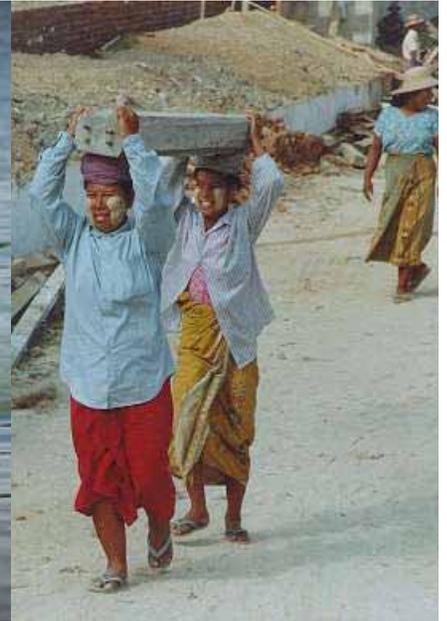


Implementing the Framework for Economic and Social Reforms

Myanmar Development Cooperation Forum II



Naypyitaw, January 27, 2014



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Social Development

Contents



- 1 Contextualizing the FESR
- 2 Achievements and Progress
- 3 On-going challenges & opportunities
- 4 Way Forward

Part I. Contextualizing FESR



“ASEAN VISION 2020”

- outward looking
- ... living in peace
- bonded together ...
- caring societies. (1997)



Vision, Mission and Goals



Vision

Modern, Developed and Democratic Myanmar

Mission

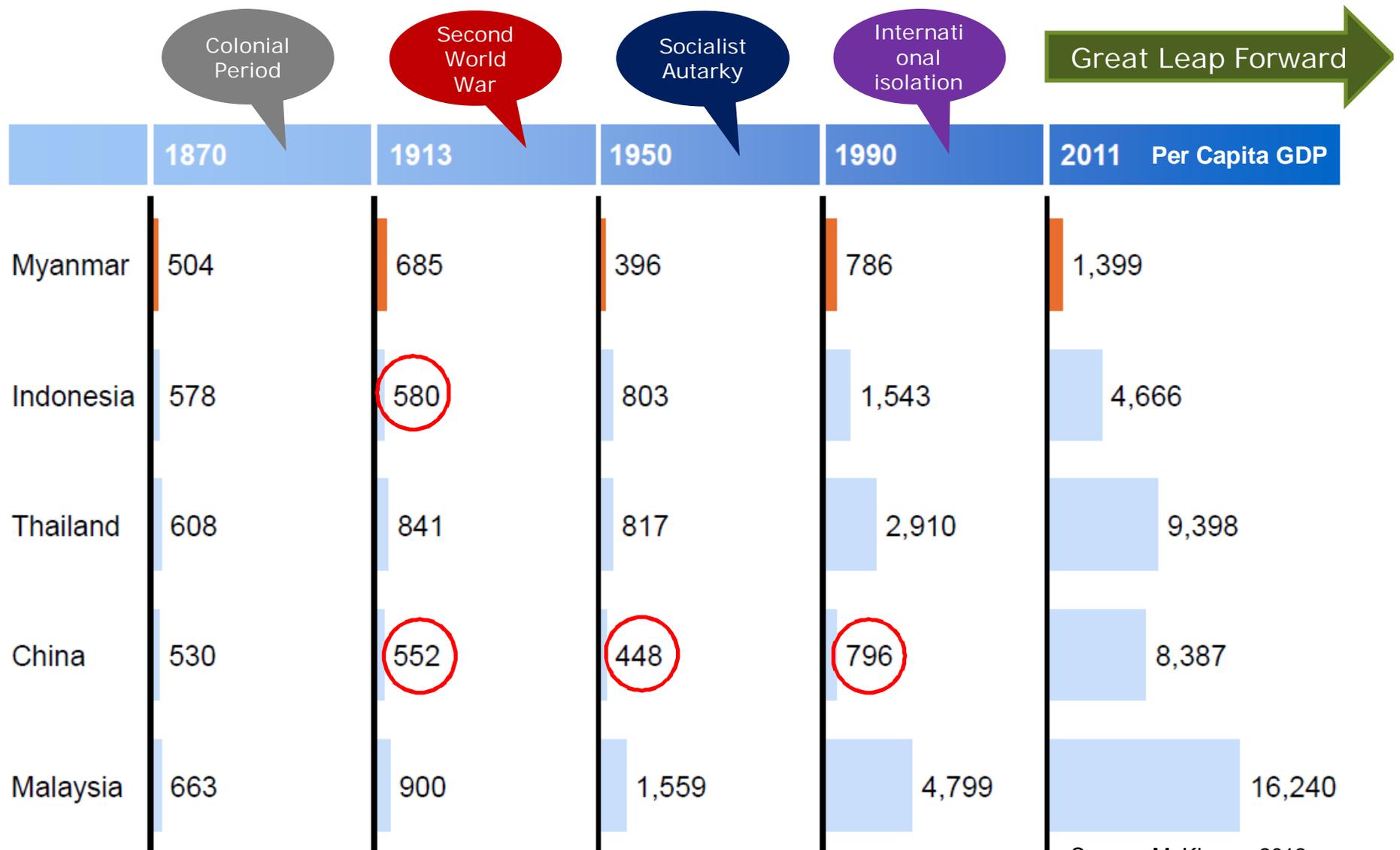
Good Governance, Clean Government

Goals

**MDGs and AEC by 2015
LDC Graduation by 2020
Catch up the ASEAN by 2030**



Contextualizing FESR: Legacy of the Past



Source: McKinsey, 2013



Challenges of Triple Transitions!

Democratic Transition
Guided democracy to inclusive multi-party system

Economic Transition
State-led, planned economy to free market

War-to-Peace Transition
Post-conflict reconstruction & reconciliation

... and the opportunity

Potential to achieve

\$200 billion+

GDP in 2030, over four times as high as today

With spending potentially tripling from \$35 billion to \$100 billion, an estimated

19 million

members of the consuming class in 2030 from 2.5 million in 2010

Potential to create more than

10 million

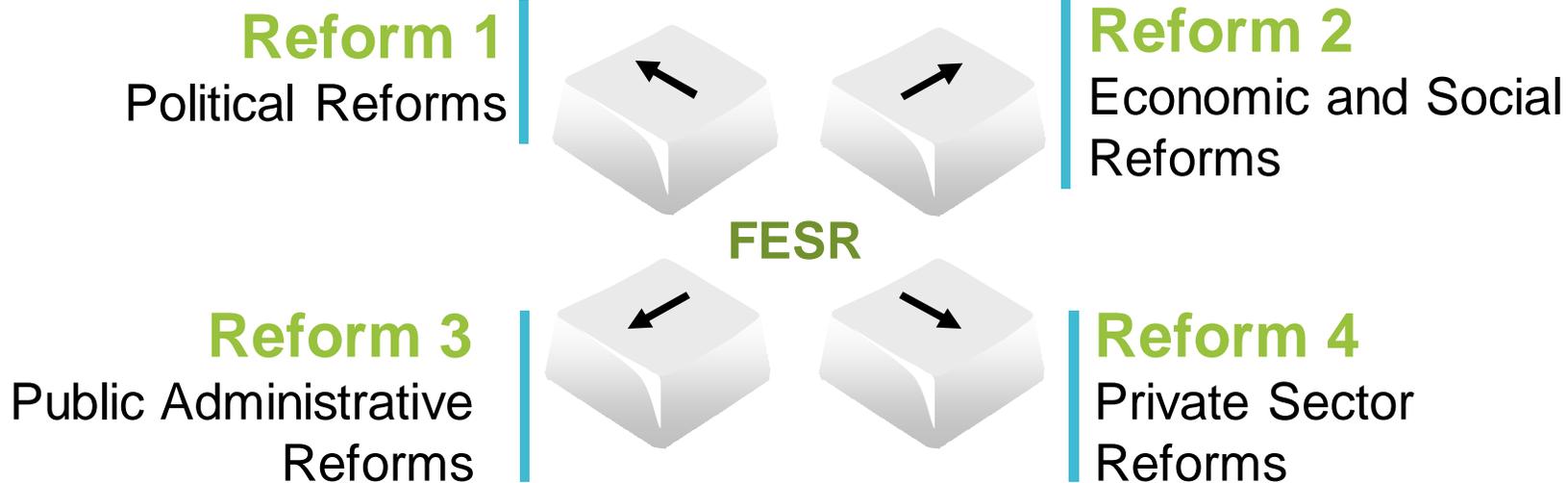
additional non-agricultural jobs by 2030

500 million

people living in countries bordering Myanmar and the closest parts of China and India, a huge potential market

Source: McKinsey, 2013

Strategic Thrusts: 4-Pronged Reforms



- **Late comer's advantages**
 - Learning the lessons from the neighborhood while leapfrogging in knowledge, technology toward green growth.
- **Location**
 - Maximize strategic location of the country situated in the middle of the world's most dynamic economic powers
- **International relations and donor coordination**
 - Securing cooperation and assistance from development partners through effective coordination and management
- **Human resource development**
 - Reallocating investments to health, education and social sectors as well as building strategic policy capacity in managing and implementing reforms

Part II. Achievements & Progress



- A: Macroeconomic Policies
- B: Sectoral Policies
- C: Balanced Development
- D: National Harmony
- E: Improving Governance



FESR: Policies and Processes



Vision and National Goals

- Vision and Strategic Thrusts
- Short-term goals
- *Long-term goals*

Priorities and sectoral strategies

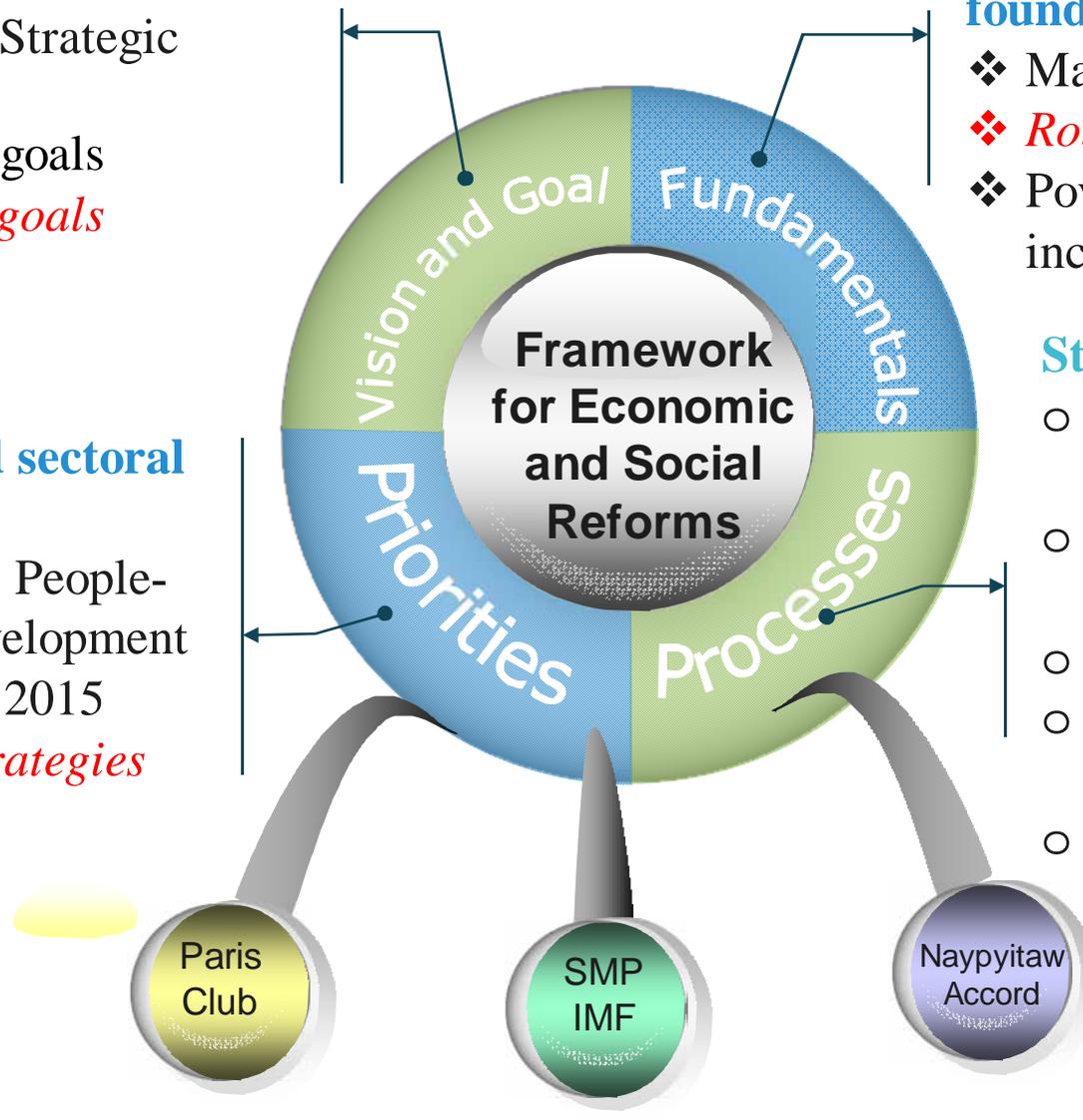
- Quickwins: People-centred development benefits by 2015
- *Sectoral strategies*

Fundamentals and foundations

- ❖ Macroeconomic stability
- ❖ *Robust growth*
- ❖ Poverty-reduction and inclusive development

Strategy and processes

- Good governance, Clean government
- Public consultations and feedback
- Growth with equity
- Coordination mechanisms
- Monitoring and evaluation

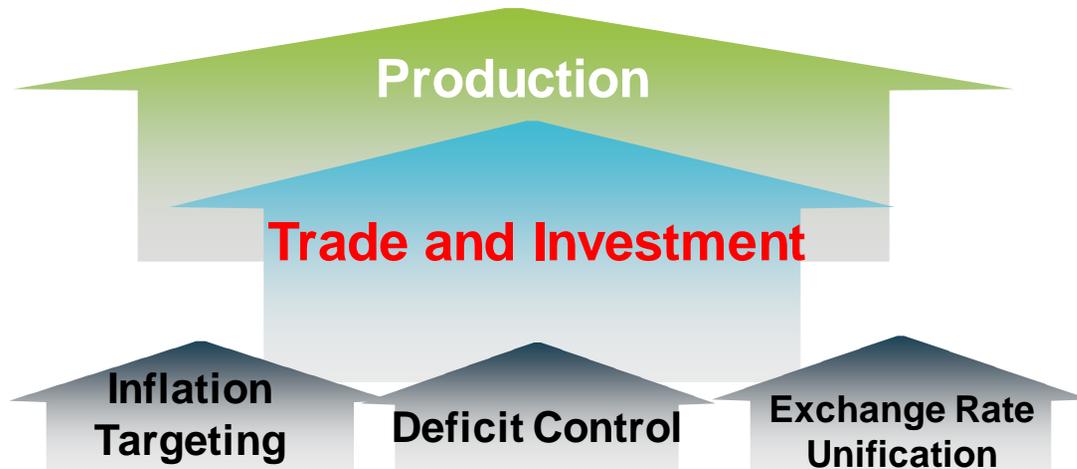


Achievements A: Macroeconomic Policies



“Sustained, strong and inclusive growth”

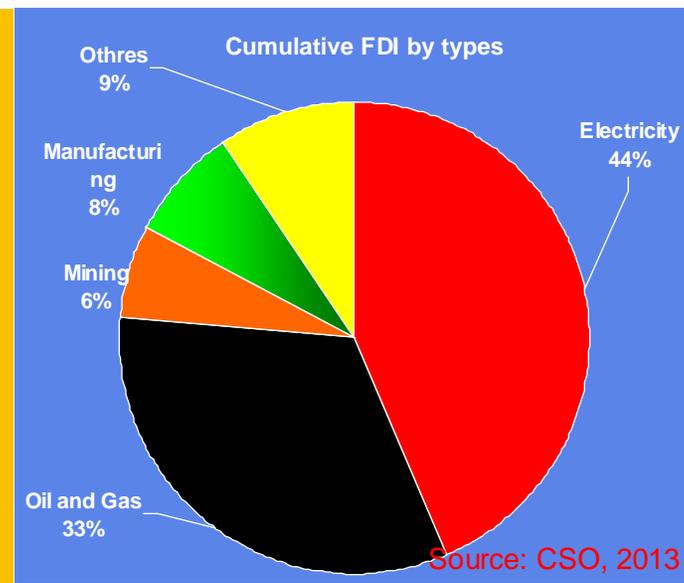
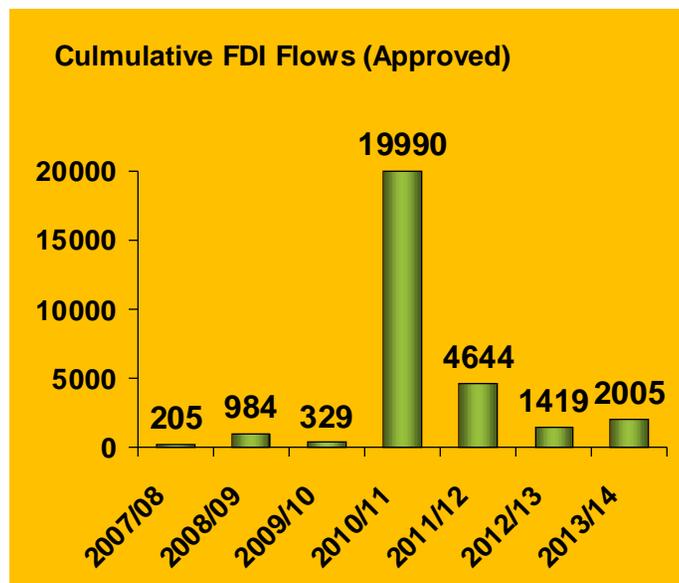
Second Review of Staff-Monitored Program, January 21, 2014



Inflation < 6%

Reserve > 3Mo

GDP > 7%



Achievements B: Sectoral Policies



Agriculture and Rural Development

- Food Security and Productivity through Credit, Extension and Technology
- Participatory Rural Development Strategy: Bottom-up / Diversification

SME Development

- Special Economic Zones, Industrial Zones and Manufacturing Growth
- SME Development: Law, Policy and Institutions

Natural Resource Sectors

- EITI: Transparency and accountability in resource revenue
- Sustainable Natural Resource Management: Law, Policy, Institutions

Transport and Infrastructure

- Electric Power Reforms: Immediate improvement of electricity provisions
- Public Works and Transportation: PPP, Employment Guarantee Work Plan

Telecommunication

- Telecom Reform: Private Sector Participation, Corporatization and Law
- ICT/ E-Governance: E-Strategies for Good Governance and Leapfrogging

Sustainable Tourism

- Comprehensive Tourism Strategy: Eco-Community-Sustainable Branding
- Special Programs: Visa, Zoning, Events and Marketing

Education

- Allocate More: Overall Expenditures, School Grants and Stipends
- Comprehensive Education S. Review: Diagnosis, Community Mobilization

Health

- Health for All: Piloting Health Financing Strategies, Access Improvement
- Strengthening of National Health Law and Policies

Social Protection

- Labor: Industrial Relations Improved, Minimum Wage Law, Migrant Policy
- Social Protection: Child, Gender, Social Security and New Census

Achievements in Growth and Poverty



Sectoral Growth	Rate
National GDP	9.1
Agriculture	2.5
Livestock and Fishery	8.7
Forestry	-29.4
Energy	13.4
Mining	8.8
Industry	9.6
Electric Power	11.6
Construction	12.6
Transport	7.6
Telecommunication	68.9
Financial sectors	23.9
Social sectors	22.0
Services	11.7
Trade	5.4

Source: MNPED on 2013-14 Planning Data

← **Targets (2014-15)**

Achievements (2013)

Per capita
income

\$996

Poverty Rate

25%

Education

Enrollment 90%
Stu/Teacher 29

Health

- CMR 27/1KLB
- MMR 135/100KLB
- Birth Attendants 68
- Doctor ratio 0.47

Achievement E: Improving Governance



Good Governance, Clean Government

- Anti-corruption Law
- Transparency International ranking jumps 15-slots
- Key performance Indicators developed



Extractive Industry Transparency Initiative

- Civil society participation
- Enhancing accountability and sustainable NRM
- Addressing deep-seated conflicts

Public Service Performance Appraisal Task Force

- Public complaint mechanism established
- Red-tapes cut and service deliveries improved e.g. passport issuance, trade licenses, company registration, construction permits



Delivery



Deliberation



Photo: Irrawaddy

Determination



Decentralization



Township Development Committees

- Bottom-up designing of local development plans
- State-society synergy
- Mindset change

Education Promotion

- Autonomy, Decentralization and Service Delivery
- Collaboration and Innovation among Students, Teachers, Parents and Administrators

Progress Report: More than half-full



Source: *Implementing FESR: Policy Matrix of Progress Update, 2014*



Implementing reforms



Overcoming inequality/exclusion



Building a new social contract



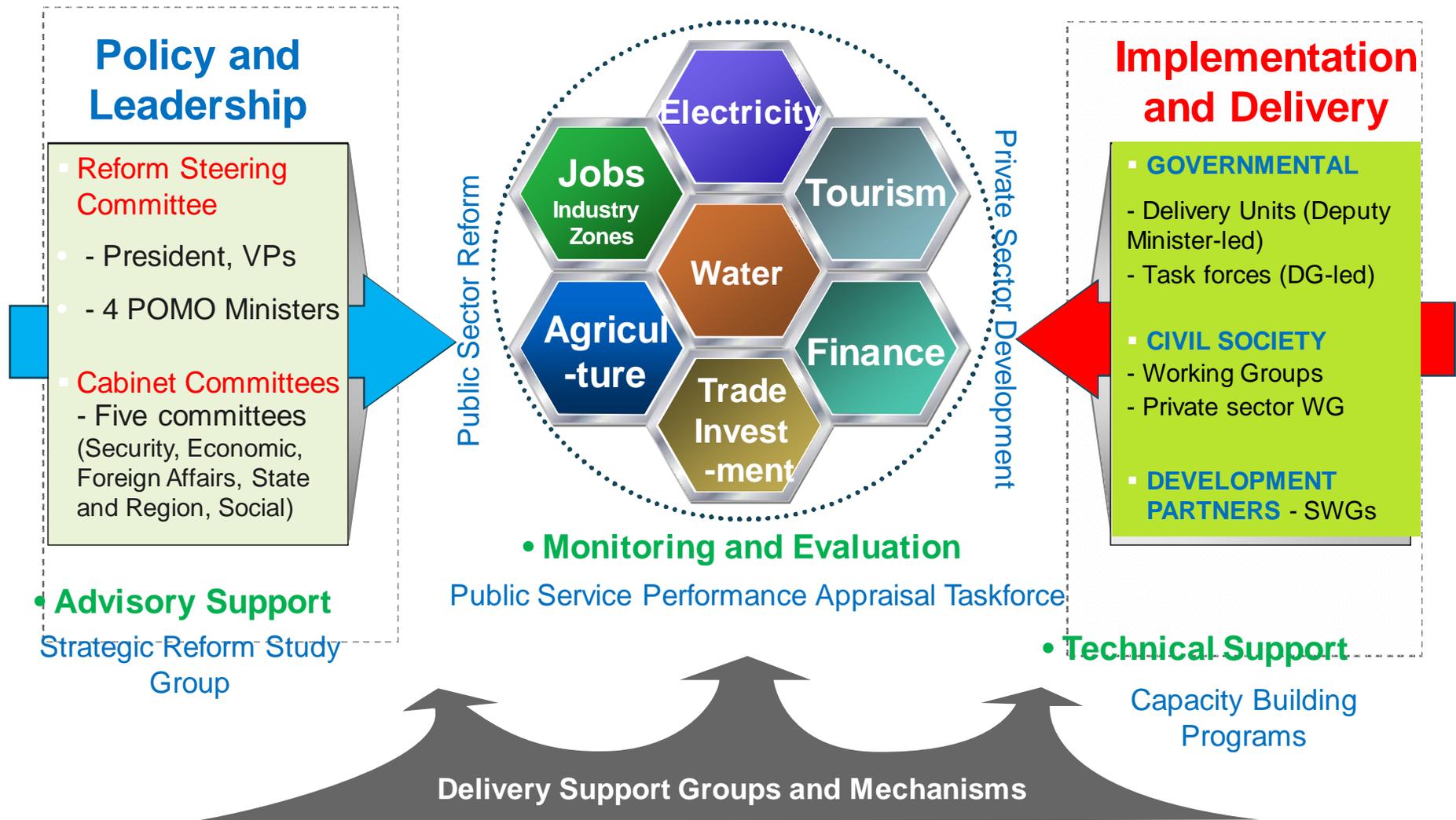
Distributing peace dividend



Achieving economic integration



Implementing Reforms: Deliverology





Structural transformation

PRESENT

- Rentier state?
- Extractive sectors
- 78% of total FDI
- Natural Gas and Jade – 60% of export revenue

Economic Reforms

FUTURE

- Responsive state?
- Labor intensive sectors
- Manufacturing and value -added export



Reforming broad tax base, accountable government and responsible citizens

Distributing peace dividends equitably



- Achieving ceasefires and sustainable political settlements
- Post-conflict reconstruction process: Demobilization, disarmament, rehabilitation and reintegration

Ceasefire / Armed Groups



Photo: KNG

Regional parties local government



- Ethnic political parties and sustained political process
- Local governments, decentralization and effective delivery of services



- Modern, professional and patriotic army
- Security sector reform
- Veteran welfare
- Socio-economic welfare programs for troops and units

Tatmadaw



Civic Groups



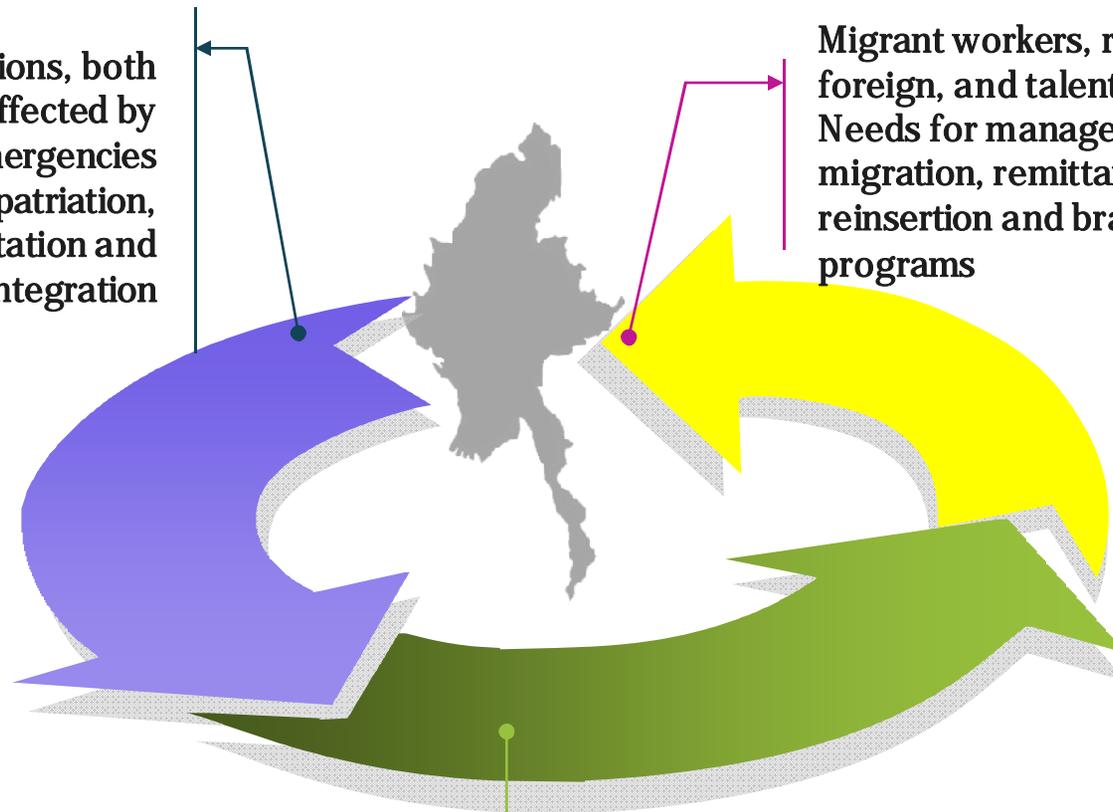
- Civil society participation in social services deliveries and post-conflict reconstruction
- Community-driven reconciliation programs

Overcoming inequality/exclusion



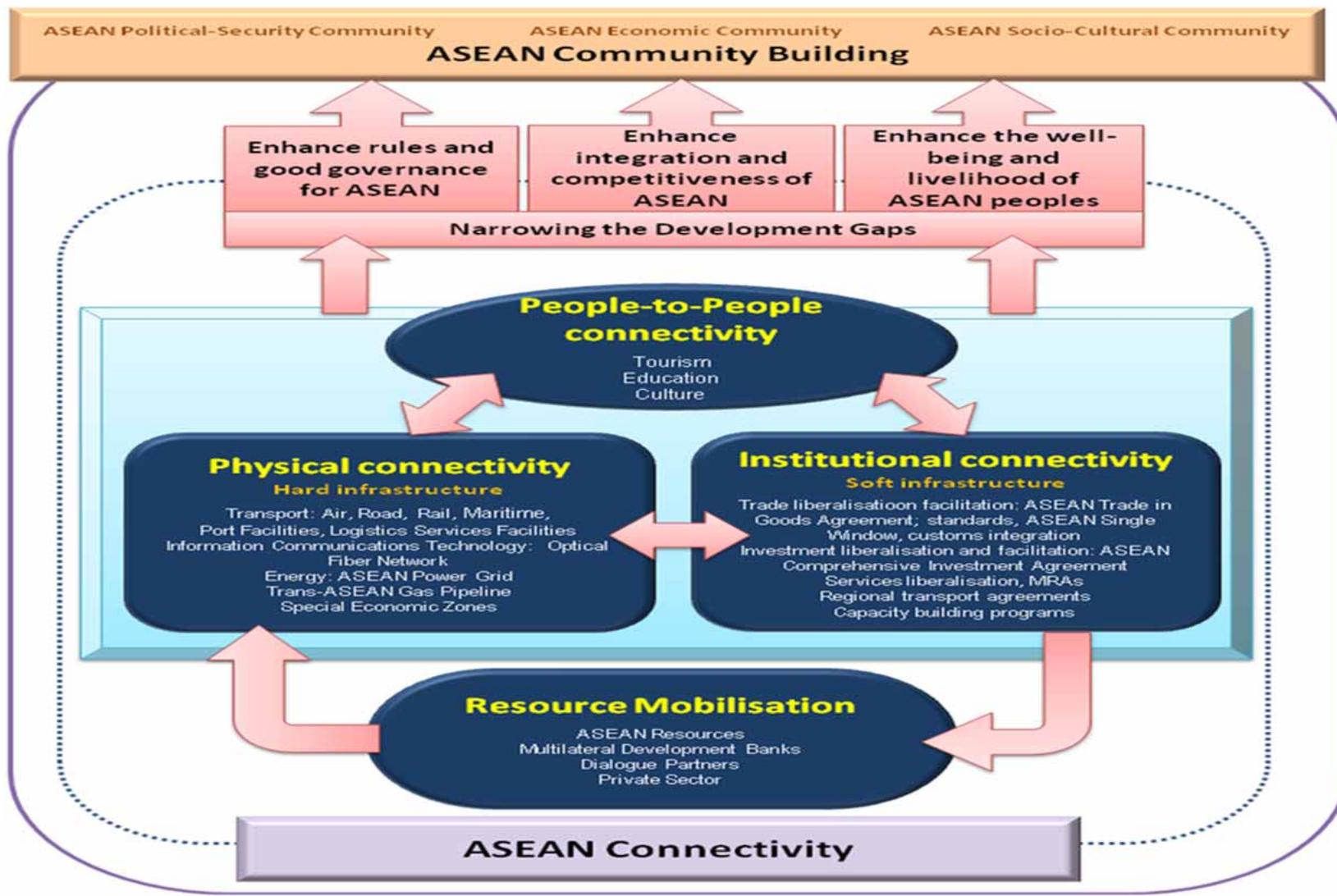
Displaced populations, both inside and outside, affected by complex political emergencies
– Needs for repatriation, rehabilitation and reintegration

Migrant workers, rural-urban-foreign, and talented diaspora –
Needs for management of migration, remittance flows, reinsertion and brain-gain programs



Other vulnerable populations (e.g: landless farmers, orphans, etc.) –
Needs effective targeted programs for social and economic opportunities

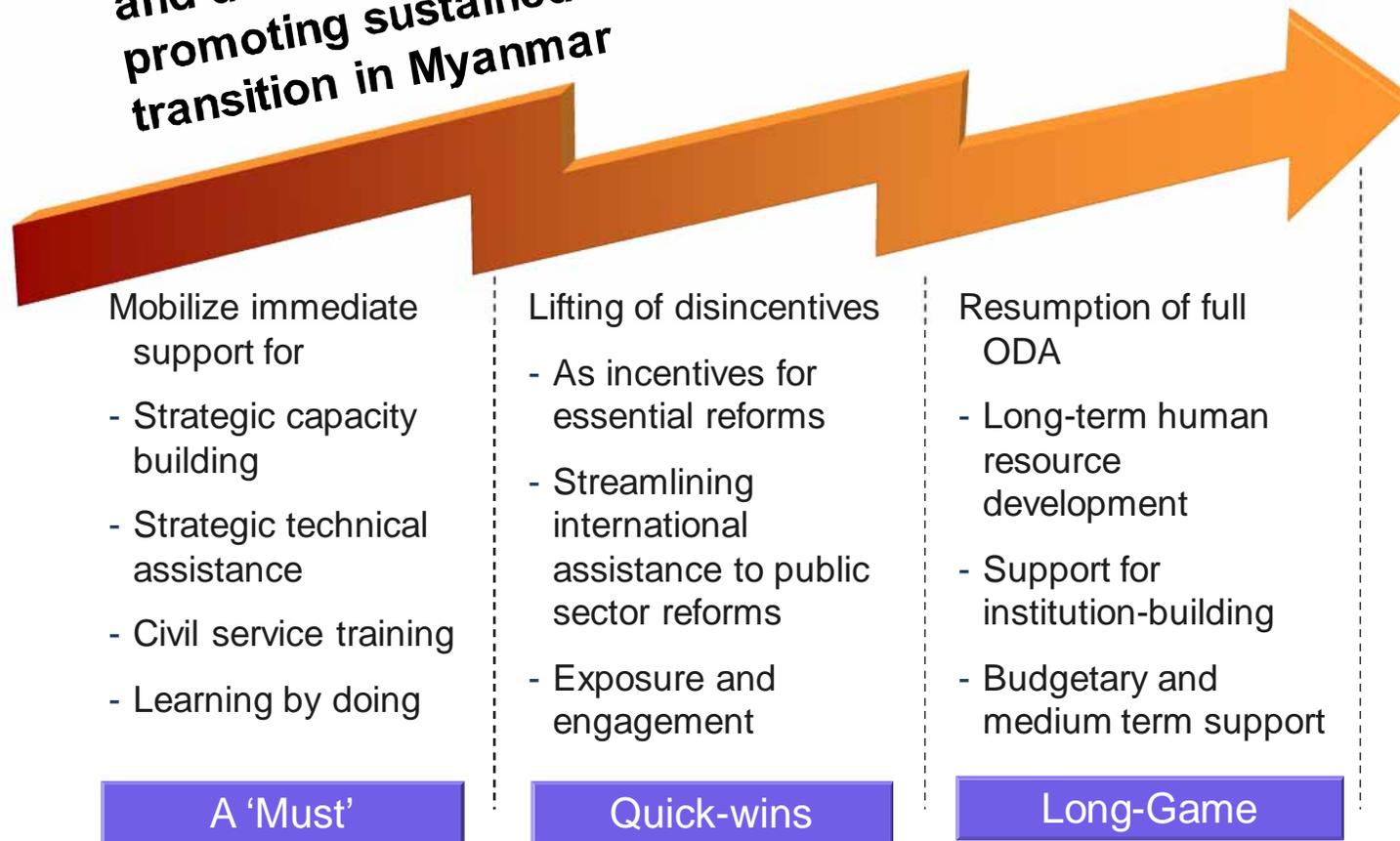
Achieving economic integration: AEC



Role of international community



Timely adjustment of international incentive and disincentive policies will be key in promoting sustained change toward successful transition in Myanmar





Integrating into ASEAN with careful consideration of social implications



Accelerating MDGs and inclusiveness



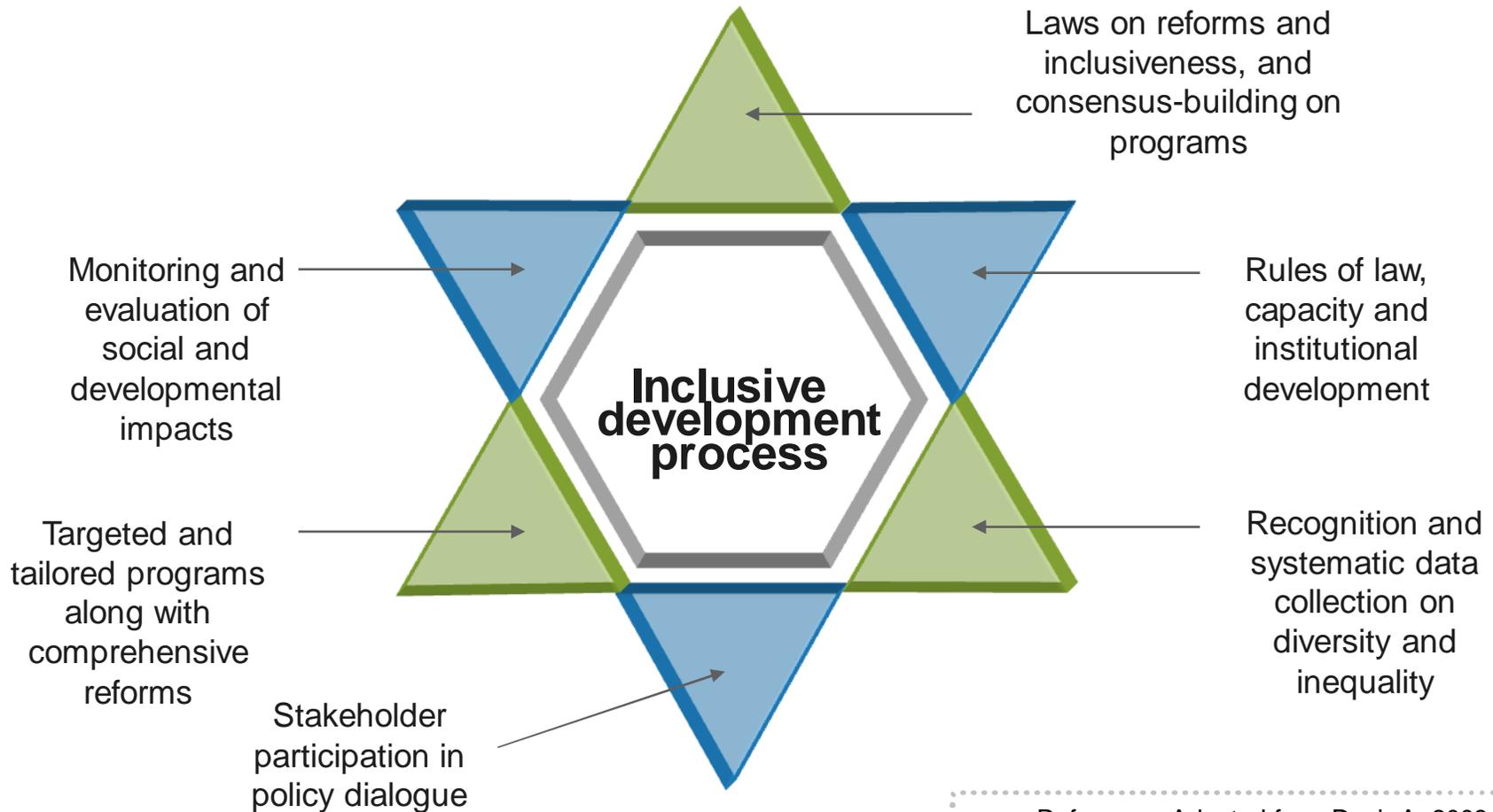
Sustaining peace & reconciliation during transition



Making process right!

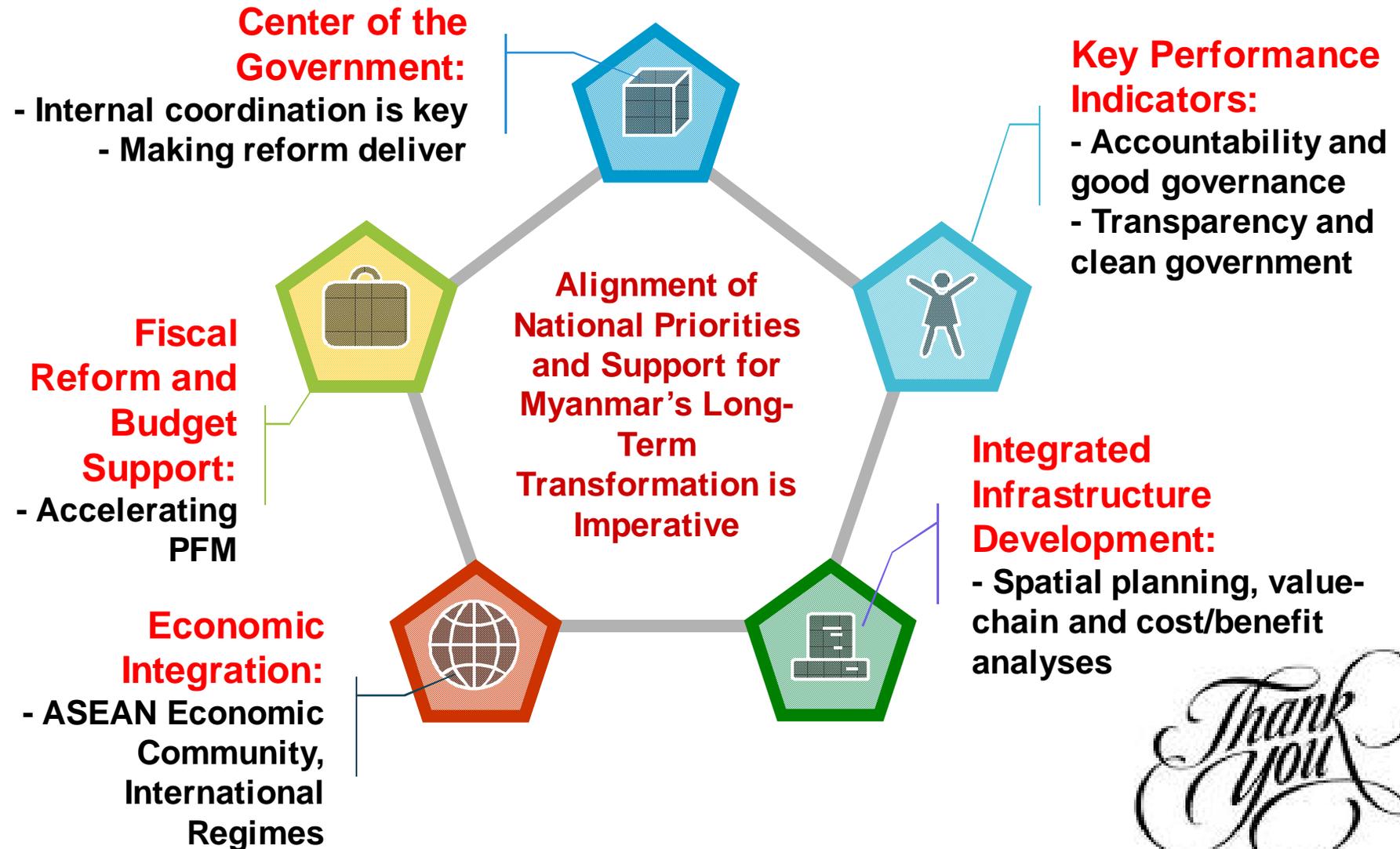


Breaking structural inequality and exclusion traps



Reference: Adapted from Dani, A, 2008

Urgent Priorities and New Alignment



Thank You