

Hlan Chi: At a Glance

Hlan Chi Programme

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The Myanmar context: an emerging democracy facing rapid urbanisation

Myanmar is rapidly urbanising

The population in cities is expected to grow from 18 million to 27 million by 2030.

Well-managed cities have the potential to unlock productivity and increase prosperity by bringing people, ideas and capital together to generate new opportunities for investment and job creation.

The experience of Myanmar's neighbours shows the benefit of the urbanisation dividend: a one per cent increase in urban population delivered a six per cent increase in GDP in China; eight per cent in Vietnam; and a ten per cent increase in Thailand.¹

Myanmar's cities, however, face a number of challenges, including:

A legacy of under-investment in infrastructure and slow project execution

A recent forecast estimates that Myanmar needs US\$224bn investment in infrastructure by 2040 but is on course to deliver less than half of this.²

Inadequate planning

Planning in Myanmar has been top-down with limited participation from city governments and even less from residents. Physical planning was emphasised at the expense of local economic development and the process is not integrated with fiscal planning. Where plans exist, there is limited capacity to implement them, particularly in secondary cities.

Limited fiscal capacity

Cities in Myanmar have narrow and shallow revenue bases for both capital and recurrent financing. Weak systems in accounting, budgeting and revenue collection undermine the ability of cities to leverage investment, manage financial performance and finance the delivery of infrastructure and services.

Climate risk

Myanmar is ranked in the top three most vulnerable countries to extreme weather events.³ Yangon, the economic hub contributing 25% of GDP, is particularly prone to flooding, cyclones and coastal surges.

A fragile emerging democracy

Growing inequality and the exclusion of certain groups from the benefits of growth continue to drive conflict.

Devolution of power from the Union Government to States and Regions is essential to support the democratic transition. However, the pace of change is uneven between States / Regions and there are significant capacity challenges.

In parallel, Myanmar is transitioning from central planning to a more market-driven economy. Increased private sector participation is needed to address the infrastructure investment gap. But government agencies lack the expertise to work with the private sector to unlock investment.

¹ World Bank (2016) "Indonesia's Urban Story"

² Global Infrastructure Hub (2020) "Investment Forecast for Myanmar"

³ United Nations Office for Disaster Risk Reduction (2015) "Global Assessment Report on Disaster Risk Reduction"

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Credit: cover photograph, Mandalay, December 2018 by Christian Stolte.

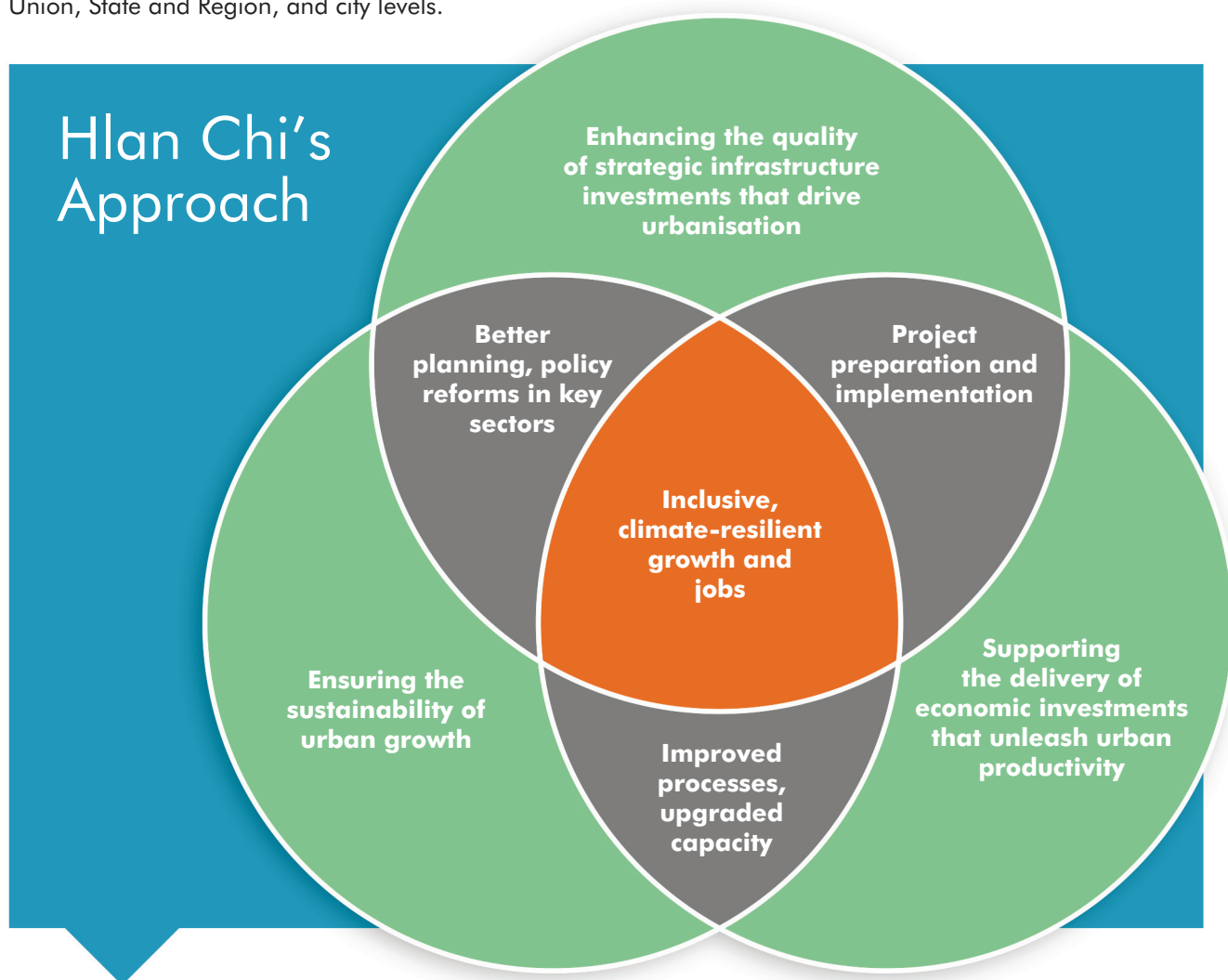
Hlan Chi: market-driven solutions to Myanmar's urbanisation challenges

Hlan Chi, meaning path forward in Burmese, is part of the UK Aid funded Cities and Infrastructure for Growth Programme. It started in 2018 and will run until 2023.

Hlan Chi identifies market-driven solutions to Myanmar's urbanisation challenges, and strengthens the democracy and decentralisation process by building the capacity of government agencies at Union, State and Region, and city levels.

Assistance is responsive to the needs of government and aligned with the Myanmar Sustainable Development Plan (MSDP).

The aim is to support sustainable, inclusive and climate-resilient cities that generate equitable economic growth opportunities for all.



Anticipated outcomes and impacts of *Hlan Chi*:

- 11,000 jobs created or safeguarded;
- 40,000 businesses with increased turnover;
- 55,000 businesses with increased access to reliable energy, transport and urban services;
- 10,000 businesses with increased resilience to climate and natural disasters;
- £800m public and private finance mobilised for infrastructure.

Hlan Chi's current interventions

Support to the Project Bank

The Project Bank was established by the National Economic Coordination Committee (NECC) to further the implementation of the MSDP by facilitating the identification, screening, appraisal and prioritisation of strategic projects.

Hlan Chi is supporting the Project Bank to improve the quality and bankability of business cases for a pipeline of at least £1bn of infrastructure projects. We are also contributing to reform of the infrastructure asset lifecycle management across key government agencies responsible for delivering national strategic infrastructure.

Capacity building for power purchase agreements

Hlan Chi is building the capacity of the Ministry of Energy and Electricity (MoEE) to negotiate Power Purchase Agreements (PPAs) for renewable energy projects, and advising on unblocking investment into projects that will provide more than 3GW of power to businesses in Myanmar.

Sustainable industrial zones

The management of 26 industrial zones in Yangon has recently been devolved to Yangon Region Government (YRG).

Hlan Chi is supporting YRG to strengthen the capacity of industrial zone management committees to improve the competitiveness, sustainability and working conditions of the zones, as well as producing a roadmap for their future development that identifies productivity-enhancing infrastructure investments.

Integrated urban planning in secondary cities

Hlan Chi is developing more effective strategic urban investment plans for secondary cities in Shan State and Bago Region that integrate spatial, economic, environmental and social factors. We are also working with the Department of Urban and Housing Development (DUHD) to improve planning capacities, processes, policies and regulations.

Affordable housing

Yangon faces a housing deficit of 1.3 million units by 2030. *Hlan Chi* is working with DUHD to develop a viable model for affordable rental housing, which will be tested in a pilot housing project. Solutions to the barriers faced by developers in accessing finance for affordable housing developments will also be identified.

Accounting reforms and revenue mobilisation

Hlan Chi is providing support to Yangon City Development Committee (YCDC) to improve accounting systems and ensure more accurate budgeting for provision of urban services, as well as working with secondary cities to identify new sources and methods of revenue mobilisation.

Sustainable urban drainage systems

Hlan Chi is introducing innovative approaches to urban drainage that utilise natural features to decrease run-off and reduce flooding, increasing the resilience of businesses in Yangon to extreme climatic events.

For more information about the Hlan Chi Programme, please contact us:

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