

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC12454

Date ISDS Prepared/Updated: 20-Apr-2015

Date ISDS Approved/Disclosed: 27-Apr-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Myanmar	Project ID:	P154389
Project Name:	Myanmar Financial Inclusion (P154389)		
Task Team Leader(s):	Jose De Luna-Martinez,Alexandra L. Drees-Gross		
Estimated Appraisal Date:	28-Jul-2015	Estimated Board Date:	21-Sep-2015
Managing Unit:	GFMDR	Lending Instrument:	Investment Project Financing
Sector(s):	Microfinance (40%), Banking (40%), General finance sector (20%)		
Theme(s):	Other Financial Sector Development (100%)		
Financing (In USD Million)			
Total Project Cost:	200.00	Total Bank Financing:	200.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			200.00
Total			200.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

Financial inclusion is a key priority in Myanmar's development agenda. As such, the Government of Myanmar has recently formulated Myanmar Financial Inclusion Roadmap (2015-2020) that aims at increasing the percentage of adults with access to basic financial services from 30 percent to 40 percent by 2020. The development objective of this IDA operation is to help increase access to financial services by the poor in Myanmar. To achieve this objective, the IDA operation will finance selected government actions, instruments, and activities, including:

- (i) Modernizing Financial Infrastructure

- (ii) Corporatizing state-owned banks
- (iii) Expanding Financial Products to serve the poor
- (iv) Strengthening the Legal and Regulatory Framework

C. Project Description

To achieve this objective, the IDA operation would finance selected government actions, instruments, and activities, including:

- (i) Modernizing Financial Infrastructure (payment systems)

Disbursement-linked indicator (DLI): CBM passes new regulation on mobile financial services.

Upon successful completion of the DLI, the IDA operation would support the following investments and expenses by CBM:

- IT-Investments for upgrading the CBM's payment system by adding the real time gross settlement system (RTGS), central securities depository (CSD), automated clearing house (ACH) for low value transactions, and a securities settlement system (SSS).
- IT investments for national payment switch.

- (ii) Corporatizing two large state-owned banks

Disbursement-linked indicator (DLI): Ownership and control of MADB is transferred to MOF.

Once the DLI is fulfilled, the IDA operation would advance funds for restructuring and partial privatization of the two largest state-owned banks, Myanmar Economic Bank (MEB) and Myanmar Agriculture Development Bank (MADB), including financing of

- International audits and due diligence.
- Formulation and execution of strategies/plans for partial privatization, listing in the future Yangon Stock Exchange, divestiture of impaired assets, etc.)
- Upgrade of corporate governance framework, risk-management practices, accounting and auditing, IT infrastructure, operations platform of banks that are partially privatized.

Resources would also be made available to resolve (eg. sale, liquidation) of the two remaining state-owned banks, Myanmar Investment and Commercial Bank and Myanmar Foreign Trade Bank.

- (iii) Expanding Financial Products to serve the poor

Disbursement-linked indicator (DLI): The Financial Inclusion Roadmap and Financial Sector Development Strategy are signed by the President of Myanmar.

Upon fulfillment of the DLI, the IDA operation would support government expenses related to:

- Implementation of a government platform to switch the payment of salaries of at least 3 million civil servants from cash to electronic payments into individual bank accounts.
- Scale up government funding facility for MFIs
- Matching grants to expand digital finance and agent networks in underserved areas.

(iv) Strengthening the Legal and Regulatory Framework of the financial sector

Disbursement-linked indicator (DLI): The new Bank and Financial Institutions Law is approved by Parliament and enacted by the President of Myanmar

Upon fulfillment of the DLI, the IDA operation would support expenses related to:

- Establishment and operation of a Financial Sector Training Center with capacity-building and training for financial sector supervisors and policy-makers at MOF and CBM (including on banking, securities, insurance, microfinance supervision).
- Strengthening of the newly created supervisory agency for micro-finance institutions and other NBFIs (Financial Regulatory Department at Ministry of Finance and Revenue), including IT, manuals, training and capacity building of staff, development and adoption of new analytical tools, etc.
- Supporting a mechanism for developing a sustainable training mechanism for MFIs, possibly in collaboration with the industry association.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Most project activities will take place at the Central Bank of Myanmar and the Ministry of Finance. Their headquarters are located in Naypitaw and Yangon. Financial institutions that will benefit from the project are also located in these two cities.

E. Borrowers Institutional Capacity for Safeguard Policies

Ministry of Finance and Revenue of Myanmar has worked with the WBG before and is familiar with WBG safeguard policies.

F. Environmental and Social Safeguards Specialists on the Team

Satoshi Ishihara (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The need for EA to be determined based on whether the project will include a credit line or matching grant program.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	

Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 29-May-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

If needed, studies will be done and completed in May 2015.

IV. APPROVALS

Task Team Leader(s):	Name: Jose De Luna-Martinez,Alexandra L. Drees-Gross	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Surhid P. Gautam (SA)	Date: 22-Apr-2015
Practice Manager/ Manager:	Name: James Seward (PMGR)	Date: 27-Apr-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.