

The Republic of the Union of Myanmar

**Data Collection Survey
on Investment Promotion and Export Promotion
in the Republic of the Union of Myanmar**

Final Report

May 2019

**Japan International Cooperation Agency
(JICA)**

Koei Research & Consulting Inc.

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Project Photo Gallery (1/2)



Meeting for SOP Formulation



Training of DICA Personnel



Myanmar Investment Seminar in Tokyo



Investment Promotion Mission to Japan



MIPP Consultation Meeting in Nay Pyi Taw



MIPP Launching Ceremony (Yangon)

Project Photo Gallery (2/2)



Potential Industry Study



Myantrade Export Promotion Workshop



Myantrade Pilot Project (Overseas Market Study)



Myantrade Pilot Project (Trade Fair Management)



Workshop on Branding for Export Promotion

Executive Summary

1. Outline of the Project

Background

Since the inauguration of the civilian government in March 2011, the Government of Myanmar has been promoting open-economy policy aimed at transition to a market economy and developing infrastructure. It has attached much importance onto foreign direct investment (FDI) in order to spur job creation and income growth. In Myanmar, the Directorate of Investment and Company Administration (DICA) is in charge of investment promotion and investment application. The Japan International Cooperation Agency (JICA) supported DICA to formulate the Long-term Foreign Direct Investment Promotion Plan (FDIPP). DICA requested JICA's assistance for institutional capacity development of DICA and enhancement of one-stop service (OSS) at DICA. JICA supported the Ministry of Commerce (MoC) for export development. The Ministry of Commerce requested JICA to support further capacity development on export development.

Objectives

The objectives of the Project are:

- i) analysis of issues of FDI, FDI strategies of the neighboring countries, and strengths and issues of Myanmar industry
- ii) revision of FDIPP and institutional capacity development by DICA
- iii) enhancement of OSS
- iv) enhancement of MoC's export development capability
- v) recommendation of the direction of JICA's cooperation in the areas of investment promotion and export development.

2. Support to Ongoing FDIPP and Revision of FDIPP

Evaluation of Progress of FDIPP

The confirmed progress of FDIPP was:

- i) drafting of the Myanmar Investment Law which integrates the FDI Law and the Myanmar Citizens Investment Law;
- ii) public-private dialogues on business environment improvement;
- iii) activities of cross-ministerial taskforce;
- iv) adoption of ISIC code and CPC code for investment classification;
- v) improvement of FDI statistics; and
- vi) improvements in investment guidebook and website.

Identifying Issues for Attracting FDI to Potential Sectors and Recommendations

JICA Project Team selected 14 potential sectors. They are agriculture (rice industry, pulses, beans and sesame seeds industry, horticulture industry, fishery industry, rubber industry), agro-processing (food processing industry, edible oil industry), manufacturing (textile and garment industry, automobile industry, plastics industry, fertilizer industry, construction material industry) and service (logistics industry, tourism industry).

JICA Project Team surveyed these potential sectors and prepared a survey report which consists of

- i) outline of industry
- ii) industrial structure and value chain
- iii) advantages and disadvantages,
- iv) opportunities for FDI,
- v) bottlenecks and necessary measures for FDI attraction.

Revision of FDIPP

JICA Project Team revised FDIPP in July 2017 after the discussions with DICA. The revised FDIPP was named the Myanmar Investment Promotion Plan (MIPP) because this plan targets both foreign investment and domestic investment. The draft MIPP was approved by the cabinet in July 2018 after the consultation meeting with related ministries and the approval by the Economic Committee.

MIPP consist of five strategies:

- i) Investment-related policies and regulations (continuation of sound macroeconomic policies, determined commitment to open investment policy and an improved business environment, formulation of industrial policies for investment promotion);
- ii) institutional development for investment promotion (investment promotion using nation branding, diligent administration of investment-related regulations and strengthening of investor protection, establishment of clear application procedures and an organization for handling applications, promotion of systematic investor support, establishment of an independent Investment promotion agency);
- iii) infrastructure development (improvement of infrastructure development planning for investment promotion, promotion of investment in industrial zones and SEZs, establishment of a PPP framework and promotion of PPP projects);
- iv) business-related systems (formulation of regulations for business-related systems, enhancement of the financial sector); and
- v) local industries and human resources (promotion of industrial linkage, capacity development of local industries, establishment of entrepreneur support, improvement of human resources development for industry).

3. Institutional Building and Capacity Development of DICA

Issues to Be Improved in MIL and MIR

Although the M Investment Law (MIL) and the Myanmar Investment Rules (MIR) aim to clarify and simplify the procedures of investment application and approval and to rationalize the fiscal incentives, several issues still remain from viewpoints of freer business environment, transparency and predictability.

There exist many restricted investment sectors. Especially, a wide range of investments require recommendations by relevant ministries. In other words, the control of relevant ministries is still strong. However, it is not certain whether these relevant ministries properly own ability, capability and intention to judge the eligibility of proposed projects for recommendation from viewpoint of investment facilitation. Moreover, the requirements and procedures to obtain such ministerial recommendation are not clearly stated.

The other problem is that the criteria for project assessment which are described in MIL and MIR are rather qualitative and notional. Consequently, it is not clear what kind of data or information is required for proving to meet criteria.

When an investor seeks for the financial incentives and/or authorization of land use, the investor should prepare two more applications beside the Proposal or Endorsement application. Such complicated procedure may not be along the objective of new MIL which aims the simplification of investment application procedure.

To improve these issues, the following measures are recommended to be taken:

- Unify the interpretation of provisions of MIL and MIR, prepare the detailed supplemental or explanatory directives, notices or guidelines which should be notified to the relevant government officers in charge and the investors.
- Prepare Q&A about the procedures, requirements, clarification and others. and upload it to MIC/DICA website.
- Make public the standard form to be used in the application for the authorization of land use and the required procedure which includes the application of alternation of land use purpose.
- Make forms of Proposal or Endorsement application that are more inclusive and avoid the duplicated requirement of information in application.
- Instruct the required information, data and evidence which prove to fulfill the assessment criteria.
- Introduce the quantitative assessment measures to make the judgement more objective and accountable.
- Establish the superiority of MIL as a special law over the basic laws.

Institutional and Capacity Development of DICA (Main Office and Regional Offices)

DICA personnel in the Investment Divisions and the members of the Project Assessment Team are

requested not only to evaluate the external standards of the proposed project such as the investment amount and financial conditions, but also to make deeper analysis regarding investors' market position, past achievements, features of products, technologies and business models and/or possible contribution to industries in Myanmar, etc. to clarify the comprehensive value and/or the sustainability of the project.

On the other hand, as officers of other governmental organizations, most of DICA's staff do not have business experience because they join DICA right after graduation. They may have insufficient experiences and knowledges of such deep analysis of business projects.

With the purpose of strengthening their ability and improving vulnerability, it is recommended to implement a series of workshops, i.e., workshop on improvement of investment application form, workshop on project assessment, and workshop on creation of quantitative project assessment table.

For the members of the Monitoring Division, workshop on the scope of investment project monitoring and workshop on the annual report to be submitted by the investors are recommended.

With the purpose of improving the investment application forms, proposal and endorsement application and drafting the investment assessment table, JICA Study Team held the workshops for DICA staff. The first workshop was held on July 17 & 18, 2018, the second workshop on August 7 & 8, 2018, the third workshop on August 21 & 23, 2018, and the fourth workshop on September 18, 2018.

Following the above Workshops, because that Proposal and Endorsement Application forms do not contain the questions about the ultimate mother company, DICA intended to develop a supplementing form which would cover the missing questions. It is expected that a quantitative assessment will be used for the assessment of proposal and endorsement application at MIC soon.

Institutional Building of State/Regional Investment Committee

Among the duties of State or Regional Committee, the assessment of an endorsement application may be the most important duty of the State or Regional Committee. According to rule 79 of MIR, the State or Regional Committee must assess every Endorsement application and determine whether to issue an Endorsement, after considering the objectives, principles, rights and responsibilities in the Law. Since most of the above criteria are abstract or of pro forma standards, the endorsement application assessment may possibly be coped with the member of State or Regional Committee Office.

It is recommendable to form "Endorsement Application Assessment Team" in State or Regional Committee Office as MIC forms "Proposal Assessment Team" under rule 149 to let them assist the MIC to review Proposals. Upon the receipt of the eligible and complete endorsement application by Committee Office and before the transfer of endorsement application to the State or Regional Committee, Endorsement Application Assessment Team is recommended to evaluate the value of the proposed project in accordance with the objectives of MIL and prepare a summary of the proposed project and an evaluation report to attach to the Endorsement application when it is sent to the State or Regional Committee meeting. With these summaries and evaluation reports, it shall become easier for the member of State or Regional Committee to make decision whether to approve such application or not on fair base. To utilize the criteria objectively, it is recommendable to introduce the quantitative evaluation measure (evaluation table).

Although there is no provision to stipulate the monitoring work of the State or Regional Committee in MIR, some provisions under Chapter XIX of MIR may be applied to the State or regional Committee as well. In case of the State or Regional Committee, the Committee Office shall be responsible for such monitoring by forming the Investment Monitoring Section.

4. Strengthening of MIC OSS and Formulation of SOP

Issues for Strengthening of MIC OSS

All required approval and license for investors are not identified and the comprehensive services system has not formulated in MIC OSS. While MIC OSS provides administrative services related to business operation such as import/export procedure, VISA and Foreign Worker Registration etc., most of OSS sections only provide information and consultation services at present.

Suggestions and Implementation of Pilot Projects for Strengthening MIC OSS

JICA Project Team reported the progress of the project to a Deputy Director General of DICA in November 2017, and agreed to enhance MIC OSS in Yangon and strengthen staff through the pilot projects.

The pilot projects are:

- i) preparation of standard operating procedures (SOP);
- ii) provision of a flow chart of license/ approval;
- iii) preparation of a list of access points for application submission;
- iv) explanatory note for necessity of each required document; and
- v) information provision through MIC/DICA website.

It was decided that the results of pilot projects from i) to iii) would be compiled as SOP. The draft SOP (Part1) which covers licenses and approvals commonly required was completed in November 2018 and the draft SOP (part2) which consists of licenses/ approvals required for specific sectors was completed in March 2019. The approval process of the draft SOPs has been suspended because the Myanmar Government prioritizes discussions of simplification and acceleration of business procedures.

JICA Project Team held workshops in the process of formulating SOPs. The workshop to explain the contents of SOPs was held on November 29, 2017. The workshop for strengthening OSS was held on February 14, 2018. The meeting with the Private Sector for the draft SOP was held on June 29, 2018. The meeting among DICA and concerned ministries of OSS was held for discussing the final draft of SOP was held on October 30, 2018.

Measures Necessary for Strengthening MIC OSS

The measures necessary for strengthening MIC OSS at central level are:

- i) simplification and acceleration of license/approval procedures OSS-concerned ministries;

- ii) preparation of SOP and establishment of legal base for SOP;
- iii) Preparation of proposal of new functions of MIC OSS;
- iv) improvement of MIC OSS services.

The measures for strengthening OSS function at state/regional level are:

- i) establishment of OSS function at state/ region level;
- ii) preparation of a contact list for application submission of each license/approval; and
- iii) examination of monitoring function at state/ region level.

5. Capacity Development for Export Development

Revision of Roadmap for Trade Promotion

JICA Project Team reviewed the Roadmap for Trade Promotion Myantrade that had been formulated in the preceding JICA study according to the actual situation of Myantrade. JICA Project Team identified the points necessary to be revised due to the organizational reformation.

JICA Project Team supported the trial implementation of urgent actions proposed in the Roadmap, revised the Roadmap based on the lessons from the trial implementation, and submitted the revised roadmap to Myantrade in April 2018.

Preparation of Capacity Development Plan

The JICA Project Team conducted a training needs analysis with the purpose of collecting basic information of the capacity development of Myantrade personnel.

Based on the results of the training needs analysis, the JICA Project Team formulated the Human Resources Development (HRD) Plan for Department of Trade Promotion (Myantrade) and submitted to Myantrade in January 2017. The HRD Plan includes approaches to HRD, HRD policies, methodology and possible assistance by the Project.

The JICA Project Team formulated a plan of seminars that aims to sharing of Myantrade's objectives, learning of basic practical knowledge necessary for trade support services, and understanding of trade promotion services proposed by the Roadmap. The JICA Project Team conducted the seminar two times in March and June 2017 in order to invite all officers and staff of Myantrade.

Support to Capacity Development of Myantrade

JICA Project Team selected pilot activities from the urgent actions proposed in the Roadmap. They are: i) overseas market information/ data collection (collection of information/ data on market requirement/ regulation, product standards, tariff, etc. and preparation of information database); ii) exporters database development (collection of exporters' profiles and construction of database); iii) market research (capacity building of overseas market research with focus on the specific country/ product); iv) trade fair management (capacity building for effective preparation/ operation of trade fairs); and v) exporter/ importer support service (activities for enhancing familiarity of exporters to Myanmar trade

center/ regional trade centers and capacity building of planning of knowledge- dissemination events for exporters).

JICA Project Team and Myantrade implemented the pilot activities during the period from March 2017 until February 2018. The activity 1 was implemented within the activity 3 in order to avoid the duplication of activities.

JICA Project Team proposed the additional pilot project, Integrated Export Development Program and implemented during the period from June 2018 until February 2019. As a part of activity, the Workshop on Branding for Export Promotion was held on February 14, 2019.

Recommendation for Trade-related Policies

The government of Myanmar has progressed the improvement of trade-related policies through

- i) relaxation of trade licensing regime,
- ii) relaxation of the formerly restricted trade items,
- iii) improvement of customs clearance practice including introduction of invoice-based taxation,
- iv) facilitation of cross-border trade, and
- v) granting of trading business permit to foreign companies but still limited. However, the private sector claims further actions for the improvement of trade-related policies.

However, the private sector still requests further improvements of trade-related policies such as:

- i) further relaxation of trading business to foreign companies,
- ii) further relaxation of trade license,
- iii) smoother and prompter customs clearance,
- iv) clarification and further relaxation of foreign exchange regulations,
- v) further facilitation of cross-border training,
- vi) establishment of internationally accredited food inspecting institution (laboratory) and
- vii) smoother and more prompt Food & Drug Administration (FDA) certificate procedure.

6. Improvement of Training Program and Collaboration among the Relevant Organizations on Human Resources Development for Industries

Gap of Demand and Supply of Industrial Human Resources

The private sector including Japanese companies has the following issues of industrial human resources:

- As for workers, skills and knowledge levels of the graduates from vocational and technical schools are not deemed high.

- Middle managers for business management and technical sections (such as division/ section chief, line chief, and leader of workers) are very scarce.
- As a result, companies in Myanmar has to depend on in-house training for human resources development.

There exist 50 vocational and technical schools for industrial human resources development in Myanmar. They are institutes of technology, technical/ computer universities, vocational schools (except vocational high-schools) under the Ministry of Education, Industrial Technical Centers under MoI and MoLIP. Non-technical training institutions such as TTI and MJC under MoC and UMFCFI are also available, and furthermore over 400 private vocational schools exist.

However, the following gaps can be pointed out to adequately train and supply such human resources for industry as demanded by the private sector.

However, there exist a gap between the supply of human resources for industry and the demand by the private sector. For example, problems of training institutes are insufficient capability of training and guiding practically-applicable skills/ knowledge, aging and shortage of training facility/ equipment, outdated texts, limited capability of lecturers.

The industrial training centers (ITCs) under MoI might be able to develop human resources needed by companies if they intend to open short or night courses for employed workers and short-term and flexible curriculums are developed with improved contents and teaching methods. The location of ITCs except ITC in Mandalay is far from industrial zones.

On the other hand, there exist HRD institutions that receive a certain reputation by providing tailor-made training program in accordance to the needs of companies. MJC, UMFCFI, industry associations and some private vocational schools have been used by companies for training of their middle managers.

Measures to Fill the Identified Gap

The following measures of training contents and training method should be taken to fill the gap of the supply and demand of industrial human resources:

- To train behavioral skills such as work ethics, teamwork and communication and problem-solving skill based on practical experience.
- To improve the training contents of technical skills/ knowledge that are often highlighted by companies, including those on business management and production/ process management for middle managers, and mechanical, metal-work, electrical, vehicle repair, computer programming, design/ CAD, basic machinery operation.
- To realize flexible/ piecemeal delivery of the above training courses including making them available during the short-term or nighttime.
- To enrich the means of training such as practical/ simulated training, internship more than classroom-lecture
- To provide supports such as job search, networking of alumni, etc.

In addition, the interaction with the private sector for developing curriculums which meet the needs of the private sector and the improvement of labor market information management are also recommended.

7. Investment Promotion Mission to Japan

A Myanmar investment promotion mission visited Japan (Tokyo and Osaka) from May 28 to June 3 2017. The purpose of mission is to understand the needs of Japanese investors through discussions with Japanese companies, site visit and giving a lecture at an investment seminar.

The mission led by Secretary of MIC/ Director General of DICA was composed of five MIC members including Permanent Secretary of Ministry of Natural Resources & Environmental Conservation and Permanent Secretary of Ministry of Commerce and six DICA officials. In addition, the economic counsellor of Embassy of the Republic of the Union of Myanmar accompanied the mission during their stay in Tokyo.

A series of courtesy call were made to the following three organizations: Japan Business Federation (*Keidanren*), The Japan Chamber of Commerce and Industry (JCCI) and Kansai Economic Federation (*Kankeiren*). The opportunity of dialogue with representatives of Japanese companies was also provided by Keidanren. The mission visited four companies in Tokyo and Osaka.

During the period of the mission in Japan, MIC, Embassy of the Republic of the Union of Myanmar in Japan and JICA organized the Myanmar investment seminar in Tokyo and Osaka, under collaboration with JETRO as a co-organizer, supported by Japan Business Federation (Keidanren), Kansai Economic Federation (*Kankeiren*), The Japan Chamber of Commerce and Industry (JCCI), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank Limited. The number of general public participants was 485 persons in Tokyo and 143 persons in Osaka, mainly from companies of trading and manufacturing fields.

8. Recommendations for Future Assistance of JICA

Development Needs for Investment, Export and Industrial Development

Myanmar has faced with the following issues of investment, export and industrial development.

Investment Promotion

- Growth in FDI has stagnated in recent years. FDI in the manufacturing sector, which directly leads to the industrial structure diversification and the export industry development, is relatively small.
- Foreign investors' evaluation is low for such factors as infrastructure, investment related procedures, and legal system.

Export Development

- Primary products such as natural gas and agricultural products account for the majority of Myanmar's export.
- The export-oriented manufacturing sector has not developed in Myanmar.

Industrial Development

- The introduction of the latest technology and machines is delayed, and many industrial products, ranging from industrial goods to consumer goods, are not produced domestically.
- Value chains and industrial clusters are underdeveloped in Myanmar.

The Myanmar Government has formulated several policies (including master plans and action plans) with the purposes of overcoming the above issues. They have problems that several similar policies have been formulated for same themes and involved ministries are duplicated. In 2018, the Myanmar Sustainable Development Plan (MSDP) was formulated to organize the flood of these policies and to show the policy issues for the development of Myanmar.

MIPP and NES are expected to comprehensively address issues of investment promotion and issues of investment development respectively under MSDP. The Strategic Directions for Industrial Development and individual industrial policies have been formulated for the industrial development.

The Myanmar Government is required to effectively implement these policies and overcome the above-mentioned issues of investment promotion, export promotion, and industrial promotion while building strong cooperation among relevant ministries and agencies.

Possible Assistance to Development Needs

Implementation of Comprehensive Approach for Investment Promotion, Export Development and Industrial Development

Investment promotion is the key as a measure to solve the above problems. Investment promotion plays a critical role in export-oriented industry development, technology introduction and industrial diversification, as can be seen from the experience of economic development in other ASEAN countries. In other words, investment expansion is a pressing issue for Myanmar which faces problems of underdeveloped industrial foundation, fragile infrastructure and delayed regional development.

The Myanmar Government has adopted MIPP which is a master plan for promoting investment. MIPP addresses a wide range of issues from business environment improvement to infrastructure development and industrial human resources development. A comprehensive MIPP-centered development approach can be an effective measure to export development and industrial development. MIPP is expected to improve Myanmar's business environment. This will promote the inflow of FDI and industrial development, and Myanmar's industrial competitiveness will be enhanced through FDI attraction, industrial diversification and export development.

Possible Assistance to Comprehensive Approach

The following assistance is recommended as measures to strengthen the functions of the concerned ministries (DICA, Myantrade, Ministry of Industry) in implementing the comprehensive approach.

(1) Possible Assistance to DICA

Enhancement of Function as Secretariat of MIC

- i) Assistance to the implementation process of MIPP

Enhancement of Policy Advocacy Function

- ii) Development of policy recommendation capability regarding investment policy and investment law & rules
- iii) Support for the establishment of policy advocacy function for investment promotion by industry

iv) Support for the establishment of policy for investment promotion to regions

Enhancement of Investment Application and Monitoring Functions

v) Enhancement of Investment Application Function

vi) Enhancement of investment monitoring function

Enhancement of OSS Function

vii) Simplification of investment-related procedures at DICA OSS

viii) Establishment of a true OSS as its name implies by delegation of power

Enhancement of Investment Promotion Function

ix) Expansion of investment promotion services

Enhancement of DICA's institutional capability

x) Support for the formulation of a master plan for institutional capacity development of DICA

xi) Capacity development of personnel of DICA

xii) Advice on the optimization of DICA' organization structure

(2) Possible Assistance to Myantrade

Enhancement of Function as NES Secretariat

i) Support for NES implementation process

Enhancement of Function of Export Development Services

ii) Capacity development for provision of export development services

iii) Support for exporter development

iv) Support for branding activities

For further information, the Department of Trade is one of key divisions for business environment improvement proposed in MIPP.

(3) Possible Assistance to Ministry of Industry

Enhancement of Function of formulating industrial development policy

i) Enhancement of capability of formulating industrial development policy conducive to investment promotion

Enhancement of Function of enterprise support service

ii) Enhancement of function of enterprise support service

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List of abbreviations

ADB	:	Asian Development Bank
ASEAN	:	Association of Southeast Asian Nations
CCI	:	Chamber of Commerce and Industry
CEBSD	:	Centre of Excellence for Business Skills Development
CMP	:	Cutting, making, and packing
CPC	:	Central Product Classification
DDG	:	Deputy Director General
DICA	:	Directorate of Investment & Company Administration
FDA	:	Food and Drug Administration Office
FDI	:	Foreign Direct Investments
FDIPP	:	Foreign Direct Investment Promotion Plan in Myanmar
FY	:	Fiscal Year
GIZ	:	German Agency for International Cooperation
GTI	:	Government Technical Institute
HIDA	:	The Overseas Human Resources and Industry Development Association
HRD	:	Human resources Development
IFC	:	International Finance Corporation
IPA	:	Investment Promotion Agency
IPC	:	Investment Promotion Committee
IPO	:	Investment Promotion and Administration Organization
IPPR	:	Institute of Project Planning & Research
IRD	:	Internal Revenue Department
ISIC	:	International Standard Industrial Classification
IT	:	Information Technology
ITC	:	International Trade Centre
ITC	:	Industrial Training Centers
JCCI	:	Japan Chamber of Commerce and Industry
JETRO	:	Japan External Trade Organization
JICA	:	Japan International Cooperation Agency
KOICA	:	Korea International Cooperation Agency
KOTRA	:	Korea Trade-Investment Promotion Agency
MBA	:	Master of Business Administration
MBF	:	Myanmar Business Forum
MFPEA	:	Myanmar Food Processors & Exporters Association
MFVPA	:	Myanmar Fruit, Flower and Vegetable Producer and Exporter Association
MGMA	:	Myanmar Garment Manufacturers Association
MIC	:	Myanmar Investment Commission
MIDV	:	Myanmar Industrial Development Vision
MIL	:	Myanmar Investment Law
MIPP	:	Myanmar Investment Promotion Plan
MIR	:	Myanmar Investment Rules
MJC	:	Myanmar Japan Center

MJJI	:	Myanmar-Japan Joint Initiative
MMK	:	Myanmar Kyat
MoC	:	Ministry of Commerce
MoE	:	Ministry of Education
MoI	:	Ministry of Industry
MoFP	:	Ministry of Finance & Planning
MoLIP	:	Ministry of Labour, Immigration, and Population
MoST	:	Ministry of Science and Technology
MoU	:	Memorandum of Understanding
MRCCI	:	Mandalay Region Chamber of Commerce and Industry
MSDP	:	Myanmar Sustainable Development Plan
MTC	:	Myanmar Trade Center
MYANTRADE	:	Myanmar Trade Promotion Organization
MyCO	:	Myanmar Companies Online
NCDP	:	National Comprehensive Development Plan
NES	:	National Export Strategy
NPT	:	Nay Pyi Taw
NSSA	:	National Skill Standards Authority
OJT	:	On Job Training
OSS	:	One Stop Service
OSSC	:	One Stop Service Center
PAPRD	:	Project Appraisal and Progress Reporting Department
PPP	:	Public Private Partnership
PRI	:	Policy Research Institute
PSD	:	Private Sector Development
RTC	:	Regional Trade Center
SDG	:	Sustainable Development Goals
SEZ	:	Special Economic Zone
SME	:	Small & Medium Enterprise
SMVTI	:	Singapore-Myanmar Vocational Training Institute
SOP	:	Standard Operating Procedure
TPO	:	Trade Promotion Organization
TSEZ	:	Thilawa Special Economic Zone
TTI	:	Trade Training Institute
UMFCCI	:	Union of Myanmar Federation of Chambers of Commerce and Industry
UNESCO	:	United Nations Educational, Scientific and Cultural Organization
USD	:	United States Dollar
UTCC	:	University of the Thai Chamber of Commerce
WG	:	Working Group

CHAPTER 1 Outline of the Project

1.1. Background of the Project

Since the inauguration of the civilian government led by President Thein Sein government in March 2011, Myanmar has been tackling the economic and social development by promoting open-economy policy aimed at transition to a market economy and developing infrastructure. The government has attached much importance to foreign direct investment (FDI) in order to spur job creation and income growth. The government of Myanmar has continued the improvement of legal/ regulatory regimes such as enactment of Special Economic Zone (SEZ) Law, new Foreign Investment Law and their regulations. The amended SEZ Law came into effect in January 2014 and its regulations were issued in August 2015. The government of Myanmar had been preparing the enactment of Myanmar Investment Law which would integrate the Foreign Investment Law and Civil Investment Law and the revision of the Companies Act.

The Directorate of Investment and Company Administration (DICA)¹ of the Ministry of Planning and Finance was in charge of handling company registration matters, also serves as secretariat of Myanmar Investment Commission (MIC), acting as an investment promotion entity for investment appraisal. Japan International Cooperation Agency (JICA) had supported DICA to formulate the Long-term Foreign Direct Investment Promotion Plan (FDIPP), and JICA Advisor for Investment Promotion has been dispatched to DICA since March 2014 for providing technical advice concerning: i) framework preparation for investment promotion based on FDIPP, ii) capacity building of DICA officers, and iii) investment promotion activities. It was necessary to revise the FDIPP responding the economic policy under the new government born in 2016 and the change in investment climate. In addition, considering the coming enforcement of new Investment Law and Companies Amendment Act, DICA requested JICA's technical assistance for institutional/ capacity development and strengthening one-stop-service (OSS) by DICA based on the similar experiences by Thilawa SEZ. Since 2014, JICA had been provided technical assistance to the Thilawa SEZ Management Committee and OSS Center for the management and capacity development and the development of workflows for application and permit procedures.

As for the Ministry of Commerce (MoC), JICA also rendered capacity building for Trade Training Institute (TTI) and technical assistance for preparation of the Roadmap for Trade Promotion. In parallel, MoC carried out its re-organization. The Myanmar Trade Center (MTC) was established to provide market information and consultation on trade activities in July 2014, and the Directorate of Export Promotion (known as Myantrade) was newly established at the time of the inauguration of the new government. Following such initiatives, further capacity building of MoC on its export promotion services had been recognized necessary. Additionally, an initiative to promote investment of export-oriented industries, preparation of the export promotion plan coupled with industry development, and

¹ DICA was moved to the Ministry of Investment and Foreign Economic Relations (MIFER) when the ministry was set up in November 2018.

collaboration among MoI, MoC and DICA towards the industrial human resources development has been considered important.

1.2. Objective of the Project

The objective of this project, Data Collection Survey on Investment Promotion and Export Promotion (hereinafter referred to as “Project”)², is to examine JICA’s future cooperation in Myanmar in the fields of investment promotion and export development by supplementing the activities of the JICA Advisor for investment promotion dispatched to DICA and by conducting activities such as study of the current situation and issues of FDI in Myanmar, revision of FDIPP, and so on.

The Project activities consist of:

- i) Study of the current situation for support to the implementation of FDIPP and for the revision of FDIPP;
- ii) Study for the identification of issues, the examination of countermeasures and the preparation of recommendations for the institutional development and personnel’s capacity development of DICA;
- iii) Study of the current situation and problem analysis for the enhancement of OSS at DICA and preparation of the standard operating procedures (SOPs);
- iv) Study for the capacity development measures for export development;
- v) Study for the recommendations on the collaboration among DICA, MoC and the Ministry of Industry (MoI) for the human resources development for industry;
- vi) Study on contents of possible assistance mostly targeting DICA; and
- vii) Invitation of a Myanmar mission to Japan.

1.3. Project Area

The whole area of the Union of Myanmar. Pilot activities will be conducted in Yangon and Mandalay Regions.

1.4. Implementation Structure

The direct counterpart organizations are DICA for investment promotion activities and Myantrade of MoC for export development activities. Local governments, Myanmar-Japan Center for Human resources Development (MJC), and DICA-OSS member ministries/agencies are also related to the Project activities.

The JICA Project Team consists of the members listed in the following table, and also local consultants employed for their knowledge and experience in research activities in Myanmar.

² The Project was referred to as “the Project on Enhancement of Investment Promotion and Export Development” for the convenience of better understanding by the counterpart organizations.

Table 1-1 Members of the JICA Project Team

Name	Position/ Scope
MISHIMA , Kazuo	Team Leader/ Investment-Trade Promotion Policy
MATSUI , Yoichi	Sub-leader/ Investment Promotion/ Business Environment
MORINAGA , Akihiko	Investment Promotion/ OSS Strengthening
UEHARA , Ai	OSS Strengthening
TSUBOGO , Taro	Sub-leader/ Export Promotion
SHIMURA , Kensuke	Investment Potential Analysis/ Industry Strategy
HAYASHI , Kenichi	Export Potential Analysis
SAKATA , Masayuki/ UEHARA , Ai/ OGAWA , Izumi	Institutional/ Capacity Development
YANO , Mamiko	Export Promotion Service/ Trading Business
MANABE , Kana	Legal/ Regulatory Advisor
TANAKA , Yoko	Industrial Human Resources Development/Coordinator

1.5. Implementation Progress

The project period is from October 2016 until May 2019 (extended by 1 year in May 2018).

The project period consists of the following three phases:

- | | |
|------------------------------------|---|
| Phase 1 (October 2016 - May 2017): | To conduct current situation study and formulate recommendations for investment and export promotion. |
| Phase 2 (June 2017 - April 2018): | To conduct pilot activities of capacity building for enhancing investment promotion and export development. |
| Phase 3 (May 2018 - May 2019): | To continue to enhance institutional capability of investment promotion and export development. |

The Project has been implemented largely in accordance to the originally scheduled workflow shown in the following figure.

Data Collection Survey on Investment Promotion and Export Promotion in Myanmar
Final Report

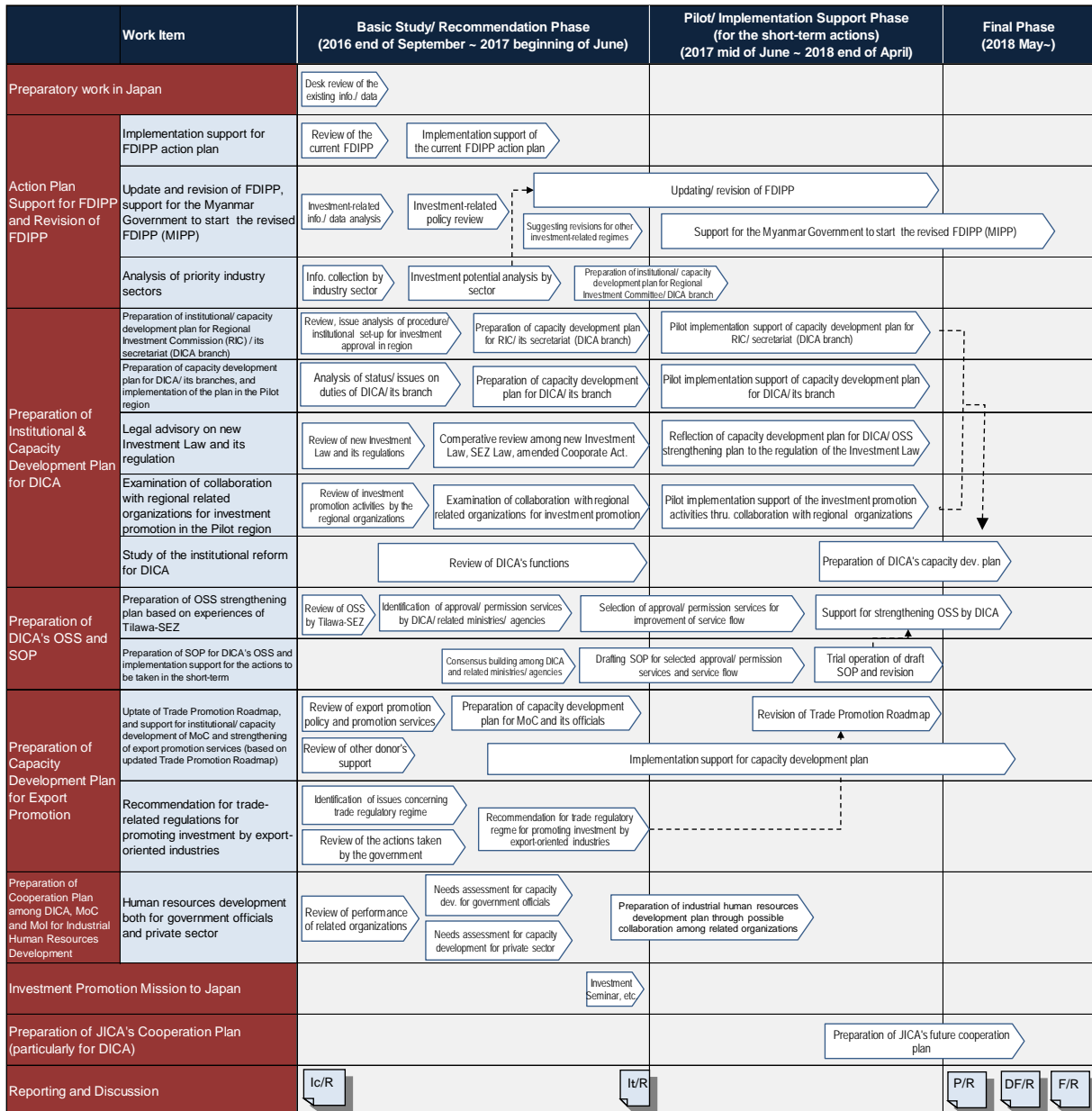


Figure 1-1 Workflow of the Project by Phase

CHAPTER 2 Support to Ongoing FDIPP and Revision of FDIPP

2.1. Support to the implementation of the ongoing FDIPP Action Plan

The JICA Project Team confirmed the progress of implementation of FDIPP in October 2016. The major points identified were as follows:

- A draft of the Myanmar Investment Law (MIL) had been formulated by integrating the FDI Law and Myanmar Citizens Investment Law and submitted to the Parliament. MIL was enacted on October 18, 2016;
- As for an action of dialogues with the private sector, the Myanmar Government had initiated the Myanmar Business Forum and the Myanmar Japan Joint Initiative; and
- As for an action of PPP promotion, the PPP Task Force, that involves 13 ministries and agencies, had been set up under the framework of FDIPP. With the assistance of JICA, the Task Force promoted the capacity development of government officers and the institutional building for PPP implementation within the government through the activities such as a series of discussions and site visits to the neighboring ASEAN countries. The activities of Task Force have resulted in the establishment of PPP unit under MoPF - PAPRD.
- The International Standard Industrial Classification (ISIC) codes and Central Product Classification (CPC) codes have been adopted for the classifications of investments by industrial sector.
- FDI statistics has been improved.
- Investment guidebook and website have been improved.

The JICA Project Team discussed the situation of FDIPP implementation with Mr. Toru Homma, JICA advisor to DICA, and identified the following point:

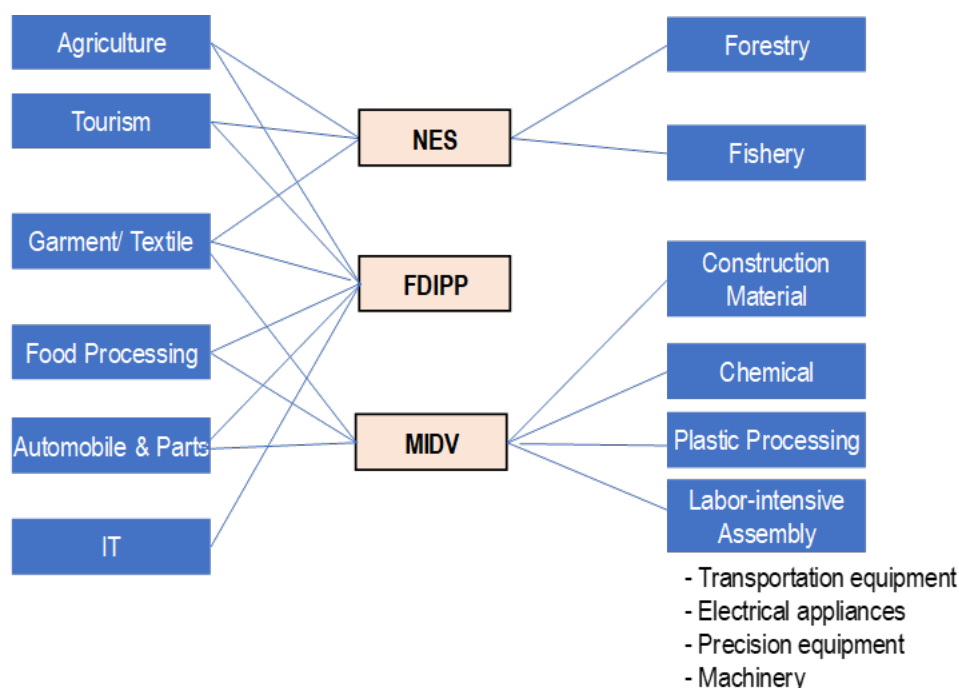
- This Project covers expedited application procedures and the enhancement of investment promotion that are proposed in FDIPP. It is possible to implement these actions through this Project.

2.2. Identifying Issues for Attracting FDI to Potential Sectors and Recommendations

2.2.1 Selection of Potential Sectors

The JICA Project Team conducted the following analysis for the evaluation of potential sectors for investment (refer to Appendix 1):

- i) To analyze the importance in economic development and attractiveness to investors as for the sectors which are pointed out as potential sectors in MIDV, FDIPP, and NES;
- ii) To analyze the trend of FDI into Myanmar and the neighboring countries; and
- iii) To review a historical change in industrial sectors subject to investment incentive in the neighboring ASEAN countries (Thailand and Malaysia).



Source: JICA Project Team

Figure 2-1 Selection of Priority Sectors

Through the above work, the JICA Project Team identified candidates of potential sectors for FDI as follows:

Agriculture:

Rice Industry, Pulses, Beans and Sesame Seeds Industry, Horticulture Industry, Fishery Industry, Rubber Industry

Agro processing:

Food Processing Industry, Edible Oil Industry

Manufacturing:

Textile and Garment Industry, Automobile Industry, Plastics Industry, Fertilizer Industry, Construction Material Industry

Service Sector:

Logistics Industry, Tourism Industry

2.2.2 Implementation of Survey on Potential Sectors

The JICA Project Team selected industry associations under UMFCCI that consist of producers and traders of the selected industry sectors and conducted interviews with those associations. The targeted industry sectors and associations are as shown in the following table.

Table 2-1 Interviewed Industry Associations

Potential Industry Sector	Industry Association (member of UMFCCI)
Rice	Myanmar Rice Federation (MRF)
Pulses, Beans and Sesame Seeds	Myanmar Pulses, Beans and Sesame Seeds Merchants Association (MPBSA)
Horticulture	Myanmar Fruit, Flower and Vegetable Producers and Exporters Association (MFFVPEA)
Fishery	Myanmar Fisheries Federation (MFF)
Rubber	Myanmar Rubber Planters and Exporters Association (MRPEA)
Food Processing	Myanmar Food Processors and Exporters Association (MFPEA)
Edible Oil	Myanmar Edible Oil Dealers Association (MEODA)
Textile and Garment	Myanmar Garment Manufacturers Association (MGMA)
Automotive	Myanmar Automobile Manufacturer and Distributor Association (MAMDA)
Plastics	Myanmar Plastics Industries Association (MPIA)
Fertilizer	Myanmar Fertilizer, Seed and Pesticides Entrepreneurs Association (MFSPEA)
Construction Material	Myanmar Construction Entrepreneurs Association (MCEA) / Myanmar Engineering Society
Logistics	Myanmar International Freight Forwarders Association (MIFFA)
Tourism	Union of Myanmar Travel Association (UMTA)

Source: Prepared by the JICA Project Team

The interview survey was conducted by Japanese consultants and local researchers from the Myanmar Survey Research (MSR). The local researchers interviewed with the selected industry associations. Japanese consultants interviewed with various companies which are mainly representative offices, branches and affiliate companies (100% or JV) of Japanese companies, but some local and other countries' organizations and companies were involved.

The JICA Project Team also collected and analyzed related documents and information including NES.

2.2.3 Compilation of Results of Survey on Potential Sector

Based on the results of the above survey, the JICA Project Team has compiled the Potential Industry Survey Report (see Appendix 2). In the report, each sector is described in terms of: 1) outline of sector, 2) industry structure and value chain, 3) advantage and disadvantage, 4) opportunities for FDI, and 5) bottlenecks for FDI. Based on the bottlenecks that are issues for attracting FDI, assumed countermeasures are recommended.

The investment potential, bottlenecks and necessary countermeasures for the subject sectors are summarized in the following table.

Table 2-2 Bottlenecks and Countermeasures of Rice Industry

Investment Potential	Bottlenecks	Countermeasures
AGRICULTURE Rice Sector		
<p>- There are investment opportunities in farming and processing sectors. In farming, supporting industry (supply of good seeds/fertilizers, farm machines, logistics), training of knowledge and new technology of farming Providing better weather report, agricultural information and market movement have potential. In processing, new machine at rice mill and supporting industry (machines, inland transportation, storage, etc.) may have markets.</p> <p>- Export of rice also has high potential.</p>	<p>【Policy & Regulations】</p> <ul style="list-style-type: none"> - Current regulations and policies are not attractive/practical for stakeholders, in particular exporters (limited financial support, poor operation/enforcement of laws/regulations) 	<ul style="list-style-type: none"> · Review taxation and regulations based on up-dated rice industry situation · Support to develop export market by negotiating special conditions (import tariffs and quota) with each country
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> · Lack of supporting industry (seed, fertilizer, farm machine, logistics) · Lack of information (weather report, agricultural technology, market movement) 	<ul style="list-style-type: none"> · Development of supporting industry (seeds, farm machine, miller, logistics etc.) by public and private investment · Government provides more accurate information to participants on production, market movement, technology etc. for smooth function of rice market.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> · Unstable electricity supply · Insufficient infrastructure like irrigation, transportation, storage, port facility and farm machines · High cost at port and ocean freight for export · No laboratory with international standard 	<ul style="list-style-type: none"> · Expand electricity supply at farm area and processing area · Improvement of logistics (road networks, trucking, facility at river ports) at farming area by public/private investment · Set-up storage by public/private investment at the township level for small-size farmers to borrow space to reduce post-harvest loss and free up farm space for new crops · Government encourages lower port charge and reduces export procedure cost for export promotion. · Establish good laboratory
	<p>【Human Resource】</p> <ul style="list-style-type: none"> · Lack of knowledge and technology of farming · Lack of labor at farming area 	<ul style="list-style-type: none"> · Set-up model farms by public and/or private investment to provide training of new technology (seeding, weeding, fertilizing). · Introduction of farm machines to cover manpower at farming area
	<p>【Finance】</p> <ul style="list-style-type: none"> · Farmers cannot get fund easily 	<ul style="list-style-type: none"> · Encourage public and private banks and microfinance banks to develop rural finance through establishment of special fund by government. · Practical use of JICA's agricultural two-step loan

Pulses, Beans and Oil Seeds Sector		
<p>- There are opportunities for 100% FDI or JV in farming, broker/trade and supporting sectors because of increasing demand from both local and export market (EU, USA, Asia and Middle East).</p> <p>- Supporting sectors include weather report system, seeds/fertilizers supply, infrastructure (irrigation, logistics, electricity) and laboratory with international standard.</p>	<p>【Policy & Regulations】</p> <ul style="list-style-type: none"> - Although government has a vision to develop the sector, it is not fully implemented. 	<ul style="list-style-type: none"> • Government should ensure full implementation of the vision and provide support (indicated below) to the farmers and processors.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> - Unstable electricity supply. - Poor facility and high cost of logistics - High cost at port and ocean freight for export - No international standard laboratory 	<ul style="list-style-type: none"> • Expand electricity supply at farm area and processing area • Improvement of logistics and supply chain by public and private investment • Development of ports and warehouse • Establish good laboratory
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> • Lack of processing factory • Low productivity and low quality • Lack of supporting industry (seed, fertilizer, farm machine, logistics) • Lack of information (weather report, agricultural technology, market movement, latest technology etc.) 	<ul style="list-style-type: none"> • Industry improves quality management of processing through certification of HACCP (Hazard Analysis and Critical Control Points), ISO (International Organization for Standardization), and GMP (Good Management Practices). • Government ensures reliable and constant supply of certified good seeds by inviting foreign seed companies and seed technicians. • Organize public-private committee (joint committee), which encourages public-private partnerships by holding dialogues/meetings regarding all concerned matters and sharing information with all stakeholders. • Need attractive policy for FDI
	<p>【Human Resource】</p> <ul style="list-style-type: none"> • Lack of knowledge and technology of farming • Shortage of labor at farming sector 	<ul style="list-style-type: none"> • Set-up model farms by public and/or private investment to provide training of new technology (seeding, weeding, fertilizing) • Farm machines can cover shortage of manpower at farming sector.
	<p>【Finance】</p> <ul style="list-style-type: none"> • Farmers and Processing sector cannot get access to finance 	<ul style="list-style-type: none"> • Encourage public and private banks and microfinance banks to develop rural finance through establishment of special fund by government. • Practical use of JICA's agricultural two-step loan
Horticulture Sector		
<p>- There are opportunities for 100% FDI or JV in farming, processing and supporting sectors because of sufficient local demand and</p>	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> - Insufficient government support to growers 	<ul style="list-style-type: none"> • Organize public-private dialogues about technical, financial and market issues on regular basis by initiative of MFFVPEA (Myanmar Fruit,

<p>increasing global demand.</p> <ul style="list-style-type: none"> - Myanmar has good weather and rich land for horticultural products, and a lot of horticulture growers with low labor cost. - Myanmar can export to EU with duty/quota free under EBA scheme. - Supporting sectors include packaging, farm machines, infrastructure (electricity, logistics infrastructure, port facility) and laboratory with international standard. 		<p>Flower and Vegetable Producers and Exporters Association).</p> <ul style="list-style-type: none"> • Government establishes R&D institution and/or laboratory which can support growers totally (include training).
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> • Lack of supporting industry (seed, fertilizer, farm machine, packaging, and logistics) • Lack of information (weather report, latest industrial data etc.) 	<ul style="list-style-type: none"> • Development of supporting industry (seed, fertilizer, machine, cold chain, packaging) by public and private investment • Government provides more accurate information to participants on weather, market movement, technology etc.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> - Unstable electricity supply. - Not enough cold storage to maintain freshness of products (vegetable, fruits) • Poor infrastructure (irrigation, transportation, port facility etc.) - No laboratory with international standard 	<ul style="list-style-type: none"> • Expand electricity supply at farm area and processing area • Development of cold chain by private investment • Setting port and storage at SEZ • Establish good laboratory
	<p>【Human Resource】</p> <ul style="list-style-type: none"> • Lack of knowledge and technology about seed, pesticides, fertilizer, weeding in farming (growers') sector • Shortage of labor at farming (growers') sector 	<ul style="list-style-type: none"> • Set-up model farms by public and/or private investment to provide training of new technology (seeding, weeding, fertilizing) • Farm machines can cover shortage of manpower at farming sector.
	<p>【Finance】</p> <ul style="list-style-type: none"> • Growers cannot get access to finance 	<ul style="list-style-type: none"> • Encourage public and private banks and microfinance banks to develop rural finance through establishment of special fund by government • Practical use of JICA's agricultural two-step loan
<p>Fishery Sector</p>		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI or JV in marine fishing, freshwater cultivation and processing sectors because of big local consumption (mostly freshwater fish), increasing global demand. - Myanmar has good fishing ground - Andaman Sea, Bay of Bengal and river zone, abundant freshwater resources, and abundant land for freshwater cultivation. • Myanmar has good 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> • Foreign investment in freshwater fisheries and relevant services is prohibited. • Import restriction of sub-material for food processing is not clear and takes time for import (taxation system, regulation) • Insufficient support to farming and hatchery with modern technology • Insufficient dialogues between public and private sectors 	<ul style="list-style-type: none"> • Need clarification of allowed investment activity/condition for foreign investors in freshwater setting • Duty-free-import of sub-material will support increasing quality and types of processed products • Set-up of governmental JV of pilot integrated prawn/fish farm which can support training of farmers and can attract FDI in this industry. • Organize public-private dialogues about technical, financial and market issue on regular basis by MFF (Myanmar

<p>geographic location for export.</p> <ul style="list-style-type: none"> - Myanmar can export to EU with duty/quota free under EBA scheme. 		<p>Fisheries Federation).</p> <ul style="list-style-type: none"> • Develop a national responsible fisheries policy and appropriate legislative framework in line with international best practice (FAO Code of Conduct).
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> • Lack of supporting industry (catching facilities, machines, packaging, cold-chain) • Lack of information (weather report, catching data, market information, etc.) 	<ul style="list-style-type: none"> • Development of supporting industry by public and private investment • Government provides more accurate information to participants on weather, market technology etc.
	<p>【Human Resource】</p> <ul style="list-style-type: none"> • Lack of knowledge and technology about catching/treatment on board • Lack of technology and knowledge of fishery and cultivation 	<ul style="list-style-type: none"> • Set-up new catching facilities and technology training facilities for catching, treatment and storing after catching on board by government and/or MFF with foreign aid/investment. • Provide training of new fishing and cultivation technology by MFF or foreign investors.
	<p>【Finance】</p> <ul style="list-style-type: none"> • Fisheries and cultivation sector cannot get access to finance 	<ul style="list-style-type: none"> • Establish fund/credit lines for fisheries sector through commercial banking sector or specialized funding organization with governmental support. • Need new policy for rural finance development of fishery communities
<p>Rubber Sector</p>		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI in natural rubber plantation and rubber processing. Local industry prefers 100% FDI in processing than JV as the local business owners have no enough capital for JV. - Investment in rubber production related facilities is another opportunity. Investment in smokehouses, nurseries on higher-yielding perennial crops and latex concentrate production, which are needed by smallholders but not invested by them due to little access to finance. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> - There are almost no regulations and laws related to planting and production of rubber, processing and local trading or marketing (including certification system and quality control laboratory at most TSR factories). - Prohibitive regulations regarding land use and rights seriously hinder the development of the sector - Limited investment promotion for rubber sector 	<ul style="list-style-type: none"> • Establish a Rubber Board, a government agency to oversee all activities in rubber products industries, TSR factory regulations and a quality certification system. • Create and enact rubber nursery regulations for registry & inspection of nursery and distribution of planting. • Formulate a natural rubber policy, based on the planned “Myanmar Sustainable Natural Rubber Policy” by MRPPA (Myanmar Rubber Planters & Producers Association). • Incentives should be created in the taxation system for rubber to support the development of the sector. • Procedures for land use and rights should be eased to attract local and foreign investors. • Reinforce dialogue between the private sector and public

		<p>authorities to implement land-use rights for vacant, fallow and waste land.</p> <ul style="list-style-type: none"> Establish sector-specific development fund or guarantees by the government for land ownership.
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> Where the government has allotted land to the farmers without providing foreign seeds, farmers have no choice but to use low quality local species, with seeds from wild plants. The small holder rubber farmers have to buy inputs at high prices and cannot use formic acid because it is more expensive than they can afford. 	<ul style="list-style-type: none"> Increase the supply of locally produced inputs and developing advocacy campaigns aimed at informing farmers about alternatives. Introduce better market regulation and surveillance in terms of technical requirements and standards
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> Insufficient and unstable electricity supply Poor logistics infrastructure 	<ul style="list-style-type: none"> Promote infrastructure development by public investment (supported by ODA) and private investment
	<p>【Human Resources】</p> <ul style="list-style-type: none"> As young persons have migrated to Thailand where they can have better income, the rubber farmers are now faced with difficulties in recruiting workers. No vocational education for the industry 	<ul style="list-style-type: none"> MRPPA provides various training programs for skill improvement and technology update. Government or MRPPA provides scholarships for postgraduate diploma or degree courses to universities / institutes. Myanmar Rubber Board will establish a Myanmar Rubber Research Institute to undertake upstream and downstream research activities.
	<p>【Market】</p> <ul style="list-style-type: none"> There is no specific market within the country and the industry heavily depends on foreign raw rubber market in China and Malaysia. 	<ul style="list-style-type: none"> MRPPA (Myanmar Rubber Planters and Producers Association) will establish a Rubber Central Market at Mawlamyine. Build up cooperatives and organize business matching between buyers and sellers, investors and producers. Establish a Myanmar Rubber Trade Promotion Committee and increase participation in trade fairs.
	<p>【Finance】</p> <ul style="list-style-type: none"> Rubber farmers are cash strapped because the profits they get from selling their produce are so small that they cannot support their families. 	<ul style="list-style-type: none"> Establish Government guarantees and subsidies to support short and long-term credit for rubber farmers and producers in the sector. The government will establish a

	<p>Sometimes, income and expenditure are not balanced.</p> <ul style="list-style-type: none"> Commercial banks do not disburse loans to small-holder farmers, as they do not hold land ownership document 	Rubber Development Fund.
<p>AGRO PROCESSING Food Processing Sector</p>		
<ul style="list-style-type: none"> There are opportunities for 100% FDI or JV in processing and supporting sector because of sufficient local demand (“rice flour” attracts food processing industry’s attention as big potential products because of its healthy and gluten-free nature). Myanmar has abundant supply of raw materials (agriculture, livestock and fishery products) and good potential to set up integrated agro-industry (from raw material to final products). Myanmar has good geographic location for export to neighboring big market (China, India, Thai, and Bangladesh). Myanmar can export to EU with duty/quota free under EBA scheme. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> Unfair taxation for import foods (collecting only 3%) Government cannot control quality of import foods due to no testing laboratory for import products No accreditation organization for local processed foods to export to overseas market like ISO, HACCP etc. 	<ul style="list-style-type: none"> Review of taxation and quality control system of imported foods based on updated situation Set-up regular public-private dialogues in technology, finance and export market information Promote implementation of ASEAN GAP and introduction of certification (HACCP, ISO and GMP) Set up laboratory to check quality of imported foods by public and/or private investment
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> Unstable electricity supply. Not enough storage to maintain freshness of raw material (vegetable, fruits, fish, meat etc.) Poor logistics infrastructure (transportation, storage, export facilities etc.) No laboratory with international standard 	<ul style="list-style-type: none"> Expansion of electricity supply Development of industrial zones and SEZs for factories Development of logistics infrastructure Establish good laboratory
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> Low productivity and quality due to old machines, facilities and technology No GMP in processing sector Requirement of HACCP, ISO etc. for export promotion Weak local brand power Limited supporting industry (subsidiary material, packaging material, machines, logistics etc.). 	<ul style="list-style-type: none"> Promote implementation of ASEAN GAP and introduction of certification (HACCP, ISO and GMP) through effort by MFPEA (Myanmar Food Processors and Exporters Association) and forigen investment Promotion of Myanmar brand products by public and private cooperation to increase local brand power, including creating attractive packaging and design of final products Promote FDI for new technology and training
	<p>【Human Resource】</p> <ul style="list-style-type: none"> Lack of mind of producing safe and security foods for consumers in processing sector 	<ul style="list-style-type: none"> Training to processing workers and managing staff of concerned sectors about quality control and mind of safe and security foods
	<p>【Finance】</p> <ul style="list-style-type: none"> Financial constraint for local processors due to current loan system of mortgaging 	<ul style="list-style-type: none"> Establish fund/credit lines for food processing sector or SMEs through commercial banking sector or specialized funding

	properties	organization with governmental support.
Edible Oil Sector		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI or JV in plantation, processing, milling, etc., to meet big demand of tourism sector (hotels and restaurants) and increasing local consumers demand. - Although palm oil is the most used edible oil in Myanmar, the market is shifting towards high quality processed sesame oils due to the recent concerns regarding health effects of palm oil and its unsustainable farming practices. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> - No specific laws and regulations in edible oil processing industry and no law reinforcements. - Unspecified oils entering illegally from boarder trade which do not have clear description on the package, is eroding local oil millers' market - No control/restriction of use of unqualified seeds, fertilizers and pesticides - Long time taken for FDA inspection of edible oil 	<ul style="list-style-type: none"> • Strengthen border inspection system and organization through capacity enhancement • Establish a labeling law • Develop and align national standards for oil seeds and edible oils with international standards. • Upgrade existing laboratories and establish new laboratories to test physical analysis, phytosanitary and fumigation, chemical residues, food quality testing, etc. • Increase quality and quantity of production through the implementation of ASEAN GAP and introduction of certification (HACCP, ISO and GMP). • Capacity improvement of FDA
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> - Outdated processing and production technologies that lead to low quality products - Unsanitary processing process - Low packaging technology - Not enough storage space for importing capacity - Not enough groundnut and sesame seeds supply for processing - The use of unqualified seeds, fertilizers and pesticides - Lack of unity among local business owners 	<ul style="list-style-type: none"> • Advocate, making policy proposals and recommendations to provide incentives (tax reduction, duty free-imports, etc.) to sector enterprises (non SEZ companies) aiming to renovate product facility and acquire new production technologies. • Organize more businesses to have ISO standards by promoting awareness, adopting good practices, and improving production management. • Strengthen rural / regional storage and processing by encouraging small and medium-sized enterprises to invest in these facilities. • Improve post-harvest management to produce higher quantity and quality through implementing a warehouse receipt credit system. • Promote cooperation among local business owners through organizing seminar, trade fair and training programs, etc.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> • Unstable electricity and poor transportation 	<ul style="list-style-type: none"> • Expand electricity supply • Development of logistics infrastructure • Provide an incentive package to encourage relocation of traders

		and processors to industrial zones and SEZs
	<p>【Market】</p> <ul style="list-style-type: none"> · Less knowledge of consumers about edible oil (reuse of oil) · The traditional selling styles of retailers in wet market · Edible oil consumption largely depends on imported palm oil 	<ul style="list-style-type: none"> · Raise awareness among producers, retailers and consumers of sanitary requirements · Improve productivity and profitability of oil millers to use more local oilseeds
	<p>【Finance】</p> <ul style="list-style-type: none"> · The local business owners, farmers and importers have no capital to upgrade their services and export to foreign markets 	<ul style="list-style-type: none"> · Establish Government guarantees and subsidies to support short and long-term credit for oilseed farmers and producers in the sector. · Establish an Oilseed and Edible Oil Development Fund as a government institution.
Garment Sector		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI or JV under the current CMP system utilizing comparative advantage of lower labor cost. - There are opportunities for foreign and local investors to solely or jointly invest in textile manufacturing with modern production facilities, only when the industry shifts to FOB system. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> - Uniform minimum wage throughout the country and its rapid increase recently causes labor disputes at foreign owned garment factories. - Current taxation system which provides incentive only to CMP business prohibits investors to promote FOB business. 	<ul style="list-style-type: none"> - Introduce duty drawback facilities for FOB (MGMA (Myanmar Garment Manufacturers Association) is currently requesting the government. - Extending the same duty exemptions enjoyed by importers of CMP inputs to importers of FOB inputs.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> - Unstable electricity supply and weak logistics infrastructure give the investors limited alternatives for factory setting sites. 	<ul style="list-style-type: none"> - Prioritizing existing clusters of garment firms in national power grid development plans, for example, by providing them with dedicated electricity substations.
	<p>【Human resource】</p> <ul style="list-style-type: none"> - Lack of skilled labor and high labor turnover. While companies provide in-house training individually, there may be organized training courses at industry level or vocational training programs in cross-sectoral levels. 	<ul style="list-style-type: none"> - Establishing worker training, testing and certification centers for the garment labor force at sector clusters using public funding or public-private partnerships
	<p>【Finance】</p> <ul style="list-style-type: none"> - It is difficult for local factory owners to get access to finance, that becomes constraint for foreign partners (investors) to expand business. 	<ul style="list-style-type: none"> - Establishment of government guarantees for short- and long-term credit to the sector

MANUFACTURING		
Automotive Sector		
<ul style="list-style-type: none"> - Manufacture labor-intensive automotive parts, as a part of the main production process of its factories in ASEAN countries. - Assemble CKD or SKD factory and manufacture automobile for domestic market - Provide maintenance and repair service, as there is a large demand for maintenance and repair of imported cars 	【Policy & Regulation】 <ul style="list-style-type: none"> - Lack of middle-to-long term industrial policy, that makes it difficult to get sound perspective for investment 	<ul style="list-style-type: none"> - Establishing middle-to-long term automotive industrial policy, involving private sector
	【Industry Structure】 <ul style="list-style-type: none"> - Lack of supporting industry 	<ul style="list-style-type: none"> - Reduce import tariff and other taxes related to CKD/SKD - Promote investment in supporting industry
	【Infrastructure】 <ul style="list-style-type: none"> - Unstable electricity supply and weak logistics infrastructure 	<ul style="list-style-type: none"> · Expand electricity supply · Development of logistics infrastructure by public and private investment - Introduce labor intensive production lines with less electricity consumption
	【Human resource】 <ul style="list-style-type: none"> - Scarcity of skilled labor and technical expertise 	<ul style="list-style-type: none"> - Establishing training center for the industry (initiated by MAMDA)
Plastics Sector		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI or JV in manufacturing of all kinds of plastics products, raw material and plastic processing machines. - There is high domestic demand for plastic products and the ASEAN Economic Community will develop plastic products market. - Some local manufacturers want to operate contract-based manufacturing offered by foreign investors like "CMP" system in garment industry. 	【Policy & Regulation】 <ul style="list-style-type: none"> - Lack of standards for local products - Prolonged customs clearance procedures and the high import taxation for raw materials 	<ul style="list-style-type: none"> - Application of foreign standard consistent with international standards (e.g., JIS) · Reduce import tariff levied on raw materials - Promotion of trade facilitation
	【Infrastructure】 <ul style="list-style-type: none"> - Unstable electricity supply and weak logistics infrastructure 	<ul style="list-style-type: none"> · Expansion of electricity supply · Development of logistics infrastructure by public investment (supported by ODA) and private investment
	【Human resource】 <ul style="list-style-type: none"> - Lack of skilled labor - No vocational education for the industry 	<ul style="list-style-type: none"> - Enhance in-house training to workers and managing staff about quality control and mind of safe and security by public and private initiative. - Establish training center for the industry (initiated by MPIA)
	【Finance】 <ul style="list-style-type: none"> - No loan for SMEs 	<ul style="list-style-type: none"> - Establishment of government guarantees to support short and long-term credit for the sector
Fertilizer Sector		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI or JV in production/distribution of various types of fertilizer. - Rapid growth of agriculture sector and thus fertilizer 	【Policy & Regulation】 <ul style="list-style-type: none"> - Absence of law enforcement to control illegally imported fertilizer - Inefficient and prolonged input registration system for seeds 	<ul style="list-style-type: none"> · Adopt and enforce a regulation requiring imported fertilizers to come with instructions for use written in Burmese. · Improve specifications of business requirements for

<p>demand is expected.</p> <ul style="list-style-type: none"> - Several foreign companies already have launched investment projects in fertilizer production and distribution in Myanmar. 	<p>and agrochemicals</p> <ul style="list-style-type: none"> - Shortages of staff and resources, lack of capacity to decentralize, and inadequate coordination between ministries (Agriculture, Trade, Public Health, Environment and Food Safety) 	<p>fertilizer imports.</p> <ul style="list-style-type: none"> • Strengthen border inspection system and organization through capacity enhancement. • Develop targeted support plans to ensure Fertilizer (Technical) Committee, who has sufficient and adequately trained staff, a stable supply of financial resources, and increased motivation and support to build up inter-institutional coordination.
	<p>【Industry Structure】</p> <ul style="list-style-type: none"> • Difficult to control, coordinate, change, or improve the services provided by retailers due to the fragmentation at the local retail level. • Producing less than optimal production capacity due to the low efficiency of the equipment and shortage of suitable gas for urea production. 	<ul style="list-style-type: none"> • Strengthen training and provide incentive for the township and village level retailers to sell only legal fertilizer through government initiative. • Organize more businesses to have ISO standards by promoting awareness, adopting good practices, and improving production management through industry initiative. • Promote FDI for establishing new fertilizer plant with efficient equipment to produce non-urea fertilizer (organic fertilizer) or urea fertilizer with imported urea in stable condition.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> - Unstable electricity supply and weak logistics infrastructure 	<ul style="list-style-type: none"> • Develop industrial zones and SEZ with developed infrastructure • Development of logistics infrastructure
	<p>【Market】</p> <ul style="list-style-type: none"> • Lack of knowledge of agricultural inputs among farmers, which may lead to wrong use of pesticides and fertilizers • No awareness raising campaigns on appropriate chemical use in agriculture sector - Market purchasing decisions based on price, not on quality 	<ul style="list-style-type: none"> • Raise awareness and provide training for safety and effective use of fertilizers among farmers and retailers through extension activity by public and private initiative.
	<p>【Finance】</p> <ul style="list-style-type: none"> - Limited access to financial services of the small holders 	<ul style="list-style-type: none"> - Promote the Myanmar Agricultural Development Bank and private input suppliers to extend credit to the small holders

Construction Materials Sector		
<ul style="list-style-type: none"> - The strong domestic demand of various infrastructure projects and building construction projects in energy, business, health, education, transportation, housing, travel, and other public and private sector. - Steady and consistent progress of urban redevelopment. - Growth of tourism and hotel needs. - Abundance of human resources with low labor wages - Rich natural resources (water, sand, stone, gas, minerals, etc.) - Demand of upgrading outdated infrastructure and facilities - Foreign companies can establish a factory to produce construction materials with cheap labor and local raw materials. - By JV with a local company, foreign companies can distribute high quality imported materials in Myanmar for luxury hotels, residences and office buildings. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> - Lack of institutional capability of MOC to regulate the construction industry - The Building Standard Code is not legislated yet - No warranty system - Lack of quality standards 	<ul style="list-style-type: none"> - Capacity building of government staffs - Legislation of the Building Standard Code by MOC - Establish warranty system and Introduce quality standards
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> - Unstable electricity supply - Poor road condition 	<ul style="list-style-type: none"> - Improve electricity supply - Promote investment in road construction
	<p>【Human resource】</p> <ul style="list-style-type: none"> - Scarcity of skilled labor and technical expertise to produce construction materials - Limited knowledge and information on materials - Less concern on product quality and warranty 	<ul style="list-style-type: none"> - In-house training by JV partners - Promote research and development by FDI - YCDC should conduct seminar or workshop to raise awareness on product quality control and warranty - Trains local staffs in other advanced countries such as Thailand.
	<p>【Market】</p> <ul style="list-style-type: none"> - As many foreign brand materials are coming to Myanmar, the competition between local and international brands becomes very severe. - Illegal import of construction material can cause unfair competition in the local market. - No loan or financial support for production sector. 	<ul style="list-style-type: none"> - Advance competitiveness with introducing quality control and techniques. - The government should restrict illegal import and counterfeit.
	<p>【Finance】</p> <ul style="list-style-type: none"> - Limited loan to the industrial sector. 	<ul style="list-style-type: none"> - Expand financing to the industrial sector
Logistics Sector		
<ul style="list-style-type: none"> - There are opportunities for 100% FDI or JV in logistics service because of increase of trade volume. - Major customers of logistics companies are automobile, construction, garment, and oil and gas industry. - Development of various infrastructure (airport, railway, port) induce further demand for logistics. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> - Underdeveloped legal framework and rules inhibit the development of domestic logistics services - In particular, there is no government regulation exclusively designated for freight forwarders and other players - 2% income tax advance payment for export and import (excluding MIC permitted and CMP companies) 	<ul style="list-style-type: none"> - Improve related laws and rules (Carriers Act, Bill of Land Act, Marine Transport Administration Act, Myanmar Merchant Shipping Act, Road Transport and Inland Water Transport law, etc.) - Remove unnecessary taxation practice

	<p>【Industry Structure】</p> <ul style="list-style-type: none"> Approximately 85% of the providers provide classic services while only 15% of them provide value added services such as labeling, shipment tracking and cold storage 	<ul style="list-style-type: none"> Promote foreign investment and JV with local service providers Strengthen and utilize the Logistical Training Centre of MIFFA (Myanmar International Freight Forwarders Association)
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> Weak logistics infrastructure (port facilities, road /rail road network, separate air cargo transport, inland container deport capability, warehouse, cold chain management system, tracking system) Prolong transportation time 	<ul style="list-style-type: none"> Development of logistics infrastructure
	<p>【Human resource】</p> <ul style="list-style-type: none"> Scarcity of skilled labor 	<ul style="list-style-type: none"> Strengthen and utilize logistical training center of MIFFA
	<p>【Market】</p> <ul style="list-style-type: none"> Far less export than import (scarce commodities/ products to export) 	<ul style="list-style-type: none"> Export promotion through technical/technology transfer and marketing
	<p>【Finance】</p> <ul style="list-style-type: none"> Local logistics companies cannot get access to modern finance tools 	<ul style="list-style-type: none"> Establish government guarantees to support short- and long-term credit for firms in the sector
<p>SERVICE SECTOR</p> <p>Tourism Sector</p>		
<ul style="list-style-type: none"> The number of tourist arrivals has increased since 2011. Opportunities for tourism industry are the existence of rich natural resources, historical and cultural heritage, and an increase in hotels and attractive restaurants. Potential sectors are travel agent, hotel, airline service, and rental car service. 	<p>【Policy & Regulation】</p> <ul style="list-style-type: none"> No travel bureau, less promotion by the government Licenses are needed for both inbound and outbound business. Foreign company cannot obtain outbound license, so JV is necessary. Complicated and time-consuming procedures for VISA. 	<ul style="list-style-type: none"> MOHT should review the regulation of outbound tourism license or remove it totally. Waive the visa requirement for short-term stays for selected source countries and extend bilateral visa waiver agreement with neighboring countries. The government should appeal tourist spots abroad and set up the Tourism Bureau.
	<p>【Infrastructure】</p> <ul style="list-style-type: none"> Bad road, railways, electricity, and telecommunication Undeveloped transportation infrastructure; frequent delays and long travel times of national railway; most ships and ports are outdated; poor taxi and bus service Undeveloped tourism sites and coastline Limited diversity of entertainment and nightlife offerings. 	<ul style="list-style-type: none"> Upgrade inland water transport and railway system Improve taxi system and facilities Develop a program to promote cultural dance, theatre and music through festivals, fairs and events, and to promote the cultural and ethnic diversity and endowments of Myanmar. Create a night bazaar in major tourist destinations. Improve safety levels in major destinations, attractions, hotels,

	<ul style="list-style-type: none"> - Safety of tourists is not secured. - Limited airport capacity and civil aviation safety. 	<ul style="list-style-type: none"> public areas. - Improve the standard of food safety in food outlets. - Expand capacity of exiting airports to plan for expected growth in visitor numbers and establish related investment plans.
	<p>【Human resource】</p> <ul style="list-style-type: none"> - Insufficiency of skilled labor and tourism professionals; lack of customer-oriented services. 	<ul style="list-style-type: none"> - Develop technology, transfer and increase skills in customer services, create own tourism products and learn more about marketing. - Partner with foreign/western hotel schools to develop a foreign training and internship program for students. - Establish an independent board of quality assessment to monitor service qualifying the tourism industry, certify compliance with quality standards and issue the national tourism quality mark.
	<p>【Market】</p> <ul style="list-style-type: none"> - Inadequate destination marketing by the tourism services providers; inadequate information of Myanmar in other countries. - Few traditional or major festivals popular for foreigners. 	<ul style="list-style-type: none"> - Design detailed marketing strategies based on existing or new tourism product offers and specific intervention angles, such as enhancing promotion, improving quality of service and developing new packages. - Present traditional and cultural events/ festival yearly in order to attract for International visitors. - Arrange tourism events/ fund fairs and sports.
	<p>【Finance】</p> <ul style="list-style-type: none"> - Inconvenient use of credit cards. 	<ul style="list-style-type: none"> - Establish a network of Card Acceptance Systems, ATMs and other electronic payment models. - Simplify foreign exchange rules and regulations and extend foreign exchange counters - Place ATMs in all tourist destinations.

2.2.4 Additional Survey on Potential Sectors

The JICA Project Team conducted an in-depth survey for two potential sectors (i.e., food-processing industry and textile industry) with the purpose of examining investment promotion coupled with export development and industrial development. Especially, the Ministry of Industry requested advice on the food-processing industry development policy which is considered an important sector for industrial development.

The result of survey was compiled into a report in October 2018 (refer to Appendix 3). The JICA Project Team presented the contents of survey to the Ministry of Industry, Myantrade and the Food Processors and Exporters Association.

2.3. Revision of FDIPP

2.3.1 Confirmation of policies for FDIPP revision

The JICA Project Team confirmed the following reasons for necessities of FDIPP revision through discussions with the JICA advisor to JICA in October 2016:

- The new investment law was just enacted. Therefore, it is necessary to revise FDIPP in accordance with the contents of new investment law and the policy direction of new government.
- It is significant to revise FDIPP to be more comprehensive because FDIPP was formulated under time constraint.
- The Director General of DICA³ has a big interest in the FDIPP and wishes the revision.
- It is necessary to confirm and follow the intension of the Director General for the inclusion of issue of priority sectors, which was excluded in FDIPP, in the revision because the discussion by the government on priority sectors progresses as seen in the Investment Policy and MIL.

During the period from October until November 2016, the JICA Project Team studied the FDI trend, investment climate, and government policies for investment promotion of Myanmar (refer to Appendix 4).

Based on the results of studies, the JICA Project Team prepared a discussion paper for direction of revision of FDIPP and made discussion with the Director General of DICA in December 2016. The Director General of DICA made the following comments:

- FDIPP should be revised based on the Economic Policy and Investment Policy of the new government. The Sustainable Development Goals (SDG) and the National Comprehensive Development Plan (NCDP) are positioned as higher plans of FDIPP. A new five-year plan would be issued around March 2017. The NCDP is still used as a higher national development plan.
- Investment promotion is important function of regional governments as well as investment endorsement. They need capacity development same as DICA.
- It is important to include the recommendations necessary for investment even though they are out of DICA's authority such as the SEZ development and the establishment of independent investment promotion agency.
- The coordination with other government policies such as PSD and NES is necessary.

³ The Director General of DICA was U Aung Naing Oo from the start of the Project until April 2019. He moved to the post of Director General of Minister' Office and then Permanent Secretary of MIFEA in April 2019. His successor is U Thant Sin Lwin Acting Director General.

- The coordination with ministries related to investment climate improvement is a challenge to DICA.

2.3.2 Formulation of contents of revised FDIPP

The JICA Project Team formulated a plan of contents of FDIPP and discussed this with the Director General of DICA on March 3, 2017. The comments from the Director General were as follows:

- Director General basically agreed on the proposed contents of FDIPP revision.
- When the JICA Project Team questioned whether a revised FDIPP should include domestic investment promotion or not, Director General answered that it is a difficult question, but he considered it should include.
- Director General hopes early completion of revised FDIPP but he understood that it takes time to make a good plan.

2.3.3 Formulation of a draft of Myanmar Investment Promotion Plan (MIPP)

Through the consultation with JICA, the JICA Project Team formulated a draft of Myanmar Investment Promotion Plan (MIPP) in July 2017 by revising the FDIPP. The revised FDIPP was named the Myanmar Investment Promotion Plan (MIPP) because it is intended for both foreign and domestic investors. The JICA Project Team submitted the draft to DICA in August 2017. The draft MIPP recommended strategies for investment promotion in five areas: i) investment-related policies and regulations, ii) institutional development for investment promotion, iii) infrastructure development, iv) business-related systems, and v) local industries and human resources.

2.3.4 Consultation with related ministries on the draft MIPP

The JICA Project Team implemented the following consultation meetings on the draft MIPP with related ministries of Myanmar.

- Consultation meeting with DICA on August 25, 2017
The JICA Project Team explained the draft MIPP to directors of DICA and received comments from the participants. The Director General of DICA agreed the contents of draft MIPP and explained a schedule for a cabinet approval on the MIPP.
- Consultation meeting with the Ministry of Industry on October 24, 2017
The JICA Project Team explained the draft MIPP to the permanent secretary and directors of the Ministry of Industry. The participants of the Ministry of Industry agreed the importance of draft MIPP and expressed their intension to cooperate the implementation of MIPP.
- Presentation to MIC on November 10, 2017
The JICA Project Team made a presentation of draft MIPP to the members of MIC.
- Consultation meeting with the Ministry of Commerce on December 5, 2017

The JICA Project Team explained the draft MIPP to the permanent secretary and directors of the Ministry of Commerce. The participants of the Ministry of Commerce agreed the contents of draft MIPP and expressed their intension to cooperate the implementation of MIPP.

- Consultation meeting with related ministries on December 11, 2017

DICA organized a consultation meeting on MIPP inviting 14 related ministries, the central bank, 3 SEZ Committees and UMFCCI. The Director General of DICA and the JICA Project Team explained the draft MIPP and collected comments from the participants. The Director General of DICA asked the participants to submit formal comments on the draft MIPP.

2.3.5 Finalization of the draft MIPP

DICA and the JICA Project Team modified the draft MIPP based on the comments from the related ministries. The final draft MIPP was completed in February 2018. DICA translated the draft MIPP into Myanmar language in April 2018.

The draft MIPP was approved by the MIC in April 2018. DICA plans to submit the draft MIPP to the Economic Committee as the next step. After the endorsement by the Economic Committee, the draft MIPP will be send to the Cabinet for approval.

In June 2018, 250 copies of MIPP were printed for both English version and Myanmar version. MIPP was additionally printed for 250 copies for both English version and Myanmar version in August 2018.

MIPP consists of six chapters, i.e., i) Background, ii) Vision and Objective of MIPP, iii) Scenarios for Investment Promotion, iv) Bottlenecks of Investment Promotion of Myanmar, v) Strategies for Investment Promotion, and vi) Organization for Implementation.

The objectives were set to be to realize the responsible and quality investments through fundamental improvement of the business environment, i.e., i) fair and transparent investment regime, ii) institutional development for investment promotion, iii) infrastructure development, iv) supportive business-related systems, and v) competitive industrial linkage and human resources. The target FDI amount (on the GDP basis at the 2015/16 constant price) was set for US\$8.1 billion during the five years from 2016/17 – 2020/21) and US\$24.7 billion for the five years from 2031/32 – 2035/36. MIPP also pursues the improvement of the business environment with the target of increasing Myanmar's rank in the World Bank's Doing Business ranking, to be within 100 by 2020 and within 40 by 2035.

MIPP has identified the four growth paths of investment as scenarios for i) investment in export-oriented industries, ii) investment in domestic market-oriented industries, iii) investment in resource-based industries, and iv) investment in knowledge-intensive industries, and proposed investment promotion measures for each scenario. Furthermore, MIPP has proposed the strategies and actions for investment promotion as shown in Table 2-3.

An inter-ministerial committee, Investment Promotion Committee (IPC), was proposed to be established as an organization for MIPP implementation. Five task forces (T/Fs) would be established under the IPC to handle five topics, i) investment-related policies, ii) institutional development for

investment promotion, iii) infrastructure development, iv) business-related systems, and v) local industries and human resources.

Table 2-3 Strategies and Actions Proposed in MIPP

Strategies and Actions of MIPP	
1	Investment-related policies and regulations
1-1	Continuation of sound macroeconomic policies
	<p>1 Implement balanced macroeconomic policy for economic growth</p> <p>1) Maintain a consistent macroeconomic policy mix for sustainable economic growth</p> <p>2) Prepare and implement economic policies for creating a favorable business environment</p>
	<p>2 Strengthen capability of macroeconomic policy formulation</p> <p>1) Strengthen the capability of macroeconomic policy formulation in related ministries</p> <p>2) Improved macroeconomic statistics required for macroeconomic management</p> <p>3) Enhance policy-making capability of officers in relevant ministries</p>
	<p>3 Improve the provision of investment statistics</p> <p>1) Expand contents of investment statistics</p> <p>2) Establish database of investment statistics</p>
1-2	Determined commitment to open investment policy and an improved business environment
	<p>1 Establish and disseminate the principles of the investment policy</p> <p>1) Position the investment policy as a core national development policy</p> <p>2) Clearly communicate investment policy's principles, both to investors and to all the relevant Government organizations.</p>
	<p>2 Promote the coordination of investment-related policies by relevant ministries using the principles of the investment policy</p> <p>1) Establish a mechanism for cross-ministerial policy coordination, for the implementation of investment policy and improvement of the business environment.</p> <p>2) Actively communicate with the private sector on investment promotion</p>
	<p>3 Promote investment liberalization in multilateral frameworks</p> <p>1) Promote investment liberalization within the ASEAN Economic Community (AEC)</p> <p>2) Promote investment liberalization within international and regional frameworks other than the AEC</p>
	<p>4 Prepare legal framework for business environment improvement and promote deregulation</p> <p>1) Enact or revise investment-related laws and regulations for the improvement of the business environment and simplification of investment procedures</p> <p>2) Improve law-enactment capability of relevant ministries</p> <p>3) Examine and implement further deregulations for business</p>
	<p>5 Regularly review the relevance of the investment policy</p> <p>1) Establish a mechanism for investment policy review</p> <p>2) Monitor and evaluate investment trends and socio-economic development in Myanmar</p> <p>3) Revise national investment policy in response to changes in national socio-economic development policy</p> <p>4) Revise investment-related laws/regulations as need arises</p>
	<p>6 Regulate fairly and rigorously against acts violating investment and environmental protection on investment projects</p> <p>1) Monitor violations by investors</p> <p>2) Enforce environmental protection of investment projects in accordance with regulations</p> <p>3) Control investment violations by fairly applying laws and regulations</p>
1-3	Formulation of industrial policies for investment promotion
	<p>1 Create investment opportunities in line with industrial development</p> <p>1) Formulate industrial development policies and support services to promote investments in priority sectors</p> <p>2) Monitor the progress of industrial development policies and update them as the situation demands</p>
	<p>2 Examine new incentives for targeted investments</p> <p>1) Examine possible incentives for investment promotion by examining cases of other countries</p> <p>2) Introduce new incentives for targeted investments or for the improvement of business attractiveness</p>

2 Institutional development for investment promotion	
2-1	Investment promotion using nation branding
	<p>1 Investment promotion using nation branding</p> <ol style="list-style-type: none"> 1) Formulate an investor communication strategy for investment promotion 2) Organize a task force for nation branding and coordinate with export and tourism promotion 3) Formulate promotional tools for investment promotion 4) Establish collaboration between investment, export and tourism promotion, using nation branding <p>2 Enhance the DICA's promotional activities for investment attraction</p> <ol style="list-style-type: none"> 1) Enhance the DICA's investment attraction function 2) Enhance regional investment promotion activities
2-2	Diligent administration of investment-related regulations and strengthening of investor protection
	<p>1 Ensure effective implementation of legal and regulatory framework</p> <ol style="list-style-type: none"> 1) Ensure effective implementation of MIL and SEZ Law 2) Issue clarifications on investment-related laws and regulations to ensure common understanding by investors and Government offices 3) Clarify and communicate criteria and reasoning for the restrictions on foreign investors <p>2 Strengthen investor protection</p> <ol style="list-style-type: none"> 1) Establish the investor protection system, as stipulated in Myanmar Investment Law. 2) Operate fairly and improve the investor protection system
2-3	Establishment of clear application procedures and an organization for handling applications
	<p>1 Produce clear and transparent procedures for investment applications</p> <ol style="list-style-type: none"> 1) Establish investment application procedures according to MIL 2) Publicize investment application procedures as guidelines and FAQs. <p>2 Establish an organization to systematically manage applications according to procedure</p> <ol style="list-style-type: none"> 1) Establish systematic management of investment-related applications and submissions, at the relevant organizations 2) Conduct training targeting management staff <p>3 Enhance the OSSC's functions through increased authority</p> <ol style="list-style-type: none"> 1) Streamline application procedures 2) Develop an online application and tracking system <p>4 Establish post-investment monitoring mechanism under MIL</p> <ol style="list-style-type: none"> 1) Establish and apply a robust monitoring mechanism for investment projects, in accordance with MIL and other relevant laws and regulations
2-4	Promotion of systematic investor support
	<p>1 Design a systematic investor support mechanism</p> <ol style="list-style-type: none"> 1) Identify necessary support for investors by relevant ministries and organizations 2) Build a collaboration mechanism, to make the DICA and OSSC the center of services <p>2 Provide systematic investor support at the DICA and OSSC in collaboration with related ministries</p> <ol style="list-style-type: none"> 1) Provide integrated investor support services facilitated by the DICA and OSSC 2) Implement institutional development for investor support <p>3 Monitor the needs and satisfaction levels of investors</p> <ol style="list-style-type: none"> 1) Regularly monitor the satisfaction levels and needs of investors 2) Expand investor support according to the needs of investors <p>4 Promote and support the business diversification and re-investment of existing investors</p> <ol style="list-style-type: none"> 1) Design and implement promotion programs targeting existing investors 2) Form a support team for providing support to existing investors for business diversification
2-5	Establishment of an independent Investment promotion agency
	<p>1 Plan the establishment of an independent investment promotion agency (IPA)</p> <ol style="list-style-type: none"> 1) Evaluate the need for an independent IPA 2) Develop a plan for establishing an independent IPA 3) Prepare the required legal procedures and gain approval <p>2 Establish an independent IPA and implement institutional development</p> <ol style="list-style-type: none"> 1) Establish an independent IPA 2) Improve the management and operation of the IPA

3 Infrastructure development	
3-1	Improvement of infrastructure development planning for investment promotion
	<p>1 Prepare a consolidated infrastructure development plan</p> <ol style="list-style-type: none"> 1) Consolidate investment-related infrastructure projects in relevant ministries into a national infrastructure development plan, encompassing project prioritization and scheduling. 2) Evaluate financial structure and possible finance sources for infrastructure projects <p>2 Enhance the planning and implementation capability for infrastructure projects</p> <ol style="list-style-type: none"> 1) Improve the planning capability of relevant ministries for infrastructure projects 2) Facilitate coordination among relevant ministries for the implementation of infrastructure projects
3-2	Promotion of investment in industrial zones and SEZs
	<p>1 Improve administration policies for industrial zones and SEZs</p> <ol style="list-style-type: none"> 1) Improve administration and management of industrial zones 2) Formulate a national industrial allocation plan 3) Formulate rules and standards for industrial zone development and management 4) Establish one-stop service centers in industrial zones <p>2 Expand and upgrade existing industrial zones and SEZs</p> <ol style="list-style-type: none"> 1) Upgrade the infrastructure of existing industrial zones 2) Expand Thilawa SEZ and continue development of the Dawei and Kyaukphyu SEZs, in accordance with development plans <p>3 Promote new investment in industrial zones and SEZs</p> <ol style="list-style-type: none"> 1) Promote development of industrial zones 2) Promote new special-purpose industrial zones and areas
3-3	Establishment of a PPP framework and promotion of PPP projects
	<p>1 Formulate a PPP Master Plan</p> <ol style="list-style-type: none"> 1) Establish an organization responsible for PPP promotion 2) Formulate a PPP Master Plan based on the Myanmar PPP Policy Document <p>2 Prepare a PPP framework and implement capacity development</p> <ol style="list-style-type: none"> 1) Establish a legal framework for PPP in Myanmar 2) Establish competitive PPP processes 3) Establish financial support schemes, such as viability gap funding and Government guarantees 4) Improve the capabilities of associated ministries, for PPP project preparation and PPP transactions <p>3 Implement PPP transactions</p> <ol style="list-style-type: none"> 1) Identify and establish PPP projects 2) Implement PPP transactions and manage PPP projects
4 Business-related systems	
4-1	Formulation of regulations for business-related systems
	<p>1 Construct robust protection for intellectual property</p> <ol style="list-style-type: none"> 1) Produce a roadmap for establishing intellectual property administration, in accordance with international requirements. 2) Establish an organization for the administration of intellectual property issues, in collaboration with relevant ministries. 3) Enact intellectual property laws and regulations to international standards 4) Establish clear and transparent registration system and IT system 5) Strengthen enforcement against infringement of intellectual property law <p>2 Establish national product standards</p> <ol style="list-style-type: none"> 1) Expand national product standards 2) Expand institutions for carrying out standards inspections 3) Promote national standards to the private sector and consumers
4-2	Enhancement of the financial sector
	<p>1 Increase financial sector capacity for capital investment financing</p> <ol style="list-style-type: none"> 1) Advance financial sector reform and strengthen the banking sector 2) Foster capital markets for long-term fundraising 3) Progressively deregulate investment by foreign financial institutions 4) Plan the establishment of a development bank <p>2 Enhance financing for SMEs and entrepreneurs</p> <ol style="list-style-type: none"> 1) Expand SME finance schemes for targeted sectors and linkage industry development

	2) Develop venture funds
5	Local Industries and Human Resources
5-1	Promotion of industrial linkage
	<p>1 Formulate and implement plans for the development of industrial linkage and cluster development</p> <p>1) Formulate a development plan for industrial linkage and cluster incubation</p> <p>2) Establish collaborative relationship between stakeholders, for industrial linkage development.</p>
	<p>2 Strengthen industrial linkage according to plans</p> <p>1) Provide guidance to stakeholders on industrial linkage development</p> <p>2) Implement investment promotion measures for industrial linkage</p> <p>3) Promote FDI's technical guidance to local suppliers</p>
	<p>3 Implement measures for developing an advanced industrial cluster</p> <p>1) Provide support to develop the business infrastructure needed for an advanced industrial cluster</p> <p>2) Promote industrial agglomeration and upgrading of value-added operations</p>
5-2	Capacity development of local industries
	<p>1 Provide comprehensive support to local SMEs for improved competitiveness</p> <p>1) Develop and implement a comprehensive support program targeting SME investors</p> <p>2) Enhance the capability of Government organizations providing support to SMEs</p> <p>3) Promote the establishment of business development service (BDS) providers</p>
	<p>2 Facilitate technology transfer and productivity improvement</p> <p>1) Facilitate technology transfer contracts and licensing by supporting local companies</p> <p>2) Provide incentives for R&D and the import of advanced technology machinery</p> <p>3) Facilitate technology transfer by universities and promote joint R&D by universities, research institutions and the private sector</p> <p>4) Attract foreign investment for technology-intensive sectors</p> <p>5) Increase absorptive capability by improving national technology levels</p>
5-3	Establishment of entrepreneur support
	<p>1 Create business incubation opportunities in knowledge-intensive service sectors</p> <p>1) Formulate a legal framework for digital businesses, to create a solid business foundation, control illegal competition and attract investors.</p> <p>2) Provide information on new sector business opportunities</p>
	<p>2 Provide support to start-ups</p> <p>1) Establish incubation facilities and provide consultation and guidance for business start-ups</p> <p>2) Promote assistance for entrepreneurs, from universities and large companies.</p>
5-4	Improvement of human resources development for industry
	<p>1 Formulate a plan for human resources development for industry</p> <p>1) Monitor the needs of the private sector</p> <p>2) Specify the needs for human resources development and formulate a plan to develop human resources for industry</p>
	<p>2 Enhance education and training of human resources for industry</p> <p>1) Upgrade existing education and training institutions to produce skilled workers</p> <p>2) Promote the introduction of high-level practical training courses</p> <p>3) Enhance technological education at the higher education level to supply human resources for industry</p>
	<p>3 Collaborate with the private sector on human resources development for industry</p> <p>1) Encourage in-house training for FDIs</p> <p>2) Promote employment placement service</p>

2.3.6 Cabinet Approval of MIPP

The draft MIPP received the comments of Union Attorney General Office, and the approval of the Economic Committee. The cabinet approved the MIPP in July 2018 (refer to Appendix 5).

2.3.7 Opening Ceremony of MIPP

The Opening Ceremony of MIPP was held with the purpose of publicizing the inauguration of MIPP. The ceremony was organized by MIC and co-organized by JICA with the sponsorship of GIZ. The agenda of ceremony was as follows:

9:00 - 9:30	Reception
9:30 - 10:00	Opening Remarks
10:00 - 10:15	Photo Session
10:15 - 10:30	Break
10:30 - 10:45	Speech: “Key Points of Myanmar Investment Promotion Plan” by MIC
10:45 - 11:00	Speech: “From FDIPP to MIPP-Necessity of Myanmar’s investment climate reform” by JICA Project Team
11:00 - 11:15	Q&A Session
11:15- 11:30	Closing Remarks

The ceremony was held in three cities (Nay Pyi Taw, Mandalay and Yangon) as follows:

- Nay Pyi Taw: Held on October 8 (Mon). The number of participants was 120 persons, of which 81 persons were from related Myanmar ministries, 15 persons from the Japan side, and 24 persons from the media. The opening remarks were made by Director General of DICA and the Senior Representative of JICA Myanmar Office. The speakers were Director General of DICA and team leader of JICA Project Team.
- Mandalay: Held on October 10 (Wed). The number of participants was 154 persons, of which 75 persons were from related Myanmar ministries, 8 persons from the Japan side, 44 persons from the Mandalay Region Chamber of Commerce (MRCCI), 13 persons from private companies and 14 persons from the media. The opening remarks were made by Director General of DICA and the Senior Representative of JICA Myanmar Office. The speakers were Director General of DICA and team leader of JICA Project Team.
- Yangon: Held on October 18 (Thu). The number of participants was 131 persons, of which 80 persons were from related ministries, 12 persons from the Japan side, 20 persons from foreign chambers of commerce, and 16 persons from the media. The opening remarks were made by U Aye Lwin, MIC member and the Chief Representative of JICA Myanmar Office. The speakers were Deputy Director General of DICA and team leader of JICA Project Team.

Local TV and news reported the Launching Ceremony.

2.3.8 Decision of Members of Investment Promotion Committee and Task Forces

In April 2018, MIC has formulated a list of members of the Investment Promotion Committee (IPC) and Task Forces, which are proposed in MIPP. The list was modified in October 2018 due to the personnel shift of related ministries.

MIC received the comment on the list from the Union Attorney General Office and submitted it to the Economic Committee. The list was returned with the comments from the Economic Committee to MIC. MIC plans to submit the revised list to the Economic Committee.

CHAPTER 3 Institutional Building and Capacity Development of DICA

3.1. New Investment Regime in Myanmar

3.1.1 Myanmar Investment Law (MIL)

The Myanmar Investment Law (MIL) was enacted on 18 October 2016 by consolidating Myanmar Foreign Investment Law and Myanmar Citizens Investment Law. It has brought in new investment application and approval scheme with the purpose of facilitating these processes, together with the new incentive scheme with the purpose of rationalization of the investment incentives by removing the blanket incentives. The outline of new investment application and incentive schemes are as follows :

(1) Simplification of Investment Application and Approval Scheme

The investor shall submit a **proposal** to the Myanmar Investment Commission (MIC) and invest after receiving the **permit** for the following investment activities: (MIL section 36)

- a) Investment activities that are essential to the national strategy;
- b) Large capital-intensive investment projects (Investment over US\$ 100 million);
- c) Projects which are likely to cause a large impact on the environment and the local community;
- d) Investment activities which use state owned land and buildings; or
- e) Investment activities which are designated by the Government to require the submission of a proposal to the Commission.

No investor is required to submit a Proposal to MIC for other investment activities except investment activities stipulated under section 36 (MIL section 37). In order to enjoy the right to use land and/or one or more than one or all of the exemptions and reliefs, an **endorsement application** must be submitted to MIC Office. (MIL section 37)

(2) Rationalization of Incentive Scheme

a) Income tax exemptions

MIC may grant income tax exemptions to investment projects in; (MIL section 75.a)

- i) Zone 1 (Less developed region): For a period of 7 consecutive years (including the year of commencement of commercial operation)
 - ii) Zone 2 (Moderate developed regions): For a period of 5 consecutive years
 - iii) Zone 3 (Developed regions): For a period of 3 consecutive years
- b) Income tax exemptions shall be granted only for the Promoted Sectors. (MIL section 75.c)
 - c) Exemptions or reliefs from customs duty and other internal taxes to the investor if applied: (MIL section 77)
 - d) Exemptions or reliefs from customs duty or other internal taxes or both on machineries, equipment, instruments, machinery components, spare parts, construction materials unavailable locally, and materials used in the business, which are imported during the construction period

- or during the preparatory period of the investment;
- e) Exemptions or reliefs from the customs duty or other internal taxes or both on the importation of the raw materials and partially manufactured goods conducted by an export-oriented business for the purposes of the manufacture of products for export;
 - f) Reimbursement of customs duty or other internal taxes or both on imported raw materials and partially manufactured goods which are used to manufacture products for export;
 - g) If the volume of investment is increased with the approval of MIC and the original investment is expanded during the permitted period of investment, exemptions or reliefs from the customs duty or other internal taxes or both on machineries, equipment, instruments, machinery components, spare parts, materials used in the business, and construction materials unavailable locally, which are imported as they are actually required for use in the business which is being expanded as such increases may be granted.

MIC may grant the following exemptions and reliefs, as required, to the investor if applied (MIL section 78):

- a) Exemptions or reliefs from income tax if the profit obtained from the investment that has obtained a Permit or an Endorsement is reinvested in such investment or in any similar type of investment activities within one year;
- b) Right to depreciation for the purpose of income tax assessment, after computing such depreciation from the year of commencement of commercial operation based on a depreciation rate which is less than the stipulated lifetime of the machinery, equipment, building or capital assets used in the investment (new incentive);
- c) Right to deduct expenses which are incurred for the research and development relating to the investment activities carried out within the Union and actually required for the economic development of the Union from the assessable income (new incentive).

Table 3-1 Summary of New Investment Application and Incentive Schemes under MIL

1.	Only when the investor intends to engage in the investment activities listed in Section 36, the investor shall be required to submit a Proposal to MIC and MIC may grant a Permit to the adequate project.
2.	Other investors shall be required only to submit an Endorsement application to MIC if they intend to engage in the investment activities other than these listed in Section 36 and seek for an authorization of land use right and incentives. Endorsement approval shall be made based on the simpler assessment criteria .
3.	Application for Tax Incentive under section 75 of MIL and/or Land Right Authorization Application shall be submitted concurrently with a Permit or an Endorsement application.
4.	Application for Tax Incentive under section 77 and 78 of MIL may be submitted subsequently to the Proposal or Endorsement application.
5.	Income tax exemption shall be granted only for the sectors notified as Promoted Sectors and a period of exemption shall be decided according to Zone where such investment project will be implemented.
6.	Exemption or relief of customs duty and/or internal tax shall be applied to the fixed assets imported during the construction period or during the preparatory period of the investment for these investors with Tax Incentives
7.	Exemption or relief of customs duty and/or internal tax on the imported production inputs shall be applicable only

to the export-oriented business for the manufacture of export products.

8. New Incentives such as **accelerated depreciation** or **deduction of R&D expenses** from assessable income have been introduced.

Source: MIL

3.1.2 Establishment of State or Regional Investment Committee under Myanmar Investment Rules

Following the enactment of MIL, Notification No. 11/2017 of Ministry of Planning and Finance was issued on 3 March 2017 to prescribe that the State or Regional Investment Committee is entitled to issue the Endorsement order for the project with the investment capital amount up to USD 5 million or MMK 6 billion. In addition, MIR was officially issued under Notification No.35/2017 of Ministry of Planning and Finance on 30 March 2017 and the State or Regional Investment Committee (State or Regional Committee) has been formed by MIC under rule 151 of MIR.

State or Regional Committee consists of up to 7 members and shall have odd number. The Chief Minister of the State or Region will be appointed as the Chairman and the head of the State or Regional Committee Office (the state or regional office of DICA) will be appointed as the State or Regional Secretary. For other members, the suitably qualified persons will be appointed from the State or Regional Ministries or other Authorities by the Chairman of the State or Regional Committee.

3.1.3 Issues to be improved in MIL and MIR

Although MIL and MIR aim to clarify and simplify the procedures of investment application and approval and to rationalize the fiscal incentives, several issues still remain from viewpoints of freer business environment, transparency and predictability.

Notification No. 15/2017 of Ministry of Planning and Finance revealed the so-called “Negative List” which exhibits the following restricted investment sectors/areas.

- Investment activities allowed to be carried out only by the Union: 9
- Investment activities that are not allowed to be carried out by foreign investors: 12
- Investment activities allowed only in the form of a joint venture with any citizen owned entity or any Myanmar citizen: 22
- Investment activities to be carried out with the approval of the relevant ministries: 126 (Total: 169)

Among these restricted sectors, the investments required the ministerial recommendation have wide ranges. From other point of view, the new investment scheme in Myanmar still allows a strong control power of relevant ministries. However, it is not certain whether these relevant ministries properly possess the ability, capability and intention to judge the eligibility of proposed projects for recommendation from viewpoint of investment facilitation. Moreover, the requirements and procedures to obtain such ministerial recommendation are not clearly stated.

To solve these problems, DICA is now trying to obtain the criteria for making judgement on recommendation from relevant ministries, prepare a project assessment check list, complete the pre-checking at a time of project assessment and send the checked list by attaching to the Proposal or Endorsement application to relevant ministries for obtaining their opinions.

The other problem is that the criteria for project assessment which are described in MIL and MIR are rather qualitative and notional. Consequently, it is not clear what kind of data or information will be required for proving to meet criteria.

When the investor seeks for the financial incentives and/or authorization of land use, the investor should prepare two more applications beside the Proposal or Endorsement application. Such complicated procedure may not be along the objective of new MIL which aims the simplification of investment application procedure.

To improve these situations, the following measures are recommended to be taken:

- Unify the interpretation of provisions of MIL and MIR, prepare the detailed supplemental or explanatory directives, notices or guidelines which should be notified to the relevant government officers in charge and the investors
- Prepare Q&A about the procedures, requirements, clarification and others. and upload it to MIC/DICA website
- Make public the standard form to be used in the application for the authorization of land use and the required procedure which includes the application of alternation of land use purpose
- Make forms of Proposal or Endorsement application that are more inclusive and avoid the duplicated requirement of information in application
- Instruct the required information, data and evidence which prove to fulfill the assessment criteria
- Introduce the quantitative assessment measures to make the judgement more objective and accountable
- Establish the superiority of MIL as a special law over the basic laws

3.2. Institutional and Capacity Development of DICA

3.2.1 Current Organizational Structure of DICA

The outline of current organizational structure and duties of DICA is as shown in the following table.

Table 3-2 Duties of Divisions of DICA

Director General	
Deputy Director General (In Charge of Operation)	
Investment Division 1 (15 persons)	<ul style="list-style-type: none"> - Issuance of MIC Permit, as approved by MIC, to agriculture, forest, livestock, fisheries, and foodstuff sector - Make checklists to evaluate the proposals such as financial justification and machineries. Submit to the Proposal Assessment Team and request the State or Regional government and relevant ministries' comment at the same time - Submit proposals that are completely analyzed to MIC, etc.
Investment Division 2 (14 persons)	<ul style="list-style-type: none"> - Issuance of MIC Permit, as approved by MIC, to garment, small industry, middle industry, and heavy industry sector - Ditto

Investment Division 3 (15 persons)	<ul style="list-style-type: none"> - Issuance of MIC Permit, as approved by MIC, to services, infrastructure, and others related sectors such as construction, transportation, telecommunication, industrial zones and electricity - Ditto
Investment Division 4 (13 persons)	<ul style="list-style-type: none"> - Issuance of MIC Permit, as approved by MIC, to mining, energy, oil & gas and other sectors - Ditto
Deputy Director General (In Charge of Coordination)	
Investment Promotion Division (20 persons)	<ul style="list-style-type: none"> - Performing external and internal investment promotion activities such as; - conducting workshops, seminars and meetings collaborating with local and foreign organizations for investment promotion - loading the updated investment data, information, news, procedures, rule and regulations through website - publication of Investment Guide Books, etc.
Planning & Statistics Division (22 persons)	<ul style="list-style-type: none"> - Collecting company registration and investment data for planning law and regulation, and policy making - Preparing various investment reports for the internal government institutions and Union Minister Office for the purpose of the transparency - Obtaining technical assistance from the Central Bank of Myanmar, ASEAN Secretariat Office, International Monetary Fund (IMF), and other international organization
Policy & Legal Division (25 persons)	<ul style="list-style-type: none"> - Reviewing, revising and amending the existing laws with respect to the DICA - Drafting the rules and procedures as well as issuing notifications - Carrying out policy matters related to MIC - Scrutinizing Permit (Draft), Decision (Draft) of foreign investment and Myanmar citizen investment and Notification (Draft), etc.
HRD and R & D Division (13 persons)	Activities relating to human resources development and research and development work
Deputy Director General (In Charge of Monitoring)	
Investment Monitoring Division (34 persons)	<ul style="list-style-type: none"> - Obtain import license for raw materials and machineries which are required for the business after issuing the Permit - Stipulating the rights of the business such as tax exemption and relief as approved in the MIC meeting - Performing the activities related to the appointment of foreign experts, stay permit, visa extension and multiple entry visa for the businesses under MIC Permit - Monitor reports, submissions and tax payments - Check submissions for an increase in an investment amount and, requests for imported machinery after construction period for approval at the MIC meeting - Monitor the businesses
Company Division (36 persons)	Activities relating to the company registration
Administration & Finance Division (58 persons)	Activities relating to administration of organization, personnel and others
Deputy Director General	
Region / States Branch Offices	<ul style="list-style-type: none"> - Activities of DICA in Region/State - Being a Regional/ States Investment Committee Office
Departmental Cooperation Team/OSS (56 persons)	Provision of OSS services

Note: As of March 2018. The posts of Deputy Directors General in charge of monitoring and regional offices are vacant as of March 2019.

3.2.2 Assistance to DICA by Development Partners

Several development partners have been providing assistance to DICA among their assistance for investment promotion with the recognition of the importance of DICA's role in expanding investment in Myanmar and high expectations for DICA.

As mentioned above, JICA has supported DICA to formulate the Long-term Foreign Direct Investment Promotion Plan (FDIPP) and dispatched advisors for investment promotion. In 2019, JICA

has started the Project for Promoting Investment for Enhancing Industrial Competitiveness to support the implementation of MIPP and institutional enhancement of DICA.

The major assistance rendered by other development partners are as follows.

The Asian Development Bank (ADB) has implemented the Companies Law Reform Project to support companies law reform and the introduction of online company registration system. ADB plans to support investment actualization and MIC decentralization through the Strength Institutions for Better Investment Climate Project.

GIZ has supported investment-related guidebooks, HR capacity building and publicity capacity through the Strength Capacities of the Private Sector Project.

The International Finance Corporation (IFC) supported the formulation of Myanmar Investment Law and Myanmar Investment Rules. It is supporting the investors grievance mechanism through the Myanmar Investment Policy Reform Project, as well as the review of SOPs for state and region DICA offices.

The DaNa Facility supports investment seminars in Chin State and Rakhine State through Investment Planning and Facilitation Support, as well as the update of the OECD Investment Policy Review.

The International Trade Centre (ITC) has just launched the Trade and Investment Project in 2019, which will support sector-specific and state-specific investment strategies and investment promotion capacity development.

3.2.3 Improvement of the Activities of DICA and Institutional Reform

As seen in the preceding section, the activities of DICA are categorized in 4 areas as follows:

- i) Investment promotion activities;
- ii) Company registration activities;
- iii) Investment approval activities; and
- iv) Investment monitoring activities.

Regarding investment promotion activities, upon GIZ's assistance to designing of DICA's website, DICA updates information and maintain the website. DICA also drafted the contents of Myanmar Investment Guidebook and GIZ covered printing expense for the Myanmar Investment Guidebook. JICA and JETRO assisted the translation of guidebook into Japanese. As for overseas investment promotion seminars, various international and domestic organizations have been supporting DICA.

The company registration has been a conventional function of DICA and DICA has a long experience. The online company registration system, MyCo, started in August 2018 and registered companies made online re-registration. MyCo has realized the simplification of company registration and renewal procedures and the system has been smoothly operating.

The activities relating to investment approval may be divided into the following categories:

- i) Carrying out the investment screening, if requested, on whether a planned investment application is compatible with the provisions of MIL or not, and issuing a non-binding guideline
- ii) Checking eligibility and completeness of a proposal or endorsement application according to the checklist as for a project exceeding USD 50,000 and accepting the application
- iii) Evaluating the proposal or endorsement application from the viewpoints of fiscal justification and appropriateness of machinery to be imported
- iv) Submitting the evaluation checklist to the Proposal Assessment Team
- v) Requesting relevant ministries' comments for the project which requires the ministerial recommendation
- vi) Requesting Region/State governments' comments for land use right authorization
- vii) Submitting to the MIC meeting the proposal or endorsement that is completely analyzed
- viii) Issuing a permit or endorsement as approved at the MIC meeting

Among above activities relating to investment approval, it is doubtful whether DICA staff in charge are fully coping with the above activity c) or not. Most of DICA staff start to work at DICA without experience of real business just after graduating from school. It may be possible for them to evaluate pro forma standards such as the investment amount or financial backgrounds. However, it may be difficult to make detailed assessment of the investor' market position, features of products, technologies and business model and/or possible contribution to industries in Myanmar. In fact, there is no place to describe the information of an ultimate mother company in current Proposal or Endorsement Application. For being accountable to Myanmar nationals, it is vital to examine whether the proposed project deserves the fiscal incentives to be provided by the government at its cost by assessing the project value comprehensively.

Most of the assessment criteria stipulated in MIR are very formal and abstract so that comprehensive assessment of the proposed project is difficult.

Under rule 64, it is stipulated that the investor or proposal shall be assessed and determined whether to meet the following criteria or not.

- i) an investor is acting, and the investment will be made in accordance with the laws of Myanmar;
- ii) an investment is one for which a permit is required;
- iii) a proposal is in accordance with the law;
- iv) an investor has demonstrated a commitment to carry out the Investment in a responsible and sustainable manner, including by, as relevant, limiting any potentially adverse environmental and social impacts; In the commitment, it includes without limiting to environmental conservation actions, compliance with environmental conservation policies, human rights and application of effective technology for natural resources and practices of waste management;
- v) an investor, holding company and associate involved in the management of the investment have business experience and acumen relevant to the investment;

- vi) an investor, associate and holding company have demonstrated its financial commitment to the investment;
- vii) an investor, associate and holding Company are of good character and business reputation; and
- viii) an investment is compatible with national development, security, economic, social and cultural policies, taking into consideration development, security, economic, social and cultural policy objectives announced by the Union Government or any State or Regional Government affected by the investment.

In addition, rule 91 prescribed the additional criteria as follows for the income tax exemption or reliefs:

- i) for income tax exemption, all investments are made in promoted sectors;
- ii) involves the expenditure of additional funds or application of further capital in the Union of an amount exceeding \$300,000;
- iii) the investor holds or is still applying for a Permit or Endorsement in respect of the Investment;
- iv) in the case of income tax exemption, the investment is being made in a place designated under a Commission notification as Zone 1, Zone 2 or Zone 3 (or more than one zone);
- v) the investment will assist with the creation of new employment opportunities and the development of a skilled labor force;
- vi) the investment will bring into the Union new or enhanced technology or business skills;
- vii) the investment will lead to added market competition, greater efficiency or productivity, or provision of enhanced infrastructure or services, in the Union; and
- viii) the investment will increase export receipts for the Union.

Compared to these for proposal assessment, the assessment criteria for tax exemption and reliefs include some concrete criteria, only the minimum investment amount is exhibited in number and other criteria are described all in qualitative ways. As examined later in Article 3.3.2, it is strongly recommendable to introduce the quantitative assessment measures for making the assessment result more accountable.

Regarding DICA's activity mentioned in above item "e) requesting relevant ministries' comments for the project which requires the ministerial recommendation", as explained in 3.1.3, DICA now tries to implement the scheme in which DICA obtains the criteria for making judgement on recommendation from relevant ministries, prepares checklist based on the criteria information provided by relevant ministries, completes the pre-checking basing on such checklist at a time of project assessment and send such checked list by attaching to the proposal or endorsement application to relevant ministries for obtaining their opinions. However, the reasons for requesting the Investors to obtain the ministerial recommendation are not clearly stated in anywhere and, in some cases, the purpose of such requirement seems to protect the Myanmar companies. In developing countries, the investment promotion often targets to facilitate the foreign direct investment. If so, it is vital for the government to provide a freer investment environment to foreign investors basing on non-discriminatory policy under the

comprehensive foreign investment promotion policies. To realize such comprehensive investment promotion policies, it is recommendable to establish an investment promotion and administration organization (IPO) independent from other governmental ministries and other organizations and place it directly under the top person of the government such as the president or the prime minister. Such solid and strong status may enable IPO to adjust or control the interests of relevant ministries and form integrated and comprehensive investment promotion policies.

One of the important activities of the monitoring section is to monitor whether an approved investment project is implemented according to the approved proposal. It has been often difficult for many developing countries to grasp the situation of actual investment. Thus, actual investment amount has been seldom monitored and made public in these countries. The investment amount consists of the paid-up capital (equity) and external borrowing (debt). To monitor the situation of paying-up of the capital may become possible by asking the investors to report the remittance of the capital and attaching the receiving bank's credit advise. It is possible to monitor the external borrowing of offshore loans by obtaining from the Central Bank of Myanmar the information of the issued approval of off-shore loans. It is also possible to monitor the on-shore loans if DICA asks the investors to report, as their obligations, such on-shore loans from the banks in Myanmar and attaching a copy of loan agreement. By developing a simple software, DICA may be able to carry out such works to monitor the payment situations of the committed investment amount smoothly.

3.2.4 Recommendation for Capacity Development of DICA Personnel

As stated in above 3.2.2, a proposed project should be examined whether it shall deserve fiscal incentives provided by the government at its cost in order to support MIC's fair decision on the investment approval. Therefore, DICA staff in the Investment Divisions and the members of the Project Assessment Team are requested not only to evaluate the external standards of the proposed project such as the investment amount and financial conditions, but also to make deeper analysis regarding investors' market position, past achievements, features of products, technologies and business models and/or possible contribution to industries in Myanmar, etc. to clarify the comprehensive value and/or the sustainability of the project.

On the other hand, as officers of other governmental organizations, most of DICA's staff do not have business experience because they join DICA right after graduation. They may lack sufficient experiences and knowledge of such deep analysis of business projects. The following training basing on a series of workshops are recommended to be implemented with the purpose of strengthening their ability and improving vulnerability. The target of training will be staff of the Investment Division and the Project Assessment Team.

(1) Workshop on Improvement of Investment Application Form

- It has been pointed out by investors that some necessary items to be provided are missing (especially the information of the ultimate mother company) or the meanings of some items are

obscure; as a result, it is difficult to fill in under the current investment application forms for a proposal or endorsement application.

- Items to be filled in the investment application forms have to cover not only the information outlining the project but also the information relating to the assessment criteria.
- These items in the investment application forms have to provide enough information which enables the quantitative assessment, if such assessment measure is to be adopted.
- The investment application forms have to clarify the necessary attachments which prove the eligibility for assessment criteria.
- In the workshop, the instructor will explain the necessity of improvement of investment application forms and ask the participants to prepare modified forms for improvement. Through discussions among the participants, the workshop will target to finalize the draft modified forms.

(2) Workshop on Project Assessment

- **Assessment criteria:** The participants will be first requested to review the assessment criteria described in MIL or MIR and prepare their own idea of more suitable assessment criteria. Through discussions among the participants, the workshop will target to finalize the draft modified assessment criteria under the guidance of an instructor.
- **Project Assessment:** Workshops will be held periodically every month to cover all the staff in Investment Division and Project Assessment Team. The appointed participants will be requested to prepare the project assessments based on the actual investment proposals and explain the contents of own assessments. The participants will discuss about their assessment contents and methods under the guidance of an instructor. An instructor who has rich experiences in business will comment on the presentation of appointed participants and give guidance for improvement.
- **Project Assessment Report** which will be submitted to MIC meeting: The participants will discuss, under the guidance of an instructor, the contents and/or style of the project assessment report, which will be submitted to MIC meeting, with the aim to make the report more practical in assisting MIC members to make fair judgement on the investment approval.

(3) Workshop on Creation of Quantitative Project Assessment Table

- This workshop will aim to draw out the quantitative project assessment table which provides more objective standard for the decision-making on investment approval.
- An instructor will explain the necessity of adopting the quantitative project assessment method and the participants will be requested to prepare their own draft of quantitative project assessment table and, through discussion under the guidance of an instructor, to make a final draft.

In addition, the following trainings are recommended to be provided to the members of the Monitoring Division:

(4) Workshop on the scope of investment project monitoring

- The participants will be requested to review and discuss the scope of monitoring works which the Monitoring Division is required to engage under MIL and MIR, and propose the additional monitoring items if these are missing in MIL or MIR.
- The participants will be requested to discuss, under the guidance of an instructor, the method for monitoring these missing items, especially for monitoring the progress of project implementation at initial stages, such as the investment capital to be brought-in, and try to find out an effective and sustainable monitoring method.

(5) Workshop on the Annual Report to be Submitted by the Investors

- The participants will be requested to review the information on the investment projects which enables the Monitoring Division to monitor the transition of such investment projects effectively and draw out the necessary reporting items and report form.

3.2.5 DICA Workshop

With the purpose of improving the investment application forms, Proposal and Endorsement Application, and drafting the investment assessment table, JICA Study Team held the workshop for DICA staff as follows:

(1) First workshop

Time & Date: (9:30 – 12:30 on 17 July 2018) (9:30 – 12:30 on 18 July 2018)

Venue: Meeting Room of JICA Headquarters

Participants: July 17 (32 participants), July 18 (25 Participants): Staff of DICA Headquarters and OSS members

Agenda:

July 17

- a) Presentation on the current practice of investment application by the member of Proposal Assessment Team
- b) Lecture by JICA Study Team
 - Issues on current practice of assessment of “Proposal”, “Endorsement Application”, “Tax Incentive Application” and “Land Rights Authorization Application”
 - Assessment of the proposed project in relation with “Objectives” of MIL
 - Importance of the proposed project assessment in terms of government cost in providing fiscal incentives
 - Importance of the information of ultimate mother company
 - Difference in assessment of Tax Incentive Application and Land Rights Authorization Application

July 18

- Group discussion:

Group A: Comparison between Form (2) “MIC’s Proposal” and FORM-1
(Investment application in Thilawa SEZ)

Group B: Improvement of Form (2) “MIC’s Proposal”

(2) Second Workshop

Time & Date: (9:00 – 12:00 on 7 August 2018) (9:00 – 12:00 on 8 August 2018)

Venue: Meeting Room of JICA Headquarters

Participants: August 7 (26 participants), August 8 (27 Participants): Staff of DICA Headquarters and OSS members

Agenda:

- a) Suggestion for improvement of Proposal and Endorsement Application
- b) Suggestion for the preparation of the investment assessment table to issue Permit and Endorsement
- c) Suggestion regarding the required Attachments to Proposal and Endorsement Application

(3) Third Workshop

Time & Date: (10:30 – 12:30 on 21 August 2018) (10:00 – 12:30 on 23 August 2018)

Venue: Meeting Room of JICA Headquarters

Participants: August 21 (25 participants), August 23 (26 Participants): Staff of DICA Headquarters and OSS members

Agenda:

- a) Discussion and suggestion for improvement of Proposal and Endorsement Application
- b) Explanation of DICA draft of Assessment Table
- c) Discussion on the DICA draft of Assessment Table and suggestion for the improvement of such draft

(4) Fourth Workshop

Time & Date: 9:00 – 12:30 on 18 September 2018

Venue: Meeting Room of JICA Headquarters

Participants: 30 participants: Staff of DICA Regional Offices and members of Regional/State Investment Committees

Agenda:

- a) Importance of the information of an ultimate mother company for the evaluation of proposed project
- b) Objective evaluation of the proposed project: Quantitative evaluation
- c) Evaluation criteria and evaluation weights to match with the government policies
- d) Evaluation Notes as a summary of recommendation of Investment Committee Secretariat to the members of Investment Committees for their decision
- e) Necessity to improve/revise the Endorsement Application form to make assessment table

workable

3.2.6 Follow-up after Workshop

Following the above Workshops, DICA planned to apply the developed Quantitative Assessment Table to the projects proposed in Proposals or Endorsement Applications to check its availability for actual assessment. However, as such Quantitative Assessment Table includes the assessment of ultimate parent company, it could not be used as planned under the condition that Proposal and Endorsement Application forms do not contain the questions about the ultimate parent company. Hence, it was reported to JICA Study Team that, to cope with this issue, DICA intended to develop the supplementing form which would cover the missing questions.

In February 2019, JICA Study Team found that Minister of Investment and Foreign Economic Relations, who is the Chairman of MIC and regulates DICA, instructed to modify the forms of Proposal and Endorsement Application urgently to commence the use of Quantitative Assessment Table early.

3.3. Institutional Building of State/Regional Investment Committee

3.3.1 Duties and Powers of State or Regional Committee

- The duties and powers of the State or Regional Committee are stipulated under rule of MIR as follows:
- Assessing the Proposal and recommending whether or not the Proposal should be approved (rule 155);
- Assessing the Endorsement application and recommending whether or not the application should be approved (rule 155);
- Monitoring of Investments according to laws, rules and regulations after approving the Permit or Endorsement (rule 155); and
- Assessing Land Rights Authorization applications (rule 118.a of MIR)

However, the assessment of a proposal is tentatively suspended as a duty of the State or Regional Committee. In addition, the assessment of endorsement application and issuance of approval for such application is also currently limited to a project with the investment capital amount up to USD 5 million or MMK 6 billion. The State or Regional Committee receives and forwards the tax incentive application, submitted by the investment businesses which received the Endorsement or by the investment businesses which are currently applying for an endorsement permit, to the MIC but is not allowed to decide the provision of the Tax Incentives.

When the proposed investment project will be made in more than one state or region or requires the approval from the relevant ministries out of the restricted investment activities specified by notification according to section 42 of MIL, the proposal or endorsement application shall be assessed by the MIC.

3.3.2 Assessment of Endorsement application

Among the duties of State or Regional Committee, the assessment of an endorsement application may be the most important duty of the State or Regional Committee.

According to rule 79 of MIR, the State or Regional Committee must assess every Endorsement application and determine whether to issue an Endorsement, after considering the objectives, principles, rights and responsibilities in the Law and applying the following criteria:

- i) An investor is acting, and the Investment will be made, in accordance with the laws of the Union;
- ii) An investment needs an Endorsement according to section 37 of MIL;
- iii) An application for an endorsement is in accordance with MIL;
- iv) An application relates to an investment as defined by MIL; and
- v) An investor is eligible to receive one or both of the land rights authorizations or tax incentives applied for with the endorsement application.

Since most of the above criteria are abstract or of pro forma standards, the endorsement application assessment may possibly be coped with the member of State or Regional Committee Office (DICA Branch).

Regarding the item e), the State or Regional Committee is currently not allowed to make judgement whether to approve or reject the Tax Incentives Application, but required only to check the completeness of such application and transfer it to MIC for its decision. However, the State or Regional Committee should be accountable for the provision of an endorsement to the investment project. Because if it may become eligible for tax incentives under the decision of MIC, as tax incentives will be provided at governmental cost, the investment project, which may enjoy such incentives, should be proven having enough value to meet such government cost. For carrying out such mission, it is recommendable to form “Endorsement Application Assessment Team” in State or Regional Committee Office as MIC forms “Proposal Assessment Team” under rule 149 to let them assist the MIC to review Proposals. Since it is stipulated under rule 150 that the Secretary or Deputy Director General of DICA shall act as a leader of the Proposal Assessment Team in case of MIC, it may be appropriate that the Head of State or Regional Committee Office (a head of DICA branch) shall become a leader of the Endorsement Application Assessment Team. Upon the receipt of the eligible and complete endorsement application by Committee Office and before the transfer of endorsement application to the State or Regional Committee, Endorsement Application Assessment Team is recommended to evaluate the value of the proposed project in accordance with the objectives of MIL and prepare a summary of the proposed project and an evaluation report to attach to the Endorsement application when it is sent to the State or Regional Committee meeting. With these summaries and evaluation reports, it will become easier for the member of State or Regional Committee to make decision whether to approve such application or not on fair base.

The following provisions of tax incentive assessment criteria under rule 91 offer reference to such evaluation and may be utilized to evaluate a project value:

- i) all investments shall be made in promoted sectors for income tax exemption;
- ii) an investment that involves the expenditure of additional funds or application of further capital in the Union of an amount exceeding USD 300,000;
- iii) an investment that assists the creation of new employment opportunities in the State or Region and the development of a skilled labor force;
- iv) an investment that brings new or enhanced technology or business skills into the State or Region;
- v) an investment that leads to added market competition, greater efficiency or productivity, or provision of enhanced infrastructure or services in the State or Region; and
- vi) an investment that increases export receipts for the Union

To utilize these criteria objectively, it is recommendable to introduce the quantitative evaluation measure (evaluation table) in which the weighed evaluation points will be provided according to the amount of investment, the number of employment, if it is the export-oriented project or not, if it contributes to reduction of import, new technology or technology to contribute to the development of other industries and others. The Assessment Team may recommend the State or Regional Committee to issue the Endorsement to the investment project which obtains the pre-determined points or over.

Investment Screening Scheme under rule 28 may also be applied for screening of endorsement application and non-binding guidance on the eligibility of endorsement may be issued by Endorsement Application Assessment Team.

3.3.3 Monitoring of Implementations of Investment Project

Although there is no provision to stipulate the monitoring work of the State or Regional Committee in MIR, some provisions under Chapter XIX of MIR may be applied to the State or regional Committee as well.

Under rule 175, it is stipulated that the Investment Monitoring Division of MIC Office is responsible to:

- i) receive submissions for amendments to the permit, endorsement, tax incentive or land rights authorization;
- ii) receive submissions for additional approvals from an investor in relation to an existing permit or endorsement;
- iii) receive reports submitted by an investor;
- iv) receive complaint letters from the local community via the Investor Assistance Committee who have been affected by investments under the permit;
- v) check whether the investor follow the Law;
- vi) arrange and conduct inspections whether the investor carry out its duties pursuant to section 65 of the Law;
- vii) advise to MIC regarding any administrative penalties which should be imposed under section 85 of the Law;

- viii) assist other governmental departments and governmental organizations requiring information on Investors; and
- ix) receive any information that the investor does not follow the Law.

In case of the State or Regional Committee, the Committee Office shall be responsible for such monitoring by forming the Investment Monitoring Section. The Monitoring Section may request support from departments of State or Regional Government, including support in carrying out site inspections and the relevant Authorities shall provide the necessary information and support.

The Investment Monitoring Section is also recommended to be responsible to receive the following approval, notice, reports and others.

- Approval to commence the construction or preparation for the investment
- Notice of completion of construction
- Request for extension of construction or preparation period
- Commencement of commercial operations
- Paying-up of minimum cash investment (With a copy of bank's credit advice)
- Paying-up of the remaining amount of equity capital and capital borrowing in relation to the Investments (With a copy of bank's credit advice)
- Offshore loan amount repayment schedule including the sum of principal and interest and the timeline (To be submitted to the Central Bank of Myanmar for its approval)
- Receipt of bank of capital from abroad and offshore loan and the banking channel for remittance and settlement (To be submitted to the Central Bank of Myanmar for its approval)
- Complaint letters submitted by the local communities via the Investor Assistance Committee who have been affected by Investments under the Commission's Permit

The role of the Investor Assistance Committee stipulated under rule 165 have also be carried out by Investment Monitoring Section in case of State or Regional Committee.

3.3.4 Recommended Organization of State or Regional Committee

To summarize the examination described above, an organization shown in the following figure is recommended to be set up.



Figure 3-1 Recommended Organization of State/Regional Committee

3.4. Survey for Establishment of Independent Investment Promotion Agency

The JICA Project Team surveyed the examples of investment promotion agencies in the neighboring countries as reference for the establishment of independent investment promotion agency (IPA). IPAs and organizations responsible for SEZs in Thailand, Malaysia, Indonesia, the Philippines and Vietnam were surveyed (refer to Appendix 6).

CHAPTER 4 Strengthening of MIC OSS and Formulation of SOP

4.1. Analysis of Current Situation and Issues for Strengthening of MIC OSS

4.1.1 Review of OSSC at Thilawa SEZ

The JICA Project Team reviewed the operation of OSSC at Thilawa Special Economic Zone (hereinafter TSEZ) as well as its SOP and found the lessons learned as follows:

- Transfer of approving/ permitting authority to the OSS center from the ministries/ agencies concerned.
- Visualization of the whole picture of approvals/ permissions required before and after operation.
- Simplification of service flow for approving/ permitting procedure (to avoid overlapping document)
- Disclosure of the prepared whole approval/permit procedures through website.
- Facilitation of job-handover between officers in charge by preparation of SOP/ manual.
- Information-sharing among officers concerned with the OSS center through the database of application data.

4.1.2 Review of Current Situation of MIC OSS

(1) Current Situation of MIC OSS under the Foreign Investment Rules (Notification No.11/2013)

MIC OSS is defined as a Departmental Cooperation Team in the Foreign Investment Rules (ChapterXIV153). As of December 2016, government officers from 14 departments of various ministries are assigned as the MIC OSS officers. The JICA Project Team made interviews with 14 sections of MIC OSS under close cooperation with the Policy and Legal Division of DICA in order to understand the current situation of OSS at DICA. Its summary is shown in the table below.

Table 4-1 Current Situation and Services by MIC OSS (As of December 2016)

Ministry	Responsible Directorate	Staff	Covered Services
Ministry of Planning & Finance	Directorate of Investment & Company Administration (Yangon Branch)	10	Provide all administration services of related license and registration to investors of MIC status.
	Customs Department	5	Issue a tax/customs duty exemption letter co-signed by both Customs OSS and IRD OSS, so that MIC status investors can apply the import/export license. Issue an Import Declaration.
	Internal Revenue Department	6	Issue a tax/customs duty exemption letter co-signed by both Customs OSS and IRD OSS, so that MIC status investors can apply the import/ export license. As for other licenses related tax registration, the MIC status investors shall be required to go to the Large Taxpayer Office (LTO).
Ministry of Commerce	Department of Trade	15	Issue Import/Export License, COO and Importer/Exporter Registration.
Ministry of Industry	Directorate of Industrial Supervision & Inspection	1	Provide information on the procedures of required certificates and coordinates with concerned departments such as Electricity Inspection Department and Boiler Inspection Department.
	Department of Immigration & National Registration	3	Issue Stay Permit, FRC and MJSRV/SRV for foreign employees of MIC status

Ministry of Labor, Immigration & Population	Department of Labor	2	Issue a Foreign Worker Employment Registration Card and Local Recruitment Card for the employees of MIC status
Ministry of Natural Resources & Environmental Conservation	Department of Mines, Myanma Gems Enterprise Department of Geology Survey and Exploration	3	Three departments of MNREC provide information and consultation services for the procedures of required licenses and give advice/comments during the MIC assessment.
	Environmental Conservation Department	4	Receive an application of EMP from MIC status investors. Provide comments/recommendation on EMP submitted by the applicant investor including the necessity of IEE/EIA during the PAT meeting.
Ministry of Electricity & Energy	Yangon City Electric Supply Corporation	1	Provide only information services for the permit. Provision of information on power receiving/ utilization
Ministry of Agriculture, Livestock & Irrigation	Department of Agriculture	1	Provide information and consultation services for the related licenses of agriculture
	Livestock Breeding and Veterinary Department	1	Provide information and consultation services for the related licenses.
Ministry of Hotel & Tourism	Hotels and Tourism Supervising Department	4	Provide information and consultation services for the related licenses
Central Bank	Central Bank	0	Currently, no one stays in OSS DICA. Since the Central Bank is very close to the DICA office.

Source: Prepared by the JICA Project Team based on the information from DICA

(2) Current Situation of MIC OSS under the Myanmar Investment Rules (Notification No.35/2017)

After the issuance of the Myanmar Investment Law enacted on 18 October 2016, the Myanmar Investment Rules: Notification No.35/2017) was enacted on 30 March 2017. According to the Rules 163, it is stipulated that government officers from 15 departments of various ministries are assigned as the MIC OSS Officers. While Central Bank was excluded from the MIC OSS member, two Departments i.e., Department of Fisheries under Ministry of Agriculture, Livestock and Irrigation and Department of Urban and Housing Development under the Ministry of Construction were newly added. Other Departments determined by the MIC can be added from time to time. A Deputy Director General of DICA who was appointed by the MIC Secretary oversee the operations of MIC OSS (The Rules 164). The situation of MIC OSS as of the end of February 2019 is summarized below.

Table 4-2 Current Situation and Services by MIC OSS (As of February 2019)

Ministry	Responsible Directorate	Staff	Covered Services
Ministry of Planning & Finance	Directorate of Investment & Company Administration (Yangon Branch)	12	Provide administration services of related license and registration to investors of MIC Permit and Investment Endorsement (by Yangon Regional Government).
	Customs Department	5	Issue a tax/customs duty exemption letter co-signed by both Customs OSS and IRD OSS, so that investors obtained of MIC Permit/ Investment Endorsement can apply the import/export license. Issue an Import Declaration.
	Internal Revenue Department	5	Issue a tax/customs duty exemption letter co-signed by both Customs OSS and IRD OSS, so that investors obtained of MIC Permit/ Investment Endorsement can apply the import/ export license. As for other licenses related tax registration, investors obtained of MIC Permit/ Investment Endorsement shall be required to go to the Large Taxpayer Office (LTO).
Ministry of Commerce	Department of Trade	15	Issue Import/Export License, COO and Importer/Exporter Registration.

Ministry of Industry	Directorate of Industrial Supervision & Inspection	2	Provide information on the procedures of required certificates and coordinates with concerned departments such as Electricity Inspection Department and Boiler Inspection Department.
Ministry of Labor, Immigration & Population	Department of Immigration & National Registration	4	Issue Stay Permit, FRC and MJSRV/SRV for foreign employees of investors obtained of MIC Permit/ Investment Endorsement
	Department of Labor	3	Issue a Foreign Worker Employment Registration Card and Local Recruitment Card for the employees of investors obtained of MIC Permit/ Investment Endorsement
Ministry of Natural Resources & Environmental Conservation	Department of Mines, Myanmar Gems Enterprise Department of Geology Survey and Exploration	3	Three departments of MNREC provide information and consultation services for the procedures of required licenses and give advice/comments during the assessment of MIC Permit/Investment Endorsement.
	Environmental Conservation Department	6	Receive an application of EMP from MIC status investors. Provide comments/recommendation on EMP submitted by the applicant investor including the necessity of IEE/EIA during the PAT meeting.
Ministry of Electricity & Energy	Yangon City Electric Supply Corporation	1	Provide only information services for the permit. Provision of information on power receiving/ utilization
Ministry of Agriculture, Livestock & Irrigation	Department of Agriculture	1	Provide information and consultation services for the related licenses of agriculture
	Livestock Breeding and Veterinary Department	1	Provide information and consultation services for the related licenses of Livestock Breeding and Veterinary.
	Department of Fisheries	1	Provide information and consultation services for the related licenses of fisheries.
Ministry of Hotel & Tourism	Hotels and Tourism Supervising Department	5	Provide information and consultation services for the related licenses
Ministry of Construction	Department of Urban and Housing Development	1	Advise on the infrastructure investment in PAT meeting. Work in Naypyidaw

Source: Prepared by the JICA Project Team based on the information from DICA

According to the Rules 160, it is stipulated that One Stop Service will be carried out by comprising the relevant departments to:

- i) provide guidance to Investors on the implementation of their Investments;
- ii) accept on behalf of Authorities who have assigned officers to the One Stop Service Centre applications and submissions as may be required under an applicable law;
- iii) accept requests for information as may be made under section 48(a) of the Law on any measures or decisions taken by any Authority;
- iv) assist the Investor Assistance Committee to resolve grievances and provide assistance to Investors; and
- v) assist the Investment Monitoring Committee.

Furthermore, it is stipulated that the MIC OSS may request a governmental department or governmental organization in writing to provide information requested by the Investor subject to rule 160 (c) and the relevant Authority shall respond in writing within [15] Working Days (The Rules 162).

4.1.3 Issue Analysis of MIC OSS

All required approval and license for investors are not identified and the comprehensive services system has not formulated in MIC OSS. While MIC OSS provides administrative services related to

business operation such as import/export procedure, VISA and Foreign Worker Registration etc., most of OSS sections only provide information and consultation services at present. The main issues of MIC OSS are summarized in the following table.

Table 4-3 Issue Analysis of MIC OSS

Factor	Issues of OSS	Preferable Condition
OSS Whole Function		
List of Approvals and Licenses	The approval and license required in the stage after getting Investment Permit, the stage of preparing operation, the stage after operation are not indicated.	OSS prepares the list of approval and license required to investors and the information of approval and license which are provided in OSS and concerned Ministries, including the contact list
Approval and License Procedure	The order of approval and license required after the investment permit are not indicated.	OSS indicates the procedure flow in each stage after investment permit
Additional Approvals and Licenses	Some important required license/permits such as building permit/ fire safety and land registration are not handled at OSS at DICA.	The staff in charge of building permit and fire safety are allocated at OSS and OSS can provide the necessary services
Utilization of Website	The information of approval and license required to Investors and procedures which are treated at OSS is not shown in MIC OSS website.	To show the information of approval and licenses required to investors and procedures which are treated at OSS in the MIC OSS Website
Approval and License Procedures in OSS		
Authority Transfer	The persons in charge of OSS have no authority to issue approval and license, except for several approvals and licenses.	The persons in charge of OSS have authority to issue approval and licenses, or have discretionary power to a certain degree.
Application for Approval and License	OSS staff do not receive the application documents except for several sections.	OSS staff receive the application documents.
Explanatory Information	OSS staff provide verbal information and there is no explanatory information about application and procedures.	OSS staff prepare the explanatory documents of approval and license including application form and can provide the appropriate information.
Facilities of OSS		
Limitation of Office Space	Due to the building space limitation of DICA, there is not enough space to provide all required approval and license services by all OSS sections, except for Immigration and Trade Section*.	The office space to provide all approval and license by all OSS sections is secured.
Reception	There is no reception where OSS can explain their services and the concerned departments.	The reception is established in order that OSS can explain their services and the concerned departments.

Note: * MIC OSS was moved to the more spacious building of DICA Yangon Office on April 30, 2018.

Source: Prepared by the JICA Project Team

4.2. Suggestions of Pilot Projects for Strengthening MIC OSS

4.2.1 Outline of Pilot Projects

The JICA Project Team reported the progress of the project to DDG of DICA in November 2017, and agreed to enhance MIC OSS in Yangon and strengthen staff through the pilot projects. The outline of pilot projects is shown in the following table.

Table 4-4 Outline of Pilot Project for strengthening MIC OSS

Outline	Purpose
1. Preparation of Standard Operating Procedures (SOP) (Started from January 2017)	<ul style="list-style-type: none"> ➤ To provide correct and detailed information including application forms for each license/approval to Investors ➤ To utilize SOP as a guideline for providing good inquiry/consultation services
2. Provision of Flow Chart of License/Approval	<ul style="list-style-type: none"> ➤ To provide comprehensive and clear information on required license/approval for investors according to the stage of investment
3. Information Provision of Access for Application Submission	<ul style="list-style-type: none"> ➤ To provide information on the department in charge of each license/approval so that investors can access to suitable points
4. Explanatory Note for Necessity of Each Required Document	<ul style="list-style-type: none"> ➤ To provide clear explanation with proper reasons, when investors ask for the necessity of each required document to be submitted
5. Information Provision through MIC/DICA Website	<ul style="list-style-type: none"> ➤ To update the above materials to the Website and improve the information provision for investors

Source: Prepared by the JICA Project Team

4.3. Implementation and Progress of Pilot Projects for strengthening MIC OSS

4.3.1 Preparation and Application of Standard Operating Procedures (SOP)

Through the various interviews with each section of MIC OSS mentioned before, it was found that most of required licenses/approvals for MIC investors are not issued by MIC OSS and some of the sections just provide verbal information/ consultation on concerned procedures without any reference materials, in particular, English materials. To cope with this, the JICA Project Team discussed with the Policy and Legal Division of DICA and agreed to formulate the SOP for all required licenses/approvals authorized by belonging ministries of all MIC OSS. The draft of SOP is in accordance with the following contents and the JICA Project Team prepared the draft with considering four principals: Transparency, Predictability, Accountability and Non-discretion between local and foreign capital.

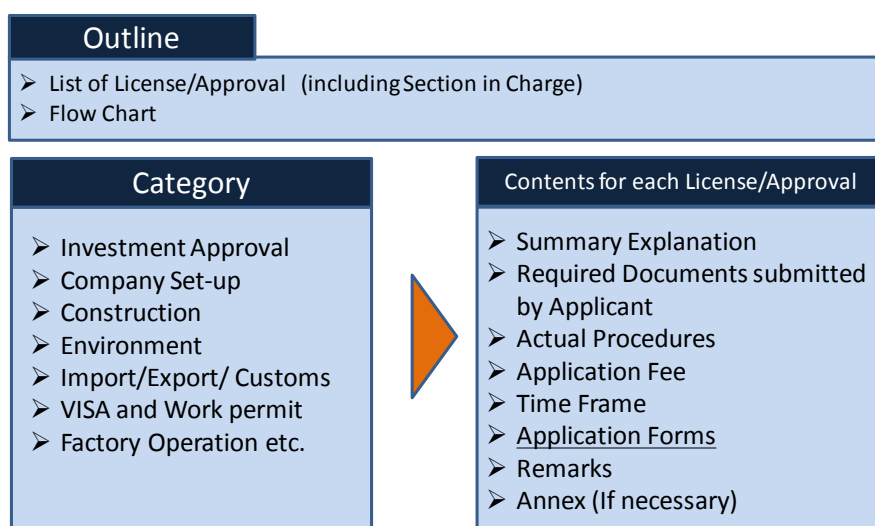


Figure 4-1 Composition of the Draft SOP

As for the part of each category, firstly a summary explanation which provides rough information about concerned licenses/approvals such as outline, background and legal base is described. Accordingly, necessary documents to be submitted by an applicant, actual procedures, application fee and timeframe, remarks, figure of procedure flow, and application forms are described precisely. If there are special points to be considered related the licenses/approvals procedures, those points are written in the part of Remarks. Samples of application forms and other required documents are also attached according to the necessity.

The draft SOP was distributed to each concerned ministry through Policy and Legal Division of DICA for obtaining their comments. In addition, the draft SOP has been continuously revised through the discussion in the workshops conducted in November 2017 and in February 2018 (The detailed explanation in 4.3.7) as well as individual discussions with each MIS OSS officer. The JICA Project Team periodically reported the progress of SOP preparation to DDG of DICA and receive his comments and advice. According to DDG of DICA is planning to obtain an approval the draft of SOP by the cabinet to ensure the legal base and requested the JICA Project Team to provide continuous support such as conducting a forum to receive the public comments on the draft of SOP from both private sector and donors prior to its submission to the cabinet.

4.3.2 Preparation of Flow Charts of License/Approval Procedures

For the purpose of providing a clear procedure for the order of required licenses/approvals for investors, the JICA Project Team reviewed and identified all license/approval and compiled them as a flow chart showing required licenses/approvals according to the five stages of investment: i) before obtaining MIC Permit/Investment Endorsement, ii) before construction, iii) during construction, iv) before commercial operation, and v) after commercial operation. Since MIC OSS treats various types of investment and different license/approval might be applied according to the investment types, the JICA Project Team confirmed the timing of submission for license/approval to be required to specific

sectors (i.e., manufacturing, mining and gem, hotel & tourism and agriculture/livestock/fisheries) while discussing with officers of MIC OSS and DICA Investment Sections.

In the workshop for MIC OSS and DICA officers conducted in November 2017 (The detailed explanation in 4.3.7), a session discussing the flow chart prepared was set so that the participants may identify required licenses/approvals and understand all their procedures. Accordingly, the following prepared flow chart was submitted to Deputy Director General.

Stage 1	Set up an Investor's Company	Certificate in Corporation, Investment Endorsement, Income Tax Registration, Permit to Trade etc.
Stage 2	Before Starting Construction	Building Permit, Approval of Fire Safety Plan, Import of Construction Materials, Environmental Approval (IEE/EIA) etc.
Stage 3	During Construction	Electricity Certificate, Boiler Certificate, Final Inspection of Building and Fire Safety, Environmental Monitoring etc.
Stage 4	Before Starting Operation	VISA, Foreign Worker Registration, Industrial Registration, License/Permit for Specific Sectors, Import Machinery etc.
Stage 5	After Starting Operation	Import Materials, Export Products, Renewal of License/Permit, Customs Clearance, Report Submission etc.

Figure 4-2 Flow Chart of License/Approval according to Investment Stage (Samples)

4.3.3 Preparation of Access Information List

The JICA Project Team prepared the access information list including the information of each department in charge of procedures, services to be provided at each department of OSS, address, telephone number, website, etc. so that the investors who acquire MIC approval can access the concerned Ministries and application reception properly.

The prepared list was updated through the workshop held in February 2018 with the detailed explanation in 4.3.7, mentioned below, and it was continued to be updated when there are changes. The JICA Project Team also discussed the contents with DDG of DICA and will add a brief explanation of approvals and licenses and indicate the services offered in MIC OSS and the roles of each Ministry. Based on this list, it is expected that MIC OSS staff and DICA staff can provide investors the exact information of departments in charge of each Licenses/Approvals, and contacts of each department.

Name	Department	Contact Number/ Website
VISA	Immigration Section of OSS at DICA	http://www.dica.gov.mm/en/information-departmental-cooperation-team-one-stop-service-or-oss
Certificate in Corporation (Company Registration)	Company Registration Department of DICA	No.1, Thitsar Road, Yankin Township, Yangon Contact: 01 658143 http://www.dica.gov.mm/en
Business Tax Payer Registration for Company	Large Tax Payer Office Yangon, Internal Revenue Department	No. (128/132), Pansodan Street, Kyauktadar Twpnship, Contact:01-384797 http://www.irdmyanmar.gov.mm/
Industrial Registration Certificate	Yangon Regional Directorate of Industrial Supervision and Inspection	No.192, Kabaraye Pagoda Road, Bahan Township, Yangon Contact: 01 557416

Figure 4-3 List of Contact Points for Each Licenses/Approvals (Samples)

4.3.4 Legal Basis of License/Approval Procedures

It was found that MIC OSS Staff and DICA staff could not explain investors the reason to submit the required documents to apply for Licenses/Approvals. To improve such situation, the JICA Project Team prepared the list of legal bases of Licenses/Approvals procedures in order that MIC OSS staff and DICA staff can explain the necessity of submission of application documents clearly. Moreover, the JICA Project Team distributed the list of legal bases of procedures and confirmed the details in the workshop held in February 2018 (The details in 4.3.7).

4.3.5 Finalization of Draft SOP

The JICA Project Team discussed with DDG of DICA on the finalization of draft SOP and agreed each other as follows for further development:

- i) Flow chart and Access information list will be combined in the draft SOP as the attachments.
- ii) Draft SOP (Appendix 7) will be separately prepared in two parts: Part 1 consisting of licenses/approvals commonly required for each investor, and Part 2 consisting of licenses/approvals required for the investor in specific sector and obtain the approvals by both MIC and the cabinet, so that the draft SOP may have legal basis.
- iii) Draft SOP in Myanmar version will be prepared in addition to the English version.

June 2018	:	SOP (Part1) Held a meeting with Private Sector (29 June 2018)
July 2018	:	SOP (Part1) Revise English version, draft Myanmar version
August 2018	:	SOP (Part1) Develop printing version of English (including cover page and layout etc.)
September 2018	:	SOP (Part1) Develop printing version of English, draft Myanmar version
October 2018	:	SOP (Part1) Held a meeting with OSSC for the confirmation before the submission to MIC

- November 2018 : SOP (Part1) Submit to MIC (on 16 November 2018)
SOP (Part2) Revise English version
- December 2018 : SOP (Part2) Revise English version, Draft Myanmar version
- January 2019 : SOP (Part2) Revise English version, Draft Myanmar version, Drafts submission to DDG of DICA
- February 2019 : SOP (Part2) Revise English version and Myanmar version
- March 2019 : SOP (Part2) Revise English version and Myanmar version, submission to DDG of DICA

SOP (Part1) was submitted to the MIC meeting on 16 November 2018. During the meeting, MIC Vice Chairman (Vice Minister of Planning and Finance/ Chairman of TSMC) who chaired the meeting pointed out that: 1) SOP (Part1) was prepared according to the existing procedures, 2) a drastic simplification and acceleration of business procedures is inevitable to further improve business environment in Myanmar and informed that a meeting at higher ranking level will be held to discuss how to handle the SOP. The same handling will be applied to SOP (part2). In January 2019, the DDG of DICA was transferred to Ministry of Investment and Foreign Economic Relation which was newly established, so the JICA Project team made a brief report to the progress to the DDG of successor of DICA.

4.3.6 Updating the Materials prepared in the Pilot Project to DICA Website

Those materials prepared in the pilot project have not approved officially by MIC and DICA yet and have not been updated in DICA website as of the end of March 2019.

4.3.7 Workshop for MIC OSS Staff

(1) Workshop for explanation of the draft of SOP

The JICA Project Team held the workshop for OSS staff in order to explain the draft of SOP and discuss the improvement of OSS services on 29 November 2017. The participants were two Deputy Director General of DICA, 33 of staff from DICA, OSS staff and staff from concerned Ministries. Through the group discussion, the idea of improving the OSS services were exchanged.

Table 4-5 Outline of Workshop for explanation of the draft of SOP

<p>Date: From 10:00 to 12:30 on 29 November 2017</p> <p>Place: Meeting Room in DICA</p> <p>Agenda:</p> <ul style="list-style-type: none"> 10:00-10:10: Opening remarks by DDG of DICA 10:10-10:30: Presentation by JICA Expert 10:30-11:00: Group Discussion 1 (Effective Utilization of SOP) 11:00-11:15: Break 11:15-11:45: Group Discussion 2 (Flow Chart of each Approval and License Procedure) 11:45-12:15: Presentation by each Group 12:15-12:30: Conclusion and Closing Remarks by DDG of DICA
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Source: Prepared by the JICA Project Team

(2) Workshop for strengthening OSS

The JICA Project Team held workshop for OSS staff in order to improve OSS services under the guidance by DDG of DICA in charge of MIC OSS on 14 February 2018. The participants were one DDG of DICA and 31 of staff from DICA, OSS staff and staff from concerned Ministries. Through the discussion in the workshop, OSS services became clear. OSS services in State/Regional offices were also discussed for new effort and further improvement. The outline of the workshop is as the follow table;

Table 4-6 Outline of Workshop for strengthening OSS

<p>Date: From 10:00 to 12:30 on 14 February 2018 Place: Meeting Room of DICA Agenda: 10:00-10:05: Opening Remarks by DDG of DICA 10:05-10:25: Explanation of strengthening of MIC OSS function by DDG of DICA 10:25-10:40: Presentation about the pilot project and outcomes by JICA Expert 10:40-11:05: Q & A 11:05-11:20: Break 11:20-11:40: Explanation of OSS Function at State/Reginal Office in Future by DDG of DICA 11:40-11:55: Presentation about OSS Function at State/Reginal Office by JICA Expert 11:55-12:15: Q&A 12:15-12:25: Conclusion 12:25-12:30: Closing Remarks by DDG of DICA</p>
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Source: Prepared by the JICA Project Team

(3) Meeting with Private Sector for the draft SOP

For the purpose of receiving advice and comments from Private Sector to the draft SOP, meeting with Private Sector was held on 29 June 2018 under the attendance of DDG of DICA and assistant directors of each DICA division. The participants from 20 companies gave high evaluation to the draft SOP in general and have a great expectation for the improvement of information provision service by OSS. On the other hand, several concerns were also raised such as happening discrepancy between the SOP and actual operation and existence of application forms in only Myanmar language.

Table 4-7 Outline of Meeting with Private Sector for the draft SOP

<p>Date/time : 29 June 2018 (10:30-12:00) Place: Meeting Room of DICA Agenda: 10:30-10:50 Opening Remarks by DDG of DICA 10:50-11:10 Explanation by JICA Expert 11:00-11:50 Q&A/ Comments from Participants 11:50-12:00 Conclusion and Closing Remarks by DDG of DICA</p>

Source: Prepared by the JICA Project Team

(4) Meeting among DICA and concerned ministries of OSS for discussing the final draft of SOP

DICA arranged a meeting with concerned ministries of OSS on 30 October 2018 in order to finalize the contents of SOP before the submission to MIC. At the beginning, DG of DICA reminded the participants on the importance of SOP and DDG of DICA was leading the discussion. While several

minor revisions were pointed out from several ministries, it was concluded that the draft SOP will be submitted to MIC in November 2019.

Table 4-8 Meeting among DICA and concerned ministries of OSS for discussing the final draft of SOP

Date/time: 30 October 2018 (10:30-12:30)	
Place: Meeting Room of DICA	
Agenda:	
10:30-10:40	Opening Remarks by DG of DICA
10:40-10:50	Explanation by DDG of DICA
10:50-11:00	Supplemental Explanation by JICA Expert
11:00-11:45	Comments from Participants/ Q&A
11:45-12:00	Conclusion and Closing Remarks by DDG of DICA

Source: JICA Project Team

4.4. Further Implementation Schedule for strengthening MIC OSS

According to the instruction by the top of Myanmar Government on revolutionary simplification and acceleration of license/approval procedures for MIC investors, Minister of Planning and Finance, Minister of Investment and Foreign Economic Relation and Vice Minister of Planning and Finance have started the discussion with concerned ministries since January 2019. Based on this new wave on the improvement of licenses/approvals procedures and the result of various activities conducted under the Project such as current review and issue analysis of MIC OSS, pilot project implementation and continuous discussion with the Counterparts, the JICA Project Team summarizes further necessary actions for strengthening MIC OSS as below.

4.4.1 Strengthening of OSS at Central Level (Yangon)

Further actions for strengthening MIC OSS at central level are summarized below.

Table 4-7 Further actions for strengthening MIC OSS (Central level)

Items	Outline
1. Discussion and Decision of simplified and accelerated license/approval procedures among OSS concerned ministries	DICA is expected to support the preparatory process of simplification and acceleration of License/Approval procedures which is currently discussed at the top of Myanmar Government, while utilizing the draft of SOP prepared through the pilot project.
2. Preparation of SOP and Establishment of legal base of SOP	DICA can prepare the new SOP according to the procedures decided the top of Government and should take necessary actions for establishing legal base (approval by MIC and Cabinet) of the new SOP.
3. Preparation of Proposal of new functions of MIC OSS	As for the new license/approval procedures, DICA is required to verify whether the new procedures can be applied under the current MIC OSS functions as well as the conditions of authority/duty provided to each OSS officer. If not, new functions of MIC OSS may be proposed. The items to be verified are summarized as follows: <ul style="list-style-type: none"> - Review on the license/approval to be provided and ministries to be allocated to MIC OSS Add Yangon City Development Committee (YCDC) for Building Permit and Fire Service Department of Ministry of Home and Affairs for Fire Safety License <ul style="list-style-type: none"> - Discussion on the roles between MIC OSS and HQ of ministry to provide license/approval procedures

	<p>Regarding the licenses/approvals to be handled at MIC OSS after the issuance of MIC Permit, it should be reviewed and discussed the service contents at MIC OSS in more detailed (i.e., receipt of application, assessment, site inspection, issuance of certificate and provision of certificate). Maximum services should be provided at MIC OSS according to the necessity.</p> <p>In addition, it is necessary to discuss additional functions of MIC OSS through the discussion for the abolition of Recommendation Letters from concerned ministries which are required before the submission of MIC application as well as the monitoring jobs to be conducted after start of commercial operation by the company of MIC Permit,</p> <ul style="list-style-type: none"> - Review and discussion on the necessary staff number, qualification, and authority transfer to MIC OSS officered to be allocated <p>In order to provide new services above mentioned at MIC OSS, it should be reviewed and discussed for the necessary staff number, qualification, and authority transfer.</p>
4. Improvement of MIC OSS services	<ul style="list-style-type: none"> - Capacity Building of OSS officers on information service provision and inquiry service provision <p>SOP and other materials which are developed through the pilot projects should be revised and utilized for providing information/inquiry service and the revised SOP should be uploaded to the MIC or DICA website.</p> <ul style="list-style-type: none"> - Introduction of Online Application System/ Intranet System <p>It should be discussed for the introduction of Online Application System and Intranet System which MIC OSS officer may check the progress of applied license/approval. If necessary, the development plan is also required to prepare.</p> <ul style="list-style-type: none"> - Preparation of Operational Manual for MIC OSS officers <p>Based on the reference materials of the MIC OSS services, operational manuals and internal management documents should be prepared according to the necessity.</p>

Source: Prepared by the JICA Project Team

4.4.2 Strengthening of OSS Function at States/Regional Level

Further actions for strengthening OSS function at states/regional level are summarized below.

Table 4-8 Further actions for strengthening OSS function (States/Regional level)

Items	Outline
1. Discussion the set-up of OSS function at regional and provincial level	The JICA Project Team discusses with DICA for the possible OSS function which can be applied in regions and provinces and provides necessary support. Introduction of Import/Export Permit, Foreign Employment Registration and VISA issuance might be discussed as the possible function at the initial stage.
2. Preparation of a contact list for application submission of each license/approval	The JICA Project Team supports selected DICA regional offices to prepare the contact list related to license/approval which can be provided at the regional and province level.
3. Discussion for monitoring implementation at States/Regional level	The JICA Project Team discusses with DICA how to conduct monitoring at regional/ provincial level and provides necessary support, if required.

Source: Prepared by the JICA Project Team

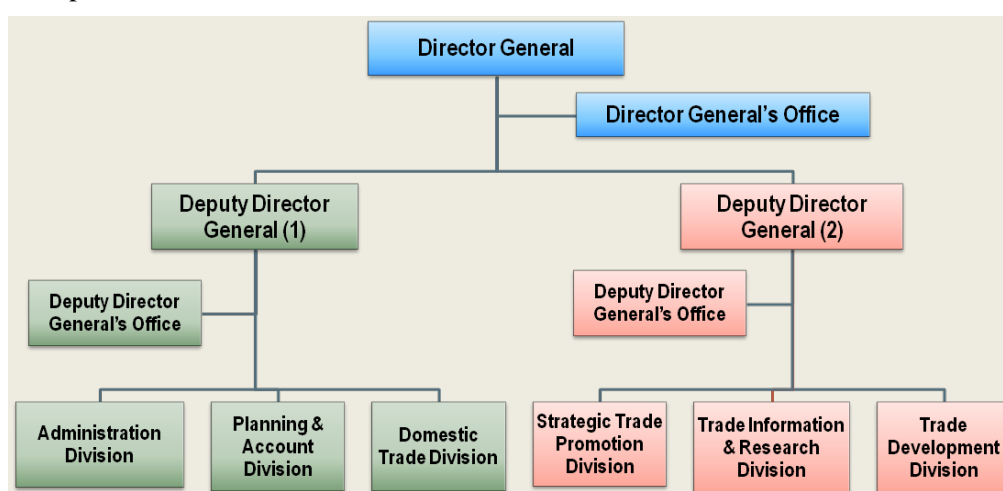
CHAPTER 5 Capacity Development for Export Development

5.1. Revision of the Roadmap for Trade Promotion

The JICA Project Team conducted: i) review of the Roadmap for Trade Promotion that had been formulated in the preceding JICA study, ii) formulation of capacity development plan, and iii) recommendation of service enhancement of Myantrade and pilot activities for service enhancement.

5.1.1 Study of the current situation of Myantrade

In October 2016, the JICA Project Team studied the situation of Myantrade that had been established in April 2016 through interviews with the Divisions in terms of organization structure, functions of divisions and personnel.



Source: Myantrade

Figure 5-1 Organization Structure of Myantrade

The vision, mission, and objectives of Myantrade are as follows:

Vision: Positioning Myanmar as a regionally competitive trading nation to attain export-led development strategy through promoting Myanmar's enterprises.

Mission: To promote Myanmar's trade and exports to enable local companies to compete effectively in the regional and global markets. The branding of 'Made-in-Myanmar' of goods and services will be the key focus of Myantrade.

Objectives: To raise profile of Myanmar exporters in international markets

To disseminate timely and relevant information and market research data to help Myanmar companies gain competitive edge in international markets

To introduce Myanmar companies to foreign buyers

To promote export of Myanmar goods and services in overseas markets

Myantrade adopts the National Export Strategy (NES) as the guidance for their activities. Focused products for promotion are pulse, beans & oil seeds, fishery, forest products, rice, rubber, textile and garments, and tourism. Myantrade currently considers the addition of new target products.

(1) Review of Roadmap

The JICA Project Team examined the Roadmap for Export Promotion that had been formulated by the preceding JICA Study and identified necessary modifications because of the change of organization from the Department of Trade Promotion and Consumer Affairs to Myantrade.



Source: Myantrade and the JICA Project Team

Figure 5-2 Regrouping of Export Promotion Services of Myantrade

On December 20, 2016, the Director General of Myantrade requested the JICA Project Team to make a new roadmap by combining the Trade Promotion Master Plan formulated by the former Department of Trade Promotion and Consumer Affairs, JICA's roadmap and the roadmap prepared by the Korea Trade-Investment Promotion Agency (KOTRA).

The JICA Project Team revised the Roadmap based on the result of pilot projects to implement as trial urgent actions in the JICA's roadmap and submitted in April 2018 (refer to Appendix 8).

5.1.2 Preparation of Capacity Development Plan

(1) Formulation of a policy of capacity development plan for Myantrade

The JICA Project Team formulated a policy of capacity development plan for Myantrade and explained to the Director General on December 9, 2016. The Director General agreed on the contents of plan and promised the support to the plan.

(2) Implementation of Training Needs Analysis

The JICA Project Team conducted a training needs analysis with the purpose of collecting basic information of the capacity development of Myantrade personnel. The JICA Project Team distributed a questionnaire to officers and staff and conducted group interviews by division.

The JICA Project Team distributed the questionnaire on December and collected questionnaires from 153 officers and staff (refer to Appendix 9). The group interviews were conducted during the period December 8 - 15, 2016 with 8 divisions and totally 51 officers and staff participated.

Most of the officers and staff expressed their lack of sufficient ability of basic skills such as English, PC skills and data collection & processing in group interviews/ questionnaire. As for specific knowledge/ skills related to trade promotion, market information collection comes first for the ability to be improved. However, many officers/ staff could not explain clearly its necessity related in own tasks. They are occupied with administrative tasks and have less experience to provide trade promotion services. Training program for basic knowledge/ skill as well as practical training should be prepared.

(3) Formulation and Submission of Human resources Development Plan

Based on the results of the training needs analysis, the JICA Project Team formulated the Human resources Development (HRD) Plan for Department of Trade Promotion (Myantrade) and submitted to Myantrade (refer to Appendix 9) in January 2017. The HRD Plan includes approaches to HRD, HRD policies, methodology and possible assistance by this Project.

(4) Implementation of seminars for Myantrade officers and staff

The JICA Project Team formulated a plan of seminars that aims to sharing of Myantrade's objectives, learning of basic practical knowledge necessary for trade support services, and understanding of trade promotion services proposed by the Roadmap. The JICA Project Team conducted the seminar two times in March and June 2017 in order to invite all officers and staff of Myantrade (refer to Appendix 10).

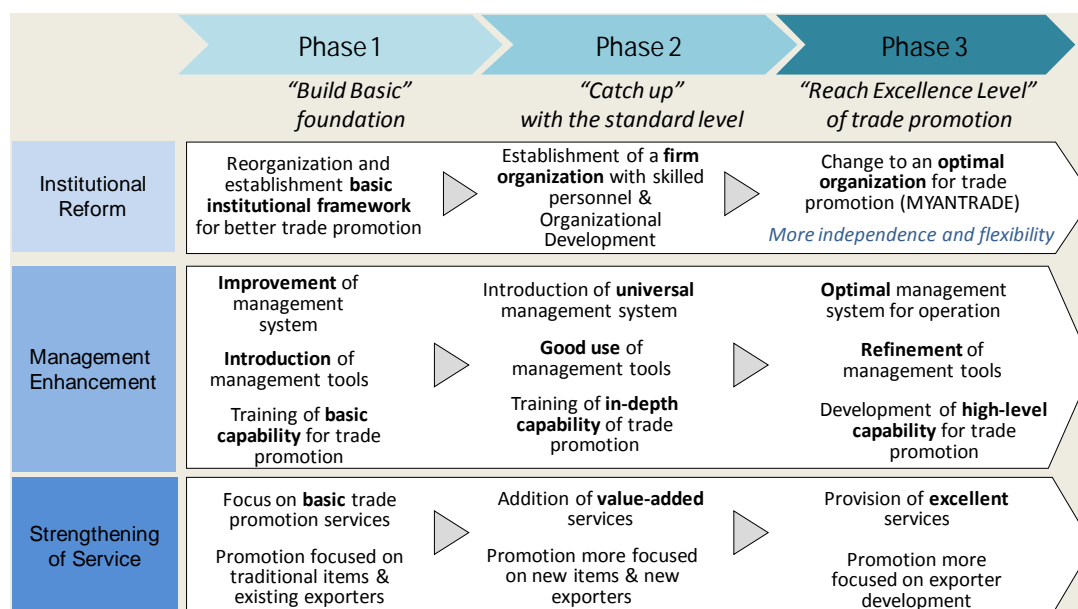
5.2. Support to Capacity Development of Myantrade

5.2.1 Background and Preparation of the Pilot Activities for Myantrade

Through the study of current situation of Myantrade, the JICA Project Team identified issues of Myantrade that has experienced only one and half year's operation since its establishment. These issues are:

- Most of officers and staff do not have clear understanding of providing what kinds of service and how to provide in new divisions. They have just taken over duties of the former Department of Trade Promotion and Consumer Affairs.
- Myantrade do not provide basic services to exporters and foreign buyers that other trade promotion organization usually provide. In addition, they lack knowledge and experience of basic services.
- Sufficient budget for trade promotion services had not been allocated to Myantrade. The date of Myantrade establishment was the first day of fiscal year 2016/17 and it is said that the budget had been unevenly allocated to Myantrade and the Department of Consumer Affairs.

Considering that situation, the JICA Project Team suggested to Myantrade that the relevant actions proposed in the first phase of the Roadmap be proceeded urgently for the commencement of Myantrade’s functional development.



Source: Prepared by the JICA Project Team

Figure 5-3 Roadmap for Export Promotion

Myantrade and JICA Project Team entered a consensus of implementing technical assistance for those identified functions as most important on a pilot basis, and has organized a series of discussion with the relevant officers/ staffs of Myantrade to plan the pilot activities, since January 2017. In examining and selecting the subject functions for the pilot activities, the following respects were considered:

- Functions that Myantrade places its priority on, and TPOs in other countries begun with upon their establishment.
- Functions that the existing officers/ staffs of Myantrade could handle with ease.
- Functions that would be basis for commencing the new programs.
- Functions that would contribute to Myantrade’s focused agenda.

As a result, the following functions are raised as subjects for pilot activities and agreed by the Director General of Myantrade. Subject functions are deemed basic but most essential for Myantrade to prepare for performing as an export promotion agency.

Table 5-1 Subject functions for the Pilot Activities

Function	Explanation	Reason for identification
Overseas Market Information/ Data Collection	Collection of information/ data on market requirement/ regulation, product standards, tariff, etc. and preparation of information database	Many inquiries from exporters are concerned with legal systems and standards of destination markets. It is important to prepare information system that makes Myantrade able to promptly respond to such inquiries from exporters, through preparing the database.
Exporters Database Development	Collection of exporters' (including potential one)	It is a basic data to be held/ updated by TPOs to introduce the promising exporters (suppliers) to inquiries from foreign buyers. Exporter's profiles would be also the

	profiles and construction of database	basic information when Myantrade prepare for development/ operation of the export promotion services/ support programs in the future.
Market Research	Capacity building of overseas market research with focus on the specific country/ product	This is one of the basic competencies required for officers/ staffs of TPOs, and one of the expected functions by the exporters.
Trade Fair Management	Capacity building for effective preparation/ operation of trade fairs	This is one of the basic competencies required for officers/ staffs of TPOs, and one of the expected functions by the exporters.
Exporter/ Importer Support Service	Activities for enhancing familiarity of exporters to Myanmar Trade Center/ Regional Trade Centers and capacity building of planning of knowledge- dissemination events for exporters	Both MTC and RTCs have to play more critical roles for exporters (including potential ones) in the field of inquiry/ consultation service, market/ other information provision, facilitation for their market access. However, familiarity of MTC/ RTCs is deemed still low among the exporters.

Myantrade and the JICA Project Team decided that the pilot activities be proceeded from March 2017. After the subject functions for pilot activities were confirmed, the counterpart team (the Working Groups) was appointed for each subject function. Those Working Groups (WGs) comprises of one supervisor and one leader, and several members.

5.2.2 Implementation of the Pilot Activities for Myantrade

The JICA Project Team then commenced a series of discussion from March 2017 to design the pilot activities more concretely with each WG while confirming the schedule and necessary resources for these activities, and commenced implementation of the pilot activities for each function from May 2017. It is noted that the parts of scheduled activities for the overseas market information/ data collection was supported in the market research activity. This was because sufficient number of officers/ staff were not assigned for these two activities and these activities have a certain similarity in the contents.

The table below outlines the pilot activities by each function, including those objectives, scheduled activities and the counterparts involved in the activities.

Table 5-2 Outline of the Pilot Activities

Objectives	Scheduled activities	Counterpart
Exporters Database Development		
To collect information of Myanmar exporters (suppliers) and develop their database, To utilize the database for inquiries from overseas buyers, other purposes.	<ul style="list-style-type: none"> - Format design of the exporter's profile, - Planning of exporter information collection, - Implementation of exporter information collection, - Design of exporters database and compilation of those collected information into the database, - Utilization of the database for the purpose of preparation/ operation of export promotion services, - Establishment of a mechanism of periodical update of the database. 	Supervisor: Htein Lynn Team leader: Tun Naing Number of members: Four

Market Research		
<p>To enhance the capability of market research of Myantrade officers/ staffs, To make them be familiar with sources of the relevant market information/ data, To develop model market research report which contains all the relevant information/ data and recommendations for market development.</p>	<ul style="list-style-type: none"> - Preparation of market research plan, - Collection and processing of the necessary information/ data on target commodity/ market, - Hearing interview to the relevant stakeholders, - Reporting of market research, - Report presentation, - Development of standard format/ module of market research report. 	<p>Supervisor: Win Myint Team leader: Kyi Kyi Cherry Number of members: Ten</p>
Trade Fair Management		
<p>To encourage exporters to participate in trade fairs by providing proper guidance, To examine a feasibility of (co-)organizing a trade fair in Yangon for export promotion.</p>	<ul style="list-style-type: none"> - Conducting an orientation gathering for Myanmar exporters/ producers to promote participation in international trade fair, - Compilation and distribution of a guiding pamphlet for participating in a trade fair, - Examination of a feasibility of holding a trade fair in Yangon. 	<p>Supervisor: Nay San Team leader: Win Than Number of members: Three</p>
Exporter/ Importer Support Service		
<p>To improve services of MTC to meet the requirements of exporters and foreign buyers and make MTC more attractive, To enhance the collaboration among MTC and regional trade centers (RTCs) for improving services of regional trade centers.</p>	<ul style="list-style-type: none"> - Organizing mini seminar for exporters at MTC, - Organizing onsite guidance to RTCs through mini seminar at RTCs, - Preparation of brochures of MTC & RTCs written in Burmese, English and Japanese. 	<p>Supervisor: Nay San Team leader: Mya Mya Sein Number of members: Three</p>

The pilot activities for each function have been continued until the beginning of February 2018. The table below shows the outputs and achievement through the activities conducted.

Table 5-3 Outputs/ achievement of the Pilot Activity Implementation

Pilot activity	Activities conducted	Output/ achievement
Exporters Database Development	<ul style="list-style-type: none"> - Format design of the exporter's profile, - Planning of exporter information collection, - Implementation of exporter information collection, - Design of exporters database. 	<ul style="list-style-type: none"> - Questionnaire format of the exporter's profile - Ten collected exporter's profiles - Design of the exporters database - Scenario of how to utilize the database for the future functions of Myantrade <p>Result: Has not brought about sufficient result on the ground that those expected objectives have not been achieved.</p>
Market Research	<ul style="list-style-type: none"> - Preparation of market research plan, - Collection and processing of the necessary information/ data on target commodity/ market, - Hearing interview to the relevant stakeholders, - Reporting of market research, - Report presentation, - Development of standard format/ module of market research report. 	<ul style="list-style-type: none"> - A model market research report, that was presented to the private stakeholders - Referential materials prepared during the course of guidance - Ten officers/ staffs having experienced the whole process of market research from planning to report compilation/ presentation - A recommendation as a result of market research, taken for further examination by MoC <p>Result: Has brought about a satisfactory result since the counterparts feel confident in continuing/</p>

		extending market research work after the technical assistance.
Trade Fair Management	<ul style="list-style-type: none"> - Conducting an orientation gathering for Myanmar exporters/ producers to promote participation in international trade fair, - Compilation and distribution of a guiding pamphlet for participating in a trade fair, - Examination of a feasibility of holding a trade fair in Yangon. 	<ul style="list-style-type: none"> - A model of orientation meeting of participation in trade fair - Guiding pamphlet (draft) for exporters/ producers to encourage participation in trade fair - Reference information for future implementation of trade fair in Yangon <p>Result: Has brought about a relatively satisfactory result since the WG members began to realize the importance of proactive service delivery to customers.</p>
Exporter/ Importer Support Service	<ul style="list-style-type: none"> - Organizing mini seminar for exporters at MTC, - Organizing onsite guidance to RTCs through mini seminar at RTCs, - Preparation of brochures of MTC & RTCs written in Burmese, English and Japanese. 	<ul style="list-style-type: none"> - A model of mini seminar/ exporter dialogue at MTC & RTCs - Officers/ staffs having experience the collaboration activity among MTC & RTCs - Brochures of MTC/ RTCs <p>Result: Has brought about a satisfactory result as planned since the planned activities has been smoothly conducted and the WG are willing to continue after the technical assistance.</p>

Appendix 11 shows the detailed implementation report of the pilot activities.

5.2.3 Additional Pilot Activity

The JICA Project Team proposed the Integrated Export Development Program in June 2018 considering Myantrade' limited personnel and capability of export support service provision. The program was designed to realize effected provision of export support services (refer to Appendix 12). The JICA Project Team explained the program to related divisions of Myantrade. The program consists of three activities from the identification of potential exporter to exporter development and export promotion support, i.e.: i) Identification of Excellent Myanmar Export Products, ii) Integrated Exporter Development Support, and iii) National Branding with Excellent Myanmar Mark.

Myantrade is currently examining a plan of excellent exporter award, which is proposed in the above program. The director of Domestic Trade Division submitted the plan to the vice minister in October 2018.

Myantrade is interested in the significance of branding for export promotion. A workshop on branding for export promotion was held on 14 February 2019 at Thingaha Hotel inviting participants from related ministries and the private sector. The lecturers were the team leader of JICA Project Team, JICA expert on IP, City Mart Group, and Myantrade. The number of participants was 44 persons from Myantrade, Department of Consumer Affairs and Department of Trade of MoI, Ministry of Education, FDA, IRD, MFVPA, MGMA, UMFCCI and so on.

5.3. Recommendation for Trade-related Policies

This activity is to recommend the trade-related policy measures for improving the trade environment and promoting the export-oriented investments. To identify and examine the recommended policy measures, the JICA Project Team has proceeded the following items of review/ analysis work:

- Review of trade agreements (multilateral, regional and bilateral ones) concerned with Myanmar;
- Review of the existing trade-related policies of Myanmar, in terms of trade management system, customs system, foreign exchange management system, and export/ import procedure;
- Review of trade policy, legal and regulatory development on trade;
- Interviews with the private sector, around 30 Japanese companies which have already operated in Myanmar and around 15 industrial associations under UMFCCI;
- Review of activities of development partners in the field of trade policy development such as a Working Group for Trade in the Myanmar-Japan Joint Initiative (MJJI), the Myanmar Business Forum (MBF) for Business and the Trade Promotion Taskforce with the assistance of World Bank Group;
- Analysis of major issues of trade-related policies based on the above review; and
- Review of the on-going initiatives for development and improvement of trade-related policies.

The government of Myanmar has progressed the improvement of trade-related policies through: i) relaxation of trade licensing regime, ii) relaxation of the formerly restricted trade items, iii) improvement of customs clearance practice including introduction of invoice-based taxation, iv) facilitation of cross-border trade, and v) granting of trading business permit to foreign companies but still limited. However, the private sector claims further actions for the improvement of trade-related policies. The needs for improvement are summarized as follows:

Table 5-4 Recommendations for Trade-related Policies

Category	Necessary Measures
Further relaxation of trading business to foreign companies	Further relaxation of the trading business permit regime so that foreign companies engage in trading many items, in view of i) facilitating those foreign manufacturers oriented to domestic market to beginning with import-sales before making decision to locally manufacture or not, ii) allowing foreign retailers to importing merchandise produced in the third countries, and iii) facilitating them to utilizing their business alliance with trading companies in procuring production facilities, components and products, as well as marketing the merchandise.
Further relaxation of trade license	Further increase in export/ import items subject to automatic licensing, introduction of flat fee for license application instead of ad valorem fee.
Smoother and prompter customs clearance	Necessary measures are i) exempting some documents to be submitted (for example, exemption of submission of original copy of import license), ii) acceleration of invoice-based valuation of tariffs/ taxes in accordance to the extended coverage of MACCS, iii) remedying the inconsistent practices, and iv) standardizing the actually prevailing practices among stakeholders (customs officers and brokers).
Clarification and further relaxation of foreign exchange regulations	Further clarification of the rule and procedure concerning overseas remittance in accordance to the Foreign Exchange Management Law with establishing the consultation window and the relaxation of the existing limit of cash withdrawal (up to USD 5,000 at once, not more than twice a week).

Further facilitation of cross-border training	Necessary measures are i) introducing double license system with which cargo trucks are permitted to cross the land border without transshipment or allowing to do so by changing their tractor heads, ii) establishing bonded warehouse/transportation system of international standard outside seaport/ airport in view of enhancing the handling capacity of incoming cargos, and iii) extending the coverage of MACCS to the major cross-border customs.
Establishment of internationally accredited food inspecting institution (laboratory)	Necessary measures are the establishment of internationally-accredited food inspecting institution or upgrade of the existing one for testing of agrichemical residue.
Smoother and more prompt Food & Drug Administration (FDA) certificate procedure	Necessary measures are i) upgrading testing/ inspection equipment to reduce the quantity of sample inspection, ii) conducting laboratory test only for items which contain hazardous substance and issuing a single certificate for the same products but packed in different size, iii) accepting Free Sales Certificate (FSC) for its approval of import endorsement as practiced in other ASEAN countries, and vi) prepare guidelines concerning required documents for application of FDA certificate.

Source: Prepared by the JICA Project Team based on various information.

Appendix 13 shows the entire review report of Recommendations for Trade-related Policies for Promotion of Export-oriented Investments.

5.4. Collaboration with Project for Strengthening of Industrial Promotion Functions

In the activities of “Identifying Issues for Attracting FDI to Potential Sectors and Recommendation”, the JICA Project Team surveyed the bottlenecks of investment promotion for food processing, textile and garments, and plastics, which are the subject sectors of the Project for Strengthening of Industrial Promotion Function.

The Team facilitated the following collaborations with the Ministry of Industry during the course of the pilot activities explained in “Support to Capacity Development of MoC for Export Promotion Services” although they were not direct collaborations with the Project for Strengthening Industrial Promotion Functions.

Capacity building for Trade Fair Management	The officers of SME Center in the MoI were invited as lecturers to explain support menus and activities of the center, in the awareness seminar of international trade fair to exporters that was planned/ and held as a pilot activity.
Capacity building for Support to Exporters/Importers	A consultation seminar to the regional exporters in one RTC was planned and organized in cooperation with the regional office of the MoI.

CHAPTER 6 Improvement of Training Program and Collaboration among the Relevant Organizations on Human resources Development for Industries

The supply of human resources with practical skills and know-how is one of the most important challenges for promoting FDI to Myanmar. Education and training systems of Myanmar have not been able to supply sufficient human resources who have skills and know-how as demanded by industries. The formal education system of Myanmar has placed an emphasis on general education curriculum rather than vocational education that teaches practical skills and know-how. Industries train their employees through in-house training and partly outside training institutions. The situation is the same for foreign companies.

The JICA Project Team has surveyed the situation and issues of major existing institutions engaging in training of human resources for industry, the needs of the private sector for human resources, and has identified a gap between the supply and demand of human resources. They propose measures to enhance human resources development for industry.

6.1. Current Conditions and Issues of Major HRD institutions for Industries

6.1.1 Major HRD Institutions for Industry

JICA Project Team collected the information on organizations engaging in HRD for industries, focusing on MoC and MoI, as listed in the table below. The organization overview, training programs, management and implementation structure and issues of each organization are described in the following sections.

Table 6-1 Organizations for HRD for Industries

Organization	Overview	Information Source
Public Institutions		
Trade Training Institute (TTI), MoC	MoC established TTI in Yangon in March 2012. TTI provides training on international trade for private business. Since December 2012, JICA had provided assistance two times.	Interview (October 2016 and March 2019)
Myanmar-Japan Center for Human Resources Development (MJC)	Based on the agreement between JICA and MoC, MJC was commenced as technical cooperation project with UMFCCI as implementing agency in October 2013 (Phase I: October 2013 ~ March 2018, Phase II: April 2018 ~ March 2023). MJC provides business course mainly for managerial personnel.	Interview (October 2016 and October 2018), JICA report on Joint Terminal Evaluation of the Project of Myanmar-Japan Center for Human Resources Development (February 2016)
Industrial Training Center (ITC), MoI	ITC under MoI in 6 areas of Myanmar provides training course such as machinery, electricity, electronics, computer, CAD/CAM and welding for about 1,000 students annually.	Interview to MoI (October 2016) and website

Technical/ Vocational Institutions under Ministry of Science & Technology, etc.	Twelve ministries, such as Ministry of Education, Science & Technology, Ministry of Industry, Ministry of Labor, Ministry of Commerce and Ministry of Hotels & Tourism, have technical/ vocational institutions in their respective fields.	JICA Report on HRD for Industry by Private Initiative in Myanmar (2012) and website
Private Institutions		
Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)	UMFCCI, the largest economic organization in Myanmar, has provided more than 15,000 persons their training including regular course and international MBA program in collaboration with UTCC.	Interview (October 2016)
Singapore-Myanmar Vocational Training Institute (SMVTI)	Modeled by Institute of Technical Education in Singapore, SMVTI was officially established in June 2016 under cooperation with the Government of Singapore.	Interview (February 2017) and website
Centre of Excellence for Business Skills Development (CEBSD)	The first PPP initiative in delivering vocational education in Myanmar.	Website
Foreign Training Providers	Some Japanese private organizations provide training for local human resources to be employed by foreign enterprises in Myanmar.	Interview (February 2017)
Local Training Providers	As of 2012, there are over 400 vocational schools, however these are not authorized as formal educational institutes.	JICA Report on HRD for Industry by Private Initiative in Myanmar (2012)

Source: Prepared by the JICA Project Team

6.1.2 Public Education and Training Institutions

Twelve ministries, including the Ministry of Industry and the Ministry of Commerce, have technical/ vocational education or training institutions in their respective fields.

(1) Trade Training Institute, MoC

1) Overview

In March 2012, MoC established Trade Training Institute (TTI) in Yangon to promote trading activities of private companies. In the same month, TTI commenced International Trade Basic Course (for 4 months) with 88 participants from private sector (mainly trading business). In October 2012, Advanced Course has been commenced in addition to International Trade Basic Course (45 and 85 participants, respectively).

JICA supported MoC and TTI for training needs survey on trade affairs and development of curriculum based on the survey results, through “The Project for Capacity Development of Trade Promotion in Myanmar Phase 1” from December 2012 until March 2014. In addition, JICA continuously supported TTI to develop and conduct trial of training program mainly for government officer, through “The Project for Capacity Development of Trade Promotion in Myanmar Phase 2” from March 2015 until January 2016.

2) Training Program

In addition to International Trade Basic Course Weekday Program so far, TTI currently provides Weekend Program. The outline of each program is described in the table below.

Table 6-2 Outline of Training provided by TTI

	International Trade Basic Course (Weekday Program)	International Trade Basic Course (Weekend Program)
Schedule	3 hours in the morning of Monday, Wednesday and Friday. About 3.5-months program. Basically, two batches a year.	3 hours in the morning of Saturday and Sunday. About 4 months program. The 5 th batch will open in first week of April 2019.
Number of participants	906 participants in total from the 1 st to the 11 th batch (About 80 participants per batch). The 12 th batch will end in June 2019 with 73 participants.	Planned to have 70-90 participants per batch. 354 participants in total from the 1 st to the 4 th batch
Characteristics of participants	Most participants are young staff (20's-30's) of private companies, and some are senior or not trading private companies. Most of the participate by their own interest, not dispatched by their companies. Two participants from three departments of MoC (Dep. of Trade, Consumer Affairs, and Trade Promotion).	Participants are mainly from staff of private companies, and some are government staff.
Outline of lecture	38 lectures (48 days) in total including opening & closing ceremony and mid-term & final exam. In addition to classroom lecture, field trip to factory. Handout is in English, and implemented in Myanmar language.	35 lectures (38 days) in total including opening & closing ceremony and mid-term & final exam. In addition to classroom lecture, field trip to Thilawa International Port & SEZ. Handout is in English, and implemented in Myanmar language.
Lecturer	MoC (incl. TTI & Matrade), MoI, MoPF (incl. DICA), Ministry of Health, Ministry of Education, Central Bank, Investment Bank, JETRO, UMFCCL, University, private company, business association, YSX, Embassies (India, Singapore, US, Australia, Thailand, Indonesia) etc.	MoC (incl. TTI), MoPF (incl. DICA), Ministry of Health, Investment Bank, JETRO, University, private company, business association, YSX, Embassy of Japan, Embassy of Korea etc.
Tuition fee	Participants from private sector: 100,000 MMK/ batch, and participants from MoC: 20,000 MMK/ batch. Out of 100,000 MMK/ batch from private participants, 20,000 MMK is paid to National Treasury, and 80,000 MMK is spent for handouts, honorarium (40,000 MMK/ lecture), graduation dinner, etc. This 80,000 MMK is managed by participants' representative of each batch.	

Source: Prepared by the JICA Project Team based on materials provided by TTI

The curriculums consist of various fields related to international business including theories of foreign trade, foreign trade system, and trade policy, trade practice such as foreign trade flow, trade documents, export and import licenses customs procedures, and settlement, and international business such as international marketing.

Short-term courses focused on specific themes such as supply chain and finance have been held in the past.

3) Management and Implementation Structure

Management and implementation structure of training is as follows:

- TTI belongs to Trade Education Division, Department of Trade, MoC. Trade Education Division is responsible for supervising and actual operation & management are implemented by TTI staff.

- Open for new participants is announced through 2 local newspapers, TTI website, Facebook, and MoC's weekly journal. After the 1st batch, the reputation from mouth to mouth through alumni seems to work well.
- The opening of batch was sometimes postponed until participants reached a quota of course.

The collaboration with other ministries and agencies is as follows:

- Other agencies dispatch lecturers to TTI courses. There is no request to TTI for cooperation from other ministries for HRD of officers. Although they can co-organize or collaborate with other ministries, they do not have concrete ideas and needs.
- The courses of TTI are mainly designed targeting the private sector and it is inconvenient for government officers to participate in weekday program.

4) Observed Issues

Major issues on training programs, management & implementation structure and understanding of private sector needs are as follows.

- Review/ update of lecture contents have not been conducted adequately. Efforts to grasp the needs of private sector on HRD for industries have not been made in planning training programs, and neither the analysis nor reflections of post evaluation by students have been conducted. According to evaluation of students, some classes by lecturers from ministries are not updated and it does not conform to the current situation/ practices. Even though those problems are recognized by TTI staff, they do not request/ instruct lecturers for improvement due to hierarchy and capability.
- Many students join the course based on personal interest and desire for improving their career prospects, and are not dispatched from their companies. It is necessary to conduct PR activities to private sector as well as improvement of training program appropriate to the needs of companies.

(2) Myanmar-Japan Center for Human Resources Development (MJC)

1) Overview

Based on the agreement between JICA and MoC, Myanmar-Japan Center for Human Resources Development (MJC) commenced as a technical cooperation project with UMFCCI as implementing agency in October 2013 (Phase I: October 2013 ~ March 2018, Phase II: April 2018 ~ March 2023). MJC provides business course mainly for managerial personnel, middle management and entrepreneurs. In addition, MJC have the role to make business networking between Japan and Myanmar.

2) Training Program

Currently, MJC organizes training and seminar described in Table 6-3.

Table 6-3 Overview of Training Program of MJC

Type	Course name	Contents	Target
Business course	General course (24 hours)	HRM, Marketing, Business Plan, Project Management, Financial Management, Production Management, etc. (tuition fee: 50,000K-)	Top and Middle manager, Business owners
	Special course (24-30 hours)	Entrepreneur course, Case study, Networking course, etc. (tuition fee: 60,000K-)	
	National lecturer course (24-30 hours)	Business Accounting, Project Management, Leadership, Business manner, etc. (tuition fee: 30,000K-)	Middle manager, Staff, Students, Fresh graduates
	Tailor-made course	Customized course for individual enterprises, consultation, etc.	It depends on contents
	MJC original course	Practical Japanese tour guide training, Global human resources development program, etc.	It depends on contents
	JICA training in Japan	Networking with KEIDANREN & KANKEIREN, Internship, Homestay, Cultural exchange, etc.	Excellent graduates of General and Special course
Business seminar	Special seminar	Business seminar, KEIDANREN sponsored seminar, etc.	Top and middle manager
	Regional one-day seminar	Implement business seminar in regions per request from MoC, UMFCCI, etc.	Officers of regional administration or Members of CCI in regions
Event	Scholarship program	KEIDANREN sponsored scholarship program for excellent MJC graduates.	Excellent graduates of General and Special course
	Business idea contest	Business idea contest in collaboration with KANKEIREN. Winner is invited to participate ASEAN management seminar in Japan.	Graduates of General and Special course

Source: Prepared by the JICA Project Team based on materials provided by MJC

While general course is for the middle management, special course is for entrepreneurs (including candidates). Tailor-made course is also provided based on requests from companies. Training contents depends on requests, which are mainly on human resources development and production management.

There has been steady increase in number of business courses/ seminars as well as participants (25 business courses in FY 2013 including one day seminar, special courses and tailor-made courses, 71 in FY 2014 and 90 in FY 2015). Annual revenue exceeded the target set in the MJC's Ten-Year-Financial Plan.

In addition to MJC, nearly 50% of courses are held in Mandalay Region Chamber of Commerce & Industry (MRCCI). As the Myanmar side requests seminars in border and regional areas to lessen the regional gap, MJC collaborates with regional chambers of commerce and industry in states and regions. Seminars were held in 8 cities in 2015 and training/seminars have been implemented in the upper Myanmar region since 2016. MJC conducts the course for the Official Business Skills Test in Bookkeeping (the 3rd grade) in Yangon and Mandalay, and 21% of participants passed the test.

Regarding to the training in Japan, 15 participants are selected out of 100 candidates. There are some cases resulted in business alliance through internship and homestay supported by the Federation of Economic Organization of Japan (Keidanren). In addition, trade fair between Japanese and Myanmar companies are organized in Tokyo, Osaka and Fukuoka with the support from the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support Japan). Factory inspection (study tour) was realized through networking with alumni of Japan Center in other countries.

In addition to business courses and seminars, *Keiejuku* (Executive Business Management Course) and consulting service had been newly launched in Phase 2 as follows.

Business courses & Seminars	Business courses, regional seminars, bookkeeping training (Lectures & exams in Yangon and Mandalay), and customized training
<i>Keiei-juku</i>	7 courses and 84 hours of lectures & exercises for 10 students (5 months start from November to March). Conducted 1) lectures on business strategy, human resources development, market strategy, financial management strategy, business plan development, 2) practical training for business plan preparation, and 3) two-week training in Japan (including business matching in cooperation with SME Support Japan).
Consulting Services	Management diagnosis and management improvement advice for small and medium enterprises. Implemented free of charge to one plastic manufacturing company as a pilot project (fiscal 2018)

3) Management and Implementation Structure

Management and implementation structure of training is as follows:

- MJC graduated the assistance from JICA, and aims to manage independently by using own fund. The foundation for securing sufficient financial resources has been made through the development of a long-term financial plan, the increase in savings to be used as a revolving fund and the start of the cost sharing from the revolving fund.
- MJC tries to grow up main trainer and local human resources for management of MJC (4-5 local instructors at present). MJC recruits graduated students of universities in Japan. After selecting 15 participants out of 100 MJC graduated students, 1 out of 15 participants is candidate for this instructor and dispatched to Japan for studying.
- Initial survey on the needs of the private sector was conducted at the beginning of the Project, and the curriculum of the business course was formulated based on the result. MJC has been continuing the need survey to grasp changing business environments and the needs for training.

The collaboration with other ministries and agencies is as follows:

- MJC provided Special course for MoC officer, including brain storming for policy-making for trade promotion. Most participants do not have experience of this methodology, and Deputy Minister highly evaluated this course. Trainings and seminars for MoC are conducted once or twice in Naypyidaw and 10 times in each region annually (including seminars in region). A similar course is conducted for MoI as well.
- MJC conducted the training program for leadership and organization management for UMFCCI members.

- The collaboration with other ministries is required: i) to secure tuition fee, and ii) to cooperate based on joint planning of overall picture of training, clear objective and roadmap (not available partly).
- Training and office spaces were provided by Mandalay Region Chamber and Industry (MRCCI), MOC in Mandalay and in other regional cities in upper Myanmar region.
- MJC has been conducting joint seminars with external organizations, such as Policy Research Institute (PRI) under the Japanese Ministry of Finance, Keidanren and the Sumitomo Mitsui Banking Corporation (SMBC), as well as various networking activities with Japanese business organizations, companies, and local governments in Japan,

4) Observed Issues

The following efforts are needed to become a fully sustainable training center for business personnel who play an important role for the development of Myanmar economy.

- The number of official permanent staff is insufficient. The workload of MJC staff has become very heavy due to the increase in activities.
- There is a need for MJC to continuously attract new applicants (customers) by expanding the target audience through offering more varieties of business courses in a strategic manner or offering business courses in other regions. Specifically, 1) to expand *Monozukuri* (manufacturing)-related courses, 2) to expand target clients to include graduates from bachelor/master courses who want to start their own businesses, and general company staff, and 3) to expand target areas to other major cities/ regions, such as Mandalay. More than 80% of ex-trainees in special courses were from “trade” or “service” sectors while a relatively small number of them were from “manufacturing” sector. Taking into consideration of the fact that foreign direct investment in the manufacturing sector has been rapidly increasing, MJC is required to plan and implement *Monozukuri*-related courses.
- Expanding networks with relevant organizations are needed.

(3) Industrial Training Center (ITC), MoI

1) Overview

MoI established Industrial Training Center (ITC) in 6 areas in Myanmar under Directorate of Industrial Collaboration with support from other countries, to train technicians for industrial development of Myanmar and to resolve the gap of labor supply and demand, covering 14 courses in total such as machinery, electricity, electronics, computer, CAD/CAM and welding for about 1,000 students annually. The outline of ITC is described in the table below.

Table 6-4 Overview of ITC

	No. (1) ITC (Sinde)	No. (2) ITC (Mandalay)	No. (3) ITC (Thagaya)	No. (4) ITC (Pakokku)	No. (5) ITC (Magway)	No. (6) ITC (Myingyan)
Established Year	1979	2008	2009	2010	2011	2014
Location	Padaung Township, Bago Region	Aung Myae Thar Zan Township, Mandalay Region	Yedashe Township, Thagaya Industrial Complex, Bago Region	Pakokku Township, Magway Region	Magway Township, Magway Industrial Zone, Magway Region	Myingyan Township, Mandalay Region
Assisting Country	Germany	China	Korea	India	Korea	India
Number of trainees since establishment	4,102 (up to batch 35)	1,253 (up to batch 8)	897 (up to batch 7)	1,078 (up to batch 6)	710 (up to batch 5)	346 (up to batch 2)

Source: Prepared by the JICA Project Team based on materials provided by MoI and Myanmar Industry Portal (www.industry.gov.mm) (final access on March 13, 2017)

2) Training Program

The training course and annual capacity provided by each ITC is described in the following table. ITC provides 1-year training courses (5 days a week, 8 hours per day, and 1,600 hours in total) (opened in July) with the principle of 30% of theory learning and 70% of practice. The requirement to apply to this course is Myanmar citizen of 17-25 years old who graduated high school (level 10). Tuition fee is 5,000MMk/ month and food and dormitory charge is 12,000MMk/ month. The students learn manners and discipline through the training and the living in a dormitory. Opportunities of internship at local companies are also provided. Since all state-owned enterprises had stopped to conduct new recruitment after May 2017, most of graduated students work for private companies, including foreign-affiliated Japanese companies in Thilawa.

Table 6-5 Training Courses of ITC and Number of Annual Trainees

Course	No. (1) ITC Sinde	No. (2) ITC Mandalay	No. (3) ITC Thagaya	No. (4) ITC Pakokku	No. (5) ITC Magway	No. (6) ITC Myingyan
Number of Courses	8	4	5	7	2	7
Machine Tool Operator	25	35		25		30
Tool and Die Maker	15					25
Machinery Fitter	30		30			
Motor Vehicle Mechanic	35			30	120	
Electrical Fitter	35	35	30	30		25
Electrical Machine Maker	35					
Pattern Maker	15					
Mechanical Draughtsman	10					
CNC Machine Tool Operator		35		25		25
Computer & CAD/CAM			30		30	
Sheet Metal and Welding		35		25		30
Electronic Mechanic			30	25		25
Foundry			30			20
Heat Treatment Worker				10		
Annual Total Trainees	200	140	150	170	150	180

Note: Figures in () are the numbers of trainees.

Source: Prepared by the JICA Project Team based on materials provided by MoI and Myanmar Industry Portal (www.industry.gov.mm) (final access on March 13, 2017)

3) Management and Implementation Structure

Training management of ITCs is as follows:

- Trainees are selected from each region throughout the country. In FY 2013, in the case of Mandalay ITC, there were more than 500 applicants and an interview test were conducted.
- ITCs were originally vocational training institutes for state-owned enterprises and have developed its curriculums responding the needs of state-owned enterprises. They are different from vocational training institutes under the Ministry of Education, Science and Technology. ITCs is currently giving high priority to enhance a relationship with private sector and reflect their needs to training curriculums.

All ITCs have received assistance from foreign countries. Some of examples are as follows:

- In the case of Mandalay ITC, the construction of building was completed in 2005 with the assistance from China of 30 million yuan based on the cooperation agreement between Ministry of Industry and the Institute of Project Planning & Research (IPPR) Engineering International of China, The Chinese side mainly supported preparing equipment, lectures and teaching materials. In 2004, Chinese experts stayed for 5 months, and at the same time 42 Myanmar people were dispatched to Kunming Science and Technology University for 5 months instructor training. In August 2008, the center was transferred to Myanmar side (China continues to provide supports such as facility expansion and equipment provision, and plans to dispatch long-term experts).
- Hyundai Motor of Korea is cooperating in the automobile course of Magway ITC.⁴

4) Observed Issues

Major issues on ITCs are as follows:

- Facility/ equipment are too old for training practical skills. It is also pointed out that the level of lecturers and lecture contents of ITCs compare unfavorably with private training institutes as may be said for public training institutes.
- Except for Mandalay ITC, ITCs are located in regional area and far away from industrial area, which is a disadvantage in strengthening cooperation with private sector.
- It is required to strengthen training capabilities, to improve the curriculums which are applicable to industry, to update facilities and equipment, and cooperate with private companies and donors.

Technical/ Vocational Education Institutions under the Ministry of Education

The Ministry of Education has the following technical/vocational education institutes.

⁴ JICA Report on HRD for Industry by Private Initiative in Myanmar (2012)

Table 6-6 Institutions under Ministry of Science and Technology

Type of Education Institution	Description
Government Technical High School (33)	Enrolled in 14 years old who finished 9 years of school education (lower secondary school). The purpose is to train skilled workers. Completed in 2 years. In recent years it has not gained popularity, and many schools have been discontinued.
Government Technological Institute (16)	Enrolled in 16 years old who finished 11 years of school education (upper secondary school). Two years of technician training (Diploma). Those who have completed so far will follow the path of skilled workers.
Government Technological College (3)	For an excellent graduate of GTI. Acquired Bachelor of Technology after receiving 2 years of education. Those who have completed so far will follow the path of technicians
Technological University (27)	For an excellent graduate of GTC. Acquired Bachelor of Engineering after receiving 1-year education. Those who have completed so far will follow the path of engineers. The purpose is to train qualified engineers.
Technical University (TU) (6)	Technical universities which conduct advanced engineering and scientific research <ol style="list-style-type: none"> 1. Yangon institute of Technology 2. Mandalay institute of Technology 3. Pyay institute of Technology 4. West Yangon institute of Technology 5. University of Aerospace Engineering Myanmar 6. Yadanarpon Cyber City Institute of Technology (unified engineering education for 5 years)
Computer University (25)	Computer universities provide education on ITC in various cities in the country.

Source: Prepared by the JICA Project Team based on JICA Report on HRD for Industry by Private Initiative in Myanmar (2012) and website of the MoEST

Major issues on training programs, management & implementation structure and understanding of private sector needs are as follows:

- According to companies as well as students, these institutions cannot provide appropriate knowledge and skills necessary for the industrial world. One of the factors is the shortage of teachers, facilities and equipment. Lack of the national skill test which guarantees the level of engineer/ technician candidate is also another issue. There are many students who also enroll in private vocational schools in order to get a job. Recognizing the current situation, the government is taking consideration to improve those public institutions under cooperation with other countries.
- Improvement of the quality of teachers and curriculum, introduction of new courses, establishment of more training institutions, promotion of high-tech education and research & development are future issues.

6.1.3 Private Education and Training Institutions

(1) Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)

1) Overview

The Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)⁵ is founded as Burmese Chamber of Commerce and Industry in 1919. Today, UMFCCI is consisted of regional and state CCI and related associations, and has about 25,000 member-companies as the largest economic group in Myanmar.

In 2000, UMFCCI established training center to support entrepreneurs for capacity enhancement of companies and labor. In 2009, UMFCCI re-organized the training center to HRD Committee and finally UMFCCI Training Institute. They provided the training for more than 15,000 persons including freshmen so far.

UMFCCI currently provides certificate in Regular course and diploma in International MBA program, and plans to establish University of UMFCCI in future (but, not realized yet because of lack of Education Law on private education institute).

2) Training Program

UMFCCI mainly provides i) Regular course by UMFCCI Training Institute and ii) International MBA program in collaboration with University of the Thai Chamber of Commerce (UTCC).

Regular course

UMFCCI currently provides 12 courses as Regular course. The overview of each course is described in the following table. All lectures are held for 2 hours each on Saturday and Sunday during 2-3 months (30-40 hours in total). Opening of the course is i) October - December, ii) April - June, and iii) July - September.

Participants are employees of UMFCCI member companies and newly graduated students, and many young employees participate. As there are a lot of applicants, the capacity is filled within a week. Some courses require diploma and/ or related experiences. Participants highly evaluates the lectures on i) human resources management and ii) office management. There are training needs on labor dispute from some companies.

Lecturers are UMFCCI member, companies, professors and so forth. Although the honorarium for lecturers is USD10/ hour, there is no problem to recruit lectures because the teaching in this course is highly evaluated.

⁵ As well as UMFCCI, some associations by industry sector such as tourism, IT software, fish-processing industries have been delivering training opportunities to each their members.

Table 6-7 Overview of Regular Course by UMFCCI

	Course	Capacity	Duration	Tuition fee
1.	Human resources Management (Section-1)	100	3 months (40hr)	80,000MMK=\$70
2.	Office Management	100	3 months (40hr)	80,000MMK=\$70
3.	Financial Management	50	3 months (40hr)	80,000MMK=\$70
4.	Higher Sales and Marketing	40	3 months (40hr)	80,000MMK=\$70
5.	Basic Sales and Marketing	55	3 months (40hr)	80,000MMK=\$70
6.	English for Communication Practice	50	3 months (40hr)	80,000MMK=\$70
7.	International Trade	55	2 months (30hr)	70,000MMK=\$60
8.	Operational Research for Management Making	40	3 months (40hr)	80,000MMK=\$70
9.	Business English (Beginner Level) (Section-1)	50	3 months (40hr)	80,000MMK=\$70
10.	Business English (Intermediate Level) (Section-2)	50	3 months (40hr)	80,000MMK=\$70
11.	Systematic Distribution and Management	50	3 months (40hr)	80,000MMK=\$70
12.	Basic Food & Beverage Service Training Hospitality	50	3 months (40hr)	80,000MMK=\$70

Source: Prepared by the JICA Project Team based on materials provided by UMFCCI

International MBA program

International MBA course was commenced in August 2012 in collaboration with UTCC. The program opens January and August every year, and two days in weekend for 2 years. Tuition fee is US\$9,500 for two years. Receiving 50 participants for every batch, UMFCCI provided the program for 376 participants in total from the 1st batch in 2012 until the 7th batch opened in April 2016. This program includes not only lectures by UTCC and foreign invited lectures but also study tour to ASEAN countries.

Collaboration programs with other donors

UMFCCI conducted the collaboration programs with KOICA, HIDA, GIZ, IFC, Japan Productivity Center and so forth. Basically, donors plan and propose the program and UMFCCI collaborates with it. The contents are 1 or 2-days seminar on human resources management and financial management by lectures dispatched by donors.

3) Management and Implementation Structure

UMFCCI's management of training is as follows:

- Open for new participants is announced through 2 local newspapers, website, Facebook, and bulletin board. The reputation from mouth to mouth through graduated participants and UMFCCI members seems to work well. In general, UMFCCI's training is well-known.

The collaboration with other ministries and agencies is as follows:

- Only the collaboration in dispatching lectures. UMFCCI has not received any request for training from the public sector.

4) Observed Issues

Major issues on training of UMFCCI are as follows.

- It is necessary to continuously attract customers through providing appealing courses, based on grasping the needs of private sectors and evaluation of students.

- The degree of international MBA program is accredited based on Thai’s education law. The accreditation of Myanmar’s degree should wait for the preparation of Myanmar education law regarding private education institutes.

(2) Other Industrial Associations

Industrial associations, such as associations of retailers, textile/ garment, rubber and food processing, are also providing trainings and workshops for their member companies for the purpose of developing human resources.

1) Myanmar Food Processors & Exporters Association (MFPEA)

Implementing trainings and awareness workshops every year: “For management: General food processing skills, Good harvesting practice, Good manufacturing practice, Hazard analysis & critical control point (HACCP), ISO on food safety and health”, “For workers: quality control and food safety,” “For farmers: grain storage and drying.”

2) Myanmar Garment Manufacturers Association (MGMA)

Established a garment training center which can accommodate 120 people for the purpose of training employees of member companies, providing two courses for free of charge: sewing skill training for worker (10 days) and supervisor training (10 days). The Ministry of Science and Technology (MoST) provides financial supports in providing the means of transportation, dormitory and meals for trainees.

3) Singapore-Myanmar Vocational Training Institute (SMVTI)

Singapore is active in attracting foreign educational institutions and has been accepting a large number of international students from ASEAN countries to technical-based polytechnic institutions and providing educational environment with advanced practices. In addition, Singapore has established technical training centers in the ASEAN countries to develop local industry human resources.

Modeled after Institute of Technical Education in Singapore, Singapore-Myanmar Vocational Training Institute (SMVTI) was established in Yangon in June 2016 under cooperation with the Government of Singapore, aiming for developing skilled labor.

The overview of training courses provided by SMVTI is described in the following table. SMVTI provides 4 courses in hospitality and tourism and 6 courses in engineering field for 40 students in each course (400 students in total). The courses are six months, full-time, practical based vocational training which are conducted in English. 800 graduates in every year who have successfully completed the training will be awarded SMVTI Certificate of Competency accredited by Ministry of Science and Technology.

Table 6-8 Overview of Courses provided by SMVTI

Course		Capacity	Duration
Hospitality and Tourism	Front Office Operations	40	6 months
	Housekeeping Operations	40	6 months
	Restaurant Operations	40	6 months
	Retail Operations	40	6 months

Electrical skills and Electronics	Electronics (Computer Networking)	40	6 months
	Electrical Technology (Electrical Appliances and Special Installations)	40	6 months
Facilities Management	Residential Air Conditioning	40	6 months
	Building Fixtures and Equipment	40	6 months
Engineering services	General Welding	40	6 months
	Mechatronics (Basic Services)	40	6 months

Source: Prepared by the JICA Project Team based on interview to SMVTI and TVET Myanmar Portal (<http://tvetmyanmar.org/>) (final access on March 14, 2017)

Totally 718 students had graduated from SMVTI by March 2017, 66 % of them have found jobs quickly after graduation with many being hired before they graduate. SMVTI has MOU with some private companies including Japanese company in cooperation for training (dispatch of instructors/lectures, practical training opportunities, sponsor for preparing training materials, etc.) and in recruitment of the graduated students to these companies. SMVTI supports for 20% of the graduated students to enter Government Technical Institute (GTI), and twenty top graduates also have opportunities to intern in companies in Singapore.

The renewal of MOU between Myanmar and Singapore on March 2017 reflects Singapore's continued commitment to provide technical and management skills for its independent management by SBVTI personnel, meanwhile Myanmar Government will gradually take over the funding and management of SMVTI during next three years. It will be a challenge for Myanmar to run and develop the institute independently in future.

(3) Centre of Excellence for Business Skills Development (CEBSD)

CEBSD, the first PPP initiative in delivering vocational education in Myanmar, was established in 2014 involving PepsiCo, UNESCO, Ministry of Education (MoE) and Yangon University of Economics. CEBSD aims to expand employment prospects for youth by offering training courses focusing on business skills, career counselling, and networking opportunities, and facilitate development of industry-responsive vocational training.

Seven courses have been developed and delivered to more than 670 students by February 2017. Courses cover topics such as business skills for youth, English for business world, retail management and hospitality management. More than 80 business people and leaders, including 9 executives from PepsiCo, from local and international community in Yangon have engaged with CEBSD as speakers, moderators and workshop facilitators.

(4) Local Training Providers

Private vocational and technical schools have been established one after another from the mid-1990s, mainly in the fields of language, secretary training and computer. Entering in the 2000s, many vocational schools were established in the fields of tourism, cooking, clothing, information technology, and accounting. As of 2012, there are over 400 vocational schools across the whole country⁶.

⁶ JICA Basic Study on HRD for Industry with Private Initiative in Myanmar (2012)

However, these schools are not yet certified as formal vocational training institutions by the government and the certificate of completion awarded is not officially authorized. Despite being treated as a private school, many students are gathering, and a number of schools which provide international diplomas in tie-ups with vocational schools and universities in Europe (especially the UK) are increasing.

A large number of students go to private vocational school for learning practical business in preparation for employment (most of them hope to work abroad), while attending college or after graduation (some are also enrolling at a distance learning university which allows them to graduate with attending only a few days a year)⁷. Completion of university or public vocational training school is not enough to equip the students with good skills, even though a degree is awarded, the private vocational school consequently plays a role on the actual skill training. Generally, at least half a year to a year experiences at private vocational school are indispensable to fund a job in the field of information technology and engineering,

On the other hand, the following issues are known: there are no institutions or organizations to secure and certify the training quality of these private educational institutions, and they have very poor facility environment for education in general. In response to this situation, the government has started a policy to approve these private vocational schools that had been unofficial, hence elevating expectation for these schools.

Some foreign private companies including Japanese companies provide education and training for local human resources in Myanmar. A Japanese company FUJIWORK, which is a leading manufacturing contractor, has contracts with companies mainly in Thilawa and Yangon. This company established a vocational training center in Thilawa Special Economic Zone (SEZ) in 2015. This training center trained about 1,000 workers in total from 2015 until February 2017. Their training covers all directions including not only machine operation and safety training but also Japanese language, commercial bookkeeping, IT, training for new-employee and so forth, for both management and workers. Companies send their employees to this training center since they are shorthanded for in their launching stage. The quality level of training contents and tuition fee are the same level as in Japan, much higher than those of local private vocational training schools.

6.2. Issues of HRD for the Private Sector

6.2.1 Needs for Human resources for Industry

(1) Needs of Foreign Companies for Human Resources

JICA Project Team conducted interviews to almost 50 foreign (particularly Japanese) companies⁸. Needs regarding human resources of Myanmar held by the interviewed companies are summarized as

⁷ JETRO HRD Business for Industry (2013)

⁸ Although conducted for the purpose of investment potential analysis, asked for issues of HRD for local employees if allowed. Interviewee includes two Japanese HRD and temporal staff service companies.

follows.

- Human resources for the middle-manager of the business management and production divisions/ sections (division/ section chief, line chief, and leader of workers/ staffs, etc.), who will join the management in the future, are lacking very much.
- It is very difficult to secure engineers/ project leaders in IT software development. According to Japanese temporal staff agent, only a few public HRD institutions, that are deemed more than a certain acceptable level, exist for IT category in Myanmar, and their number of enrollments becomes narrower recently.
- Although worker level human resources are available abundantly, but scarce for those equipped with sufficient skills. Therefore, it is usual practice to recruit necessary number of workers first, and to start training them from scratch (with basic knowledge and business ethics) through in-house training.

(2) Needs of Foreign Companies for Human Resources

Domestic companies were also asked for issues and needs of HRD through interviews with major industrial association (16 sectors). Observations concerning human resources held by them are summarized as follows:

- Capacity development needs for ‘design’, ‘personnel and human resources management’ are deemed high. Since most domestic companies are run as a family business or in a small/ micro scale, interests in SME management and sustainable corporate management are deemed strong.
- Human resources for middle-manager (division/ section chief, line chief, and leader of workers/ staffs, as observed in foreign companies) and technicians, equipped with such common knowledge and skills to industry as production/ quality/ process management, are lacking very much.

6.2.2 HRD Conducted by Japanese Companies

Due to the weakness of HRD institutions in offering practical skills training course as demanded by Japanese companies, the companies which expands their business in Myanmar face a difficulty in recruiting not only middle managers/ technicians for certain skills but also worker level human resources.

Japanese companies mostly deal with HRD of their employees by organizing internal training opportunities. Usage of external HRD institutions (public vocational and technical schools) have been deemed limited, and this is especially true for those having commenced business in Myanmar in recent years.

The JICA Basic Study on HRD for Industry with Private Initiative in Myanmar (2012) stated the following observations typical to Japanese companies, concerning recruitment/ HRD of their employees.

Apparel/ garment industry faces excess in demand for experienced workers, and recognizes no vocational schools specialized in sewing except a garment training center that was recently established by the association for the employees of their member companies. Accordingly, this industry can only

recruit those unexperienced and train them internally from scratch. Other sectors in general place little importance onto work experience when recruiting the workers. They suppose the provision of a certain in-house training (basic skills) that is tailor-made according to actual jobs to be performed at the workplace.

As for middle managers/ leaders, OJT is deemed common and supplemented by lecture/ guidance which invites Japanese experts and dispatch training to the headquarters/ group companies in other countries. On technical aspect, knowledge of production/ process management is lacking, that is usually addressed through the on-site guidance by invited Japanese experts and dispatch to the headquarters/ group companies, as seen in the case for training of middle managers.

Non-manufacturing sectors tends to recruit fresh graduates to make them easily adjusted to the companies' own way of business, and suppose in-house training centering OJT for their capacity development. As for middle managers, it is deemed common to arrange dispatch training to the headquarters and group companies located in other ASEAN countries.

IT software industry has a rather common practice, where the graduates from public-run computer universities and vocational schools are tentatively recruited after the examining their level of basic knowledge and English ability, since their level of IT skills are not considered enough. Then, in-house training period (3 to 6 months, or 1 year if longer) is followed to screen and formally recruit those who achieve the company's standard. It is however noted that those who have no experience in schooling to external vocational schools run by private can hardly be accepted.

Staffs in administrative section are recruited from university/ college graduates who are equipped with necessary skills, via job advertisement, personal communication. Some companies do not arrange in-house training since those who are recruited are experienced, but others do so through OJT and guidance on Japanese way of business.

Capacity development for manager level supposes in-house training through guidance by the client or affiliated companies (usually foreign), and dispatch to private-run vocation schools at company's own expense. There are cases of supports such as schooling to MBA course run by colleges/ private vocational schools so that managers can acquire the advanced knowledge of business management (for detaining them, on the other hand). Dispatch training to headquarters/ group companies in other countries is deemed usual means of capacity development.

6.3. Observed Gaps in HRD for Industries

Companies in Myanmar (Japanese companies in particular), demand for human resource, face with the following issues.

- As for workers, skills and knowledge levels of the graduates from vocational and technical schools are not deemed high, and those practical skills for actual work are lacking. In particular,

the needs for skills of design/ CAD, general machinery operation, mechanical/ electrical, vehicle repair, computer programming are deemed high.

- Middle managers for business management and technical sections (such as division/ section chief, line chief, and leader of workers) are very scarce. In particular, the needs for practical skills (production/ process management, business management, personnel/ human resources management, etc.) are deemed strong.
- As a result, companies in Myanmar try to secure the certain number of fresh-graduate worker and develop their capacity through OJT-based in-house training from scratch, while seldom utilize the external HRD institutions for this purpose. As for capacity development of middle managers as well, in-house training is usually pursued including dispatch training to the headquarter/ group companies in ASEAN countries. External HRD institutions, particularly private vocational schools, are also utilized for some occasions.

On the other hand, there exist many human resources suppliers, i.e., vocational and technical schools, in Myanmar. Such HRD institutions for industry under MoST (institutes of technology, technical/ computer universities, vocational schools (except vocational high-schools)), MoI (Industrial Technical Centers) and MoLIP are concerned amount to almost 50 nationwide. Non-technical-oriented institutions such as TTI and MJC under MoC and UMFCCI are also available, and furthermore over 400 private vocational schools exist. However, the following gaps exist that need to be filled in order to adequately train and supply such human resources for industry as demanded by the private sector.

- Vocational and technical schools in Myanmar offer comprehensive curriculum, but that is biased to rote/ theoretical learning, thus unable to offer the training and guidance of practically-applicable skills/ knowledge. Although recognizing the necessity of delivering training and guidance as demanded by private sector, these schools have been facing constraints to do so, such as aging and shortage of training facility/ equipment, outdated texts, limited capability of lecturers⁹.
- The industrial training centers (ITCs) under MoI might be able to develop human resources needed by companies if they intend to open short or night courses for employed workers and short-term and flexible curriculums are developed with improved contents and teaching methods. The location of ITCs except ITC in Mandalay is far from industrial zones.
- Public vocational and technical schools have a weak capability of understanding the need of the private sector for curriculum design because they have supplied most of their graduates to state-owned enterprises and their lecturers have little opportunity of information exchange with external source¹⁰.

⁹ Technical/ vocational schools under MoST, having doubled their lecturers in accordance to the rapid increase of the school in the past, face an issue of fostering quality lecturers.

¹⁰ JICA Detailed Planning Survey Report on the Project on Enhancement of Engineering Higher Education in Myanmar (2013) pointed out age limit for employing lecturers, thus causing difficulty in receiving those who have work experience in industry.

There exist HRD institutions that receive a certain reputation by providing tailor-made training program in accordance to the needs of companies. MJC, UMFCCI, industry associations and some private vocational schools have been used by companies for training of their middle managers. These HRD institutions, if they intend to enhance the visibility on their training programs from the foreign/ local companies, and emphasize the customized approach to program design with ensuring flexibility in delivering the program, can play complementary function to the in-house training by companies (for middle managers, on their skills/ knowledge of business management, production/ process management).

6.4. Proposed Measures to Fill the Identified Gap

The above gap indicates that public vocational and technical education in Myanmar is not sufficiently responsive to demands of private sector, having not been producing enough human resources with knowledge and skills needed in the workplace. For the vocational and technical schools to be more adequately responsive to labor market demands, this Study proposes the following measures to be taken by the provider's side of human resources for industry.

Improvement of contents, delivery and means of training

Considering the needs of private sector, the vocational and technical schools (particularly public ones) are recommended to take the following measures:

- To train behavioral skills such as work ethics, teamwork and communication and problem-solving skill based on practical experience.
- To improve the training contents of technical skills/ knowledge that are often highlighted by companies, including those on business management and production/ process management for middle managers, and mechanical, metal-work, electrical, vehicle repair, computer programming, design/ CAD, basic machinery operation.
- To realize flexible/ piecemeal delivery of the above training courses including making them available during the short-term or nighttime.
- To enrich the means of training such as practical/ simulated training, internship more than classroom-lecture.
- To provide supports such as job search, networking of alumni, etc.

Enhancement of interaction with private stakeholders

Public schools should start regular interaction with the stakeholders of private sector to ensure access to information on demands for skills and reflection of such information into their curriculum planning. In this regard, it is recommended that such stakeholders as employers be institutionally involved in vocational and technical school management or their program planning. National Skill Standards Authority (NSSA)¹¹ can be well-placed to facilitate and institutionalize such regular interactions.

¹¹ NSSA was established in 2007 to improve the quality and relevance of vocational training, and has developed skills standards for almost over 150 occupations of which 55 have been applied in curriculum development.

Improvement of labor market information management

The Ministry of Labour, Immigration and Population should strengthen information collection and dissemination on labor market condition so that they can provide useful information to employers, employees, vocational/ technical schools, students, etc. The collected both quantitative and qualitative information on labor market should be used by public/ private employment service companies for effective job-matching service.

Quantitative information such as employment trend, job vacancy and wages by occupation will be collected through monitoring of the labor market. Qualitative such as employers' demand and expectations for workers and skills will be collected through interactions with the business world. Another source of information is employees' evaluation of vocational and technical schools.

CHAPTER 7 Investment Promotion Mission to Japan

7.1. Investment Promotion Mission to Japan

A Myanmar investment promotion mission visited Japan (Tokyo and Osaka) from May 28 to June 3 2017. The purpose of mission was to understand the needs of Japanese investors through discussions with Japanese companies, site visit and giving a lecture at an investment seminar.

The mission led by Secretary of MIC/ Director General of DICA was composed of five MIC members including Permanent Secretary of Ministry of Natural Resources & Environmental Conservation and Permanent Secretary of Ministry of Commerce and six DICA officials. In addition, the economic counsellor of Embassy of the Republic of the Union of Myanmar accompanied the mission during their stay in Tokyo.

A series of courtesy calls were made to the following three organizations: Japan Business Federation (*Keidanren*), The Japan Chamber of Commerce and Industry (JCCI) and Kansai Economic Federation (*Kankeiren*). The opportunity of dialogue with representatives of Japanese companies was also provided by Keidanren.

As for site visit in Tokyo and Osaka, two companies were selected for each.

Table 7-1 Schedule of Site Visit in Tokyo and Osaka

	Company	Business field
Tokyo	NYK Tokyo Container Terminal and Ohi Logistics Center under NYK Group	Container terminal, Banded warehouse
	Ajinomoto Kawasaki Plant	Food processing production
Osaka	Kubota Sakai Plant	Agricultural machinery
	Konoike Transport Co., LTD. Ajigawa Warehouse	Bonded Warehouse

7.2. Investment Seminar in Tokyo and Osaka

During the period of the mission in Japan, MIC, Embassy of the Republic of the Union of Myanmar in Japan and JICA organized the Myanmar investment seminar in Tokyo and Osaka, under collaboration with JETRO as a co-organizer, supported by Japan Business Federation (Keidanren), Kansai Economic Federation (*Kankeiren*), The Japan Chamber of Commerce and Industry (JCCI), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank Limited.

Table 7-2 Schedule of Myanmar Investment Seminar in Tokyo and Osaka

	Tokyo	Osaka
Date/ Time	May 31, 2017 (Wed), 14:00-17:15	June 1, 2017 (Thu), 14:00-17:15
Venue	Ascot Hall, Hotel Okura Tokyo	Sanraku, Rihga Royal Hotel Osaka

As a main program of the seminar, Secretary of MIC/ Director General of DICA explained a new investment regime in Myanmar especially on Myanmar Investment Law & Rules, followed by a panel discussion on the theme of “Points of Myanmar Investment Law and Rules” that deepened the understanding of the seminar participants. After the seminar, a business card exchange session was also

held among the seminar participants, the mission members and Japanese lectures, as a part of approach towards promoting investment into Myanmar as well as a part of capacity building for DICA officials.

The number of general public participants was 485 persons in Tokyo and 143 persons in Osaka, mainly from companies of trading and manufacturing fields. According to the results of pre-questionnaire survey to applicants conducted at the time of application for the seminar, the most interested specific area for investment is “construction” (18.3%) followed by ‘transport and logistics’ (17.3%) for Tokyo, and ‘transport and logistics’ and ‘wholesale trade’ for Osaka (13.1% for both).

A questionnaire survey for seminar evaluation was also conducted in order to grasp the participants’ opinions about contents and operation of the seminar. Answer sheets of 379 in total were collected from the participants, 276 in Tokyo (response rate: 53.8%), 103 in Osaka (response rate 66%).

Appendix 14 shows the detail records of the mission implementation including references of the seminar.

CHAPTER 8 Recommendations for Future Assistance of JICA

8.1. Development Needs

8.1.1 Policy Issues

Myanmar is faced with the following issues of investment, export and industrial development.

Investment promotion

- Growth in FDI has stagnated in recent years. FDI in the manufacturing sector, which directly leads to the industrial structure diversification and the export industry development, is relatively small.

In FDI in Myanmar, large-scale projects in the areas of natural gas, electricity, and transportation & telecommunications have exceeded 60% on the approved amount basis. The manufacturing industry accounts for 60% of the total number of projects, but for only 14% on the amount basis.

- As the growth of FDI in Myanmar has recently stagnated, FDI to the manufacturing sector, which leads to the industrial diversification and export expansion, has increased its presence in the total FDI.

Among the accumulated amount of MIC-approved FDIs as of March 2019, investments in large projects such as natural gas, electricity and transportation & communication exceed 60% of the total on an approval amount basis. Although the manufacturing sector accounts for 60% of the total number of projects, it accounts for only 14% of the total on an approved amount basis.

The amount of annual MIC-approved FDIs has continued to decline after peaking in 2015/16. Among them, annual FDI to the manufacturing sector has reached to 30 - 40% of the total approved amount since 2017/18. However, FDI in the manufacturing sector has concentrated to specific sub-sectors. At the Thilawa SEZ, investments have been made in a wider range of manufacturing sector.

- Foreign investors' evaluation is low for such factors as infrastructure, investment related procedures, and legal system.

Although the Myanmar government has been tackling the improvement of Myanmar's investment environment such as Doing Business Index of World Bank, the simplification of investment-related procedures is keenly demanded by investors.

Export Development

- Primary products such as natural gas and agricultural products account for the majority of Myanmar's export.
Most agricultural products are exported unprocessed with low value-added.
- The export-oriented manufacturing sector has not developed in Myanmar.

Garments are the major export item among manufactured products. They are mostly exported in the form of Cut-Make-Pack style of low valued-added depending on imported materials.

Industrial Development

- The introduction of the latest technology and machines is delayed, and many industrial products, ranging from industrial goods to consumer goods, are not produced domestically.
Large-scale manufacturing has been dominated by state-owned enterprises in Myanmar, and the private sector has started to develop late. 60% of manufacturing sector is occupied by food processing sector. Most of food processors are rice millers and edible oil producers. The manufacturing industry generally engages in production with low level of technologies and obsolete machinery.
- Value chains and industrial clusters are underdeveloped in Myanmar.
The development of industrial clusters and value chains of the manufacturing sector is generally delayed. It often depends on imported raw materials and production machinery & equipment.

The Myanmar Government has formulated several policies (including master plans and action plans) with the purpose of overcoming the above issues. They have problems that several similar policies have been formulated for the same themes and involved ministries are duplicated. In 2018, the Myanmar Sustainable Development Plan (MSDP) was formulated to organize the flood of these policies and to show the policy issues for the development of Myanmar.

MIPP and NES are expected to comprehensively address issues of investment promotion and issues of investment development respectively under MSDP. The Strategic Directions for Industrial Development and individual industrial policies have been formulated for the industrial development.

The Myanmar Government is required to effectively implement these policies and overcome the above-mentioned issues of investment promotion, export promotion, and industrial promotion while building strong cooperation among relevant ministries and agencies.

8.1.2 Development Needs of Related Ministries and Organizations

The development needs of DICA, Myantrade and the Ministry of Industry are summarized as follows:

(1) Current Situation and Problems of DICA

The current situation and problems of DICA are as below.

Table 8-1 Current Situation and Problems of DICA

Area	Current Situation and Problems
Organization	
Organization	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - DICA was transferred to the Ministry of Investment and Foreign Economic Relations (MIFER) at the establishment of the new ministry in November 2018. - DICA' organization structure is functional organization and four investment divisions divided by industry group handle investment applications.

	<ul style="list-style-type: none"> - There were 4 Deputy Directors General under the Director General. They managed 11 Divisions and 14 regional offices. However, due to the personnel transfer at the transfer to the new ministry, there are only two directors general at present. <p><u>Problem:</u></p> <ul style="list-style-type: none"> - The Director General who had been taking the leadership in investment environment reform of Myanmar was transferred to be the permanent secretary of MIFEA in April 2019. - Since its status is a department of the ministry, the position in the administrative structure is lower than that of ministry. <p>Therefore, flexibility in budgeting and personnel management is limited. In addition, the voice to other ministries is lower by one level.</p>
Management	
Management System	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - The Minister of MIFER is willing to improve the investment environment and promote investment. He is actively working on investment environment improvement by simplifying investment-related procedures. - As with other Myanmar ministries, upper and lower-level decisions are being made at DICA. - DICA intends to promote computerization of procedures. An electronic registration system was introduced at the entrance in 2017, and, an online company registration was started in August 2018. They were supported by development partners. <p><u>Problems:</u></p> <ul style="list-style-type: none"> - It is necessary for new director general to smoothly establish the management of DICA. - An investment application has not been computerized yet. The further computerization is needed for improving DICA's services.
Resources	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - The number of personnel is approximately 500 at DICA. - The personnel of DICA has relatively higher education background. Eighty-nine percent of personnel have undergraduate degree or higher, and 17% have master degree and doctoral degree. Approximately half of DICA's personnel are officers and the rest are staff. - Several development partners such as JICA, ADB, GIZ, IFC and ITC are supporting DICA for investment promotion. <p><u>Problems:</u></p> <ul style="list-style-type: none"> - Most personnel have entered DICA without experience of actual business. - As with other ministries, DICA has a limited budget and depends on development partners for carrying out activities.
Service Provision	
Functions	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - DICA has functions as a regulator and companies, as a company registrar, as an investment promotion agency, and as the secretariat of MIC. - DICA aims to increase investments and encourage private entrepreneurship.
Investment Approval	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - Provided services are investment screening & issuance of a non-binding guideline, evaluation of an investment proposal or endorsement application, submission of the evaluation checklist to the Proposal Assessment Team, acquisition of relevant ministries' comments for recommendation, acquisition of region/state governments' comments for land use right authorization, submission of the proposal or endorsement to the MIC, and issuance of a permit or endorsement. <p><u>Problems:</u></p> <ul style="list-style-type: none"> - Regarding investment project evaluation for an investment permit or endorsement, in addition to the pro forma evaluation (history of investor, financial status, etc.), in-depth evaluation is a future problem, for example,

	<p>evaluation of investor's position in the industry, product characteristics, uniqueness of technology or business model and impact on other industries.</p> <ul style="list-style-type: none"> - It is necessary to evaluate an explicit value of investment project by introducing a method of numerical evaluation (evaluation table) in order to establish specific and objective evaluation method for the evaluation criteria prescribed in the Myanmar Investment Rules for investment permit and tax incentives. - DICA intends to accelerate the process of obtaining comments from relevant ministries and agencies, but it is also necessary to review the ministry recommendation system itself. <p>If a comment from relevant ministry is required for an application, DICA acquire approval criteria from relevant ministries and organization in advance, evaluate the application with the approval criteria, submit the application to relevant ministry or organization, and receive the recommendation letter from the ministry or organization within a set period of time. However, a reason for the necessity of recommendation letter is not necessarily clear for more than 120 fields.</p> <ul style="list-style-type: none"> - It is necessary to give MIC / DICA strong authority and to establish a system that exclude other ministries and organization from a decision of investment approval while taking into consideration opinions and intentions of them.
Investment Monitoring	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - The prescribed services consist of acceptance of documents for amendments to the permit, endorsement, tax incentive or land rights authorization, for additional approvals, investors' reports, receipts of complaint letters, check of compliance of investors, advise to MIC, and assistance to other governmental departments requiring information of investors. <p>ix) receive any information that the investor does not follow the Law.</p> <p><u>Problems:</u></p> <ul style="list-style-type: none"> - Monitoring is required to confirm whether the proposed and approved investment value is invested or not. <p>Capital payment should be checked by an investment report attached with a copy of transfer notification issued by a handling bank. Overseas borrowing should be checked by a report with a prior permission application to the central bank. Local borrowing should be checked by a report with a copy of loan agreement.</p> <ul style="list-style-type: none"> - It is desirable to develop software for quickly processing reports on investment implementation.
OSS	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - A Deputy Director General of DICA who was appointed by the MIC Secretary oversee the operations of MIC OSS. - It is stipulated by the Rules that government officers from 15 departments of various ministries are assigned as the MIC OSS Officers. - The functions of MIC OSS are stipulated by the Rules to guidance to investors, acceptance of applications and required documents, acceptance of requests for information, assistance to the Investor Assistance Committee, and assistance to the Investment Monitoring Committee. <p><u>Progress:</u></p> <ul style="list-style-type: none"> - Investors are strongly urged to simplify and accelerate various licensing procedures under the jurisdiction of OSS related ministries. <p>DICA needs to simplify and accelerate various investment-related procedures for MIC-approved companies by coordinating with relevant OSS ministries.</p> <ul style="list-style-type: none"> - It is needed to enhance convenience of investors by strengthening the OSS function. <p>It is necessary to review which applications for permissions and registrations should be handled at OSS and which ministries and organizations should be located at OSS. And it is necessary to promote the delegation of power to OSS.</p>
Investment Promotion	<p><u>Current Situation:</u></p>

	<ul style="list-style-type: none"> - DICA provides investment promotion services such as publication of investment guidebooks, website, investment seminars, collection and provision of information for investors. - The above-mentioned investment promotion services are conducted with the support of various development partners including JICA. <p><u>Problems:</u></p> <ul style="list-style-type: none"> - A budget for promotion activities is limited. - Know-how of investment promotion has not accumulated within DICA. - Therefore, DICA often depends on development partners for promotion activities.
Company Registration	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - The company registration has been a conventional function of DICA and DICA has a long experience. - The online company registration system, MyCo, started in August 2018 and registered companies made online re-registration. MyCo has realized the simplification of company registration and renewal procedures and the system has been smoothly operating.
Policy Advocacy	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - DICA confirms the Myanmar Investment Law and existing laws and regulations, such as investment law and investment-related laws and regulations and issue explanatory notifications. <p><u>Problems:</u></p> <ul style="list-style-type: none"> - It is necessary to enhance DICA's capability of formulating new investment-related policies and making policy recommendations. - There is not sufficient capability to study cases of policies of other countries.
Investment Statistics	<p><u>Current Situation:</u></p> <ul style="list-style-type: none"> - DICA compiles investment statistics on the MIC-approval basis <p><u>Problems:</u></p> <ul style="list-style-type: none"> - Enhancement of investment monitoring should be enhanced to create investment statistics on the disbursement basis.

(2) Development Needs of Myantrade

The development needs of Myantrade are as below.

Table 8-2 Current Situation and Problems of Myantrade

Area	Development Needs
Organization	
Organization	<ul style="list-style-type: none"> - Myantrade was established in April 2016 with the reorganization of the Ministry of Commerce. - Myantrade adopts a functional organization. Operational divisions are the Strategic Market Promotion Division and the Trade Information and Research Division in charge of international trade promotion and the Domestic Trade Division for in charge of domestic trade promotion. - There are two Deputy Director Generals under the Director General. - Functions and tasks of Myantrade has been Three years have passed since its establishment, and the functions and tasks has taken root in Myantrade during three years since the establishment.
Management	
Management System	<ul style="list-style-type: none"> - The Director General has been leading Myantrade since the establishment. - As with other Myanmar ministries, upper and lower-level decisions are being made at DICA. - Although SOP has been prepared for trade fair management, concrete work contents and work flows have not been formulated for other trade promotion services, which are not actively carried out.
Resources	<ul style="list-style-type: none"> - The number of Myantrade personnel is 223 persons, of which 78 persons are officers and 145 persons are staff.

	<ul style="list-style-type: none"> - Almost all personnel have entered Myantrade without actual business experience. Because of this, most personnel lack sufficient knowledge and experience to provide practical trade promotion services. - Although Myantrade implement conventional operations such as participation in overseas trade fairs without problems, the ability of planning and implementing new trade promotion services is insufficient for directors at the division. - As same with other ministries, Myantrade has a limited budget, and the budget is overwhelmingly insufficient to extend effective trade promotion services. Myantrade depends on development partners for cost to carry out export development programs. - The Ministry of Commerce basically accepts offers of assistance from development partners. Some projects of development partners are ongoing in the area of trade promotion. It is important to coordinate with development partners to avoid duplication of activities when starting a new project.
Service Provision	
Functions	<ul style="list-style-type: none"> - Urgent issues are job design and work flow design for the improvement of trade promotion services and capacity development of personnel. - The trade promotion services of Myantrade are generally at the basic level. Its level is inferior to other countries' TPOs. The low level of service provision capability of personnel still remains. - It is necessary to expand the scope of services in addition to the service level improvement. - Because the needs of users are not sufficiently identified, the targets for services are not clearly defined.
National Export Strategy	<ul style="list-style-type: none"> - Myantrade has been involved in the implementation of the National Export Strategy (NES) (2015-219) as the secretariat of the NES. NES was formulated with the support of the International Trade Centre (ITC). ITC launched a new project for the formulation of NES (2020-2025) in March 2019.
Trade Fairs	<ul style="list-style-type: none"> - Overseas trade fairs in which Myantrade participates are mostly trade fairs where Myantrade is invited by organizers because of budget constraint. Myantrade participates in about 10 trade fairs every year. - Domestic trade fairs organized by Ministry of Trade are mostly limited to regional trade fairs organized by its regional offices - Myantrade opens its booth at trade fairs if possible, by negotiating organizers. Myanmar products are exhibited at Myantrade's booth. - Myantrade has accumulated experience to handle the procedures of overseas trade fair without any problems.
Trade Information	<ul style="list-style-type: none"> - The website of Myantrade has been substantially renewed to be a user-friendly website that is closer to the websites of TPOs in Thailand and Malaysia. - Myantrade has accumulated the ability to compile an overview of export markets by item using the world trade statistics. - However, Myantrade's ability to create market research reports that suggest strategies for entering foreign markets is insufficient. - The Trade Information and Research Division collects market information by item and reports it to the top.
Myanmar Trade Center	<ul style="list-style-type: none"> - The Myanmar Trade Center (MTC) is located at the Yangon Office of the Ministry of Commerce. MTC provides such services as consultation, business matching, library and Myanmar product display. - Main contents of consultation services at MTC are recommendation letter for visa application, customs duty information, method of establishing a company, etc. - The number of officers who can provide consultation and business matching is very limited. - MTC sometimes organizes seminars/ roundtables by inviting Myanmar business people.

Publishing	<ul style="list-style-type: none"> - A representative publication by the Ministry of Commerce is the Burmese weekly newspaper "Commerce Journal", which carries trade-related news, but articles written in English are extremely limited. - Formerly the Exporters' directory "Explore Myanmar" was published annually but has been suspended.
Exporter Development	<ul style="list-style-type: none"> - Workshops are held sporadically for Myanmar companies by inviting local and foreign technical experts as lecturers. - Myantrade is preparing a good exporter award system. - The Trade Training Institute (TTI) under the Department of Trade of the Ministry of Commerce conducts trade training for employees of trading companies and companies interested in trade business and entrepreneurs.
Local Offices	<ul style="list-style-type: none"> - Same with the central office, the regional offices offer a wide range of services such as trade information, trade fair, training, consultation, and collaboration with related organizations. It has a close relationship with local chamber of commerce and industry.
Overseas Offices	<ul style="list-style-type: none"> - Commercial attaches dispatched to embassies in nine countries are under the command of Myantrade. Commercial attaches collect economic and business data and information of the residing countries and compile market trends.

(3) Development Needs of Ministry of Industry

The development needs of the Ministry of Industry are as below.

Table 8-3 Current Situation and Problems of Ministry of Industry

Area	Development Needs
Organization	
Organization	<ul style="list-style-type: none"> - The Directorate of Industry Supervision and Inspection (DISI) is in charge of industrial development. The Industrial Promotion Department and the SME Development Department are located under the DISI. DISI has set up SME Centre. - The Directorate of Industrial Collaboration under the Ministry of Industry operates six industrial technology centers that provide technical training for high school graduates. - Myanmar SME Development Agency was established in 2018. The chairman of the agency is the deputy minister of the Ministry of Commerce, and the vice chairman is the UMFCCI president. Under the agency there is a Sub Agency in each state/region, whose head is the chief minister of the state/regional government.
Management	
Management System	<ul style="list-style-type: none"> - Since the Myanmar government places importance on SME development, the SME Development Agency was established, and the Ministry of Industry is engaged in SME promotion activities in cooperation with the agency.
Resources	<ul style="list-style-type: none"> - The Ministry of Industry has historically placed importance on the management of a large number of state-owned enterprises under the ministry. Therefore, personnel with expertise of industrial development policy and SME guidance are relatively limited.
Service Provision	
Functions	<ul style="list-style-type: none"> - The functions of DISI are roughly divided into inspection and corporate support. - Ass for corporate support function, know-how, experience, personnel, budget, etc. are insufficient to provide adequate services.
Inspection	<ul style="list-style-type: none"> - The Industrial supervision Department is in charge of industrial enterprise registration; the Boiler Inspection Department and Electrical Inspection Department are in charge of inspections for boiler certificate and electrical equipment certificate respectively.
SME Member Card	<ul style="list-style-type: none"> - The Ministry of Industry issues a SME member card at an application from a SME. - SME Development Centers issue a recommendation letter of a SME which is a condition for receiving credit guarantee insurance for a two-step loan.

Enterprise Support	- Training is provided to private companies. Although the contents of training vary widely, technical training is mostly provided. Instructors are usually dispatched from related associations and development partners.
Information Provision	- Introduction of SME financial schemes, matching services, technical information, exhibitions are major items of information service.
Vocational Training	- Six industrial training centers (ITCs) extend a total of 14 courses of industrial training for about 1,000 people a year. Examples of courses are machine tools, electricity, electronics, computers, CAD / CAM, welding, etc.
Industrial Policy	- The Ministry of Industry has recognized the necessity of industrial policy, and developed an automobile industry policy and a textile policy.

8.2. Possible Assistance to Development Needs

8.2.1 Recommendation of Comprehensive Approach for Investment Promotion, Export Development and Industrial Development

Investment promotion is the key as a measure to solve the above problems. Investment promotion plays a critical role in export-oriented industry development, technology introduction and industrial diversification, as can be seen from the experience of economic development in other ASEAN countries. In other words, investment expansion is a pressing issue for Myanmar which faces problems of underdeveloped industrial foundation, fragile infrastructure and delayed regional development.

The Myanmar Government has adopted MIPP which is a master plan for promoting investment. MIPP addresses a wide range of issues from business environment improvement to infrastructure development and industrial human resources development. A comprehensive MIPP-centered development approach can be an effective measure to export development and industrial development. MIPP is expected to improve Myanmar's business environment. This will promote the inflow of FDIs and industrial development, and Myanmar's industrial competitiveness will be enhanced through FDI attraction, industrial diversification and export development.

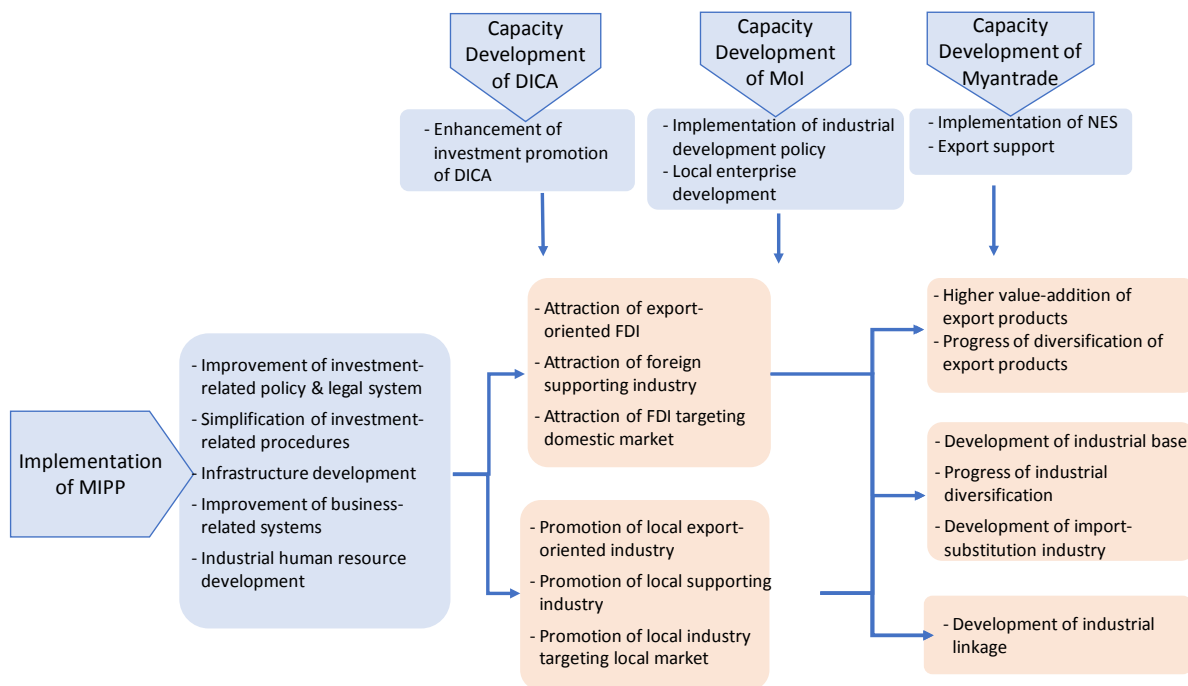


Figure 8-1 Comprehensive Approach to Investment Promotion, Export Development and Industrial Development

8.2.2 Possible Assistance to Comprehensive Approach

The following assistance is recommended as measures to strengthen the functions of the concerned ministries (DICA, Myantrade, Ministry of Industry) in implementing the comprehensive approach.

(1) Possible Assistance to DICA

The following assistance is considered for DICA.

Enhancement of Function as Secretariat of MIC

i) Assistance to the implementation process of MIPP

For the implementation of MIPP, five task forces (T/Fs) will be established to cover a wide range of activities and many related ministries and agencies will participate as members of T/Fs. DICA is required to extend firm coordination and facilitation functions as the Secretariat of MIPP implementation for the smooth implementation of MIPP.

Enhancement of Policy Advocacy Function

ii) Development of policy recommendation capability regarding investment policy and investment law & rules

A country's investment policy should be modified according to internal and external economic trend, a change in economic policy, and so on. Similarly, an investment law is generally revised with the lapse of time. DICA should acquire a capability of leading Myanmar's investment policy and making necessary policy recommendations. Specifically, as the first step, DICA can start to

examine the direction of Myanmar's investment policy listening to investors' voices and studying the cases of other countries.

- iii) Support for the establishment of policy advocacy function for investment promotion by industry
DICA should formulate and implement investment attraction measures by industry for priority industries. Specifically, DICA should enhance its capability to develop an investment promotion roadmap, examine investment incentives, develop materials for investment promotion, implement investment promotion events.
- iv) Support for the establishment of policy for investment promotion to regions
At present, FDI is concentrated in specific areas, and investment to regions are required to expand. However, it is desirable to aim for balanced development based on the natural and social characteristics and development potential of each region, instead of attracting investment blindly. From this point of view, the formulation of promotion policies for each region should be supported by utilizing the investment opportunity studies of some states and regions implemented with the assistance of JICA.

Enhancement of Investment Application and Monitoring Functions

- v) Enhancement of Investment Application Function
It is necessary to enhance investor consultation and clarify investment project evaluation procedures so that an investment application can be processed smoothly.
- vi) Enhancement of investment monitoring function
The investment monitoring function of DICA can be enhanced through selection of monitoring items, establishment of monitoring methods and procedures, and establishment of monitoring structure using IT system.

Enhancement of OSS Function

- vii) Simplification of investment-related procedures at DICA OSS
Investors are required to obtain various registrations and permits when they make investments. Such licensing procedures need to be applied to individual ministries, but some procedures are unclear and often poses a major obstacle for investors. This project has developed the SOPs of investment related procedures handled by OSS. As the next step, it is necessary to greatly simplify the procedures described in the SOPs for investment promotion.
- viii) Establishment of a true OSS as its name implies by delegation of power
At present, major services provided by each office at OSS are information provision and receipt of application documents. The approval for an application is done by the main office of relevant ministry. It is desirable to delegate authority to approve to each office at OSS so that DICA OSS can function as a true OSS.

ix) Improvement of OSS Services

The quality of OSS services will be improved by providing advice and assistance to the formulation of operation manuals, introduction of online application systems, capacity development of OSS staff on consultation, etc. At state/ regional offices of DICA, start-up of such services as information provision and monitoring will be supported.

Enhancement of Investment Promotion Function

x) Expansion of investment promotion services

Investment promotion activities such as website, investment guidebooks, investment fairs and seminars need to be continuously implemented. At the same time, it is also important to conduct investment promotion activities targeting the priority industries and even individual priority companies.

Enhancement of DICA's institutional capability

xi) Support for the formulation of a master plan for institutional capacity development of DICA

A roadmap will be formulated by compiling strategies and measures necessary for the enhancement of DICA's functions as mentioned above. This roadmap is expected to function as a guideline for effective implementation of activities of development partners.

xii) Capacity development of personnel of DICA

It is necessary to improve the level of DICA personnel in terms of knowledge of priority industries and business practice in order to provide appropriate services to investors. In particular, for personnel of regional offices, the improvement of knowledge including Myanmar's investment-related regulations such as MIL, MIR and notifications, is needed.

xiii) Advice on the optimization of DICA' organization structure

One of the goals set forth in MIPP is the establishment of an independent promotion agency (IPA) by transforming DICA. DICA has been transferred to the newly-established Ministry of Investment and Foreign Economic Relations in November 2018. It is significant to examine the optimum organization structure for DICA taking into account expected role of the new ministry, needs of investors and DICA's own capability and resources from the perspective of strengthening Myanmar's investment promotion system.

(2) Possible Assistance to Myantrade

The following assistance is recommended for Myantrade.

Enhancement of Function as NES Secretariat

i) Support for NES implementation process

NES, with Myantrade as its secretariat, aims to solve overall export-related issues and promote the priority export sectors. Cross-sectoral issues of NES such as logistics and finance are common with MIPP. In addition, the priority export sectors in MIPP include industrial sectors which has

potential of industrial linkage with FDIs. Support for the implementation of NES will contribute to a comprehensive approach to investment promotion, export development and industry development.

Enhancement of Function of Export Development Services

ii) Capacity development for provision of export development services

Major export development services provided by Myantrade are trade fairs, website and exporter support by the Myanmar Trade Center. They are mostly basic level of services. Measures for the enhancement of Myantrade's export development services are the improvement of service contents, start of new services, and capacity development of Myantrade personnel. Capacity development on the OJT basis is important to realize steady service improvement and establish firm service provision mechanism.

Myantrade and the Department of Trade are required to provide support to exports by both local companies and FDIs in terms of procedures and support service.

iii) Support for exporter development

Myantrade has been sporadically providing exporter development activities targeting potential local companies. An effective measure of exporter development is to provide Myantrade's services to potential companies consecutively and intensively.

However, such issues as product quality improvement, technology transfer, supply chain and logistics are closely related to exporter development. Therefore, the collaboration with the Ministry of Industry and the Ministry of Agriculture, Livestock and Irrigation will be necessary.

iv) Support for branding activities

National branding is considered in order to improve the image of Myanmar products in the world market. National branding activity also leads to investment promotion through the spread of awareness of intellectual property rights in Myanmar and the improvement of the image of Myanmar as a country of investment destination.

For promotion of national branding, it is also necessary to promote understanding of the importance of design and develop the domestic design industry.

For further information, the Department of Trade is one of key divisions for business environment improvement proposed in MIPP.

(3) Possible Assistance to Ministry of Industry

The following assistance is recommended for the Ministry of Industry.

Enhancement of Function of formulating industrial development policy

i) Enhancement of capability of formulating industrial development policy conducive to investment promotion

Investor-friendly industrial policies are needed for investment promotion. In particular, the preparation of relevant laws and regulations are an important investment-decision factor for

domestic demand-oriented industries. Assistance is needed for formulating industrial policies conducive to investment promotion which meet the above-mentioned needs.

Enhancement of Function of enterprise support service

ii) Enhancement of function of enterprise support service

The Myanmar government places priority on SME development. The Ministry of Industry has implemented SME support measures such as provision of technological knowledge and assistance for access to finance. However, SME support is still weak in terms of technological improvement and marketing support. For effective use of the limited resources of the Ministry of Industry, it is important to focus its programs on promising enterprises so that they will grow to be core enterprises of industrial clusters or vendors to FDIs. It is an important task to enhance the enterprise support capability of the Ministry of Industry in this direction and guidance capability of officers who engage in company support service.

iii) Enhancement of Capability of Industrial Human Resource Development

The Industrial Training Centers (ITCs) teach subjects related to industrial linkage development. For example, they are machining, electric & electronics, computer, and CAD/CAM. It is necessary to identify necessary measures and provide advice to develop ITCs' function of supplying human resources needed by the private sector. In addition, it is necessary to identify the role of ITCs for industrial linkage development and make recommendations by utilizing ITCs network with the private sector developed through human resource supply.

The following table shows which strategies and actions correspond to JICA's assistances recommended above.

Table 8-4 Current Situation and Problems of DICA

Proposed JICA's Assistance	Strategies and Actions of MIPP
(1) Possible Assistance to DICA	
Enhancement of Function as Secretariat of MIC	
i) Assistance to the implementation process of MIPP	All strategies and actions proposed in MIPP
Enhancement of Policy Advocacy Function	
ii) Development of policy recommendation capability regarding investment policy and investment law & rules	【1 Investment-related policies and regulations】 1-2 Determined commitment to open investment policy and an improved business environment
iii) Support for the establishment of policy advocacy function for investment promotion by industry	【1 Investment-related policies and regulations】 1-2 Determined commitment to open investment policy and an improved business environment
iv) Support for the establishment of policy for investment promotion to regions	【1 Investment-related policies and regulations】 1-2 Determined commitment to open investment policy and an improved business environment

Enhancement of Investment Application and Monitoring Functions	
v) Enhancement of Investment Application Function	【2 Institutional development for investment promotion】 2-3 Establishment of clear application procedures and an organization for handling applications
vi) Enhancement of investment monitoring function	【2 Institutional development for investment promotion】 2-3 Establishment of clear application procedures and an organization for handling applications
Enhancement of OSS Function	
vii) Simplification of investment-related procedures at DICA OSS	【2 Institutional development for investment promotion】 2-3 Establishment of clear application procedures and an organization for handling applications
viii) Establishment of a true OSS as its name implies by delegation of power	【2 Institutional development for investment promotion】 2-3 Establishment of clear application procedures and an organization for handling applications
ix) Improvement of OSS Services	【2 Institutional development for investment promotion】 2-3 Establishment of clear application procedures and an organization for handling applications
Enhancement of Investment Promotion Function	
x) Expansion of investment promotion services	【2 Institutional development for investment promotion】 2-1 Investment promotion using nation branding
Enhancement of DICA's institutional capability	
xi) Support for the formulation of a master plan for institutional capacity development of DICA	【2 Institutional development for investment promotion】 2-1 Investment promotion using nation branding 2-2 Diligent administration of investment-related regulations and strengthening of investor protection 2-3 Establishment of clear application procedures and an organization for handling applications 2-4 Promotion of systematic investor support 2-5 Establishment of an independent Investment promotion agency
xii) Capacity development of personnel of DICA	【2 Institutional development for investment promotion】 2-1 Investment promotion using nation branding 2-2 Diligent administration of investment-related regulations and strengthening of investor protection 2-3 Establishment of clear application procedures and an organization for handling applications 2-4 Promotion of systematic investor support 2-5 Establishment of an independent Investment promotion agency
xiii) Advice on the optimization of DICA' organization structure	【2 Institutional development for investment promotion】 2-5 Establishment of an independent Investment promotion agency
(2) Possible Assistance to Myantrade	
Enhancement of Function as NES Secretariat	
i) Support for NES implementation process	【5 Local Industries and Human Resources】 5-1 Promotion of industrial linkage 5-2 Capacity development of local industries

Enhancement of Function of Export Development Services	
ii) Capacity development for provision of export development services	【5 Local Industries and Human Resources】 5-1 Promotion of industrial linkage 5-2 Capacity development of local industries
iii) Support for exporter development	【5 Local Industries and Human Resources】 5-1 Promotion of industrial linkage 5-2 Capacity development of local industries
iv) Support for branding activities	【2 Institutional development for investment promotion】 2-1 Investment promotion using nation branding
(3) Possible Assistance to Ministry of Industry	
Enhancement of Function of formulating industrial development policy	
i) Enhancement of capability of formulating industrial development policy conducive to investment promotion	【1 Investment-related policies and regulations】 1-3 Formulation of industrial policies for investment promotion
Enhancement of Function of enterprise support service	
ii) Enhancement of function of enterprise support service	【5 Local Industries and Human Resources】 5-1 Promotion of industrial linkage
iii) Enhancement of Capability of Industrial Human Resource Development	【5 Local Industries and Human Resources】 5-4 Improvement of human resources development for industry