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Ayeyarwaddy Region, Myanmar: SME Strategy

AN ACTION PLAN FOR DEVELOPMENT OF THE SME SECTOR IN AYEYARWADDY REGION

PREFACE AND INTRODUCTION| ONE

This document outlines a strategy and implementation plan for developing small and medium enterprises (SMEs)¹ in Ayeyarwaddy region, Myanmar. This document is the result of a two-day workshop held in Pathein, Ayar Shwe Wah Hall in November 2017.

The main data for this document comes from the two day workshop located in Pathein in November 2017. There were (260) participants at that workshop, including representatives from government, parliament, the military, civil society and the private sector. Women were present, but under represented. The workshop Facilitator and author of this document, Dr. Adam McCarty, has further developed the 15 AAs under guidance from the Ayeyarwaddy region government.

It is recommended that this document be distributed to various parties for further comments and feedback. Sharing the report with the Union Government (and the donor community) is also advisable, in order to receive feedback about both content as well as funding options. Using this document as a focal point for external support will ensure local ownership as well as effective and efficient coordination.

¹Note that for the purposes of this document, the term “SME” will be taken to refer also to micro-sized firms, as this better reflects the fact that the economy of Ayeyarwady is still underdeveloped and small in size.

DEVELOPMENT CONTEXT| TWO

The Ayeyarwady Region stretches over 31,158 square kilometres, encompassing treacherous mountain terrains to the west, overlooking a web of streams and rivers. The terrain makes accessibility for basic service provision an important barrier to the region's development however its beauty has the capacity to attract a significant number of tourists to the area, relieving the pressure on alternate Myanmar hot spots. This landscape is home to 6.1 million inhabitants, spread over 26 townships, making it among the three most populous regions in Myanmar, comprising 12% of the country's total population. The population faces significant vulnerabilities as the region is one of the worst affected by environmental calamities, with an average of 11.4% of harvests lost to storms, floods, and pests.² As is addressed in the following table, the region encompasses many other significant weaknesses, however highlights an important list of strengths and opportunities.

Table 1: SWOT analysis

Strengths (to build on)	Weaknesses (to be addressed)
<ul style="list-style-type: none"> • Abundance of labour force • Many costal and cargo ships can enter • Strong Civil society • Plenty of farm land, forest land and virgin land • Stable and no conflict • Many beautiful natural costal/beaches • Plenty of rice production and other products such as rattan, bamboo, wood, fishery and prawn production 	<ul style="list-style-type: none"> • Weak road connection • Low electricity distribution • Low skill labour • Weak coordination between regional government and private sector • Weak implementation on SME development activities • No deep sea ports • No railway system • High unemployment rate • Weak support on business • Deforestation • Awareness on Laws • Weak on information and technology • Weak cooperation between business owners • No high-quality factories for production • No business school • High corruption

²UNDP, (2014), The State of Local Governance: Trends in Ayeyarwady, UNDP, pgs.104

Opportunities (to seize)	Threats (to manage and mitigate)
<ul style="list-style-type: none"> • FDI can come and set up factories • Benefit from tourism on beaches • Implement Community Based Tourism • Direct deliver exporting from Patheingyi port • Can build deep water sea port and attractive FDI • Opportunities to implement Eco Tourism 	<ul style="list-style-type: none"> • Disaster (storm/flood/earthquake) • High transportation cost • Land problems • Weak competitiveness of SME products • Local SME difficult to compete in FDI • Price fluctuation • Migration of skill labour to Yangon and overseas • Shallow of river and stream • No conservation on environmental, forest etc.

The weaknesses of the region are primarily centred on infrastructural infeasibility and environmental vulnerability. The current state of infrastructure does not reflect the importance of ensuring logistical efficiencies for an agricultural goods-based economy. These weaknesses include lack of deep sea ports, lack of electricity distribution, weak road connections, and the lack of a sufficient railway system. Whilst the perception of government-led infrastructural investment efforts in some regions is positive, the current level of infrastructure is minimising the growth and security of the region's businesses.

Additionally, the dependency on agricultural stability and the vulnerabilities of the climate cause for a worrying partnership. Ayeyarwady is prone to disasters such as storms, floods, and earthquakes, along with a rich history of mangrove deforestation and lack of environmental protection. If continued, the continuity of forest depletion has the ability to significantly affect agricultural production as the relationship between deforestation and protection against storms and floods become increasingly understood.

The strengths of the region however make for a promising projection of growth. Assuming that the climate concerns can be kept to a minimum, the amount of virgin land suggests a significant amount of spare capacity. Incorporating high levels of unemployment enhances the land capacity with labour capacity. The combination of lack of logistical infrastructure with the dependency of agricultural goods production however, suggests a significant area of priority for future investments. If these investments can centre specifically attract FDI, for instance deep sea ports, this investment is likely to have a larger positive effect on the region and will enhance the region's SME to partake on international markets.

STRATEGIC CONSIDERATIONS| THREE

Demographic Profile|3.1

According to the 2014 population and housing census by the Government of Myanmar, Ministry of Labour, Immigration, and Population, the Ayeyarwady population is totalled at 6,184,829, meaning 17.7 persons per squared kilometre. The following table shows the breakdown of population between Male and Female, in terms of urban and rural distribution.

Table 2: The population of Ayeyarwady by gender and urban/rural location

Sex	Both	Female	Male
Total	6,184,829	3,175,021	3,009,808
Urban	872,600	459,907	412,693
Rural	5,312,229	2,715,114	2,597,115

Source: Department of Population, Ministry of Labour, Immigration, and Population, (2014), Series A: Demographic Characteristics, 2014 Myanmar Population and Housing Census, Government of Myanmar available at [<http://www.dop.gov.mm/moip/index.php?route=census/state&path=2>], accessed [14/03/18]

The vast majority of the population live in the rural areas, however Pathien, Phyapon, and Hinthada have the largest concentration of residents in the region with 1,164,481, 700,798, and 840,408 persons respectively. The average sized household consists of 3 persons, with 4-person households occupying a close second.

The Ayeyarwady population is on the majority formed by Bamar persons, whilst the region also has sizeable numbers of Karen/Karin, along with a smaller percentage of Rakhine to the west. The majority religion is Buddhist with some Christian and Muslim minorities. There is a 95/100 male to female ratio, which is above the countries average of 93/100 and is noticeably better than the 92.1/100 ratio held by Chin State. The disparity in males to females in Ayeyarwady is likely to be due to the domestic migration of males seeking employment opportunities. This will be explored further in the following section.

Domestic and Foreign Migration|3.2

One out of five households have at least one member that has domestically or internationally migrated. Due to this relatively high percentage, it is important to monitor and make estimations as to whether there is a significant amount of brain drain in this region, and whether this can be combatted with investments into factories or local employment opportunities. The vast majority of migrants remain in Myanmar, destined for cities such as Yangon. Yangon is particularly popular with female migrants. Reasons for migrations are

overwhelmingly concentrated in seeking employment in higher skilled job sectors. Only 2% of the population migrate due to family or educational related reasons. The following table highlights the compositions of Ayeyarwady migrants according to age and gender.

Figure 1: The composition of Ayeyarwady migrants according to age and gender.



Source: WBG, (2016), *A Country on the Move: Domestic Migration in Two Regions of Myanmar*, World Bank Group

Only 9% are recorded to internationally migrate, reserved for those with high level of skills. International migration on average lasts for roughly 15 months for most destinations. The following table presents the destination countries of international migration.

Table 3: International destinations for Ayeyarwady migration

	Country of residence									
	Total	Thai	Malaysia	Singapore	China	Japan	Korea	India	USA	Other

AYEYAWADY

Both Sexes	59,488	29,382	16,703	8,021	1,287	235	671	557	527	210
Male	42,572	21,962	14,136	2,485	919	138	654	518	329	143
Female	16,916	7,420	2,568	5,536	368	97	17	39	198	673

Source: Department of Population, Ministry of Labour, Immigration, and Population, (2014), Series C: Migration, *2014 Myanmar Population and Housing Census*, Government of Myanmar available at [http://www.dop.gov.mm/moip/index.php?route=census/state&path=2], accessed [14/03/18]

Due to the minimal proportion of international migration, at present, this cannot be expected to be the main cause of brain drain in this region. Combatting domestic migration and incentivising the region’s high-skilled workers is of more importance.

Employment and Assets|3.3

The labour force participation rate for 15-64-year olds is only at 63.8%. The low level of labour force participation can be explained by the large disparity between males and females. Whilst the participation rate for males sits at 85.6%, females only hold 43.5%, presumably due to traditional cultural roles. The number of total employed persons is an estimated 4,994,684. The following table presents the breakdown of employment.

Table 4: Number of labour market according to type of employment

	Total	Employee (government)	Employee (private)	Employer	Own account worker	Unpaid family worker
AYEYARWADY						
Total	4,994,684	102,651	941,894	219,319	983,188	380,941
Male	2,409,479	49,170	646,744	170,841	667,988	169,086
Female	2,585,205	53,481	295,150	48,478	315,200	211,855

Source: Department of Population, Ministry of Labour, Immigration, and Population, (2014), Series E: Economic Activity, 2014 Myanmar Population and Housing Census, Government of Myanmar available at [<http://www.dop.gov.mm/moip/index.php?route=census/state&path=2>], accessed [14/03/18]

As for assets owned, there are an estimated 1,488,983 conventional households in the region. Importantly, the vast majority of these households (88%), still use firewood as their main type of cooking fuel, whilst 98% do not have access to the internet in their homes. These are both typical symptoms of underdeveloped areas. The latter can especially cause a hindrance for widening the scope of SMEs to incorporate larger markets. The following

table presents a dissection of assets held by these households in which important conclusions about the level of development and connectivity can be drawn.

Table 5: Asset ownerships across Ayeyarwady's household

	Conventional households	Car/ Truck / Van	Motorcycle/ Moped	Bicycle	4 Wheel Tractor	Canoe/ Boat	Motor Boat	Cart (bullock)
AYEYAWADY	1,488,983	9,065	276,847	566,391	36, 835	211,646	100,106	227,654

	Conventional households	Radio	Television	Land Line Phone	Mobile Phone	Computer	Internet at home	% with none of the items	% with all of the items
AYEYAWADY	1,488,983	616,908	588,361	68,147	285,832	15,860	31,441	35.8	0.2

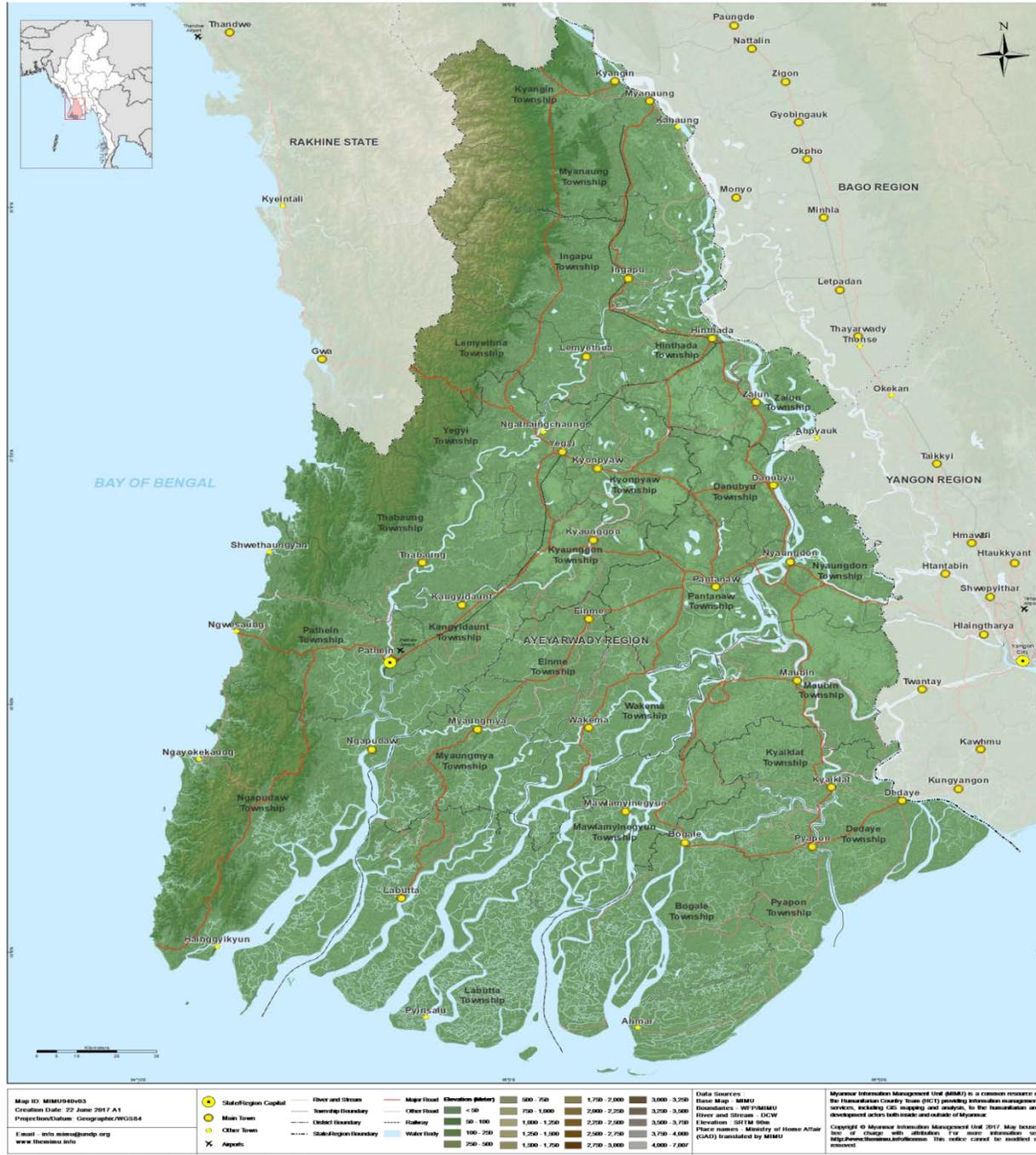
Source: Department of Population, Ministry of Labour, Immigration, and Population, (2014), Series J: Household Amenities, *2014 Myanmar Population and Housing Census*, Government of Myanmar available at [<http://www.dop.gov.mm/moip/index.php?route=census/state&path=2>], accessed [14/03/18]

Since the census took place in 2014, it is reasonable to assume that this data would have grown over the previous years; nevertheless, it provides important insights. 1 in every 5 conventional households has access to a mobile phone, meaning connectivity in the region is improving but is still not widespread. This, again, minimises the level of communication and information that SMEs can enjoy. Unfortunately, the census does not make a distinction between whether these mobile phones incorporate smart technology. Detailing the number of smart phones would contribute to outlining the accessibility of larger, potentially online, markets for these businesses.

Physical Infrastructure|3.4

The following figure shows the landscape of the region, in order to provide context to physical infrastructure considerations.

Figure 2: The physical infrastructure of Ayeyarwady Region



Source: Myanmar Information Management Unit, (2017), *Ayeyarwady Region – Myanmar*, available at http://themimu.info/sites/themimu.info/files/documents/Region_Map_Tsp_Ayeyarwady_MIMU940v03_22Jun2017_Topo_A1.pdf, accessed [15/03/2018]

As previously mentioned, due to the prospect of spare capacity and the majority of economic activity resting on agricultural goods, prioritising the right type of logistical infrastructure investment is of significant importance. As is shown by the figure above, Ayeyarwady is littered with both large and small water systems, as well as a large coastline. This intuitively increases the significance of waterways and simultaneously opens the region for FDI in particular, given that the country sea borders that of India, and provides access to GMS shipping routes.

Unfortunately for the region, Ayeyarwady will narrowly miss on the proposed investment of the Greater Mekong Sub-region project. Under this project, Myanmar is expected to benefit from the construction of four roads, directly connecting the country with Bangladesh, China, and Thailand, along with Viet Nam, Laos PDR, and Cambodia indirectly. These roads do not however cross over into the Ayeyarwady region. It is therefore important that proposed logistical infrastructure in the region pays particular attention on how to connect the region with these proposed investments, as to attract trade and FDI benefits of this project.

Currently, the main port in this region is located in Pathien, the region's capital, however, this is currently restricted to units of below 10,000 tonnes, not suitable for large international shipments. Increasing the capacity of this port is likely to directly encourage FDI both to this region, and the whole of Myanmar. According to the Myanmar Information Management Unit, Korean investors are currently conducting feasibility studies on building a large port in this location.³ If this is carried out, it can be assumed that this will open up trade routes for local SMEs. Consideration should be taken for future investments in order to encourage these trade links and local infrastructure to improve inefficiencies for SMEs using the proposed port system.

³ MIMU, (2016), *Ayeyarwady Region – Myanmar*, Myanmar Information Management Unit

SME STRATEGY| FOUR

The number of recorded SMEs in this region is somewhat outdated, at 9000 in 2009. Intuitively, it can be expected that this number has increased. Despite the SME Development Policy of 2015, the vast majority of policies are applicable to both enterprises and SMEs.⁴ SMEs however generally lack the expertise, capital, or profit margin that many large companies enjoy, making the laws very restrictive. Contextual limitations of SMEs already discussed include brain drain, low labour force participation, physical infrastructure, and low levels of modern connectivity.

Nevertheless, the Government has specifically recognised the strength of SMEs, highlighting the enterprises as the driving force of the country.⁵ Enhancing this force through tailoring the business environment, encouraging inwards investment, and supporting capacity building can only work to maximise this economic strength.

The SME strategy should focus on enhancing comparative advantages in the region, and utilising current opportunities. This includes the agricultural comparative advantages, attracting tourists to home made products and beautiful landscapes, and enhancing accessibility to the region. On this basis, the following action plans proposed focus on reducing the current capacity, financial, and legal burdens that face SMEs, whilst opening up opportunities in new tourism areas, and highlighting important areas for government attention and investment, for instance physical infrastructure, industrial zones, and reducing complicated policy. The mixture of these action plans will not only reduce current SME barriers, but will contribute to enhancing future SME opportunities, and encouraging the development of the region as a whole.

⁴ASEAN, (2009), Small & Medium Sized Enterprises Development Polices in Myanmar, ASEAN, pgs.27

⁵The Republic of the Union of Myanmar, (2017), *SME development to gain speed in 2018: Data report*, President Office, available at [], accessed [22/03/2018]

ACTION AREAS| FIVE

There are 15 Action Areas. Under each Area, there are one or two “problem areas”, and for each problem area, one or more specific actions are recommended.

Action Area 1

Cottage (micro) enterprises produce some special and high-skilled traditional products, but the value-chain leading to more and higher-priced sales is weak. How to better produce, quality control and market products like traditional Pathein umbrellas, rattan, hyacinth, and other snacks and handicrafts? How to attract business partners?

Problem:	This action area is important to attracting more business, investment, and interest to the region’s SMEs. However, the value chains in this area are not known for their high value-added technology, nor the high quality of goods produced. This not only limits business partnerships and investments into the region, but also limits the scope of product awareness and market outreach. Improving the production of goods, in terms of quality control and value added can contribute to strengthening the SMEs in this region.	
Solution(s)	A solution of significant importance is to focus on improving food quality. Secondly, technological platforms, for instance social media should be used to expand the current market through ease of communication and marketing opportunities. Lastly, ministries should be encouraged to develop and support a plan focusing on improving the quality of raw materials.	
Action 1.1	<p>Action needs to be taken in order to improve the quality of food in this region in terms of food safety and security. This includes preserving the lifetime of food products.</p> <p>Specific actions to address these problems incorporate investing into new technologies, specifically to use dye and techniques to preserve the food. Specific techniques can be provided by the FDA and the department of industrial chemistry.</p>	
Managed by	Implementer(s)	Time needed
SME branches and business owners	SME branches and business owners	Up to two years
Action 1.2	Form a committee of manufactures and business owners of local products and food to discuss and decide action plans to enhance the market position and attract a more customers to these products. Enhancing the reach of products will also be enhanced through utilising social media platforms and	

	non-virtual platforms in public areas. The latter is especially useful for addressing customers which do not have a prominent online or social media presence. Enhancing market outreach is more likely to be successful if the products incorporate a new modern design and are distributed through markets and local/international exhibitions.	
Managed by	Implementer(s)	Time needed
Manufactures of food processing and local products Association	Business owners	Three years
Action 1.3	Relevant ministries should develop and support plans and laws in order to improve the quality of materials and to improve the scarcity of materials. The plan and laws to combat this issue would be enhanced through the use of local and international surveys regarding demand.	
Managed by	Implementer(s)	Time needed
Government departments	Government departments and business owners	Four years
Action 1.4	SME branches and associations, as well as business owners themselves should participate and contribute to committees in order to exchange experiences and technologies. This should include previous successes in upgrading the value added and quality of products, as well as tips of how to reach more markets.	
Managed by	Implementer(s)	Time needed
SME branch and business owners	Business owners	1 year

The majority of food industry supply comes from small businesses. This exacerbates food standards issues due to the general lack of size, lack of technical expertise, economic resources, and nature of their work. Adhering to international food standards specifically is particularly difficult to smaller businesses due to this context and a general lack of information about international food standards requirements. To provide a comparison, mill losses (broken grains) are 20 higher in Myanmar than they are in Thailand and Viet Nam. This is an especially important comparison when regarding regional international trade. There are only 3 mills in Ayeyarwady that produce high quality rice grain.

A series of specific basic technology and information systems can actively encourage the increase in food hygiene, namely portable water, utensils for cooking, energy for heating and cooling food products, wrapping and packaging, cleaning facilities, and the provision of toilet facilities. Additionally, often unclean water is used in the production processes of food and drinks.

Myanmar's current legal system on food standards is lacking. Food standards in the region have been largely influenced by ASEAN efforts, namely the ASEAN Expert Group on Food Safety. Myanmar's late accession into ASEAN, coupled with the lack of implemented government plans on this issue has meant that the country is lagging behind its regional counterparts.

In 2011, the FAO published 6 areas of focus which would enhance the food safety of this region:

1. Animal health and disease control
2. Extension systems
3. Policy development, focusing on supply chains
4. Livestock trading and marketing
5. Increasing the competitiveness of the dairy industry
6. Cross-cutting policy development processes.⁶

⁶Government of the Republic of the Union of Myanmar, (2016), 'Food Safety and Quality Standard', *Working Paper 14*, Ministry of Agriculture, Livestock, and Irrigation; Food and Agriculture Organisation of the United Nations, pgs.28

Action Area 2

Private Sector supplies of business services (e.g. legal, branding, marketing, business planning etc.) and business training are weak. How to stimulate demand led business training and consulting services? What is the role of Government here?

Problem	The region is currently very weak on business development services. There is little support when it comes to business expansion, R&D, and new business channels. This is reducing the success rate of entrepreneurs as they may lack the particular skills to be successful in this area.	
Solution(s)	Solutions include establishing a formal bi-monthly meeting in which relevant stakeholders can meet to review concerns regarding women's livelihoods and to discuss solutions. Overtime, this event could result in the formulation of a specific plan of action, with desired policy changes.	
Action 2.1	Encourage the Government SME department staff to conduct thorough investigations on business planning in advance, before encouraging specific investments. The investigations should include location, area, region, transportation, communication, access to electricity, calculation of consumers, available labour force, products match with local needs, market condition, environmental issues, profit, and loss calculation.	
Managed by	Implementer(s)	Time needed
Government	SME department, Ministry of Commerce, business owners, Ministry of Planning	Two years
Action 2.2	Create and enact legislation enforcing the Government department staff's legal advice. This includes pros and cons, occupational safety issues, the buying and selling of illegal items, checks and approvals for customer protection, awareness raising, and sustainability of products.	
Managed by	Implementer(s)	Time needed
FDA and consumer protection	FDA and consumer protection	Regular inspection

Action 2.3	Create programs to enhance the skills of business managers. Training should include financial assistance, for instance, training on accounting, profit and loss, expenses and income, whilst also enhancing skills on leadership training. Classes should generally focus on how to enhance a business's success, however should have the capacity to focus on the specific business and business area.	
Managed by	Implementer(s)	Time needed
Government and SME department	SME department and business owner, partner organizations	Three years

In 2015, the Government of Myanmar formulated the SME Development Policy plan with the aim of assisting SMEs to steer the economy from an agro-based economy to one that incorporates industrial strengths. The policy incorporated three different channels:

1. Human resource development
2. Technological development and innovation
3. Provision of financial resources.

Action 2.3 is particularly harmonious with the 2015 SME Development Policy plan. Both the provision of financial services and investment into modern technology/R&D are agreed forms of SME development by the Government. This includes the development of human resources through opening new technical schools and vocational training courses. In terms of technological development, the Government have been specifically interested in the provision of technical advice for modern equipment and technology transfers from larger, more experienced public and private enterprises. The improvement of financial resources for SMEs, as proposed by the government, concerns the level of interest rate, and additional loans provided by international organisations, for instance JICA.⁷ It is recommendable that the provision of loans is enhanced through alleviating collateral constraints that currently restricts SME owners' ability to acquire loans. Additionally, capacity building on business plans and accountancy will also contribute to minimise this issue.

⁷ Republic of the Union of Myanmar, (2016), *Data Collection Survey on Women's Economic Activities in Myanmar*, Japan International Cooperation Agency, pgs.68

Action Area 3

Taxation is too constrictive to maximise SMEs' potential and success. What are the best ways to tax SMEs? Should start-up SMEs pay lower taxes?

Problem	Some taxes are too high and are therefore restrictive to the SMEs in regards to limited funding for business investment and expansion. Whilst not all taxes may be considered to be too high, others are highly complex, and take a lot of time and energy to ensure that the SME complies. This is a particularly important burden for SMEs who may lack the experience or funding to execute accounting and taxes efficiently and would not have the funds to outsource this process.	
Solution(s)	The Ministry of Planning and Revenue should revise laws, rules, and regulations for SMEs taxation in order to reduce taxes which constrict tax growth, and also to reduce the bureaucracy and complexities surrounding taxes.	
Action 3.1	It is suggestable that there should be a 3- to 5-year tax exemption for start-up SMEs. This is due to the highly vulnerable state, both financially and in terms of experience, that these businesses face in the first few years of operation. The exemption would enable SMEs to concentrate on building capital in the first few years to make the business more sustainable and more resilient against the business fluctuations.	
Managed by	Implementer(s)	Time needed
Action 3.2	Taxes should be revised to be relevant to the nature of business. This can be done between the business owner and the Government. This direct opportunity to negotiate will contribute to the reduction of tax burdens to SMEs. There must however be transparent information of how business owners can apply for this meeting.	
Managed by	Implementer(s)	Time needed
Ministry of Planning and Revenue	Ministry of Planning and Revenue	1 year
Action 3.3	To limit the number of SMEs who lack the experience of properly calculating taxes, and therefore are at risk of accidentally coming into complications, it is suggestable that a tax awareness scheme is constructed. Importantly, this should include the different taxes that businesses should be subject to, going through each tax specifically. This should also highlight the possible tax exemptions and tax reductions to specific business types.	

Managed by	Implementer(s)	Time needed
Ministry of Planning and Finance	Ministry of Planning and Finance	One year
Ministry of Planning and Revenue	Ministry of Planning and Revenue	1 fiscal year

The 2015 SME Development Policy includes a revision of SME taxes in order to promote exemptions and lesser charges for these businesses. The Government supports the 5 following policies:

1. Tax relief for new products, modifying the level to factor the effective and efficient use of energy
2. Long term tax relief for SMEs in priority sectors, located in least economic development areas
3. Tax relief and exemption for SMEs in developed economic areas in line with the expression contained in SME Development Law
4. Profit tax exemption for SMEs that have suffered enormous losses due to natural disasters (which is highly applicable in the Ayeyarwady region)
5. Providing simple taxation procedures and provide trainings on taxation and dissemination of information.

These are highly compliant with Actions 3.1-3.3, especially point 5. It is highly important that any tax exemption scheme and simplification of tax systems is combined with significant capacity building investments alongside. Dissemination of information regarding tax changes, and opportunities of exemptions is highly important to cover the SMEs in this region. The current level of expertise that SMEs hold means that it is extremely important for the dissemination of information to be expansive and all-encompassing.⁸

⁸ The Republic of the Union of Myanmar, (2015), The Small and Medium Enterprise Development Policy, pgs. 25

Action Area 4

Outdated production technologies reduce the customer interest and efficiency of production. How to stimulate getting better information to SMEs about new production technology options? How to encourage foreign firms to bring new technologies here? What else can be done to speed up the move from old to new technologies?

The problem	Production technologies for SMEs are typically old and outdated. This reduces the ability for SMEs to combat competition from other businesses with more efficient production processes due to cost efficiencies. Additionally, using outdated technology is likely to limit the level of innovation and modern appeal of many products.	
Solution(s)	The regional Government should work towards incentivising investments into updated technology. This is through forming departments to collect information on the current inefficiencies, work towards improving the skill set of labour, and easing difficult legislation.	
Action 4.1	Form a department concerning various businesses in order to find faster information and time saving investments to solve the aforementioned problems. This can be done faster by utilising the One Stop Shop programme. It is also suggestable to for a PPP Committee in order to increase the coverage and depth of discussion of this project.	
Managed by	Implementer(s) Time needed	
Union Government	Regional government and SME	Six months
Action 4.2	The regional government should work towards training labour with the skills necessary to improve the efficiency and innovation of production for different business types. This ideally would enhance the ability of these products to reach foreign markets. For instance, in the case of the salt production business, it is less efficient that international production. It is currently difficult to compete with imported salt due to the low quality of domestic production. The Government should work towards finding the technologies and solutions to increase the quality, as well as promoting experts to investigate into the changing climate and how this will affect production further.	
Managed by	Implementer(s) Time needed	
Regional government	SME, Ministry of Environmental Conversation, Ministry of Mining	
Action 4.3	The Union Government should work with the Regional Government in order to ease the difficulty of law and regulations for investment. Additionally, technology transfer and enhancing production efficiencies could be promoted by encouraging links between foreign companies and local business owners. In the aforementioned example of the salt industry,	

	improving the quality of the product could be achieved through linking local business owners with businesses in Cambodia which have transformed their salt production.	
Managed by	Implementer(s)	Time needed
Union government	Regional government	3 years
Action 4.4	Improve the knowledge and skills of local entrepreneurs by creating trips to educate and inform business owners on foreign production processes. It is important that a spread of business sectors is selected, and then internal knowledge transfer to same sector businesses can be encouraged. There should be a separate budget for each business sector to solidify the disbursement of throughout key sectors.	
Managed by	Implementer(s)	Time needed
Regional government	Relevant ministry	3 months
Action 4.4	Reduce taxes that concern importing materials and equipment for the processes in question. This will work to alleviate financial constraints that are contributing to the lack of investment and inefficiencies in production processes.	
Managed by	Implementer(s)	Time needed
Union government	Regional government	1 year

Stimulation for information flows between domestic and international SME, regarding experiences, technological transfer, and business opportunities is an important aspect of encouraging R&D and the use of new technologies. These links are more achievable when providing an online information transfer between the Government, experienced organisations, and the businesses in question. Previous attempts at providing these platforms include the Myanmar SME Link website. Importantly, Myanmar SME Link also incorporates the use of social media platforms, although this has only attracted the subscription of a few thousand.⁹ Innovative platforms must have the budget and organisation to continuously encourage participation, interest, and discussions. Existing platforms are usually outdated and unused. Using social media and online platforms, especially platforms representing each business sector is an important tool. Minimal access to the internet on a household level minimised the reach of information, however this is expected to become less of an issue year on year. Nevertheless, information transfers need to also incorporate a non-technological route, for instance local authorities and village halls.

⁹ UNESCAP, (2014), 'New online platform allows Myanmar's small businesses to go global', *UNESCAP*, available at [<http://www.unescap.org/news/new-online-platform-allows-myanmar's-small-businesses-go-global>], accessed [24/03/2018]

Action Area 5

FDI and private investment from other Myanmar states and Regions (DDI) remain at a low level. What actions can increase FDI and DDI?

The problem	The investment environment in Myanmar remains weak. Foreign direct investment and private investment are still relatively low in Ayeyarwady meaning that the investment environment is underdeveloped.	
Solution(s)	The Regional Government should create a PPP and Composite Investment Monitoring Committee and support local and international investors in the region.	
Action 5.1	The General Administration Department should work towards forming a committee to discuss and legislate towards increasing the simplicity of investments. This committee should also work towards solving the land issues that provide barriers to investment opportunities, particularly that of foreign investors.	
Managed by	Implementer(s)	Time needed
GAD	Relevant department and private sectors	3 months
Action 5.2	The Regional Government should work towards improving the human resources in order to attract a higher level of investment. This could be done through the implementation of a business and technology school in the region. This would enhance the business confidence and level of technological skill, encouraging and attracting more business opportunities.	
Managed by	Implementer(s)	Time needed
Regional government	SME Department	3 years
Action 5.3	Hosting trade fairs with local, domestic, and foreign businesses will contribute to expanding the investment environment in the region. In order to maximise the outreach of the trade fair, it is suggestable that a digital marketing platform is utilised. This should especially be used for inviting different business groups and selecting business forums, pages, and websites to advertise the fair to.	
Managed by	Implementer(s)	Time needed
Regional government and DICA	DICA, committees, private sector associations	6 months

Action Area 6

Off-grid electricity remains very important, but while some experiments are being implemented, more are needed. How to encourage external businesses to test off-grid models in AY?

The problem	There is an important shortage of electricity meaning that the production factories in the region cannot run efficiently. They are currently incurring higher production costs, with higher prices due to the infrequencies. Additionally, this also is damaging materials due to the fluctuations in power.	
Solution(s)	Solutions include encouraging the Government to focus on these businesses requests for more stable power supply. Investment should be directed into building new forms of energy systems, ideally using renewable energy forms.	
Managed by	Implementer(s)	Time needed
Action 6.1	Develop a bio mass power plant which uses rice husks or rice hulls. Ayeyarwady has many rice mills and therefore this form of energy would complement the regions advantages. This can also work towards reducing the regions level of pollution. Lastly, the ash from the biomass can be used as farmland fertiliser, reducing the waste from energy generation processes.	
Managed by	Implementer(s)	Time needed
Regional Electricity and Energy ministry	A Committee formed with Regional Electricity and Energy Ministry, business owners, environmental specialists, technology firms/ companies.	24 months
Action 6.2	Build a tidal stream engine and wind energy with international support to utilise the regions natural renewable energy. It is recommended that these systems should be set up in Chuang Thar, Ngwe Saung, Ma Gyee, Nga Yoke Kaung, and Maw Tin, along with an additional 5 places for the wind turbine.	
Managed by	Implementer(s)	Time needed
Ministry of Electricity Ministry of Planning, regional government	Lead by regional government together with local and international investment committee, other experts	3 years
Action 6.3	Support the dispersion and use of solar panels in remote areas. In order for this to be fully effective, training also needs to be provided to teach local residents how to use, fix, and install the renewable energy systems.	

Managed by	Implementer(s)	Time needed
Lead by government and experts, investors and business owners	Link with business owners and investors, experts, approved by government	6 months
Action 6.4	The municipal committee should invest into setting up a factor to produce electricity using waste in 6 districts. This not only would work towards the stability of electricity systems, but also minimises the waste production in the region.	
Managed by	Implementer(s)	Time needed
Municipal department, regional government	Municipal committee, technology committee, Ministry of Electricity	24 months

The country already relies on the large amount of hydropower, understandably so due to the many streams, rivers, and coastal miles that it holds. It is due to these systems that the country holds a huge potential for hydropower. Myanmar's hot and sunny climate also boasts a considerable amount of solar potential which is especially applicable on an SME level.

It is important that supplies and investments for renewable technology are sources from country's holding comparative advantages, for instance China. The Ministry of Electric Power has recently signed a contract with China's Three Gorges Corporation for a wind turbine project in Ayeyarwady, creating some 30 megawatts of electricity. A further 478 MW of electricity is expected to be captured over 5 further project areas in the region.¹⁰ The skill level, efficiency, and experience of international corporations with comparative advantages make useful partners for government investments. These should be actively encouraged and gives Myanmar the opportunity to leap-frog existing and outdated systems.

Whilst renewable energy, mainly solar power, can be applied on a singular SME level, there has been increasing activity and pressure to localise renewable energy to support industrial zones, especially in rural regions. Supporting industrial zones with nearby medium-scale renewable energy projects will minimise many of the problems stated.

¹⁰ Shin, A; (2016), 'MOEP signs first wind power deal', *MyanmarTimes*, available at [https://www.mmtimes.com/business/19343-moep-signs-first-wind-power-deal.html], accessed [24/03/2018]

Action Area 7

Ayeyarwady is not benefitting like other areas from strong tourism sector growth. What should be done to identify and improve key tourist sites? How to develop and implement a comprehensive tourism strategy that includes homestays, Yangon day trips, tour packages, etc.? How to get external businesses involved in developing and investing in such a strategy?

The problem	Relevant departments have limited understanding on Community Base Tourism and are using old policies from the government (municipal department, hotel and tourism department). There should be a movement to highlight locations to sell local products and handicrafts, directly attracting tourists to this region.	
Solution(s)	Solutions include reforming legislation to ease restrictions on travelers and establish the local tourism environment with information centers and local markets.	
Action 7.1	Tourism associations and local development associations should investigate and suggest amendments of current laws affecting tourism from both domestic and international travellers. These stakeholders should particularly focus on making sure homestays are viable for these tourists.	
Managed by	Implementer(s)	Time needed
Regional Government, Ministry of Hotel and Tourism, Department of Immigration	Tourism association and local development associations, NGOs, CBOs	Three years
Action 7.2	Tourism information centres should be constructed in the region to encourage travellers. The information centre should be used as a base to define tourism areas and also construct a modern webpage which highlights local areas and homestays.	
Managed by	Implementer(s)	Time needed
Joint cooperation by local government, business enterprises and CSOs, LNGOs	LNGOs and CSOs	One year

Action 7.3	A market place should be set up to display all local products in an easily accessible and prominent location. There should be an adequate number of homestays and tourist places close by in order to maximise interest.	
Managed by	Implementer(s)	Time needed
Government and local SMEs.	Local SME, CSOs, NGOs	Minimum one year
Action 7.4	To develop new tourism destination and improve road condition and connection	
Managed by	Implementer(s)	Time needed
Ministry of Construction, Ministry of hotel and tourism	Ministry of Construction, Ministry of hotel and tourism and relevant member of parliaments	3 years

The Government are currently assessing a community-based tourism project on Gawyingyi Island in Ayeyarwady region, as well as areas around Loikaw.¹¹ At the start of the new government term, there was a noticeable push on addressing tourism, however this does not seem to be felt on a local level. It is therefore important that the Government's recent efforts on community-based tourism projects should be highly transparent and should consist of a significant M&E system in order for implementing procedures to become efficient, and replicable over many areas of the region.

¹¹Ministry of Information, (2015), *Community-based tourism projects to implement across Myanmar*, The Republic of The Union of Myanmar, available at [<http://www.moi.gov.mm/moi:eng/?q=news/6/05/2016/id-6943>], accessed [24/03/18]

Action Area 8

Ayeyarwady Region has industrial zones, but they are weak compared to most in Yangon. What must be done to make one or two industry zones highly attractive? More generally, access to land for SMEs remains difficult and complex. Land rental policies and prices need review and transparency.

The problem	The industrial zones in Ayeyarwady region are not efficient. Many are not running, nor have active investment. There is generally weak infrastructure and little transparency on investing. Additionally, land is expensive, pricing out many business opportunities. The option of renting land is also expensive and is unsustainable for start-up businesses.	
Solution(s)	Relevant government departments should set simple and easy policy, based on current problems of business owners. The government should also cooperate with the private sector to develop industrial zones.	
Action 8.1	The Regional Government should monitor vacant land that is not harbouring businesses and make this available. The land should then be presented to SMEs and the wider public. Currently, only 25% of land is actually running businesses and 75% of land is still vacant and is not being used. These actions should take place with a high level of transparency that is not currently being displayed by the relevant ministries.	
Managed by	Implementer(s)	Time needed
Regional government	General administration department, land department, Industrial department, Township development committee, industrial zone committee	Three months
Action 8.2	To encourage the selling of vacant land by setting a reasonable price, hire purchase system, or investment instalment system. This is especially important to encourage small businesses to invest and set up in industrial zones.	
Managed by	Implementer(s)	Time needed
Regional government	Land department, Township development committee, industrial zone committee	2-3 years

Action 8.3

Ease the requirements to obtain the La Ya-30 licence which gives permission to conduct business on farm land. Selling the farm land as an extension of the village is difficult due to the current land rights. Changing these rights to include garden land permits will ease this process and allow business to be conducted on spare land more easily. Selling of farm land as an extension of a village is particularly difficult to do. Easing restrictions, i.e. changing the status to a garden land permit will make it easier to do so.

Managed by**Implementer(s)****Time needed**

Union, Regional
government

Township Development committee, General
Administration, Land department

One year

Action Area 9

Access to finance, and particularly bank loans, remain complex, expensive and unsatisfactory. Loan options/ products (amounts, interest rates, terms and conditions) remain inflexible. There is not enough choice. How to simplify the application process? How to support SMEs to apply for loans? What other options to explore to access finance? (e.g., crowd sourcing, impact investors, FDI, etc.)?

The problem	Bank loans seem very complicated and inflexible to suit the needs of the client. Procedures to access a bank loan, especially for those without experience, remain highly complex and are not clear. The amount of loans that are accessible, the interest rates, and the terms and conditions are not flexible to suit different types of SMEs.	
Solution(s)	The Central Bank should change the monetary policy, interest rate, collateral, level of loans, and the other constricting variables to suit smaller businesses. Additionally, a public centre should be set up to enhance the skills of SMEs to access loans. This could be set up under the SME department which can take responsibility and accountability if this should be necessary.	
Action 9.1	Policy changes, led by the SME department should be prepared through channels of communication between businesses and banks. A seminar will need to be hosted between business owners, SME department, relevant departments and the Central Bank.	
Managed by	Implementer(s)	Time needed
Government	SME department and banks	One month
Action 9.2	The SME department and relevant committees should also raise awareness on bank loaning policy to SME members. This should aim to improve the capacity of the heads of SMEs in order to increase the viability of acquiring bank loans, and which bank loans specifically would be best for their situation. This could be led by a regional SME development committee with the PPP.	
Managed by	Implementer(s)	Time needed
Regional government	Committee and SME department	1 month

Action 9.3	Alternate ways to access loans should be developed to offer other financial access to SMEs. This should be done in coordination between the SME development committee, SME department, and domestic and international microfinance businesses that are willing to loan to SME members.	
Managed by	Implementer(s)	Time needed
Regional government	Committee and SME department	1 month
Action 9.4	The SME development committee should provide training for SME members in order to increase their capacity to create a business plan to acquire a loan. This is especially important to reflect the capacity of the SME if they cannot provide a significant level of collateral for these loans.	
Managed by	Implementer(s)	Time needed
Committee and SME department	SME department	1 year

As previously mentioned, the improvement of financial resources for SMEs, as proposed by the government, concerns the level of interest rate, and additional loans provided by international organisations, for instance JICA.¹² It is also important to note that the Government is making important steps and directly addressing the restrictions to finance, by aiming to offer loans to SMEs in 2018.¹³ In order to make a substantial difference to the current situation, the disbursement of loans needs to be efficient and the total budget for loans should be extensive. It is important that the Government makes the process of application transparent and easy for SMEs. The existence of a direct loan scheme from the Government should not detract from other capacity building exercises of these actions. Models from other countries could be applied to this region, for instance the IFC's SME finance project which not only enhanced the capacity of SMEs on how to signal loan viability and minimise the risks of investment, the model also focused a great deal of resources for approaching banks and educating banks on the advantages of targeting SMEs.¹⁴

¹² Republic of the Union of Myanmar, (2016), *Data Collection Survey on Women's Economic Activities in Myanmar*, Japan International Cooperation Agency, pgs.68

¹³ Phyo, M.P., (2017), 'Myanmar Economic Bank to Provide SME loans in 2018', *The Irrawaddy*, available at [<https://www.irrawaddy.com/news/burma/myanma-economic-bank-provide-sme-loans-2018.html>], accessed [22/03/18]

¹⁴ WBG, (2017), *IFC in Vietnam*, available at [<https://www.ifc.org/wps/wcm/connect/b46b7580478bfe7b950ff7752622ff02/IFC+in+Vietnam.pdf?MOD=AJPERES>], accessed [25/03/2018]

Action Area 10

Information about new ideas, technologies, techniques and seeds for agriculture and livestock production remains weak. What can be done to strengthen the flow of relevant information? What can be done the test new ideas, technologies and techniques in Ayeyarwady?

The problem	There is currently a weak level of data and information of hybrid seeds, new technology, new techniques, and new ideas for agriculture and livelihood products. Therefore, the amount of research, development, and innovation for this region is limited	
Solution(s)	The Government should lead efforts to share innovative and modern technologies using media platforms, as well as ensuring trade ties between international countries which use modern technologies.	
Action 10.1	The Government should work to spread relevant information regarding modern technology that would enhance the production of SMEs. This information could be collected and shared through a variety of formats including media, discussions, seminars, workshops, consulting local and international experts, and creating partnerships with companies.	
Managed by	Implementer(s)	Time needed
Regional government, agriculture and livestock department, Ministry of Home Affairs	Government	2 years
Action 10.2	Logistical, economical, and communicative links need to be created with international markets. This could be done through domestic and international associations of agriculture and livestock. The invitation to discuss with investment companies and experts, as well collecting information on business opportunities and the variety of modern techniques, will all contribute to making these domestic and international links more effective.	
Managed by	Implementer(s)	Time needed
Government and regional associations	Government and regional associations	2 years

Action Area 11

The legal system and legal organizations in Ayeyarwady to support SMEs are unclear and weak. Arbitration systems are needed. Registration of standards and patents is weak. Information about existing laws and regulations is hard to find.

The problem	There is not a clear guideline and framework for SMEs in this region to follow. There needs to be efforts to decide and compile clear, completed and agreed rules for businesses to follow in order to maximise the potential of these firms. These businesses currently cannot register their brand at the regional level and state level due to the complexity of these systems. These frustrations are enhanced as there is no arbitration council for the SMEs. SME centre appears quite weak and unable to enforce these changes, moreover cannot disburse potential e-government systems.	
Action 11.1	The SME department should set-up SME centres to provide and support technology and production-led efficiency improvements and ultimately share the acquired information with SMEs in the region. The centre should also focus on setting up e-government systems to ease the process of registration and to implement brand registration recognition state-wide. The SME centre can then directly assist SMEs in this process. The research centre can also focus on abating previously mentioned problems, for instance explaining loan systems or advancing research.	
Managed by	Implementer(s)	Time needed
Regional government should be lead and SME department should manage	SME department	1 year
Action 11.2	The Regional Government should set up a registration office for logos/brands in every region to establish copyright protection. This should also be done in Patheingyi. It is important that SMEs get the support, either through the registration office or SME centres, to know how to fully utilise this model.	
Managed by	Implementer(s)	Time needed
Regional government	Regional government	1 year

Action 11.3	Increase the availability of information by distributing relevant information to libraries in every city. Additionally, set up arbitration offices for disputes that works efficiently and, importantly, faster than alternate legal action, i.e. the court system.	
Managed by	Implementer(s)	Time needed
Regional government	Regional government	2 years
Solution(s)	The Government needs to take the lead in setting up a strong SME centre that can implement solutions to the aforementioned problems. Additionally, the Government needs to work towards establishing a registration office for brand copyright measures that will be upheld in every state.	

Action Area 12

Forest and mangrove areas are in decline, which worsens annual flood and other problems, affecting much of the agricultural production and SMEs. How should this be combatted?

The problem	Forest and mangrove areas are in significant decline. This directly affects the local SME production, especially agricultural, due to minimising defences against floods, as well as causing salinity problems which worsen crops.	
Action 12.1	The forest department should work with the local government to re-cultivate and reforest the rainforest in coastal areas, as well as construct plantations in the current forest and mountain regions. Further attention needs to be paid to make sure the rate of depletion is minimised in the future.	
Managed by	Implementer(s)	Time needed
Regional government	Forest department, Land using department, General administration department	10 years
Action 12.2	Prominent attention should be paid to stop illegal logging and charcoal production. This should be led by the regional department, however needs to be overseen and strongly enforced by the regional government. This should also be culturally enforced by the community.	
Managed by	Implementer(s)	Time needed
Regional government	Forest dept., Police Force, the community	Five years
Solution(s)	There needs to be action taken by the Government and the population to restore the affected regions and the depleting environmental protection. Namely, this includes reforestation in priority areas.	

Action Area 13

Fresh and salt-water resources production need modern machinery and better human resources. How to promote increased production while also protecting the environment to ensure sustainable growth?

The problem	The current fresh and salt-water resources production does not incorporate modern machinery and only has a few skilled labour. It is currently very difficult to import and use this machinery due to legal restrictions. Additionally, the market is highly unstable, especially when dealing with the after effects of natural disasters.	
Solution(s)	Livestock and Water Products department, Forestry Department, and Mining Department should work together in managing resources, providing training and take legal action against environmental degradation in the region.	
Action 13.1	In order to maintain the various kinds of fish species that are currently under threat, there should be a limit to the sharing of water resources between different fishing enterprises. Frequent transfer of fishing rights between fishermen decreases the individual responsibility that each group holds over the depletion of stock. Additionally, strong action must be taken against illegal fishing in the area in order to decrease resource depletion and disincentive other illegal fishing. Lastly, due to the regeneration of fish stocks, instead of banning fishing in June, July, and August, these months should instead be April, May, and June. This gives new fish stocks more of a chance to survive.	
Managed by	Implementer(s)	Time needed
Fishery department should lead and regional authority should be involved.	Fishery department and federation, fisherman	One year
Action 13.2	Strong legal action needs to be taken to minimise the deforestation of the rainforest in coastal areas, which is creating a more vulnerable environment for fish stocks due to natural disasters. Deforestation in these areas should be made illegal. In addition to this, there should be prominent reforestation efforts conducted in the same region.	

Managed by	Implementer(s)	Time needed
Village administration should lead	Government and local businesses	Three years
Action 13.3	The Fishery Department and federations should provide training on technology, agriculture, livestock, and salt production techniques in order to reduce the vulnerabilities of SMEs in this area. It is suggestable that this is done through a fishery training centre.	
Managed by	Implementer(s)	Time needed
Government	Fishery Department and federation	One year

Action Area 14

The main foreign market for Ayeyarwady products remains China. What must be done to strengthen SME linkages to India, Thailand, and other countries?

The problem	The current market for Ayeyarwady products is mainly concentrated in China. This increases the vulnerability of the region in terms of external market shocks. It is therefore an important issue to extend the current destination of products to more countries and diversify export markets.	
Solution(s)	The Regional Government should work to support the export of agricultural products through new technologies and training to bring current products, especially packaging, to international standards.	
Action 14.1	International markets seem to be increasingly concerned about the use of organic products. Therefore, it is important to modify the current agricultural system to incorporate modern technology and focus on making production processes organic.	
Managed by	Implementer(s)	Time needed
Regional Government	Agriculture Department, Livestock Department	Three years
Action 14.2	The relevant agriculture and livestock departments should set up a factory to produce international standard packaging design in order to capture the interest of foreign markets. This should be done for the current water products. Local and international experts should be consulted in regards to the technology to do this. Developing industrial zones for water products is likely to maximise the potential for reaching more international markets with this method.	
Managed by	Implementer(s)	Time needed
Regional Government	Agriculture department, livestock department, Ministry of Industry, Ministry of Commerce	Five years
Action 14.3	Improving the standard and quality of products for international markets is important for creating a larger, more diversified, market share. However, interest is more likely to occur if the improvement in standards and quality could be certified by the Government. The Government should therefore	

establish a quality control team that can test and certify the products exported to the international market. This action would be more beneficial if this quality control team had an established and recognisable certification system, as well as a media platform to broadcast the improvements in standards.

Managed by	Implementer(s)	Time needed
Regional Government	Regional Government	6 months

Action Area 15

Government business regulations, licensing and inspections cause many unnecessary problems for SMEs. How to make the relationship with the Government easier, more efficient, and clearer? What role can a reformed one-stop-shop system have in achieving this?

The problem	The bureaucracy and inspections surrounding SMEs can sometimes be restrictive, especially given the SMEs level of experience and financial standing. This creates a plethora of both financial issues and frustrating problems that drain much of the SMEs time and resources.	
Solution(s)	It is suggestable that the Government works towards minimising these issues, which are mentioned more specifically below.	
Action 13.1	One of the problems is the lack of information surrounding the needed documents and level of payments. This lack of transparency makes it increasingly difficult for SMEs, especially those who lack experience, to efficiently finish this process. There needs to be a clear platform (both digital and non-digital) that mentions the specific documents (such as photos, copy of NRC card, copy of census, location, etc.) and importantly, the total payment. In reference to the latter, the fees of this process must be completely transparent, and also be set in reference to the amount of capital and size of shop etc. That way, each SME will have a payment that is relevant to their business size.	
Managed by	Implementer(s)	Time needed
Relevant department such as township development committee/municipal department should be involved.	Relevant department such as township development committee/municipal	One month
Action 15.2	The registration licences, and certificates of the firms need to be filed systematically and should be easily accessible for both the Government and the SMEs. Additionally, these records need to be stored electronically for increased security and safety.	
Managed by	Implementer(s)	Time needed
Relevant Dept.	Relevant department	Six months

Action 15.3

Lastly, the specific date of extensions needs to be included on the actual license. Although this is a small change, it is significant to ensuring that licences are kept in date and SMEs do not accidentally violate their business conditions.

Managed by**Implementer(s)****Time needed**

Relevant department

Relevant department

No need

CONCLUDING COMMENTS| SIX

The proposed SME Strategy encompasses 15 action areas as detailed as possible in this stage. These stretch from building the capacity of SME owners, directing government attention to laws, taxes, and regulations, and promoting technology and technological platforms to increase the competitiveness of products. It is important that these Action Areas of immediate focus and are dispersed to the relevant organisations, and government departments. During the implementation stage it is natural for some projects to not be as successful as others, and therefore a “learning by doing” approach should be taken. However, the successes of the Action Areas can be maximised by investing the proper time and resources into the research and implementation phase.

The Action Areas range from a time frame of months to years, to some hinting at ongoing support. What is important, is that the areas are conducted in a manner which is sustainable. Capacity building projects must check to ensure beneficiaries fully understand, can utilise the gained knowledge, and importantly share the acquired knowledge with the wider community. Changes at a Government level need to be consistently applied in all regional and local level departments. Focusing on sustainability will directly enhance the productivity and efficiency of SME development.

It is also recommendable that these areas, once implemented, have a substantial monitoring and evaluation system so that successful models are easy to distinguish and replicate both inside and outside of the region. Successful implementation of these projects, with a high level of transparency, not only enhances the ability for project models to be implemented elsewhere, but also encourages investments in similar areas from alternate organisations and countries. For instance, there is more likely to be international investment in industrial zones and renewable energy systems in the region if there are successful projects already running.

It is important that the Ayeyarwady Government can now take the Action Areas and hire the necessary team to implement these 15 areas. Due to the current barriers facing SMEs, and the registered strengths of the region, it is advisable that investments are conducted immediately. After the team is established, detailed TORs need to be finalised and undertaken by one or more consultant. The small team in charge of overseeing the Action Areas is needed to manage the consultants and ensure quality outputs. It is additionally highly important that these action areas are directed towards the right beneficiaries, i.e. SME owners currently facing the challenges mentioned in the report, ideally including sectors with high growth potential.

Annex: References

Note that for the purposes of this document, the term “SME” will be taken to refer also to micro-sized firms, as this better reflects the fact that the economy of Ayeyarwady is still underdeveloped and small in size.

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