

Republic of the Union of Myanmar

Ex-Post Evaluation of Japanese ODA Loan
“Social and Economic Development Support Loan”

External Evaluator: Toshihisa Iida, OPMAC Corporation

0. Summary

This program (hereinafter referred to as “the Program”) was to resolve the external debt arrears issue that had been a problem and to underpin reform in the fields of macroeconomic management and development policy, the social sector and governance, taking into account the progress of reform undertaken by the Myanmar government since the inauguration of the new administration. The Program was relevant to the country’s development strategy, development needs and financing needs, as well as to Japan’s ODA policy. The policy matrix was appropriate since the context covered a broad field and it was prepared through consultations between the related stakeholders and Japan as the largest creditor to Myanmar, considering the various stakeholders such as NGOs. Therefore, its relevance is high. All policy actions which needed to be achieved prior to the loan provision were completed and JICA’s appraisal was appropriately carried out. Therefore, its effectiveness is high. As for impact of the Program, most of the policy actions monitored were completed and/or have been implemented and reform activities in each policy agenda have continued. The implementation of these actions has resulted in progress being made in laying a foundation to achieve the policy agendas, and some positive impacts resulting from implementation have appeared in some policy agendas. The policy matrix and subsequent monitoring activities and policy dialogues contributed to underpinning the progress of reform. Furthermore, the clearance of debt arrears through the Program and others has enabled the donor community, including Japan, to provide financial and technical support to the reform being undertaken by the Myanmar government. The government’s borrowing capacity has also been improved, which raises the likelihood of the government being allowed to borrow development funds necessary for future reform activities. At the time of the ex-post evaluation, the economic indicators related to reform have improved and/or remained stable. The reform momentum of the government has not been changed, and reform initiatives have been continued. Thus, its sustainability is high.

1. Project Description



Project Location



ATMs that have appeared since 2011 due to deregulation in the financial sector

1.1 Background

1.1.1 Background of This Project

With some being overdue since September 1987 and project interruption and a substantial break in debt services due to the military coup in September 1988, the provision of new Japanese ODA loans to Myanmar stopped and the implementation of projects supported by Japan was suspended, except for certain exceptions, from 1988. In August 2003, the Myanmar government formulated the “7-step Roadmap to Democracy”¹ and based on the Roadmap, a new constitution was established in May 2008. Following the first general election in 20 years, held in November 2010 under the new constitution, a civilian administration under President Thein Sein was inaugurated in March 2011. Immediately, political, economic and governance reforms were initiated aimed at attaining democratization, national reconciliation and sustainable development.

In the Japan-Myanmar Summit Meeting held in April 2012, Japan announced that it had reviewed its assistance policy toward Myanmar and would resume its full engagement in support for Myanmar while observing the progress of reform². In this connection, both countries reached a common understanding on how to address Myanmar’s debt issues, which

¹ The 7-Step Roadmap to Democracy that aims to build a democratic state includes: i) Recovering of the National Convention that has been adjourned since 1996; ii) Step by step implementation of the process necessary for the emergence of a genuine and disciplined democratic state; iii) Drafting of a new constitution in accordance with basic principles and detailed basic principles laid down by the National Convention; iv) Adoption of the constitution through a national referendum; v) Holding of free and fair elections for the Parliament according to the new constitution; vi) Convening of the Parliament attended by the Parliament members in accordance with the new constitution; and vii) Building a modern, developed and democratic nation by the state leaders elected by the Parliament and the government and other central organs formed by the Parliament.

² Japan’s economic cooperation with Myanmar had been implemented mainly in the field of basic human needs that would directly benefit the people of Myanmar, on a case-by-case basis and with discretion meanwhile monitoring democratization and the improvement of human rights since 1995.

would pave the way for Japan to restart new ODA loans for the sustainable economic development of Myanmar³. Also, in parallel, at the initiative of Japan, consultations with Multilateral Development Banks and the Paris club (a group of creditor countries)⁴ to solve the Myanmar's debt issues progressed.

In “the Meeting on Myanmar in Tokyo” held in October 2012 with the participation of a total of 26 countries including Japan and international organizations, participants shared the view that the international community should unite to back the Myanmar's reform efforts, so as to facilitate Myanmar's early reengagement with the international community. In this meeting, based on the intentions of the World Bank and the Asian Development Bank (hereinafter referred to as “ADB”) to clear Myanmar's debt arrears in January 2013, Japan announced the implementation of its operations with Myanmar to clear the arrears in the same month. Some of Myanmar's debt, as extended by Japan as an ODA loan, would be bridged by an ultra-short-term commercial loan (hereinafter referred to as “bridge loan”) and others would be cancelled⁵ (Please see Table 1: Major Events Related to the Program).

1.1.2 Outline of the International Framework for the Resolution of Myanmar's Debt Issues

Japan, the largest creditor to Myanmar, led discussions with the international community including international organizations and bi-lateral creditors towards a framework for the resolution of Myanmar's debt arrear issues. As a result, in “the Meeting on Myanmar in Tokyo” in October 2012, the following was shared among the participants⁶.

- i) Active engagement by the International Monetary Fund (hereinafter referred to as the “IMF”) through an appropriate framework of joint monitoring by the IMF and Myanmar itself is indispensable in ensuring the implementation of reforms in Myanmar's macro-economic management;
- ii) The World Bank and ADB explained that they were advancing necessary preparations to clear their respective arrears in January 2013, and the participants shared the view that it is essential that two institutions resume full engagement to support economic reforms for inclusive growth at the earliest possible timing;

³ In this meeting, both Japan and Myanmar's leaders underlined that the two sides will pursue the following conception approach: i) The payments for which the due date had fallen before March 2003 (JPY 198.9 billion in total for both principal and interest) will be cleared by an ultrashort-term commercial loan (bridge loan), which will be bridged to a ODA loan (the Program); ii) As for payments whose due date falls after April 2003 (JPY 127.4 billion in total for both principal and interest), Japan will resume procedures to cancel this part of the debts; iii) Overdue charges (JPY 176.1 billion) will be canceled after jointly monitoring the continuation of Myanmar's reform efforts in a one year period (Source: April 21, 2012, Press Release by Ministry of Foreign Affairs Japan, “Addressing Myanmar's Debt Issues”).

⁴ Bi-lateral creditors in the Paris Club include Japan, Australia, Canada, Denmark, Finland, France, Germany, Italy, Netherland, Norway, and UK.

⁵ October 11, 2012, Press Release by Ministry of Finance Japan, “Opening Remarks by H.E. Mr. Koriki Jojima, Ministry of Finance, Japan at the Meeting on Myanmar in Tokyo”.

⁶ October 11, 2012, Press Release by Ministry of Finance Japan, “Press Release by Chair: The Meeting on Myanmar in Tokyo”.

iii) Participants recognized the importance for Myanmar to work closely with bi-lateral creditor countries towards the early resolution of the debt issues, and the Paris Club chairman invited Myanmar to a Paris Club meeting in January 2013 to negotiate a multilateral agreement with Paris Club creditor countries, once multilateral arrears are cleared.

Based on this framework, the Myanmar government requested that the IMF conduct a Staff-Monitored Program (hereinafter referred to as “IMF-SMP”)⁷ in December 2012. Operations for arrears clearance for ADB and the World Bank were implemented on January 17, 2013, and January 25, 2013 respectively⁸, and the Paris Club creditor countries concluded a multilateral agreement on January 25, 2013⁹.

Table 1: Major Events Related to the Program

Date	Major Events
Sept. 1988	Collapse of the socialist government due to nationwide democratization demonstrations ⇒ Military authorities gained control of the country Japan stopped providing new ODA loans, and suspended the implementation of Japan supported projects
Aug. 2003	7-step Roadmap to Democracy formulated
Sept. 2008	New constitution established
Nov. 2010	First general election in 20 years conducted under the new constitution
Mar. 2011	U Thein Sein sworn in as President, and a civilian administration inaugurated
Nov. 2011	Japan-Myanmar Summit Meeting (at Bali)
Apr. 2012	By-election held (1 st) U.S.A announced gradual relaxation of its economic sanctions to Myanmar (4 th) Japan-Myanmar Summit Meeting (21 st) EU decided on the suspension of its economic sanctions to Myanmar (except for some sanctions) (26 th)
Oct. 2012	The Meeting on Myanmar in Tokyo (11 th)
Dec. 2012	IMF-SMP requested (28 th)
Jan. 2013	Debt arrears to ADB cleared (17 th) Debt arrears to the World Bank cleared (25 th) International agreement regarding the resolution of debt arrears at the Paris Club (25 th) Debt arrears to Japan cleared (30 th)

Source: Prepared by the evaluator from various published documents

⁷ A Staff-Monitored Program by the IMF is an informal instrument for dialogue between IMF staff and country authorities on economic policies, and it is not accompanied by financial supports.

⁸ Debt arrears to the World Bank and ADB were cleared through bridge loans provided by the Japan Bank for International Cooperation (JBIC), and the World Bank and ADB provided new program loans to the Myanmar government for the repayment of the bridge loans.

⁹ At the Paris Club meeting on January 25, 2013, the Paris Club creditor countries agreed that a 50% of the total of arrears due to Paris Club creditors would be cancelled and that the remaining amounts would be rescheduled (15 years, including a 7-year grace period). Also in the meeting, some creditors (Japan and Norway) committed to the provision of exceptional cancelation and rescheduling of their claims.

1.1.3 Policy Matrix

The Program used a type of ODA loan that supported a general budget to provide assistance for the reforms of the Myanmar government. Thus, as shown in Table 2, a policy matrix was established, which included policy actions for the promotion of government reform that the Myanmar government had to achieve prior to the loan provision and policy actions to be monitored after the loan provision. There were 16 policy agendas in 3 concerned fields: macroeconomic management and development policy, the social sector (education and health) and governance (See Annex Policy Matrix). Also, the arrangements for the monitoring of the progress of the policy actions were established. These were the submitting of quarterly progress reports and the holding of policy dialogues between the Myanmar government and the Japanese government for 1 year after the loan provision.

Table 2: Policy Agendas in the Policy Matrix

Policy Cluster	Policy Agendas
Macroeconomic Management and Development Policy	Arrears Clearance, Development Strategy, Fiscal Management, Monetary Policy, Reforming the Exchange Rate System, Financial Sector Policies, Improving the Investment Climate
Social Sector (Education and Health)	Promotion of Education Policy, Promotion of Health policy
Governance	Rule of Law, Labor Policy, Environmental Policy, Human-rights Policy, Anti-corruption, Population and Housing Census, Donor Coordination

1.2 Project Outline

The Objective of the Program was to support the reforms of the Myanmar government since the inauguration of the new administration in the fields of macroeconomic management and development policy, the social sector (education/health), and governance, which would improve these fields through the ongoing reforms and the promotion of closer policy dialogues with Japan, thereby contributing to the stability of Myanmar's economy.

Loan Approved Amount / Disbursed Amount	198,881,173,331yen / 198,881,173,331yen ¹⁰
Exchange of Notes Date / Loan Agreement Signing Date	January 2013 / January 2013
Terms and Conditions	Interest rate 0.01% Repayment Period 40 years (Grace Period) (10 years) Conditions for Procurement: NA
Borrower / Executing Agency	Republic of the Union of Myanmar / Ministry of Finance
Final Disbursement Date	January, 2013

¹⁰ See Note 3 i)

Main Contractor	-
Main Consultant	-
Feasibility Studies, etc.	-
Related Projects	<p>1. Technical Cooperation</p> <ol style="list-style-type: none"> 1) Project for Modernizing the Funds Payment and Securities Settlement Systems in Myanmar (February 2014 – February 2018) 2) Legislation System Maintenance Advisor for Special Economic Zone Development (June 2013 – September 2013) 3) Project for Strengthening of Child Centered Approach Phase 2 (September 2008 – March 2012) 4) Advisor for Improvement of Basic Education (June 2012 – June 2014) 5) Strengthening of Basic Health Staff (May 2009 – May 2014) 6) Major Infectious Diseases Control Project Phase II (March 2012 – March 2015) 7) The Project for Capacity Development of Legal, Judicial and Relevant Sectors in Myanmar (November 2013 – November 2016) 8) Project on Capacity Improvement of Recovery and Reintegration Assistance for Trafficked Persons (June 2012 – June 2016) 9) Advisor for Aid Coordination (April 2013 – April 2016) <p>2. Grant Aid</p> <ol style="list-style-type: none"> 1) Project for Development of ICT System for Central Banking (October 2013 – October 2016) 2) The Project for Upgrading the Health Facilities in Central Myanmar (October 2012 – October 2015) <p>3. International Institutions and Others</p> <ol style="list-style-type: none"> 1) IMF: Staff-Monitored Program (SMP) (January 2013 – January 2014) 2) World Bank: Reengagement and Reform Support Program 3) ADB: Support for Myanmar’s Reforms for Inclusive Growth Program

2. Outline of the Evaluation Study

2.1 External Evaluator

Toshihisa Iida, OPMAC Corporation

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted according to the following schedule.

Duration of the Study: July 2014 – November 2015

Duration of the Field Study: October 12, 2014 – October 23, 2014

February 23, 2015 – February 27, 2015

2.3 Evaluation Approach and Constraints in the Evaluation Study

There were two sides to the Program: budget support to underpin the Myanmar government's reforms and the refinancing of existing loans for the clearance of its debt arrears. An ODA loan for budget support, unlike a typical project-type ODA loan, is usually disbursed subject to the achievement of the policy actions, or the reform progress. The Program also set up policy actions to be monitored after the loan provision to ensure continuing progress of reform. This being the nature of the Program, this ex-post evaluation analyzed and evaluated the achievement status of the actions prior to the loan provision as effectiveness of the Program. The state of the implementation of the actions afterward and the effects of implementing these actions, as well as the effects brought about through the clearance of debt arrears were analyzed and evaluated as impact of the Program.

In evaluating the effectiveness, since specific indicators and/or numerical goals to measure the degree of realization of the effects of the Program had not been set up, this evaluation adopted the following two evaluation criteria: the achievement status of the policy actions prior to the loan provision; and the consistency of the policy actions to the ones given in the policy matrices of the World Bank and ADB as conditions for the provision of their loans, that is, the consistency of the recognition by JICA and by other aid agencies of the progress of the reform of Myanmar.

In evaluating the impacts, the following five aspects were analyzed: i) the state of the implementation of the actions to be monitored; ii) changes wrought by implementing the policy actions; iii) impact of the policy matrix, monitoring and policy dialogue on the progress of reform; iv) impact of the clearance of debt arrears; v) impact on the stability of Myanmar's economy. However, reform was in progress at the time of the ex-post evaluation, and most of the policy actions were ones that should be implemented in the early stages of reform, such as the development of related laws and regulations and plan formulations. Also, the realization of impact of implementing these actions requires the proper utilization of regulatory, institutional and operational framework that are developed through the implementation of the actions. Furthermore, this would be carried out by the government itself, which is out of the scope of the

policy matrix. Moreover, due to the lack of specific goals and numerical indicators for the implementation of each policy action, the extent of the aims of the Program are not clear. Thus, even if some impact of reform has been realized, it is difficult to quantitatively and qualitatively measure the attribution of the Program to the impact. Therefore, impact evaluation was limited to only analyzing the state of the implementation of the policy actions and the effects realized by implementing the actions. An evaluation judgement was not given.

In this ex-post evaluation, efficiency of the Program was not evaluated for the following reasons:

- Although the input of the Program was the provision of an ODA loan to refinance existing loans which had been in arrears, the output of the Program was the progress of reform activities through the implementation of the policy actions. Therefore, the input and output did not have one-to-one relationship;
- Due to the nature of the Program, through which the bridge loan was refinanced by this ODA loan, the actual program cost and period were invariably the same as planned;
- It was difficult to quantify the output of the Program

The Program has involved 23 departments in 12 ministries/agencies in the Myanmar government. Sufficient coordination took place with the executing agency in the implementation of this ex-post evaluation. However, a limited time available during the field survey together with other reasons meant limited interview opportunities with all the related ministries/agencies and departments. Also, the evaluation team was not able to fully collect responses to the questionnaires which were sent by the evaluation team. Even among the responses collected, there were a number of unclear points for which further clarification was necessary. However, it was also a challenge for the team to collect the additional information for the clarification of these points. In the end, the team could not fully collect these information. In particular, as for information related to the effect/impact of the implementation of the actions, it was largely necessary to rely on existing information such as available literature. It was difficult to collect such information through responses to the questionnaires that were sent to all the related ministries/agencies and departments and interviews with them due to their limited capacity and experience in identifying and analyzing the effect/impact of work done by themselves based on data etc. that they had collected.

3. Results of the Evaluation¹¹

3.1 Relevance

3.1.1 Relevance to the Development Strategy of Myanmar

In the President's address in June 2012 regarding the development strategy (5-year plan (2011-2016)) at the time of appraisal, the president announced that during the five year period there would be: i) a 7.7% per annual average growth; ii) efforts to industrial advancement; and iii) a 1.7-fold rise in per capita GDP. It recognized that achieving such goals would require more aid, grants and loans from abroad as well as a robust increase in the flow of domestic and foreign investment into the country. In particular, the need to double the investment volume was recognized. The "Framework for Economic and Social Reforms (FESR)"¹² announced in April 2013 also recognized the need to improve the internal and external policies surrounding Myanmar including a relaxation of economic sanctions toward Myanmar and the lure of foreign investment as well as the importance of strengthening the partnership with a donor community that has international experience and additional financial resources in order to achieve the 7.7% of annual average economic growth. The development policy at the time of appraisal was still valid at the time of ex-post evaluation. The development policies announced after the appraisal mentioned the same policy goals. Therefore, the Program was consistent with the development policies of Myanmar at the time of appraisal as well as at the time of the ex-post evaluation.

3.1.2 Relevance to the Needs

3.1.2.1 Relevance to the Financing Needs

As mentioned in "3.1.1 Relevance to the Development Strategy of Myanmar", at the time of appraisal, it was highly necessary for the Myanmar government to receive financial support as well as technical cooperation from international donors in order to promote reform. Also, in the projection of need for the financing of the Myanmar government analyzed in the IMF-SMP report in January 2013 (Table 3), the government's borrowing requirement was anticipated to increase with an expansion of the budget gap (total revenue minus total expenditure) through an expected increase in expenditure led by the reform progress after the inauguration of the new administration. Under such circumstances, from the point of view of fiscal soundness, the government's need to have concessional loans from donors was high due to the government's limitation

¹¹ In this ex-post evaluation neither an overall rating nor a sub-rating for each evaluation criterion were given for the following reasons, although the evaluation results in each criterion were explained.

- i) The Program is not compatible with other ODA projects with a unified rating method since the content of the Program is different from those of a typical ODA project.
- ii) It is difficult to measure the contribution of the Program's input to the output/outcome.

¹² FESR outlines the policy priorities for 2011-15 towards the Long-Term Goals of the National Comprehensive Development Plan (2011-31) which are being prepared.

on non-concessional borrowing¹³ in projects which had a high economic efficiency with an upper limit of new borrowing and guarantee¹⁴.

Table 3: Public Sector Financing Gap and the Projections of Financing Needs
(At the time of appraisal)

Unit: in billions of Kyat

	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15
Total Revenues	4,736	5,144	8,152	9,952	11,360
Total Expenditure	6,722	7,536	11,024	12,560	14,167
Total Financing Needs	1,986	2,391	2,372	2,608	2,807
Foreign Financing	1.1	1.6	960	1,046	1,151
Domestic Financing	1,985	2,390	1,412	1,562	1,655

Source: IMF Staff-Monitored Program, January 2013

Note: The data in 2011/12 is an IMF estimation, and the data from 2012/13 to 2014/15 are IMF projections.

Meanwhile, it was the debt arrears issue that had impeded Myanmar in receiving a resumption of donor support. The Program was provided to underpin the reform that the Myanmar government has been undertaking and to clear its debt arrears to Japan. Thus, the Program was consisted with the government's financing needs. After the comprehensive resolution of its debt arrears issue, donors such as the World Bank, ADB and JICA, which provide concessional loans, also have resumed their full-fledged assistance to Myanmar. This has enabled Myanmar to access concessional loans, which can allow the country to meet its financing needs.

At the time of the ex-post evaluation, compared with the prediction of the financing needs at the time of appraisal, although total financing needs in FY2012/13 and FY2013/14 declined due to increased revenues, they have increased with the increased expenditure in line with the progress of reform subsequently (Table 4). In particular, it can be said that the needs for concessional loans towards the future development of infrastructure and others have remained high.

¹³ A concessional loan is a loan that is extended on terms that are substantially more generous to borrowers, in terms of interest rate, payment period and grace period, such as Japanese ODA loans, while a loan that does not have such generous terms, such as a market loan, including a loan from commercial bank, is a non-concessional loan.

¹⁴ The government set the upper limit of new non-concessional borrowing and guarantee at US\$2 billion as one of the indicative quantitative benchmarks in the IMF-SMP.

Table 4: Public Sector Financing Gap and Projections of Financing Needs
(At the time of the ex-post evaluation)

Unit: in billions of Kyat

	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Total Revenues	4,551	5,201	11,152	13,582	15,349	17,508
Total Expenditure	6,722	7,208	11,955	14,485	18,181	20,890
Total Financing Needs	2,171	2,007	803	903	2,832	3,382
Foreign Financing	3	6	583	555	713	1,206
Domestic Financing	2,167	2,002	1,061	348	2,119	2,176

Source: IMF Staff Report for the 2014 Article IV Consultation, September 2014

Note: The data in 2013/14 is an IMF estimation, and the data in 2014/15 and 2015/16 are IMF projections.

3.1.2.2 Relevance to Development Needs (situation before reform)

Each sector included in the policy matrix at the time of appraisal faced the following issues.

(1) Macroeconomic management

Macroeconomic management was vulnerable under the government's economic control with the limited function of its fiscal, monetary and foreign exchange policy. In particular, as for the foreign exchange rate policy, while the official exchange rate had been pegged to the SDR¹⁵ (1SDR=0.85Kyat, 1US\$=5.35Kyat (at the end of FY2010/11)) since 1977, a multiple exchange rate regime existed where there were other exchange rates, largely diverging from the official exchange rate, including a market exchange rate (1US\$=about 800-1,000Kyat) and a custom evaluation rate. This kind of multiple currency regime which caused distorted disclosure of the fiscal situation was considered to be a source of uncertainty in the macro-economy¹⁶. Also, a high volatility of the market exchange rate and strict restrictions regarding the obtaining of foreign currencies for private companies¹⁷ were obstacles to business activities and investment promotion.

The fiscal side largely relied on revenues from resources such as natural gas with a vulnerable tax base. Also, unprofitable State Economic Enterprises (hereinafter referred to as "SEEs") were a fiscal burden. The fiscal deficit was financed by the issuance of Treasury bonds and bills, and the Treasury bills were mostly bought by the central bank, which was the potential cause of a high inflation rate¹⁸. Meanwhile, the monetary policy of the central bank to achieve a stable economy could not function well as the central

¹⁵ SDR is a special drawing right of the IMF which is held by IMF member countries. The value is determined based on a basket of major international currencies.

¹⁶ The official exchange rate was applied to the Union budget and SEEs, and the foreign earnings and expenses through their exports and imports were over /undervalued, which made the fiscal condition unclear.

¹⁷ The government had the restriction where only those importers who had earned foreign exchange through exports would be allowed to buy foreign exchange for imports in response to the foreign currency shortages (Export First Policy).

¹⁸ Myanmar experienced inflation rates of more than 30% several times between 1991 and 2010.

bank had limited monetary policy levers, other than its money supply control through underwriting the fiscal deficit. The financial sector was underdeveloped. The activities of financial institutions were subject to the government's restrictive regulations with the interest rates of both its deposit and lending regulated and limits on the amounts of deposit-taking according to the amounts of the paid-in capital¹⁹. The financial intermediary function of the banks was limited due to the rigid regulations on opening new bank branches and eligible collateral requirements. As for the investment climate, the regulations regarding the foreign exchange transactions mentioned previously and opaque regulations related to foreign investments, which in particular increased investment risks for foreign investors, were factors that hindered the attraction of foreign investment.

(2) Social Sector

In the education sector, the government set the goal of "Education for All"²⁰ and worked hard to enhance its basic education. However, there were some issues including a low achievement level caused by a high drop-out ratio and the low quality of education, and a low budget allocation in the education sector. In the health sector, infectious diseases such as HIV/AIDS, tuberculosis and malaria were major causes of death, basic health services did not spread and the mortality of pregnant women and children under the age of five still remained high. The budget allocation to the health sector was less than 1 % of GDP, and the number of medical facilities and medical staff remained insufficient.

(3) Governance

As for labor issues, laws for labor protection were insufficient. There was a prohibition on establishing labor organizations and employees' rights were limited. Labor issues such as frequent occurrences of forced labor and child labor and the subsequent sanctions by the International Labor Organization (hereinafter referred as the "ILO") were social problems. In the field of environmental protection, the country experienced environmental disruptions such as deforestation and soil degradation due to weak regulations regarding environmental protection including non-compliance of environmental and social impact assessments and a lack of sufficient enforcement. As far as the rule of law was concerned, the Union budget was not deliberated in parliament, and the power of parliament to authorize was limited. There were some issues related to human rights including political prisoners, limited freedom of expression, conflict with minorities and human trafficking. A Trafficking Person Report by the US State

¹⁹ This rule was introduced after a bank-run occurred in 2003.

²⁰ This was a slogan in the "World Conference on Education for All" held at Jomten, Thailand in 2010, and an initiative to provide basic education to every citizen in every society.

Department gave Myanmar a Tier 3 ranking, which was the lowest rank, and required the US government to impose economic sanctions on Myanmar²¹.

It can be said that the Program, which supported government reform, met the government's development needs since the government implemented reform activities to resolve the issues described above.

3.1.3 Relevance to Japan's ODA Policy

Japan's economic cooperation policy to Myanmar, announced in April 2012, said that "in order to support Myanmar's efforts for reform which has been rapidly progressed in various areas toward its democratization, national reconciliation and sustainable development, Japan extends its economic cooperation focusing on the following areas, while continuously observing the progress of these efforts so that a wide range of the people can enjoy the benefits from the dividend of democratization, national reconciliation and economic reforms: i) support for the improvement of people's livelihoods (including assistance for ethnic minorities and poverty groups as well as agricultural development and rural development); ii) support for capacity building and the development of systems to sustain the economy and society (including assistance for the promotion of democratization); and iii) support for the development of infrastructure and related systems necessary for the sustainable economic development". The Program was provided to underpin Myanmar's reform efforts through the resumption of full-fledged assistance and the clearance of its debt arrears. Thus, the Program is consisted with Japan's ODA policy to Myanmar. In addition, the policy agendas listed in the policy matrix, such as fiscal policy, monetary policy, the financial sector, improving the investment climate and education, are relevant to ii) & iii) of Japan's economic cooperation policy mentioned above.

3.1.4 Relevance to the Policy Matrix

3.1.4.1 Relevance to the Context of the Policy Matrix

As mentioned in "1.1.3 Policy Matrix," the policy matrix of the Program included 52 policy actions already taken and 51 policy actions to be monitored in 16 policy agendas in 3 policy clusters: macroeconomic management, the social sector and governance. These policy agendas covered much broader area and context compared with the ones in the policy matrices of the World Bank and ADB, both of which provided policy loans at the

²¹ According to the Victims of Trafficking and Violence Protection Act of 2000, in the case of a Tier 3 in the Trafficking in Persons Report, U.S. Executive Directors are required to vote against and "use the Executive Director's best efforts to deny" assistance to Myanmar (except for trade related and humanitarian assistance) through multilateral development banks and the IMF.

same as JICA²².

JICA's policy agendas covered: (a) areas where Japan had been continuing support in response to the reform needs of the Myanmar government (areas where Japan has advantages, so to speak), (b) areas connected with Japanese support after Japan would resume its assistance to Myanmar; and (c) areas where implementations were planned by the Myanmar government under the IMF-SMP. It also included the field of governance, which can be considered to be an appropriate response as the largest creditor to Myanmar considering the various stakeholders, such as NGOs. In addition, with the policy actions to be monitored in each policy agenda given in the policy matrix, the submission of quarterly progress reports of the policy actions and the holding of monitoring meetings (policy dialogues) between the Japanese government and the Myanmar government for a year after the loan provision were carried out. It is considered that this design for monitoring was appropriate from the point of view of identifying the progress of reform of the Myanmar government and of helping underpin the reform progress while helping to identify any challenges that the government has faced. In light of the above, it can be considered that the context and monitoring arrangements of the policy matrix were pertinent.

Meanwhile, the policy matrix of JICA, unlike those of the World Bank and ADB, did not specify intended goals and numerical goals (numerical indicators) to be achieved by implementing the policy actions. This is understandable in that, due to the differences in the initial status and features of each policy agenda and the nature of policy reform where it takes time before any progresses in numerical indicators appear, it is difficult to specify numerical goals (indicators) as well as time limits for the accomplishment of all items of policy agendas. However, it can also be said that clarifying and sharing the goals to be achieved, and/or directions that JICA and the recipient country expect, can make it clear to all as to the measures to be undertaken when problems in progress occur. Actions to be undertaken for the achievement of the goals are also clarified, which can be effective in promoting the progress of reform. Some officials of the related ministries/agencies interviewed in this evaluation reported that they had utilized the policy matrix as an operational guidance and monitoring tool for reform activities, and that setting up a goal

²² The policy agendas in the policy matrix attached to the World Bank loan included: i) Strengthening macroeconomic stability: (a) Improving exchange rate management institutional framework and policy, (b) Instituting measures for fiscal discipline; ii) Improving public financial management: (a) Preparation for a more inclusive budget, (b) Enhancing transparency in the management of public finances; iii) Improving the investment climate: (a) Improving access to finance, (b) Reducing barriers for foreign investments, (c) Removing barriers to trade. The policy agendas in the policy matrix attached with ADB included: i) Macroeconomic stability, fiscal sustainability and strengthened public financial management: (a) Macroeconomic policy reform, (b) Strengthening tax policy and administration; Improving public financial management; ii) Improve investment, trade and financial integration: (a) Creating an enabling environment for private sector and SME development, (b) Increasing trade integration; iii) Stimulating rural development for inclusive growth: (a) Improved incentives for rural productivity and financial inclusion; and iv) Promoting human capital development for inclusive growth: (a) Education sector policy development, (b) Enhanced planning and funding for the education sector.

for each policy agenda and sharing the goals among related parties can be effective in promoting reform. Also, the policy matrix for ADB budget support loan provided to Myanmar around the same time presents a medium term direction for each policy agenda from the start of reform to 2 years after the loan provision, in addition to policy actions to be implemented for each policy agenda for 1 year after the loan provision. Therefore, it can be considered that, in this manner, reform can be further promoted by the setting up of a short-term goal and providing guidance to ministries/agencies which implement the reform activities.

3.1.4.2 Relevance to the Formulation Process of the Policy Matrix

The policy matrix for the Program was prepared through intensive consultations with the Myanmar government and with adequate information sharing with the World Bank and ADB, both of which provided budget support loans to clear Myanmar's debt arrears at around the same time. Explanations were also given to the related stakeholders. According to those involved in the formulation of the policy matrix in Japan, the World Bank and ADB, efforts to avoid inconsistency between the policy matrix of JICA and those of the World Bank and ADB were made by sharing the draft of JICA's policy matrix with both institutions beforehand, JICA's having been prepared prior to the others. In addition, the macroeconomic policy in the policy matrix was prepared with the close cooperation with the IMF.

Officials of the Myanmar government interviewed in this evaluation mentioned that the policy actions already taken and those to be monitored in the JICA policy matrix had been prepared with an understanding of the progress of Myanmar's reform and its planned activities thanks to close consultation with the government. Furthermore, meetings with stakeholders, including Japanese NGOs as well as Myanmar Nationals residing in Japan and others, were held to share related information. In the meetings, views were exchanged on various issues including conflicts of minorities, governance, and democratization, and the outline of the policy matrix was also presented followed by an opportunity for participants to express their opinions of the outline²³. It can be said that the formulation process of the policy matrix was appropriate since, as mentioned above, it was prepared with sufficient consultation with the Myanmar government, proper information sharing among related institutions, including the World Bank and ADB, and with an exchange of views with concerned stakeholders, including NGOs.

3.1.5 Relevance to JICA Support in the Form of Budget Support

The Program was provided to clear the debt arrears, as mentioned above, and to support

²³ 54th periodic consultation meeting between Ministry of Finance Japan and NGOs, May 23, 2013, <http://www.jacsos.org/sdap/mof/gijiroku/mof54.pdf>

the reform undertaken by the Myanmar government. Thus, in order to underpin the progress of reform, it was necessary for Japan to proactively engage in the reform undertaken by the Myanmar government through a budget support scheme. Some officials of the Myanmar government interviewed during the ex-post evaluation said that since the policy actions given in the policy matrix had been recognized by the ministries/agencies concerned as priority actions that the government committed themselves to the donor to implement, their priorities had not been changed, while a new reform actions had been emerged.

Also, it was mentioned that the quarterly progress monitoring of the policy actions had put the relevant officials under pressure to make visible progress, which had promoted the implementation of the policy actions. Thus, it can be said that it was appropriate to adopt the budget support scheme as JICA's proactive engagement in policy reform through the budget support loan has contributed to underpinning the progress of reform.

The Program was to resolve the external debt arrears that had been issued and underpin the implementation of reform, while taking into account the various reforms undertaken by the Myanmar government since the inauguration of the new administration. The Program has been relevant to the Myanmar's development strategy and to its development and financing needs, as well as to Japan's ODA policy. The context of the policy matrix was appropriate since it included a broad range of fields to support the government's reform. In addition, the formulation process of the policy matrix through consultations with the Myanmar government, relevant institutions, and related stakeholders was appropriately carried out. It can be also said that the use of the budget support scheme was appropriate from the perspective of underpinning the progress of reform through Japan's proactive engagement in the policy reform. Therefore, its relevance is high.

3.2 Effectiveness²⁴

As mentioned in "2.3 Evaluation Approach and Constraints in the Evaluation Study", effectiveness of the Program was evaluated by the achievement status of the policy actions up to the loan provision, and the consistency of these actions to the ones prior to the loan provision in the policy matrices of the World Bank and ADB budget support loans.

3.2.1 Achievement Status of the Actions Prior to the Loan Provision

In the Program, 52 policy actions in 16 policy agendas were set up in 3 policy clusters: macroeconomic management and development strategy, the social sector, and governance. The achievement status of the actions in each policy agenda were analyzed and evaluated below. Since the goals and numerical indicators to be reached by implementing the policy

²⁴ The evaluation of effectiveness includes some impact of the Program.

actions in each policy agenda of the policy matrix were not established in the Program, the achievement status was evaluated only by whether or not these actions were achieved prior to the loan provision.

3.2.1.1 Macroeconomic Management and Development Policy

As shown in Table 5, 17 policy actions in 7 policy agendas were set up in the field of macroeconomic management and development policy. All actions were achieved before the loan provision.

Table 5: Achievement Status of the Actions in Macroeconomic Management and Development Policy (before the loan provision)

Policy Agenda	Actions already taken	Achievement Status
Arrears Clearance	<ul style="list-style-type: none"> Started reconciliation of debt figures with bilateral creditors 	<ul style="list-style-type: none"> Reconciliation of debt figures with bilateral creditors begun in June 2012
Development Policy	<ul style="list-style-type: none"> Started drafting 5-year National Plan 	<ul style="list-style-type: none"> Drafting of the 5-year National Plan began in April 2011
	<ul style="list-style-type: none"> Identified the development tasks based on the recommendations of a national level workshop on Rural Development and Poverty Alleviation 	<ul style="list-style-type: none"> 8 development tasks identified in the “National Forum for Rural Development and Poverty Alleviation” held in June 2011
Fiscal Management	<ul style="list-style-type: none"> Kept fiscal deficit in the range of 4.7% of GDP in the FY2012/13 budget 	<ul style="list-style-type: none"> Fiscal deficit in FY2012/13 declined to 3.75% of GDP
	<ul style="list-style-type: none"> Budget law amended to give more financial autonomy to SEEs 	<ul style="list-style-type: none"> In the FY2012/13 budget, SEEs were given the responsibility to self-finance parts of their costs from their operating revenues
Monetary Policy	<ul style="list-style-type: none"> Interest rate cuts in September 2011, which made the treasury bonds rates above the minimum deposit rates 	<ul style="list-style-type: none"> The floor limit of the interest rate in bank deposits cut from 12% to 10% in September 2011 and subsequently to 8% in January 2012 to help treasury bond issues.
Reforming Exchange Rate System	<ul style="list-style-type: none"> Applying the market rate to the FY2012/13 budget 	<ul style="list-style-type: none"> The market exchange rate applied to the FY2012/13 budget
	<ul style="list-style-type: none"> Forming a retail market for foreign exchange 	<ul style="list-style-type: none"> Banks allowed to operate money changing counters in October 2011 and money changing licenses granted to private commercial banks in November 2011
	<ul style="list-style-type: none"> Introduction of foreign currency auctions and interbank trading 	<ul style="list-style-type: none"> Foreign currency auctions²⁵ introduced in April 2012 which provide transaction rates between the central bank and commercial banks as reference rates and interbank foreign currency trading through the central bank.
	<ul style="list-style-type: none"> Unification of exchange rates, and transit to a managed float system 	<ul style="list-style-type: none"> Restrictions on foreign exchange transactions including Export First Policy abolished and a transition made to a managed float exchange system in April 2012. These actions enabled the unification of the foreign exchange rate

²⁵ This is a foreign currency transaction between the central bank and commercial banks, and its transaction rate is published as reference rates. Commercial banks sell and buy foreign currencies to customers within a range of $\pm 0.8\%$ from the reference rates.

Policy Agenda	Actions already taken	Achievement Status
Financial Sector Policies	<ul style="list-style-type: none"> Relaxation of restrictions on the financial sector, which resulted in more than 40 new bank branches 	<ul style="list-style-type: none"> 71 new bank branches were opened in FY2010/2011
	<ul style="list-style-type: none"> Allowing banks to determine the deposit rate and lending rate within the ceiling and floor 	<ul style="list-style-type: none"> Banks allowed to determine the deposit rate and lending rate within the ceiling and floor in January 2012 (Deposit rate: ceiling 10%, floor 8%, Lending rate: ceiling 13%, floor 10%)
	<ul style="list-style-type: none"> Abolishing the deposit-capital ratio, which limited deposit-taking from the general public by private banks the requirement of 10 times the paid-up capital, and introducing capital adequacy ratio in line with Basel I principles 	<ul style="list-style-type: none"> The deposit-capital ratio requirement relaxed from 10 times to 25 times in March 2011. Subsequently, this was practically eliminated by allowing banks to accept deposits of more than 25 times the paid-up capital (Officially, a notification to abolish the rule was issued in May 2013) ²⁶
	<ul style="list-style-type: none"> Enactment of a microfinance business law 	<ul style="list-style-type: none"> Microfinance Business Law enacted in November 2011
Improving the Investment Climate	<ul style="list-style-type: none"> Approval by Parliament of the revised Foreign Investment Law Starting drafting of the SEZ law Issued notifications relating to land use and the transfer of foreign currencies with the aim of facilitating the existing investment procedure 	<ul style="list-style-type: none"> Revised Foreign Investment Law approved by Parliament in January 2012 and enacted in November 2012 Revised SEZ law submitted to Parliament in December 2012 Notifications No. 39 and No. 40 issued to relax restrictions relating to land use by foreigners and transfers of foreign currencies in September 2011

Source: JICA and Interviews with officials of related ministries/agencies

3.2.1.2 Social Sector

In this sector, 20 policy actions in the field of education and health were set up as shown in Table 6, and all actions were achieved prior to the loan provision.

²⁶ JICA. "Letter of Intent" for the IMF-SMP submitted by the Myanmar government in December 2012 also mentioned that the ratio had been abolished (Myanmar; Letter of Intent Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding, December 28, 2012).

Table 6: Achievement Status of the Actions in the Social Sector (before the loan provision)

Policy Agenda	Actions already taken	Achievement Status
Promotion of Education Policy	<ul style="list-style-type: none"> • Acceleration of the Preparation for a Comprehensive Education Service Review (CESR)²⁷ <ul style="list-style-type: none"> • Completion of proposals for CESR for the large scale stakeholders' meeting • Agreement on the implementation of CESR with large scale stakeholders (all related stakeholders including development partners) 	<ul style="list-style-type: none"> • Terms of Reference on the implementations of CESR discussed with large scale stakeholders in March 2012 • Implementation of CESR agreed on with large scale stakeholders in June 2012
	<ul style="list-style-type: none"> • Acceleration of policy actions for the education sector including free, compulsory primary education nationwide <ul style="list-style-type: none"> • Prioritize free, compulsory primary education in the Report on the 30 Year Long Term Basic Education Plan by the MOE • Parliamentary approval for the doubling of capital expenditure for the education sector in the FY2012/13 budget (compared to the previous year) • Disbursement of the supplementary national budget in FY2011/12 including the printing and distribution of textbooks to over 5 million students in May 2011 • Preparation of an elaboration of the programs of scholarships and stipends for basic education and scholarships for higher education for FY2012/13 	<ul style="list-style-type: none"> • Free, compulsory primary education prioritized in the Long Term Basic Education Plan in November 2012 • A more than tripling of capital expenditure for the education sector in the FY2012/13 budget (from 35.5 billion Kyat in FY2011/12 to 122.9 billion Kyat in FY2012/13) • Supplementary national budget in FY2011/12 disbursed including the printing and distribution of textbooks in May 2011 • Programs of scholarships and stipends begun from FY2012/13
	<ul style="list-style-type: none"> • Acceleration of policy actions for the improvement of the quality of basic education <ul style="list-style-type: none"> • Nationwide Child Centered Approach (CCA) training plan for teachers developed and approved by the government, covering FY2012/13 to FY 2015/16 • Estimated total budget approved for the nationwide CCA training plan by the government, covering FY2012/13 to FY2015/16 • Budget approved for the nationwide CCA training and printing of teacher's guides by the government, covering FY2012/13 to FY2013/14 • Completion of CCA central level training according to the nationwide CCA training plan for FY2012/13 	<ul style="list-style-type: none"> • CCA training plan approved, covering FY2012/13 to FY2015/16 in April 2011 • Estimated total budget for the nationwide CCA training plan approved, covering FY2012/13 to FY2015/16 in April 2011 • Budget for nationwide CCA training approved, covering FY2012/13 to FY2013/14 in April 2011 • CCA central level training completed as well as state/regional and township CCA training from March to May 2012

²⁷ Comprehensive Education Sector Review (CESR) aims at a comprehensive understanding of the current status of education in Myanmar, regarding access to education and education quality as well as the current strengths and gaps in policy, capacity, management systems and financing, supporting the implementation of priority areas and the formulation of a realistic policy. The CESR has been conducted since 2012 in partnership with major development partners such as JICA, the World Bank, ADB and the EU.

Policy Agenda	Actions already taken	Achievement Status
Promotion of Health Policy	<ul style="list-style-type: none"> National Health Plan (2011-2016) drafted, building on the previous National Health Plan 	<ul style="list-style-type: none"> National Health Plan (2011-2016) drafted, building on the previous National Health Plan in February 2012
	<ul style="list-style-type: none"> A Strategic Plan for Human Resources for Health drafted Increased number of government health staff ²⁸ <ul style="list-style-type: none"> Doctors from 5,380 (FY2010/11) to 5,880 (FY2011/12) Nurses from 22,627 (FY2010/11) to 23,264 (FY2011/12) In-service training programs strengthened <ul style="list-style-type: none"> Collection of data on the results of in-service training through the Training Information System (TIS) at State/Region, and pilot township levels for the evaluation of the program Establishment of a section for supervising in-service training in the Public-Health Division of the MOH 	<ul style="list-style-type: none"> Strategic Plan for Human Resources for Health Resources drafted in February 2012 Doctors from 7,175(FY2010/11) to 7,381 (FY2011/12) Nurses from 12,247 (FY2010/11) to 14,327(FY2011/12) Data collected through JICA technical cooperation named “Strengthening of Basic Health Staff” since 2011 Central Training Team approved in the MOH in November 2010 with the support of the said JICA technical cooperation
	<ul style="list-style-type: none"> Increased number of Health facilities <ul style="list-style-type: none"> Government hospitals from 897 (FY2010/11) to 921 (FY2011/12) Station Hospitals from 517 (FY2010/11) to 540 (FY2011/12) Rural Health Centers (RHCs) from 1,558(FY2010/11) to 1,565(FY2011/12) Execution of the Pilot projects for extending health services to the rural population through community volunteers 	<ul style="list-style-type: none"> Same as left Same as left Same as left Essential health packages distributed to 20 townships through community volunteers in 2012

Sources: JICA and Interviews with officials of relevant ministries/agencies

In the education sector, as a policy to improve the quality of education, the Child-Centered Approach (hereinafter referred as “CCA”) ²⁹ training for teachers, for which JICA had continuously provided assistance from 2004 to 2012, so as to cover the whole country by 2015 was planned. The related training plan and budget estimates were approved and implemented. In the health sector, the draft National Health Plan (2011-2016) based on the previous Plan (2006-2010) was completed in February 2012. However, due to revisions of the draft caused by changes in environment such as more active participations among development partners, and the necessary subsequent coordination with them, the revised draft plan was eventually completed in July 2013.

²⁸ As for the number of doctors and nurses among the increased number of government health staff, the Policy Matrix mentioned that the number of doctors was increased by 500 from 5,380 in FY2010/11 to 5,880 in FY2011/12 and the number of nurses was increased by 637 from 22,627 in 2010/11 to 23,264 in FY2011/12. At the time of the ex-post evaluation, the sources and basis of this data could not be identified from either the Ministry of Health or JICA. However, according to data obtained from the Ministry of Health during the ex-post evaluation, the number of doctors was increased by 206 from 7,175 to 7,381 and the number of nurses was increased by 2,080 from 12,247 to 14,327 during the same period. Thus, from this data, it can be said that this policy action was completed.

²⁹ Child-Centered Approach is a teaching method that places an emphasis on children’s spontaneous learning by focusing on their learning interests.

3.2.1.3 Governance

In this cluster, 15 policy actions in 7 policy agendas were set up as shown in Table 7. All actions were achieved prior to the loan provision.

Table 7: Achievement Status of the Actions in Governance (before the loan provision)

Policy Agenda	Actions already taken	Achievement Status
Rule of Law	<ul style="list-style-type: none"> Strengthening of the powers and functions of Parliament The FY2012/13 budget approved by Parliament 	<ul style="list-style-type: none"> In March 2011, legislative power was shifted from the State Peace and Development Council to Parliament in line with the 2008 constitution The FY2012/13 budget was approved by the Parliament and the budget was publicly available in newspapers
Labor Policy	<ul style="list-style-type: none"> Agreement with International Labor Organization (ILO) for eradicating forced labor by 2015 Setting up the Labor Agencies for controlling overseas employment 	<ul style="list-style-type: none"> MOU of the Joint Strategy for the elimination of forced labor by 2015 agreed between the government and ILO in March 2012 Since March 2012, licensed labor agencies for controlling overseas employment have been set up
	<ul style="list-style-type: none"> Enactment of the Labor Organization Law Drafting the Employment and Skills Development Law Drafting the Social Security Law Enactment of the Settlement of Labor Dispute Law Drafting the Minimum Wages Law 	<ul style="list-style-type: none"> Labor Organization Law enacted in October 2011 Employment and Skills Development Law drafted in January 2009 Social Security Law approved in August 2012 Settlement of Labor Dispute Law enacted in March 2012 Minimum Wages Law drafted in June 2012
Environmental Policy	<ul style="list-style-type: none"> Enactment of the Environmental Conservation Law 	<ul style="list-style-type: none"> Environmental Conservation Law enacted in March 2012
Human-rights policy	<ul style="list-style-type: none"> Enactment of the 5-year National Plan of Action to Combating Human Trafficking (2012-2016) Establishment of the National Human Rights Commission (NHRC) based on the Presidential decree 	<ul style="list-style-type: none"> The 5-year National Plan of Action to Combat Human Trafficking (2012-2016) enacted in March 2012 NHRC established by the Presidential decree in September 2011
Anti-corruption	<ul style="list-style-type: none"> Amending the Anti-Corruption Law which relates to the UN Convention against Corruption is under process 	<ul style="list-style-type: none"> Amendment of the Anti-Bribery Bill was announced in the newspapers and submitted to the Parliament in July 2012
Population Housing Census	<ul style="list-style-type: none"> Agreement on the implementation of the Population and Housing Census in 2014 for the first time in 30 years in cooperation with international organizations and donors 	<ul style="list-style-type: none"> In April 2012, it was announced that the nationwide Censuses would be conducted in 2014 and an international organization agreed to collaborate on the Census
Donor Coordination	<ul style="list-style-type: none"> Establishment of the Central Committee on Foreign Aid Management 	<ul style="list-style-type: none"> Foreign Aid Management Central Committee, Foreign Aid Management Working Committee, and National Economic and Social Advisory Council established in June 2012

Sources: JICA and Interviews with officials of related ministries/agencies

While donor coordination had taken place through the Partnership Group on Aid Effectiveness (PAGE) chaired by UK DFID, the Myanmar government recognized the importance of proper donor coordination in promoting reform. As a first step, the government established 3 linked aid coordination bodies in June 2012, namely the

Foreign Aid Management Central Committee³⁰, the Foreign Aid Management Working Committee³¹ and the National Economic and Social Advisory Council³².

3.2.2 Appropriateness of JICA's Appraisal Process

The achievement status of the policy actions prior to the loan provision was verified and confirmed at the time of appraisal through interviews with officials of the Myanmar government and through related documents, including official documents that the government submitted to the IMF. Thus, no major problems were observed in the process of confirming the status. The appropriateness of JICA's judgement on the progress of reform before the loan provision was evaluated from the perspective of the consistency of JICA's policy actions to be completed prior to the loan provision with the actions regarded as a condition for provision of the loans (triggers) of the World Bank and ADB budget support loans that were provided in consideration of the progress of reform at around the same time. The policy actions given in the budget support loans of the World Bank and ADB were not necessarily the same as ones given in the Program since the areas covered by the policy matrices of these institutions were different from the area covered by JICA's policy matrix³³. However, the progress of reform was judged by actions that were almost common in the common policy agendas of the policy matrices seen in Table 8 (underlined actions in the Table are those in common). Considering that JICA's policy matrix covered a broader agendas than those of the other institutions, it can be seen that JICA judged the progress of reform by observing reform activities in broader fields. From the above, it can be concluded that JICA's appraisal process was appropriate.

³⁰ Chaired by the President and composed of vice presidents and 26 cabinet members, it discusses effective allocation and utilization of foreign aid.

³¹ Chaired by a minister in the President Office, it is composed of 16 ministers and deputy ministers, and manages the allocation of foreign aid and grants through discussion with donor countries and agencies, also recommending priority sectors and priority areas to the Central Committee in accordance with the guidance provided by the Central Committee.

³² Composed of 18 prominent individuals from the government, the business community and civil society, it advises on the National Development Plan and Reform Strategy, the promotion of domestic and foreign investment, and foreign aid and grants.

³³ Policy agendas which are not common to ADB's Policy Matrix and JICA's include (a) Strengthening tax policy and administration, (b) Increasing trade integration, and (c) Improved incentives for rural productivity.

Table 8: Major Actions Prior to the Loan Provision in the Policy Matrices of the Budget Support Loans of the World Bank and ADB

Policy Agenda	Prior Actions (Triggers) in the WB loan	Prior Actions (Triggers) in ADB loan
Fiscal Management/ Monetary Policy/ Financial Sector	<ul style="list-style-type: none"> - <u>Included a limit on borrowing in the Union Budget Law for FY2012/13</u> - Published the Union Budget Law in a local newspaper - The CBM has permitted commercial banks to accept various additional forms of collateral 	<ul style="list-style-type: none"> - <u>Applying the market exchange rate to foreign currency revenues and expenditures in the Union Budget</u> - <u>Submitted and approved the Union Budget by the Parliament</u> - Resumed publishing the Union budget law in the media to improve the budget transparency - Established a reserve money targeting framework - Drafted amendments to the Central Bank Law
Exchange rate system	<ul style="list-style-type: none"> - <u>Enacted the Foreign Exchange Management Law and introduced a managed float system of exchange rate determination</u> 	<ul style="list-style-type: none"> - <u>Established a managed floating exchange rate policy</u>
Improving the investment climate	<ul style="list-style-type: none"> - <u>Enacted the Foreign Investment Law</u> - <u>Abolished export first policy on access to foreign exchange for importers</u> 	<ul style="list-style-type: none"> - <u>Re-submitted the draft foreign investment law to Parliament</u>
Education Sector	<ul style="list-style-type: none"> - <u>Increased allocations to education and health in the FY2012/13 budget</u> 	<ul style="list-style-type: none"> - <u>Initiated the CESR</u> - <u>More than doubled the education budget in FY2012/13 from FY2011/12</u>

Source: World Bank Program Document for Reengagement and Reform Support Credit, December 2012. ADB Report and Recommendation of the President to the Board of Directors, Support for Myanmar's Reform for Inclusive Growth, December 2012

In light of the above, all policy actions were completed prior to the loan provision and that the appraisal process by JICA was properly carried out. Therefore, it can be said that effectiveness of the Program is high.

3.3 Impact

In this ex-post evaluation, the state of the implementation of the policy actions to be monitored after the loan provision, the impact of implementing the actions, and the impact of the clearance of the debt arrears were analyzed as the program impact. As mentioned in “2.3 Evaluation Approach and Constraints in the Evaluation Study”, the evaluation of the program impact was limited to only analyzing the state of the implementation of the actions, recent progress, and the realization of impact. No evaluation judgement was given.

3.3.1 State of the Implementation of the Policy Actions to be Monitored (after the loan provision) together with Progress

In the Program, 51 policy actions in 16 policy agendas were set up as “actions to be monitored” after the loan provision in the fields of macroeconomic management and development policy, the social sector and governance. As with “3.2.1 Achievement Status of the Actions Prior to the Loan Provision”, the situation was evaluated based on whether or not

the policy actions had been implemented at the time of the ex-post evaluation. Also, the policy actions which require further continuing actions, such as capacity building for related institutions, were evaluated by the state of the implementation of the related training activities.

3.3.1.1 Macroeconomic Management and Development Policy

In this Policy Cluster, as shown in Table 9, 19 policy actions in 7 policy agendas were set up. At the time of the ex-post evaluation, 15 policy actions were completed and/or have been implemented, and 4 have been almost completed.

Table 9: State of the Implementation of the Policy Actions in Macroeconomic Management and Development Policy (after the loan provision)

Policy Agenda	Actions to be monitored	State of the implementation
Arrears Clearance	<ul style="list-style-type: none"> Started reconciliation of debt figures with multilaterals and Paris Club creditor, with some concrete plans for arrears clearance 	<ul style="list-style-type: none"> Arrears to the WB, ADB and Japan cleared in January 2013. Arrears to all bi-lateral donors cleared by December 2013 according to the agreement with the Paris Club in January 2013 (Norway, Denmark and Canada had canceled all their claims)
Development Strategy	<ul style="list-style-type: none"> The new 5-year National Plan will be approved by the Parliament 	<ul style="list-style-type: none"> Submitted to the Parliament in 2014 and in discussion
	<ul style="list-style-type: none"> Hold meetings of the Union level central committee, Union level sub-committees and region/state level working committees for effective implementation of development tasks 	<ul style="list-style-type: none"> Since 2011, a central committee chaired by the President and a sub-committee composed of chief ministers of states/regions have been formed and several meetings have been held to discuss the implementation of the development tasks at central and local level
	<ul style="list-style-type: none"> An English summary of the new 5-year National Plan to be made available to donors as the basis for expanded collaboration 	<ul style="list-style-type: none"> An English summary of the new 5-year plan will be available after the Plan is approved
Fiscal Management	<ul style="list-style-type: none"> Adhere to the target deficit level (excluding financing by grants and concessional loans) in a consistent manner with a sound macro-economic policy framework 	<ul style="list-style-type: none"> Fiscal deficit to GDP ratio in FY2012/13, FY2013/14, and FY2014/15 was 3.4%, 1.6%³⁴ (IMF estimation), and 4.5% (IMF projection) respectively, all of which were below the government target (5%)
	<ul style="list-style-type: none"> Continuing further review of SEEs with a view to designing appropriate reforms and restructuring 	<ul style="list-style-type: none"> Formulation of the framework for SEEs reform has progressed. However, new reviews of SEEs have not been conducted apart from those reviews which have been continued from the past
Monetary Policy	<ul style="list-style-type: none"> Plan to introduce indirect monetary policy through an open market operation and reserve policy 	<ul style="list-style-type: none"> Monitoring of reserve money begun in April 2012, deposit auction³⁵ in September 2012, treasury bill auctions in January 2015, and new reserve requirement introduced in April 2015

³⁴ According to an IMF report, the lower budget deficit to GDP in 2013/14 FY was due to the inclusion of revenues from telecommunications licenses. If these are not included, the budget deficit is estimated to be around 3% of GDP (IMF 2014 Staff Report for the 2014 Article IV Consultation, September 2014).

³⁵ A deposit auction is a liquidity management instrument of a central bank. The central bank absorbs excess liquidity in the market by offering deposits with interest to banks. The instrument used in the deposit auction in Myanmar is a 2-week deposit (although the Central Bank also has an instrument called a credit auction to supply liquidity in the market, it has not ever been used).

Policy Agenda	Actions to be monitored	State of the implementation
	<ul style="list-style-type: none"> The Central Bank to implement training for capacity development on a monetary policy 	<ul style="list-style-type: none"> Participation in training courses for central bank operations included capacity development on monetary policy with support from the IMF, ADB, JICA and others
	<ul style="list-style-type: none"> The amended central bank law to be submitted to Parliament, granting operational autonomy to the central bank 	<ul style="list-style-type: none"> Central Bank of Myanmar Law enacted in July 2013, and related by-laws and regulations started to draft in January 2014
Reforming the Exchange Rate System	<ul style="list-style-type: none"> Continuing with foreign currency auctions consistent with market supply and demand conditions, and take steps to encourage interbank trading 	<ul style="list-style-type: none"> Continuing foreign exchange auctions with the continuous participation of 9 banks. The Interbank Foreign Exchange Market (Yangon Foreign Exchange Interbank Market) was introduced in August 2013. Participation by State-Owned Banks in the market is a challenge
	<ul style="list-style-type: none"> Plan to introduce sterilization operations³⁶ in conjunction with FX auctions 	<ul style="list-style-type: none"> Deposit auctions begun twice a month to absorb market liquidity
	<ul style="list-style-type: none"> Foreign exchange management law approved by the Parliament 	<ul style="list-style-type: none"> The Foreign Exchange Management Law approved in August 2012 and the related by-laws and regulations issued in September 2014
Financial Sector Policies	<ul style="list-style-type: none"> Continuing to gradually relaxation of administrative controls on the banking system and a strengthening of supervision and regulation 	<ul style="list-style-type: none"> Eligible collateral for bank loans³⁷ expanded. Additional capital requirements for branch expansion lifted in 2013 and banks increasingly expanded their network (1097 branches by 22 private banks as of August 2015). 4 new commercial banks licensed (FY2012/2013-FY2014/15). Finance companies licensed (2 companies in FY2012/13, 1 company in FY2013/14 and 6 companies in FY2014/15). Investment or development banks licensed (1 policy bank in FY2012/13, 2 policy banks in FY2013/14). Commercial and investment or development bank licensed (1 policy bank in FY2014/15). 9 foreign banks preliminarily approved (October 2014) A new Banking and Financial Institutions Law submitted to Parliament in October 2013
	<ul style="list-style-type: none"> Preparing for the introduction of a capital adequacy ratio in line with Basel II principles³⁸ 	<ul style="list-style-type: none"> IMF technical assistance in all areas of supervision including the Basel II principles conducted Regulations for the new capital adequacy requirement in line with Basel II principles have been prepared aiming at introducing the rules in FY2015/16
	<ul style="list-style-type: none"> Starting review of the Central Bank's operation on banking system, which is indispensable for the preparation of bringing up sizable financial sector 	<ul style="list-style-type: none"> The central bank operations reviewed by the JICA preliminary study on CBM-Net in October 2012³⁹

³⁶ The action to counter the effects on the money supply caused by foreign exchange interventions by a central bank through the selling and buying of domestic government securities. Due to the limited development of the government securities market in Myanmar, a deposit auction is used to conduct the sterilized operation.

³⁷ Eligible collaterals for bank loans were expanded to include jewelry, term-deposits, key agricultural export goods (rice, beans, sesame seeds), and government securities between 2011 and 2013.

³⁸ Revised standards governing the capital adequacy of banks announced in June 2004 by the Basel Committee on Banking Supervision associated with the International Bank for Settlement. Revised rules define the calculation methods of the capital adequacy ratio and the minimum capital requirement (more than 8%). This also promotes the banks' institutional capacity for risk management by requiring elaborate measurement and the identification of the variety of risks that banks have faced.

³⁹ JICA, Study on modernizing Myanmar's financial information and communication technology, October 2012

Policy Agenda	Actions to be monitored	State of the implementation
	<ul style="list-style-type: none"> Developing a strategy to improve access to financial services, especially in rural areas 	<ul style="list-style-type: none"> The Microfinance Business Law enacted in November 2011 and 215 microfinance businesses licensed as of September 2014 Myanmar Financial Inclusion Roadmap (2014-2020) approved in February 2015
Improving the Investment Climate	<ul style="list-style-type: none"> Submission of the SEZ law to Parliament 	<ul style="list-style-type: none"> The revised SEZ Law submitted with the support of JICA technical cooperation, named the "Legislation System Maintenance Advisor for Special Economic Zone Development" in December 2012. The law resubmitted after revisions and approved in January 2014. The related bi-laws and regulations are being formulated
	<ul style="list-style-type: none"> Myanmar SEZ Central Body implements training for capacity development on SEZ operation 	<ul style="list-style-type: none"> Some training for capacity development on SEZ operation implemented including site visits in SEZ and industrial parks in Thailand and Vietnam. JICA technical cooperation begun in September 2014, namely the "Thilawa Special Economic Zone Management Committee Assistance for Capacity-building Project"
	<ul style="list-style-type: none"> Plan to review the rules and regulations of PPP 	<ul style="list-style-type: none"> A document provided by JICA mentioned that there is a plan to review the rules and regulations of PPP, but this could not be confirmed in this evaluation⁴⁰

Sources: JICA, Responses to questionnaires for the ex-post evaluation, and interviews with officials of the relevant ministries/agencies

The fiscal deficit to GDP ratio in each year from FY2012/13 to FY2014/15, according to IMF data⁴¹, was kept below the government's target which was less than 5%. In addition, the fiscal deficit to GDP ratio in the FY 2015/16 budget approved by Parliament in March 2015 was 4.93%. The limit of fiscal deficit is currently defined in each year's Union Budget Law. The government has prepared a draft of the Public Debt Law which sets the limit of medium-term fiscal deficit with the support of ADB. The draft law is scheduled to be completed and submitted to Parliament in FY2015/16. From the FY2015/16 budget onwards, the government has started its budget preparation with a Medium Term Expenditure Framework which helps to allocate budget resources to priority areas with a medium term (5 years) budgetary perspective. As such, in terms of its budgeting system, measurements have been implemented such as budget preparation which is consistent with development plans and the control of fiscal deficit with a medium-term perspective. Thus, it can be said that the reform activities aimed at fiscal consolidation show some progress.

As for the SEE reform, two reviews, that is a quarterly review of the production level

⁴⁰ ADB has provided the Ministry of Electric Power and the Ministry of National Planning and Economic Development with technical assistance which (a) delivers to the government sound tendering processes and decision frameworks based on PPP principles, (b) promotes consistent, objective and transparent application of PPP project development criteria to an international standards, and (c) creates recommendations for the development of institutional management capacity for PPPs (ADB, Technical Assistance Report, Republic of the Union of Myanmar: Support for Public-Private Partnership Framework Development, February 2014).

⁴¹ IMF Staff Report for the 2014 Article IV Consultation, September 2014

of SEEs and a monthly review of the incomes and expenditures of SEEs have continued to be carried out. In addition, in order to conduct a fair valuation of the business value as well as the owned assets of the SEEs which are planned to be privatized, a Valuation Committee and a Land, Building, and Measurement Analyzing Committee were established in July 2014⁴². In April 2013, 4 institutions⁴³ under the Ministry of Transportation were transformed into corporations with a view to future privatization. Furthermore in the FY 2013/14 budget, a further measurement⁴⁴ to promote the self-finance of SEEs was taken. Thus the framework anticipating SEE privatization has gradually been developed as mentioned above. However, as for the implementation of the policy action in this policy agenda, which is “Continuing a further review of SEEs with the view to designing appropriate reforms and restructuring the policy action in the Policy”, no further reviews of SEEs other than the continuous implementation of the two reviews mentioned have yet been conducted.

3.3.1.2 Social Sector

As shown in Table 10, 15 policy actions in 2 policy agendas were set up in the social sector. 14 policy actions, other than the commencement of the implementation of the Strategic Plan for Human Resource for Health, were achieved.

Table 10: State of the Implementation of the Policy Actions in the Social Sector
(after the loan provision)

Policy Agenda	Actions to be monitored	State of implementation
Promotion of Education Policy	• Implementation framework of CESR established in the large scale stakeholders' meeting in June, 2012	• The implementation of CESR begun since June 2012. The Completion of Phase 1 (Rapid Assessment) Phase 2 (In-depth Analysis) completed in January 2013 and February 2014 respectively. Preparation of Phase 3 (Development of the Education Sector Plan) (at the time of the ex-post evaluation)
	• Drafting the Compulsory Primary Education Law	• The Free and Compulsory Education Law drafted in June 2013, and discussed in Parliament (at the time of the ex-post evaluation)
	• Disbursement of budget for improvement of the learning environment for FY2012/13 • Commencement of disbursement of scholarships and stipends to students for FY2012/13	• A total of 2.8 billion Kyats disbursed for school equipment and operational costs according to the number of students • About 0.1 billion Kyats disbursed for scholarships and 0.65 billion Kyats disbursed for stipends to students

⁴² Two committees, the Valuation Committee chaired by a vice minister of the Ministry of Industry and Land, Building, and Measurement Analyzing Committee chaired by a vice minister of the Ministry of Construction, were established.

⁴³ Myanmar Port Authority, Myanmar Inland Water Transport, Myanmar Airways, Myanmar Shipyard

⁴⁴ In FY2013/14 budget, profitable SEEs can self-finance 100% of their working capital, while the government covers 20% of the remaining working capital of loss-making SEEs.

Policy Agenda	Actions to be monitored	State of implementation
	<ul style="list-style-type: none"> • Implementation of the nationwide CCA training plan at region/state and township levels for FY2012/13 • Disbursement of the operational costs for CCA training for FY2012/13 	<ul style="list-style-type: none"> • Nationwide CCA training implemented from March to May 2013 • A total of about 0.8 billion Kyats disbursed for the operational costs for CCA training from March to May 2013
Promotion of Health Sector	<ul style="list-style-type: none"> • Commencement of the implementation of the National Health Plan (2011-2016) 	<ul style="list-style-type: none"> • The implementation of the Plan commenced in August 2013 (some activities were implemented at the draft Plan stage⁴⁵)
	<ul style="list-style-type: none"> • Acceleration of Human Resources development for the Health Sector <ul style="list-style-type: none"> • Commencement of the implementation of the Strategic Plan for Human Resources for Health • Reduce the gap in the density of the health workforce toward the threshold set by WHO • Identify the gaps in regional training programs in a model area, using TSI, with the aim of formulating an improved in-service training plan by the MOH • Distribute the handbook for training teams to all townships and expand the implementation of Training of Trainers (TOT) to the other townships in target States and Regions by the MOH • Strengthen the managerial capacity of health departments/facilities at national, state, district and township levels for HIV, TB and malaria control by the MOH 	<ul style="list-style-type: none"> • Plan to commence the Strategic Plan in FY2015/16 • The number of doctors/nurses increased (Table 13) • With the support from JICA technical cooperation named the “Strengthening of Basic Health Staff”, analysis of the gaps between the needs and actual provision of in-service training for basic health staff in 5 States/3Regions from December 2012 to May 2013 • With the support of JICA technical cooperation named the “Strengthening of Basic Health Staff”, the handbook for training teams distributed to all townships of the eight target States/Regions from July 2010 to January 2013, with distribution extended to other States/Regions. As of January 2014, training in 212 townships out of 330 were conducted • With the support from JICA technical cooperation named the “Major Infectious Diseases Control Project Phase II”, various activities to strengthen managerial capacity conducted from 2011 to 2013
	<ul style="list-style-type: none"> • Increase in the number of health facilities <ul style="list-style-type: none"> • Increase the number of RHCs in rural areas by 2% • Formulate plans to construct RHCs, which will replace the existing RHCs or Sub-Rural Health Centers in and around flood-affected areas in Magway • Extend essential health service packages, including maternal and child health, EPI, nutrition, and environmental sanitation, to 20 townships in hard-to-reach areas 	<ul style="list-style-type: none"> • The number of RHCs increased by 4.5% (FY2012/13), 3% (FY2013/14) and 0.7% (FY2014/15) • With the support from a JICA grant aid project named “The Project for Upgrading the Health Facilities in Central Myanmar”, the construction work of RHCs commenced in August 2013 • Essential health service packages delivered to 20 townships in FY2012/13, an additional 40 townships in FY2013/14 and an additional 60 townships in FY2014/15 (Total 120 townships)

Sources: JICA, Responses to questionnaires for the ex-post evaluation, and interviews with officials of related ministries/agencies

⁴⁵ While the National Health Plan (2012-2016) was completed in August 2013, reform of the administrative structure of the Ministry of Health which promotes decentralization, i.e. shifting more authority to Regions and States for regional administration, has been proceeding as described in the draft National Health Plan (2012-2016) since 2012.

In the education sector, the budget disbursement for the improvement of the learning environment, for scholarships and stipends to students, and the state of progress of CCA training are shown in Table 11 and Table 12 respectively. The CCA training plan for FY2014/15 was completed with the budget for the implementation. However, due to the enactment of the new National Educational Law in September 2014 and other factors, the CCA training plan has been revised in line with the new law.

Table 11: Budget Disbursement for the Improvement of the Learning Environment, Scholarships and Stipends

Unit: in billions of Kyat

	FY2012/13	FY2013/14	FY2014/15
Improvement of learning environment	2.8	45.1	33.4
Scholarships	0.1	0.32	0.73
Stipends	0.65	0.65	0.9

Source: Ministry of Education

Table 12: State of Progress of CCA Training

	2012/3-5	2013/3-6
Central level (person) (Number of Participants)	259	279
Region level (person) (Number of Participants)	3,202	2,993
Township level (person) (Number of Participants)	44,799	46,767
Disbursed budget (billions of Kyat)	834.6	863.7

Source: Ministry of Education

In the health sector, the implementation of the Strategic Plan for Human Resources for Health was not yet started at the time of the ex-post evaluation, since coordination among the other ministries/agencies in charge of human resource development for government officials as well as those of related departments within the Ministry of Health required more time than anticipated, although the plan was completed in June 2013. The Ministry of Health scheduled commencement of the plan by setting up a human resource development unit within the Ministry in early FY2015/16. As for reducing the regional gap in the density of the health workforce, the number of doctors and nurses has greatly increased since FY2010/11 as shown in Table 13.

Table 13: Number of Doctors and Nurses Appointed in Government Hospitals and Number of RHCs

	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15 (as of October)
Number of doctors (person)	7,175	7,381	7,629	8,720	9,875
Number of nurses (person)	12,247	14,327	17,106	16,760	18,185
Number of Regional Health Center (RHC) (Growth rate)	1,558	1,565 (+0.4%)	1,635 (+4.5%)	1,684 (+3.0%)	1,696 (+0.7%)

Sources: Ministry of Health

3.3.1.3 Governance

In the field of governance, as shown in Table 14, 17 policy actions in 7 agendas were set up. All policy actions other than one action in Environmental policy were completed and/or have been implemented.

Table 14: State of the Implementation of the Policy Actions in the Governance
(after the loan provision)

Policy Agenda	Actions to be monitored	State of implementation
Rule of Law	<ul style="list-style-type: none"> Accept an appointment on capacity development for young statesmen including National League for Democracy (NLD) Union Attorney General's Office implements training for capacity development on corporate law 	<ul style="list-style-type: none"> Young statesmen including NLD members visited Japan to learn about the activities of the Japanese parliament and Japanese labor law in July 2012 Training for capacity development on corporate law conducted with support from JICA
Labor Policy	<ul style="list-style-type: none"> Strengthen Capacity building of relevant officials for the implementation of the Labor Organization Law Progress of implementation of the eradication of forced labor by 2015 	<ul style="list-style-type: none"> Training for enforcement of the Labor Organization Law and negotiation methods with labor organizations with ILO conducted A total of 33 awareness raising workshops on the elimination of forced labor conducted (as of October 2014) in cooperation with the Ministry of Labor and ILO, according to the Joint Strategy Action Plan for the Elimination of Forced Labor All restrictions toward Myanmar from ILO lifted in June 2013, recognizing the Myanmar government efforts towards progress on legislative reforms and eliminating forced labor. The Forced Labor Strategic Working Committee Meeting to update progress against the action plans held in September 2014
	<ul style="list-style-type: none"> Submit draft of the Employment and Skills Development Law Submit draft of the Social Security Law Relevant Institution for the implementation of the Settlement of Labor Disputes Law Submit draft of the Minimum Wages Law 	<ul style="list-style-type: none"> Employment and Skills Development Law enacted in August 2013, and the related by-laws and regulations being prepared Social Security Law enacted in August 2012, and the rules and regulations approved in August 2013 Settlement of Labor Disputes Law enacted in April 2012 and the Dispute Settlement Arbitration Council established in August 2012 Minimum Wages Law enacted in March 2013, the related rules and regulations approved in July 2013, the National Committee for fixation of Minimum Wage established in December 2013, and a pilot project survey to fix the minimum wage level conducted in August 2014
Environmental Policy	<ul style="list-style-type: none"> Drafting Environmental Conservation Rules and rules and regulations of Environmental Impact Assessment and Environmental Management Plan Preparation for formulating of environmental standards Establishment of Environment Conservation Department Capacity building for the relevant officials for the implementation of the Environmental Impact Assessment 	<ul style="list-style-type: none"> Environmental Conservation Rules notified in June 2014. Draft of the EIA procedure in the process of finalization, and was distributed to all relevant agencies (at the time of the ex-post evaluation) Environmental Quality Standard being drafted (at ex-post evaluation) Environmental Conservation Department established in October 2012, and all State and Regional offices opened in 2015 Various capacity building activities conducted for the relevant officials for EIA, including OJT, through the process of drafting EIA procedures and training program abroad in collaboration with donors since 2013

Policy Agenda	Actions to be monitored	State of implementation
Human-rights Policy	<ul style="list-style-type: none"> Capacity building for relevant officials for recovery and reintegration assistance for trafficked persons Drafting legislative act for Human Rights Commission and submitting to Parliament, which secure National Human Rights Commission more independent from the government 	<ul style="list-style-type: none"> With support from JICA technical cooperation named “Project on Capacity Improvement of Recovery and Reintegration Assistance for Trafficked Persons”, training of Trainer (TOT) for relevant officials conducted for recovery and reintegration assistance for trafficked persons together with training programs by TOT participants in various areas. Capacity building activities are planned to continue in collaboration with JICA and UNICEF Myanmar National Human Rights Commission Law which reconstitutes National Human Rights Commission enacted in March 2014
Anti-corruption	<ul style="list-style-type: none"> Continue efforts on amending the Suppression of Corruption Law and on implementing it 	<ul style="list-style-type: none"> Anti-corruption Law enacted in August 2013, MOU signed to join South-East Asia Parliamentarians against Corruption to enhance efforts against corruption in November 2013 Anti-Corruption Commission established in February 2014 (renamed the Anti-Bribery Commission later)
Population and Housing Census	<ul style="list-style-type: none"> Progress of preparation for the implementation of a Population and Housing Census in 2014 for the first time in 30 years in cooperation with international organizations and donors 	<ul style="list-style-type: none"> Population and Housing Census implemented from March 30, 2014 to April 10, 2014. Provisional result released in August 2014, and the main report in May 2015
Donor Coordination	<ul style="list-style-type: none"> Periodic donor coordination meetings between the Myanmar government and development partners held by the Central Committee 	<ul style="list-style-type: none"> In order to hold periodic donor coordination meetings, the Myanmar Development Cooperation Forum⁴⁶ established. Also the Government of Myanmar-Development Partner Group Meeting⁴⁷, the Foreign Economic Relations Department – Development Partner Working Committee⁴⁸, Sector Working Groups⁴⁹ established

Sources: JICA, Responses to questionnaires for the ex-post evaluation, and interviews with officials of related ministries/agencies

As one form of training for capacity development on corporate law at the Union Attorney General’s Office (hereafter referred as “UAGO”), a workshop for a revised Company Act to strengthen the capacity of UAGO staff and others was held in October 2014 under JICA Technical cooperation named “The Project for Capacity Development of Legal, Judicial and Relevant Sectors in Myanmar,” which has been conducted since

⁴⁶ Myanmar Development Cooperation Forum (MDCF: held in once a year, 1st meeting: January 2013, 2nd meeting: January 2014, and 3rd meeting: February 2015): discusses the direction of development cooperation, the current situation, issues, etc.

⁴⁷ Government of Myanmar-Development Partner Group Meeting (held in 1 or 2 times per year): Based on the discussions of the MDCF, the government and donors check the progress of development cooperation.

⁴⁸ Foreign Economic Relations Department-Development Partner Working Committee (held in once in 2 months) : discusses issues related to the development cooperation between the Ministry of Planning and Economic Development (MNPED) and major development partners.

⁴⁹ 17 Sector Working Groups (SWG) (held in a few times per year): with the purpose of the formulation of the sector strategy and the implementation of development cooperation in line with the strategy, related government agencies and major development partners share their views, exchange opinions, and promote cooperation. Japan/JICA co-chairs 3 SWGs, which are the Power Sector group, the Transportation group, and the Public Finance Management group.

November 2013. The population and housing census which was conducted for the first time in 30 years revealed that the total population was 51.4 million, which was different from the government's estimation of 60.1 million (the summary of the provisional results was published in August 2014 and the main report was published in May 2015. A detailed analysis report is scheduled to be published in December 2015.).

3.3.2 Changes Brought about by Implementing the Policy Actions

The Implementation of the policy actions in the policy matrix given in the Program before and after the loan provision have not necessary brought about different impacts. These are parts of a series of actions aimed at achieving the same impact and they are simply divided by the timing of the loan provision. Thus, this ex-post evaluation analyzed the impact of implementing actions both before and after the loan provision. Furthermore, as mentioned in "2.3 Evaluation Approach and Constraints in the Evaluation Study," the scope of the impact analysis of implementing the policy actions was limited only to an analysis of the state of the realization of impact and an evaluation judgement was not given. In addition, since there are some cases where the ministries/agencies responsible for implementing each policy action have not really identified the impact of implementing their actions by themselves. In these cases, this evaluation analyzed the impact that was identified through their responses to our questionnaires, through interviews with the relevant officials and in the relevant documents. Meanwhile, the impact of reform undertaken by the Myanmar government cannot be materialized in the short-term. Instead, the reform impact can be seen through the continuous development of institutions and operation framework and their proper operations. Therefore, in order to achieve impact of the Program, it is desirable that follow-up activities, including continuous policy dialogues, be continued and that related technical cooperation be provided when needed in coordination with other donors.

3.3.2.1 Macroeconomic Management and Development Policy

The following can be given as impacts resulting from implementation of the policy actions in this policy cluster: (1) Control of inflation by maintaining fiscal discipline, improving the central bank's autonomy and introducing monetary policy tools; (2) Stabilization of foreign exchange rates by unifying exchange rates and introducing a managed float system for exchange rate determination; (3) Improved access to finance and financial services by deregulation in the financial sector; and (4) Improvement of the investment climate (Please see "3.3.4 Impact of the Clearance of the External Debt Arrears" for the impact accompanied with the clearance of debt arrears).

- (1) Control of inflation by maintaining fiscal discipline, improving the central bank's autonomy and introducing monetary policy tools

As mentioned in “3.1.2.2 Relevance to the Development Needs of Myanmar (Situation before reform)”, the limited monetary policy tools and vulnerable fiscal structure of Myanmar were major challenges facing macroeconomic stability. The government has adopted and adhered to a budget deficit ceiling of 5% of GDP in every year's Union Budget Law to maintain fiscal discipline, as seen in the policy matrix. The amendment of the Central Bank Law in 2013 provided the central bank with significant autonomy from the government. Also, the government initiated the issuance of treasury bills/bonds to commercial banks to reduce the fiscal deficit financed by the central bank. The central bank initiated reserve money monitoring as a monetary policy framework, and introduced deposit auctions, which has allowed the central bank to manage monetary supply. Furthermore, a treasury securities auction commenced in 2015 with the aim of developing the treasury securities market⁵⁰. As a result of the implementation of these actions, as shown in Table 15, the amount of the fiscal deficit financed by the central bank has been significantly declining for the few years from the inauguration of the new government to the timing of this ex-post evaluation. This has resulted in inflation rate maintained at a range of 5 to 6 %.

Table 15: Macroeconomic Indicators

	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15
Fiscal Deficit (in billions of Kyat)	1,723	2,171	2,007	1,644	903	2,832
Amounts financed by the central bank (in billions of Kyat)	1,189	1,407	790	645	411	848
Fiscal Deficit to GDP (%)	4.9	5.4	4.6	3.4	1.6	4.5
Amounts financed by the central bank to GDP (%)	3.4	3.5	1.8	1.3	0.8	0.7
CPI (at end of fiscal year)	7.7	8.9	-1.1	4.7	6.3	5.9

Source: IMF Staff Report for the 2014 Article IV Consultation, September 2014. IMF Staff Report for the 2013 Article IV Consultation and First Review Under the Staff-Monitored Program, June 2013.

Note: The data in 2013/14 is an IMF estimation, and the data in 2014/15 is an IMF projection.

However, it cannot be said that the central bank is equipped with adequate monetary policy tools due to the underdeveloped treasury securities market and inter-bank money market as well as the administrative setting of interest rates on bank loans and deposits with a prescribed range. Also, with anticipated large inflows of aid money as well as foreign private investment in line with future economic growth, it is necessary that significant sterilization operations be undertaken and monetary policy tools be deployed such as the development of an inter-bank money market (JICA was providing technical

⁵⁰ Treasury bill auctions have taken place since January 2015. The interest rates of the auctions have hovered at around first half of 8 %, which is nearly same as the floor limit of the bank deposit rate.

cooperation to develop the market at the time of the ex-post evaluation) and a treasury securities market to control inflation in a proper manner.

(2) Stabilization of foreign exchange rates by unifying exchange rates and introducing a managed float system for exchange rate determination

Since 2012, various reform initiatives related to foreign exchange policy have been implemented against an original situation where there was a multiple foreign exchange regime and rigid regulations regarding foreign exchange transactions. These initiatives include: application of the market foreign exchange rate to the Union Budget, an introduction of a managed float system for exchange rate determination (a range of $\pm 2\%$), the relaxation of regulations regarding foreign currency procurement including the export first policy⁵¹, permission of foreign exchange operations to private banks, deregulations related to foreign currency current transactions, and the introduction of foreign currency auctions and an foreign exchange inter-bank market. The implementation of these actions resulted in the unification of the foreign exchange rate with a substantial reduction of margin between the official and market exchange rates as shown in Table 16. Deregulation of foreign currency transactions and the beginning of foreign exchange business by private banks enabled private business owners, who had previously traded foreign currencies in informal markets, to trade them in formal markets. This has brought about desirable effects on their business activities due to greater ease in obtaining foreign currencies. Private business operators interviewed in this evaluation mentioned that the reduction of foreign exchange risks, thanks to the introduction of a managed float system for exchange rate determination, has had a positive effect on their businesses.

Table 16: Foreign Exchange Rate (at the end of fiscal year)

Unit: Kyat/US\$

	FY2009/10	FY2010/11	FY2011/12	FY2012/13
Official Rate	5.7	5.4	5.6	880
Market Rate	1,004	861	822	878

Source: IMF Staff Report for the 2014 Article IV Consultation, September 2014. IMF Staff Monitored Program Report, January 2013

(3) Improved access to finance and financial services by deregulation in the financial sector

Deregulations and/or strengthening of financial supervision have been implemented with the aim of improving access to finance and modernizing the financial sector. These actions brought about an increase in the number of private bank branches by more than 3

⁵¹ See Note 17

times, from 292 at the end of March 2011 to 731 at the end of March 2014, as shown in Table 17. Also, the number of ATMs, which did not exist at the end of March 2011, increased to 545 as of the end of March 2014. Bank credit to the domestic private sector to GDP ratio grew from 5.1% in FY2010/11 to 14.9% in FY2013/14. Thus, it can be said that access to finance has gradually improved. Furthermore, in October 2014, the central bank announced that 9 foreign banks (including 3 Japanese banks) were granted preliminary licenses to open branches in Myanmar. Thus, continuing actions to modernize the financial sector have been taken.

However, with the regulated interest rates in both bank deposit and lending, 30% of the assessment rate of collaterals for bank loans and a short-lending period (usually 1 year and maximum 2 years), the hurdle of access to a bank loan still remains high. Also, a bank-run, which occurred in 2003,⁵² has still firmly given the public distrust in the banking sector as well as the bank regulator. Therefore, it is necessary to implement measures to improve the credibility of the financial sector, such as strengthening rules and regulations aimed at the liberalization of bank operations, promoting competition among banks, strengthening the supervisory capacity. Also, developing a financial settlement system in the central bank, which is a payment and settlement infrastructure (at the time of the ex-post evaluation, JICA was providing grant aid for its development), as well as conducting awareness activities to promote financial literacy among the public are necessary.

Table 17: Data in the financial sector (at the end of fiscal year)

	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14
Number of State-Owned Banks	4	4	4	4	4
Number of Private Banks	15	19	19	20	22
Number of branches of private banks	221	292	366	485	731
Number of ATMs	0	0	37	225	545
Credit to the private sector to GDP (%)	3.5	5.1	7.5	10.2	14.9

Source: Central Bank of Myanmar, IMF Staff Report for the 2014 Article IV Consultation, September 2014. IMF Staff Report for the 2013 Article IV Consultation and First Review Under the Staff-Monitored Program, June 2013.

(4) Improvement of the investment climate

Due to initiatives to improve the investment climate such as the clarification of laws and regulations and administrative procedures related to foreign investment by the enactment of the revised Foreign Investment Law in November 2012, together with the relaxation of regulations regarding land use by foreigners and foreign currency transactions, foreign direct investment (hereinafter referred to as “FDI”) has increased, as

⁵² Starting with the collapse of trading companies which conducted informal bank businesses, bank runs developed into the formal banking sector.

seen in Table 18. It is expected that the enactment of the revised Special Economic Zone Law (SEZ Law) in January 2014 (at the time of the ex-post evaluation, the by-laws and related regulations were being prepared) will bring an increase in foreign investments into special economic zones in the future. Thilawa special economic zone, the development of which Japan has supported, has attracted interests from more than 100 companies. Thirty two companies had made provisional contracts for land uses as of December 19, 2014 ⁵³.

On the other hand, according to interviews on site in this evaluation and to relevant literature⁵⁴, there are still challenges in the institutional and practical aspects such as a broad discretionary power caused by opaque standards and the process for investment approvals as well as the cumbersome investment approval process even under the revised Foreign Investment Law. Also, people connected who were interviewed in this evaluation mentioned that with the increased number of investment applications, the administrative capacity of the related ministries/agencies have been unable to keep up with the increased work volume, which causes additional time required to give investment approval. This has become a challenge from the institutional aspect. Thus, there remain some issues to be solved in the legal aspect and the aspect of capacity for implementation. As for the investment procedures in Thilawa SEZ, a one-stop service has come into operation whereby related application procedures, including registration and licensing approvals with the related ministries/agencies can be carried out in one place, which has resulted in speedier investment procedures.

Table 18: Amount of Foreign Direct Investment (Approved)

Unit: in millions of US\$							
	FY2008/09	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15
FDI	984	330	19,999	4,644	1,419	4,107	8,011

Source: Directorate of Investment and Company Administration, Ministry of National Planning and Economic Development

3.3.2.2 Social Sector

In this policy cluster, the impacts of implementing the policy actions can be seen in: (1) impact on improvement in access to the education sector and to the quality of teachers; (2) impact on improvement in the access to services in the health sector and to the quality of the delivery of service.

(1) Education Sector

Various actions in the policy matrix in the education sector have been implemented, such as measures to improve the access to education including the improvement of school

⁵³ JETRO, Thilawa SEZ report Vol.6, December 2014

⁵⁴ OECD, OECD Investment Policy Reviews: Myanmar 2014

facilities, the distribution of scholarships and stipends, free primary education, and increased budget allocation to the education sector (Table 19). Also measures to improve the quality of teachers including CCA training for teachers have been taken. Through these actions, some improvements aimed at solving the issues in the education sector have been made. For example, the enrollment rate and completion rate have been improved, as seen in Table 20.

Table 19: Budget for Education Sector

	FY2011/12	FY2012/13	FY2013/14	FY2014/15
Budget for the Education Sector (in billions of Kyat)	310.0	640.8	892.8	1,105.8
Budget for the Education Sector to GDP (%)	0.7	1.3	1.6	1.7

Source: Union Minister Office, Finance Section, Ministry of Education

Table 20: Education Sector Indicators

		FY2010/11	FY2011/12	FY2012/13	FY2013/14
Net Enrollment Rate by level (%)	Primary	88.4	86.4	86.8	86.9
	Middle	48.7	47.0	48.4	52.4
	High	23.4	26.7	23.1	26.5
Completion Rate by level (%)	Primary	72.9	73.1	73.2	72.2
	Middle	47.1	47.3	57.8	55.1
	High	30.0	31.6	30.6	27.4

Source: Ministry of Education

(2) Health Sector

In the health sector, as mentioned in the implementation of the policy actions above, the number of health facilities and health workers such as doctors and nurses have increased (Table 13), accompanied by an increase in the budget allocation to the health sector (of more than 7 times in the last 4 years (Table 21)). Measures to improve the quality of the health workforce, including training, have also been implemented. The implementation of these policy actions has resulted in improvements in this sector including an increase in the users of health facilities, as shown in Table 22.

Table 21: Budget for the Health sector

	FY2011/12	FY2012/13	FY2013/14	FY2014/15
Budget for the Health Sector (in billions of Kyat)	92.0	400.7	528.6	652.7
Budget for the Health Sector to GDP (%)	0.2	0.8	1.0	1.0

Source: UNICEF, Making Public Finance Work for Children in Myanmar: An overview of public finance trends 2011-12 to 2014-15

Table 22: Improvement of Access to Health Services

	FY2010/11	FY2011/12	FY2012/13	FY2013/14
Clinic Attendance at Health Facilities	about 7million	about 7.5million	about 7.2million	about 9.5million
Antenatal Care (%)	73.0	74.3	74.8	82.2
Skilled Birth Attendance (%)	64.8	67.1	67.9	72.3

Source: Ministry of Health

Note: Accurate data for Clinic Attendance at Health Facility could not be obtained from Ministry of Health

3.3.2.3 Governance

In labor policy, 1,345 labor organizations had been established as of September 2014. According to the Myanmar Labor Union Association, the situation of forced labor has been overcome, and labor conditions have significantly improved. In the field of human rights, a Trafficking Person Report by the US State Department has assigned Myanmar a Tier 2 Watch List ranking since 2012 having ranked Myanmar on Tier 3 from 2001 to 2011 report. A report in 2014 also mentioned that the Myanmar government is making significant efforts to eliminate trafficking. Thus, it can be judged that the human rights situation has been improved. As for anti-corruption, in the Annual Corruption Perception Index of Transparency International, Myanmar has moved up the ranks significantly from 180th out of 182 countries and territories in 2011 to 156th out of 175 countries and territories in 2014. One private company commented that the government procurement procedure has become more transparent since 2011, although it is not perfect yet. As for donor coordination, the relevant agency claimed that holding regular meetings with multiple donors together has contributed to a deepening of the mutual understanding for the government policy and its development priority agendas between the government and donors.

3.3.3 Impact of the Policy Matrix, Progress Monitoring and Policy Dialogue on Progress of Reform

In the Program, the policy matrix, including policy actions necessary for reform, was formulated between the Myanmar government and Japanese government. Also, in order to monitor the progress of implementation of the policy actions, quarterly progress reports from the Myanmar government were submitted (in June 2013, September 2013 and April 2014) and monitoring meetings (policy dialogues) between the Myanmar government and the Japanese government were held (in March 2013, September 2013 and March 2014).

Some Myanmar government officials interviewed during this evaluation reported that the policy actions given in the policy matrix had been always recognized as priority issues to be implemented within ministries/agencies, as the government had committed to the donor to implement them. As a result, accelerating their responses in implementing these actions had resulted in promoting the reform progress. In addition, the officials interviewed said that the

policy actions are effective tools as guides in supporting reform since the policy actions can be used as operational guidance for those with limited knowledge and experience in policy implementation.

As for the regular monitoring to ensure the progress of the policy actions, officials interviewed in this evaluation frequently said that the regular monitoring to check the progress of the policy actions had contributed to the progress of the policy actions by putting the officials implementing the actions under pressure to make some progress. In other words, without monitoring the progress of implementing the policy matrix, it is highly likely that the pace of implementation would have been slower. Officials interviewed in this evaluation also mentioned that the policy dialogues between the two governments based on the progress report of the policy actions had been an effective tool for the Japanese government to identify the priority areas of development and the challenges that the Myanmar government faced. They added that policy dialogues should be accompanied with budget support loans. It can be considered that the quarterly progress report and monitoring meetings (policy dialogues) continuing for a year after the loan provision were in particular effective in underpinning the progress of the reform undertaken by the Myanmar government.

3.3.4 Impact of the Clearance of the External Debt Arrears

It can be understood that one of the objectives of the Program was to comprehensively resolve the issue of Myanmar's debt arrears, although this was not clearly written in the project objective. Therefore, the impact of the clearance of Myanmar's debt arrears was analyzed on its financial and other aspects separately.

3.3.4.1 Impact on the Financial Aspect

(1) Impact of debt clearance on the Myanmar's debt outstanding

Table 23 shows the external debt outstanding of the Myanmar government at the end of December 2012. As described previously, Myanmar's debt arrears to multi-lateral development banks and bi-lateral creditor countries were cleared according to the international framework to resolve Myanmar's debt arrears⁵⁵.

⁵⁵ Among bilateral creditors, Norway, Denmark and Canada canceled all their claims to Myanmar.

Table 23: External Public Debt of the Myanmar Government
(at end of December 2012 before the Paris Club agreement for debt resolution)

Unit: in millions of US\$

	Arrears	Outstanding Debt	Total Debt
Multilateral Creditor	953	717	1,670
World Bank	436	490	926
ADB	517	202	719
Other	0	25	25
Paris Club Creditor	10,051	364	10,415
Japan	6,581	79	6,661
Other	3,470	285	3,754
Non-Paris Club Creditor	0	3,160	3,160
Commercial Bank	0	100	100
Total	11,004	4,341	15,345

Source: Prepared by the evaluator, based on data from the IMF Staff-Monitored Program, January 2013

Following debt clearance operations with these donors, according to IMF debt-sustainability analysis (hereinafter referred to as “DSA”)⁵⁶ (Table 24), the external debt outstanding of the Myanmar government decreased from US\$15.3 billion in FY2011/12 to US\$10.9 billion in FY2013/14, and the ratio of the external debt outstanding to GDP also declined, from 27.3% to 19.2% during the same period. Furthermore, the debt-service ratio⁵⁷ (base-line scenario) in the DSA also greatly declined from 10.5% in FY2011/12 to 3.1% in FY2013/14. Due to these improvements, the DSA indicates that following the completion of its arrear clearance Myanmar can be assessed to be at “Low risk of debt distress” which is an improvement from the earlier “Substantial risks to the debt outlook“. Thus, it can be said that the clearance of the Myanmar’s debt arrears through the Program and other donor initiatives has expanded Myanmar’s additional borrowing capacity, which in turn raises the fund-raising capacity for the development funds necessary for the promotion of future reform. On the other hand, with the expected increase in government borrowing for development needs such as infrastructure development, it will be necessary for the government to prioritize these needs in order to meet them while maintaining the fiscal soundness.

⁵⁶ IMF Staff Report for the 2014 Article IV consultation – Debt Sustainability Analysis, September 2014. IMF Staff Report for the 2013 Article IV Consultation and First Review under the Staff-Monitored Program – Debt Sustainability Analysis, June 2013.

⁵⁷ It is an indicators to measure the external debt obligation of a country, and it’s calculated the debt service payments of a country divided by that country’s export earnings.

Table 24: Debt Sustainability Analysis in Myanmar

	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
External debt outstanding (in billions of US\$)	15.3	13.7	10.9	11.9	13.4
Ratio of External debt to GDP (%)	27.3	24.6	19.2	18.2	18.2
Debt service to export ratio (%)	10.5	2.2	3.1	3.8	3.7

Source: IMF Staff Report for the 2014 Article IV Consultation, September 2014. IMF Debt Sustainability Analysis, September 2014 & June 2013

Note: The data in 2013/14 is an IMF estimation, and the data in 2014/15 and 2015/16 are IMF projections.

(2) Resumption of financial support from donors

It is the donors' resumption of assistance to Myanmar that is the direct and most conspicuous impact of the clearance of its debt arrears from the financial perspective. As seen in Table 25, 3 donors, including Japan, the World Bank and ADB, announced plans to provide a total of about US\$5.8 billion⁵⁸ of financial support. From FY2009 to FY 2011, the period just prior to the debt arrears clearance, Myanmar annually received only about US\$0.3 billion of aid from donors according to OECD data⁵⁹. Meanwhile, Myanmar's annual national budget and capital investment budget were about US\$19.3 billion and about US\$5.7 billion respectively in the FY2014/15 budget⁶⁰. Considering these figures, it can be seen that the aid money from donors will significantly contribute to the investments for development by the Myanmar government as well as to an increase in its foreign reserves, assuming the money is disbursed as scheduled. In addition, most of these aid from donors is in the form of concessional loans, which will contribute to a reduction in the future debt service of the Myanmar government.

Table 25: Announcement of Support from Major Development Partners to Myanmar

	Amounts	Note
Japan	About US\$2.6 billion (JPY315.1 billion)	Announced a JPY91 billion (ODA loan: JPY51 billion and Technical cooperation/grant aid: JPY40 billion) in May 2013, JPY63.2 billion (ODA loan) in December 2013, JPY24.7 billion (ODA loan) in March 2014, JPY 10.5 billion (ODA loan) in July 2014, JPY25.8 billion (ODA loan) in November 2014, and JPY99.9 billion (ODA loan) in July 2015
WB	About US\$2 billion	Plan to invest about US\$2 billion in the span of years mainly in the energy, health and education sectors
ADB	US\$1.19 billion	Disbursed US\$0.512 billion in 2013. Country Operation Business Plan (2015-2017) proposed a lending program of US\$0.68 billion
EU	About US\$0.9 billion	Announced €688 million (about US\$0.9 billion) for rural development, agriculture, food security, education, governance, rule of law and peace building from 2014 to 2020 (December 2014)

⁵⁸ Converted at US\$1=JPY120

⁵⁹ OECD, Geographical Distribution of Financial Flows to Developing Countries 2014: *Disbursements, Commitments, Country Indicators*, 2014.

⁶⁰ UNICEF, Making Public Finance Work for Children in Myanmar: A overview of public finance trends 2011-12 to 2014-15. Converted at US\$1=Kyat1,000

	Amounts	Note
UK	About US\$0.52 billion	About £ 0.199 billion (about US\$0.3 billion) from 2011 to 2015 for education, health, humanitarian aid and food, and in August 2014, announced an additional £ 0.07 billion (about US\$0.1 billion) for 2014 and £ 0.08 billion (about US\$0.12 billion) for 2015
South Korea	US\$0.5 billion	Announced US\$0.5 billion to be provided for infrastructure development, promotion of services and sports from 2013 to 2017 (June 2013)

Source: Prepared by the evaluator from various published documents

(3) Impact on the attraction of private investment

The debt arrears issue prevented macro-economic management and it meant that the Myanmar government was in the condition of default. Thus, it cannot be denied that the clearance of debt arrears and the subsequent resumption of assistance from donors such as the World Bank, ADB and JICA have a catalytic effect in promoting private investment in Myanmar. However, the actual impact of debt arrears clearance on the attraction of private investment is not clear⁶¹. However, with debt arrears clearance and the subsequent resumption of donors' assistance, most aid has flown to infrastructure development such as power while technical assistance from donors has been provided to support the development of related laws and regulations and the capacity development of related ministries/agencies. Thus, it can be said that from the view point that foreign direct investment is expected to increase in the future as activities to improve the investment climate are implemented, the clearance of debt arrears has contributed to laying a foundation for the attraction of future foreign private investments.

3.3.4.2 Other Impacts

Other impacts include the receipt of technical assistance from donors consisting of knowledge and experience apart from aid money, following the clearance of debt arrears and the subsequent resumption of donor assistance. In Myanmar, there was little knowledge and technical transfer from other countries due to the 20 years or more of limited economic exchange with advanced countries, which limited the accumulation of sufficient knowledge and experience to implement reform. With the clearance of debt arrears and the subsequent resumption of donor assistance, reform activities have been undertaken while the knowledge and experience needed to implement the reform have been transferred through technical assistance from donors (see Table 26). If the Program had not existed, or in other words, if technical assistance had not been provided by donors,

⁶¹ It is unclear whether the clearance of the debt arrears has a direct impact on the attraction of FDI for the following reasons: i) as there are rich natural resources in Myanmar, foreign investments into the development of natural resources from neighboring countries in Asia such as China, Thailand, Singapore continued even during the period of economic sanctions; ii) for US and European companies, the relaxation of economic sanctions on Myanmar by their own countries also had a positive impact on their investment into Myanmar; and iii) laws and regulations to promote foreign direct investment such as the enactment of the Foreign Direct Investment Law and the relaxation of regulations related to foreign investments were also developed.

the pace of the progress of Myanmar's reform would have been slower than the current pace due to a lack of donors supports in both the technical and financial aspects.

Table 26: Major Donors which Provide Technical Assistances in Each Policy Agenda (example)

Policy Agenda	Major donors
Fiscal Management	IMF, World Bank, ADB, JICA
Exchange Rate System/ Monetary Policy	IMF
Financial Sector	IMF, World Bank, ADB, JICA
Improving Investment Climate	ADB, JICA, World Bank
Education	ADB, JICA, UK, EU, UNICEF
Health	JICA, World Bank, UK
Rule of Law	JICA, ADB, UNDP, EU
Environmental Policy	ADB, JICA
Labor Policy	ILO

Source: Prepared by the evaluator from various published documents

3.3.5 Impact on the Stability of Myanmar's Economy

The country has achieved economic growth with a range of 7-8% including the IMF estimation and projection as shown in Table 27 since the inauguration of reform by the new administration. During the same period, the inflation rate has stabilized and has hovered around 5-6%, the fiscal deficit has been kept below 5% of GDP, and the foreign reserve has covered more than 3 months of prospective imports. The foreign exchange rate has relatively stabilized since the introduction of a managed floating system in 2012. From the above, it can be said that the economic indicators related to reform activities remained stable at the time of the ex-post evaluation. It can be also said that the implementation of the policy actions given in the JICA policy matrix related to economic stability, such as the introduction of fiscal discipline and monetary policy tools, and the unification of the foreign exchange rate contributed to economic stability at the time of the ex-post evaluation.

Meanwhile, the reform aimed at achieving macroeconomic stability has continued and it is necessary to promote the development of the foreign exchange and treasury securities markets with high liquidity together with development of the financial market, coupled with maintaining fiscal discipline, so that the central bank can execute effective monetary and foreign exchange policy. It is anticipated that an increase in foreign capital inflow, including the provision of aid money and FDI along with the progress of reform may raise inflationary pressures. Therefore, it is desirable that monetary policy tools be developed to absorb market liquidity, such as the development of a treasury securities market and a financial market, and that the fiscal deficit are financed through issuances of treasury securities. In addition, with an anticipated increase in government borrowings in the domestic market and from overseas to meet increasing development needs, it is necessary that development needs be prioritized in order to maintain a stable economic condition.

Table 27: Macro-economic Indicators in Myanmar

	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15
Real GDP growth (%)	5.1	5.3	5.9	7.3	8.3	8.5
Budget Deficit to GDP (%)	4.9	5.4	4.6	3.4	1.6	4.5
CPI (at end of fiscal year)	7.7	8.9	-1.1	4.7	6.3	5.9
Market foreign exchange rate (at end of fiscal year) (Kyat/US\$)	1,004	861	822	878	965	-
Foreign reserve to imports (month)	3.7	4.0	3.5	3.5	3.4	3.5

Source: IMF Staff Report for the 2014 Article IV Consultation, September 2014. IMF Staff-Monitored Program , January 2013.

Note: The data in 2013/14 is an IMF estimation, and the data in 2014/15 is an IMF projection.

3.3.6 Other Impacts

(1) Impacts on the Natural Environment

There was no negative impacts of the Program on the natural environment. However, the policy matrix includes the development of a legal and regulatory system for environmental protection as well as a strengthening of the arrangements for the implementation of environmental impact assessment as policy actions in the field of environment policy. It is expected that these actions will contribute to the control of any negative impacts on the natural environment that may be caused by the implementation of future development projects.

(2) Land Acquisition and Resettlement

There was no land acquisition and resettlement in the Program.

In view of the above, it can be said that the effectiveness of the Program is high for the following reasons: i) all policy actions that were conditions for the loan provision were achieved prior to the loan provision, ii) JICA's appraisal process was appropriate with its judgement of the progress of reform with mainly shared policy actions in the same agendas as in the policy matrices of the World Bank and ADB, both of which provided budget supports loans to Myanmar at around the same time. The impact of the Program includes: i) 45 actions out of 51 policy actions to be monitored were completed and/or have been implemented, ii) the implementation of these actions has resulted in the laying of the foundation for the achievement of the policy issues, and iii) signs of positive impacts have been observed in some policy agendas. In addition, the policy matrix, subsequent monitoring activities and policy dialogues contributed to the underpinning of the progress of Myanmar's reform. Furthermore, the clearance of debt arrears enabled the donor community, including Japan, to provide financial and technical support to the reform efforts of the government. Moreover, improving the funding ability of the Myanmar government, resulting from clearance of its debt arrears, raises its capacity to borrow the development funds necessary to promote future reform. At the time of

the ex-post evaluation, the economic indicators related to reform have improved and/or remained stable.

However, realizing the reform impact, including the policy actions, will require further time and continuing reform action. Especially, considering the fact that most of the policy actions of the Program are those that should be carried out at an early stage of reform, such as the formulation of laws and regulations and the development of institutional and operational framework, it is important that the regulatory, institutional and operational framework developed through the implementation of the policy actions are operated in a proper manner in order to promote further reform and thereby obtaining the fruits of reform.

3.4 Sustainability

3.4.1 Institutional Aspect

The executing agency of the Program was the Ministry of Finance and 23 departments in 12 ministries/agencies were involved in the policy matrix. The department responsible for the Program within the Ministry of Finance was changed from the Budget Department to the Treasury Department which was established as separate from the Budget Department in September 2014. Also, due to organizational restructuring in the Ministry of Finance, Central Bank of Myanmar and the Ministry of Environmental Conservation and Forestry, some departments responsible for the Program were also changed within these ministries/agencies. Further, Anti-Corruption Commission, Myanmar (ACCM) was formed in 2014. The responsibility of other ministries/agencies and departments did not change from the time of project appraisal to the time of the field survey in the ex-post evaluation.

Table 28 shows the ministries/agencies responsible in each policy cluster/agenda. Reform activities in each ministry/agency were continuing without any changes in the momentum of reform at the time of the ex-post evaluation.

Table 28: Ministries/Agencies Implementing Each Policy Cluster/Agenda

Policy cluster/agenda	Ministries/agencies (at appraisal)	Organizations (at ex-post evaluation)
Macroeconomic Management and Development Policy		
Arrears Clearance	Budget Department, Ministry of Finance (MOF)	Treasury Department, MOF
Development Strategy	Planning Department/Foreign Economic Relations Department, Ministry of National Planning & Economic Development (MNPED)	Same
Fiscal Management	Budget Department, MOF Project Appraisal and Progress Reporting Department, MNPED	Same
Monetary Policy	Monetary Policy Department/Banking Regulation Department, Central Bank of Myanmar (CBM)	Monetary Policy Affairs Department/Financial Institutions Regulation & Anti-Money Laundering Department, CBM

Policy cluster/agenda	Ministries/agencies (at appraisal)	Organizations (at ex-post evaluation)
Reforming the Exchange Rate System	Budget Department, MOF Foreign Exchange Management Department/ Monetary Policy Department/Banking Regulation Department, CBM	Same Foreign Exchange Management Department/ Monetary Policy Affairs Department/ Financial Institutions Regulations & Anti-Money Laundering Department, CBM
Financial Sector Policies	Internal Audit and Banking Supervision Department/Banking Regulation Department, CBM Myanmar Microfinance Supervision Enterprise	Financial Institutions Supervision Department/ Financial Institutions Regulations & Anti-Money Laundering Department, CBM Financial Service Regulation Department, MOF
Improving the Investment Climate	Directorate of Investment and Company Administration, MNPED	Same
Social Sector		
Promotion of Education Policy	Department of Educational Planning and Training/Department of Basic Education 1,2 and 3, Ministry of Education	Same
Promotion of Health Policy	Department of Health Planning/Department of Health, Ministry of Health	Same
Governance		
Rule of Law	NA (UAGO in part)	Same
Labor Policy	Department of Labour/Social Security Board, Ministry of Labour	Same
Environmental Policy	Planning & Statistics Department, Ministry of Environmental Conservation and Forestry (MOECF)	Environmental Conservation Department, MOECF
Human-rights Policy	The Central Body for Suppression of Trafficking in Person Human Rights Commission	Same
Anti-corruption	Bureau of Special Investigation, Ministry of Home Affair	ACCM
Population and Housing Census	Department of Population, Ministry of Immigration and Population	Same
Donor Coordination	Foreign Economic Relations Department, MNPED	Same

Source: Responses to questionnaires for the ex-post evaluation, JICA

3.4.2 Risk Factors Related to the Achievement of the Project Impact and Sustainability

As mentioned above, since the reform activities have continued in each organization responsible, further progress of reform can be expected. On the other hand, interviews with officials in the organizations responsible in this evaluation and related documents revealed that there are some risk factors which may impede the achievement of the impact of reform and sustainability in the future.

(1) Challenges in institutions and human resources related to the implementation of reform

The related ministries/agencies have been implementing rapid reform activities with only limited knowledge and experience necessary to carry out the activities due to the country's

economic isolation for more than 20 years. Some officials interviewed in this evaluation said that they were not able to sufficiently keep up with the current speed of reform due to a lack of staff who have knowledge and experiences in policy formulation and in the technical aspects as well as work-flows where the authorities for decision making were concentrated in the higher level of organizations. It is necessary that the implementation framework be enhanced and human resources are cultivated in order to continuously carry out steady reform activities in the future.

(2) Challenges in the development of laws and regulations

Reform activities have required some formulation and revision of connected laws and regulations in each sector, and the drafting of new and revised legislation has been carried out concurrently with reform. However, much of the legislation and related by-laws and regulations were often found to be under preparation and/or under consideration in Parliament. While the capacity development of legal officers in each ministry/agency for the drafting of legislation and rules, and the development of institutions and human resources for scrutinizing new laws and regulations in UAGO have been implemented with the support of donors, the limited capacity has still impeded their activities to sufficiently keep up with the increasing amount of work. A further strengthening of the capacity for drafting laws in each ministry/agency and of the institution and system for scrutinizing laws by UAGO is considered necessary for the further progress of reform.

(3) Challenges in the knowledge, experience and capacity of the general public and corporations

Realization of the impact of reform requires not only the development of related laws and regulations and the institutional capacity of the government, but it is also necessary to raise public awareness and enhance capacity and knowledge in the corporate sector. In the liberalization of the financial sector, for example, it is necessary not only to reform the related laws and regulations and to strengthen regulatory capacity but also to develop the capacity of market participants of their business operations and their institutional arrangements as well as to improve the knowledge and awareness of depositors. While public awareness activities have been conducted in some fields, the importance of which has been recognized by the government, reform efforts at this stage of reform have mainly focused on the activities of the government side. Thus, it is also necessary to raise awareness and enhance knowledge among the public, corporations and market participants in addition to strengthening the capacity of the government in order to achieve the impact of reform.

(4) Challenges in the procedures for donor support projects

Many donors have resumed full-scale support for Myanmar after the clearance of the debt arrears. However, the executing agencies of the donor support projects have faced their first experience in the various procedures to implement these projects as they had not been engaged in donor support projects for many years. This unfamiliarity with the procedures has been a cause for concerns over smooth implementation of various procedures concerned, which may result in project delay. Although donors, including JICA, have provided their support to the executing agencies of their projects by hiring consultants on the basis of On the Job Training (hereinafter referred to as “OJT”), it is necessary that their capacity to deal with the procedures for donor support projects be continuously strengthened as donor support projects and the associated executing agencies increase and expand.

(5) Challenges in maintaining fiscal soundness and development needs

Measures for fiscal soundness have been being carried out. However, along the with progress of reform, an increase in government borrowing to meet the development needs such as infrastructure development is anticipated. Thus, it is necessary to prioritize development needs in the future with consideration of the balance between the development need and its fiscal soundness.

The momentum of the government’s reform has not changed, and the reform initiatives have continued. Thus, it can be said that the sustainability of the Program is high. However, as mentioned above, there are also some risk factors which may impede the achievement of the impact of reform. Thus, it is necessary to conduct continuously follow-up on the state of progress of reform in order to sustain the impact of the Program.

4. Conclusion, Lessons Learned and Recommendation

4.1 Conclusion

The Program was to resolve the external debt arrears issue that had been a problem and to underpin reform in the fields of macroeconomic management and development policy, the social sector and governance, taking into account the progress of reform undertaken by the Myanmar government since the inauguration of the new administration. The Program was relevant to the country’s development strategy, development needs and financing needs, as well as to Japan’s ODA policy. The policy matrix was appropriate since the context covered a broad field and it was prepared through consultations between the related stakeholders and Japan as the largest creditor to Myanmar, considering the various stakeholders such as NGOs. Therefore, its relevance is high. All policy actions which needed to be achieved prior to the loan provision were completed and JICA’s appraisal was appropriately carried out. Therefore, it can be said that its effectiveness is high. As for impact of the Program, most of the policy actions to be

monitored were completed and/or have been implemented and reform activities in each policy agenda have continued. The implementation of these actions has resulted in progress being made in laying a foundation to achieve the policy agendas, and some positive impacts resulting from implementation have appeared in some of the policy agendas. The policy matrix and subsequent monitoring activities and policy dialogues contributed to underpinning the progress of reform. Furthermore, the clearance of debt arrears through the Program and others has enabled the donor community, including Japan, to provide financial and technical support to the reform being undertaken by the Myanmar government. The government's borrowing capacity has also been improved, which raises the likelihood of the government being allowed to borrow development funds necessary for future reform activities. At the time of the ex-post evaluation, the economic indicators related to reform have improved and/or remained stable. The reform momentum of the government has not changed, and the reform initiatives have been continued. Thus, its sustainability is high.

4.2 Recommendations

4.2.1 Recommendation to the Executing Agency and other Related Ministries/Agencies [Strengthening institutional capacity]

Since Myanmar had been restricted in its economic exchange with other countries for more than 20 years, it did not benefit from cross-country transfer of knowledge. The ministries/agencies concerned have implemented a number of reform activities, with an insufficient number of staff and limited knowledge and experience, under the reform initiatives of the President Thein Sein's administration, receiving technical assistance from donors. As such, there is a risk that the institutional capacity and staff's capability could not keep up with the current speed of reform, thereby impeding the achievement of the reform impact. Therefore, it is necessary for each ministry/agency to strengthen its institutional capacity with the technical support from donors in both the aspects of policy formulation and implementation with better donor coordination in order that the benefits of reform could be achieved in an efficient and effective manner.

[Improving work-flows]

The current work-flows in the administrative organization of the Myanmar government where the decision making authority is concentrated in the higher level of organizations may be an impediment for the efficient implementation of reform activities in the current circumstance where the rapid implementation of reform is required due to an inability to make timely decisions. Therefore, it is necessary to change the work-flows, through measures such as the delegation of some authority to subordinates, in order to keep up with the speed of the current reform and implement the reform in an efficient manner.

4.2.2 Recommendation to JICA

[Continuous follow-up]

The Myanmar government's reform initiatives cannot be achieved in a short period of time. The time of the ex-post evaluation, rather, can be considered to be at the stage where foundations are laid for the realization of the reform impact. The development of institutional and operational framework of this foundation and its proper operation are required in order to obtain the fruits of reform activities. Thus, with the challenges concerned in the institutional and operational framework and the implementation capacity, it is desirable that JICA build its institutional arrangement so as to continuously support the reform activities of Myanmar so as to enable the early identification of any issues which might hinder the implementation of the reform activities and the provision of necessary technical assistance to strengthen institutional capacity, and to build up and ensure the development of the regulatory, institutional and operational framework and implementation capacity in a proper manner. This includes: i) follow-up on the progress of reform in each sector through technical cooperation that JICA has currently provided and/or will provide; ii) utilization of existing follow-up tools such as policy dialogues and the donor coordination frameworks to grasp the overall progress of reform; and iii) the introduction of new follow-up tools including the dispatch of experts who can conduct continuing monitoring of the overall progress of the reform activities

4.3 Lessons Learned

[Collaboration between ODA loans to support reform and technical assistance]

Continuing and effective implementation of reform activities is essential to obtain reform impact. In the case of Myanmar, although rapid implementation of reform is required, the related ministries/agencies do not have a sufficient number of staff with the knowledge and experience necessary in both policy formulation and the technical aspects of reform activities. This can be a risk factor in slowing down the progress of reform. In the case where a policy loan is provided to support reform activities, areas which may become bottlenecks in the smooth implementation of reform should be identified through adequate consultation with the recipient country from project formulation stage. Also, collaboration with technical assistances should be promoted in policy formulation and in fields, as necessary, through coordination with other donors. In particular, in the case of the resumption of assistance to countries that have been economically isolated, it is highly likely that staff in related ministries/agencies do not possess the knowledge and experience necessary to promote reform. Therefore, it is necessary that JICA's experience in other countries and knowledge required be transferred to the recipient country, having identified the degree of knowledge and experience equipped in the recipient country in carrying out reform activities as well as areas in which assistance is needed through adequate consultation with related the ministries/agencies.

Also, assistance from policy advisors who support policy formulation at the higher levels of related ministries/agencies should be utilized as a more effective tool in the case of ODA loans which support reform. Their assigned positions in the core of reform implementation in each ministry/agency allow them to readily identify the direction of reform and any issues that the assigned ministries/agencies have faced, and this enables them to take appropriate action with ease.

[In the case of aid resumption, the necessity to provide assistance to ensure smooth implementation of supporting projects]

Efficient implementation of projects supported by international donors is required for the Myanmar government after those donors have resumed their assistance to Myanmar. However, the government is not equipped with sufficient knowledge in the various procedures to implement donor supported projects because of their more than 20 years of economic isolation. Therefore, donors, including JICA, have provided technical assistance for the necessary procedures including procurement procedures to implement their supporting projects very attentively to their executing agencies, while implementing their projects in parallel. In the case of aid resumption, bearing in mind the degree of recognition of the procedures for donor supporting projects by the related ministries/agencies, it is necessary that OJT based training for such procedures be provided by dispatching consultants to the executing agencies so as not to trouble project implementation.

Attachment

Policy Matrix

Policy Clusters	Actions already taken	Actions to be monitored
1. Macroeconomic Management		
1-1 Arrears clearance	<ul style="list-style-type: none"> Started reconciliation of debt figures with bilateral creditors 	<ul style="list-style-type: none"> Started reconciliation of debt figures with multilaterals and Paris Club creditor, with some concrete plans for arrears clearance
1-2 Development Strategy	<ul style="list-style-type: none"> Started drafting 5-year National Plan Identified the development tasks based on the recommendation of the national level workshop on Rural Development and Poverty Alleviation 	<ul style="list-style-type: none"> The new 5-year National Plan will be approved by Parliament Hold meetings of the Union level central committee, Union level sub-committees and region/state level work committees for an effective implementation of development tasks An English summary of the new 5-year National Plan made available to donors as the basis for expanded collaboration
1-3 Fiscal Management	<ul style="list-style-type: none"> Kept fiscal deficit in the range of 4.7% of GDP in the 2012/13 FY budget Budget law amended to give more financial autonomy to SEEs 	<ul style="list-style-type: none"> Adhere to the target deficit level (excluding financing by grants and concessional loans) in a consistent manner with a sound macro-economic policy framework Continuing further review of SEEs with a view to designing appropriate reform and restructuring
1-4 Monetary Policy	<ul style="list-style-type: none"> Interest rate cuts in September 2011, which made treasury bonds rates above the minimum deposit rates 	<ul style="list-style-type: none"> Plan to introduce indirect monetary policy through open market operation and reserve policy The central Bank implements training for capacity development on monetary policy The amended central bank law submitted to Parliament, granting operational autonomy to the central bank
1-5 Reforming the Exchange Rate System	<ul style="list-style-type: none"> Applying the market rate to the 2012/13FY budget Forming a retail market for foreign exchange Introduction of foreign currency auctions and interbank trading Unification of exchange rates, and transit to a managed float system 	<ul style="list-style-type: none"> Continuing with foreign currency auctions consistent with market supply and demand conditions, and take steps to encourage interbank trading Plan to introduce sterilization operations in conjunction with FX auctions Foreign exchange management law approved by Parliament, which is indispensable for ASEAN financial integration
1-6 Financial Sector Policies	<ul style="list-style-type: none"> Relaxation of restrictions on the financial sector, which resulted in more than 40 new bank branches Allowing banks to determine the deposit rate and lending rate within the ceiling and floor Abolishing the deposit-capital ratio, which limited deposit-taking from the general public by private banks 10 times the paid-up capital, and introducing capital adequacy ratio in line with Basel I principles Enactment of a microfinance business law 	<ul style="list-style-type: none"> Continuing to gradually relaxation of administrative controls on the banking system and strengthen supervision and regulation Preparing for the introduction of the capital adequacy ratio in line with Basel II principles Starting review on the Central Bank's operation on banking system, which is indispensable for preparation of bringing up sizable financial sector Developing a strategy to improve access to financial services, especially in rural areas

Policy Clusters	Actions already taken	Actions to be monitored
1-7 Improving Investment Climate	<ul style="list-style-type: none"> • Approval by Parliament on the revised Foreign Investment Law • Starting drafting the SEZ Law • Issued notifications relating to land use and transfer of foreign currencies with the aim of facilitating the existing investment procedures 	<ul style="list-style-type: none"> • Submission of the SEZ law to the Parliament • Myanmar SEZ Central Body implements training for capacity development on SEZ operations • Plan to review the rules and regulations of PPP
2. Social Sector		
2-1 Promotion of Education Policy	<ul style="list-style-type: none"> • Acceleration of the Preparation for Comprehensive Education Service Review (CESR) <ul style="list-style-type: none"> • Agreement on the implementation of CESR with large scale stakeholders (all related stakeholders including developing partners) • Completion of proposal for CESR for the large scale stakeholders' meeting • Acceleration of policy actions for the education sector including free, compulsory primary education nationwide <ul style="list-style-type: none"> • Prioritize free, compulsory primary education in the Report on 30 year Long Term Basic Education Plan by the MOE • Parliamentary approval for the doubling capital expenditure for the education sector in the FY2012/13 budget (compared to the previous year) • Disbursement of the supplementary national budget in FY2011/12 including printing and distribution of textbooks to over 5 million students in May 2011 • Preparation for the elaboration of the programs of scholarships and stipends for basic education and scholarships for higher education for FY2012/13 • Acceleration of policy actions for the improvement of the quality of basic education <ul style="list-style-type: none"> • Nationwide Child Centered Approach (CCA) training plan for teachers developed and approved by the government, covering FY2012/13 to FY2015/16 • Estimated total budget approved for the nationwide CCA training plan by the government, covering FY2012/13 to FY2015/16 • Budget approved for the nationwide CCA training and printing of teacher's guides by the government, covering FY2012/13 to FY2013/14 • Completion of CCA central level training according to the nationwide CCA training plan for FY2012/13 	<ul style="list-style-type: none"> • Implementation framework of CESR established in the large scale stakeholders' meeting in June, 2012 • Drafting the Compulsory Primary Education Law • Disbursement of budget for improvement of the learning environment for 2012/13FY • Commencement of disbursement of scholarships and stipends to students for 2012/13 FY • Implementation of the nationwide CCA training plan at region/state and township levels for 2012/13 FY • Disbursement of operational cost for CCA training for 2012/13 FY

Policy Clusters	Actions already taken	Actions to be monitored
2-2 Promotion of Health Policy	<ul style="list-style-type: none"> • National Health Plan (2011-16) drafted, building on the previous National Health Plan • A Strategic Plan for Human Resources for Health drafted • Increased number of government health staff: <ul style="list-style-type: none"> • Doctors from 5,380 (FY2010/11) to 5,880 (FY2011/12) • Nurses from 22,627 (FY2010/11) to 23,264 (FY2011/12) • In-service training programs strengthened <ul style="list-style-type: none"> • Collection of data on the results of in-service training through the Training Information System (TIS) at State/Region, and pilot township levels for the evaluation of the program • Establishment of a section for supervising in-service training in the Public-Health Division of the MOH • Increased number of Health facilities: <ul style="list-style-type: none"> • Government hospitals from 897(FY2010/11) to 921 (FY2011/12) • Station Hospitals from 517 (FY2010/11) to 540 (FY2011/12) • Rural Health Centers (RHCs) from 1,558 (FY2010/11) to 1,565 (FY2011/12) • Execution of the Pilot projects for extending health services to the rural population through community volunteers 	<ul style="list-style-type: none"> • Commencement of the implementation of the National Health Plan (2011-2016) • Commencement of the implementation of the Strategic Plan for Human Resources for Health • Reduce the gap in the density of the health workforce toward the threshold set by WHO • Identify the gaps in regional training programs in a model area, using TSI, with the aim of formulating an improved in-service training plan by MOH • Distribute the handbook for training teams to all townships and expand the implementation of Training of Trainers (TOT) to other townships in the target States and Regions by the MOH • Strengthen the managerial capacity of health departments/facilities at national, state, region, district and township levels for HIV, TB and malaria control by the MOH • Increase the number of RHCs in rural areas by 2% • Formulate plans to construct RHCs, which will replace the existing RHCs or Sub-Rural Health Centers in and around flood-affected areas in Magway • Extend essential health service packages, including maternal and child health, EPI, nutrition, and environmental sanitation, to 20 townships in hard-to-reach areas
3. Governance		
3-1 Rule of Law	<ul style="list-style-type: none"> • Strengthening of the powers and functions of Parliament • The 2012/13 FY budget approved by Parliament 	<ul style="list-style-type: none"> • Accept an appointment on capacity development for young statesmen including the National League for Democracy • Union Attorney General's Office implements the training for capacity development on corporate law
3-2 Labor Policy	<ul style="list-style-type: none"> • Enactment of the labor Organization Law • Agreement with International Labour Organization (ILO) for eradicating forced labor by 2015 • Setting up the Labor Agencies for controlling oversea employment • Drafting the Employment and Skills Development Law • Drafting the Social Security Law • Enactment of the Settlement of Labor Dispute Law • Drafting the Minimum Wages Law 	<ul style="list-style-type: none"> • Strengthen Capacity building of relevant officials for the implementation of the Labor Organization Law • Progress of implementation for eradicating forced labor by 2015 • Submit draft of the Employment and Skills Development Law • Submit draft of Social Security Law • Relevant Institution for the implementation of the Settlement of Labor Disputes Law • Submit draft of the Minimum Wages Law

Policy Clusters	Actions already taken	Actions to be monitored
3-3 Environmental Policy	<ul style="list-style-type: none"> • Enactment of the Environmental Conservation Law 	<ul style="list-style-type: none"> • Drafting the Environmental Conservation Rules and rules and regulations of Environmental Impact Assessment and Environmental Management Plan • Preparation for formulating of environmental standards • Establishment of Environmental Conservation Department • Capacity building for the relevant officials for the implementation of the Environmental Impact Assessment
3-4 Human-rights Policy	<ul style="list-style-type: none"> • Enactment of the 5-year National Plan of Action to Combating Human Trafficking (2012-2016) • Establishment of the National Human Rights Commission (NHRC) based on the Presidential decree 	<ul style="list-style-type: none"> • Capacity building for relevant officials for recovery and reintegration assistance for trafficked persons • Drafting legislative act for Human Rights Commission and submitting to Parliament, which secure National Human Rights Commission more independent from the government
3-5 Anti-corruption	<ul style="list-style-type: none"> • Amending the Anti-Corruption Law which relates to the UN Convention against Corruption is under process 	<ul style="list-style-type: none"> • Continue efforts on amending the Suppression of Corruption Law and on implementing it
3-6 Population Housing Census	<ul style="list-style-type: none"> • Agreement on the implementation of the Population and Housing Census in 2014 for the first time in 30 years in cooperation with international organizations and donors 	<ul style="list-style-type: none"> • Progress of preparation for the implementation of Population and Housing Census in 2014 for the first time in 30 years in cooperation with international organizations and donors
3-7 Donor Coordination	<ul style="list-style-type: none"> • Establishment of the Central Committee on Foreign Aid Management 	<ul style="list-style-type: none"> • Periodic donor coordination meeting between the Myanmar government and development partners held by the Central Committee

Source: JICA