
Decentralization of the MSME Sector

A Study in
Kayin and Mon States

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ISBN 978-99971-954-4-9

Publisher:
Konrad-Adenauer Stiftung Ltd.
Myanmar Representative Office
Yangon, Myanmar
Info.myanmar@kas.de
www.kas.de/myanmar/en/

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Acknowledgement

This project has become a reality thanks to the kind support of KAS and help of many individuals.

We would like to give a special thanks to Dr.Aye Aye Win (Director General), Dr.Ei Shwe Sin Tun (Director of Technology and Market Promotion Department), Dr.Phyu Phyu Win (Deputy Director of Policy and International Affairs Department) under the Ministry of Planning, Finance and Industry of Myanmar and to the secretary team of MSME Central Agency Office for providing necessary data and information and for supporting the coordination among different ministries in order to finish this research.

I would like to express my special gratitude and thanks to Dr.Norbert Eschborn (former KAS Myanmar Country Representative), Mael Raynaud (Head of Research, Urbanize Policy Institute), Annabelle Heugas (Program Coordinator at KAS-Myanmar), and all KAS-Myanmar team members.

Thank you to the Distinguished members of the research team Ko Kaung Myat Htut, Ko Aow Kou Rot, Ko Myat Khaung Lin and NEI team members, for stimulating discussions and working together.

I would like to extend my sincere thanks to all the respondents of government departments, parliamentarians and MSME agency members from both National Level and States Level plus individuals MSME persons of Mon and Kayin States.

Yee Mon Hsu
Executive Director
National Enlightenment Institute

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Members of the Research Team

1. U Kaung Myat Htut,
Co-founder of Knowledge Hub Institute & Technical Director of NEI
Kaung Myat Htut graduated from Middlesex University, United Kingdom, in 2004. He specialized in Business Information Systems and was involved in the development of Electronic Government projects with MCC Co. Ltd., till 2007 before becoming a university lecturer and a trainer in private schools. Currently, Kaung Myat is pursuing a Doctor of Business Administration from Victoria University, Switzerland researching in the field of Web 2.0 and SMEs.
He delivers lectures on Technology related Development concepts and Social Market Economy concepts to local government and CSOs. Kaung Myat Htut provides trainings related to IT, eGovernment, eParticipation, eCommerce, eBusiness, IT for public participation and so on to private universities, some MPs and government officials.
Kaung Myat contributes in a local Myanmar monthly magazine, B2B Management Magazine, and published IT related books. Kaung Myat also contributes to IT Corner of PadamyarFM (88.2 MHz in Yangon). He is also a fellowship alumnus of the Konrad Adenauer School for Young Political Leaders in Asia (2015-2016).
2. U Myat Khaung Linn,
Organization Development Consultant at Sagawa Co.Ltd & OD Advisor of NEI
U Myat Khaung Linn is currently working as Senior Organization Development Consultant in Sagawa Consultancy Company since 2012. He is also an Advisor of Organization Development for NEI. He has over 7 years of working experience in the context of Organization Development such as strategic planning, organization structure, policy development and capacity building.
3. U Mon Paing Ga Ghu @ Aow Kou Rot,
Researcher and Analyst, Local Insight Service Project, Funded by Department of International Development - DFID Myanmar
U Mon Paing Ga Ghu is working at the Local Insight Service Project as a research analyst within Mon State funded by UK Aid. He started working as a freelance journalist with the pen-name of Hintharni (Mon Myay) at the Myanmar-Thailand border since 2008. Then he worked

as Editor-in-charge at Burma News International-BNI, an ethnic media organization. He was also chief editor at Hinthar Media. He is well-experienced in data collection, in conducting interviews and analyzing regional issues.

4. Daw Yee Mon Hsu,
Executive Director-NEI

Daw Yee Mon Hsu is a co-founder and Executive Director of National Enlightenment Institute which is a Mon State-based local Think Tank. She graduated from Mawlamyine Computer University following which she studied Travel & Tourism Management at the Tourism Management Institute of Singapore which is a semi-government school. She attended Social Entrepreneurship and Research Methodology courses by the NGO Myanmar Egress and applied that knowledge in development organization when she was back in Myanmar in 2009. She is also a fellowship alumnus of the Konrad Adenauer School for Young Political Leaders in Asia (2013-2014). She participated in Advancing Leadership program of American-based DeBoer Fellowship in 2016. She represented one of the four Myanmar Delegates in Rural E-commerce development program of CMLV countries by Mekong Institute. She applied the knowledge she acquired from the program to implement the Mawlamyine Commodity Center to promote local products in the region. She was a research consultant for the study on Tourism Value Chain Analysis of Mon State Project, Rubber Business Development Project, Forest Draft Law public consultation project (Mon state, Kayin state and Tanintharyi region), and Educational Institution Survey Project in six Universities of Tanintharyi Region. She is also a member of the Regional Tourism Development committee as a Tourism Expert. She is constantly working on policy engagement and market connections for regional development.

About the Konrad-Adenauer-Stiftung

The basic principles underlying the work of the Konrad-Adenauer-Stiftung (KAS) are freedom, justice and solidarity. KAS is a political foundation, closely associated with the Christian Democratic Union of Germany (CDU), named after the first Chancellor of the Federal Republic of Germany, Konrad Adenauer (1876-1967), who united Christian-social, conservative and liberal traditions. His name is synonymous with the democratic reconstruction of Germany and his intellectual heritage continues to serve both as our aim as well as our obligation today.

We make a contribution underpinned by values to helping Germany meet its growing responsibilities throughout the world. With 100 offices abroad and projects in over 120 countries, we make a unique contribution to the promotion of democracy, the rule of law and a social market economy. To foster peace and freedom we encourage a continuous dialogue at the national and international levels as well as the exchange between cultures and religions.

We are guided by the conviction that human beings are the starting point in the effort to bring about social justice and democratic freedom while promoting sustainable economic activity. By bringing people together who embrace their responsibilities in society, we develop active networks in the political and economic spheres as well as in society itself. The guidance we provide on the basis of our political know-how and knowledge helps to shape the globalization process along more socially equitable, ecologically sustainable and economically efficient lines.

We cooperate with governmental institutions, political parties, civil society organizations, media and think tanks, building strong partnerships along the way. In particular, we seek to intensify political cooperation in the area of development cooperation at the national and international levels on the basis of our objectives and values. Together with our partners we make a contribution to the creation of an international order that enables every country to develop in freedom and under its own responsibility.

Since 2006, Konrad-Adenauer-Stiftung has had an active presence in Myanmar. The Myanmar country project focuses on four objectives:

- Strengthening society's representation in the legislature by enabling parliaments and parties to do effective work
- Building out the capacities of democratic and legal institutions as well as civil society and media
- Promoting a sustainable Social Market Economy
- Developing mechanisms of cooperation among Southeast Asian countries, Europe and Germany on the basis of democratic and peace-supporting principles

For more information please visit: <https://www.facebook.com/kas.myanmar/>
<https://www.kas.de/web/myanmar/home>

About the National Enlightenment Institute

National Enlightenment Institute-NEI has been established as a nonprofit organization based in Mon State since 2012. We are registered under the General Administration Department of the State.

Myanmar is an emerging democracy. There are many stakeholders committed to helping in the transition from a military dictatorship into a full-fledged democracy. Civil society organizations like NEI are actively building the capacity of local communities and institutions to strengthen our governance structures through public policy research, training and advocacy. NEI is committed to moving Myanmar forward and is gradually re-positioning itself, by building on our successful history as a training institute within Mon State, to become a leading local think tank.

By upholding our core values of Professionalism, Inclusiveness and Pioneering, NEI will increasingly focus its research and training on activities that promote Good governance, Policy Advocacy and Capacity Building that benefits Mon State and the country as a united whole.

NEI is active in southern Myanmar (Mon, Kayin States and Tanintharyi Region). Our capacity building programs target State and Regional governments departments, parliamentarians, civil society organizations and the Micro, Small & Medium Enterprise (MSME) communities.

Over the last 7 years, NEI has designed and delivered programming that has enhanced public awareness, promoted social mobilization and informed civic engagement on a range of progressive economic reform issues and democratic nation building.

Key training activities include Capacity Building in Political Leadership, Peace Education, Economic Growth, Policy Engagement, Social Cohesion and Need's Assessment Research.

Our primary audiences include the Regional Parliament, Regional Government Departments, Regional Business Associations and CSOs, and youth from university level in Mon and Kayin States as well as Tanintharyi Region. Many of NEI's programs are organized in cooperation with allied stakeholders using an inclusiveness program design and delivery model.

NEI's programming raises participants' awareness on critical public policy issues necessary to support a democratic governance system. Our advocacy and policy engagement approach strategically involve relevant stakeholder groups especially key decision makers, practitioners at the policy implementation level and other directly impacted stakeholders.

We have successfully organized over 190 significant programs and trainings for over 14,000 participants over the last 7 years. We have done this while developing constructive relationships with State and Union Levels in the current and previous government terms.

For more information please visit : <https://www.facebook.com/neimyanmar/>
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Part 1:

Introduction to Decentralization

Part 1 : Introduction to Decentralization

Decentralization is essential for a democratic transition. When it is achieved step by step, bureaucratic process will become smoother and the nation will gain stability.

In order to provide more decision-making power to State and Region governments, the 2010 U Thein Sein Administration initiated the decentralization process. His successor Aung San Suu Kyi and her Administration, continue to implement the process.

At the 'Administrative Reform' workshop held in 2015, U Thein Sein called for the capacity building of public service, decentralization, transparency, responsibility and accountability.

Although national policies, laws and procedures should reflect the needs of the citizens, leaders consider that it will take a long time to amend existing laws and rules. Therefore, to provide efficiency within a short period of time, U Thein Sein encouraged cooperation among different government departments and other related organizations.

This was regarded as the first step of the decentralization process, sharing power with states and regions in accordance with the 2008 Constitution.

The economic development of one state is directly related to its politics. Only when there is political stability, can economic development be achieved. Therefore, political stability is essential not only for the prosperity and development of the whole nation but also for nation-building.

Since it is crucial for a successful reform, political stability and economic development should be carried out simultaneously.

In the previous U Thein Sein Administration, to achieve a faster progress in the transition period, the government shared some power with State and Region governments. During the transition, as there are many areas to be focused on, it is necessary to decide on the prioritized area and the extent of which power is to be shared between the Union and State or Region government.



1.1 Background Study

Myanmar is in a democratic transition and in order to establish the envisioned federal state, it is essential to widely carry out the fundamental decentralization process.

There is still strong central government control over responsibilities, policies, authorities, administration and implementation of economic development.

Even in the power sharing between the Union government and States or Region governments stated in the 2008 constitution, there is a strong central government control and the power of State and Region governments is relatively lower than that of the Union government.

Myanmar has many potentials concerning with its geopolitics and abundant natural resources.

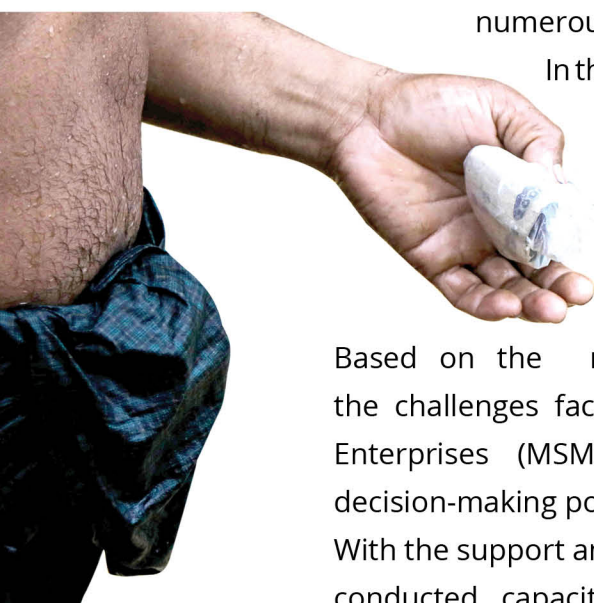
However, the shortage of human resource becomes a major challenge in numerous areas including the government departments.

In the 2015 Myanmar Asian Barometer Survey, participants were asked to choose between prioritizing a country's democratic process or its economic development and respondents chose economic development to be more important than the democratic process.

Based on the regions' issues and needs, NEI focused the study on the challenges facing the development of Micro, Small and Medium Enterprises (MSME or SME) sector which include policies and decision-making power.

With the support and funding of the Konrad Adenauer Stiftung (KAS), NEI conducted capacity-building training, workshops and meetings for stakeholders, business associations and government departments so as to improve the role of MSME.

In 2016, NEI conducted a survey to find out the key essentials for local economic development in ten townships in Mon State. In the findings, the



respondents chose the respective State Government as the main responsible person and local private business owners as the second. Thus, respondents considered that decentralization is necessary and the role of local business associations play a crucial role.

Based upon the findings, five relevant workshops were conducted in cooperation with Mon State MSME Department to improve the MSME sector from 2017 to 2018. The workshops were as follows.

- (1) Awareness Raising in Social Market Economy Workshop;
- (2) Social Enterprise and Cluster Development for Integrated Approach of Regional Economic Development;
- (3) Fundraising opportunities for SME development together with Banks, Microfinance and Venture Investors;
- (4) Awareness raising in Revenue Model and Fair Taxation System Dialogue; and
- (5) Salt Industry -Cooperative Market Strategy Workshop.

In September, 2018, NEI participated as a partner Institute in the MSME Action Plan workshops organized by the SME Agency in Mon and Kayin States, and discussed about a necessary Institutional Framework that reflects the diverse economic situations of States and Regions so as to develop the MSME Sector. NEI promised to evaluate the Institutional Framework to promote efficiency, and the functions of the government departments relating to the MSME sector. In addition, NEI promised to support not only the growth of the private sector but also of Micro, Small and Medium Enterprises Development Agencies.



1.2 Relations between MSMEs and the Market Economy



According to section 35 of the 2008 constitution, the economic system of the Union is a market economy system.

According to economic theories accepted by democratic states, there are six characteristics of a market economy. Only when these are strengthened, will there be opportunities to get access to regional and international markets, and will there be capacities to compete with other domestic businesses as well as foreign direct investments. This will also lead to infrastructural reform that is necessary to support the market economy of Myanmar. These characteristics are as follow:

- Private Property – It is necessary to allow the public to have the right to domestic production and service industry. For instance, to clearly enact the property ownership laws and to implement policies to transfer and sell the assets with few limitations.
- Freedom of Choice - There should be the freedom of choice to let the people choose what type of business they want to do. It is required to enact laws, rules and procedures that are easy to follow and to help people understand them.
- Motive of Self-interest - The pathway should be implemented so that many people will become willing to start their own businesses. High interest rates from banks is one of the barriers to doing businesses. Besides, knowledge and skills should be taught so that people fully understand how to run their own businesses.
- Competition – Increased market competition can provide the consumers with lower prices and better services. Thus, it is necessary to guide with policies, laws and rules to have supply and demand



that promotes a fair market competition and to stop monopolies and oligopolies from forming.

- System of Markets and Prices – It is required to provide information with accuracy and on time so that business owners can decide on the markets they want to join to gain more profits. When businesses gain more profits, the governments can collect more taxes.
- Limited Government – The role of the government is to ensure that the citizens are capable of performing freely in a domestic market and also to support the creation of domestic and international markets. On the other hand, it is required to protect the rights of the citizens which means to make policies that protect people against monopolies and to reduce the influence of Multi-National Corporations.



Micro, Small and Medium Enterprises play the most fundamental role in any form of economic system.

The Small and Medium Enterprises Development Policy that was enacted in 2015 highlighted the significant role of the MSME sector and that a strong MSME sector has the capacity of stabilizing the national economy even in crisis periods.

In the same policy, the role of MSMEs was mentioned as the backbone of the private economic sector and also a source of innovation, job opportunities, poverty alleviation and entrepreneurship.

Micro, Small and Medium Enterprises (MSME or SME) can provide the flow of money in a nation which can contribute to the growth of its Gross Domestic Product (GDP) which is accepted by most modern economies as an indicator of economic development.

According to the Asian Development Bank (ADB), Micro, Small and Medium

Enterprises (MSME or SME) are the backbone of the Asian economy representing 96% of the total economy and creating two-thirds of the private sector's job opportunities in the region.

In addition, Charltons Legal Consulting (CLC), a corporate finance law firm, that has an office in Myanmar, mentioned that Micro, Small and Medium Enterprises make up 99.4% of Myanmar's economic sector and create 50% to 90% of job opportunities in the country. They also contribute to 30% to 53% of GDP among ASEAN Countries.

As Micro, Small and Medium Enterprises (MSME) play a key role in the national economic development, the government has set up a vision for the development of the MSME sector which is "for Micro, Small and Medium Enterprises to promote innovation and competition in national economic network and to create job opportunities and contribute to socio-economic development."

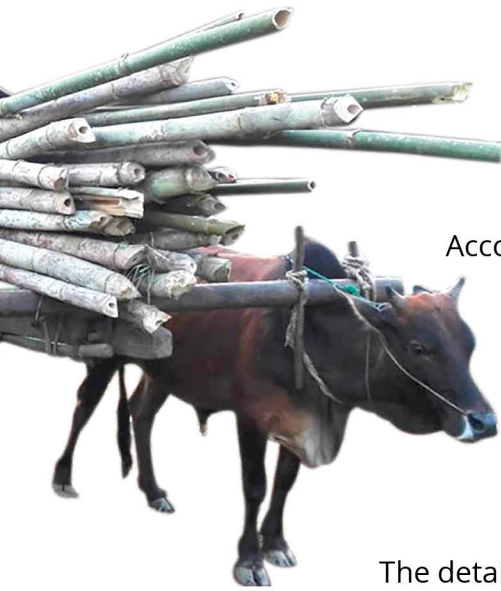
In order to achieve the vision of promoting MSMEs is required to create a sound economic environment.

In order to strengthen this sector, it is urgently necessary to review troubling policies and procedures and to decentralize the bureaucratic process to promote cooperation among different departments.

1.3 Purpose of the Research

Myanmar is a signatory state to the ASEAN free trade agreement and on 1st January, 2019, it agreed to participate in the ASEAN Economic Community together with other CMLV states (Cambodia, Myanmar, Laos and Vietnam). The Belt and Road Initiative (BRI) led by neighboring country, China, also has both advantages and disadvantages for the socio-economic development of Myanmar. As its economy is facing both opportunities and challenges due to the rapidly changing economic systems and technological influences, it is required to draw and implement strategies. It is also necessary to find out the comparative advantages of each region and the government needs to provide a supportive framework for the sustainability of local MSMEs.





According to the 2008 constitution, three important pillars of Myanmar's government are the administrative sector, the legislative sector and the judiciary. This research paper focused on the decentralization and its impacts on the administrative and the legislative sectors concerning with the development of Micro, Small and Medium Enterprises.

The detailed objectives are as follows:

- ◆ To analyze the opinions of local business owners regarding decentralization for the development of Micro, Small and Medium Enterprises;
- ◆ To study the role of Parliaments regarding decentralization for the development of Micro, Small and Medium Enterprises;
- ◆ To study the role of related government departments concerning decentralization and the role of the MSME Agency;
- ◆ To provide recommendations for better and more pragmatic public services based on the findings,
- ◆ To determine the prioritized sectors or processes for power-sharing in the decentralization process,
- ◆ To analyze the government's performances in implementing the current bureaucratic process and strategies
- ◆ To analyze opportunities and challenges in the process of decentralization

1.4 Definitions of Decentralization

According to the World Bank, decentralization is defined as “the transfer of authority and responsibility of major government functions from central to sub-national governments including local governments, civil society and the private sector (For example- Red Cross, Women Affairs Association) or the private sector. It is a complex multifaceted concept since different types of decentralization should be distinguished because they have different characteristics, policy implications, and conditions for success.”

Types of decentralization include political, administrative, fiscal and market decentralization.



Figure -1 Different types of Decentralization

- Political Decentralization;
Political decentralization can be generally regarded as the transfer of decision-making power and accountability to local governments. The regional government will receive more power as well as more accountability.
- Administrative Decentralization;
Administrative decentralization is the redistribution of authorities to different government departments while managing the public services. In other words, it is the transfer of authorities as well as responsibilities to relevant government departments.

- **Fiscal Decentralization;**
Fiscal Decentralization is the transfer of responsibilities and authorities dealing with financial spending. The local governments need to draw their own budget plans, submit them to the central government, collect taxes and manage spending.
- **Market Decentralization;**
Market decentralization is also known as Economic Decentralization. Mostly, it is in the forms of privatization and deregulation by shifting responsibility from the public to the private sector. Privatization and deregulation are usually accompanied by economic liberalization and market development policies. They allow functions that had been primarily or exclusively the responsibility of government to be carried out by businesses, community groups, cooperatives, private voluntary organizations.

1.5 Research Methodology

Mon and Kayin states are situated on the South Eastern side of Myanmar and lie on the Asian East-West Corridor. Due to their geo-economic advantages as well as time constraints, only these two areas were the focus of this research.

1.5.1 Preliminary Survey

In the preliminary survey, structured questionnaires were used. Business owners, members of Agencies and private entrepreneurs from Mon and Kayin States were targeted in the study. In Mon State, ten townships were covered. In Kayin State, business owners from Hpa-An and Myawaddy were the participants. In the survey, 150 responses from Mon State and 49 from Kayin State (a total of 199) were collected within December 2018. Based on the findings from the preliminary survey, necessary government departments were selected for the interview. Then, the interviews were conducted with policy makers and implementers for six months from April to September, 2019.

1.5.2 Interview with Stakeholders from the Legislative Pillar

In-depth interviews were conducted with the Union level Hluttaw representatives and State level Hluttaw representatives from Mon and Kayin States.

1.5.3 Interview with Government Departments

Key informant interviews were conducted with the Deputy Director Generals and Directors from Union Departments who are members of SME Agencies. Directors, Deputy Directors, and Assistant Directors of government departments concerned with the development of Small and Medium Enterprises in Mon and Kayin States were also interviewed.





Part 2 :

The Role of Government
in the Development of
MSMEs in Mon and
Kayin States

Part 2 : The Role of Government in the Development of MSMEs in Mon and Kayin States

In 2012, the SME Centre was established under the Ministry of Industry with the aim of developing Micro, Small and Medium Enterprises.

In 2014, it was expanded and reorganized as a Department.

In 2015, the Micro, Small and Medium Enterprises Development Law and rule were enacted.

In 2016, the rule was approved and in January, 2018, to implement the law, the SME Agency was established with Heads of Departments from Central Committee, Working Committee, relevant Government Agencies and with members and experts from different organizations.

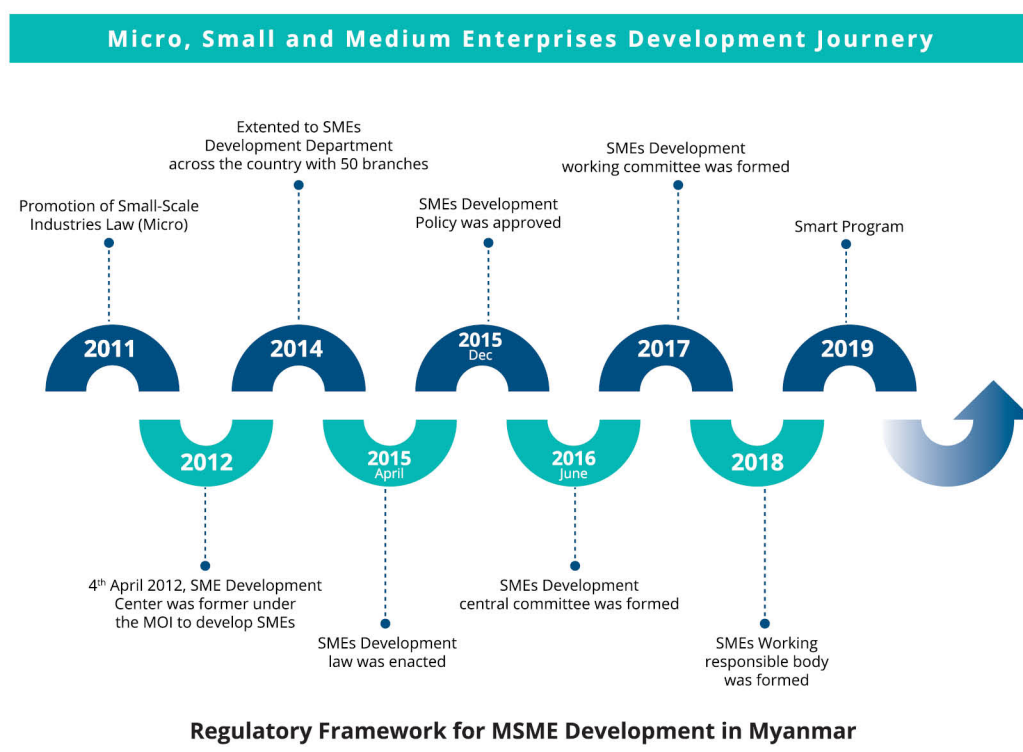


Fig- 2 Regulatory Framework for MSME Development in Myanmar

2.1 Small and Medium Enterprises (SMEs) Development Policy

The development of Small and Medium Enterprises is vital for the economic development of a nation. The Small and Medium Enterprises Development Policy was enacted in 2015. In accordance with this policy, the Pyidaungsu Hluttaw (Union Parliament) enacted the Small and Medium Enterprises Development Law. The Rules were enacted in October 2016. The purpose of this Law is to increase employment and improve the standard of living of citizens by effectively providing necessary assistance for the development of Small and Medium Enterprises in Myanmar.

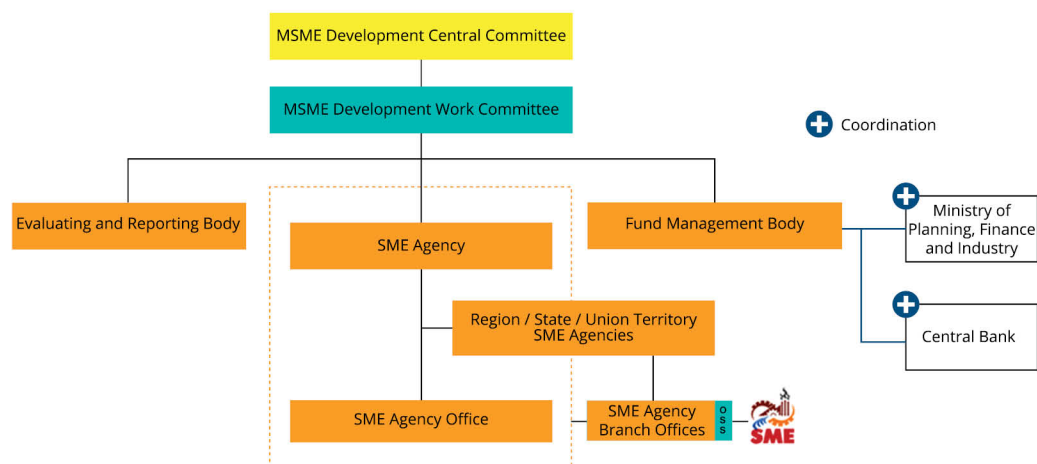


Figure 3. The Structure of the MSME Development Central Committee; Working Committee; Evaluating and Reporting Body; Fund Management Body; Agency and Agency Branches

Evaluating and Reporting Body		SME Agency		Fund Management Body	
Notification No (1/2018)		Notification No (2/2018)		Notification No (3/2018)	
Member	10	Member	18	Member	12
Chair	U Khin Maung Kyaw (Patron) MES	Chair	U Aung Htoo Vice - Minister	Chair	U Soe Win Union Minister
Vice - Chair	U Kyaw Myo Vice - Minister	Vice - Chair	U Zaw Minn Win Chair, UMFCCL	Vice - Chair	U Aung Htoo Vice - Minister
Secretary	U Aung Kyi Soe General Secretary UMFCCL	Secretary	Daw Aye Aye Win Director General DISI	Secretary	Daw Nwet Nwet Win Director General Budget Department

Figure 4. The leading members of Evaluating and Reporting Body, SME Agency and Fund Management Body



2.2 MSME Agency

In order to implement the provisions under the Law, the Central Committee and Working Committee were formed at the Union level and duties were assigned. With the approval of the Central Committee, the Working Committee formed the Agency with heads related government departments, government organizations, and suitable representatives and experts from the associations. According to the SME development law, "Agency" means the small and medium enterprises development agency. "Agency Branch Offices" mean the branch offices which are

opened in the respective Regions or States and Self-administered Divisions or Self-administered Zones or Union Territory with the permission of the Central Committee and the Working Committee.

A person who is appointed with the approval of the Central Committee shall perform as the Chairperson of the Agency. The Chairperson of the agency shall be deemed as Deputy Minister level. The Director General from the responsible ministry shall perform as the Secretary of the agency and implement the development of Micro, Small and Medium Enterprises. The tenure of members of the agency who are not civil service personnel is the same as that of the Union Government.

Functions and duties of SME agency according to the SMEs Development Law (The Pyidaungsu Hluttaw Law No. 23, 2015) are as follow:

- (a) implementing the small and medium enterprises development policy;
- (b) submitting the annual progress report on enhancing the development of the small and medium enterprises to the Central Committee through the Working Committee
- (c) supporting to lessen the difficulties and needs faced according to the business nature of the small and medium enterprises;
- (d) coordinating for the establishment of regional agency branch offices and one-stop service team in order to provide the necessary services to the small and medium enterprises;
- (e) undertaking legal education activities related to the small and medium enterprises;
- (f) tendering necessary advice, organizing workshops and providing trainings required for the development of the small and medium enterprises;
- (g) coordinating with the relevant government departments and government organizations for the establishment of the small and medium enterprises;
- (h) providing non-financial services in cooperation with the relevant ministry, organizations, companies and banks for enhancing the availability of financial support to the small and medium enterprises;
- (i) facilitating the establishment of economic networks by cooperating between the small and medium enterprises and the local and foreign enterprises;
- (j) urging the competition of the small and medium enterprises with each other to promote the creation and extension of a market, and organizing goods and technology exhibitions

- (k) advising and settling the disputes of small and medium enterprises, and assisting to settle the disputes by means of arbitration;
- (l) supporting the establishment of legal consultancy organizations and consultancy service for business set-up related to the small and medium enterprises;
- (m) collecting the data and statistics related to the small and medium enterprise, checking in phases, recording and using as necessary;
- (n) arranging to allow the registration of small and medium enterprises in accord with the stipulations and specifying the term of registration;
- (o) communicating with the international financial institutions, international development agencies, business associations and local and international non-government organizations for the development of the small and medium enterprises;
- (p) cooperating closely with the financial institutions for the development of the small and medium enterprises and implementation of development means, and obtaining advice;
- (q) keeping the status of the small and medium enterprises until next three years after changing and emerging from type of small and medium enterprise.

2.3 MSME Agency Branch Offices

With the permission of the Central Committee and the Working Committee, Agency Branch Offices are opened in the respective States or Regions and Self-Administered Divisions or Self-Administered Zones, or Union Territory. The respective Chief Minister or local authorities are the Patron and the Region or State Minister of the Ministry of Industry is the Chairperson of the agencies. The Chief Administration Officer of the General Administration Department performs as the Secretary of the Agency in the respective State and Region and the Director of the Directorate of Industrial Supervision and Inspection performs as the Joint-Secretary.

In SME Development Rule, since there are no clear specifications for the formation of branch agencies, the structure and the number of participants of Agencies in Mon and Kayin States are different. Based on the potentials of each region and state concerning with the progress of SME sector, representatives from respective departments and business associations can take part in the agencies.

According to section 12 of the SME rule, Branch Agencies shall carry out the following functions and duties:

- (a) providing technologies and information related to development;
- (b) organizing trainings and workshops for human resources development;
- (c) providing services for funding and getting loans from the banks;
- (d) keeping and collecting SME data and enhancing cooperation;
- (e) encouraging the cluster development of Small and Medium Enterprises;
- (f) participating in International Cooperation;
- (g) carrying out the duties assigned by the Agency from time to time;
- (h) supervising and guiding the function of one-stop services.

2.4 Formation of Local Micro, Small and Medium Enterprises MSMEs Development Agencies

1. Members of Naypyitaw MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chairman	Naypyitaw Council	Patron	Naypyitaw
2	Head of Council	Naypyitaw Council	Chairman	Naypyitaw
3	Permanent Secretary	Naypyitaw Development Committee	Member	Naypyitaw
4	Head Engineer	Naypyitaw Electricity Supply Enterprise	Member	Naypyitaw
5	Director	Naypyitaw Internal Revenue Department	Member	Naypyitaw
6	Director	Naypyitaw Custom Department	Member	Naypyitaw
7	Director	Naypyitaw Planning Department	Member	Naypyitaw
8	Deputy Director	Naypyitaw Small-Scale Industries Department	Member	Naypyitaw
9	Deputy Director	Naypyitaw Directorate of Investment and Company Administration	Member	Naypyitaw
10	Deputy Director	Department of Small and Medium Enterprises Development	Member	Naypyitaw
11	Administrator	Naypyitaw General Administration Department (GAD)	Secretary	Naypyitaw
12	Director	Naypyitaw Directorate of Industrial Supervision and Inspection	Joint Secretary	Kachin
Total Number of Naypyitaw MSME Agency = 12				

2. Members of Kachin State MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Kachin State Government	Patron	Kachin
2	State Minister	Ministry of Transportation, Electricity and Industry	Chairman	Kachin

3	State Chief Officer	Kachin State Consumer Affairs Department	Member	Kachin
4	Chairperson	Kachin State Chamber of Commerce and Industry	Member	Kachin
5	State Chief Officer	Kachin State Department of Food and Drug Administration	Member	Kachin
6	State Manager	State Myanmar Economic Bank	Member	Kachin
7	Director	State -City Development Committee	Member	Kachin
8	Director	Internal Revenue Department	Member	Kachin
9	State Chief Officer	Small Scale Industries Department	Member	Kachin
10	Assistant Director	State Department of Small and Medium Enterprises Development	Member	Kachin
11	Director	Kachin State General Administration Department (GAD)	Secretary	Kachin
12	Director	Kachin State Directorate of Industrial Supervision and Inspection	Joint Secretary	Kachin
Total Number of Kachin MSME Agency = 12				

3. Members of Kayah State MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Kayah State Government	Patron	Kayah
2	State Minister	Ministry of Transportation and Electricity	Chairman	Kayah
3	State Manager	Myanmar Economic Bank	Member	Kayah
4	State Chief Department Officer	State Planning Department	Member	Kayah
5	State Chief Department Officer	State Consumer Affairs Department	Member	Kayah
6	State Chief Officer	State Internal Revenue Department	Member	Kayah
7	State Chief Department Officer	Department of Factories and General Labour Laws Inspection	Member	Kayah

8	State Chief Department Officer	Directorate of Investment and Company Administration	Member	Kayah
9	State Chief Officer	Small Scale Industries Department	Member	Kayah
10	Assistant Director	Department of Small and Medium Enterprises Development	Member	Kayah
11	Administrator	General Administration Department (GAD)	Secretary	Kayah
12	State Chief Department Officer	State Directorate of Industrial Supervision and Inspection	Joint Secretary	Kayah
Total Number of Kayah State MSME Agency = 12				

4. Members of Kayin State MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	State Government	Patron	Kayin
2	State Minister	State Ministry of Electricity and Industry	Chairman	Kayin
3	State Chief Officer	State Department of Rural Development	Member	Kayin
4	State Chief Officer	State Department of Forestry	Member	Kayin
5	State Chief Officer	State Directorate of Hotels & Tourism	Member	Kayin
6	Focal Officer	State Department of Food and Drug Administration	Member	Kayin
7	State Chief Officer	State Department of Agriculture	Member	Kayin
8	State Chief Officer	Livestock Breeding & Veterinary Department	Member	Kayin
9	Director	State Planning Department	Member	Kayin
10	Director	State -City Development Committee	Member	Kayin
11	Director	Regional Development Supervision Department	Member	Kayin
12	Principal	Government Technological High School	Member	Kayin

13	Director	State Directorate of Investment and Company Administration	Member	Kayin
14	State Chief Officer	Department of Licensing and Transportation Supervision	Member	Kayin
15	State Chief Officer	State Small-Scale Industries Department	Member	Kayin
16	State Manager	Myanmar Economic Bank	Member	Kayin
17	Assistant Director	State Directorate of Industrial Supervision and Inspection	Member	Kayin
18	Director	State Department of Fisheries	Member	Kayin
19	State Chief Officer	State General Administration Department (GAD)	Secretary	Kayin
20	State Chief Department Officer	State Directorate of Industrial Supervision and Inspection	Joint Secretary	Kayin
Total Number of Kayin State MSME Agency = 20				

5. Members of Chin State MSME Development Agency

No.	Designation	Organization / Name	Position in MSME Agency	State/Region
1	Chief Minister	Chin State Government	Patron	Chin
2	State Minister	Ministry of Electricity and Industry	Chairman	Chin
3	Secretary	CSSCI	Member	Chin
4	External Expert	Salai Kyone Lan Htaung	Member	Chin
5	External Expert	U Michael Son Tat	Member	Chin
6	External Expert	Daw Sandar Myo	Member	Chin
7	External Expert	Daw Anna Byat Hta Mhway	Member	Chin
8		SME Department	Member	Chin
9	State Administrator	Chin State General Administration Department (GAD)	Member	Chin

10	State Chief Officer	Small Scale Industries Department	Member	Chin
11	State Chief Department Officer	Chin State Directorate of Industrial Supervision and Inspection	Secretary	Chin
12	State Chief Department Officer	Directorate of Investment and Company Administration	Joint Secretary	Chin
Total Number of Chin State MSME Agency = 12				

6. Members of Mon State MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Mon State Government	Patron	Mon
2	State Minister	Minister of Electricity, Energy and Industry	Chairman	Mon
3	State Electrical Engineer	Mon State Electricity Supply Enterprise	Member	Mon
4	Director	Mon State Planning Department	Member	Mon
5	Director	Mon State- City Development Committee	Member	Mon
6	State Manager	Myanmar Economic Bank	Member	Mon
7	Deputy Director	Mon State Small Scale Industries Department	Member	Mon
8	Deputy Director	Mon State Department of Small and Medium Enterprises Development	Member	Mon
9	Chairman	Mon State Chamber of Commerce and Industry	Member	Mon
10	Administrator	Mon State General Administration Department (GAD)	Secretary	Mon
11	Director	Mon State Directorate of Industrial Supervision and Inspection	Joint Secretary	Mon
Total Number of Mon State MSME Agency = 11				

7. Members of Rakhine State MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Rakhine State Government	Patron	Rakhine
2	State Minister	Ministry of Finance, Revenue, Planning and Commerce	Chairman	Rakhine
3	State Chief Officer	State City Development Committee	Member	Rakhine
4	State Electrical Engineer	Electricity Supply Enterprise	Member	Rakhine
5	State Chief Officer	State Small Scale Industries Department	Member	Rakhine
6	State Manager	Myanmar Economic Bank	Member	Rakhine
7	Chairman	Rakhine State Chamber of Commerce and Industry	Member	Rakhine
8	Chairman	Rakhine Young Entrepreneurs Association	Member	Rakhine
9	Chairman	Rakhine Rice Industry Association	Member	Rakhine
10	Administrator	State General Administration Department (GAD)	Secretary	Rakhine
11	State Chief Officer	Directorate of Industrial Supervision and Inspection	Joint Secretary	Rakhine
Total Number of Rakhine State MSME Agency = 11				

8. Members of Shan State MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Shan State Government	Patron	Shan
2	State Minister	Ministry of Planning and Commerce	Chairman	Shan
3	State Minister	Ministry of Finance	Member	Shan
4	Director	Shan State Department of Rural Development	Member	Shan

5	Director	Shan State Department of Forestry	Member	Shan
6	Director	Shan State Road Transport Administration Department	Member	Shan
7	Director	Shan State Directorate of Hotels & Tourism	Member	Shan
8	Deputy Director	Shan State Consumer Affairs Department	Member	Shan
9	Officer	Department of Food and Drug Administration	Member	Shan
10	Deputy Director	State Department of Small and Medium Enterprises Development	Member	Shan
11	Chairman	Shan State -SCCI	Member	Shan
12	Administrator	State General Administration Department (GAD)	Secretary	Shan
13	Director	State Directorate of Industrial Supervision and Inspection	Joint Secretary	Shan
Total Number of Shan State MSME Agency = 13				

9. Members of Yangon Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Regional Government	Patron	Yangon
2	Regional Minister	Regional Minister of Planning and Finance	Chairman	Yangon
3	Regional Minister	Regional Minister of Agriculture, Livestock, Forestry and Energy	Member	Yangon
4	Minister Regional	Regional Minister of Electricity, Industry and Transportation	Member	Yangon
5	Regional Minister	Regional Minister of Municipal Development Committee	Member	Yangon
6	Dr.Zeyar Nyunt Chief Executive Officer	SMIDB	Member	Yangon
7	Deputy Director	Small Scale Industries Department	Member	Yangon
8	U Tin Cho	Parami Roundtable Group	Member	Yangon
9	Assistant Director	Regional Directorate of Industrial Supervision and Inspection	Member	Yangon

10	Administrator	Regional General Administration Department (GAD)	Secretary	Yangon
11	Director	Regional Directorate of Industrial Supervision and Inspection	Joint Secretary	Yangon
Total Number of Naypyitaw MSME Agency = 12				

10. Members of Sagaing Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Sagaing Regional Government	Patron	Sagaing
2	Regional Minister	Minister of Planning and Economic	Chairman	Sagaing
3	Regional Minister	Minister of Finance	Member	Sagaing
4	Director	Sagaing Regional Department of Rural Development	Member	Sagaing
5	Director	Sagaing Regional Department of Forestry	Member	Sagaing
6	Director	Sagaing Regional Road Transport Administration Department	Member	Sagaing
7	Director	Sagaing Regional Directorate of Hotels and Tourism	Member	Sagaing
8	Deputy Director	Sagaing Regional of Consumer Affairs Department	Member	Sagaing
9	Focal Officer	Department of Food and Drug Administration	Member	Sagaing
10	Deputy Director	Regional Department of Small and Medium Enterprises Development	Member	Sagaing
11	Chairman	Regional UMFCCL	Member	Sagaing
12	Administrator	Regional General Administration Department (GAD)	Secretary	Sagaing
13	Director	Regional Directorate of Industrial Supervision and Inspection	Joint Secretary	Sagaing
Total Number of Sagaing Region MSME Agency = 13				

11. Members of Tanintharyi Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Tanintharyi Regional Government	Patron	Tanintharyi
2	Regional Minister	Minister of Electricity and Energy	Chairman	Tanintharyi
3	Regional Minister	Minister of Planning and Finance	Member	Tanintharyi
4	Chief Regional Officer	Regional Department of Agricultural Land Management and Statistics	Member	Tanintharyi
5	Director	Regional Internal Revenue Department	Member	Tanintharyi
6	Secretary	Myeik-Maung Taw Border Trade's Merchant Association	Member	Tanintharyi
7	Chairman	Kawt Taung Border Trade Merchant Association	Member	Tanintharyi
8	Chairman	Regional Chamber of Commerce and Industry (TCCI)	Member	Tanintharyi
9	District Chief Officer	Myeik District Directorate of Industrial Supervision and Inspection	Member	Tanintharyi
10	Chief Regional Officer	Regional Consumer Affairs Department	Member	Tanintharyi
11	Director	Regional Department of Fisheries	Member	Tanintharyi
12	Director	Regional of Small-Scale Industries Department	Member	Tanintharyi
13	Staff Officer	Region Department of Food and Drug Administration	Member	Tanintharyi
14	Director	Regional Directorate of Investment and Company Administration	Member	Tanintharyi
15	Director	Directorate of Hotels & Tourism	Member	Tanintharyi
16	Regional Administrator	Regional General Administration Department (GAD)	Secretary	Tanintharyi
17	Director	Regional Directorate of Industrial Supervision and Inspection	Joint Secretary	Tanintharyi
Total Number of Tanintharyi Region MSME Agency = 17				

12. Members of Bago Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Bago Regional Government	Patron	Bago
2	Minister	Ministry of Industry, Electricity and Transportation	Chairman	Bago
3	Chief Regional Officer	Consumer Affairs Department	Member	Bago
4	Chief Regional Officer	Department of Agricultural Land Management and Statistics	Member	Bago
5	Chief Regional Officer	Internal Revenue Department	Member	Bago
6	Director	City Development Committee	Member	Bago
7	Chief Regional Officer	Small Scale Industries Department	Member	Bago
8	1 Representative	UMFCCI	Member	Bago
9	Head of Department	Department of Small and Medium Enterprises Development	Member	Bago
10	Regional Administrator	General Administration Department (GAD)	Secretary	Bago
11	Chief Regional Department Officer	Directorate of Industrial Supervision and Inspection	Joint Secretary	Bago
Total Number of Bago Region MSME Agency = 11				

13. Members of Magway Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Regional Government	Patron	Magway
2	Regional Minister	Minister of Planning, Finance and Municipal	Chairman	Magway
3	Director	Regional Planning Department	Member	Magway
4	Electrical Engineer	Regional Electricity Supply Enterprise	Member	Magway

5	Regional Department Head	Regional Department of Agriculture	Member	Magway
6	U Zeya (Department Head-Retired)	Industrial Engineering Department, Ministry of Education (Expert)	Member	Magway
7	Focal Officer	Regional Environmental Conservation Department	Member	Magway
8	Director	Regional Budget Department	Member	Magway
9	Deputy Director	Department of Small and Medium Enterprises Development	Member	Magway
10	Deputy Director General	Regional General Administration Department (GAD)	Secretary	Magway
11	Director	Directorate of Industrial Supervision and Inspection	Member	Magway
Total Number of Magway Region MSME Agency = 11				

14. Members of Mandalay Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/ Region
1	Chief Minister	Regional Government Office	Patron	Mandalay
2	Regional Minister	Ministry of Electricity, Energy and Construction	Chairman	Mandalay
3	Regional Administrator	Regional General Administration Department (GAD)	Member	Mandalay
4	Central Executive Officer	Mandalay Electric Power Distribution Corporation	Member	Mandalay
5	Regional Director	Regional Planning Department	Member	Mandalay
6	Department Head	Cleaning Department (Mandalay City Development Committee)	Member	Mandalay
7	Regional Chief Officer	Regional Small-Scale Industries Department	Member	Mandalay
8	Regional Chief Officer	Regional Environmental Conservation Department	Member	Mandalay
9	Regional Chief Officer	Regional Ministry of Commerce	Member	Mandalay

10	Regional Chief Officer	Regional Department of Agriculture	Member	Mandalay
11	Regional Chief Officer	Region Department of Food and Drug Administration	Member	Mandalay
12	Regional Bank Manager	Myanmar Economic Bank	Member	Mandalay
13	Chairman	Mandalay Regional Chamber of Commerce and Industry (MRCCI)	Member	Mandalay
14	Chairman	Regional Young Entrepreneurs Association (MYREA)	Member	Mandalay
15	Chairman	Economic Research Association	Member	Mandalay
16	Industrial Zone Representatives	Mandalay, Myingyan, Meiktila, Myo Thar	Member	Mandalay
17	Regional Chief Officer	Regional Directorate of Industrial Supervision and Inspection	Secretary	Mandalay
18	Deputy Director	Regional Department of Small and Medium Enterprises Development	Joint Secretary	Mandalay
Total Number of Mandalay Region MSME Agency = 18				

15. Members of Ayeyarwady Region MSME Development Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chief Minister	Ayeyarwady Regional Government	Patron	Ayeyarwady
2	Regional Minister	Ministry of Electricity, Energy, Industry and Transportation	Chairman	Ayeyarwady
3	Director	Regional Development Committee	Member	Ayeyarwady
4	Director	Regional Department of Agriculture	Member	Ayeyarwady
5	Regional Electrical Engineer	Regional Electricity Supply Enterprise	Member	Ayeyarwady
6	Regional Chief Officer	Small Scale Industries Department	Member	Ayeyarwady
7	U Win Myint Hlaing (Chairman)	Ayeyarwady Regional Chamber of Commerce and Industry	Member	Ayeyarwady
8	U Lin Lin (Chairman)	Myanmar Engineer Group (Pathein)	Member	Ayeyarwady

9	Deputy Director	Regional Department of Small and Medium Enterprises Development	Member	Ayeyarwady
10	Regional Administrator	Regional General Administration Department (GAD)	Secretary	Ayeyarwady
11	Director	Regional Directorate of Industrial Supervision and Inspection	Joint Secretary	Ayeyarwady
Total Number of Ayeyarwady Region MSME Agency = 11				

1. Members of Wa Self-administered Zone MSME Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	Chairman	Wa Self-Administered Zone Committee	Patron	Wa
2	U Yan Kyaw (Executive)	Wa Self-Administered Zone Committee	Chairman	Wa
3	U Nyi Nat (Executive)	Wa Self-Administered Zone Committee	Chairman	Wa
4	U Zaw Naing Oo (Administrator)	District General Administration Department	Member	Wa
5	U Kyaw Kyaw Ohne (Administrator)	District General Administration Department	Member	Wa
6	U Sai Lu Din (Deputy Director)	Wa Regional Planning Department (Hopang Town)	Member	Wa
7	Daw Zin Mar Tun (MSME Department)	Lashio District Directorate of Industrial Supervision and Inspection	Member	Wa
8	U Min Thu Kyaw (Township Administrator)	Township General Administration Department (GAD) (Hopang Town)	Member	Wa
9	U Aung Zaw Min (Township Administrator)	Township General Administration Department (GAD) (Hopang Town)	Member	Wa
10	U Thein Win (Manager)	Myanmar Economic Bank (Hopang Town)	Member	Wa
11	U Taung Htike (Staff Officer)	Township Cooperative Department (Hopang Town)	Member	Wa

12	U Aung Soe Min	Business owner (Hopang Town)	Member	Wa
13	U Naing Win Sein	Business owner (Hopang Town)	Member	Wa
14	U Ba Hla	Business owner (Makman Town)	Member	Wa
15	U San Hlaing (Secretary)	Wa Kokang Self-Administered Region Department	Secretary	Wa
16	Chief Department Officer	District Directorate of Industrial Supervision and Inspection	Joint Secretary	Wa
Total Number of Wa Self-Administered Zone MSME Agency = 16				

2. Members of Kokang Self-administered Zone MSME Agency

No.	Designation	Organization	Position in MSME Agency	State/ Region
1	Chairman	Kokang Self-Administered Zone Committee	Patron	Kokang
2	Executive Committee	Kokang Self-Administered Zone Committee	Chairman	Kokang
3	Assistant Director	Regional Planning Department	Member	Kokang
4	Chief Department Officer	District Department of Agricultural Land Management and Statistics	Member	Kokang
5	District Electrical Engineer	Electricity Supply Enterprise	Member	Kokang
6	District Chief Officer	District Department of Rural Development	Member	Kokang
7	Township Chief Officer	Township Department of Forestry	Member	Kokang
8	Executive Officer	Lauk Kine Township Development Committee	Member	Kokang
9	Manager	Myanmar Economic Bank (Lauk Kine)	Member	Kokang
10	Head of Branch Office	MSME Department, District Directorate of Industrial Supervision and Inspection (Lashio Township)	Member	Kokang

11	U Li Kyi Phu	Town's Elder	Member	Kokang
12	U Ci Yon Khun	Town's Elder	Member	Kokang
13	U Nay Aung (Chairman)	Kokang Regional Dry Tea Leaf Association	Member	Kokang
14	U Yin Mar San	Business owner (Purified Water)	Member	Kokang
15	U Tun Naing (Chairman)	Township Development Committee	Member	Kokang
16	U Kyaw Han	Business owner (Chin Shwe Haw)	Member	Kokang
17	U Tun Tun Kyaw	Kokang Self-Administered Zone Committee	Secretary	Kokang
18	Chief Department Officer	District Directorate of Industrial Supervision and Inspection	Joint Secretary	Kokang
Total Number of Kokang Self-Administered Zone MSME Agency = 18				

3. Members of Palaung Self-administered Zone MSME Agency

No.	Designation	Organization	Position in MSME Agency	State/ Region
1	U Win Kyaw (Chairman)	Regional Committee	Patron	Palaung
2	U Thein Zaw (Executive)	Regional Committee	Chairman	Palaung
3	U Aung Kyaw Oo (Township Administrator)	Township General Administration Department (Namsang)	Member	Palaung
4	U Moe Kyaw Thu (Township Administrator)	Township General Administration Department (Man Tone)	Member	Palaung
5	Daw Nyunt Shwin (Assistant Director)	Regional Planning Department	Member	Palaung
6	U Aye Nyein Aung (Chief Officer)	Department of Agricultural Land Management and Statistics (Namsang)	Member	Palaung

7	U Myat Tun Aung (Chief Officer)	Department of Agricultural Land Management Statistics (Man Tone)	Member	Palaung
8	Daw Nay Chi Soe (Manager)	Myanmar Economic Bank (Namsang)	Member	Palaung
9	U Soe Naing Oo (Staff Officer)	Internal Revenue Department (Namsang)	Member	Palaung
10	U Nyunt Maung	Shwe Hninsi Tea Leaf Factory, Phayar Gyi Village, Namsang Town	Member	Palaung
11	U Soe Maung	Lat Pwint Tea Leaf Factory, Mingalar Quarter, Namsang Town	Member	Palaung
12	U Aung San Di	Zayang Taunghtipe Tea Leaf Factory, Za Yang Pang Law, Namsang Town	Member	Palaung
13	U Aung Pay	Aung Family Tea Leaf Factory, Man Tone	Member	Palaung
14	U Nyan Myo (Secretary)	Regional Committee	Secretary	Palaung
15	District Chief Officer	Lashio District Directorate of Industrial Supervision and Inspection	Joint Secretary	Palaung
Total Number of Palaung Self-Administered Zone MSME Agency = 15				

4. Members of Pa'O Self-Administered Zone MSME Agency

No.	Designation	Organization	Position in MSME Agency	State/ Region
1	U Khun San Lwin (Chairman)	Pa'O Self-Administered Zone Committee	Patron	Pa-O
2	U Khun Hla San (Executive)	Pa-O Self-Administered Zone Committee	Chairman	Pa-O
3	U Sai Aung Khin (Member)	Pa-O Self-Administered Zone Committee	Member	Pa-O
4	U Khun Tun Tun Win	Ho Nant Village, Hopong Township	Member	Pa-O
5	U Khun Maung Ngwe	West Quarter, Hopong Township	Member	Pa-O
6	U Soe Min	Aung ChanThar Quarter, Hsihseng Township	Member	Pa-O

7	U Khun Aung Naing Oo	No.(1) Quarter, NaungTaYar Pinlaung Township	Member	Pa-O
8	U Khun Si Thu Tun	Yin Mee Quarter, Pinlaung Township	Member	Pa-O
9	U Aung Lwin (Department Head)	Pa-O Self-Administered Zone General Administration Department (GAD)	Secretary	Pa-O
10	U Soe Min Thu (State Chief Officer)	Shan State District Directorate of Industrial Supervision and Inspection	Joint Secretary	Pa-O
Total Number of Pa-O Self-Administered Zone MSME Agency = 10				

5. Members of Danu Self-Administered Zone MSME Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	U Arkar Linn (Chairman)	Danu Self-Administered Zone Committee	Patron	Danu
2	U Aye Min Soe (Member of Executive Committee)	Danu Self-Administered Zone Committee	Chairman	Danu
3	U Htet Aung Phyo (Administrator)	Township General Administration Department (GAD), Pindaya	Member	Danu
4	U Soe Nyunt Oo (Administrator)	Township General Administration Department (GAD), Ywangan	Member	Danu
5	Daw Ni Ni Kyaw (Assistant Director)	Township Planning Department, Pindaya	Member	Danu
6	Daw Thet Thet Wai (Assistant Director)	Township Planning Department, Ywangan	Member	Danu
7	Daw Khin Myo Yee (Manager)	Myanmar Economic Bank (Branch), Pindaya	Member	Danu
8	U Thein Tun Shwe (Manager)	Myanmar Economic Bank (Branch), Ywangan	Member	Danu
9	Daw Tin Yee Yee (Chief Officer)	Township Cooperative Department, Pindaya	Member	Danu
10	U Lwan Naing (Chief Officer)	Township Cooperative Department, Ywangan	Member	Danu
11	U Zaw Min Khine (Manager)	Myanmar Agriculture Development Bank, Pindaya	Member	Danu

12	Daw San Moe Hlaing (Manager)	Myanmar Agriculture Development Bank, Ywangan	Member	Danu
13	U Moe Zaw Naing (Deputy Director)	Danu Self-Administered Zone General Administration Department Office	Secretary	Danu
14	U San Oo (Chief Department Officer)	District Directorate of Industrial Supervision and Inspection, Taunggyi Township	Joint Secretary	Danu
Total Number of Danu Self-Administered Zone MSME Agency = 14				

6. Members of Naga Self-Administered MSME Agency

No.	Designation	Organization	Position in MSME Agency	State/Region
1	U Kay Khine (Chairman)	Regional Committee (Naga)	Patron	Naga
2	U Yee Htin	Executive (Economy)	Chairman	Naga
3	U Law Yone	Executive (Planning)	Member	Naga
4	U Kar Ci Yang	Executive (Social Affairs)	Member	Naga
5	U Aung Kyaw Zan (Regional Chief Officer)	Regional Planning Department	Member	Naga
6	U Aung Myint Than (Regional Chief Officer)	Department of Rural Development	Member	Naga
7	U Aung Myint Than (Regional Chief Officer)	Regional Livestock Breeding and Veterinary Department	Member	Naga
8	U Than Shwe (Administrator)	General Administration Department (GAD)	Secretary	Naga
9	Daw Nang Ean Taw (Assistant Director)	Department of Agriculture	Joint Secretary	Naga
Total Number of Naga Self-Administered Zone MSME Agency = 9				



According to Section 14 of SME rules, the local authorities in the Union Territory, respective State or Region and Self-Administered Zone or Self-Administered Division shall jointly establish one stop service units at Agency branch offices with members of Agency Branch Offices and representatives from the respective Ministries.

Section 15 of SME rule stated that the functions and duties of one stop services are as follows:

- (a) Clarifying the information and procedures enacted by the respective departments in order to start operations;
- (b) Negotiating with related departments to get licenses for businesses concerning with SMEs;
- (c) Providing advices on loans;
- (d) Providing advices on law and procedures;
- (e) Providing certificates and information on standardization;
- (f) Educating the initial requirements to entrepreneurs.



Part 3 :

Analysis on the Findings

Part 3 : Analysis on the Findings

The findings can be divided into the following three sections:

- The general findings collected from the preliminary survey about the opinions of the owners of Micro, Small and Medium Enterprises from Mon and Kayin States regarding decentralization;
- Opinions and comments of the Union level and State level MPs regarding decentralization for the development of Small and Medium Enterprises;
- Opinions and Comments of the Union level and State level members of Agencies

Table 1: MSMEs and Labor force that received SME Member cards, based on Union territory (Naypyitaw), States and Regional Micro, Small and Medium Enterprises Development Law and Definition. (October,2019)

Type of Business	Quantity of Card	Labour Force (by Person)
Manufacturing	12,881	141,741
Trading	6,829	66,338
Service	4,416	63,909
Other	6,963	41,919
Total	31,089	313,907

3.1 General findings collected from the preliminary survey about the opinions of the owners of Micro, Small and Medium Enterprises from Mon and Kayin States

A total number of one hundred and ninety-nine (199) business owners from Mon and Kayin States responded to the preliminary survey.

Among them, one hundred and fifty (150) respondents were from ten townships in Mon State and forty-nine from two Townships in Kayin State. The respondents can be divided into ten sectors – Industry, Agriculture, Livestock, Fisheries, (Tourism, Transportation and Hotel), Education, Loans, Construction, Restaurant and others.

In Mon State, the industrial based businesses have been the leading businesses while in Kayin State, due to its geographical location, cross border trade, hotel and tourism industry are the strongest.

No.	Type of Business	Micro	Small	Medium	Total
1	Industrial	34	2	0	36
2	Agriculture	10	0	0	10
3	Livestock	2	0	0	2
4	Fisheries	0	0	0	0
5	(Travel, Hotel, Transportation)	3	2	0	5
6	Education	8	0	0	8
7	Loans	1	0	0	1
8	Construction	7	2	0	9
9	Restaurant	16	1	0	17
10	Others	58	3	1	62

Figure 5. Types of Business Collected in Mon State

No.	Type of Business	Micro	Small	Medium	Total
1	Industrial	5	0	0	5
2	Agriculture	4	0	0	4
3	Livestock	8	0	0	8
4	Fisheries	1	0	0	1
5	(Travel, Hotel, Transportation)	11	2	0	13
6	Education	3	0	0	3
7	Loans	0	0	0	0
8	Construction	3	1	0	4
9	Restaurant	0	0	0	0
10	Others	21	0	3	24

Figure 6. Type of Business collected in Kayin State

Analysis

Even though these two states have close geographical locations, the potential business opportunities are different. In order to achieve the unique competitive advantage for mega projects in each state, the geographical location is crucial. Besides, human resource conditions such as traditions, culture and abilities of the local ethnic people are important. Human resource perspective should be taken into consideration when planning and implementing projects to increase the opportunities of Micro, Small and Medium Enterprises MSMEs of the region. Only when the projects are implemented based on the technology and services that reflect the locals and their abilities, will it become successful.

Comparative Analysis on the Findings of Mon and Kayin States

Both Mon and Kayin States are geographically close and lie on the Asian East-West Economic Corridor.

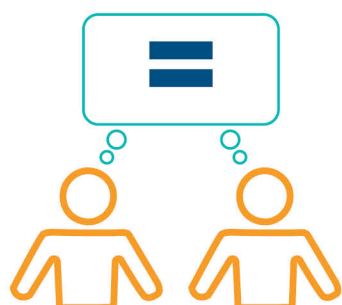
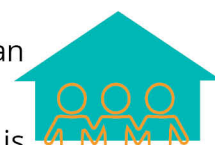
According to the 2014 Census, in Mon state, the total population is 2,054,393 and the majority are from the Mon ethnic group but Bamar, Kayin and Pa-O people also live there.

In Kayin state, the total population is 1,574,079 and the majority are Kayin although there are also Bamar, Mon, Pa-O and Pa-Daung inhabitants.

As Myanmar plans to become a federal democratic state in the future, to support that goal, NEI studied the Institutional Framework of decentralization in the SME sector.

According to the survey, both Mon and Kayin States had similar views on the followings:

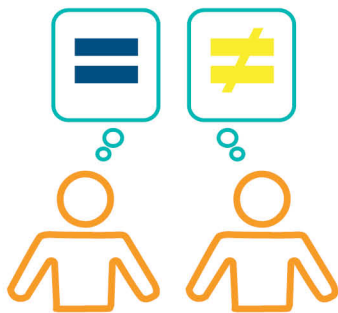
1. Union (Pyidaungsu) laws and regulations contribute to the local SMEs development;



2. Respective State governments' policies and actions affect the development of local SMEs;
3. Current political changes, instabilities and international pressures directly impact MSMEs in respective Regions and States.

Therefore, it is noticeable that not only Union and State level policies but also international and regional pressures relating to Myanmar (for example politics, economics and so on) have a direct impact on local MSMEs' development.

Different Perspectives

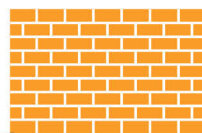


Respondents in Mon state were not aware of the SMEs Development law that was enacted in 2015, however, in Kayin state, respondents were aware of that.

Due to these differences, NEI checked the survey forms, questionnaires and interviews, and found out that the respondents from Kayin State were representatives of businesses that are participating in the SME sector.

In contrast, in Mon State, although most of the respondents were involved in the SME sector, they were not aware of the fact that they were involved in one.

Further analysis of the findings pointed out that only the local business persons that actively participate in the development of SMEs are well aware of the Law, while the traditional family businesses are not aware of the existence of the Law. Both groups, however, believed that the MSMEs Development Law will support the development of local SMEs.



3.1.1 Current Challenges of Business Owners

The scarcity of markets and staff are the major challenges in both states regarding the development of SMEs. In Mon State, it was followed by the shortage of electricity and climate change while in Kayin State, the State government management and transportation are the second and the third challenges respectively. The State government management is considered to be one of the top five challenges in both states. In general, the scarcity of market and skilled workers as well as climate change are common challenges.

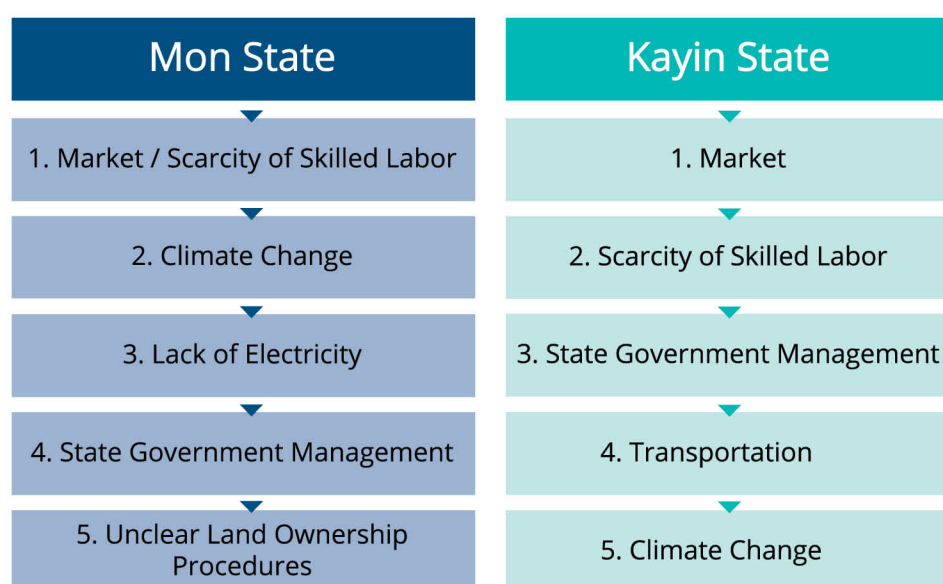


Figure 7. Challenges for Small and Medium Enterprises (In order of priority)

The following table represents the key challenges business owners face in Mon and Kayin States regarding with the development of MSME Sector.

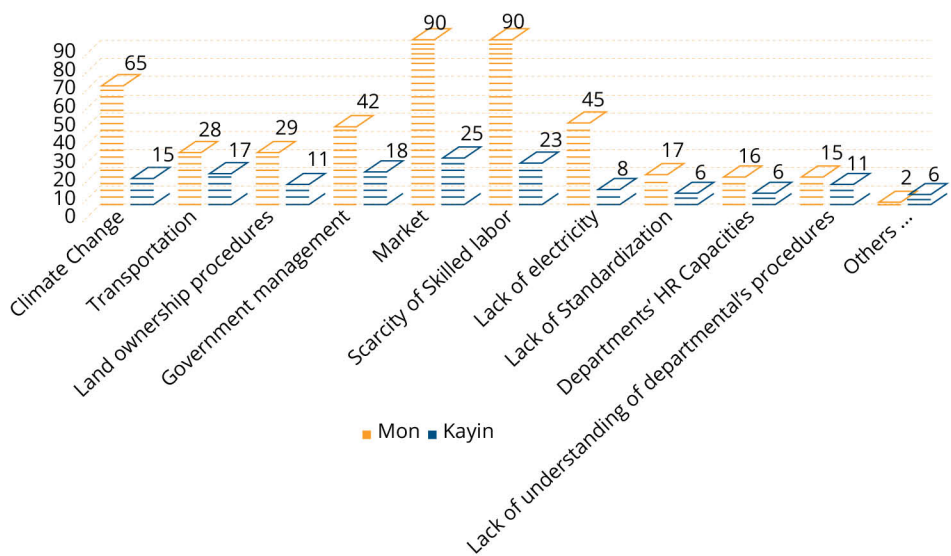


Figure 8. Challenges for Small and Medium Enterprises

Analysis

Market accessibility and the shortage of skilled workers are two important factors in both States. In 2018, Mon and Kayin State were among the States that were severely affected by the floods. The floods lasted longer in Kayin State, however, as Mon State had a higher number of industries, it suffered more from the consequences of the flood. Thus, climate change became the second major challenge in Mon State. At the same time, businesses owners in Mon State considered reliable and adequate access to electricity to be the third main challenge as it is important to run their industries.

In Kayin State, cross border trade and service sectors are strong businesses. Transportation was chosen to be important probably due to the fact that it is necessary for providing raw materials and smooth supply chain. In addition to government administration, working with Government offices is also a key challenge for both states.





3.1.2 Key Responsible actor for MSMEs Development

Both states responded that the State Government is the most responsible actor for the development of the local MSME Sector.

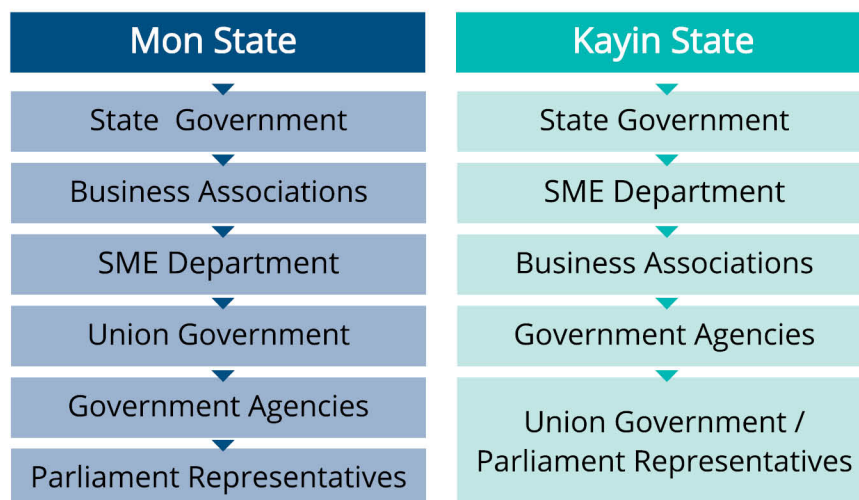


Figure.9 Key responsible actors for the Development of SMEs (In order of priority)

Analysis

Although the Constitution provides the Union Government with more decision-making power and authority regarding economic issues, the residents in respective States and Regions recognized that their local State and Regional Governments have key responsibility of the local economic growth. Therefore, State government management as well as the capacity and the ability to negotiate with respective Union level departments are considered to be important.

Moreover, the government needs to provide support and guidance in order to strengthen local business organizations.

3.1.3 Key Departments for SME's Development in Mon and Kayin States

The NEI survey asked to identify main government departments that are important or related to the development of the MSMEs in Mon and Kayin States. Each participant was asked to choose three important departments and the result is shown in the following table.

Table 1: Key Departments in Mon and Kayin States

Departments	Mon State (%)	Kayin State (%)
SME Development Department	4%	24%
Budget Department	6%	2%
Department of Agriculture Land Management and Statistics	14%	6%
Department of Commerce	5%	14%
Department of Agriculture	1%	5%
Livestock Department	15%	3%
Internal Revenue Department	1%	17%
Central Statistics Department	5%	1%
Planning Department	14%	8%
City Development Committee	2%	12%
Transportation Department	5%	0%
Myanmar Economic Bank	11%	1%
Electricity Supply Board	17%	6%
Others	0%	1%

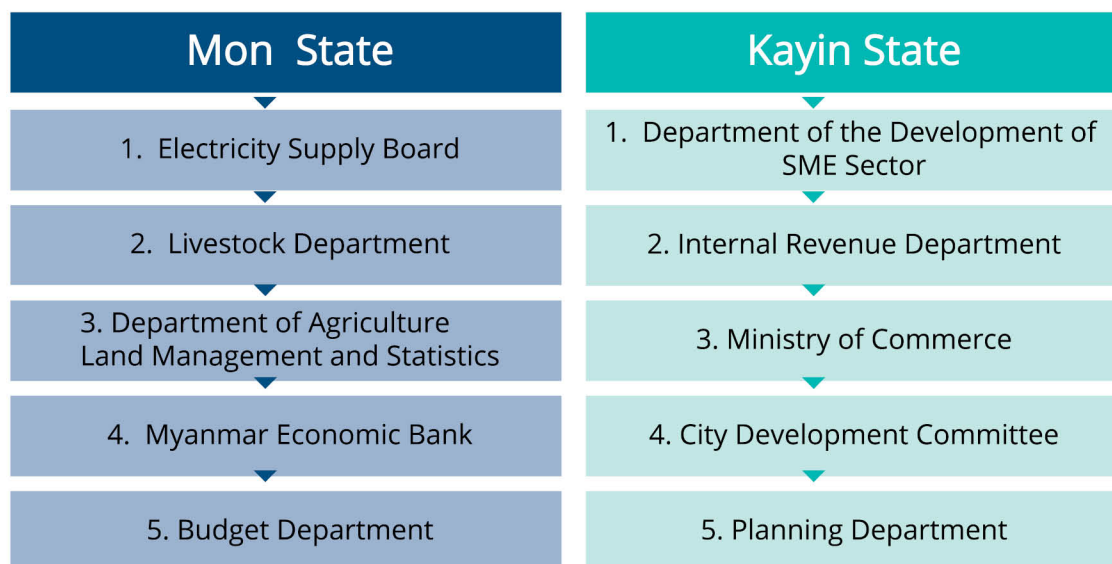


Figure 10. Main Departments for the Development of MSMEs in Mon and Kayin States (in order of priority)

Analysis

In Mon State, access to electricity has become increasingly important to run industries and government agencies related to loans become crucial for providing funds for operation.

In Kayin State, the findings show that government agencies relating to tourism and cross border trade are essential. Based on these different results between Mon and Kayin States, we can consider that decentralization should be applied according to each States' priority sectors.

3.1.4 Requirements for Improving Institutional Efficiency for the Development of SME Sector

The respondents from both States agreed that freedom of decision-making is the main necessity for improving institutional efficiency for the development of the SME sector. In addition, surprisingly, overseas learning experience, good management and improved technological skills are general necessities in both states.

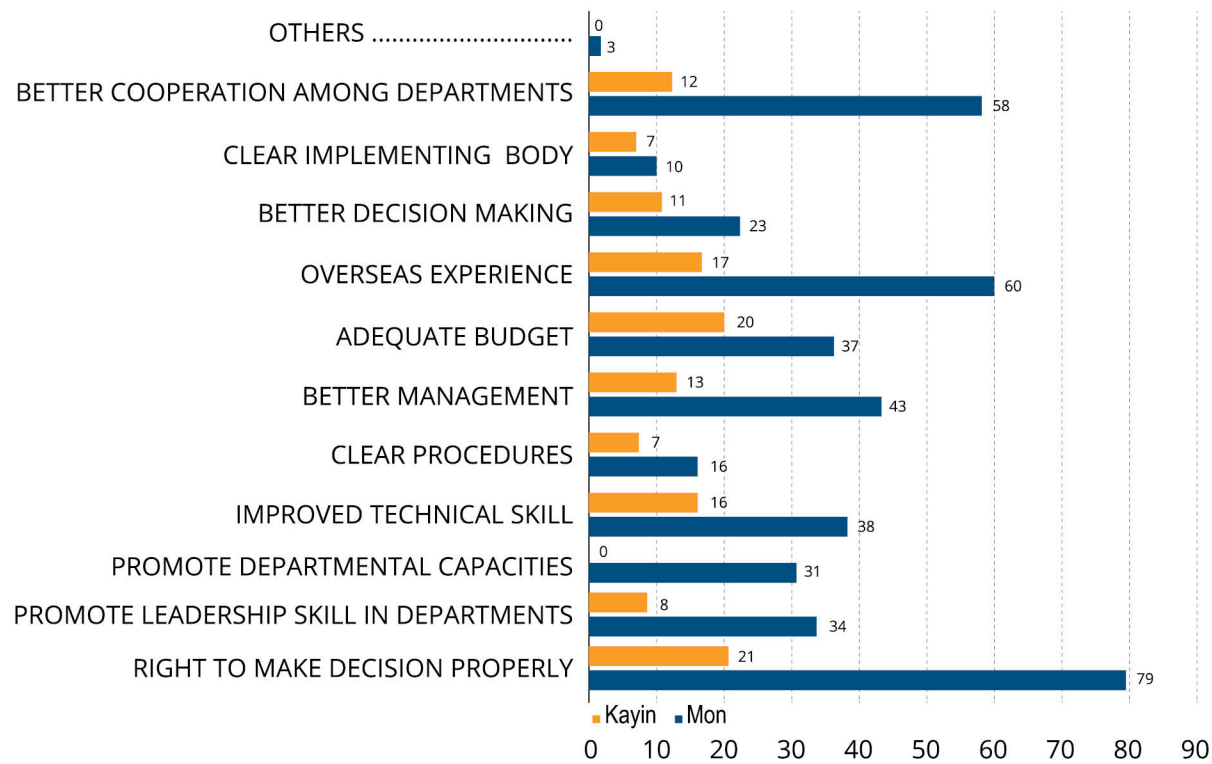
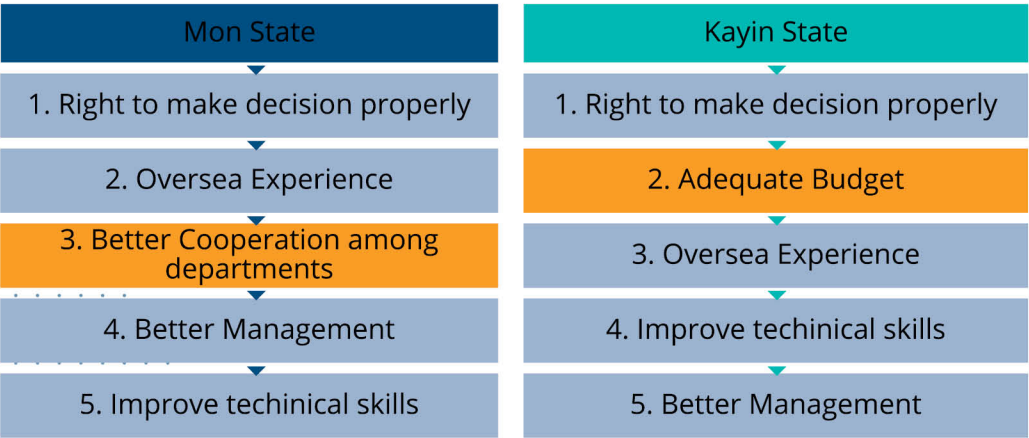


Figure 11. Main requirements for strengthening institutional efficiency for SME sector development



3.1.5 Analyzing the Institutional Framework from a Decentralization perspective, based on the survey conducted in Mon and Kayin States for the Development of the MSME Sector

In both Mon and Kayin States, the respondents agreed that their respective State government is essential for the development of their local businesses.

However, as this view is general, it is necessary to study the patterns of power sharing between the Union and State level governments based on the existing law and the granted power between Union and State or Regional government in different sectors.

In general, it can be observed that the respondents assumed it is necessary for the central government to decentralize its power to Regional or State governments.

Moreover, the findings from the survey on SME Agencies that are responsible for the development of Union and State level SME sector development are as follow:

Respondents agreed that, in addition to not having clear structure and decision-making power among the Central Committee, Working Committee, Agencies, Agency Branch offices and the respective Union and State level government departments that are responsible for the development of the MSME sector, step by step procedures and expectations are also far from being practical compared with the situation on the ground.

In implementing the SME Law, not just one Ministry but also many ministries at the Union level as well as State level are responsible.

Besides, under the formation of SME Agency, officials need to take responsibility not only for one's main parental department but also for the SME Agency.

Thus, since a person needs to take responsibility for different duties, it was found out that the productivity and efficiency of a person become limited.

Overall, the survey respondents expressed that both the previous and current governments are preparing for decentralization to share power from the Union level to State level governments.

Nevertheless, on the decentralization process led by the government, respective experts and the media can partly comment on it, but the public cannot participate in the decision making and in the implementation process.

In addition, the people were not satisfied with the performance and capacities of the Chief Ministers, Ministers and Member of Parliaments and want them to be more competent.

The respondents agreed that the respective Regional governments and other departments officials should take responsibility and accountability instead of waiting for direct instructions from the Union level government for future projects. Decentralization is also needed in fiscal and taxation policies.

3.2 Opinions of the Members of the Parliament regarding Decentralization for the SMEs Development

Regarding the development of the SME sector, the discussions were conducted with representatives from the Union level Parliament (Pyidaungsu Hluttaw) and Members of Parliaments from Mon and Kayin States. The current situations were discussed as follow.

Opinions of Members of Parliament from the Union Level Parliament

- At the Union level, there is still a step by step scrutinizing process while necessary proposals are submitted. Since those scrutinizing the process are not experts and do not possess sufficient knowledge in relevant fields, the Members of Parliament are not satisfied.
- Cooperation is weak among the Parliaments and Government agencies, the Union level, State and Regional Parliaments, and among respective committees regarding legislation.
- When the proposals are submitted, there is limited expertise and weak cooperation among different government agencies to implement the projects.

Opinions of Members of Parliament from the State level Parliaments

- To achieve local economic development. Members of Parliaments are not clearly aware of their mandates.
- They still cannot make laws relating to local taxation, budget and relevant laws that can promote local economic development.
- Members of Parliament have difficulty understanding the complicated bureaucratic process and have unclear responsibilities. Therefore, law enforcement is ineffective and checks and balances are also weak.

Opinions of Members of Parliament regarding the Administration

- The State governments are not well aware of their mandates.
- Administration at the Union and Regional level has weak decision-making capacities. Government protocols hinder effective cooperation between different government institutions.
- For the development of States, Administration (especially cabinet groups) needs to understand the provisions of the Constitution. Due to unclear institutional structure as well as unclear delegation of power between the Union and State governments, the Administration implements only according to the instructions from the Central government.
- Administration officials are weak in policy implementation, taking accountability and responsibility based on the instructions from the respective Ministries.
- At present, the taxation and spending budget of the State governments only follow the instructions from the Union Government.

3.3 Opinions of Different Departments regarding Decentralization for SME Development

Regarding the development of the SME sector, the interviews were conducted not only at the Union level but also with departments from Mon and Kayin States.

Departments that concern SME Agencies already have their own laws, procedures and structures.

The respective Union Ministries provide strategies and directions, whilst State Governments supervise the implementation of those strategies. In addition, Union Ministries also share financial powers with State Governments.

However, some laws contradict or overlap each other between different Ministries. Such is the case with laws, policies and procedures between the Directorate of Industrial Supervision and Inspection and the Department of Small-Scale industries for example.

Some departments are not included in the agencies. For instance, in Mon State, the main functions of the Consumer Affairs Department are to provide plans for the development of local small businesses, to provide connections among them, and to organize trade exhibitions. However, the Consumer Affairs Department is not included in the MSME Agency of Mon State. There are other departments in the same case.

Although the Agencies are formed at the State level, in reality, they are controlled by the Union level SME Department.

Currently, the SME department is only the sub-department of the Directorate of Industrial Supervision and Inspection (DISI) which is under the Ministry of Industry, and it is in practice responsible for executing all of the operations of the Agency. However, several others government departments are members of the Agency simultaneously. There is no clear assignment of duties nor expert knowledge on SMEs by all members.

Minimum contact according to the regulation's requirements between the different State departments had already been existing before the creation of the Agency. More integrated and coordinated work should be established for the SME development.

Since the Chairman of each Agency has numerous duties, the Joint-Secretary of the Agency (who is Director of DISI) is responsible to follow the directions given from the Union level.

As a consequence, the Joint Secretary has to take on double the amount of duties: within the Agency, and within his own SME department.

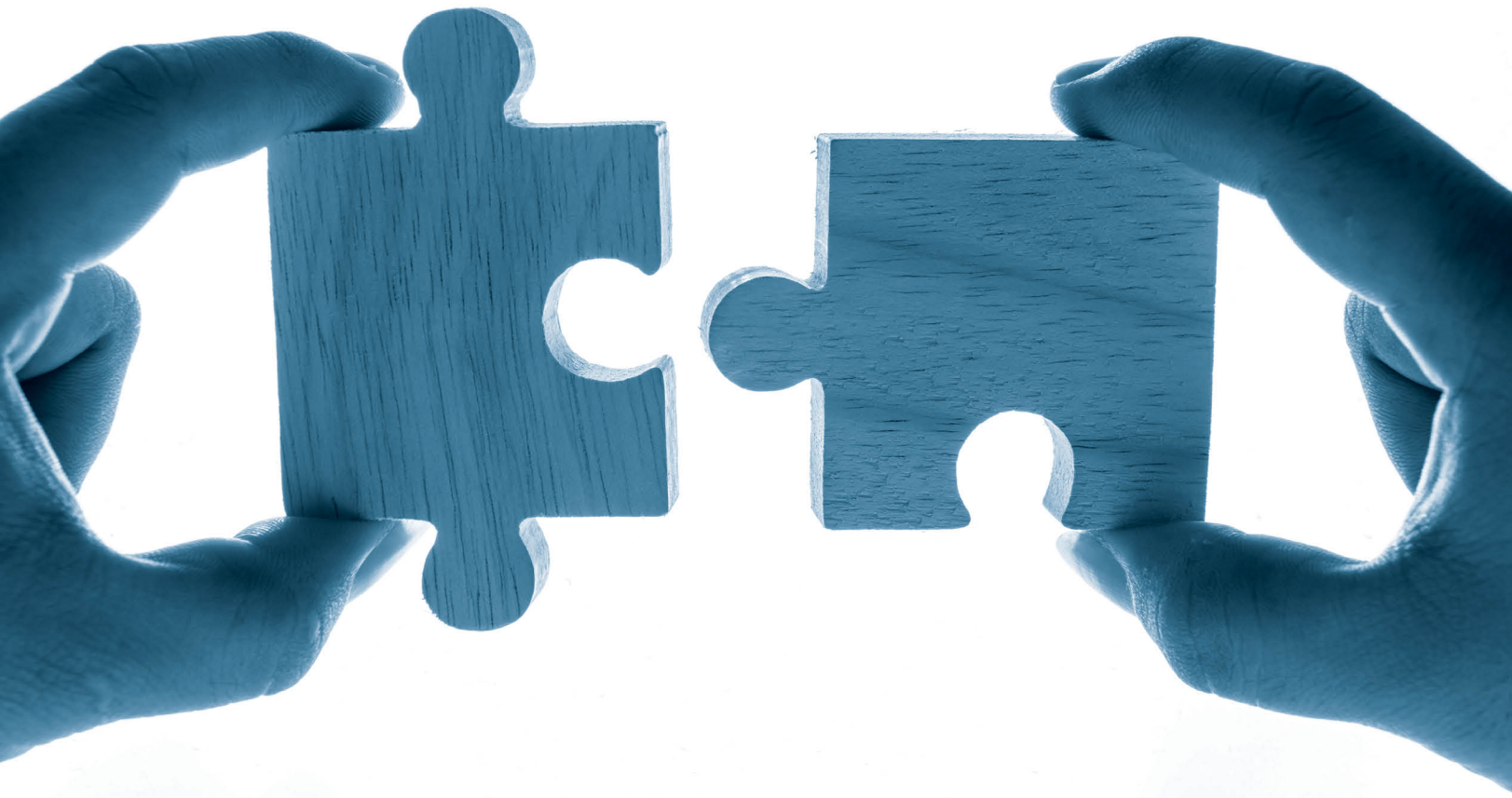
Although the duties have already been enacted in the Law and the Agency has been formed, the specific task forces for each person and department have not been assigned yet. Besides, Standard Operation Procedures (SOPs) have not been drawn either.

Regarding financial matters, currently the budget received from the Union government is being used.

There is no separate funding for the Agency to improve and to implement actions effectively.

Departments that already have a Strategy and SOP manual can decentralize power efficiently between the Union and the States.

Departments that draw their strategy based on a Demand Driven Approach receive more public support and trust.



Part 4 :

General Analysis and Recommendation on the Research

Part 4 : General Analysis and Recommendation on the Research

At present, the MSME Agency follows the ASEAN SME Policy Index- ASPI Dimensions. Therefore, while carrying out MSME Agency Action Plan, these eight ASPI indications take into account all States and Regions. These indicators include:

1. Productivity, Technology and Innovation (Cluster Development and the Promotion Facilities for Regional's Potential);
2. Green SMEs programs;
3. Access to Finance and Procedures that are easy to follow;
4. Access to Market and Internationalization;
5. Institutional Framework;
6. Legislation, Regulation and Taxation programs;
7. Entrepreneurial Education and Skills (Capacity-building for start-ups by women and the youth);
8. Social Enterprise and Inclusive SMEs;

Under the institutional Framework of SME, defining SMEs, planning strategies, designing, negotiating and implementing policies as well as taking measures to sanction illegal businesses are included.

ASPI Dimensions and Sub-Dimensions (Score-2018)	Myanmar	ASEAN (Median)
INSTITUTIONAL FRAMEWORK	2.17	4.07
1. SME Definition	3.77	4.51
2. Strategic Planning, Policy Design and Coordination	2.35	4.26
3. Measures to Tackle Informal Economy	1.29	3.28

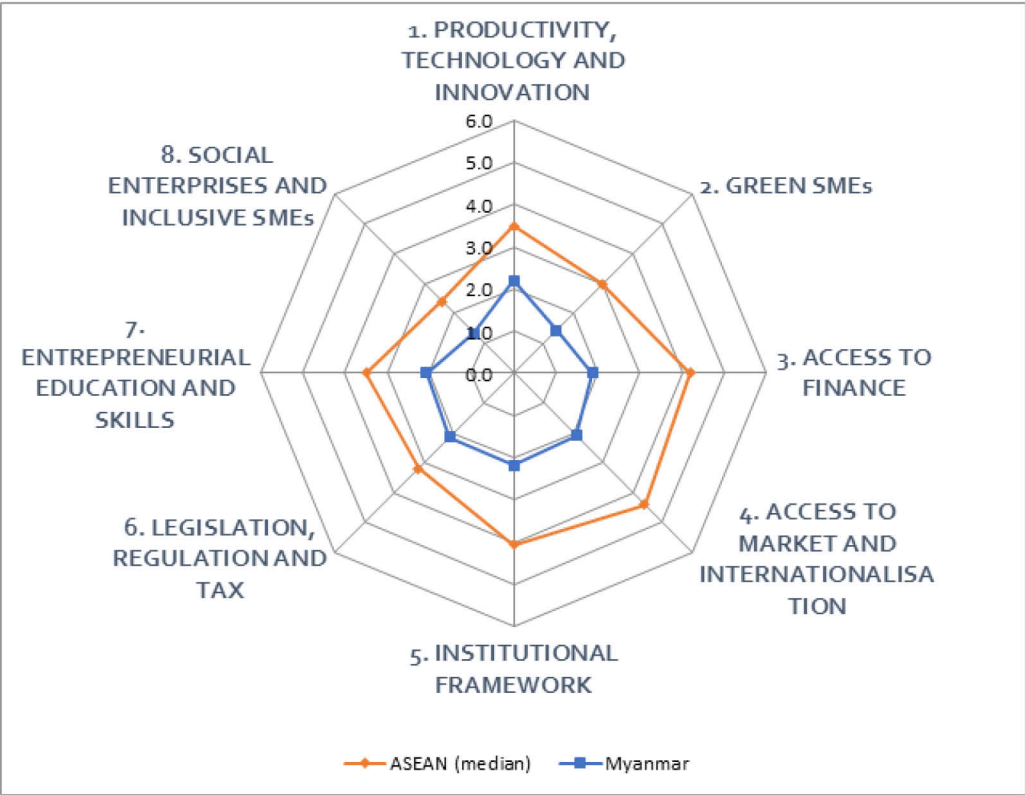


Fig- 13 ASEAN SME Policy Index- ASPI Indicator (Myanmar and ASEAN, 2018)

4.1 SME Development and Market Analysis



The role of the government is weak in terms of providing guidelines and assistance to encourage the establishment of strong business associations. The elected government is also weak in formulating practical goals and plans for local development. When the question of economic development is taken into consideration, most of the State or Regional governments focus only on the international investments and mega projects and less so on smaller businesses. For example, wood products, and even bird nests from Thanintharyi region, a local delicacy, are considered forestry products and thus need to follow the Forestry Law. However, the law imposes many limitations such as acquiring the right documentation to sell products from one State to another. Ywar Yut village in Chaungzon Township for example, used to be famous for the production of handicrafts. However due to the increasing difficulty of getting wood, people from the village migrate to Thailand and Korea to find manual jobs. Moreover, getting loans crucially depends on the submission of the solid proof of property ownership documents. Yet, it is difficult to obtain land registration and keep proper land records.

Furthermore, loans are essential for the growth of the MSME sector. In reality, only large-scale enterprises in Yangon and Mandalay regions can easily get loans compared to smaller enterprises.

Recommendations

- The respective State or Regional governments should implement effective plans for the development of MSMEs in their own Region or State. In a market economy, there is a potential for international investors to target the local market, therefore, it is necessary to prepare local MSME to possess the ability to compete with them.
- Depending on the potentials of each Region and State, the local government should provide assistance and decentralize certain authorities and procedures.

4.2 Analysis on the Government Structure and Operations included in the MSME Framework

The government has already enacted a SMEs development law and formed SME Agencies. A two-year action plan has also been formulated. According to the Law, with the guidance of the Central Committee, the Working Committee shall directly supervise the State level agencies and the evaluation committee shall monitor the performance of the agencies. However, in practice, the Agency cannot fully operate in its current form.

State Ministers and government departments are weak in effectively implementing, taking accountabilities and responsibilities under the guidance of respective Ministries. Government's protocols also hinder better cooperation. It is required to build trust between Union Ministers and policy makers.

There is overlapping and contradictions of some laws and policies among different government Ministries (for example, between the Directorate of Industrial Supervision and Inspection and the Department of Small-Scale Industry). Because of the overlapping or contradictions in orders, instructions, procedures, laws, rules, it is easier and faster to

handle these at the Union level instead of at the State or Regional level due to the latter's dependence on the Union's authority. Instead of carrying out the tasks as an agency, the State and Regional government act more like a Ministry following instructions from the Union government. The overlapping or contradicting laws and procedures among different departments, create complex processes for providing public services.

Due to the unclear role and mandate of the agencies, the responsible Directorate of Industrial Supervision and Inspection also has unclear duties and accountabilities. The responsible Director General of the Directorate of Industrial Supervision and Inspection (DISI) working on MSMEs also needs to take on different roles (Chairman, Chairperson, Secretary etc.) depending on each different 34 committees and commissions (all related with SME development) she is a member of.

Although there are needs that are still to be met, including having more man power and physical resources (offices), the staff works with great enthusiasm. They are doing their best with their own power and capacities.

Putting some sectors that need huge infrastructure and large amount of investments such as the telecommunication sector in the MSME category does not align with SME standards and norms. Due to limited human resources, in practice, respective government departments cannot contribute effectively.

Recommendations

- To establish a clear structure and decision-making process among the Central Committee, Working Committee, Agencies, Agency Branch Offices, and the respective government departments who all are responsible for SME development. Their SME measurements and step by step procedures need to be practical and based on the situation on the ground.

- SME Agency in Mon State should have more sub-departments that communicate directly with local micro, small and medium enterprises.
- Although the Agencies were created with the purpose of bringing progress to the SME sector, it is necessary to make sure that members are well aware of the purpose, roles, authorities, duties, standard procedures and structure.
- Among all ministries at the State and Regional level, the General Administration Department (GAD) is the only one that has been provided with enough capacities to benefit from a fully-formed organizational structure.

As a consequence, the position of “Secretary” of every state and regional agency has been attributed to a member of the GAD. However, consideration should be given to members from the SME department as they possess the most understanding and experience on SMEs.

- More experts and professionals should be recruited in the formation of Agencies.



In order to achieve the unique competitive advantage for mega projects in each state, the geographical condition is crucial. Besides, human resource conditions such as traditions, culture and abilities of the local ethnic people are also important.

4.3 Analysis on Policy, Law and Rule

In general, a policy is made before enacting a Law. In the case of the development of SMEs, the Law was enacted first. After ratifying the 2008 Constitution, the government (2010-2015) adopted SME laws as part of economic laws. As a consequence of insufficient participation of decision-makers from different sectors, these laws are overlapping or contradicting to each other.

As a part of the decentralization process from the Union level, Committees and Commissions are formed in different sectors according to various Rules related to the SME sector. However, only the duties are mentioned in the Rule instead of how to implement them. As a result, they only exist as a mere organization without actual results.

The SMEs Law does not mention the exact number of members required to form an SME Agency. The recruitment of experts and staff from respective departments in the Agency is crucial for the progress of MSME. Due to their limited number, the full potential of the Agency has not been reached.

Despite cooperation between the State Parliament and the State budget department on taxation, a top down approach is still practiced.

Recommendations

- Since the current taxation system is based on the 1974 Socialist economic system, it should be updated to be in accordance with a democratic economic system. For instance, a bottom-up approach should be applied to the taxation system.
- Some sectors that require technology and vast financial resources, should cooperate with foreign investors. However, the Foreign Direct Investment policies and projects should be reviewed.
- In order to develop the MSME sector, the government should review overlapping and contradicting policies and laws.

4.4 Analysis on Performance and Skills

Despite a limited budget and limited human resources within the Ministries, the personnel feel great enthusiasm in their work. They still lack the capacity to provide information about MSME development services to the public effectively. However, they are doing their best, with the cooperation of international organizations, to understand the performance of the local businesses and the market situation and to make negotiations for the development of local businesses. Since there are no Standard Operating Procedures for cooperation among different departments based on current policies and procedures, there is a delay when asking for the information among different departments.

Recommendations

- Trainings should be conducted for members of the SME agency regarding administration and Standard Operating Procedures.
- Foreign excursion trips should be organized to explore other MSME models.
- With the assistance of International and Civil Society Organizations, research should be conducted by using technology, and the information should be collected regularly.

4.5 Analysis on Decentralization

According to the 2008 Constitution, the Chief Minister of the respective State is chosen by the President instead of the State or Region Parliament. Only the winning party that gets over 50 % of the votes can form the government based on the electoral system. Therefore, it is difficult to implement policies that reflect local interests. Moreover, since the government changes every five years after each term, long-term strategies are difficult to achieve.

To provide an example by comparing Mon and Kayin States, it is noticeable that changes of Ministers and Chairmen of Agencies during a five-year term weakened the cooperation between members of Agency in respective States. Trust building between policy makers and implementers take time. Depending on the interests of government officials on different sectors, the level of progress also varies. According to Schedule One of the 2008 Constitution, many laws need to be re-enacted. In the re-enacted laws there is no precise mention of the powers of each state and region in case the latter wish to negotiate with the Union government to apply such powers ad hoc. However, coordination mechanism is needed as they have a limited understanding of their right to operate under the Schedule Two of the Constitution.

A review of the laws enacted from 2011 to 2019 showed that committees or agencies are formed and the rights are delegated. (For example, Tourism Law, Consumer Law, Small and Medium Enterprises Law and so on)

For the budgetary section, the agency currently does not have the right to access separate funds for the development of Small and Medium Enterprises. The State government also finds it difficult to use a separate fund for the progress of local businesses. Similarly, planning and drawing budget plans is also weak. The tax policy and legislative part of the law is very much linked to politics, and not enough to the reality on the ground. This also hinders collaboration and coordination between departments, and between the executive and legislative. In addition, it is not easy to implement financial laws and policies in a developing country with low salaries and poor education level. Due to the lack of transparency in budget allocation and tax allocation, taxation is sometimes misunderstood by the public.

4.6 Recommendations

It will be an effective system for the development of Small and Medium Enterprises when the following recommendations regarding decentralization of the MSME framework are carried out.

- 1. According to the provisions of the Constitution, the State Government must carry out economic planning and budget planning in order to develop regional competitive advantages.**
- 2. There is a need to review the current rules and procedures that are being implemented in relevant departments in the region for them to be effective for the development of Small and Medium Enterprises.**
- 3. The formation of regional agencies needs to be re-structured based on the competitiveness and potential of the State and Region.**
- 4. Standard Operating Procedures must be developed with specific duties assigned to have a clear structure for SME agencies.**
- 5. In accordance with the SME Act, MSME agencies are already formed but they can only be effective if performance indicators are established.**
- 6. There is a need to implement a one-stop service delivery system with Regional and State agencies according to the Small and Medium Enterprises Development Law.**
- 7. Agencies must be integrated between cross governmental departments to develop local SMEs. This will only come into effect when their project activities support policies and actions of the state governments.**
- 8. Implementation of strategies to improve MSME can only be effective if the parties are involved in regular coordination process.**
- 9. On the one hand, the respective vocational institutions and education ministries must cooperate and provide support to use the necessary human resources based on the respective regional economic potential.**
- 10. The government needs to create public relations and SME campaign activities to mobilize the SME sector to promote national SME strategies and their target measurements.**

Part 5 : Conclusion

Despite the Union Level's effort to decentralize power and authority to the State and Regional level, State and Region governments still need more capacity to make the most out of the economic opportunities in their region.

Members of the committees follow the same term of office as the government. Such short term does not enable the development of a long-term strategy for SMEs. The restructuring of governmental institutions whenever a government term is over, hinders the progress of SME development.

Business owners in the SME sector lack the understanding of market potential and size of market growth. Not enough market statistics and data related to the SME sector in Myanmar is researched and made available to the public.

SME development potential also depends on the interest of decision makers at the executive level and at the legislative level. Cross sector government departments lack cooperation between each other. Moreover, there is an insufficient and not well-enough integrated budget plan for SME development.

There are myriads of sectoral, ministerial and sub-national plans in Myanmar. But all these plans should move harmoniously and coherently under the aegis of a single national strategy. The Myanmar Sustainable Development Plan-MSDP was drawn for the years 2018-2030 by the Ministry of Planning and Finance and it was enacted in August 2018. This strategy provides an overall framework for coordination and cooperation across all ministries, and all States and Regions, in order to contribute towards the emergence of a prosperous, peaceful and democratic Myanmar. To achieve progress in the SME sector at the ground level, State and Region governments as crucial actors, should develop better strategies, implement procedures using efficient Public Relations and ease stakeholders' access to information.

Note:

"The Ministry of Industry which was the main Ministry responsible for the growth of the SME sector, merged with the Ministry of Planning and Finance on the 28th of November 2019. The Ministry is now currently called the "Ministry of Planning, Finance and Industry".

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Appendix : 1- ASEAN Policy Index Dimensions and Sub-Dimensions

ASPI Dimensions and Sub-Dimensions
1. PRODUCTIVITY, TECHNOLOGY AND INNOVATION
1.1 Productivity Measures
1.2 Business Development Services
1.3 Productive Agglomerations and Clusters Enhancement
1.4 Technology and Innovation Promotion
2. GREEN SMEs
2.1 Environmental Policies Targeting SMEs
2.2 Incentives and Instruments for Greening SMEs' operations
3. ACCESS TO FINANCE
3.1 Legal, Regulatory and Institutional Framework on Access to Finance
3.1.1 Legal Regulatory Framework for Commercial Lending
3.1.2 Credit Information Bureau (WB Doing Business)
3.1.3 Stock Market Operations and Facilities for SMEs Listing
3.2 Diversified Sources of Enterprise Finance
3.2.1 Bank Credit or Loans / Traditional Debt
3.2.2: Microfinance
3.2.3: Alternative Sources of Enterprise Finance
4. ACCESS TO MARKET AND INTERNATIONALISATION
4.1 Export Promotion
4.2 Integration to Global Value Chains
4.3 Use of E-Commerce
4.4 Quality Standards
4.5 Trade Facilitation

5. INSTITUTIONAL FRAMEWORK
5.1 SME Definition
5.2 Strategic Planning, Policy Design and Coordination
5.3 Measures to Tackle Informal Economy
6. LEGISLATION, REGULATION AND TAX
6.1 Public-Private Consultations
6.2 Legislative Simplification and Regulatory Impact Analysis
6.3 Company Registration
6.4 Ease of Filing Tax
6.5 E-government
7. ENTREPRENEURIAL EDUCATION AND SKILLS
7.1 Promotion of Entrepreneurial Education
7.2 Entrepreneurial Skills
8. SOCIAL ENTERPRISES AND INCLUSIVE SMEs
8.1 Social Enterprises
8.2 Inclusive SMEs
8.2.1 Inclusive SMEs for Women
8.2.2 Inclusive SMEs for Youth
8.2.3 Inclusive SMEs for Persons with Disabilities

Appendix: 2 - Definition on “The Small and Medium Enterprises”

Definition on “The Small Enterprises”

The Small Enterprise means the following enterprises in which the value of the land is not included in the capital investment-

No	Category	Permanent Labor	Capital (Myanmar Kyat-Million)	Annual income of the previous year (Myanmar Kyat-Million)
1	Manufacturing business	Up to 50 persons	Up to 500	-
2	Labour intensive of mainly operates piecework business	Up to 300 persons	Up to 500	-
3	Wholesale business	Up to 30 persons	-	Up to 100
4	Retail business	Up to 30 persons	-	Up to 50
5	Service business	Up to 30 persons	-	Up to 100
6	Other business	Up to 30 persons	-	Up to 50

Definition on “The Medium Enterprises”

The Medium Enterprise means the following enterprises in which the value of the land is not included in the capital investment-

No	Category	Permanent Labor	Capital (Myanmar Kyat-Million)	Annual income of the previous year (Myanmar Kyat-Million)
1	Manufacturing business	Above 50 to 300 persons	Not exceed 500 to 1000	-
2	Labour intensive of mainly operates piecework business	Above 300 to 600 persons	Not exceed 500 to 1000	-
3	Wholesale business	Above 30 to 60 persons	-	Not exceed 100 to 300
4	Retail business	Above 30 to 60 persons	-	Not exceed 50 to 100
5	Service business	Above 30 to 100 persons	-	Not exceed 100 to 200
6	Other business	Above 30 to 100 persons	-	Not exceed 50 to 100