



Myanmar: Strengthening Institutions for a Better Investment Climate

Project Name	Strengthening Institutions for a Better Investment Climate
Project Number	47268-001
Country	Myanmar
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 8651-MYA: Strengthening Institutions for a Better Investment Climate Japan Fund for Poverty Reduction US\$ 1.50 million
Strategic Agendas	Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	Industry and trade - Industry and trade sector development
Gender Equity and Mainstreaming	No gender elements
Description	<p>The Government has publicly announced its intentions to draft a new company law and establish an electronic registry in line with its objectives for creating an investment environment conducive to private sector development and inclusive economic growth. The electronic registry is aligned with the Government's intention to promote e-governance. The Interim CPS supports the Government's objectives for improving the investment climate. Reforms to the company registry and registration system are also a policy measure specified in the post-program partnership framework (P3F) of the PBL. The P3F sketches out the Government's reform agenda from 2012 to 2014. Thus, the proposed TA is designed to support the implementation of the P3F. Under a small-scale technical assistance (MYA TA-8114), ADB working with DICA staff carried out a diagnostics of the 1914 company law and the company registry. Also funded under the TA, in March 2013 a senior official from DICA visited the New Zealand Company Registry Office to assess operations of a first class company registry. The comprehensive and sequenced reform to the company law and registration system rather than a short term, piecemeal approach to reform with its associated higher risks of policy failure. At the same, participants to the World Economic Forum held in Nay Pyi Taw in June 2013 conveyed to the Government of Myanmar the urgency of reforming the company law for private sector development and for attracting quality foreign investors.</p>

Project Rationale and Linkage to Country/Regional Strategy

The Government considers company law reform a high priority. The Government has formally requested ADB technical assistance to support this effort. Through the proposed TA, the Government is also committed to bringing in best international practices for its company law and registry by looking at good examples in the Asia-Pacific region. An important element of the proposed TA will be to link DICA with other company registry offices in the Asia-Pacific region for knowledge sharing and longer term partnership and support.

The sequencing of this TA in support of this reform is important. The company law and its enactment would be completed before the development of the Registry. This is because the law will establish the type of Registry and the registration processes, which would drive the design and development of the Registry. Overall, it is expected to take up to eight months to draft the law and have it promulgated by the President of the Republic of the Union of Myanmar, which could be around October 2014. The expected steps in this process are: (i) four months to draft the company bill and have it translated, (ii) simultaneously to this four month period, DICA and the project team would provide public education and carry out stakeholder consultations, (iii) submission to the Office of the Attorney General (OAG) for review and revisions to the legal language. This could take up to two months and sometimes longer, (iv) submission to the National Assembly around July 2014, and (v) after enactment, promulgation of the law by the President. This could take anywhere between and 1 and 2 months. Thus, it is expected to have the company law promulgated around October 2014. Following this, necessary implementing decrees will be issued. These will be drafted with the bill. Priority implementing regulations would be issued by January 2015.

The procurement of the firm to develop the registry would occur around August 2014, after the law is submitted to the National Assembly. Activities would start once the law is promulgated. The Registry is expected to be operationalized for trial by June 2015 and fully operationalized by October 2015. DICA capacity building and IT servicing would continue until June 2017.

Impact Increased private investment

Project Outcome

Description of Outcome Strengthened legal and institutional framework for the investment sector

Progress Toward Outcome

Implementation Progress

Description of Project Outputs Company Law Modernized
Electronic Company Registry Established
Staff skills and knowledge enhanced

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design There are three assumptions. Two higher level assumptions necessary for increased foreign direct investment are: (i) the macro-economy stays stable and (ii) the transition to democracy stays on course and peace in sub-national conflict regions resolved and or maintained. A primary assumption is that the government will continue to support the reform agenda for a better and open investment environment.
There are two risks that are generic for all projects in Myanmar: (i) Government's administrative capacity to implement reforms and resources maybe stretched thereby limiting implementation of reforms including to the company law and (ii) vested interests within government and private sector may resist governance reforms embedded in a modern company law.

During Project Implementation The proposed EA will be the Directorate of Investment and Company Administration (DICA), which is an agency of the Ministry of National Planning and Economic Development (MPED). DICA is responsible for the implementation of the company law and company registry. The MPED will establish a taskforce for drafting the company law. The Taskforce will be chaired by DICA and will comprise representatives from MPED, the Office of Attorney General, and representation from the private sector.

Business Opportunities

Consulting Services	Under output 1, four international consultants and two national consultants will be engaged through individual consultant selection to draft the company law and support advocacy and public education of the law. These include: (i) team leader _ international corporate law expert to oversee the activity, lead drafting of the law and implementing regulations (4 months), (ii) an international corporate law advocacy expert to work with the team leader and DICA staff in drafting the implementing regulations and developing the law and support public education and advocacy on the draft law (4 months), (iii) an international legal draftsman (4 months) to provide legal language to the company law, (iv) an international company registry expert (6 months) to provide input to the draft law on provisions related to the registry, draft the specifications of the electronic registry, which would be part of the procurement document under output 2, and oversee the transition from the enactment of the company law and the mobilization of the firm under output 2 to establish the electronic registry. This consultant will also provide periodic reviews and evaluations of progress in implementation of the registry by the firm under output 2, (v) national legal expert (4 months) to support the team leader and the corporate law advocate draft the bill and implementing regulations into Myanmar legal language together with the DICA drafting team, and (vi) national communications expert (6 months) to implement communications strategy for public education and stakeholder consultations, manage media relations with DICA, and organize consultations.
Procurement	Under output 2, a firm will be engaged to design, develop, establish and implement the electronic Registry including the procurement of software and equipment. The terms of reference will also include DICA staff training on the new registration system for up to two years, and IT maintenance and servicing for up to two years after operationalization of the Registry. The firm will be selected competitively following ADB procurement guidelines. Under output 3, TA funds would be allocated for workshops and training and resource persons from partnered company registry offices, academia and other institutions would be invited to provide capacity building at DICA and knowledge sharing in this area.

Responsible Staff

Responsible ADB Officer	Nguyen, Duong T.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SERD
Executing Agencies	<i>Directorate of Investment and Company Administration Office Building No. 32 Nay Pyi Taw, Myanmar Ministry of National Planning and Economic Development Office of the Ministers Yangon Union of Myanmar</i>

Timetable

Concept Clearance	01 Oct 2013
Fact Finding	-
MRM	-
Approval	14 May 2014
Last Review Mission	-
Last PDS Update	29 May 2014

TA 8651-MYA

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 May 2014	29 May 2014	29 May 2014	30 Jun 2017	30 Jun 2018	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	1,500,000.00	0.00	0.00	0.00	0.00	1,500,000.00	14 May 2014	633,915.62

Request for Information

<http://www.adb.org/forms/request-information-form?subject=47268-001>

Date Generated

06 July 2017

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.