International Financial Institutions (IFIs) and State Donors:
Stop loans and fully reassess Myanmar policy in light of coup d’état
Do not fund the military junta or its cronies

To the international community, and in particular, IFIs and States,

We urge you, in the strongest terms, to immediately freeze and comprehensively reassess your lending relationship with Myanmar, in light of the 1 February 2021 coup d’état by the Myanmar military (Tatmadaw). The coup was illegal, even under the Tatmadaw-designed 2008 Constitution of Myanmar, and IFIs would be acting against the rule of law by acknowledging the junta. The Tatmadaw has long carried out atrocity crimes and rights abuses, documented by the Independent International Fact-Finding Mission on Myanmar.

We demand that you immediately halt lending obligations, suspend disbursements, pending grants and loans across all sovereign and non-sovereign operations, until conclusive confirmation that these do not legitimize military rule. Further, that you recall loans linked to the military junta, its businesses (including Myanmar Economic Corporation, MEC, and the Myanma Economic Holdings Limited, MEHL), military-linked crony companies, or companies linked to individuals who have been internationally sanctioned. Thirdly, reassess efficacy of loans to ensure they safeguard the rights of communities and their environment, and protect civil space.

Finance, whether direct or indirect, should absolutely not benefit the above-listed actors, and thorough due diligence should be conducted on private sector loans to identify any pre-existing or new linkages between clients and military companies. Humanitarian aid that directly assists struggling and vulnerable people should be distinguished from finance that could enable the junta to hang onto illegitimate power.

We urge you to:

- Stand in solidarity with Myanmar people in: (1) asserting their democratic rights, including through civil disobedience; (2) upholding the rule of law; (3) protecting democratic process and results, including the 2020 elections; and (4) ensuring the preservation of civic space and freedom of journalists and activists (including more than 300 detained following the coup) and workers, especially those on loan projects.
- Respect calls to the international community to condemn the coup and military violence, and align yourselves with strong targeted sanctions against the military and its cronies—not against the people.
- Work together to issue a joint IFI statement, to avoid conflicting messages. State clearly, unequivocally, and boldly that you will not compromise your development support in Myanmar by working with the junta, including on COVID-19 response—rather than undermining democracy with weak statements (such as the World Bank’s “serious situation” language). Action otherwise would normalize the coup, facilitate military abuses, and renege on commitments to peace and inclusion.
- Closely monitor private clients and public projects to ensure respect for labor standards, and make clear that retaliation or discrimination for freedom of assembly, association, or political views will not be tolerated. Press for immediate release of project workers deprived of their rights by the junta. Protect the rights of health workers, who were among the first to stand up against the coup, in the interest of democracy and effective COVID-19 response.
- Arrange a conference call between involved IFIs (International Monetary Fund, World Bank Group, Asian Development Bank, Asian Infrastructure Investment Bank), Myanmar Civil Society Organizations, the Committee Representing Pyidaungsu Hluttaw (CRPH), and ethnic leaders.

Sincerely,

The undersigned:
Background

As of February 2021, the following project finance (combined amount of current and pipeline projects with IFI commitments via loans, grants, guarantees, financial intermediaries, other financing modalities), support to COVID-19 response, and other financial transactions have been noted:

- World Bank (IDA): 41 projects, roughly US$4 billion
- International Finance Corporation (IFC): 38 projects, roughly US$850 million
- Multilateral Investment Guarantee Agency (MIGA): 9 projects, roughly US$1.22 billion
- Asian Development Bank (ADB): 97 projects, roughly US$2.7 billion
- Asian Infrastructure Investment Bank (AIIB): 1 project, US$20 million
- International Monetary Fund (IMF): US$689.24 million for outstanding loans and purchases
- Consolidated COVID-19 response support from World Bank ($818.53M), ADB ($394M) and IMF ($356.5): roughly US$1.6 billion

Development finance and related country partnership strategies can only succeed if supported by: (1) the rule of law; (2) functioning democratic institutions; and (3) protected rights of people, rights defenders and free media. In contrast, the military coup d’état on 1 February conferred full legislative, executive, and judicial powers unto the Tatmadaw—and specifically its leader, General Min Aung Hlaing. He and the Tatmadaw have long carried out atrocity crimes and rights abuses, documented by the Independent Fact-Finding Mission on Myanmar, and subject to scrutiny at the International Criminal Court and International Court of Justice. Min Aung Hlaing replaced the central bank governor and now has the power to spend the IMF’s recent US$350 million loan, for example. He has already removed all Supreme Court judges appointed by the democratically elected National League for Democracy (NLD) government.

Lenders should comply with their own policies and prior commitments, such as the World Bank’s Environmental and Social Framework including due diligence, environmental risks, community safety, and labor requirements; or ADB’s safeguard policies on involuntary resettlement, indigenous peoples, and the environment. They should also comply with responsible business practices, such as the OECD’s Responsible business conduct for institutional investors and the UN’s Guiding Principles on Business and Human Rights, which require investors to identify potential adverse impacts and use leverage to influence recipients. At the very least, lenders should fulfill the objectives outlined at the 2020 Finance in Common Summit, which include promoting sustainable, inclusive and equitable development.

Oversight and risk assessment as contemplated in the above-referenced frameworks (and others) should raise the following critical issues, at a minimum:

- A military coup d’état on 1 February 2021 conferred full legislative, executive, and judicial powers unto the Tatmadaw, and specifically its leader, General Min Aung Hlaing. Within days, workers went on strike all over the country, including at the Tatmadaw-controlled Myanmar Oil and Gas Enterprise, Myanmar National Airlines, railways, mines, and government ministries, as well as construction sites, garment factories, and schools.
- There is ongoing domestic conflict, including at least 1,024 attacks in 2020 that either targeted or failed to protect civilians, in 13 of 14 States/Regions, which killed 242 civilians, injured another 706, and displaced more than 14,000.
- The Peace Process has failed, and the Nationwide Ceasefire Agreement (NCA) cannot be implemented. The NCA included the military, which has frequently violated the agreement, most recently in Karen State; ethnic armed organizations (EAOs), who are pulling out; and the democratically elected government, ousted by the military coup.
- COVID-19 pandemic response is highly militarized, including through the existence of a military-led pandemic response committee in parallel to one that includes a health expert. The Tatmadaw also destroyed or forced closure of nine ethnic health system checkpoints set up for Covid-19 monitoring, in Karen, Kachin, and Rakhine States.
Current budgetary priorities leave the Ministry of Health with roughly one third the budget of the Ministry of Defense (~USD 883 million for 2019–2020), even though Myanmar has no external enemies. As of 2015 Myanmar’s spending on healthcare per capita ranked #161 globally (USD 59/person); as of June 2020 Myanmar had fewer than one hospital bed per 1,000 people; and Covid-19 testing is only possible in three cities. In January 2021 the government called for public donations to support COVID-19 vaccinations. Meanwhile, it purchased two military aircraft for USD 38.6 million from Jordan (Dec 2020), and purchased radar stations, self-propelled short-range air-defense systems, and unmanned aerial systems (likely totaling tens of millions of dollars) from Russia (Jan 2021).

Myanmar’s Covid-19 Economic Relief Plan (with USD 2.5 billion budgeted) is unlikely to help the country’s most vulnerable, and is likely to harm communities by encouraging large-scale infrastructure projects with decreased safeguards, similar to ones that have displaced tens of thousands in the past. This, and the military at the helm, raise serious concerns about the use of billions of dollars in IFI loans and hundreds of millions in bilateral assistance (e.g. United Kingdom, United States, European Union, Japan, China and Korea).

For civil society engagement and further questions, please contact: XX