

KfW in Myanmar

The first phase of German Financial Development Cooperation with Myanmar with a total commitment of almost 500 million EUR lasted from 1962 until 1988. Germany has resumed its Development Cooperation in the country in 2012 and Financial Cooperation (FC) in particular in July 2013. During the first three years EUR 65 million have been committed by the German Federal Ministry for Economic Cooperation and Development for new FC projects.

In May 2014, KfW opened its office in Yangon, while Myanmar and Germany celebrated 60 years of diplomatic ties.

In the framework of Myanmar - German Development Cooperation, KfW's activities in Myanmar focus on Sustainable Economic Development and on Rural Development.



Teacher and students at ITC Sinda

Responsible Banking

KfW is one of the world's leading and most experienced promotional banks. As an integral part of the KfW Group, KfW Development Bank carries out Germany's Financial Cooperation with developing and emerging countries on behalf of the Federal Government. The staff at its head office in Germany and in about 70 local offices cooperate with partners all over the world. Its goal is to combat poverty, secure the peace, protect the environment and the climate and make globalisation fair.

Alongside KfW Development Bank, the two subsidiaries KfW IPEX-Bank and DEG also have commitments abroad: while KfW IPEX-Bank is active in international project and export finance, DEG provides financing and consulting to companies investing in developing and emerging countries.

KfW Bankengruppe

KfW Bankengruppe provides a range of products to support its customers in realising their projects in the domestic fields of small and medium-sized enterprises, business start-ups, environmental protection, housing, infrastructure, education, as well as project and export finance and development cooperation. It has the strong backing of a bank wholly owned by the German Government and the federal states, which translates into an AAA-rating. With a balance sheet total of over 500 billion EUR it is Germany's third largest bank.

KfW Development Bank cooperates closely with the German Technical Cooperation (GIZ), as well as with other bilateral and multilateral organisations.

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»» Financial Cooperation with Myanmar



implemented by

KfW

»» Focal Areas

Sustainable Economic Development

Developing the Financial Sector

An adequate financial system is one of the cornerstones of an economy. Financial institutions provide resources for investments, which are an essential condition for broadly-based growth. While dynamically developing, the financial sector in Myanmar is facing impediments with respect to resources for refinancing, institutional capacity, regulations, financial inclusion and outreach, constraining the development in the micro, small and medium sized enterprises (SMEs) sector.

One of the aims of FC in the sector is therefore to enable the formal banking sector to provide appropriate financing for SMEs. On behalf of the German Federal Ministry for Economic Cooperation and Development, KfW supports the Ministry of Finance in promoting SME finance and to support financial institutions. The German SME Programme is carried out under a joint umbrella comprising also measures by GIZ.

Supporting TVET

Myanmar's Technical Vocational Education and Training (TVET) system has to adjust to the requirements of a changing economy. With the current positive economic development there is an increasing need for qualified labour. Without qualified staff local companies are limited in tapping their potential and lack competitiveness, especially in regard to other companies in the ASEAN region. Technical vocational education will not only improve the employment and income situation of graduates but also benefit local businesses by providing qualified workers. Therefore KfW in cooperation with GIZ will in particular support the reformation of Myanmar's TVET system. The FC measures will focus on the modernization of selected TVET schools and one teacher training center under the Ministry of Education to achieve quantitative and qualitative improvement of vocational training in Myanmar.



Road workers

Promoting Rural Development

Improving Rural Roads

Poor infrastructure is a major reason for economic underdevelopment in rural areas. Access to markets, schools, health centers and other public institutions is either limited, sometimes impossible or associated with long travelling times and high transportation costs. The objective of the Rural Development Programme implemented by the Department for Rural Development (DRD) in the Ministry of Livestock, Fisheries and Rural Development is to establish access and connectivity in rural areas. The main target of the FC support is to upgrade and construct rural roads in the southern Shan State.

Expanding Rural Electrification

Access to reliable energy is one of the main factors reducing poverty and creating acceptable living conditions. With only approximately 30% of its population having an electricity connection, Myanmar has one of the lowest electrification rates in the world. KfW, on behalf of the German Government, supports both on-grid and off-grid electrification, in cooperation with the Ministry of Electric Power and the Ministry of Livestock Fisheries and Rural Development. The Rural Electrification Programme aims to adapt and leverage efforts of both ministries within the National Electrification Plan, with a regional focus on the southern Shan State.

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SME-Lending Programme

The SME Lending Programme aims to provide refinancing for SMEs tailored to their investment needs, build capacity of financial institutions and raise awareness on best SME banking practice. The current German contribution amounts to EUR 12.3 million. The first component of EUR 4.45 million will be channelled to the CB Bank, via the Ministry of Finance, for refinancing SMEs and related consulting measures.

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Vocational Training Programme

In a first project, the Industrial Training Center Sinda under the Ministry of Industry - a landmark Myanmar - German Development Cooperation project from the 1980s - is being upgraded with EUR 4 million grant funds. It focuses on modern technical equipment and machinery as well as on the training of teachers.

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Rural Development Programme

So far Germany has committed EUR 18 million for the Rural Development Programme, which aims to build and rehabilitate rural roads in the southern Shan State. A further expansion of this rural road programme is envisaged. Additionally the DRD will also be trained in road maintenance, planning, procurement and supervision of road construction projects.

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Railway Workshop Mandalay

Bridging past and present Myanmar-Germany relations, KfW is mandated to support the Railway Workshop and Training Center in Ywahaung. The project will provide spare parts for the rehabilitation of locomotives as well as equipment for both facilities.