POLICIES FOR GROWTH AND DEVELOPMENT OF MYANMAR

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Introduction

• In the last 40 years of planned socio-economic development, the country has progressed to some extent

• The majority of the people of Myanmar reside in rural areas

• Based on the IHLCA survey, only 26 percent of population are living in urban and 74% of the population are living in rural areas.
Introduction

• After the new elected government has taken over the state power, the government has conducted the national level workshops for reviewing and renewing for better development and growth.

• Therefore fulfilling the needs of the rural people will surely contribute to the socio-economic progress of Myanmar.

• And the economic and human resource development will be much beneficial to raise technology and productivity for the socio-economic development of Myanmar.
Reforms in Myanmar

- Poverty alleviation
- National Economic Development
- Monetary sector
- Trade sector
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- Development Plan
- Human Resource Development
Poverty Alleviation

• Economic development will be much faster, the living standards of the people will be higher and poverty will be alleviated earlier.

• According to the integrated household living conditions Assessment survey, that is conducted 2005 and 2010 in Myanmar, it was estimated that the poverty head count index declined from 32 per cent to 26 percent.
The first national level workshop on Rural Development and Poverty Alleviation was held on 20-22 May 2011.

The eight most fundamental of the proposals submitted at the workshop were laid down,

To carry out those tasks, the central committee and subcommittees have been formed since July to put the resolutions into reality.

The aim is to reduce poverty headcount rate from 26 % to 16% at 2015.
Eight priorities were agreed upon to alleviate the poverty;

1. the development of agricultural productivity,
2. the development of livestock breeding and fisheries,
3. the development of rural small-scale productivity,
4. the development of micro saving and credit associations
5. the development of cooperative tasks
6. the development of rural socio-economy,
7. the development of rural energy, and
8. environmental conservation.
The responsibilities to accomplish those tasks are led by respective ministries.

- **For the development of agricultural productivity**, the ministry of agriculture and irrigation has led committee.
- **In the area of the development of livestock breeding and fisheries**, ministry of Livestock and fisheries headed this task.
- **For the development of rural small-scale productivity**, the ministry of commerce has led it and
- **development of micro saving and credit associations** has been organized by ministry of finance and revenue.
Poverty Alleviation

- In the area of development of cooperative tasks, ministry of cooperative led it and
- for development of rural socio-economy, ministry of information has taken the leading role.
- For development of rural energy, ministry of industry has made effort and
- for environmental conservation has been undertaken by ministry of forestry and environment.
Poverty Alleviation

• **The action plan** has been drawn in each state and regions based on their requirement and priority which takes July 2011 to December 2015.

• Each state and region has supported the credit program with the contribution of national government, well wishers and entrepreneurs.
Poverty Alleviation

• The national government has also asked to submit regular report for monitoring and evaluation for their implementation.
• It is observed that pro-poor policy including job creation and social development is still required to adapt in development agenda.
The second National Workshop on Reforms for National Economic Development was held on 19-21 August 2011.

The path to economic development was examined through multiple aspects covering the system of national accounts, fiscal performance, taxation, trade and investment, industrialization, agriculture, tourism, employment creation, labour welfare, infrastructure, capital market and regional economic integration.
• The experts from various sectors recommended that high priority be given to fiscal reform, exchange rate unification, SEE reform and privatization, trade openness and export promotion and banking sector liberalization.

• After that government has liberalized and changed policies in some areas.
Monetary Sector

- In order to develop banking sector, the plan has targeted to develop electronic banking system, capital market, unification of exchange rate, and the procedure as well as regulations for microfinance.

- The central bank allowed 6 private banks to buy and sell foreign currency and also issued foreign exchange dealer licenses to 11 private banks on 25 November 2011, which allows them to provide foreign banking services, including opening LC and other means of payment for foreign trade.
Monetary Sector

• An assessment of unifying the existing multiple exchange rate system is being carried out by the Ministry of Finance and Revenue and the CBM in consultation with IMF and World Bank.

• The government lowered the bank interest rates which are relatively high by 2% each: from 12 percent to 10 percent for saving deposits and from 17 % to 15% for bank lending on 2 September 2011.
The budget for fiscal year 2011-12 has been separated for the central level and state and divisional level.

- the central government must collect the union revenues and they have the right to spend the union fund with the existing financial rules and regulations.
the regional governments must collect the taxes and duties excepts taxes collected and managed by central government and they can spend the allocated expenditures with existing regulations.

The government raised pensions and it provides a cash injection to the public at a time when people were struggling to meet their consumption needs.
For the promotion of trade, the government has eased many regulations and procedures. The government made major policy changes to trade sector.

They are
- The export tax was reduced from 10% to 7% in September 2011.
- Exports of seven agriculture commodities (rice, pulses, maize, sesame, rubber, fishery products and animal products) are exempted from the commercial tax for six months up to 14 February 2012.
- These export items are required to pay only 2% income tax.
Exports of value-added products based on timber, bamboo and rattan are exempted from the commercial tax for five and half months up to 14 February 2012. These export items are required to pay only 2% income tax.

The income levied on CMP exports was reduced from 10% to 2% for a period of six months from 19 August 2011 to 18 February 2012.

Import and export licenses are now issued in two or three days.

The palm oil import monopoly has been terminated.
- Exporter, importers and foreign exchange earners from the service sector are now allowed to import automobiles.
- The property tax rate reduction, from 50% to 15% was extended for one year to 11 August 2012.
- The income tax levied on the foreign currency salaries of nationals in the country and abroad was reduced from 10% to 2%, for a period of six months from 19 August 2011 to 18 February 2012.
- The withholding tax (charged on local purchase) was reduced to 2% in September 2011.
FDI law

- foreigners cannot rent land on a long term basis according to the 1988 FIL law of restricting transfer of immovable assets.
- The new government issued the notification regarding land use for foreign investments, on 30 September 2011, land can now be rented to foreign investors with the prior agreement of the Union Government, initially for 30 years with the option to renew twice, each time for 15 years.
FDI law

• The new government issued the notification regarding foreign currencies, on 30 September 2011 new

• At present, Foreign Investment law is being revised and competition law is in a process of drafting.
• Recently, the Fifth Five Year Short Term Plan commencing from 2011-12 to 2015 has been revised to get realistic statistics due to the impact of natural disaster, exchange rate fluctuation and some statistics correction in some sectors.
Development Plan

• The targeted growth rate of 2011-12 fiscal year is 6%.

• The National Plan 2011-12 and 2012-13 were submitted to Pyidaungsu Hluttaw (Parliament) for discussion and adoption as laws.

• The Fifth Five Year Short Term Plan will be prepared to submit to the next session of the Parliament.

• The government has adopted policies, objectives and process in each sector for effective implementation.
More than 70 per cent of the population is engaged in agriculture and therefore it is the sector that is critical for a balanced and proportionate development to alleviate poverty.

In agriculture sector, the ministry of agriculture and irrigation has laid down the strategies for agricultural development as follows:

- Development of new agricultural land
- Provision of sufficient irrigation water
- Provision and support for agricultural mechanization
- Application of modern agro-technologies
- Development and utilization of modern varieties
Measures are undertaken for 10 principal crops such as paddy, sugarcane, long staple cotton, maize, ground nut, sesame, sunflower, black gram, green gram and pigeon pea. These are:

- Application of improved varieties which are appropriate for respective regions
- Utilization of adequate fertilizers
- Effective pest management
- Application of efficient and appropriate technologies
- Utilization of appropriate cropping pattern which is suitable for the respective location
• The government has provided rice seeds to farmers and doubled the loan for one acre to 40000 kyats.

• Apart from government’s provision, specialized companies provide seeds, fertilizer and firm machinery for cultivation to farmers.

• Reducing cost of production is another important initiative that has to take place.

Development Plan- Agriculture Sector
Regarding the livestock and fishery sector, the ministry of livestock and fishery has emphasized to promote fish production and prevent depletion of fish stock, develop the livestock breeding and increase value added marine products.

Moreover, integrated farming is also intended to increase for rural development.
Development Plan - forest and environment sector

• For preserving forest and environment, the ministry of environmental conservation and forestry has intended to increase protected area as well as ensure protection of wild plants and conservation of natural area.

• At the same time, it aims to increase plantation in dry zones.
Energy sector has also targeted effective utilization of oil and natural gas for domestic consumption as well as export promotion with the exploration of developing new oil fields as well as enhancing production from existing oil wells and reducing wastages and losses.
Development Plan- industrial sector

- The ministry is aiming to reach technology based and knowledge based industries in the area of mechanical industry complex, electronic industry complex and aviation and aerospace industry complex.

- Similarly, Agro based Industries, agri business enterprise and agri product value added business is aiming to develop from the perspective of energy efficiency and development of green industry.
Development Plan- industrial sector

- Light industries (i.e SMI), export oriented/import substitute industries, labour intensive industries and capital intensive industries (i.e Heavy Industry) are included in the industrial development package.
- For the development of special economic zone, government finds means and ways to decrease on environmental degradation.
The ministry has undertaken the objective to become the effective utilization of electric power.

It plans to reduce transmission line and distribution line losses.

Moreover, for rural sector electrification, the ministry plans to carry out the construction of mini hydro power plants, power generating by wind, solar and waste like husk, sawdust and animal waste.
Moreover, for ICT development, government has targeted to improve the usage of broadband wireless and internet penetration.
As the government has encouraged the private sector participation, the share of private sector recorded 90.6 percent in the share of GDP in 2010/2011.

The high share of private sector is seen in agriculture, livestock and fishery, mining, processing and manufacturing, transportation, rentals and other services, and trade sector.
Development Plan- social sector development

- Government is carrying out the measures for social sector development in the area of health and education.
- Government has expanded the budget allocation for the development of education and health for the year 2011-2012 and 2012-13.
- It shows the improvement in social development.
- However, it needs to allocate more and effective utilization for these sectors.
Human resource development is a basic foundation for human capital and long term development.

It pushes the country from resource based economy to knowledge or innovated economy.

Thus, human resource development plays a leading role in successful implementation of economic policies and reliable developments.

The government has recognized the importance of human resource development as an essential for development of political, economic and social sectors.
Human Resource development

• For development of human resources in the nation, the meeting for the human resource development plan headed by vice president was held at the end of January 2012.

• Formation of committees and subcommittees will be formed for human resource development plan. It is expected that the implementation of human resource development plan will be come out soon.
Challenges

• One of the challenges is disparity among various regions. Poverty incidence in Myanmar was recorded 32% in 2005 and it reduced to 26% in 2010.

• Food poverty also declined from 10% in 2005 to 5% in 2010. Although food poverty and overall poverty declined, the gap between urban and rural is huge.

• Food poverty incidence is more than twice as high in rural than urban areas, at 5.6% and 2.5% respectively.

• Poverty incidence is also around twice as high in rural than urban areas at 29% and 15% respectively.
Challenges

• The poverty gap is also considerably higher in rural than urban areas, at 0.047 and 0.023 respectively and has fallen at a much faster rate in urban than rural areas at 44% and 34% respectively.

• Access to drinking water ratio is also lower in rural than in urban areas, at 65.2% and 81.4% respectively.

• Malnutrition also remains considerably higher in rural than urban, at 33.7% and 25.4% respectively.

• Therefore, government should pay more attention to reduce the disparity between rich and poor, urban and rural.
• However, sustainable economic growth continues to remain a major challenge.
• Until now, the economic growth is mainly financed by domestic resources.
• In addition, the other constraints are,
  (a) Inadequate infrastructure,
  (b) High production cost,
  (c) Difficult access to finance
  (d) Inconsistent policies
  (e) Lack of management skills
  (f) Shortage of professionals
  (g) Low productivity of Labour
  (h) Absence of R&D capability
It is recognized that unless these constraints are systematically removed, the capacity of the private sector as the engine of growth cannot be enhanced.

In this context, it is aimed to create an enabling environment for investment.
Despite the challenges, the country does have some very clear competitive advantages, which needs to be harnessed. These are:

(a) Political stability
(b) Peace and security
(c) A vibrant and living culture
(d) Natural and pristine environment
(e) Geo-economic location and open access to the emerging economies of India and China
(f) Wide use of English language
As changing of the government, Myanmar has adopted its development policies with multidimensional approach such as sectoral, regional, social, and human resource development approaches.

Reform mechanism has also introduced for strong macro economy.
• However, it still needs to move gradually approach for unification of exchange rate and transformation of taxation system.

• Moreover, the government should have a comprehensive development master plan which is strong link with each and every sector from economic, social and environmental aspects.
• At the same time, regulatory reform and institutional capacity is needed for effective implementation of development policies.
• Moreover, the degree of decentralization should be enhanced for better policy development.
CONCLUSION.

• The state, regional organizations, co-operatives, private enterprises, NGOS and INGOs should make effort for poverty reduction and further development of the socio-economic conditions of the people and the country.
THANK YOU