

# *Country Report (Myanmar)*

**Mrs. Khin Swe Latt**

**Deputy Director General**

**Project Appraisal and Progress Reporting Department**

**Ministry of Planning and Finance**

**5-7 November, 2019**

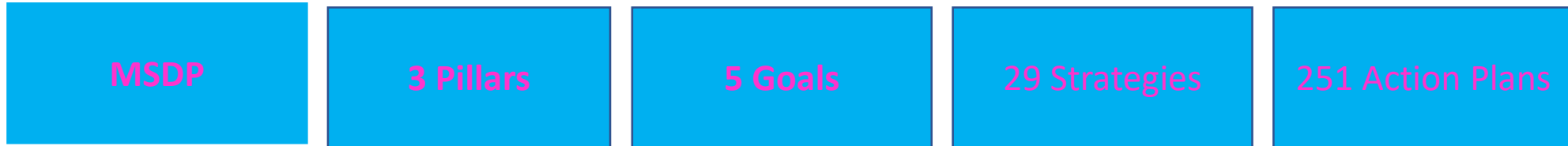
**Seoul, Republic of Korea**



# Outlines

- Economic Policy & Myanmar Sustainable Development Plan
  - Goals, Strategies, Action Plans
    - Budgeting & Infrastructure Financing
    - Why PPP?
    - Project Bank
    - PPP Operationalization
      - Policy , Strategies and its Structure
      - Setting up teams/units
      - Cooperation
      - Implementation (Appraisal/Building Business cases)
- Conclusion

# Myanmar Sustainable Development Plan



Box 1: The Myanmar Sustainable Development Plan Summary Framework

## A Peaceful, Prosperous & Democratic Myanmar

Goal 1:	Goal 2:	Goal 3:	Goal 4:	Goal 5:
Peace, National Reconciliation, Security & Good Governance	Economic Stability & Strengthened Macroeconomic Management	Job Creation & Private Sector Led Growth	Human Resources & Social Development for a 21st Century Society	Natural Resources & the Environment for Posterity of the Nation
Pillar 1: Peace & Stability		Pillar 2: Prosperity & Partnership	Pillar 3: People & Planet	



Aligned with Myanmar Economic Policy



**THE GLOBAL GOALS**  
For Sustainable Development

Aligned with SDGs



Aligned with Development Assistance Policy

Source://MSDP

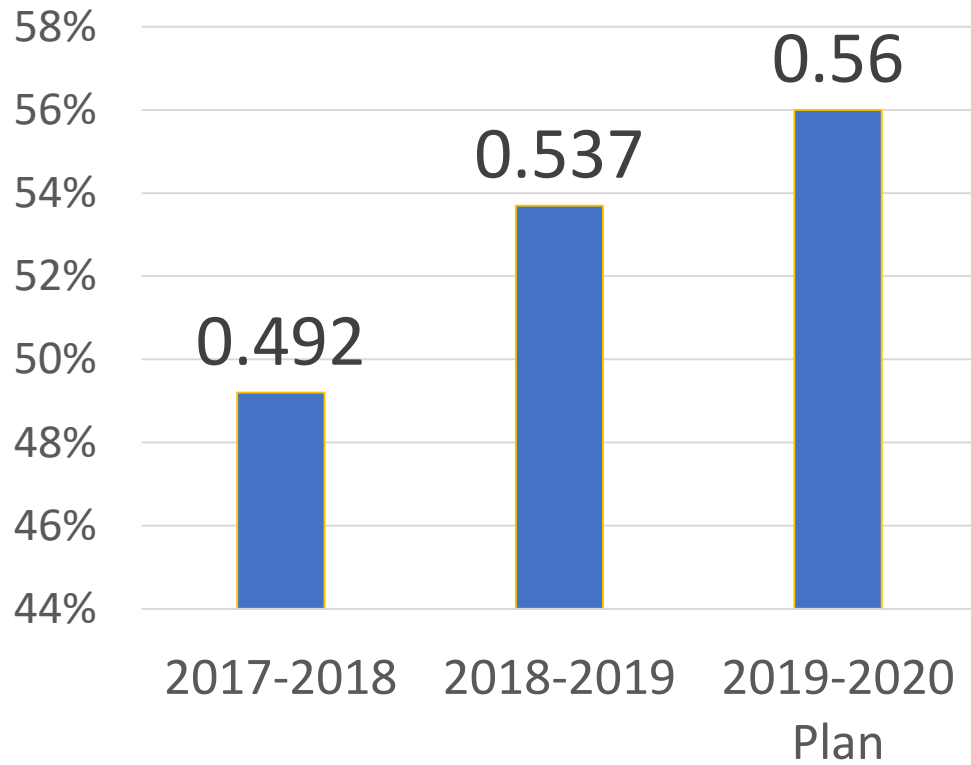
# Effective Policy Management, Legislative Drafting and Program\_based Budgeting

- MOPF practicing the medium term fiscal framework to allocate expenditure efficiently.
  - **Forecasting** revenue floors and expenditure
  - **Adjust and link** policy priority for the current and capital expenditure
  - **Calculate ceiling** in line with fiscal targets(not more than 5% of GDP)by considering the execution rate, surrender and policy priorities of the line ministries
  - Ceiling calculation for current by **Budget Dept** and for capital by **Planning Dept** to connect MSDP
  - **Issues** the budget calendar
  - Line ministries **request** the budget **in line with the ceiling**
  - **5 levels** of budget vetting – MOPF Minister, Vice President, Financial Commission and Parliament
  - **Enact** the budget law
  - **Implement** the budget by the line ministries

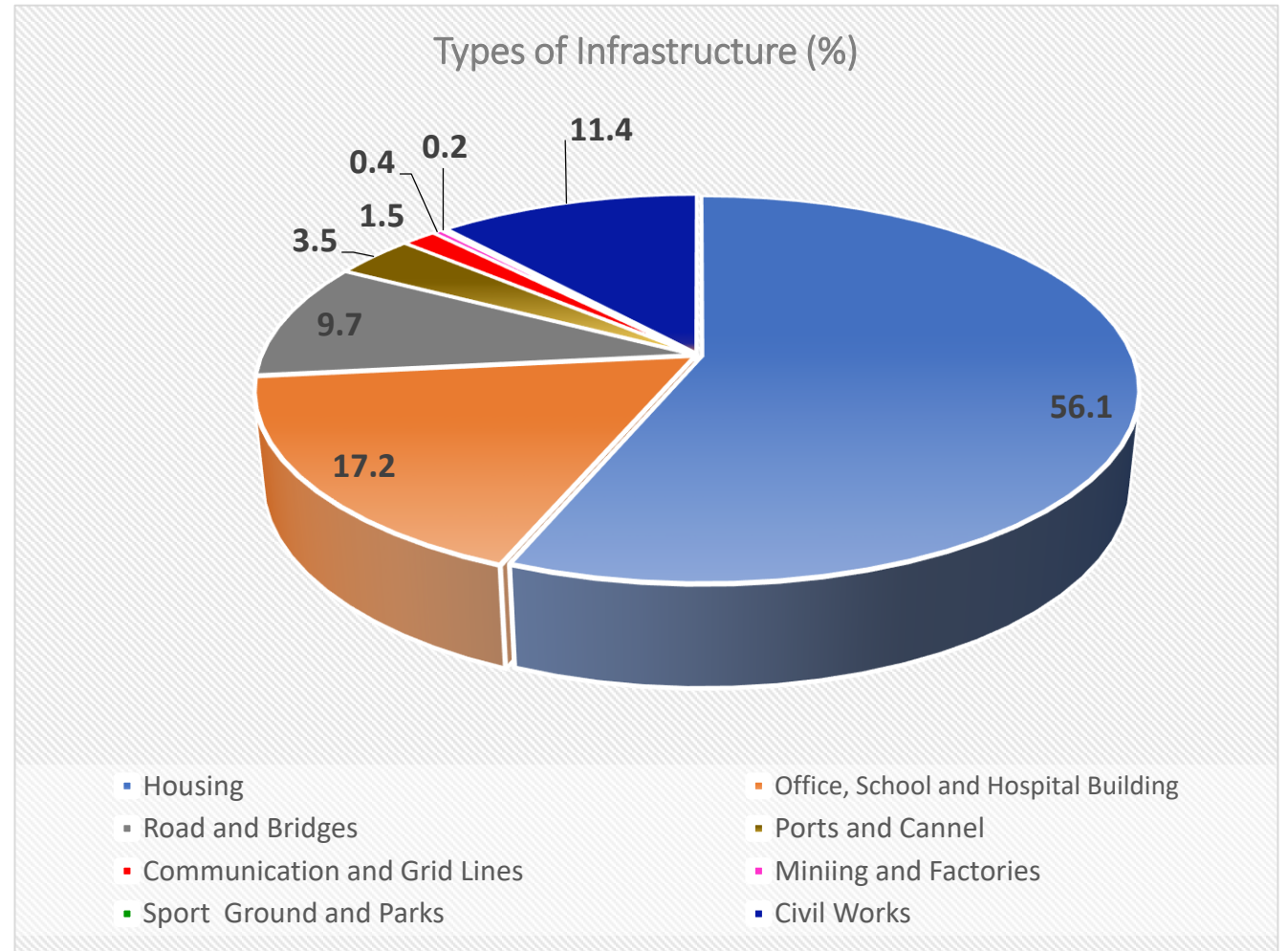
# Capital Budget Financing since 2017-2018

# Type of Infrastructure in 2018-2019 FY (as % of capital budget)

Infrastructure Financing



Note: Union Budget Only, Not included States and Regions Budget



Source: Planning Department

# Infrastructure Financing

## Types of development projects funding

1) **Less than 2billions kyats**

1) **Traditional** channel to budgeting

2) **More than 2 billion kyats**

1) Through **Project Bank**



Project Bank is an interactive, web-based, publicly accessible database or project information bank that includes projects that Implementing Government Agencies (IGA) plan to develop to implement the MSDP and its Strategic Action Plans.



## STRATEGIC

Developing national strategic projects for the implementation of MSDP.



## SYSTEMATIC

Establishing a predictable and transparent system for project development.



## COORDINATION

Providing a mechanism for coordination and facilitation for national development projects across the whole of government.



## COMPETITION AND EFFICIENCY

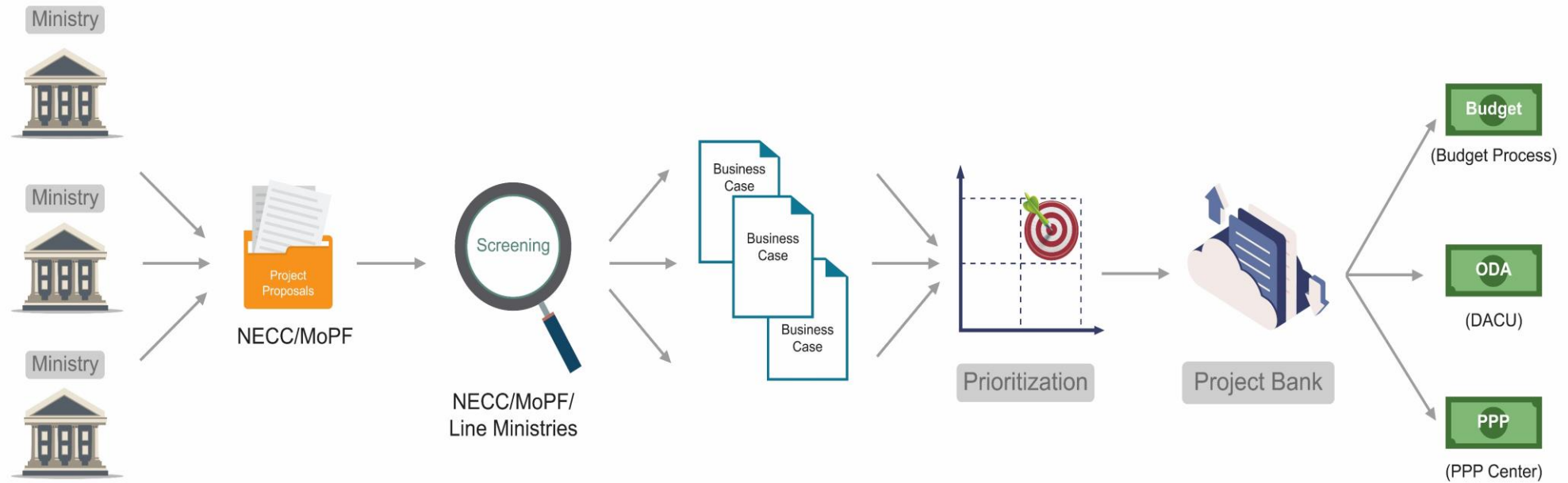
Ensuring competition and efficiency in the implementation of PPP projects via competitive tender or swiss challenge processes.



## MARKET-DRIVEN DEVELOPMENT

Promoting the role of private sector in national development through private investment or PPP and equitization to augment the fiscal space of the government.

# Project Bank Process



# Project Proposals



## NATIONALLY SIGNIFICANT PROBLEM/OPPORTUNITY

State the problem/opportunity by identifying a nationally significant issue to be improved or built upon while linking it directly with specific national development goals and objectives. In other words, what is the national significant problem/opportunity that your proposal is trying to address and why it is significant?

The proposal should address these three fundamental dimensions to measure the significance of the problem/opportunity at the national level.

### SIZE

Quantifying a problem in monetary term. For example, the cost of a congested traffic problem on a major highway could be 20 million USD in 2020 and 40 million USD in 2025

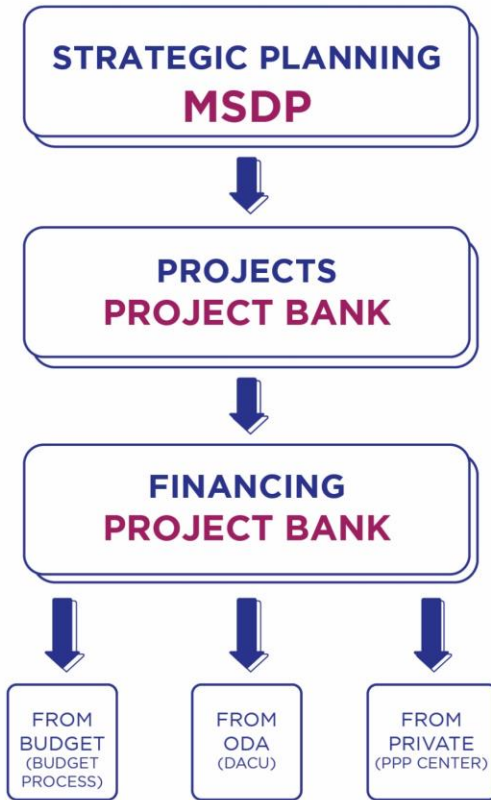
### CONTEXT AND PATTERN

Specifying the context of the problem (for example, geographical reach, impacts of the problem, and stakeholders impacted by the problem) and how the problem manifests over time.

### CAUSES

Identifying the causes of the problem. The proposal should identify the causes of the problem rather than the symptoms.





## THE LINKAGE BETWEEN MSDP AND PROJECT BANK



### WHY PROJECT BANK



**STRATEGIC**  
Developing national strategic projects for the implementation of MSDP



**COORDINATION**  
Providing a mechanism for coordination and facilitation for national development projects across the whole of government



**SYSTEMATIC**  
Establishing a predictable and transparent system for project development



**MARKET-DRIVEN DEVELOPMENT**  
Promoting the role of private sector in national development through private investment or PPP and equitization to augment the fiscal space of the government.



**COMPETITION AND EFFICIENCY**  
Ensuring competition and efficiency in the implementation of PPP projects via competitive tender or swiss challenge processes.

### How Projects Gain Entry to THE PROJECT BANK



Identification



Screening



Appraisal and Selection



Prioritization



Entry into the Project Bank

### PROJECT SCREENING

**STRATEGIC CASE** means making a case (An Argument) for national significance and/or strategic impact of a given project in terms of achieving national development objectives.

Projects submitted via a standard submission template to NECC/MoPF will be scored based on a robust and transparent set of criteria. Projects shall be screened based on the scores.

#### ACCOUNTABILITY

Is it clear which organization is implementing and responsible for the project?

#### PROJECT RATIONALE AND STRATEGIC CASE

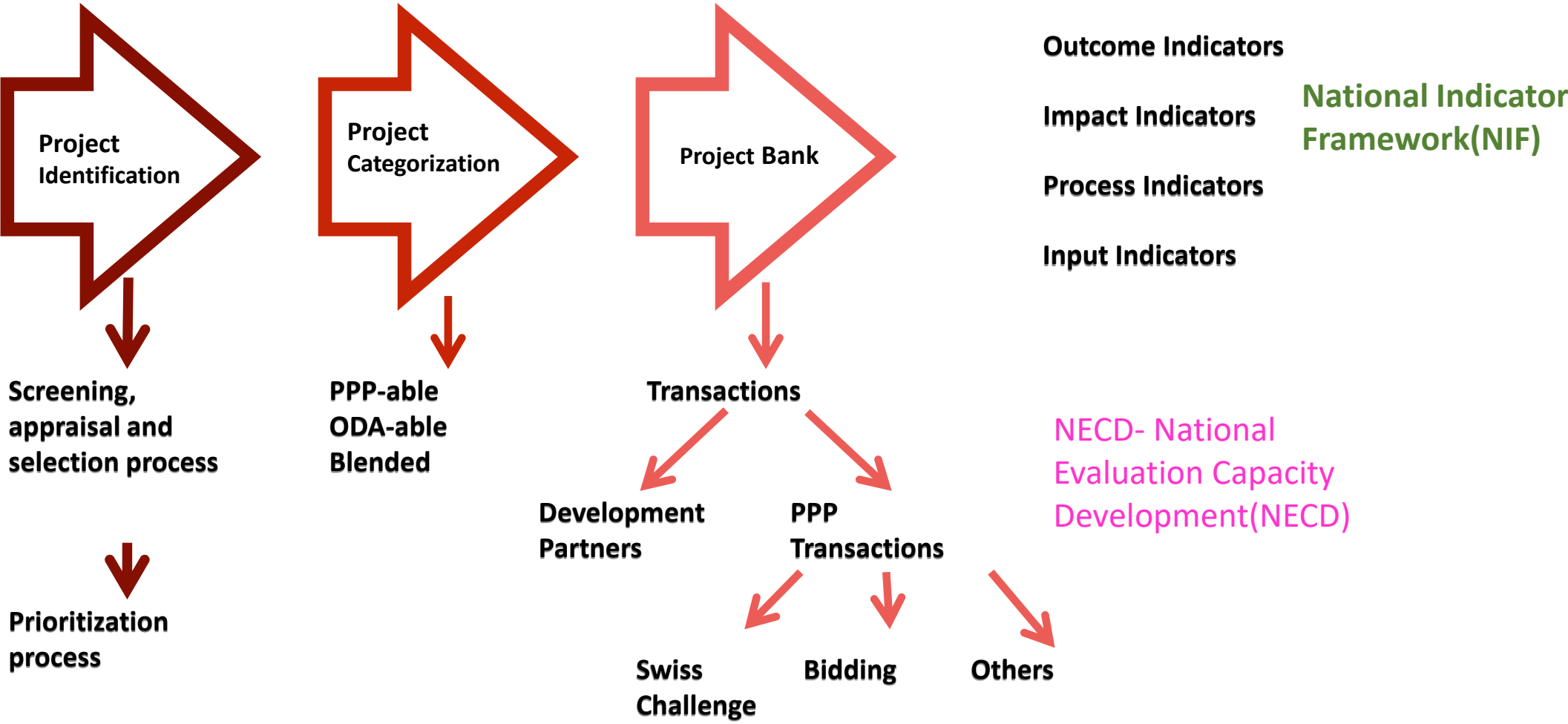
- Can the project clearly identify the nationally strategic or significant problem which it is aiming to solve or respond to?
- Can the project identify specific location of the problem?
- Is the objective of the project clear and measurable?
- Are the scope and activity of the project clear and feasible?
- Is the objective of the project consistent with single or multiple goals in the MSDP?

#### AFFORDABILITY AND SUSTAINABILITY

- Does the project have estimated costs and budget per year until completion?
- Does the project have a reasonable timeline for implementation?
- Is the source of financing clearly identified?
- Does the project clearly specify requirements for sustainability, including operations and maintenance costs?

A project is a clearly defined initiative that has the implementation of the MSDP as its main objective and where the total value of the undertaking exceeds two billion Myanmar Kyat.

# Linkages between the MSDP and Project Bank



# Why Myanmar needs PPP?

- Government could not provide **enough funds** for investments in public goods such as infrastructures as well as services for the economic development for the country.
- But the private sector is **capable** a lot to invest.
- If there is **a system** by which the private players can **invest and help** in our public goods, public and private will be **both benefited** from this kind of partnership.
- In order to develop infrastructures and services for development, Myanmar government has **created an environment** and **introduce a new kind of partnership** where **private players can come in** towards creation of public infrastructures which are traditionally provided by the government.
- This is the **environment** for practising Public-Private Partnership.

# Government Contributions to PPP Projects Implementation

Only Projects selected via a competitive tender process or Swiss challenge tender process shall seek Government support in terms of guarantee, viability gap funding or other forms of support.

Government contributions includes capital form the Government Budget, Government bonds, Development Assistance, in-kind contributions, or other forms.

Source://Project Bank Notification



# PUBLIC PRIVATE PARTNERSHIP



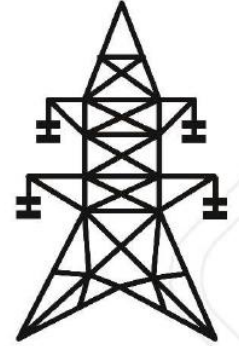
## PPP CENTER

PPP Center shall be established in the MOPF to strengthen the capability of the government to effectively identify, develop, procure, implement, monitor and audit PPPs.



## UNSOLICITED PROPOSALS

If the size of the unsolicited Project exceeds two billion Myanmar Kyat, the relevant government agency shall seek advice of the PPP Center for the possibility of inclusion in the Project Bank.



## FORMS OF GOVERNMENT SUPPORT FOR PPP

Robust criteria shall be developed to determine appropriate types of Government support such as government guarantees or viability gap funds to be provided for each PPP Project.

## MARKET-BASED COMPETITION

Only PPP Projects selected via a competitive tender process or Swiss Challenge tender process shall seek Government support in terms of guarantee, viability gap funding, or other forms of support.





# UNSOLICITED PROPOSAL



## DEFINITION

Unsolicited Proposal means a proposal made by a private party to undertake a PPP Project, submitted at the initiative of the private party, rather than in response to a request from the relevant government agency.

## REQUIREMENT

If the size of an unsolicited proposal exceeds two billion Myanmar Kyat, the relevant government agency shall seek advice of the PPP Center for inclusion in the Project Bank.



## SWISS CHALLENGE

For each Unsolicited Proposal, the relevant government agency, with the support of the PPP Center, shall prepare a Swiss Challenge tender process that shall include but not be limited to the following steps.



- 1 Draft the Request for Proposal and invite comparative proposals for competitive bidding.
- 2 Review the Unsolicited Proposal and determine proprietary information
- 3 Provide the original proponent with the opportunity to match or improve the proposal with 45 days when there is a successful counterproposal.
- 4 Apply concrete appraisal criteria including public need, project merits, complementary nature, uniqueness and novelty of the concept and technology
- 5 Disseminate all relevant details of the competing proposal determined to be non-proprietary
- 6 Consider and implement fair mechanisms and arrangements between the original proponent and the tender award-winning competitor.



## EXCEPTION

Provisions in this section shall not be applicable to Unsolicited Proposals for the development of Greenfield Projects in the energy and mining sectors.

# PPP means :

Public-Private Partnership(PPP) means an **investment mechanism** based on a **contractual agreement** between an **Implementing Government Agency(IGA)** and a **private party** for providing a **public asset or infrastructure or service** that includes but not limited to financing, designing, implementing, managing ,and/or operating infrastructure facilities and services traditionally provided by the public sector in an effort **to reduce the Government's capital and operating expenditures** while improving the **quality of the assets and the services.**



Republic of the Union of Myanmar  
Office of the President

Notification No. 2 / 2018

Project Bank Notification

30<sup>th</sup> November 2018

# PPP Center Establishment and Responsibilities to conduct PPPs

Objective: to strengthen the capabilities of IGAs to effectively identify, develop, procure, implement, monitor and audit PPPs.

Responsibilities : In addition to identify the PPP projects through project bank,

- Facilitating the identification and development of PPP projects
- Managing aspects of the Project Bank relevant to PPP projects
- Developing requirements, guidelines, templates and procedures to be used in the identification, preparation, bidding and management of PPP projects
- Monitoring and reporting on the implementation of PPP projects
- Investigating and recommending PPP policy reforms

PPP Center Establishment & Parties: Departments within MOPF chaired by Minister.

- Budget Dept
- Treasury Dept
- Planning Dept (Associate Secretary 1)
- PAPRD
- MDI (Associate Secretary 2)



Republic of the Union of Myanmar  
Office of the President

Notification No. 2 / 2018  
Project Bank Notification

30<sup>th</sup> November 2018

# PPP Center Establishment and Types to conduct PPPs

PPP Center provides by itself or through transaction advisors -


- Providing PPP capacity building **support**
- Initial strategic **assessments**
- Pre-feasibility **studies**
- Development of **Business Cases, CBA and CEA**
- **Procurement** Processes
- **Assessments** of Unsolicited Proposals
- **Risk** allocation matrices
- **Advising** on types and structures of PPPs and contractual approaches to the main terms
- **Financial Ratios and contributions**
- **Coordination and facilitation** of required permits

Types of PPP Includes but not limited to

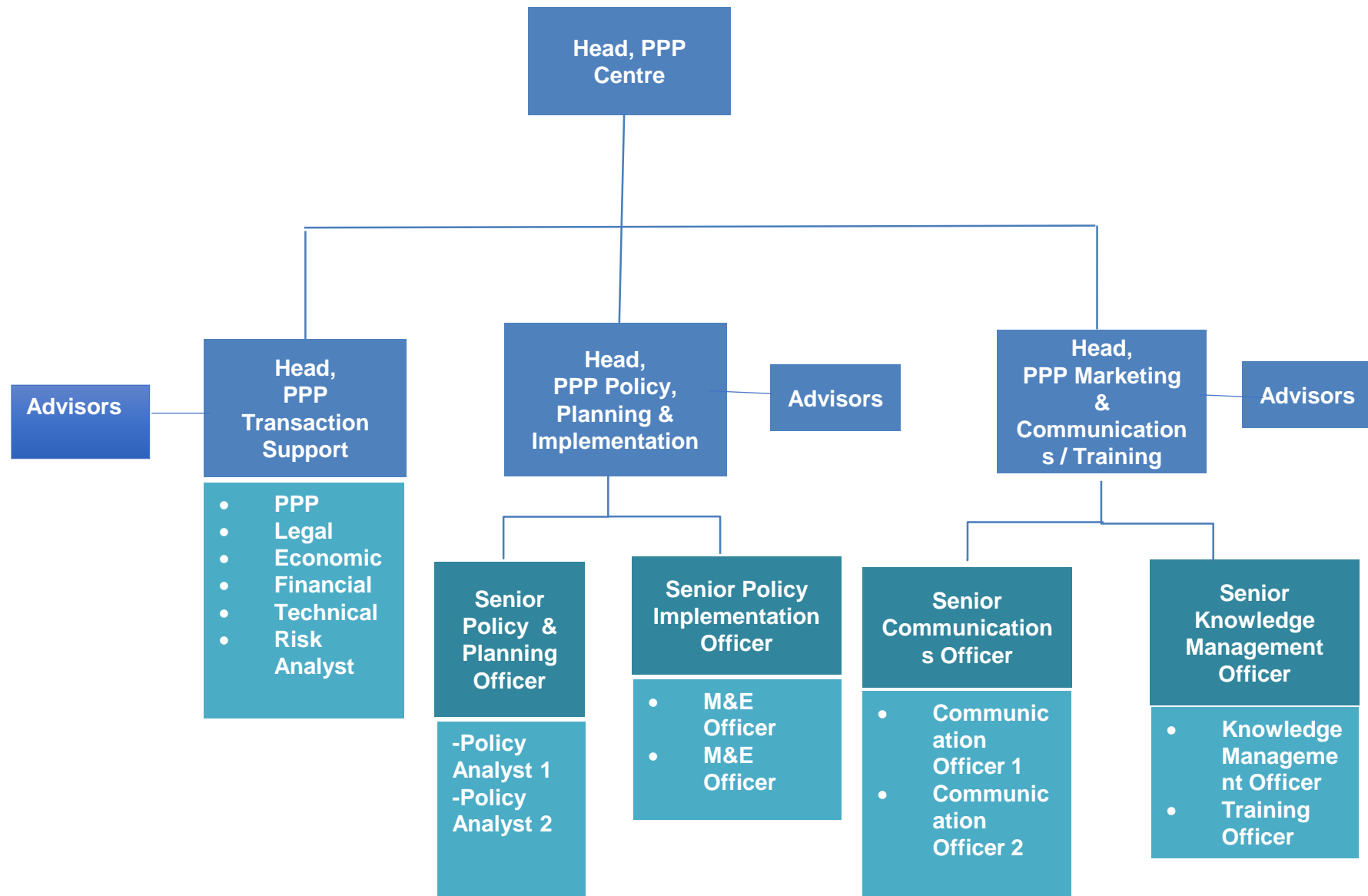
---

- Available Payments
- BOO Build-Own-Operate
- BOT Build-Operate-Transfer
- BTL Build-Transfer-Lease
- BTO Build-Transfer-Operate
- O&M Operation & Maintenance
- Other forms of PPP
  - Design-Build-Operate Contracts
  - Design-Build-Finance-Operate-Transfer Contracts

# PPP Programme & MSDP Strategy

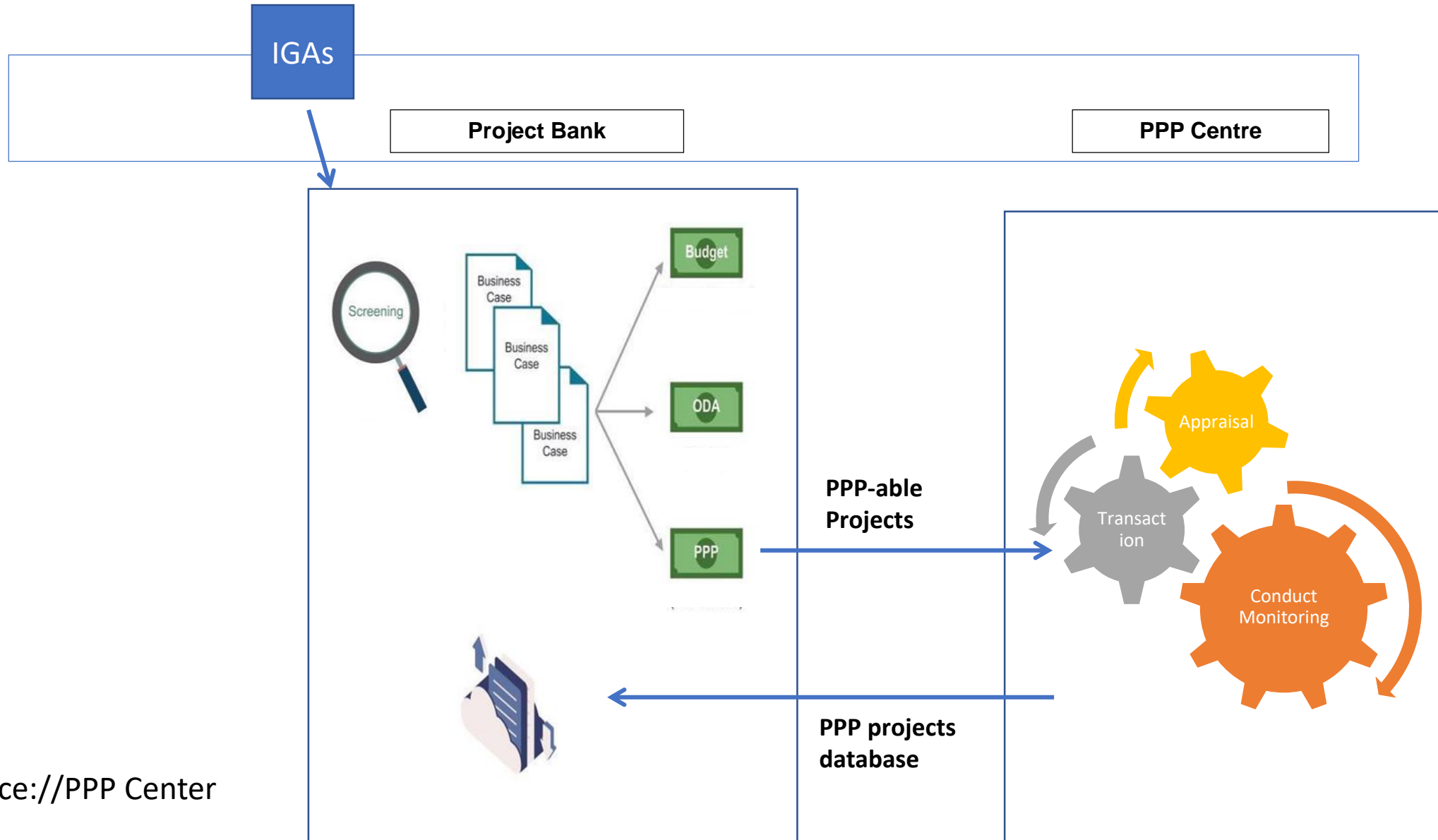
MSDP Goal	MSDP Strategy	MSDP action Plan	Summary activities	Cooperating Partners (Enabling Supports)
<p>3. Job Creation &amp; Private Sector Led Growth</p> <p>Source://PPP Center</p>	<p>3.6 Building infrastructure for Sustainable growth and economic diversification</p>	<p>3.6.2 Promote PPP mechanisms which facilitate the development of commercially viable infrastructure projects through greater public-private sector collaboration</p>	<p>3.6.2.1 Institutional Legal &amp; Regulatory Framework set up</p>	 <p>The diagram shows three interlocking gears. The top gear is labeled 'Enabling Support: Capacity Building, Institutional Set-up &amp; Legal Framework'. The bottom-left gear is labeled 'Project Development support: Project Screening, Business case, project Feasibility'. The bottom-right gear is labeled 'Transaction Support: Project Structuring, Procurement'. Arrows indicate a clockwise flow between the gears.</p>
		<p>3.6.2.2 Capacity Building in the PPP center and IGA Units</p>		
		<p>3.6.2.3 PPP Public Awareness</p>		
		<p>3.6.2.4 Project Monitoring and Evaluation</p>		
		<p>3.6.3 Develop a Project Bank of Public Investment Programs (PIPs)</p>	<p>3.6.3.1/3.6.2.5 Project Development Support. (Project Screening, Business case, Feasibility...etc).</p>	

# PPP Center and its structure



Source://PPP Center

# Project Bank and PPP Centre Interaction



Source://PPP Center

## Activities

Developing Unsolicited Proposal Guidelines

Finalizing priority projects for Business Case and commercial transactions

Launching the landing page of Project Bank Data Portal

Producing Feasibility Study template (PPP)

Finalizing Prioritization Framework

Upgrading project Screening tools and linking project bank process with budgetary process.

# Regulatory Environment for PPP

- Presidential Directive on Procurement No. 1/2017
- Guidance from MOC for construction contracts
- Myanmar Investment Law
- Notification 15/2017 of the Myanmar Investment Commission (10 April 2017) and the List of Restricted Investment Activities (Notification 15/2017)
- Environmental Impact Assessment Procedure ('EIA Procedure'), Notification No. 616 / 2015
- Public Debt Management Law of 2016
- State-owned Economic Enterprises Law of 1989 and Contract Act of 1972.
- Notification 35/2017 Ministry of Planning and Finance
- 2/2019 Notification for Land and Property Bank
- Arbitration Law (Union Law No. 5/2016)

# PPP Procuring Authorities

- Union Departments are the procuring bodies for national procurement processes.
- Region, or State Departments or Organizations are the procuring bodies for State or Region procurement processes.

Procuring Ministries and States/Regions are :

- Ministry of Electricity and Energy: [www.moee.gov.mm](http://www.moee.gov.mm)
- Ministry of Transportation and Communication: [www.motc.gov.mm](http://www.motc.gov.mm)
- Ministry of Agriculture , Livestock and Irrigation: [www.moali.gov.mm](http://www.moali.gov.mm)
- Ministry of Natural Resource and Environmental Conservation(Depts of Mine): [www.monrec.gov.mm](http://www.monrec.gov.mm)
- Ministry of National Planning and Economic Development: <https://www.mopf.gov.mm>
- Ministry of Construction: <http://www.moc.gov.mm>
- Ministry of Education : [www.moe-st.gov.mm](http://www.moe-st.gov.mm)

# Conclusion

- PPP activity is **starting to operationalize** in Government of Myanmar
- Due to the scatter population and geographical locations, it **may not be possible to take up many** of the projects on PPP mode
- However, we need to **explore the space** for PPP projects **but housing, road, bridge, communication, electricity , ports , cannels, mining and factories** could qualify for implementing projects with PPP mode
- The **introduction** of Project Bank Notification may **help establish PPP Center** and **kick-start** the process in this direction
- We should all **think of projects and services** where the concept of **PPP could be fit in** so that we may **lead to our country into infrastructure development by pulling** private resources and expertise

Thank You