



# Country Operations Business Plan

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November 2013

Myanmar  
2014–2016

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 14 October 2013)

Currency unit	–	Myanmar kyat (MK)
MK1.00	=	\$0.0010
\$1.00	=	MK970

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
PSOD	–	Private Sector Operations Department
TA	–	technical assistance

## NOTES

- (i) The fiscal year (FY) of the government and its agencies ends on 31 March. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2013 ends on 31 March 2013.
- (ii) In this report, "\$" refers to US dollars unless otherwise stated.

<b>Vice-President</b>	S. Groff, Operations 2
<b>Director General</b>	J. Nugent, Southeast Asia Regional Department (SERD)
<b>Director</b>	P. Kamayana, Head, Extended Mission in Myanmar (EMMYA)
<b>Team leader</b>	S. Bhandari, Principal Country Specialist, EMMYA, SERD
<b>Team members</b>	Myanmar Country Team

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## **I. CONSISTENCY OF THE BUSINESS PLAN WITH THE COUNTRY PARTNERSHIP STRATEGY**

1. After an absence of 25 years, the Asian Development Bank (ADB) began reengaging Myanmar in early 2012 with an initial analysis of the macroeconomic context and preliminary assessments of selected key sectors. It also began to provide technical assistance (TA) for policy reforms and capacity development; prepared an interim country partnership strategy (ICPS), 2012–2014,<sup>1</sup> which the ADB Board endorsed on 26 October 2012; and provided a policy-based loan (PBL) in January 2013<sup>2</sup> to support key reforms to promote inclusive growth. The PBL was made possible after the settlement of the government's arrears to ADB, with the Asian Development Fund (ADF) donors' support and the ADB Board's approval of an initial special ADF allocation,<sup>3</sup> which has allowed full resumption of ADB operations.

2. The government's reform agenda is articulated in the Framework for Economic and Social Reform (FESR), which provides policy priorities over 2011–2015 and guiding principles for longer-term development plans as they are being revised or formulated.<sup>4</sup> In line with the FESR and ADB's Strategy 2020,<sup>5</sup> the ICPS aims to promote sustainable and inclusive economic growth in support of the government's objectives of poverty reduction. It focuses on three priority program areas: (i) building human and institutional capacity, (ii) promoting an enabling economic environment, and (iii) creating access and connectivity for rural livelihood and infrastructure development.

3. As indicated in the ICPS,<sup>6</sup> following clearance of Myanmar's arrears in January 2013, the demand for ADF-financed investments was assessed based on the ICPS, government priorities, ADB economic and sector work and consultation with other development partners, which was the basis for proposing a second special ADF allocation approved by the Board in August 2013.<sup>7</sup> While comprehensive sector assessments are still being completed to serve as the basis for a full country partnership strategy, the government identified the urgent need for ADB lending assistance during 2013–2016 in agriculture and natural resources; energy; transport; and water supply, sanitation, and other municipal infrastructure services, in order to quickly realize tangible benefits for the people and help sustain the government's reform programs as set out in the FESR.

4. Consequently, the Country Operations Business Plan proposes that initial lending and investment grant operations focus primarily on the priority area of access, connectivity and infrastructure development. TA projects will primarily focus on the program areas of institutional and human capacity building, and the enabling economic environment. To date, ADB's main focus has been on implementing a substantial TA program, providing support for capacity building, institutional and regulatory assessments, and policy advice in addition to preparing selected, priority investment projects. The TAs will help to complete ADB's sector and thematic

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<sup>1</sup> ADB. 2012. *Interim Country Partnership Strategy: Myanmar, 2012–2014*. Manila.

<sup>2</sup> ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan to Myanmar for the Support for Myanmar's Reforms for Inclusive Growth Program*. Manila.

<sup>3</sup> ADB. 2012. *Tenth Replenishment of the Asian Development Fund: Myanmar's Access to and an Initial Special Allocation of ADF Resources*. Manila.

<sup>4</sup> Ministry of National Planning and Economic Development. 2013. *Framework for Economic and Social Reforms*. Available at [https://www.mnped.gov.mm/images/stories/pdf\\_file/FERD/Feb/framework%20for%20economic%20and%20social%20reforms%20english.pdf](https://www.mnped.gov.mm/images/stories/pdf_file/FERD/Feb/framework%20for%20economic%20and%20social%20reforms%20english.pdf)

<sup>5</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>6</sup> Paragraph 25 of ADB. 2012. *Interim Country Partnership Strategy: Myanmar, 2012–2014*. Manila.

<sup>7</sup> ADB. 2013. *Financing Asian Development Fund Operations in Myanmar*. Manila.

assessments, in consultation with other development partners, to support the preparation of a full country partnership strategy in 2014. Since 2012, 22 TAs have been approved amounting to about \$20 million financed by ADB's TA program, trust funds and bilateral co-financing. Sectoral and thematic coverage includes education, finance, public sector management, private sector development, industry and trade, energy, transport, information and communications technology, tourism, environmental and social safeguards, community and civil society participation in development, water supply and other municipal infrastructure and services.

5. ADB's Private Sector Operations Department (PSOD) will support selective transactions in physical infrastructure (such as energy, telecommunications, transport, agriculture, water, waste management, health care, education, tourism, hotels and business infrastructure) and economic infrastructure (such as banks, investment funds, housing finance, trade finance, insurance companies, and financing for small and medium-sized enterprises).

## **II. INDICATIVE RESOURCE PARAMETERS**

6. Myanmar is classified as a Group A country and eligible only for ADF loans. Under the approved special allocations of ADF resources to Myanmar, following the clearance of its arrears to ADB, the ADF allocation to the country is projected at about \$1 billion during ADF XI, subject to additional ADF resources that have or will become available following the conclusion of ADF XI negotiations in 2012, as well as available commitment authority. This includes the \$512 million initial special allocation for the policy-based loan approved in January 2013.<sup>8</sup> Furthermore, Myanmar may be granted funds from the ADF allocation for regional projects (under the Greater Mekong Subregion Program) during 2015–2016. In addition to the envisaged special ADF allocations for Myanmar, PSOD may also provide assistance to Myanmar with additional resources.

## **III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS**

7. This is the first country operations business plan for Myanmar since ADB's reengagement in 2012. The ADF-financed investments for the period 2014–2016 are given in Table A1.1 and for 2013 in Table A2.1. The Power Distribution Improvement Project was initially on standby status in 2013 but is accelerated to firm in 2013 due to good progress in project formulation, and is thus proposed as the first investment project since resumption of ADB operations in Myanmar. However, some projects initially identified with the government are placed on standby to achieve greater program focus and selectivity, considering the available resources and subject to mobilization of additional cofinancing. These comprise: (i) Post-Primary Education Development, (ii) a second policy-based loan for Support for Myanmar's Reforms for Inclusive Growth, (iii) Flood and Drainage Management in the Delta Region, (iv) Technical and Vocational Education and Training, and (iv) any associated TA for their preparation. A project for a 500 megawatt combined-cycle gas-fired power plant in 2015 under a public–private partnership, with an allocation of \$75 million to finance the public sector share in project equity, is also on standby subject to further discussions and availability of resources.

8. ADB's lending assistance will be supplemented with about \$30.8 million in proposed small-scale investment grants, mostly for approval in 2013. TA grants comprise an indicative total of \$5 million–\$6 million per year during 2014–2016 (Table A1.2), following about \$31 million in 2013 (Table A2.2).

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<sup>8</sup> See also footnote 2. Of the approved loan amount of \$575 million, \$512 million was disbursed.

**INDICATIVE ASSISTANCE PIPELINE**  
**Table A1.1: Lending and Grant Products, 2014–2016**

Project/Program Name	Sector <sup>a</sup>	Targeting Classification <sup>b</sup>	Primary Theme <sup>c</sup>	Division	Year of PPTA / PDA	Cost (\$ million)						
						Total	OCR	ADB		Total	Gov't	Co-finance
								Loans	Grants			
2014 Firm												
Delta Road Rehabilitation Project	TCT	GI	GRO	SETC	2013 <sup>d</sup>	50.0	0.0	50.0	0.0	50.0	...	...
Promoting Women-Led Microenterprises in the East–West Economic Corridor	IND	TI-H	GEN	TRM		3.0	0.0	0.0	0.0	0.0	...	3.0 <sup>e</sup>
Total						53.0	0.0	50.0	0.0	50.0	...	3.0
2015 Firm												
Irrigation Command Area Development Project	ANR	GI	ENV	SEER	2013	75.0	0.0	75.0	0.0	75.0	...	...
Power Transmission and Distribution Project	ENE	GI	GRO	SEEN	2013	80.0	0.0	80.0	0.0	80.0	...	...
Urban Services Improvement	WSM	GI	GRO	SEUW	2013	61.8	0.0	60.0	0.0	60.0		1.8 <sup>e</sup>
GMS East–West Economic Corridor Extension	TCT	GI	RCI	SETC	2013	130.0 <sup>f</sup>	0.0	50.0	0.0	130.0 <sup>f</sup>	...	...
Total						346.8 <sup>†</sup>	0.0	265.0	0.0	345.0 <sup>†</sup>	...	1.8
2016 Firm												
Power Transmission and Distribution Project II	ENE	GI	GRO	SEEN	2015	73.0	0.0	73.0	0.0	73.0	...	...
Third GMS Corridor Town Development Project	MUL	GI	RCI	SEUW	2014	80.0 <sup>g</sup>	0.0	40.0	0.0	80.0 <sup>g</sup>	...	...
Total						153.0 <sup>g</sup>	0.0	113.0	0.0	153.0 <sup>g</sup>	...	...
2014–2016 Total						552.8	0.0	428.0	0.0	548.0		4.8

ADB = Asian Development Bank, ADF = Asian Development Fund, GMS = Greater Mekong Subregion, Gov't = government, OCR = ordinary capital resources, PDA = project design advance, PPTA = project preparatory technical assistance.

<sup>a</sup> ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HSP = health and social protection, IND = industry and trade, MUL = multisector, PSM = public sector management, SEEN = Southeast Asia Department Energy Division, SEER = Southeast Asia Department Environment, Natural Resources and Agriculture Division, SETC = Southeast Asia Department Transport Division, SEUW = Southeast Asia Department Urban Development and Water Division, TCT = transport, and information and communication technology, TRM = Thailand Resident Mission, WSM = water supply and other municipal infrastructure and services.

<sup>b</sup> GI = general intervention, TI-H = targeted intervention—income poverty at household level.

<sup>c</sup> CAD = capacity development, ENV = environmental sustainability, GEN = gender equity, GOV = governance, GRO = economic growth, PSD = private sector development, RCI = regional cooperation and integration, SOD = social development.

<sup>d</sup> Feasibility Study for the Delta Road Rehabilitation Project is being undertaken under the Technical Assistance to Myanmar for Capacity Building Support for Project Identification. ADB. 2012. *Republic of the Union of Myanmar: Capacity Building Support for Project Identification*. Manila.

<sup>e</sup> Proposed cofinancing from trust fund.

<sup>f</sup> \$80.0 million of the total estimated loan amount is envisaged to come from the regional ADF allocation for GMS.

<sup>g</sup> \$40.0 million of the total estimated loan amount is envisaged to come from the regional ADF allocation for GMS.

Source: Asian Development Bank estimates.



Table A1.2: Nonlending Products and Services, 2014–2016

Assistance Name	Sector <sup>a</sup>	Division	Assistance Type <sup>b</sup>	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source <sup>c</sup>	Amount (\$'000)	Source	Amount (\$'000)	
<b>2014 Firm</b>								
Environmental Safeguard Institutional Strengthening	ANR	SEER	CDTA	TASF	1.000			1.000
Capacity Building Support to Results-Based Project Appraisal Monitoring and Evaluation	PSM	SEPF	CDTA	TASF	0.500	Trust Fund	0.500	1.000
Modernizing Myanmar Railways Through Institutional Capacity Building and Rehabilitation	TCT	SETC	CDTA	TASF	1.000			1.000
Water Utility Performance Improvement	WSM	SEUW	CDTA	TASF	1.500			1.500
<b>Total</b>					<b>4.000</b>		<b>0.500</b>	<b>4.500</b>
<b>2015 Firm</b>								
Power Transmission and Distribution Improvement Project II	ENE	SEEN	PPTA	TASF	1.500			1.500
Reforms and Rationalization of Post-Primary Education in Myanmar	EDU	SEHS	PATA	TASF	1.000			1.000
Capacity Development and Institutional Support	MUL	SEOD	CDTA	TASF	1.000			1.000
<b>Total</b>					<b>3.500</b>			<b>3.500</b>
<b>2016 Firm</b>								
Support for Public–Private Partnerships in Myanmar	PSM	SEPF	CDTA	TASF	2.000			2.000
Preparing the Secondary Road Rehabilitation Project	TCT	SETC	PPTA	TASF	1.500			1.500
Second Urban Services Performance Improvement Project	WSM	SEUW	PPTA	TASF	1.000	Trust Fund	0.500	1.500
<b>Total</b>					<b>4.500</b>		<b>0.500</b>	<b>5.000</b>
<b>2014–2016 Total</b>					<b>12.000</b>		<b>1.000</b>	<b>13.000</b>

ADB = Asian Development Bank, SEEN = Southeast Asia Department Energy Division, SEER = Southeast Asia Department Environment, Natural Resources & Agriculture Division, SEHS = Southeast Asia Department Human and Social Development Division, SEOD = Southeast Asia Department Office of the Director General, SEPF = Southeast Asia Department Public Management, Financial Sector & Trade Division, SETC = Southeast Asia Department Transport and Communications Division, SEUW = Southeast Asia Department Urban Development and Water Division.

<sup>a</sup> ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HSP = health and social protection, IND = industry and trade, MUL = multisector, PSM = public sector management, TCT = transport, and information and communication technology, WSM = water supply and other municipal infrastructure and services.

<sup>b</sup> CDTA = capacity development technical assistance, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance.

<sup>c</sup> TASF = Technical Assistance Special Fund.

Source: Asian Development Bank estimates.

## ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A2.1: Lending and Grant Products, 2013

Project/Program Name	Sector <sup>a</sup>	Targeting Classification <sup>b</sup>	Primary Theme <sup>c</sup>	Division	Year of PPTA / PDA	Cost (\$ million)						
						Total	OCR	ADB		Total	Gov't	Co-finance <sup>d</sup>
								ADF				
								Loans	Grants			
Firm												
Enhancing Rural Livelihoods and Incomes	ANR	TI-H	SOD	SEER		12.0	0.0	0.0	0.0	0.0	0.0	12.0
Power Distribution Improvement Project	ENE	GI	GRO	SEEN	2013	60.0	0.0	60.0	0.0	60.0	...	...
Capacity Building for HIV/AIDS Prevention and Management	HSP	GI	SOD	SEHS		10.0	0.0	0.0	0.0	0.0	0.0	10.0
Support for Myanmar's Reforms for Inclusive Growth	PSM	GI	GRO	SEPF		512.0	0.0	512.0	0.0	512.0	0.0	0.0
Pro-Poor Community Infrastructure and Basic Services	WSM	GI	SOD	SEUW		4.0	0.0	0.0	0.0	0.0	0.0	4.0
2013 Firm Total						598.0	0.0	572.0	0.0	572.0	0.0	26.0

ADB = Asian Development Bank, ADF = Asian Development Fund, Gov't = government, OCR = ordinary capital resources, PDA = project design advance, PPTA = project preparatory technical assistance, SEEN = Southeast Asia Department Energy Division, SEER = Southeast Asia Department Environment, Natural Resources and Agriculture Division, SEHS = Southeast Asia Department Human and Social Development Division, SEPF = Southeast Asia Department Public Management, Financial Sector and Trade Division, SEUW = Southeast Asia Department Urban Development and Water Division.

<sup>a</sup> ANR = agriculture and natural resources, ENE = energy, HSP = health and social protection, PSM = public sector management, WSM = water supply and other municipal infrastructure and services.

<sup>b</sup> GI = general intervention, TI-H = targeted intervention—income poverty at household level.

<sup>c</sup> CAD = capacity development, GEN = gender equity, GRO = economic growth, SOD = social development.

<sup>d</sup> Proposed cofinancing from trust fund.

Source: Asian Development Bank estimates.

Table A2.2: Nonlending Products and Services, 2013

Assistance Name	Sector <sup>a</sup>	Division	Assistance Type <sup>b</sup>	Sources of Funding				
				ADB		Others		
				Source <sup>c</sup>	Amount (\$'000)	Source <sup>d</sup>	Amount (\$'000)	Total (\$'000)
<b>Firm</b>								
Preparing Irrigation Command Area Development Project	ANR	SEER	PPTA	TASF-O	1,000			1,000
Support for Capacity Development to Implement Projects	ANR	SEER	CDTA			Trust Fund	1,000	1,000
Support for Post-Primary Education Development	EDU	SEHS	PATA	TASF-O	1,000	AusAID	500	1,500
Skills Development for Inclusive Growth	EDU	SEHS	CDTA			Trust Fund	2,000	2,000
Off-Grid Renewable Energy Demonstration Project	ENE	SEEN	PATA			CEFPF	2,000	2,000
Power Transmission and Distribution Improvement Project	ENE	SEEN	PPTA			JFPR	1,500	1,500
Institutional Strengthening of National Energy Management Committee in Energy Policy and Planning	ENE	SEEN	CDTA			JFPR	1,350	1,350
Enhancing the Power Sector's Legal and Regulatory Framework	ENE	SEEN	PATA			Norway	850	850
Support for Financial Sector Reforms	FIN	SEPF	CDTA	TASF-IV	1,000			1,000
Strengthening Institutions for a Better Investment Climate	FIN	SEPF	CDTA			Trust Fund	1,500	1,500
Long-Term Capacity Building and Institutional Development	MUL	RSOD	CDTA	TASF-V	4,500			4,500
Capacity Development of the National Statistical System of Myanmar	PSM	ERDI	CDTA			JFPR	1,200	1,200
Design of e-Governance Master Plan and Review of ICT Capacity in Academic Institutions	PSM	RSGP	PATA	TASF-V	500	PRCF EAKPF	500 500	1,500
Support for Public–Private Partnerships Framework Development	PSM	SEPF	CDTA			DFID	2,000	2,000
Support for Strengthening Public Debt Management	PSM	SEPF	CDTA			TBD	1,500	1,500
Developing the Asset Management Program for Myanmar Roads	TCT	SETC	CDTA			JFPR	1,365	1,365
Greater Mekong Subregion East–West Economic Corridor Eindu to Kawkareik Road Improvement	TCT	SETC	PPTA			JFPR	1,500	1,500
Preparing Urban Services Improvement Project	WSM	SEUW	PPTA	TASF	1,000	Trust Fund	1,000	2,000

Assistance Name	Sector <sup>a</sup>	Division	Assistance Type <sup>b</sup>	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source <sup>c</sup>	Amount (\$'000)	Source <sup>d</sup>	Amount (\$'000)	
Transformation of Urban Management	WSM	SEUW	CDTA			Trust Fund	2,000	2,000
<b>Total</b>					<b>9,000</b>		<b>22,265</b>	<b>31,265</b>

ADB = Asian Development Bank, ERDI = Economics and Research Department Development Indicators and Policy Research Division, RSGP = Regional and Sustainable Development Department Public Management, Governance and Participation Division, RSOD = Office of the Director General of Regional and Sustainable Development Department, SEEN = Southeast Asia Department Energy Division, SEER = Southeast Asia Department Environment, Natural Resources & Agriculture Division, SEHS = Southeast Asia Department Human and Social Development Division, SEPF = Southeast Asia Department Public Management, Financial Sector & Trade Division, SETC = Southeast Asia Department Transport and Communications Division, SEUW = Southeast Asia Department Urban Development and Water Division.

<sup>a</sup> ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HSP = health and social protection, IND = industry and trade, MUL = multisector, PSM = public sector management, TCT = transport, and information and communication technology, WSM = water supply and other municipal infrastructure and services.

<sup>b</sup> CDTA = capacity development technical assistance, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance.

<sup>c</sup> TASF = Technical Assistance Special Fund.

<sup>d</sup> AusAID = Australian Agency for International Development, CEFPPF = Clean Energy Financing Partnership Facility, DFID = Department for International Development of the United Kingdom, EAKPF = e-Asia and Knowledge Partnership Fund, JFPR = Japan Fund for Poverty Reduction, PRCF = PRC Fund for Poverty Reduction and Regional Cooperation, TBD = to be determined.

Source: Asian Development Bank estimates.