

MYANMAR PARTNERSHIP MULTI-DONOR TRUST FUND

2018 ANNUAL REPORT



DENMARK



Ministry for Foreign
Affairs of Finland



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Abbreviations and Acronyms

CY	Calendar Year
DFAT	Department of Foreign Affairs and Trade, Australia
DFID	Department for International Development
E&S	Environmental and Social
EITI	Extractive Industries Transparency Initiative
FY	Fiscal Year
GDP	Gross Domestic Product
GNI	Gross National Index
ICSID	International Centre for Settlement of Investment Disputes
ICT	Information and Communications Technology
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
MDTF	Multi-Donor Trust Fund
MoC	Ministry of Commerce
MoE	Ministry of Education
MoHT	Ministry of Hotels and Tourism
MoI	Ministry of Information
MoNREC	Ministry of Natural Resources and Environmental Conservation
MoPF	Ministry of Planning and Finance
NCDDP	National Community-Driven Development Project
PFM	Public Finance Management
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
WBG	World Bank Group
WTO	World Trade Organization

Welcome Message

The World Bank Group, in collaboration with the Government of Myanmar, is proud to share with you the 2018 Annual Report of the Myanmar Partnership Multi-Donor Trust Fund (MDTF). The preparation of this report and the activities described was generously supported by the Australian Department of Foreign Affairs and Trade, the UK Department for International Development, the Kingdom of Denmark, and the Republic of Finland.

The collaboration shown through the Myanmar Partnership MDTF has shed light on how best to navigate the complexity of Myanmar's challenges and at the same time deepen engagement among the World Bank Group, its partners, and many stakeholders by focusing on social inclusion.

This year, we welcomed the approval of the Myanmar Sustainable Development Plan. This important strategy was widely and keenly anticipated by the friends of Myanmar and provides clear direction and motivation for the people of Myanmar, investors, development partners, and the international community. The Myanmar Sustainable Development Plan is specifically pertinent to the Myanmar Partnership MDTF as it aligns with its objective to support Myanmar's National Plan.

The Myanmar Partnership Multi-Donor Trust Fund has been instrumental in supporting the development aspirations of Myanmar. Across Myanmar, more than 190,000 poor and vulnerable students in 55 townships have benefited from the Student Stipends Program that keeps them from dropping out of school. The program, initiated by the Ministry of Education and applicable to all government-supported and registered monastic schools, is specifically geared toward improving access to quality education for the most disadvantaged and poor children in remote areas of the country.

In addition, it is encouraging to note that the Myanmar Extractive Industries Transparency Initiative Reconciliation Reports, spanning two fiscal years April 2014 to March 2016, were released on March 31, 2018. This activity is a testament to Myanmar's commitment to improve the transparency and accountability in the use of public resources.



Recognizing that the private sector is situated at the center of a sustainable development model, the World Bank and IFC have collaborated to bolster trade-related reforms, improve private investment climate, and strengthen the regulatory environment. An example of such efforts is the realization of USD 16 million in Compliance Cost Savings for the private sector through 14 legal, regulatory, and procedural reforms.

These are just a few examples of results illustrated in this report. In the coming years, we will continue our work to better align our collective efforts to support some of the key priority areas of the Myanmar Sustainable Development Plan and strengthen the ability of the government to manage its economy and provide effective public service programs that transform all people's lives.

Ellen A. Goldstein
Chair of the Myanmar Partnership Multi-Donor Trust Fund
Director for Myanmar, Cambodia and Lao PDR
World Bank Group

For more details and in-depth information regarding the Myanmar Partnership MDTF, visit the web page at www.worldbank.org/MPMDTF



Executive Summary

Activities financed under the Myanmar Partnership Multi-Donor Trust Fund are geared toward helping development partners and government get the most possible impact from resources designated to support development in this country through three windows: Social Development, Institutional Strengthening, and Private Sector Development.

By working with the Ministry of Education to strengthen the potential of the Decentralizing Funding to Schools Project, the MDTF has contributed to improved access to quality education throughout Myanmar. Highlights in the 2018 calendar year include the signing of additional financing worth USD 54 million and the transfer of USD 37 million in School Improvement Fund to schools across the country. The 2018-19 school year also saw 191,814 students registered in the Students Stipends Program, worth USD 9.5 million. In Kayah State, the National Community-Driven Development Project has brought tremendous improvement in increased access to and use of basic infrastructure through a people-centered approach, equal gender representation and high technical quality of infrastructure investments, among others.

Key achievements in the Institutional Strengthening window cover a wide array of improvements across sectors, showing evidence of strengthened core government functions in enhancing transparency, accountability and effectiveness in the management of revenue and expenditure and access to high-quality financial services. At the moment, all 146 Union agencies and 32 state economic enterprises have successfully adopted electronic submissions of fiscal data throughout the budget cycle. In 2018, Myanmar developed its first multidimensional measure of welfare, unleashing new opportunities for evidence-based policy-making, especially at the sub-national level.

In the private sector, improved transparency, predictability and efficiency of government-to-business services have led to additional USD 3.7 million in cost savings, bringing the total cost savings over the life of the program to USD 16 million. A blueprint for the development of the Myanmar National Single Window was presented to the Myanmar Customs Department by the Trade, Competitiveness and Enterprise Development Project. This will form part of future efforts to strengthen the capacity of Myanmar's institutions to implement trade-related reforms and streamline processes.

As a cross-cutting theme across the Myanmar Partnership MDTF, Gender has seen deepened engagement such as by developing a strategy to incorporate innovative approaches and recommendations to address challenges to gender equality and promoting equal opportunities for men and women to participate in livelihood activities and thereby driving sustainable and inclusive growth.

The Myanmar Partnership MDTF has adequate financial support for its planned projects and activities. As of December 2018, approximately USD 165 million has been pledged by the partners; USD 123 million has been received and forty percent of the amount received has been disbursed.

Overview

Myanmar is a lower-middle-income economy with a GNI per capita of USD 1,210 in FY 2017. Strong economic growth translated into a reduction in poverty from 48 percent in 2005 to 32 percent in 2015. However, stark variations remain in the overall degree and types of disadvantages among states and regions, according to the Multidimensional Welfare in Myanmar report, which constructed a multidimensional index of disadvantage consisting of 14 non-monetary indicators related to education, employment, health, water and sanitation, housing, and assets.

Economic growth remains strong by regional and global standards but is slowing. Myanmar's economy grew at 6.8 percent in FY2017/18, driven by strong performance in domestic trade and telecommunications, but offset by slowing growth in manufacturing, construction, and transport sectors.

Escalating conflict in Rakhine State has added to the complexity of issues impacting Myanmar, where almost one-third of the country is conflict affected. Populations in other parts of the country – such as Kachin, Kayah, Kayin, and Shan – are experiencing, or are prone to, humanitarian crisis.

As a response, the World Bank Group has increased its focus on social inclusion in conflict areas, including in Rakhine State. This involves adjusting the portfolio and pipeline to ensure work is inclusive and conflict sensitive. Working closely with other development partners to ensure complementarities in approach is also important.

Through the Myanmar Partnership Multi-Donor Trust Fund (MDTF), the World Bank Group has worked closely with partners to promote aid coordination, collaboration, and joint financing of activities that are in line with the national development strategy of the Government of Myanmar. By working in sectors such as education, governance, and private sector development, the Myanmar Partnership MDTF aims to (a) support Myanmar's transition and implementation of the Government's Framework for Economic and Social Reform and National Development Plan and (b) enhance cooperation among the WBG and MDTF partners.

For all parties, the Myanmar Partnership MDTF facilitates collaboration, alignment, and leveraging of resources. It seeks to enhance efficiency and reduce transaction costs through support to commonly agreed outcomes and results, without establishing separate projects and funding streams.

The Myanmar Partnership MDTF is governed by a Steering Committee comprising the Government of Myanmar, the World Bank Group, and heads of agencies of each of the partners. The chair of the Steering Committee is a representative of the World Bank. Since its inception in 2014, the Myanmar Partnership MDTF has had pledges of USD 168 million from its donor partners.

The activities financed under the Myanmar Partnership MDTF are categorized under three thematic windows: social development and inclusion, institutional strengthening, and private sector development. These windows give focus and the best possible impact from resources designated to support development in Myanmar. Each of the thematic windows has a working group consisting of a Window Manager from the World Bank Group,

technical representatives from each of the development partners, and Task Team Leaders who manage the activities under each of the thematic windows.

The *Social Development and Inclusion Window* increases social capital and inclusion through participatory local development and service provision. Under this window, the Decentralizing Funding to Schools Project improves and expands Myanmar's School Grants Program and Student Stipends Program while at the same time developing a transparent and participatory processes and guidelines for implementation and fund allocation. The second most active program in this window, the National Community-Driven Development Project, increases access to and use of basic infrastructure and services through a people-centered approach, currently being implemented in Kayah State.

The *Institutional Strengthening Window* focuses on improving institutional capacity for (a) effective, efficient, and transparent management of public revenue and expenditure; and (b) enhanced policy formulation and implementation. There are several activities that have been introduced to achieve this outcome, including:

- (i) Modernization of Public Finance Management Project improves the efficiency of public service delivery through a more strategic planning and budgeting process that directs resources to the highest priority areas and through a more credible budget management system that delivers resources as intended.
- (ii) Extractive Industries Transparency Initiative increases transparency and accountability in Myanmar's management of extractive industry data.
- (iii) Financial Sector Development Program supports the enabling conditions for access to finance and a series of other activities.
- (iv) Public Administration Performance supports the transition to transparent, accountable, and higher-performing public institutions in Myanmar by testing and scaling up ICT-based solutions; modernizes the policies and systems through which the government is managing its human resources; and provides policy advice to enhance the institutional capacity of the Ministry of Planning and Finance to manage subnational transfers and the governments of Shan State, Yangon, and Mandalay regions and cities to manage revenues and expenditures.

The *Private Sector Window* works to reform government-to-business services, promotes inclusive growth, and addresses the vast infrastructure needs in Myanmar. Current activities are geared toward bringing tangible results in business regulation, investment policy framework, corporate governance, economic integration, and trade policy; and to support linkages in key value chains in tourism, agribusiness, and renewable energy.

As a cross-cutting agenda, *Gender* has been mainstreamed into the World Bank corporate strategy with an aim to close gaps in human endowments, remove constraints for more and better jobs, remove barriers to ownership and control of assets, and enhance women's agency and voice. The Myanmar Country Gender Action Plan is based on frameworks dedicated toward promoting gender equality that are actionable, measurable, and responsive to specific gender challenges in Myanmar.

Key Results At A Glance

Social Development and Inclusion



Expanded coverage of Stipends Program

191,814

poor and vulnerable students received stipends worth US\$ 9.5 million



Improved capacity to implement programs

48,551

head teachers and administrators trained



254 out of 330

townships benefit from improved reliability and transparency



59%

of households participate in the Village Development Planning confirmation meetings

Institutional Strengthening

* Relative to baseline with year target
 ** Compared to original approved
 *** As of Oct 2018



Increased revenue from completed self-assessment

Tax collected from Large Taxpayers-to-GDP ratio reached

4% *



Budget rebalancing achieved

through increased budgetary share to health and education ministries by

+2.5% **



Strengthened budget credibility

Composition of expenditure out-turn

3.8% ***



Prudent macro-fiscal position maintained

Fiscal deficit < 5% of GDP
 Decline in ratio of Central Bank financing by 19%



Developed first Multidimensional Disadvantage Index



50%

of Institutional Strengthening Window projects incorporate a gender dimension

Private Sector Development



US\$ 16 MILLION

**in Compliance Cost Savings through
14 legal, regulatory and procedural
reforms**



US\$ 100 MILLION

in financing facilitated



Capacity building
interventions
improved business
performance



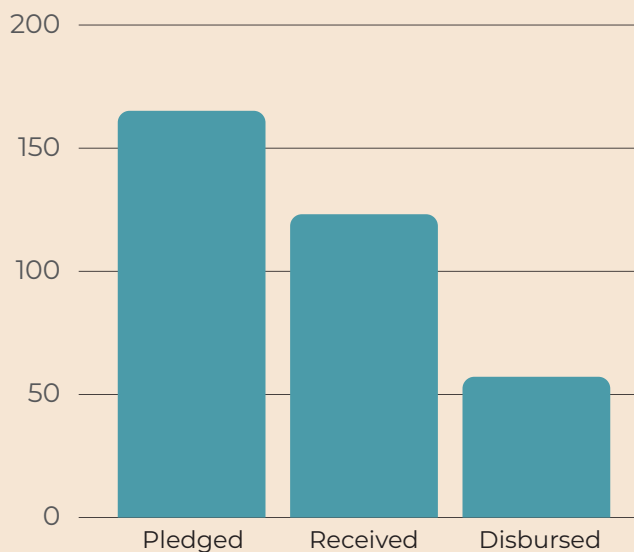
64%

projects addressing
gender challenges

Myanmar Partnership Multi-Donor Trust Fund

FINANCIAL OVERVIEW

as of December 31, 2018



PUBLISHED REPORTS

- Myanmar Medium-Term Debt Strategy
- Myanmar Economic Monitor Reports
- Myanmar Fertilizer Regulatory and Value Chain Environment Report
- Strategic Environmental Assessment of the Myanmar Hydropower Sector
- Myanmar Future Jobs Report
- Myanmar Living Conditions Survey
- EITI Reconciliation Reports and Forestry Report



Social Development and Inclusion

The Social Development and Inclusion Window continues to promote social inclusion of the poor and vulnerable by empowering people, building cohesive and resilient societies, and making institutions more accessible and accountable to citizens. This window has two active projects: Decentralizing Funding to Schools and National Community-Driven Development Project.

ACTIVITY	IMPLEMENTING PARTNER	OBJECTIVE
DECENTRALIZING FUNDING TO SCHOOLS PROJECT	Ministry of Education	Help improve and expand Myanmar's School Grants Program and Student Stipends Program
MONITORING AND EVALUATION OF SCHOOL GRANTS PROGRAM AND STUDENT STIPENDS PROGRAM	World Bank	Generate evidence that supports improvement of government's design and implementation for grants and stipends programs and evidence-based policy dialogue in the education sector
NATIONAL COMMUNITY-DRIVEN DEVELOPMENT PROJECT	Ministry of Agriculture, Livestock and Irrigation	Enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach and to enhance the government's capacity to respond promptly and effectively to an eligible crisis or emergency
MYANMAR EMERGENCY COMMUNITY-DRIVEN DEVELOPMENT	World Bank	Enhance National Community-Driven Development Project effectiveness through deepened analytical and policy engagement


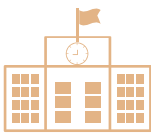

Decentralizing Funding to Schools Project

The Decentralizing Funding to Schools Project works with the Ministry of Education to improve access to quality education throughout Myanmar. The School Grants and Student Stipends Programs were initiatives of the Government of Myanmar and had been implemented prior to inception of the Myanmar Partnership MDTF. The MDTF partners recognized the potential of these programs and worked with the Ministry of Education to strengthen them.




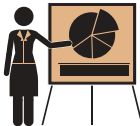

This collaboration took the forms of (a) formalizing the structure, (b) developing transparent and participatory processes and guidelines for implementation and fund allocation, (c) collecting and systematically using administrative data to inform implementation, and (d) expanding the scale and scope through the allocation of more financial resources.

In parallel, the project contributed to putting in place the foundations for defining learning standards in literacy and numeracy for the early grades and measuring whether children are mastering these. The internationally recognized Early Grade Reading Assessment Tool and Early Grade Math Assessment Tool were adapted to the Myanmar context and language. In addition, the project supports implementation of the new teacher mentoring program, improvement of safeguard processes and instruments, and producing reports on the impact of the stipends on education outcomes and early learning assessment. By building on existing programs, the Decentralizing Funding to Schools Project is fully integrated within Ministry of Education operations, resulting in strong government leadership and ownership, and sustainability.



Key Achievements

 US\$ 54 million Additional Financing signed in December 2018	 Improved reliability and transparency of school grants US\$ 37 million School Improvement Fund 2018-19 school year transferred to all schools ¹	 Expanded coverage of the stipend program 191,814 students registered in the Student Stipends Program in the 2018-19 school year US\$ 9.5 million
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Improved capacity to implement the programs and monitor progress

 1,210 budget officers received training from 5 electronic budget submission (Hta-sa) workshops in 2018 ²	 Approx. 20,000 young and inexperienced teachers received mentoring support	 87 teachers from 30 schools 22 school heads 9 state/district/township officers from Shan South participate in early reading intervention pilot with training on best practices for teaching reading in early grades	 48,551 schools received refresher training in July 2018	 286 new mentors recruited for 70 new townships in 2018-19 for a total of 599 mentors in 150 townships country-wide
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Improved government design and implementation for grants and stipends programs

 Nationally representative early grade reading assessments carried-out in January 2018 collecting data from	>4,000 students	>200 schools	 Classroom practices of more than 200 teachers were recorded and coded to inform the impact analysis of the teacher mentoring program
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1. Basic education government and registered monastic schools
 2. Representing 330 Township Education offices and 11 Departments (Union level)
 3. The refresher training included new module on (i) social/vulnerability assessment and inclusive consultations, (ii) revamped feedback and complaints mechanism, and (iii) bookkeeping



Capitalizing on opportunities to enhance impacts of the programs on social inclusion

Heightened social tensions and conflict since 2017 have exacerbated conditions for poor, at-risk children and families, and threatened their access to quality education. In response to these growing challenges, the Additional Financing for the Decentralizing Funding to Schools Project was designed to capitalize on opportunities to enhance impacts of the programs on social inclusion.

The project took on the following approaches:



Focus on inclusive participation

Realigning programs to support more inclusive participation in decision-making around the school improvement funding, investigating improved process to allocate stipends quota to schools, and expanding scope of stipends to mixed communities in Rakhine State.



Commit to non-discriminatory and inclusive consultation

Non-discrimination

The school head and teachers of each eligible school must commit to nondiscriminatory practices in the context of enrollment and attendance as well as for in-school and in-classroom practices

Inclusive consultation

Each eligible school will carry-out a social/vulnerability assessment and prepare and implement an action plan for inclusive consultations.



Rakhine State

In Rakhine State, especially in Buthidaung, Maungdaw, and Yathedaung, the support from the Decentralizing Funding to Schools Project is designed to contribute to socially inclusive and quality education services being available for remaining populations and for returnees when repatriation begins in line with international standards by implementing modified versions of the supported programs which account for the local conditions and constraints.

The Ministry of Education has approved this approach. Implementation of the project will start in school year 2019-20. Initial results will be reported in the 2019 Annual Report of the Myanmar Partnership MTFD.

National Community-Driven Development Project

The National Community-Driven Development Project (NCDDP) seeks to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach. Implemented by the Department of Rural Development of the Ministry of Agriculture, Livestock, and Irrigation, the project strengthens the capacity of communities to identify and implement priority community investments that are financed through annual block grant transfers from the union government to village tracts within the 63 townships participating in the NCDDP.

All village tracts within each township receive these annual grants, with prioritization of need and decision on use of resources in the hands of the communities. The NCDDP has trained facilitators who respond to and work with communities to analyze local needs and prepare village development plans as well as to provide technical support to communities in subproject design and implementation.

The NCDDP includes a particular focus on bringing women, minorities, and marginalized groups into community decision-making processes, and includes provisions to ensure representation of women in leadership positions and gender equity throughout the implementation process. Eighty percent of NCDDP Subprojects are directly constructed by communities themselves and typically involve small feeder roads, foot-paths and bridges; drinking water systems; rehabilitation of classrooms, health centers, and other community buildings; and small-scale rural electrification.

The NCDDP, supported by Myanmar Partnership MDTF, extends community block grants to all townships in Kayah State and covers World Bank-executed policy and analytical activities that aid the effectiveness of scaling up and mainstreaming of the NCDDP approach. These studies include technical reviews, lessons learned analyses, and pilot activities to test and better understand on-going implementation challenges and opportunities under the NCDDP.

Key Achievements

Increased access to and use of basic infrastructure and services through a people-centered approach



Kayah State

Average households participating in the Village Development Planning confirmation meeting reaches

59%

Equal gender representation



Overall average female participation rate reaches ⁴

50.2%

Technical quality of infrastructure investments



84%
of assessed sub-projects meet technical specifications in full

High levels of satisfaction



96%
satisfaction rate of community members ⁵

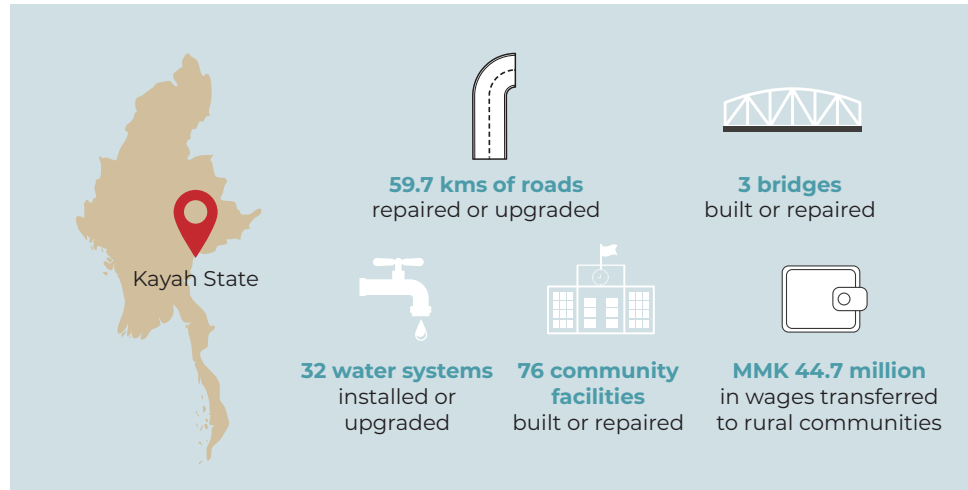
Deepened analytical and policy engagement



Rates of return analysis of NCDDP sub-projects completed

⁴ In project committees and sub-committees
⁵ Are satisfied or very satisfied with the sub-projects

Results in Kayah State



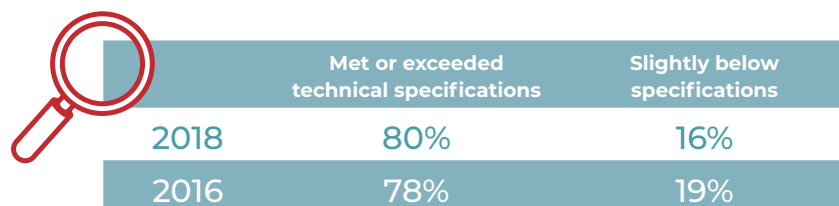
Poor rural communities are often at the receiving end of infrastructure and services development and may not always have their voices heard. There remains concern about the ability of these communities to design and implement high-quality, cost-effective infrastructure on their own despite common agreement that such determination would improve ownership and ability to tailor investments to local needs.

With an aim to empower poor rural communities through a people-centered approach, the National Community-Driven Development Project has as a core principle the transference of responsibility for selection and implementation of community-level infrastructure investments to the village and village-tract level.

Are Communities Able to Build Quality Infrastructure?

To answer this question and continue to monitor the quality of NCDDP investments, the World Bank conducted two technical audits—in 2016 and 2018.⁶

The 2018 audit was conducted by a team of international and national consultants and used a stratified sample to review the technical quality and economic returns of NCDDP Subprojects constructed. The audit found the following:



The audit also found that infrastructure built under the NCDDP is cost-effective compared to other government programs (ranging from 4 percent lower unit costs for earthen roads to 20 percent lower costs for bridge construction), that safeguards requirements are being fully met, and that operations and management arrangements of the subprojects are well developed.

Experiences to date under the NCDDP indicate that communities can determine their own priority needs, design and oversee the construction of basic community infrastructure, manage and report on the use of public funds, and monitor and learn from their own experiences. In effect, the NCDDP shows that communities can manage their own development with proper support and guidance.

6 Financed by the World Bank



Institutional Strengthening

The Institutional Strengthening Window aims to strengthen core government functions; enhance transparency, accountability and effectiveness in the management of revenue and expenditure; and increase access to high-quality financial services. The Government of Myanmar recognizes that improving the management of public finances will be a long-term commitment that is vital to keeping the reform process on track to bring lasting change and shared prosperity to its citizens.

ACTIVITY	IMPLEMENTING PARTNER	OBJECTIVE
MODERNIZATION OF PUBLIC FINANCE MANAGEMENT PROJECT	Ministry of Planning and Finance	Support efficient, accountable, and responsive delivery of public services through modernization of Public Finance Management systems and strengthening institutional capacity
IMPLEMENTATION SUPPORT FOR PUBLIC FINANCE MANAGEMENT	World Bank	Support and coordinate with MDTF partners on PFM reforms and support program implementation and assist in linking social accountability initiatives with government reform program; also provide targeted analytical work on PFM reforms and periodic evaluation of the project
FINANCIAL SECTOR DEVELOPMENT	World Bank	Expand access to finance by helping to build and strengthen Myanmar's financial systems through: <ul style="list-style-type: none"> (a) Modernizing the Central Bank of Myanmar, (b) Restructuring state-owned banks, (c) Building microfinance and insurance regulatory and supervisory capacity
PUBLIC ADMINISTRATION PERFORMANCE	World Bank	Support the Government in reforming public administration for service delivery, including Pay, Compensation and Human Resource Management Review; civil service reform; subnational public expenditure review; and beneficiary engagement.
MYANMAR EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)	Ministry of Planning and Finance	Increase transparency and accountability in Myanmar's management of extractive industry data, revenue, and impacts. The EITI Project is expected to achieve this objective by supporting implementation of the Myanmar Extractive Industries Transparency Initiative
MYANMAR MACRO-FISCAL PROGRAM	World Bank	Inform economic policies of the Government of Myanmar with quality and timely macro-fiscal analysis and technical assistance
ANALYSIS FOR BETTER PUBLIC SPENDING	World Bank	Strengthen the use of evidence in policymaking and oversight in Myanmar.



Improving Quality of Budget Submissions

At present, Myanmar lacks a comprehensive and integrated financial management information system and still relies heavily on hard-copy documentation for fiscal reporting. This leads to low-budget credibility, fragmentation across capital and recurrent budgets, inefficiencies in public spending, and under-developed financial reporting that hampers transparency and accountability.

Over the past two years, the World Bank has been providing technical support to the Ministry of Planning and Finance to improve the efficiency of fiscal reporting through the adoption of electronic submissions of fiscal data throughout the budget cycle. This intervention sought to introduce technical innovations to modernize existing data reporting practices as well as enhance the capacity of key personnel for sustained ownership. This was carried out by (a) introducing various electronic templates built around existing budget nomenclature to standardize data entries and (b) conducting a series of workshops to build capacity in both reporting agencies and, most importantly, MoPF staff in leading the process.

The intervention has produced remarkable results. All 146 union agencies and 32 state economic enterprises have been able to successfully comply with the electronic templates, leading to more structured, granular, comprehensive, and timely access to fiscal data. In addition, focal points in MoPF Budget and Planning Departments routinely coordinate with respective agencies to ensure compliance and timely submissions, ensuring long-term sustainability of the technical innovation. This leadership was further solidified by the official endorsement of the formal adoption of electronic budget submissions beginning with the FY2019/20 budget cycle. Once fully streamlined, this intervention will result not only in improved fiscal reporting practices but also significant crosscutting gains in terms of enhanced data access, streamlined downstream analytics, stronger bottom-up budgeting, and greater fiscal transparency.



146
UNION
AGENCIES

32
STATE
ECONOMIC
ENTERPRISES

submitted fiscal data
electronically

Modernization of Public Finance Management Project

The Modernization of Public Finance Management Project aims to improve the efficiency of public service delivery through a more strategic planning and budgeting process that directs resources to the highest-priority areas, and through a more credible budget management system that delivers resources as intended. The Project activities are embedded within existing government structures and carried out under government leadership and supervision with technical assistance provided by the World Bank Group. The Modernization of PFM Project is being implemented by the Ministry of Planning and Finance (MoPF), the Joint Public Accounts Committee, and the Office of the Auditor General. The Project also works to help improve accounting and reporting of budget execution – how public resources are spent – and to strengthen accountability for service delivery.


Key Achievements



Strengthened revenue management

Completion of self-assessment
Target 250 large tax payers

861 large tax payers ⁷
1,870 medium tax payers




Improved budget execution processes

Developed legal framework to harmonize and improve procurement process

Fiscal transparency

- ✓ Key budget and fiscal documents are publicly accessible on MoPF website
- ✓ Budget execution reports are now available within two months to MoPF, Cabinet and Office of Auditor General
- ✓ PFM Strategy
- ✓ Regulations on Financial Management of Myanmar
- ✓ Budget Summary/Pre-Budget Statement
- ✓ Budget Speech
- ✓ Citizens Budgets




Modernization of an integrated tax administration system initiated

Large tax payer-to-GDP ratio increased from 1.51% to 4.08% ⁸



Enhanced budget planning and execution

Medium-term fiscal framework completed and issuance of ceilings to line ministries




Strengthened budget credibility

Reduced expenditure out-turn ⁹

from **14%** to **3.8%**

based on the medium-term fiscal framework and issuance of ceilings



Timely submission of annual work plans and budgets

All implementing agencies submitted detailed FY18/19 annual work plans and budgets in a timely manner. These were approved by Parliament

7 As of September 30, 2018
8 From 2015-16 to 2018 (half year budget)
9 Compared to original approved

Financial Sector Development

The Financial Sector Development Program aims to expand access to finance in Myanmar by (a) reforming and modernizing state-owned banks; (b) updating financial rules, regulations and supervisory capacities; and (c) supporting the institutional capacity of the Ministry of Planning and Finance and Central Bank of Myanmar to exercise oversight of the financial system.

Myanmar’s financial system is one of the least developed in the world. As a result, firms and households overwhelmingly lack access to basic financial services such as credit, savings, insurance, and payments.

Lack of financial access is also a major obstacle for firms — of all sizes and across sectors. Without access to a full range of services, firms are unable to expand their operations and invest adequately in new technologies. Ultimately, this limits job creation, particularly by small and medium-size enterprises that make up approximately 90 percent of Myanmar’s private sector and are a large source of employment.

Against this background, Myanmar’s financial system is undergoing a rapid transformation. The Government of Myanmar is implementing a wide range of reforms to transform a small and closed financial system that only serves a limited number of clients and makes it into an open, modern, and more inclusive financial system. The project is expected to expand access to finance in Myanmar by helping to build and strengthen Myanmar’s financial systems. The program involves an integrated and comprehensive approach that centers around the following three pillars:

- (a) Modernizing the Central Bank of Myanmar;
- (b) Restructuring state-owned banks;
- (c) Building microfinance and insurance regulatory and supervisory capacity.

Key Achievements



Improve access to finance

Supporting the enabling conditions for access to finance the phased introduction of prudential regulations for the banking sector that build on the Financial Institutions Law 2016



Restructure State Banks

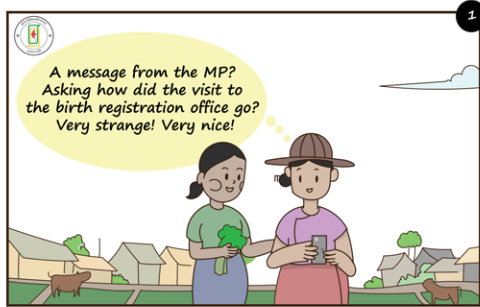
Options prepared and under review by Ministry of Planning and Finance



Liberalization of insurance sector

Roadmap adopted, enabling foreign participation in both life and non-life insurance markets

Public Administration Performance



Proactive Citizen Engagement Using Mobile Phones in Myanmar

Public service in Myanmar is traditionally organized with the public as passive receivers and does not allow two-way communication between the government and citizens. This limitation has hampered the implementation of a meaningful, effective public service delivery.

Capitalizing on the near-ubiquitous penetration of phones, the World Bank has provided technical assistance since August 2017 to a pilot ICT-based, proactive feedback mechanism in Tha-nat-pin Township of Bago Region. Led by a local Member of Parliament from the Bago Region Hluttaw and an enterprising Township Administrator, the pilot involved proactively soliciting feedback from identified users of government services via text messages sent to their mobile phones.

The project leverages user-friendly technology and is an effective and efficient mechanism for monitoring service delivery at scale, improving the evidence base for government policies and enhancing citizen-state trust. Unlike standard “complaint-handling” hotlines (which tend to be passive, problem-focused, administratively burdensome, and open-ended), government can directly ask questions by actively contacting identified users of public services. This creates a real-time loop of easily digestible, actionable feedback that lends itself to more effective performance monitoring of the end-users of service delivery.

A recent pilot targeting 1,000 engaged citizens – of which 45 percent are women – was conducted to identify problematic areas and to assist relevant middle managers in taking evidence-based corrective measures. It is now being scaled up in Yangon and Magway regions by the region governments and in several other states and regions by the National Electrification Project. On the left is a sample of the feedback received from beneficiaries of the off-grid electricity project:

“Today, all households have access to electricity and the roads as well so that the transportation is OK. Even though we cannot compete with the urban areas, our village is shining with lights and that’s all because of DRD’s hard work. I hereby thank DRD representing my village.”

Comments from beneficiaries of the off-grid electricity project

Strengthening Monitoring and Service Delivery with Information and Communication Technology

This project supports the transition to transparent, accountable, and higher-performing public institutions in Myanmar by testing and scaling up ICT-based solutions to address frontline service delivery constraints.

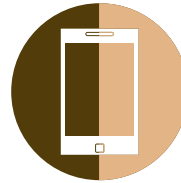
Key Achievements



Citizen engagement platform established

Effective monitoring of service provision in

- Tha-nat-pin Township, Bago Region
- Myanmar National Electrification Project



Improved project monitoring

Utilization of mobile phones to collect digital data for Project Appraisal and Progress Reporting Department

Pay, Compensation and Human Resources Management Review

Modernizing the policies and systems for managing human resources is a priority of any new government. After the elections in 2015, the Pay, Compensation and Human Resources Management Review was conducted to form a robust analytical and empirical basis to inform compensation and human-resources management reforms.

Key Achievements



A robust analytical and empirical basis to inform pay, compensation and human resource management and other civil service reforms



A focused set of policy recommendations for short-, medium-, and long-term reform actions



Issuance of Pay and Compensation Report, which received ownership by Government of Myanmar



Policy note prepared on overcoming shortages of skilled civil service staff in remote and hardship areas



Analysis of 2015 Labor Force Survey

Subnational Public Expenditure Review III

The objective of Subnational Public Expenditure Review-III is to provide policy advice to enhance the institutional capacity of the governments of Shan State, Yangon, and Mandalay regions and cities to manage revenues and expenditures.

The Subnational Public Expenditure Review-III will (a) inform reforms of subnational institutions and the architecture of intergovernmental fiscal and administrative relations, (b) provide empirical analysis and advice on the state of subnational public finance policies and systems, (c) strengthen the analytical capacity of subnational government agencies, and (iv) understand the patterns of union expenditures in states and regions.

Extractives Industries Transparency Initiative

Myanmar has relied heavily on natural resource exploitation, which includes petroleum, minerals, gemstones, hydropower, and timber, to sustain economic growth, leading to some serious emerging environmental issues. Weak management and lack of transparency in the extractive industries have contributed to poverty, inequality, and conflict.

In December 2012, the Myanmar Government announced its intention to join the Extractive Industries Transparency Initiative (EITI) in the interest of introducing transparency in revenue management and the strengthening of natural resource governance.

The EITI is a global coalition of governments, companies and civil society working together to improve governance and transparency in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas, and mining activities. Countries implementing EITI work to implement the standards set by EITI to deepen transparency of the sector and bring together stakeholders from the government, private, and civil society sectors to work together toward strengthening governance of extractive industries.

In Myanmar, in addition to the immediate goal of bringing transparency to extractive industry operations and revenues, EITI is expected to contribute to the national reform process in three ways: (a) it will provide essential data concerning payment streams, ownership structures and the decision-making along the extractive industries value chain from award of contract to sustainable development derived from resource exploitation; (b) EITI-generated data can be a cornerstone for the Modernizing of PFM Project; and (c) EITI supports the development of a vibrant civil society and its participation in the public dialog alongside government and industry stakeholders.

Key Achievements

EITI Reconciliation Reports



2013-14



2014-15



2015-16

Forestry Report



2014-16

Increased public awareness on the extractives sector



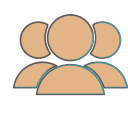
launch events, workshops



public and TV debates



significant media coverage



formation of 5 subnational coordination units¹⁰

The EITI Project first gained attention in December 2012 when the Government of Myanmar announced its intention to join EITI in the interest of introducing transparency in revenue management and the strengthening of natural resource governance.

In July 2014, the country became an EITI candidate. The EITI Multi-Stakeholder Group was officially created in February 2014 and agreed to the first EITI work plan in April 2014.

Following general elections in November 2015, a new government took office in Myanmar on April 1, 2016. On December 19, 2016, a new Myanmar EITI Leading Committee was formed. The Union Minister for Planning and Finance was appointed as Chair, and Renaissance Institute was designated as the Myanmar EITI National Coordinator. On January 17, 2017, the Government of the Union of Myanmar signed a Grant Agreement with the World Bank for funding support to cover implementation of the

Myanmar EITI Work Plan for 2017 to 2019.

Due to the hiatus, the Myanmar Government applied to the EITI International Board for an extension on the deadline for the second report and on Myanmar's first EITI validation process. It was granted permission to submit the second report concurrently with the third report by March 2018, and a new validation date commencing July 2018. A new Myanmar EITI Multi-Stakeholder Group was established March 23, 2017, comprising 7 government representatives, 7 private sector representatives, and 9 civil service representatives.

The Myanmar EITI submitted its second and third reports by the end of March 2018. The fourth report was due on March 31, 2019. At the time that this annual report was being finalized, Myanmar was in the middle of the formal EITI validation process. The result of the validation is expected before the end of June 2019.















10 The five subnational coordination units are located in Tanintharyi, Mandalay, Sagaing, 10 Magway and Shan

Myanmar Macro-Fiscal Program

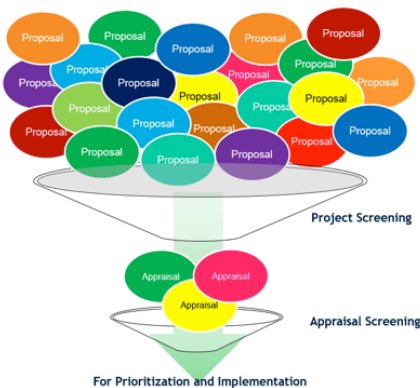
The Myanmar Macro-Fiscal Program supports policy and institutional actions under the Government's economic policy priorities, which are critical to modernizing economic management and building an effective state. These priority actions include macroeconomic stability, which is a precondition to sustainable and inclusive growth. It also includes measures to enhance fiscal resilience, which is critical to creating and sustaining fiscal space for public service delivery and poverty reduction.

Myanmar economic policy priorities include (a) national reconciliation and unity around a federal and democratic system of government, (b) equitable development across states and regions, (c) creation of economic opportunities for the youth of the nation, and (d) sustainable and inclusive growth through innovation and people-centered development.

Key Achievements

Reports	Initiatives supported	Trainings
 Budget monitoring briefs comparing actual spending to the budget for 10 large ministries	 Fiscal framework informed by 6-month budget review support to Director General-Central Statistical Organization budget	 Approximately 400 staff of Ministry of Planning and Finance and line ministries trained in new project screening tool
 Revenue forecasting model developed	 Macroeconomic Sector Coordination Working Group meetings held with government and donors	 50 Ministry of Planning and Finance budget officers trained in analyzing budget expenditure variance and underspending
 Myanmar debt sustainability report	 Input provided to Development Effectiveness Review presentation	 Training on productivity in Myanmar prepared leading to analysis for the Myanmar Economic Monitor
 Launched Myanmar Economic Monitors (May and December 2018)	 Support to implementation of the Myanmar Sustainable Development Plan	 Training on project appraisal for agriculture and transport sector
 Stimulated public debate on Myanmar's FY18/19 economic performance and prospects		 Director General-Central Statistical Organization planning GDP forecast for FY17/18 informed by January 2018 forecasting training using actual data

Project Screening Tool



On January 30, 2019, Myanmar launched the online Project Bank at a high-level investors summit in Nay Pyi Taw. Project Bank is a mechanism to help implement 251 action plans under the comprehensive Myanmar Sustainable Development Plan, adopted in late 2018. Project Bank is envisioned as a centralized and publicly available database of infrastructure proposals that have been screened and prioritized and are ready for consideration for public financing and for public-private partnerships.

The technical assistance provided under the macro-fiscal program focused on assisting the government in developing a mechanism to screen project proposals from line ministries for inclusion into the Project Bank (as illustrated). This resulted in an Excel-based Myanmar Project Screening Tool linked to the government priorities, manuals for the tool, and standardized project proposal templates.

The screening tool and the proposal templates have been rolled out and were used to prepare the first cut of projects included in the Project Bank at the time of launching. The screening process managed to filter 500 initial proposals down to 40-50 that were then subject to further scrutiny.

The tool is being adapted for use in all project screening for the FY2019/20 budget, starting October 2019. The tool is fully owned by representatives within the government, including the National Economic Coordination Committee and the Ministry of Planning and Finance.



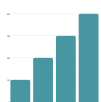
Analysis for Better Public Spending

The Analysis for Better Public Spending Project addresses Myanmar’s lack of a well-established tradition of using evidence to inform public policy. Data in Myanmar has typically been viewed as a monitoring tool to report progress toward a target rather than as a means to provide information to guide public policies and priorities. In addition, the Government’s incentive to accurately report progress had severely diminished over the decades prior to the country’s transition. This has led to reduced confidence and investment in the statistical system, resulting in data that is rarely analyzed prior to a policy reform or used to inform debate. With such a limited use of data in public space, the quality of data has suffered. However, the space for debate and use of evidence in policy-making has opened since the transition.

The Analysis for Better Public Spending Project addresses these issues through three key strategies:

- **Building the foundations for better-quality data.** Technical assistance is provided to the Central Statistical Organization and other government departments to produce better-quality, more accurate, and regular statistics for use by policymakers.
- **Generating and sharing policy-focused analysis.** Evidence-based analysis is carried out, in a way that builds data analysis capacity within government to inform policymaking and public spending.
- **Strengthening data literacy.** Activities to increase the demand for better-quality data by supporting key users to better understand and use available data.

Key Achievements



Analysis of key indicators produced with Central Statistics Organization ¹¹



Multidimensional Disadvantage Index at sub-national level produced



Training: introduction to ICT tools for data collection



National Strategy for the Development of Statistics approved

¹¹ Based on the 2017 11 Household Survey

Multidimensional Welfare in Myanmar

Myanmar has recently developed its first multidimensional measure of welfare, unleashing new opportunities for evidence-based policy-making, especially at the sub-national level.

In December 2018, the report, Multidimensional Welfare in Myanmar, was jointly launched by the Department of Population within the Ministry of Labour, Immigration and Population, and the World Bank. The report provides insight into whether people in different areas of Myanmar can fulfill their basic needs across a variety of non-monetary dimensions. The result of this report will promote evidence-based policy-making that can target those most in need across Myanmar.

The report introduced the Multidimensional Disadvantage Index (MDI), which brings 14 non-monetary indicators from 6 domains (education, employment, health, water and sanitation, housing, and assets), selected from the 2014 Myanmar Population and Housing Census, into a single indicator of welfare.

Using data from the 2014 Census, the report was able to develop a view of welfare to the lowest administrative level — the township.

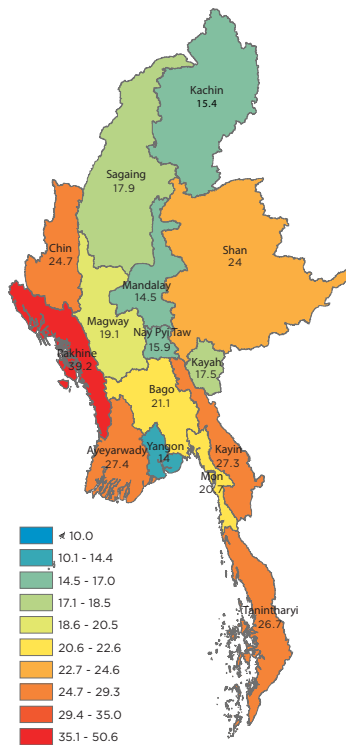
The 2014 Census covered most populations in Myanmar, but there is an estimated 1.2 million people (mostly Muslim populations in Rakhine but also minority populations in Kachin and Kayin) that were not enumerated, preventing a full assessment of disadvantages for these areas.

The report reveals stark variations in the overall degree and types of disadvantages among states and regions in Myanmar. This allows a better understanding of the spatial distribution of welfare throughout the country, which is essential for designing policies and programs that enhance equity and inclusion. For example, the report shows that overall, rural populations are more than twice as likely as urban populations to experience multiple disadvantages. Households in Rakhine, Ayeyarwady, and Kayin are much more likely than in other states and regions to suffer from severe multiple disadvantages. Sixty percent of households in Rakhine and 36 percent in Kayin are disadvantaged in at least 5 different areas included in the index, compared to only 10 percent in Yangon. Households in some townships in Yangon, however, appear just as disadvantaged as those in Chin or Kayin. An example of the large disparities in welfare across townships within states and regions can be seen in the following maps:

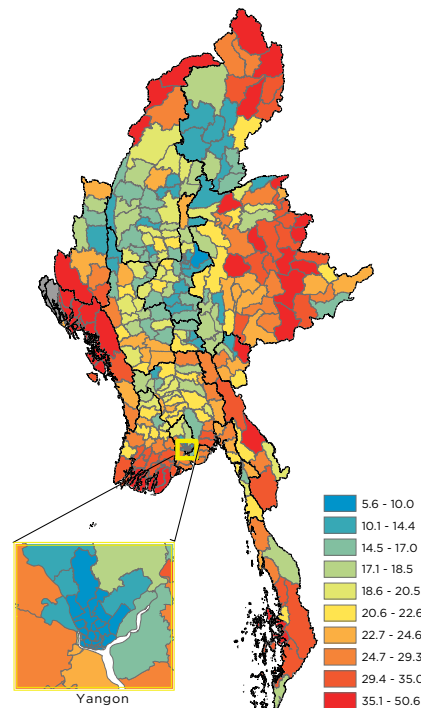
“The Multidimensional Disadvantage Index is a real breakthrough for Myanmar in understanding deprivation in all its dimensions. For the first time, we know the spatial distribution of welfare down to the township level, and we can disentangle different sources of deprivation. This will allow better targeting of the right interventions in the right places in order to reduce poverty and enhance equity and inclusion for all communities in Myanmar.”

Ellen A. Goldstein
Director for Myanmar, Cambodia and Lao PDR
World Bank

MDI-1 at the State/Region level



MDI-1 at the Township-level



Note: Mapping colors are based on township-level MDI decile thresholds. Due to the limited number of enumerated population, three townships in Northern Rakhine (Maungtau, Buthidaung, Yethedaung) are highlighted in gray.



Private Sector Development

The Private Sector Development Window aims to strengthen the private sector by working with the government to reform government-to-business services, promote inclusive growth, and address the vast infrastructure needs of Myanmar.

Developing a dynamic private sector is an important pathway for Myanmar to sustain structural changes that lead to poverty reduction and shared prosperity. Enabling the private sector in Myanmar to respond effectively to market opportunities will not only create the jobs needed to reduce poverty but also bring gains associated with better allocation of resources.

Under the Private Sector Development Window, the Investment Climate and Competitiveness Program seeks to address immediate issues around investment policy, business regulatory reforms, trade, development of key sectors (agriculture, tourism, renewable energy), and strengthening of corporate governance and environment and social sustainability. The program has grown over time and was designed to enable the World Bank Group to upscale the program to accommodate emerging demand over time from the Government of Myanmar and the private sector.

ACTIVITY	IMPLEMENTING PARTNER	OBJECTIVE
BUSINESS REGULATORY REFORM	IFC	Improve the business environment in Myanmar by supporting sustainable business regulatory and legal reforms as well as strengthening the advocacy role of the private sector
INVESTMENT POLICY REFORM	IFC	Improve Myanmar's investment policy, including the legal and regulatory framework to strengthen investor protections, streamline investment entry procedures, and improve the investment incentive regime
MYANMAR PUBLIC-PRIVATE PARTNERSHIPS	IFC	Support the Government of Myanmar's infrastructure development in transport and energy as well as tourism-enabling infrastructure and agribusiness facilities through public-private partnership
TRADE COMPETITIVENESS AND ENTERPRISE DEVELOPMENT	World Bank	Strengthen the capacity of Myanmar's institutions to formulate and implement trade-related reforms and activities to effectively use trade as a driver to reduce poverty and promote shared prosperity

ACTIVITY	IMPLEMENTING PARTNER	OBJECTIVE
AGRI INPUTS	IFC	Improve agricultural productivity and quality through legal and regulatory reform, simplification of registration, certification and licensing processes, introduction of risk-based inspection systems, and skills development related to the use of inputs and quality standards
TOURISM	IFC	Support planning, development, and management of tourism assets at destinations; support legal and regulatory reforms; build skills in tourism sector and ensure women's participation
LIGHTING MYANMAR	IFC	Support international and Myanmar-based companies to create a sustainable market for high-quality off-grid energy solutions, including solar lanterns, solar home systems and potentially mini-grids
IMPROVING CORPORATE GOVERNANCE	IFC	Improve corporate governance practices in Myanmar by building awareness, increasing capacity of corporate governance training firms and private sector associations, and partner with the Securities and Exchange Commission to increase its capacity to lead corporate governance supervision and regulation
POWER ADVISORY	IFC	Catalyze private investment in the clean energy sector in Myanmar, especially hydropower and solar power by addressing barriers to private sector participation in clean energy at both the market and firm level
AGRIBUSINESS ADVISORY	IFC	Promote the development of the agribusiness sector by supporting the uptake of food safety standards by clients, building local institutional capacity, and increasing awareness, focusing on strategic sectors within agribusiness industry and engaging lead firms and industry associations within these sectors
ENVIRONMENT AND SOCIAL SUSTAINABILITY	IFC	Enhance the environmental and social performance of clients, strengthen the enabling environment for good environment and social practices in the private sector, and increase awareness of key challenges and good practices, with a focus on issues related to power, infrastructure, agriculture, and tourism

Note from IFC

IFC is fostering sustainable economic growth in Myanmar by financing and mobilizing capital for private sector projects as well as providing advisory services to both the public and private sectors. As a recognized global leader in Private Sector Development, we have crafted a series of projects in Myanmar to contribute to poverty reduction and shared prosperity.

Today, IFC stands as the largest foreign financial investor in Myanmar having invested around USD 670 million (to end 2018) on its own account and USD 650 million from mobilizations from other investors and lenders. Under the World Bank Group cascade approach to development, we seek private sector solutions to development challenges, particularly in countries with limited resources.

Through the Investment Climate and Competitiveness Program (ICCP), IFC is helping drive private sector investment, enhance trade flows, and generate employment. The projects under ICCP are designed to have a holistic approach to private sector development, with interventions aimed at improving the business environment, enhancing sector competitiveness, and building private sector and government capacity.

The program is continually adapting to the changing needs of Myanmar without losing sight of the goal to transform Myanmar's private sector into an engine of sustainable growth and job creation.

Key ICCP highlights for 2018 include the introduction of three new projects to support the diffusion of best-in-class environmental and social standards, create an enabling environment for sustainable energy production, and work with agribusiness firms in adopting food safety standards to create a robust food processing sector and open new markets.

Significant reforms were recorded in terms doing business, with an additional USD 3.7 million in cost savings bringing total compliance cost savings to USD 16 million, and a significant reduction in barriers to trade, with 70% of products no longer requiring an export license. In the agricultural sector, a risk-based approach to inspections is reducing the cost of doing business, with seeds business licenses streamlined from hundreds to only three, and over 200 fruits, legumes, vegetables, plant products and seeds being exempted from Pest Risk Analysis.

In tourism, the Inle Professional Women's Network was registered as the first women entrepreneur organization for the Inle Lake area helping to promote the inclusion of women in the tourism sector, and the coordination between government and the private sector was improved through the creation of the Inle Destination Management Organization. The corporate governance capacity of Myanmar's companies and other stakeholders was improved through the delivery of a Learning Series and other training in cooperation with the Myanmar Institute of Directors, and IFC continued its support of the Ring the Bell for Gender Equality in cooperation with the Yangon Stock Exchange.

Throughout 2018, IFC has leveraged the support of our partners to help Myanmar and its people realize their potential. We will continue to engage our global experience to equip government and the private sector with the tools and the knowledge to make the right decisions and compete effectively not just regionally, but globally.



Vikram Kumar
IFC Country Manager
Myanmar and Thailand
World Bank Group

Business Regulatory Reform

The Business Regulatory Reform intervention is helping the government engage in national and regional business environment reforms needed for private sector-led growth in Myanmar. The project has helped set up institutional frameworks and developed the government's capacity to engage in public-private dialogue. The project has focused on supporting reforms in the ten areas covered by the World Bank's *Doing Business Report*, and analytical studies have also identified how to further reduce red tape and bureaucracy when obtaining industrial licenses and trading at the Port of Yangon. The impact of the interventions results in improved transparency, predictability, and efficiency of government-to-business services.

Key Achievements



Additional **US\$ 3.7 million** in cost savings achieved



Total direct compliance cost savings **US\$ 16 million**



Number of items on the Export Negative List increased from 1,079 to 7,822 **>70%** of products do not require an export license

Doing Business positive reforms



Company registration fees halved



Electricity tariffs, time and duration of power outages now published online



Doing Business Reforms Action Plan completed



Doing Business Awareness Campaign completed



Streamlined process mapping for Yangon City Development Committee construction permits and a risk-based Building Categorization Matrix completed



Industrial Licensing Report completed



In November 2018, members of Yangon City Development Committee participated in a study tour in Sydney, Australia, to witness best practices in construction permitting.

Construction Permit Reform Case Study

According to a recent World Bank study, Myanmar's construction sector accounts for around five percent of the workforce and has the highest earning potential compared to other sectors. Apart from creating jobs, construction also supports the development of infrastructure projects and other industries such as manufacturing and tourism. Despite its importance to the economy, there remains considerable room for improving the current complex construction permits process.

The IFC is partnering with the Yangon City Development Committee to streamline and automate the city's construction permit system. The project will help builders and investors execute projects efficiently by moving to a risk-based assessment system and providing for the submission of online applications.

Working with a local Myanmar ICT firm, customization of IFC construction permit software for the Yangon City Development Committee is underway, with the new online system expected to be operational in 2019.

Investment Policy Reform

Investment Policy Reform is assisting the Government of Myanmar to attract private sector investment by improving Myanmar’s legal and regulatory framework. This framework includes strengthening investor protections, streamlining investment entry procedure at national and state level, and improving the investment incentive regime. Typical activities include developing the Myanmar Investment Grievance Mechanism, advocating for the Myanmar’s membership of the ICSID convention, and reviewing the State/Region Investment Committees investment endorsement procedures.

Key Achievements



Study

Performance and Perception of Foreign Development Investment Firms in Myanmar



Completion

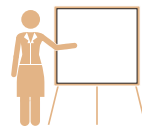
Reviews of standard operating procedures for investment endorsements

12 out of 15 states



Myanmar Investment Grievance Mechanism

Over 200 public sector trainings on stakeholders consulted



Directorate of Investment and Company Administration received trainings on

- Investment policy
- Investor aftercare
- Investment dispute-handling processes

Myanmar Public-Private Partnerships

Beginning in 2018, the project has been working with national and state/regional governments to build capacity to evaluate and enter into public–private partnerships as a means to deliver on the country’s infrastructure needs. The project is primarily focused on capacity building for public–private partnerships and upstream project development. The project will help the government evaluate projects and decide which should be public–private partnerships.

Key Achievements

Assessments undertaken in Yangon and Mandalay on:



Waste management



Urban transport



Street lighting



Parking management



Due diligence process on Yangon Expressway PPP complete and companies shortlisted

Trade, Competitiveness and Enterprise Development

Through the Trade Competitiveness and Enterprise Development Project, the Investment Climate and Competitiveness Program is supporting the government to improve trade facilitation and connectivity to market, both of which are extremely costly and limited. The intervention is also supporting the government to identify reforms needed for enterprise development. The capacity of Myanmar’s institutions to formulate and implement trade-related reforms and activities is being strengthened so that trade can be used effectively as a driver to reduce poverty and promote shared prosperity.

Key Achievements



Recommendations for the development of the Myanmar National Single Window were presented to the Ministry of Planning and Finance



Executive leadership program for senior officials of the Myanmar Customs Department completed



“Category A” (readiness) notification for implementing the WTO Trade Facilitation Agreement drafted



Supported Myanmar Customs Department to draft articles for a new Customs Act



Coordinated workplan for implementing commitments toward WTO Trade Facilitation Agreement for Ministry of Commerce and Myanmar Customs Department



Disseminated “Future of Jobs” Report in Yangon, Mandalay and Nay Pyi Taw



Presented the Functional Review of the Ministry of Commerce

Promoting better trade across borders



In September 2018 key members of the National Economic Coordination Committee conducted a study trip to Vietnam to learn about reforms in trade facilitation and trade finance

International trade through the land border contributes to 45 percent of Myanmar trade and plays an important role in integrating Myanmar economy with its neighboring countries. It also provides opportunities for developing economies in the frontier areas.

Despite the importance, border clearance procedures and trade-finance policies in Myanmar are still challenging for traders. In this regard, the National Economic Coordination Committee (NECC) requested the World Bank to organize a series of meetings with Vietnamese authorities to learn how they deal with similar experiences.

During their visit to the Vietnam General Customs Department in Hanoi and the border check point in Lang Son (northern border with China), the delegation learned firsthand of modernized cargo clearance procedures, which employ the advanced technology of Single Window to promote interconnection among government agencies, improve risk management and enhance post clearance audit. The delegation also held a series of discussions with counterparts from the State Bank of Vietnam on the policy to offer foreign currency services based on market demand. In addition, meaningful discussions were held with private sector associations on limited backward linkage between FDI-firms and domestic firms.

Findings based on the study trip were then presented to the NECC in Nay Pyi Taw, serving as useful materials for the Government of Myanmar as it continued to deliberate on policies relating to international trade. In January 2019 the Central Bank of Myanmar is expected to issue a directive on the use of foreign currencies to settle international trade.

Agri Inputs Reform Project

The Agri Inputs Reform Project is working with the government and private sector to improve productivity, increase incomes, and improve quality in the agricultural sector through legal and regulatory reform; streamlining and facilitating private sector input providers to enter the market; and upskilling farmers and regulatory authorities in the use of agricultural inputs and improved quality standards.

Key Achievements

Time and cost to do business reduced:

- Seeds business licensing streamlined from hundreds of licenses to three
- Exempt from Pest Risks Analysis
 - 37 fruits
 - 21 cereal, legumes, oil seeds
 - 57 types of vegetables
 - 5 animal feeds
 - 8 plant products for processing
 - 80 vegetable seeds
- 238 farmers certified in Myanmar Good Agricultural Practices
- Process mapping exercise for registration, certification, and licensing of inputs completed
- Myanmar Seeds Information Portal launched
- Fertilizer Regulatory and Value Chain Environment Report complete

Digital Solutions



Seeds are important for increasing farmers' yields and incomes. A seed's inherent characteristics determine to a large extent the production potential and capacity to withstand diseases and shocks like droughts and floods. Selecting the most appropriate seed variety enables farmers to achieve greater and better-quality crop yields, increasing export potential, and improving livelihoods and food security. On the other hand, choosing incorrect seeds can lead to losses.

Through the Myanmar Agriculture Input Reforms Project, the Investment Climate and Competitiveness Program has been supporting the Seeds Division of the Ministry of Agriculture, Livestock, and Irrigation to streamline and digitize information and processes related to seeds. In December 2018, the Seeds Division launched the Myanmar Seeds Portal to help seeds businesses and farmers access information about from global experts.

With the information provided on the Portal, farmers can easily search for the seeds they want, reducing losses resulting from choosing incorrect seeds. The Portal also promotes transparency and a semi-automated online application for seeds registration, licensing, and certification, which will help to encourage more entrants to the seeds market, increasing the quality and variety of seeds available for farmers.

The Portal was developed for the Ministry of Agriculture, Livestock, and Irrigation with technical assistance from IFC and Wageningen University and Research. It is a stepping stone toward a fully-fledged, one-stop shop for all seed regulatory services.

Tourism Project

The objective of the Tourism Project is to support the development of Myanmar tourism in a sustainable manner by improving the regulatory environment to catalyze private sector investment and supporting destination planning and management, including promoting good environmental and social practices around Inle Lake and in the Tanintharyi Region.

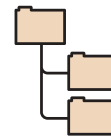
Key Achievements



Inle Lake Professional Women's Network registered as the first women's entrepreneur organization for the Inle Lake area



Supported capacity development initiatives for members of Inle Lake Professional Women's Network through a series of 6 training sessions to enhance leadership and professional skills



Inle Lake Destination Management Organization elected a 25-member executive committee to lead the organization. Agreement was reached on Articles of Association to register the Inle Lake Destination Management Organization as formal entity



A marketing and communications firm engaged to develop branding and a marketing campaign for Inle Lake



Tanintharyi Regional Development work commenced, with a review of Diving Regulations planned to support the development of tourism operators in the region



Inle Lake Professional Women's Network Participants

Increasing women's participation in tourism

Tourism is a priority sector in Myanmar because of its ability to create jobs and provide livelihoods for local communities. However, despite significant drawcards, the number of tourist arrivals in Myanmar remains low. The country's unique and untapped tourism destinations coupled with the increasing ease of travelling provides significant potential for growth.

The Investment Climate and Competitiveness Program is supporting the development of a sustainable and inclusive tourism industry in Myanmar at both a local and national level. The project works with the Ministry of Hotels and Tourism on industry regulation, as well as with small and medium-size enterprises and tourism workers to enhance and diversify their offering and skills.

In Shan State the tourism project supported creation of the Inle Lake Professional Women's Network, which is helping business women around Inle Lake region grow as individuals and business leaders, and build supportive professional relationships.

Most members of the Inle Lake Professional Women's Network are self-made but come from a diverse range of backgrounds. As well as providing a forum to share experiences and knowledge, in October 2018 the organization commenced a six-month training program to build members' understanding of women's rights, skills in leadership, marketing, and business and financial management. As the Inle Lake Professional Women's Network grows, it will continue to help women in the region improve their business by creating new jobs and supporting the sustainable growth of tourism in Myanmar.

Lighting Myanmar

The Lighting Myanmar project is supporting the private sector through in-depth market analysis, consumer education, business development, and policy support to create a sustainable commercial market for quality solutions for off-grid energy users. Working at a market-level with companies, is an integral part of the Myanmar Government's National Electrification Plan and complimentary to a USD 400 million IDA project for increasing energy access in Myanmar.

This project aims to increase access to modern energy and associated services for 4 million people (7 percent of the population) or 800,000 households in Myanmar by the end of the post-implementation period in 2022.

Key Achievements



Htein Htein Thar consumer education campaign launched

- 80,000 followers on Facebook
- Rural activation events (mobile cinema and Zat Pwe theatre) reached almost 50,000 people



Local sales agents for Lighting Global Associates commenced sales in Kachin, Chin, Bago Region, Dawei, Yangon, and Mon State



Results-Based Financing model completed

Increasing Rural Access to Off-Grid Solar



ovSolar technician delivering orientation session

One of the main challenges for off-grid solar companies is setting up distribution channels that can reach customers in rural areas efficiently to deliver products, collect payments, and provide after-sales service. This is particularly true in Myanmar where traditionally solar has been sold through shops in towns. There are relatively few distributors that reach rural customers in the villages where they live. This problem is a key focus for the Lighting Myanmar project and is being addressed by facilitating introductions for associate companies to last-mile partners with rural reach, such as microfinance institutions and nongovernmental organizations.

In early 2018, two companies, Greenlight Planet and ovSolar, were introduced to May Doe Kabar, a leading women's group with a network of more than 40,000 members among approximately 36 groups at the township level throughout Myanmar. These associate companies established partnerships with May Doe Kabar groups in a few townships, including Kyaikto in Mon and Mawgyun in Ayeyarwady. The May Doe Kabar's members would act as the local company agents making sales, collecting payments, and providing after-sales service when required. With their existing networks, May Doe Kabar's members can easily access villages and build trust with customers. The commissions they receive on sales and monthly payments provide a reliable source of income for their existing projects.

Greenlight Planet and ovSolar are now working to replicate this partnership with other township groups in different regions and to train the women to sell to off-grid households outside of their own groups.

Improving Corporate Governance

The Corporate Governance program is focused on building awareness of the importance of corporate governance and building capacity for Myanmar’s companies and other stakeholders. The program builds local capacity by supporting the establishment of a Myanmar Institute of Directors and building a cohort of local trainers to provide ongoing corporate governance training. The program is partnering with the Securities and Exchange Commission of Myanmar to build the commission’s capacity to lead corporate governance supervision and regulation.

Key Achievements



Report on Myanmar Corporate Governance Scorecard finalized



Cooperation Agreement signed with Myanmar Institute of Directors



Delivery of Learning Series topics on Corporate Governance Action Planning, and Finance, and Internal Audit



Publication of the first newsletter for Myanmar Institute of Directors



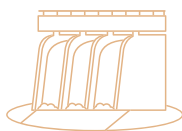
Ring the Bell for Gender Equality 2018 event held

Power Advisory

The Myanmar Power Advisory Project is working to catalyze private investment into the clean energy sector in Myanmar, especially through hydropower and large solar power. This will be achieved through systematically addressing barriers to private sector participation in clean energy at both the market and firm level; working with industry associations, groups of companies, equipment suppliers or service providers, the Government of Myanmar, and other WBG stakeholders, as well as with specific firms.

At the market level, the project will facilitate investments in clean energy by working with groups of companies, regulatory entities, and other stakeholders to address market needs and barriers, develop bankable contractual structures, and match potential suppliers and end-consumers. At the firm level, it will catalyze climate financing for bankable clean energy projects and thereby demonstrate market viability for other potential private sector players.

Key Achievements



Template completed

- Hydropower Power Purchase Agreement
- Hydropower Concession Agreement

Environmental and Social Responsibility

The Environmental and Social (E&S) Sustainability Advisory Project takes a holistic approach to creating sustainable and transparent markets by supporting the private sector to adopt sound E&S practices. The program works to build responsible and sustainable private sector clients in Myanmar that can better access markets and finance, and reduce operational costs.

The project supports clients to become E&S leaders by assessing sustainable E&S performance and providing technical solutions based on IFC's Performance Standards and helping clients adopt robust E&S management systems that ensure oversight of environmental, health, safety, and other risks at the right level. It also works to build sustainable and transparent markets by helping local intermediaries to support positive E&S sustainable and transparent practices, and by bringing together firms, governments, and stakeholders to assess and manage combined E&S risks.

Key Achievements



Intensive stakeholder engagement and grievance redress mechanisms

Training delivered on:



Communication and Stakeholder risks



Biodiversity and preparing biodiversity action plans



Continued development of the Environmental Impact Assessment (EIA) diagnostic study



Oil and gas environmental operators group and textiles industry introduced to E&S best practices



Training workshop for IFC Stakeholder Engagement and Grievance Mechanism

Capacity Building for Stakeholder Engagement

Effective stakeholder engagement is at the heart of the Investment Climate and Competitiveness Program's E&S advisory work. Adhering to IFC's Environmental and Social Performance Standards, the program is helping companies in Myanmar achieve sustainable development by minimizing the negative impact of their projects on the environment and communities, while maximizing the benefits to all.

Several local companies were trained in stakeholder engagement methods such as grievance mechanisms that give communities a voice throughout the life of the project. A workshop in partnership with the International Center for Hydropower provided examples and ideas for how the private sector can better manage conflict when developing renewable energy projects.



Agribusiness Advisory

Established in 2018, the Agribusiness Advisory is working to promote development of the agribusiness sector in Myanmar by supporting the uptake of food safety and product standards by clients, building local institutional capacity, and increasing awareness. The project advances these aims at a sector and firm level, focusing on strategic sectors within the agribusiness industry and engaging leading firms and industry associations within these sectors. Interventions are designed to raise awareness of the benefits of better food safety management among industry stakeholders and build capacity through in-depth engagements with clients.

Key Achievements



Cooperation agreement signed with UMFCCL, a key partner in delivering sectorwide training



UMFCCL and IFC delivered an awareness raising event for industry stakeholders



16 local food safety specialists trained in IFC's Food Safety Foundation Course



Assessments undertaken in the rice, and pulses, beans and oilseeds sectors



Gender

Gender is a cross-cutting theme across the Myanmar Partnership MDTF with focus on specific and strategic actions for maximum impact. The objective is to deepen Myanmar's engagement on gender by shifting focus to measurable results and addressing the 5 priority areas specified in the 2018 Country Gender Action Plan:

The top five priority areas specified in the 2018 Country Gender Action Plan are:

- 1** Contribute to efforts aimed at reducing the prevalence of gender-based violence
- 2** Promote women's ownership of land
- 3** Support efforts to increase women's participation rates in politics and decision-making and promote gender inclusion in national development strategies and policies
- 4** Promote equitable access to services (health, education, justice, energy)
- 5** Improve economic empowerment through
 - (a) promoting the practice of equal pay for work of equal value
 - (b) promoting equal opportunities for men and women to participate in livelihood activities and wage jobs



Key Achievements



Develop strategy to incorporate innovative approaches and recommendations to address challenges to gender equality

Country Gender Action Plan completed in July 2018



Support efforts to increase women's participation in decision making

50.2% of committee members in the National Community-Driven Development Project are women



Promoting equal opportunities for men and women to participate in livelihood activities and wage jobs

- The Inle Lake Professional Women's Network formally registered as the first female entrepreneur's association in the area
- Inle Professional Network of Women established to support the growth of the tourism sector
- The Lighting Myanmar Consumer Education Campaign, Htein Htein Thar, demonstrates the benefits of solar lighting to family life and improving women's livelihoods
- Lighting Myanmar provided Gender Equality Training to associate companies
- Gender Equality Module delivered as part of the Customs Department Executive Leadership Courses
- Analysis of substantial gap in labor force participation among men and women



Promote equal pay for work of equal value

National Community-Driven Development Project specifies equal work for equal pay in guidelines



Promote equitable access to services (health, education, justice, energy, etc.)

- The 2017 Myanmar Living Conditions Survey included analysis of poverty level and gender-headed households
- 50.3% of beneficiaries of the National Community-Driven Development Project are women
- 50% female stipend recipients in the Decentralizing Funding to Schools Project
- Female participation in the EITI capacity building events reached 43%

Voices from beneficiaries of the National Community-Driven Development Project



"I'm the finance clerk of in the finance sub-committee for National Community-Driven Development Project (NCDDP). Also, I'm an auxiliary mid-wife and volunteer for a project implemented by International Organization for Migration. I joined NCDDP when it was about to start the second cycle. I was elected by the community as a finance clerk. At the beginning, I had no experience and knowledge on how to manage my assignment. However, NCDDP provided some training and it helped improve my knowledge. After some time I worked on the project, I also have gained some experiences. I learnt that financial records must have no mistake and be very accurate even no difference for

a penny, cash in and out must be documented very carefully, and cash payment should be made in presence of other committee members, and to be transparent on financial recording and transactions. So that communities have no doubt on financial management of the project and it helps build my self-confidence. These experiences are applicable to my personal life. And I can now prepare financial documentation for my own expenses and business."

Daw Shar Myar, Finance Clerk of Finance Sub-Committee, Law Pi Ta village tract, Law Ka Tu Village, Loikaw Township, Kayah State

It used to be a woman's task to do household chores: fetching water, cutting firewood, cooking and doing laundry. The CDD project introduced specific gender requirements and gave women leadership roles. The community started listening to women. Now I am more confident and I'm not afraid to speak up.

Daw Nga Mar, Wan Ngaw Village, Tee Lone Village Tract, Loikaw Township, Kayah State



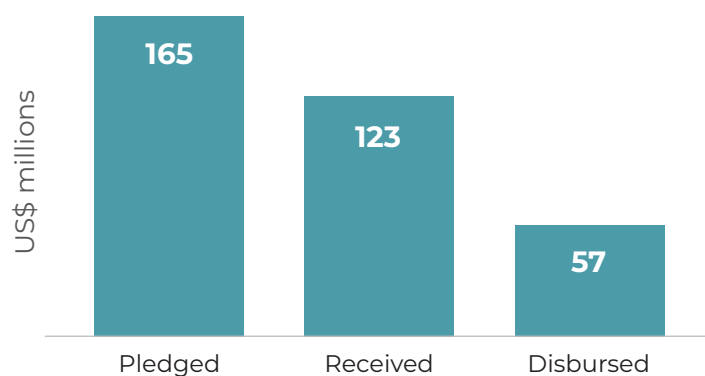


Financial Status

Snapshot as of December 2018

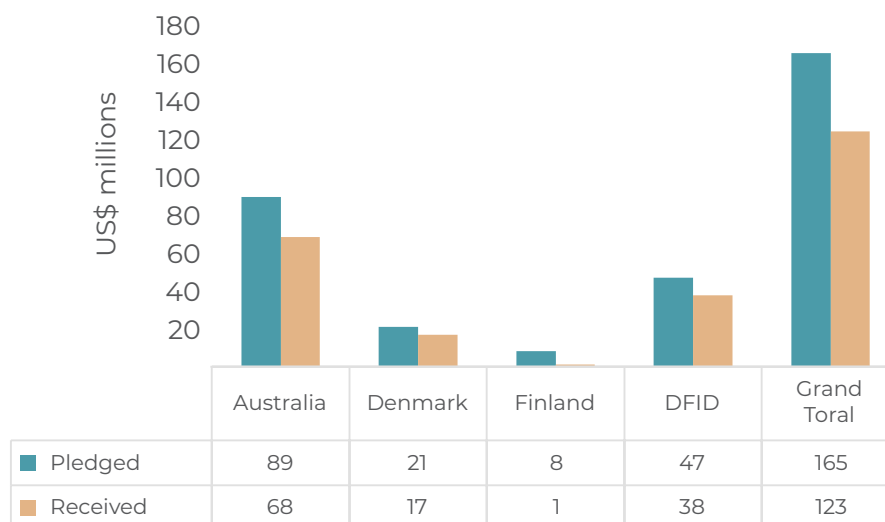
The Myanmar Partnership MDTF has adequate financial support for its planned projects and activities. In 2018, the Steering Committee of the Myanmar Partnership MDTF agreed to extend the closing date from July 31, 2021, to July 31, 2022. As of December 2018, approximately USD 165 million has been pledged by the partners, USD 123 million has been received and USD 57 million has disbursed (Figure 1). Forty-six percent of the amount received has been disbursed. Details of the amounts disbursed for each of the projects and activities can be found in the Annex.

Figure 1: As of December 31, 2018



Approximately 75 percent of the amount pledged has been received. The Australian Government Department of Foreign Affairs and Trade (DFAT), the United Kingdom Department for International Development (DFID), the Kingdom of Denmark, and the Republic of Finland have given USD 123 million* to the Myanmar Partnership MDTF out of the USD 165 million pledged. Figure 2 shows the amount pledged by each of the partners compared to the amount received. Australia is the largest contributor; the total pledge represents 54 percent of total contributions.

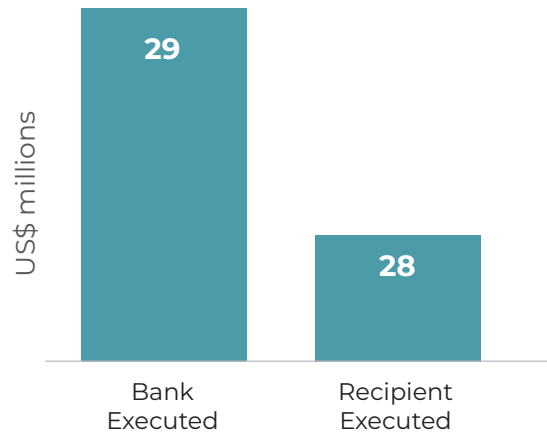
Figure 2: Comparison of amount pledged and received by partners as of December 31, 2018



* Approximately USD 3.9 million was scheduled to be disbursed in 2019, but was paid early in 2018.

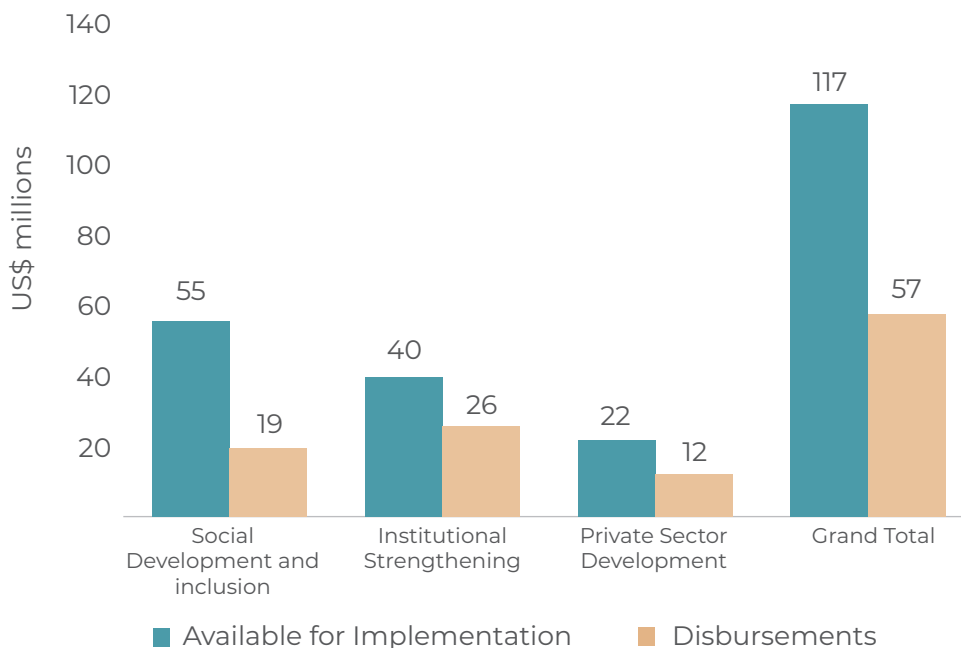
Approximately 47 percent of the amount received has been disbursed with a slight difference between type of grant. There are two types of grants within the Myanmar Partnership MDTF: Bank-executed (WBG administered) and recipient-executed (recipient administered). At the end of the CY2018, USD 57 million was disbursed, USD 29 million was Bank-executed. This is slightly higher than recipient-executed grant. Figure 3 shows the amount disbursed by grant type.

Figure 3: Disbursement by Type as of December 31, 2018



The Institutional Strengthening Window has the highest rate of expenditure. The rate of expenditure is the ratio between the amount disbursed and the amount available for implementation (excluding program management and administrative costs from the amounts received) as shown in Figure 4. The Institutional Strengthening Window has an expenditure rate of 65 percent. This is followed by the Private Sector Development Window with an expenditure rate of 56 percent. The lower rate for the Social Development Window is based on recent approval of two recipient-executed trust funds that were not effective prior to the end of the calendar year.

Figure 4: Window Distribution of Disbursement and Amount Available for Implementation



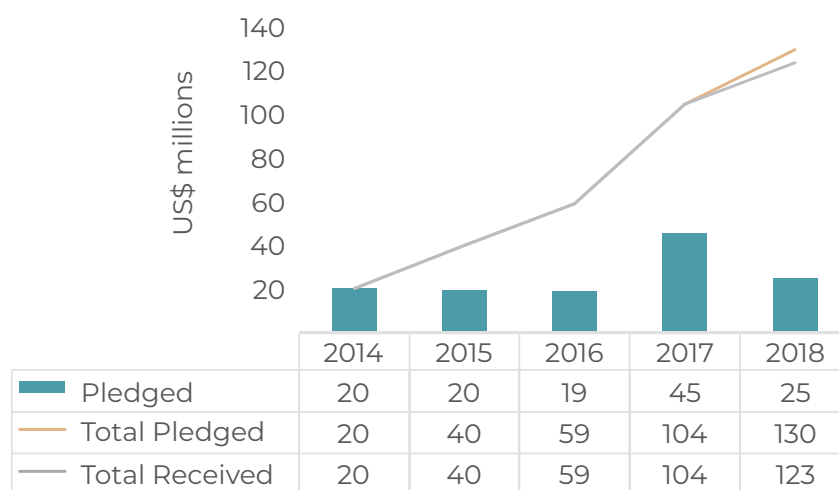
Financial Trends

The following section details the financial trend over CY2014 to CY2018 focusing on the amounts pledged by the partners**, the amounts received, and the disbursements across the years.

The amount pledged in CY2018 is above the median amount pledged in prior years. In CY2018, USD 25 million was pledged; the median of the past five years is USD 20 million. The amount pledged in CY2018 also represents the second highest amount of any other year. CY2017 was the highest amount pledged and is an outlier as it represents the year in which Finland joined as a new partner and other partners contributed to the new phase of the Decentralizing Funding to Schools Project (the largest financed project in the portfolio).

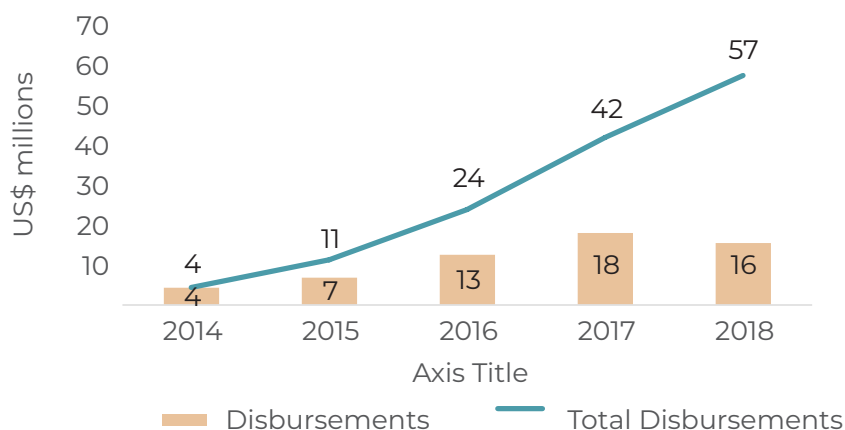
The amount received dropped slightly in 2018. In CY2018, USD 123 million was received. This was a drop of USD 7 million in CY2018 and was based on the decision to await the approval of the Additional Finance of the Decentralizing Funding to Schools project, which was approved in December. Figure 5 represents the amount pledged per year with the red line representing the total amount pledged from inception to the respective calendar year and the green representing the total amount received.

Figure 5: Pledges and amounts received by calendar year



Disbursement trends are maintained at a high level. The amount disbursed in CY2018 was USD 2 million less than the amount disbursed the year before. However, this is the second highest value and is well above the average amount of USD 11 million. Figure 6 illustrates the disbursement trend over CY2014 to CY2018.

Figure 6: Disbursement trend over calendar year



** USD 165 million is the amount pledged until calendar year 2020. USD 130 million is the amount pledged until calendar year 2018.

Annex



GRANT DETAILS	Type	Total grant	Current grant (a)	Disbursements + Commitments (b)	Available c=(a-b)	Current Disbursement Ratio d=(b)/a
Social Development and Inclusion						
Social Development and Inclusion	Window				31,248	
Monitoring School Grants and Stipends	Bank	5,200	5,200	4,683	706	90%
Myanmar Decentralizing Funding to School	Recipient	20,000	17,000	15,150		89%
Additional Funding Decentralizing Fund to Schools	Recipient	45,000				
Myanmar Emergency CDD	Bank	1,918	1,918	317	1,312	17%
Myanmar NCDD AF-DFID Finance	Recipient	3,000	1,835			
Total		75,118	25,953	20,150	33,266	78%
Institutional Strengthening						
Public Finance Management	Window			0	1	
Myanmar Modernization of Public Finance Management Project	Recipient	20,000	17,471	11,237	6,234	64%
Implementation Support for PFM	Bank	6,014	5,194	4,051	1,143	78%
Myanmar Macro-Fiscal Program	Bank	3,600	3,573	2,996	577	84%
Analysis for Better Public Spending	Bank	2,000	1,973	1,580	393	80%
Myanmar Subnational Public Expenditure Review	Bank	200	200	190	10	95%
Local Financial and Service Delivery Reforms	Bank	750	300	298	2	99%
Sub Total - Public Finance Management		32,564	28,710	20,352	8,359	71%
Extractive Industries Transparency Initiative				0		
Extractive Industries Transparency Initiative Implementation Project	Recipient	3,500	3,141	1,465	1,676	47%
Implementation Support for EITI	Bank	711	780	753	27	97%
Sub Total - EITI		4,211	3,921	2,218	1,703	57%
Financial Sector Development	Bank	6,459	4,616	3,350	1,267	73%
Pay, Compensation and HR Review	Bank	1,270	1,270	1,036	234	82%
Total		44,503	38,517	26,956	11,562	70%
Private Sector Development						
Private Sector Development	Window				3,961	
Agri Inputs	IFC	1,948	1,813	1,230	583	68%
Improving Corporate Governance	IFC	2,550	2,272	1,967	305	87%
Investment Policy Reform	IFC	4,525	3,925	3,380	545	86%
Lighting Myanmar	IFC	2,000	1,766	1,001	764	57%
Myanmar Tourism	IFC	2,424	1,301	750	552	58%
Trade, Competitiveness and Enterprise Development	Bank	5,050	3,644	3,155	488	87%
Myanmar Agribusiness Advisory	IFC	3,000	650	537	113	83%
Environment and Social Sustainability	IFC	1,500	700	523	177	75%
Public Private Partnerships	IFC	2,000	1,100	664	436	60%
Myanmar Power Advisory	IFC	3,000	700	479	221	68%
Private Sector Development Total		27,996	17,871	13,687	8,145	77%
Grand Total		147,617	82,341	60,792	52,974	74%

