

# Strengthening Capacities of the Private Sector

## The Challenge

After years of economic isolation, Myanmar is undergoing a process of economic liberalisation and reform. In the Myanmar Sustainable Development Plan (MSDP), the Government of Myanmar attributes a key role to the private sector in meeting the targets of the national development agenda. Even though legal framework conditions for micro, small and medium-sized enterprises (MSMEs) have improved, insufficient capacities to effectively implement reforms and strategies, bureaucracy as well as contradictory and opaque regulations continue to hamper the development of the private sector as a driver for economic growth. Moreover, business associations and chambers of commerce are not yet able to adequately represent the interests of the private sector, which needs to be a strong partner for the government in drafting and implementing necessary, reform-oriented policies. This holds particularly true for MSMEs, which make up of more than 90% of businesses and more than 95% of the work force, and are coming under increasing pressure to enhance their competitiveness in light of the country's economic liberalisation.

## Objective

In line with the goals of the Myanmar Sustainable Development Plan the project aims at strengthening the role of MSMEs as a driver for inclusive, economic growth and job creation. With a specific focus on rural areas, the project aims at enabling a better integration of MSMEs into value chains and at raising local value creation.

## Our Approach

Building on the results from two previous project phases focussed on value chain development, the current project's strategy is designed to improve the framework conditions for trade and investment and exploit the resulting opportunities by collaborating with leading companies to promote the integration of MSMEs into value chains and to enable local value creation. The strategy also involves the transfer of innovative and digital

approaches to rural areas and making them available for MSMEs to exploit the potential for an enhanced competitiveness of various value chains. In a rapidly changing world, innovation is more important than ever for Myanmar to catch-up with or even "leapfrog" its neighbouring countries and main competitors.

Project name	Strengthening Capacities of the Private Sector
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Yangon, Nay Pyi Taw, Shan State
Lead executing agency	Ministry of Commerce
Duration	1st phase: 10/2012 – 09/2016 2nd phase: 10/2016 – 12/2018 3rd phase: 01/2019 – 12/2021

Capacity development measures are an integral part of the project approach, targeting the individual, organisational and societal levels. In pursuing this strategy, the project builds up a network of change agents in government and economic institutions to consolidate results and reduce the need for organisational advice in the medium term. Within the framework of this change agent network, there will be targeted measures, such as training courses and networking services for women, as a way of promoting equal participation in economic and political decision-making.

In light of Myanmar's internal conflicts, the project's activities are designed in a conflict-sensitive manner, especially with regard to the selection of development partnerships with the private sector and cooperation with potential investors. Business support policies that include measures to protect the environment and climate can also help to prevent future damage and losses.



Photos: Karlien Truyens (left and middle), GIZ (right)

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**Planned activities**

Activities are planned in the following four intervention areas:

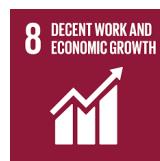
- **Trade policy and trade promotion:** The Ministry of Commerce is being supported in improving the framework conditions for trade (trade policy, trade law) as well as in developing and implementing trade promotion services.
- **Investment promotion:** The Directorate of Investment and Company Administration (DICA) is being supported in the development of investor services and the implementation of the Shan State Investment Promotion Plan.
- **Development partnerships with the private sector:** MSMEs in selected value chains are being linked with leading companies that provide market access, technology transfer and/or improved services.
- **Digitalization and innovations:** the project facilitates access of MSMEs in rural areas to providers of innovative products and services, and supports the development of the innovation ecosystem in Shan State.

**Achievements**

Major achievements of the project in the current phase include:

- ✓ Draft of the trade law is finalized and in the consultation process.
- ✓ Over 90 MSMEs are trained on how to create an export plan and how to participate effectively at international trade fairs.
- ✓ Shan State Investment Promotion Plan was approved by the regional government and is in implementation.
- ✓ Shan State Investment Forum attracted more than 130 local and foreign investors from 12 different countries.
- ✓ More than 250 young entrepreneurs and MSMEs are trained on how to innovate and/or digitalize their businesses.

The project contributes to the achievement of a number of sustainable development goals, particularly goals 8 'Decent work and economic growth' and 17 'Partnerships for the Goals'.



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