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Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 18-Apr-2019 | Report No: PIDC26706

**BASIC INFORMATION****A. Basic Project Data**

Country Myanmar	Project ID P169070	Parent Project ID (if any)	Project Name Enhancing Institutional Capacity of State and Region Governments in Myanmar (P169070)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Feb 10, 2020	Estimated Board Date Apr 09, 2020	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Planning and Finance	Implementing Agency Ministry of Planning and Finance	

Proposed Development Objective(s)

The project development objective is to improve the institutional capacity of selected state and region governments to manage public funds and coordinate with the union government for efficient and inclusive delivery of services.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	100.00
IDA Credit	100.00

Environmental and Social Risk Classification

Concept Review Decision



High

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

Myanmar embarked on economic and political transition in 2011 with considerable disadvantages compared to its neighbors in terms of human development, wealth, ease of doing business, and other indicators. While the transition has generated significant changes for many segments of the population, economic growth in recent years was accompanied by increased inequality between income groups and between urban and rural populations. Expenditure growth for the bottom 40 percent remains below average national expenditure growth, signaling weak progress in translating economic growth into poverty reduction. Inequality between income groups is accompanied by substantial variations between regions and states in terms of wealth, access to services, human development outcomes, and other indicators. Moreover, this transition is occurring alongside lingering armed conflicts.

Sectoral and Institutional Context

The 2008 Constitution created space for fourteen separate elected state and region governments, an important step-change to accommodate political pluralism. Although the Constitution stops well short of creating a federal structure and most political power remains concentrated in the union, the functions assigned to the state and region governments, albeit limited, do equip them with roles to substantially shape democratic development, citizen participation, service delivery, and peace-building. However, despite enhanced resources and role of state and region governments, critical institutional weaknesses related to management of resources and coordination with the union government remain.

Relationship to CPF

The project's focus on strengthening the institutional capacity of state and region governments to help improve management of resources, coordination and inclusion at the subnational level is aligned with the adjusted strategic directions of the Country Partnership Framework which emphasizes social inclusion and conflict areas.

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D. Concept Description

While political debate on the future shape of a federal Myanmar are ongoing, it is important to strengthen the



institutional capacity to help strengthen federalism from below’, even within the current constitutional boundaries to help build a stronger social contract.

The project aims to focus only on salient issues of management of resources, coordination for delivery of services and participation that can substantially improve the capacity of subnational governments to help deliver inclusive development. The project will focus on both states and regions, with the exact geographic scope to be decided. The project resources will be transferred to the selected state and region governments based on a formula and conditions to be agreed. These grants will be contingent on achieving an agreed set of performance conditions, criteria and indicators, reflecting the project’s objectives.

The proposed project includes the following three components – institutional development tied transfers to states/regions, performance-based general-purpose transfer, and project coordination. The states and regions receiving the funds will directly fund and execute the activities from the first two components.

Component 1 will be a tied transfer that comprises interventions, corresponding to institutional development of state and region governments. Investments in these areas will be required based on the parameters to be identified during the project preparation.

Component 2 will be a performance-linked general purpose transfer to states and regions for investments selected state and region governments deem important within the project parameters and conditions, such as the focus on municipal investments.

Component 3 will be placed with the DG Planning Office of the Ministry of Planning and Finance (MOPF) /the Program Unit. This component will support overall project coordination, supervision, and communication activities.

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Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The overall environmental and social risk classification is high. The screening of risks and impacts of project activities is based on discussions with the task team and desk research on previous experience of projects of this nature. The project has the potential to benefit and adversely impact individual people, ethnic groups, those that are vulnerable, marginalized and/or excluded. Some of the potential benefits and adverse impacts risk creating further conflict, discrimination, harm, vulnerability, exclusion and marginalization, whether intended or not. The construction and operations of small-scale infrastructure financed by the projects may generate adverse impacts to the environment and social. The following ESSs are relevant to this project: ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS2 (Labor and Working Conditions), ESS3 (Resource Efficiency and Pollution Prevention and Management), ESS4 (Community Health and Safety), ESS5 (Land Acquisition, Restrictions on Land Use and Involuntary



Resettlement), ESS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), ESS7 (Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities), ESS8 (Cultural Heritage), and ESS10 (Stakeholder Engagement and Information Disclosure). The implementing agencies have limited to no knowledge and experience on environmental and social risk management in line with international good practice.

Prior to appraisal a Stakeholder Engagement Strategy, Environmental and Social Commitment Plan (ESCP), Labour Management Plan and Worker Grievance Procedure, and Terms of Reference for various assessments will be completed. To ensure capacity to deliver on risk assessment and management budget, staffing and operational arrangement requirements will also need to be outlined. An Environmental and Social Management Framework (ESMF) with sections addressing Resettlement Policy Framework and Ethnic Groups Framework will also be prepared prior to appraisal.

To address adverse impacts, the ESCP will be prepared prior to appraisal. The ESCP will include agreements on: i) Assessments (Social Assessments and Ethnic Groups Assessments); and ii) Plans: Stakeholder Engagement Plans (SEPs) for all states/regions, Environmental and Social Management Plans (ESMPs); Environmental Code of Practice (ECOP); Community Health and Safety Management Plan and Procedures; Resettlement Action Plans (RAPs); Integrated Community Development Plans (ICDPs); and Chance Finds Procedure based on previous scoping and assessments and as needed.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

CONTACT POINT

World Bank

Zubair Khurshid Bhatti
Senior Public Sector Specialist

Borrower/Client/Recipient

Ministry of Planning and Finance
Daw Thway Thway Chit
Director General Planning
miraithwaythway@gmail.com

Implementing Agencies

Ministry of Planning and Finance
Daw Thway Thway Chit
Director General Planning
mirthwaythwaychit@gmail.com



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Zubair Khurshid Bhatti
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Approved By

Practice Manager/Manager:		
Country Director:		

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