

Joint Submission on the Proposed World Bank Group's Country Partnership Framework (CPF) in Myanmar

September 2014

We, the undersigned organizations in Myanmar and other countries, respectfully submit these comments to the World Bank Group to inform the development of the Country Partnership Framework for Myanmar. We belong to civil society organizations and ethnic community networks with a focus on human rights, environment, peace and mediation, and good governance with significant expertise and experience in Myanmar.

We offer these comments after a series of discussions among us and exchanges with the World Bank representatives.¹ Our comments also take into account our observations on the performance of the World Bank Group in developing and implementing its two-year Interim Strategy Note (ISN). The Bank will recall that in September 2012, Myanmar organizations provided a joint submission that commented on the substantive issues with the proposed pillars in the ISN. Some of the concerns and recommendations there remain relevant to the Bank's Myanmar CPF. In this submission, we provide recommendations pertaining to priority issues that should be addressed as the Bank deepens its country activities in the next five years.

I. Adopt a conflict-sensitive approach to development as a way to support nationwide efforts towards a comprehensive peace process

Despite progress on various fronts in the form of ceasefires with ethnic non-state armed groups, Myanmar remains in a state of active ethnic, political, and religious conflicts.² Moreover, as the Rohingya persecution in Rakhine State and the recent mob violence in Mandalay clearly indicate, the potential for violence is not limited to areas of the periphery in which there are active ethnic insurgencies. World Bank investments could easily become focal points of public opposition and conflict if they aggravate the root causes of conflict – such as racial inequity, land and resource grab and forced displacement from traditional livelihood resources– and they will certainly be affected by conflict if they are carried out without sensitivity and awareness to conflict dynamics.

The World Bank in Myanmar has been the subject of public criticisms over its recent project loan approvals³ in part due to lack of systematic approach to analyzing the risks of conflict

¹ This submission is an elaboration of the three-page summary of comments that was submitted to the World Bank Myanmar team last August 21, 2014 by the IFI Watch Myanmar on behalf of its members and partners. This summary is in Annex A.

² Bank staffs have expressed differing opinions on the nature of Myanmar as a conflict-affected country. At the Bank's Washington, DC, CPF consultation on July 29, 2014, Bank staff assured civil society organizations that they recognize the conflict dynamics in Myanmar and will apply conflict analysis on a project level. However, other Bank representatives have told groups represented on this submission that they do not consider Myanmar to be a conflict country.

³ For example, one of the Bank's Community-Driven Development pilot sites was at Namhsan in Northern Shan State, a zone of active conflict. Soon after Namhsan was chosen as a project site, conflict intensified causing project delays. Although intensification of conflict was not linked to the Bank project, villagers were intimidated by the violence and became frightened to participate in consultations related to the project lest they be questioned about ties to ethnic insurgents. The World Bank's recent approval of telecommunication reform

that surround the projects. The World Bank moved the project loans forward despite legitimate civil society concerns and calls for meaningful consultations with concerned communities. We have seen a number of projects pushed to the Board based on rushed and ill-designed project design which could have been improved if risk analysis and mitigation inputs were incorporated in the planning phase. The World Bank representatives justified these projects on the basis of 'lender-borrower relationship' whereby the government is their main client and partner. They also use the 'multiple transition', 'huge investment potential' and 'infrastructure deficit' narratives, to inform their efforts to mobilize greater investments in the public and private sectors. These justifications are inadequate because the country remains in a condition of active conflict and fragile reforms.

The government suffers from lack of local legitimacy, with many of its existing laws and current institutions being unresponsive and unaccountable, do not guard against corruption, and fail to provide access to justice, in direct contradiction to the government's mandate to protect its citizens. While the government may be the direct client, ultimately development investments should sustainably benefit the population in line with the WBG's three strategic focal areas: Reducing poverty; Investing in people and supporting reforms. The World Bank Group's own internal review processes have clearly indicated that in fragile and weak governance contexts, it is essential to take a phased approach, improving governance and building knowledge and capacity before significantly increasing investments/loans

What we are seeing in the indicative areas for World Bank's investment plans under CPF is a greater volume of financing flowing to soft and infrastructure projects across multiple sectors. The Bank must not only focus on the quantity and speed of project approvals. It must seriously take into account the breadth of analysis, quality of public consultations, and the use of conflict-sensitive approaches. If there is no sector-wide analysis of the drivers, institutions and dynamics that perpetuate conflicts such as the militarization of resource-rich areas that are mostly populated by ethnic communities, capture of the legislative, judicial and executive branches of the government by the military and their cronies, risks are high that the investments under the CPF would be met with poor public support and many forms of conflict.^{4, 5} The CPF does not explicitly state as an intention to help break the cycles of violence and lessen the stresses that drive them. It seems to us that the Bank is more driven by getting more money out the door and mobilizing the flow of private sector finance into a country run by a government that is deficient of legitimacy, accountability and institutional capacity to end violence, deliver justice, provide support for the livelihood security of its poor populations, and manage the governance of natural resources for future generations.

support project loan and the IFC financing of SMEs via a financial intermediary, Yoma Bank, were met with substantive concerns relative to lack of risk analysis and risk management, among others.

⁴ This is one of the primary recommendation areas for World Bank's engagement in fragile and conflict affected states (FCS) as contained in the 2011 World Development Report on Conflict, Security and Development.

⁵ In the recently published study of Kim Jolliffe, Ethnic Conflict and Social Services in Myanmar's Contested Regions (June 2014), he mentioned that failures to incorporate an analysis of the conflict drivers and conflict dynamics and how to mitigate them in aid projects often perpetuate conflicts over territorial and local governance claims or re-ignite local tensions. See: <http://asiafoundation.org/publications/force-download.php?f=%2Fresources%2Fpdfs%2FMMEthnicConflictandSocialServices.pdf>

Since Myanmar is technically and essentially a fragile and conflict affected state, the WB must do things differently.

Specific recommendations:

1. State as a key component of the CPF that it supports peace and institution building and long-term socio-economic opportunities to the ethnic communities and the poor urban and rural populations.⁶
2. Do a sector and program wide risk analysis and risk management in compliance with relevant operational safeguard policies and business procedures and applying the Systematic Operations Risk-Rating Tool (SORT). SORT is specifically intended to help the World Bank to assess and monitor risks across all its operational instruments and country programs. It applies to the CPF to focus management attention on high risk CPF during preparation and implementation and to establish risk management as an integral component of the country engagement and is updated throughout the life of the operation and CPF.⁷
3. Do a conflict mapping and analysis of the drivers of conflict for the country as a whole, and analysis for each individual project. In particular, the Bank should consider that projects involving large-scale acquisition of land or displacement, taking place partially or in whole in areas of the country that are subject to active armed conflict, or targeting the disposition or distribution of valuable natural resources present a high risk of exacerbating conflict or igniting new conflict.
4. Practice enhanced transparency in order to avoid exacerbating conflict. Bank contractors, partners, and consultants – even if indirectly linked to the Bank’s operations – should be assessed for compliance with internationally recognized guidance on mitigating conflict impacts of investment, such as the Voluntary Principles on Security and Human Rights and International Alert’s publication *Red Flags: Liability Risks for Companies Operating in High-Risk Zones*. The results of this due diligence should be subject to public consultation and published both in English and Myanmar language.
5. Ensure that the CPF includes a clear commitment about the level of resources that will be allocated for the implementation of safeguards, enhanced consultation and participation processes, and the support of governance reforms. This should also indicate the ways in which the performance evaluation and incentives of World Bank Group project staff and management will be linked to the delivery of poverty reduction and development impacts, and implementation of environmental and social safeguards.

⁶ The Bank has, in fact, been stating peace and institution building as one of its key engagement areas in transitioning and post-armed conflict states. See for example, the Bank’s 2015-2018 partnership strategy in the Philippines: <http://www.worldbank.org/en/news/press-release/2014/06/12/world-bank-group-announces-new-partnership-strategy-for-philippines>. Myanmar needs to have the same engagement area given the fragility of transitions and the frequency of active conflicts.

⁷ Based on the World Bank’s Interim Guidance Note on SORT, dated June 25, 2014.

II. Protect peoples' land and resource rights of rights and support small-scale and ecological agriculture

We support the Bank's intention to focus on strengthening land governance as part of the CPF, but we think it essential that the World Bank take a step back and conduct a comprehensive land rights survey as part of the CPF process. Land-grabs are almost universally identified as the most widespread human rights abuse in Myanmar.⁸ The context is an unusually complex mixture of historical confiscations by the military regime, ongoing displacement to make way for private investment and development, secondary displacement because of skyrocketing land prices near economic development zones, and land confiscation in favor of military groups and crony businessmen in ceasefire areas that were off-limits to development until recently. Already, the first major donor-funded development project – the JICA-funded Thilawa Special Economic Zone – has led to the wrongful displacement of hundreds of farmers with inadequate provision for transitional assistance and rehabilitation of livelihoods, and thousands more are on the verge of being displaced.⁹

The Bank should have express, positive goals to promote land tenure security for the poor, and especially to protect the land rights of smallholder farmers and other traditional users of land from encroachment by the powerful. This would be in line with the commitments made at the highest level by the World Bank Group Board and President about tackling land grabs and improving land governance and tenure security for communities, in line with its own policies and international standards such as the Voluntary Guidelines on the Governance of Tenure (VGGTs).

Specific recommendations:

6. Undertake a comprehensive land study¹⁰ as part of the CPF process and prior to undertaking any project-related funding. This study can also feed into the national land use policy development program. This study should cover the various causes of land tenure insecurity, land loss, and land-grabbing in Myanmar, with a focus on the Bank's priority sectors, including agriculture, transport, telecoms, and FDI promotion. The Bank should then use this study as a blueprint both to avoid investments with a high-risk of land loss – such as large-scale plantation agriculture, certain types of dams, and Special

⁸ The Bank must prioritize the comprehensive land survey as a priority activity in the CPF. Without this, it will be difficult to look at the scale and extent of land grabbing and impacts to affected farmers' rights. Among the other areas to cover in the study is how judicial review on the decision of the land administrative bodies can be improved and how farmers can access such reviews and decisions not only at the Supreme Court but also at the state or regional high courts.

⁹ This is a recent example of a failure to conduct adequate EIA, SIA and HRIA in the relocation site, which shows many breakdowns in complying with international guidelines.

¹⁰ We emphasize that the World Bank must not do the land study in isolation. There are aid agencies such as SDC, USAID and EU that are supporting current initiatives for a national land use policy development program which includes consultations and efforts to harmonize existing land laws (farmland law, vacant, fallow and virgin land management laws) and the FDI law. By working with these agencies, it can contribute to the joint methodologies for the studies and consultations. One of the lessons we learned from dissociating the study from the other donor processes is that it is difficult to change the bad results, which create negative outcomes on land governance. Make it a primary strategy of the study to include farmers associations, ethnic groups, their supporting civil society actors and other relevant stakeholders to be meaningfully consulted so that concrete provisions are established to protect the rights of smallholders including ethnic minorities and women.

Economic Zones in certain areas of the country – and to identify the need for careful contingency planning to avoid land loss – such as where the Bank is investing in recent ceasefire areas, where the population traditionally practices shifting agriculture, and where land has been subject to historical arbitrary confiscation by the military regime. It should also use the study to prioritize investment and projects in economic sectors that promote land rights for the poor. And it should prioritize the principle of free, prior, and informed consent with respect to projects that affect the land rights of persons who are traditionally dependent on land for their livelihoods and cultural identity.

7. Orient World Bank Group’s financing instruments and technical assistance to strengthening land governance with great caution – and securing the land tenure of small holder farmers. It is undeniably important to work with the Myanmar Government to improve the formal land tenure system, but the Bank must learn from the negative lessons of the Land Management and Administration Project (LMAP) in Cambodia.¹¹ The approach must be more nuanced than simply assisting with the formalization of land title and issuance of land certificates. LMAP in Cambodia facilitated land grabs because it financed formal land titling without promoting access to adjudicatory mechanisms for poor land users, and because it turned a blind eye to the ways in which the land titling system disadvantaged the poor living in land that was desirable for redevelopment.

The land tenure system in Myanmar has many weaknesses – chief among them the Virgin, Fallow and Vacant Land Act, which allows the government to reallocate land that it considers to be vacant or abandoned without judicial process, the excessively complicated and bureaucratic land titling process, which provides ample opportunities for the wealthy and well-connected to game the system and appropriate land that is used by others without their knowledge, and the general lack of judicial review for land-related abuses when the government is involved.¹²

8. Focus on reforms that enable users of the land to preserve their rights¹³ and usages by giving legal recognition and protection to traditional land use patterns and building independent administrative and judicial institutions, rather than prioritizing the commodification of land (which can accelerate land loss). It should avoid promoting land registration processes that can be used as weapon by the powerful and well-connected to acquire land title over desirable areas that are already occupied, or to ratify illegitimate land grabs of the past. Rather, it should work with Myanmar civil society groups, communities, other aid agencies and donor support judicial and legislative reforms, and the Myanmar government to develop rational, just land use

¹¹ There are many reports from concerned civil society organizations and experts. The World Bank’s Inspection Panel’s case tracker on LMAP provides comprehensive information. See:

<http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=7>.

¹² See, e.g., Food Security Working Group’s Land Core Group, *Legal Review of Recently Enacted Farmland Law and Vacant, Fallow and Virgin Lands Management Law* (2012), at http://www.forest-trends.org/documents/files/doc_3274.pdf.

¹³ Small holder farmers’ rights should be prioritized instead of the big plantation owners. Currently, the Virgin, Fallow and Vacant Land Act provides for the issuance of 5,000 acres to an investor for each application, which can be granted ten times. Even the Land Confiscation Act of 1894 still applies. These laws are a systematic tool for “land grabbing”, i.e. massive land confiscations and concessions.

resolution and rationalization processes that are participatory, adequately protect land tenure for smallholder farmers and the poor, and allow for land restitution where land grabs have already taken place.

9. Concentrate on funding projects that increase the livelihoods opportunities for smallholder farmers as opposed to large-scale plantation owners. This should include access to rural credit mechanisms that are appropriate to smallholder farmers; traditional microfinance, for example, may not suit the needs of farmers because of the relatively large amounts that farmers need to borrow¹⁴ and the mismatch between microcredit loan terms and the crop cycle.¹⁵ Farmers must be able to borrow adequate amounts of capital at reasonable rates against their harvest, and to pay the loans back after the harvest. In addition, Bank programs should promote the diversification of farm incomes and related insurances – for example, expansion into processing and other value-added income-generating activities. These are necessary measures for small farmers to increase the productivity while protecting their land ownership.

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

We support the Bank's proposed focus on creating jobs outside the agricultural sector but strongly believe that this initiative should focus on small and medium enterprises and not solely on manufacturing. Moreover, the Bank should target truly small-scale enterprises to provide resources and build capacity, rather than allowing relatively large business to benefit from the Bank's programs.

Specific recommendations:

10. Support to SME^{16, 17} should include the following elements:
 - *Loan subsidies and preferential access to credit.* Today, SMEs can at best borrow money in Myanmar at a subsidized rate of 8.5%¹⁸. There is no special loan program to ease access to credit for new businesses, and credit is generally only extended to business in operation for more than three years¹⁹. The Bank practice active surveillance of its \$30 million grant to Yoma Bank to ensure that the SME financing program actually fund new and established domestic micro and small enterprises. This means that the IFC must go beyond its general stance and rigorously monitor

¹⁴ See, e.g., Mariana Kim, *Rural Poverty Alleviation in Burma's Economic Strategy: A Comparative Evaluation of Alternative Interventions to Increase Rural Access to Capital* at 13 (2013) (paper prepared for MDRI, noting low penetration of microcredit into the agriculture sector and inadequacy of financing terms).

¹⁵ See, e.g., Tomoko Kaino, *Rural Credit Markets in Myanmar: A Study of Formal and Non-Formal Lenders* at 7, *Asian Journal of Agriculture and Development*, Vol. 3, Nos. 1 & 2.

¹⁶ We note that in supporting SMEs, it must be framed at financial inclusion especially of the local poor, with increased and secure employment of local population and sustainable use of local resources as one of the key indicators of the development outcomes.

¹⁷ In Myanmar, the World Bank Group must recognize and support co-operatives and social enterprises. These generally operate with the objectives to ensure greater social welfare of workers and suppliers while upholding environmental standards and using profits made to plough back into the enterprise.

¹⁸ See GIZ, *Myanmar's Financial Sector: A Challenging Environment for Banks* at 30 (2013), available at <http://www.giz.de/en/downloads/giz2013-en-financial-sector-myanmar.pdf>.

¹⁹ *Ibid.* at 34.

the development outcomes of the loans made by the financial intermediaries to which it provides support in Myanmar. Access to financing also needs to be made available outside of Yangon, with a special focus on establishing SMEs among historically underprivileged minority communities and other vulnerable groups.

- *Assistance and education on registration.* Registration can be a difficult, expensive, and time-consuming process for any business, but especially for micro and small enterprises. However, because registration can often increase access to formal financing (and thus, lower interest rates),²⁰ SMEs have a particular interest in successfully registering.
- *Technical assistance and management/finance training.* Myanmar's SMEs will be increasingly exposed to international competition as the country opens its markets to the ASEAN Economic Community. They therefore need additional capacity building on basic business skills in order to reduce default rates, indebtedness and to ensure competitiveness.²¹

11. Practice transparency and impose stringent human rights requirements in private sector lending, including financial intermediary lending. Given the degree to which powerful economic actors still control profitable sectors in Myanmar, it is necessary for the Bank to require heightened levels of transparency, anti-corruption controls, and human rights standards from its private sector investment targets, including financial intermediaries. Recent IFC experience in Honduras – another country where land-grabbing by wealthy and politically connected businessmen create instability and the possibility of violence – shows the need to conduct serious due diligence and require strict guarantees from investment targets.²²

IV. Prioritize energy access for the poor

Eighty seven percent (87%) of Myanmar's 60 million populations is without access to electricity.²³ The country is currently using 20 times less energy than the world average and can only meet 50% of its gas demand and 60% of its electricity demands. Moreover, biomass (mostly wood, charcoal, animal waste and agricultural residue) provides about 70% supply of Myanmar's energy.²⁴ (While it is accessible for poor households, its use is limited to cooking. It is grossly inadequate for lighting, heating and small scale industry needs.)

The country suffers from chronic electricity shortages. While urban areas always face brownouts and blackouts, most rural areas are without basic electricity for lighting. There simply is no network of electricity that brings power to where most of the population lives.

²⁰ See Aung Kyaw, IDE Discussion Paper No. 148: Financing Small and Medium Enterprises in Myanmar at 45, (2008), available at <http://www.ide.go.jp/English/Publish/Download/Dp/pdf/148.pdf>.

²¹ See Soe Sandar Oo, "Burma's SMEs Uneasy Ahead of Asean Trade Zone," *The Irrawaddy*, Dec. 3, 2013, at <http://www.irrawaddy.org/business/burmas-smes-uneasy-ahead-asean-trade-zone.html>.

²² See CAO Audit of IFC Investment in Corporación Dinant S.A. de C.V., Honduras, CAO Ref: C-I-R9-Y12-F161 (Dec. 20, 2013); CAO Investigation of IFC Environmental and Social Performance in relation to: Investments in Banco Financiera Comercial Hondureña S.A., CAO Ref: C-I-R9-Y13-F190 (Aug. 6, 2014).

²³ See International Energy Agency, *Energy for All: Financing Access for the Poor* (Paris: OECD/IEA, October, 2011).

²⁴ See United Nations Development Programme - Myanmar. Accelerating Energy Access For All in Myanmar. May 2013.

This massive energy poverty hampers the growth of industries, household productivity and better education of children.

The World Bank, along with the aid agencies, is well placed to help address extreme energy poverty. However, it should be cognizant of the fact that this poverty is a consequence of neither limited investment in energy infrastructure nor lack of energy supply. The reality is Myanmar has huge but untapped energy resources.²⁵ It is largely a product of bad governance²⁶ of the energy sector. In Myanmar, this bad governance is demonstrated by the following:

- Skewed priority of energy production, particularly the export orientation of energy from natural gas, crude oil and petroleum products to address the consumption demands of China and Thailand instead of meeting its domestic needs. This defeats the policy goal of the government, which is energy independence and energy security.
- Absence of coherent plans and investments to improve energy efficiency and promote renewable energy (solar, wind, small-scale/pico hydro) despite their huge potential to power off-grid communities in addition to stimulating small business/income generation opportunities for communities with the introduction of these alternative energy technologies.
- Absence of a central regulatory ministry for energy efficiency and standardization
- Overlapping but highly uncoordinated functions of nearly 10 ministries dealing with energy, which is further complicated by antiquated and recently approved energy-related policies
- Absence of a comprehensive power development plan based on comprehensive options assessment and integrated energy resource planning
- Absence of energy policy or power development plan that integrates climate change risks in energy investments

Energy is one of the primary needs of Myanmar that is undergoing economic reconstruction. As the country is at a still early stage of initiating political and socio-economic transitions, energy access of the poor and energy independence and security should be high on the policy and institutional reforms in this sector. Clearly, Myanmar needs affordable electricity for millions of poor households, secure and stable energy supply for domestic industries, health care facilities, and agricultural production and food industries. Myanmar has vast opportunities for reforming the energy sector given its diverse energy sources, their attractiveness for support from the donor community and private sector investments, and the ever-increasing demand from the energy-poor households

We know that the Bank is only one of the supporting institutions to help transform the

²⁵ See Myanmar's Ministry of Energy, "Development in Myanmar Energy Sector," Presentation to the Subregional Energy Forum, Vietnam, November 22, 2008, and International Energy Agency, "Share of Total Primary Energy Supply in Myanmar," October 2011

²⁶ In this context, we define governance to refer to existing rules, institutions, traditions, practices and shifting politics that influence decisions in the sector with far reaching implications to populations, economic development and the environment. It can cover the rule of law, quality of policies and energy development plan, effectiveness of government institutions, political stability, the control of corruption, and the enforcement of transparency and safeguard systems.

energy poverty in Myanmar. However limited its financing, technical and analytical services might be, the World Bank Group must frame its support as part of the sustainable energy future of Myanmar with access to energy for all people on top of its priorities based on a diverse portfolio of energy sources generated from reliable, affordable and environmentally sound zero/ultra-low-carbon energy technologies.

Specific recommendations:

12. Prioritize energy access for the poor. This must be accompanied by supporting the necessary energy policy reforms and institutional development that prioritize clean, affordable, and decentralized energy services as opposed to heavy reliance on on-grid, centralized and coal-based system. Among the concrete measures to consider is by allocating grants and soft loans as well as several trust funds for the rehabilitation and for retrofitting of existing gas plants. These are parts of energy efficiency measures to prevent leakages and widen the distribution network (including transmission lines) to deliver accessible and affordable energy for poor households, both in urban and rural areas.
13. While the Bank's Electric Power Project will certainly help provide power to more of the country, the Bank should ensure that it makes electrical hookups less expensive for micro, small, and medium enterprises in Myanmar. Electricity is currently too expensive for most locally-owned small businesses in Myanmar. Without inexpensive electricity hookups, it will be difficult for locally-owned businesses to be competitive in Myanmar, and within the ASEAN region.
14. Provide the rural poor with affordable off-grid renewable energy options.
15. To meet diverse demands such as cooking, heating and productive and process uses, a portfolio of energy sources other than just electric power is needed.
16. Assist in developing Myanmar's local energy markets and rural entrepreneurship. Caution must be taken here. It must not swiftly result in the privatization of energy that increases the undue influence of the military cronies. The Bank must create a framework to improve private sector engagement so that there will be a competitive, transparent process, which includes evaluating the companies who will be bidding to improve gas production for domestic market.
17. No coal. For existing coal plants, the World Bank can support the government in the decommissioning. Not only is coal power dirty (causing public health concerns and carbon emissions, polluting waterways and water resources), it is also water use-intensive and over the years, it becomes inefficient. The Bank must comply with its [Energy Strategy Directions Paper](#) (adopted in July 2013), which has stringent restrictions relative to investments in coal power.
18. No high-risk hydropower. While the Bank staff stated that it will not yet invest in hydropower (including in major streams such as Irrawaddy and Salween) until it has done a series of studies, it is not a guarantee that the Bank will keep its distance from

large-scale, destructive dams. We urge the Bank to comply with the recommendations from the World Commission on Dams (WCD) given the extraordinary risks of large dams. We also urge the Bank to conduct a comprehensive options assessment that takes into account possible mix of grid and off-grid options or an emphasis of renewable and decentralized energy for the rural poor, among others; drawing on its own experiences including from neighboring countries where the WB supported the Nam Theun 2 Dam²⁷

19. Lastly, promote an Integrated Resources Planning (IRP)²⁸ for energy efficiency and conservation. IRP is a widely accepted decision-making tool to identify multiple benefits in energy programs. It can support the Bank and the government, the regulators and utility operators to evaluate the full range of cost and risk factors for all options for delivery of local utility services, including all end-use efficiency approaches. IRP also enables a participatory process in which planners work together with other interested stakeholders, including community, civil society and energy experts, to identify and prepare energy options that serve the highest possible public good. It also supports the establishment of mechanisms to monitor, evaluate, and update energy plans as conditions change.

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

Endorsed by:

Myanmar organizations

1. Action Committee for Democracy Development and Network for Democracy and Development
2. All Arakan Students' & Youths' Congress (AASYC)
3. Association of Human Rights Defenders and Promoters (HRDP)
4. Burma Environmental Working Group (BEWG)
5. Burma Partnership
6. Chin Land Natural Resource Watch Group [CNRWG]
7. Dawei Development Association [DDA]
8. Forum for Democracy in Burma
9. Green Network Sustainable Environment Group
10. Green Soul (Ton Tay)
11. Heinrich Boell Foundation, Yangon
12. Human Rights Foundation of Monland (HURFOM)
13. Irrawaddy River Conservation Network
14. Karen Environmental and Social Action Network (KESAN)
15. Karen Human Rights Group
16. Kachin Peace Network
17. Kayah Myae Witness

²⁷ New York Times Aug 22, 2014: http://www.nytimes.com/2014/08/24/opinion/sunday/large-dams-just-arent-worth-the-cost.html?_r=0

²⁸ See Prayas Energy Group, Electricity Governance Initiative, and World Resources Institute 2013. 10 Questions to Ask about Integrated Resource Planning. <http://www.wri.org/project/electricity-governance>

18. Kayah State Student Union
19. Kit Thit Lu Nge
20. Land Core Group
21. Magway EITI Watch Group
22. Mon Civil Society Organization's Network
23. Myanmar Alliance for Transparency and Accountability (MATA)
24. Myanmar China Pipeline Watch Committee
25. Nay Chin Sayar Youth Network (Sagaing)
26. Network for Democracy and Development
27. Network for Environment and Economic Development (NEED Myanmar)
28. Paung Ku
29. Research and Translation Consultancy Cluster
30. Shwe Bo Shwe Chin Thae Society Group [SSSG]
31. Shwe Gas Movement (SGM)
32. Sein Young So Activities (Mandalay)
33. Tamar Yeik
34. Tavoyan women's Union
35. Union of Karenni State Youth (UKSY)
36. Voice of Women
37. Wan Lark Rural Development Foundation
38. West North Region Ethnic Youth Group
39. The Women's League of Burma (WLB) comprised of 13 member organisations

Supporting organizations

1. Actionaid
2. Actions Birmanie (Belgium)
3. Alternative ASEAN Network on Burma
4. Burma Campaign UK
5. Bank Information Center
6. Gret (French NGO, Professionals for Fair Development)
7. Heinrich Boell Foundation, Yangon
8. Helvetas
9. NGO Forum on ADB
10. US Campaign for Burma

Annex 1:

Summary of comments and recommendations on CPF

Submitted to the World Bank Myanmar Team on August 21, 2014

I. Comments and recommendations regarding consultation processes

- A. Feedback received on SCD consultation meetings in Yangon and other townships
 - i. The two-hour allocated time is too short.
 - ii. By conducting the consultations separately among government, INGOs and local CSOs, the opportunity for CSOs to be heard by government and other stakeholders is lost. It would be helpful to have opportunities to gather a wider range of stakeholders, while also providing a separate space for each group to be able to speak freely.
 - iii. Limited prior knowledge on the substance of the meetings makes it difficult to participate meaningfully.

- B. Feedback received on CPF consultation meetings:
 - i. There is need for indications that CSO inputs are being taken into consideration in decision-making. It would be helpful for the consultation process if the World Bank provides information on which particular recommendations were adopted and which were not, and to provide reasons.
 - ii. In discussing sectors that the World Bank should work on, participants were only given 20 minutes to discuss. This is a very important issue that should have been discussed more thoroughly and systematically.
 - iii. If the discussion questions had been sent along with the invitations, the CSOs would have come up with more comprehensive points.
 - iv. Language needs to be clearer and more understandable. Some terminology does not make sense when translated into Burmese. For example the phrase, “pipeline” is ambiguous and the word itself is difficult for Burmese and those who speak local ethnic language to understand.
 - v. There needs to be consultations at the grassroots, rural level. ie village level consultations
 - vi. The question on coal power was raised during the consultation twice, but no answer was given. It would be good if clear answers are given especially to questions as crucial as this – if not during the consultation event itself, then after through other forms of communication.
 - vii. Overall, the consultation itself felt rushed. Local CSO participants generally did not find it to be meaningful.
 - viii. Consultations are vital to designing projects well, and should therefore not be treated as a mere “rubberstamp” activity. There should be a comprehensive consultation strategy for projects, as well as a central unit to implement this.
 - ix. There should be follow-up consultations. One consultation in one place is not enough.
 - x. Publicize the draft SCD and CPF and allow reasonable time for comment by civil society and other relevant actors.

II. Substantive comments and recommendations about areas of work of the World Bank

- A. In determining the “poorest of the poor”, the World Bank should broaden its range of sources of information for indicators of poverty, and not just limit itself to government-provided data. A number of non-government service delivery groups, along with other kinds of non-government groups, could provide useful information on this.
- B. Conflict sensitive approach:
- a. There needs to be a comprehensive conflict analysis undertaken in order to understand the complexities of working in Myanmar. With ceasefires still at an initial stage, the real substantive aspects of the peace process are yet to start. Thus, Myanmar is still fragile and prone to conflict. Indeed many areas are active conflict areas. This is an issue that cannot be ignored and projects can potentially disrupt the peace process. No long term plan for Myanmar can be effective without a deeper understanding of peace and conflict as this is intrinsically linked to poverty and economic development/underdevelopment. For example, the CDD project; Namhsan was chosen, but soon after, conflict with the TNLA intensified, not because of the CDD project, but it caused delays, with many villagers scared of being asked about if they had seen the TNLA.
 - b. The Bank must also practice responsible engagement with media as part of its WB access to information and transparency standards. Given the juvenile nature of many local media whose exposure to investigative journalism, objective reporting, and familiarity with the complex nature of public and corporate finance remains low, they can potentially exacerbate or mitigate conflicts.²⁹
- C. General comments about the CPF:
- a. Why did the World Bank move quickly from the ISN to a CPF? Other countries such as Nepal and Cambodia implemented another ISN rather than moving straight to a CPF due to instability. With religious violence, stalled peace process and the uncertainly leading up to the 2015 elections, Myanmar is facing its own instability.
 - b. Related to this, what were the benchmarks/indicators that were met so that the World Bank could move forward from the ISN to the CPF? Did the ISN fulfil its stated intentions and what criteria were used to appraise this?
- D. Supporting existing local initiatives/convergence:
- a. Focus on ethnic areas and local support local solutions. Community organizations have shown resilience in the face of conflict and oppression to provide services to their communities. These should be actively supported, not side-lined, as they have legitimacy, greater understanding of local needs and as such are more effective. This is particularly salient in relation to convergence with local health and education systems, including cross-border aid. Many ethnic organizations have been providing these services as the state has been unable to. These local systems have been effective for many years and by

²⁹ Please note that this paragraph is the latest addition.

bypassing them, it will undermine confidence in World Bank projects as well as waste the knowledge, experience and competencies built up over years.

E. Land rights:

- a. A broader understanding of the legal framework on land ownership and use, the perpetrators of land grabbing, and the cultural caveats of the importance of land and natural resources is a must. Without this, it will be too easy for the World Bank to make the mistake of exacerbating the problem, by bringing more powerful actors and money into already vulnerable areas. The question needs to be asked: Will the World Bank become involved in technical assistance/policy advice/financing of a program that seeks to achieve greater land tenure security, especially for the poor?

F. Agriculture:

- a. Focus on improving the status of smallholder farmers rather than plantation-style corporate farming and agribusiness. 70% of the people in Myanmar work in agriculture.
- b. Provide support services to smallholder farms, including access to good credit.
- c. Establish comprehensive rural finance systems to sustain farmers, especially smallholders. This includes access to mid and long-term credit, land tenure and abolition of arbitrary taxation and local monopolies in the supply of inputs. Microfinance, while good for high frequency traders, stall holders, etc, is not really a solution to the biggest credit problem in Myanmar, which is the wide-scale indebtedness of the country's cultivators. Farmers need proper rural credit – the sort that only needs to be repaid after harvest - not standard microfinance loans that require weekly repayments.
- d. Champion FPIC since most of the agricultural investments are in ethnic lands.
- e. Ensure that agricultural investors can access long-term credit and make it a safe & efficient savings vehicle.
- f. Ensure that measures must contribute to increased capacity for farmers to diversify, including extension into processing and marketing agriculture products.

G. Small and Medium Enterprises (SMEs):

- a. Increase focus and commitment in providing resources and building capacity for real SMEs (not big companies that are loosely classified as “SMEs” due to high threshold values) such as providing access to credit and technical assistance. Support should target the strengthening of and/or the establishment of locally owned SMEs in all ethnic and vulnerable communities.

H. Energy:

- a. The World Bank has indicated it will return to supporting hydropower developments, even after the long years of controversy, failed and over-cost projects. In Myanmar such projects are particularly problematic due to dam projects’ role in exacerbating conflict and displacement; the linked problems of corruption, poor construction quality and high seismicity and flood risk; chronic lack of benefit sharing; etc. With its claimed dedication to poverty reduction, fighting corruption and slightly more accountable processes compared to

Chinese, Indian or Burmese government funding mechanisms World Bank involvement might not be all negative, but the World Bank has a very long way indeed to go to prove itself not complicit.

- b. Stay away from coal.
 - c. Green energy is the way forward.
 - d. How will the WB ensure that the energy produced will go to the local people and not sold off to Thailand/China etc?
- I. Private sector lending or contracting:
- a. Provide more transparency in private sector lending and open processes up for CSO consultations.
 - b. Employment generated through private sector projects are not automatically benefitting the poorest of the poor because often these projects require high-level skills; companies seldom invest in long-term trainings for skilled employment.
 - c. Establish clear regulations for companies concerning financial transparency, anticorruption as well as standards on business and human rights relating to social responsibility, environment, gender and labor, so as not to strengthen and further entrench cronies and former military leaders who now control most of the private capital in the country. Refrain from loaning or extending cooperation to private companies unless they comply with these regulations.
 - d. Ensure that contracts for World Bank Group projects incorporate compliance with IFC and ILO core labor standards.
- J. Telecommunications:
- a. Assess land rights risks involved in building infrastructure.
 - b. Generate an effective policy on data privacy protection and apply this across all projects. Consult a wide range of CSOs in developing this policy.
- K. Road and infrastructure building:
- a. Assess impacts not only on actual areas covered by projects, but also on areas which, though not proximate, will likely be affected by the projects e.g. locations where communities might be relocated

III. Questions on areas of work of the World Bank:

- a. Will the WB support small hydropower projects?
- b. Will the WB work in ethnic areas?
- c. What are indicators used to determine “poorest of the poor” areas? Is this limited to government information?
- d. Will the WB be investing in hydropower? Dejan Ostojic and Kathan Shankar have been noted to say that they are not currently planning to work on the hydropower sector. However, hydropower is part of the energy mix according to the National Energy Plan.
- e. To what extent have changes to the WB safeguards impacted its qualified (January 2001) endorsement of the World Commission on Dams guidelines?
- f. Will the WB support coal projects?
- g. Will the Bank make an explicit commitment to convergence activities?

IV. List of IFI Watch's prior recommendations that the World Bank has fully or partially adopted:

- a. **Consultation:** Moving from very short notice to two-week notice.
- b. **Documents:** Moving from no provision of relevant documents when invitations re sent to the provision of documents in both Myanmar and English language in invitations.
- c. Moving from asking participants to **download** documents to sending PDF documents.
- d. National Community Driven Development (**NCCD**): Strong and concrete reasons and recommendation from Magway CSOs for the selection of township ---- these were taken into account and incorporated.
- e. Reasonable transportation and accommodation **costs** for one invited participant per organization attending the consultation from outside the consultation location is **reimbursed** upon submission of receipts now.