

Japan-Myanmar Cooperation Program

The Government led by National League for Democracy (NLD), which started last March, put improvement of the quality of people's lives at the top priority of economic areas and focuses on important sectors such as agriculture, education, healthcare, and monetary and fiscal policy. Japan, as Myanmar's reliable development partner, intends to offer all-out public and private cooperation for the nation-building of Myanmar in line with the new government's policy. This Program is intended to share a clear image between the Governments of Japan and Myanmar on important subjects essential for future nation-building by setting the direction of cooperation and sorting out concrete projects for the effective implementation of cooperation projects.

With a population of more than 50 million and due to its geographical proximity to China, India and ASEAN countries, Myanmar has realized economic growth of 7 to 9 % per year through policies such as trade and investment liberalization. However, previous economic growth has been based on several sectors such as real estate, trade, distribution, retail and tourism. Myanmar is still predominantly dependent on exports of primary commodities and imports of industrial products and the trade deficit is on an increasing trend. In the years ahead, in addition to further trade and investment liberalization, concrete policies are needed for the improvement of the quality of people's lives through job creation and raising income levels by stimulating domestic industry.

The key point of Myanmar's development is "balanced development between urban and rural areas." About 70% of the people live in rural areas and half of them are landless peasants. However, Myanmar's natural environment has huge potential for the production of agriculture and fisheries. Therefore, to facilitate the improvement of incomes and living standards for farmers, it is important to improve the productivity of the agricultural and fishery industries in rural agricultural areas, and develop the necessary infrastructure for related industries, such as the food processing industry in the vicinity of rural agricultural areas. At the same time, to enable the accumulation of manufacturing industries, not only trade and investment

liberalization but also the development of industrial infrastructure and domestic systems are needed, by leveraging Myanmar's favorable geographical location and inexpensive but highly-skilled labor in urban areas. Furthermore, by encouraging foreign investment which lead to job creation and technology transfer and promoting win-win relationships with local companies including developing supporting industries and, it is possible to absorb redundant workers from rural agricultural areas and distribute the improvements in income and skills among a wide range of people. The manufacturing industries will lead the expansion of jobs and incomes, which in turn contributes to the development of rural agricultural areas through the expansion of domestic demand for agricultural and fishery products. This approach is based on the "Urban-Rural Development Synergy Strategy" as stated in the 5-year plan of the Myanmar government, and seeks to achieve benefits for the people, which is a point of emphasis for the NLD Government.

The Program is centered on the nine most important sectors and seeks to create a virtuous cycle between urban and rural development.

- 1 Agricultural and infrastructure development in rural areas
- 2 Enrichment of education widely received by the people, and job creation in line with industrial policies
- 3 Urban manufacturing accumulation and industrial development
- 4 Strengthening of transportation infrastructure to connect urban and rural areas
- 5 Energy cooperation to enable industrial development
- 6 Urban development / urban transport
- 7 Cooperation for the improvement of the financial sector (policy-based finance/private finance)
- 8 Telecommunications, broadcasting and postal services as tools to connect people
- 9 Improvement of the health sector, which is directly linked to people's lives

The Program is based on the abovementioned nine sectors and aims to realize the improvement of living standards both in urban and rural areas, improvement of income and employment, and healthy and cultural lives. As

many of the initiatives are strongly inter-related, it is expected that the Japanese and Myanmar Governments will address them in a cross-cutting manner and contribute to a more effective development.

With Japanese knowledge and experience, Japan will contribute to development in Myanmar that is balanced between urban and rural areas, in light of the current conditions in Myanmar, through the Japan-Myanmar Cooperation Program. In the process of implementation of the Program, Governments of Japan and Myanmar will closely coordinate to find out priority areas and sequences of projects.

[Agricultural and infrastructure development in rural areas]

Since it is difficult for the agriculture, forestry and fisheries to produce immediate results due to its high dependency on nature, it is important to prioritize policy measures for agricultural development, in particular medium- and long-term measures such as development of rural infrastructure, dissemination of farming techniques and production of fish seed and cultivation techniques, research and development. At the same time, measures such as agricultural finance, which contribute to increasing farmers' incomes, are expected to produce swift effects through immediate implementation. Rural infrastructure development including the development of farm roads is also an important issue for raising the quality of life and improving access to health services and education.

1 Expansion of agricultural finance

Japan supports the expansion of agricultural finance by the Myanmar Agricultural Development Bank (MADB) for providing long-term and low-interest loans for farmers. This support can help to expand the scope of recipients to include small farmers, extend the repayment period until after harvesting, and provide medium-term loans for purchasing agricultural machinery.

2 Guidance for agricultural technology linked to agricultural and rural infrastructure development

In order to improve agricultural productivity and to increase farmers' income, Japan supports the provision of guidance for agricultural technology such as seed extension under the weather and soil conditions of Myanmar, and in line with the cultivation techniques and post-harvest handling linked to

infrastructure development such as irrigation facilities and farm roads. In addition, Japan supports the control of animal diseases such as Foot-and-Mouth Disease. This cooperation can help farmers who use their livestock as important sources of labor and income to sustainably conduct livestock farming and to increase livestock production without diseases. Furthermore, to ensure that agricultural development is carried out in a unified manner, it is important not only to improve the productivity of agriculture, but also to raise quality of life, including education and health, through the development of rural infrastructure.

3 Upgrading research and development capacity

In order to conduct research activities in line with grassroots needs, and in collaboration with the agricultural extension organization, Japan supports the development of human resources in the agricultural sector.

4 Establishment of functional extension system

In order to improve the productivity and quality of agricultural products for small farmers, Japan supports the establishment of the functional extension system for effectively delivering the necessary farming techniques to a wide area of farmers. In line with extension system, Japan considers supporting the establishment of administrative system about pesticide management. In addition, Japan supports the efficient provision of extension services in collaboration with ongoing technical cooperation projects, and by utilizing the achievements of the said projects.

5 Encouraging private investment

Private investment is indispensable for added value production through, for example, cold chain development and contract farming. In order to activate such private investment, the Japan-Myanmar Cooperation Dialogue for the Development of Myanmar's Agriculture, Forestry, Fisheries and Foods under public and private partnership needs to be maintained.

[Enrichment of education widely received by the people, and job creation in line with industrial policies]

Improving the quality of education is important not only for building the character of students but also as part of the foundation of human resources for industrial development. In this light, Japan supports the improvement of basic education aiming for the completion of primary education and enhancement of education quality. Furthermore, focusing on industries

which have higher employment capacity, it is necessary to strengthen human resource development based on the needs of industries and matching for employment. From this point of view, it is important to improve the vocational training system, to foster industrial human resources, and protect the rights of laborers.

1 Improvement of basic education

To realize the completion of primary education and enhancement of education quality, Japan cooperates with the construction of school buildings, formulation curricula including arts and physical education (PE), and enhancement of teachers' quality.

2 Improvement of higher education leading to the strengthening of industrial human resource development

To boost job creation by fostering industries with higher employment capacity, it is necessary to foster and supply the human resources that such industries call for. Based on the "Industrial Human Resource Development Initiative," Japan offers assistance in line with the human resource development needs in Myanmar for developing human resources who have a) practical technical skills, b) research, design and product development skills (innovation capability), c) management and planning skills. Especially for higher industrial human resource development (i.e. = b) above), Japan supports institutions of higher education such as colleges of engineering, medicine, and agriculture; the creation of an engineering human resource development network; and the improvement of technical knowledge of faculty members in colleges through opportunities to study in Japan.

3 Improving the vocational training system

To foster skillful workers promptly, and secure human resources needed by the industrial sector, Japan provides assistance, based on on-going vocational training and skill evaluation to improve the vocational training system and develop the necessary infrastructure that will benefit both local and foreign companies. Furthermore, Japan also supports human resource development that will lead to employment opportunities and the promotion of matching between jobseekers and companies through a public-private partnership.

4 Capacity-building of government officials

Japan helps to share the knowledge and experience of the Japanese administrative organizations with government officials of Myanmar in

charge of its development policies, including industrial policies, so that they can make and implement policies with expertise taking into account local needs.

5 Protecting laborer's rights

To protect the rights of workers, Japan supports to realize the building of labor-management relations in line with international standards through the use of Japan's knowledge.

[Urban manufacturing accumulation and industrial development]

For the development of manufacturing industries that create employment in Myanmar, it is imperative to accumulate industries in urban areas through intensive development of industrial infrastructure and policies for investment promotion, etc., Myanmar can exhibit its competitiveness through the effective development of its investment environment, fostering complementary relationships with neighboring countries, and the strengthening of cooperation with foreign investments, even though manufacturing industries face competition from neighboring countries in terms of geographical location. Japan continues to support both hard and soft infrastructure development in Myanmar through the Thilawa SEZ, which is a symbol of the public-private partnership between Myanmar and Japan and the Myanmar-Japan Joint Initiative, etc.

1 Improving infrastructure and connectivity

Japan continues to support the development of industrial estates including the Thilawa SEZ; infrastructure related to electricity, water, ports, roads, and communication, etc.; and the investment environment, such as the one-stop services in the Thilawa SEZ, and the promotion of foreign investments. Japan also continues to support the modernization of the customs administration focusing on the ASEAN Community and establishing the proper environmental regulations and administrative systems in Myanmar.

2 Improving rules and institutions for predictable and efficient business environment

Japan will continue to support the clarification of standards and the application of laws related to the business and investment environment, accelerate procedures and simplify duplicating rules, etc., through the dispatch of experts and public-private dialogue under the Myanmar-Japan

Joint Initiative. Japan will also continue to support the development of the intellectual property system, as well as improve the institutional foundation of the business environment in the distribution sector to support distribution modernization in Myanmar. Furthermore, Japan will share its knowledge and experiences for the development of prospective industries through policy dialogues.

[Strengthening of transportation infrastructure to connect urban and rural areas]

It is essential to strengthen transportation infrastructure to reduce the transportation costs of passengers and cargos for the development of industry. At the same time, it is necessary to promote gradual and efficient development and management on the basis of clear priorities, taking into account the socio-economic ripple effects, as such infrastructure development requires a great deal of initial investment. From these points of view, inter-city networks, human resources development, and the utilization of the existing infrastructure are important.

1 Enhancement of inter-city networks

The connectivity between rural and urban areas should be improved through the systematic development of both hardware and software for land, water and air transportation networks, leading to smooth and secure economic growth. In addition, inter-city networks of metropolitan areas and core cities should be improved in order to achieve efficient domestic cargo transport.

2 Integrated projects for infrastructure development and human resource development

It is necessary to strengthen transportation infrastructure in conjunction with the development of human resources for infrastructure development including air navigation services, institution-building assistance, and technology transfer related to the effective operation and maintenance of infrastructure facilities.

3 Enhancement of connectivity with neighboring countries

Myanmar is adjacent to China and Thailand which have large production bases and markets, and is also a gateway to the Indian Ocean for the Mekong region. The connectivity with these countries should be strengthened through the development of Myanmar's section of the East-West Economic Corridor and Southern Economic Corridor to support

the foundation for capturing the growth and development of neighboring countries, especially in roadside areas.

4 Effective utilization and strengthening of existing infrastructure

The infrastructure system should continue to be utilized while incorporating safety improvements by upgrading the existing infrastructure such as the Yangon Mandalay highway, roads, railways and waterways. At the same time, the speed and punctuality of railways, roads and waterways should be improved for the greater convenience of passenger and cargo transportation.

5 Improvement of transport hub facilities

Transport hub facilities such as the custom and freight handling areas of airports, and ports should be improved for the efficiency of passenger and cargo transportation.

[Energy cooperation to enable industrial development]

Stable electricity supply is necessary for improving national standards of living and developing industry. It is necessary to develop power plants as well as transmission and distribution infrastructures realistically and steadily to address growing energy demand resulting from rapid economic growth. From this point of view, Japan will support Myanmar's efforts to determine the optimal energy mix for the mid- and long-term including the introduction of LNG as well as short-term measures such as the replacement of existing infrastructure.

1 Realization of the optimal energy mix in the mid- and long-term

Japan will hold energy policy dialogue with Myanmar, where both sides will discuss possible future cooperation, as well as support the capacity-building of energy policy-makers so that Myanmar can achieve a realistic and desirable energy mix.

2 Measures in the short-term

Japan will implement a feasibility study on the replacement of existing gas-fired power plants to more efficient ones for increasing the electricity generated. Japan will also consider and implement necessary cooperation in the transmission and distribution sector.

[Urban development / urban transport]

In response to Myanmar's further urbanization together with its growing economy, there is a need for policies that ensure safe and comfortable urban

lifestyles, and infrastructure development. Therefore, it is essential to support urban development in an ordered and harmonious manner, including disaster risk reduction, housing supply, and urban transport management based on long-term strategic urban planning.

1 Urban development

In order to maintain the vitality of Myanmar's social and economic focal points and because it is the center of sustainable economic growth, the Strategic Development Plan of the Greater Yangon Area will be reviewed. The revised plan will include future urban development policies with a view to redeveloping existing urban areas where infrastructure has deteriorated and the expansion of infrastructure in undeveloped areas. For urban disaster risk reduction, assistance for improving the safety of existing buildings will be steadily introduced. To harmonize development and preservation in city planning, the development of the legal system and capacity involved in urban planning and development will be emphasized.

At the same time, emphasis will be placed on policy development for housing supply and inclusive urban community formation, for corresponding to the increasing population.

2 Promotion of urban transport development

For the improvement of road safety and the mitigation of traffic congestion in Yangon city, the enforcement of comprehensive urban transport measures will be introduced, followed by a review of the urban traffic master plan. The cooperation program will offer quick impact actions, including transport-oriented development (TOD), railway service improvement, and water transport service advancement, so as to solve urban transport issues progressively. The program will be conducted in an effective manner based on the actual situation in Myanmar, making full use of Japanese knowledge and experience in urban infrastructure.

[Cooperation for the improvement of the financial sector (policy-based finance/private finance)]

The financial sector is a fundamental form of infrastructure indispensable for social and economic development. The role of the financial sector in the economy is the same as that of the blood circulating in our body. From this viewpoint, Japan will cooperate with Myanmar in order to further improve the financial sector through capacity building in both of the following

important areas: policy-based finance and private finance.

1 Policy-based finance

Japan will support the development of policy-based finance system in a step-by-step manner. Private financial institutions cannot adequately deal with policy areas where high public interest is expected but risks are relatively high. The tools of policy-based finance, such as loans and guarantees, can be utilized in those areas to accomplish policy purposes. In the policy-based finance system, the savings of Myanmar people, which have been rapidly increasing in the recent years, could be used as financial resources for the further development of the country.

The most important purpose of the development of the policy-based finance system, including the utilization of credit guarantee insurance, is to improve the livelihoods of poor people engaged in agriculture and micro-enterprises who lack sufficient collateral for raising the necessary funding.

As regards agricultural finance, Japan will extend cooperation to the capacity building of the MADB to improve the appraisal skills of staff.

2 Private finance

In light of the fact that foreign banks have obtained licenses to open their branches in Myanmar and the Yangon Stock Exchange (YSX) was recently opened, Japan will accelerate technical assistance for the further development of the private financial sector.

In particular, Japan will further enhance capacity-building for financial supervisory authorities, and promote the smooth operation and development of the stock exchange, and also consider establishing a medium-term support program to develop the private financial sector and the capital market.

[Telecommunications, broadcasting and postal services as tools to connect people]

The enhancement of the communication tools that people use, such as telecommunications, broadcasting and postal services, is critical for developing a healthy society and promoting industries. This also forms an essential foundation in modern democratic societies. Thus, Japan supports the development of basic infrastructure, policy formulation, and human resources development necessary therefor.

1 Development of basic infrastructure

Aiming to vitalize communication among people, to promote sharing of

information between urban areas and other regions, and to promote mutual understanding between both countries, Japan supports the development of the basic infrastructure (backbone communication network, broadcasting equipment, broadcasting programs, postal network) that supports telecommunications, broadcasting and postal services. In addition, Japan supports the building of a safe and secure information and communications society.

2 Support for policy formulation and implementation

Japan shares with Myanmar knowledge on Japanese policies regarding telecommunications and postal services, and helps Myanmar to realize the formulation and implementation of policies with expertise.

3 Human resources development

Japan supports the development of human resources who support the basic infrastructure and who work at broadcasting stations that support accurate, impartial and fair transmission of information to people.

[Improvement of the health sector, which is directly linked to people's lives]

It is essential to improve healthcare services not only in major cities, but also in states/regions, districts and townships for the people to live in good health and peace. For this reason, we continue to support efforts in three areas, which are 'health system strengthening', 'capacity building of health care professionals', and 'infectious disease control'.

1 Health system strengthening

Japan supports the capacity building of officials of the Ministry of Health, improvement of health facilities focusing on district and township levels and below, and enhancement of the referral system for the purpose of reinforcing the structure for providing basic healthcare services, including maternal and child health, and disease prevention.

2 Capacity building of healthcare professionals

Support for the capacity building of healthcare professionals who are expected to contribute to improving the quality of healthcare services, based on an analysis of their current state.

3 Infectious disease control

Support for establishing strategies and strengthening national programs related to infectious diseases with the aim of reducing morbidity rates, especially in three major infectious diseases, which are TB, HIV/AIDS and

Malaria.