

## **DEVELOPMENT COORDINATION**

### **A. Major Development Partners: Strategic Foci and Key Activities**

1. From the end of the 1980s until 2012, few development partners were active in Myanmar. Most agencies which kept a presence were involved in small-scale humanitarian assistance in kind or through grants. For example, the United Nations Children's Fund (UNICEF) maintained its involvement in rural water supply and sanitation, including conduct of a water, sanitation, and hygiene sector review. Notably, the international response following cyclones Nargis (May 2008) and Giri (October 2010) provided opportunities for development agencies, including nongovernment organizations, to re-engage with Myanmar. The United Nations Human Settlements Programme (UN Habitat) continued post-Nargis rehabilitation of water and sanitation infrastructure, including concepts of community action planning. In addition to the traditional development partners, there is considerable interest from the private sector.

2. For the moment, there are not many development partners active in water supply and other urban infrastructure and services in Myanmar. Among multilateral agencies, only the Asian Development Bank (ADB) and UN Habitat are active in this sector, while Agence Française de Développement (AFD) and the Japan International Cooperation Agency (JICA) are the major bilateral agencies supporting water supply and other urban infrastructure and services. In 2012, the Urban Research and Development Institute was established under the Department of Human Settlement and Housing Development of the Ministry of Construction, with support from UN Habitat. JICA also helped prepare the strategic urban development plan and the feasibility studies for priority subsectors (water supply, sewerage and drainage, and urban transport) in Yangon.

3. ADB's previous project for Mandalay was the Mandalay Water Supply Project which was approved in 1982 and implemented successfully, achieving its objectives. JICA prepared a water supply master plan for Mandalay in 2003 and updated it in 2012. Based on the updated master plan, JICA is preparing a grant project—Improvement of Water Supply System in Pyi Gyi Tagon Township in Mandalay City. The grant (financed by the Japan Fund for Poverty Reduction and administered by ADB) for Pro-Poor Community Infrastructure and Basic Services in Yangon and Mandalay will focus on small-scale and tertiary urban facilities, and will be complemented by and/or linked with larger-scale and primary infrastructure to be built under the project. The capacity development technical Assistance (TA) for Transformation of Urban Management, which is also funded by the Japan Fund for Poverty Reduction and administered by ADB, aims to promote sustainable urban development in the six major cities of Yangon, Mandalay, Mawlamyine, Patheingyi, Lashio, and Monywa by building the institutional capacity of local authorities, leading to the prioritized needs-based provision of essential infrastructure. ADB has also supported improvement of water supply and sanitation operations in Yangon and Mandalay through its Water Operators' Partnership Program.

4. The following table details the ongoing projects and programs in water and other urban infrastructure and services financed by major development partners in Myanmar.

### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
AFD	Amarapura Water Supply project	2015	2.7
AFD	Mandalay Urban Services Improvement Project	2015–2023	46.0
Government of France	FASEP grant for Yangon	2014	0.6
Government of France	FASEP grant for Mandalay	2014–2015	1.1
JICA	Water System in Mandalay City and in the Central Dry Zone	2001–2003	
JICA	A Strategic Urban Development Plan of Greater Yangon	2012–2013	
JICA	Urgent Improvement of Water Supply System in Yangon	2013–2016	15.8
JICA	Infrastructure Development in Thilawa Area Phase I	2013–2017	166.0
JICA	Regional Development Project for Poverty Reduction Phase I	2013–2016	141.0
JICA	Infrastructure Development in Thilawa Area Phase II	2014–2018	38.0
JICA	Greater Yangon Water Supply Improvement Project	2014–2020	200.0
JICA	Improvement of Water Supply Systems in Mandalay City	2015–2017	20.0
The Netherlands	Support for National Water Resources Committee	2013	
World Bank	Ayeyarwady Integrated River Basin Management Project	2014–2020	100.0
World Bank	National Community Driven Development Project	2012–2019	86.3
ADB	TA8456: Transformation of Urban Management	2013–2016	2.0
ADB	TA8472: Mandalay Urban Services Improvement Project	2013–2015	2.0
ADB	TA8758: Third GMS Corridor Towns Development Project	2014–2016	1.3
ADB	Pro-Poor Community Infrastructure and Basic Services	2013–2016	4.0
ADB	TA 7920: Supporting Water Operators' Partnership		

ADB = Asian Development Bank, AFD = Agence Française de Développement, GMS = Greater Mekong Subregion, JICA = Japan International Cooperation Agency, UN Habitat = United Nations Human Settlements Programme.

## B. Institutional Arrangements and Processes for Development Coordination

5. As a reflection of growing involvement of development partners, the Central Working Committee on Foreign Aid has been constituted in the president's office, chaired by one of the two vice-presidents, to coordinate international assistance. The committee will include two advisory subcommittees: (i) one composed of ministers of the Government of Myanmar as well as representation from states and regions, and (ii) a socioeconomic advisory committee with private sector representation and a selection of national experts bridging different sectors of the economy. The organizational lead for donor coordination has been assigned to the Foreign Economic Relations Department within the Ministry of Planning.

6. As the number of development partners active in the water and other urban infrastructure and services sector is relatively small, there is no formal donor coordination mechanism. However, ADB, AFD, JICA, and UN Habitat are communicating closely to share information on planned and ongoing activities of each organization. Communications are made through meetings in Myanmar and follow-on emails.

### **C. Achievements and Issues**

7. From the early stage of project preparation, ADB has worked with AFD very closely. AFD cofinanced the project preparatory TA, providing \$500,000 on a grant basis. At commencement of the TA, AFD indicated that it is interested in providing loan cofinancing for the project. After reviewing various analyses conducted under the TA, it was agreed that AFD will provide a loan amounting to €40.0 million for water supply system improvement. Grant sources are being sought by ADB and AFD to finance capacity development and pilot activities of the project. ADB plans to apply for the Urban Climate Change Resilience Trust Fund for capacity development in climate-change-resilient spatial planning and urban management, and pilot community-based solid-waste management. AFD is coordinating to obtain European Union grant funds for capacity development in utility corporatization and financial management.

### **D. Summary and Recommendations**

8. Informal coordination among ADB, AFD, JICA, and UN Habitat has worked out well to date. The coordination has focused on information sharing on each organization's planned and ongoing activities, however the focus may shift to the issues and bottlenecks in the national systems in planning and implementing externally funded projects, in particular loan projects. Establishment of a platform for financial institutions (similar to the Six Banks initiative in Viet Nam) may be considered to address systemic issues and challenges in preparing and implementing externally financed projects, and to jointly raise such challenges with the government. Stronger development coordination is expected to minimize transaction costs, maximize responsiveness, address policy issues more systematically, provide greater support for reforms and capacity building, and promote better accountability to achieve greater development impact.