



# MYANMAR

## TECHNICAL ASSISTANCE REPORT—EXTERNAL SECTOR STATISTICS MISSION

February 2020

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# TECHNICAL ASSISTANCE REPORT

## MYANMAR REPORT ON THE EXTERNAL SECTOR STATISTICS MISSION (April 10–12, 2019)

JULY 2019

PREPARED BY

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**CDOT**

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## Glossary

BPS	Balance of Payments Section, Central Bank of Myanmar
CBM	Central Bank of Myanmar
CDIS	IMF's Coordinated Direct Investment Survey
CDOT	IMF's Capacity Development Office in Thailand
DICA	Directorate of Investment and Company Administration
ESS	External sector statistics
FDI	Foreign direct investment
FDIS	Foreign Direct Investment Survey
FDIS–2017	Foreign Direct Investment Survey for 2017
FDIS–2018	Foreign Direct Investment Survey for 2018
FEMD	Foreign Exchange Management Department of the Central Bank of Myanmar
IMF	International Monetary Fund
MOEE	Ministry of Electricity and Energy
MOGE	Myanma Oil and Gas Enterprise
STA	IMF's Statistics Department
TA	Technical assistance

## SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

**1. A technical assistance (TA) mission on external sector statistics (ESS) was conducted for the Directorate of Investment and Company Administration of Myanmar (DICA) in Yangon during April 10–12, 2019.** This was the sixth mission under the Project on the Improvement of ESS in the Asia–Pacific region. The Project is funded by the Government of Japan; managed by the IMF Statistics Department (STA); and implemented by the IMF Capacity Development Office in Thailand (CDOT).

**2. Intensive hands-on training provided to the DICA through peripatetic TA missions have effectively contributed to building up capacity for DICA compilers, which have gradually materialized and translated into successful FDI surveys (FDIS) conducted last year. Data coverage has significantly improved through inclusion of foreign direct investment (FDI) in oil and gas sector, which is one of the largest FDI recipients for Myanmar.** Moreover, the DICA also compiles quarterly FDI flows and positions; and submits to the Central Bank of Myanmar (CBM) on a regular basis to support the CBM's compilation of the balance of payments and international investment position (IIP). The DICA also participates in the Coordinated Direct Investment Survey (CDIS), with regular submission of data to the STA.

**3. To further enhance the coverage of Myanmar's FDI statistics, the mission advised the DICA to extend the coverage of FDIS to incorporate new companies and FDI in power generation sector.** Main outcomes of this TA mission include:

- (i) constructing the sampling frame for the annual FDIS for the year 2018 (FDIS–2018), with new companies also added to the sampling frame;
- (ii) assisting DICA officials in designing sector-specific survey process and work plan;
- (iii) assisting DICA officials on preparatory tasks and planning of the FDIS awareness workshops;
- (iv) introducing the FDIS to the power generation sector.

**4. The mission provided hands-on training to the DICA's new FDI compilers in identifying and expanding the sampling frame for FDIS–2018. The sample size has been expanded from FDIS–2017 to cover additional 115 companies, as a measure to keep up the quality and coverage of FDI data.** These new companies were selected based on data provided by the Foreign Exchange Management Department (FEMD) of the CBM and the DICA's approved direct investment register that have not been included in the FDIS–2017. The total FDIS–2018 sample size of 180 general FDI companies is expected to cover around 96 percent of the total FDI position (USD 26 billion out of USD 27 billion), based on end-September 2018 estimated

figures. For oil and gas, banking, and power generation sectors, all companies/projects will be covered in FDIS–2018.

**5. Three-day awareness workshop is planned for 115 companies, which have neither participated nor attended awareness workshops in the previous rounds of FDIS.** The previous year’s workshop has been proven as key to promoting understanding among data providers, quality of reported data, and high response rate.

**6. The mission also assisted DICA officials in updating the annual FDIS survey forms,** making alterations to the previous year’s survey forms to capture additional information as requested by DICA management.

**Table 1. Myanmar: Priority Recommendations for Compiling FDI Statistics**

Target Date	Priority Recommendation	Responsible Institutions
<b>July 2019</b>	<i>Launch the annual FDIS–2018 for the oil and gas sector, banking sector, and general FDI companies.</i>	<b>DICA</b>
<b>July 2019</b>	<i>Correspond with new companies (additional 115 entities) and send official invitation to the awareness workshop.</i>	<b>DICA</b>

# DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

## A. Updated Action Plan

Priority	Action/Milestone	Target Completion Date
<b><i>Outcome: Data are compiled and disseminated using appropriate statistical techniques, including to deal with data sources, and/or assessment and validation of intermediate data and statistical outputs</i></b>		
H	Compile quarterly FDI statistics based on data from the FEMD and other administrative sources. Submit results to the CBM's Balance of Payments Section (BPS) to support the CBM's compilation of the balance of payments and IIP on a quarterly basis.	Continuous basis
M	Develop a summary report on the results of FDIS-2018 and submit to DICA management.	December 2019
M	Leverage serviceability of FDI statistics produced via publication of compiled FDI statistics data classified by different data dimensions that are of main focus to data users and DICA management.	Continuous basis
<b><i>Outcome: Source data are adequate for the compilation of these macroeconomic statistics</i></b>		
H	Use the sampling frame developed with the assistance of the mission to conduct the FDIS-2018 as given in the detailed recommendations in section B. Adopt the same sampling frame used for FDIS-2017 for the oil and gas sector when conducting FDIS-2018.	May–July 2019
H	Launch the annual FDIS-2018 for the oil and gas sector, banking sector, and general FDI companies.	July 2019
H	Correspond with new companies (additional 115 entities) and send official invitation to the awareness workshop to be held in late–June 2019.	July 2019
M	Allocate work among FDI compilers by assigning different officers to different surveys to be conducted on the oil and gas sector, banking sector, general FDI companies, and the power generation sector, for better efficiency by means of specialization.	Continuous basis
M	Correspond with the Myanma Oil and Gas Enterprise (MOGE) for continuous cooperation for the FDIS-2018.	July 2019
M	Correspond with the Ministry of Electricity and Energy (MOEE) to seek assistance in identifying additional companies that should be surveyed for the power generation sector.	July 2019

Priority	Action/Milestone	Target Completion Date
M	Conduct the awareness workshop for three days, with around 30–40 companies invited for each day.	July 2019
M	Closely follow-up the invitation to ensure that as many companies as possible participate in the awareness workshop, particularly the largest companies (ranked by estimated position, as well as companies with large investment recently).	July 2019
M	Invite MOEE officials to participate as observers in the awareness workshop scheduled to be conducted in late-June 2019.	July 2019
M	Incorporate any additional data received from survey respondents for the 2017 FDI survey of general companies to the direct investment worksheet and publish revised 2017 CDIS data alongside annual data for 2018.	August 2019
H	Conduct the FDI survey for the oil and gas sector on an annual basis. Add any new projects to the oil and gas sector survey on an annual basis.	Annually
H	Incorporate larger direct investment enterprises to the FDI survey frame based on FEMD data and other administrative sources for subsequent annual surveys.	Annually
<b>Outcome: Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination</b>		
M	Continue training new DICA FDI compilers and officials of other relevant government institutions on the FDI compilation practices by experienced staff of DICA.	Continuous basis
Priority Scale: H – High, M – Medium, L – Low		

## B. Sampling Frame for FDIS–2018

**7. The DICA conducts annual surveys on FDI as means to collect comprehensive data to support the compilation of FDI statistics for Myanmar.** Separate annual surveys are conducted for three different sectors: (i) general FDI companies; (ii) local branches of foreign banks; and (iii) the oil and gas sector, which is a priority sector for Myanmar. A full-fledged survey for all three sectors was conducted for the first time in 2018 for FDI data of the year 2017 (i.e., FDIS-2017), with high response rates achieved (approximately 90 percent for FDIS of general FDI companies, and almost 100 percent for FDIS of oil and gas sector).

**8. The mission provided hands-on-training to the DICA’s new compilers of FDI statistics in selecting and expanding the sampling frame for the annual FDIS.** The FDIS–2017 included around 40 companies in the oil and gas sector, 13 local branches of foreign banks, and around 80 general FDI companies. The DICA, with recommendations from previous missions, is

expanding the FDIS–2018 to capture a further 115 companies, as a measure to keep up the quality and coverage of data. These new companies were selected based on accumulated quarterly flow data provided by the FEMD, and the large companies in the DICA’s approved direct investment register that have not been included in FDIS–2017. The total annual FDIS–2018 samples of around 196 general FDI companies is expected to capture around 96 percent of the total FDI position (USD 26 billion out of USD 27 billion), based on estimated position as at end–2018.

**9. The mission also suggested a timeline to conduct the survey in stages, in order to ensure that the expanded sample size can be managed by DICA compilers more efficiently and effectively.** Survey on companies responded to FDIS–2017 could be launched as early as end–April 2019, to allow ample time for companies to respond (preferably by end–June 2019).

***Recommended Actions:***

- Use the sampling frame developed with the assistance of the mission to conduct FDIS–2018 as follows:
  - (i) FDIS–2018 for oil and gas companies: use the sampling frame for FDIS–2017. Launch the survey by end April 2019.
  - (ii) FDIS–2018 for banking sector: use the same respondent list as for FDIS–2017. Launch the survey by end April 2019.
  - (iii) FDIS–2018 for general FDI companies: use the sampling frame developed with the assistance of the TA mission and conduct the survey in two stages:
    - Stage 1: FDIS for previously surveyed companies with the revised sampling frame introduced during the mission. Launch the survey by end–April 2019.
    - Stage 2: FDIS for new companies identified during the mission. Launch the survey after conducting an awareness program in early July 2019.
  - (iv) FDIS–2018 for power sector: Use the sampling frame developed with the assistance of the TA mission and launch the survey after conducting an awareness program in early July 2019.
- Assign different officers to FDIS of the oil and gas sector, banking sector, general FDI companies, and the power generation sector (for specialization and efficiency in corresponding with survey respondents and in clarifying sector-specific issues), as well as other follow-up works.

## **C. Preparatory Tasks for the Awareness Workshop**

**10. Preparatory work necessary for the awareness workshop was undertaken, with step-by-step guidance provided to DICA compilers.** Workshops are tentatively set for three days for the estimated participation of around 115 companies (i.e., 30–40 companies for each day). The group comprises 100 general FDI companies and 15 companies in the power generation sector.

**11. The mission also assisted DICA officials in drafting cover letters to different survey correspondences and stakeholders.** The mission suggested correspondence with the MOEE to introduce the awareness workshop and requesting their cooperation to conduct a survey for the power generation sector. The MOGE should be contacted and engaged into the workshop and FDI data collection process, despite the fact that a number of oil and gas companies have already been reporting to DICA's FDIS.

***Recommended Actions:***

- Correspond with new companies that have been included in the new sampling frame and officially invite them to the awareness workshop in early July 2019.
- Conduct a three-day awareness workshop, with around 30–40 companies invited for each day, with technical support by the IMF TA mission.

## **D. FDIS–2018 for Oil and Gas Sector**

**12. The DICA conducted its first annual FDIS in the oil and gas sector in 2018, with the assistance of the MOGE.** The survey framework consisted of around 40 companies in both offshore and onshore energy exploration and related businesses that are currently active in Myanmar. The DICA, with assistance of previous TA missions, introduced a sector-specific survey form, requesting companies to report also information on historical data spanning to the beginning of each oil and gas project. The survey form was introduced after an initial awareness workshop and resulted in almost a 100 percent response rate.

**13. For FDIS–2018 of the oil and gas sector, the mission assisted DICA officials in simplifying the survey form (Appendix I), excluding historical data which was captured already in the previous round of survey.** The mission recommended to launch the FDIS–2018 of the oil and gas sector by the end of April 2019, with the end of June 2019 as the deadline for submission of the surveys.

***Recommended Actions:***

- Adopt the same sampling frame used for FDIS–2017 for the FDIS–2018 of the oil and gas sector.
- Correspond with the MOGE in obtaining continuous cooperation for the annual FDIS for the oil and gas sector.
- Launch FDIS–2018 for the oil and gas sector by the end of April 2019.

## **E. FDIS–2018 for Banking Sector**

**14. FDI data for the banking sector for FDIS–2017 were rather well-covered.** The DICA conducted the survey for the banking sector in July 2018, immediately following an awareness workshop to promote understanding about FDI and FDIS form for respondents. Eleven branches

of foreign banks out of 13 foreign banks currently operated in Myanmar participated in the workshop; and responses were received from all participating banks. The two banks that did not participate in the previous survey should be included in the FDIS–2018. The survey form is given in Appendix II.

**15. The mission recommended inviting the two banks that did not participate in FDIS–2017 to attend FDIS–2018 awareness workshop before sending out the survey form, and closely follow-up for quality and timely response.** For 11 banks that have already participated in the previous FDIS, the survey can be launched by the end of April 2019.

***Recommended Actions:***

- Send out FDIS–2018 survey form to eleven banks participated in the previous FDIS by the end of April 2019.
- Invite the two banks that did not participate in previous year’s awareness workshop to the 2019 awareness workshop. Then, send out survey form (with end–July 2019 as suggested deadline) and closely follow-up to ensure quality and timely response.

## **F. FDIS–2018 for General FDI Companies**

**16.** Coverage of the FDIS–2017 for general FDI companies, which was the first full-fledged FDIS for Myanmar, was highly satisfactory. The survey covered around 90 companies, with over 80 companies responded to the survey. To further improve the coverage of FDI, the DICA is expanding the sampling frame of the general FDI companies to include additional 100 companies. The mission provided guidance to the authorities in selecting these new companies, based on accumulated quarterly FDI flow data provided by the FEMD, combined with large FDI companies in the DICA’s FDI approval list that have not been included in the previous survey. The survey forms are given in Appendixes II–III.

**17. However, there is possibility of the DICA not being able to contact all companies or some companies not participating in the awareness workshop despite being contacted by the DICA.** Hence, the finalized sample size of new general FDI companies in the expanded survey could be slightly less than anticipated. The mission encouraged DICA officials to make every possible effort to ensure participation of the largest companies (ranked by estimated position, and particularly companies that have made large investments recently) in the 2019 awareness workshop. Participation in the awareness workshop has been proven as one key factor contributing to high response rate.

***Recommended Actions:***

- Launch the FDIS–2018 on the general FDI companies that have responded to the FDIS–2017 by the end of April 2018.

- Ensure as many as possible companies (particularly the largest companies by estimated position and companies that have made large investments recently) are participating in the 2019 awareness workshop.
- Launch FDIS–2018 for new general FDI companies immediately after the awareness workshop in early July 2019.

## G. FDI Compilation for the Power Generation Sector

**18. In recognition of growing number of power generation projects, FDIS–2018 will be expanded to cover FDI in the power generation sector for the first time.** Previously, the compilation of FDI for this sector was sourced from administrative data, and the previous missions have closely worked with the DICA to acquire these data from the MOEE. Selection of power generation companies that have potential foreign investments could be based on the administrative records of the MOEE.

**19. The mission also suggested the participation of officials of the MOEE in the awareness workshop.** It would be instrumental for ensuring that a notable number of FDI companies in the power generation sector participate in the awareness workshop.

### ***Recommended Actions:***

- Correspond with the MOEE and request for assistance in:
  - (i) identifying companies that should be included in the FDIS for the power generation sector; and
  - (ii) invite MOEE officials to participate as observers in the awareness workshop scheduled for early July 2019.

## H. Modifications to the FDIS Forms

**20. Modification to the FDIS–2018 survey forms was made in response to the authorities' request (mainly to include employment-related data).** To facilitate future modifications to meet authorities' requirement, the mission illustrated to DICA officials on how to make such modifications to the survey form and to the compilation file. Nevertheless, the mission underscored the importance of keeping the survey form as simple as possible, so as not to confuse or pose too much burden for respondents. This has been observed as key to high response rates. FDI-related data are likely to be provided by the accounting or finance departments of the responding companies, while other variables of interest to the authorities (such as on employment) would plausibly be provided by other departments, and hence may require longer response time and inter-departmental coordination, which may impact the response rate.

**Recommended Action:**

- Make future modifications to the survey form along the guidelines provided by the mission.

**I. Capacity Building and Knowledge Management**

**21. The mission commended the DICA for taking proactive steps in keeping the momentum of capacity development activities provided to officials (including newly recruited ones) of the Planning and Statistics Division of the DICA.** The mission encouraged continuation of such practice and support by the management, as well as delegation of the current workload towards new compilers.

**Recommended Action:**

- Continue in-house and on-the-job training (by experienced compilers to new compilers), as well as nomination of compilers to regional workshops/courses relevant to FDI statistics.

**J. Officials Met During the Mission**

Name	Institution
Mr. Kyaw Win Tun	Director Planning & Statistics /DICA
Mr. Khin Maung Phyu	Deputy Director Planning & Statistics /DICA
Mr. Myo Htun	Deputy Director Planning & Statistics /DICA
Ms. Yin Min Hla	Assistant Director Planning & Statistics / DICA
Ms. Ei Thinzar Win	Assistant Director Planning & Statistics / DICA
Ms. Nyein Moh Moh Zaw	Deputy Staff Officer Planning & Statistics / DICA
Mr. Akar Thant	Staff Officer Planning & Statistics / DICA

## Appendix I. FDIS–2018 Survey Form for the Oil and Gas Sector

### Project-wise Information on Foreign Direct Investments (FDI) to the Oil and Gas Sector

#### Project Details

<b>Project Name</b>	
<b>MIC Permit Number</b>	
<b>Year of MIC permit</b>	
<b>Production Block / Area</b>	
<b>MIC approved investment (US\$ mn)</b>	
<b>Name of operator</b>	
<b>Current stage of investment (Exploration/ Development/ Production/Terminated)</b>	

#### Details of Participating Partners (excluding MOEE)

<b>Name of Partner Company (including operator(s))</b>	<b>Country of Residence of Partner Company</b>	<b>Percentage Share of Ownership of the Project (or equivalent of each partner)</b>

#### Annual Investments of Recoverable Cost, Cost Oil Recovered and Profit Oil Income by Operator and Partner Companies (excluding MOEE)

US\$ millions

<b>Year</b>	<b>Invested recoverable cost by operator and participating partners</b>	<b>Cost recovered by cost oil during the year</b>	<b>Profit oil to the operator and participating partners during the year</b>
2017			
2018			

**Details on Recoverable Cost (excluding MOEE)**

US\$ millions

	<b>2017</b>	<b>2018</b>
Recoverable cost (capital and non-capital) balance at the beginning of the year		
Recoverable cost (capital and non-capital) expenses added during the year		
Cost recovered by cost oil during the year (-)		
Other additions/ (subtractions) of capital during the year		
Recoverable cost (capital and non-capital) balance as at the end of the year		

**Details on Profit Oil**

US\$ millions

	<b>2017</b>	<b>2018</b>
Total before tax profit oil to the operator and participating partners (excluding MOEE) during the year		

**Details on Annual Payments to the Government**

US\$ millions

	<b>2017</b>	<b>2018</b>
Government royalty payments		
Signature bonus payments		
Production bonus payments		
Other payments from operator		

**Appendix II. Equity Section of FDIS-2018 Survey Form for the Banking Sector and General FDI Companies**

**4 Equity owned in your enterprise and dividends paid, please report in preferred currency in millions "currency"**

Please select reporting currency				Capital paid up to 01/04/2018	Retained earnings/losses cumulated up to 01/04/2018	Reserve at 01/04 /2018	Total equity at 01/04/2018
				1	2	3	4=1+2+3
4.1	Type of						
	<i>Direct investors :</i>	Percentage share of equity of investor at the beginning of the year (%)	Country of residence of the direct investor				
4.2	Other non-residents						
4.3	Residents						
4	Total						

**4 Equity owned in your enterprise and dividends paid, please report in preferred currency in millions "currency"**

Please select reporting currency				Purchase of new or already issued shares (or equivalent equity for branches) during FY 2018-19	Sale of shares (or equivalent equity for branches) during FY 2018-19	Retained earnings / losses attributable to shareholder during FY 2018-19	Change in reserves attributable to shareholder during FY 2018-2019	Valuations gains (+)/ losses (-) to capital (if any)	Total equity transactions for FY (Does not include valuation gains/ losses) 2018-19
				5	6	7	8	9	10=5-6+7+8
Type of									
<b>4.1</b>	<i>Direct investors :</i>	Percentage share of equity of investor at the beginning of the year (%)	Country of residence of the direct investor						
<b>4.2</b>	<i>Other non-residents</i>								
<b>4.3</b>	<i>Residents</i>								
<b>4</b>	<b>Total</b>								



5 *Debt instruments and interest due by your enterprise, please report in transaction currency in millions (ex: MMK millions, USD millions, EUR millions, etc.)*

					Debt instruments as at 01/04/2018 (opening balance)	New debt incurred during FY 2018-19	Debt extinguished during FY 2018-19	Debt instruments as at 31/03/2019	Interest incurred to this shareholder during FY 2018-19
					1	2	3	4=1+2-3	5
	Type of creditors								
<b>5.1</b>	<i>Direct investors :</i>	Country of residence of the investor	Type of Debt Instrument (eg; Foreign Loan, Trade Credit)	Currency of Reporting (ex: MMK millions , USD millions, EUR millions, etc)					
<b>5.2</b>	<i>Other non-residents</i>								