



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 29-Mar-2019 | Report No: PIDC26068

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

Country Myanmar	Project ID P168797	Parent Project ID (if any)	Project Name Rakhine Recovery and Development Support Project (P168797)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Jan 13, 2020	Estimated Board Date Mar 05, 2020	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Republic of the Union of Myanmar	Implementing Agency Ministry of Agriculture, Livestock and Irrigation, State Counsellor Office	

Proposed Development Objective(s)

The Project Development Objective is to improve access to economic opportunities for diverse communities in selected areas of Rakhine State.

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 II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

Myanmar's economic and political transition since 2011 has created opportunities for rapid economic growth leading to significant poverty reduction. However, growth has not been as pro-poor and inclusive as is needed to address Myanmar's entrenched issues of rural poverty and exclusion along geographic, ethnic, and religious lines. The economic transition has moved faster than the transition from conflict to peace, with many lingering armed conflicts and only gradual progress in the peace process. While the transition has generated significant changes for many segments of the population, economic growth in recent years has been accompanied by increased inequality between income groups and between urban and rural populations. Inequality between income groups is accompanied by extreme variations between regions and states in terms of wealth, access to services, human development outcomes, and other indicators.

The situation in Rakhine State is a stark representation of the challenges that Myanmar faces in this period of transition. In August 2017, deadly attacks by the insurgent Arakan Rohingya Salvation Army against police and army posts provoked a violent military and inter-communal response that culminated in the forced displacement of more than 700,000 Muslims, who self-identify as Rohingya,¹ into neighboring Bangladesh. Both before and after the recent violence, Rakhine was and continues to be one of the poorest states and regions in Myanmar, and the most deprived across a range of non-monetary welfare dimensions. Data from the Integrated Household Living Conditions Assessment show that Muslims in Rakhine State disproportionately suffer from all dimensions of exclusion, particularly landlessness and monetary poverty. These Muslim communities face historic tensions with the ethnic Rakhine population and economic and social discrimination. With increasing difficulty to prove or maintain citizenship or residency—and considered stateless by the United Nations—most of these Muslim communities face severe mobility restrictions within Rakhine State and throughout the country. In addition to the Muslims who fled to Bangladesh, an estimated 130,000 persons displaced by previous violence against Muslim communities are living in 23 Internally Displaced Persons (IDP) camps in Rakhine State. In recent months, new violence between the Arakan Army, a Buddhist ethnic Rakhine insurgent group, and the Myanmar military, has led to more deaths and displacement in Rakhine. The gradual escalation of this conflict in 2019 has significant implications for access to services and livelihoods for all communities in Rakhine State due to newly imposed travel restrictions and curfews across Northern and some parts of Central Rakhine State. As of April 2019, estimates suggest over 35,000 new IDPs, most of whom are ethnic Rakhine, and limited access to food and other essential supplies in some areas in the Northern part of Rakhine State. The fallout from the ongoing crisis in Rakhine State could have significant consequences on the economy, the peace process, and the political transition in Myanmar.

In the aftermath of the 2017 upsurge in violence, the civilian Government stated a commitment to implement the

¹ In line with the Report of the Advisory Commission on Rakhine State (2017), the remainder of the document will refer to those who self-identify as Rohingya as "Muslims" or "the Muslim community in Rakhine". This does not include the Kaman Muslims in Rakhine or other Muslims in the country.



recommendations of the Advisory Commission on Rakhine State (RAC). The RAC was established by the State Counsellor's Office and headed by the late Kofi Annan to guide the Union government's approach to Rakhine State and its persisting tensions. The RAC, which included both national and international members, was created to propose measures to improve the welfare of all people from diverse communities in Rakhine State. The Government later signed a Memorandum of Understanding with UNHCR and UNDP with a view toward putting in place the conditions for safe, voluntary, and dignified refugee returns and to improve the welfare of remaining Muslim communities in Rakhine State. Following the lead of the UN, the World Bank seeks to support short- and longer-term economic opportunities for diverse communities in Rakhine State taking into consideration that parallel support for building inter-communal trust is needed to ensure sustainability.

Sectoral and Institutional Context

Rakhine is geographically isolated, separated from the rest of Myanmar by the Arakan Yoma Mountains, with limited road connectivity to major markets in Yangon and elsewhere. Due to its geographic location, Rakhine is extremely vulnerable to natural disasters such as cyclones and floods. However, Rakhine has much underutilized and unexploited economic potential as it is rich in natural resources, fertile land, and has a long coastline that once served as an important trade hub. There is the potential to build on Rakhine's resources in ways that benefit all communities, including Muslims.

Agriculture, fisheries, and livestock are the main sources of livelihoods for 85 per cent of the rural population, but the formal sector is limited in scope. These sectors exhibit extremely low productivity: for example, yields for paddy cultivation are the lowest in the country. There is a high proportion of landless people, including among the ethnic Rakhine and especially among the Muslim communities, with many people working as casual day laborers in different sectors according to the season. Labor migration outflows, especially among ethnic Rakhine youth, are also significant. Skills and labor shortages as well as low human capital in Rakhine have a significant impact on labour productivity, and the fragmentation of markets due to transport and mobility constraints lowers incentives for investment.

The institutional context is multi-faceted, adding greater complexity to any potential development intervention. Political tensions between the State and the Union government weaken the effectiveness of public service delivery while also creating challenges for Myanmar's economic and political transition. Tensions between the ethnic Rakhine Buddhist and Muslim communities have led to inter-communal violence for decades, but most recently and more seriously in 2012 and in 2016, and played a supporting role in 2017. The Government's current policy approach to Rakhine State is being implemented side by side with other sector policies and strategies in sectors like health, education, and social protection, with significant implementation challenges on the ground.

Relationship to CPF

The Project is consistent with the focus areas stated in the 2015-19 Myanmar Country Partnership Framework (CPF), which focuses on rural poverty reduction through increased agricultural income and productivity and includes conflict resolution as a cross-cutting theme.

The proposed project will also contribute to the achievement of the Myanmar Sustainable Development Plan (MSDP). The MSDP includes an objective to implement the recommendations of the RAC as part of its first goal for peace, national reconciliation, security, and good governance. The Plan envisions doing so through the promotion of socioeconomic development in Rakhine State, which is consistent with the activities proposed in the project.



C. Proposed Development Objective(s)

The Project Development Objective is to improve access to economic opportunities for diverse communities in selected areas of Rakhine State.

Key Results (From PCN)

The project will monitor medium-term outcomes relating to the number of households that benefit from productive inclusion activities. It will also monitor the types and number of enterprises that benefit from project activities. For all activities, the project will benefit diverse communities in selected areas equally, and will ensure that all communities are covered by the project in proportion to their population shares in project areas. The project will also monitor the development of complementary systems to help the Government streamline the implementation of certain programs, such as cash-for-work.

D. Concept Description

As one of the states with the highest levels of poverty in Myanmar, both Government and non-government stakeholders recognize the need to support economic development in Rakhine State by improving access to economic opportunities and livelihoods for *diverse groups*. The project is expected to commence activities in selected townships in the Central part of Rakhine State, given that several of them have an ethnically diverse population. While some townships in the North are also ethnically diverse, security, land, and other challenges would pose significant obstacles to implementation in the early stages of the project. Further prioritization and selection of townships are expected during preparation, with criteria to include security and access, ethnic diversity, welfare conditions, as well as agreement from officials to allow all communities to benefit from the project activities. The project may later expand to other areas of Rakhine State, based on clear criteria.

The focus of the proposed project will be developmental and inclusive of all communities in selected areas, and activities will be designed in such a way as to maximize their impact on social cohesion. Given its inclusion of all groups living in selected areas of Rakhine State, including Muslim communities who largely depend on humanitarian assistance, the project will help bridge the transition from a segmented humanitarian approach to an inclusive developmental one that comprises diverse groups and communities in Rakhine State. By adhering to an approach that combines activities to improve economic opportunities and to promote social cohesion whenever feasible, the proposed project aims to help create the underlying conditions to foster peace and stability and drive the economic and social development of Rakhine State in an inclusive way. The project will take a carefully phased approach to implementation and expansion, closely monitoring performance on crucial issues such as inclusive access to project activities and compliance with safeguards, and taking appropriate remedial action if needed.

Component 1: Productive inclusion

Component 1 will seek to improve the resilience of poor and vulnerable households in selected areas of Rakhine State through productive inclusion activities. This will comprise a combination of access to a cash-for-work program to generate short-term income, and livelihoods training combined with small asset transfers to support longer-term income generating opportunities.



Component 2: Improving livelihoods

Component 2 will support the growth and development of Small and Medium Enterprises (SMEs) in selected areas of Rakhine State. This component will introduce pilot interventions to test the feasibility of activities to support entrepreneurs and SMEs on an inclusive basis. Examples of interventions that may be piloted include financial assistance to entrepreneurs and SMEs in the form of grants or matching grants that may be coupled with business support services. Support may be provided via business plan competitions or similar mechanisms. The component will likely focus its support on value chains with higher job creation potential for diverse communities.

Component 3: Project management, monitoring and evaluation

Component 3 will finance technical and operational assistance for the day-to-day management and implementation of the project. It will provide institutional support and capacity development for project management, coordination, technical assistance and safeguards, implementation, and monitoring and evaluation, including the costs of information and communications technology (ICT) and geo-enabling tools. The use of third-party monitoring is also being considered to strengthen monitoring and evaluation (M&E) of the project. This component will also include diversity and conflict sensitivity training for implementing agency staff and all implementing partners. It will also finance activities for citizen engagement, routine and third-party M&E if applicable, as well as enhanced M&E in areas that are politically and/or socially sensitive. Finally, this component will include technical assistance to provide analytical and advisory inputs on key strategic issues for Rakhine State's economic development, including ongoing large-scale infrastructure investments.

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 key social risk for the project is that project benefits and impacts may cause unintended further conflict, discrimination, harm, vulnerability, exclusion and marginalization, due to real or perceived inequalities in the treatment of different groups. For example, consultation, activity prioritization, worker selection, work distribution and pay may create real or perceived inequalities, especially for Muslims, vulnerable groups and women. Mobility restrictions on Muslims may prevent them from fully benefiting from all project activities. Other potential social risks are described in the Concept Stage Environmental and Social Review Summary. Based on the screening undertaken at this concept stage, the government's environmental and social management system and procedures will need to be complemented and enhanced significantly to meet World Bank environmental and social risk management requirements. The project will address identified gaps through the preparation and implementation of an Environmental and Social Commitment Plan (ESCP) to be prepared by the client together with the Bank during the preparation stage of the project.

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



CONTACT POINT

World Bank

Mauro Testaverde, Claudia Zambra Taibo
Senior Economist

Borrower/Client/Recipient

Republic of the Union of Myanmar

Implementing Agencies

Ministry of Agriculture, Livestock and Irrigation
Aung Thu
Union Minister
contact@e-moali.gov.mm

State Counsellor Office
Khin Maung Tin
Deputy Minister
statecounselloroffice@mm.gov

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):	Mauro Testaverde, Claudia Zambra Taibo	
Approved By		
RECEIVED		
Practice Manager/Manager:		



Country Director:		
-------------------	--	--