



# Myanmar: Capacity Building Support for Project Identification

Project Name	Capacity Building Support for Project Identification		
Project Number	46255-001		
Country / Economy	Myanmar		
Project Status	Closed		
Project Type / Modality of Assistance	Technical Assistance		
Source of Funding / Amount	TA 8251-MYA: Capacity Building Support for Project Identification		
	Technical Assistance Special Fund		US\$ 1.50 million
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Governance and capacity development		
Sector / Subsector	Agriculture, natural resources and rural development / Agricultural policy, institutional and capacity development Energy / Electricity transmission and distribution Transport / Road transport (non-urban) Water and other urban infrastructure and services / Urban water supply		
Gender			
Description	<p>The TA is designed to support key sector ministries to outline a methodology for prioritizing selection of potential projects, identify feasible investment projects, and initiate the preparation of pre-feasibility analysis of pilot projects in these sectors to improve their capacities using practical tools and methodologies. The sectors included in the TA have been selected according to government priorities and the potential for ADB support, based on preliminary needs assessments, strategies, and road maps. ADB sector teams had discussions with participating ministries from April to September 2012 to agree on the scope of the TA. This TA complements another capacity development TA, which provides advisors and training for government officials to identify sector needs and improve policies and institutional development in key ministries.</p> <p>The government has instituted wide-ranging reforms as part of the ongoing economic, social, and political transformation. Major initiatives include the unification of the exchange rate, a new investment law, monetary and financial sector reforms, and changes to the trade union law. The government has also initiated the process to identify and address policy and institutional issues at the sector level, with the support of ADB and other development partners. These reforms are essential in establishing a sound macroeconomic national policy framework and developing efficient institutions and policies. However, they are not sufficient to ensure the achievement of Myanmar's development objectives. There is a need to simultaneously improve the capacities of government officials and ministries to develop methodologies and practical tools that allow them to identify and prepare viable investment projects. Macroeconomic and sector-specific reforms need to be implemented in parallel with viable investment projects that provide tangible benefits to the population. Projects must be identified, prepared, and implemented using efficient methodologies and mechanisms that respect environmental and social concerns, maximize economic benefits, and ensure financial sustainability.</p> <p>Among the sectors that are expected to play a strategic role in Myanmar's development, this TA will focus on transport, energy, agriculture and natural resources, and water supply and other municipal infrastructures and services. These sectors have been identified based on the expressed priorities of the government and the results of the preliminary assessments, strategies, and road maps conducted by ADB staff. The government is making great efforts to improve performance in these areas and to address many issues confronting these sectors, including (i) improving organizational structures, (ii) clarifying institutional responsibilities among and within sector agencies, (iii) developing long-range strategic sector planning to prioritize public investments, (iv) updating policies and regulations, and (v) improving capacity for performing policy and regulatory functions. However, all these reforms will have to be accompanied by specific investment projects that deliver concrete results. After years of isolation, sector ministries have limited experience in project identification, design, implementation, and evaluation. This has resulted in insufficient provision of infrastructure and low levels of access to services. There is an urgent need to assist line ministries in the identification of viable projects and to improve their capacities for the preparation of pre-feasibility studies for investment projects, which will use modern appraisal techniques, including economic and financial analyses, efficient procurement systems, environmental analysis, and other safeguard measures. Specific issues for each of the four priority sectors identified are described below.</p> <p>Transport. The government has constructed a highway to link Yangon, Nay Pyi Taw, and Mandalay and has built many bridges in the country. However, Myanmar's transport sector is underdeveloped for a country of its size, population, and potential. It is characterized by high transport costs and the absence of a sufficiently extensive lower level road network, restricting the access of much of the population to economic and social opportunities. The government is working to improve core sector issues, including (i) consolidating fragmented and overlapping institutional structures for managing development of the sector; (ii) developing an overall transport sector strategy; (iii) improving capacity in sector agencies; and (iv) increasing the role of the private sector. A key issue that requires urgent support is the development of a more rigorous approach to select transport infrastructure investments and to prepare and implement road projects, using modern and efficient techniques. Capacity development support is also required to mitigate the potential adverse environmental and social impacts of the transport development through increased movement of people and goods, including the prevention of HIV.</p> <p>Energy. Despite abundant energy resources and recent efforts by the government to develop energy resources, Myanmar has one of the lowest levels of energy consumption in Southeast Asia because of its low per capita income and inadequate energy infrastructure. The electrification ratio is low (26%) and system losses are high (27%). Persistent power supply shortages exist in Yangon and Mandalay; and existing power generation, transmission and distribution, and gas pipeline networks are inefficient and poorly maintained. The government intends to look at options to improve its fragmented institutional structure, which results in weak coordination and planning (e.g., there are no long-term energy supply and demand projections). However, other important sector issues include (i) difficulty in generation and transmission planning and operation and maintenance caused by the absence of electric performance standards and a unified power grid code; (ii) weak experience in preparing feasible projects; and (iii) outmoded and inefficient legal safeguard requirements.</p> <p>Water supply and other municipal infrastructure and services. The rate of urbanization in Myanmar is relatively small compared to many other members of the Association of Southeast Asian Nations (ASEAN), with urban development being dominated by Yangon and Mandalay. The government has recognized the need to develop (i) a coherent framework to harness private sector participation in urban development programs, projects, and activities; (ii) adequate policy and strategic guidance at the central and local levels; and (iii) clear institutional roles and responsibilities for planning, management, and regulation. However, chronic underinvestment in urban infrastructure, particularly in water supply and sanitation, has resulted in the lack of and/or poor quality of services, which can only improve if the policy and institutional reforms initiated by the government are accompanied by the identification and preparation of viable investment projects.</p> <p>Agriculture and natural resources. The government has implemented reforms since 2002 to increase private sector participation and productivity in the agriculture sector and has built several dams to manage water resources. However, the full potential of agriculture for contributing to economic growth and poverty reduction has not been realized, despite its dominant role in Myanmar's economy. Physical constraints (lack of access to markets and inputs, inadequate access to irrigation facilities, and substantial deficiency in the provision of electricity to rural areas) and policy-related factors (unattractive producer prices, high cost of farm inputs such as fertilizer, lack of access to credit, outmoded land tenure system, and poorly developed research and extension system) have obstructed agricultural development in Myanmar. Core sector issues on which the government is starting to work, with support</p>		

Project Rationale and Linkage to Country/Regional Strategy	The Asian Development Bank (ADB) is in the preliminary stages of reengaging in economic policy advice and capacity development with the Government of the Republic of the Union of Myanmar. ADB adopted a three-phased process of reengagement with Myanmar in early 2012: phase I preparation of initial economic and sector assessments as an extension of work done under the Greater Mekong Subregion (GMS) Program; phase II conduct of comprehensive sector assessments, capacity and institutional support, and project preparation; and phase III resumption of lending operations, subject to satisfactory progress in the country's engagement with the international community and clearing of its arrears. ADB has completed phase I and is moving toward phase II by preparing for technical assistance (TA) operations focused on capacity building, institutional strengthening, and project preparation. The TA is fully aligned with and supports the Myanmar interim country partnership strategy, 2012-2014. In particular, it supports the program areas of (i) building human resources and institutional capacities in ADB core operational areas, and (ii) creating access and connectivity for rural livelihoods and infrastructure development. It also links into selected thematic and crosscutting areas of the Myanmar interim country partnership strategy.
Impact	Investment projects successfully processed, implemented, and monitored

<b>Project Outcome</b>	
Description of Outcome	Improved capacity of key ministries to identify and prepare viable Projects.
Progress Toward Outcome	
<b>Implementation Progress</b>	
Description of Project Outputs	<ol style="list-style-type: none"> <li>1. Viable projects for the transport sector identified</li> <li>2. Viable projects for the power sector identified</li> <li>3. Viable projects for the urban sector identified</li> <li>4. Viable projects for community based rural development identified</li> </ol>
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

<b>Summary of Environmental and Social Aspects</b>	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
<b>Stakeholder Communication, Participation, and Consultation</b>	
During Project Design	
During Project Implementation	The Ministry of National Planning and Economic Development (MNPED) will be the executing agency. A subcommittee will be formed by the government, comprising senior officials from the participating ministries. The subcommittee will provide coordination for TA activities and be a forum for exchanging good lessons in capacity development for project identification, prioritization, and formulation across ministries. A TA focal point in each participating ministry will provide administrative support for the conduct of all activities. ADB will attend subcommittee meetings as an observer.

<b>Business Opportunities</b>	
Consulting Services	International and national consultants will be recruited by ADB in accordance with its Guidelines on the Use of Consultants (2010, as amended from time to time). TA implementation is anticipated to require 39.5 person-months of international consultancy and 48.5 person-months of national consultancy. The consultants will be recruited as individuals. The outline terms of reference are in Appendix 3. Disbursements under the TA will be done in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). The duration of the TA will be from 1 January 2013 to 31 May 2014. Office equipment will be procured in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). Upon TA completion, all equipment will be turned over to MNPED. The outputs of the TA will be disseminated through seminars, workshops, and publications.

Responsible ADB Officer	Brimble, Peter J.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Myanmar Resident Mission
Executing Agencies	Ministry of Construction Department of Rural Road Development Yan Aung 2 ward, Area 6, near Shan Lake, Pyinmana, Naypyitaw, Myanmar Ministry of National Planning and Economic Development Office of the Ministers Yangon Union of Myanmar

<b>Timetable</b>	
Concept Clearance	29 Aug 2012
Fact Finding	-
MRM	-
Approval	10 Dec 2012
Last Review Mission	-
Last PDS Update	28 Nov 2012

## TA 8251-MYA

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Dec 2012	05 Feb 2013	05 Feb 2013	30 Jun 2014	30 Jun 2015	30 Sep 2015
Financing Plan/TA Utilization				Cumulative Disbursements	

ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,500,000.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	17 Jun 2022	1,345,493.03

Project Page <https://www.adb.org/projects/46255-001/main>

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