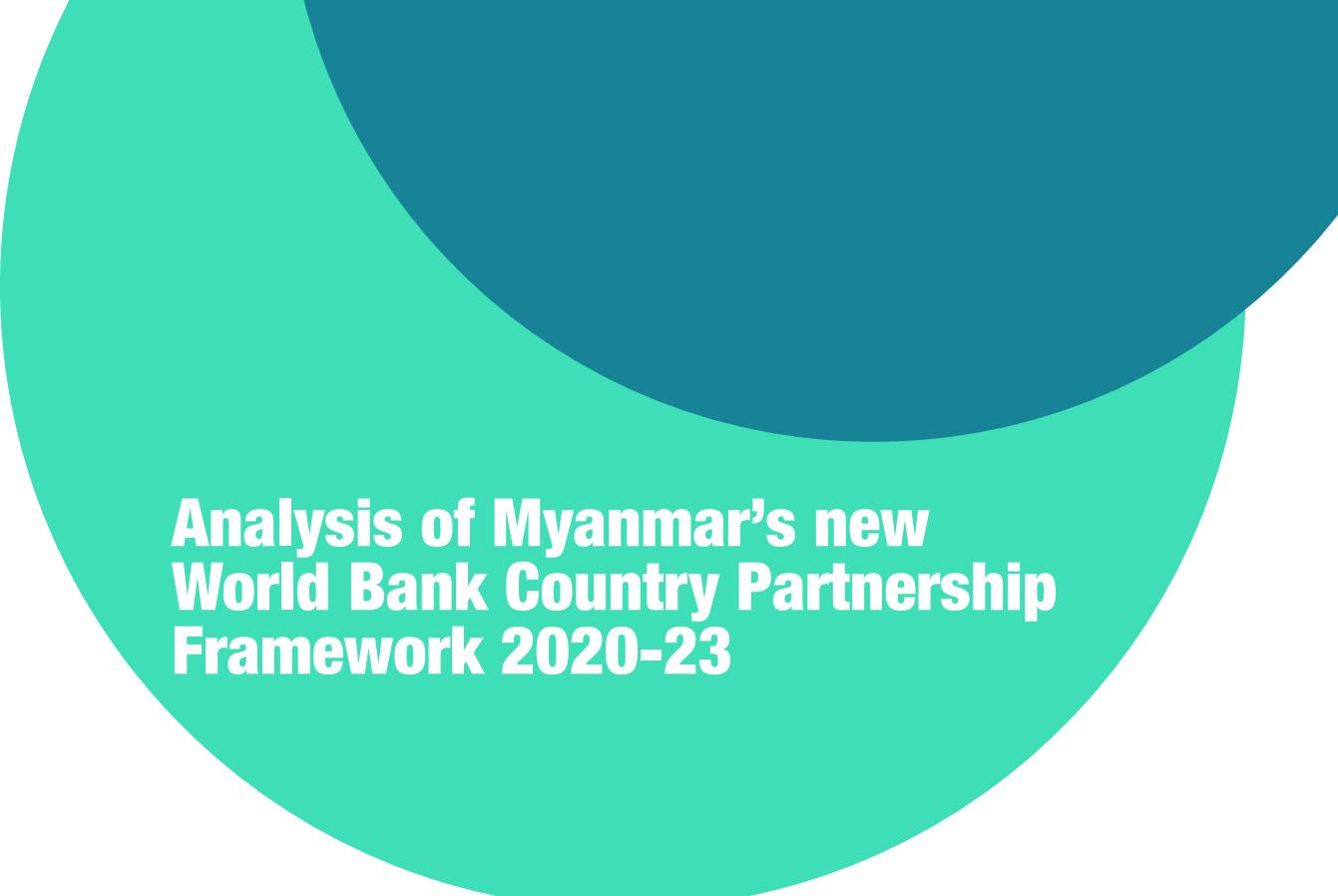


# **Analysis of Myanmar's new World Bank Country Partnership Framework 2020-23**



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In May 2020, the World Bank approved a new country strategy for Myanmar, which will guide all its investments into the country for the next four years. As a major donor to Myanmar, in sectors including energy, conflict and agriculture, what the World Bank prioritises can heavily influence the development path Myanmar will take in these critical next few years as it transitions to democracy and struggles with internal conflicts.

Civil society groups in Myanmar engaged with the Bank over this strategy, urging it to heed the development priorities and concerns of citizens, in areas such as human rights, access to energy and protection of natural resources.

This report examines the Banks new country strategy and assesses how far it integrates civil society's concerns. At the time of writing, the country strategy is not yet available in Burmese, meaning it is inaccessible to the vast majority of the population.

## The World Bank in Myanmar

The World Bank was set up in 1944 and is one of the world's largest sources of funding and technical assistance for developing and transition countries. Myanmar joined the Bank in 1952, ten years before the country fell under a military dictatorship. In 1988, the Bank stopped providing loans to Myanmar following a violent crackdown on democracy demonstrations and only started reengaging officially again in 2012, when the country began to transition towards democracy.<sup>1</sup>

As a least developed country (LDC), Myanmar is supported by the Bank's low-income country arm, the International Development Association (IDA). As of early May 2020, the World Bank had 13 ac-

tive projects in Myanmar under IDA worth almost \$2 billion; 26 active projects under the International Finance Corporation (IFC), the World Bank's private sector arm, worth over \$400 million in loans, equity and guarantees; and four active guarantees under the Bank's Multilateral Investment Guarantee Agency (MIGA), with a gross exposure of almost \$800 million.<sup>2</sup>

World Bank country operations and activities are guided by a country engagement approach, a process introduced in 2014 to replace the Country Assistance/Partnership Strategy. This consists of four steps and two key documents: the Systematic Country Diagnostic (SCD) and the Country Partnership Framework (CPF) – the latter which is the actual strategy for the country. The SCD assesses and analyses the country context, which then feeds into the development of the CPF. According to World Bank requirements, these two steps should build on consultative processes with the government and key stakeholders, including civil society. The last two steps are the Performance and Learning Review (PLR), which reviews progress mid-term and can introduce amendments, and the Completion and Learning Review (CLR) which is the final review and should feed into the next SCD and CPF.

The World Bank's first strategy for Myanmar after reengagement was an Interim Strategy Note for 2013-14.<sup>3</sup> This was followed by the first full CPF for 2015-17<sup>4</sup>, which remained active until the new CPF for 2020-23 was approved in mid-May 2020. A version in English is publicly available, but at the time of writing, over three months since approval, the new CPF was still not available in Burmese, making it inaccessible for the vast majority of Myanmar's population.



**Systematic Country Diagnostic (SCD) - an assessment of the country context**



**Country Partnership Framework (CPF) - the country strategy, building on SCD**



**Performance and Learning Review (PLR) - midterm assessment and revision**



**Completion and Learning Review (CLR) - final assessment and lessons learned for next CPF**

This analysis reviews the new CPF from a civil society perspective, including a comparison with a set of recommendations identified by Myanmar civil

society organisations (CSOs) during the consultation period, to see how far the Bank incorporated those recommendations.

## About the World Bank

The World Bank consists of five arms, together called the World Bank Group. The Bank's low-income country arm, the International Development Association (IDA) and its middle-income country arm, the International Bank for Reconstruction and Development (IBRD), both lend to governments. The International Finance Corporation (IFC) provides investment and advice to the private sector and the Multilateral Investment Guarantee Agency (MIGA) is the Bank's political risk insurance arm. Finally, ICSID - the International Centre for Settlement of Investment Disputes – is an international arbitration institution for legal dispute resolution and conciliation between international investors. In financial year (FY) 2019, the World Bank Group committed over \$62 billion in loans, grants, equity investments and guarantees to both governments and the private sector around the world.<sup>5</sup>

## The World Bank's COVID-19 response

The World Bank has provided a \$50 million loan to Myanmar's COVID-19 Emergency Response Project, to support activities, such as increased hospital preparedness and protection of health workers. In addition, the Bank has provided an \$8 million grant through the Pandemic Emergency Financing Facility (PEF) to boost the health sector's ability to respond, paying particular attention to vulnerable groups and communities in conflict affected areas. Existing and pipeline projects in sectors such as health, energy, agriculture, education and community development are under review for possible reallocation of funds to the COVID-19 response.<sup>6</sup>

## The consultation processes

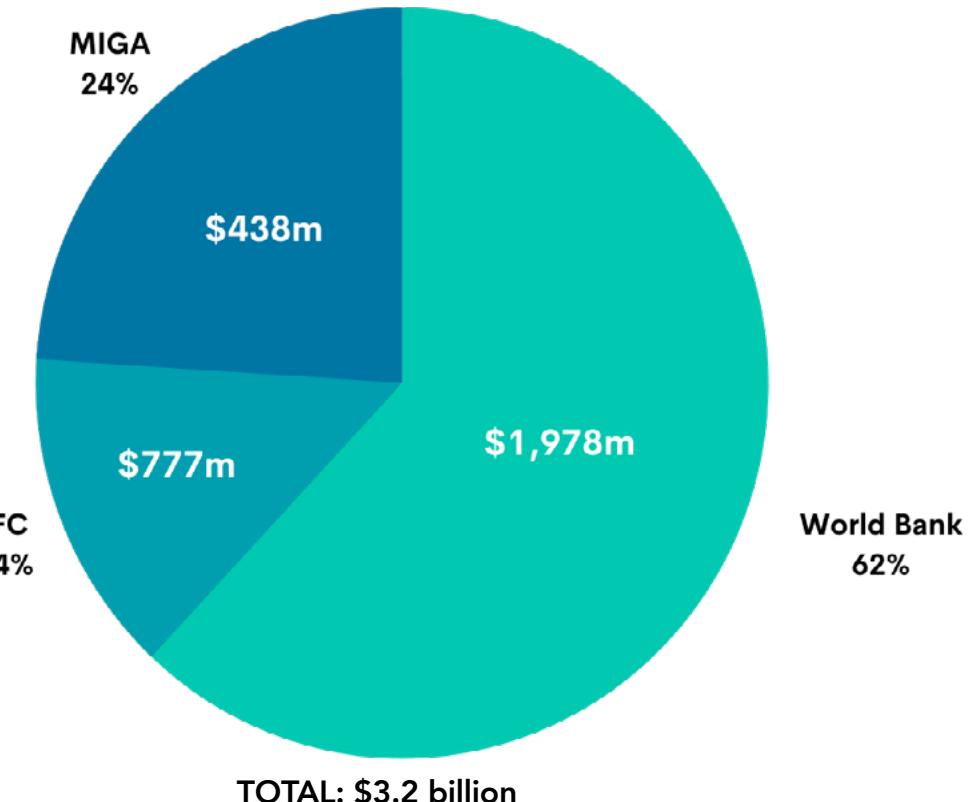
The SCD consultations took place in January and February 2019; with the Bank approving the final SCD in May 2019. However, the Bank did not release the SCD until late November the same year, after the CPF consultations had started – first as an executive summary in English and Burmese, and a week later as the full report, which is still only available in English.<sup>7</sup> This means that participants in the first rounds of consultations were not able to provide informed input, drawing upon the full SCD analysis, nor is the final version accessible to the majority of people in Myanmar.

The Bank held CPF online and face to face consultations, including with civil society, from June 2019 to January 2020. Before and during the CPF consultations, CSOs raised a number of concerns, including delays in releasing or absence of relevant documents, problematic consultation format and timing, and lack of inclusiveness of different CSOs. For example, the Bank informed civil society about the consultations with very short notice and without clear information or background materials to enable effective participation. Many relevant CSOs

were excluded from the process and did not get invited at all, such as CSOs that are actively engaged on development finance issues. The consultation format itself was problematic, dominated by Bank presentations and so with limited time for discussions. Other issues included inappropriate dates for the consultations, as some of the dates fell under the holiday season in December.

To help civil society participate more effectively, Re-course published a guidebook on how to engage in the World Bank's country engagement process<sup>8</sup> and organised two workshops – one in Yangon and one in Mandalay – together with INGO Forum in Myanmar, IFI Watch Myanmar, Paung Ku, Action-Aid Myanmar, Natural Green Alliance and Community Center (Mandalay). More than 80 local and international CSOs participated in these workshops and agreed several common advocacy positions. Building on the discussions, CSOs sent a set of recommendations (see Annex, page 14) to the World Bank in January 2020, before the CPF consultation was closed.<sup>9</sup> The World Bank has not provided a formal response to these recommendations.

## World Bank Group's portfolio in Myanmar (May 2020)



Source: World Bank, 2020. Country Partnership Framework for Myanmar for the Period FY20 - FY23.

### The Systematic Country Diagnostic

In the SCD<sup>10</sup>, the World Bank identified priorities for Myanmar in the coming years, including “three interrelated paths to revive growth momentum, share the benefits of growth more widely, and ensure sustainability for future generations.”

Pathway 1 focused on strengthening economic and financial sector management to sustain growth and job creation. This included macroeconomic reforms and support for the private sector, such as rationalising tax exemptions to provide the Government with more resources, restructuring economically unviable State Economic Enterprises (SEEs) and continued efforts to facilitate improved processes and reduce costs for doing business.

Pathway 2 focused on building inclusive institutions and human capital in order to promote peace and shared prosperity. This theme highlighted improving well-being, ensuring gender equity, reducing

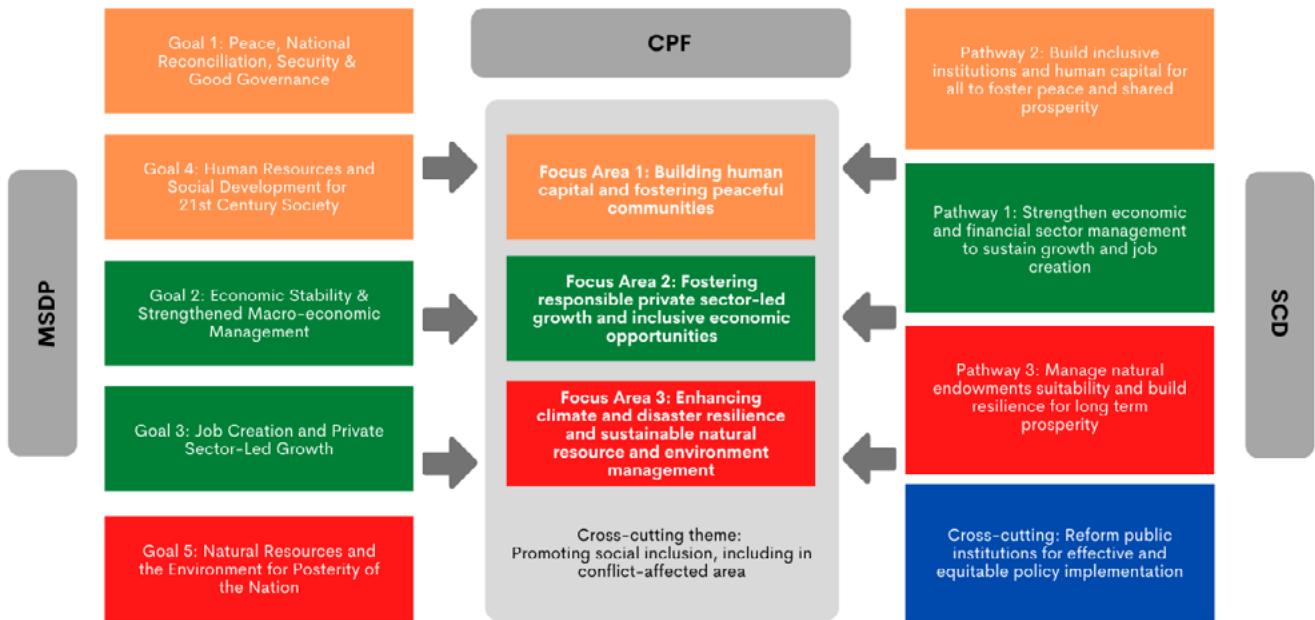
identity and disability-based barriers, and increasing education levels and equitable service provision.

Pathway 3 focused on sustainable land and natural resource management and resilience, noting environmental mismanagement on an accelerating scale, including through misuse, lack of planning and poor practices. It emphasised equitable access to natural resources, strengthened environmental management systems and institutions, and optimised collection and generation of revenue from resource extraction, as well as the need for disaster prevention.

In addition, a cross cutting theme focused on reformed public institutions for effective and equitable policy implementation, in order to manage the transition. While all the pathways feed into the CPF (see page 6), notably the focus on land management under Pathway 3 is absent.

# The Country Partnership Framework

## CPF alignment with the MSDP and the SCD



Source: World Bank, 2020. Country Partnership Framework for Myanmar for the Period FY20 - FY23.

According to the World Bank, Myanmar's new CPF sets out "to support the country through a challenging transition" and achieve progress on the Bank's twin goals of reducing poverty and increasing shared prosperity. It builds on the SCD and Myanmar's 2018-30 Sustainable Development Plan – the MSDP. The CPF also takes the current context of the COVID-19 pandemic into account, noting that flexibility will be needed to adapt. In addition, it flags the upcoming elections and that further adjustments might be required, to be identified in the mid-term review of the CPF – the PLR.

The CPF emphasises a collaboration between the three main arms of the World Bank Group - the World Bank (IDA), IFC and MIGA (see page 4) - and their commitment to the Bank's Maximising Finance for Development (MFD)<sup>11</sup> principles "where appropriate". These "Principles for Crowding-in Private Sector Finance for Growth and Sustainable Development" aim to "address binding constraints and unlock opportunities for the private sector to play a bigger role in development".<sup>12</sup> They build on the Bank's 2017 'cascade' principles: "to maximise the impact of scarce public resources, the cascade first seeks to mobilise commercial finance, enabled by upstream reforms where necessary to address market failures and other constraints to private sector

investment at the country and sector level. ... Only where market solutions are not possible through sector reform and risk mitigation would official and public resources be applied."<sup>13</sup>

Civil society has criticised this heavy bias towards the private sector on a number of fronts, including that it dilutes transparency and accountability of investments, ultimately undermining democracy. For example, by putting the private sector first, the approach fails to acknowledge that there may be trade-offs between commercial goals and the public interest, and that it can restrict the state's right to regulate in the public interest.<sup>14</sup> All of these concerns are applicable in the context of Myanmar, not least since it is a fragile and conflict-affected state.<sup>15</sup>

The CPF identifies specific sectors to prioritise, including infrastructure, such as power and transport, agribusiness, tourism and financial services, and includes support for public-private partnerships (PPPs). The Bank continues to promote the PPP model, despite concerns of many in civil society in Myanmar and internationally around the value for money and secrecy around this investment model. For example, from 2015-19 the IFC supported the construction of Myanmar's first PPP in the energy sector: the Myingyan gas power project in Manda-

## CPF focus areas and objectives



Source: World Bank, 2020. Country Partnership Framework for Myanmar for the Period FY20 - FY23.

lay. Recourse reported how there was no transparency around the contracts for the project, meaning the public had no idea about the cost of the electricity, the relative risk-sharing between the public and private sector or even whether the project represented good value for money.<sup>16</sup>

The CPF does not mention other key commitments and strategies, such as the Bank's Gender Strategy and Climate Change Action Plan, but in line with the recommendations from these it does reference Myanmar's 2018 Country Gender Action Plan and commits to develop a Myanmar Climate Change Action Plan. It also commits support for Myanmar to deliver its updated Nationally Determined Contribution (NDC) – its commitment to action under the 2015 Paris Agreement on Climate Change. The CPF does not reference the UN's Sustainable Development Goals (SDGs) at all, despite these also being a World Bank priority, instead referring to the MSDP as aligned with the SDGs.

The CPF outlines three focus areas, with several underlying objectives, as well as a cross-cutting area. Ultimately this is what the World Bank will measure in terms of progress and success of the CPF, based on specific indicators:

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

The first objective focuses on inclusive access to community level services and infrastructure, seeking to ensure all members of selected local communities have access and are involved in decision making. This includes the National Electrification Project (NEP), aiming to expand electricity access through on and off-grid systems. It also includes a specific focus on conflict-affected areas.

The second objective focuses on inclusive access and quality of basic services. Under this heading the Bank commits to "expanding inclusive access, to and quality of, education, nutrition, health, and social protection services through operations that support both nationwide programs for systems building and geographically targeted interventions, as well as pandemic preparedness and response."<sup>17</sup> Conflict-affected states, such as Rakhine, are also covered by this programme.

The third objective focuses on strengthened capacity of public institutions "to make policies, plans and deliver services more effectively, transparently and equitably". It seeks to address governance ar-

rangements at the centre and at sub-national levels, which according to the CPF are not adequately set up to meet different needs of the population and risk “generating grievances and widening inequalities.”<sup>18</sup>

## **Focus Area 2:**

### **Fostering responsible private sector-led growth and inclusive economic opportunities**

The first objective focuses on strengthening institutional capabilities for macroeconomic, public and financial sector management, in particular in the light of crises and the risks posed by the COVID-19 pandemic. This includes promoting access to budget information and strengthened reporting on revenues from extractives, to enhance transparency in the management of public resources and revenue. It commits to promote systemic inclusion through these activities, for example, by helping to prioritise basic services and avoid income volatility and high inflation which would have a negative impact on the poorest.

The second objective focuses on an improved environment for “responsible business” and trade, but it is unclear how the CPF defines ‘responsible’ in this context. It highlights Myanmar’s rise on the Bank’s Doing Business ranking – now in the top 20 reformers – but emphasises that the country should go further by reducing the high costs of investing, of operating a business and of cross-border trading, which it argues impede job-creating growth. The CPF also identifies access to finance as a particular constraint, including for women, and aims to continue to support the expansion and deepening of the financial sector. The CPF identifies Small- and Medium Sized companies (SMEs) as being in need of specific support on several levels.

The third objective focuses on “narrowing the infrastructure gap”, in particular related to the energy, transport and telecom sectors. On energy, it mentions the low rate of energy access in Myanmar “with more than half the population not connected to the national grid and the rest subject to costly, prolonged, and frequent power disruptions.”<sup>19</sup> It highlights investments in power infrastructure, regional connectivity and the need to scale up support for renewable energy to meet national targets on solar and wind. The Bank will seek to optimise both public and private financing, including leveraging PPPs, despite concerns about this model outlined earlier. Encouragingly, it commits that “no WBG investments will be made for coal-based en-

ergy” and will support Myanmar to “steer clear of investing in coal generation.” However, it makes no provision for other uses of coal, such as the IFC’s 2017 investment in Shwe Taung Cement, which involves coal mining and burning of coal for industrial use.<sup>20</sup>

The fourth objective focuses on improved income generation and productivity in selected sectors and zones, with attention to poorer segments of the population. Agriculture, which accounts for almost half of employment in Myanmar and represents about a quarter of the Gross Domestic Product (GDP), will be the first priority sector, potentially followed by tourism and the light manufacturing sector, and will include COVID-19 recovery efforts.

## **Focus Area 3:**

### **Enhancing climate and disaster resilience and sustainable natural resource and environmental management**

The first objective focuses on strengthening vulnerable communities against climate and natural disaster risks, including support for disaster risk financing solutions, climate-resilient infrastructure, ecosystem rehabilitation, and agriculture. The CPF notes Myanmar’s vulnerability to weather related events and raises concerns about environmental degradation, urbanisation and climate change and the negative impact on economic activity and public spending, as well as poor and vulnerable groups, especially women. The Bank will focus its support on strengthened financial planning and building government capacity to prepare for and deal with disasters.

The second objective focuses on improved sustainable management of the “green, blue and brown” environment. For the green environment, the Bank will support what it calls “collaborative forest management” and seek to increase benefits for forest-dependent communities in selected areas. For the blue environment, the Bank will focus on the Ayeyarwady River, supporting sustainable development and integrated management. With the brown environment, the Bank aims to support solid waste and plastic management. In addition, the Bank will seek to address the country’s weak environmental assessment and management systems, for example, through support for a Safeguards Learning Center.

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

The Bank defines social inclusion as “the process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society”, with reference to the Bank’s 2013 Inclusion Matters report.<sup>21</sup> According to the CPF, the World Bank aims to “go beyond a ‘do no harm’ response to the country’s key drivers of fragility and instil systemic practices for understanding and measurably responding to the evolving dynamics in the country to promote social inclusion and peace.”

## Civil society recommendations and the CPF

During the CPF consultations, the World Bank emphasised that it would take civil society views into account. In response, civil society submitted specific recommendations to the Bank, which they had discussed and agreed in the workshops organised by Recourse in collaboration with local partners INGO Forum in Myanmar, IFI Watch Myanmar, Paung Ku, ActionAid Myanmar, Natural Green Alliance and Community Center (Mandalay).

The civil society recommendations fall under the following six headings: consultation; energy access; conflict sensitivity; land and agriculture; marginalised and vulnerable groups; and job creation. It should be emphasised that this list is by no means exhaustive and further recommendations were raised in the workshops and in separate communications with the Bank.

This analysis seeks to match these recommendations with the final CPF to assess whether and to what degree it reflects civil society priorities.

### 1. Consultation

#### **Civil society recommendations:**

- Inclusion of different active organisations should be countrywide, not just in some major cities
- Relevant documents should be shared widely at least 2 weeks in advance, and should be in both Myanmar and English languages.
- The Bank should provide maximum transparency in all the projects promoted under the CPF.
- The Bank should establish a feedback system on the proposed draft CPF.
- As per the Bank’s Citizen Engagement Framework, the Bank should create open spaces for civic engagement.

## Commitments made under the new CPF

In the CPF, the World Bank states that the document “benefited from a comprehensive consultation process”, but admits in the Annex that civil society raised concerns, including regarding “delays in the dissemination of and level of detail provided in the supporting documentation that was distributed to participants before consultations” and that the Bank added a second round of consultations in an effort to rectify this. However, the CPF lacks any commitment or further detail on how the Bank will seek to address this apparent lack of good practice or of even basic standards in future consultation processes. Moreover, civil society were not able to review the draft CPF before it went to the World Bank’s Board for approval and, as noted earlier, neither the SCD nor the approved CPF have yet been made available in Burmese – leaving it inaccessible for most of Myanmar’s population, a clear failure in both transparency and accountability.

The CPF does recognise a need for new approaches to monitor and evaluate the increased focus on social inclusion, including ongoing exploration of a programme-wide mechanism “to ensure that joint decision-making and inclusive consultation processes within projects are implemented effectively,” but this will not be implemented by the Bank itself. It also commits to “wider and more inclusive” consultations in conflict-affected areas, with “the full range of communities represented”.

It will be important to return to the civil society recommendations once the Bank announces the mid-term review, the PLR, as civil society consultation should form a key part of this process, too. This will be an opportunity to assess whether the World Bank has learned the lessons from the CPF consultation process and is willing to engage with civil society in a more coherent and comprehensive manner and listen to its recommendations.

### 2. Prioritise energy access for the poor and no to coal

#### **Civil society recommendations:**

The World Bank should

- Prioritize investments in the renewables energy sector; including provision of support to projects that make such investments affordable for poor and marginalized people;
- Promote Integrated Resources Planning (IRP) for energy efficiency; and conservation.
- Improve energy efficiency and promote renew-

- able energy (solar, wind, small-scale/pico hydro) in recognition of their huge potential to power off-grid communities
- Stimulate small business/income generation opportunities for communities with the introduction of these alternative energy technologies.
- Reduce the cost of energy access for the poor and for the development of renewable energy.
- Provide adequate grant-based finance to cover the initial installation costs for poor urban and rural households; in order to directly help the poor gain access to electricity.
- From 2020-2025, provide project finance for at least five utility-scale renewable energy projects (excluding large hydropower).
- Commit adequate International Development Association (IDA) finance to sustain an electrification rate of at least 500,000 new household connections per year from 2020-2030 in accordance with Myanmar's National Electrification Plan (NEP).
- Exclude support for high-risk hydropower. This includes financing for building new hydro-power dams or for upgrading or extensions of big hydro-power dams in Myanmar. We urge the Bank to comply with the recommendations from the World Commission on Dams (WCD).
- Comply with its own Energy Strategy Directions Paper (adopted in July 2013), which has stringent restrictions relative to investments in coal power. For existing coal plants, the World Bank can support the government in the decommissioning. Not only is coal power dirty (causing public health concerns and carbon emissions, polluting waterways and water resources), it is also water use-intensive and over the years, it becomes inefficient.

### **Commitments made under the new CPF**

It is positive that the CPF makes a clear commitment not to invest in coal-based energy; however, the CPF does not exclude other fossil fuels, such as natural gas, and gas was a strong feature of the previous CPF. For example, the proposed Power System Energy Efficiency Project will finance efficiency and capacity upgrades of a gas-fired power plant in Yangon. This could divert finance away from renewable energy options, which are only given limited priority in the CPF and that only in the later years. While the CPF does mention the need to increase

investment in renewable energy, there are no dedicated indicators or targets associated with this. Instead there is a target for additional installed power generation from conventional energy sources. Furthermore, aside from committing to promote solar power, the IFC is considering supporting a hydropower project. There are no further details on the scale of this project, however, and while the CPF emphasises that it will meet international standards it does not specify what these standards are.

On energy access, the Bank will support energy sector reforms to help Myanmar achieve its universal access goal, "promoting renewable energy solutions where possible." According to the CPF, the Bank will provide technical assistance and advisory support for policies on "inclusive, reliable, and affordable access to clean energy in key areas such as expanding inclusive energy access, enhancing regional connectivity for power import/export, improving the financial viability of the sector, strengthening planning and monitoring tools for basin-wide sustainable hydro power development, enhancing the efficiency of energy services, and improving governance and institutional capacity." However, again there are no indicators or targets associated with this – a very problematic omission.

### **3. Adopt a conflict-sensitive approach**

#### **Civil society recommendations:**

The World Bank should

- Support peace, institution building and long-term socio-economic opportunities for ethnic communities that include poor urban and rural populations.
- Do a conflict mapping and analysis of the drivers of conflict for the country as a whole and for each individual project.
- Practise enhanced transparency in order to avoid exacerbating conflict.
- Acknowledge that projects involving large-scale acquisition of land and displacement, taking place in parts of or whole areas of the country that are subject to active armed conflict, or targeting the disposition or distribution of valuable natural resources, present a high risk of exacerbating conflict or igniting new conflict.
- Ensure that the CPF includes a clear commitment about the level of resources that will be allocated for the implementation of safeguards, enhanced consultation and participation processes, and the support of governance reforms.

- Bank contractors, partners, and consultants – even if indirectly linked to the Bank’s operations – should be assessed for compliance with internationally recognized guidance on mitigating conflict impacts of investment, such as the Voluntary Principles on Security and Human Rights and International Alert’s publication Red Flags: Liability Risks for Companies Operating in High-Risk Zones. The results of this due diligence should be subject to public consultation and published both in English and Myanmar language.

### **Commitments made under the new CPF**

Specific attention to conflict-affected areas features throughout the CPF, in particular through the cross-cutting social inclusion theme. The Bank commits to “help Myanmar pursue an integrationist and reformist path while working to change attitudes and build a tolerant, multi-ethnic society with opportunities for all.” The Bank’s own review of its previous strategy, the CLR, prioritises the need for the World Bank to “adopt a systemic and measurable approach to address pervasive exclusion and conflict”, including in “an inclusive and conflict-sensitive manner”, with specific mention of Rakhine, but without referencing other conflict-affected areas. The CPF references SORT and commits to continue analytical work to support conflict monitoring, to guide an evidence-based and targeted approach to programmes and projects, and to build capacity. It specifically mentions the Inclusion and Peace Lens, developed under the previous strategy, as a tool that the Bank will apply to all its investments in Myanmar by 2023 to ensure conflict-sensitive and inclusive project designs, however, it is unclear if the efficiency of this tool has been evaluated. Besides SORT, none of the tools recommended by civil society are mentioned.

#### **4. Protect peoples’ land and resource rights, support small-scale and ecological agriculture**

##### **Civil society recommendations:**

The World Bank should

- Undertake a comprehensive land study as part of the CPF process which should cover the various causes of land tenure insecurity, land loss, and land-grabbing in Myanmar, with a focus on the Bank’s priority sectors, including agriculture, transport, telecoms, and FDI promotion.
- Conduct a comprehensive land rights survey as

part of the CPF process. Land-grabs are almost universally identified as the most widespread human rights abuse.

- Focus on reforms that enable users of the land to preserve their rights and usages by giving legal recognition and protection to traditional land use patterns and building independent administrative and judicial institutions, rather than prioritising the commodification of land (which can accelerate land loss).
- Avoid promoting Land Registration processes that can be used as weapon by the powerful and well-connected to acquire land title over desirable areas and make people who depend for their lives on land to become landless.
- Promote smallholder farmers’ rights instead of the big plantation owners.
- Protect land tenure for smallholder farmers and the poor, and allow for land restitution where land grabs have already taken place.
- Avoid investments with a high-risk of land loss – such as large-scale plantation agriculture, certain types of dams, and Special Economic Zones in certain areas of the country.

### **Commitments made under the new CPF**

The end of term review, the CLR, of the previous CPF noted that an uneven playing field in the control of natural resources and land complicated Myanmar’s peace process. The SCD also identified transparent, equitable and sustainable land management as an objective. However, while the CPF recognises lack of land as a key factor in poverty, it excludes any further references to land and land rights in its priorities on the basis that there are nationwide agendas in Myanmar “that may be contested and require longer-term efforts to build consensus around.” It instead sets out to address land and land tenure issues on a project by project basis, through the Bank’s Environmental and Social Framework.

The CPF does mention small landholders, but primarily in the context of agricultural diversification and increased productivity. For example, the National Food and Agriculture Systems Project (NFASP) “will finance infrastructure investments aimed at increasing productivity, crop diversification, and competitiveness and, in collaboration with the private sector where possible, will support mechanisms to promote the development of selected agricultural commodity value chains, innovative modalities to

better link farmers to markets, and improvements in the enabling environment for agro-enterprises.” The IFC, through its advisory services and investments, will according to the CPF seek to strengthen links between small landholders and large-scale agricultural farms and corporations and also increase the number of farmers certified under Myanmar’s Good Agricultural Practices (GAP) along selected value chains, with a target that 15% of these report increased income by end of 2020. IFC supported the government to launch GAP in 2017, with an aim to increase farming productivity and profitability through ‘sustainable farming’ methods, in order to reach local and international markets.<sup>22</sup> However, it is unclear how ‘sustainable farming’ is defined and if this or the other initiatives will benefit small-holders or primarily cater for agri-business,

## 5. Marginalised / Vulnerable Groups

### Civil society recommendations:

- We acknowledge the importance of the Systematic Country Diagnostic (SCD), but found that Gender/LGBT rights /Social Inclusion (Marginalized groups) were not being carefully identified nor taken into serious consideration when it was prepared.
- Implementation of Citizen Engagement Framework of the Bank has been compromised as all groups are not invited to attend nor were given proper consideration during Bank’s consultation processes.
- We encourage the Bank to address this mistake and offer equal participation rights to all groups in the country.
- Similar consideration should be given to these groups when it comes to policy formulation and project implementation cycles in Bank’s engagement in Myanmar.

### Commitments made under the new CPF

Social inclusion is a cross-cutting theme, where the CPF defines social exclusion as being disadvantaged by one’s identity in how one takes part in society. For example, in relation to conflicts, the Bank commits to “responding to the immediate needs of populations that have hitherto missed out on the gains brought by the transition, especially vulnerable and excluded populations in underserved and conflict-affected areas.” The CPF also mentions vulnerable communities under the response to climate and natural disaster risks, in particular women, with a specific target related to forest dependent com-

munities. It also recognises increased vulnerability as a result of the COVID-19 pandemic.

According to the CPF, gender remains a priority, but was mainstreamed under the previous CPF so it is not given a specific objective, but as mentioned earlier it is a corporate priority for the World Bank and Myanmar’s Country Gender Action Plan is included as an Annex. The CPF includes a focus on women in several sections and some CPF objectives have gender specific indicators. The CPF does not mention lesbian, gay, bisexual, transgender/transsexual and intersex (LGBTI) rights or other disadvantaged groups, however, and therefore attaches no specific measures or indicators to these groups.

## 6. Facilitate job creation through assistance to small and medium enterprises and private sector lending

### Civil society recommendations:

The World Bank should

- Prioritise more investments in responsible SMEs sector development, rather than in socially and environmentally harmful businesses.
- Target small-scale enterprises to provide resources and build capacity, rather than allowing relatively large business to benefit from the Bank’s programs.
- We also recommend that all projects under the new CPF are cost effective, efficient and fulfil immediate and long-term needs of the people and country, at the same time as providing clear mechanisms to identify and fight corruption at all levels of policy-making
- Provide technical assistance and management/ finance training.

### Commitments made under the new CPF

The CPF identifies SMEs as particularly affected by the impact of a restrictive business climate and high cost of doing business, and that capacity to innovate and grow is generally low. It also recognises that SMEs are particularly vulnerable under the COVID-19 pandemic and acknowledges the need for the Bank to assist. The Bank sets out to create opportunities for domestic SMEs, including building capacity to access international markets, however, this indicates that the Bank is prioritising support for larger SMEs over small-scale enterprises. Both Myanmar and the IFC define SMEs as enterprises with up to 300 employees.<sup>23</sup>

Access to finance is another area included, with the Bank committing to “strengthen oversight and governance of the financial sector as a foundation for expanding access to finance to underserved rural, remote, and conflict-affected areas and domestic SMEs and farmers.” This includes support for expansion of the microfinance sector, in particular in rural areas, but microfinance has come under increased criticism for putting poor people into debt – a problem that has escalated under the COVID-19 pandemic.<sup>24</sup>

## Conclusions

The World Bank’s new strategy for Myanmar, the CPF, responds to some of Myanmar civil society’s priorities and concerns, but it also leaves big room for improvement. Some important areas, such as climate, social inclusion and energy access, are addressed to some degree, but the CPF fails adequately to include these vital issues in the results framework indicators. This matters, because the Bank will ultimately use these indicators to assess the success of the CPF and will measure new projects against them.

Some of these weaknesses stem back to the flawed consultation process, leaving civil society with little notice and few resources to be able to participate fully, with some being excluded from the process. It is concerning that the World Bank has to date failed to translate key documents, most importantly the SCD and CPF, into Burmese – leaving citizens unable to fully engage and hold the World Bank to account for its in-country operations. This reveals a significant lack of transparency and accountability, which the Bank must address.

The next significant opportunity for input will be the PLR, the mid-term review. The Bank is again obliged to consult, and it will be important that it learns from the flawed CPF process and seeks genuine interaction and consultation, to ensure that its activities are in line with civil society and other priorities. Where possible, civil society should also seek to monitor closely the projects under the new CPF, to assess how well they represent the CPF’s and civil society’s priorities, and identify strengths and weaknesses – this is important input for the mid-term review and subsequent CPFs. For more information on how to engage in this process, see Recourse’s South East Asia Civil Society Guide on Influencing World Bank Strategies<sup>25</sup>.

## **ANNEX:**

### **Joint Submission on the Proposed World Bank Group's Country Partnership Framework (CPF) Myanmar, January 2020**

We, Recourse (former Bank Information Centre Europe) and IFI Watch Myanmar submit the attached Joint Submission on the Proposed World Bank Group's Country Partnership Framework (CPF) Myanmar, January 2020. This submission is the outcome of the discussions held with CSOs from Yangon and Mandalay.

Thus, we incorporate these recommendations pertaining to priority issues that should be addressed as the Bank deepens its country activities in the next five years.

We belong to civil society organizations and ethnic community networks with a focus on human rights, environment, peace and mediation, and good governance with significant expertise and experience in Myanmar.

1. Our vision is a world in which every person enjoys all of the human rights enshrined in the Universal Declaration of Human Rights and other international human rights standards.
2. Amnesty International: To undertake research and action focused on preventing and ending grave abuses of these rights.
3. We encourage people to accept that all human rights must be protected
4. We encourage governments to accept and enforce international standards of human rights
5. We encourage governments, political organizations, businesses, other groups and individuals to support and respect human rights

#### **1. Consultation:**

We believe that the choice of date for consultation was not appropriate to most of the organizations to participate, as it took place during the holiday season. Moreover, the invitation is not inclusive as most of the active CSOs working on the development finance are not invited both in Mandalay and in Yangon consultations.

#### ***Specific recommendations for consultation:***

- The inclusiveness of different active organizations should be nationwide, not just in some major cities.
- The related documents should be shared widely at least 2 weeks in advance, and should be in both in Myanmar and English languages.
- Should provide maximum transparencies on all the Projects under the CPF.
- To have feedback system on the proposed draft CPF.
- As per Citizen Engagement Framework, to have open space for civic engagement.

#### **2. Adopt a conflict-sensitive approach:**

To develop a way to support nationwide efforts towards a comprehensive peace process; the following recommendations should be taken seriously and integrated into the 2020 CPF.

#### ***Specific recommendations for conflict-sensitive approach:***

- This is the main component of the CPF; which supports peace, institution building and long-term socio-economic opportunities to the ethnic communities that include the poor urban and rural populations.

- Perform a sector and program wise risk analysis and risk management in compliance with relevant operational safeguard policies, business procedures and applying the Systematic Operations Risk-Rating Tool (SORT).
- Do a conflict mapping and analysis of the drivers of conflict for the country as a whole and for each individual project.
- Practice enhanced transparency in order to avoid exacerbating conflict.
- Consider projects involving large-scale acquisition of land and displacement, taking place partially or whole areas of the country that are subjected to active armed conflict, or targeting the disposition or distribution of valuable natural resources present a high risk of exacerbating conflict or igniting new conflict.
- Ensure that the CPF includes a clear commitment about the level of resources that will be allocated for the implementation of safeguards, enhanced consultation and participation processes, and the support of governance reforms.
- Bank contractors, partners, and consultants – even if indirectly linked to the Bank's operations – should be assessed for compliance with internationally recognized guidance on mitigating conflict impacts of investment, such as the Voluntary Principles on Security and Human Rights and International Alert's publication Red Flags: Liability Risks for Companies Operating in High-Risk Zones. The results of this due diligence should be subject to public consultation and published both in English and Myanmar language.

### **3. Protect peoples' Land and Resource rights, support small-scale and ecological agriculture:**

- We believe it is essential that the World Bank includes the **specific recommendations** mentioned below.Undertake a comprehensive land study as part of the CPF process which should cover the various causes of land tenure insecurity, land loss, and land-grabbing in Myanmar, with a focus on the Bank's priority sectors, including agriculture, transport, telecoms, and FDI promotion.
- Conduct a comprehensive land rights survey as part of the CPF process. Land-grabs are almost universally identified as the most widespread human rights abuse.
- Focus on reforms that enable users of the land to preserve their rights and usages by giving legal recognition and protection to traditional land use patterns and building independent administrative and judicial institutions, rather than prioritizing the commodification of land (which can accelerate land loss).
- Avoid promoting Land Registration processes that can be used as weapon by the powerful and well-connected to acquire land title over desirable areas and make people who depend for their lives on land to become landless.
- Small holder farmers' rights instead of the big plantation owners.
- To protect land tenure for smallholder farmers and the poor, and allow for land restitution where land grabs have already taken place.
- The Bank to avoid investments with a high-risk of land loss – such as large-scale plantation agriculture, certain types of dams, and Special Economic Zones in certain areas of the country.

### **4. Facilitate job creation through assistance to small and medium enterprises and private sector lending**

#### ***Specific recommendations for job creation:***

- To prioritize more investments in responsible SMEs sector development, rather than in social and environmental harmful businesses.
- To target on small-scale enterprises to provide resources and build capacity, rather than allowing rel-

- atively large business to benefit from the Bank's programs.
- Since WBG has opportunities to prioritize policy lending to support government policies in areas of development, we encourage the World Bank to take steps of introducing energy decentralization and integration of mini-grid power generation into the National Policy Framework.
  - We also recommend that all projects under the new CPF are cost effective, efficient and fulfill immediate and long-term needs of the people and country, at the same time as providing clear mechanisms to identify and fight corruption at all levels of policy-making
  - To provide technical assistance and management/finance training.
  - Access to financing also needs to be made available outside of Yangon, with a special focus on establishing SMEs among historically underprivileged minority communities and other vulnerable groups

## **5. Marginalized / Vulnerable Groups:**

- We acknowledge the importance of the Systematic Country Diagnostic (SCD), but found that Gender/ LGBT rights /Social Inclusion (Marginalized groups) were not being carefully identified nor taken into serious consideration when it was prepared.
- Exploitations Labor rights are seen in World Bank funded infrastructure development projects and thus we seriously recommend that the World Bank should closely monitor on these projects.
- Implementation of Citizen Engagement Framework of the Bank has been compromised as all groups are not invited to attend nor were given proper consideration during Bank's consultation processes.
- We encourage that the Bank improves this slip up and offer equal participation rights to all groups in the country.
- A similar consideration should be given to these groups when it comes to policy formulation and project implementation cycles in Bank's engagement in Myanmar.

## **6. Prioritize energy access for the poor:**

World Bank Group to exclude all hydropower projects in Myanmar. This includes financing for building new hydro-power dams or for upgrading or extensions of big hydro-power dams in Myanmar. It is not a guarantee that the Bank will keep its distance from large-scale, destructive dams.

### ***Specific recommendations for Prioritize energy access for the poor:***

- World Bank has to prioritize investments in the renewables energy sector; including provision of support to projects that make such investments affordable for the poor and marginalized people;
- to promote an Integrated Resources Planning (IRP) for energy efficiency; and conservation.
- to improve energy efficiency and promote renewable energy (solar, wind, small-scale/pico hydro) despite their huge potential to power off-grid communities
- to stimulate small business/income generation opportunities for communities with the introduction of these alternative energy technologies.
- Bank must comply with its Energy Strategy Directions Paper (adopted in July 2013), which has stringent restrictions relative to investments in coal power.
- To reduce the costs of energy for the poor and for the development of renewable energy.
- WBG should provide adequate grant-based finance to cover the initial installation costs for poor urban and rural households; in order to directly help the poor gain access to electricity.
- From 2020-2025, the WBG should provide project finance for at least five utility-scale renewable energy projects (excluding large hydropower).
- In addition, the WBG should commit adequate International Development Association (IDA) finance to sustain an electrification rate of at least 500,000 new household connections per year from 2020-2030 in accordance with Myanmar's National Electrification Plan (NEP).

- No high-risk hydropower. We urge the Bank to comply with the recommendations from the World Commission on Dams (WCD)

**No coal.**

- The Bank must comply with its Energy Strategy Directions Paper (adopted in July 2013), which has stringent restrictions relative to investments in coal power. For existing coal plants, the World Bank can support the government in the decommissioning. Not only is coal power dirty (causing public health concerns and carbon emissions, polluting waterways and water resources), it is also water use-intensive and over the years, it becomes inefficient.

We welcome further opportunities to discuss these substantive recommendations with the World Bank Group before and after the approval of the CPF.

## Endnotes

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- 2 <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/110961589818564510/myanmar-country-partnership-framework-for-the-period-of-fy20-fy23>
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- 4 <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/132341486543566177/myanmar-country-partnership-framework-for-the-period-2015-2017>
- 5 <https://www.worldbank.org/en/about/annual-report/fiscal-year-data?dropid=FY19-data>
- 6 <https://www.worldbank.org/en/news/press-release/2020/05/18/new-world-bank-group-partnership-framework-for-myanmar-puts-strong-focus-on-social-inclusion-and-peace>
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- 8 BIC Europe, 2019, [South East Asia Civil Society Guide on Influencing World Bank Strategies](#)
- 9 <https://consultations.worldbank.org/consultation/world-bank-myanmar-country-partnership-framework-2019-2023-consultations>
- 10 <https://consultations.worldbank.org/sites/default/files/consultations/1661/2019-12/Myanmar-Economic-Transition-amid-Conflict.pdf>
- 11 Note that MFD is referred to as 'Mobilizing Finance for Development' in the CPF document, however, MFD is normally the Bank's acronym for 'Maximizing Finance for Development', see for example, <https://www.worldbank.org/en/about/partners/maximizing-finance-for-development>
- 12 <http://documents1.worldbank.org/curated/en/168331522826993264/pdf/124888-REVISED-BRI-PUBLIC-Maximizing-Finance.pdf>
- 13 <http://docplayer.net/59690962-Forward-look-a-vision-for-the-world-bank-group-in-2030-progress-and-challenges.html>
- 14 See for example <https://www.brettonwoodsproject.org/2020/04/world-bank-continues-to-push-maximising-finance-for-development-agenda-exacerbating-global-economic-instability/>, <https://www.brettonwoodsproject.org/2017/10/de-risking-risk-shifting-world-banks-proposed-strategy-bridge-infrastructure-gap/> and <https://www.brettonwoodsproject.org/2017/07/development-rescue-finance-banks-cascade-approach/>
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- 16 See: <https://www.re-course.org/wp-content/uploads/2020/03/In-the-Dark.pdf> and <https://www.re-course.org/wp-content/uploads/2020/04/In-the-dark-Myanmar.pdf> for Burmese language version.
- 17 <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/110961589818564510/myanmar-country-partnership-framework-for-the-period-of-fy20-fy23, page 33>
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- 24 See for example, <https://myanmar-now.org/en/news/helping-or-hurting-touted-as-answer-to-poverty-microloans-trap-many-in-debt>, <https://www.mmtimes.com/news/problems-rise-micro-finance-borrowers.html> and <https://www.frontiermyanmar.net/en/limited-relief-for-microfinance-borrowers-as-the-clock-ticks-on-debt-payments/>
- 25 BIC Europe, 2019, [South East Asia Civil Society Guide on Influencing World Bank Strategies](#)



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