

**YANGON UNIVERSITY OF ECONOMICS
MASTER OF PUBLIC ADMINISTRATION PROGRAMME**

**A STUDY ON DECENTRALIZATION OF INVESTMENT
REGIME AND ITS EFFICIENCY OF SERVICES IN MYANMAR
(A Case Study on Yangon Regional Investment Committee)**

**MIN ZAW OO
EMPA – 30
(16th BATCH)**

DECEMBER, 2019

YANGON UNIVERSITY OF ECONOMICS

Master of Public Administration Programme

**STUDY ON THE DECENTRALIZATION OF INVESTMENT REGIME
AND ITS EFFICIENCY TO DELIVER SERVICES IN MYANMAR**

(Case study on Yangon Regional Investment Committee)

A thesis submitted in partial fulfillment of the requirements for the
Master of Public Administration (MPA) Degree

Supervised by:

**Professor Dr. Phyu PhyuEi
Professor and Head
Department of Applied Economics
Yangon University of Economics**

Presented by:

**Min Zaw Oo
Roll Number- 30
EMPA 16th Batch
2017 – 2019**

December, 2019

YANGON UNIVERSITY OF ECONOMICS

MASTER OF PUBLIC ADMINISTRATION PROGRAMME

This is to certify that this thesis paper entitled “**A STUDY ON DECENTRALIZATION OF INVESTMENT REGIME AND ITS EFFICIENCY OF SERVICES IN MYANMAR (A Case Study on Yangon Regional Investment Committee)**” submitted as a partial fulfilment of the requirement for the Degree of Master of Public Administration has been accepted by the Board of Examiners.

BOARD OF EXAMINERS

1. Professor Dr. Tin Win
Rector
Yangon University of Economics (Chief Examiner)
2. Professor Dr. Ni Lar Myint Htoo
Pro-Rector
Yangon University of Economics (Examiner)
3. Professor Dr. Phyu Phyu Ei
Program Director and Head of Department
Department of Applied Economics
Yangon University of Economics (Examiner)
4. Daw Khin Chaw Myint
Associate Professor (Retired)
Department of Applied Economics
Yangon University of Economics (Examiner)
5. Dr. Pwint Phyu Aung
Associate Professor
Department of Applied Economics
Yangon University of Economics (Examiner)

DECEMBER, 2019

ABSTRACT

Myanmar is going through a historic change towards a more democratic and responsive government. FDI demonstrate the positive effects of economic growth of the country, as related to job creation, technology transfer and bridging with international community. Myanmar Investment Law (2016) was enacted on 18th October 2016 and it has unique characteristics of decentralization of investment regime including the provision that reducing the development gap between the States and Regions by power delegation. Myanmar Investment Commission announced the notification no (11/2017) which is prescribing investment capital amount for investment activities for State and Regional Investment Committees to issue endorsement order and notification no (25/2017) which is the standard operating procedures for States and Regional Investment Committee. In accordance with that provision, this thesis explores the efficiency and effectiveness of the decentralization of investment in Myanmar, the quality of the program, awareness and satisfaction of people receiving services, the areas of changes in the decentralization process and how to communicate with the investment policy of the government. This thesis also analyzes on the decentralization process of some ASEAN countries such as Viet Nam, Indonesia and Thailand. Making a survey by setting up questionnaires to about 250 people involve in the process and received 151 respondents from that survey, it show that after the implementation of decentralization reform, decentralized proves experienced a significant increase in investment especially in Yangon Region. The analysis shows that the effect of decentralization reform was important and that increased investment was correlated with improve productivity. The result generally supports the view that decentralization reform increases the performance of government and generate positive externalities.

ACKNOWLEDGEMENTS

I would like to express the deepest appreciation to our Professor Dr. Tin Win (Rector), Professor Dr. Ni Lar Myint Htoo (Pro-Rector) of Yangon University of Economics for granting permission to attend courses under the Master of Public Administration Programme and for giving me the chance to write this thesis. I am also greatly indebted to Professor Dr. Kyaw Min Htun, Pro-Rector (Retired) of Yangon University of Economics for this greatest supports and encouragement for my study.

I want to express my sincere and deepest gratitude to my supervisor, as well as Professor Dr. Phyu Phyu Ei, Program Director and Head of Department of Applied Economics who deeply helped with sympathetic attitude at every point to complete my thesis in time. Furthermore, Assistant Professor Daw Khin Chaw Myint (Retired) who supported me at every bit and without her insightful guidelines, it was impossible to accomplish the end task. I really appreciated her valuable insights and encouragements throughout the years of the study.

Last but not the least, I would like to say ‘thanks’ to all of my friends from MPA programme, my colleagues and especially my family who give me continuous support and encouragement throughout my years of study and through out the research. This accomplishment would not have been possible without them.

TABLE OF CONTENTS		Pages
ABSTRACT		i
ACKNOWLEDGEMENTS		ii
TABLE OF CONTENTS		iii
LIST OF TABLES		iv
LIST OF FIGURES		v
LIST OF ABBREVIATIONS		vi
CHAPTER I	INTRODUCTION	1
	1.1 Rationale of the Study	3
	1.2 Objectives of the Study	3
	1.3 Method of Study	3
	1.4 Scope and Limitations of the Study	4
	1.5 Organization of the Study	4
CHAPTER II	LITERATURE REVIEW	6
	2.1 Concepts of Decentralization	6
	2.2 Impact of Decentralization on Economic Growth	10
	2.3 Investment Decentralization in ASEAN	10
	2.4 Review on Previous Studies	13
CHAPTER III	INVESTMENT DECENTRALIZATION SYSTEM IN MYANAMR	
	3.1 The Needs of Investment Decentralization in Myanmar	16
	3.2 Myanmar Economic Policies and Investment Law	21
	3.3 Number of Permitted Investment in Myanmar	28
	3.4 Myanmar Investment Commission and Yangon and Yangon Regional Investment Committee and FDI in Yangon Region	29
CHAPTER IV	ANALYSIS OF SURVEY FINDINGS	
	4.1 Survey Profile	33
	4.2 Survey Design	33
	4.3 Survey Results	34
CHAPTER V	CONCLUSION	55
	5.1 Findings and Discussions	55
	5.2 Recommendations	56
	5.3 Needs for Further Research	56
REFERENCES		

LIST OF TABLES

Table No.	Title	Page
3.1	Investments require a permit under Section 36 of MIL	24
3.2	Endorsement permitted by States and Regional Investment Committees	28
3.3	Endorsement Permitted by States and Regional Investment Committee (By Sector)	29
3.4	FDI in Yangon Region (2015-2016)	30
3.5	FDI in Yangon Region (2016-2017)	31
3.6	FDI in Yangon Region (2017-2018)	31
4.1	Occupation of the Respondents	34
4.2	Types of Investment of the Respondents	35
4.3	Types of Business	35
4.4	Types of Business Contract	36
4.5	Company Established Years	37
4.6	Location of the Head-office of the Company	38
4.7	Waiting Time for Acceptance Letter	39
4.8	Waiting Time for Endorsement	39
4.9	Investment decentralization improves the procedure in MIC	40
4.10	Figure Improvement of the Quality Service Delivery at MIC	41
4.11	Decentralization investment can create more employment opportunities	42
4.12	Investment decentralization on investment opportunities	43
4.13	Company Registration Process	43
4.14	Reliability on document requirement	44
4.15	Satisfaction level of finding company list at DICA's website	45
4.16	Satisfaction level of the verifying and approving investment proposal time	46

4.17	Satisfaction level of the investment application process	46
4.18	Satisfaction level of the Easy to track way to set up a business	47
4.19	Satisfaction level of the Easy to apply the MIC or the state and regional investment committee for an endorsement of the investment proposal	48
4.20	Satisfaction level of the investors can increase investment amount easily	48
4.21	Satisfaction level of the investors can expand their business	49
4.22	Satisfaction level of the easy to get either onshore or offshore loan	50
4.23	Satisfaction level of the providing guideline to investors in implementing the investments	51
4.24	Satisfaction level of the open data for investment information	52
4.25	Satisfaction level of the process of decentralization investment	53

LIST OF FIGURES

Figure 3.1	An overview of the application procedures for a permit at YRIC	28
------------	--	----

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
BOT	Build-Operate-Transfer
BT	Build-Transfer
COI	Certificate of Incorporation
CSO	Civil Society Organization
DICA	Directorate of Investment and Company Administration
EVFTA	EU-Vietnam Free-Trade Agreement
FCT	Foreign Contractor Tax
FDI	Foreign Direct Investment
FTAs	Free-Trade Agreements
GDP	Gross Domestic Product
JBIC	Japan Bank for International Cooperation
M&As	Merger and Acquisitions
MIC	Myanmar Investment Commission
MNCs	Multinational Corporations
MNEs	Multinational Enterprises
MOC	Ministry of Commerce
NICs	Newly Industrialized Countries
OECD	Organization for Economic Cooperation and Development
R&D	Research and Development
SEZ	Special Economic Zone
SOEs	State-Owned Enterprises
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
WIR	World Investment Report
WTO	World Trade Organization
YRIC	Yangon Region Investment Committee

CHAPTER I

INTRODUCTION

Myanmar is going through a historic change towards a more democratic and responsive government. The 2008 constitution created 14 sub-national governments with partially elected parliaments from a highly centralized system. A number of functions were transferred to newly minted level of government in addition to devolved political authority.

decentralization of investment in order to balance economic development in states and regions.

After decades of dictatorial central rule, these reforms have been celebrated as an important early step toward a more democratic, responsive and accountable system of governance in Myanmar (Nixon et al., 2013). Although excited international investors wait to tap Myanmar's large workforce and natural resources as it reopens its markets, the country is far behind its potential at the moment.

There is a growing understanding that local political economy factors are also integral to the success of decentralization reforms. Decentralization will bring significant benefits in line with the government's policy goals and the needs of Myanmar's people. Decentralization should be more closely aligned with the preferences and needs of local people, increasing responsiveness. Decentralization will enhance operational performance and improve the quality of public services by allowing greater accountability, transparency and reducing administrative bottlenecks. And as a means of achieving greater equity and participation, decentralization can support the legitimacy of the state and help address some kinds of internal conflict, though perhaps not all.

Nonetheless, in practice, decentralization is very dangerous and difficult. There is evidence that, overall, more fiscally decentralized countries experience higher income and other benefits, but there is little evidence that these benefits are systematically produced by the process of decentralization. This discrepancy between theory and practice is the result of lack of attention to contextual factors and inadequate decentralization policy design or implementation. Successful decentralization reforms include aligning the policy of decentralization with the political drivers of decentralization, the institutional starting points, and the current system's ability.

1.1 Rational of the Study

Over the past decades, decentralization reforms have been adopted by many countries around the world, particularly developing countries, to improve the quality of governance and service delivery. Decentralization means local government can choose between different measures and adapt services delivery to local circumstances or to the characteristics of

and service delivery. Over the past two decades, the system of government across East Asia has been dramatically changed. Before 1990, many countries in East Asia were highly centralized; today, decentralization is omnipresent throughout the region. Sub-national governments are now responsible for delivering critical services from China to Thailand and accounting for a large proportion of total public spending.

A large number of politically, economically and socially diverse developing countries that are started to decentralize development planning and management functions in the 1970s and early 1980s, owing to increasing discontent with the outcomes of highly centralized national planning and administration, and owing to the dramatic change in development policies during the 1970s. Decentralization effects have been mixed. Governments of third World country have faced a myriad of problems in successfully designing and implementing programs to decentralize development management, and even where the programs have been relatively successful, not all of the expected benefits have accrued to either central or local administrative units. Ultimately, decentralization is essentially a political decision, and it is a political process to enforce it.

Decentralization can play a major role in expanding participation in political, economic and social activities in developing countries. It helps to alleviate the bottlenecks in decision making where it works effectively, which are often caused by central government planning and controlling important economic and social activities. Decentralization can help simplify complicated bureaucratic procedures and increase awareness of local conditions and needs by government officials.

In addition, decentralization can help national government ministries reach larger numbers of local areas with services; enable greater political representation in decision-making for diverse political, ethnic, religious, and cultural groups; and relieve "routine" tasks of top managers in central ministries to focus on policy. In some countries, decentralization can establish a geographical focus at the local level for more efficient coordination of federal, state, provincial, district, and local services, and may provide better opportunities for local residents to engage in decision making. Through allowing local "experimentation", decentralization will lead to more creative, innovative and responsive programs. It can also improve political stability and national unity through empowering people to better control public programs at the local level.

After the first democratic government took office in 2011, Myanmar has welcomed FDI and has received many foreign direct investment projects. To provide best services to investors, Directorate of Investment and Company Administration, the main government institution to receive FDI moved back to Yangon which is the business capital as well as the main entrance for the investors. It was the only Government Agency capable of moving its headquarter back from Nay Pyi Taw to Yangon during the previous term of government. The position of State and Region and the need for local government approval and promotion of their regions is set with their own goals. Therefore, this research studies the efficiency and effectiveness of the process of investment decentralization for the people who have invested in Myanmar. This looks at the quality of programs, awareness and satisfaction of people receiving the services importantly, the areas of decentralized process changes and how to communicate with the government policy for investment.

This thesis examines the decentralization of investment in Myanmar, the wave of decentralization in Myanmar, Myanmar's economic policy and investment law and the effectiveness of the investment decentralization in Myanmar using the case study in Yangon Region. Furthermore, this thesis explores investment regime in order to improve the decentralized investment process in Myanmar on the basis of primary data collected through a questionnaire survey of 150 respondents as well as comprehensive literature review and how to engage with the government policy for investment policy.

1.2 Objectives of the Study

The objective of the study is to assess the performance and effectiveness after investment decentralization system in Myanmar.

1.3 Method of Study

The research is based not only on primary data from interview of investors and representative people from YRIC but also on secondary data gathering resources: data issued by government and reports. Structured quantitative and qualitative research will use in this paper. The paper will make use of formal quantitative and qualitative analysis and system of questioning the beneficiaries of investment decentralization (face to face/ by phone/ e-mail/googleform). The questions are based on the effectiveness of the investment decentralization system, satisfaction on the investment decentralization system and

1.4 Scope and Limitations of the Study

In October 2016, the government enacted the new Myanmar Investment Law. The nature of decentralization for investment is also included. In accordance with the law, the states and regional investment committees were founded. On 3rd March 2017, Myanmar Investment Commission announced notification on prescribing investment capital amount for investment activities for States and Regions Investment Committees to issue endorsement order. The committee has the authority to issue the endorsements with the amount of less than 5 million USD and do the monitoring and control those investments in respective region in Myanmar. As the investment decentralize system was extensively started in Myanmar in 2017, the study chose the period from April, 2017 to December, 2018. This study conducts with the people who invested in Yangon Region, Myanmar. The study period is from March 2019 to August 20 and a survey was conducted with the targeted beneficiaries such as investors, members of Yangon Region Investment Committee.

1.5 The main limitation in this study is that this research is only based on the investment decentralization in Myanmar investment Commission. This research is focused only on the decentralization mechanism and process and satisfaction level of investors during decentralization investment in Myanmar investment Commission. In this study, the actual cost of investment proposal is skipped, so we don't know how much they really need to spend on the application. Thus, this review may include if we carry out further study in the other states and regions. In addition, there are some rejections to fill out the questionnaires while this study is being performed because they think this research can have a negative impact on their business. **Organization of Study**

This thesis develops with five chapters. Chapter I is Introduction which involves the rationale of the study, objectives of the study, scope and limitation of the thesis, method of study and organization of the study. Chapter II is Literature review which involves concepts of decentralization, impact of decentralization on economic growth, investment decentralization in ASEAN as well as review on previous studies. Chapter III is investment decentralized systems in Myanmar which involves the needs of investment decentralization as well as a wave of decentralization in Myanmar, Myanmar Economic policy and Investment law, number of the permitted investment, Myanmar Investment Commission and Yangon Investment Committee and Foreign Direct Investment in Yangon Region. Chapter IV is Survey Profile, Survey Design and Survey Results. Chapter V is the conclusion which

involves findings, recommendations and conclusion. It also states the references and appendices which are related to the research after the chapters.

Chapter II

LITERATURE REVIEW

This section includes four sections which are concepts of decentralization, impact of decentralization on economic growth, investment decentralization in ASEAN and review on previous studies.

2.1 Concepts of Decentralization

The potential gains of decentralization derive mainly from the close contact of government institutions with local residents. Decentralization may result in (i) more flexible administration since the government can tailor its goods and services to the needs of the various political, ethnic, religious, and tribal groups it serves; (ii) more effective administration, as local leaders can more appropriately locate services and facilities within communities and integrate isolated areas into regional economies; and (iii) political stability and national unity, as civil society organizations are given a stake in maintaining the political system. Second, decentralization may create opportunities for a more accountable government. Third, decentralization may be a first step to more transparency in government. Finally, decentralizing fiscal powers to local leaders can ease the financial strain on the central government since subnational governments can more readily mobilize funds by collecting fees and charges for the services they provide. (Salvatore Schiavo-campo and Pachampet Sundaram , January 2000)

2.1.1 Definition of Decentralization

Decentralization is the process of distributing or delegating an organization's operations or especially those relating to planning and decision making, from a central, authoritative location or group. Decentralization refers to the top management authority of a corporation delegating to sub-units of the company. Sub-units include branches, divisions, subsidiaries, centers of benefit, centers of investment, and so on.

The term "decentralization" includes a variety of principles that need to be studied carefully in any particular country before determining whether plans or initiatives will promote the reorganization of economic, operational, financial, administrative, and service delivery systems. The world bank report said that "Decentralization—the transfer of authority public service obligations from the central government to subordinate or quasi-independent government

agencies and/or the private sector—is a dynamic, multifaceted concept. It is necessary to distinguish different types of decentralization because they have different characteristics, political implications and conditions for success.”

2.1.2 Types of Decentralization

According to Decentralization of World Bank Group, “there are four types of decentralization which are political, administrative, fiscal and market decentralization. Drawing distinctions between these various concepts is useful for highlighting the many dimensions to successful decentralization and the need for coordination among them. Nevertheless, there is clearly overlap in defining any of these terms and the precise definitions are not as important as the need for a comprehensive approach. Political, administrative, fiscal and market decentralization can also appear in different forms and combinations across countries, within countries and even within sectors.

1. Political Decentralization

Political decentralization aims to give more power to public decision-making to citizens or their elected representatives. It is often identified with pluralistic democracy and representative government, but allowing people more power in formulating and implementing policies, it can also promote democratization by giving voters, or their representatives. Advocates of political decentralization believe that decisions taken with greater involvement will be better informed and more important to diverse public priorities than those taken only by national political authorities. The definition suggests that nominating representatives from local electoral jurisdictions allows citizens to better know their political representatives and enables elected officials to better know their constituents’ needs and desires. Political decentralization often requires constitutional or statutory reforms, the development of pluralistic political parties, the strengthening of legislatures, the establishment of local political units, and the promotion of effective groups of public interest.

2. Administrative Decentralization

Administrative decentralization seeks to redistribute power, accountability and financial resources between different levels of government to provide public services. It is the transfer of responsibility from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities for the planning, financing and management of **certain** public functions.

The three major forms of administrative decentralization – deconcentration, delegation, and devolution- each has different characteristics.

Deconcentration: Deconcentration which is often considered to be the weakest form of decentralization and is most commonly used in unitary states- redistributes decision making authority and financial and management responsibilities across various **central** government levels. It can simply shift responsibilities from the capital's central government officials to those working in regions, provinces or districts, under the supervision of central government ministries or it can create strong field administration or local administrative capacity.

Delegation: Delegation is a more extensive form of decentralization. Through delegation central government transfers responsibility for decision-making and public service administration to semi-autonomous organizations that are not directly governed but ultimately accountable to the central government. Governments delegate responsibilities when creating public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units. Such organizations have a great deal of discretion when making decision. These may be excluded from limitations on normal civil service personnel and may be able to charge customers directly for services.

Devolution: Devolution is a different kind of organizational decentralization. When governments devolve functions, they transfer authority to quasi-autonomous units of local government with corporate status for decision-making, finance, and management. Devolution generally transfers responsibilities for services to communities that elect their own mayors and

councils, increase their own revenues and taxes, and have autonomous decision-making authority. In a devolved system, local governments have defined and constitutionally recognized geographical boundaries in a devolved framework over which they exercise authority and conduct public functions. Much political decentralization is underpinned by this form of bureaucratic decentralization.

3. Fiscal Decentralization

The core component of decentralization is financial responsibility. If local governments and private organizations are to conduct autonomous functions effectively, they need an adequate level of revenues –whether collected locally or transferred from the central government– as well as the authority to make spending decisions. Fiscal decentralization can take many forms, including a) self-financing or cost recovery through user charges b) co-financing or co-production arrangements through which the users participate in providing services and infrastructure through monetary or labor contributions c) expansion of local revenues through property or sales taxes, or indirect charges; d) intergovernmental transfers that shift general revenues from taxes collected by the central government to local governments for general or specific uses; and e) authorization of municipal borrowing and the mobilization of either national or local government resources through loan guarantees. Local governments or administrative units in many developing countries have the legal authority to impose taxes, but the tax base is so weak and the reliance on central government subsidies is so ingrained that no attempt to exercise that authority.

4. Economic or Market Decentralization

Privatization and deregulation are the most thorough ways of decentralization from the viewpoint of a state because they shift responsibility for services from the public to the private sector. Generally, but not always, Privatization and reform are followed by economic liberalization and strategies for business growth. These allow businesses, community groups, cooperatives, private voluntary associations, and other non-governmental organizations to carry out functions that were primarily or exclusively the responsibility of government

Privatization: Privatization can range from leaving the provision of goods and services entirely to the free market operation to "public-private partnerships" in which government and the private sector work together to provide services or infrastructure. Privatization may include: 1) allowing private enterprises to perform government-monopolized functions; 2) there is indeed a wide range of possible ways of organizing functions and many examples of within public sector and public-private institutional forms, particularly in infrastructure; to contract the provision or management of public services or facilities to commercial enterprises; 3) funding projects of the public sector through the capital market (with adequate regulation or interventions to prevent situations in which the central government carries the risk of borrowing) and enabling the participation of private organizations ; and 4) transferring responsibility for the provision of the public services to the private sector through the divestment of state-owned enterprises.

Deregulation: Deregulation reduces the legal constraints on private involvement in service provision and allows private provider to compete for products provided by the government or controlled monopolies in the past. Privatization and deregulation have become more attractive options to developing countries' governments in recent years. Through contracting out service provision or administration, local governments are also privatizing."

2.2 Impact of Decentralization on Economic Growth

Decentralization can impact on the country population, employment and real income growth. Decentralization helps promote economic growth. According to the previous studies, there is relationship between decentralization and economic growth. Among the decentralization, fiscal decentralization can affect the rate of income positively. Therefore, it can impact the country economic growth. Fiscal decentralization may harden the budget constraints of local enterprises and consequently increase their efficiency which may lead to a higher and more sustainable economic growth (Liu and Lin, 2000). With economic growth, dynamic gains in the economy occur as a result. In their study, Liu and Lin challenge the importance of information advantage in favor of the federal governments whereby they state, "First, the alleged information advantage of local governments may in fact not be significant" (Liu and Lin, 2000).

Decentralization can reduce public sector efficiency, particularly when administrative capacity at the local level is constrained as a result of too few staff, inexperienced personnel

and/or inadequate financial resources. Local economic development is reliant on efficient, reliable service provision, such as of roads, electricity and water. In addition to lack of administrative capacity, lack of clarity around roles and responsibilities and inappropriate focus and investments often constrain the delivery of services that are necessary for local economic development. While an important rationale for decentralization is that it reduces corruption by bringing government closer to the people, hence strengthening accountability, decentralization also carries a danger of local elite capture. These can erode business development when decisions are made to benefit certain individuals rather than to promote general economic growth.

2.3 Investment Decentralization in ASEAN (Vietnam, Indonesia, Thailand)

Investment Decentralization in Thailand

The Kingdom of Thailand is a unitary country with a strong tradition of centralization. Thailand's sub-national administrative structure is organized into a dual system of deconcentrated local administration and local autonomous self-government (decentralized). The 2007 Constitution supported by the 1999 legislation, states for the key principles of decentralization and ensures autonomy for local governments particularly in terms of policy formulation, administration, finance and human resources management. In April 2016, following the 2014 coup, a draft for a new Constitution was completed and will be implemented in the following months.

The 2007 constitution states that duties and tax assets should be strictly delineated among central and local governments and among local authorities, without setting the details of this division. The 1999 Decentralization Policy and Procedure Act also tackle the division of responsibilities. According to this text, first level governments and Pattaya are responsible for a number functions including urban planning; transportation ; social welfare service and protection of the vulnerable; maintenance of public infrastructures (markets, transportation means, ports) and public spaces ; education ; environment protection and natural resources management; public security. Bangkok City has the same responsibilities as the Provinces and is responsible for implementing local development plan and coordination between local authorities in its area; liquid and solid waste management; inter-municipal transportation means and infrastructures; trade and tourism; local culture, arts and traditions protection and promotion.

Decentralization is to increase the share of local governments in national revenue. Local governments across the country have been receiving increased fiscal resources compared to the pre-decentralization period since 2001. However, local governments in Thailand still have limited capacity to manage and implement major development projects. The reason behind this is that the capacity to collect the local taxes is small, while the law does not allow the local government to collect other essential types of taxes.

Investment Decentralization in Indonesia

Indonesia replaced the previous central government, development planning with a wide range of decentralization programs at a stroke in 2000. The reforms gave greater authority, political power, and financial resources directly to regencies and municipalities, bypassing the provinces. The powers transferred include the execution of a wide range of responsibilities in the areas of health, primary and middle-level education, public works, environment, communication, transportation, agriculture, manufacturing, and other economic sectors. At the same time, the government has replaced the antiquated cash-based, single-entry system of public finance with a modern double-entry accounting system that uses a single treasury account; is performance based; and has open transparent management of the public treasury, strict expenditure and financial monitoring with performance indicators, computerized reporting, and a regularly scheduled auditing system.

In Indonesia, the policy of decentralization program has not caused major political or economic problems. However, for two reasons, the decentralization program was ill prepared and not carried out in a logical order. First, the capacity of subnational governments has not increased to produce public and private goods, increase productivity and employment, and promote economic growth in their jurisdictions. Local government has never built up the capacity to carry out economic planning and undertake initiatives to promote local economic growth because of the long tradition of centralization. Prior to the reform, the local governments had mainly functioned as implementing agencies of national policies and programs. Second, as required by the new laws of public treasury and auditing, the number of good financial managers was also limited and needed to be trained. The rising revenues of local governments do not follow their growing government functions to foster economic development that may cause fiscal

imbalances. The investment policies in Indonesia were aimed at gradually achieving sustainable development.

Furthermore, the intergovernmental partnerships that have changed as a result of the decentralization process have become essential to the success of investment policies for the society. During the centralized period, the performance of inward FDI was good, but citizen engagement and participation in the policy process were weak. In the first wave of decentralization, local governments gained significant powers from the central government to guide FDI. However, the large transfer of power to local governments without clear mechanisms of intergovernmental relations and accountability resulted in deterioration of the investment climate and less effective policies. Finally, during the second wave of decentralization, the central government took responsibility in the FDI management process but still provides more room for local governments to participate in the development process. Hence, cooperation between national and local government is more enhanced during this period to guide FDI.

Investment Decentralization in Vietnam

Since 1975, Viet Nam has gradually decentralized local authorities with more fiscal responsibilities. In 1996, the first State Budget Law was enacted, and fiscal decentralization was formally mandated. In 2004, giving more autonomy to local governments, particularly at the provincial level in order to promote sustainable development based on local preferences and economic stability, equity across provinces, efficient services delivery, and increased transparency and accountability in public finances.

Viet Nam continued to be a centralized fiscal and economic system from 1975 to 1989. Local governments operated as an agency for the central government, and some limited control was also allocated to own-source revenue including fees, charges, asset depreciation, and shared revenue including revenue from the profit of state-owned enterprises (SOEs), and taxes on agricultural and industrial activities.

Decentralization occupies a significant place in debates over public-sector reform in Vietnam. Fiscal decentralization involves enabling lower levels of government to raise and/or spend a growing share of the state budget. Vietnam already has a significant degree of fiscal decentralization at the provincial level, in the sense that the share of the economy controlled by the central government is not unusually high. Over several years of transition, the share of the

budget allocated to all local levels (primarily provinces) has remained fairly constant at around 40% of the overall government expenditure, and well over 55% of expenditure in the social sectors (World Bank 2000:22.).

After decentralization, the Vietnamese Government also lacks the fiscal space to write down these non-performing loans or bail out SOEs. Viet Nam has essentially exceeded its self-imposed 65 per cent debt-to-GDP ceiling for 2016–18 with its budget deficit reaching 6 per cent of GDP for each of the past five years. . Nonetheless, this fiscal restraint appears to have led to some progress on SOE reform, with sales of strategic stakes and even initial public offerings for major SOEs announced in 2017. Many sources of revenue remain flat despite strong economic growth, with total tax receipts under 20 per cent of GDP and a mere 35 per cent of total tax on income and benefit.

2.4 Reviews on Previous Studies

Liwanag H.J, in the study “Analyzing the effectiveness of decentralization in improving the health sector with a focus on the Philippines” (2019) says that decentralization truly becomes effective in improving the health sector, the grant of decision-making authority to lower levels must be accompanied by, among other conditions, capacity building and strengthening accountability, while at the same time ensuring that the preferences of local health managers who deliver services on the ground are heard and considered. For the Philippines and others with decentralized health systems, improving the health sector will not be achieved by merely changing the governance structure of the health system without considering the various contextual factors that affect successful implementation.

Another research made by Ronald L. Holzacker who is a senior lecture in Comparative Political Science and International Relations at the University of Groningen, Rafael Wittek, a professor of theoretical sociology at the University of Groningen and Johan Woltjer, a professor of Urban Infrastructure at the University of West minster and Head of the Department of Planning and Transportation, on “Decentralization and Governance in Indonesia”(2015) provides an empirical analysis of the investment policy changes under different types of governance systems and the change of relationships between local and central government over time in Indonesia. This research also shows that the decentralization may cause coordination failure,

over-taxation and fragmentation policy, learner intergovernmental relation mechanisms can assist in solving these problems. Therefore this study contributes to the application of the multi-level governance literature to Indonesia.

Green, Keith, also studied the “Decentralization and Good Governance: The Case of Indonesia” (2005) and it explains that Indonesia began a process of rapid government decentralization in 1999 from a formerly strong centralized government structure. In the study, it reviews the history of decentralization in Indonesia and assess how Indonesia has fared in pursuing a decentralization policy since 1999. It illustrates how Indonesia meets several criteria of successful decentralization and how it is fails the criteria in principle in other areas. Finally, it indicates the likely future challenges faced by Indonesia as it implements decentralization and provide some recommendations to improve the ongoing decentralization process.

Moreover, Poodee, Huttaya submitted the master thesis, “Decentralization and Local Economic Development: Case of Northeast, Thailand”(2015) to the Graduate School of Public Policy, University of Tokyo. In this thesis, the decentralization could bring the development and it suggests some prerequisite conditions that decentralization process and local governments need to acquire - 1) Local governments need to be democratically directly elected, 2) Local government need to have autonomy and discretion to implement their own policy at least one policy (Triesman, 2007) and 3) Local public has tools to check and examine the local government.

Thuy, Thanh did a study on “Decentralization and Sub-National Governance” (2011). The study analyzes the impact of various forms of decentralization on the quality of sub-national governments across provinces in Vietnam. It found that decentralization has generally improved local government efficiency, but some governance indicators are more sensitive than the others for specific measures of the degree of decentralization, both in de jure and de facto terms. For Vietnam case, there is a complementary effect of both legal and de facto decentralization on certain indicators of governance performance such as infrastructure, labor policy, public service delivery efficiency, the provincial competitiveness index, transparency, and economic liberalization.

CHAPTER III

INVESTMENT DECENTRALIZED SYSTEM IN MYANMAR

3.1 The Needs of Investment Decentralization in Myanmar

With the new investment law sailing through parliamentary houses, formal approval appears imminent, as all that is required to see it passed is a signature from the President's Office. For both foreign and local businesses, the new law means how the MIC plans to direct investment towards specific sectors and parts of the country. The new law has two categories. First is the business authorized by MIC and the other is the business approved by MIC. All investment needs to be approved by the MIC under the 2012 foreign investment law. Anyone who wants to do business had to submit a proposal to Myanmar Investment Commission in Myanmar, regardless of the size of the business either big or small. And because of the procedures, that would take a long time. We would also need to consult with the different government agencies and that has taken a long time as well. Therefore, it may take about three months to obtain a permit from the Myanmar Investment Commission. It was very difficult for investors to make sure that they had to consult with law firms in preparation of their proposal. They also need the consent of ministries to consult and discuss with the ministries.

The procedures will be much easier after the propagation and the enactment of the rules of the new investment law, for not only foreign investors but also for local investors. Only a few proposals will be screened and permitted by the Myanmar Investment Commission. State and Regional Investment Committee will approve some of the business. The Myanmar Investment Commission is going to approve some big business. The idea is to provide businesses with easier access.

We have two investment laws before. One is for Myanmar citizens and one is for foreign investors. Foreigners claimed that Myanmar Citizens Investment Law favored local businesses as well as the local business community believed that the Myanmar Investment Commission was in favor of foreigners. Both of them thought that there was no fair competition between local and foreign businesses. Therefore, having one law makes it easier for us, and also for foreigners and the local business community. There were many concerns from the local business community at the time of the propagation of the 2012 foreign investment law, because they thought that an influx of FDI meant the collapse of their businesses. Through setting up some rules and also

releasing notifications, government tried to make it better for both of them. But this law is a single law, not only for foreigners but also for local businesses, this legislation is a single law. When people look at the new investment law, there have some reservations for local SMEs and local businesses. Consequently, the law makes it very secure for local investors as well.

According to the new investment law foreigners can lease the land for initially 50 years either from the government or from the private owner, and it can be extended twice. It is the same situation that existed in the previous law, but the Myanmar business community has some reservations. The MIC can consider better lease privileges for Myanmar businesses. Hence, this is one of the privileges for local businesses. One part of the investment law has some special treatment or special privileges for local SMEs, so the government can provide better support to local SMEs in their development, in terms of training, technical support and market access. So, they are some of the reservations for the local business community.

One of the provisions in the new law the government or the MIC will not allow any investment in Myanmar to enjoy corporate income tax holidays, particularly the incentives. Only promoted sectors will be allowed to enjoy corporate income tax holidays and it depends on the location of their businesses – from three years to seven years. The government set up the promoted sectors in accordance with the law. In production, particularly labour intensive manufacturing in general will be in the list of promoted sectors. Private investment will be in the list of promoted sectors for the infrastructure development. Agriculture and food processing will also be included. Approximately 70 percent of Myanmar's population is engaged in agriculture either directly or indirectly, so we need to encourage foreign investment in agriculture. MIC will promote investment across the country in industrial areas.

Government will consider incentives based on the development of different states and regions. There will be various incentives for corporate income tax, but it will be up to parliamentary discussions. However, it will not be effective if people focus only on the states and regions. There are different levels of development in any given region or state, from one township to another. Therefore, people should not consider solely the states and regions as a whole, but we need to consider development of areas within the states and regions. Hence, when the new law is enacted, it is not based on the states and regions – it is entirely based on the area of investment.

Government needs to reduce a lot of bureaucracy and simplify procedures, which we are not familiar with. State and regional governments are very new, so they have little experience and exposure when it comes to making decision or screening investment. MIC needs to educate state and regional governments and educate local business community on how they can make use of the investment law. And also, MIC needs to draft the rules to ensure that the law is progressing well, we need to consult with state and regional governments for many areas and we have to consult with the ministries to set up the sectors being promoted. For MIC, that can be a bit complicated. It is really good for us to do all this for the business community, though. There will be less red tape, market access in Myanmar will be simpler and economic development will be supported. Once an investor applies to the MIC or to the States and Regions Investment Committee will try to reduce the communication with the ministries.

There are a few areas of limitations under the new law. Number one is that some businesses will be totally reserved for the state. So no foreign or local investors will be allowed to do business in the place of these state-run businesses. Number two is that we are going to ask foreign investors to establish joint ventures with local partners. And number three is we will ask the investor to seek approval from a ministry, whether foreigners or local businesses, such businesses will not be permitted without the ministry's approval.

One of the big problems for international or local investors in their sector nowadays is that it takes a long time to consult and get green lights from the ministries. Some ministries are pretty fast and some ministries are pretty slow. So a foreign investor takes too long, therefore MIC is trying to minimize contact reduce the communication with the ministries as much as possible.

MIC will make that announcement subsequent to the release of rules for foreign investment for the investment law. MIC will therefore clearly identify which business needs a joint venture with a local partner, which business will not be allowed to foreign investors. But apart from the businesses in this list, all businesses will be allowed to make 100 percent foreign investment. MIC will try to restrict foreign investors as little as possible. Before the list is determined, MIC needs to consult with the ministries, local business community and government agencies.

A Wave of Decentralization in Myanmar

Myanmar has been a highly centralized government, subnational conflicts, and ongoing disputes over the constitution. As mandated by the 2008 constitution, decentralization and state-local relations emerge as a critical issue for both the country's stability and long-term development.

Under the 2008 constitution, 14 state and regional governments were created, equivalent in terms of structures and mandates. States refer to areas with large ethnic minority communities and situated along Myanmar's borders, while regions encompass most Barman areas. Myanmar has a total of seven states and seven regions in the country, and they form the basic building blocks of Myanmar's subnational governance. State and region governments consist of a partially elected unicameral parliament known as a hluttaw, an executive headed by a chief minister and cabinet of state/region ministers, and state/region judicial institutions. The hluttaw is composed of elected members as well as designated military representatives, equivalent to one quarter of the total. The president selects the chief minister from among elected and unelected hluttaw members, and is approved by the hluttaw.

There are functioning subnational governments that have direct legislative responsibilities for the first time in the country's history. Decentralization has been a priority reform area for the government of President U Thein Sein, which intends to use it to stimulate economic development, enhance service delivery, and enable political reforms to support emerging peace processes with ethnic armed groups. The government's guiding mechanism for economic and social reform emphasizes the implementation of decentralization laws and regulations, highlights the possibility of extending state/region responsibilities and obligations, and highlights the need for a more "comprehensive" decentralization strategy. In hopes of energizing the reform process, in August the president launched five major government reform measures to promote decentralization, including increasing the impale of state/region over human resources and further de-concentrating central ministries. A hierarchical appointment process restricts new governments.

The ongoing efforts of Myanmar to implement decentralization are profoundly important to the future peace and stability of the country. Many challenges remain, but the creation of new state and region governments has allowed a national discussion to emerge on what the shape of the country should be after decades of centralized authoritarianism. Increasingly, civil society

organizations and the media openly discuss issues of subnational governance, including conversations about the nature of federalism, a subject that has long been considered too controversial for debate. Further reforms of decentralization are needed in order to align the new political structures with appropriate bureaucratic and fiscal arrangements which should be linked to the broader process of reform of democratization, peace, stability and democracy.

The nation started a series of decentralization reforms under the 2008 Constitution and following the 2010 elections marking Myanmar's historic transition from military rule. Sub-national governance is now focused on fourteen state and region governments, with more opportunities and incentives at the local level for public inputs. Yet Myanmar, however, remains a highly centralized state: the military is constitutionally mandated to hold 25 per cent of national and sub-national parliamentary seats. Furthermore, governments of the state and region do not have their own civil service and must rely on national ministries. While even the military now admits that the country lies in some form of federalism, given the history of ethnic armed conflicts what that means will be highly contested. Meanwhile, state and region governments are becoming more involved in developing their own policies, changes that the new government, led by the National League for Democracy.

The 2008 Constitution introduced a new decentralized system through creating new institutions at the Union and State/ Region level. The constitution stipulates a federal structure with 14 states and regions with separate budgets and funds. At the union level, the branches of the executive, legislative, and judicial were established for check and balance in accordance with article 12 of the constitution, and states/regions were empowered by article 12 with their own parliaments (World Bank, 2013a). The Financial Commission created by article 230 has the highest political authority and the Union Parliament has the authority to regulate the Union budget. The new institutional structures impact financial arrangements and management significantly.

To favor of the decentralized system, Policy initiatives were also implemented by the President once. In December 2012 speech by President U Thein Sein, he outlined the reforms to improve the management and administrative performance of the government agencies to reflect the people-centered development. In addition, to implement incorporate the bottom-up approach, new organisational reforms have been made. Presidential speech in August 2013 spoke of future

decentralization arrangements by delivering public service and empowering governments of state/region.

Fiscal decentralization explains how to provide subnational spending obligations and related financial resources. Some discretion over resources may be deconcentrated to lower levels of central ministries or more complete control transferred to local government with a planning and budgeting system, local revenue, central-local transfers, and borrowing.

“Fiscal Decentralization in terms of four basic building blocks or “pillars” can be considered (UNDP 2005). First, it is the allocation of the obligations of the expenditure at different levels of government. Second, it is the assignment of tax and revenue sources to different levels of government. Third, intergovernmental transfers-central governments can provide additional resources to regional and local governments through an intergovernmental transfers or grants. Fourthly, the issue of subnational borrowing and whether local governments are allowed to borrow to finance shortfalls in revenue” (Zaw Oo et al., 2015).

3.2 Myanmar Economic Policies and Investment Law

3.2.1 Myanmar's Economic Policy

On July 29, 2016, the government unveiled its long-awaited economic policy highlighting the importance of creating “in all sectors” a market-oriented system and establishes an economic framework in support of national reconciliation. Stakeholders are frustrated in search of a detailed timeline or organized strategy. Some felt that the three-page document was too vague to be useful, while others were more forgiving, noting that the government has been in power for only four months, and has not had time to write detailed policy papers. The strategy puts the top priority on national reconciliation, focused on “only balancing the mobilization and allocation of productive resources across states and regions”.

The government will ensure that natural resource production is transparent and sustainable and will expand the transparency program for Extractive Industries to include the mining industry as well as weigh the costs and benefits of economic policies for their impact across the entire country.

The Union Government released the following 12 points Economic Policy on 29 July 2016 according to the analysis of Myanmar economic growth potential:

1. to increase financial resources by using a transparent, good and strong public financial management system;
2. to make state-owned businesses more successful, to privatize some possible state-owned businesses and to support small and medium enterprises which support job opportunities and economic growth;
3. to nurture human resources that can create a modern developed economy and to develop academic and professional subjects;
4. to develop infrastructure such as electricity, roads and ports, and to set up “Data ID Card System”, “Digital Government Strategy” and “e-Government System”;
5. to create job opportunities for all Myanmar citizens who live in Myanmar and who arrived back from foreign countries to Myanmar and to give high priority in the short term to the businesses that can create many job opportunities;
6. to support the harmonious development of agriculture, livestock and industrial sectors and implementation of a well-balancing economic structure between agriculture and industrial sectors to enhance inclusive development, food security and exports;
7. to improve private sector in accordance with market oriented economy, the government will separately draft and implement policies which allow every citizen to freely operate their desired businesses and promote foreign investments, and the government will put efforts to protect copyrights and rule of law;
8. to establish financial system that can support sustainable development of households, farmers and businesses in order to reach financial stability;
9. to establish cities that are compatible with environmental conservation, to enhance public services, to expand more public places and to protect cultural heritages;
10. to establish an effective and fair tax system in order to increase the country's revenue and to protect the people's rights and their property rights by enacting laws and procedures;
11. to adopt techniques and procedures that will support intellectual property rights in order to encourage abilities related to innovation and advanced technology;

12. to identify the business situations that are likely to change in the ASEAN region and other regions in order to establish our businesses in accordance with great wisdom.

3.2.2 Myanmar Investment Law (2017)

New investment law, rules and procedures in Myanmar have sparked widespread interest in introducing reforms to boost investor confidence, increase efficiency, facilitate business performance, and attract more foreign investments into the country. Myanmar Investment Law is enacted on 18th October 2016. It combines the Foreign Investment Law 2012 and the Myanmar Citizens Investment Law 2013. The proposals under the new law submitted since April 2017. In this law, it distinguishes between “citizen investor” and “foreign investor”. In that law, it involves about the MIC permit, MIC endorsement and about the company set up.

The MIL, which provides the overall legal framework, was followed by the more detailed Myanmar Investment Rules 2017 (“Rules”) which came into effect on 30th March 2017 as well as two notifications: Notification 13/2017 dated 1st April 2017 (Classification of Promoted Sector) (“Notification 13”) and Notification 15/2017 dated 10th April 2017 (List of Restricted Investment Activities) (“Notification 15”). Together, these represent the body of the current Myanmar foreign investment law.

Here are some of the key highlights introduced under the MIL, Rules and notifications:

1. Scope of law and treatment of investors

From its starting date, the MIL applies to existing or new investments in Myanmar except for matters falling within the old Foreign Investment Law 2012 such as investment disputes or prior permit investments previously suspended since business before the starting date or investment projects suspended under general and national security exemptions by government measures.

With the merging and consolidation of the Foreign Investment Law 2012 and the Myanmar Citizens Investment Law 2013 into the new MIL, the Government now treat foreign and local investment projects equally in terms of direct investment expansion, management, operation and sale.

2. New or streamlined procedures for investment approval

There are now two forms of procedures to be accepted by the Myanmar Investment Commission (“MIC”), that is, the process of applying for permits and the process of applying for endorsement.

Proposal submission for permits

A prospective investor must apply a proposal to MIC relating to the following types of businesses:

Table 3.1 Investments require a permit under Section 36 of MIL

Investments requiring a permit under section 36 of the MIL	Types of investment under the Rules
(a) investment businesses aligned to Myanmar's strategy	<p>An investment is strategic to Myanmar if:</p> <ul style="list-style-type: none"> • it is made in the technology (information, communication, medical, bio or similar technologies), transport infrastructure, energy infrastructure, urban development infrastructure and new cities, natural resources or media sectors and has expected investment value exceeding USD20 million • it is made pursuant to the grant of a concession, agreement or similar authorisation by an authority and has expected investment value exceeding USD20 million • it is made in a border region or conflict affected area by foreign investors or in case of Myanmar citizen investors and has expected investment value exceeding USD1 million • it is made across the national border by Foreign Investors or in case of Myanmar Citizen Investors and has expected investment value exceeding USD1 million • it is made across the States or Regions; • it is made for primarily agricultural related purposes and includes rights to occupy or use more than 1000 acres of land • it is made for primarily non-agricultural related purposes and includes rights to occupy or use more than 100 acres of land
(b) large capital intensive investment projects	Investment is a large capital intensive investment if the expected investment value exceeds USD 100 million
(c) projects which are likely to have a large impact on the environment and the local community	<p>Investment is taken to have a large potential impact on the environment and the local community if:</p> <ul style="list-style-type: none"> • it has been or is likely to be classified as an EIA Type Project (that is, the type of project prescribed under the Environmental Conservation Law, Rules and Environmental Impact Assessment Procedures) • the investment is located under a designated protected or reserved area or major biodiversity area • it includes rights to occupy or use land that causes or may cause social impact (such as the relocation of residents, involuntary restrictions on land use and access to natural resources by persons who have such rights)
(d) investment businesses which use state-owned land and buildings	An investment is taken to use state-owned land and buildings if an authority has the land, building or relevant land rights and is authorised to transfer or deal in such land, building or rights in the capacity of an owner or occupier
(e) investment businesses which are designated by the government to require the submission of a proposal to the MIC	MIC may prescribe other forms of investment which require the investor to submit a proposal and acquire a permit

Source: Myanmar Investment Law

Endorsement applications

The endorsement process speeds up the approval process for investments in non-restricted business activities (i.e., activities that do not require a permit). Endorsements entitle investors to enjoy land use rights and other privileges and reliefs such as duty-free customs and exemptions from income tax.

According to Notification 13, if the business is in one of the “Promoted Sectors”, it may be necessary to apply for authorization by MIC or the relevant state or regional committee. Through

Notification 13 along with Notification 15 (discussed below), Investors can better understand which activities qualify for 100 percent foreign-owned treatment. Application for endorsement may be sent either to the MIC or the relevant state or regional committee.

3. Prohibited investment activities

Prohibited investment activities include those that may (a) bring or trigger hazardous or toxic wastes into Myanmar, (b) bring technologies, medicines, flora and fauna and instruments which are still being tested abroad, with the exception of research and development investment, (c) affect the traditional culture and customs of ethnic groups in Myanmar, (d) adversely affect the public, (e) cause a huge impact on the natural environment and ecosystem and (f) produce goods or provide services that are prohibited by law.

4. Restricted investment activities

According to the MIL, Rules and Notification 15, the list of restricted investment activities are divided into the following categories:

- investment businesses allowed to be carried out only by the Republic of the Union of Myanmar
- investment businesses not allowed to be carried out by foreign investors
- investment businesses only allowed in the form of a joint venture with a Myanmar citizen or citizen owned entity (a Myanmar local minimum direct shareholding interest of at least 20% however is required with approval from the relevant Ministries).
- investment businesses requiring approval of the relevant ministries.

5. Investment screening application and guidance from MIC

MIC will pre-screen their investment applications for a nominal fee for investors who are unsure about what type of investment they can participate in. The nature of the project and all material information will need to be completely disclosed in order to enable MIC to determine which type of application is needed. Within 10 working days from the date of application, MIC may provide non-binding guidance.

6. Tax incentives

Tax exemptions or incentives may apply depending on a number of factors, including the zone in which the investment takes place: MIC can grant income tax exemptions for seven years in Zone (1) (less developed regions) with the approval of the Government; for five years in Zone (2) (moderate developed regions); for three years in Zone (3) (adequate developed regions).

Whether the business is in a promoted sector: Notification 13 sets out a list of promoted sectors. Other factors such as the value of investment (must exceed USD300,000); whether the investment creates new employment opportunities in Myanmar and develops a skilled workforce, brings new or enhanced technology or business skills, leads to market competition, increased efficiency or productivity, or improved infrastructure or service delivery in Myanmar.

Applications for tax incentives may be submitted in combination with or after a request a permit or application for endorsement, and the specific tax incentives applied for must be specified.

7. Land use rights

Investors who obtain permits or endorsements are entitled to acquire long-term lease rights (on land or building) for up to an initial period of 50 years with two consecutive successive extensions of 10-year. These investors can apply to the MIC for a land use rights authorization to be assessed by the MIC or relevant state or regional committee concerned.

8. Transfers of funds

Foreign investors may transfer abroad funds relating to investments made under the MIL. Any transfers of funds shall be allowed only after paying all tax obligations imposed on such amount in accordance with the relevant tax laws. Foreign experts with legal work permits may make remittances abroad without any further deduction from the amount paid under income tax law.

Transfers of loan proceeds or taking a loan is subject to the approval of the Central Bank of Myanmar. The approval of MIC is also required in relation to the transfer of proceeds from a total or partial sale or liquidation, payments resulting from any settlement of investment disputes, compensation under investment or expropriation, or where the investor has any outstanding tax obligations, or any contingent or disputed obligations within Myanmar.

9. Insurance

Investors holding a permit or endorsement are required to take out relevant insurance based on the following types of insurance: property and business interruption insurance; engineering insurance; professional liability insurance; professional accident insurance; marine insurance; and workmen compensation insurance.

10. Standard Operation Procedures for States and Regions

According to Myanmar Investment Law 100 (b) and Rules 152, Myanmar Investment Commission has announced Notification No (25/2017) the standard operation procedures for states and regions in order to examine investment applications. In that notification, it includes following articles:

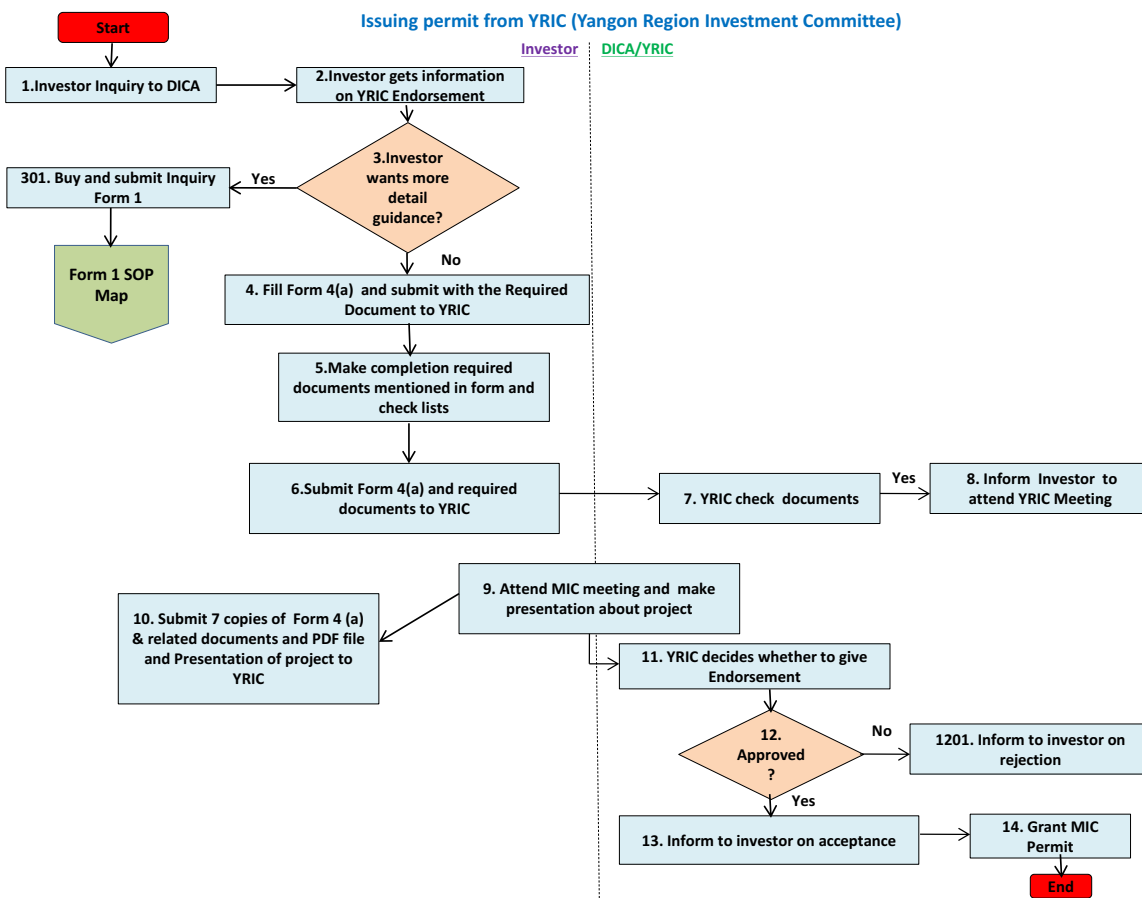
- Article 1 : Title and Definition
- Article 2 : Objectives
- Article 3 : Forming the Committees and Duties and Responsibilities
- Article 4 : Convening of Meeting
- Article 5 : States and Regional Investment Committee's Office
- Article 6 : Receiving, Screening and Issuing of Endorsement
- Article 7 : Land Use Application
- Article 8 : Exemptions and reliefs
- Article 9 : Investment Monitoring
- Article 10 : Funding
- Article 11 : General

11. Transitional and miscellaneous provisions

Under the Rules, any permit issued to an investor under the previous investment law shall remain effective until the permit expires. If the investor wishes to take advantage of any additional or discretionary incentives available under the new law, the investor may apply to enjoy the new benefits. An investor who has commenced operation prior to the Rules coming into effect and who intends to change its original investment activities will have to apply for a permit if such

change requires a proposal to be submitted. However, for ownership structural changes (Myanmar local investment to foreign investment or vice versa) a proposal or endorsement application is not required to be submitted to MIC.

Figure 3.1 An overview of the application procedures for a permit at YRIC



Source (<https://yric.yangon.gov.mm>)

3.3 Number of Permitted Investment in Myanmar

Table 3.2 Endorsement permitted by States and Regional Investment Committees

The endorsement permitted by States and Regional Investment Committee					
No	State/Division	2017-2018	2018	2018-2019	Total

		Foreign	Myanmar	Foreign	Myanmar	Foreign	Myanmar	Foreign	Myanmar
1	Yangon Division	39	9	34	10	16	4	89	23
2	Naypyitaw			1		1		2	
3	Bago Division	6			1	1	1	7	2
4	Magwe Division	1	5	1	4			2	9
5	Mandalay Division	4	3		9			4	12
6	Taninthayi Division		8	1	3	1	6	2	17
7	Sagaing Division	1	2		9		3	1	14
8	Ayeyarwaddy Division	2	6	3	9		1	5	16
9	Kachin State		1		1	1	2	1	4
10	Kayah State				7	1	2	1	9
11	Kayin			1	3		2	1	5
12	Chin State				1				1
13	Mon State	1	2	1	2	1	3	3	7
14	Rakhine State						1		1
15	Shan State				3		2		5
	Total	54	36	46	62	22	27	122	125

Source (DICA)

Table 3.3 Endorsement Permitted by States and Regional Investment Committee (By Sector)

The endorsement permitted by States and Regional Investment Committee									
No	State/Division	2017-2018		2018		2018-2019		Total	
		Foreign	Myanmar	Foreign	Myanmar	Foreign	Myanmar	Foreign	Myanmar
1	Oil and Gas								
2	Electricity	1			1		1	1	2
3	Industry	46	20	42	26	17	11	105	57
4	Transport and Telecommunication								
5	Real Estate		2	1	4		1	1	7
6	Hotel and Tourism	4	6	2	20	1	9	7	35
7	Mining				1		3		4
8	Other Services	1	5	1	6	2	1	4	13
9	Livestock and Fishery		2		3	1		1	5
10	Agriculture	2	1		1	1	1	3	3
11	Industrial Zone								

12	Construction								
	Total	54	36	46	62	22	27	122	125

Source (DICA)

3.4 Myanmar Investment Commission and Yangon Region Investment Committee

3.4.1 Myanmar Investment Commission

The Myanmar Investment Commission (MIC) is a government-appointed body which is responsible for verifying and approving investment proposals and issuing sector-specific development notification on a regular basis. The new Myanmar Investment Law changes the role of the MIC with fewer investment proposals requiring formal MIC approval and a new process of Endorsement – with projects being easily monitored by the MIC being endorsed – now available to investors. The MIC is comprised of government ministries, agencies and public and non-governmental organisations members and experts. It has been formed under Myanmar Investment Law.

3.4.2 Yangon Region Investment Committee (YRIC)

Yangon Region Investment Committee (YRIC) is the investment authorizing body focused on the investments in Yangon Region.

With the goal of fully improving the national economy in Myanmar as well as to improve business environment, the Myanmar Investment Law was enacted in October 2016 and implemented its rules in 2017. In accordance with Chapter VI, section 24(h) of the Myanmar Investment Law, one of the duties of the Myanmar Investment Commission is to delegate powers, in coordination with the Nay Pyi Taw Council, Regional and State Governments, for investment activities that may be approved by the Government depending on the type of investment activities or the condition of natural resources or creation of employment opportunities for the economic development of the Regions and States including Union Territory. In this regards, Myanmar Investment Commission announced to form the Nay Pyi Taw, Regions and States Investment Committee by enacting the notifications.

3.4.3 Foreign Direct Investment in Yangon Region

Foreign Direct Investment in Yangon Region (US \$ in million) 2015-2016

Table 3.4 FDI in Yangon Region (2015-2016)

Type of Business	\$ Million
Real Estate	\$688.04
Manufacturing	\$624.89
Transport & Communication	\$376.92
Other Services	\$266.54
Oil and Gas	\$166.02
Hotel and Tourism	\$39.09
Mining	\$26.74
Industrial Estate	\$10.00
Agriculture	\$7.18
Livestock & Fisheries	\$6.85
Total	\$2,212.27

Source : DICA

Foreign Direct Investment in Yangon Region (US \$ in million) 2016-2017

Table 3.5 FDI in Yangon Region (2016-2017)

Type of Business	\$ Million
Transport & Communication	\$2,467.26
Real Estate	\$739.10
Manufacturing	\$267.02
Other Services	\$177.60

Hotel and Tourism	\$165.50
Power	\$125.67
Livestock & Fisheries	\$0.59
Total	\$3,942.74

Source : DICA **Foreign Direct Investment in Yangon Region (US \$ in million) 2017-2018**

Table 3.6 FDI in Yangon Region (2017-2018)

Type of Business	\$ Million
Manufacturing	\$949.57
Real Estate	\$918.34
Livestock & Fisheries	\$636.70
Other Services	\$333.63
Transport & Communication	\$225.94
Agriculture	\$148.46
Hotel and Tourism	\$47.72
Industrial Estate	\$28.71
Total	\$3,289.07

Source : DICA

CHAPTER IV

ANALYSIS OF SURVEY FINDINGS

4.1 Survey Profile

Foreign Direct Investment plays a key role in the economic development of a country. Myanmar Investment Law (MIL) which creates a more attractive investor-friendly environment was enacted on 18 October 2016 and its subsequent rules were prescribed on 30 March 2017. Myanmar Investment Law intends to reduce the development gap among the States and Regions by delegating the power to State and Regional Governments.

This Chapter is mainly focusing on the decentralization of investment regime and its efficiency of services in Myanmar. This study also made a survey on Yangon Regional Investment Committee to measure the satisfactory level of investors on investment decentralization process as well as the efficiency of the system which has done by Myanmar Investment Law.

According to Myanmar Investment Law, Myanmar Investment Commission and all State and Regional Investment Committees will even expedite the process faster. Since the Yangon is

the business hub of the country. Yangon Region is leading at the first place who receives investment projects among States and Regions Investment Committees.

4.2 Survey Design

This chapter discusses the data analysis and findings from 151 questionnaires completed by investors, legal service providers as well as government officials who involve in the investment decentralization process at Myanmar Investment Commission. Different kinds of respondents are coming for the investment process. The main objective of the study is to evaluate the decentralization of investment and its efficiency of services in Myanmar.

4.3 Survey Results

Characteristics of Respondents

The characteristics of the respondents can be viewed as follows.

4.3.1 Occupation of the Respondents

Occupation of the respondents can be separated into: investor, government official, legal service providers, and corporate offices. The table shows the respondents occupation.

Table 4.1 Occupation of the Respondents

Occupation	No of Respondents	Percentage (%)
Investor	120	79.47%

Government Official	18	11.92%
Legal Service	13	8.61%
Total	151	100%

Source: Survey Data , 2019

The survey results show that the majority of the respondents' occupation is investors with 79.47%. Government officials from Directorate of Investment and Company Administration are 11.26 %. Legal service providers are the third with 8.61%. Official from custom department is 0.66%. Therefore, most of the respondents are investors for the endorsement or permit for the investment.

4.3.2 Types of Investment of the Respondents

Respondents are doing investment endorsement or permit through the various types of investment such as agriculture, hotel and tourism, industrial estate, livestock and fishery, manufacture, oil and gas, power sector, transport and communication and other services. Table shows the frequency and percentage of the investment types from the respondents.

Table 4.2 Types of Investment of the Respondents

Types of Investment	No of Respondents	Percentage (%)
Agriculture	8	6.01%
Hotel & Tourism	7	5.26%
Industrial Estate	7	5.26%
Livestock & Fishery	8	6.01%
Manufacture	85	63.91%
Oil & Gas	5	3.76%
Power Sector	3	2.26%
Transport & Communication	3	2.26%
Other Services	7	5.26%
Total	133	100%

Source : Survey Data, 2019

According to the survey results, most of the respondents are doing 63.91% for manufacturing. After that respondents do 6.01% for agriculture. The respondents do 5.26% for hotel and tourism, industrial estate and other services. Livestock and fishery is 6.01%. Oil and Gas is 3.76% and the rest of power sector and transport and communication are 2.26%. Consequently, respondents are doing investment in manufacturing sector.

4.3.3 Types of Business

There are two types of business which are local and foreign. Table shows the frequency and percentage of the types of business.

Table 4.3 Types of Business

Types of Business	No of Respondents	Percentage (%)
Foreign	98	73.68%
Local	35	26.32%
Total	133	100%

Source: Survey Data, 2019

The survey results indicate that most of the business is international business with 73.68% and the remaining 26.32% is local business. Much of the foreign business need to make endorsement or permit for the investment process,

4.3.4 Types of Business Contracts

The following types of business contracts can be seen such as agent/sale representative, CMP, distributor/ wholesaler, franchise, invest in agriculture support sector, joint venture, management and contract breeding.

Table 4.4 Types of Business Contract

Types of Business Contracts	No of Respondents	Percentage (100%)
Agent/Sale Representative	10	7.52%
CMP	9	6.77%
Distributor/wholesaler	5	3.76%
Franchise	12	9.02%
Invest in agriculture support sector	4	3.00%
Joint Venture	90	67.67%
Management	2	1.5%
Contract Breeding	1	0.75%
Total	133	100%

Source: Survey Data, 2019

According to the survey results, most of the respondents' business contracts are joint venture with 67.67%. After that, franchise businesses are with 9.02%. Agent/sale representative are with 7.52%. CMP is with 6.77%. Distributor/wholesalers are with 3.76%. Invest in agriculture support sector with 3.00%. Management is with 1.5% and the rest of 0.75% are contract breeding. Hence, most of the respondent's business contract is joint venture.

4.3.5 Company Established Years

It is possible to separate the Company established years with five groups: under 3 years, between 3 and 5 years, between 5 and 7 years, between 7 and 9 years and over 9 years. The survey results can be seen as the following table.

Table 4.5 Company Established Years

Company Established Years	No of Respondents	Percentage (100%)
Under 3 years	9	6.76%
Between 3 and 5 years	19	14.29%
Between 5 and 7 years	41	30.83%
Between 7 and 9 years	59	44.36%

Above 9 years	5	3.76%
Total	133	100%

Source: Survey Data, 2019

According to the survey results, most of the respondent's company established years are between 7 and 9 years with 44.36%. After that 30.83% are between 5 and 7 years. 14.29% are between 3 and 5 years. 6.76% are under 3 years. And the rest of the 3.76% are above 9 years. Therefore, most of the company has the prior experience of previous investment law.

4.3.6 Location of the Head-office of the Company

Respondents are doing the investment process for their respective companies and the company may also different location. The results may show in the table.

Table 4.6 Location of the Head-office of the Company

Location of the Head-office of the Company	No of Respondents	Percentage (100%)
Aye Ya Wa Dy Division	2	1.50%
Bago	3	2.26%
Shan	3	2.26%
Kachin	2	1.50%
Sagaing	1	0.75%
Mandalay	7	5.26%
Yangon	115	86.47%
Total	133	100%

Source: Survey Data, 2019

According to the survey results, most of the respondents' company head-office is at Yangon with 86.47%. After that Mandalay is with 5.26%. 1.99% is at Bago and Shan. 1.32% is in Aye Ya WaDy Division and Kachin. Therefore, the investment projects in Yangon are not

based in Yangon, in other words, the companies based in other states and regions are also interested to do business in Yangon.

4.3.7 Waiting Time for Acceptance Letter

The investor may receive the acceptance letter after application within 15 days, 20 days, 25 days or others. The acceptance waiting time is also required for doing investment process and it can be measured as the facilitation process of the Yangon Region Investment Committee. The result can be shown as table.

Table 4.7 Waiting Time for Acceptance Letter

Waiting Time for Acceptance Letter	No of Respondents	Percentage (100%)
15 days	70	52.63%
20 days	19	14.29%
25 days	12	9.02%
others	32	24.06%
Total	133	100%

Source: Survey Data, 2019

According to the survey results, most of the respondents get acceptance letter after 20 days with 14.29%. 9.02% of respondents get within 25 days and others is 24.06%. The remaining 52.63 % of the respondents get the acceptance letters with 15 days. Therefore, normally the waiting time is 15 days as the benchmarking days according to the Myanmar Investment Law is 15 days.

4.3.8 Waiting Time for Endorsement

Investors can receive the endorsement after application within 40 days, 45 days, 50 days or others. The results can be seen as table.

Table 4.8 Waiting Time for Endorsement

Waiting Time for Endorsement	No of Respondents	Percentage (100%)
40 days	79	59.40%
45 days	15	11.28%
50 days	14	10.53%
others	25	18.80%
Total	133	100%

Source: Survey Data, 2019

According to the survey results, most of the respondents need to wait 45 days for the endorsement with 11.280%. 59.40% of the respondents wait 40days for the endorsement. The rest of the 10.53% respondents wait 50days for the endorsement and other is 22.52 %. Therefore, the company needs minimum 40 days for the endorsement.

4.4 Analysis of the Satisfaction Level of the Myanmar Investment Commission

For the analysis of the satisfaction level, it measured with strongly dissatisfied, dissatisfied, neutral, satisfied and strongly satisfied. This analysis can help to improve the process of the investment decentralization.

4.4.1 Investment decentralization improves the procedure in MIC

From the survey results, respondents are mostly satisfied and strongly satisfied on the investment decentralization procedure in MIC. 66.89% of the respondents satisfied on the procedure of the investment decentralization and 30.46% of the respondents mostly satisfied on the procedure of the investment decentralization. The rest of the 2.65% of the responders is neither satisfied nor dissatisfied on the procedure of the investment decentralization. The figure shows the investment decentralization improves the procedure in MIC.

Table 4.9 Investment decentralization improves the procedure in MIC

Investment decentralization improves the procedure in MIC	No of Respondents	Percentage (100%)

Strongly Dissatisfied	0	0%
Dissatisfied	0	0%
Neutral	4	2.65%
Satisfied	101	66.89%
Strongly Satisfied	46	30.46%
Total	151	100%

Source: Survey Data, 2019

4.4.2 Improvement of the Quality Service Delivery at MIC

From the survey results, respondents are mostly satisfied and strongly satisfied on the Improvement of the Quality Service Delivery at MIC. 64.90% of the respondents satisfied on quality service delivery improvement in MIC and 32.45% of the respondents mostly satisfied on the quality service delivery improvement in MIC. 1.99% of the responders neither satisfied nor dissatisfied on quality service delivery improvement in MIC. 1% of the respondent strongly disagreed on the quality service delivery improvement in MIC. The figure shows the improvement of the quality service delivery at MIC.

Table 4.10 Figure Improvement of the Quality Service Delivery at MIC

Improvement of the Quality Service Delivery at MIC	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	1	0.66 %
Neutral	2	1.32%
Satisfied	101	66.89%
Strongly Satisfied	47	31.13%
Total	151	100%

Source : Survey Data, 2019

4.4.3 Decentralization investment on employment opportunities

From the survey results, respondents are mostly satisfied and strongly satisfied on the decentralization investment on employment opportunities. 64.90% of the respondents satisfied on decentralization investment on employment opportunities and 32.45% of the respondents mostly satisfied on the decentralization investment on employment opportunities. 1.99% of the responders neither satisfied nor dissatisfied on decentralization investment on employment opportunities. 1% of the respondent is strongly disagreed on the decentralization investment on employment opportunities. The figure shows the decentralization investment on employment opportunities.

Table 4.11 Decentralization investment can create more employment opportunities]

Decentralization investment can create more employment opportunities	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	1	0.66 %
Neutral	3	1.99%
Satisfied	98	64.90%
Strongly Satisfied	49	32.45%
Total	151	100%

Source: Survey Data, 2019

4.4.4 Investment Decentralization on Investment Opportunities

From the survey results, respondents are mostly satisfied and strongly satisfied on the investment decentralization on investment opportunities. 64.90% of the respondents satisfied on investment decentralization on investment opportunities and 32.45% of the respondents mostly satisfied on investment decentralization on investment opportunities. 1.99% of the responders neither satisfied nor dissatisfied on investment decentralization on investment opportunities. 0.66% of the respondent is strongly disagreed on the investment decentralization on investment opportunities.

Table 4.12 Investment decentralization on investment opportunities

Investment decentralization on investment opportunities	No of Respondents	Percentage (100%)
Strongly Dissatisfied	1	0.66 %
Dissatisfied	0	0%
Neutral	3	1.99%
Satisfied	98	64.90%
Strongly Satisfied	49	32.45%
Total	151	100%

Source: Survey Data, 2019

4.3.5 Company Registration process

From the survey results, respondents are mostly satisfied and strongly satisfied on the company registration process is easy now. 61.59% of the respondents satisfied on company registration process is easy now and 37.09% of the respondents mostly satisfied on the company registration process is easy now. The rest of the 1.32% of the responders neither satisfied nor dissatisfied on the company registration process is easy now. The figure shows satisfaction level of the company registration process.

Table 4.12 Company Registration Process

Company Registration Process	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %
Neutral	2	1.32%
Satisfied	93	61.59%
Strongly Satisfied	56	37.09%
Total	151	100%

Source: Survey Data, 2019

4.4.6 Reliable of Document Requirement

From the survey results, respondents are mostly satisfied and strongly satisfied on the reliable of document requirement. 64.90% of the respondents satisfied on reliable of document requirement and 33.11% of the respondents mostly satisfied on the reliable of document requirement. The rest of the 1.99% of the responders is neither satisfied nor dissatisfied on the reliable of document requirement. The figure shows the satisfaction level of reliable of document requirement for MIC.

Table 4.13 Reliability on document requirement

Reliability on document requirement	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %
Neutral	3	1.99%
Satisfied	98	64.90%
Strongly Satisfied	50	33.11%
Total	151	100%

Source: Survey Data, 2019

4.3.7 Easy to find company list at DICA's website

From the survey results, respondents are mostly satisfied and strongly satisfied on the easy to find company list at DICA's website. 61.59% of the respondents satisfied on the easy to find company list at DICA's website and 36.42% of the respondents mostly satisfied on the easy to find company list at DICA's website. The rest of the 1.99% of the responders is neither satisfied nor dissatisfied on the easy to find company list at DICA's website.

Table 4.14 Satisfaction level of finding company list at DICA's website

Easy to find company list at DICA's website	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %

Neutral	3	1.99%
Satisfied	93	61.58%
Strongly Satisfied	55	36.42%
Total	151	100%

Source: Survey Data, 2019

4.3.8 Verifying and Approving Investment Proposal Time

From the survey results, respondents are mostly satisfied and strongly satisfied on the verifying and approving investment proposal time. 62.91% of the respondents satisfied on the verifying and approving investment proposal time and 34.44% of the respondents mostly satisfied on verifying and approving investment proposal time. The rest of the 2.65% of the responders is neither satisfied nor dissatisfied on the verifying and approving investment proposal time.

Table 4.15 Satisfaction level of the verifying and approving investment proposal time

Verifying and approving investment proposal time is short	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %
Neutral	4	2.65%
Satisfied	95	62.91%
Strongly Satisfied	52	34.44%
Total	151	100%

Source: Survey Data, 2019

4.4.9 Investment Application Process

From the survey results, respondents are mostly satisfied and strongly satisfied on the investment application process. 62.91% of the respondents satisfied on the procedure of the

investment decentralization and 33.77% of the respondents mostly satisfied on the investment application process. 2.65% of the responders neither satisfied nor dissatisfied on the investment application process. The rest of 0.66% of the respondents is dissatisfied on the investment application process.

Table 4.16 Satisfaction level of the investment application process

investment application process	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	1	0.66%
Neutral	4	2.65%
Satisfied	95	62.91%
Strongly Satisfied	51	33.77%
Total	151	100%

Source: Survey Data, 2019

4.3.10 Easy to track way to set up a business

From the survey results, respondents are mostly satisfied and strongly satisfied on the Easy to track way to set up a business. 63.58% of the respondents satisfied on the Easy to track way to set up a business and 33.77% of the respondents mostly satisfied on the Easy to track way to set up a business. The rest of the 2.65% of the responders is neither satisfied nor dissatisfied on the Easy to track way to set up a business.

Table 4.17 Satisfaction level of the Easy to track way to set up a business.

Easy to track way to set up a business	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%

Dissatisfied	0	0 %
Neutral	4	2.65%
Satisfied	96	63.58%
Strongly Satisfied	51	33.77%
Total	151	100%

Source: Survey Data, 2019

4.4.11 Easy to apply the MIC or the state and regional investment committee for an endorsement of the investment proposal

From the survey results, respondents are mostly satisfied and strongly satisfied on the easy to apply an endorsement of the investment proposal. 62.91% of the respondents satisfied on the easy to apply an endorsement of the investment proposal and 34.44% of the respondents mostly satisfied on the easy to apply an endorsement of the investment proposal. 1.99% of the responders neither satisfied nor dissatisfied on the easy to apply an endorsement of the investment proposal. The rest of the 0.66% of the respondents are strongly dissatisfied on the easy to apply an endorsement of the investment proposal.

Table 4.18 Satisfaction level of the Easy to apply the MIC or the state and regional investment committee for an endorsement of the investment proposal

easy to apply an endorsement of the investment proposal	No of Respondents	Percentage (100%)
Strongly Dissatisfied	1	0.66%
Dissatisfied	0	0 %
Neutral	3	1.99%
Satisfied	95	62.91%
Strongly Satisfied	52	33.77%
Total	151	100%

Source: Survey Data, 2019

4.4.12 Investors can increase investment amount easily

From the survey results, respondents are mostly satisfied and strongly satisfied on the investors can increase investment amount easily. 61.59% of the respondents satisfied on the investors can increase investment amount easily and 35.10% of the respondents mostly satisfied on the investors can increase investment amount easily. The rest of the 3.31% of the responders neither satisfied nor dissatisfied on the investors can increase investment amount easily.

Table 4.19 Satisfaction level of the investors can increase investment amount easily.

investors can increase investment amount easily	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %
Neutral	5	3.31%
Satisfied	93	61.59%
Strongly Satisfied	53	35.1 %
Total	151	100%

Source: Survey Data, 2019

4.4.13 Investors can expand their business

From the survey results, respondents are mostly satisfied and strongly satisfied on the investors can expand their business. 62.25% of the respondents satisfied on the investors can expand their business and 34.44% of the respondents mostly satisfied on the investors can expand their business. The rest of the 3.31% of the responders neither satisfied nor dissatisfied on the investors can expand their business.

Table 4.20 Satisfaction level of the investors can expand their business.

investors can expand their business	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%

Dissatisfied	0	0 %
Neutral	5	3.31%
Satisfied	94	62.25%
Strongly Satisfied	52	34.44 %
Total	151	100%

Source: Survey Data, 2019

4.4.14 Easy to get either onshore or offshore loan

From the survey results, respondents are mostly satisfied and strongly satisfied on the easy to get either onshore or offshore loan. 60.93% of the respondents satisfied on the easy to get either onshore or offshore loan and 33.77% of the respondents mostly satisfied on the easy to get either onshore or offshore loan. The rest of the 5.30% of the responders neither satisfied nor dissatisfied on the easy to get either onshore or offshore loan.

Table 4.21 Satisfaction level of the easy to get either onshore or offshore loan.

Getting onshore or offshore loan	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %
Neutral	8	5.30%
Satisfied	92	60.93%
Strongly Satisfied	51	33.77%
Total	151	100%

Source: Survey Data, 2019

4.4.15 Providing guideline to investors in implementing the investments

From the survey results, respondents are mostly satisfied and strongly satisfied on the providing guideline to investors in implementing the investments. 63.58% of the respondents satisfied on the providing guideline to investors in implementing the investments and 33.11% of

the respondents mostly satisfied on the providing guideline to investors in implementing the investments. The rest of the 3.31% of the respondents is neither satisfied nor dissatisfied on the providing guideline to investors in implementing the investments.

Table 4.22 Satisfaction level of the providing guideline to investors in implementing the investments

Providing guideline to investors	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0%
Dissatisfied	0	0 %
Neutral	5	3.31%
Satisfied	98	64.90%
Strongly Satisfied	50	33.11%
Total	151	100%

Source: Survey Data, 2019

4.3.16 Requirements to submit the government departments

From the survey results, respondents are mostly satisfied and strongly satisfied on the requirements to submit the government departments. 62.25% of the respondents satisfied on requirements to submit the government departments and 31.79% of the respondents mostly satisfied on the requirements to submit the government departments. 4.64% of the respondents neither satisfied nor dissatisfied on the requirements to submit the government departments. 0.66% of the respondents are dissatisfied on the requirements to submit the government departments. The rest of the 0.66% of the respondents are strongly dissatisfied on the requirements to submit the government departments.

Table 4.23 Satisfaction level of the requirements to submit the government departments

Requirements to submit governmental departments	No of Respondents	Percentage (100%)
Strongly Dissatisfied	1	0.66%
Dissatisfied	1	0.66%
Neutral	7	4.64%
Satisfied	94	62.25%
Strongly Satisfied	48	31.79%
Total	151	100%

Source: Survey Data, 2019

4.4.17 Open data for investment information

From the survey results, respondents are mostly satisfied and strongly satisfied on the open data for investment information. 62.25% of the respondents satisfied on the open data for investment information and 33.78% of the respondents mostly satisfied on the open data for investment information. 3.31% of the respondents neither satisfied nor dissatisfied on the open data for investment information. The rest of the 0.66% of the respondents are strongly dissatisfied on the open data for investment information.

Table 4.24 Satisfaction level of the open data for investment information

Open data for investment information	No of Respondents	Percentage (100%)
Strongly Dissatisfied	1	0.66%
Dissatisfied	0	0 %
Neutral	5	3.31%
Satisfied	94	62.25%
Strongly Satisfied	51	33.77%
Total	151	100%

Source: Survey Data, 2019

4.4.18 Process of decentralization investment

From the survey results, respondents are mostly satisfied and strongly satisfied on the process of decentralization investment. 63.58% of the respondents satisfied on the process of decentralization investment and 33.11% of the respondents mostly satisfied on the process of decentralization investment. The rest of the 3.31% of the respondents is neither satisfied nor dissatisfied on the process of decentralization investment.

Table 4.25 Satisfaction level of the process of decentralization investment

Process of decentralization investment	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0 %
Dissatisfied	0	0 %
Neutral	5	3.31%
Satisfied	96	63.58%
Strongly Satisfied	50	33.11%
Total	151	100%

Source: Survey Data, 2019

4.4.19 Overall procedure of the investment in MIC

From the survey results, respondents are mostly satisfied and strongly satisfied on the overall procedure of the investment in MIC. 63.58% of the respondents satisfied on the overall procedure of the investment in MIC and 33.77% of the respondents mostly satisfied on the overall procedure of the investment in MIC. 1.99% of the responders neither satisfied nor dissatisfied on the overall procedure of the investment in MIC. The rest of the 0.66% of the respondents is dissatisfied on the overall procedure of the investment in MIC.

Table 4.26 Satisfaction level of the overall procedure of the investment in MIC.

Overall procedures in MIC	No of Respondents	Percentage (100%)
Strongly Dissatisfied	0	0.66%
Dissatisfied	1	0 %

Neutral	3	3.31%
Satisfied	96	62.25%
Strongly Satisfied	51	33.77%
Total	151	100%

Source : Survey Data,2019

CHAPTER V
CONCLUSION

This chapter includes three parts such as finding and discussions, recommendations and suggestions and limitations and needs for further research of the study.

5.1 Findings and Discussions

This research was carried out extensively by gathering standardized questionnaires from a total of 151 respondents. This study looks at the decentralization of investment in Myanmar. This study aims at evaluating on the following things which are to analyze the effectiveness of the investment decentralization in Myanmar, to measure the output after investment decentralization system and to access the challenges of the decentralization process and to improve the understanding on the investment decentralization in Myanmar. Though, Investment decentralization has been made, the whole administrative procedures - to receive submission of investment proposals and to issues the endorsement are governed by the government institution- YRIC and its secretariat office, DICA.

To achieve the first objective of the study, it explores the effectiveness of the investment decentralization in Myanmar. According to the study, the foreign direct investment procedures are more facilitated than before and especially at the business city of Myanmar. The number of investment projects is more than previous years because of the investment decentralization process. Therefore, the study shows that doing business in Myanmar is easier than before.

The second thing is to analyze the performance of the investment decentralization process. For the effectiveness of this objective, it is found that there is satisfactory level on the investment decentralization procedures and processes.

As Myanmar government aims to achieve its goal of including in the top 100 of the World Bank's 2020 ease of doing business index, Myanmar has been ranked among the top 20 countries with the greatest improvement in this year. Myanmar has implemented five initiatives to improve its business environment. The measures include creating a system for the online registration of companies to reduce the need for official meetings. According to the World Bank, it also made property registration easier by streamlining the registration and appraisal of deeds. The new company law also helps to improve in the protection of minority investors by requiring greater disclosure of transactions, increased responsibility of managers and greater transparency of companies and investors.

It is evaluated with the other ASEAN countries particularly in Vietnam, Indonesia and Thailand to achieve the third objective. It is found that there are differences in investment decentralization on the different countries and it can help to meet the challenges of the investment decentralization and how to strengthen investment decentralization in Myanmar after studying the ASEAN countries (Vietnam, Indonesia and Thailand).

5.2 Recommendations

According to the survey results, the key suggestions and recommendations for the Myanmar Investment Commission are: to improve the online proposal process in order to obtain further investment project for both local and foreign companies, to train the junior staffs to get better understanding the Investment Law including various notifications, to train the employees to understand the important task for the development, to make it easier and more transparent, to coordinate liberalization with the relevant departments, to provide more local SMEs for the business development, to train employees for technical support and market access, to improve the infrastructure development (private investment), to promote foreign investment in agriculture sector, to promote investment in manufacturing, telecom, infrastructure and technological, to reduce the waiting time for the approval of the investment permit or endorsement, and to reduce the restrictions on the foreign investors. Moreover, the service delivery should be quasi-independent government agency to private sector in order to facilitate more in decentralization process as Thilawa SEZ.

5.3 Needs for Further Research

The results showed the 151 respondents so that a larger sample to better understand the satisfaction level of investment decentralization procedures should be conducted for further research study. Therefore, additional studies on the other divisions and regions should be carried out. It should also analyze on the changes between new investment law and old investment law and should also perform further research on the effect of decentralization of investment on investors.

REFERENCES

- ASEAN Secretariat, Statistics of Foreign Direct Investment in ASEAN, eighth edition, 2006
- Decentralization Thematic Team World Bank
(http://www.ciesin.org/decentralization/English/General/Different_forms.html)
- DICA (2018), “Digitize DICA Year 2018 Plan”, Directorate of Investment and Company Administration, Ministry of Planning and Finance.
- DICA (2019), “Smart DICA Year 2019 Plan”, Directorate of Investment and Company Administration, Ministry of Planning and Finance.
- George W. Hammond and Mehmet S. Tosun (November 2009) , “The Impact of local decentralization on Economic Growth”
- Hamish Nixon and Cindy Joelene (June 2014) Fiscal Decentralization in Myanmar: Towards a Roadmap for Reform
- Investment Application Guide Book (April,2018) , Directorate of Investment and Company Administration
- Kim N. B. Ninh, Matthew Arnold (Oct 2 2013) “In Myanmar, an Evolving Discourse on Decentralization”, The Asia Foundation
- Myanmar Investment Law, Rules and Notifications (2016) “Myanmar Investment Commission”
(<http://www.conventuslaw.com/report/the-myanmar-investment-law-2016-and-rules-2017/>)
- Myanmar Investment Guide 2018, Directorate of Investment and Company Administration
- Nasution, Anwar (October 2016) “Government Decentralization Program in Indonesia”, Asian Development Bank Institute
- Nixon, Hamish et al. (2013). “State and Region Governments in Myanmar”, The Asia Foundation and Centre for Economic and Social Development.
- OECD (regional policy, www.oecd.org)

(<https://asiafoundation.org/resources/pdfs/StateandRegionGovernmentsinMyanmarCESDTAF.PDF>)

Peter J.Morgan and Long Q.Trinh (November 2016) “Fiscal Decentralization and Local Budget Deficits in Viet Nam: An Empirical Analysis”, Asian Development Bank Institute

Richard Batcheler (Oct 2018), States and Region Governments in Myanmar, The Asia Foundation

Supasawad Chardchawarn (March 2010), “Research Paper on Local Governance in Thailand: The Politics of Decentralization and the Roles of Bureaucrats, Politicians, and the People”

Salvatore schiavo-campo and pachampet sundaram , 2000 (The Asian Development Bank)

Thomas Dufhues, Insa Theesfeld and Gertrud Buchenrieder (December 2015) “European Journal of Development Research”

World Bank Group (June 2013) (Decentralization)