



Country Partnership Strategy

March 2017

Myanmar, 2017–2021 Building the Foundations for Inclusive Growth

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 March 2017)

Currency unit	–	Kyat (MK)
MK1.00	=	\$0.00073
\$1.00	=	MK1,365

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
FY	–	fiscal year
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
SDG	–	Sustainable Development Goal
SES	–	secondary education subsector
TA	–	technical assistance
TVET	–	technical and vocational education and training

NOTES

- (i) The fiscal year (FY) of the Government of Myanmar ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year starts, e.g., FY2016 begins on 1 April 2016 and ends on 31 March 2017.
- (ii) In this report, "\$" refers to US dollars.

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COUNTRY AT A GLANCE

Economic^a	2012	2013	2014	2015
GDP (\$ billion, current) ^b	80.0	62.1	66.3	62.6
GDP per capita (\$, current)	1,579.0	1,214.0	1,275.0	1,193.0
GDP growth (% , in constant prices)	7.3	8.4	8.0	7.3
Agriculture	1.7	3.6	2.8	3.4
Industry	8.0	11.4	12.1	8.7
Services	12.0	10.3	9.1	59.1
Gross domestic investment (% of GDP)	30.9	32.0	32.1	34.9
Gross domestic saving (% of GDP)	36.6	33.8	32.6	31.8
Consumer price index (annual % change)	1.5	5.5	5.5	10.8
Liquidity (M2) (annual % change)	16.2	24.8	26.2	32.9
Overall fiscal surplus (deficit) (% of GDP)	(4.7)	(5.4)	(1.1)	(6.1)
Merchandise trade balance (% of GDP)	1.0	0.2	(3.3)	(6.1)
Current account balance (% of GDP)	(1.5)	(0.8)	(2.1)	(6.2)
External debt service (% of exports of goods and services)	2.2	3.3	2.9	4.1
External debt (% of GDP)	17.1	16.4	13.3	15.5
Poverty and Social	Earlier Year	Latest Year		
Population (million)	52.10 [2011]	52.50 [2015]		
Population growth (annual % change)	0.76 [2011]	0.88 [2015]		
Maternal mortality ratio (deaths per 100,000 live births)	580.00 [1990]	282.00 [2014]		
Infant mortality rate (below 1 year/per 1,000 live births)	77.50 [1990]	40.00 [2015]		
Life expectancy at birth (years)	59.60 [1990]	66.80 [2014]		
Adult literacy (%)	89.90 [2000]	92.80 [2013]		
Primary school gross enrolment (%)	87.70 [2010]	94.50 [2014]		
Population below poverty line (%)		
Population with access to safe water (%)	78.10 [2010]	80.60 [2015]		
Population with access to sanitation (%)	76.60 [2010]	79.60 [2015]		
Environment				
Carbon dioxide emissions (millions tons)		528.40	[2012]	
Carbon dioxide emissions per capita (tons)		0.20	[2011]	
Forest area (million hectares)		29.00	[2015]	
Urban population (% of total population)		34.30	[2015]	
ADB Portfolio (Active Loans)		As of 31 December 2016		
Total number of loans		13		
Sovereign		8		
Nonsovereign		5		
Total loan amount (\$ million)		933		
Sovereign		506		
Nonsovereign		427		
Disbursements				
Disbursed amount (\$ million, 2015)		42.94		
Disbursement ratio (%)		11		

... = not available, () = negative, [] = latest year for which data are available, ADB = Asian Development Bank, ADF = Asian Development Fund, GDP = gross domestic product, M2 = broad money, OCR = ordinary capital resources.

^a Years are fiscal years, ending on 31 March of the following calendar year, e.g., 2014 fiscal year ends on 31 March 2015. Estimates for 2016 will be available upon request.

^b As a result of the adoption by the Central Bank of Myanmar of a managed float exchange rate in 2012, the dollar value of GDP fluctuated.

Sources: Government of Myanmar; International Monetary Fund; Economic and Social Commission for Asia and the Pacific; World Bank; Knoema; and Asian Development Bank publications and estimates.

I. COUNTRY PARTNERSHIP STRATEGY SNAPSHOT

1. **Opportunities.** Myanmar is undergoing a historic transformation towards democracy, a market economy, and peace and stability. A new government took office in 2016 with strong popular support and international goodwill, and is working to enable inclusive and sustainable growth. These efforts will leverage Myanmar's strengths and high development potential, including its strategic location within Asia. The Asian Development Bank (ADB) has a unique opportunity to support Myanmar in this formative period, as outlined in the country partnership strategy (CPS) for Myanmar, 2017–2021.

2. **Development challenges.** While Myanmar has enormous potential, there are significant development challenges that require attention, including (i) meeting deficits in infrastructure and human capital to boost social and economic development; (ii) maintaining macroeconomic and fiscal stability in a challenging global economic environment; and (iii) accelerating the reform process to achieve structural and institutional change; enhance the business environment; improve capacities and governance standards; and address environmental issues and climate change.

3. **ADB engagement.** Following reengagement with Myanmar in 2012, ADB implemented an interim CPS¹; undertook a range of capacity-building initiatives and knowledge work; and made investments in energy, transport, education and training, and urban and rural development. ADB knowledge and capacity building support has contributed to government reforms and strategies. The ADB Myanmar Resident Mission has worked closely with the government, development partners, and other key stakeholders to deliver effective development solutions.

4. **Strategy.** The CPS, 2017–2021 aims to support the government in laying the foundations for sustainable and inclusive economic development, and job creation for poverty reduction. ADB operations will focus on: (i) improving access and connectivity to connect rural and urban areas and markets, and to link Myanmar with the regional and global marketplace; (ii) strengthening human capital to promote a skilled workforce and increased employment, and enable the poor and disadvantaged to benefit from economic growth; and (iii) promoting structural and institutional reform to support the modernization of the economy. In implementing these priorities, infrastructure (energy, transport and urban development) will remain the mainstay of ADB operations; to enhance inclusiveness, this focus will be complemented by support for rural development, and education and training. To help accelerate Myanmar's transformation process, ADB will intensify its focus on capacity development and governance; private sector development; environment and climate change, and disaster risk management; regional cooperation; and gender equity.

5. **ADB value addition.** ADB's concessional financial resources for sovereign lending, and its market-based finance for private sector operations will leverage foreign assistance and commercial cofinancing, helping to address the country's investment deficit. Based on its financial capacity and sector knowledge, ADB will also provide innovative knowledge solutions; support policy reform; foster national and regional connectivity; and pursue a conflict sensitive approach. With a well-established country presence and networks, ADB will act as an honest broker to galvanize development stakeholders around reform programs.

¹ ADB. 2012. *Interim Country Partnership Strategy: Myanmar, 2012–2014*. Manila. This strategy was extended to 2016 in ADB. 2014. *Country Operations Business Plan: Myanmar, 2015–2017*. Manila.

II. COUNTRY DEVELOPMENT CONTEXT

A. Background

6. **Context.** Since its liberalization in 2011, Myanmar has experienced a historic and fundamental transition—from decades of direct military rule to a democratically elected government, from central planning towards an open market economy, and from active conflict in a number of ethnic states to a managed peace process and relative stability in at least parts of the country. Development partners have resumed country operations, and international sanctions have been lifted. The government has initiated wide-ranging economic, social, and governance reforms. These have stimulated economic growth and led to a restructuring of the economy, with improved social indicators and rule of law. The government has an opportunity to leverage the country's strengths, including abundant natural resources, a large and youthful population, and a sizable and largely untapped market. Myanmar's strategic location at the crossroads of Asia, with 40% of the world's population living in neighboring countries, offers substantial benefits for Myanmar and the region.

7. **ADB's reengagement in Myanmar.** ADB reengaged with Myanmar in 2012 following a long absence. Under the interim CPS, 2012–2014 (footnote 1) ADB focused on building relationships and dialogue with the government, civil society, the private sector and other development partners; providing knowledge and capacity-building support; resuming lending operations and building a significant operational program involving sovereign and nonsovereign lending and nonlending activities; and establishing a strong country presence, with offices of the ADB Myanmar Resident Mission established in Nay Pyi Taw and Yangon. ADB now has a historic opportunity to support Myanmar as it accelerates its transition and builds the foundations for inclusive and sustainable growth.

B. Economic and Social Update

8. **Economic.** The economy is narrowly based, with growth driven by natural resource exports (mostly gas), construction, and tourism. Agriculture dominates the economy, accounting for about 29% of gross domestic product (GDP), 52% of employment, and 20% of exports. Manufacturing contributes 20% of GDP, with garments and wood products as the major exports. The informal economy remains large. Reflecting the transformation and reform process, GDP growth has increased steadily, from 5.6% in FY2011 to an average of over 8.0% during FY2013–FY2015. While economic growth may be affected by various factors—including sectoral and price adjustments, the regional and global economy, and commodity prices—Myanmar economic growth will remain rapid in the medium to long-term as a result of ongoing reforms, increasing private sector investment, and new infrastructure projects. Macroeconomic stability remains a priority, and ongoing attention needs to be given to inflation, the fiscal deficit, and the external position including the external current account and foreign exchange reserves. The government has improved financial management, banking supervision and prudential controls, and monetary policy tools, and enacted key legal and regulatory reforms that enhance the business environment.

9. **Social and gender.** Myanmar has made important progress in advancing social development and reducing income-related and broader forms of poverty. Strong growth has contributed to improved living standards, and Myanmar has made some progress towards the

attainment of the Millennium Development Goals.² Nevertheless, Myanmar remains one of the poorest countries in Southeast Asia, with an estimated per capita income of \$1,193 (FY 2015); at least one in four people falls below the national poverty line, with many living just above it. Large numbers of people still face various non-income forms of poverty. There is some evidence that income inequality is increasing, in particular between the urban and rural population, and this is compounded by growing migration. There have been notable improvements in social and economic indicators for women, including in female literacy, educational attainment, and labor participation; and gradual increases in women's nonagricultural employment. However, there are continuing concerns about the quality, relevance, and gender sensitivity of education; low female labor force participation; gender occupational segmentation and wage gaps; challenges related to women's limited access to productive resources such as land, credit, and extension services; the burden of unpaid care work on women and girls; domestic and sexual violence; and unequal access to social services.³

C. Development Challenges

10. **Infrastructure and connectivity.** Myanmar's inadequate infrastructure hinders access to markets and social services and increases transport costs; this compromises the business environment, and is a main cause of poverty and regional inequality. Only 40% of Myanmar's road network is paved, and 20 million people (half of the rural population) lacks access to all-weather roads, while inland waterway and river port infrastructure is also inadequate. Myanmar's power sector is one of the least-developed in Southeast Asia; only 34% of the population has access to electricity, and the existing power infrastructure meets only about half of current demand. The poor quality of and access to infrastructure is exacerbated in rural areas, while basic urban infrastructure and services are insufficient to enable urban centers to serve as poles for economic growth. Weaknesses in urban planning compound the situation. There is potential, however, to take advantage of modern technology to make rapid advances in development, as has been powerfully demonstrated in the telecommunication sector. Over a span of just a few years, wireless telephony has been made readily available for 85% of the population, at affordable prices and with data applications, with far-reaching impact on livelihoods. There is an estimated \$120 billion infrastructure investment gap for 2017–2030 for the transport, energy, and telecommunication sectors; it is probably larger if urban infrastructure is included.⁴

11. **Human capital.** Underdeveloped human capital severely constrains Myanmar's development. Substantial weaknesses in the education system and resulting skills deficits limit the ability of large segments of the population (and particularly poor and disadvantaged groups) to fully participate in and benefit from economic growth. The government has increased the budget for education and taken other important steps to revitalize the education sector. However, while more than 80% of youth now complete primary education, only two-fifths

² Asian Development Bank, United Nations Economic and Social Commission for Asia and the Pacific, and the United Nations Development Programme. 2015. *Making It Happen: Technology, Finance and Statistics for Sustainable Development in Asia and the Pacific*. Manila. UNDP's first progress report on the Sustainable Development Goals (SDGs) in Myanmar is under preparation.

³ ADB et al. 2016. *Gender Equality and Women's Rights in Myanmar: A Situation Analysis*. Manila.

⁴ ADB. 2014. *Myanmar: Unlocking the Potential—Country Diagnostic Study*. Manila.

complete lower secondary education. There are significant disparities—by gender, location (urban vs. rural), and socioeconomic status—in (i) access to education, which widen markedly in secondary education; and (ii) workforce outcomes. Both national and international businesses consistently rate human resource inadequacies among the top constraints to doing business in Myanmar, and report that young people are ill-equipped for employment. In addition to access challenges, the shortage of workers with skills needed in a modern economy (ranging from critical thinking to vocation-specific skills) reflects weak educational quality and relevance, caused by an education system that emphasizes exams and diplomas rather than skills. Education reform, especially in post-primary education—including technical and vocational education and training (TVET)—has a pivotal role to play in developing skilled workers, increasing productivity and competitiveness, and making growth more inclusive.

12. **Rural development.** Almost 70% of the population and the majority of the poor and disadvantaged reside in rural areas; the rural and agricultural sectors thus require priority attention, and offer significant opportunities for achieving inclusive economic growth.⁵ About half of the rural population is landless, with limited sources of income other than casual labor and small businesses, while some 40% of rural households have landholdings of less than 2 hectares. Opportunities for broader integration into agricultural supply chains and development of the rural nonfarm economy in response to growing urban demands remain largely untapped due to uncompetitive returns to labor and land, rural infrastructure gaps, and limited access to markets, diversification of farming systems, and access to financial products suitable for agriculture activities.

13. **Structural and institutional reform.** Managing the shift from a centrally managed and heavily agriculture-based to a market-led economy requires many structural and institutional changes, including (i) a movement of labor, from agriculture to industry and services; (ii) economic diversification, and reduced reliance on resource extraction; (iii) addressing legacy issues involving enterprises owned by the state and linked to the military, and oligarchic businesses, while promoting equity, competition, and transparency; (iv) reducing extensive infrastructure deficits; (v) reintegration with regional and global markets; and (vi) strengthening institutions and increasing capacity in the public and private sectors.

14. **Private sector.** Myanmar's private sector is largely dominated by informal and very small enterprises and farms, with only a few large, modern enterprises; it lacks potentially dynamic mid-sized enterprises to support economic diversification. Priorities for private sector development include: (i) updating the (largely outdated) legal and regulatory framework in line with the requirements for doing business in a modern economy; (ii) formulating policies to promote trade and investment, productivity, and competitiveness; (iii) improving infrastructure and connectivity; (iv) boosting human capital through an increased focus on essential social services such as health, education and training; (v) strengthening the financial sector; and (vi) reforming state-owned enterprises in line with international good practice.

15. **Capacity and governance.** The capacity of the public sector is underdeveloped, and poses a significant challenge to basic service delivery. Myanmar ranks poorly on most global indicators of governance, including corruption and independence of the judiciary. Improving governance and transparency will require strong and sustained reforms, and anticorruption measures need to be vigorously enforced. Public financial management and procurement, although improving, remain characterized by weaknesses in institutional structures, aggregate

⁵ Inclusive and Sustainable Growth Assessment (accessible from the list of linked documents in Appendix 3).

fiscal discipline, allocation of resources, and service delivery. In particular, improvements are necessary in project implementation and related civil service capacity. While legal reforms have been proceeding, stronger enforcement is critical to ensure civil liberties and strengthen the investment climate. The quality, timeliness, and accessibility of Myanmar's economic and social statistics, while improving with ongoing development support, remain poor and constrained by weak institutional and human capacity.

16. **Environment, climate change, and disaster risk.** Many livelihoods in Myanmar, especially in rural areas, depend on natural resources and the environment. However, the environment and the natural resource base are under stress from increased population, commercial exploitation, climate change, and natural disasters.⁶ Unsustainable land and water management practices have led to decreasing forest cover, declining agriculture productivity, and poor water quality. In urban areas, people suffer from inadequate water supply, drainage and sewerage, and solid waste disposal. Myanmar is also highly vulnerable to disasters triggered by natural hazards, with a resulting average annual loss of about 3% of GDP and far-reaching implications, particularly for large numbers of poorer rural households, small businesses and farmers, and marginalized groups.⁷ Myanmar is highly sensitive to climate change, including sea-level rise, warming sea surface temperatures, salt water intrusion in its river deltas, prolonged droughts, and the impacts of shifting weather patterns on agriculture. Efforts are underway to strengthen technical, legal, and financial capacities to reduce risk and mitigate the effects of climate change.

17. **Conflict.** Poverty is unavoidably interlinked with conflict in Myanmar, where continuous civil conflict predates the country's independence in 1948. Many ethnic communities in and around conflict areas have limited access to basic services or markets, feel marginalized, and have historically placed little or no trust in the government. In many areas, traditional state services are delivered by non-state actors. Intercommunal tensions and violence, often based on religion, ethnicity, or access to resources, have escalated. Lasting peace and protection of the rights of minorities will be critical for inclusive development in ethnic areas, but may take years to achieve. In this regard, ADB has made considerable efforts to ensure that all ADB projects incorporate conflict-sensitive principles and focus on inclusivity.

III. COUNTRY STRATEGY FRAMEWORK

A. Lessons from Previous Strategy

18. **Interim country partnership strategy.** The CPS draws on lessons from the interim CPS for Myanmar, 2012–2014 (extended to 2016), which provided a framework for ADB's progressive reengagement with Myanmar. The interim CPS focused on building human

⁶ Myanmar is at high risk from natural hazard related disasters and from the potential impact of climate change because (i) of its geographical location and presence of natural hazards, (ii) exposure of people and assets to natural hazards, and (iii) existing socioeconomic vulnerabilities.

⁷ United Nations. 2015. *Global Assessment Report 2015*. New York. Myanmar is ranked among the three most vulnerable countries to extreme weather events.

resources and capacities, promoting an enabling economic environment, and creating access and connectivity. The implementation of the interim CPS is considered successful.⁸

19. **Lessons.** Key lessons from the interim CPS include the following: (i) there should be a strong emphasis on knowledge services and partner coordination in the early stages of reengagement; (ii) an initial broad strategic approach has value to identify areas in which ADB has comparative advantages; (iii) ongoing efforts to increase focus are critical, as many partners are providing external assistance in some areas, and ADB's resources are limited; (iv) there are distinct benefits from coordinating efforts geographically and systematically addressing cross-cutting issues such as conflict sensitivity and stakeholder engagement; and (v) sustainable capacity building is a gradual and long-term process, which should evolve from project-specific approaches to sector and country-system development activities. Drawing on these lessons, the interim CPS final review and its validation recommend that the proposed CPS (i) sharpen the sector focus, (ii) consider a long-term approach to priority sector development, (iii) improve support for capacity development, (iv) intensify support for private provision of infrastructure services, (v) foster integrated corridor development approaches, (vi) align projects in ADB priority activities with ongoing efforts at decentralization, (vii) maintain efforts at integrating conflict sensitivity and stakeholder engagement throughout the project cycle, and (viii) redouble efforts to coordinate with other development partners.

20. **Portfolio performance.** Myanmar's ADB portfolio is relatively young, with the first investment project approved in December 2013. Overall, the implementation of projects and technical assistance (TA) has been relatively slow, due to complex, unclear or undocumented government procedures; capacity constraints among civil servants; lack of familiarity of national consultants, contractors, suppliers and manufacturers with ADB policies and procedures; and the lack of familiarity of ADB staff with the operating environment. ADB has reinforced measures to address project implementation challenges through targeted capacity building, as well as collaboration with the Japan International Cooperation Agency and the World Bank through an annual joint country portfolio review process, which was initiated in 2015 to work with the government to address common project implementation issues.⁹

B. National Development Strategy

21. The new administration that came into power in April 2016 has outlined its key policy priorities, and is working to develop more comprehensive economic and sector strategies and plans.¹⁰ The key priorities to guide government policy-making include (i) national reconciliation; (ii) internal peace; (iii) the emergence of a constitution that will produce a democratic, federal union; and (iv) the improvement of the quality of life of the people. The economic vision is to achieve inclusive and sustainable economic development with national reconciliation, equitable development, protection of natural resources, and job creation as overarching goals. Economic policy priorities include fiscal prudence, reforming state-owned enterprises, fostering human capital, improving infrastructure, generating employment opportunities, developing the

⁸ ADB. 2015. *Interim Country Partnership Strategy for Myanmar, 2012–2014: Final Review*. Manila; ADB. 2016. *Country Partnership Strategy for Myanmar, 2012–2014: Final Review Validation*. Manila.

⁹ The joint action plan to address implementation challenges focuses on the areas of operational procedures, procurement, financial management and auditing, social and environmental safeguards, and monitoring and evaluation.

¹⁰ National League for Democracy. 2015. *National League for Democracy 2015 Election Manifesto*. Nay Pyi Taw and Yangon; Government of Myanmar. 2016. *Economic Policy of the Union of Myanmar*. Nay Pyi Taw; and key policy speeches and statements by the President, the State Counsellor, and other members of the cabinet.

agriculture sector, promoting private sector development, developing the financial sector, achieving sustainable cities, implementing tax reforms, strengthening property rights, and improving competitiveness in the context of the Association of Southeast Asian Nations economic community. The new administration developed a number of strategies and plans in key areas such as transport, energy, education, agriculture and rural development, private sector development, gender, and disaster risk reduction. The government has committed to achieving the Sustainable Development Goals (SDGs) and initiated a program to develop key indicators.

22. The government has formed the Development Assistance Coordination Unit, chaired by the State Counsellor, to improve the coordination and effectiveness of development assistance to Myanmar. The Development Assistance Coordination Unit is tasked with identifying priority areas for development assistance, developing a national policy for development assistance, recalibrating the sector-level coordination structure, reviewing development loans and TA projects, and facilitating project delivery.

C. Role of Development Partners

23. Development partners have responded to the country's liberalization with a rapid increase in foreign assistance, formulation of new or revised country strategies and programs, and establishment of new country offices with significant staffing increases. ADB will continue to be an active contributor to the government-led aid management system, participating in the cooperation partners group, serving as a development partner co-chair for the electric power and transport sector working groups, and serving as a key member of other sector working groups. ADB will continue to support the government and development partner community in strengthening aid coordination efforts and formulating measures to enhance aid effectiveness. The CPS has been prepared in coordination with other development partners.¹¹

D. ADB Strategic and Thematic Objectives and Public and Private Sector Operational Priorities

1. Country Strategy

24. **Strategy.** The CPS will support the government in achieving sustainable and inclusive economic growth and creating jobs to reduce poverty. ADB's operations will focus on three strategic areas: (i) improved access and connectivity to address the critical infrastructure needs of Myanmar, to connect rural and urban areas and markets, and to link Myanmar's businesses with its neighbors and the global marketplace; (ii) strengthened human capital to promote a skilled workforce, increased employment for men and women, and make growth more inclusive, including by enabling the poor and disadvantaged to benefit from economic growth; and (iii) structural and institutional reform to support the transformation and modernization of rural and urban economies, strengthen public and private institutions, and enhance the implementation of ambitious policy reforms.

¹¹ Development Coordination Matrix (accessible from the list of linked documents in Appendix 3).

25. **Focus.** Infrastructure development (energy transmission and distribution, transport infrastructure upgrading, and urban infrastructure) will be the mainstay of ADB operations. To enhance inclusiveness, the infrastructure focus will be complemented by a long-term commitment to supporting education and training (secondary education and TVET), and rural development (agricultural irrigation and value chains along economic corridors). These focus areas are of fundamental importance to the country's development, which requires access to sound transport networks, electricity, and urban infrastructure; and a skilled workforce to build a modern economy, transform the rural sector and support structural change, boost productivity, create quality jobs, and ultimately improve livelihoods. The CPS will incorporate a regional focus, linked with ADB's subregional cooperation efforts, to boost connectivity and assist development at the regional, state and local levels. ADB will seek opportunities to promote innovation across its operations, including transformative technologies, international best practice approaches, and process innovation. The strategy provides for a degree of flexibility to respond to evolving needs and priorities in Myanmar's highly complex and rapidly changing development context.

26. **Inclusiveness and sustainability.** ADB will support inclusive and sustainable growth (footnote 5) in Myanmar through investments and knowledge support in the areas of (i) transport, power transmission and distribution, and urban development that enhances access to economic opportunities and basic services; (ii) education and training that expands human capacities and promotes better employment outcomes, in particular for disadvantaged groups; and (iii) disaster risk reduction to reduce vulnerability to shocks and the risk that people are forced into extreme deprivation. Because the vast majority of the population, and the poor, resides in rural areas, ADB will prioritize rural development and support to agriculture diversification and productivity enhancement, both on-farm and off-farm, as key drivers of inclusive growth. ADB will support the government in achieving the SDGs, promote participation and consultation with key stakeholders through a context-sensitive approach, and mainstream gender equity in its operations.

27. **Alignment.** The strategy is aligned with national priorities and policies, consistent with ADB's policies and strategies,¹² and based on consultations with the government, other development partners, civil society, business and other key stakeholders. It builds on the substantial economic and sector knowledge that has been produced, and effective networks and partnerships that have been established, and seeks to deepen these in the main areas of assistance. It pays careful attention to the local context and subjects all ADB operations to context sensitivity analysis and measures.

2. Priority Sectors

28. **Infrastructure.** ADB will prioritize support for addressing Myanmar's infrastructure deficits in transport, energy, and urban areas, where it will allocate at least 80% of its financial country envelope. To ensure effectiveness and inclusiveness, ADB will pay careful attention to the quality and impact of its infrastructure investments in terms of equal access and benefits for women and men; synergies and partnerships; institutional, legal and regulatory reforms; private sector participation, where feasible; project design and implementation (procurement, financial management, and safeguards); and promotion of income opportunities from civil works

¹² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila; ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

activities, including operation and maintenance, for both men and women in local communities. Efforts will be made to make rapid development advances by promoting relevant new technologies and innovation.

- (i) **Transport.** ADB will help to develop rural–urban and regional transport networks to enhance access and connectivity to markets and services for poor and rural communities. ADB activities will significantly reduce transportation costs by modernizing or building segments of regional and national transport corridors, and developing rural road networks. Assistance will be aligned with government investment priorities as well as ongoing government reform initiatives, and build on ongoing ADB support, to modernize and improve the efficiency of the transport sector. ADB will initially focus on helping to further develop the East–West corridor linking Yangon to Thailand, as well as to improve rural road connectivity. Investments will be complemented by supporting policy reform and capacity building, including institutional restructuring; seeking opportunities for private sector participation, where feasible; and driving efforts to enhance the positive impacts of road networks on (rural) communities.
- (ii) **Energy.** ADB will emphasize power transmission and distribution (sovereign operations) and power generation (nonsovereign operations) in support of the government’s vision of achieving universal electrification, which will be delivered by a commercially operated power industry that supplies reliable and cost-effective electricity using private and public sector resources. ADB assistance will be closely aligned with the government’s priorities, including energy and power-related plans and policies. ADB’s sovereign operations will emphasize a long-term approach to developing the power transmission and distribution networks, considering the ongoing activities by a number of other development partners in rural electrification and given considerable private sector interest in power generation. In view of recent developments in regional power trade, cross-border transmission lines may be considered. ADB’s nonsovereign operations will proactively pursue opportunities for investments in clean energy. Policy reforms and capacity building, and support for public–private partnerships (PPPs) and regional integration, will continue.
- (iii) **Urban infrastructure and services.** ADB will support the rehabilitation and development of urban infrastructure and services (including water supply, wastewater, solid waste, urban flood protection, and urban transport), which are essential in addressing sprawling urbanization in terms of basic service delivery and improved public health, and in creating opportunities for private sector employment. Municipal financial management and urban service operations need to be strengthened to improve sustainability and service quality. Modern spatial planning and urban management will be a critical part of ADB interventions to facilitate urbanization as a driving force for economic growth. ADB support will focus on strategic urban locations along selected transport corridors, including Yangon, to maximize the economic benefits of increased traffic and trade by developing the cities as economic activity nodes.

29. **Rural development.** ADB will undertake investments to modernize irrigation and associated asset management, and promote agribusiness value chains along selected economic corridors, in which women play a major role and are major beneficiaries. Reflecting the priority of creating access and opportunities for rural communities and promoting structural change, ADB will carefully calibrate its investments in other core sectors (infrastructure, and education and training) to focus on rural areas where possible. Specifically, enhanced infrastructure and connectivity between rural communities and urban growth centers will improve access to markets and social services. ADB will seek to leverage international climate change and food security-related financing opportunities to promote sustainable land and water management to reduce land degradation, improve agricultural productivity, and conserve biodiversity. Activities in rural access to finance (particularly microfinance and small entrepreneurs, and women's financial inclusion), climate change adaptation and mitigation, disaster risk management, and private sector development will complement the impacts of the main infrastructure, education, and agriculture investments in rural areas.

30. **Education and training.** ADB will continue to assist government efforts to enhance the role of the secondary education subsector (SES) and TVET in equipping young women and men for the workplace, as a prerequisite to economic modernization and inclusive growth, including promoting women's entry into modern sector wage employment. In particular, ADB will focus on supporting cohesive reforms to realign SES and TVET to jointly meet evolving labor force needs. This will include support to the implementation of SES curriculum reforms aimed at improving learning and workforce outcomes for males and females, while ensuring gender sensitivity. ADB will also support the expansion of new competency-based TVET programs targeted at disadvantaged youth and unskilled workers, including promoting entry by females into traditionally male-dominated occupations.

3. Priority Themes

31. To accelerate the transformation process and support inclusive and sustainable development, the following themes will guide ADB's Myanmar programs:

- (i) **Capacity development and governance.** ADB will help strengthen public sector capacity and institutional structures necessary for the improved delivery of government services, and the effectiveness of international development assistance. An integrated approach to capacity development will be pursued that links project-specific activities, which were the focus during the interim CPS, to adjustments in institutional structures and systems resulting from sector reforms and evolving government needs. Capacity development initiatives will be improved through better coordination and enhanced delivery methods and approaches. The long-term approach for priority sectors, as pursued under the CPS, will help build the capacity of respective government counterpart agencies. ADB sector interventions will incorporate a focus on institutional strengthening, sector planning, and policy development. Support to legal and regulatory reform in core sectors will strengthen the governance framework and enhance local capacity. Efforts will be made to accelerate the delivery of ADB programs to ensure that assistance achieves expected results in a timely fashion; this will include further work to develop environmental and social safeguards, and to strengthen public financial management, procurement and project implementation capacity both at the national and state and regional levels. ADB will support evidence-based reforms and planning, including by strengthening national statistics and analytical capacity. ADB will also continue to strengthen its

own capacity to deliver projects in Myanmar, including through a focus on knowledge work, staff development, and context sensitivity.

- (ii) **Private sector.** ADB will help to harness the private sector as the engine of growth and job creation. In addition to ADB support for the strengthening of infrastructure and human capital (which are binding constraints to private sector development in Myanmar), ADB will work to (i) strengthen the business environment by supporting policy reforms in sustainable macroeconomic and public financial management (including elements of state-owned enterprise reforms and corporatization), streamlining regulations that place a disproportionate burden on small and medium-sized enterprises, and enhancing logistics and infrastructure; (ii) enhance access to finance, particularly for small and medium-sized enterprises, by supporting legal, regulatory and institutional reforms, harnessing of new mobile and digital finance technologies, supporting trade finance, and related capacity building; (iii) leverage private sector finance by supporting the establishment and implementation of a systematic national public–private partnership program, based on a sound policy, legal, and institutional framework, and including capacity building and promotion of project development financing options in key ADB priority activity areas; and (iv) catalyze, structure and fund investments in private companies (nonsovereign operations).¹³ ADB will continue to maximize synergies between sovereign and nonsovereign operations.
- (iii) **Environment, climate change, and disaster risk management.** ADB will mainstream environment, climate change, and disaster risk considerations into its sector analysis, planning, and project design, including developing and strengthening Myanmar’s country systems for environmental and social safeguards to promote the environmental and social sustainability of infrastructure projects.¹⁴ ADB will promote the integration of climate change adaptation and disaster risk management, particularly in infrastructure projects, and strengthen institutions and capacities at the central, state and regional, and local levels to reduce climate and disaster risk, and manage residual risk through disaster risk financing and improved preparedness mechanisms. ADB will align its program with Myanmar’s Nationally Determined Contribution;¹⁵ improve coordination and strengthen links between national and regional programs on climate change and the environment; and leverage climate change financing to support climate change mitigation and adaptation, particularly in infrastructure projects and disaster risk management-related interventions.

¹³ Priority sectors for ADB’s nonsovereign operations will include (i) infrastructure (energy and power, transport and logistics, water supply, agricultural development, telecommunications, public–private partnerships (PPPs), and urban and social infrastructure and services); and (ii) finance (banking, trade finance, other financial intermediation, and access to finance for small and medium-sized enterprises).

¹⁴ Environmental and social safeguard-related capacity will be strengthened at the national and project levels through targeted support to developing and implementing social and environmental impact assessment procedures and guidelines.

¹⁵ Government of Myanmar. 2015. *Myanmar’s Intended Nationally Determined Contribution*. Nay Pyi Taw.

- (iv) **Regional cooperation and integration.** ADB will help Myanmar capitalize on its strategic geographic location by improving connectivity with neighboring countries, largely by strengthening selected economic corridors and enhancing competitiveness.¹⁶ This will introduce a geographic focus to ADB operations. Through its regional programs in the Greater Mekong Subregion (GMS), as well as other subregional economic cooperation programs, ADB will support Myanmar in (i) strengthening value chains along the economic corridors to promote inclusive growth, including by developing urban and related infrastructure, and boosting safe and environment-friendly food production and trade; (ii) advancing regional public health and other regional public goods to address constraints to inclusive development;¹⁷ and (iii) supporting sustainable and inclusive business and tourism development, with synergies arising from operations in transport, environmental protection, climate change, and human resource development and employment creation. ADB will also support cooperation among developing member countries, and joint policy exchange and dialogue between Myanmar and other ADB members.
- (v) **Gender equity.** ADB will mainstream gender equity into its operations by conducting gender analyses and incorporating a gender perspective in all key policy reviews and sector strategies and plans; embodying gender elements in projects where relevant through gender action plans and assistance for their implementation; and supporting efforts to increase women's access to public infrastructure and services as well as skills development, employment, and entrepreneurship opportunities. ADB will also strengthen collection, analysis, and use of sex-disaggregated data and gender statistics.

32. **Context sensitivity and consultations.** To enhance development effectiveness, ADB will mainstream into its operations (i) context sensitivity, by incorporating context- and conflict-sensitive approaches in all aspects of the CPS implementation;¹⁸ and (ii) stakeholder engagement and partnerships, by maintaining and further strengthening partnerships with development partners and proactively supporting aid coordination mechanisms; and directly engaging and closely coordinating and cooperating with civil society, nongovernmental organizations, and local communities on strategic and operational issues of mutual interest.

E. Priorities for Knowledge Support

33. **Knowledge solutions.** To help address substantial knowledge gaps and provide knowledge solutions to support government's efforts to stimulate transformational change, the CPS builds on a knowledge management plan (Appendix 2), which will be regularly updated. ADB will (i) generate and disseminate knowledge solutions tailored to the Myanmar context, ranging from informal on-demand support, to major knowledge products and the introduction of innovation through projects; (ii) advance the use of the knowledge content of operations; (iii) access knowledge from local and international institutions; and (iv) deliver an agreed number of knowledge products each year through a cooperative approach that responds to country needs

¹⁶ Initially the GMS East–West Economic Corridor from Yangon to Bangkok via Mae Sot in Thailand, and the GMS Northern Corridor from India to the People's Republic of China through Mandalay.

¹⁷ Including projects to address cross-border issues related to HIV/AIDS, malaria, and other communicable diseases.

¹⁸ The basic approach subjects all ADB operations to context sensitivity analysis and actions, raises awareness and capacity among key stakeholders of ADB-financed projects, and provides in-depth training and resources for ADB staff operating in conflict-affected areas.

and government priorities. ADB will also strengthen dissemination of knowledge to stakeholders regarding ADB operations.

IV. STRATEGY IMPLEMENTATION

A. Indicative Resource Parameters

34. **Resources.** The indicative special allocation of concessional funds for Myanmar is \$1.4 billion for 2017–2020, with an additional indicative \$200 million expected from concessional funds earmarked for regional investment projects. The final country allocation will depend on the available commitment authority. The indicative annual Technical Assistance Special Fund allocation is \$4 million, and ADB will seek an increasing focus on capacity development as options are explored for project preparation and implementation support to be covered within the project allocations. ADB will seek regional advisory and other funding sources to support TA activities. Building on high levels of ongoing commitments, ADB will continue to proactively seek opportunities for nonsovereign investments (private sector operations). ADB will emphasize catalyzing resource flows, including from the domestic economy, and leveraging ADB resources through concessional funds and commercial cofinancing.

35. **Cost-sharing arrangements.** Under established agreements with the government, the country cost-sharing ceiling for loan and TA projects remains unchanged. Individual loan and TA projects may be provided with ADB financing for up to 99% of total project costs.

36. **Staff resources.** ADB's staffing needs to implement the CPS are evolving as operations expand, project implementation is delegated to the ADB resident mission, and the demand for knowledge work increases. ADB will regularly review and assess staffing needs to ensure an appropriate level and mix of staff are assigned to effectively implement the CPS, taking into account the complex development context and challenges associated with operating a resident mission with offices in two cities (Nay Pyi Taw and Yangon).

B. Implementation Priorities

37. **Use of suitable modalities.** ADB will provide a range of assistance modalities that respond to the evolution of the country's needs, capacities, and policy and planning frameworks. In the initial CPS years, ADB will focus on investment projects and closely linked knowledge support and capacity development TA to help Myanmar build foundations for long-term inclusive development. Initial support for system-building via investment projects and TA will also provide a basis for exploring the introduction of additional modalities such as sector development programs, multitranches facilities, and results-based and policy-based lending, as appropriate. ADB will use the Technical Assistance Special Fund and other grant financing sources to support TA projects as well as regional cooperation, and smaller-scale community-oriented activities. To meet the increasing potential for private sector operations, and to leverage private sector finance, loans, equity and guarantees will be provided to private sector sponsors.

38. **Portfolio quality improvement.** ADB will prioritize portfolio quality and efficiency in the CPS period to ensure development effectiveness. To improve the effectiveness of project implementation, reinforce portfolio quality, and enhance the use of country systems, ADB will (i) further strengthen the implementation of fiduciary safeguards; (ii) selectively and gradually

increase the delegation of projects to the ADB resident mission to improve project administration through closer and more intensive cooperation with clients; (iii) improve adherence to ADB project readiness filters and application of advance actions before project start-up; (iv) build absorptive, management, and technical capacity of executing and implementing agencies, including project management units, to speed up internal government approvals and workflows, particularly in procurement and financial management; (v) help develop national consulting and contracting industries; and (vi) maximize synergies between ADB activities. ADB will continue to work closely with the government, Japan International Cooperation Agency, and the World Bank in addressing portfolio implementation issues through the joint country portfolio review process.

C. Monitoring of Results

39. CPS implementation will be monitored using improved country and sector results frameworks that are updated annually during the country portfolio review and country programming missions.¹⁹ Specialists will analyze sector outcomes in collaboration with executing agencies and cofinanciers, and strengthen their monitoring and evaluation capacity, including databases and systems of data collection, storage, and retrieval. A degree of flexibility will be retained, in view of the rapidly evolving development situation in Myanmar. Progress and priorities will be reviewed in the course of annual country operations business plan and country portfolio review processes, and may be adjusted as necessary.

D. Risks

40. **Country-level risks.** ADB's operations are exposed to risks associated with Myanmar's ability to maintain the momentum of the economic reform program; the macroeconomic vulnerabilities and the limited depth of Myanmar's economic structure; political economy factors; and ethnic and sectarian conflict. ADB, along with other development partners, will help mitigate these risks by supporting the government through technical and financial support, dialogue, and consultation and participation with a wide range of development stakeholders. ADB will continue to work with the government to improve and increase the use of country systems and to strengthen the accountability and transparency of public services.

41. **ADB-specific risks.** Effective implementation of ADB's country program will require overcoming, through technical support and effective development partner coordination, capacity and institutional weaknesses and underdeveloped country systems. ADB prioritizes project management and implementation in the CPS period, including measures to mitigate procurement, financial management, and corruption risks in its operations. Moreover, ADB has taken measures that take into account the context-sensitive nature of the environment, where conflict and political economy considerations play an important role in determining development effectiveness; these include adopting a conflict-sensitivity approach, a geographic operational focus under the CPS, and making special efforts to engage and consult with local stakeholders and civil society organizations (including establishment of a civil society advisory group).

¹⁹ Country Partnership Strategy Results Framework (Appendix 1).

COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK

Country Development Impact Indicators with which the CPS is Aligned:				
1. Proportion of population living below the national poverty line declines significantly by 2021. 2. Growth rate of GDP averages between 7% and 8% between 2017 and 2021. 3. Growth of quality formal sector jobs increases substantially by 2021.				
CPS Objectives and Related Impacts	CPS Priority Areas	Key Outcomes that ADB Contributes to	Outcome Indicators	CPS Resources
Improved access and connectivity	<ul style="list-style-type: none"> Improve physical connectivity Connect urban and rural areas Link business to regional and global markets Build the power transmission and distribution network 	<ul style="list-style-type: none"> Modern transport infrastructure and better connectivity Enhanced connectivity between domestic and international markets Greater availability, reliability, and affordability of electricity supply Increased capacity and operational efficiency of power transmission and distribution Urban centers serving as growth poles along economic corridors 	<ul style="list-style-type: none"> Share of rural households with access to an all-season road increases from 36% in 2013 to 41% by 2021 Transport costs between Yangon and the Thailand border at Myawaddy reduced by 30% in 2021, from \$20 per ton in 2013. Households with an electricity connection increased from 34% in 2016 to 65% by 2025 During 2016–2025, capacity of transmission network increased by 700 MVA During 2016–2025, capacity of rural distribution systems increased by 530 MVA Population with access to safe water increases to 90.0% in 2021 (80.6% in 2015) Population with access to sanitation increases to 90.0% in 2021 (79.6% in 2015) 	Ongoing portfolio Ongoing sovereign loan and investment grant projects (as of 31 December 2016): Number: 10 projects Amount: \$358.35 million Planned operations and contribution: Sovereign
Strengthened human capital	<ul style="list-style-type: none"> Build a skilled and competitive workforce Promote employment in modern, higher value-added sectors Enable the poor and disadvantaged to participate in economic 	<ul style="list-style-type: none"> General-track education and TVET strategically realigned to meet industry skill needs Decreased skill constraints faced by employers Improved and more equitable learning outcomes and workforce prospects for youth Increased flow of skills from secondary 	<ul style="list-style-type: none"> Myanmar's ranking in the fifth pillar^a of the Global Competitiveness Index improves from 134 out of 140 in 2015^b to 124 out of 140 in 2025 Share of employers that find the education system provides needed skills rises from 19% in 2014 to 50% in 2025 Share of youth aged 16–18 years in poor households having completed at least lower secondary education rises from 30% (29% for females, 31% for males) in 2010 to 60% for both females and males in poor households in 2025 Share of youth aged 18–22 years who are either still in education or employed in nonagricultural wage jobs rises from 32% for females and 41% for males in 2014 to 50% for both females and males in 2025 	Lending: \$2.0 billion of concessional OCR and \$170 million of cofinancing for 2017–2021. Additional cofinancing will be sought during the CPS period.

CPS Objectives and Related Impacts	CPS Priority Areas	Key Outcomes that ADB Contributes to	Outcome Indicators	CPS Resources
	growth	education into the economy <ul style="list-style-type: none"> • Increased flow of skills from TVET into the economy 	<ul style="list-style-type: none"> • Proportion of final-year upper secondary education students passing the matriculation exam rises from 29% (31% for females, 28% for males) in 2016 to 75% for both females and males in 2022 • Share of workers aged 18–22 years having completed at least lower secondary education rises from 33% (33% for females, 32% for males) in 2014 to 60% for both females and males in 2025 • Share of workers aged 18–22 years with any TVET in industry-related skill areas rises from 0.4% for females and 1.0% for males in 2010 to 4.0% for females and 5.0% for males in 2025 	Technical assistance Nonlending: \$20.00 million of TASF and \$15.25 million of cofinancing for 2017–2021
Promote structural and institutional reform	<ul style="list-style-type: none"> • Modernized urban and rural economies along economic corridors • Strengthened public and private institutions and capacity • Private sector development, including direct support for PPP activities • Ongoing policy reforms 	<ul style="list-style-type: none"> • Improved urban and rural services • Stronger resource mobilization and private sector-led growth • Increased transparency in public sector operations and enterprises • Enhanced enabling environment for business • Strengthened country systems 	<ul style="list-style-type: none"> • Increased funds raised from the private sector to fund infrastructure services • At least two successful PPP projects processed by 2021 • Commercialization and diversification of non-paddy cropping (oilseeds, pulses, beans, and horticultural crops) increases from 48% in 2016 to 58% by 2021 • Extension of good agriculture practices and climate-smart agriculture^c provided to 30,000 farmers by 2021, of which 30% are women • Irrigation management improved through new system operation manuals; technology pilots; and training of 80 IWUMD staff and 700 leader farmers, including 30% women, in tertiary and field-level water management, and their organization into gender-sensitive water user groups^d by 2021, with at least 30% female membership of the committee (2016 baseline: no manuals, pilots, training, or water user groups; 20% female participation in irrigation management)^e • Formulation of new national irrigation policy including arrangements for water user groups and for irrigation system O&M financing 	

ADB = Asian Development Bank; CPS = country partnership strategy; GDP = gross domestic product; IWUMD = Irrigation, Water Resources Utilization and Management Department; MVA = megavolt-ampere; O&M = operation and maintenance; OCR = ordinary capital resources; PFM = public financial management; PPP = public–private partnership; TASF = Technical Assistance Special Fund; TVET = technical and vocational education and training.

^a Refers to enrolment and quality of education in secondary and higher education as well as training.

^b World Economic Forum. 2015. *The Global Competitiveness Report, 2014–2015: Full Data Edition*. Geneva.

^c The agriculture that sustainably increases productivity, enhances resilience, reduces mitigation where possible, and enhances achievement of national food security and development goals.

^d The process of establishment of water user groups will involve deliberate and systematic consultations with women to ensure that their requirements are appropriately reflected in the structure and functioning of these groups.

^e Based on surveys in Natmauk and Chaunmagyi irrigation systems.

Source: ADB estimates.

COUNTRY KNOWLEDGE PLAN

A. Knowledge Needs

1. **Opportunities and challenges.** After decades of isolation and detachment from mainstream economic and social development, Myanmar is quickly growing and integrating with regional and global economies. The government has the historic opportunity to leverage the country's strengths and high development potential, including its strategic location in Asia, which offers huge benefits for Myanmar and the region. Myanmar's development challenges require priority attention in the areas of macroeconomic stability, infrastructure development, human capital, and reforms towards inclusive growth, improved governance, effective public sector management, regional integration, and a conducive business environment. Myanmar's transformation towards a modern, competitive economy will require massive investment in physical and social infrastructure, as well as a strong focus on capacity building and knowledge solutions. Myanmar can learn from the experiences of other countries (regionally and globally), and accelerate its development by making appropriate use of lessons and innovative approaches.

2. **ADB's approach.** The Asian Development Bank (ADB) reengaged with Myanmar in 2012, after an absence of over 20 years, and is working to support Myanmar in addressing binding constraints to development. ADB has been learning from its interactions with the people and organizations in Myanmar, and is incorporating this knowledge into its operations to improve relevance and responsiveness to national needs and priorities. ADB is also offering its accumulated regional and global experience and good practice. This mutual learning approach is being firmly embraced, and is considered an important opportunity by all involved. ADB will need to overcome the challenges of effective knowledge management in the context of a rapid increase in foreign development assistance to Myanmar, which requires close coordination with many development partners. To support Myanmar in capturing and effectively applying knowledge to shape national reforms, ADB is tapping its intellectual assets through a flexible, needs-driven, and tailored approach, emphasizing joint learning and the delivery of intangible know-how as much as formal knowledge products and services, in close coordination with key development stakeholders.

3. **Country knowledge plan.** The country knowledge plan (CKP) details ADB's knowledge support as an integral part of the Myanmar Country Partnership Strategy (CPS), 2017–2021. The CKP describes the context for providing knowledge; outlines the principles for identifying and implementing knowledge activities; and indicates the scope of planned knowledge operations, collaboration with partners, lessons from past operations, and knowledge systems and resourcing. This is ADB's first CKP for Myanmar.

B. Scope of ADB's Planned Knowledge Operations

1. Principles

4. The CKP recognizes the challenges of operating in Myanmar's complex and rapidly changing development context. It identifies a set of key principles to guide decisions on the identification and implementation of knowledge activities to be delivered. They will enable ADB to amplify the impact of its overall operations.

- (i) **Operational relevance and alignment.** Myanmar knowledge activities will be an integral part of ADB assistance. They will support the medium-term CPS, 2017–

2021 and successive annual country operations business plans. ADB knowledge activities will generally derive from the operations cycle and inform improvements in future operations. ADB will proactively review its Myanmar operations, and use that knowledge to improve its program of assistance.

- (ii) **Flexibility and responsiveness.** ADB will carry out knowledge activities that are responsive to country needs and client priorities. Emphasis will be placed on knowledge activities that maximize synergies between various activities under the CPS, and on encouraging country team members to seek innovative knowledge solutions in their respective areas.
- (iii) **Rapid response.** ADB will seek to provide rapid response to relevant client requests for information, data, analysis, and other knowledge. Such response will naturally have to take into account staff and budgetary constraints, and work plan commitments.
- (iv) **Context sensitivity.** As with all development activities in Myanmar, knowledge activities need to be carefully designed so they are appropriate to and reflective of the country context. This includes sensitivity to ethnic and religious issues, the conflict and peace process, and governance issues, such as the government's interaction with the population.
- (v) **Stakeholder engagement.** ADB knowledge activities will aim to enhance cooperation with key stakeholders, including the government, private sector, civil society, media, research institutes, educational institutions, and parliament, and stimulate interaction between these groups.
- (vi) **Development partner coordination.** ADB will work closely with development partners to coordinate the production and use of knowledge in Myanmar. A strategic, coordinated approach to knowledge support will reduce duplication and enhance policy dialogue with the government.
- (vii) **Shared learning.** ADB will support cooperation among developing member countries, and joint policy exchange and dialogue between Myanmar and other ADB members. This will include international sharing of selected insights on Myanmar's own development experience, as well as learning from ADB operations.
- (viii) **Measuring outcomes.** Knowledge support outcomes will align with ADB sector results frameworks under the CPS. These outcomes may be evaluated against measurable outcome targets. For knowledge creation and dissemination supported through technical assistance (TA), ADB may consider various types of monitoring and evaluation tools to assess the policy influence of knowledge outputs.

5. Focus

5. ADB will prioritize and target the delivery of knowledge products and services and other knowledge solutions in line with three strategic thrusts set out under the CPS: (i) improved access and connectivity, (ii) strengthened human capital, and (iii) structural and institutional reform. ADB will support the government in achieving sustainable and inclusive economic growth and job creation for poverty reduction through a focused, long-term approach in the priority sectors of energy, transport, education and training, urban infrastructure and services, and agriculture and rural development, and will blend investment activities with policy reforms. To accelerate the transformation, ADB's Myanmar programs will focus on the following priority themes: (i) capacity development and governance; (ii) private sector development; (iii) environment, climate change, and disaster risk management; and (iv) regional coordination and

integration (with a geographic focus on selected economic corridors); and (v) gender equity. Synergies between sovereign operations and private sector operations will be maximized.

6. **Access and connectivity.** To supplement ADB investments in improved access and connectivity, knowledge products and services will be provided with particular attention to modernizing and improving transport sector effectiveness and efficiency. Energy sector knowledge support will focus on public–private partnerships and regional integration. In supporting urban infrastructure, ADB will help municipalities strengthen their financial management and corporatize urban service operations to ensure service sustainability and quality. Modernized urban management and spatial planning will also be critical elements of ADB’s knowledge solutions. Rural development knowledge support will focus on access to finance, climate change adaptation and mitigation, disaster risk management, and private sector development.

7. **Human capital.** In strengthening human capital, ADB will prioritize its knowledge support to promote cohesive approaches to realigning the secondary education subsector and technical and vocational education and training (TVET) to jointly meet evolving labor force needs, including the secondary curriculum reforms aimed at improving learning and workforce outcomes, and the expansion of new competency-based TVET programs targeted at disadvantaged youth and unskilled workers.

8. **Structural and institutional reform.** ADB’s knowledge products and services for structural and institutional reforms cover infrastructure sectors and rural development. These contribute to improving service delivery efficiency, strengthening sector management and policy implementation, building capacity, and fostering evidence-based planning. Capacity development efforts under the CPS will expand from project-specific activities to sector management and national system development. ADB’s knowledge support to private sector development includes policy reforms in sustainable macroeconomic and public financial management (including elements of state economic enterprise reform and corporatization), and the creation of a supportive investment climate and opportunities for private sector participation.

9. **Modalities.** ADB knowledge support will be provided through reports, briefs, informational notes, study tours, advice on policy reform, capacity building programs, peer-to-peer learning, seminars, interviews, blogs, and editorials. The specific knowledge-sharing modality will be chosen on the basis of cost-effectiveness, purpose, target audience, and budget. Implementation will be closely coordinated with ADB’s public communications approach for Myanmar.

10. **Organization and leadership.** ADB’s Myanmar Resident Mission will play a central role in coordination and outreach activities. However, the plan also identifies opportunities for sector leaders and other departments within ADB to enhance their contribution to knowledge outputs in the country. Close coordination will be undertaken with ADB’s Southeast Asia Department as well as with ADB’s non-operations departments, sector groups, and thematic groups to mobilize in-house expertise to respond to the country’s needs for knowledge solutions, in keeping with ADB’s cooperative, “One ADB” approach.²⁰ Staff resources, consultancy budgets, partnerships, and country and regional TA will support the preparation of products.

²⁰ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

11. **Knowledge users.** Knowledge users will differ in their need for knowledge products and services, and their degree of influence and interest. Users include policy-makers at the national and subnational levels including government officials and parliamentarians; opinion-leaders (from civil society, academia, the private sector, and media) who access knowledge products and services to inform public opinion; and the general public, who are becoming increasingly engaged in the political process and in government policy formulations. ADB will take into account the specific needs of different knowledge users while implementing the CKP.

C. Areas of Collaboration with Partners

12. ADB will improve the relevance, responsiveness, timeliness, and accessibility of knowledge by aligning ADB support with the government's policy, planning, and public investment projects to better inform key decisions, including provision of timely advice and support. ADB will strengthen the management and coordination of its knowledge activities, as guided by the CKP, and undertake an annual update as part of the country operations business plan process. The effectiveness of knowledge support will be improved by strengthening the systematic production, capture, coordination, sharing, and communication of knowledge.

13. ADB is an active member of the country's development cooperation partner group, which can serve as a vibrant forum for coordination of knowledge support to Myanmar. ADB will proactively explore opportunities to further enhance collaboration with other members of the group in organizing knowledge activities.

D. Resource Allocation

14. **Resources to provide knowledge.** To maximize the impact of ADB budgetary resources, the resident mission will draw on country and regional TA projects and ADB Institute resources, where relevant to country programming and operations. Knowledge will be drawn from ongoing operations, including knowledge activities supported by analytical and advisory work as part of a loan or a TA project.

15. **Institutional arrangement for managing knowledge.** The resident mission will establish a knowledge team led by the country director, who shall serve as the ADB knowledge custodian in Myanmar. The team will work closely with sector and thematic specialists, and with knowledge focal points elsewhere in ADB's Southeast Asia Department and in the Knowledge Sharing and Services Center under the vice-president for Knowledge Management and Sustainable Development. The resident mission will improve its information technology and telecommunications infrastructure in support of knowledge management.

16. **Monitoring and evaluating knowledge support.** Key indicators will be the demand for knowledge products, extent of interaction by the resident mission with key policy-makers in targeted areas, and influence on policy discussions and decisions in the country. More formal monitoring and evaluation of knowledge support will be accomplished as part of the CPS midterm and final review, through reviews as part of the annual country program portfolio review and country programming, and during updates of sector assessment, strategies, and road maps. It will also take into account evaluations of individual knowledge operations. Monitoring and evaluation findings and recommendations will be discussed with key government counterparts and other stakeholders in line with established country practice.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/CPS/?id=MYA-2017>

1. Inclusive and Sustainable Growth Assessment
2. Development Coordination Matrix
3. Country Operations Business Plan: Myanmar, 2017–2019