

U.S. Position on the Asian Development Bank's Investment in the Second Greater Mekong Subregion Highway Modernization Project for Myanmar

October 29, 2020

The United States supports the Second Greater Mekong Subregion Highway in Myanmar.

The United States recognizes the importance of this project to Myanmar, particularly in terms of regional connectivity. Myanmar has not been able to take full advantage of Greater Mekong Subregion corridors in country as infrastructure spending has not kept up with peers, a lapse that has surely weighed on potential GDP growth.

The United States appreciates the close engagement with the ADB team on an important category A project such as this one. The United States has been able, through early and frequent communication with the team, to leverage the expertise of the U.S. interagency partners to resolve the following areas of concern:

- The United States supports ADB's planned incremental approach to address the capacity of Myanmar's Ministry of Construction.
- The United States recognizes the need to monitor the cumulative impacts from this operation and other projects in the region, particularly regional transport infrastructure projects. The United States encourages the project team to incorporate into its monitoring and evaluation the final Sittaung Bridge Environmental Impact Assessment findings and, further, to consider the broader induced impacts from the various projects in the area when monitoring and evaluating this operation.
- The expansion of the Greater Mekong Subregion's highways is intended to promote economic and social activities – including factories, tourism, and trade – which can have positive cumulative impacts. However, the [Greater Mekong Subregion Core Environment Program, Environmental Assessment of Economic Corridors and Sectors, Implementation Status Report, January 2008](#) stated that the corridor will also inevitably lead to negative environmental and social impacts, particularly cumulative effects across infrastructure projects. The United States encourages staff to monitor these regional transport projects in order to successfully mitigate these potential negative side effects. The United States asks that the team pay close attention to resettlement so as to ensure that the associated communities ultimately benefit from the project.
- Finally, the United States also appreciates the steps ADB has taken to address financial sustainability concerns associated with the project. The use of an optimal tariff structure and enforceable operations and maintenance agreements will be key to success. We encourage ADB to leverage its knowledge of toll policy to collaborate with the Ministry of Finance to design an effective system that can be replicated across Myanmar.