ways of doing business, through the incorporation of a cross-cutting theme to promote social inclusion—balancing the focus on accompanying the Government with a greater emphasis on engaging with nonstate actors and establishing mechanisms to better address inclusion in projects—and extend support to conflict-affected areas. Given the specific needs of the populations affected by the 2017 Rakhine crisis, in the initial IDA pipeline, the CPF incorporates support for inclusive basic service provision in Rakhine State through broader national projects on health, education, and energy. Beyond this initial engagement, targeted lending for Rakhine will be considered as a function of progress in overall conditions in the state.

<sup>2</sup> Including those with respect to environmental and social responsibilities, financial transparency, equal opportunity, and the protection of human rights.









# Country Context and Development Agenda

## Social and Political Context

10. **Myanmar is endowed with a wealth of natural resources and a strategic location between China and India, surrounded by 40 percent of the world’s population.** Adding to its strategic position are 1,200 miles of uninterrupted coastline that stretch from the Bay of Bengal to the Andaman Sea. Its soil is rich in resources—from the world’s most precious rubies and jade to reserves of oil and minerals. About 55 million people live in the country, which is divided administratively into seven regions (predominantly inhabited by Bamar, the largest ethnic group in the country), seven states (mostly inhabited by a multitude of ethnic minorities<sup>3</sup>), and a Union Territory around Naypyitaw, the capital city created just over a decade ago at the center of the country. Throughout Myanmar’s history, its abundant resources and strategic location have fueled territorial ambitions and spurred contestation and competition for resources, often along complex ethnic lines.

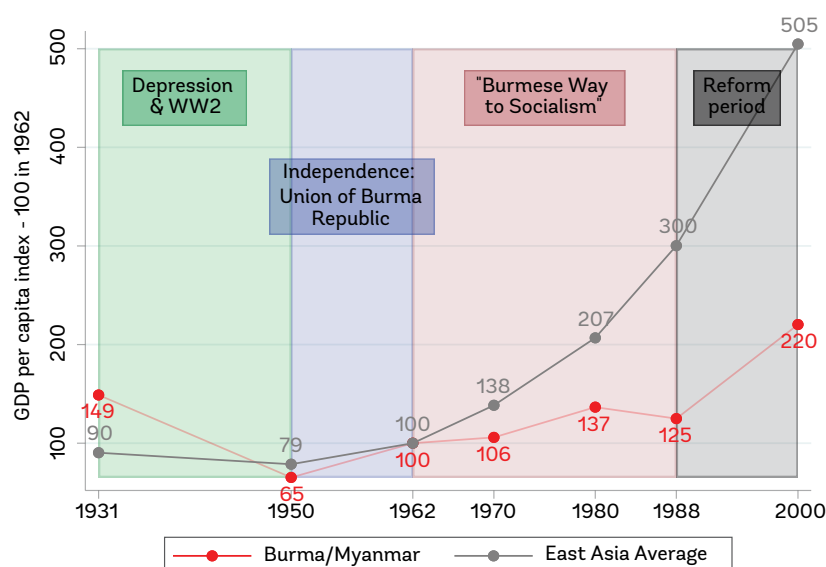
11. **Decades of isolationist military rule left Myanmar—once one of Asia’s more prosperous nations—poor, underperforming economically, and riven by the suppression of ethnic groups.** Independent Burma’s (now Myanmar) democratically elected government was overthrown in a military coup in 1962, ushering in decades of isolationist military rule aimed at ‘unifying’ the ethnically diverse country. This intensified the historic repression of some ethnic groups and political dissidents. The period was also characterized by mismanagement of the economy with the adoption of the ‘Burmese Way of Socialism’. International economic sanctions served to further isolate the country. The tentative opening of the country toward a more market-based economy under military rule in the late 1980s was mired by rent-seeking, exploitation of natural resources, and continued economic mismanagement. As a result, and notwithstanding its potential, Myanmar did not benefit from the East Asian boom, turning inwards and becoming one of the least-developed and poorest countries of Asia by the turn of the 21st century (figure 3).

12. **Myanmar’s military regime recognized the need for fundamental—albeit gradual—reforms to recoup the country’s lost prosperity and launched a triple transition.** In the 1990s, Myanmar began to integrate regionally, joining the Association of Southeast Asian Nations (ASEAN) and introducing some market-oriented reforms which led to substantial investments from China, Japan, and Thailand and the start of oil and gas exportation. A new Constitution in 2008 paved the way for a managed political and economic transition. What has often been described as a ‘triple transition’—from military to civilian rule, from a planned to a market economy, and from widespread conflict to durable peace—was launched in 2011 under a transitional military government. This led to the lifting of international sanctions, which paved the way for Myanmar’s reintegration into the global community amid much optimism.

13. **The country’s triple transition has proceeded at varying paces, with strongest progress on economic transition.** Unification of exchange rates, initial liberalization of product and factor markets, integration into regional markets, and modernization of economic and financial institutions and systems resulted in rapid economic growth (above 7 percent per year) and measurable improvements in social welfare since 2011. Poverty almost halved, falling from 48 percent to 25 percent between 2005 and 2017. Most recently, the Government adopted an ambitious Myanmar Sustainable Development Plan, reinvigorated its economic reform agenda, and has gradually begun to tackle the more difficult second-generation reforms needed to sustain the economic transition.

3 Despite colonial-era attempts to enumerate Burma’s ethnic groups, which ran to more than 100, it is not possible to clearly delineate each group or identify much of the population by a unique ethnic origin.

Figure 3 | Historical Comparison of GDP between Myanmar and East Asia



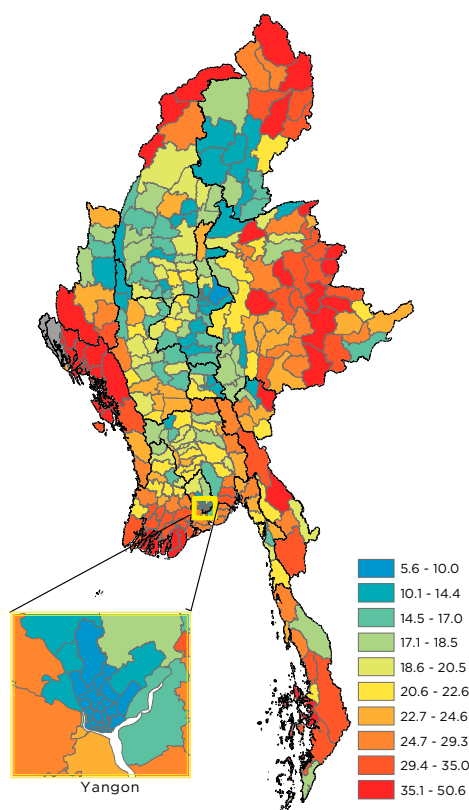
Source: Maddison Historical Tables.  
 Note: GDP = Gross domestic product.

14. **Multiparty democratic elections in late 2015 gave substantial, but not absolute, powers to a civilian government.** The ruling National League for Democracy government has been led by Aung San Suu Kyi, daughter of Burma's founding father. While progress toward democratic civilian rule has been significant, the 2008 Constitution gives the military control over one-quarter of the seats in the national and state/region parliaments. It retains its independence from civilian oversight and holds the leadership of key ministries (home affairs, defense, and border affairs). The military also continues to be engaged in the economic sphere, particularly in natural resource management through its control over key state-owned enterprises (SOEs) and influence in the private sector. An NLD proposal to amend the 2008 Constitution to reduce the role of military and support the peace process by introducing a federal system has been placed before a parliamentary commission by the civilian government. A general parliamentary election is scheduled for late 2020.

15. **Progress toward durable peace has been slower, although there has been some progress in recent months.** A Nationwide Ceasefire Agreement was signed in 2015 by eight of the more than 20 major EAOs, with two EAOs signing since. While there has been a significant decrease in violence in the southeast of the country, in the initial years the peace process has made little progress in resolving the fundamental questions of demobilization, reintegration, and a promised future federal system for Myanmar's 14 states and regions. However, after a period of stasis, talks between EAOs and the Government have resumed with an agenda being sketched out for the coming year. EAOs have varying degrees of territorial and natural resource control within border states (and some regions), creating challenges for natural resource management and revenue mobilization. Analysis supported by the World Bank shows that about one-third of Myanmar's 330 townships are affected by conflict, mostly in the border states where EAOs clash with security forces and sometimes among themselves (figure 1 and figure 2).

16. **Multiple forms of disadvantage are associated with Myanmar's conflict-affected border zones.** Analysis supported by the World Bank has made it possible to see the extent to which deprivation of various types (for example, lack of access to education or electricity) are more frequent in conflict-affected areas with minority populations (figure 4). Mapping of conflicts and multiple disadvantages shows a 'horseshoe' of non-monetary disadvantage in Myanmar's border areas—which are often affected by conflict—wrapped around the edges of a somewhat more prosperous and stable interior (albeit with some exceptions). Myanmar's economic transition occurs against this backdrop of historic conflict and disadvantage, especially in border zones and

Figure 4 | Multidimensional Disadvantage Index at the Township Level



Source: Ministry of Labor, Immigration and Population and World Bank 2018.

Note: Mapping colors are based on township-level Multidimensional Disadvantage Index (MDI) decile thresholds. Due to the limited number of enumerated populations, three townships in Rakhine (Maungdaw, Buthidaung, and Rathedaung) are highlighted in gray.

notably in Rakhine State. The Muslim community in Rakhine has been particularly affected, having faced periodic episodes of violence over many years and restrictions in terms of citizenship status and on rights such as freedom to congregate and freedom of movement.<sup>4</sup>

17. **The crisis in Rakhine State in 2017 constituted a tragic setback to the country's transition process.** It occurred just as the Advisory Commission for Rakhine State (RACS), headed by former UN Secretary General Kofi Annan, released recommendations to 'improve the welfare of all people in Rakhine State'.<sup>5</sup> The recommendations of the Commission were endorsed by the civilian government, but publication of the final report in August 2017 coincided with attacks against security forces in Rakhine State by the Arakan Rohingya Salvation Army and subsequent military and police operations that led to around 725,000 people, mainly members of the Muslim community in Rakhine, fleeing to neighboring Bangladesh. Today these families live in perilous conditions with an uncertain future in some of the world's largest refugee camps. Others have become internally displaced, raising the number of internally displaced persons (IDPs) in Myanmar to over 273,000.<sup>6</sup> The Government introduced a national strategy for the resettlement of IDPs and the gradual closing of IDP camps in 2019, which is widely seen to embody international best practice, but is still to be implemented. Most of the IDPs in Rakhine are members of the Muslim community who have been in camps since intercommunal violence in 2012. This population is largely unable to leave the camps and survives on humanitarian support.

<sup>4</sup> <http://www.rakhinecommission.org/the-final-report/>

<sup>5</sup> In September 2016, following a request from Daw Aung San Suu Kyi, the State Counsellor of Myanmar, the Kofi Annan Foundation and the Office of the State Counsellor established an Advisory Commission on Rakhine State. It was mandated to examine the complex challenges facing Rakhine State and propose answers to those challenges.

<sup>6</sup> The majority of IDPs are in Rakhine (155,000) and Kachin (97,000) states. Other significant IDP populations are in Kayah (10,600), Shan (9,600) and Chin (1,000). Myanmar Humanitarian Response Plan for 2020.

18. **The Government has taken some steps to respond to the Rakhine crisis; however, progress has been limited.** The international community has called for the government to restore law and order, allow humanitarian access to Rakhine State by the UN and nongovernmental organizations (NGOs), and put in place the conditions for safe, voluntary, and dignified refugee return. In response, the civilian government created a high-level Committee to implement the RAC recommendations; agreed to the establishment of an Independent Commission of Enquiry (ICOE) to investigate allegations of human rights violations;<sup>7</sup> and signed a memorandum of understanding with the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Development Programme (UNDP),<sup>8</sup> as well as with Bangladesh, to work toward improving the welfare of the remaining Muslim community in Rakhine, and the return and repatriation of refugees. However, progress under the two memoranda of understanding has been slow and independent mechanisms to investigate are yet to ensure accountability. In January, in a case involving a claim of genocide filed by The Gambia, the International Court of Justice (ICJ) handed down a decision on provisional measures that Myanmar must take. These include steps to protect affected populations; ensure that evidence is not destroyed; and provide a report within four months, and every six months thereafter, outlining progress. In parallel, the ICOE released its report which contains a set of 22 recommendations for resolving the conflict. These include investigating military personnel, reviewing the design of military counter-terrorism policies, preventing hate speech, supporting social cohesion, implementing the closure of IDP camps, reexamining the process for issuing National Verification Cards, removing restrictions on freedom of movement, strengthening health and education, and supporting training on inclusion and diversity.

19. **Key underlying drivers of the conflict, including difficulties for Muslims who self-identify as Rohingya to gain citizenship and continuing restrictions on freedom of movement, remain.** Responses to the crisis have been hampered, in part, by a new source of conflict in Rakhine that emerged in 2019. Fighting between an ethnic Rakhine nationalist force, the AA, and the military has created an uncertain security situation in Rakhine State—making the repatriation of refugees to Rakhine in the near term unlikely. This new source of violence and instability in Rakhine, which has led to over 1,400 deaths and close to 100,000 mostly ethnic Rakhine refugees in 2019, together with flaring tensions in Chin, Kachin, and Shan States, underscores the complexity of the many subnational conflicts in Myanmar and the incremental nature of the fragile peace process.

20. **It is unlikely that Myanmar's impressive growth rates in its initial phase of economic transition can be sustained in the long run unless the country fosters peace and harnesses all its human potential.** This means pursuing economic reforms with a long-run focus on inclusion, especially in conflict-affected areas. As in other countries, exclusion in Myanmar occurs along many lines. Economic exclusion is manifest in the dominance of connected private sector interests in key sectors—with still strong ties to the military or military linked companies. It has also emerged from historically prohibitive and unevenly applied requirements for doing business—though improvements are being made to the business environment. Myanmar also has a history of social exclusion whereby certain groups—particularly but not limited to religious and ethnic minorities, women, people living with disability, and sexual minorities<sup>9</sup>—have been disadvantaged in how they engage in markets, services, and spaces because of their identity. These identities have—whether through internalized behaviors, cultural and social norms, discrimination, or the impact of policy and legislation—shaped how they get access to land, housing, and credit; how they find work and make a living; how they can get schooling, health care, water, sanitation, and other services; and how they participate in social, political, and cultural life. The various dimensions of exclusion—coupled with widespread underdevelopment and weak service delivery—means that human capital is particularly limited in Myanmar. Unless Myanmar invests in all its people, it will not be able to maximize economic growth, undermining prosperity not just for the excluded, but for everybody. There is a two-way association: broadly shared economic opportunities are needed to reinforce durable peace, but progress is needed for peace and civil liberties to offer economic opportunities to all and maximize growth and shared prosperity in Myanmar.

7 Full mandate described here: <https://www.icoe-myanmar.org/>.

8 <https://reliefweb.int/report/myanmar/government-myanmar-and-united-nations-agencies-sign-mou-assistance-repatriation>.

9 There are no legal protections from discrimination based on sexual orientation, gender identity, and/or sex characteristics in the Constitution or any other laws. Current laws, some dating from the colonial period, criminalize same sex relations.

21. **Myanmar needs to focus on long-term, generational change to achieve its goal of becoming a peaceful and prosperous nation.** Despite deep political and social challenges, prospects for a peaceful and prosperous future remain positive. In many towns and villages, ethnic and religious groups live together peacefully and productively. Since 2011, Myanmar's young population has adapted to newfound freedom, including a free flow of information; access to social media; physical and digital connectivity; and traveling abroad and diversifying educational, employment, and entrepreneurship opportunities in a growing private sector. A young generation of critical thinkers is gradually emerging from Myanmar's isolation and authoritarianism. For this and future generations, it is important to help Myanmar on its integrationist and reformist path while working gradually to change attitudes and build a tolerant and cohesive society with opportunities for all.

22. **The ongoing COVID-19 crisis will bring new challenges to Myanmar as it endeavors to stay the course on its triple transition.** In a rapidly evolving context, the Government has taken immediate measures to respond to the unfolding global crisis. Dealing with the economic and social impact of the crisis will require rapid and multi-faceted responses that will need to be focused on ensuring that the poorest and most excluded are protected and that are aligned with the country's longer-term development objectives and leverage support from development partners in a coordinated manner.

## Recent Economic Developments and Outlook

23. **Myanmar's growth in the first five years of the transition was exceptional compared to its past and its peers.** Between 2011/12 and 2015/16, GDP grew by 7.3 percent per year on average, or 6.4 percent in per capita terms. This puts Myanmar among the five fastest growing countries in the world (excluding oil exporters and small countries), well above the average of other lower middle-income countries (3.3 percent in per capita terms) and of the East Asia region (4.8 percent when excluding high-income countries). Myanmar's growth acceleration during the transition has met the pace of other transition economies in Asia, although there are signs that growth is slowing.

24. **Growth has since slowed as global economic uncertainty and domestic vulnerabilities have emerged, most recently amplified by the global COVID-19 pandemic.** Myanmar's hard-won fundamentals of macroeconomic and macrofinancial stability are vulnerable to shocks even smaller than the COVID-19 pandemic as efforts to build fiscal and external buffers continue. Growth slowed from an annual average of over 7 percent during the early transition years<sup>10</sup> to 6.3 percent in 2018/19. This is still robust by regional and global standards. Exchange rate volatility and cost pressures affected industrial performance in the first half of 2018/19, notably in the manufacturing sector, with the headline Purchasing Manager Index (PMI) declining to a two-year low below 50 (denoting contraction) in October 2018. The exchange rate stabilized, and economic activity picked up in 2018/19 supported by manufacturing and continued growth in services such as wholesale, retail although tourism and financial services results remain mixed. Agricultural growth remains below potential due to weak productivity and unfavorable weather. The trade deficit narrowed in 2018/19 with acceleration in exports, particularly garments, and a deceleration of imports, particularly capital goods imports, consistent with the estimated slowdown in private investment growth in 2018/19. The average headline PMI recovered and remained firmly above 50 in 2018/19, indicating expansion in manufacturing output. However, headline inflation increased to 8.5 percent in 2018/19 from 5.1 percent the previous year driven by rising food prices and transport prices including the pass-through effect from the recent power sector reforms that led to an increase in electricity tariffs.

25. **Myanmar's economic outlook is underpinned by efforts to deepen implementation of the country's unfinished reform agenda and specific COVID-19 responses mentioned above to mitigate economic impact and growing risks.** Growth is projected to dip to 2 to 3 percent in 2019/20 as the COVID-19 pandemic tips the world economy into recession. Pulling out of the downturn will be difficult. While the economy is estimated to grow between 4 percent and 6 percent in 2020/21 assuming the global pandemic is brought under control in

<sup>10</sup> The GDP time-series for Myanmar has recently been affected by two changes. First, the Myanmar financial year was April–March until April 2018, when it changed to October–September. Second, Myanmar recently changed its base year for GDP estimation from 2010/11 to 2015/16.

months, and global trade resumes, there are severe risks to that projection. The more medium-term outlook is supported by recent structural reforms which could keep Myanmar attractive for further domestic and foreign direct investments (FDI) when the global economic and financial volatility subsides. In January 2019, the Government launched a more prioritized public investment program ('Project Bank'). It also liberalized wholesale and retail trade and loosened export licensing requirements. In the financial sector, foreign banks have been allowed to lend directly to local businesses, and in January 2019, the Government moved to grant five licenses to foreign life insurance providers. The Government also permitted commercial banks to raise the regulated lending rate from 13 percent to 16 percent on uncollateralized lending, which allows more credit options for lenders and borrowers.

**26. The recent COVID-19 pandemic has tilted the risks to the medium-term economic outlook heavily to the downside.** Protracted COVID-19 containment measures in the advanced economies, a slow recovery in global demand and trade, lingering impact of global financial turbulence, and depressed oil prices may well delay Myanmar's growth recovery. This amplifies underlying risks. The negative spillovers from the 2017 events in Rakhine have been compounded by a recent flare up in violence related to the AA. The indirect economic impacts of the crisis may intensify, deterring some FDI commitments and limit the post COVID-19 recovery in tourism revenues, which still account for 2.7 percent of GDP and significant indirect economic benefits. Financial sector vulnerabilities linked to the recent dip in economic growth, legacies of reliance on short-term overdrafts that were often directed to related parties, concentration of risk, lax reporting requirements, and limited loan assessment capability also present a risk.

**27. Myanmar remains at low risk of debt distress, but economic shocks like the Covid-19 pandemic could raise that risk and reduce Myanmar's important new alternatives to fiscal financing from the central bank.** Fiscal deficits remain within 5 percent of GDP but also below target reflecting challenges in budget execution. The actual budget deficit in 2017/18 was 3.1 percent. The share of direct central bank financing of the deficit has declined, replaced by domestic treasury bills and bond. This trend can continue with better cash management to identify financing needs, and by allowing interest rates to better reflect market conditions. The COVID-19 shock can also raise fiscal financing needs and put pressure on existing sources.

**Table 1 | Selected Economic Indicators for Myanmar (in annual percentage change, unless otherwise noted)**

	2017/18	2018/19e	2019/20f	2020/21f	2021/22f
Real GDP growth, at constant factor prices (old base year)	6.8	6.3	3.0	6.0	6.7
Agriculture	1.3	3.1	2.8	3.5	3.2
Industry	9.7	6.4	2.0	7.5	7
Services	8.1	8.1	2.1	6.3	8.4
Inflation (Consumer Price Index)	5.9	8.5	7.5	7.0	7.0
Current account balance (% of GDP)	-4.2	-2.0	-3.3	-3.6	-3.9
Fiscal balance (% of GDP)	-2.8	-3.2	-3.9	-4.0	-3.3
International poverty rate (US\$1.9 in 2011 purchasing power parity)	5.7	5.3	5.1	4.8	4.5
Lower-middle-income poverty rate (US\$3.2 in 2011 purchasing power parity) <sup>a b</sup>	19.35	18.30	17.95	17.02	15.99
Upper-middle-income poverty rate (US\$5.5 in 2011 purchasing power parity) <sup>a b</sup>	60.81	59.59	59.12	57.91	56.43

Sources: World Bank, Macroeconomics, Trade and Investment, and Poverty Global Practice.

Note: e = estimate; f = forecast. For GDP series, 2017/18 is based on the old (2010/11) base year, and 2018/19 onward is based on the new 2015/16 base year.

<sup>a</sup> Calculations based on WBG harmonization, using 2017-MLCS. Actual data: 2017. Nowcast: 2018-2019. Forecast is from 2020 to 2021.

<sup>b</sup> Projection using neutral distribution (2017) with pass-through = 0.3 based on GDP per capita in constant LCU.



## Poverty and Shared Prosperity

28. **Strong growth performance translated into substantial poverty reduction and improvements in non-monetary welfare, although vulnerability to poverty remains high.** The poverty headcount almost halved between 2005 and 2017, from 48 to 25 percent using the latest national estimates<sup>11</sup> (figure 5). Non-monetary dimensions of welfare have also improved between 2010 and 2017: access to grid electricity improved from 28 to 42 percent and school enrollment rates increased, with seven in ten children enrolled in middle school in 2017 compared to five in ten in 2010,<sup>12</sup> while rates of infant mortality and malnutrition have declined (figure 6). Despite improvements in living conditions, about 12 million people were still living in poverty in 2017, and many near-poor are also susceptible to falling back into poverty because of weather, health, or economic shocks.

29. **However, growth has not been as pro-poor and inclusive as it could have been with the poor lagging behind in monetary and non-monetary dimensions.** In contrast with remarkable economic growth, which placed the country among the top performers globally, the compound annual rate of poverty reduction of 7.38 percent over 2010–2017 was modest in comparison to Myanmar’s peers in East Asia and the Pacific. This reflects slower growth in agriculture, which remains characterized by low levels of mechanization, limited use of fertilizers, and little access to markets. With nearly 70 percent of workers from rural and poor households working in agriculture and with limited growth in nonfarm jobs for poor households, poor households have low levels of access to improved water and sanitation, lower educational outcomes, and little access to institutions such as health or financial institutions. There are early indications that the economic shock induced by the COVID-19 crisis is impacting the poor and vulnerable, including through businesses having to lay off workers and returnee migrant workers not finding work.

30. **In addition, spatial inequalities and exclusion along geography and identity lines persist.** Between 2005 and 2017, poverty declined faster in urban areas (65 percent change) than in rural areas (44 percent change) (figure 5) where 87 percent of the poor, or about 10 million people, live and are more likely to depend on agriculture for their livelihoods. The faster poverty decline in urban areas reflects sectoral growth patterns, with agricultural growth lagging behind manufacturing and services. But it is also accompanied by steady urbanization which has resulted in informal urban settlements with high levels of deprivation. Both monetary poverty and non-monetary welfare measures show that some states/regions (and townships within them) are falling behind and are affected by multiple disadvantages, with the incidence of monetary poverty being the highest in Chin State, followed by Rakhine State. Nonetheless, about two-thirds of the poor live in the highly populated delta and dry areas. According to household survey data, entire population groups (ethnic and religious minorities and those lacking citizenship/identity papers) face more limited economic opportunities, lower access to services, and poorer welfare, with populations in many conflict areas being particularly affected.

31. **Overall, the opportunities for poor households to diversify income sources, as well as migrate and receive remittances, are lower.** Recent survey data show that rural households that were able to diversify their income sources with off-farm activities have experienced faster improvement in their living conditions. However, because poorer households have fewer working-age (15 to 64 years) individuals for every dependent and have less educated and younger household heads, their capacity to diversify in more productive activities is lower. Income diversification for poor agricultural households often rhymes with migration during agricultural off-season to generate income. The rural poor are more likely to work as casual agricultural labor, be landless, and be disproportionately affected by seasonality and fluctuations in labor demand. Income in poor households can also come from child labor with children from poor households being twice as likely to be working as those

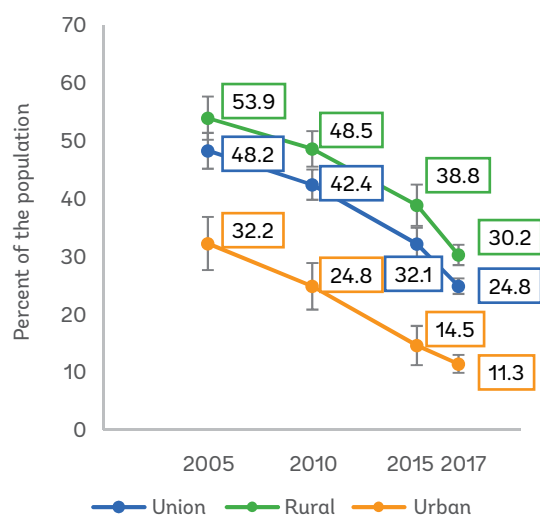
11 These figures are based on Integrated Household Living Conditions Assessment (IHCLA-I, 2005) and Myanmar Living Conditions Survey (MLCS 2017) estimations. Outreach activities for the MLCS 2017 took place over the 12 months of data collection, but it was not possible to conduct interviews in two townships of Northern Rakhine State (Buthidaung and Maungdaw) and the Wa Self-Administered Division. These surveys only covered the conventional population; more precisely, the universe of these surveys does not include people living in hotels/motels/guesthouses, military camps, police camps, orphanages/homes for the aged, religious centers, boarding schools/colleges/universities, correctional facilities/prisons, hospitals, camps/hostels for workers, and homeless/other collective quarters. Imputation methods are employed for the 2005 poverty estimates in order to present comparable estimates for 2017. See MOPF and World Bank (2017) for a discussion of the robustness of these methods.

12 CSO (Central Statistical Organization), UNDP, and World Bank. 2018. Myanmar Living Conditions Survey 2017: *Key Indicators Report*. Nay Pyi Taw and Yangon, Myanmar: Ministry of Planning, Finance and Industry, UNDP, and World Bank.



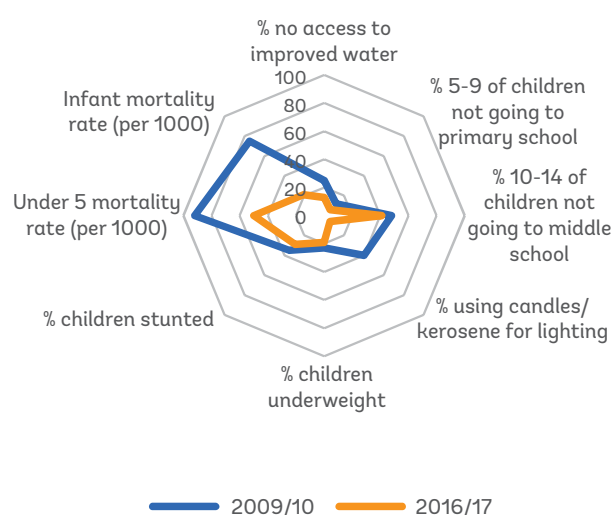
from non-poor households. Child labor can harm the prospects of children from poorer households to escape poverty in the future as these children stop school at an early age, which could potentially reduce their future productivity.

**Figure 5 | Poverty Headcount by Residential Area**



Sources: IHLCA1 2005, IHLCA2 2010, MPLCS 2015, MLCS 2017.

**Figure 6 | Non-monetary Indicators of Well-being in 2010 and 2016 to 2017**



Sources: IHLCA 2009/10, MDHS 2016, MLCS 2017.

32. **In such a context, the expected economic slowdown due to COVID-19 could reduce Myanmar's gains in poverty reduction, affecting those that are already poor and those that have escaped poverty but remain vulnerable.** The economic slowdown is likely to affect the garment, tourism and agricultural sectors in which the poor and vulnerable represent about half of the workforce in the case of garments and tourism and up to two thirds of the workforce in the agricultural sector. In addition, these sectors represent a significant source of labor income for most households. Among households engaged in tourism and allied activities, retail and wholesale, manufacturing of fuels and chemicals, the income generated by these activities represented around half of their total income. Agriculture provides over 60 percent of total income among rural and poorer households. The loss of these income sources could potentially push poor households deeper into poverty and vulnerable households into poverty. Remittances to Myanmar will likely decrease considering the recent return of migrant workers from Thailand and Malaysia as a result of COVID-19. As the situation is rapidly evolving, it is too early to estimate the impact of the crisis on poverty. However, a drop in household income is likely to result in a significant increase in poverty.

## Main Development Challenges

33. **Exclusion and conflict—the drivers of fragility in Myanmar—lie at the center of the country's development challenge, impeding progress across the three interrelated dimensions of the transition process and stymieing opportunities to reduce poverty and promote shared prosperity.** Complex and varied dynamics of exclusion, contested governance arrangements, centralized decision making, conflict, poor service provision, and limited accessibility—which often converge geographically—present the most significant challenges to advancing Myanmar's objective of becoming a peaceful, democratic, and prosperous nation. Reducing poverty will require reaching excluded and remote households, especially in worse-off states and regions and among disadvantaged ethnic minorities. Progress on peace and social cohesion will also be critical to sustaining growth, fostering investors' confidence, and preventing tensions that could reverse the economic advances of recent

years. In the country's own development strategy, the MSDP, peace is the first pillar, the first goal and the first strategy—leading the rest of the agenda.

34. **The SCD identified three interrelated pathways to advance Myanmar's triple transition**, emphasizing the need to invigorate momentum for inclusive growth, share the benefits of growth more widely, and ensure sustainability for future generations. These pathways are reflected in the Government's own identified strategic priorities under the MSDP.

**Table 2 | Overview of SCD Pathways with Policy Areas for Progress and Key Policy Actions**

Pathway	Policy Area for Progress
<b>1. Strengthen economic and financial sector management to sustain growth and job creation</b>	1.1 Maintain fiscal balance and macroeconomic stability
	1.2 Develop a sound, efficient, and inclusive financial system
	1.3 Improve the business environment and facilitate international integration
	1.4 Close the infrastructure and technology gap
	1.5 Improve income generation opportunities and accessibility in rural areas
<b>2. Building inclusive institutions and human capital for all to foster peace and shared prosperity</b>	2.1 Foster peace, social cohesion, and more inclusive institutions
	2.2 Strengthen systems for equitable access to and the delivery of quality services and risk protection that allow people to lead healthy lives
	2.3 Ensure education for all and skills for productive employment
<b>3. Managing natural endowments sustainably and building resilience for long-term prosperity</b>	3.1 Manage land and natural resources transparently, equitably, and sustainably
	3.2 Build resilience to disasters and mitigate impact of environmental degradation
<b>Cross-cutting: Reform public institutions for effective and equitable policy implementation</b>	4.1 Improve effectiveness, transparency and accountability of public sector institutions
	4.2 Generate demand for good governance and improved service delivery

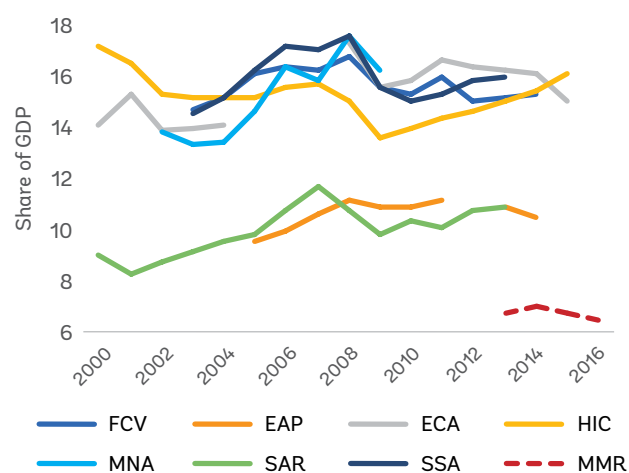
### *Pathway 1: Strengthen economic and financial sector management to sustain growth and job creation*

35. **Myanmar made remarkable progress during the transition toward achieving high economic growth, and persistent reform efforts are needed to sustain and spread growth.** In the early years of the transition, Myanmar focused on getting the fundamentals for an economic transition right. Sustaining long-term economic progress will require strengthening these foundations and building on them. In addition to securing stability at a time of global vulnerability, harder but longer-lasting second-generation reforms to support the creation of efficient markets and close connectivity and service provision gaps—such as rationalizing tax exemptions to provide the Government with more resources to spend on infrastructure and essential services; restructuring economically unviable State Economic Enterprises (SEEs); and following through on well-regulated foreign investment in the banking, insurance, and retail sectors—will be needed. Public and private sector solutions to stimulate economic activity will need to continue to be leveraged.

36. **Preserving the hard-won fundamentals of macroeconomic and macro-financial stability while reinforcing macroeconomic management will be critical to staying the course on the economic transition and 'flattening the COVID-19 recession curve'.** Low public sector revenues and spending constrains the Government's ability to deliver public services and infrastructure to stimulate economic growth. Narrow fiscal space also limits

economic resilience in a context of heightened global and domestic vulnerabilities arising from the COVID-19 crisis. Revenue mobilization is particularly limited in Myanmar (between 10 and 12 percent of GDP)—reflecting considerable economic activity in hard-to-tax and informal sectors, including in the lucrative mining (gems and jade) industry, widespread exemptions, and weak, though improving, tax administration capacity. Low revenue also affects government spending, which is 15 percent of GDP and much lower than the average of comparator countries. Myanmar has one of the lowest levels of recurrent spending by general government and capital investments have declined as a share of GDP. To realize the potential of the public sector in stimulating growth and weathering the storm of the COVID-19 pandemic, reinforced efforts are needed to collect more, spend better, and manage risks, including financial instability risks. This is recognized in the MSDP.

Figure 7 | Tax/GDP Across Regions (2000–2016)

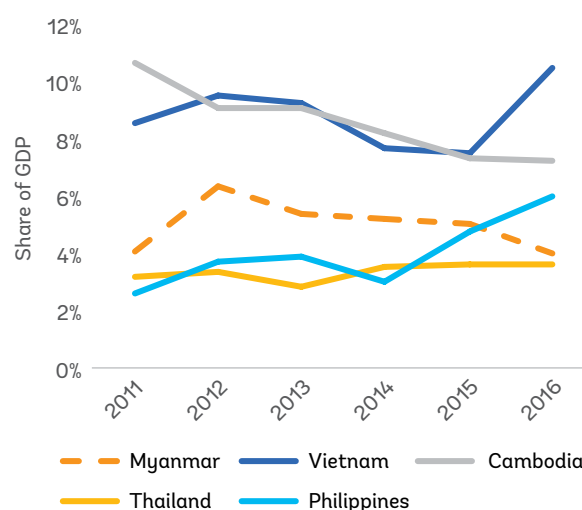


Source: Myanmar Public Expenditure Review 2017: Fiscal Space for Economic Growth. Yangon, World Bank.

Note: Regional averages exclude high-income countries.

EAP = East Asia and Pacific, ECA = Europe and Central Asia, HIC = High-income Countries, MNA = Middle East and North Africa; SAR = South Asia Region; SSA = Sub-Saharan Africa; MMR = Myanmar.

Figure 8 | Capital Spending by Union Ministries, 2011/12–2016/17



Source: Myanmar Public Expenditure Review 2017: Fiscal Space for Economic Growth. Yangon, World Bank.

37. **To deepen ‘catch up’ growth, the country needs to further leverage the power of competition and create space for a responsible private sector to generate inclusive economic opportunities and connect people to services and markets without discrimination.** Starting from one of the lowest levels of GDP per capita in the region and dominated by agriculture, Myanmar’s high rate of growth at the beginning of the transition was buoyed by economic convergence, a structural shift from agriculture to services, and liberalization efforts that helped open the economy and boost private investment and trade. Myanmar was one of the top 20 reformers of the Doing Business 2020 index, having advanced reforms that simplified business creation and improved processes for obtaining construction permits and protecting investors, among others. However, further progress to complete the structural transformation is impeded by a restrictive business climate and high cost of doing business (figure 9), especially for small and medium enterprises (SMEs). Large conglomerates still account for an important part of private activity and the financial sector, both as borrowers and lenders. The presence of well-connected private sector operators that have historically had privileged access to assets and enjoyed favorable treatment undermine competition, compliance, and adherence to international good corporate responsibility principles in some areas. This reinforces the importance of levelling the playing field to foster the entry of competitive and responsible private sector operators. Despite its strategic location between three major economies—China, India, and ASEAN—decades of isolation have created long-lasting physical barriers to regional integration and trade. Myanmar is ranked below other ASEAN countries in the Trade Facilitation Index (figure 10). Global value chains are underdeveloped. Access to basic factors of production such as finance,

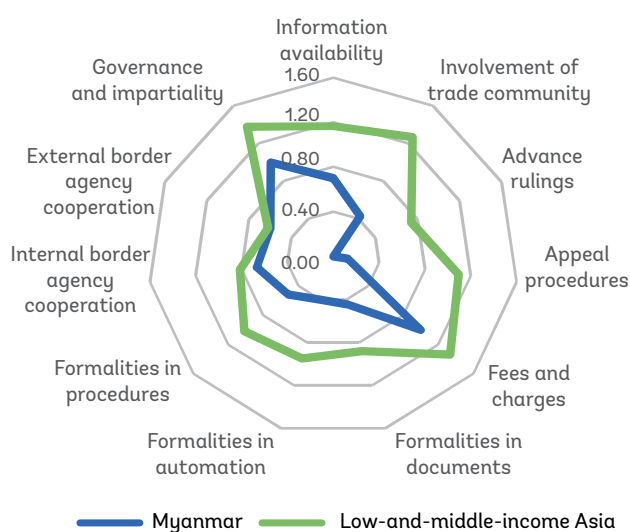
land, and electricity is both difficult and expensive. About 40 percent of the population lacks basic access to all-season roads, limiting access to markets. The potential to leverage information and communication technology (ICT) solutions to connect people to services, markets, and institutions is still largely untapped. Though there has been a transformation out of agriculture, the sector still accounts for 70 percent of jobs in rural areas and supported at least half of the poverty reduction in the last decade. Thus, increasing agricultural productivity and opening markets in job-creating sectors, such as tourism and light manufacturing, represent a critical dimension of an inclusive growth model. In the wake of the COVID-19 pandemic, a focus on protecting livelihoods and jobs will be needed, while unlocking the above-mentioned constraints will remain central to the country's recovery efforts.

Figure 9 | Doing Business Distance to Frontier



Source: World Bank Doing Business 2020.

Figure 10 | Trade Facilitation Index



Source: Organization for Economic Co-operation and Development 2019.  
Note: The indicator presents the state of development of key areas in trade facilitation that contribute to lowering of trade costs. A higher score signals a more developed stage.

## Pathway 2: Building inclusive institutions and human capital for all to foster peace and shared prosperity

38. **A greater focus on inclusion is essential to promoting peace and shared prosperity and reducing poverty.** The Government has initiated significant improvements in spending on health, nutrition, and education. Yet the potential of Myanmar's people to contribute to, and benefit from, the economy could be significantly enhanced by improving quality and expanding outreach to those most underserved and disadvantaged. The Human Capital Index (HCI) estimates that a child born in Myanmar today can expect to be only 47 percent as productive when he/she grows up compared to a child with access to good-quality services, given the prevailing risks of poor health, nutrition, and education that limit human capital formation (figure 11). The impact of COVID-19 on human capital development risks being significant. Over-stretched medical facilities and social distancing requirements will further limit access to education and health services, whilst reductions in household consumption induced by the loss of livelihoods, remittances and disruptions in food supply chains could affect nutritional intake, particularly of the poorest and most vulnerable. Improving well-being, ensuring gender equity, removing discriminatory barriers based on identity and disability, increasing levels of education, and inculcating a sense of fairness and trust in the Government through equitable service provision are critical to nurturing a tolerant and cohesive next generation in Myanmar. A more representative institutional setup and a more equitable fiscal arrangement that balances power and responsibilities between the center and the states and regions, together with cooperation with nonstate providers in service delivery in conflict-affected areas, can help ensure that service delivery caters effectively to the different needs across the country.

Figure 11 | HCI versus GDP per Capita, Myanmar and Comparators



Source: World Bank, Human Capital Index–Myanmar Brief.<sup>13</sup>

### *Pathway 3: Managing natural endowments sustainably and building resilience for long-term prosperity*

39. Responsibly managing the country's rich, but fragile, natural environment is critical for ensuring longer-term sustainable growth and prosperity. Myanmar's heavy reliance on nonrenewable assets, fledgling environmental assessment and management systems, and the mismanagement of natural resources are depleting natural capital (minerals, fisheries, forestry) without generating dividends for the population at large. For example, out of almost 1,500 registered companies, only 79 jade and other mining companies published production and revenues statistics in 2016, suggesting that much of the economic activity in the extractive sector is un-reported. Accelerated environmental degradation and water and air quality deterioration brought about by misuse of natural resources, unplanned urbanization, motorization and greenhouse gas emissions, and poor waste disposal practices have consequences for both livelihoods and health. Yangon and Mandalay have the highest PM10<sup>14</sup> concentration of all cities in Southeast Asia.<sup>15</sup> Myanmar will need to fundamentally reexamine natural resource management—guaranteeing equitable access to natural resources, strengthening resource and environmental management systems and institutions, and optimizing the collection and generation of revenue from resource extraction. Investments and regulations to manage the impact of environmental degradation through better urban planning and management, air quality and waste management, and plastics regulation will need to be combined with efforts to reverse degradation, including through reforestation and restoration of coastal habitats. In acknowledgement of these priorities, the MSDP also emphasizes the importance of environmental sustainability for future generations.

<sup>13</sup> For detailed methodology: <http://www.worldbank.org/en/publication/human-capital>.

<sup>14</sup> PM10 is particulate matter 10 micrometers or less in diameter.

<sup>15</sup> ADB. 2015. "Achieving Environmental Sustainability in Myanmar." Manila, Asia Development Bank.

40. **Myanmar is highly exposed to disasters and the frequency, severity and impact of catastrophic events is increasing.** Myanmar ranked 3rd of 182 countries in the 2018 Global Climate Risk Index. Major cities, especially Yangon and Mandalay, are flood and earthquake-prone. Efforts are needed to strengthen the country's preparedness and to mitigate risks from seismic and weather/climate-related shocks. Improving resilience is critical to protecting the poor, who are disproportionately impacted by the volatility of disasters. As Myanmar develops and invests in infrastructure, the exposure to disaster risks in major urban hubs is expected to increase unless risk reduction and sustainable urban planning approaches are mainstreamed into development.

### *Cross-cutting: Reforming public institutions for effective and equitable policy implementation*

41. **Strong institutions are needed to manage such a complex transition.** Public institutions under the civilian government need to be further strengthened to advance reforms for rekindling growth and to implement inclusive policies that ensure that the benefits of the transition are shared more widely, both for current and future generations. Structural impediments linked to the legacy of opaque and unaccountable centralized decision making, continued military influence in civilian government, and policy capture present important challenges to an administration that is still relatively new to the task of governing. Despite progressive improvements in recent years, coordination between ministries and levels of government, outmoded administrative systems, and weak capacity limit the ability of the public administration to mobilize revenue, manage public finances, and deliver services and infrastructure in an inclusive and equitable manner. The MSDP places an emphasis on the need to develop better performing modern public institutions that are equipped to coordinate and monitor policy formulation and implementation as a foundational requirement for implementing the Government's strategic vision.





# World Bank Group

# Partnership Framework

## Government Program and Medium-term Strategy

42. In 2018, Myanmar laid out its first sustainable development plan with a vision for “a democratic, peaceful, and prosperous country” in the form of the MSDP (2018–2030). The MSDP relies upon existing strategic documents to establish a whole-of-government development framework that offers a consolidated articulation of the country’s national development priorities. Structured around three pillars, five goals, and 28 strategies, the MSDP is aligned with the global Sustainable Development Goals and sets out an ambitious program of well-structured interventions. Implementation of the MSDP is only just beginning and actions are still under way to further articulate operational priorities and specific programs and projects that can be translated into annual budget plans for individual ministries, including through the Myanmar Project Bank. The SCD, which was structured in a manner that embeds the Government’s development goals into its analysis of binding constraints and opportunities to achieving poverty reduction and shared prosperity in Myanmar. Combined, the MSDP and SCD provide an organizing framework to guide the identification of priority areas for WBG’s engagement in Myanmar.

## Proposed WBG Country Partnership Framework

### A. Lessons from CPF Completion and Learning Review and Stakeholder Consultations

43. Implementation of the FY15–FY19 CPF provides important lessons, which will inform the preparation and implementation of the new CPF program. The Completion and Learning Review (CLR) in Annex 2 sets out an exhaustive description of the lessons learned from the last CPF. Four key lessons have been particularly relevant in guiding the initial formulation of this CPF.

- **Adopt a systemic and measurable approach to address pervasive exclusion and conflict, harnessing the WBG’s experience in the wake of the Rakhine crisis.** As detailed in paragraph 44 below, the framing of the CPF around the central cross-cutting theme of promoting inclusion, including in conflict-affected areas, is intended to build upon the recently initiated WBG endeavor to systemically address fragility drivers in Myanmar. Though it is still incorporated as a cross-cutting theme, in contrast to the previous CPF, measurable results have been incorporated across the CPF to capture the program’s impact on delivering economic opportunities, basic services, and community-level infrastructure to the most underserved parts of the population in an inclusive and conflict-sensitive manner. Mechanisms have also been incorporated to regularly monitor progress with respect to this theme.
- **Balance selectivity in prioritizing engagement with the complexity and interrelated nature of the triple transition process.** Narrowing the breadth of engagement in a country with such extensive and interrelated development challenges is not likely to be a feasible solution for maximizing impact, particularly given the ongoing COVID-19 pandemic. However, given the Government’s limited implementation capacity and the heterogenous economic, social, and cultural dynamics at play across the territory, new ways of engaging are needed to ensure that results are achieved. Introducing a phased approach to building the program that is underscored by robust analytical work, close engagement with implementing institutions and relevant stakeholders, and adequate resources (including critically important trust funding) and time to accompany and oversee implementation is key to responding effectively in a low-capacity environment. This phased approach will, however need to be flexibly

adjusted to ensure that Myanmar receives timely and robust support to contain the negative impact of the COVID-19 pandemic as it unfolds. Where feasible, a programmatic approach to analytical work will be maintained to facilitate the iterative delivery of analysis in particular areas to inform the WBG's interventions. The WBG will retain a significant on-the-ground staff presence in Myanmar to ensure close supervision support and engagement with counterparts. Emphasis will also be placed on sustaining and deepening strategic trust fund arrangements, such as the Myanmar Multi-Donor Trust Fund (MDTF), to leverage resources and optimize development partner coordination around reform efforts.

- **Develop an integrative national-level approach to improving governance and capacity.** The CLR found that the CPF program had limited traction in improving governance at the national level. Although institutional strengthening underscores the entire CPF program, the first objective in each focus area specifically targets the development of core government functions at the Union and subnational level. Harmonizing procurement processes, enhancing coordination between government entities, building information systems that allow for transparent sharing and use of data, strengthening capacity to plan and execute budget allocations, and developing expertise to optimize public and private financing of strategic infrastructure investments will help, in an integrated manner, to support systemic improvements in institutional capacity.
- **Further leverage the hitherto successful 'one WBG' approach to supporting Myanmar's development objectives.** Under the previous CPF, the World Bank, International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA) worked collaboratively to combine public and private sector approaches to respond to key national priorities in certain sectors. For example, in the energy sector, under the WBG Joint Implementation Plan, the three arms of the WBG leveraged an array of instruments to support increased electricity access and help alleviate acute electricity shortages (see annex 2). Under the CPF, emphasis will be placed upon better coordination, especially at the upstream reform and planning phases, to strengthen synergies and ensure consistent approaches to supporting key objectives including those related to the development of the financial sector, increased productivity in the agriculture sector, and management of strategic infrastructure, particularly in the energy sector. Efforts will be made to replicate the successful deployment of joint action plans to guide collaborative responses of the WBG in selected sectors.

44. **The design of the CPF benefitted from a comprehensive consultation process with a diverse set of stakeholders from across the state and regions (Annex 9).** Respondents supported the WBG's engagement in promoting inclusion and peace, but also acknowledged the limitations of tackling this agenda through development alone. Accordingly, they stressed the importance of strengthening inclusive formal institutions, building subnational government capacity, developing effective mechanisms to engage in conflict-affected areas, and working better with representative local and nongovernmental actors, including EAOs. Respondents reiterated the longer-term imperative of building the capabilities of Myanmar's youth, through inclusive and quality education and health services. The WBG was also encouraged to do more in building connective infrastructure and creating better income-generation and access to finance opportunities, particularly in agriculture and for domestic SMEs.

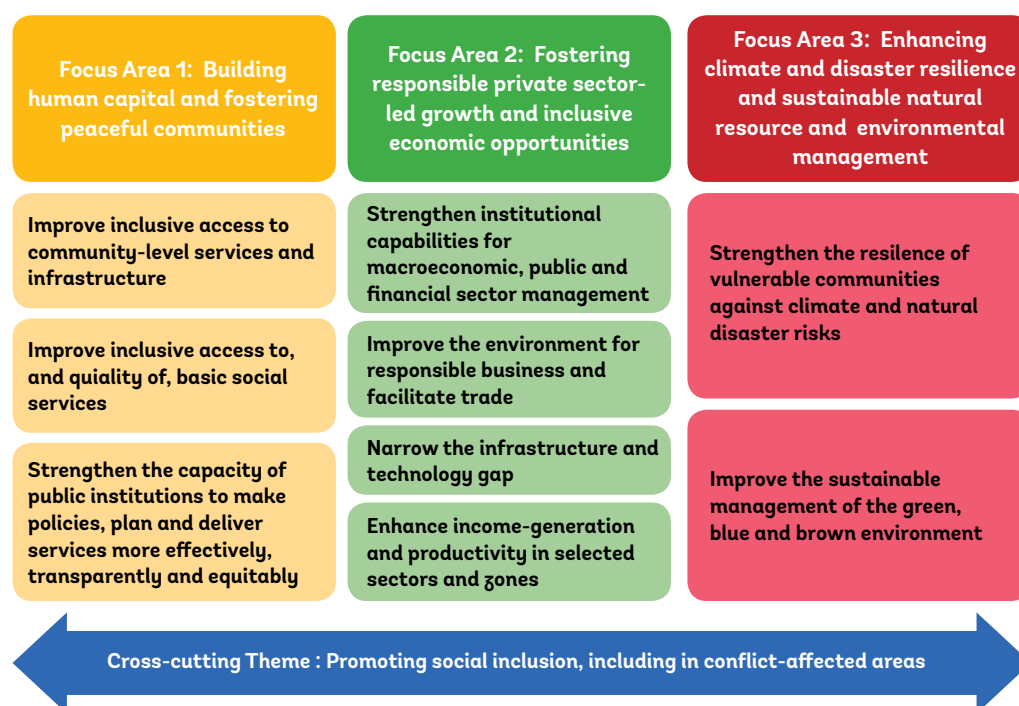
## B. Overview of the World Bank Group Strategy

45. **The Myanmar CPF for FY20–FY23 seeks to support the country through a challenging transition to achieve progress in the twin goals of reducing poverty and increasing shared prosperity.** The proposed CPF, which largely coincides with the IDA19 cycle, is built around three focus areas that aim to advance Myanmar's economic transition sustainably while ensuring that the benefits of the transition are shared more widely. Focus Area 1 on building human capital and fostering peaceful communities places an immediate emphasis on inclusively investing in the people of Myanmar for long-term generational change and the achievement of peace dividends. The objectives seek to expand equitable access to quality basic services and community-level infrastructure in the most underserved communities while progressively empowering local public institutions to responsively cater to the needs of local populations. The proposed engagement is intended to deliver tangible

welfare improvements (as well as welfare protections given the COVID-19 crisis) at the household level while building participatory and inclusive processes for communities to engage as a basis for increased tolerance and social cohesion at the community level. Focus Area 2 on fostering responsible private-sector-led growth aims to keep the economic transition on track by building government capacity to manage the economy for stability and growth while nurturing and supporting a competitive, connected and attractive environment for responsible businesses to generate jobs and inclusive economic opportunities for the people of Myanmar. Focus Areas 1 and 2 also provide scope for addressing the human and economic impact of the COVID-19 crisis. Focus Area 3 is anchored in Myanmar’s abundantly rich natural environment, which not only constitutes an essential lifeline but is also the source of growing vulnerability. It takes a forward-looking perspective and focuses on building the resilience of the country to cope with natural disasters while ensuring that natural resources and the environment are managed sustainably for the benefit of existing and future generations. Institution building features as a primary objective within each of the focus areas.

46. **The CPF is centered around the cross-cutting theme of promoting social inclusion, including in conflict-affected areas.** The World Bank’s flagship *Inclusion Matters* report, defines social inclusion as “The process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society.”<sup>16</sup> Social exclusion, under this definition, consists of being disadvantaged by one’s identity in how one takes part in society. People take part in society through engaging in three main domains: markets (land, housing, labor, and credit); services (health, education, water, transport, electricity, information, social protection); and political, physical, cultural, and social spaces. Social inclusion is the process of improving the ability, opportunity, and dignity of people in taking part in these domains. The COVID-19 pandemic has highlighted the critical importance of inclusive approaches, particularly in ensuring access to health services and social protection. Though cross-cutting in nature, this theme represents a truly foundational dimension of the proposed CPF. It builds upon the strategic approach that the WBG has started to implement in the wake of the Rakhine crisis—an approach that is relevant in dealing with the ongoing fragility in Rakhine State, with broader dynamics of exclusion and conflict across the country and with the distributional impact of policy measures taken to minimize the impact of COVID-19. The intention is to go beyond a ‘do no harm’ response to the country’s key drivers of fragility and instill systemic practices for understanding and measurably responding to the evolving dynamics in the country to promote social inclusion and peace.

Figure 12 | CPF Focus Areas and Objectives



16 See World Bank. 2013. *Inclusion Matters Report*.

47. **In a time of significant global uncertainty linked to the COVID-19 crisis, the CPF is intended to frame the WBG's engagement in Myanmar over four years, leaving room for adaptation and expansion to respond to a fluid and rapidly evolving country context.** In an already high-risk environment where risks have been amplified by the advent of the COVID-19 pandemic, implementation of the CPF will require flexibility and iterative, evidence-based adjustments. The CPF program carries forward a phased approach to engagement, moving beyond the recent lending pause in which no new lending was approved by the WBG in the two years following the 2017 Rakhine crisis. During the initial years of the CPF—which incorporate the last year of IDA18 and the first year of IDA19—the identified IDA pipeline will further support areas in which the WBG is already substantively engaged and that are considered core priorities for achieving the CPF objectives or areas that are critical for supporting an emergency and recovery response to the COVID-19 pandemic, depending on how it evolves. The CPF objectives have been crafted to allow for an expansion of the lending program in the outer years of CPF implementation to support new sectors, including tourism (building upon IFC's initial engagement in the sector), transport, and digital development, if the conditions for such engagement are right. As part of the monitoring and evaluation of the CPF, the midterm Performance and Learning Review (PLR) will give the WBG the opportunity to reassess the country context, examine performance of the existing program (including on social inclusion), and adjust the scope of the WBG's engagement, also taking into account post-election developments and government priorities. New operations will be identified using the CPF filters detailed in Section C below. In addition, the data and monitoring mechanisms identified in the implementation section below will be used to assess risks and program performance on an annual basis to make course corrections to the WBG's engagement, when needed.

48. **The three arms of the WBG—World Bank, IFC, and MIGA—have worked closely in the formulation of this joint CPF and will deploy the principles of Mobilizing Finance for Development (MFD), where appropriate, to leverage private sector participation in Myanmar's development process.** The CPF will expand upon the successful collaboration and synergies that the World Bank, IFC, and MIGA developed under the first CPF. Recent diagnostics, including the Myanmar Country Private Sector Diagnostic (CPSD), the Myanmar Energy Infrastructure Sector Assessment, and the forthcoming Country Economic Memorandum (CEM), provide the basis upon which the WBG will collaborate to leverage private and public solutions for creating markets and accelerating private sector-led growth. In alignment with the Myanmar IFC Country Strategy, IFC will extend advisory services and explore investments principally in infrastructure (particularly power, telecom, cities, and transport); agribusiness; tourism; and financial services (with a focus on strengthening the banking sector and expanding microfinance). IFC will coordinate with the World Bank on upstream sector needed to address market failures and constraints to private sector investment. MIGA is also actively exploring further opportunities to provide political risk guarantees for eligible private sector projects and public-private partnerships (PPPs). The MFD principles have influenced considerations on appropriate sequencing and coordination across the WBG in these areas.

49. **Given the specific needs of communities affected by the 2017 Rakhine crisis in Rakhine and refugees from Rakhine state, as well as the cross-border dimensions involved in addressing these needs, a focused WBG response will be pursued.** This response will involve a regional approach for which the WBG's engagement in Myanmar under this CPF will only cover a part. The regional response (see box 2) will include the establishment of a regional collaboration platform to optimize country-level engagements not only in Rakhine State in Myanmar but also in Bangladesh, where the most significant population of refugees from Rakhine State are currently located. The response will also involve some analytical work being carried out in Malaysia. Under this CPF, engagement in Rakhine State in the initial years of the CPF will focus on inclusive service provision, as part of broader national projects on health, education, and energy. This engagement will be conditioned upon principles of nondiscrimination. The WBG lending in Rakhine may expand beyond the initial FY20–FY21 pipeline to include a dedicated Rakhine Recovery and Development Project (RRDP) only when it will be possible to provide inclusive and nondiscriminatory access to basic services for all communities in Rakhine, and if conflict between the military and AA de-escalates.

## Box 2. Regional Response to Supporting Communities affected by the 2017 Rakhine Crisis

As a long-standing multilateral development partner with deep presence in each of the target countries, the WBG is developing programs in Myanmar (under this CPF) and Bangladesh, as well as some analytical work in Malaysia to support communities affected by the 2017 Rakhine crisis that are now living under three very different sets of country conditions.

In Bangladesh, where the largest population of refugees from the Muslim community in Rakhine State are located in Cox's Bazar and in addition to three ongoing operations, the World Bank is supporting a second phase of interventions that will cover the whole of Cox's Bazar District, targeting both refugees and host communities. These operations will be delivered in FY20 with grant financing from the RSW and will include (a) a US\$150 million health project to respond to basic health needs of the host communities and refugees in Cox's Bazar, with a focus on gender-based violence; (b) additional financing of US\$100 million to the Social Safety Nets for the Poorest Project to support public works, grants, and livelihood interventions with community-identified activities; and (c) additional financing of US\$100 million to the Emergency Multi-sector Rohingya Crisis Response Project to enhance access to safe water and sanitation and support the construction of multipurpose shelters and all-weather access and evacuation roads in both the camps and host communities. The World Bank is also supporting a series of surveys and analytical work aimed at developing data and information ecosystem to inform medium to longer term responses.

In Malaysia, where 55 percent of registered UNHCR refugees originated from Rakhine as of December 2019, the Ministry of Foreign Affairs has established an Inter-Ministerial Task Force mandated with examining the situation of the refugees in the country and developing practical proposals to improve their well-being. As a contribution to this initiative, the World Bank is collaborating with UNHCR and conducting an analysis of the available knowledge and labor market skills of the relevant refugee community to inform possible access to labor market solutions.

In addition to delivering on the objectives embedded within each country program, the World Bank proposes to take a regional approach to assisting populations affected by the Rakhine crisis, using its analytical work, lending operations, and convening power to establish a platform of cross-border cooperation to facilitate the exchange of relevant knowledge, experience, and technical capacity.

## C. Criteria for Selectivity

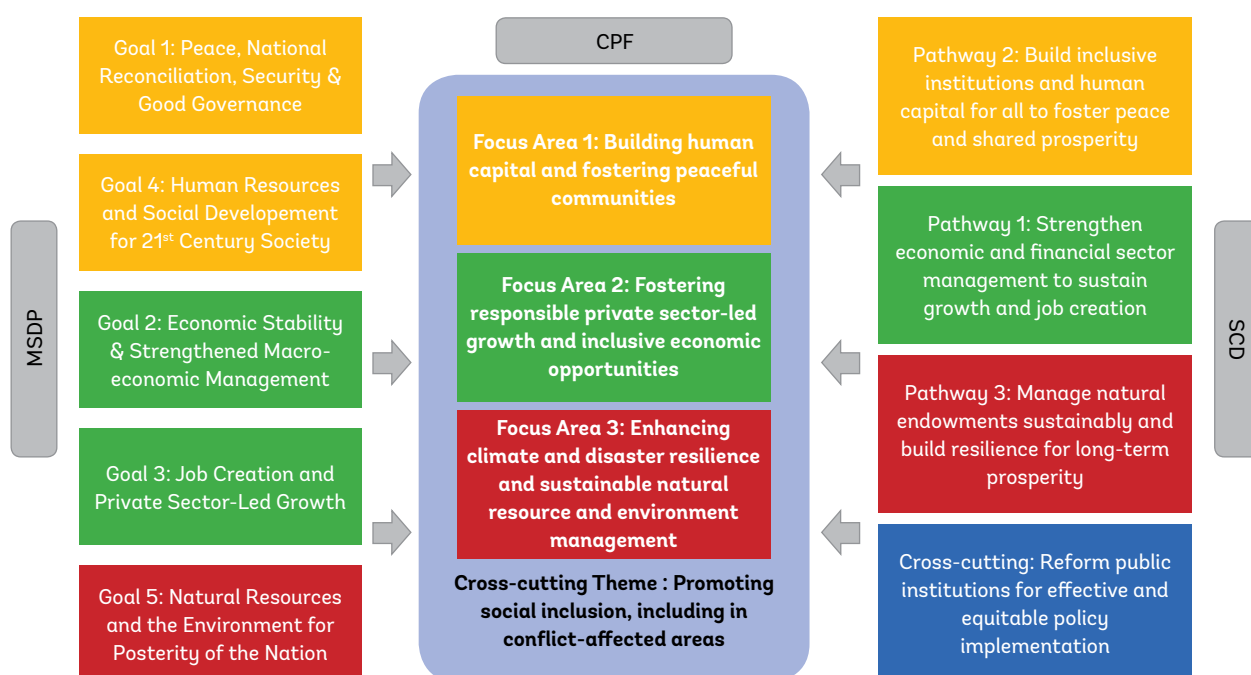
50. **The WBG is committed to continuing to support Myanmar's complex triple transition.** Three filters are applied to orient, sequence, and optimize World Bank engagement in the country over the next four years.

51. **Alignment with national development priorities and the World Bank's twin goals.** In defining the CPF areas of focus and objectives, this filter ensures alignment with the Government's development priorities and the WBG's twin goal priorities of eradicating poverty and sharing prosperity (figure 13). The CPF focus areas and cross-cutting themes are directly drawn from the country's development priorities, as articulated in the MSDP goals. Although the MSDP covers a vast array of strategic priorities within each of its goals, the CPF objectives are identified on the basis of selected areas of specific interest communicated by the Government in the lead-up to, and during, consultations, in addition to being guided by the selectivity filters discussed in paragraphs 50 to 52. The CPF is also firmly anchored in the strategic priorities that were identified in the SCD as having the most significant potential impact on the twin goals over the medium term.

16 See World Bank. 2013. Inclusion Matters Report.



Figure 13 | CPF Alignment with MSDP and SCD



52. **Comparative advantage.** Since re-engaging in 2012, the WBG has developed a strong track record of performance and established relationships with reform champions in key areas of the national development agenda. These include strengthening economic and financial sector management; advancing community-driven development; expanding inclusive access to education and health; improving the environment for Doing Business; and creating platforms to catalyze/coordinate government and donor support around specific national objectives, such as universal electricity access. This filter seeks to ensure selectivity across and within sectors by leveraging the inroads made through existing investments and policy dialogue in specific sectors and national reform programs. It also seeks to ensure complementarity with the engagement of other development partners in Myanmar.

53. As part of a phased approach, investments in the initial years of the CPF will be in areas in which the WBG has an existing engagement (through operations and policy dialogue). These investments address core requirements for (a) supporting the immediate needs of the underserved and excluded, (b) developing core foundations to advance an inclusive economic transition, and (c) supporting inclusive climate change mitigation and adaptation to preserve the country's rich natural resource base as both a public and global good for existing and future generations. The initial CPF IDA pipeline (FY20–FY21) is limited to the following sectors: health and nutrition, primary education, community-driven development, energy, decentralization, public financial management (PFM), competitiveness and trade, forestry, and agriculture. The pipeline does not envisage direct lending in sectors (a) where there is already substantive engagement by other development partners (such as in tertiary education and vocational training or water and sanitation); or (b) in which the WBG has limited preexisting engagement at the policy level (such as fisheries and aquatic resources, industrial manufacturing, or transport beyond roads and public transport); or (c) where existing policy-level engagement has not gained traction (such as civil service reform). Flexibility in the initial CPF pipeline will, however, be needed to provide support to the country's emergency and recovery needs resulting from the COVID-19 pandemic. As the CPF was being finalized, the WBG was in active dialogue with the Government to ensure that the existing areas of engagement, including the portfolio and pipeline, fully support emergency COVID-19 response and recovery efforts. New lending in the outer years of the CPF will need to be grounded in a solid analytical base and preestablished engagement at the policy level for which demonstrated government commitment is evident. It will also need to complement engagements of other development partners.

54. **Impact on inclusion.** This overarching filter seeks to further refine the focus of WBG engagement to optimize its impact on economic and social inclusion.<sup>17</sup> Achieving peace and prosperity for all in Myanmar cannot be realized by development alone and requires political solutions that are beyond the influence and mandate of the WBG. However, through this filter, the CPF program is structured and sequenced to ensure that, where feasible, the WBG supports national policy and program responses to systemically promoting inclusion and WBG investments reach the poorest and most excluded, including in conflict-affected areas. It also limits project investments in nationwide agendas that may be contested and require longer-term efforts to build consensus around—and for which the impact of the WBG interventions on inclusion over the medium term may be limited—such as identification for development, nationwide land reform,<sup>18</sup> and extractives management.<sup>19</sup> The filter influences several dimensions of the CPF program:

- **Structure.** The CPF objectives focus on strengthening and building confidence in inclusive formal institutions and systems (a key lesson of the 2011 World Development Report on Conflict, Security, and Development); promoting an inclusive economic development model that is resilient to economic shocks; ensuring inclusive access to quality services and infrastructure that target the poorest and most marginalized; and protecting vulnerable populations from the impact of environmental degradation, natural disasters, and climate change.
- **Sequencing.** The sequencing of the CPF program, which confines the initial program to certain sectors of preexisting engagement or COVID-19 emergency response priority and allows for an expansion of engagement in the outer years of the CPF, will be based on assessments of the performance of the CPF program (including progress on CPF indicators that are specifically focused on inclusion), as well as an examination of the evolution of country policies and context. In Rakhine specifically, expanded engagement will be considered at midterm, as part of the PLR, if the conditions are appropriate.
- **Geographic targeting.** At the national level, the WBG engagement targets national reforms and programs that are both pro-poor and hold significant potential for being inclusion focused. These include programs to enhance the equitable allocation of resources across the territory; expand access to finance; level the legal and regulatory playing field for the private sector and create opportunities for domestic SMEs; empower local communities to drive local development (for example, National Community-driven Development Program [NCDDP]); and deliver nondiscriminatory services for improved well-being (for example, National Electrification Program, Maternal and Child Cash Transfer Program, and National Education Strategic Plan). For localized investments, in a country as economically, socially, and culturally heterogeneous as Myanmar, the CPF program incorporates a bottom-up, iterative, and geographically targeted approach. Using MDI and complementary data, geographic IDA investments will be targeted to underserved areas that exhibit the weakest welfare outcomes. This will necessarily require engagement in conflict-affected areas, where this is feasible. Responding to the CLR lessons learned and the Risk and Resilience Assessment (RRA) recommendations, the scope of geographic investments in relevant projects will be confined to ensure that projects are appropriately attuned to complex and varied local political economy and inclusion dynamics. Both the World Bank and IFC programs will seek to ensure complementarities between projects in the same geographic location.
- **Engagement modalities.** To respond to the key drivers of fragility—exclusion and conflict—the CPF program incorporates a cross-cutting theme on peace and inclusion. This theme is intended to change how the WBG engages by introducing mechanisms to better target and support underserved and conflict-affected areas and by working more closely with nonstate actors, including EAOs and related or affiliated ethnic service providers (ESPs).

<sup>17</sup> This filter is to be distinguished from the IPL, which is an operational mechanism applied to pipeline projects.

<sup>18</sup> Land and land tenure issues will be addressed on a project-by-project basis through the Environment and Social Framework.

<sup>19</sup> With the exception of limited engagement to continue support to the Extractive Industries Transparency Initiative (EITI).



## Corporate Priorities

### 55. The CPF incorporates IDA19's commitment to jobs and economic transformation (JET), gender, climate change, governance, and support to FCV countries:

- **JET.** The CPF envisages a 'whole of WBG' approach to supporting the JET agenda in Myanmar. Focus Area 2 of the CPF seeks to support Myanmar's unfinished structural transformation by creating a stable environment that is conducive to promoting investments, by supporting enabling sectors such as agriculture to boost productivity, and by fostering connectivity to markets. The objectives of improving the environment for investing and operating businesses and strengthening income opportunities and productivity in selected sectors are ultimately aimed at providing more and better jobs. Specific projects, including the Peaceful and Prosperous Communities Project (PPCP), will also provide income-generation opportunities. The focus on building human capital by improving inclusive access to and quality basic services will also be critical to creating a healthy, skilled, and productive future workforce. The World Bank's efforts to support reform programs will be complemented by IFC's and MIGA's support for firm-level technical assistance (TA), investment de-risking, and mobilization of private capital. The recent Jobs Diagnostic and CPSD provide the underpinnings for support to the JET agenda.
- **Gender.** Gender was effectively mainstreamed under the last CPF and will remain a key priority for this CPF. Emphasis will be placed upon identifying and implementing actions to reduce gender gaps based on the findings of the Myanmar Country Gender Action Plan (2018) (Annex 8).<sup>20</sup> The CGAP aims to have all new operations informed by gender analysis and to have 60 percent or more of new projects gender tagged as confirmed by the Gender Cross-Cutting Solution Area. Emphasis will also be placed on gender-based violence. The World Bank is finalizing an evidence-based analysis to better understand and respond to drivers of violence. In addition, detailed monitoring of data on conflict and violence, including gender-based violence, will be used to inform project design and implementation. IFC will focus on providing evidence on the business case for gender equality; addressing constraints to more and better jobs; closing gaps in access to finance, energy, markets and technology; increasing women's representation in leadership; and building respectful workplaces free from bullying and sexual harassment. IFC's Gender advisory will concentrate on closing gender gaps in priority sectors including finance, agriculture, and tourism. The impact of these WBG interventions will be measured and captured within specific objectives and under the cross-cutting theme of promoting social inclusion.
- **Climate change.** The WBG in Myanmar will develop a Climate Change Action Plan to identify opportunities to strengthen climate action and co-benefits in the portfolio, especially in operations that address energy, agriculture, forestry, trade and competitiveness, and disaster risk management. Where appropriate, Contingency Emergency Response Components (CERCs) will also be built into operations to allow prompt allocation of IDA funds to respond to an eligible emergency, disaster, or catastrophic event, including epidemics. Climate change mitigation and adaptation are integrated into several parts of the program, including mitigation through carbon sequestration by reforestation; efficiency of power generation; promotion of clean and sustainable energy investments; and adaptation through more climate resilient infrastructure (including for basic service delivery), improved irrigation systems, and cash transfers. The World Bank will support Myanmar to deliver more ambitious targets and actions outlined in its updated Nationally Determined Contributions (NDCs), including support for transitions on (a) climate-smart agriculture for food security; (b) sustainable management of natural resources, in particular forests, for healthy ecosystems; (c) resilient and low carbon energy for sustainable growth; and (d) climate and disaster risk management for people's health and resilient livelihoods. In addition, based on the country's demand, NDC-related analytical and advisory services would be provided to (a) strengthen the technical and management capacity of government agencies, (b) enhance cross-sectoral

20 The 2018 Myanmar Country Gender Action Plan identified five priority areas for deepening country engagement on gender in Myanmar: (a) reducing the prevalence of gender-based violence; (b) promoting access to finance; (c) increasing women's participation and decision-making rights; (d) promoting equitable access to services; and (e) improving economic empowerment through equal pay for work and participation in livelihood activities and wage jobs.

coordination mechanisms, (c) integrate climate change into investment planning and budgeting, and (d) establish the NDC results monitoring and reporting framework.

- **Governance.** Within each of the CPF focus areas, a specific objective is dedicated to strengthening the fundamentals of good governance by building accountable and effective public institutions to deliver public services and foster stability and inclusive, sustainable growth. Enhancing performance monitoring and citizen engagement practices will be systematically built into all new operations, leveraging information technology. Institutional strengthening and capacity will continue to be an integral part of all IDA projects.
- **Fragility and conflict.** The CPF reflects the recommendations of the Myanmar RRA and RRA Update in addressing the drivers of fragility and conflict to support the country in benefitting from the dividends brought by peace. It also closely aligns with the new World Bank Global FCV Strategy, including the need to remain engaged during ongoing conflict, focus on conflict prevention, work with a wide range of stakeholders, and reorient programs around the drivers of conflict and fragility. The CPF seeks to promote an inclusive economic development model by extending opportunities to excluded populations and conflict-affected areas and focusing on the inclusive redistribution of growth gains through service- and community-level infrastructure. It also factors in the need to engage with a wide array of stakeholders, including EAOs, and commits to the WBG's use of systems to better monitor and understand FCV issues, including continued application of the IPL at the project level. The World Bank will continue to work closely with UN agencies and bilateral and other multilateral donors in formulating and implementing its programs in Myanmar.
- **Debt.** Myanmar remains at low risk of debt distress, but the vast financing needs induced by the COVID-19 crisis may change this. Technical support provided under Objective 2.1 will help strengthen the Government's debt management capacity, with a particular focus on building debt transparency and enhancing government understanding of the WBG's new sustainable finance policy, building on progress with the Medium-Term Debt Strategy, the Debt Management Performance Assessment, and broader reporting on fiscal risks.
- **Disruptive technology.** The CPF seeks to promote the use of digital technology across the WBG program. In addition to analytical work targeted at supporting government policies to prepare for a digital economy and implement a national payments system, lending operations will systematically build-in digital delivery solutions, including ICT-based beneficiary engagement and project monitoring mechanisms. In the latter years of the CPF, dedicated lending to support digital government initiatives may be pursued.

56. **The WBG will apply the MFD principles, drawing upon a mix of public and private sector financing options and solutions.** The Government has recently established a Project Bank to prioritize infrastructure investments and identify optimal financing modalities for these investments. A PPP Center has also been established to develop and codify policies for PPPs to facilitate greater private sector investment in infrastructure. If successfully implemented, these mechanisms will provide an institutional platform upon which the WBG could seek to apply the MFD principles in the selected sectors of agribusiness, transport, tourism, finance, and energy. Considerations for supporting specific PPPs will be anchored in robust upstream WBG engagement to strengthen institutional capacity and ensure that PPPs are used when they provide value for money, risks transferred are reasonable, arrangements are fiscally sustainable, and private sector involvement is appropriate and is not compromised by vested interests. The World Bank will continue to provide TA to strengthen institutional capacity for prioritizing and coordinating investments in key sectors through the Project Bank and improving procurement processes to encourage competitive and transparent government transactions with the private sector. At the transaction level, IFC advisory services will be offered to guide the successful development, structuring, and tendering of PPP projects in line with international best practices. Blended financing options that leverage IDA lending, Viability Gap Funding, the IDA Private Sector Window (PSW), and IFC investments will also be explored to catalyze private investments, with particular focus from IFC on infrastructure, notably

in power, telecom, cities and transport, as well as in the financial sector and agriculture. MIGA will continue to closely collaborate with the World Bank and IFC to identify potential MFD opportunities to support foreign investment in Myanmar, including by leveraging the PSW.

## Focus Areas and Objectives supported by the WBG Program

### *Focus Area 1: Building human capital and fostering peaceful communities*

*This focus area will target improving inclusive access to quality services and community-level infrastructure. These investments are intended to help protect and build human capital and create community environments that foster well-being and reduce inequities that sometimes lead to conflict. Acknowledging that achieving national peace is still a long-term objective for Myanmar, the World Bank Group will harness opportunities to promote social cohesion from the bottom-up by reinforcing mechanisms that enhance community participation in local development and by strengthening the capacity of subnational governments to respond equitably to the needs and aspirations of local populations.*

#### **Objective 1.1: Improve inclusive access to community-level services and infrastructure**

57. This objective seeks to ensure that all members of selected local communities have an opportunity to participate in decision making and benefit from access to community-level infrastructure and services. Communities are defined broadly to include rural communities in selected villages and townships, as well as urban communities in selected municipalities and secondary cities.

58. **Limited access to municipal and administrative services (such as waste collection, public lighting, and birth certification) and community-level infrastructure (such as rural roads, public transport water supply, water and sanitation services, electricity, and agricultural infrastructure) impedes well-being and access to economic opportunities for poor and marginalized populations, particularly for women.** Myanmar's poor are predominantly rural, and the needs of rural communities are significant. Almost 40 percent of rural households lack access to safe drinking water year-round, 25 percent lack access to improved toilet facilities, and 22 percent have no access to electricity. Poor and uneven access to basic community infrastructure and services has the potential to fuel grievances within and across communities. At the same time, though the urbanization rate is lower than in other countries in the region, at 1.7 percent per year in 2017, continuous economic growth is expected to spur the growth of urban centers.<sup>21</sup> This may exacerbate emerging urban stresses related to congestion, provision of services, pollution, social cohesion, livable urban environments, as well as increasing flood risk due to insufficient drainage infrastructure and increasing land cover. But urbanization could also offer an opportunity to promote the creation of tolerant, multi-ethnic economic centers if early efforts are made to foster inclusive urban planning, management, and public service provision. In both urban and rural areas, local governments are beholden to the union government for resources to fund and provide services and infrastructure, weakening lines of accountability between the Government and people.

59. **The WBG program will support expansion of access to community-level services and infrastructure through inclusive and participatory processes engaged by local public institutions.** The ongoing NCDDP will continue to support the National Community-driven Development Program to inclusively empower selected rural villages<sup>22</sup> to manage and participate in their own development by financing community-identified rural infrastructure investments; by strengthening the capacity of communities in partnership with local authorities to effectively identify, plan, and implement their development priorities; and by facilitating the participation

<sup>21</sup> Projections suggest that an additional 7.1 million rural residents will move to cities by 2050. United Nations Department of Economic and Social Affairs/Population Division 15. 2014. *World Urbanization Prospects: The 2014 Revision*.

<sup>22</sup> Township selection was conducted on the basis of broadly consultative processes that drew upon available data. Since the release of the MDI data in 2019, the selection criteria for new townships has incorporated the data.

of the poor and vulnerable throughout the project cycle. The ongoing National Electrification Project (NEP) will further expand access to electricity of households and public buildings through on-grid and off-grid systems, particularly in rural areas, by improving coordination and increasing the capacity of central government agencies, regional governments, and communities. While the selection of villages for off-grid systems is based on several criteria, in practice, off-grid investments are benefiting households that live in the most disadvantaged townships, as measured by the MDI. The planned Enhancing Institutional Capacity of State and Region Governments in Myanmar Project (EICP) will work directly with selected state and region governments to enhance their institutional capacity to plan inclusively and manage public funds for the delivery of community-enhancing municipal and administrative services in secondary urban centers. In furthering links between this objective and Objective 3.1 described below, climate resilience parameters will be evaluated and incorporated into all new community infrastructure projects.

60. **The program will include a focus on supporting livelihoods and equitable access to services in conflict-affected areas.** The PPCP will support the establishment of mechanisms to build trust and collaboration between the Government, EAOs, and communities to identify and manage community-level infrastructure and service investments for the benefit of all members of selected conflict-affected areas outside Rakhine State. Investments under the project will not begin until (a) the Government and EAOs have jointly agreed on geographic areas of project activities and (b) investment priorities identified by communities have been screened and endorsed at the township level through a process that will involve both EAOs and civil society organizations. The NCDDP is currently active in 21 townships affected by conflict and the NEP includes explicit targeting of off-grid remote and conflict-affected states and regions. In Rakhine, subject to the satisfaction of selected conditions on inclusion that would help mitigate the risk of communities being left out of project interventions, an RRDP could be pipelined later into the CPF implementation. The project would focus specifically on expanding access to economic opportunities and critical services to all communities in selected areas of Rakhine State, as a basis for reinforcing social cohesion between and within these communities. Enhanced supervision—which may include third-party monitoring and use of ICT and other innovative approaches—will be employed across the program to ensure that project-level processes for ensuring nondiscriminatory and inclusive participation and access to investments are effectively applied.

### ***Objective 1.2: Improve inclusive access to, and quality of, basic social services***

61. **Substantial progress in access to basic social services has been achieved over the past decade, yet human development outcomes are weak and uneven across the country and population groups, limiting the potential for Myanmar to develop its human capital, deepen growth, and nurture a tolerant and inclusive next generation.** Myanmar has the highest infant mortality rate (61.8 deaths per 1,000 live births) in East Asia and the Pacific and one in three children under five years is stunted. Poor feeding practices; limited affordability of an adequate diet, inadequate coverage of nutrition services; and high exposure to unhealthy environments (due to limited access to safe water, sanitation, and hygiene)—especially for the poor—contribute to high levels of malnutrition and poor health from the early years of life. This has productivity implications for the long term. Myanmar was one of the first countries to conduct the Joint External Evaluation which indicated that the country has comparatively weak institutional capacity to prevent, detect, and respond to disease outbreaks and pandemics, with an average score of 2.2 out of 5, compared to the overall global average of 2.8 and the IDA countries average of 2.2. Although public funding for health has increased threefold since 2013, access to health services is impeded by a large gap in the readiness of health facilities to provide universal coverage of essential services of adequate quality. High out-of-pocket spending is exacerbated by Myanmar's limited safety net or social protection system. Despite major Government commitments to expanding social protection, overall spending and coverage of social protection programs, particularly for social safety nets, remains low by comparison with other countries in the region. Public resources to education have increased fivefold since 2013 and primary education enrollment is now almost universal for both boys and girls (94 percent in 2017). But access is still elusive for many—especially if poor, living in underserved areas, or belonging to minority groups—and completion rates among these children are very low. One in four of the poorest children drop out before completing primary school. Greater access to education is also not translating into improved learning outcomes or the generation of skills to meet the needs of the labor market.

62. **The WBG program will focus on expanding inclusive access, to and quality of, education, nutrition, health, and social protection services through operations that support both nationwide programs for systems building and geographically targeted interventions, as well as pandemic preparedness and response.** The WBG will finance expanded access to a government-established nutrition-sensitive Maternal and Child Cash Transfer program in geographical areas with the highest stunting burden (using the MDI for targeting) and will support strengthening of the overall social protection system in Myanmar. The World Bank will also provide additional support for the social protection and safety net system to respond to the COVID-19 crisis. In health, additional financing to the Essential Health Services Access Project (EHSAP) will build the readiness of health facilities to provide quality basic service provision in the geographical areas with greatest health needs (using the MDI for targeting); strengthen systems; and institutionalize multi-stakeholder (public sector, private and ethnic health providers, NGOs) collaboration to improve effective coverage of services in remote and conflict-affected areas. Furthermore, it will promote a One Health Approach by strengthening coordination mechanisms between key actors in pandemic preparedness, such as Ministry of Agriculture, Livestock, and Irrigation and Ministry of Health and Sports, to collaborate, for example, on detection, prevention and control the spread of animal-human transmission of emerging infectious diseases. The Myanmar CoVID-19 Emergency Response Project will be closely linked to the EHSAP and will strengthen the frontline service delivery level to respond to the disease outbreak through improved infection control and prevention and community engagement by trained voluntary health workforce to carry out awareness raising, health education, community surveillance and referral activities. In addition, additional financing of EHSAP will also enable rapid reallocation of funds to respond promptly to epidemics and outbreaks, support cross-sectoral collaboration as called for by a One Health approach, and address health consequences arising out of national emergencies, such as natural disasters. The Inclusive Access and Quality Education Project (IAQEP) will support improvements in inclusive access and quality of education services in the most deprived areas of the country, in line with the priorities and 'strategic shifts' outlined in the National Education Strategic Plan 2016–2021. The project will complement the ongoing Decentralizing Funding to Schools Project, which supports improvements in the inclusiveness of decentralized school funding management, enhancements in teachers' professional development, and increased transition rates of poor and at-risk students through the provision of student stipends. Gender-disaggregated indicators will help monitor and facilitate course corrections to ensure that outcomes are achieved for women and girls. Although access to the basic services supported by these projects does not formally require national identification documentation, the World Bank will engage closely with the ministries of education and health and monitor project interventions closely to ensure that indirect or de facto identification requirements do not create restrictions to access by underserved social groups.<sup>23</sup>

63. **Areas affected by conflict, including Rakhine State, will be covered by the WBG's program.** The IAQEP, Maternal and Child Cash Transfers for Improved Nutrition Project, and EHSAP will specifically support building human capital in conflict-affected areas through education, health, and nutrition interventions that systemically help to facilitate cooperation between ESPs, civil society organizations, and authorities of the self-administered areas and state governments. In selected areas of Rakhine State, the IAQEP will place emphasis on getting teaching materials, trained teachers, and resources out to the communities that are least benefitting from public primary education.

***Objective 1.3: Strengthen the capacity of public institutions to make policies, plan, and deliver services more effectively, transparently, and equitably***

64. **Governance arrangements across the center and subnational levels are not well adapted to meeting the different needs and aspirations of the population, sometimes generating grievances and widening inequalities.** The country's ambitions of transitioning to a democratic federal structure are still far from materializing. The 2008 Constitution, though stopping well short of creating a federal structure, established seven states and

23 Both the EHSAP and Maternal and Child Cash Transfers for Improved Nutrition Project explicitly prevent the use of national identification as an eligibility criterion or a requirement for beneficiary registration. The Environmental and Social Framework (ESF) for the IAQEP identifies social risks and measures to ensure that project effects are culturally appropriate, as well as identifying ethnic minorities and marginalized groups and establishing robust complaints and grievance redress mechanisms and detailing steps to review, approve, and monitor implementation of the plans for inclusive education service delivery in IDP camps in Rakhine.



seven regions—each with its own executive, judiciary, and parliament. While political and administrative power remains heavily concentrated in the union government, the responsibilities assigned to the 14 state and region governments provide them with a degree of authority to substantively contribute to democratic development, citizen participation, service delivery, and peace building. Resources allocated to subnational governments have doubled since 2012 but still only account for 11.8 percent of government spending. Subnational governments also lack capacity to plan and manage resources or coordinate and oversee investments and services delivered locally by the union government. Empowering subnational institutions to effectively exercise their limited mandates and work with the union government is critical to enhancing allocative efficiency in public spending and equitable service delivery. It will also help generate bottom-up momentum for a transition to a more representative, federal model over the longer term.

**65. This objective seeks to empower subnational public institutions to better coordinate with the union government institutions and ensure that public services are delivered more effectively and responsively to local populations.** The objective is closely linked to the first objective in Focus Area 2 which aims to strengthen core PFM capabilities. The WBG's engagement will involve support to both union and subnational governments and public institutions. The planned EICP will support the union government to further develop its fiscal and administrative decentralization policies. Focus will be placed upon the fiscal transfer system and revenue-sharing arrangements to expand local government financing and facilitate better targeting and allocation of resources to the states and regions most in need. The project will also focus on building the capacity of selected state and region governments and frontline General Administration Department (GAD) units (in areas such as participatory planning, transparent budgeting, equitable municipal service provision, and coordination and oversight). Project resources will be channeled to selected states and regions to support investments in municipal service delivery, with a focus on the poorest townships within each state and region. The project will be closely coordinated with the PPCP to ensure that local institutions—from the community/village tract level up—work together. Transfers to selected state and region governments will also be used to provide a subnational fiscal stimulus and support investments that promote economic recovery in the wake of the COVID-19 crisis. Pilot ICT-based beneficiary engagement and performance monitoring tools, which are currently being tested, will be scaled up to engage citizens in providing feedback and monitoring service provision and coordination by subnational governments. Under this initiative, support will also be provided to strengthen data privacy and confidentiality provisions. A subnational analytical program, supported by the MDTF, will help strengthen analytics on economic opportunities and welfare and poverty dynamics at the subnational level to enhance planning and resource allocations while providing policy advice and TA on fiscal and administrative decentralization.

## *Focus Area 2: Fostering responsible private sector-led growth and inclusive economic opportunities*

*This focus area will support efforts to sustain and deepen inclusive growth by (a) building capabilities within the public sector to stabilize and stimulate sustainable economic growth while creating an open and competitive environment that attracts responsible private sector operators; (b) connecting people and firms to services (infrastructure, technology, energy, financial services) and markets; and (c) promoting selected drivers of growth (agriculture, and progressively, tourism) to create more and better jobs and increase income generation as part of an inclusive economic growth model.*

### **Objective 2.1: Strengthen institutional capabilities for macroeconomic, public, and financial sector management**

**66. With a history of periodic macroeconomic and financial crises and the risks now posed by the COVID-19 pandemic, Myanmar's policy makers and institutions need to continue to build management capabilities to provide policy certainty and translate long-term vision into policy action to promote resilient and inclusive growth and private sector investment.** Slowing growth and recurring exchange rate and inflation volatility could deter investment and consumption, while low public sector revenues and spending limit the Government's ability to support the economy and ensure that economic and social benefits are distributed equitably. SEEs



operating revenues account for only about 7 percent of the country's GDP and employ less than 1 percent of the labor force. Nevertheless, some SEEs operate in strategic sectors, creating an uneven playing field for private enterprises. Unprofitable SEEs also place a fiscal drain on the budget as they struggle to compete, and their revenues decline as a share of GDP. The Government has initiated actions to progressively reform the SEE sector, including efforts to separate the regulatory function from production (in telecommunications and oil and gas) and restructure manufacturing and industry SEEs. Although essential regulation is taking effect in the financial sector, vulnerabilities remain due to a history of short-term overdrafts that were often directed to related parties, concentration risk, lax reporting requirements, and limited loan-assessment capability. These vulnerabilities will be heightened as a consequence of the COVID-19 outbreak. The outbreak has already put pressure on liquidity in the banking system as the general public turns increasingly to cash in uncertain times. Moreover, the real growth shock will have second-order effects on the financial sector as businesses struggle to make loan repayments and the volume of impaired assets grows, posing significant additional risks to a system that is already under stress. The institutions of day-to-day public administration in Myanmar continue to rely on outdated modes of operating that are not well suited to the functions of modern government—with rigid ministerial and bureaucratic silos leading to fragmented approaches to core functions such as procurement and debt management. The lack of comprehensive digital information management systems presents an enduring challenge to the efficiency and quality of analysis and reporting. Building government capabilities to undertake appropriate fiscal, monetary, and financial policies and institutional reforms will be critical to creating a stable environment for growth. Equally, enhancing the capacity of government institutions to collect more public revenue and make better and fairer spending decisions will allow the public sector to play a greater role in building connective infrastructure and human capital for a stable and prosperous Myanmar.

**67. The CPF will support the Government in developing the institutional capacity needed to manage macroeconomic and financial stability and stimulate growth.** The WBG program will continue to be centered around a substantial platform of analytical work and TA that has already helped the Government deliver improvements in fiscal management and financial management (FM) and that will be critical in helping it to weather the economic impact of the COVID-19 pandemic. Through the macro-fiscal Programmatic Advisory Services and Analytics (PASA), the World Bank will maintain its comprehensive economic monitoring and deepen efforts to support macro-fiscal, and debt management policies, as well as policy measures to respond to the impact of the pandemic. Targeted analysis to help guide the authorities through critical structural reforms in the SEE sector will continue, leveraging government openings to reform. Programmatic technical and analytical work to strengthen the capacity of the CSO to generate reliable data and analysis for evidence-based policy and targeting will also be sustained. In the financial sector, through the Financial Sector Development Project (FSDP) and TA for financial sector monitoring, emphasis will be placed upon supporting the Central Bank to reinforce financial sector supervision and regulatory capacity while progressively strengthening compliance with international banking standards. The World Bank is working closely with the IMF and the Government to determine the possible magnitude of a financing gap as the moderation in growth affects revenues, a decline in the value of gas and garments exports amongst others and as FDI sources weaken. In anticipation of COVID-19 generating significant financing gaps, the World Bank will work with the IMF, the Asian Development Bank (ADB) and other partners to advise the Government on options to close the gap and shore up macroeconomic and financial stability.

**68. It will also help strengthen core public sector management capabilities.** Building upon the ongoing Modernization of Public Financial Management Project, a second phase operation will be developed during the CPF period to enhance the Government's capacity to mobilize revenue, improve planning and budgeting processes, and ensure that allocations are spent efficiently and effectively on growth-generating investments and quality service provision. The project will also support ongoing national pensions reform. Across the WBG's engagement, emphasis will be placed on enhancing transparency in the management of revenue and public resources, by promoting access to budget information and by strengthening reporting on revenue generated from extractives through the EITI. Ongoing investments in information systems for tax administration and core banking in the early years of the CPF may be complemented by a project aimed at modernizing government systems through the introduction of e-governance solutions in the latter years of CPF implementation or integrating e-governance in other operations.

69. **The CPF program’s support to strengthening national institutions and policies under this objective is underscored by a focus on promoting systemic inclusion in Myanmar.** The analytical and operational engagements envisaged will help government institutions (a) maintain a stable macroeconomic environment to avoid income volatility and high inflation, which disproportionately affect the poorest; (b) introduce equitable fiscal policies and tax incentives that optimize revenue for redistribution; (c) use the national budget as a tool for transparent and inclusive resource allocation, helping rebalance allocations away from military expenditures to priority basic service and infrastructure sectors; (d) address budget execution challenges in the health and education sectors to ensure that frontline service providers have the resources needed to deliver services, particularly to underserved communities (as a complement to WBG engagement in the health and education sectors under Focus Area 1); and (e) strengthen oversight and governance of the financial sector as a foundation for expanding access to finance to underserved rural, remote, and conflict-affected areas and domestic SMEs and farmers.

## ***Objective 2.2: Improve the environment for responsible business and facilitate trade***

70. **Myanmar was among the top 20 reformers in the 2020 Doing Business—rising from a ranking of 171 to 163 in one year—yet further efforts to alleviate the high costs involved in investing, operating a business, and trading across Myanmar’s borders could significantly expand the potential of the private sector to contribute to job-creating growth.** Between 2011 and 2016, private sector investment contributed nearly half of all growth. Nevertheless, private sector development and investment remains constrained by a weak business environment by comparison with its regional peers and by the influence of vested interests.<sup>24</sup> Small businesses suffer particularly from complex bureaucratic processes for establishing and operating a business. Though market opportunities exist, SMEs and entrepreneurs often lack the skills to innovate and grow. Businesses that produce for export improve productivity and create more and better jobs. However, exports are narrowly concentrated in a few industries with economic complexity of exports among the lowest in the region. Participation of Myanmar firms in the global value chain is low compared to other countries, with only 5 percent of domestic firms directly or indirectly exporting. Poor trade facilitation including complex manual processes for issuing trade licenses, permits, and underdeveloped quality infrastructure for product testing and certification have increased the cost of trade and prevented firms from benefiting from regional economic integration. The lack of effective customs enforcement at the border exposes risks of trade in illicit and illegal products. Combined, these factors inhibit the ability of private sector operators to invest, grow, and organically stimulate market contestability in Myanmar. COVID-19 is damaging otherwise healthy firms through falling demand, reduced input supply and disrupted supply chains, tightening of credit conditions and liquidity crunch, and rising uncertainty. Time-bound, transparent support to keep firms viable in the most affected parts of the economy will be needed in the short-term.

71. **Limited access to finance is a key constraint to firm growth.** In recent years, the Government has invested heavily in building the foundations of the financial sector. Starting from a low base, Myanmar still has the least-developed financial sector of all the countries in Southeast Asia.<sup>25</sup> A narrow set of corporate financial products exist, and consumer long-term finance is limited. Myanmar also has some of the most restrictive regulations on FDI in the insurance and banking sectors, which limit opportunities for knowledge transfer to domestic operators and constrain product diversification. The shallow reach of the formal financial sector impedes its ability to intermediate savings to investment opportunities. Until capital markets are further developed, small-scale solutions such as microfinance will remain a lifeline for most entrepreneurs and small businesses. Though microfinance institutions (MFIs) have proliferated, they have weak leverage in the sector due to the scarcity of domestic funding sources and caps on borrowing rates. The absence of a clearly defined development role for MFIs has limited their reach beyond urban areas and created over-indebtedness in geographic pockets, while the lack of a differentiated framework for different types of MFIs has hampered the ability of larger, well-run MFIs to carry out a broader set of activities. Further development of the financial

<sup>24</sup> Country Economic Memorandum (forthcoming).

<sup>25</sup> Less than 5 percent of adults and only half of registered firms have a bank account and only 7 percent have access to loans.

sector will require strengthening the banking sector (including interest rate liberalization, secured transaction reform, and an improved credit reporting system); implementing a national payments system; and expanding products and services (including those offered by foreign banks). It will also require simplifying regulatory approval for MFI borrowings and boosting credit to rural areas and certain sectors such as agriculture, where access is particularly low. Although less than one percent of adults have a mobile account, the rapidly expanding penetration of smartphones provides opportunities for Myanmar to embrace fintech solutions. However, there is a need to clarify the framework for technology adoption such as branchless expansion digital products. Over time, Myanmar will also need to develop a domestic bond market and lengthen the tenor of lending in the market to raise capital for inclusive growth-stimulating investments.

**72. An integrated WBG program will focus on improving the conditions for private sector growth by helping lower costs for firms, strengthen links with global value chains, build entrepreneurship and innovation, and protect SMEs during times of crisis.** A program of analytical work and TA managed jointly by IFC and the World Bank will provide inputs to strengthen trade policy, advance regulatory reforms in the investment climate, and support SME development and viability through the COVID-19 crisis. Targeted analysis of the conflict dimensions of private sector development and trade in Myanmar—including research on private sector engagement in conflict-affected areas, illicit economy dynamics, and trade in conflict areas, as well as the inclusion of conflict-related questions in the Enterprise Survey—will help shape policy dialogue. The planned Myanmar Private Sector Growth and Competitiveness Project will build national-level institutional capabilities to tackle external and internal constraints that firms face, focusing on areas such as customs improvements for trade, investment facilitation, improved licensing processes, and support to SMEs. The project will support the national economic recovery, with a focus on assisting SMEs impacted by the COVID-19 crisis. IFC will also work directly with firms to improve productivity and build capacity to meet the international standards needed to join global value chains, including through improving corporate governance and ensuring adoption of best practices in environmental and social practices. IFC will also leverage its engagement to help the private sector cope with the pandemic.

**73. The WBG will also continue to support the inclusive expansion and deepening of the financial sector.** The WBG will leverage trust funding to provide programmatic TA for the inclusive expansion of the banking, insurance, MFI, and nonbanking financial institutions sectors. The Myanmar FSDP will continue to provide resources and incentives for key structural reforms to strengthen the formal financial sector, with a focus on the banking sector. This will include reforming state-owned banks, upgrading the legal and supervisory framework, and building capacity with the banking sector and Central Bank. Support will also be provided to build financial sector safety nets and address amplified vulnerabilities in the wake of the COVID-19 crisis. IFC will complement engagement on banking sector reforms with support for strengthening systems for secured transactions and credit reporting. Leveraging the World Bank's engagement in the policy domain (including in areas such as the phased deregulation of interest rates and lifting of FDI restrictions), IFC will explore further investments in the banking sector and provide tailored advisory services to the current and potential investee banking clients to support banking transformation in technology adoption, risk management, product diversification, and liability management. In furtherance of the CPF's focus on inclusion and to facilitate access to credit for low-income households and small enterprises, IFC will support the sustainable and strategic expansion (particularly in rural areas) of the microfinance sector, including by supporting a channeling of surplus liquidity in the banking sector and facilitating the creation of an apex wholesale financing institution for MFIs to raise debt and equity, among other reforms. It will also explore strategic investments to support specific MFIs. Subject to liberalization of the nonbanking financial institutions space, IFC will also explore investments in affordable housing; mortgage financing; commercial vehicle and construction equipment; and micro, small, and medium enterprise financing and leasing to enhance access of SMEs to finance and the agricultural sector. To date, more than 80 percent of the end clients of IFC-supported MFIs have been women and IFC will maintain its focus on enhancing women's access to finance. Finally, IFC will support the gradual development of wholesale debt platforms and a corporate bond market.

### ***Objective 2.3: Narrow the infrastructure and technology gap***

74. **Decades of underinvestment in infrastructure across Myanmar’s vast territory prior to the transition has limited the country’s access to global value chains and left firms and individuals cut off from services and markets.** Financing remains a constraint to infrastructure development as public revenues are limited, market risk remains high, and capital markets lack economically feasible products with long tenors—underscoring the need for innovative financing solutions. In addition, increased capacity of government entities to prioritize investments and ensure their timely implementation will be needed to optimize operational efficiency and attract the required level of financing for infrastructure, from both public and private sources. The Government is committed to addressing the country’s significant infrastructure needs but is also cognizant of the need to limit overexposure to debt, to ensure that investments respect international standards and that local populations benefit from the investments. The Government has called upon multilateral development banks and partners to support arrangements for robust and competitively tendered PPPs in infrastructure.

75. **The infrastructure gap spans across several sectors:**

- **In the energy sector**, Myanmar has the lowest electricity access rate and the poorest quality of power infrastructure in the East Asia region, with more than half the population not connected to the national grid and the rest subject to costly, prolonged, and frequent power disruptions. Firms identify the lack and reliability of power as a key constraint to doing business. Investments in power infrastructure (generation, transmission, and distribution) will have to double and be implemented much faster over the next five years to meet demand and achieve universal access. Investment in regional connectivity should be expedite for power import in the short run, to fill in the gap of domestic power supply, and export in the long run. Investments in renewable energy will also be needed to meet the national solar and wind renewable energy targets of 8 percent by 2021 and 21 percent by 2025.
- **Myanmar’s transport connectivity challenges** are unique to the region in both scale and complexity. Over 60 percent of highways and railways, which connect the main economic centers in the country, are in poor condition, and about 40 percent of the population—and more than half of the rural population—lacks basic access to all-season roads. Better road access; upgrading of highways and railways, modern ports, airports (to facilitate tourism and connectivity); and well-managed inland waterways require significant investments.
- **Telecommunications and mobile broadband** have taken off since 2012. Today, Myanmar has a competitive mobile market with several players and near universal phone access. The military-controlled state telecommunications monopoly was corporatized through a joint venture and now competes with three other market players. An independent telecommunications regulator, the Myanmar Communications Regulatory Commission, was established to separate policy and operational roles in the sector and has penalized uncompetitive practices such as price gouging. However, there remains substantial room to address the country’s underdeveloped international bandwidth infrastructure with only 57 percent mobile broadband penetration and 2 percent fixed broadband connectivity. Digital development constraints and firm capability weaknesses place Myanmar near the bottom of the global Networked Readiness Index, limiting opportunities for firm efficiency and access to services.

76. **Under this objective, the WBG will support the Government in optimizing financing opportunities—both public and private—to narrow the infrastructure and technology gap.** In the initial phase of the CPF, the WBG will reinforce efforts to strengthen capacity for prioritizing infrastructure investments; public investment management and leveraging PPP opportunities (including through technical support to the Project Bank, PPP Centre, pre-feasibility studies for priority national corridor investments, and IFC PPP advisory services). Support to implement the new Procurement Code will be critical for building transparency and encouraging responsible private sector investments in infrastructure. At the same time, in the energy, transport, and telecom sectors, the WBG will draw upon a variety of financing modalities (IDA, viability gap financing, IDA PSW, IFC investments, MIGA guarantees, regional IDA) to progressively support infrastructure projects. For example, IFC will continue

to pursue investments in urban infrastructure and roads, including the Yangon Elevated Expressway PPP,<sup>26</sup> as well as in renewable energy during the first phase of CPF.

**77. The WBG program will focus on further developing power infrastructure and advancing energy sector reforms to support attainment of the country's universal access goal, promoting renewable energy solutions where possible.** In addition to supporting electrification in selected geographic areas, the NEP will continue to help strengthen the national policy and regulatory framework related to electrification and renewable energy. The proposed Power System Energy Efficiency Project will finance efficiency and capacity upgrades of a gas-fired power plant in Yangon to increase supply, reduce carbon emissions, and improve the quality of electricity services. IFC will seek to support a hydropower project, ensuring that it is structured to meet international and industry standards, including environmental and social safeguards. IFC advisory support will also be provided to build government capacity to identify, manage, and monitor hydropower-related risks. In promotion of renewable energy, IFC will continue to advance private investment partnerships in the solar energy subsector. In the latter years of the CPF, the World Bank will also explore lending opportunities to increase the share of renewable power generation (solar and wind), leveraging interest from the private sector. The WBG's TA and advisory support will focus on policies for inclusive, reliable, and affordable access to clean energy in key areas such as expanding inclusive energy access, enhancing regional connectivity for power import/export, improving the financial viability of the sector, strengthening planning and monitoring tools for basin-wide sustainable hydro power development, enhancing the efficiency of energy services, and improving governance and institutional capacity. No WBG investments will be made for coal-based energy and interventions will be focused to help Myanmar steer clear of investing in coal generation.

**78. The WBG program continues support for addressing the digital and telecommunications gap and creates openings for expanded engagement in this sector in the later years of the CPF period.** The ongoing Telecommunications Sector Reform Project will support market liberalization and competition with a view to promoting increased affordability, expanding access of telecommunications services to remote areas, and establishing key priorities for e-Government. This will include continued support to the independent telecommunications regulator, the Myanmar Communications Regulatory Commission. This will be complemented by analytical work to guide the Government in formulating policies for a digital economy. Across the IDA lending portfolio, projects will continue to build in digital delivery solutions, including for beneficiary engagement and project monitoring. In parallel, IFC will endeavor to crowd-in private investment in fixed broadband and will explore financing support to international mobile network operators or another leading tower company. At midterm, the WBG will assess whether to expand engagement through a Digital Government Project to support the advancement of e-Government and the development of digital government services for the public, businesses, and government employees.

#### ***Objective 2.4: Improve income generation and productivity in selected sectors and zones***

**79. As a complement to the WBG's support for creating a competitive, connected, and attractive environment for responsible private sector development under this Focus Area 2, this objective focuses on delivering tangible income-generation opportunities to poorer segments of the population in sectors of high potential.** In the early years of CPF implementation, the WBG will focus on supporting the development of the agriculture sector in zones that hold potential and target the poor. Drawing upon ongoing support for the development of the tourism sector by IFC, IDA lending to the sector may also be advanced as part of the World Bank's response to supporting economic recovery in the wake of COVID-19. IFC may also provide support to the country's light manufacturing sector given its job-creating potential, should the opportunity arise. Given the likely impact of the COVID-19 pandemic in these sectors, WBG support will focus not only on income-generation opportunities, but also the protection of livelihoods and firm activity in these sectors.

<sup>26</sup> This will build upon an existing IFC PPP Advisory mandate with the Ministry of Construction for the structuring and tendering of the Yangon Elevated Expressway. The urban expressway project is expected to foster economic development by improving connectivity between Yangon Port and Thilawa special economic zone in the south, and Yangon International Airport, Yangon Industrial Park, and the Yangon-Mandalay expressway in the north. It will also help cut losses arising from lower productivity and higher vehicle operating costs due to heavy traffic congestion on the north-south and east-west routes in Yangon.



**80. Agriculture and tourism, as well as light manufacturing, present opportunities for improving income generation and enabling inclusive growth, but their potential remains unfulfilled.** Agriculture accounts for about 26 percent of GDP and 49 percent of employment. However, the sector is hindered by low productivity and narrow diversification due to the undersupply of necessary public goods and technical services by the private sector. Limited coordination and weak logistical efficiency within agricultural value chains (from storage to distribution) exacerbates productivity gaps and market risks and inhibits downstream investments in value adding agricultural processing and food manufacturing. Boosting productivity within the agriculture sector can increase the quantity and quality of jobs while enabling more people to move off-farm to cities to pursue other opportunities. Similarly, the growing tourism sector, contributing 2.7 percent of GDP, holds untapped potential for job creation. The underdeveloped sector has generated negative environmental impacts while enabling only limited local capture of revenues generated. The country's light manufacturing sector offers potential for job creation. The sector has grown significantly, accounting for nearly a third of investment and nearly a quarter of GDP. Myanmar is well placed to win low-end manufacturing and possibly garment business (mainly cut, make, and pack) from key markets, including China and India and—for the moment—benefit from European Union (EU) trade preferences. Yet, productivity, quality, access to finance, and industry infrastructure present challenges. Implementation and enforcement of standards (worker safety and safeguards) will be an important part of greater integration into global value chains.

**81. The WBG program will target investments to unleash the potential of the agriculture sector and support recovery efforts after the COVID-19 crisis by focusing on agricultural productivity and diversification.** The ongoing Agricultural Development Support Project (ADSP) supports increasing agricultural productivity in selected areas, introducing farmers to improved agricultural technology, and financing the provision of more responsive and reliable irrigation and drainage services. The National Food and Agriculture Systems Project (NFASP) will finance on-farm infrastructure investments aimed at increasing productivity, crop diversification, and competitiveness and, in collaboration with the private sector where possible, it will support mechanisms to promote the development of selected agricultural commodity value chains, innovative modalities to better link farmers to markets, and improvements in the enabling environment for agro-enterprises. Targeting geographic areas will draw upon the MDI. In parallel, IFC advisory services will continue to support reforms to increase private sector participation in inputs market and value chains where there is potential for investment (for example, meat, grains, and pulses) and develop industry standards and certifications. IFC investments will target agribusiness and agri-infrastructure opportunities (such as logistics, warehousing, and cold chain systems) to help improve efficiencies, lift product quality, promote foreign investments, and forge stronger links between small landholders and large-scale agricultural farms and corporations. IFC aims to increase the number of farmers using good agricultural practices and certifications along several selected value chains.

**82. A progressive engagement to support the sustainable development of, and inclusive job creation opportunities in, the tourism sector is envisaged.** Through the Myanmar Tourism IFC Advisory Project, IFC will continue to provide system-building support by financing the development of tourism master plans, concession frameworks, regulations, capacity building of stakeholders, and inclusive strategies and initiatives that will attract sustainable tourism. The WBG will explore opportunities to expand support for the recovery and development of the sector, focusing on the areas hardest hit by the COVID-19 crisis and those that hold significant potential and afford low-income households the greatest opportunity to generate income over the medium term. This could include an IDA lending operation that would help to provide a buffer to tourism businesses and employees that have been affected by the crisis, to redeploy skills and tourism assets where needed, and to lay the foundations for a recovery of the sector through enhanced accessibility and attractiveness of selected tourism destinations in Myanmar and increased economic inclusion of local workers and firms in the tourism sector. IFC investments and advisory services in tourism infrastructure could also be pursued.



### *Focus Area 3: Enhancing climate and disaster resilience and sustainable natural resource and environmental management*

*This focus area will concentrate engagement around building sustainable natural resource management institutions and practices while enhancing the country's preparedness to withstand the heightened risks of weather- or climate-related shocks and to mitigate their consequences. This focus area is central to the WBG's focus on inclusion as it protects poor and vulnerable populations—including those affected by conflict—that are disproportionately affected by weak environmental management and climate and natural disaster-related shocks.*

#### **Objective 3.1: Strengthen the resilience of vulnerable communities against climate and natural disaster risks**

83. This objective will focus on mitigating the impact of recent disasters and strengthening preparedness for future disasters through support for disaster risk financing solutions and climate-resilient infrastructure, ecosystem rehabilitation, and agriculture. This objective is closely linked to Objectives 1.1 and 2.3 above.

84. **Myanmar's ability to mitigate the impact of disasters and climate change, to which the country is highly exposed, is limited, and current patterns of environmental degradation, urbanization, and climate change are likely to heighten the risk of shocks and their consequences.** Myanmar is among the three countries most affected by weather-related loss events between 1997 and 2016 including cyclones, floods, and others. In the past decade, Myanmar has also experienced two major earthquakes, and several cities, including Yangon and Mandalay, are exposed to high seismic risk. These disasters affect economic activity and place a significant strain on the public purse. Estimated annual economic losses due to natural disasters amount to 0.9 percent of GDP, the highest in the ASEAN region. Many cities in Myanmar are at risk from flooding and earthquakes with informal settlements being particularly vulnerable to the consequences of disasters. Chronic climate impacts are also taking a toll, including the late and unpredictable arrival of the monsoon, saline intrusion, effects of changing hydrology and temperature on fisheries, and coastal erosion. Critically, climate and disaster repercussions disproportionately affect the poor and vulnerable, in particular women, who lack sufficient safety nets to rebound post-crisis. Although the Government introduced a comprehensive disaster risk management policy framework in the aftermath of Cyclone Nargis in 2008 and has broad and ambitious climate commitments under its NDC, implementation has been slow, with continued focus on post-disaster assistance. Myanmar could significantly reduce the losses in public welfare resulting from natural hazards and the impact of climate change if it had more robust and more inclusive disaster and climate risk planning, including for urban resilience, land use, disaster preparedness, and recovery response.

85. **The World Bank program will continue to focus on strengthening financial planning and building government capacity to prepare for, and ensure resilience against, natural hazards and climate-induced disasters.** The Flood and Landslide Emergency Recovery Project, while providing immediate support to sectors and geographic areas that experienced the highest damages after the 2015 landslides, also includes efforts to strengthen preparedness by embedding climate resilience in rehabilitated roads and by fostering collaboration across government on disaster risk management. The Myanmar Southeast Asia Disaster Risk Mitigation (SEA DRM) Project mitigates flood and seismic risks in Yangon by improving drainage and seismically retrofitting critical infrastructure. Under the regional catastrophe risk pool for Myanmar, Cambodia, and Lao People's Democratic Republic, the SEA DRM Project will also leverage the Southeast Asia Disaster Risk Insurance Facility to provide innovative investments for risk reduction and preparedness in Myanmar. The SEA DRM Project also mitigates flood and seismic risks in Yangon by improving drainage and seismically retrofitting critical infrastructure. Other World Bank-financed investments in infrastructure will also incorporate climate-resilient dimensions. For example, support for building resilience will form a critical part of the planned NFASP, as well as the community-driven development engagement identified under Objective 1.1. The World Bank will also develop

a climate change action plan to review and maximize the contribution of its lending and advisory services to the implementation of Myanmar's NDC.<sup>27</sup>

**Objective 3.2: Improve the sustainable management of the green, blue, and brown environment<sup>28</sup>**

86. **Better management of Myanmar's precious natural resources is key to optimizing the country's natural capital base for existing and future generations and it is equally important for promoting inclusion and advancing the peace process.** Myanmar is extremely rich in natural endowments, which make a significant contribution to its economy and to the welfare of its people. Forestry has traditionally played a major economic role and provided as many as 890,000 jobs (2015/16), but its economic contribution is not optimized. Estimates put the value of unlicensed or illegal timber exports at four times the documented value. Myanmar's abundant water resources, which include six major water basins and a long coastline provide a lifeline to the country. However, the current reliance on nonrenewable mineral assets and mismanagement of natural resources are depleting natural capital (minerals, fisheries and other aquatic resources, and forests), to the advantage of those controlling land and without generating broad gains for the population at large. Forest stocks are rapidly declining. The current use of natural resources and weak environmental management systems, including waste and plastics management, are also accelerating environmental degradation and affecting water and air quality, with consequences for livelihoods and health. The predatory extraction of natural resources by elite interests—including military and EAO interests—has played a central role in sustaining the country's ethnic armed conflicts, highlighting the implications that opaque and captured management of resources has upon the peace process.

87. **Given the highly contested and complex nature of natural resource management in Myanmar, the CPF will focus on discrete subsectors of the blue, brown, and green environments, in addition to building institutional capacity for environmental protection.** For the green environment, the Myanmar Forest Restoration, Development, and Investment Program aims to improve collaborative forest management and increase benefits for forest-dependent communities in selected zones (using the MDI for targeting). For the blue environment, the ongoing Ayeyarwady Integrated River Basin Management Project (AIRBMP) will continue to selectively support the sustainable development and integrated management of the Ayeyarwady river. Analytical work on fisheries and the blue economy will guide the Government in sustainably managing coastal resources; promoting aquaculture for food security, nutrition, and job creation; and building the foundations of a coastal blue economy. The brown environment, solid waste and plastic management will be enhanced through policy support at the national level and investments at the municipal level. Building upon the Solid Waste and Pollution Management Advisory Services and Analytics (ASA), the WBG will explore opportunities to enhance institutional capacity, strengthen regulatory frameworks, and invest in waste management projects through pipeline operations including the EICP, the AIRBMP, and potentially, tourism investments during the second phase of CPF implementation. Innovative approaches to reduce, reuse, recycle, develop, and/or introduce affordable plastic alternatives are being developed with funding incentives for project teams. Efforts to support solutions for reducing riverine plastics will continue across a number of projects. A river cleanup program under the AIRBMP, which was started to support the maintenance program for river stabilization works, will now be conducted systematically. The World Bank will also support a pilot plastic waste collection system that can be placed in the river system near Yangon, to trap riverine plastics before they enter the sea. The NCCDP will incorporate activities to reduce community use of plastics and improve solid waste management of plastics, while the Flood and Landslide Emergency Project will start trials to use recycled plastic to build roads. From an analytical perspective, the World Bank is engaging with the Yangon City Development Committee (YCDC)

27 In addition to activities on disaster risk management, this would include contributions from forestry and ecosystem restoration, including critical coastal habitats, climate-smart agriculture, integrated water resources management, sustainable urban development, and low-carbon development options for energy and transport. This would also include targeted support to incorporate climate change considerations into the World Bank's human development program in Myanmar.

28 The brown environment agenda refers to issues of safe water provision, sanitation, and drainage; inadequate solid and hazardous waste management including plastics; and air pollution including uncontrolled emissions from motor vehicles, factories, and low-grade domestic fuels. The green environmental agenda typically concerns ecosystem services and protection, mitigation of loss or the deterioration of natural life-support systems, and the prevention of the degradation of natural resources such as water, forests, soil, and biodiversity. The blue environmental agenda means the sustainable use of coastal, marine, and freshwater resources for economic growth, improved livelihoods, and jobs while preserving the health of flood plains, river, coastal, and ocean ecosystems.

to assess the importance of preventing solid waste accumulation in storm water drains for improved flood resilience. It will also provide TA to Ministry of Natural Resources and Environmental Conservation (MONREC) to identify the dominant plastic types in drains and waterways in pilot locations across Myanmar which will help inform the development of the national plastic action plan and policies to better manage production, usage, and disposal of plastic waste. A plastics leadership team has been formed to shape the World Bank's strategic dialogue on plastics, review the pipeline, and support teams in seizing opportunities to integrate proactive plastic solutions into the project design.

88. Across the World Bank portfolio, assistance will be provided to improve the country's weak environmental assessment and management systems, including through support for a Safeguards Learning Center. The EITI program will reinforce transparency in the evaluation and award of extractive licenses. In parallel, IFC's Environmental and Social Advisory program will promote transparency and accountability of the private sector in natural resource use and provide support to the government regulator (MONREC) and the Myanmar Environmental Assessment Association.

### *Cross-cutting theme: Promoting social inclusion, including in conflict-affected areas*

89. **The WBG program will build the promotion of social inclusion, including in conflict-affected areas, into all three focus areas of engagement.** Implementation of the cross-cutting theme will draw upon the systematic approach and 'toolbox' developed by the WBG since 2017. In contrast to earlier approaches to mainstreaming social inclusion, under this cross-cutting theme, a range of institutionalized mechanisms will be applied across the CPF program to ensure substantive engagement and impact on social inclusion. Where possible, IDA investments will target zones in which non-monetary poverty deprivation is most pronounced, including those affected by conflict. The IPL (see box 3) will be applied to all new IDA lending to ensure that operations are conflict sensitive and inclusion focused. IFC and MIGA will apply the IPL to upstream concept and appraisal-stage considerations for investment. A database of disaggregated data on welfare, poverty, conflict and violence, and localized political economy analytics will be developed to provide the WBG country team with up-to-date information to inform engagement and monitor risks, including those associated with conflict and violence. Enhanced supervision of the program—which may include third-party monitoring and use of ICT and other innovative approaches—will be used to strengthen supervision. The annual CPF and portfolio reviews will systematically incorporate an assessment of substantive engagement on the cross-cutting theme, drawing upon CPF disaggregated indicators, as well as third-party monitoring mechanisms, feedback from beneficiaries, and close collaboration with relevant nonstate actors and NGOs. The approach to this cross-cutting theme is aligned with the World Bank's new ESF, which highlights nondiscrimination and inclusive stakeholder engagement as core principles for social risk management, as well as IFC's and MIGA's Performance Standards. Additional resources will be directed to supporting the development of national systems (including the Safeguards Learning Center) to plan and implement relevant development interventions with these core principles in mind.

90. **Particular attention will be given to building in measurable results on social inclusion across the CPF.** The CPF results matrix incorporates indicators that capture both (a) an aggregate increase in WBG investments that are geographically targeted to the areas of greatest deprivation (in terms of non-monetary welfare) and to areas-affected by conflicts and (b) within each focus area, the program's impact on delivering economic opportunities, basic services, and community-level infrastructure to the most underserved parts of the population, including in conflict areas and women.

### Box 3. The Myanmar Inclusion and Peace Lens

**Objectives and key principles.** The objective of the IPL is to provide tailored support to help World Bank task teams and clients identify opportunities and risks relating to social inclusion and peace in Myanmar and incorporate appropriate actions into World Bank projects. The IPL is intended to support task teams and the Country Management Unit (CMU) ensure that individual projects (a) do not inadvertently contribute to ongoing or potential conflicts or amplify exclusion dynamics and (b) identify operational opportunities to proactively support inclusion and peace. The recent global FCV strategy recognized the Myanmar IPL as best practice and committed the WBG to rolling out similar instruments in other FCV countries.

**Methodology.** Since November 2018, the IPL has been applied to all projects under preparation (in particular those pipelined for FY19) and informally to a number of priority analytical products in Myanmar. While responsibility for applying the IPL rests with individual task teams, a core IPL team composed of the FVC regional adviser and social development specialists provides hands-on support and guidance to task teams. The IPL team helps task teams think through a set of predefined key inclusion and peace questions to identify relevant responses or adaptations at key milestones in the project cycle—including during project preparation, at midterm review (MTR), and during the preparation of the Implementation Completion and Results Report. Task teams prepare and update responses to these questions in a mandatory annex that is included in all Concept Notes and Project Appraisal Documents. The annex summarizes additional analytical/supervisory work undertaken to formulate the responses and articulates action-bound measures adopted. The annex is reviewed by the CMU at key project milestones and as part of aggregate program-level analysis.

**Implementation.** Between its inception in November 2018 and June 2019, the IPL was applied to 11 operations. The IPL team has also provided tailored support to priority analytical products,<sup>29</sup> drawing upon the key principles of the IPL.

## Implementing the CPF

### *Financial Envelope and Instruments*

91. **The CPF will cover the last year of IDA18 and the entire IDA19 period.** The IDA18 pipeline for FY20 includes<sup>30</sup> PPCP (P168107), EHSAP Additional Financing (P160208), and Power System Efficiency and Resilience Projects (P162151). To address Myanmar's immediate health service needs in coping with the COVID-19 pandemic, a US\$50 million Myanmar COVID-19 Emergency Response Project (P173902) is being prepared under the global framework of the World Bank COVID-19 response, financed through the Fast Track COVID-19 Facility.<sup>31</sup> Additional projects to support the country in dealing with the economic and social impact of the pandemic are being explored as part of the second wave of the Fast Track COVID-19 Facility. Further funds to support Myanmar through the pandemic could be channeled through restructuring of existing projects through CERCs in FY20. For the FY21 project pipeline and as the situation evolves, flexibility will be applied to enable additional resources for fast-disbursing operations to protect the poor and vulnerable and sustain support for Myanmar at a time of critical need. In the early years of implementation, the CPF will predominantly rely on Investment Project Financing (IPF) instruments with continued utilization of disbursement-linked indicators (DLIs), but other instruments will also be considered, including the Program for Results instrument.

29 These included the 2019 Myanmar's Urbanization, Creating Opportunities for All; 2019 Strengthening Employment Services to Enhance the Benefits of Labor Mobility analysis; and 2019 Social Cohesion in Rakhine analysis.

30 The Maternal and Child Cash Transfers for Improved Nutrition Project (P164129) was approved by the Board of Executive Directors on September 26, 2019, with an IDA financing amount of US\$100 million while the Inclusive Access and Quality Education project (P163389) was approved by the Board of Executive Directors on March 3, 2020, with an IDA financing amount of US\$100 million.

31 <http://documents.worldbank.org/curated/en/260231584733494306/pdf/Proposal-for-a-World-Bank-COVID-19-Response-under-the-Fast-Track-COVID-19-Facility.pdf>

92. **Reflecting a focus on strengthening development cooperation and partnership with other bilateral and multilateral partners, the IDA envelope will be supplemented by significant trust funds.** The Myanmar Strategic Partnership Program is a country-specific umbrella trust fund that consists of a Myanmar Partnership MDTF (with total commitment of US\$164.7 million) and a Myanmar EU Single Donor Trust Fund (with a total commitment of US\$13.4 million). The Myanmar Partnership Program will be an essential part of the CPF program and will complement IDA lending, as well as WBG ASA work. As part of the Umbrella 2.0 trust fund reform, the WBG will progressively restructure the Myanmar Partnership Program around the CPF focus areas and recapitalize the Program through additional funding of existing trust funds and the inclusion of new trust funds, where appropriate. Mobilization of funds from global trust funds, including the Global Partnership for Education (GPE), the Global Environmental Facility (GEF), the Green Climate Fund, the State-building and Peace-building Fund, and the Energy Sector Management Assistance Program (ESMAP), will also be explored, in addition to project co-financing from multilateral development banks, including the Asia Infrastructure Investment Bank and ADB. The WBG response to COVID-19 is also being closely coordinated with the IMF and ADB.

Table 3 | IDA Indicative Lending Program

Focus Area	IDA Program <sup>32</sup>	
	FY20 (remaining IDA18 pipeline)	Initial IDA19 pipeline
<b>Focus Area 1:</b> Building human capital and fostering peaceful communities	<ul style="list-style-type: none"> <li>IAQEP - US\$ 100 million (with co-financing from GPE for US\$70 million and EU SDTF for US\$10 million) (Approved on March 3, 2020)</li> <li>Maternal and Child Cash Transfers for Improved Nutrition Project (US\$100 million) (Approved on September 26, 2019)</li> <li>Myanmar PPCP (US\$200 million)</li> <li>EHSAP Additional Financing US\$100 million (with US\$10 million co-financing from GEF)</li> <li>Myanmar COVID-19 Emergency Response Project (US\$50 million)</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing Institutional Capacity of State and Region Governments in Myanmar Project (US\$80-100 million)</li> </ul>
<b>Focus Area 2:</b> Fostering responsible private sector-led growth for inclusive economic opportunities	<ul style="list-style-type: none"> <li>Power System Efficiency and Resilience Project (US\$350 million)</li> </ul>	<ul style="list-style-type: none"> <li>Myanmar National Food and Agriculture Systems Project (US\$85 million)</li> <li>PFM Phase 2 Project (US\$50 million) (Indicative)</li> <li>Myanmar Private Sector Growth and Competitiveness (US\$70-100 million)</li> <li><i>[Possible] Emergency Economic and Financial Sector Resilience Response Project</i></li> </ul>
<b>Focus Area 3:</b> Enhancing climate and disaster resilience and sustainable natural resource and environmental management		<ul style="list-style-type: none"> <li>Myanmar Forest Restoration, Development and Investment Program (US\$100 million)</li> <li>Southeast Asia Disaster Risk Insurance Facility (US\$11 million trust-funded regional project)</li> </ul>

93. **Myanmar's IDA status will likely remain unchanged over the CPF period.** Myanmar is one of 76 countries currently eligible for IDA resources on highly concessional terms.<sup>33</sup> In FY18, Myanmar became an 'IDA-only gap country', resulting in the terms of IDA credits changing from 'Regular' to 'Blend'.<sup>34</sup> This was a result of Myanmar's strong economic performance where the GNI per capita rose from US\$1,200 in 2015 and 2016 to US\$1,210 in

32 The pipeline may need to be revised to support urgent needs emerging from the COVID-19 crisis.

33 IDA eligibility depends on the country's lack of creditworthiness, as well as on the level of development, defined as GNI per capita below an established threshold and updated annually (US\$1,165 in FY18).

34 Blend terms apply to blend countries and IDA countries with GNI per capita above the operational cutoff for more than two consecutive years, known as 'gap' countries. As of January 2019, terms include 30 years maturity (versus 38 for Regular), 5 years grace period (versus 6 years for Regular), principle repayment 3.3 percent for years 6-25 and 6.8 percent for years 26-30 (versus 3.125 percent for years 7-38 for Regular).



2017 before rising to US\$1,310 in 2018. Myanmar is expected to remain an IDA-only gap country throughout the period of this CPF.

94. **The IFC portfolio will continue to grow and will be guided by the IFC 3.0 strategy framework.** Since Myanmar's free elections in 2015, IFC has ramped up its business. Today IFC's committed portfolio stands at US\$499 million. The US\$38.8 million IFC Advisory Services portfolio has helped unlock investment opportunities while supporting Myanmar's transition. IFC will leverage Investment and Advisory Services as well as continue syndications (mobilization). Depending on the depth and the pace of reform in Myanmar, IFC expects to invest between US\$450 million and US\$900 million while also leveraging IDA PSW and the Creating Markets Advisory Services Window.

95. **MIGA will also continue exploring the expansion of its presence in Myanmar.** As a fragile and IDA country, Myanmar is a strategic priority country for MIGA. MIGA has a sizeable exposure of US\$777 million, as of end-February 2020 concentrated in the telecoms and power sectors. MIGA, in close coordination with the WB and IFC, will continue to support foreign investors in these critical sectors to narrow the infrastructure and technology gap. The Agency will explore opportunities to further support investments in other sectors, such as manufacturing and agribusiness. In addition, MIGA will continue to closely collaborate with the WB and IFC to identify further potential MFD opportunities in the country. MIGA will look for appropriate use of the IDA PSW in its support of private sector investments in Myanmar.

96. **Analytical work and TA will remain an essential part of the WBG's arsenal to achieve the objectives of the CPF.** During the previous CPF period, ASA and other forms of advisory services provided significant contributions to achieving the CPF objectives, as documented in the CLR. During that period, the World Bank delivered 49 ASAs and leveraged US\$150.6 million from various trust funds. IFC completed 18 TA and analytical projects. Under this CPF, the World Bank expects to continue consolidation of ASA with strategic focus on the key priorities identified in the CPF annually allocate about US\$3million from its own resources and leverage significant trust funds to deliver about 10–15 analytical products on an annual basis.

## *Implementation Modalities*

97. **The World Bank program will continue to be carried out by relevant government institutions that will receive intensified capacity-building support as part of project implementation.** The current World Bank program consists entirely of IPFs and ASAs. World Bank-funded projects are implemented by ministries and agencies, with officials from the respective institutions being appointed as project directors and Project Management Units (PMUs) staffed with government personnel. This helps mainstream implementation of World Bank-funded projects in the overall country program and reinforces government ownership. However, due to resource and personnel constraints, project directors and PMU staff work only part time on the implementation of World Bank projects, which often results in delays. Many PMUs also struggle to attract and retain qualified staff and consultants, particularly to support fiduciary and safeguard functions. To improve and sustain implementation capacity, capacity building through ongoing projects, as well as targeted training programs and workshops (on fiduciary aspects, safeguards, and World Bank operational policies and procedures), will be emphasized. The World Bank will also consider increased use of Procurement Hands-on Expanded Implementation Support, when relevant. To reduce delays in project effectiveness and minimize the need for extensions, the World Bank will also explore with the authorities the use of project preparation advances and other mechanisms for project preparation.

98. **Additional implementation arrangements will be put in place for projects in conflict-affected areas and to support emergency responses.** To facilitate implementation of projects in conflict-affected areas, parameters and mechanisms for engaging with EAOs and affiliated civil society organizations or ESPs will be determined at the project level (see box 4). The World Bank will work through UN and NGO partners to evaluate capabilities and build both the technical and administrative systems and capacities of nonstate actors to fulfill the operational requirements of specific projects. The WBG will explore opportunities to work through other agencies and the United Nations to support emergency responses to the COVID-19 crisis.



#### Box 4. Engagement with Nonstate Actors

In the Myanmar context, EAOs and affiliated civil society organizations are often the only providers of social services in the conflict-affected areas in which they operate. They provide key services, including health, education, and justice, in areas where the state cannot operate. An estimated 300,000 children are currently in schools run by civil society groups and ESPs. Reaching these children means working with EAOs, ESPs, and CSOs. Attempting to deliver services and development without involving key local stakeholders, risks triggering new conflicts and tensions. The Government has recognized the legitimate role EAOs have in providing services and development in areas where they have influence. Under the MSDP, it has acknowledged the need to work with EAOs and affiliated ESPs and CSOs to deliver services in conflict areas. The Nationwide Ceasefire Agreement (NCA) envisions 'interim arrangements' whereby ESPs will continue to provide services in the areas where they operate in coordination with the Government. It is also common practice across development partners in Myanmar to engage EAOs in the design and implementation of projects. However, there are risks, given that some EAOs have participated in illicit activities to help resource their organizations and have been involved in violence and human rights abuses.

Under the CPF, the levels and types of engagement with EAOs in relation to WBG projects will be determined on a case-by-case basis. All projects working in conflict areas will involve consultations with EAOs. Beyond this, projects may support dialogue and joint decision making among EAOs, the Government, and communities, as well as capacity-building support.

Decisions on how to engage different EAOs and EAO-affiliated service providers will require agreement with the Government and will be preceded by rigorous screening and due diligence procedures. Assessments will be conducted for any group that is to receive capacity-building support, have membership on project decision-making committees, or be used for delivery of services under government projects financed with WBG funds. These will include analysis of the level of legitimacy of the group among the local population, who finances the service provider, their track record on service delivery and financial management, and whether they are a proscribed organization. The CMU and Fragility Conflict and Violence group is working with the World Bank's legal department and CMU to develop a matrix to help with such screening. Enhanced supervision will also be put in place for projects in conflict areas.

99. **Close coordination with other development partners, including the UN, will continue.** Nexus issues, with security, development, and humanitarian dimensions, in a highly complex environment require joint approaches. The WBG will continue to work closely with UN agencies and bilateral and other multilateral donors in implementing the CPF program. Groups such as the UN Country Team, Consultative Partners Group, and Peace Support Group all provide forums to ensure that approaches are consistent, develop common principles, share knowledge and experiences, and tap expertise. As an integral member of the UN Country Team, the WBG will follow the UN's lead on protecting the welfare of the remaining Muslim community in Rakhine and creating conditions for refugee and IDP return. As a member of the UN 'durable solutions' working group, which is designed to support the national strategy for the resettlement of IDPs, including IDP camp closure, the WBG will join in efforts to develop a consensus-based approach to providing assistance to IDPs.

#### *Financial Management and Procurement*

100. **The FM and procurement teams will continue to apply a risk-based approach to fiduciary oversight, adopting proportional and streamlined approaches to respond to the impact of the ongoing COVID-19 pandemic.** While FM performance is generally moderately satisfactory, procurement contributes to significant delays in project implementation due to inadequate capacity within the Government. These will likely be compounded by the pandemic as travel restrictions and social distancing will disrupt supply chains, delay delivery of goods, impede availability of consultants and slow progress on works. Most implementing ministries at the union level largely rely on consultants to support delivery of projects. This prevents the

Government from maintaining an efficient, transparent, and sustainable PFM system. Projects that involve implementation at subnational levels face particularly significant capacity constraints—with delays in project implementation, financial reporting, and auditing. The Government’s current financial rules and regulations, including procurement, need further development to better facilitate the different types of project modalities in use in Myanmar and to address the causes of budget execution delays. The fiduciary team will continue to engage with the Government, both at the policy level and the operational/implementing line ministry level to strengthen fiduciary management capacity and enhance systems. The recent Public Expenditure and Financial Accountability (PEFA) will provide the basis for support to country-level systems under the planned PFM Phase 2 Project.

**101. FM support will focus on maintaining strong internal controls for project FM, monitoring, and auditing.** The FM team will continue to focus on two key areas, namely project budgeting and audit reporting. Budgeting work will focus on the preparation of budgets that are feasible to implement and that are based on a properly prepared annual work plan and Procurement Plan. Audit reporting will focus on mitigating the causes of the delays, including (a) improving the timeliness of submission of project financial statements for external audit and interim financial report (IFR) reporting (World Bank-supported efforts to automate budget execution report submission, particularly in the health and education sectors, will assist); (b) obtaining approval for the extension of the audit reporting deadline from six to nine months for results-based lending projects; (c) identifying a solution for delays with the English translation of audit reports with the Auditor General’s Office; and (d) outsourcing of audits for selected projects where this is feasible and appropriate.

**102. Support for the introduction of a comprehensive and unified legislative framework for public procurement management will be provided, together with intensified support at the project level.** The World Bank will continue to support the Government with the enactment and implementation of the unified procurement bill, which is currently before Parliament, to better align with country systems in the management of fiduciary risks. In particular, the World Bank will support implementing procedures for emergency procurement which has been incorporated into the draft bill and will be critical in the context of responding to the COVID-19 crisis. The World Bank will also work closely with the Ministry of Planning, Finance and Industry to develop implementation tools, establish and/or strengthen institutional structures, and implement a capacity-building strategy for procurement staff. Given the challenging operating environment in Myanmar, including weak institutional and regulatory policies and structures in public procurement; nascent private sector in the marketplace; and capacity constraints within Government agencies to manage procurement and contracts, the World Bank will seek to maximize the use of ‘fit for purpose’ and streamlined procurement approaches in its operations with the Government. This could include using UN agencies to provide TA and the use of framework agreements as appropriate. Early market engagement with the relevant supply markets before formal procurement processes will be employed for strategic and critical procurements. The World Bank will also provide implementing agencies with more support on contract management by following through with the borrower and the suppliers to jointly find solutions to issues which may arise during contract implementation. World Bank Facilitated Procurement may be used for the procurement of COVID-19 related goods and equipment and services.

## Monitoring and Evaluation

**103. The CPF will be continuously monitored by the WBG and an MTR will be conducted to reassess and adjust WBG engagement for the outer years of the CPF implementation period.** The core WBG team responsible for preparing the CPF will assume responsibility for ensuring regular monitoring and evaluation of the CPF over its lifetime. The WBG will use CPF reviews, conducted jointly with the Government, to assess monitoring and evaluation capacity of the counterparts and implementing agencies, identify and address systemic implementation constraints, reassess risks and evolutions in the country context and examine progress toward the CPF objectives. Reviews will be grounded in the CPF results matrix and will rely upon data collected as part of program implementation, as well as data on conflict, poverty, and program interventions from the WBG portal and input from third-party monitoring and beneficiary engagement modalities. The World Bank will also continue joint portfolio reviews conducted with ADB, Japan International Cooperation Agency (JICA), *Kreditanstalt für Wiederaufbau* (KfW), and French Development Agency (AFD) to address portfolio implementation bottlenecks

and disbursement issues. A PLR will be carried out in late FY21 or early FY22 to take stock of the progress made against the objectives set out in the CPF and adjust the strategy, portfolio, and results framework, as needed.

104. **The increased focus on promoting social inclusion, including in conflict-affected areas, will require new approaches to the monitoring and evaluation of operations.** In certain areas, access to project sites might be constrained by travel restrictions or safety and security considerations. Alternative tools to support monitoring and evaluation, including third-party monitoring, surveys, and ICT-based beneficiary feedback mechanisms (including the use of smartphone technologies and social media platforms) will be built into operational design and supervision support. The WBG is exploring options to introduce a program-wide mechanism to facilitate independent monitoring to ensure that joint decision-making and inclusive consultation processes within projects are implemented effectively. This mechanism would be implemented by third-party agents.





# Managing Risks to the CPF Program

105. **In a complex FCV environment, the overall risks to achieving the proposed CPF objectives for Myanmar are rated High.** As outlined in the Systematic Operations Risk-Rating Tool (table 4), all the risk categories are rated as Substantial or High. These risks and the mitigation measures proposed are summarized in the section below.

Table 4 | Systematic Operations Risk-Rating Tool (SORT)

Risk Categories	Rating
Political and governance	H
Macroeconomic	S
Sector strategies and policies	S
Technical design of project or program	S
Institutional capacity for implementation and sustainability	H
Fiduciary	S
Environmental and social	H
Stakeholders	H
<b>Overall</b>	<b>H</b>

Note: H = High; S = Substantial.

## Political and Governance

106. **The most significant political and governance risks relate to the possibility of an escalation in conflict and the forced displacement of populations.** Through its impacts on the health and livelihoods of some of the most marginalized, COVID-19 may increase the risk of conflict breaking out. Materialization of this risk would undermine CPF implementation directly by denying the civil liberties necessary to take advantage of economic opportunities and by disrupting infrastructure and social services in affected zones. By choosing through this CPF to enhance the focus on social inclusion in conflict-affected areas, the WBG is consciously increasing this risk relative to a strategy which would focus on more stable regions. Having made a choice to operate in conflict-affected areas, which is consistent with the WBG's overall mandate to reduce poverty and the World Bank's FCV Strategy, the WBG will employ mitigation measures recognizing that significant risk will remain. Among the mitigation measures will be: (a) grounding the program in and conditioning project interventions on demonstrated nondiscrimination and equal access to opportunities and services (tailored to specific interventions); (b) engaging in wider and more inclusive consultations with central, state/region, and local governments, EAOs and their service providers, and the full range of communities represented; (c) empowering communities themselves and integrating intercommunal trust-building activities into project design; (d) ensuring that in areas under mixed control, joint decision making with state and local government, EAOs and ESPs, and communities are built into project design and carefully monitored; and (e) collecting data and conducting ongoing analysis on conflict risks to help readjust approaches when necessary.



107. **A slowdown in reform momentum could also hamper the attainment of CPF results.** Such a slowdown may be driven by multiple factors, including increased insecurity and lack of progress in the National Peace Process; or the increasing complexity of second-generation reforms in a low-capacity environment in which vested interests are influential. Upcoming general elections in late 2020 are deemed to pose a low risk to the achievement of the CPF objectives given the high degree of alignment among political parties on the priorities for economic development. However, the COVID-19 pandemic may undermine progress on reform with the state focusing on issues of immediate priority rather than deeper institutional changes. To mitigate the risk of waning reform momentum, the WBG will prioritize engagement in areas with identified reform champions and help build consensus around reforms through better analysis and understanding of the political economy of reforms. It will work with the Government to structure COVID-19 emergency and recovery responses so that they support institutional strengthening and help to advance broader reform objectives. It will also conduct annual evaluations of the program and an in-depth PLR to assess the pertinence of CPF objectives and results in an evolving context. To address risks associated with possible political change, the WBG has consulted widely on the CPF objectives across the political spectrum and spatially across various geographic and ethnic areas of the country. In addition, the WBG maintains a continual policy dialogue with diverse stakeholders on a range of policy issues covered through analytic and advisory work.

## Institutional Capacity for Implementation and Sustainability

108. **Weak institutional capacity to implement reforms and investments remains among the highest risks to achievement of CPF objectives.** State institutions, which were molded by decades of isolation and unquestioning military hierarchy, are in need of modernization. Many systems are outdated, although efforts are underway to improve them, and legacy civil service policies tend to favor risk aversion over results orientation. Social isolation measures imposed to contain the spread of COVID-19 place further challenges on government coordination and action given the limited uptake of technologies that could facilitate virtual interactions. Among the mitigation measures taken, the WBG will: (a) invest heavily through ASAs and lending to modernize public sector systems; (b) integrate institutional development and capacity-building activities into all IDA operations; (c) partner with grant-financing donors—within IDA operations and through the MDTF—to increase spending on capacity building in areas such as PFM; and (d) enhance WBG presence on the ground and implementation support, particularly for high-risk operations.

## Environmental and Social

109. **High risks related to managing environmental and social impacts are a subset of Myanmar's overall institutional capacity constraints.** Before reengagement by the WBG and other international organizations around 2012, and despite progressive improvements to the legal framework to conform with international standards on environmental and social risk management, Myanmar had no experience in meeting these international standards, no cadre of trained professionals, nor a consistent application of national policies on these issues. The risks are amplified by Myanmar's history of unsustainable natural resource exploitation, land capture, authoritarian social engineering, lack of territorial integrity in border areas, and sensitive ecology. The WBG will continue to give due attention to environmental and social risk management. The WBG has partnered with other development institutions to develop a cadre of environmental and social risk management professionals. This has involved supporting the Myanmar Environmental Assessment Association and the Environmental Conservation Department at MONREC to set up a 'Safeguards Learning Center' as a sustainable platform for training government, practitioners, civil society, and private sector actors and for providing advisory services to put in place a modern legal and regulatory framework not only on environmental risk management, but also social risk management. To mitigate specific risks to the achievement of CPF objectives, the WBG maintains senior environmental and social specialists on the ground in Myanmar, as well as lead support on high-risk issues located within Southeast Asia. Targeted training on environmental and social risk management is provided to project units, and the new World Bank ESF has been translated into Myanmar, and training on

specific standards is continuing. In addition to increased resources for ESF implementation, Myanmar receives higher-than-average budgets for project design as well as implementation support, reflecting the costs involved in supervision and continuous hands-on support to meet minimum standards. Despite this, the residual risk remains high and requires constant monitoring.

110. **There is a risk that World Bank projects in conflict-affected areas, particularly in Rakhine, do not benefit all communities equally.** This could be due to an upsurge in violence or intercommunal tensions or because of lack of progress in reforming the existing formal policies or informal practices that allow communities to access project benefits. The phased approach to engagement in Rakhine seeks to mitigate this risk to the extent possible. Through the education, health, and nutrition interventions envisaged under the IAQEP, Maternal and Child Cash Transfers for Improved Nutrition Project, and EHSAP in the FY20 pipeline the World Bank will work with the Government and others to identify potential barriers and to find solutions. If the World Bank assesses it is not possible for these projects to be implemented in inclusive ways, so that all communities benefit, it will choose not to move forward with such projects. Expanded engagement in Rakhine through a dedicated lending operation—the RRDP—will depend upon the evolving security context and progress made in facilitating access.

## Stakeholders

111. **In a deeply contested environment, divergent positions and resistance from stakeholders may stymie CPF implementation.** Stakeholders, including subnational governments, also have limited experience with World Bank processes and procedures. Despite the criticality of engaging with ESPs in conflict-affected areas, there are risks involved with such engagement. As with the military, EAOs to which ESPs are affiliated have participated in illicit activities to help resource their organizations. EAOs may not speak for the whole community in areas where they operate and may not champion the interests of all groups in areas they control and supporting some groups and not others may create tensions. The WBG will consult widely on the CPF objectives across the political spectrum and spatially across various geographic and ethnic areas of the country. It will work closely with development partners to ensure consistency in approach. In addition, the WBG maintains a continual policy dialogue with diverse stakeholders on a range of policy issues covered through analytic and advisory work. Third-party monitoring will also be necessary.

112. Other high-risk categories include the following:

- **Macroeconomic.** Myanmar's macroeconomic stability and hard-won poverty gains face external risks from trade, investment and supply shocks related to the unprecedented speed and depth of the Covid-19 related global economic downturn. This amplifies existing underlying domestic risks. Domestic vulnerabilities associated with the negative spillovers from a flare-up in violence could create further indirect economic impacts, especially on tourism revenue, foreign investor sentiment, and the possible revocation of trade preferences. Lower-than-expected revenue mobilization can place a significant pressure on the Government's fiscal position and inflationary government borrowing from the central bank. These macroeconomic pressures may divert resources away from deeper structural reforms. The World Bank may help the Government manage these economic challenges by supporting economic monitoring and prudent macroeconomic policies and expenditure and revenue management.
- **Sector strategies and programs.** Uncertainties with sector priorities and implementation of activities are anticipated, particularly given ministerial and departmental reorganizations. The WBG will need to proactively reach out to government counterparts to keep abreast of the changes and support them as needed in updating/implementing sector priorities.
- **Technical design of program.** Technical design of projects and programs may become increasingly complex as the World Bank's engagement focuses on tougher second-generation reforms, conflict-affected areas, and collaboration with multiple government institutions at the subnational level. Complex project/program designs often affect implementation speed and achievement of results. The WBG will

need to simplify the design as much as possible and identify clear counterparts. Data limitations may also hamper efforts to effectively target investments to the poorest and most underserved parts of the population, particularly in conflict-affected areas where data collection efforts are constrained. The World Bank will continue to provide TA to the CSO to support improved coverage and quality of data.

- **Fiduciary.** The 2019 PEFA shows that the Government has made good broad-based progress in implementing PFM reforms, with 18 performance indicators improving since 2011. However, key weaknesses remain, including (a) fragmented and poorly regulated procurement practices across ministries; (b) cash-based payments and manual accounting systems at the subnational level, which cause delays in financial reporting and audit processes, together with the absence of internal audit functions which are assumed by the Office of the Auditor General; and (c) increasing instances of cyber fraud and some red flag indicators of fraud and corruption in projects. To mitigate fiduciary risks, the WBG will continue to actively support national procurement reform and PFM reform at the union and subnational level—including modernizing financial rules and regulations to reduce the bottlenecks, reducing the level of cash-based payments, introducing more automated accounting processes that comply with the International Public Sector Accounting Standards (IPSAS) cash basis standard, strengthening external audit and Joint Public Accounts Committee oversight, and introducing effective internal audit functions. The World Bank will also continue to support project implementation units with training on cyber fraud prevention and capacity building of the Anticorruption Commission.





# ANNEXES

**Annex 1: CPF Results Matrix**

**Annex 2: Myanmar Country Partnership Framework  
FY15–19 Completion and Learning Review**

**Annex 3: Selected Indicators of Bank Portfolio  
Performance and Management**

**Annex 4: Operations Portfolio (IBRD/IDA and Grants)**

**Annex 5: Statement of IFC's Held and Disbursed Portfolio**

**Annex 6: MIGA's Guarantee Portfolio**

**Annex 7: Donor Coordination Matrix**

**Annex 8: Myanmar Country Gender Action Plan -  
Summary Table (2019/20)**

**Annex 9: Summary of CPF Consultations**

# Annex 1: CPF Results Matrix

**Note:** The CPF Results Matrix has been framed to allow for a phased WBG engagement in Myanmar. The indicators and WBG program included focus on the WBG's engagement in the early years of the CPF. Adjustments to the WBG program to respond to the ongoing COVID-19 crisis and its impact may be made and new indicators will be included into the Results Matrix to capture results achieved through these responses to the crisis. If the conditions are right and the scope of engagement is expanded in the latter years of the CPF program, additional indicators will be incorporated into the Results Matrix, together with new IDA19 operations (some of these have been included indicatively in the Results Matrix and italicized). In assessing performance under the program, progress on social inclusion will be monitored through specific indicators marked by an asterisk.

## Focus Area 1: Building human capital and fostering peaceful communities

### CPF Objective 1.1: Improve inclusive access to community-level services and infrastructure

**Intervention logic.** Improving the wellbeing of poor and marginalized populations and building human capital will require accelerated efforts to expand inclusive access to public services and infrastructure at the community-level. This will also help to reverse the cycle in which weak and uneven access to services generates grievances and undermines social cohesion among local communities. Rural areas in Myanmar face overwhelming disadvantages in terms of access to essential services, including roads, electricity and agricultural services. Steady urbanization is creating a different set of challenges for service delivery and human capital accumulation in urban areas. Though Myanmar is still considered to be at an incipient stage of urbanization, economic growth will likely hasten urbanization trends and efforts will be needed to build a more robust foundation for urban growth that is inclusive and sustainable. In both rural and urban contexts, few opportunities exist for populations to actively engage in development processes. This is exacerbated in conflict-affected and areas in which formal control is contested. The Government has started to devolve fiscal resources to the States and Regions to finance local rural and urban investments. The NCCDP has also produced positive results with regard to participatory local development in rural areas. Further investments are needed to boost access and ensure that all community members have an opportunity to participate in decision making and benefit from improved access to community-level infrastructure and services. Improving well-being and inculcating a sense of fairness and trust in public institutions through equitable service provision and community-level infrastructure will be critical to nurturing a tolerant and cohesive next generation in Myanmar over the longer term.

The WBG will support expanded access to community-level services and infrastructure in selected rural and municipal localities, focusing on the most underserved areas, including those affected by conflict. Critically, an emphasis will be placed upon strengthening the capacity of local public institutions to develop inclusive participatory processes for the identification and management of these investments. Investments to improve access to community-identified rural infrastructure, electricity, and municipal and administrative services will be supported through the NCDDP, the NEP, and the planned EICP during the initial years of the CPF program. The WBG will substantially increase engagement in conflict-affected areas through the PPCP which will support mechanisms to build trust and collaboration between the Government, EAOs, and communities to identify and manage community-level infrastructure and service investments for the benefit of all members of selected conflict-affected areas outside Rakhine State. Initial support for basic service provision in Rakhine State will be provided through nationwide projects. If the conditions are appropriate, World Bank engagement to support Rakhine State may be expanded in the outer years of the CPF with the inclusion of a dedicated project that focuses specifically on expanding access to economic opportunities and infrastructure to all communities in selected areas of Rakhine State.



CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Participation</b></p> <p>*Community participation in local development planning at village, village tract and township levels (percentage, disaggregated by conflict and non-conflict affected):<sup>35</sup></p> <ul style="list-style-type: none"> <li>• Baseline: 45% conflict-affected; 50% non-conflict (2020)</li> <li>• Target: 60% (2023) (disaggregated target TBA)</li> </ul> <p><b>Access</b></p> <p>*Households with access to improved rural infrastructure and services in PPCP and NCDDP townships<sup>36</sup> (percentage, disaggregated by wealth quintile, conflict-affected townships)</p> <ul style="list-style-type: none"> <li>• Baseline: 50% (2020)</li> <li>• Target: 90% (2023)</li> </ul> <p>*Households with new or improved access to electricity services under the National Electrification Project (number, of which percentage in conflict-affected areas)</p> <ul style="list-style-type: none"> <li>• Baseline: 500,000 households;<sup>37</sup> 23% of which in conflict-affected areas (2019)</li> <li>• Target: 1,100,000 households; 25% of which in conflict affected areas (2023)</li> </ul>	<p>*Townships that are engaged in participatory development planning<sup>38</sup> (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2020)</li> <li>• Target: 15 (2023)</li> </ul> <p>Rural roads constructed or rehabilitated (km)<sup>39</sup></p> <ul style="list-style-type: none"> <li>• Baseline: 2,365 km (2019)</li> <li>• Target: 11,400 km (2023)</li> </ul> <p>Rural water systems constructed or rehabilitated (number)<sup>40</sup></p> <ul style="list-style-type: none"> <li>• Baseline: 556 (2019)</li> <li>• Target: 6,000 (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Mainstreaming Disruptive Technologies in the Bank Portfolio for Data Systems, Mapping, and Beneficiary Engagement (P171728)</li> <li>• Urban Upgrading and Affordable Housing ASA (P170036)</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• National Electrification Project (P152936)</li> <li>• NCDDP (P132500)</li> <li>• Flood and Landslide Emergency Recovery (P158194)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Myanmar PPCP (P168107)</li> <li>• Enhancing Institutional Capacity of State and Region Governments Project (P169070)</li> <li>• <i>Rakhine Recovery and Development Support Project (P168797) (if the conditions are appropriate, could be included in the latter years of the CPF, in line with the CPF's phased approach)</i></li> </ul>
<b>CPF Objective 1.2: Improve inclusive access to, and quality of, essential social services</b>		
<p><b>Intervention logic.</b> Despite improvements in spending on health, nutrition, and education, the poor quality and limited reach of services to those most underserved and disadvantaged hinder the potential of Myanmar's people to contribute to, and benefit, from the economy. The estimates are that a child born in Myanmar today can expect to be only 47 percent as productive when he/she grows up, given the prevailing risks of poor health, nutrition, and education. Poor feeding practices, limited affordability of an adequate diet, inadequate coverage of nutrition services, and high exposure to unhealthy environments—especially for the poor—contribute to high levels of malnutrition and poor health from the early years of life. Health facilities remain ill-equipped to provide universal coverage of essential services of adequate quality, while underdeveloped safety net and social protection systems provide limited support to vulnerable households. Though primary education enrollment is now almost universal for both boys and girls, this is not translating into improved learning outcomes. Meanwhile, the poorest children living in underserved areas or belonging to minority groups continue to be left behind—both in access and completion. Though the Government has acknowledged the critical role played by EAOs and nonstate providers in delivering services in conflict-affected areas, the lack of common standards and accreditation means that children outside the national system are at a disadvantage.</p>		

35 The projects covered by this indicator are the NCDDP and the PPCP. At baseline (2020) the NCDDP covers 36 townships with a population of 3.75 million and the PPCP covers 0. By end line, the NCDDP coverage drops to 13 townships while the PPCP reaches 12 (with population of 1.2 million). Community engagement is measured by share of households in project areas attending planning meetings.

36 Only NCDDP townships covered during the lifespan of this CPF (that is, excluding 2019) will be included.

37 Number of households with new or improved access to electricity services benefiting from NEP during the project's implementation between FY17 and FY20.

38 The indicator tracks decision meetings at township level and will be monitored through meetings attendance sheets.

39 The indicator tracks progress across three projects with different starting dates. The baseline shows new/rehabilitated roads by NCDDP in 2019. The target represents the cumulative length of new/rehabilitated roads between 2019 and 2023, including through NCDDP, PPCP, and the Flood and Landslide Emergency Recovery Credit

40 See footnote 37. The projects covered by this indicator are the NCDDP and the PPCP.

The WBG program focuses on nationwide system building and geographically targeted interventions to expand inclusive access to, and quality of, education, nutrition, health, and social protection services in the most underserved and excluded areas and to support pandemic responses in the health sector. Lending operations will help expand access to the Government-established nutrition-sensitive Maternal and Child Cash Transfers Program, build the readiness of health facilities to provide quality basic service provision and bring inclusive primary health care closer to underserved and hard-to-reach populations, expand access to and quality of education services in the most deprived areas of the country (targeted using MDI), enhance teachers' professional development, and increase transition rates of poor and at-risk students through the provision of student stipends. In Rakhine, the IAQEP will focus on bringing equitable access to all communities in underserved selected localities. The IAQEP and Maternal and Child Cash Transfers for Improved Nutrition and ESHA projects will specifically support building human capital in conflict-affected states through education, health, and nutrition interventions that facilitate cooperation between EAOs, civil society organizations, and authorities of the self-administered areas and state governments. The Myanmar CoVID-19 Emergency Response Project will strengthen the frontline service delivery level to respond to the disease outbreak through improved infection control and prevention and community engagement by trained voluntary health workforce to carry out awareness raising, health education, community surveillance and referral activities.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Equitable Access:</b> Townships in which all township and station hospitals are implementing infection prevention and control (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2018)</li> <li>• Target: 85 (2024)</li> </ul> <p>Births attended by skilled birth attendant (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 80.2% (2017)</li> <li>• Target: 87% (2023)</li> </ul> <p>*Children at risk of being excluded that (i) receive Ministry of Education-approved certificate for completing alternative/non-formal education (AE/NFE) programs, (ii) enroll in formal schools benefiting from support under Education with Children on the Move Program, and (iii) enroll in education delivered by partner ethnic basic education providers (number, disaggregated by gender)</p> <ul style="list-style-type: none"> <li>• Baseline: 6,220, of which 2,133 (2019)</li> <li>• Target: 150,000, of which 69,000 females (2023)</li> </ul> <p><b>Quality</b> *Grade 3 learning outcomes in literacy and numeracy in targeted townships (test score, number, disaggregated by gender)</p> <ul style="list-style-type: none"> <li>• Baseline: male 36, 60; female 30, 59 (2018)</li> <li>• Target: male 40, 70; female 40, 70 (2023)</li> </ul>	<p>Schools and teachers classified in bottom tiers of distribution according to School Quality Assurance Standards Framework and Teacher Competency Standards Framework, respectively, in targeted townships (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 33% (schools); 33% (teachers) (2020)</li> <li>• Target: 15% (schools); 15% (teachers) (2023)</li> </ul> <p>* Health facilities in selected disadvantaged townships in Ayeyarwady and Shan that have been upgraded or renovated, and equipped/furnished to specified standard (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2020)</li> <li>• Target: 150 (2023)</li> </ul> <p>Maternal and child cash transfer beneficiaries in Shan and Ayeyarwady (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 580,000 (2023)<sup>41</sup></li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Monitoring school grants and stipends PASA (P151137)</li> <li>• Myanmar Universal Health Coverage and Pandemic Response Programmatic ASA (P161832)</li> <li>• Building Social Protection Systems in Myanmar PASA (P164480)</li> <li>• Strengthening Pandemic Preparedness in Myanmar (P165842)</li> <li>• Social inclusion PASA (P168252)</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• EHSAP (P149960)</li> <li>• Myanmar Decentralizing Funding to Schools Project (P146332)</li> <li>• Maternal and Child Cash Transfers for Improved Nutrition Project (P164129)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Inclusive Access and Quality Education Project (P163389)</li> <li>• Additional Financing for EHSAP (P160208)</li> <li>• Myanmar COVID-19 Emergency Response Project (P173902)</li> </ul>

<sup>41</sup> The Maternal and Child Cash Transfers for Improved Nutrition Project aims to reach 678,000 people by 2024. Target adjusted downward to account for shorter lifespan of the CPF.

<p>Percentage of primary health care facilities with labor room in selected townships that meet the service readiness criteria to provide safe delivery, early essential newborn care and/or care for small babies and neonatal resuscitation.</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2020)</li> <li>• Target: 40% (2023)</li> </ul> <p>*Children between 6 and 23 months that benefit from conditional cash transfers (maternal and child cash transfers) in Shan and Ayeyarwady who consume foods from four or more recommended food groups (percentage, gender disaggregated)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2020)</li> <li>• Target: 32%, of which 50% female (2023)</li> </ul>		
<b>CPF Objective 1.3: Strengthen the capacity of public institutions to make policies, plan, and deliver services more effectively, transparently, and equitably</b>		
<p><b>Intervention logic.</b> Myanmar's 2008 Constitution creates some of the foundations for a more representative and decentralized system of government. The responsibilities formally assigned to the 14 state and region governments provide them with a degree of authority to substantively contribute to inclusive planning, coordination, and service provision. However, in practice, resources, decision making, and authority over the administration remain heavily centralized in the union government. The Government has taken steps to advance the decentralization process, doubling resources allocated to subnational governments since 2012 and moving the GAD—which provides frontline public administration at the local level—to a civilian-controlled ministry that could help better connect local governments with frontline administrators. But further efforts are needed to clarify functional assignments of responsibility at the subnational level, increase local government financing, and strengthen local government capacity to plan and manage resources and to coordinate and oversee investments and services delivered locally by the union government. Empowering subnational institutions to effectively exercise their limited mandates and work with the Union government will be critical to enhancing allocative efficiency for better public spending (Focus Area 2) and ensuring equitable service provision. It will also help generate bottom-up momentum for a transition to a more representative, federal model over the longer term. The WBG has previously provided analysis and TA to support the Government's decentralization policy and has contributed to national community-driven development mechanisms.</p> <p>Under the CPF, the WBG will introduce a substantive subnational governance program, through the Enhancing Institutional Capacity of State and Region Governments Project and programmatic ASA supported by the MDTF to (a) improve availability and use of sub-national data for planning, policy making, and monitoring; (b) promote Union policies that increase and enhance the equitable distribution of resources to state and region governments; (c) enhance the capacity of selected States and Regions for inclusive planning and provision of municipal services; and (d) strengthen links between subnational governing institutions—from the village-tract upward.</p>		

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>*Share of the general-purpose grant that is allocated to States and Regions using an equity-informed intergovernmental fiscal transfer formula (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 6% (2018/19)</li> <li>• Target: 30% (2023/24)</li> </ul>	<p>Selected States and Regions that meet minimum performance criteria<sup>42</sup> (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 0% (2020)</li> <li>• Target: 60% (2023)</li> </ul> <p>State/Region economic and welfare profiles developed and released (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 7 (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Mainstreaming Disruptive Technologies in the Bank Portfolio for Data Systems, Mapping, and Beneficiary Engagement (P171728)</li> <li>• Pay, Compensation, HR Review and Sub-national Service Delivery Improvement (P162323)</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Modernization of PFM Project (P144952) (intergovernmental fiscal transfers)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Enhancing Institutional Strengthening of State and Region Governments Project (P169070)</li> <li>• PPCP (P168107)</li> <li>• PFM Phase 2 Project</li> </ul>

## Focus Area 2: Fostering responsible private sector-led growth and inclusive economic opportunities

### CPF Objective 2.1: Strengthen institutional capabilities for macroeconomic, public, and financial sector management

**Intervention logic.** In the early years of the transition, Myanmar focused on getting the fundamentals for an economic transition right. Preserving the hard-won fundamentals of macroeconomic and macro-financial stability, while reinforcing macroeconomic management will be critical to staying the course. Despite basic regulation, vulnerabilities in the financial sector remain and are amplified by the ongoing COVID-19 crisis. Economic resilience is weakened by narrow fiscal space in the context of significant global and domestic economic vulnerabilities induced by the pandemic. Low public sector revenues and spending constrains the Government's ability to deliver public services and infrastructure to stimulate economic growth. Revenue mobilization in Myanmar is among the lowest in the region (between 10 percent and 12 percent of GDP). This affects government spending, which is 15 percent of GDP (much lower than the average of comparator countries), with capital investments steadily declining as a share of GDP. To realize the potential of the public sector in fostering stability and stimulating growth, the Government has identified the need to collect more, spend better, and manage risks as a central agenda of the MSDP. Building economic management capacity to enable the Government to undertake appropriate fiscal, monetary, and financial policies and institutional reforms will be critical to creating a stable environment for growth. Equally, enhancing the capabilities of government institutions to collect more public revenue and make better spending decisions will allow the public sector to play a greater role in building connective infrastructure and human capital for a stable and prosperous Myanmar.

To support the public sector in fostering stability and stimulating inclusive growth, the WBG program, which includes three lending operations and a series of analytical programs, will provide support for (a) economic monitoring and effective macro-fiscal, debt management and economic pandemic resilience and recovery policies; (b) financial sector supervision, regulatory capacity, and enhanced compliance with international banking standards; (c) data generation and analysis for inclusive and evidence-based policy making; (d) fair tax policy and administration reforms; (e) medium-term expenditure planning and budgeting; (f) expenditure management and reporting, including in key social sectors; (g) modernized government information management systems, including for core banking tax administration and the introduction of e-governance solutions; and (h) enhanced audit function and oversight. Additional lending to support economic and financial stability during and in the aftermath of the COVID-19 crisis may be pursued.

<sup>42</sup> Performance-based conditional grants to States and Regions under the EICP will require achievement of minimum mandatory conditions related to participatory planning, publication of budgetary information, and so on. Indicator measured by reference to States and Regions that receive performance-based conditional grants.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Fiscal deficit to GDP maintained at sustainable levels (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 2.7% (2018)</li> <li>• Target: &lt;5% (2023)</li> </ul> <p>Composition of expenditure out-turn compared to original approved budget (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 3.84% (2017/18)</li> <li>• Target: 14% (2023)</li> </ul> <p>Non-Performing Loan ratio maintained at sustainable level (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 2.6% (2016)<sup>43</sup></li> <li>• Target: &lt;10% (2023)</li> </ul>	<p>Tax collected from large taxpayers/ GDP ratio (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 4.08% (2018)</li> <li>• Target: 5.712% (2023)</li> </ul> <p>Consolidated action plan for SEE restructuring and Government ownership, management and oversight of SEEs approved by the National Economic Coordination Committee</p> <ul style="list-style-type: none"> <li>• Baseline: No action plan in place (2018)</li> <li>• Target: Action plan approved (2023)</li> </ul> <p>Modernized systems for treasury and core banking system and an IPSAS roadmap developed and implemented (Yes/No)</p> <ul style="list-style-type: none"> <li>• Baseline: No (2018)</li> <li>• Target: Yes (2023)</li> </ul> <p>Publication of annual EITI Reconciliation Reports and EITI Validation results that indicate steady progress toward achievement of 'Successful Progress' status</p> <ul style="list-style-type: none"> <li>• Baseline: "Meaningful progress" of EITI implementation (2019)</li> <li>• Target: "Satisfactory progress" of EITI implementation (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Macro Fiscal PASA (P171298)</li> <li>• Support for the Strengthening of the Medium-Term Public Financial Management Reform Strategy PASA (P170056)</li> <li>• Scaling Up Financial Services for the Poor PASA (P153898)</li> <li>• Myanmar Infrastructure Finance, PPP and Project Bank Support (PP171322)</li> <li>• Data-driven Analysis for Better Public Spending in Myanmar</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Modernization of PFM Project (P144952)</li> <li>• Financial Sector Development Project (P154389)</li> <li>• EITI Implementation Project (P156124)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• PFM Phase 2 Project</li> <li>• <i>Digital Government Project (P167978) (could be included in later years of the CPF, in line with the CPF's phased approach).</i></li> </ul>
<p><b>CPF Objective 2.2: Improve the environment for responsible business and facilitate trade</b></p> <p><b>Intervention logic.</b> Early liberalization efforts helped open Myanmar's economy and boost private investment and trade, allowing private investment to contribute to nearly half of all growth between 2011 and 2016. However, the restrictive business climate and high cost of doing business and trading across borders, especially for SMEs, constitute key constraints to private sector-led growth. Though the country was among the top 20 performers in the 2020 Doing Business, it remains the least attractive country for doing business in ASEAN. Large conglomerates still account for an important part of private activity and the financial sector, while links between connected and crony private sector operators and the military and/or illicit economy actors in Myanmar further highlight the importance of levelling the playing field. Complex procedures also make it difficult for firms to enter markets and grow, while poor trade facilitation, inefficient logistics and customs services, and weak financial sector intermediation prevent firms from benefitting from regional trade and access to global value chains. Access to finance presents a particularly critical constraint in a country that has the least developed financial sector of all the countries in Southeast Asia. The Government has committed to an ambitious financial sector development agenda, delivering on key reforms such as the liberalization of the insurance sector and restructuring of state-owned banks. Sustained efforts will be needed to diversify the scope of financial products and services available in the market and extend credit to rural areas and certain sectors such as agriculture, where access is particularly low. Over time, Myanmar will also need to develop a domestic bond market and lengthen the tenor of lending in the market to raise capital for inclusive growth-stimulating investments.</p>		

<sup>43</sup> These are the most recently publicly available data for nonperforming loans. There is a strong likelihood that this number significantly underreports troubled assets in Myanmar as there was an excessive reliance on overdrafts and lack of standardized reporting from banks. Subsequent to the issuance of the 2017 regulation on asset classification, banks have been in a period of transition as they bring their financial reporting in line with international best practices. Financial stability is accordingly measured as the banking sector staying on track with this transition and reporting a single-digit industry average of nonperforming loans as the end target.



Under the CPF, the WBG will deliver an integrated program to support an open and competitive environment to encourage responsible private sector contributions to inclusive growth. Upstream analytical and TA support to strengthen trade policy and advance regulatory reforms on investment climate will complement downstream IFC advisory services to enhance corporate social responsibility and SME development, as well as a lending operation targeted at customs improvements, investment facilitation, improved licensing processes, and support to SMEs. Support to accompany SMEs through the COVID-19 crisis will be incorporated in lending. In the financial sector, IFC and the World Bank will leverage trust funding and draw upon a variety of advisory, lending, and investment instruments to protect and support the inclusive expansion of the banking, insurance, MFI, and nonbanking financial institutions sectors. The FSDP will focus on the reform of state-owned banks, upgrading the legal and supervisory framework, capacity building with the banking sector and Central Bank and strengthening the national payments system. This support may be reinforced through additional financing in response to the COVID-19 crisis. IFC will complement engagement on banking sector reforms with support for strengthening systems for secured transactions and credit reporting, investments in the banking sector, and tailored advisory services to banking clients to support banking transformation. To facilitate access to credit for low-income households and small enterprises, IFC will support the sustainable and strategic expansion (particularly in rural areas) of the microfinance sector and will also explore investments in the non-banking financial institution sector to enhance access to finance in the agricultural sector. IFC will also support the gradual development of wholesale debt platforms and corporate bond market.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Distance to Frontier score in trading across borders in the World Bank Doing Business</p> <ul style="list-style-type: none"> <li>• Baseline: 47.7 (2019)</li> <li>• Target: 55 (2023)</li> </ul> <p>*Adult individuals (ages 15+) with an account at a financial institution (percentage, disaggregated by gender, quintile and conflict-affected areas)</p> <ul style="list-style-type: none"> <li>• Baseline: 26% (2018)</li> <li>• Target: 45% (2023)</li> </ul> <p>Micro-enterprises that have received loans secured with movable property (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2016)</li> <li>• Target: 1,126 (2023)</li> </ul> <p>*Small and medium enterprises (SMEs) receiving one on one business advisory services through the SME Department to improve their responsible business practices and align with international standards (number)<sup>44</sup></p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 700 (2025), with at least 35% with female participation in ownership [or 40% with a female as top manager]</li> </ul>	<p>SME Support Centers accredited by the SME Department that provide direct business development services (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 3</li> <li>• Target: 15</li> </ul> <p>Entrepreneurs satisfied with business development services (percentage, disaggregated by gender)<sup>45</sup></p> <ul style="list-style-type: none"> <li>• Baseline: TBA (2020)</li> <li>• Target: TBA (2023)</li> </ul> <p>Time for an importer/exporter to achieve Border compliance (hours)</p> <ul style="list-style-type: none"> <li>• Baseline: 230 hours/142 hours (2019)</li> <li>• Target: 100 hours/70 hours (2023)</li> </ul> <p>*Newly registered users in digital banking (number, disaggregated by gender)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2018)</li> <li>• Target: 880 (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Program for Trade Competitiveness and Enterprise Development (P164258)</li> <li>• Scaling Up Financial Services for the Poor PASA (P153898)</li> </ul> <p><b>IFC Advisory</b></p> <ul style="list-style-type: none"> <li>• Myanmar Investment Policy</li> <li>• Myanmar IC Reforms</li> <li>• Myanmar Secured Transactions Reform</li> <li>• Advisory services; Myanmar Oriental Bank</li> <li>• Credit Bureau Development</li> <li>• Myanmar Microfinance Development</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Financial Sector Development Project (P154389)</li> </ul> <p><b>IFC investments:</b></p> <ul style="list-style-type: none"> <li>• Yoma Bank, Mandarin Oriental Bank, Maha Microfinance, Dawn Microfinance, KEB Hana, FMCL, Dawn SL, KHM Equity &amp; Loans, Aceda Myanmar, and Myanmar Oriental Bank</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Private Sector Growth and Competitiveness Project (P166776)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>• Investment Climate and Investment Promotion</li> <li>• Banking sector: Risk (equity) and growth (debt) capital through a range of funded and non-funded products</li> <li>• Micro-finance: Advisory on building sector infrastructure and conducive regulatory framework; selective FDIs (equity and debt)</li> </ul>

<sup>44</sup> Selection criteria for access to subsidies will include SME adherence to transparent financial reporting obligations and tax compliance.

<sup>45</sup> The enterprise survey will be conducted by June 2020 and will provide a baseline upon which a target will be set.



**CPF Objective 2.3: Narrow the infrastructure and technology gap**

**Intervention logic.** Access to markets is constrained by expansive infrastructure and technology gaps across Myanmar's vast territory. Myanmar has the lowest electricity access rate in East Asia and is ranked lowest in ASEAN on the Logistics Performance Index. About 40 percent of the population lacks basic access to all-season road. Constraints on digital development and the capabilities of telecom firms place Myanmar near the bottom of the global Networked Readiness Index. Financing the country's infrastructure gap presents a significant challenge given limited public revenues and capital markets that still lack economically feasible products with long tenors. The Government is committed to closing the country's significant infrastructure gaps but is also cognizant of the need to limit overexposure to debt and ensure that investments respect international standards and benefit local populations. Support to narrowing the infrastructure and technology gap will be critical to connect the country to global value chains and people and firms to services and markets.

The WBG program will support the Government to optimize public and private financing of infrastructure and technology investments. Upstream TA will be provided to strengthen the Government's capacity to prioritize and coordinate investments—through the Project Bank and PPP Center—and encourage competitive and transparent government transactions with the private sector—through competitively tendered PPPs and implementation of the forthcoming Procurement Code. In the energy, transport, and telecom sectors, the WBG will, where appropriate, progressively draw upon a variety of financing modalities (IDA, viability gap financing, IDA PSW, IFC investments, and MIGA guarantees) to support infrastructure projects. In transport, IFC will pursue investments in urban infrastructure and roads, including the Yangon Elevated Expressway PPP, and these may be complemented by IDA lending in the later years of the CPF. In energy, IDA lending will focus on further developing power generation infrastructure in Yangon, expanding electrification in selected areas, and advancing energy sector reforms to support attainment of the country's universal access goal. IDA lending may be extended to supporting renewable energy generation in the later years of the CPF. IFC will explore support for the structuring of a hydropower project to international standards and promote renewable energy by advancing private investment and partnerships for solar home system distribution. WBG TA and advisory support will focus on policies for inclusive, reliable, and affordable access to clean energy. In telecommunications, ongoing lending will support market liberalization and competition with a view to promoting increased affordability, expanding access of telecommunications services to remote areas, and establishing key priorities for eGovernment. Analytical support will be provided to advance government policies for digital economy and systems for eGovernment and this may be expanded to operational engagement in the second phase of CPF implementation. In parallel, IFC will endeavor to crowd-in private investment in fixed broadband and will explore financing support to international mobile network operators.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Additional installed power generation from conventional energy sources (GW, end of year)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2018)</li> <li>• Target: 250 (2023)</li> </ul> <p>Private sector infrastructure financing facilitated (value in US\$)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2018)</li> <li>• Target: 25,000,000 (2021)</li> </ul> <p>People receiving access to improved transport (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2018)</li> <li>• Target: 116,800 (2023)</li> </ul>	<p>Thermal efficiency of energy conversion of the state-owned Ywama power plant (percentage, based on contractually binding efficiency rates)</p> <ul style="list-style-type: none"> <li>• Baseline: 18 (2018)</li> <li>• Target: 50 (2023)</li> </ul> <p>Lighting Global products sold with the support of results-based financing program (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2018)</li> <li>• Target: 60,000 (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Infrastructure Finance, PPP and Project Bank Support (P171322)</li> <li>• Myanmar Energy Policy Dialog and Sector Development (P171461)</li> <li>• Myanmar Urban Upgrading and Affordable Housing ASA (P170036)</li> </ul> <p><b>IFC Advisory Services:</b></p> <p><i>Power</i></p> <ul style="list-style-type: none"> <li>• Myanmar Hydropower Sector:</li> <li>• Energy Access Myanmar</li> <li>• LNG Myanmar</li> <li>• Myanmar Power Advisory</li> <li>• E&amp;S Myanmar</li> </ul> <p><i>Transport</i></p> <ul style="list-style-type: none"> <li>• Yangon Expressway</li> <li>• Yangon-Mandalay Highway PPP</li> </ul>

		<p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• National Electrification Project (P152936)</li> <li>• Telecommunications Sector Reform Project (P145534)</li> <li>• Solar /Wind Generation Project (this could be added in the latter years of the CPF)</li> </ul> <p><b>IFC Investment Services:</b></p> <ul style="list-style-type: none"> <li>• Power: Myingyan IPP</li> <li>• ICT: Ooredoo Myanmar, Irrawaddy Green Towers</li> <li>• Transport/Ports: Myanmar Industrial Port (MIP); Thilawa; KM Terminal and Logistics Ports Terminal: Dry ports in Yangon</li> </ul> <p><b>MIGA</b></p> <p><i>Power</i></p> <ul style="list-style-type: none"> <li>• Myingyan IPP</li> </ul> <p><i>ICT</i></p> <ul style="list-style-type: none"> <li>• KDDI Summit Global Myanmar</li> <li>• Second HyalRoute Fiber Optic Cable Network</li> <li>• Third HyalRoute Fiber Optic Cable Network</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Power System Energy Efficiency Improvement Project (P162151)</li> <li>• <i>Digital Government Project (P167978) (could be included the latter years of the CPF, in line with the CPF's phased approach)</i></li> </ul> <p><b>IFC Investments:</b></p> <ul style="list-style-type: none"> <li>• Possible conventional and/or renewable energy investments; possible road investments</li> </ul>
<p><b>CPF Objective 2.4: Improve income generation and productivity in selected sectors and zones</b></p> <p><b>Intervention logic.</b> To support an inclusive growth model, specific sectors that have potential to improve income generation and create more and better jobs need to be developed. In Myanmar, agriculture employs 49 percent of the workforce and 60 percent of poor workers. Agricultural productivity and diversification are low due to the undersupply of necessary public goods and technical services by the private sector. Poor coordination and logistical inefficiency within agricultural value chains exacerbate productivity gaps and market risks and inhibit downstream investments in value-adding agricultural processing and food manufacturing. As the country moves from an 'agri-based' to a 'pre-transitional' economy, agribusiness, market links, and diversification will need to play a more important role. Tourism also holds untapped potential for job creation, contributing 2.7 percent of GDP. But the underdeveloped sector has generated negative environmental impacts while enabling only limited local capture of revenues generated.</p>		

The WBG will target investments to support agricultural productivity and diversification and may progressively expand into support for the development of the tourism sector in selected locations—helping to protect existing income sources at a time of crisis while creating income-generation benefits to local populations and developing demonstration effect for other areas. IDA lending in selected zones will continue to help farmers with improved agricultural technology and infrastructure, as well as financing for more responsive and reliable irrigation and drainage services to boost productivity. New lending will promote the development of selected agricultural commodity value chains, innovative modalities to better link farmers to markets and improvements in the enabling environment for agro-enterprises, in collaboration with the private sector. IFC support to increase private sector participation in the inputs market and develop industry standards and certifications will complement investments in agribusiness and agri-infrastructure to help improve efficiencies, lift product quality, promote foreign investments, and forge stronger links between small landholders and large-scale agricultural farms and corporations. In tourism, IFC will provide advisory support to enhance the accessibility and attractiveness of selected tourism destinations; increase the economic inclusion of local workers and firms, including women in the sector; and strengthen industry standards and marketing. This may be expanded to IFC investments and IDA lending to support the sector. IFC may explore support to the light manufacturing garment sector.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Sales volume of smallholders participating in value chain clusters supported by NFASP (percentage, gender disaggregated)</p> <ul style="list-style-type: none"> <li>Baseline: 2,000 kg/per farmer (2021)<sup>46</sup></li> <li>Target: at least 15% over the baseline, with females accounting for 40% of participating smallholders (2023)</li> </ul> <p>Yields of selected commodities/crops in selected zones supported by the ADSP (Mt/ha)</p> <p>Paddy (wet season)</p> <ul style="list-style-type: none"> <li>Baseline: 4.25 tons/ha (as of May 2019-MTR)</li> <li>Target: 5 tons/ha (2023)<sup>47</sup></li> </ul> <p>Paddy (dry season)</p> <ul style="list-style-type: none"> <li>Baseline: 4.45 tons/ha (as of May 2019-MTR)</li> <li>Target: 5 tons/ha (2022)<sup>48</sup></li> </ul> <p>Black gram</p> <ul style="list-style-type: none"> <li>Baseline: 1.5 tons/ha (as of May 2019 MTR)</li> <li>Target: 1.6 tons/ha (2022)</li> </ul> <p>*Increase in adoption of sustainable farming practices among small holders supported by NFASP and ADSP (percentage, disaggregated by gender)</p> <ul style="list-style-type: none"> <li>Baseline: 8,088 (of which 27% are women) (2019)</li> <li>Target: 27,000 (of which 40% are women) (2023)</li> </ul>	<p>Beneficiaries with access to project supported value chain services/ facilities (number, disaggregated by gender)</p> <ul style="list-style-type: none"> <li>Baseline: 0 (2020)</li> <li>Target: 2,000 (2023)</li> </ul> <p>Value chain clusters established with NFASP support (number)</p> <ul style="list-style-type: none"> <li>Baseline: 0 (2020)</li> <li>Target: 25 (2023)</li> </ul> <p>Farmers certified under Myanmar Good Agricultural Practices reporting increased income (percentage)</p> <ul style="list-style-type: none"> <li>Baseline: 0 (2018)</li> <li>Target: 15% (2020)</li> </ul> <p>Sales revenue (US\$) from food safety standard improvement (IFC Advisory)</p> <ul style="list-style-type: none"> <li>Baseline: 0 (2018)</li> <li>Target: 3,000,000 (2023)</li> </ul> <p>Storage of agricultural production (MT) from IFC financing in warehouse and transportation</p> <ul style="list-style-type: none"> <li>Baseline: 7,631 (2018)</li> <li>Target: 267,000 (2023)</li> </ul> <p>Destination Management Organizations established in project locations (number)</p> <ul style="list-style-type: none"> <li>Baseline: 0 (2019)</li> <li>Target: 2 (2021)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>IFC Advisory:</b></p> <p><i>Agriculture</i></p> <ul style="list-style-type: none"> <li>Myanmar Food Safety</li> <li>Reforming Agri Input Regulation and Standards</li> </ul> <p><i>Tourism</i></p> <ul style="list-style-type: none"> <li>Sustainable Tourism Development</li> </ul> <p><i>Manufacturing</i></p> <ul style="list-style-type: none"> <li>Myanmar Readymade Garment Sector Scoping Study</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>Agricultural Development Support Project (ADSP) (P147629)</li> </ul> <p><b>IFC Investment:</b></p> <p><i>Agriculture</i></p> <ul style="list-style-type: none"> <li>Bel Ga Myanmar</li> <li>AWBA - Agri chemicals and fertilizers</li> </ul> <p><i>Tourism</i></p> <ul style="list-style-type: none"> <li>United International Group Limited: Amarta Began and Inle Lake</li> <li>Shangri-La Residences</li> <li>Shangri-La Traders Hotel</li> </ul> <p><i>Manufacturing</i></p> <ul style="list-style-type: none"> <li>Shawe Taung Cement</li> </ul>

<sup>46</sup> Based on the existing data. The actual data, including on gender disaggregation, will be collected as part of the baseline survey.

<sup>47</sup> In original RF of ADSP, the target was 3.12 tons (baseline of 2015 was 2.5 tons). At the time of MTR (May 2019), the target was already overachieved. The target will be formally revised at next mission.

<sup>48</sup> In original RF, the target was 3.9 tons (baseline of 2015 was 3 tons). At the time of MTR (May 2019), the target was already overachieved. The target will be formally revised at next mission.

		<p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• National Food and Agriculture Systems Project (NFASP) (P164448)</li> <li>• <i>Inclusive and Sustainable Tourism Project (P168617) (could be included in the latter years of the CPF, in line with the CPF's phased approach).</i></li> </ul> <p><b>IFC Investment:</b></p> <p><i>Agriculture</i></p> <ul style="list-style-type: none"> <li>• Explore opportunities in agri-infrastructure such as warehousing and cold chain systems.</li> </ul> <p><i>Tourism</i></p> <ul style="list-style-type: none"> <li>• Explore opportunities in tourism infrastructure.</li> </ul> <p><i>Manufacturing</i></p> <ul style="list-style-type: none"> <li>• Explore opportunities in the ready-made garment sector.</li> </ul>
<b>Focus Area 3: Enhancing climate and disaster resilience and sustainable natural resource and environmental management</b>		
<b>CPF Objective 3.1: Strengthen the resilience of vulnerable communities against climate and natural disaster risks</b>		
<p><b>Intervention logic.</b> Myanmar is highly exposed to natural disasters, with the frequency and severity of catastrophic events and their impact increasing in recent years. However, the country's ability to mitigate the impact of disasters and climate change remains limited and highly vulnerable to current patterns of environmental degradation, urbanization, and climate change. Estimated annual economic losses due to natural disasters amount to 0.9 percent of GDP, the highest in the ASEAN region. Climate and natural disaster-related shocks disproportionately affect poor and vulnerable populations, including women and those affected by conflict. Although the Government has introduced a comprehensive disaster risk management policy framework and has broad and ambitious climate commitments under its NDC, implementation has been slow, with continued focus on post-disaster assistance. Myanmar could significantly reduce the losses in public welfare and the economic costs resulting from climate and natural disasters if it had more robust and more inclusive adaptation planning, disaster preparedness, and recovery responses that are adapted to the complexities of operating in conflict-affected areas.</p> <p>Through its lending and analytical program, the World Bank will focus on mitigating the impact of recent disasters and strengthening financial planning and building government capacity to prepare for, and ensure resilience against, natural hazards and climate-induced disasters. Specific investments will help embed climate resilience in rehabilitated roads and agricultural practices and foster collaboration across government on disaster risk management. Through the SEA DRM Project, the World Bank will support efforts to mitigate flood and seismic risks in Yangon and will leverage the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) to finance TA and disaster insurance premiums for risk reduction and preparedness. The World Bank will also develop a climate change action plan to review and maximize the contribution of its lending and advisory services to the implementation of Myanmar's NDC.</p>		

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>People benefiting from resilient infrastructure (roads, drainage, and seismic buildings in Yangon) (number)</p> <ul style="list-style-type: none"> <li>• Baseline: 120,000 (2019)</li> <li>• Target: 500,000 (2023)</li> </ul> <p>Myanmar has access to disaster response funding (Yes/No)</p> <ul style="list-style-type: none"> <li>• Baseline: No (2019)</li> <li>• Target: Yes (2023)</li> </ul>	<p>Digital database established by Yangon City Development Committee based on building permits issued, which can support assessment of building vulnerabilities, and prioritization of future risk reduction interventions (Yes/No)</p> <ul style="list-style-type: none"> <li>• Baseline: No (2019)</li> <li>• Target: Yes (2023)</li> </ul> <p>Supervisory Control and Data Acquisition (SCADA) system operationalized by Yangon City Development Committee, for monitoring functioning and operation of drainage infrastructure remotely (Yes/No)</p> <ul style="list-style-type: none"> <li>• Baseline: No (2019)</li> <li>• Target: Yes (2023)</li> </ul> <p>Vulnerable forest-dependent communities benefiting from improved forest management practices (number)<sup>49</sup></p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 1,200 (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA, TA, and Knowledge Product:</b></p> <ul style="list-style-type: none"> <li>• Climate Change Action Plan (P172642)</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• SEA DRM Project (P160931)</li> <li>• Flood and Landslide Emergency Recovery (P158194)</li> <li>• NCDDP (P132500)</li> <li>• SEADRIF (P170913)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Forest Restoration, Development and Investment Project (P168254)</li> </ul>
<b>CPF Objective 3.2: Improve the sustainable management of the green, blue, and brown environment</b>		
<p><b>Intervention logic.</b> Responsibly managing Myanmar's rich but fragile natural environment is key to optimizing the country's natural capital base for existing and future generations and it is equally important for promoting inclusion and advancing the peace process. Heavy reliance on nonrenewable assets; weak environmental assessment and management systems; and the mismanagement of natural resources are depleting natural capital (minerals, fisheries, and forestry) to the benefit of those controlling land without generating dividends for the existing and future populations. Myanmar's green environment is under threat as deforestation is accelerating with GDP growth. Only 41 percent of Myanmar's total forest area is within the Permanent Forest Area. The 2014 log export ban and partial logging ban have helped curb commercial over extraction, but unlicensed and illegal timber exports continue to deprive the country of revenue and communities of sustainable livelihoods. Myanmar's blue environment consists of an abundance of water resources that provide a lifeline to the country but for which overexploitation and pollution present major challenges. Poor and unsustainable waste disposal practices, pollution, and the uncontrolled use of plastic characterize Myanmar's brown environment. Though significant progress was made in recent years in introducing legal and regulatory frameworks for environmental management, the system struggles to keep pace with increased economic activity. Investments and regulations to better manage the impact of environmental degradation through better urban planning, air quality and waste management, and plastics regulation will need to be combined with efforts to reverse degradation, including through better management of forestry and water resources.</p>		

<sup>49</sup> Vulnerable forest-dependent communities refer to the communities that were selected using the project's criteria which includes the MDI2 for targeting as well as other criteria on demand, pre-established groups, and so on. Benefitting from improved forest management practices refers to the benefit that they receive in terms of inputs and TA from the project (not impact).

Given the highly contested and complex nature of natural resource management in Myanmar, the WBG program will focus on strengthening capacity to manage discrete subsectors of the blue, brown, and green environment, in addition to building institutional capacity for environmental protection. For the green environment, new lending will support collaborative forest management and increase benefits for forest dependent communities in selected zones. For the blue environment, the ongoing AIRBMP will continue to selectively support the sustainable development and integrated management of the Ayeyarwady river. Analytical work on fisheries and the blue economy will guide the Government in sustainably managing coastal resources; promoting aquaculture for food security, nutrition, and job creation; and building the foundations of a coastal blue economy. For the brown environment, solid waste and plastic management will be enhanced through policy support at the national level and investments at the municipal level. Building upon analytical work, the WBG will explore opportunities to enhance institutional capacity; strengthen regulatory frameworks; and invest in waste management projects through pipeline operations including the EICP, the AIRBMP, and potentially, tourism investments during the second phase of CPF implementation. Innovative approaches to reduce, reuse, recycle, develop, and/or introduce affordable plastic alternatives are also being developed along with activities to reduce community use of plastics and improve solid waste management of plastics and trials to use recycled plastic to build roads. Across the World Bank portfolio, assistance will be provided to improve the country's weak environmental assessment and management systems, including through support for a Safeguards Learning Center. The EITI program will reinforce transparency in the evaluation and award of extractive licenses. In parallel, IFC's Environmental and Social Advisory program will promote transparency and accountability of the private sector in natural resource use and provide support to the government regulator (MONREC) and the Myanmar Environmental Assessment Association.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Areas brought under sustainable forest/landscape management practices (hectares)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 ha (2019)</li> <li>• Target: 230,000 ha (2023)</li> </ul> <p>Area targeted with re-/afforestation activities (including public, and community plantations) (hectares)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 40,000 ha</li> </ul> <p>Comprehensive river basin master plan developed to guide the sustainable development and management of the Ayeyarwady river basin (Yes/No)</p> <ul style="list-style-type: none"> <li>• Baseline: No river basin master plan (2019)</li> <li>• Target: River basin master plan is developed (2023)</li> </ul> <p>Cities with solid waste management improvement plans developed (number)</p> <ul style="list-style-type: none"> <li>• Baseline 0 (2019)</li> <li>• Target 3 (2023)</li> </ul>	<p>Size of Protected Areas and Community Conservation Areas brought under effective management (according to Biodiversity Law definition) (hectares)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 ha (2019)</li> <li>• Target: 100,000 ha (2023)</li> </ul> <p>EIAs approved in compliance with environmental safeguard standards (percent)</p> <ul style="list-style-type: none"> <li>• Baseline: 6.9% (2019)</li> <li>• Target: 10% (2023)</li> </ul> <p>Channel stabilization work along the stretch of the Ayeyarwady completed<sup>50</sup></p> <ul style="list-style-type: none"> <li>• Baseline: No (2019)</li> <li>• Target: Yes (2023)</li> </ul> <p>Roadmap for improvement of plastic management</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 1 (2021)</li> </ul>	<p><b>World Bank ASA and TA:</b></p> <ul style="list-style-type: none"> <li>• Mining Sector Governance Diagnostic (P169426)</li> <li>• Solid Waste and Pollution Management PASA (P168826)</li> <li>• Blue Economy PASA (P172379)</li> <li>• Myanmar Water Platform and strategy development (P169593)</li> <li>• Myanmar Country Environmental Analysis</li> <li>• Enhancing Urban Land Tenure in Yangon (P171495)</li> </ul> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• AIRBMP (P146482)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank Lending:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Forest Restoration, Development and Investment Program (P168254)</li> <li>• Enhancing Institutional Strengthening of State and Region Governments Project (solid waste services) (P169070)</li> <li>• <i>Inclusive and Sustainable Tourism Project (solid waste services) (P168617) (could be included the latter years of the CPF, in line with the CPF's phased approach)</i></li> </ul>

<sup>50</sup> Channel stabilization works are defined by construction of bank protection works, river training works, and strategic dredging works. The indicator applies to the river stretch between Mandalay and Sagaing.



### Cross-cutting theme: Promoting social inclusion, including in conflict-affected areas

**Intervention logic.** Exclusion and conflict—the drivers of fragility of Myanmar—lie at the center of the country’s development challenge, impeding progress across the three interrelated dimensions of the transition process and stymieing opportunities to reduce poverty and promote shared prosperity. Emerging data show that parts of the population have remained disproportionately affected by poverty and poor access to basic services, even as the situation gradually improved for the majority. While inequalities and exclusion are manifest across the country, the convergence of a range of factors related to conflict; geography and remoteness; ethnic, linguistic, and religious minority status; and identity has created a ‘horseshoe’ effect, whereby the zones around the periphery of the country have missed out most from the country’s recent transitional gains. This in turn has further fueled grievances and oftentimes resulted in violence. Reducing poverty will require reaching excluded and remote households, especially in worse-off states and regions and among disadvantaged ethnic minorities and women. Progress on peace and social cohesion will also be critical to sustaining growth, fostering investors’ confidence, and preventing tensions that could reverse the economic advances of recent years.

The CPF formally enshrines the strategic shift that was taken by the WBG in the wake of the Rakhine crisis to proactively and systemically promote social inclusion including in conflict-affected areas and makes full use of key tools developed to ensure greater impact on social inclusion. The CPF also aligns with the recently approved World Bank FCV Strategy, where inclusion is featured as one of four guiding principles. The WBG program will build the promotion of social inclusion, including in conflict-affected areas, into all three focus areas of engagement. Implementation of the cross-cutting theme will draw upon the systematic approach and ‘toolbox’ developed by the WBG since 2017. Analytical work to support poverty, welfare, and conflict monitoring will be maintained to enable the WBG to apply an evidence-based and targeted approach to orienting the program and individual projects and to develop capacity to respond to an ever-evolving country context. Technical support and ASA to strengthen country-level environmental and social risk management will also be prioritized, in alignment with the World Bank’s new ESF. The IPL will be applied to all new WBG investments to ensure conflict-sensitive and inclusive project designs. New approaches and mechanisms to engaging with nonstate actors, including EAOs, will be built into relevant operations. To support monitoring and evaluation in conflict-affected or otherwise hard-to-access areas, ICT-based project monitoring and beneficiary feedback mechanisms will be systematically built into new projects (drawing upon ongoing pilot exercises), together with mechanisms for third-party monitoring.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>*Area-based funds<sup>51</sup> from new IDA projects that go to conflict-affected townships (percentage)<sup>52</sup></p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 30% (2023)</li> </ul> <p>*Area-based funds from new IDA projects that go to townships in two bottom quintiles of MDI2 (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 69% (2023)</li> </ul>	<p>*New IDA operations targeting conflict-affected areas that involve consultations with EAOs (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 0 (2019)</li> <li>• Target: 100% (2023)</li> </ul> <p>*New WBG operations integrating conflict and inclusion sensitivity through IPL (percentage)</p> <ul style="list-style-type: none"> <li>• Baseline: 0% (2019)</li> <li>• Target: 100% (2023)</li> </ul> <p>*Poverty Assessment produced and used to inform World Bank operations and dialogue</p> <ul style="list-style-type: none"> <li>• Baseline: No (2019)</li> <li>• Target: Yes (2023)</li> </ul>	<p><b>Ongoing engagement:</b></p> <p><b>World Bank ASA, TA, and knowledge products:</b></p> <ul style="list-style-type: none"> <li>• IPL (P171343)</li> <li>• Social Inclusion PASA (P168252)</li> <li>• Poverty PASA (P167819)</li> <li>• Mainstreaming Disruptive Technologies in the Bank Portfolio for Data Systems, Mapping, and Beneficiary Engagement (P171728)</li> </ul> <p><b>New engagement:</b></p> <p><b>World Bank ASA, TA, and knowledge products:</b></p> <ul style="list-style-type: none"> <li>• ASA on Building Government Systems for Improved Environmental and Social Risk Management</li> </ul>

<sup>51</sup> Only the proportion of IDA funds devoted to area-based targeted activities will be used as a denominator; Union-level activities financed by the same projects will be excluded.

<sup>52</sup> Target uses FY20 pipeline projects as a proxy for the remaining pipeline for which specific geographic engagements remain to be determined.

# Annex 2: Myanmar Country Partnership Framework FY15–19 Completion and Learning Review

**Date of CPF: March 31, 2015 (Report No. 95183-MM)**

**Date of Progress and Learning Review: June 2, 2017 (Report No. 115306-MM)**

**Period Covered by the Completion and Learning Review: July 1, 2015 to June 30, 2019**

## A. INTRODUCTION AND COUNTRY CONTEXT

### I. *Country Context*

1. **The context for both Country Partnership Framework (CPF) formulation and implementation in Myanmar has been complex and challenging as the country grapples with an ongoing and incomplete ‘triple-transition’ in the economy, political system, and peace process.**<sup>53</sup> The authorities, under both the Union Solidarity and Development Party (USDP) and National League for Democracy (NLD) governments, have made significant progress in each of these areas. Between 2011 and 2016, gross domestic product (GDP) grew by 7.3 percent per year on average, or 6.4 percent in per capita terms. Growth subsequently slowed as global economic uncertainty and domestic vulnerabilities have emerged: from 7 percent in 2015/16<sup>54</sup> to 6.8 percent in 2017/18 and further to 6.2 percent in 2018/19. The authorities maintained a stable macroeconomic framework and a strong dialogue with both the International Monetary Fund (IMF) and World Bank on economic management issues. The period leading up to the CPF saw a significant reduction in the incidence of poverty from 48 percent in 2005 to 42 percent in 2010 and 32 percent in 2015. Various multidimensional welfare indicators (for example, access to electricity, education enrollment, water, sanitation, and hygiene) suggest this process continued during the CPF period. Free and fair elections in 2015 resulted in a peaceful transition to a civilian-led government dominated by the NLD. The peace process continued through the NLD-initiated Union Peace Conference which seeks to build on and extend the National Ceasefire Agreement (NCA) reached with ten ethnic armed organizations (EOs). Notwithstanding these achievements, significant challenges to maintaining progress in each of the three transitions severely complicated the design and implementation of the CPF. Myanmar’s rapid growth was driven by a dramatic increase in foreign direct investment (FDI) and the opening of long-restricted export markets (notably garments). These generated incomes primarily for urban workers while agriculture, though critical for progress in rural poverty reduction, grew less rapidly, contributing to increasing inequality between urban and rural areas. Many groups remain excluded from economic opportunities, access to services, and participation in social and political life. This is the case along geographic (rural and remote areas, some states) and identity lines. While the first round of economic reforms entailed difficult and indeed courageous steps, they enjoyed broad support and achieved rapid results, more rapid indeed than in many transition economies. Subsequent reforms (affecting, for example, the financial sector and state-owned enterprises) have involved more difficult institutional changes and have been contested in the more open political environment. Continuing capacity and structural weaknesses in public administration, exacerbated by the relative inexperience of many officials in the new NLD government, also hindered implementation of reforms. Nevertheless, important improvements in the legislative and regulatory framework continued. Progress in the political transition has been stymied by provisions of the 2008 Constitution which reserves 25 percent of seats in the national parliament and in regional legislatures to nominees of the military, a percentage sufficient to block amendments to the Constitution. In

<sup>53</sup> The Interim Strategy Note (ISN) (2012) and the Systematic Country Diagnostic (SCD) (2014) as well as the CPF and Performance and Learning Review (PLR) all discuss the implications of the triple transition for the World Bank Group (WBG) strategy and program.

<sup>54</sup> The Myanmar financial year was April–March until April 2018 and then it changed to October–September. The 6.2 percent for 2018/19 is the annualized growth rate estimated for the transition period of April–September 2018.

addition, the military controls the vital ministries of defense, home affairs, and border affairs and is not subject to civilian oversight.<sup>55</sup> The peace process also reached a plateau with renewed violence in Kachin and Shan States and little progress in defining an agenda for functional federalism. EAOs who have not signed the NCA control three times as many troops as do signatories. Internationally, these developments were overshadowed by the crisis in Rakhine State, where a series of military actions and responses to attacks on police posts in 2016 and 2017 led to widespread violence and the massive displacement of people who self-identify as Rohingya Muslims<sup>56</sup> with more than 730,000 fleeing to refugee camps in Bangladesh, joining as many as 300,000 already in camps from earlier rounds of violence. As many as 130,000 refugees from Rakhine are confined in internally displaced people camps in Myanmar, in addition to several hundred thousand outside camps, facing limitations of movement and severely restricted access to basic services.

**2. The complexity of Myanmar's triple transition is underscored by links between the peace process and economic and political reforms that have become increasingly evident during the CPF period.** Ongoing conflicts have provided a justification for the military to retain its political position while the lack of civilian control over key security ministries and the military overall complicates the peace process, exacerbates ethnic tensions, and obscures democratic accountability. An uneven playing field in the control of natural resources and land further complicates the process. Delays in the second wave of economic reforms supporting a more open, competitive business environment made it more difficult for all stakeholders in the peace process to benefit from a more integrated national economy which in turn would support the federal political structure that peace requires. Improving service delivery to marginalized groups proved to be difficult without steps toward more inclusive institutions, improved public sector capacity, and political accountability. These interrelations combined with the differential and unpredictable dynamics of the three transitions led to a significantly more complicated country context than anticipated in the CPF and PLR.

**3. The WBG's long operational hiatus in Myanmar, compounded by the country's relative isolation, added a further degree of complexity and uncertainty to the design and implementation of the CPF.** Roughly three decades had elapsed since the World Bank's last operational engagement in Myanmar. During this period, Myanmar had become increasingly isolated and subject to trade and financial sanctions. When the WBG's reengagement process began, it moved very quickly, following the clearance of arrears and formulation of an ISN at the end of 2012. The WBG faced a significant deficit of both knowledge and experience, compounded by exceptionally weak data, but also faced expectations from all stakeholders, including the Myanmar authorities, that operational activities would accelerate quickly. The ISN and CPF responded to these challenges with both a strong analytic program and a broad-based lending program. The result was an intensive period of 'learning by doing'. Developing a 'rapid footprint' of operational activities in Myanmar had to deal with challenges stemming from limited absorptive capacity, including constraints from the World Bank's commitment to use country systems, resulting in longer startup periods for project implementation. This implies an iterative process driven by potential and realized breakthroughs alongside periodic setbacks and adjustments. In this context, building trust and strong relationships with counterparts and strengthening the institutional setting were critical factors.

**4. The August 2017 crisis in Rakhine State was a seminal event in redefining the country context.** Since then, the World Bank has adjusted its strategy, staying engaged to support Myanmar's complex transition but with a greater focus on social inclusion and conflict areas, including in Rakhine State. In agreement with the Government, the World Bank committed to increase funding for conflict-affected areas, ensured that nationwide projects have a specific emphasis on conflict, and determined that all operations, where relevant, promote social inclusion and mitigate risks of exclusion. The World Bank developed a series of inclusion-focused analyses to inform decision making. These included a Multidimensional Disadvantage Index (MDI) to allow for more accurate targeting of deprived areas, a social inclusion portfolio review, and an 'Inclusion and Peace Lens' (IPL) to ensure

<sup>55</sup> The NLD Government did succeed in moving the General Administration Department (GAD) out of the Ministry of Home Affairs to the Ministry of the Office of the Union Government. This could have significant consequences as GAD is a key agency in local administration and service delivery.

<sup>56</sup> In line with the Report of the Advisory Commission on Rakhine State (2017), the remainder of the CLR will refer to those who self-identify as Rohingya as 'Muslims' or 'the Muslim community in Rakhine'. This does not include the Kaman Muslims in Rakhine or other Muslims in the country.

a focus on inclusion and conflict sensitivity in all new operations. Operational adjustments included a redesign of the pipeline to address the Rakhine crisis and other conflict issues in the country.

## B. SUMMARY OF KEY FINDINGS AND ASSESSMENT OF CPF DEVELOPMENT OUTCOMES

### *II. Development Outcomes*

5. **The CPF program of financial and knowledge services made good progress toward achieving the objectives identified in the CPF and updated in the PLR.** In each of the three CPF focus areas, Myanmar made substantial progress over the course of the CPF period. The overall CPF development outcome is rated Moderately Satisfactory. During the CPF period, WBG activities led to the achievement of eight of the twelve CPF objectives with an additional three mostly achieved and only one partially achieved. In addition, several activities had a transformational impact in directly improving the lives of millions in Myanmar. These included the provision of rural infrastructure and access to information and communication technology (ICT). Rapid economic growth during 2011–2016 supported a decline of about one-third in the poverty rate, underpinned widespread improvements in access to services from electricity and telecoms to health and education, and led to a doubling in the number of private sector firms. As documented in the 2019 Systematic Country Diagnostic (SCD),<sup>57</sup> this performance was comparable to, and in some dimensions exceeded, other countries at similar stages in the transition process. The contribution of the twelve CPF objectives to Myanmar's overall progress is summarized in Table 2.1 and detailed in Attachment 1: Myanmar Completion and Learning Review - Self Evaluation Matrix which reports progress on each objective following the updated Results Framework (RF) of the PLR.

6. **Objective 1.1 - Improved power generation and access to electricity was achieved.** The WBG has supported three channels to improve power generation and increase access to electricity: (a) expanding the electricity grid through direct investment in new and rehabilitated generating capacity, (b) increasing off-grid access through the installation of solar units, and (c) technical support to the National Electrification Plan, which leveraged additional resources from the Government/other development partners (DPs) for both grid and off-grid extensions. As a result, by end June 2019, 2.42 million people had received new or improved electricity services against the end-CPF target of 3 million. Overall, the power generated almost doubled the CPF target. The WBG-supported rehabilitation of existing gas-fired capacity resulted in an increase of 2.5 times in electricity output from the same amount of gas exceeding the thermal efficiency target. Building on technical assistance (TA) provided by the World Bank, the Ministry of Electricity and Energy analyzed the overall financial gap in the system, identified scenarios to reduce unsustainable subsidies, and in June 2019 implemented a cost-recovery pricing system involving an average tariff increase of 70 percent.

7. **Objective 1.2 - Increased productivity in farming and agribusiness was mostly achieved.** The WBG strategy to support increased productivity in the agricultural sector relied on an integrated program including piloting new approaches to irrigation management and services to farmers, analytical and advisory support to policy formulation, and investments in agribusiness ventures. In spite of delays associated with extensive reorganizations of multiple Government of Myanmar (GoM) counterpart agencies, there was notable progress in demonstrating the potential of these activities to increase productivity. Paddy yields in World Bank-supported irrigation schemes significantly exceeded indicator targets (3.99/4.27 tons/ha against the target of 2.7/2.9 tons/ha in wet/dry season). Cropping intensity met the target (1.36 as compared to the target of 1.4). The area with improved irrigation and drainage and numbers of client farmers receiving improved agricultural technologies under the World Bank-supported project both substantially exceeded targets as project activities recovered from initial delays. International Finance Corporation (IFC) was able to conclude advisory agreements and investments supporting agribusiness exceeding the targets set as indicators for increased engagement of the

<sup>57</sup> Myanmar Systematic Country Diagnostic 2019 (P167040)

Table 2.1 | Summary of CPF Objective and Indicator Ratings

CPF Objectives	Overall Outcome Rating	Indicators Achieved	Indicators Mostly Achieved	Indicators Partially Achieved	Indicators Not Achieved
<b>Focus Area 1: Reducing Rural Poverty</b>					
Objective #1.1. Improved power generation and access to electricity	<b>Achieved</b>	3	1		
Objective #1.2. Increased productivity in farming and agribusiness	<b>Mostly Achieved</b>	5	1	—	—
Objective #1.3. Improved Access to Critical Infrastructure and Services for the Rural Poor	<b>Achieved</b>	1	—	—	1
Objective #1.4 Improved National Capacity for sustainable environmental and natural resource management	<b>Achieved</b>	4	—	—	—
<b>Focus Area 2: Investing in People and Effective Institutions for People</b>					
Objective #2.1. Improved capacity to manage public finances and Union—State/Region relations for better service delivery	<b>Mostly Achieved</b>	3	—	1	1
Objective #2.2. Expanded Health Services and Improved Health Financing with a focus on Maternal, Newborn and Child Health	<b>Achieved</b>	4	—	—	—
Objective #2.3. Expanded and improved education coverage and measurement of learning outcomes	<b>Achieved</b>	2	1	—	—
Objective #2.4. Increased understanding of poverty and key related issues	<b>Achieved</b>	3	1	—	—
<b>Focus Area 3: Supporting a dynamic private sector to create jobs</b>					
Objective #3.1. Improved financial infrastructure and access to finance	<b>Mostly Achieved</b>	4	—	4	—
Objective #3.2. Improved legal and regulatory environment for private sector investment in productive and services sector	<b>Achieved</b>	3	—	—	—
Objective #3.3. Increasing effectiveness and transparency of trade regulations	<b>Partially Achieved</b>	—	—	2	—
Objective #3.4. Increased access to ICT	<b>Achieved</b>	3	1	—	—
<b>Overall Outcome Rating – Moderately Satisfactory</b>					

private sector. While Myanmar agriculture still functions well below its potential, the CPF strategy building on pilot and demonstration approaches, in addition to engaging the private sector, demonstrated that significant achievements at the national level are within reach.

8. **Objective 1.3 - Improved access to critical infrastructure and services for the rural poor was achieved.** The National Community-driven Development Project (NCDDP), already supported by the World Bank under the ISN, financed over 21,721 village subprojects, which supported the rehabilitation and/or construction of 8,900 km of rural roads, 1,600 bridges, 3,300 water supply systems, 3,600 schools, and other infrastructure to community populations of 7.2 million as of March 2019 (target met). Nearly 51.3 percent of project beneficiaries were women (target substantially exceeded). The community-driven development (CDD) platform transformed the provision of infrastructure services from a top-down administrative mode to a bottom-up participatory



approach in which community members receive extensive training to carry out basic project management, procurement, and financial management tasks for the community projects which they have selected. This empowerment and capacity building transforms relations between the Government and local communities through mutual accountability. The project also resulted in significant wage transfers to participating communities (approximately 15 percent of committed project funds). The GoM has used the CDD platform to also engage with conflict-affected communities and EAOs; more than one-third of participating townships now include conflict areas. The PLR added a second indicator targeting 200 km of road rehabilitation (not met) linked to the Myanmar Flood and Landslide Emergency Recovery Project which responded to the 2015 floods. Nevertheless, the Completion and Learning Review (CLR) finds this objective achieved based on the magnitude and the qualitative impact of the NCDDP activities relative to the much lesser significance of the road rehabilitation program.<sup>58</sup>

9. **Objective 1.4 - Improved national capacity for sustainable environmental and natural resource management was achieved.** Capacity for environmental and natural resource management in Myanmar at the onset of the CPF period was exceptionally low. Building that capacity is inevitably a long-term process stretching over several years well beyond a single CPF cycle. The World Bank actions supported multiple channels to energize this process during the CPF period. The majority of World Bank projects included environmental capacity-building components (target met) with additional training supported by the World Bank's Country Management Unit (CMU) and the Department of Foreign Affairs and Trade (DFAT)-financed Safeguards Learning Center. The World Bank, in close collaboration with the Government, completed environmental risk assessments for two key sectors, fisheries and forestry (target met). Finally, there was significant progress in putting in place a planning and implementation framework for the Ayeyarwady river basin, arguably Myanmar's most critical natural resource area. The GoM completed a state of the basin assessment and initiated work on an integrated master plan to guide investments for years to come; the master planning process also integrated the key elements of strategic environmental and social assessment (targets met). This work included modernization of the hydromet system which will improve river flow forecasting, a key step in flood preparedness. While there is no question that environmental and natural resource management capacity remains inadequate in Myanmar, national capacity improved in critical areas and achieved the objective.

10. **Objective 2.1 - Improved capacity to manage public finances and Union-State/Region relations for better service delivery was mostly achieved.** Collaboration with the Myanmar authorities on improved public financial management (PFM) had begun already under the ISN with extensive technical support and joint analytic work, initiating, for example, the Public Expenditure Review (PER) done in collaboration with about 50 staff from the Ministry of Planning, Finance and Industry (MOPFI) in five cross-departmental teams. Myanmar had among the world's lowest budget allocations to health and education services, but the authorities realized that the problems were systemic and needed PFM revamping. Through a combination of ASA and financing, the World Bank partnered with senior officials to implement comprehensive reforms while building on aspects of the fiscal system which already worked well (for example, oversight and internal control processes). This led to the preparation and use of a medium-term fiscal framework communicated to line ministries (target met), including a formula for transparent intergovernmental transfers (target met). Improved data generation allowed the MOPFI to identify needs and monitor progress, providing hard budget ceilings, within an overall 5 percent fiscal deficit constraint. As natural resource revenues are a major government revenue source, the World Bank had supported Myanmar's admission as a candidate country to the Extractive Industries Transparency Initiative (EITI) from 2013. During the CPF period, Myanmar published its second, third, and fourth EITI Reconciliation Reports. In line with international good practice, these measures made significant headway toward improving the capacity to manage public finances to improve service delivery at the local level. The GoM did achieve improvements in the tax base, but these served to increase the tax/GDP ratio only slightly (target not met). Improvements included modernizing tax administration—with the creation of large and medium taxpayer offices—and introducing self-

<sup>58</sup> While the CLR rates all CPF objectives equally in assessing the CPF's overall development impact, it does not consider all indicators to be equal in contributing to the achievement of a particular objective.



assessment and audits,<sup>59</sup> which is an important step toward transparency. By law, the Auditor General's audit reports are made available only to Parliament, which may then take the political decision to make them public, as targeted in the RF.<sup>60</sup>

11. **Objective 2.2 - Expanded health services and improved health financing with a focus on maternal, newborn and child health was achieved.** Access to health services increased, exceeding the targets set in the CPF RF for deliveries assisted by a skilled birth attendant and deliveries followed by adequate post-natal care for newborns and mothers. In addition, the authorities made significant progress in health financing: first, by defining the strategic directions for achieving universal health coverage (UHC) and second, by increasing government spending on frontline service delivery and improving management of public financing for health. The World Bank's support through the Essential Health Services Access Project (EHSAP) has a primary focus on strengthening service delivery at the primary health care level by channeling health facility funds to over 12,000 health facilities in all 330 townships. Two main departments of the Ministry of Health—Public Health and Medical Services—transferred formula-based facility funds to the operational budget of health facilities at township and lower levels. These facility funds helped incentivize greater outreach, improved functioning and maintenance of the facilities, enhanced capacity of midwives, promoted more engagement with the community, and increased supervision. Following the approval of the National Health Plan 2017, the World Bank worked closely with the authorities to expand the analytical basis for a health financing strategy and support its formulation. Although technical knowledge for the strategy was solidly grounded in data and evidence, advancing the country toward UHC and the necessary financing requires ownership among wide-ranging stakeholders (internal and external)—various departments in the ministry, private sector, ethnic health providers, nongovernmental organizations (NGOs), and professional associations. The process of developing the strategy was equally, if not more, important than the final product. After some delay, the Strategic Directions for Financing Universal Health Coverage was approved and disseminated by the Ministry of Health and Sports in 2019 (target met).

12. **Objective 2.3 - Expanded and improved education coverage and measurement of learning outcomes was achieved.** The World Bank's support to education began under the ISN through the Decentralizing Funding to Schools Project which expanded funding of an existing but small and poorly targeted program of student grants. According to the 2017 impact evaluation of the Myanmar stipends program, about 95 percent of stipend recipients transitioned to grade 6, in contrast to 91.3 percent of non-recipients. Dropout rates were lower for recipients, particularly for dropouts occurring immediately after grade 5. With resources and technical support from the World Bank, by 2018, almost 200,000 at-risk students (of which 54 percent female) were receiving stipends under the program (target mostly achieved), which became, through enhanced targeting, the primary means to enroll and retain children from poor families in school. School improvement plans developed with participation from parents and community members have also guided the transfer of school improvement funding to all government and registered monastic schools (about 48,000 schools in total). Measuring learning outcomes was also a focus of attention with the development of early grade reading assessments (EGRAs). The authorities piloted EGRA first in a single state and then expanded the program over four rounds to cover 13 states and regions and achieve national representativeness (target met). Recognizing the critical role of teachers in improving education outcomes, the GoM and the World Bank initiated a program of teacher mentoring which provided guidance and feedback to more than 20,000 teachers through contact with 600 teacher-mentors (target met<sup>61</sup>).

13. **Objective 2.4 - Increased understanding of poverty and key related issues was achieved.** During the initial stages of Myanmar's transition, establishing a dialogue on poverty and equity faced significant challenges both in terms of data and discourse. Data gaps were pervasive, and many analysts questioned the veracity of the Government statistics. Discussions around poverty and equity were simply not part of the

59 The institutional and systems improvements have been initiated in the large taxpayer's office as evidenced by increased number of large taxpayers completing self-assessment, against the end target of 250 in the Myanmar Modernization of Public Finance Management (P144952) MPFMP project.

60 The two lagging indicators under this objective, added in the PLR, are poorly formulated. The tax/GDP target far exceeded the projections of the IMF, even under optimistic assumptions, and has proved extremely difficult to increase in many countries across the region. The publication of Auditor-General's reports is a political decision that only Parliament can make. Neither of these indicators, though desirable, is directly related to improving PFM capacity in contrast to the indicators which were achieved.

61 The PLR RF target refers to training 2,000 teachers. This appears to be an error as the program's goal was clearly much larger.

policy discourse. This changed rapidly during the first round of reforms. The GoM began to work closely with international and bilateral agencies to improve the quality of statistics and openly embraced poverty reduction as a national priority. The authorities prepared a National Statistics Development Strategy with the support of the World Bank and other partners. The strategy detailed the respective implementation responsibilities of the Central Statistics Office (CSO) and line ministries with endorsement at the cabinet level (target met). The CSO conducted a sound household survey in 2015, leading to joint MOPFI-World Bank publication of Myanmar's first Poverty Assessment both in English and Myanmar languages (target met) and allowing for the first time the development of an internationally comparable poverty measure for Myanmar (international poverty line of US\$1.90 per person per day). Through programmatic analytical support, the World Bank helped the GoM release a poverty baseline for 2015 including the methodology for updating (target met). Fiscal incidence work using the Commitment for Equity Methodology (applied in countries across the world), which the authorities expected to complete by the end of 2019, added another dimension to the dialogue, helping the GoM improve the fiscal system's impact on poverty reduction and equity (target partially achieved). The development of the MDI based on the 2014 Census takes the analysis to a new level of geographic granularity and has already enhanced the capacity of the authorities to target interventions and aid flows to the neediest townships.<sup>62</sup> The World Bank, other DPs, and the GoM have already used the MDI, in addition to other data sources also strengthened by World Bank support, for setting geographic and programming priorities including in the GoM's subnational budget planning and ongoing World Bank activities (CDD expansion, Health Additional Financing, Education, Peaceful and Prosperous Communities Project [PPCP], Nutrition).

14. **Objective 3.1 - Improved financial infrastructure and access to finance was mostly achieved.** Progress toward this objective built on the Financial Sector Master Plan (FSMP) and the World Bank and Financial Institutions Law that were benchmarks achieved before the extension of the CPF period (and therefore dropped from the PLR RF). These measures introduced a degree of transparency and alignment with basic international standards that allowed the focus to shift to increasing financial access and implementation of the FSMP. Supported by the active involvement of IFC in the microfinance and small and medium enterprise (SME) sectors, microfinance institutions reached almost 2 million clients and local banks reached over 11,000 SMEs (target met). Overall, the additional financing facilitated by IFC exceeded US\$1 billion for microfinance and SMEs combined (target met). The percentage of adults with active transaction accounts is on track to meet the goals established by the World Bank's Financial Sector Development Project and has already exceeded the target for adults in the bottom 40 percent. IFC-committed investments far exceeded the targets set in the RF. In terms of implementation of the FSMP, revisions made under the new Government stayed consistent with the underlying reform agenda. After some delays associated with the political transition, there was progress in the process of reforming state-owned banks (SOBs) and strengthening regulation of both bank and nonbank financial institutions, but the time line has extended beyond the CPF (targets partially met).

15. **Objective 3.2 - Improved legal and regulatory environment for private sector investment in productive and services sector has been achieved.** During the CPF period, private sector investment, including FDI, emerged as a main driver of Myanmar's rapid economic growth. This performance was facilitated by a number of government actions which built on the first round of transition reforms. These began with the passage of a new Investment Law in 2016 (target met) and a series of annual measures following up deficiencies revealed by the Doing Business surveys. The latter included several procedural simplifications and cost reductions for starting a business, improvements in the credit information system, and reductions in fees and taxes (target met). IFC's active promotion of private sector investment resulted in new investment exceeding US\$400 million, more than twice the PLR target. Sustaining high rates of investment will certainly require a second round of transition reforms, especially in a less-supportive international environment, but following the actions taken during the CPF period building on the first round of transition reforms, the objective was achieved.

62 The MDI is presented in the joint GoM-World Bank report, Multidimensional Welfare in Myanmar, published in December 2018.

16. **Objective 3.3 - Increasing effectiveness and transparency of trade regulations was partially achieved.**

The program supported by the CPF has made progress in promoting greater integration of the domestic private sector to international markets. Building on the partial liberalization of import licenses in 2015, the authorities moved to a 'negative list' system for export licenses, in the process reducing the number of commodities requiring a license by more than two-thirds (target partially met). The authorities are proceeding with a number of initiatives focused on the simplification of customs procedures and other trade facilitation measures (target partially met). These include discussion of a new Trade Law that would clarify responsibilities and facilitate more far-reaching reforms and a proposed new Customs Law (replacing the 1878 Customs Act) integrating sea and land customs. The authorities also signaled to the World Trade Organization (WTO) their intention to implement provisions of the Trade Facilitation Agreement. Establishing the Steering Committee for a National Single Window was an important step that could lead to significantly simplified trade documentation procedures.

17. **Objective 3.4 - Increased access to ICT was achieved.** The growth in access to ICT following the opening of the sector to foreign operators in 2012 has been transformational. From one of the lowest rates of access to telephone and broadband services, Myanmar has catapulted to exceptionally high rates. Following the break in the state monopoly and the award of three mobile licenses to foreign operators (strongly supported by World Bank technical advice), access to telephone services has grown elevenfold, since 2014, to 109 connections per 100 population and broadband access has increased over ninefold to 86 per 100 population (targets met). These developments have revolutionized communication and opened new channels of service delivery in diverse areas such as finance, agriculture, and health and education at rates affordable to lower-income groups. Given the rapid technological progress in the industry, continuing policy and institutional reforms are critical to maintaining access gains and ensuring that enhanced services become available to all income groups. The delivery of these reforms, in particular the adoption of a universal service strategy (target partially met) and the corporatization of Myanmar Posts and Telecommunications (MPT), remains a priority. The upper house of parliament cleared the MPT corporatization bill by the end of the CPF period and the President signed it into law in August 2019 (target partially met). Considering the exceptional levels of ICT access already achieved, their transformational impact, and the progress now under way on institutional reforms, the CLR considers the objective achieved.

### III. Cross-Cutting Areas

18. **The CPF identified four cross-cutting issues: conflict, gender, governance, and climate change and disaster risk.** The CPF's Table 1 - Comparison of SCD and CPF Priorities, also suggested that social inclusion was a cross-cutting issue corresponding to its priority in the SCD as a prerequisite for inclusive and sustainable growth. However, the list of four cross-cutting areas discussed in the text of the CPF (paragraph 88) does not mention social inclusion. The PLR did include a discussion of social inclusion (paragraph 53) as a development priority<sup>63</sup> but also did not treat it as a cross-cutting issue nor add any objectives or indicators to the CPF focus areas specifically related to social inclusion. However, given the importance of social inclusion in the Myanmar context, the CLR assesses it as a cross-cutting issue. The PLR also added a short discussion of jobs as a cross-cutting issue.

#### Conflict

19. **The World Bank's approach to conflict and the peace process in Myanmar evolved markedly during the CPF period and especially since the 2016/17 conflict and humanitarian crisis in Rakhine State.** The CPF/PLR laid out an approach to conflict and the peace process in Myanmar which built on earlier work under the ISN recognizing its central role in the broader political agenda. Operationally, the World Bank initially treated conflict primarily as a key contextual element for World Bank activities. The emphasis was on conflict sensitivity, avoiding direct involvement in conflict areas and working to ensure that World Bank operations did no harm. There was a trust-funded program of activities to build knowledge, inform overall strategy, and sensitize task

<sup>63</sup> The PLR placed its discussion of social inclusion in the section detailing the World Bank's response to the priorities identified by the new NLD government, even though social inclusion was not one of those priorities.

teams, but follow-through at the operational level depended on the initiative of individual task leaders and teams.<sup>64</sup> Inevitably the success of this approach varied across activities and sectors. The RF did not address conflict and there were no project-level indicators related to conflict, even for projects which were national in scope. With the stalling of the peace process in 2016, renewed violence in Shan and Kachin States and the events in Rakhine State, which led to the Advisory Commission on Rakhine State, the World Bank stepped up its engagement, initiating recruitment of a conflict advisor to its Yangon staff. The events that unfolded in 2017, leading to the forced displacement and massive outflow of the Muslim population into Bangladesh (estimated at about 725,000 people) amid significant violence and human rights abuses, brought the issue of conflict to the fore. The World Bank undertook a major reassessment of its program and, while it continued to implement existing operations,<sup>65</sup> it intensified a series of actions which positioned conflict and inclusion at the core of its program. These included aligning with the UN agencies leading the international response, preparing economic reports on Rakhine State and contested areas in Myanmar, undertaking programmatic ASA on promoting inclusion and peace, and developing operational initiatives working with ethnic service providers (ESPs) and EAO authorities in conflict areas as conditions allowed. This work culminated in the development of an operational tool, the IPL, which, as applied to new operations, mandates and guides a systematic assessment of conflict- and inclusion-related issues. During the remaining CPF period, the IPL informed the preparation of additional financing for the Decentralizing Funds to Schools Project; EHSAP; and new operations including Social Protection for Improved Nutrition, Digital Myanmar, Enhancing Institutional Capacity of State and Region Governments, Rakhine Recovery and Development, and Peaceful and Prosperous Communities.

## ***Social Inclusion***

20. **The Rakhine crisis highlighted the importance of enhancing the role of social inclusion in World Bank activities.** Laying out a World Bank response to the Advisory Commission report on Rakhine, the PLR enumerated a broad range of activities which constituted, in effect, a cross-cutting approach to social inclusion. These included an analysis of the drivers of exclusion in Myanmar, a systematic review of social inclusion activities and opportunities across the portfolio as well as Rakhine-specific work (cited earlier). Work accelerated significantly following the 2017 crisis, in particular, developing diagnostic tools that would allow for more rigorous and comprehensive identification of disadvantaged groups and individuals with a much finer geographic filter. This culminated in the MDI developed jointly with the Department of Population using data from the 2014 census to understand geography-based disadvantage, and reliance on other surveys (for example, Myanmar Poverty and Living Conditions Survey (MPLCS) 2015 and Myanmar Living Conditions Survey (MLCS) 2017) for identification of identity-based disadvantage (for example, language, ID/citizenship, religion). An increased ability to identify poor and excluded groups combined with the overall reassessment of the World Bank program following the Rakhine crisis contributed to the development of an equal focus on both inclusion and conflict in the IPL and laid the groundwork for putting social inclusion at the core of the World Bank's emerging strategy.

## ***Gender***

21. **The WBG made good progress in integrating gender throughout its Myanmar program including through IFC's Get2Equal program.** In contrast to other cross-cutting issues, there are a number of metrics to gauge progress toward gender goals as supported by the WBG strategy in Myanmar. By the end of the CPF period, 80 percent of World Bank operations were gender informed and 60 percent gender were tagged. Each of the three CPF focus areas achieved or exceeded gender-differentiated indicators identified in the RF. The NCDDP is an example of gender-related lessons that can be incorporated into other projects. The project aimed to address gender parity in decision making by ensuring that men and women were equally represented on local management committees. In addition, the project established a mechanism to ensure equal work for equal pay. These included benchmarks under CDD with female beneficiaries exceeding 50 percent, payment of equal wages for local labor, and identification of at least one project selected by women for the benefit of women in each

<sup>64</sup> In this context, work began on a review of contested areas in Myanmar and some task teams initiated contacts with EAOs.

<sup>65</sup> The exception was a Development Policy Operation (DPO) which was approved but not disbursed. The World Bank reached an agreement with the GoM that it would not disburse and would cease preparation of future DPOs.

CDD township. Agriculture, health, education, and finance activities also achieved gender targets linked to CPF objectives and documented in the RF.<sup>66</sup> ASA activities supported increased gender awareness and knowledge, notably an updated draft Country Gender Action Plan (CGAP), gender dimensions in the power sector, and the programmatic work on poverty and on peace and inclusion. The reassessment of the World Bank strategy following the Rakhine crisis acknowledged the gender dimensions of the violence and human rights abuses and incorporated these perspectives in the IPL, strengthening the emphasis on gender in the development of new operations. IFC's flagship Get2Equal program in Myanmar further strengthened the gender focus in WBG activities. IFC analytics included research on the costs of bullying and sexual harassment in the workplace, gender analyses of the tourism value chain and the periodic World Bank enterprise survey, and a survey of women entrepreneurs. These supported operational activities including private sector peer learning platforms and partnerships (Powered by Women and the Inle Professional Women's Network), advising companies on how to promote gender equality and increasing opportunities for women across the private sector. Myanmar's Get2Equal program is one of IFC's largest gender-focused programs.

## Governance

22. **Governance activities were broad based across the WBG program, supporting a range of approaches at the project and sector levels but with relatively less emphasis on government-wide initiatives.** At the project level, the World Bank governance activities focused on the challenges of implementation using country systems in an environment which had had little exposure to international accounting, auditing, and procurement standards. This required flexibility and additional resources from World Bank teams but began to return payoffs in terms of streamlining procedures (for example, reducing government decision-making time from 26 months to 12–15 months in the power sector) and in cost savings through competitive bidding (for example, up to 10 percent on major contracts again in the power sector). Another key entry point to improve governance in Myanmar's heavily top-down system was the empowerment of local officials and communities through activities such as NCCDP, school grants and stipends, and decentralized health facility funding. Putting improved service delivery as a core element of the World Bank's strategy helped start shifting the balance toward getting results on the ground and strengthening transparency and accountability. At the sector level, the World Bank's support to institutions such as EITI improved the knowledge and management of public resources linked to Myanmar's substantial natural resource wealth and provided important global institutional connections to help sustain better natural resource management. This is also related to corporate governance of state-owned enterprises (SOEs) given the important fiscal and quasi-fiscal contributions from Myanmar Oil and Gas Enterprise and Myanmar Gems Enterprise. The publication of EITI reports unearthed the extent to which SOEs are involved in revenue management of public funds which comprise around 20 percent of total public revenue generation. Progress toward integrated Ayeyarwady river basin management confronted and began to tackle the excessive compartmentalization which characterizes Myanmar's government structures. Reforms in the management of public finances replaced ad hoc measures with rule and formula-based systems for budget preparation and execution, including intergovernmental transfers. This began to enhance the capacity of the Ministry of Planning, Finance and Industry both internally and in relation to other ministries.<sup>67</sup> IFC's support to regulatory reforms, including the inauguration of online systems for business registration and customs declaration (in Yangon), streamlined regulatory processes and reduced opportunities for corrupt practices. The World Bank's support to improved governance in public sector capacity and administration was less evident. A major ASA report on pay and performance in the public sector had little influence in improving civil service conditions. The CPF strategy did not build on earlier and broader activities dealing with public sector administration and capacity building that had been initiated under the ISN. Consequently, the impact on governance and capacity at the national level from the array of project- and sector-level initiatives has perhaps been less than it otherwise could have been had there been an integrated approach dealing with public sector administration.<sup>68</sup>

66 These refer specifically to the percentage of female students receiving education stipends; support to maternal, newborn, and child health; women's access to finance; and equal participation in agricultural livelihoods.

67 Presumably as a consequence of decades of military rule, the status of the Ministry of Finance in Myanmar has not been commensurate to its role in other countries. This has reduced the ability to leverage reforms through the budget allocation process and in general influence policy formulation.

68 The SCD laid out such an approach in its discussion of strengthening public sector capacity and governance as one of the prerequisites for inclusive and sustainable growth. This included enhancing critical skills across the government, streamlining bureaucracy, and enhancing the role of central agencies (such as finance and planning, developing sector strategies, improving the quality of data, and fostering transparency).



## Disaster Risk and Climate Change

23. **In contrast to the previous cross-cutting issues, disaster risk and climate change were primarily linked to specific activities under the CPF.** Following the extensive floods and landslides in 2015, the World Bank provided the GoM with an emergency recovery credit, combining national IDA resources and IDA Crisis Response Window (CRW) funds, drawn for the first time for Myanmar, to support resilient road rehabilitation, livelihoods, and emergency recovery materials, to six disaster-affected regions and states. While the project successfully completed the distribution of emergency recovery goods, the road improvements have only started, and more complex civil works will be completed in coming years. These delays highlight the limitations of intensive capacity support to agencies implementing large infrastructure programs of which the World Bank-supported element is minor as in the case of road rehabilitation under the emergency credit. The IDA Immediate Response Mechanism (IRM) was activated in response to the 2015 floods and landslides in June 2016 (first time within the World Bank) to finance a positive list of goods requested by line agencies of heavily affected sectors. Climate change received relatively limited support during the CPF period. Improved power generation efficiency under the Electric Power Project, expansion of solar generation in off-grid areas supported by the NEP, and modernization of the hydromet services under the Ayeyarwady Basin project did support important areas of climate adaptation. The Myanmar Southeast Asia Disaster Risk Management Project, approved in June 2017, supports disaster and climate resilience in Yangon City's infrastructure and systems. The project also supports Myanmar's participation in the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), a regional platform established to provide financing and insurance solutions to participating countries in the Association of Southeast Asian Nations (ASEAN) region, with the intention to enhance Myanmar's and other participating countries' financial capacity to meet disaster risks.

## Jobs

24. **Support to a job focus began with diagnostic and analytic work.** There were a variety of activities related to jobs and employment, including multisector jobs diagnostic; skills and vocational training focusing on work-readiness; cash-for-work possibilities linked to social protection and, potentially, to disaster recovery; and work on labor migration including facilitation services. Although these activities suggested potential areas for further involvement, by the end of the CPF period they had not coalesced into a program-wide approach in which a jobs focus would operate in a similar way to gender, conflict, or inclusion as a cross-cutting issue.<sup>69</sup>

### Box 1. The Use of IDA IRM in Myanmar Following the 2015 Floods and Landslides

- **Context.** IDA activated the IRM in June 2016 for emergency recovery support for six disaster-affected states and regions by the 2015 floods and landslides. Sourced from five projects with Contingency Emergency Response Components (CERCs), IDA IRM totaled US\$54 million to purchase critical machinery and equipment, production inputs, and other required goods. The MOPFI oversaw implementation, in coordination with four ministries receiving IRM resources. The procurement and distribution of goods, supported by the United Nations Office for Project Services (UNOPS), was completed in September 2018.
- **Results.** The IRM-funded goods supported recovery in priority disaster-affected areas and improved preparedness within respective sectors. Results included, for example, the establishment of Emergency Operation Centers with improved resources including speed boats, vehicles, and baily bridges used to support emergency response during floods in 2018. Similarly, IRM funding mobilized road repair machinery, water pumps, and weather forecasting and meteorological equipment during recent disasters. An important contribution was the enhanced disaster risk management (DRM) capacity and increased collaboration of Government officials at union, state, and regional levels on DRM and in using goods during emergencies.

69 This is partly due to the fact that the Government is not structured to address the job agenda programmatically.



- **Lessons learned.** The GoM and task teams required extensive training and preparation support for IRM activation and implementation, particularly related to procurement, safeguards, and fiduciary matters. Different financing sources of the IRM added complexity to activation, implementation, and monitoring given that the IRM was a new instrument for task teams as well as the GoM. Slow procurement resulted in goods and equipment being procured some 18 months or more after the event resulting in some goods and equipment not being available for the 2015 flood response but only for future disaster response. In such a context, IDA should consider the use of the project-specific CERC. The World Bank procedures limited the IRM to a specific disaster (2015) minimizing opportunities to use goods for disaster prevention and better preparedness. To make use of the procured items for response to a subsequent disaster, it was necessary to amend the IRM documentation. The amendment enabled the use of items to respond to 2018 floods, demonstrating value in improved disaster preparedness. At the same time, the current design of the instrument obliges the GoM to continue monitoring until the closing of the five projects which provided the IRM funds. These projects have various closing dates beyond the closing date of the Contingent Emergency Response Implementation Plan (CERIP) which activated the IRM.

## C. ASSESSMENT OF WORLD BANK GROUP PERFORMANCE

### I. Overall Performance

25. The CLR rates the overall performance of the WBG under the CPF as Fair and assigns this rating to both design and implementation. As discussed in Section II and III below, both design and implementation exhibited many significant strengths and weaknesses contributing to this assessment. In design, the uneven treatment of cross-cutting issues that the SCD had identified as prerequisites for inclusive and sustainable growth, notably social inclusion and public administrative capacity affected the implementation of the strategy. Implementation faced significant challenges following the Rakhine crisis which led to a major reassessment of the World Bank strategy associated with a hiatus in new operations planned in the PLR and coinciding with a change in Myanmar's IDA status and the transition to a new World Bank Management team.

### II. Design

#### **Relevance of Objectives**

26. **The CPF strategy of poverty reduction and shared prosperity through improved service delivery and accelerated private sector growth aligned well with Myanmar's priorities, the analysis of the World Bank SCD, and the WBG's comparative advantage.** In formulating its first CPF for Myanmar after reengaging in 2012, the World Bank identified the three focus areas and 12 objectives drawing on the GoM's own strategic frameworks; the World Bank's analytic work, including the World Bank's first SCD; and the analysis of other DPs. A key GoM document was the Framework for Economic and Social Reform (FESR) which sequenced and prioritized the broad agenda covered by the more traditional five-year plan. The FESR gave prominence to increasing agricultural productivity, enhancing access to public services, and promoting the private sector. Equally important were sector strategies developed by key ministries responsible for rural development, education, electrification, health, water resources, and public finance. The SCD identified two pathways to poverty reduction and shared prosperity: one focusing on service access and empowerment and the second on openness and private sector growth. The CPF clearly mapped these pathways into its three focus areas and objectives. The CPF also built on the experience and knowledge gained during the implementation of the ISN between 2013 and 2015. In extending the CPF period by two years, the PLR endorsed the continued relevance of the CPF focus areas and objectives in

the context of the priorities set by the new NLD government. This continuing relevance was confirmed in the 2018 Myanmar Sustainable Development Plan (MSDP), which includes private sector-led growth, human resource development, and effective natural resource management among its main pillars. The CPF fostered selectivity through reliance on joint GoM-DP sector strategies combined with operational experience under the ISN which together offered good prospects even in the context of capacity constraints. In sectors with less clear strategic focus but high development potential, such as agriculture, the CPF accepted the challenge of engagement but adopted a piloting approach, while in other sectors, such as transport, the CPF opted out, relying instead on the ongoing efforts of other DPs. In areas such as poverty and environment and natural resource sustainability, in which Myanmar had extremely limited experience, the CPF objectives explicitly targeted the initial stages of capacity building. The cautious formulation of most objectives and indicators with an emphasis on process improvements at the beginning of the results chain reflected Myanmar's FCV status, capacity constraints, and limited experience working with the WBG.

**27. The SCD's prerequisites for sustainable poverty reduction could have mapped more directly into the CPF's cross-cutting themes and figured more explicitly as operational objectives in the design of the CPF.** Two of the four cross-cutting themes, conflict and governance, were particularly relevant to Myanmar's FCV status and both figured as prerequisites for inclusive and sustainable growth in the SCD.<sup>70</sup> In each case, the CPF indicated a strategy for incorporating these themes in the program with the emphasis primarily on a project-by-project approach. Given the importance of these issues in Myanmar, the CPF could have been more direct in setting program objectives that could have consolidated efforts in these areas and contributed to a more monitorable framework. The CPF governance strategy could have benefited from a closer alignment with the analysis of the SCD which focused on increasing the effectiveness of public administration as an integral part of governance. A related and significant shortcoming was the absence of social inclusion in the CPF objectives and cross-cutting themes. The SCD identifies social inclusion as a separate prerequisite, clearly related to but distinct from conflict.<sup>71</sup> The PLR did include a discussion of social inclusion in the context of responding to the interim recommendations of the Advisory Commission on Rakhine State, suggesting that the World Bank portfolio offered potential for enhancing social inclusion but did not lay out any specific strategy or program objectives.

### ***Adequacy and Appropriateness of Interventions***

**28. The CPF built on the initial operational experience under the ISN with an emphasis on supporting ASA, the use of government systems and learning by doing through a variety of operational modalities linked to the specific circumstances of the implementing agencies.** WBG interventions supporting each CPF objective effectively incorporated ongoing activities initiated under the ISN. These included an extensive portfolio of analytic work and technical support which laid the basis for the substantial lending program foreseen in CPF. This analytical work included PERs at the macro and sector level; diagnostics and assessments related to trade, finance, and competitiveness; deep-dive technical support to telecoms liberalization; and programmatic support to statistics improvement, poverty analysis, and, following with the PLR, peace, and inclusion. Though primarily intended to fill knowledge gaps, facilitate lending, and build capacity and understanding, this work was even more valuable in building relationships and trust among key counterparts, especially given the long hiatus in WBG engagement in Myanmar. WBG financing developed rapidly across the CPF focus areas, supporting 11 of the 12 objectives. Although the World Bank interventions covered a broad range of sectors, in line with CPF objectives, the CPF promoted operational selectivity by mandating relatively large operations to prevent fragmentation in the operational program.<sup>72</sup> The CPF also continued the mandate initiated under the ISN to align

<sup>70</sup> The SCD's first prerequisite is 'Facilitating the Political Transition'. It is clear from the text of the SCD that this referred in major part to attaining a lasting peace and moving out of fragility. The SCD also included, under this heading, the critical elements of consolidating trust and legitimacy between citizens and the state. These prerequisites could have been explicitly recognized in the objectives and cross-cutting themes of the CPF. Table 1 of the CPF which compared SCD and CPF priorities indicates that these are not a CPF priority although they are clearly related to activities such as CDD and social service delivery.

<sup>71</sup> CPF Table 1 indicates that social inclusion is a cross-cutting theme, but this is not reflected anywhere else in the CPF.

<sup>72</sup> As of June 30, 2019, the World Bank program had only 12 operations with the total commitment of US\$1.88 billion under implementation with a total of US\$796 million disbursed. Following the expiration, on April 27, 2019, of the period to declare effective the first Myanmar Macroeconomic Stability and Fiscal Resilience DPO (P152734), the World Bank sent a notice to the authorities on June 12, 2019, cancelling the total DPO credit of US\$200 million equivalent as a result of the expiry of the extended effectiveness deadline.

with and use country systems. This contributed to building stronger counterpart relationships but imposed significant capacity burdens on implementing agencies contributing to delays in implementation schedules. Capacity challenges were dealt with using varying approaches. Lending to the education sector under the ISN, and continued under the CPF, effectively used a results-based financing modality, upon the achievement of agreed disbursement-linked indicator (DLI) targets by linking indicators to initiatives already prioritized by the Ministry of Education and identified in its sector strategy and by narrowly restricting eligible expenditures to easily monitored non-salary recurrent expenditures. Following a similar approach, DLIs also worked well for the World Bank's support to the health sector. However, this experience was difficult to replicate in other sectors with less well-defined sector strategies and more complex expenditure programs.<sup>73</sup> The World Bank effectively designed its support to off-grid electrification using the proven capabilities of the Department of Rural Development as demonstrated in the implementation of the CDD program. But traditional project design in other sectors such as power, agriculture, and water encountered capacity bottlenecks. The mandate for large and fewer operations also resulted in some cases in complex implementing arrangements involving multiple agencies. IFC TA and investments figured prominently in the program as the primary financial instruments supporting objectives related to access to finance and private sector investment as well as dovetailing with the World Bank's support to agriculture.

29. **While the CPF recognized that Myanmar's status as an FCV country and the long-term challenges of the triple-transition had implications for the design of operations, in practice these considerations were diminished by the traditional concerns of committing and using allocated resources.** The CPF period coincided with IDA17 during which the CPF anticipated US\$1.6 billion in new World Bank commitments and another US\$1 billion in IFC investments. Given Myanmar's size and development potential, these were reasonable targets. To achieve the IDA target and maintain selectivity, the World Bank program moved into a traditional operational mode with large-scale operations across several sectors. While the mandate for large operations reduced the project proliferation that characterizes programs in some FCV countries, it focused on pressures to disburse; increased institutional complexity in some operations; and, with some exceptions, limited opportunities for experimentation and learning by doing that might have facilitated more effective capacity building.

### ***Risk-Development Impact Trade-off***

30. **The CPF and PLR explicitly recognized that Myanmar's transitions entailed not only great potential for poverty reduction and inclusive growth but also significant risks across a range of country issues that could require decades to resolve, most of which extended beyond the ability of the World Bank to mitigate.** These country risks included the political environment, conflict, social exclusion, governance, and economic circumstances, as well as geophysical- and weather-related disasters. The CPF proposed and the PLR further endorsed a case-by-case approach to managing country risks using a portfolio-wide approach led by the CMU to build a common understanding of the country-specific complexities underlying these risks and a common articulation of the World Bank's approach to managing them. This process benefited from the Korea Trust Fund on Economic and Peacebuilding Transitions to support a range of activities designed to support the portfolio-wide approach including country risk monitors and expert briefings and annual country team workshops. The strategy identified the 'do no harm' principle as a central element to both risk management and, whenever possible, mitigation measures. While this was an important step in managing the risks associated with Myanmar's FCV status, it stopped short of mandating specific actions or processes that would have applied to all operational activities. This approach to risk management was consistent with the principles of avoiding the pitfalls of 'one size fits all' and promoting 'learning by doing', but as risks materialized, it complicated a rapid assessment of the overall World Bank response.

<sup>73</sup> The requirement of simplicity in the expenditure program follows from the fact that the World Bank procurement guidelines still apply to expenditures financed under DLIs. If the DLI finances complicated equipment purchases, capacity issues are likely to complicate and delay implementation in an environment unfamiliar with the World Bank procedures such as Myanmar.

## ***Strength of the Results Framework***

31. **The RF objectives captured most key intervention areas identified in SCD’s pathways to poverty reduction with a strong emphasis on ASA, appropriate synergies across the WBG, and generally relevant indicators.** The CPF was among the first country strategies to build on a preceding SCD, effectively combining the interventions identified in the SCD with ongoing activities initiated under the ISN under the 12 objectives of the RF. Taking its lead from the prominent role of analytic and advisory work in the ISN, the RF continued to emphasize ASA both in laying the groundwork for WBG financial support and in contributing independently to the achievement of results. Support to WBG financing included a range of technical inputs to improve the poor performance of the power sector, including a review of financial viability, natural gas supply economics, environment and social aspects of hydropower, and gender/social inclusion in electricity provision. Agricultural policy options including Greater Mekong Rice Policy, programmatic PERs, health systems strengthening, financial sector development and access for the poor, and ICT policy dialogue also contributed to the development or implementation of WBG financing supporting RF objectives. ASA constituted the main support to 3 of the 12 objectives, increasing the understanding of poverty, improving the enabling environment for private investment, and facilitating trade, the latter two combining both World Bank and IFC ASA inputs. Programmatic ASA was particularly important in supporting work on poverty and on peace and inclusion. The RF integrated IFC inputs across objectives dealing with power, agriculture, finance, private investment, and trade while Multilateral Investment Guarantee Agency (MIGA) contributed political risk guarantees in the telecommunications and power sectors. The RF linked IFC analytic support directly to its rapidly expanding financial portfolio in power, agriculture, and finance and to providing a business perspective on investment and trade issues. Most indicators specified in the RF appropriately measured progress toward objectives, using metrics at a commensurate level of aggregation, for example, population-wide service delivery measures or national program or policy initiatives, while maintaining a link with WBG interventions.

32. **Weaknesses in the RF included overly ambitious time frames, some poorly formulated indicators, and inadequate attention to the cross-cutting themes identified in the CPF/PLR.** Although the initial CPF covered three years, FY15–FY17, it was finalized in Q4 of FY15. With only two years remaining most indicators targeted 2017 achievements, despite varying underlying conditions, capacity constraints, and initial conditions. The PLR acknowledged the need for more realistic time frames in recalibrating most indicators to 2019 targets in the extension of the CPF period. In a few cases, the indicators specified in the RF did not directly support the achievement of the CPF objective, were clearly less relevant, or were overly ambitious given political or capacity constraints. Two of the twelve objectives, agricultural productivity and capacity for sustainable environment and national resource management, relied partly on indicators linked too narrowly to World Bank projects with limited impact on the broader objective.<sup>74</sup> Poor data quality or unavailability over the appropriate time frame also affected the usefulness of some indicators. The inclusion of cross-cutting issues in the RF was mixed. Each focus area included gender-specific indicators under one or more objectives consistent with the progress in formulating the CGAP as reported in the PLR. The RF was less useful in linking indicators to the other cross-cutting issues. Climate change and disaster risk, conflict, and governance were supported by a variety of activities as the CLR documents in (section B. II), but the RF did not identify specific targets to link these across the CPF focus areas.

## ***Identification and Integration of Lessons***

33. **The CPF/PLR identified several relevant lessons from experience under the ISN and during the initial CPF period, respectively, and integrated these into program design.** The design also drew on experience from other FCV states. Both the CPF and PLR drew lessons from ongoing implementation experience, identifying issues related to inter-ministerial coordination, excessive centralization, unpredictable decision making, absorptive

<sup>74</sup> In the case of agriculture, the objective itself was poorly formulated in relation to the limited scope of the World Bank interventions, which were geared to demonstrate results as a pilot activity.

capacity, and fiduciary and safeguard weaknesses. The CPF cited these factors in proposing a limited number of larger operations with simpler designs to facilitate selectivity and build capacity. The PLR recognized that these factors continued to affect the pace of implementation and adjusted time frames across most indicators in the RF. Reflecting on ISN experience, the CPF noted the impact of data limitations especially as they affected targeting mechanisms. As a result, the CPF design emphasized building Myanmar's statistical strategy and capacity with relevant indicators in the RF. The CPF referenced experience in other reengaging countries as well as global lessons through the 2011 World Development Report on Conflict, Security, and Development which informed the CPF's advocacy for flexible implementation arrangements, including third-party monitoring. The PLR also documented the value of exchanges with countries that had emerged from periods of isolation and/or conflict, as well as with other ASEAN members.

### *III. CPF Implementation*

34. **Given the complexities of the ongoing triple-transition, institutional capacity constraints, and high-risk levels, implementation of the CPF encountered significant challenges.** During the initial period of CPF implementation, the rapid response of the economy to the first round of economic reforms, the opening up of the political arena, and progress in negotiations with a number of EAOs created a sense of momentum that reinforced Myanmar's rapidly growing engagement with international DPs, including the WBG. The successful electoral transition to a civilian government led by the previous opposition underscored this optimism. However, maintaining that momentum proved difficult. The second round of economic reforms faltered as the new government's inexperience and reversion to more centralized management styles exacerbated capacity constraints. The fundamental constitutional issues, preserving the key role of the military, weakened the ability of the Government to respond to crises, in particular the ongoing human rights issues associated with the violence in Rakhine State and the mass exodus of Muslims as refugees to neighboring Bangladesh. Hostilities with some EAOs increased as talks stalled. These developments resulted in a sharp swing toward pessimism among many international DPs which also affected the WBG. By the end of the CPF period, a more balanced approach had emerged, which built on the portfolio-wide management of risks with additional experience and knowledge gained during the implementation of the CPF, including the initiation of some second-generation reforms, notably in banking and insurance.

#### ***Responsiveness to Changing Circumstances***

35. **The greatest challenge during the implementation of the CPF stemmed from the escalation of violence in Rakhine State in August 2017.** Following the forced displacement, there was a massive outflow of the Muslim population into Bangladesh (estimated at about 730,000 people) and an increasing number of internally displaced persons in Rakhine. Escalating conflict in Rakhine State added significantly to the complexity of issues impacting Myanmar, where almost one-third of the country is affected by conflict and the ongoing peace process has made limited gains in recent years. The Rakhine crisis presented a major dilemma for the WBG team. There was a clear lack of consensus on the nature of the crisis between the Government and the WBG and its key stakeholders, and within the larger international community.

36. **In the aftermath of the 2017 Rakhine crisis, the World Bank adjusted its strategy, remaining engaged to support Myanmar's transition but placing a greater focus on social inclusion and conflict-affected areas, including Rakhine State.** The World Bank developed a series of inclusion-focused analyses to inform decision making and carried out internal training for World Bank staff on Myanmar's complex history, human rights, and social exclusion. World Bank teams supporting service delivery (education, health, CDD, rural electrification) accelerated efforts to increase conflict sensitivity and outreach to conflict-affected areas. The World Bank office in Yangon recruited a conflict advisor to advise on working in conflict zones. Nevertheless, the escalation of the crisis in 2017, forced the World Bank, along with the international community more generally, to reassess priorities in its partnership framework with Myanmar. The World Bank coordinated closely with the UN and United Nations High Commissioner for Refugees (UNHCR) following their assessments of the situation in the field in Rakhine. As part of its response, the World Bank increased funding for conflict-affected areas and ensured



that nation-wide projects had a specific emphasis on inclusion.<sup>75</sup> The World Bank undertook a portfolio-wide social inclusion assessment and jointly with the GoM developed a MDI to support evidence-based identification of disadvantaged groups and individuals. This process culminated in the development of an IPL, consisting of a detailed assessment of the degree to which an activity was aligned to inclusion and peace objectives. The formulation of the IPL benefited greatly from several years of sustained engagement with DPs, EAOs, and civil society as well as the increased availability of data and knowledge that the World Bank activities had supported under both the ISN and CPF. The World Bank CMU mandated that the IPL would apply to all new operations in Myanmar, including additional financing of existing projects<sup>76</sup> to ensure that all teams understood the drivers of conflict and exclusion and designed interventions that fostered peace and social inclusion. This mandate included all financial support initiated after the PLR, as the World Bank did not finalize any new IDA financial support during the extended CPF period. The IPL functioned as an overarching strategic filter elevating the promotion of inclusion and peace to be an objective for the whole CPF, feeding directly into the next CPF cycle. This comprehensive approach, going well beyond the ‘do no harm’ principle, took some time to evolve, undoubtedly creating a degree of uncertainty both among World Bank staff and the GoM counterparts, which only the preparation of the new CPF will fully resolve.

**37. The World Bank also encountered a series of other demanding circumstances and events during the CPF period.** Following severe floods and landslides in 2015 which affected 5.2 million and temporarily displaced 1.6 million people, the World Bank responded by supporting the GoM in conducting a comprehensive post-disaster damage assessment,<sup>77</sup> followed by a package of emergency financing, including the Myanmar Flood and Landslide Emergency Recovery Project, and the activation of the IDA IRM, marking its first use within the World Bank. The IDA IRM was activated in June 2016 to provide funds for emergency goods and equipment. As part of the activation, five projects in the portfolio were restructured to include a disaster contingency objective that would allow for the prompt reallocation of funds to relief measures. However, applying an untested instrument like the IDA IRM in a complex FCV environment with capacity limitation posed challenges for relevant implementing agencies in both the activation and implementation of the instrument.<sup>78</sup> Political developments leading up to and following the 2015 elections constituted another set of uncertain and changing circumstances. The World Bank responded by working closely with all stakeholders, including the opposition during the lead up to the election and, after their electoral victory, during the transition period. While this did not entirely ameliorate the delays associated with a largely inexperienced political leadership, it did help maintain momentum in the implementation of ongoing World Bank activities. Delays in initiating new activities following the PLR were also exacerbated by two other transitions that the World Bank could have managed better. Myanmar’s rapid growth during the initial years of the transition had led to its reclassification as a low- and middle-income country, which necessitated a change in IDA terms for new operations (as well as additional financing for existing projects). This change should have been anticipated and explained broadly across government agencies. For reasons specific to Myanmar, individual ministries and agencies bear the cost of borrowing for projects they administer. The increase in IDA terms translated directly into higher costs for the implementing agency (even though these might ultimately be reimbursed through the budget). Confusion over these issues contributed to significant delays for some proposed operations. The revision in IDA terms also coincided with a World Bank management transition which brought in a new CMU team. They were also immediately confronted with the Rakhine crisis of 2017 and had to deal with both issues without the benefit of established relationships and with a set of senior government counterparts who, at the political level, had, relatively limited government experience.

75 The Rakhine crisis followed closely the approval earlier in 2017 of the first of a proposed series of DPOs. The crisis brought in question the ability of the authorities to meet the public expenditure objectives of the DPO series. As a result, the authorities requested an extension of the operation’s effectiveness date. After the expiration of a second extension in April 2019, the World Bank notified the authorities of the cancellation of the US\$200 million credit.

76 This includes the World Bank’s revision and/or updates of the existing portfolio and action list for each to increase social inclusion and promote peace.

77 Government of Myanmar. 2015. *Myanmar: Post-Disaster Needs Assessment of Floods and Landslides*. July–September 2015. (<https://www.gfdrr.org/en/publication/myanmar-post-disaster-needs-assessment-floods-and-landslides>)

78 See also paragraph 23.



## WBG Collaboration

38. **The CPF provided a framework for an effective division of labor between IFC, MIGA, and the World Bank, increasing the impact of WBG resources on the achievement of CPF objectives.** IFC activities were broad-based across the CPF, providing support to 6 of the 12 CPF objectives. MIGA was also active in two of the CPF's three focus areas. World Bank, IFC, and MIGA actively contributed to the increased access to electricity and expansion of the power grid (see box 2). IFC also collaborated closely with the World Bank in food safety and other stages of agricultural product chains ultimately contributing to increased agricultural productivity. In the financial sector, IFC took the lead in support to microfinance institutions and the private sector. IFC supported the trade objectives through investments in transport infrastructure and tourism, while the World Bank focused on analytic and advisory activities. IFC and MIGA played a key role in facilitating foreign investment in the ICT sector, complementing the World Bank's technical and project support. Within this range of activities, better coordination, especially at the upstream planning phase, could have contributed to even greater synergy. Given the WBG's engagement with varying and multiple stakeholders, there were also a few instances of mixed signals which were however resolved in the context of good overall collaboration.<sup>79</sup>

### Box 2. WBG Collaboration in the Implementation of the Maximizing Financing for Development Agenda

#### Examples from the energy sector

- Under the WBG Joint Implementation Plan (JIP), the World Bank, IFC, and MIGA collaborated closely on activities in the energy sector. The JIP supports public and private efforts to increase electricity access and alleviate acute electricity shortages. The first stage (2013–2015) focused on increasing gas-fired power generation capacity and efficiency and laid the foundation for national electrification through both grid and off-grid solutions.
- Implementation of the first stage of the JIP was successful. The World Bank provided a US\$140 million IDA credit for the Myanmar Electric Power Project (EPP), which includes finance to increase the capacity and efficiency of a gas-fired power plant in Thaxton, Mon State. To increase generation further, IFC and MIGA supported the Ministry of Energy and Power to conduct Myanmar's first competitive bidding for an independent power producer to build and operate a new 225 MW gas-fired plant in Myingyan, Mandalay Region.
- The World Bank and IFC supported increased access to electricity through the NEP (US\$400 million IDA credit) which supports both grid and off-grid electrification and IFC's Lighting global program supporting solar home systems (SHSs). IFC also provided a loan to a microgrid developer (Yoma Micro Power) to electrify households by using the anchor load of telecom towers. In 2018, the World Bank and IFC joined forces to scale up investments in SHS and are implementing a results-based financing scheme to move toward a commercial-driven model.
- ASA. The World Bank provided substantial TA to support policy formulation and implementation to address key challenges such as energy access, financial viability, and efficiency of power supply. The TA was financed through the NEP and EEP and supplemented by around US\$1 million of World Bank-executed Trust Funds from the Energy Sector Management Assistance Program (ESMAP). Additionally, the NEP benefited from US\$1.5 million in TA funded by the Sustainable Energy for All initiative. The plan proposes a phased and segmented approach to ensure timeliness and accountability for grid rollout and off-grid programs. The plan is the guiding tool for achieving the Government's universal access goal by 2030. In 2019, a WBG team has carried out the Myanmar Energy InfraSAP to identify critical bottlenecks and sequenced policy interventions for the Government to consider in increasing commercial financing for power and gas infrastructure in a more sustainable and efficient way.

<sup>79</sup> Nevertheless, they do underscore the importance of maintaining strong upstream communications and early sharing of documentation, strategic planning, and proposed technical advice and recommendations.

## ***Quality of Implementation Support***

39. **The World Bank's implementation support contributed to a generally well-performing portfolio in the face of significant capacity constraints.** The rapid growth in lending put pressure on implementation processes, particularly in the context of supporting country systems. The World Bank responded by stepping up staffing enabling greater 'hands-on' implementation support. As a result, project risks were dealt with proactively resulting in no 'problem-projects' at the end of the CPF period.<sup>80</sup> No major fiduciary risks nor Integrity Vice Presidency activities affected the portfolio. CPF implementation benefited from a significant on-the-ground staff presence following the opening of offices in both Yangon and Naypyitaw in 2012 and 2015. This eventually included the entire CMU following the posting of the Country Director, Operations Manager, and Program Leaders in Yangon in 2017. Nearly 85 percent of task teams were led from local or regional offices. This real-time presence contributed to effective communications with implementing agencies. The addition of a significant cohort of Myanmar nationals working on a day-to-day basis with the Government and private sector counterparts also added considerable value. The CMU adopted a proactive review process, which encouraged task teams to identify specific steps to reverse actual or potential shortfalls in project performance and initiated formal Portfolio Reviews from 2017. Given the lack of previous operational experience in Myanmar, the World Bank adopted a learning-by-doing approach to implementation support, which built on the flexibility inherent in the varying approaches to project design adopted by different task teams. Project time frames were adjusted to reflect additional time required during the first year to familiarize counterpart staff with World Bank procedures and processes. Some projects began slowly with small investments to promote capacity building and learning, some aligned project activities closely with existing programs to minimize additional requirements, and others undertook early and massive training to enable implementing agency staff to take on the responsibilities of project management.<sup>81</sup> Most task teams have engaged in a variety of 'hands-on' implementation support designed to facilitate implementation. In many cases, this involved the extensive use of international consultants. However, as most consultants were as unfamiliar with Myanmar as their Myanmar counterparts were with engaging and managing international experts, this TA often required significant support from World Bank staff to be effective. Another obstacle was an informal but generally binding 5 percent limit imposed by the authorities on the use of project funds for international consultants. Given the Government's unwillingness to use project funds for international consultants, the World Bank team received direct requests from government counterparts for World Bank-executed activities to support implementation. This created challenges for TA components with significant international consultancy requirements. Increasingly centralized and cumbersome clearance procedures for vetting proposed consultants and providing external training for GoM staff also complicated the delivery of timely and effective technical support to implementation.

## ***Aligning with Country Systems and Attention to Safeguards and Fiduciary Risks***

40. **Managing safeguard and fiduciary risks in the context of aligning with country systems posed major challenges to CPF implementation.** The initial decision at the time of the ISN to align with country systems was a major step in building trust and commitment with the Myanmar authorities after a long period of disengagement, signaling an intention to put them in the 'driver's seat'. However, the very limited knowledge, experience, and capacity of the authorities to identify, manage, and mitigate safeguard and fiduciary risks within their own systems inevitably created significant implementation gaps and related challenges. The CPF recognized this through its objectives to improve national capacity for sustainable environmental, social, and PFM. Financial, technical, and analytic support were directed toward these objectives including a country safeguard assessment with follow-up support to national resource management and programmatic TA for governance. The capacity to manage social risks in projects remains limited but the development toward the end of the CPF period of

80 Three projects were classified as problem projects during the CPF period. Proactive responses from the GoM and the World Bank mitigated the relevant risks and all three projects returned to normal status.

81 In one example of 'rightsizing' implementation support, the World Bank mapped the precise paper-based budgeting framework that ministry officials used onto a set of computer files which could be immediately understood and used by all the various levels involved in the budgeting process without learning new systems or analytic techniques. This 'rightsized' approach saved significant time and effort and will serve as an interim system until the capacities of staff and organizational structures are able to shift to more sophisticated budgeting systems.

the MDI, which enables the identification of excluded, disadvantaged, and vulnerable communities at a highly disaggregated level, will have a strong impact on better targeting of future interventions. At the level of individual activities, the World Bank directed significant attention to fiduciary and safeguard management but left the determination of priorities and capacity-building measures largely to individual task teams with the exception of CMU-sponsored trainings and capacity-building workshops. Projects such as the NCCDP trained dozens of local rural development staff in safeguard issues, and the EHSAP (health) project built into the project design a DLI on social safeguards related to the use of a community engagement planning framework. These measures highlight the need to set aside dedicated funding for TA and training to build government implementation capacity. While the World Bank has supported the GoM to improve the procurement legal and regulatory environment since the reengagement in 2012, the GoM has yet to finalize the procurement law. Internal government approvals remain a challenge to efficient project implementation. In the absence of a legal and institutional framework for procurement and weak management and oversight structures, the World Bank has activated a number of streamlined procedures, for example, (a) increased threshold for shopping procedures since February 2016 to help simplify documentation for both the Government and private sector and (b) introduced the strategic use of hands-on expanded implementation support (HEIS) to supplement normal procurement support. These interim measures helped ease excessive implementation delays, increased national capacity, and strengthened country systems.<sup>82</sup> Overall compliance with safeguards has been adequate given Myanmar's lack of relevant experience and capacity deficits.<sup>83</sup> Nevertheless, capacity remains well below Myanmar's development needs and the requirements of the World Bank's procurement framework and environmental and social safeguard standards.

## ***Coordination with Development Partners***

41. **The World Bank engaged in a range of institutional arrangements with DPs working through country systems to facilitate implementation of the CPF.** Consistent with its emphasis on using country systems the World Bank focused on working with those other DPs channeling resources through the budget. Japan International Cooperation Agency (JICA) and Asian Development Bank (ADB), along with the World Bank, accounted for most of the on-budget support to Myanmar. The World Bank along with these agencies initiated a series of annual Joint Country Portfolio Reviews (JCPRs) which provided a forum for identifying and addressing common implementation issues related to the reliance on country systems. Initially geared at the working level, these forums evolved to higher level events chaired by MOFP at the ministerial level. While this provided a channel to inform senior officials of implementation issues, both the Government and other DP participants noted that problem solving had been more effective with working-level representation. Nevertheless, DPs endorsed the value of the JCPR in improving coordination with country systems. Another key institutional initiative supporting the CPF and channeling additional bilateral resources through the budget has been the Myanmar Partnership Multi-donor Trust Fund (MDTF).<sup>84</sup> Initially bringing together the World Bank, IFC, DFID, and DFAT, with subsequent additions of Denmark and Finland, the MDTF supports three priority areas: (a) social development and inclusion (benefiting NCCDP and education operations); (b) institutional strengthening (benefiting governance, EITI, and financial sector operations); and (c) private sector development (benefiting numerous IFC investments). Allocations from the MDTF are individually approved by a Steering Committee representing all agencies and including senior GoM representatives. The World Bank staff credit MDTF grants as aligning with the country strategy and providing valuable resources to supplement other sources to build capacity, deal with cross-cutting or emerging issues, and contribute to the preparation and implementation of WBG activities.<sup>85</sup> The MDTF grew from a pledge of US\$47 million to US\$163 million with steady interest from DPs in providing additional financing. For example, the Decentralizing Funding to Schools Project (P146332) originally had a recipient-executed trust

82 For example, during the course of CPF implementation there has been a shift of more than 50 percent of procurement for the Agriculture Sector Development Project from ex ante to ex post review.

83 At the end of the CPF period, two projects in the portfolio, Agricultural Development Support Project (ASDP) (P147629) and Telecom (P145534), had safeguards issue related to dam safety and placement of transmission towers, respectively, which resulted in Moderately Unsatisfactory ratings. In the case of ASDP, the project made progress in bringing on board the international dam safety advisor preparing the dam safety plan. Once agreed actions, that is, submission of the updated dam safety plans and associated detailed design of relevant reconstruction of existing spillway and new spillway, the World Bank can consider the upgrade.

84 The MDTF has been extended to 2022, into the next CPF period.

85 Staff estimate that the MDTF financed as much as 75 percent of the operating budget for MTI and activities supporting Financial Sector Development.

fund of US\$20 million. Following its success in the initial phase, the existing and new partners contributed an additional US\$45 million. Current ASAs, such as the Myanmar Subnational Public Expenditure Review (P166313) financed by the MDTF, led to development of operations such as the Enhancing Institutional Capacity of State and Region Governments in Myanmar (P169070), currently under preparation. Key stakeholders, including the GoM, welcomed the MDTF as a platform to enhance efficiency and reduce transaction costs, by allowing collaboration in support of commonly agreed outcomes and results, without establishing separate projects and funding streams. Indeed, the GoM has indicated a preference for development assistance through mechanisms such as the MDTF. DPs have continued to support these objectives, but they noted that it is important to have a strong monitoring and evaluation framework to help draw lessons for continued effective use of MDTF resources. In response, the World Bank team committed to reporting on a consolidated results matrix in quarterly meetings. The World Bank also participated in the DP coordination process linked to the Cooperation Partners Group (CPG) consisting of bilateral partners, international finance institutions, and non-Development Assistance Committee (DAC) members, sharing the facilitation of the group with UNDP. The World Bank is heavily involved in DP consultation groups around Rakhine taking the lead from UNHCR and UNDP on Rakhine strategy. The Government structure for DP coordination centers on the Development Assistance Coordination Unit (DACU) which is the channel for all DP activities needing the GoM approval or input.<sup>86</sup> Both the CPG and DACU support sector working groups covering the major areas of DP activity. Although the World Bank has been active in many of these working groups including functioning as chair or co-chair, some DPs felt that greater input and leadership drawing on the World Bank's global experience and expertise would have been welcome in developing coordinated positions in the broader DP forums.

## ***Dissemination of Knowledge Services***

42. **Knowledge services played a major role in the implementation of the CPF, building on the Myanmar authorities' strong appetite for learning from international good practice and experience.** The SCD had identified knowledge gaps as one of the key challenges facing Myanmar. The CPF addressed this challenge directly in terms of specific objectives linked to increased understanding of poverty issues and capacity to manage public finances and natural resources. The achievement of these objectives (paras 9,10 and 13 above) related directly to the effective dissemination of knowledge products, notably the Poverty Assessment conducted jointly with MOPFI, the Programmatic PER, and assessments of natural resource and social risk management. Prior to the World Bank's work on poverty, the very term had been disallowed in government and public discourse. By the end of 2018, the World Bank and GoM had jointly published a detailed report on Multidimensional Welfare in Myanmar which used the highly granular data from the 2014 Census to develop the MDI applicable down to the township level. The Contested Areas of Myanmar study (financed by the Korean Trust Fund for Economic and Peace-building Transitions) provided a solid analytical basis for scaling up work in conflict areas. The CPF also gave prominence to knowledge services as instruments to achieve other objectives, especially those related to trade and competitiveness, financial and private sector development. The formulation of sector strategies in agriculture and energy laid the groundwork for World Bank engagement in those sectors. Analytic work on health system strengthening and education grant monitoring provided inputs for ongoing dialogue with the respective ministries and other stakeholders to help direct World Bank financial support to meet poverty and inclusion objectives. Programmatic ASA contributed to a process of investigation, analysis and dissemination in key areas such as trade and competitiveness, poverty and peace and inclusion. Indeed, the process of conducting ASA activities jointly with Myanmar counterparts was as important to building strong working relationships and trust as the dissemination of final products.<sup>87</sup> Continuing joint analytic work on macroeconomic and PFM helped maintain an effective policy dialogue with the MOFP even as DPO financial support stalled. The World Bank invested heavily in improving the quality of data supporting semi-annual surveys of the enterprise sector, triangulating across various sources, and working to ensure consistency across sectors. This work fed into the semiannual Economic Monitor which the World Bank presented initially in draft format to workshops including all relevant government agencies to generate internal discussion and feedback. These and related efforts in other sectors transformed the reliability and credibility of economic reporting in Myanmar during the CPF period.

<sup>86</sup> Although the PLR had voiced the hope that DACU's coordinating role would not become other bureaucratic layer, experience has proved otherwise with DACU taking on many routine decisions with inevitable delays.

<sup>87</sup> The Programmatic PER illustrates this joint process. Each chapter of the PER had an associated program of capacity building and involved 10–15 counterpart staff from the relevant agencies.

## D. CPF Contribution to World Bank Twin Goals

43. **The CPF contributed both to the reduction of extreme poverty and to shared prosperity but significant challenges remain.** The CPF was explicitly oriented toward poverty reduction with its emphasis on improving agricultural productivity, infrastructure, livelihoods and service delivery in rural areas where 87 percent of the poor live. In addition, the CPF made major headway toward better understanding of poverty in Myanmar, a critical contribution given the dearth of reliable data at the onset of the CPF period and limited official recognition of poverty. Poverty statistics are not available after 2015 (the initial year of the CPF), but based on trends during the previous five years, it is likely that extreme poverty (under US\$1.90 per day in 2011 purchasing power parity terms) continued to fall below the 6.9 percent estimated for 2015. But Myanmar's relatively weak relationship between growth and poverty reduction, a decreasing income share for the bottom forty percent of the population and a significant portion of the poor who are economically or socially excluded point to significant challenges in achieving shared prosperity and possibly to further reductions in extreme poverty.<sup>88</sup> While incomes of the rural poor have grown, incomes of the urban middle and upper classes have grown faster boosted by the first round of transition reforms (a result similar to other transitioning economies). This result has likely been exacerbated by the impact of economic and social exclusion related to conflict, regional and identity factors. The increased attention to inclusion issues during the implementation of the CPF, highlighted in the development and application of the IPL, has laid the groundwork for a stronger contribution to the twin goals during the next CPF period.

## E. Lessons Learned

44. **An effective strategy for Myanmar needs to balance selectivity in prioritizing results with the complexity and interrelated nature of the triple-transition.** Experience under the CPF suggests that there is no 'one size fits all' approach. Consolidating the program with fewer large projects economized on scarce capacity and promoted transformational interventions in key sectors. But the complex underlying reality also resulted in some unwieldy projects with diverse objectives and multiple implementing agencies leading to delays and complicated project structures. Smaller activities that promote innovative approaches and learning by doing without tying up large amounts of resources could be an important program component in this highly complex environment.

45. **Cross-cutting issues need a systematic and monitorable basis in the strategy.** The SCD highlighted a set of prerequisites for sustainable and inclusive growth several of which the CPF adopted appropriately as cross-cutting issues.<sup>89</sup> But without a systematic monitoring framework, it proved difficult to gauge the extent to which the strategy was successful in confronting these issues. The Rakhine crisis underscored the need for more systematic and monitorable treatment of peace and inclusion which resulted in the development of the IPL. Gender as a cross-cutting issue benefits from World Bank-wide mechanisms which document program alignment with gender goals and facilitate monitoring, but other cross-cutting issues would benefit from more strategy-specific measures (such as the IPL). The specification of objectives and/or indicators in the RF linked to cross-cutting issues could also help ensure that they receive the requisite attention as CPF implementation proceeds.

46. **Building trust with key counterparts and stakeholders proved to be an essential element in achieving CPF objectives in the process of reengaging in an FCV country.** Some of the key mechanisms which contributed to strong relationships included the commitment to use and support Myanmar's own systems, financing through the budget and implementing through government agencies, not Project Management Units (PMUs). The

<sup>88</sup> The SCD (2019) discusses these issues in greater and more quantitative detail. The SCD reports that 13 percent of the poor fall into socially or economically excluded groups.

<sup>89</sup> As noted in earlier sections, the CPF and PLR could have been much more explicit in the treatment of inclusion as a cross-cutting issue.



commitment to country systems put additional burden on staff but demonstrated the World Bank's recognition that Myanmar should be in the 'driver's seat' with the World Bank in a supporting role. Another key contributor to building trust has been the priority given to technical advice and support to key champions of reforms in individual sectors. This often coincided with or supplemented joint analytical work, often in a programmatic mode, which helped fill knowledge gaps and build capacity. The trust built up in such activities has paid off in helping sustain World Bank-supported innovations even in the absence of World Bank financial support.

**47. Access to grant funds is critical to successful CPF implementation, and mechanisms such as the MDTF and other partnerships need continued support and oversight.** Task teams universally endorse the importance of grant resources for effective implementation in Myanmar's capacity constrained environment. Partnerships and trust funds are essential to provide these resources. The Myanmar Partnership MDTF has aspects that are institutional best practices, in particular aligning resources with the country strategy. In addition, the MDTF has helped reduce duplication of services and supported coordination. It also exemplifies the one World Bank Group, enabling IFC and World Bank to collaborate effectively and jointly with partners. Strategic partnerships such as the MDTF and other Trust Funds which bring opportunities to expand analytical work, increase project impact, enhance implementation support, and test new ideas need continuous management support and oversight to maintain the strategic alignment of resources. Management challenges include bilateral earmarking and diverse reporting requirements, which can reduce impact and increase administrative costs.

**48. Improvements in the quality and availability of data during the implementation of the CPF fostered an increasingly evidence-based policy dialogue and contributed significantly to the central focus on inclusion in the IPL.** The SCD emphasized the importance of strengthening statistical systems to enhance the capacity of the GoM to formulate appropriate policies. The collaborative work which led to the development of the geographic MDI, combined with the development of other data sources delineating identity-based disadvantages, helped inform the dialogue around service delivery and related policies. These and other improvements in data quality and availability also contributed significantly to the World Bank's strategic adjustments following the Rakhine crisis including the development of the IPL. Continued support to improving data quality and availability should be a key component of the World Bank's strategic engagement in Myanmar.

**49. An integrative national-level approach to improving governance and capacity would be appropriate in Myanmar.** The CPF strategy and its implementation relied primarily on project and sector-level efforts to build capacity and improve governance; there was less emphasis on governmentwide public administration reforms. While all task teams emphasized the importance of hands-on support to counterpart staff, they also indicated that capacity gaps stemmed from structural problems. Policy and strategy formulation, delegation, communication, and review processes were weak to nonexistent in many agencies. In addition to sectoral PERs the World Bank could contribute through 'functional reviews' identifying structural weaknesses in public administration. Enhancing coordination between government entities, building information systems that allow for transparent sharing and use of data, strengthening capacity to plan and execute sector strategies, enhancing the role of core ministries (especially finance and planning), and harmonizing financial and procurement practices all could have a transformative effect on government capacity.

**50. Greater attention to the identification of appropriate indicators in the RF would facilitate more effective monitoring of the implementation of the CPF.** The criteria for appropriate results indicators are well specified in World Bank guidelines, but in practice, indicators still suffer from common shortcomings. Some indicators are clearly more relevant to objectives than others but are not appropriately prioritized. The distinction between primary and supplemental indicators is unclear. Time frames are often unrealistic, due in many cases to optimistic project timetables for those indicators linked to World Bank operations. Data sources and baselines are often missing. Targets may fail to take into account political or other institutional constraints. Clearly the projection of targets several years in advance reflecting the CPF time frame is a challenging task; it may be more useful in terms of monitoring CPF implementation to sequence indicators with interim benchmarks.



51. **The CPF program in Myanmar faced many of the common implementation challenges that are well documented across many World Bank engagements requiring continuing dialogue and joint efforts to clarify and simplify procedures.** While the GoM-approved 2018 Development Assistance Policy (DAP) provides a common framework to guide the implementation and processing of all externally financed operations, there remains a ‘disconnect’ between the written rules and the implementation practices. For example, DAP requires that Contract Negotiations Teams (CNTs) be formed to review draft contracts with no further requirements for reviews. In practice, the Ministries of Planning and Finance and Commerce and the Attorney General continue to review such contracts after the CNT review. Reviews by the three agencies take, on average, about a month but can take up to four months each leading to excessive delays. The GoM’s clarification on the requirements of the DAP with regard to contract reviews would be welcome as would efforts to expedite the preparation of a new procurement law and bidding documents to clarify approval requirements. These improvements are hindered by the inexperience of counterparts with World Bank processes and procedures and overall constraints on capacity. This is likely to continue for some years and will require continuing special efforts. These include the following:

- **Furthering project simplicity.** This encompasses ensuring that project implementation arrangements make the most effective use of the existing capacity in Myanmar by minimizing the complexity of activities and the number of Government agencies implementing a particular project.
- **Promoting stronger staffing arrangements in Government agencies implementing World Bank-financed projects (FM, procurement, safeguards).** Stronger commitment from counterparts to ensure the appointment of sufficiently qualified staff who can prioritize implementation of World Bank-financed projects is critical for smooth implementation.
- **Using HEIS** strategically for procurement as well as ensuring additional resources for implementation support with extended implementation time lines.

## Attachment 1: Myanmar Completion and Learning Review – Self-Evaluation Matrix

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Focus Area 1: Reducing Rural Poverty</b>			
<b>Objective #1.1. Improved power generation and access to electricity</b>			
<b>OBJECTIVE INDICATORS</b>			
<p>1. People provided with new or improved electricity service (million)</p> <p><b>Baseline:</b> 0 (2014) <b>Target:</b> 3 (2019)</p>	<p>Progress: <b>Mostly achieved</b></p> <p><b>Actual: 2.42 million</b> (Source: Implementation Status and Results Report [ISR], January and July 2019 and Aide Memoire, May 2019 for National Electrification Project [NEP])</p> <p><b>1.2 million people provided with new electricity services by the IDA-financed NEP project</b> Overall, the IDA-financed NEP is progressing toward achieving its development objectives; 1.2 million people have received electricity by the project through both grid extension (0.05 million) and off-grid measures (1.17 million) to date.</p> <p>The grid component progress is on track with supply of material and goods progressing and all installation works contracted and progressing leading to a substantial increase in connections by the end of CY2019 and first quarter of CY2020. On the off-grid component, the first and second round of SHSs (international competitive bidding (ICB) 1 and ICB 2) and mini-grid have been successfully implemented, along with the establishment of service centers in all regions to ensure the sustainability of the SHS program. The third round of SHS is under implementation with most works to be completed in the first quarter of CY2020. The fourth round of SHS procurement is under evaluation.</p>	<p>The GoM originally planned to finance grid installation but then requested IDA financing. Changing the implementation plan at a late date affects the implementation timeline for the whole project.</p>	<p><b>Financial Services</b> <i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>• Electric Power Project (P143988)</li> <li>• National Electrification Project (P152936)</li> <li>• Myingyan Independent Power Producer (IPP) Advisory Services (AS) (600181)</li> <li>• Yangon Electricity Supply Corporation (33865)</li> <li>• Political Risk Guarantee of Myingyan IPP (12131)</li> </ul> <p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>• Power System Energy Efficiency Improvement Project (P162151)</li> <li>• Mandalay Electricity Supply Corporation</li> </ul> <p><b>Knowledge Services</b> <i>Delivered:</i></p> <ul style="list-style-type: none"> <li>• Energy policy dialog and sector reform in Myanmar (P158303), including the following deliverables: <ul style="list-style-type: none"> <li>o Power Sector Financial Viability Study</li> <li>o Natural Gas Supply Economics and Import Options</li> <li>o Gender and social inclusion in electricity services</li> <li>o Strategic Communications for the Power Sector</li> </ul> </li> </ul>

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
	<p><b>1.22 million people provided with improved electricity services by the Myingyan project.</b></p> <p>Myingyan made available an additional 1,132 GWh customers in Myanmar (see Objective 2 below). Based on an average annual electricity consumption of 3,977 MWh per household (Ministry of Electric and Energy Statistical booklet 2017–2018) and assuming 4.3 people in each household,<sup>90</sup> the World Bank estimates that 1.22 million people have access to more reliable electricity supply <math>[(1,132 \text{ GWh} / 3,977 \text{ MWh}) \times 4.3 \text{ people per household}]</math>.</p> <p>In parallel to its direct funding, the WBG has leveraged additional funding for electricity access to an estimated additional 3 million people<sup>91</sup> through TA leading to GoM adoption of the NEP to provide universal access by 2030. Specifically, the Government was able to leverage additional funds to support SHS coverage, including EUR 30 million of soft loans from Italian assistance for SHS and mini-grid electrification in Chin State (<a href="http://www.aicsyangon.org/news/myanmar-parliament-approves-italy%E2%80%99s-soft-loan-provide-sustainable-electricity-remote-villages">http://www.aicsyangon.org/news/myanmar-parliament-approves-italy%E2%80%99s-soft-loan-provide-sustainable-electricity-remote-villages</a>) and EUR 40 million of loan and grants for on-grid distribution network rehabilitation and photovoltaic systems from <i>Kreditanstalt für Wiederaufbau</i> (KfW), in Southern Shan State (<a href="https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/L%C3%A4nder-und-Programme/Asien/Myanmar_REP_2016_EN.pdf">https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/L%C3%A4nder-und-Programme/Asien/Myanmar_REP_2016_EN.pdf</a>) besides JICA and ADB funding for distribution network strengthening.</p>		<ul style="list-style-type: none"> <li>• Myanmar Energy InfraSAP (P166635)</li> <li>• Geospatial Least-cost Electrification Planning (Implemented under Energy policy dialog and sector reform in Myanmar (P158303); National Electrification Project (P152936) financed by TFOA2542, TFOA7405, and TFOA3652; and Electric Power Project (P143988) financed by TF015267, TF014663, and TF018103.</li> </ul> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>• Myanmar Energy Policy Dialog and Sector Development (P171461)</li> <li>• Strategic environmental and social assessment of all hydropower concessions</li> </ul>

<sup>90</sup> Page 25 in the following report: <http://documents.worldbank.org/curated/en/739461530021973802/pdf/127618-REVISED-14-12-2018-18-51-31-KIMLCS-EnglishFinalOctlowresolution.pdf>.

<sup>91</sup> Through the WBG's technical support, the GoM adopted The National Electrification Policy for Universal Access by 2030 through grid and off-grid means. The WBG also helped develop geospatial plans for most economic electrification options.

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>2. Expanded conventional and renewable power generation (gigawatt hours, annual)</p> <p><b>Baseline:</b> 260 (2014) <b>Target:</b> 660 (2019)</p>	<p>Progress: <b>Achieved</b> <b>Actual: 1,144 gigawatt hours (GWh)</b></p> <p>The value 1,132 GWh corresponds to information provided by Sembcorp which is the operator of the Myingyan IPP.</p> <p>The second source is the National Electrification Project SHS and mini-grids contributing 12 GWh.</p> <p>These combined productions resulted in the total power generation of 1,144 GWh. With commissioning of complete Thaton plant (under the IDA-financed Electric Power Project) by Q1CY2020 and additional SHS and grid, the capacity is expected to increase by additional 25 percent of the value achieved to date.</p>	<p>Limited GoM capacity resulted in a long bid evaluation period and a heavily bureaucratic approval process, contributing to uncertainty on the offered price. Similarly, staff capacity constraints have affected the GoM's ability to monitor contracts and obtain training to take over the Thaton combined cycle gas turbine power plant from the contractor.</p> <p>In addition, limited availability of credit from local commercial banks and the scarcity of local bidders with certified audited financial statements and international experience in procurement processes reduced competition for the contract. However, the overall experience with the Myingyan IPP was positive. MIGA continues to receive expressions of interest for political risk insurance coverage of power generation projects in Myanmar.</p>	
<b>Supplementary Indicators</b>			
<p>a. Thermal efficiency of energy conversion (%)</p> <p><b>Baseline:</b> 20 (2014) <b>Target:</b> 48 (2019)</p>	<p>Progress: <b>Achieved</b> <b>Actual: 52 percent as of April 2019</b> (Source: Aide Memoire, September 2019)</p> <p>Under the IDA-financed Electric Power Project, Thaton power plant, thermal efficiency of 52 percent has been achieved during testing for the new plant's two gas turbines and steam turbine in combined cycle peak output on April 30, 2019, consistent with the thermal efficiency of 52.6 percent contractual maximum guaranteed value of heat rate for the plant per the contract, signed January 26, 2016, between the (former) Myanmar Electric Power Enterprise and China Energy Engineering Groups Co. Ltd.</p>	<p>WBG projects have set new milestones for efficient energy generation from natural gas and have been successful in bringing the GoM's focus on building efficiency as a key parameter for future IPPs. Latest IPP and rental plants have industry-standard efficiency for gas to power conversion.</p>	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>b. Adoption of a pricing policy toward full operating cost recovery over 4 years</p> <p><b>Baseline:</b> Tariff below cost (2017) <b>Target:</b> New pricing policy is adopted (2019)</p>	<p>Progress: <b>Achieved</b></p> <p>The GoM has implemented a cost-recovery pricing policy for all categories of consumers through a 70 percent average<sup>92</sup> increase in electricity prices starting July 1, 2019. Building on TA by the World Bank, the Ministry of Electricity and Energy got GoM approval in April 2019 for the implementation of the new pricing policy. The tariff increase will rebalance the existing subsidies so that electricity will remain affordable for the poorest households by the implementation of increasing block tariffs.</p> <p>Source: <a href="https://www.moe.gov.mm/en/ignite/contentView/1193">https://www.moe.gov.mm/en/ignite/contentView/1193</a></p>	<p>Critical to improve the financial viability of the sector and attract private sector participation, the tariff increase has broader benefits including making renewable energy generation financially viable for industrial consumers and incentivizing electricity conservation. Financial viability of the sector is critical to free up budget resources and attract more and better private investment. Such effects are already being felt with a reduction in power consumption in the first half of July and the IFC-supported private sector-led rooftop solar photovoltaic investment.</p>	
<b>Objective #1.2. Increased productivity in farming and agribusiness</b>			
<p>3. Average rice yields in targeted irrigated areas</p> <p><b>Baseline:</b> 2.7 tons/ha (wet season rice) and 3.0 tons/ha (dry season rice) (2015) <b>Target:</b> 2.9 tons/ha (wet season rice) and 3.2 tons/ha (dry season rice) (2019)</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual:</b> 4.25 tons/ha (wet season rice) 4.45 tons/ha (dry season rice)</p> <p>(Source: Aide Memoire, May 2019 and ISR, June 2019)</p>	<p><b>Capacity building.</b> The Agricultural Development Support Project (ADSP) is one of the first investments of the World Bank in the agriculture sector in Myanmar with the Ministry of Agriculture, Livestock, and Irrigation (MoALI) after almost three decades (since preparation of the Paddyland Development 3 project in 1982). While the Government has capacity and experience on the technical operations of the project, no one from among the project management and implementors had experience in World Bank investment operations. To address this gap and in addition to the regular implementation support missions, the task team provides the project with continuing technical and operational support through several post-mission and follow-up activities. These, however, require additional time and resources from the task team. Project implementors are also invited to World Bank-organized capacity-building activities on safeguards, fiduciary, monitoring and evaluation, and so on, as well as in portfolio review meetings to learn from the experiences of other projects. Furthermore, the project design includes the engagement of international consultants/experts to provide TA and global knowledge on specific subjects.</p>	<p><b>Financial Services</b> <i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>• Ayeyarwady Integrated River Basin Management Project (P146482)</li> <li>• Agricultural Development Support Project (P147629)</li> <li>• Myanmar Agricultural Input Reform and Standards (600996)</li> <li>• The Agribusiness Development Project (601991)</li> <li>• Myanmar Awba Agricultural Products (agri-chemicals and fertilizer)</li> <li>• Fullerton Myanmar (Micro, small, and medium enterprises finance)</li> <li>• Aceda Myanmar (Micro-finance)</li> <li>• Myanmar Industrial Port, Yangon (Container port)</li> <li>• Yoma fleets (transport leasing for commodity movements)</li> </ul>
<p>4. Cropping intensity in targeted areas (ratio)</p> <p><b>Baseline:</b> 1.3 (2015) <b>Target:</b> 1.4 (2019)</p>	<p>Progress: <b>Mostly achieved</b></p> <p><b>Actual:</b> 1.36 (Source: ISR, June 2019 and Aide Memoire, May 2019)</p>		

92 According to World Bank calculations, the average revenue would increase from MMK 71 per kWh to MMK 119 per kWh (or 70 percent increase). The average cost of supply in 2017–18 was MMK 120 per kWh.

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
		<p><b>Implementation arrangements.</b> The project was designed to address various gaps and challenges in the agriculture sector. This required a combination of technology improvement/upgrading, infrastructure support, and institutional/organizational development for the participating departments and the farmer-beneficiaries/water users' groups. The menu of interventions further required an implementation structure which is composed of different stakeholders from various government departments, regional and township levels, and beneficiary groups. This has been a major challenge for the project and took a long learning curve, especially as this is the first time for some offices to work with other stakeholders from within MoALI and other ministries. This was further aggravated by the delayed establishment of the Project Management Unit (PMU) (1.5 years after loan effectiveness). The project design anticipated the institutional arrangement/complexity and included a coordination structure through the National Steering Committee (national level), Agriculture Coordination Committee (regional level), and Project Working Committee meetings on a regular basis. These committees (Agriculture Coordination Committee and Project Working Committee) are functioning but need some 'push' from time to time.</p> <p><b>Implementation readiness.</b> Preparation of feasibility studies, environmental scoping/assessment, and detailed engineering for the irrigation investments took about two years to complete. Due recognition for developing a framework for implementing the project was not given adequate attention in terms of expected disbursement and annual work planning and budgeting. Procurement for other subcomponents also took time. It is important to undertake these activities, as much as possible, before project effectiveness/commencement to ensure timely implementation, which contributes to prompt realization of expected results.</p>	<p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>• Myanmar National Food and Agriculture Systems Project (P164448)</li> <li>• Support for commodity storage and warehousing facilities</li> </ul> <p><b>Knowledge Services Delivered:</b></p> <ul style="list-style-type: none"> <li>• Foundations for a Modern Food System in Myanmar (P165659)</li> <li>• Myanmar Agricultural Policy Dialogue (P158765)</li> <li>• Myanmar Agriculture Policy Alternatives: Status, Opportunities and Risks (RAS) (P144951)</li> <li>• Greater Mekong Rice Sector Development for Poverty Reduction (P152624)</li> </ul>



CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Supplementary Indicators</b>			
<p>c. Advisory agreements Signed</p> <p><b>Baseline:</b> 0 (2014) <b>Target:</b> 2 (2019)</p>	<p>Latest progress: <b>Achieved</b> <b>Actual:</b> 2 advisory agreements signed</p> <p>The Agri-inputs project (600996) has (a) worked on improving the regulatory environment for the inputs market and (b) supported the Government to roll out Good Agricultural Practices certification for farmers based on use of quality inputs and good farming practices geared at improving quantity and quality of tomatoes, mung beans, and sesame.</p> <p>The Agribusiness project (601991) works directly with firms to improve productivity along its value chain (covering rice, pulses, and now moving into the protein sector).</p> <p>On August 25, 2017, IFC signed an advisory agreement with the Ministry of Agriculture (now MoALI) for the implementation of the Myanmar Agricultural Input Reforms Project.</p> <p>IFC is working on improving the legal and regulatory environment for seeds, fertilizer, and pesticides input providers and building MoALI's inspection procedures.</p> <p>Additionally, IFC has been working with MoALI to increase Myanmar Good Agricultural Practices standards certification of tomato, sesame, and mung bean farmers.</p> <p>On May 29, 2018, IFC signed a Memorandum of Understanding with Myanmar Rice Federation to review and revise the Myanmar Rice Standards, including to support development of upgraded milled rice standards and development of paddy grading standards.</p>	<p><b>Lesson learned:</b></p> <p>It is important to have frequent face-to-face interactions with the clients. This helps strengthen relationships and build trust, which will then be translated into strong commitment from the client.</p> <p>Capacity all along the value chain needs support to improve production quality and quantity. Engaging with farmers, government, and private sector associations is necessary for a transformational difference in any crop production.</p>	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
	<p><b>In August 2018</b>, IFC signed an advisory agreement with the Union of Myanmar Federation of Chambers of Commerce and Industry to support delivery of training on food safety to member firms.</p> <p>Two cohorts of food safety trainers and quality control managers were trained on basic-level food safety skills and will be undergoing 2 more trainings to allow them to conduct audits.</p> <p><b>November 2018</b>: Private sector firms underwent food safety gap audits to determine the scope of work to develop appropriate food safety management systems.</p> <p><b>July 2018</b>: The three audited firms have signed up for food safety certification preparedness.</p>		
<p>d. Area provided with improved irrigation and drainage services (ha)</p> <p><b>Baseline</b>: 0 (2015) <b>Target</b>: 10,000 ha (2019)</p>	<p>Progress: <b>Achieved</b> <b>Actual</b>: 19,595 ha (Source: ISR, June 2019)</p>		
<p>e. Clients who have received improved agricultural technologies promoted by World Bank financed projects.</p> <p><b>Baseline</b>: 0 (2015) <b>Target</b>: 4,500 (2019)</p>	<p>Progress: <b>Achieved</b> <b>Actual</b>: 8,088 (Source: ISR, June 2019)</p>		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>f. Seed farms identified for upgrading to produce improved seeds</p> <p><b>Baseline:</b> 0 (2015) <b>Target:</b> 2 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual:</b> Four seed farms upgraded to produce improved seeds under the ADSP. (Source: Aide Memoire Annex 7: Component 2 Progress Assessment, notes from field visits, and from client meetings, May 2019)</p> <p>To facilitate investments in seeds business in Myanmar, on April 11, 2018, the National Seeds Committee adopted 10 out of the 12 recommendations, including simplified procedures to apply for seeds registration, certification and licensing, exemption of field test for 4 vegetables seeds, and the elimination of hundreds of seeds business licenses, which puts the country toward a sustainable seed sector reform.</p> <p>In December 2018, IFC launched the Myanmar Seeds Portal providing information on seeds varieties, fees, relevant standard operating procedures (SOPs) and a semiautomated application process for licensing, registration, and certification of seeds. The Portal promotes transparency for seeds registration, licensing, and certification.</p> <p>In November 2018, the Department of Agriculture (DOA), based on IFC advisory services, adopted exemption of Pest Risks Analysis for 37 types of fresh fruits; 21 types of cereal, legumes, oil seeds; and 57 types of vegetables for human consumption. The Plant Protection Division also exempted 5 types of animal feed, 8 types of plant products for processing, and 80 types of vegetables seeds (including tomato, sesame, and mung bean). The Pest Risks Analysis exemption for seeds is a major reform that will allow firms to easily import quality seeds into Myanmar to further develop and increase production of the agriculture sector.</p>	<p><b>Lessons learned:</b></p> <p>IFC advisory services has focused on improving the regulatory environment to promote the seeds business in Myanmar, which will contribute to improved quality in seeds production.</p>	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Objective #1.3. Improved Access to Critical Infrastructure and Services for the Rural Poor</b>			
<p>5. Population in townships benefiting from improved access to and use of rural infrastructure and services under the WBG interventions (number)</p> <p><b>Baseline:</b> 0.8 million (2014)  <b>Target:</b> 7 million (2019); of which at least 40% female</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual:</b> 7.2 million, of which 51.3% are female (results as of March 29, 2019, reported in ISR, August 2019)          (Source: Aide Memoire, March–April 2019, ISR, August 2019)</p> <p>As of March 2019, the NCDDP has financed over 21,721 village subprojects, which have supported the rehabilitation and/or construction of 8,900 km of rural roads, 1,600 bridges, 3,300 water supply systems, and 3,600 schools. Community satisfaction rates continue to exceed 90%.</p>	<p>Community-driven development (CDD) provides both an effective and an efficient mechanism for delivering basic rural infrastructure. The 2018 external technical audit found approximately 80% of works meeting or exceeding technical specifications (and 16% just slight below specs) and unit costs under the program to be lower for roads, bridges, water systems, and electricity extension works than those of other government programs</p> <p>With adequate training and support, communities are able to perform basic project management, procurement, and FM tasks, reducing overall overheads on works and enhancing local capacities. An important by-product of such community-based programs is a fairly high level of wage transfer to community members (approximately 15% of total subproject costs; US\$18 million to date)</p> <p>Despite initial concerns that beneficiaries would not willingly criticize a GoM program, communities have embraced the project's grievance redress system and have submitted more than 16,700 comments and complaints to date, with a resolution rate above 95% and average resolution time of just two weeks.</p> <p>Government has used the CDD platform to begin engaging on issues of service provision with conflict-affected communities and EAOs, providing a model for potential expansion of government services in a conflict-sensitive manner in some of the country's poorest communities.</p>	<p><b>Financial Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>• NCDDP (P132500 including additional financing [P153113])</li> <li>• Myanmar Flood and Landslide Emergency Recovery Credit (P158194)</li> </ul>

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>6. Rural roads damaged by floods reconstructed (kms)</p> <p><b>Baseline:</b> 0 (2015) <b>Target:</b> 200 (2019)</p>	<p>Progress: <b>Not achieved</b></p> <p><b>Actual:</b> 20 km of roads rehabilitated by the Department of Rural Road Development (DRRD) (ISR). The implementation of these works with simple designs and minimal safeguards impacts has been an opportunity for capacity building for the larger works to come in the following phases.</p>	<p>Effectiveness of the project declared eight months after the Board approval, mostly due to the national elections and subsequent change in government.</p> <p>Other causes for delays included (a) safeguards issues in Chin State because of Government-financed activities, (b) institutional changes in the road sector which moved the Department of Rural Road Development (DRRD) from MoALI to the Ministry of Construction, and (c) lengthy government processes and limited capacity of implementing agency.</p> <p>Limited technical capacity of institutions requires substantial on-the-job training and capacity building. The approach to start with simpler works to build capacity has proved useful. Mobile phone apps are critical tools that help enhance the supervision of works.</p> <p>An overarching lesson is the need to consider longer implementation periods for projects with large infrastructure components due to the GoM's capacity constraints and the context of state fragility.</p> <p>During project design, early, accurate, and critical assessment of safeguards capacity is essential to inform project design and include capacity strengthening measures that help facilitate smooth implementation and avoid needless environmental and social impacts during works.</p> <p>Procurement and approval processes can be time consuming, while technical capacity is limited, and staff turnover is high. HEIS for the client has helped accelerate procurement and support risk mitigation.</p>	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Objective #1.4 Improved National Capacity for sustainable environmental and natural resource management</b>			
<p>7. Inclusion and implementation of environmental safeguards capacity building components in WBG investment operations (number of projects)</p> <p><b>Baseline:</b> 4 (2014) <b>Target:</b> 8 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p>WBG investment operations with potential environmental impacts and risks (EA category A and B) routinely include activities and allocations (even if not presented as formal components) to strengthen project-level environmental and social safeguards capacity. Examples include AIRBM, NEP, Myanmar Flood and Landslide Emergency Recovery Credit (FLERC), NCDD, EPP, ADSP, DRM, EHSAP, Telecom Reform. In addition, portfolio-level environmental safeguards capacity building has been implemented through both CMU-sponsored training (250 participants from four courses) and Safeguards Learning Center activities (209 participants from four courses and two study tours).</p>	<p>World Bank policies supporting environmental and social sustainability through safeguards is hampered by the GoM policies which discourage and, in some cases, limit the use of project funds for international consulting services and TA in investment operations, including for safeguards and safeguards capacity building. Considering extremely low initial safeguards capacity, continued advocacy at project and portfolio levels as well as support through grant and trust funds will be required to bring safeguards capacity to adequate levels overtime.</p>	<p><b>Financial Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>Ayeyarwady Integrated River Basin Management Project (AIRBM) (P146482)</li> <li>Myanmar EITI Implementation Project (P156124)</li> </ul> <p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>Support to the Environment Conservation Department</li> <li>Preparation of Future Investments in Water Resources under the ongoing Ayeyarwady Integrated River Basin Management Project (P146482)</li> <li>Programmatic AAA on National Systems and Capacity for Sustainable ENRM (P152942)</li> </ul> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Myanmar EITI Implementation Grant (P143321)</li> </ul> <p><b>Knowledge Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>Implementation of Learning Center - World Bank Australia Safeguards Partnership Phase 2 (P167571)</li> </ul> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Country Environmental Analysis (P164521)</li> <li>Myanmar EITI Preparation Support (P145465) <ul style="list-style-type: none"> <li>TA on EITI implementation (P155590)</li> </ul> </li> </ul>
<b>Supplementary Indicators</b>			
<p>g. Environmental risk management report for one or two key sectors completed</p> <p><b>Baseline:</b> None (2014) <b>Target:</b> Yes (2019)</p>	<p>Progress: <b>Achieved</b></p> <p>The Myanmar Country Environmental Analysis (CEA) synthesis report and three underlying reports were publicly disclosed when the Myanmar CEA report was launched in June 2019.</p> <p>Two sector reports focusing on (a) forestry (<a href="http://documents.worldbank.org/curated/en/907811560180123305/">http://documents.worldbank.org/curated/en/907811560180123305/</a>) and (b) fisheries sectors (<a href="http://documents.worldbank.org/curated/en/288491560183163331/">http://documents.worldbank.org/curated/en/288491560183163331/</a>) have been completed and launched, highlighting the environmental risks. In addition, an Environmental Impact Assessment Systems Diagnostic Report (<a href="http://documents.worldbank.org/curated/en/296791560179425744/">http://documents.worldbank.org/curated/en/296791560179425744/</a>) has also been completed, providing additional environmental risk insights.</p>	<p>Environmental risks are poorly considered in sectoral development efforts. Risks and impacts are perceived as given, with inadequate efforts to avoid, manage, mitigate, or offset them. Continued policy dialogue will be required in higher risk sectors.</p>	<p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Myanmar EITI Implementation Grant (P143321)</li> </ul> <p><b>Knowledge Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>Implementation of Learning Center - World Bank Australia Safeguards Partnership Phase 2 (P167571)</li> </ul> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Country Environmental Analysis (P164521)</li> <li>Myanmar EITI Preparation Support (P145465) <ul style="list-style-type: none"> <li>TA on EITI implementation (P155590)</li> </ul> </li> </ul>



CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
h. An Ayeyarwady State of the Basin Assessment, which covers strategic environmental and social issues completed  <b>Baseline:</b> No (2014) <b>Target:</b> Yes (2019)	Progress: <b>Achieved</b>  An Ayeyarwady State of the Basin Assessment, which covers strategic environmental and social issues, was completed per ISR, June 2019.		<ul style="list-style-type: none"> <li>o EITI Scoping Study &amp; Legal Review (P155597)</li> <li>o Political Economy Study of Extractives Industry (P155598)</li> <li>o Legal and contractual analysis (P155599)</li> <li>o Constituency Building and Outreach (P155600)</li> <li>• Discrete ESW on Assessing Environmental and Social Safeguards / Regulatory Systems and Capacity in Myanmar (P159199)</li> <li>• Assessment for Improved Social Risk Management (P164470)</li> <li>• Myanmar Land Policy Notes (P157559)</li> </ul>
i. The Ayeyarwady River Basin Master Plan is initiated  <b>Baseline:</b> None <b>Target:</b> (2019)	Progress: <b>Achieved</b>  River Basin consultancy in place (May 2018) and detailed design of the decisions support system (the analytical foundation for the River Basin Master Plan) submitted (July 2018)  New indicator added at PLR		
<b>Focus Area 2: Investing in People and Effective Institutions for People</b>			
<b>Objective #2.1. Improved capacity to manage public finances and Union-State/Region relations for better service delivery</b>			
8. Increase in the tax revenue to GDP ratio (percent)  <b>Baseline:</b> 7.8 (2014/2015) <b>Target:</b> 10.0 (2019)	Progress: <b>Not achieved</b>  <b>Actual:</b> Total tax revenue to GDP ratio is 8.03% at the end of FY16–FY17 and estimated at 7.14% at the end of FY18–FY19; per PFM ISR data as of June 2019.	Coherence and synchronization in terms of the overarching objectives, sequencing of the PFM reforms and systems strengthening efforts at the (broader) government level and individual sectoral level is critical to avoid inefficiencies and undue burden on implementing ministries. For any reforms or capacity building on public finances to translate into better service delivery, close dialogue and collaboration between the central ministries leading the finance reforms and the sectoral ministries responsible for service delivery is critical.	<b>Financial Services</b> <i>Ongoing:</i> <ul style="list-style-type: none"> <li>• Modernization of Public Finance Management Project (P144952)</li> <li>• MM Decentralizing Funding to Schools (P146332)</li> <li>• EHSAP (P149960)</li> <li>• EITI Implementation Support (P156124)</li> </ul> <i>Pipeline:</i> <ul style="list-style-type: none"> <li>• Myanmar Private Sector Growth and Competitiveness Development (P166776)</li> </ul>

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
9. Formula for intergovernmental transfers  <b>Baseline:</b> No formula (2014) <b>Target:</b> Approval of formula (2016)	Progress: <b>Achieved</b>  The formula, developed in consultation with the World Bank, was used for the 2016/17 budget and voted by Parliament. At the sectoral level, the EHSAP introduced a formula-based allocation for the operational budget at the primary health care level—that is, the frontlines of essential health service delivery—for the first time in the sector.		<b>Knowledge Services</b> <i>Ongoing:</i> <ul style="list-style-type: none"><li>• Myanmar Subnational Public Expenditure Review (P166313)</li><li>• Myanmar Macro-Fiscal Program (P171298)</li><li>• Myanmar Universal Health Coverage Programmatic ASA (P161832)</li><li>• Myanmar Mining Sector Diagnostic (P169426)</li></ul> <i>Delivered:</i> MM Programmatic Public Expenditure Review (P132668 and P159067) <ul style="list-style-type: none"><li>• Strengthening Auditing and Accounting (P156868)</li><li>• Support to Peace Process (P146479)</li></ul>
10. Budget preparation process in place, including issuance of ceilings and preparation of a medium-term fiscal framework  <b>Baseline:</b> No (2014) <b>Target:</b> Yes (2017)	Progress: <b>Achieved</b>  The MOPFI has issued ceilings which they have communicated to all ministries. The MOPFI prepared a Medium-Term Fiscal Framework and used it for the 2016/17 and subsequent budgets.		
<b>Supplementary Indicators</b>			
j. Government commitment of fiscal transparency in line with global good practice, including second EITI report on revenues from natural resources  <b>Baseline:</b> No (2014) <b>Target:</b> Yes (2018)	Progress: <b>Achieved</b>  In 2014, Myanmar was admitted to the EITI as a candidate country, producing its first report in January 2016. The second and third EITI Reconciliation Reports were published in March 31, 2018, and the fourth report was published in March 2019. The EITI implementation structure is in place with an active multistakeholder group, comprising government, civil society, and the corporate sector, meeting monthly. Myanmar was undergoing validation to assess its level of compliance with international EITI requirements and was assessed to have made 'Meaningful' progress toward EITI requirements in October 2019.	EITI process has provided an important platform for multistakeholder dialogue in the extractives sector; however, ongoing support will be necessary to develop a sustainable implementation structure.  EITI reports have provided important insights of (a) cash flow and balances of SOEs in the extractive industry; (b) number and nature of licensed operators in the oil, gas, and mining sector; and (c) official sales of oil, gas, and mining products.  The reports have also revealed the need for additional knowledge of production and export figures pertaining to mining, gemstones in particular. Moreover, the EITI reports have emphasized the need for enhanced oversight and reform of SOE operations. Continued collaboration between the World Bank's cross-sectoral teams working on extractive industry and, governance and PFM will be essential.	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>k. Auditor General's reports are made publicly available.</p> <p><b>Baseline:</b> Not available (2016) <b>Target:</b> Publication online (2019)</p>	<p>Progress: <b>Partially achieved</b></p> <p>Auditor General's reports are made available only to Parliament and not automatically to the public. Parliament may decide to make the reports public.</p> <p>New indicator added at PLR</p>		
<b>Objective #2.2. Expanded Health Services and Improved Health Financing with a focus on Maternal, Newborn and Child Health</b>			
<p>11. Deliveries with skilled birth attendant (percentage)</p> <p><b>Baseline:</b> 60 (2015/16) <b>Target:</b> 65 (2019)</p>	<p>Progress: <b>Achieved</b><sup>93</sup></p> <p><b>Actual:</b> 80.2</p> <p>Per Health Management Information System (HMIS), Ministry of Health and Sports (MOHS) 2017 data (Baseline: 74.1 in 2014)</p> <p><b>Yet to be assessed with another Household Survey.</b> The Demographic and Health Survey (DHS), carried out in 2015/2016, modified the baseline to 60 percent. The second DHS is planned for 2021.</p> <p>2017–2018 data cited in the 2019 ISR were provided to the World Bank by the MOHS, but the MOHS expects to release it officially in December 2019. The MOHS has an electronic HMIS (eHMIS) link on its official website. The latest data it explicitly states are for 2016 but shows graphs of monthly data collected over 2018 and 2019. <a href="https://www.mohs.gov.mm/e-hmisdashboard.html">https://www.mohs.gov.mm/e-hmisdashboard.html</a></p>		<p><b>Financial Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>EHSAP (P149960)</li> <li>Maternal and Child Cash Transfers for Improved Nutrition Project (P164129)</li> </ul> <p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>Additional Financing: EHSAP (P160208)</li> </ul> <p><b>Knowledge Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>Myanmar Universal Health Coverage Programmatic ASA (P161832)</li> </ul> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Strengthening health financing systems for UHC in Myanmar (P163588)</li> <li>Advisory and Technical Services for Myanmar Health Systems Strengthening (P145346)</li> </ul>

93 The CPF used administrative data (HMIS) to set both baselines and targets. The PLR revised these indicators using new baselines from the DHS in 2016. The two sources of data inevitably vary given their different methodologies. While the Household Survey-based DHS is the preferable source, the next DHS is only scheduled for 2020/2021 and the data will not be available for inclusion in the CLR. Therefore, the CLR has reverted to HMIS data for both indicators 11 and 12.

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>12. Deliveries which are followed by adequate post-natal care (percentage)</p> <p>For newborns <b>Baseline:</b> 36 (2015/16) <b>Target:</b> 60 (2019)</p> <p>For mothers <b>Baseline:</b> 57 (2015/16) <b>Target:</b> 60 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual:</b> 92% for mothers and 84.2% for newborns receiving postnatal care (HMIS, MOHS 2017 Annual Report) (Baseline: 85.2% for mothers in 2014)</p> <p><b>Yet to be assessed with another Household Survey.</b> DHS, which was carried out in 2015/2016 modified the baseline to 57 percent for mothers and 36 percent for newborns.</p>		
<b>Supplementary Indicators</b>			
<p>l. Health financing strategy toward UHC is approved</p> <p><b>Baseline:</b> None (2014) <b>Target:</b> Approved (2018)</p>	<p>Progress: <b>Achieved</b></p> <p>The analytics on health financing have been completed. The MOHS Technical and Strategy Working Group on Health Financing approved the strategy in April 2019 and the MOHS launched an inclusive process to finalize its implementation.</p>		
<p>m. Health facility grants transferred to township and below based on formula</p> <p><b>Baseline:</b> No (2014) <b>Target:</b> Yes (2018)</p>	<p>Progress: <b>Achieved</b></p> <p>Health facility grants formula to townships applied across two departments (public health and medical services) in FY18.</p> <p>World Bank supported health financing analytics through TA to the MOHS on PFM. As the GoM increased spending on health, the quality of the spending has taken on greater policy and technical importance. The World Bank supported efforts to de-bottleneck PFM constraints in health service delivery, modernizing the financial management system for better recording, reporting, and decision making; strengthening the institutional capacity of the MOHS for financial management and joint learning and collaboration between the Ministries of Finance and Health. Based on the Annual Progress Review of Myanmar Universal Health Coverage</p>		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
	<p>Programmatic ASA (P161832) and Strengthening health financing systems for UHC in Myanmar (P163588), these efforts have contributed to improvements in transparency, predictability, and equity in the allocation of public funds; responsiveness of the frontline service providers in addressing local needs; and more financial management capacity at the union and service delivery level and led to increased allocation of public funds to the frontlines. The health leadership is now more aware and committed to an efficient PFM system as one of the core functions to achieve better service delivery outcomes.</p>		
<b>Objective #2.3. Expanded and improved education coverage and measurement of learning outcomes</b>			
<p>13. Students who have received stipend payments</p> <p><b>Baseline:</b> 0 (2015) <b>Target:</b> 200,000 (2019); of which at least 40 percent female</p>	<p>Latest progress: <b>Mostly achieved</b></p> <p><b>Actual:</b> 192,586</p> <p>Per Decentralizing Funding to Schools project ISR data as of May 8, 2018 (of which 54% are female)</p>	<p>According to the 2017 impact evaluation of the Myanmar stipends program, about 95% of stipend recipients transitioned to grade 6, in contrast to 91.3% of non-recipients. Dropout rates were lower for recipients, particularly for dropouts occurring immediately after grade 5.</p>	<p><b>Financial Services</b> <i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>MM Decentralizing Funding to Schools (P146332 and additional financing ‘[-P157231]’)</li> </ul> <p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>Inclusive Access and Quality Education Project (P163389)</li> </ul> <p><b>Knowledge Services</b> <i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>Monitoring school grants and stipends (P151137)</li> </ul>
<p>14. Nationally representative assessment for early grade reading performance (EGRA) in primary schools</p> <p><b>Baseline:</b> No (2017) <b>Target:</b> Yes (2019)</p>	<p>Progress: <b>Achieved</b></p> <p>The EGRA was carried out 4 times—in round one, 1 region (Yangon); in round two, 4 regions/states; in round three, 1 region (Bago West); in round four it became nationally representative including schools in 13 states and regions (some areas could not be surveyed for security reasons).</p>		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Supplementary Indicators</b>			
<p>n. Teachers in the mentoring program</p> <p><b>Baseline:</b> 0 (2016) <b>Target:</b> 2,000 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p>Actual: 14,500–21,800 mentees</p> <p>Mentees are the teachers in service. Mentors are assistant townships education officers who were teachers in the past and were hired for this role. 599 mentors were engaged, trained, and deployed as of January 2019 (per ISR, April 2019).</p> <p>The actual results are reported in a range to account for data collection challenge at the lowest level on how to count mentees (who receive more than one visit per year) versus visits. The cumulative number of mentees is therefore reported in a range of 14,500 and 21,800. The World Bank team is currently working with the Ministry of Education to roll out a simple app that mentors will use to record every visit for the next school year 2019–2020.</p>		
<b>Objective #2.4. Increased understanding of poverty and key related issues</b>			
<p>15. Agreement reached on respective roles of central and line ministries in implementing the national statistics development strategy</p> <p><b>Baseline:</b> No agreement (2014) <b>Target:</b> Agreement (2018)</p>	<p>Progress: <b>Achieved</b></p> <p>The National Statistics Development Strategy was endorsed by the cabinet. While there are still some technical issues regarding the division of responsibilities between the central agency and the line ministries, there is broad agreement and commitment. The program is broadly on track.</p>		<p><b>Financial Services</b></p> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Developing a National Strategy for Development of Statistics for Myanmar (P146127)</li> </ul>



CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>16. Increase government knowledge on poverty and public expenditures</p> <p><b>Baseline:</b> No fiscal incidence (2014) <b>Target:</b> Fiscal incidence is completed (2019)</p>	<p>Progress: <b>Mostly achieved</b></p> <p>The fiscal incidence analysis linking public expenditures with poverty is expected to be delivered by end of calendar year 2019 due to unexpected delays in finalizing consumption/poverty for the 2017 Myanmar Living Conditions Survey. the fiscal incidence indicator shows the incidence of public expenditure by income/ consumption group and therefore is critical to understanding the link between public expenditure and poverty The Poverty Programmatic Advisory Services and Analytics (PASA), Data-Driven Analysis for Better Public Spending in Myanmar (P162753), and the Myanmar Macro-Fiscal Program (P171298) contributed to incidence analysis of the overall fiscal system.</p>		<p><b>Knowledge Services Delivered:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Poverty Monitoring &amp; Diagnostics (P146898)</li> <li>• Myanmar Poverty Programmatic AAA (P146920)</li> <li>• MM Economic Monitor (P158686)</li> <li>• Qualitative Social and Economic Monitoring of Livelihoods in Myanmar (P130963)</li> <li>• Social Inclusion in Myanmar (P160097)</li> <li>• Myanmar Future Jobs (P161874)</li> <li>• Myanmar Economic Monitoring (P092731, P158686, and P166009)</li> <li>• Strengthening Household Welfare Surveys (P149386)</li> </ul>
<p>17. Poverty baseline for 2016 is defined.</p> <p><b>Baseline:</b> Different figures used (2014) <b>Target:</b> Agreement on a set of numbers and the methodology for upgrading (2018)</p>	<p>Progress: <b>Achieved</b></p> <p>Poverty baseline has been set for 2015 (year of the MPLCS), with agreement achieved. Part 1 of the two-volume 2017 Poverty Assessment, jointly issued by the MOPFI and World Bank argues that a revision in the methodology is needed; Part 2 shows the new methodology and conducts poverty assessment analysis with it.</p>		<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>• Data-driven Analysis for Better Public Spending in Myanmar (P162753)</li> <li>• Myanmar Poverty Programmatic AAA (P167819)</li> <li>• Promoting Jobs and Facilitating Labor Mobility in Myanmar (P165206)</li> <li>• Myanmar Social Inclusion Program (P168252)</li> </ul>
<b>Supplementary Indicators</b>			
<p>o. Poverty assessment published</p> <p><b>Baseline:</b> No updated assessment (2014) <b>Target:</b> Published assessment (2016)</p>	<p>Progress: <b>Achieved</b></p> <p>Poverty assessment published (Two volumes poverty reports released in 2017). Myanmar Poverty Programmatic AAA (P146920) contributed to the results.</p>		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Focus Area 3: Supporting a dynamic private sector to create jobs</b>			
<b>Objective #3.1. Improved financial infrastructure and access to finance</b>			
<p>18. Adults with active transaction accounts (%)</p> <p><b>Baseline:</b> Male 28.6; Female 17.4 (2016) <b>Target:</b> Male 33; Female 27 (2019)</p>	<p>Progress: <b>Partially achieved</b></p> <p><b>Actual: 26 percent for all adults</b> Per Financial Sector Development Project (FSDP) ISR data as of March 15, 2019</p> <p>New indicator added at PLR. As per the most recent Findex data (2018), there is no gender gap in account ownership in Myanmar. The elimination of the gender gap can likely be attributed to the rapid growth of the microfinance client base, which is largely female.</p>		
<p>19. Adults in the poorest 40% with accounts at a financial institution (%)</p> <p><b>Baseline:</b> 16.1 (2016) <b>Target:</b> 20 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual: 23 percent</b> Per FSDP ISR data as of March 15, 2019</p> <p>New indicator added at PLR.</p>		
<p>20. Additional people, microenterprises, and SMEs reached with financial services</p> <p><b>Baseline:</b> 0 (2014) <b>Target:</b> 200,000 (2017)</p>	<p>Progress: <b>Achieved</b></p> <p>From January 2014 to December 2018, IFC provided five microfinance institutions (MFIs) with investments and advisory services related to operational support and capacity building, new product development, institutional transformation, and training to personnel on best microfinance and commercial practices. This resulted in reaching 2,008,840 MFI clients in the market. IFC has also supported two local banks as they expanded their SME loan portfolios, reaching 12,941 SME clients from September 2014 to December 2018.</p>		<p><b>Financial Services</b> <i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>• Myanmar Financial Sector Development Project (P154389)</li> <li>• ACLEDA Myanmar I (32731)</li> <li>• GTFP MOB Bank (33664)</li> <li>• Yoma Equity (34178)</li> <li>• Maha Equity (38031)</li> <li>• KEB Hana Loan (40355)</li> <li>• Dawn Loan (40106)</li> <li>• Myanmar Bank AS (600207)</li> <li>• MOB AS (600999)</li> <li>• Myanmar MF (600185)</li> </ul> <p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>• Myanmar Microfinance Facility</li> <li>• Advisory for Myanmar Citizens Bank</li> <li>• Political risk guarantees for commercial bank expansion</li> </ul>
<p>21. Additional financing facilitated (US\$, millions)</p> <p><b>Baseline:</b> 0 (2014) <b>Target:</b> 40 (2017)</p>	<p>Progress: <b>Achieved</b></p> <p>From January 2014 to December 2018, IFC provided advisory and investments support, facilitating a total value of financing of US\$335,915,800, of which 46 percent went through IFC's microfinance program and the remainder through SME loans. During this period, 5,605,741 microfinance loans disbursed a total value of US\$1,600,181,838 and 12,941 SME loans disbursed a total value of US\$1,676,678,867.</p>		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Supplementary Indicators</b>			<b>Knowledge Services</b>
<p>p. Number of investments committed (IFC)</p> <p><b>Baseline:</b> 3 (2014) <b>Target:</b> 5 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p>By December 2018, IFC approved 31 investments cumulatively and 1 new investment in FY19 thus far as per the link to all IFC's investments in Myanmar  <a href="http://www.d-portal.org/ctrack.html?country=MM&amp;publisher=XM-DAC-903#view=active">http://www.d-portal.org/ctrack.html?country=MM&amp;publisher=XM-DAC-903#view=active</a></p>		<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>• Scaling Up Financial Services for the Poor (P153898)</li> <li>• Assistance to review and amend laws and regulations for bank and microfinance institutions</li> <li>• New Financial Sector Development Strategy</li> <li>• Assessment of all state-owned banks.</li> <li>• Myanmar Corporate Governance</li> <li>• Secured Transaction Reform</li> <li>• Myanmar Credit Bureau project (599806)</li> </ul> <p><b>Delivered:</b></p> <ul style="list-style-type: none"> <li>• Building Financial Sector Development in Myanmar (P145173)</li> <li>• Financial Inclusion for National Development (P143430)</li> </ul>
<p>q. Credit Bureau established and operational</p> <p><b>Baseline:</b> Not established <b>Target:</b> Up and running (2019)</p>	<p>Progress: <b>Partially achieved</b></p> <p>The first Credit Bureau has been granted a license and operationalization will likely happen at the end of 2019.</p> <p>New indicator added at PLR</p>	<p>Long bureaucratic processes continue to delay capacity and institution building activities.</p>	
<p>r. Reform of state-owned bank (SOB) begun</p> <p><b>Baseline:</b> No formal restructuring plan (2017) <b>Target:</b> Approval of a comprehensive restructuring plan for one of the state-owned banks (2019)</p>	<p>Progress: <b>Partially achieved</b></p> <p>Following a meeting on SOB reform on July 1, 2019, the GoM decided to move on to Phase II for reform of the Myanmar Economic Bank and the Myanmar Agricultural Development Bank. These reforms have moved forward and the World Bank is now discussing the detailed transformation and business plan for the merger of the abovementioned SOBs.</p>	<p>Given the political sensitivities around banking reforms, a continuous policy dialogue plays a critical role in moving forward.</p>	
<p>s. Supervisory manuals or internal guidelines for insurance, microfinance, and SOBs are developed</p> <p><b>Baseline:</b> 0 (2016) <b>Target:</b> 2 (2019)</p>	<p>Progress: <b>Partially achieved</b></p> <p>The authorities have developed the supervision manual for microfinance and prepared the templates for financial reporting for insurance laying the groundwork for the manual. As SOBs become restructured, they are subject to the general banking supervision manual.</p>	<p>Capacity support is critical to making the manuals effective.</p>	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
Objective #3.2. Improved legal and regulatory environment for private sector investment in productive and services sector			
22.Reform - investment policy (number)  Baseline: 0 (2014) Target: 1 (2017)	Progress: <b>Achieved</b>  In October 2016, the new Investment Law was approved by Parliament. IFC contributed advisory services to the preparation of the law.  IFC is now working on setting up an investor grievance mechanism, reviewing the standard operating procedures of the investment endorsement process of State/ Region Investment Committees, and supporting the Myanmar Investment Center to become a signatory to the International Center for Settlement of Investment Disputes (ICSID).	Changing the law and policies needs to be followed by sensitization of both national and regional governments, as well as the public, for the reforms to have their full impact.  Support for setting up an investment grievance mechanism (IGM) contributes to better understanding for responsiveness to investors' queries.	<b>Knowledge Services</b> <i>Ongoing:</i> <ul style="list-style-type: none"><li>Myanmar Investment Policy (600309)</li><li>Myanmar IC Reforms and Myanmar Business Forum (600430)</li><li>Agricultural Input Reform and Standards</li><li>Lighting Myanmar</li><li>City Mart Holding (Retail)</li></ul> <i>Delivered:</i> <ul style="list-style-type: none"><li>Myanmar Investment Climate Assessment (P143595)</li></ul>
23.Mobilization of private investment (millions)  Baseline: 0 (2017) Target: 200 (2019)	Progress: <b>Achieved</b>  IFC has mobilized US\$403 million in private investment through its own investment activities. The impact of the new Investment Law on private investment will only become clear once the implementing regulations have been in place over an investment cycle. IFC started monitoring this in FY18.		
Supplementary Indicators			
t. New laws/ regulations / amendments/ codes enacted, or government policies adopted  Baseline: 0 (2017) Target: 4 (2019)	Progress: <b>Achieved</b>  The authorities issued three implementing regulations related to the new Investment Law: <ul style="list-style-type: none"><li>Implementation regulation and procedures of the investment law</li><li>Revision of investment incentives</li><li>Revision of investment restriction list</li></ul> In addition, there were a number of reforms covering the Doing Business Indicators: (a) In 2015, the GoM made starting a business easier by eliminating the minimum capital requirement for local companies.		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
	<p>(b) In 2015, the GoM streamlined incorporation procedures by removing the process of issuing a provisional incorporation certificate while the Ministry of Home Affairs and Police checked the file. A full certificate is now issued immediately. Eliminating these checks reduced the time needed to start a business by 60 days.</p> <p>(c) In 2016, the GoM reduced the cost (fees paid to the registry) to register a company.</p> <p>(d) In 2016, the GoM simplified the process of starting a business by removing the requirement to submit a reference letter and a criminal history certificate to incorporate a company.</p> <p>(e) In 2016, the GoM improved its credit information system by enacting a law (Financial Institutions Law) that allows the establishment of a new credit bureau.</p> <p>(f) On March 31, 2017, the GoM issued the Regulation on Credit Information Reporting System, which provides the basis for establishing and operating credit reporting companies, such as credit bureaus.</p> <p>(g) In 2018, the GoM approved a considerable reduction in stamp duty fees (over 60% in average) and tax rates (that is, commercial tax from 25% to 5% and export tax from 8% to 0%).</p> <p>(h) In 2018, the GoM further reduced the cost of starting a business by half (original cost MMK 1,250,000 - current cost MMK 250,000).</p> <p>(i) In 2018, the GoM adopted a new Company Law.</p> <p>(j) In 2018, the GoM established an online registration platform for starting a business.</p> <p>(k) In 2018, the GoM started collecting data (System Average Interruption Frequency Index (SAIFI)/System Average Interruption Duration Index (SAIDI)) on the number and length of outages which will allow them to improve on the electricity availability and quality to firms.</p>		

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Objective #3.3. Increasing effectiveness and transparency of trade regulations</b>			
<p>24. New laws, regulations amendments, codes enacted, or government policies adopted</p> <p><b>Baseline:</b> 0 (2017) <b>Target:</b> 3 (2019)</p>	<p>Progress: <b>Partially achieved</b> (Source: Annual Progress Review, Aide Memoire)</p> <p>The Myanmar regulations governing international trade are outdated. There is the 1948 Trade Law which only states that the Government should regulate trade through licenses. The 19th century Customs Law is even more archaic. The Diagnostic Trade Integration Study recommended greater transparency in rules governing trade. The GoM followed up by launching an information portal. The World Bank also helped the GoM issue technical regulations to improve the environment for international trade and start drafting new legislation/laws. In 2018, the Customs Department submitted an amendment to the Customs Law to include several commitments to the WTO Trade Facilitation Agreement and notified the WTO accordingly. With World Bank support, the GoM is completing a new draft Customs Law. In the meantime, GoM has upgraded laws and regulations to modernize customs procedures in line with recommendations and action plans of the GoM's National Export Strategy and the matrix of the Diagnostic Trade Integration Study. To this end, GoM took the following actions:</p> <p>(a) Completed a Blueprint for National Single Window for trade facilitation with single document submission, synchronous processing, and single release of cleared documents</p> <p>(b) Discussed a draft framework Trade Law that will clarify the Ministry of Commerce mandate in promoting trade and coordinating trade policy</p> <p>(c) Amended the Sea Customs Law to allow the Customs Department to develop and implement an electronic system for customs declarations</p>	<p>Most Ministries do not have an in-house legal directorate which limits their capacity for drafting legislation. Through the program, Customs set up a “legal working group” which the WBG team can work with and strengthen its capacity to draft legislation can be a model to pursue. This approach helps departments to retain knowledge in the subject and build capacity in developing legislation.</p>	<p><b>Financial Services</b> <i>Planned:</i></p> <ul style="list-style-type: none"> <li>Myanmar Private Sector Growth and Competitiveness Development (P166776)</li> <li>Myanmar Industrial Port, Yangon (Container port)</li> <li>Yoma fleets (transport leasing for commodity movements)</li> <li>Investment in Hospitality Sector (Hotels)</li> </ul> <p><b>Knowledge Services</b> <i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>Program for Trade Competitiveness and Enterprise Development (P164258), which includes blueprint for National Single Window for trade facilitation, draft for new Customs Law, and SME development strategy</li> <li>Trade component of project (600430)</li> <li>Myanmar ICT Reforms</li> </ul> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>Trade Facilitation and Competitiveness in Myanmar (P149672)</li> <li>Diagnostic Trade Integration Study for Myanmar (P155501)</li> </ul>



CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<p>25. Reform - trade policy (number)</p> <p><b>Baseline:</b> 0 (2014) <b>Target:</b> 1 (2017)</p>	<p>Progress: <b>Partially Achieved</b> (Source: Annual Progress Review, Aide Memoire)</p> <p>At the beginning of the CPF period, Myanmar was a relatively closed economy at the initial stages of opening to foreign trade and investment. The World Bank supported the GoM with two analyses of the coverage of (a) export licenses and (b) import licenses and recommended reducing the number of products requiring trade licenses based on needs and aligning the treatment of licenses (transparency, process) according to ASEAN commitments. The study and recommendations were part of ASA Trade Facilitation and Competitiveness in Myanmar (P149672) and Programmatic ASA on trade and private sector competitiveness (P164258). The GoM made progress on two important reforms. First is the partial liberalization of import licenses in 2015 which reduced the number of products requiring Ministry of Commerce import license from 90 to 38 percent of tariff lines. Second, in 2018, the Government reduced the numbers of products requiring export licenses. Notification 9/2018 introduced a 'negative list' for export license. This policy reduced the number of products requiring export license from 9,300 items to around 3,000 items and information has been transmitted to the Customs system and electronic portal. As part of the Programmatic ASA on trade and private sector competitiveness (P164258), the World Bank supported the Government in the modification of the draft Customs Law to integrate the Sea and Land Custom Laws.</p>	<p>The Diagnostic Trade Integration Study (DTIS, P155501) and its consultation process was extremely useful to help the GoM own the reform agenda on trade policy and trade facilitation and develop consensus among DPs on the areas where Myanmar needs additional support/resources.</p> <p>Removing license requirements for most export products opened export potentials and demonstrated tangible results. The program (P149672) helped implement DTIS recommendations. Together with IFC, including trade policy reform as part of the Ease of Doing Business dialogue helped build reform momentum.</p> <p>There is still lack of clarity in the governance arrangements for trade facilitation in Myanmar as the Customs Department and Ministry of Commerce both claim authority in monitoring cargo clearance in land border check points. The ASA (P164258) provides resources for the team to deepen the dialogue on reforms and to adjust to the client's pace.</p>	<p><i>Planned:</i></p> <ul style="list-style-type: none"> <li>• Agribusiness Investment Climate</li> <li>• Possible investments in PPPs for river training/dredging; improving the navigability of Yangon ports, development of dry ports and inland container depots</li> <li>• Possible support for commodity storage and warehousing facilities</li> <li>• Myanmar Sustainable Tourism Project</li> </ul>

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Objective #3.4. Increased access to ICT</b>			
<p>26. Access to telephone services (fixed mainlines and cellular phones per 100 people)</p> <p><b>Baseline:</b> 10 (2014) <b>Target:</b> 100 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual:</b> 113 From industry data (GSMA intelligence, telegeography) as of June 2019</p> <p>Telecom sector reform since 2012 led to significant improvements in access to telephone services (especially mobile cellular phones) in Myanmar. To date, three foreign operators (Telenor, Ooredoo, and MyTel) have obtained licenses in Myanmar, with a fourth government-owned incumbent mobile operator, MPT (in joint operation with KDDI and Sumitomo of Japan). As a result, the mobile market is highly competitive.</p>	<p>There has been substantial interest for political risk insurance coverage in the ICT sector in Myanmar, and MIGA has successfully supported several transactions with Japanese and Chinese sponsors. However, given the challenging country context, the use of Conflict-Affected and Fragile Economies Facility (CAFEF) and IDA Private Sector Window (PSW)/MIGA Guarantee Facility (MGF) proved key to enable MIGA to de-risk the transactions and facilitate foreign investment into Myanmar.</p> <p>The key lessons learned from Myanmar's ITC experience are as follows:</p> <ul style="list-style-type: none"> <li>• Competition offers high-quality mobile services at affordable prices to the public even those with lower levels of income.</li> <li>• Creating an enabling policy and regulatory environment is important to attract private sector investment.</li> <li>• Just promotion of competition in mobile services is not enough; competition in upstream and downstream services like independent tower companies and wholesale optical fiber companies also make a significant contribution.</li> <li>• In a fast-changing technology like telecommunications, reforms need to be continuous and should continue.</li> <li>• Delays in setting up an independent telecom regulator as per the provisions of Telecom Act 2013 is not giving right signals in the market.</li> </ul>	<p><b>Financial Services</b></p> <p><i>Ongoing:</i></p> <ul style="list-style-type: none"> <li>• MM: Telecommunications Sector Reform (P145534)</li> <li>• Ooredoo Myanmar</li> <li>• Political Guarantee of KSMG/MPT</li> <li>• Political Guarantee of MFOCN I</li> <li>• Political Guarantee of MFOCN II</li> </ul> <p><i>Pipeline:</i></p> <ul style="list-style-type: none"> <li>• MM: Digital Government Project (P167978)</li> </ul> <p><b>Knowledge Services</b></p> <p><i>Delivered:</i></p> <ul style="list-style-type: none"> <li>• MM: Digital Myanmar (P164091)</li> </ul>
<p>27. Access to Internet services (number of broadband subscribers per 100 people)</p> <p><b>Baseline:</b> 10 (2014) <b>Target:</b> 15 (2019)</p>	<p>Progress: <b>Achieved</b></p> <p><b>Actual:</b> 86 From industry data (GSMA intelligence, tele geography) as of June 2019</p>	<ul style="list-style-type: none"> <li>• Deeper penetration of smartphones can make broadband affordable to masses.</li> <li>• Connectivity alone is not enough but the Government and private sector should work together to use mobile and digital platforms to offer public services to businesses and the public and to citizen engagement.</li> </ul>	

CPF Outcomes, Indicators, and Milestones	Progress Update	Lessons Learned	Delivered, Ongoing, and Indicative WBG Program
<b>Supplementary Indicators</b>			
u. Universal service strategy adopted  <b>Baseline:</b> No strategy (2014) <b>Target:</b> Strategy adopted (2018)	Progress: <b>Achieved</b>  <b>Actual:</b> Universal service strategy is completed. Posts and Telecommunications Department/ Ministry of Transport and Communications approved the Universal Service Fund Operating Manual and uploaded to their website in April 2019. (Source: ISR, and Aide Memoire)	A national strategy needs to be in place to attract investment in financially unviable areas.	
v. MPT is corporatized  <b>Baseline:</b> No (2017) <b>Target:</b> Yes (2018)	Progress: <b>Mostly achieved</b>  Following the Parliament's approval of the MPT bill in early August 2019, the corporatization bill was signed by the President (data source: MPT HR Department).	It is better to undertake corporatization of state-owned enterprises through comprehensive corporatization law rather than through notification.	

## Annex 3: Selected Indicators of Bank Portfolio Performance and Management

Indicator*	FY17	FY18	FY19	FY20
<b>Portfolio Assessment</b>				
Number of projects under implementation <sup>a</sup>	13.0	13.0	12.0	13.0
Average implementation period (years) <sup>b</sup>	2.2	3.2	4.4	4.4
Percent of problem projects by number <sup>a,c</sup>	15.4	7.7	0.0	0.0
Percent of problem projects by amount <sup>a,c</sup>	6.3	1.5	0.0	0.0
Percent of projects at risk by number <sup>a,d</sup>	46.2	53.8	41.7	30.8
Percent of projects at risk by amount <sup>a,d</sup>	50.6	56.4	44.3	21.8
Disbursement ratio (%) <sup>e</sup>	14.8	13.7	18.2	8.3
<b>Portfolio Management</b>				
Country Portfolio Performance Review during the year (yes/no)		Yes	Yes	Yes
Supervision resources (total US\$)				
Average supervision (US\$/project)				
<b>Memorandum Item</b>	<b>Since FY80</b>		<b>Last Five Fiscal Years</b>	
Project evaluation by Independent Evaluation Group by number	29.0			
Project evaluation by Independent Evaluation Group by amount (US\$, millions)	1,140.1			
% of Independent Evaluation Group projects rated U or HU by number	27.6		0.0	
% of Independent Evaluation Group projects rated U or HU by amount	18.6			

Note: a. As shown in the Annual Report on Portfolio Performance (except for current fiscal year).

b. Average age of projects in the World Bank's country portfolio.

c. Percentage of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the World Bank's portfolio at the beginning of the year: Investment projects only.

\* All indicators are for projects active in the portfolio, with the exception of disbursement ratio, which includes all active projects and projects which exited during the fiscal year.

# Annex 4: Operations Portfolio (IBRD/IDA and Grants)

(Data as of May 4, 2019)

IBRD/IDA (in millions)	
Total disbursed (active)	917.85
of which has been repaid (1)	0.00
Total disbursed (closed)	1,205.54
of which has been repaid	609.74
Total disbursed (active + closed)	2,123.40
of which has been repaid	609.74
Total undisbursed (active)	994.63
Total undisbursed (closed)	
Total undisbursed (active + closed)	994.63

Project ID	Active Projects	Last ISR Supervision Rating		Fiscal Year	Original Amount (US\$, millions)*					Disbursements <sup>a</sup> / Difference Between Expected and Actual	
		Development Objectives	Implement- ation Progress		IBRD	IDA	Grants	Cancelled	Undis- bursed	Orig.	Frm Rev'd
P147629	Agricultural Development Support Project	S	MS	2015	0.0	100.0		0.0	55.9	30.7	1.8
P146482	Ayeyarwady Integrated River Basin Management	MS	MS	2015	0.0	100.0		0.0	54.5	41.6	7.0
P149960	EHSAP	MS	MS	2015	0.0	100.0		0.0	18.8	28.3	25.0
P158194	Flood and Landslide Emergency Recovery C	MS	MS	2017	0.0	200.0		0.0	172.3	50.9	5.6
P164129	MCCT for improved nutrition	S	S	2020	0.0	100.0		0.0	99.2	2.3	0.0
P145534	MM: Telecommunications Sector Reform	MS	MS	2014	0.0	31.5		0.0	9.2	12.2	10.4

Project ID	Active Projects	Last ISR Supervision Rating		Fiscal Year	Original Amount (US\$, millions)*					Disbursements <sup>a</sup> / Difference Between Expected and Actual	
		Development Objectives	Implement- ation Progress		IBRD	IDA	Grants	Cancelled	Undis- bursed	Orig.	Frm Rev'd
P144952	Modernization of Public Finance Mgmt	MS	MS	2014	0.0	30.0		0.0	7.2	9.2	26.4
P146332	Myanmar Decentralizing Funding to School	S	MS	2014	0.0	80.0		0.0	0.0	26.6	53.6
P143988	Myanmar-Electric Power Project	MS	MS	2014	0.0	140.0		0.0	19.2	29.3	1.2
P132500	Myanmar Emergency CDD	HS	S	2013	0.0	480.0		0.0	141.2	-245.8	-4.4
P154389	Myanmar Financial Sector Development	S	MS	2017	0.0	100.0		0.0	82.5	55.4	24.8
P152936	Myanmar National Electrification Project	MS	MS	2016	0.0	400.0		0.0	217.8	68.4	17.6
P160931	Myanmar SEA DRM Project	S	MS	2017	0.0	116.0		0.0	116.9	17.2	12.9
<b>Overall Result</b>					<b>0.0</b>	<b>1,977.5</b>		<b>0.0</b>	<b>994.6</b>	<b>126.5</b>	<b>181.9</b>

Note: \* Disbursement data are updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursement to date as projected at appraisal.

S = Satisfactory; MS = Moderately Satisfactory; HS = Highly Satisfactory.



## Annex 5: Statement of IFC's Held and Disbursed Portfolio

		Committed							Disbursed Outstanding						
Commitment Fiscal Year	Institution Short Name	Loan	Equity	Quasi Loan/ Quasi Equity	Guarantee	RM	Total	Participant	Loan	Equity	Quasi Loan/ Quasi Equity	Guarantee	RM	Total	Participant
2013/2014/ 2016/2020	ACLEDA Myanmar	0	0	0	0	0.3	0.30	0	0	0	0	0	0	0	0
2014	SL Myanmar	30.77	0	0	0	0	30.77	0	30.77	0	0	0	0	30.77	0
2016	City Mart	0	0	18.18	0	0	18.18	0	0	0	18.18	0	0	18.18	0
2016	Ooredoo Myanmar	43.61	0	0	0	0	43.61	0	42.61	0	0	0	0	42.61	0
2017	Yoma Fleet	8.57	0	0	0	0	8.57	0	8.57	0	0	0	0	8.57	0
2017	Awba Group	0	0	10.00	0	0	10.00	0	0	0	10.00	0	0	10.00	0
2017	Dawn	5.58	0	0	0	0	5.58	0	5.58	0	0	0	0	5.58	0
2017	Irrawaddy Assets	0	10.00	0	0	0	10.00	0	0	10.0	0	0	0	10.00	0
2017	Irrawaddy Towers	42.50	0	0	0	0	42.50	0	0	0	0	0	0	0	0
2017	Maha MFI	0	1.27	0	0	0	1.27	0	0	1.27	0	0	0	1.27	0
2017	Sembcorp Myingyan	34.69	0	0	0	0	34.69	0	34.69	0	0	0	0	34.69	0
2017/2016	MDL Myanmar	50.00	10.17	9.83	0	0	70.00	0	25.00	10.17	2.34	0	0	37.51	0
2017/2019/2016	Fullerton FFMCL	2.79	3.38	0	0	0	6.16	0	2.79	3.38	0	0	0	6.16	0
2018	Bel Ga Myanmar	7.50	0	0	0	0	7.50	0	2.77	0	0	0	0	2.77	0
2018	KM Terminal and Logistics	15.00	0	0	0	0	15.00	0	15.00	0	0	0	0	15.00	0

		Committed							Disbursed Outstanding						
Commitment Fiscal Year	Institution Short Name	Loan	Equity	Quasi Loan/ Quasi Equity	Guarantee	RM	Total	Participant	Loan	Equity	Quasi Loan/ Quasi Equity	Guarantee	RM	Total	Participant
2018	Micropower	0	7.00	0	0	0	7.00	0	0	7.00	0	0	0	7.00	0
2018	MMID Public	0	3.85	0	0	0	3.85	0	0	1.65	0	0	0	1.65	0
2018	Shwe Taung Cement	20.00	15.00	0	0	0	35.00	20.00	10.00	15.00	0	0	0	25.00	10.00
2018/2014/ 2017/2019/ 2015/2016	MOB Bank	0	0	6.14	0	0	6.14	0	0	0	6.14	0	0	6.14	0
2018/2017	Amata Hotel	0	0	10.70	0	0	10.70	0	0	0	10.70	0	0	10.70	0
2018/2017	Oway Group	0	2.74	0	0	0	2.74	0	0	2.74	0	0	0	2.74	0
2018/2017/ 2019/2015/ 2020/2016	Yoma Bank	0	3.19	0	16.12	0	19.32	0	0	3.19	0	16.12	0	19.32	0
2019	Anthem Asia	0	15.00	0	0	0	15.00	0	0	1.26	0	0	0	1.26	0
2019	HMF	6.99	0	0	0	0	6.99	0	6.99	0	0	0	0	6.99	0
2019	Metro AG	20.90	0	0	0	0	20.90	0	20.90	0	0	0	0	20.90	0
2019	Sanctum Inle Resort	6.00	0	0	0	0	6.00	0	4.00	0	0	0	0	4.00	0
<b>Grand Total:</b>		<b>294.90</b>	<b>71.60</b>	<b>54.85</b>	<b>16.12</b>	<b>0.3</b>	<b>437.78</b>	<b>20.00</b>	<b>209.67</b>	<b>55.66</b>	<b>47.36</b>	<b>16.12</b>	<b>0</b>	<b>328.81</b>	<b>10.00</b>

## Annex 6: MIGA's Guarantee Portfolio

(as of February 28, 2020)

Project Name	Effective Date	Expiry Date	Business Sector	Gross Exposure (US\$)
RDDI Summit Global Myanmar Company Ltd	08/31/2016	08/30/2026	Infrastructure	406,186,000
Myingyan IPP	03/31/2018	12/01/2020	Infrastructure	29,094,225
	03/31/2018	03/30/2028		27,562,950
	05/15/2019	05/15/2036		97,807,774
	05/15/2019	05/15/2036		13,157,500
MFOCN Fiber Network, Phase 2	06/29/2018	12/28/2023	Infrastructure	87,820,375
MFOCN, Phase 3	06/26/2019	06/25/2024	Infrastructure	115,370,375
<b>Total</b>				<b>776,999,199</b>

# Annex 7: Donor Coordination Matrix

Sector	Development Partners	Collaboration through WBG (trust funds)	Global Financing Partnerships
<b>Digital Development</b>	Japan, Canada	Korea	
<b>PPP, Infrastructure Finance</b>	Germany - PPP development, DFID, ADB	DFID, Department of Foreign Affairs and Trade (Australia) (DFAT)	
<b>Energy and Extraction</b>	Netherlands, Norway (conventional and renewable energy, energy); Japan, Austria through ADB; Republic of Korea (electricity transmission); Germany (rural electrification); Finland (renewable energy); ADB	Italy (RAS)	ESMAP
<b>Transport</b>	Japan, JICA (railway, urban, roads); Germany (railway and rural roads); Korea (railway, bridges, road transport policy); DFID (urban transport); ADB	Swiss State Secretariat for Economic Affairs (Switzerland)	Global Road Safety Facility (GRSF) Mobility and Logistics MDTF (MOLO)
<b>Public Fiscal and Financial Management</b>	EU (law and judiciary, Auditor General); Germany (financial sector [legal framework, SME]) Japan (public administration, decentralization, law and judiciary, central banking systems), Italy (potential); United States (access to finance); Canada, DFID (Parliamentary support); Norway (Auditor General); IMF (taxes); UNDP (decentralization); UNCDF (access to finance); ADB (PFM, debt management, capacity development)	DFID, DFAT, Denmark, EU	
<b>Subnational Governance</b>	Canada, Switzerland, UNDP, DFID, USAid	DFID, DFAT	
<b>Trade and Competitiveness</b>	ADB	DFID, DFAT	
<b>Financial Sector</b>	DFAT	DFID	
<b>Civil Service/Public Administration</b>	EU	Denmark	
<b>Poverty</b>	Sweden, Ireland,	DFID, DFAT	Trust Fund for Statistics
<b>Education</b>	DFID, Korea, Switzerland, Germany, Japan, ADB, UNICEF, UNESCO, EU	DFAT, EU, Denmark, Finland	GPE
<b>Health/Nutrition</b>	France (communicable disease); Japan (health system, hospitals, and rural health); United Kingdom (health system development); United States (maternal and child health care); ADB (health security); UNICEF; UNFPA; World Health Organization		Health Results and Innovation
<b>Social Protection/Safety Nets/Jobs</b>	Switzerland, Italy, ILO		Rapid Social Response
<b>Gender</b>	DFAT - UNFPA, EU, Italy, DFID, Canada, Sweden, Switzerland, Israel	DFID, DFAT, Denmark, Finland	Japan SUNTF

Sector	Development Partners	Collaboration through WBG (trust funds)	Global Financing Partnerships
<b>Environment and Natural Resource Management</b>	Finland; ADB, WFP		Program on Forestry, Carbon Finance Assist Program
<b>Agriculture</b>	Australia, France, Korea, United States, United Kingdom, EU, UNICEF, WFP		Japan SUNTF
<b>Climate Change</b>	DFID, Japan, ADB, WFP, UNDP, EU		
<b>Water and Sanitation</b>	EU, UNICEF, UN Habitat, UNDP (urban water supply)		
<b>Urban</b>	DFID, UNICEF, UN Habitat, UNDP		Global Partnership for Results-based App
<b>Rural Development/Community-driven Development</b>	EU, ADB	DFID, Italy, JSDF	
<b>DRM</b>	UNESCO, ADB, WFP, UNDP		Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries, Germany, Global Facility for Disaster Reduction and Recovery
<b>Private Sector</b>	Germany; Japan (SME); EU (establishment of Environmental Compliance Certificate ECC in Myanmar); ILO, ITC, ADB	DFID, DFAT	Global Small and Medium Enterprises (SME) Financing Initiative (IFC)

Note: DFID = United Kingdom Department for International Development; ILO = International Labour Organization; UNICEF = United Nations Children's Fund; WFP = World Food Programme; UNESCO = United Nations Educational, Scientific, and Cultural Organization; UNFPA = United Nations Population Fund.

## Annex 8: Myanmar Country Gender Action Plan - Summary Table (2019/20)

CGAP Priorities	Primary Constraints	Link to CPF Focus Areas	Intervention by WBG	WBG Program	Sample CGAP Output/Outcome Indicator
<b>Agency:</b> Increase participation rates in politics and decision making. Promote gender inclusion in national development strategies and policies. Promote women's ownership of land	<ul style="list-style-type: none"> <li>Limited women's voice and representation</li> <li>Low representation at commune provincial and local levels</li> <li>Culture, gender norms, and social attitudes</li> <li>Limited data available for gender-based analysis</li> <li>Limited knowledge of rights to land</li> <li>Laws limit access to land ownership</li> </ul>	<b>Objective 1.2</b> <b>Objective 1.3</b> <b>Objective 2.1</b> <b>Objective 2.4</b> <b>Cross-cutting theme</b>	<ul style="list-style-type: none"> <li>Gender inclusion in participatory decision-making processes at state/region, township, and village level</li> <li>Evidence-based analysis to inform gender-sensitive policy</li> <li>No interventions on land but support for access to credit without need for land as collateral</li> </ul>	<ul style="list-style-type: none"> <li>NCDDP</li> <li>NEP</li> <li>PPCP</li> <li>RRDP</li> <li>EICP</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of women represented in local development planning forums</li> <li>States and regions that meet minimum performance criteria (including gender-inclusive participatory planning)</li> <li>Introduction of gender-based budgeting at union and/or state and region level</li> </ul>
<b>Agency:</b> Contribute to efforts aimed at reducing the prevalence of gender-based violence.	<ul style="list-style-type: none"> <li>Culture, gender norms, and social attitudes</li> <li>Limited law enforcement</li> <li>Limited data available for gender-based analysis</li> </ul>	<b>Cross-cutting theme</b>	<ul style="list-style-type: none"> <li>Evidence-based analytical study on gender-based violence</li> <li>Monitoring of data on conflict and violence, including gender-based violence to inform project design and implementation</li> </ul>	<ul style="list-style-type: none"> <li>ASA</li> </ul>	<ul style="list-style-type: none"> <li>Data and analysis influence project design and risk mitigation measures.</li> </ul>
<b>Economic Opportunities:</b> Promote the practice of equal pay for work of equal value. Promote equal opportunities for men and women to participate in livelihood activities and wage jobs.	<ul style="list-style-type: none"> <li>Culture, gender norms, and social attitudes</li> <li>Limited opportunities for formal sector work</li> <li>Limited law enforcement</li> </ul>	<b>Objective 1.4</b>	<ul style="list-style-type: none"> <li>Promote equal work for equal pay in project document</li> <li>Gender-disaggregated data on labor wages</li> <li>Lower gender-specific barriers to labor mobility and access to markets</li> <li>Equity in income-generation opportunities created</li> </ul>	<ul style="list-style-type: none"> <li>RRDP</li> <li>NFASP</li> <li>Inclusive and Sustainable Tourism Project</li> <li>Private Sector Growth Competitiveness Project</li> <li>ASA</li> </ul>	<ul style="list-style-type: none"> <li>Share of female-headed smallholder households that receive increased income</li> <li>Women's access to cash for work programs in Rakhine</li> <li>Number and share of women working on subprojects who receive equal pay for equal work</li> </ul>



CGAP Priorities	Primary Constraints	Link to CPF Focus Areas	Intervention by WBG	WBG Program	Sample CGAP Output/Outcome Indicator
<b>Endowments:</b> Promote equitable access to services (health, education, justice, energy, and so on).	<ul style="list-style-type: none"> <li>Inadequate access to services for women suffering from a range of intersectional exclusions, including those living in rural, remote, and conflict-affected areas</li> <li>Unmet demand for family planning</li> <li>Inadequate knowledge and awareness of the importance of health and nutrition services and behaviors</li> <li>High barriers to internal labor mobility</li> </ul>	<b>Objective 1.2</b> <b>Objective 1.3</b>	<ul style="list-style-type: none"> <li>Expanding access of women in poor households to education, health, finance, water, electricity</li> </ul>	<ul style="list-style-type: none"> <li>NCDDP</li> <li>Modernization of PFM</li> <li>Essential Health Services</li> <li>DFSP</li> <li>Ayeyarwady River Basin</li> <li>NEP</li> <li>Agricultural Development Support</li> </ul>	<ul style="list-style-type: none"> <li>Measurable increase in women's access to services as a result of the project</li> <li>Improved access to finance</li> <li>Number of female water users provided with improved irrigation and drainage</li> <li>Increase consumption of antenatal care</li> <li>Increase coverage of health/nutrition/education for women</li> </ul>

## Annex 9: Summary of CPF Consultations

1. **Stakeholder consultations were held in the lead up to, and during the preparation of, the CPF.** During the diagnostic phase which involved the preparation of the SCD, seven consultation workshops were conducted between January and February 2019 with various stakeholder groups, including representatives of Union Ministries; Yangon and Mandalay Regional Governments; and city administrations, private sector, development partners, academia, NGOs, and civil society organizations. An online engagement platform, using the World Bank Consultations page and the World Bank Myanmar Facebook page, was opened for a period of three weeks to solicit feedback from a broader audience. The WBG's website also featured a video that provided an overview of the WBG country engagement and SCD process and information on public consultations. These SCD consultations provided useful feedback for the development of the CPF.
2. **Stakeholder consultations, specifically for the CPF, were held from June 2019 through January 2020.** The objective of these consultations was to seek the views of a wide range of stakeholder groups on Myanmar's key development challenges and the areas where the WBG should concentrate its support, so that this support has the greatest possible impact in promoting inclusion, sustainable poverty reduction, and shared prosperity in Myanmar. Sixteen face-to-face consultations in seven States and Regions (out of fourteen) as well as in the capital, Naypyitaw, and Chiang Mai in Thailand engaged 644 participants from national, state, and region Government and parliaments; development partners; international NGOs; civil society organizations; private sector representatives; and local community representatives including IDPs. In addition, an online questionnaire was made available, but, despite promotion through Facebook and during the face-to-face consultations, only 26 people responded, completing just a few of the questions.
3. **The three focus areas proposed for the WBG's support in the draft CPF were broadly endorsed by participants as the right areas for development investments in Myanmar.** The focus on inclusion and the incorporation of a cross-cutting theme on promoting social inclusion, including in conflict areas, were recognized as crucial dimensions of the CPF in the Myanmar context. Participants highlighted the importance of incorporating a broad definition of social inclusion that encompasses the different dimensions of identity, including ethnicity, religion, citizenship status, gender, sexual orientation, and disability. They encouraged the WBG to ensure that investments benefitted people of all ethnic and religious groups, including Muslims in Rakhine State. They cautioned against exclusively focusing on conflict-affected areas given the implementation challenges involved and endorsed the WBG supporting areas with the poorest and most underserved populations and those with the greatest potential for stimulating inclusive growth.
4. **The consultations confirmed the extensive and interrelated development needs of the country.** The most frequently cited priorities included
  - (a) Improving access to and quality of education, health, and nutrition;
  - (b) Expanding access to reliable, cost-effective, and clean energy, with a focus on renewable energy;
  - (c) Enhancing access to quality infrastructure that complies with international standards, benefits local communities, and connects businesses to markets;
  - (d) Expanding income-generation and job-creating opportunities;
  - (e) Removing constraints to private sector development and investment, including burdensome and unbalanced tax policies and administrative processes and weak trade facilitation;
  - (f) Supporting the development of domestic SMEs including through access to finance, skills and business development, technological innovations in agriculture and protection of local markets and products;
  - (g) Proactively engaging to protect communities from natural disasters and build effective disaster response capabilities;
  - (h) Systematically focusing on climate change adaptation;

- (i) Targeting support for women and people with disabilities;
- (j) Simplifying and streamlining prioritization processes for priority investments; and
- (k) Introducing initiatives to address widespread drug abuse among youth, improve mental health, and reduce the migration of youth.

5. **Participants consistently raised the challenges of limited government capacity and highlighted the need for the WBG to focus on strengthening institutional capacity at all levels of government, including at the subnational level, through its program.** Emphasis was placed on building transparent and inclusive government processes, with suggestions to (a) broaden public consultations and transparency with regard to the development of laws, regulations, government policies, and contractual dealings of the Government with the private sector; (b) empower communities and civil society to constructively engage in the preparation, implementation, and monitoring of development programs; and (c) strengthen intra and intergovernmental coordination and progressively devolve responsibility for decision making to the frontline.

6. **The consultations featured in-depth discussions on how the WBG can best implement its commitment to promoting social inclusion, including in conflict areas.** Participants stressed the need for more extensive and frequent WBG consultations with communities and local organizations that represent community interests (CSOs, ESPs, religious institutions, and EAOs) throughout the CPF and project cycles. The risks of ensuring meaningful and inclusive engagement of communities and applying joint decision-making principles in conflict-affected areas were discussed at length. Participants highlighted the importance of close and regular supervision. They suggested that the WBG work closely with organizations experienced in operating in conflict environments and partner with NGOs and community representatives to monitor projects objectively and ensure that interventions do not inadvertently disrupt interim peace arrangements. They also reinforced the importance of building effective and responsive complaints handling mechanisms into projects. To address concerns of systemic exclusion in certain areas, some participants requested the WBG to condition project engagement on principles of nondiscrimination and strictly apply conditionalities. Consultations also raised the need for the WBG to invest in building the capacity of NGOs, CSOs, and local communities to constructively engage in development programs.

7. **Efforts were made to address concerns raised about the CPF consultation process.** Several NGOs and CSOs raised concerns regarding delays in the dissemination of and level of detail provided in the supporting documentation that was distributed to participants before consultations. The WBG organized a second round of consultations for these groups, affording them an opportunity to submit written inputs and engage in discussions with representatives of the WBG on these inputs.

Table 9.1 | Face-to-face Consultations Overview

Date	Session	Location	Attendance
06/24/2019	Consultation Meeting with National Government	Nay Pyi Taw, Myanmar	93
11/18/2019	Consultation Meeting with Development Partners	Yangon, Myanmar	44
11/20/2019	Consultation Meeting with Multi Stakeholders	Sittwe, Myanmar	63
11/20/2019	Consultation Meeting with IDP in Thet Pyin village	Sittwe, Myanmar	100
11/21/2019	Consultation Meeting with Civil Society	Maung Daw, Myanmar	29
11/25/2019	1st Consultation Meeting with Civil Society	Yangon, Myanmar	18
11/25/2019	1st Consultation Meeting with International NGOs	Yangon, Myanmar	19
11/26/2019	Consultation Meeting with Private Sector	Yangon, Myanmar	17
11/26/2019	Consultation Meeting with Multi Stakeholders	Patheingyi, Myanmar	66
12/09/2019	Consultation Meeting with Multi Stakeholders	Mandalay, Myanmar	74
12/16/2019	Consultation Meeting with Civil Society	Chang Mai, Thailand	11
12/18/2019	Consultation Meeting with Multi Stakeholders	Taunggyi, Myanmar	36
12/19/2019	Consultation Meeting with Multi Stakeholders	Hpa-An, Myanmar	34
12/20/2019	Consultation Meeting with Multi Stakeholders	Mawlamyine, Myanmar	24
01/17/2020	2nd round consultation with (I)NGOs and CSOs	Yangon, Myanmar	18
11/19-01/20	Online Questionnaire	WB Myanmar Website	26
		<b>TOTAL</b>	<b>672</b>



