

**Proposed IFC Investment in Yoma Bank  
Myanmar  
July 1, 2014**

**United States Position**

The United States welcomes the IFC's attention to supporting the SME sector and access to finance in Burma. Economic reforms, including financial sector development, are still at an early stage in the country. As a fundamental element of a successful transition to a market economy, the nascent financial system needs advisory services and resources that will allow domestic financial institutions to begin allocating capital to productive uses rather than continuing the less transparent process previously used by the government and vested interests. We appreciate that this proposed investment in Yoma Bank supports the development of a healthy financial sector and helps address the acute lack of access to finance throughout Burma. Expanding finance for SMEs is an important way for the IFC to contribute to economic growth and jobs, and demonstrates the concrete benefits of economic reform to average citizens.

Given the complexity of identifying appropriate IFC clients in Burma and the lack of robust private sector standards, we agree with the IFC's approach of beginning this engagement with advisory support to Yoma Bank to help strengthen its corporate governance and broader systems of risk management.

The United States has stressed the importance of careful management of environmental and social risks combined with robust communication with civil society, as key themes for both private and public sector engagement in Burma.

The United States appreciates that the IFC is applying its expanded exclusion list to this investment, which will preclude the client from using IFC resources to support activities involving, for example, involuntary resettlement, degradation of critical habitat, unsustainable forestry, or adverse impact on cultural heritage.

The United States recognizes that IFC clients are typically permitted a period of time to develop and implement an environmental and social management system (ESMS) that meets the IFC's performance standards. The United States urges the project sponsor, with support from IFC, to focus attention and resources on expeditiously developing and implementing a robust ESMS within six months from disbursement. The United States recognizes that the scale of activities supported by this investment is small. Nonetheless, in the context of Burma, where adequate local standards are not in place, ongoing IFC supervision over potential environmental and social risks should be a priority. The United States will closely follow IFC's plan for supervision of this investment, including of environmental and social aspects. Furthermore, the United States requests that the IFC provide an informal update to the Board in early 2015 on the progress of the project sponsor in meeting its commitments around the ESMS. The United States also encourages the project sponsor to make public on its web site those aspects of its ESMS that are not commercially sensitive, to demonstrate its commitment in this area.

To understand the political, economic, and social context for private sector development, it is important for the IFC to be in dialogue with a range of local stakeholders, including civil society. The United States appreciates that the IFC has held several workshops with civil society organizations (CSOs) to introduce them to IFC investment priorities, accountability mechanisms including the Compliance Advisor/Ombudsman, and the IFC performance standards. It will take ongoing effort for the IFC to build trust and credibility with local actors through strong two-way communication on issues relevant to the sectors in which the IFC is working. The United States request that the IFC consult with CSOs within the next quarter on the landscape of the SME sector and access to finance, in the context of IFC investments in Yoma Bank, ACLEDA and Myanmar Oriental Bank.

With these comments, the United States can support this investment and wish the IFC team and project sponsors well in implementation. The United States looks forward to following developments with this investment.