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# **Annual Report 2014**

**ASEAN Connectivity through Trade and Investment (ACTI)**

# Annual Report 2014

## ASEAN Connectivity through Trade and Investment (ACTI)

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# List of Abbreviations

ACCSQ	ASEAN Coordinating Committee on Standards and Quality
ACTI	ASEAN Connectivity through Trade and Investment
AEC	ASEAN Economic Community
AHTN	ASEAN Harmonized Tariff Nomenclature
AMDD	ASEAN Medical Device Directive
AMS	ASEAN Member States
ASEAN	Association of Southeast Asian Nations
ASW	ASEAN Single Window
ATIGA	ASEAN Trade in Goods Agreement
AWEN	ASEAN Women Entrepreneurs' Network
CLMV	Cambodia, Laos PDR, Myanmar, Vietnam
GEPI	Global Entrepreneurship Program Indonesia
ICT	Information and Communication Technology
IFC	International Finance Corporation
M&E	Monitoring and Evaluation
NSW	National Single Window
OCP	Operational Certification Procedures
PLF	Protocol for the Legal Framework
SME	Small and Medium Enterprise
TELSOM	Telecommunications Senior Officials Meeting
T&I	Trade and Investment
TWG	Working Group on Technical Matters for the ASEAN Single Window
US-ABC	US-ASEAN Business Council
USAID	United States Agency for International Development
SMEWG	Small and Medium Enterprise Working Group
WTO	World Trade Organization

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# Introduction and Summary

**ASEAN Connectivity through Trade and Investment (ACTI)** is a five-year project of the U.S. government to increase economic engagement and cooperation with the Association of Southeast Asian Nations (ASEAN). ACTI supports ASEAN in implementing the ASEAN Economic Community in the areas of customs integration, trade and investment facilitation, small and medium-sized enterprise development, clean and efficient energy, and information and communication technologies. These are priority areas under the ASEAN-U.S. Trade and Investment Framework Arrangement, Enhanced Economic Engagement Initiative, and the Enhanced Partnership Plan of Action. The project engages with the ASEAN Secretariat, member states, U.S. government agencies, the private sector, and other stakeholders as the region moves toward its 2015 ASEAN Economic Community goal and to deepen the ASEAN-U.S. economic relationship.

ACTI supports ASEAN through five work streams:

- **ASEAN Single Window:** By establishing the ASEAN Single Window (ASW) and the contributing National Single Windows, ASEAN is enabling the electronic exchange of trade transaction information for more rapid cargo clearance, thus lowering the cost of trade.
- **Trade and Investment Facilitation:** Trade and investment facilitation, including business standards harmonization in priority integration sectors, ensures a more level playing field, lowers costs, and boosts consumer confidence in the quality of goods they receive.
- **Small and Medium Enterprise Development:** ASEAN support for small and medium enterprise (SME) development encourages more inclusive economic growth. ACTI's support focuses on women and young entrepreneurs, particularly in Cambodia, Laos, Myanmar, and Vietnam, to further bridge the development gap.
- **Energy:** ASEAN and the U.S. are promoting the use of sustainable energy and energy efficient technologies.
- **Information and Communications Technology for Development:** By promoting greater broadband access and implementing the Information and Communications Technology (ICT) Master Plan, ASEAN seeks to bridge the digital divide.

ACTI's 2014 Annual Work Plan identified a series of ambitious activities building upon the transition work program implemented in 2013 to deliver immediate results and create a strong foundation for further work during the remainder of the project.

Under the ASW Component, the primary goals were to complete the regional legal framework for the ASW and to launch the procurement of the ASW messaging software environment. Both of these goals were attained, though the launch of the software procurement was delayed until late in the year as it took longer to get AMS consensus on the phased approach to ASW implementation than expected.

Under the Trade and Investment Component, ACTI's work on medical devices standards continued to improve preparedness of AMS for the implementation of the ASEAN Medical Devices Directive that was finalized, though not fully signed, in 2014. ACTI supported the Coordinating Committee on Investment in considering its approach to performance requirements, launched support for ASEAN's review of the ASEAN Harmonized Tariff Nomenclature, and organized the 2<sup>nd</sup> ASEAN-US Business Summit as part of the ASEAN Economic Minister's Meeting.

ACTI's SME Component was particularly active in 2014. The signing of the USAID and US-ASEAN Business Council Memorandum of Understanding to form the US-ASEAN Business Alliance for Competitive SMEs (Business Alliance) gave ACTI's SME work the strong backing of the American business community in the region. ACTI and the Business Alliance successfully exposed over 1500 small and medium enterprise owners and SME enablers to international best practices in areas such as logistics, branding, legal documentation, and e-commerce. ACTI also launched efforts to promote greater access to training materials and information through the ASEAN Online SME Academy and initiated work programs on access to finance and women's entrepreneurship. On the latter point, ACTI was proud to support the launch of the ASEAN Women Entrepreneurs' Network (AWEN) and has worked with AWEN throughout 2014 to expand the project's outreach to women entrepreneurs.

ACTI's Energy Component work plan for 2014 focused on implementation of workshops on renewable energy and civil nuclear safety as well as the completion of a study on climate change impacts on hydropower projects. ACTI and the Department of Energy implemented the workshop on the use of renewable energy in rural power grids and continued the implementation of the climate change study but the workshop on civil nuclear energy safety was not implemented and will now be implemented by others in the US Government.

ACTI's ICT Component work plan for 2014 focused on the completion of a case study on the use of TV White Space in expanding broadband service in Indonesia and a TV White Space workshop. Due to delays in implementing the underlying TV White Space project in Indonesia, the case study was delayed to early 2015 and thus the workshop.

ACTI's Burma-specific program accomplishments are set out in Appendix 5.

# 2014 Work Plan Implementation

The following is a summary of ACTI project’s progress during 2014 by work stream. Appendix 4 reports on the status of individual work plan activities.

## Work Stream 1: ASEAN Single Window

The **ASEAN Single Window (ASW)** is a central part of ASEAN’s efforts to stimulate the free flow of goods in the single market and production base of the ASEAN Economic Community. It allows the electronic exchange of shipment information between traders and governments and between exporting and importing countries.

The ASW consists of national electronic trade clearance systems, National Single Windows (NSWs), that use a regional platform to exchange information on shipments and shippers. NSWs are now operational in five ASEAN Member States with NSWs under development or design in the rest. NSWs enable a single submission of data and information, a single and synchronous processing of data and information and a single decision-making for customs clearance of cargo. This process helps expedite customs clearance, reduces transaction time and costs, and contributes to increased efficiency and competitiveness.

NSW Status	ASEAN Member States
Operational	Indonesia, Malaysia, the Philippines, Thailand, Singapore
Development	Brunei, Vietnam
Design	Cambodia, Laos, Myanmar

In 2013, intra-ASEAN trade totaled \$608 billion. The ASW will support accelerated imports and exports, improved enforcement of and compliance with regulations at the border, and reduced trade transaction costs. ASW will help to facilitate ASEAN’s participation in global and regional supply chains using the ASW as an interface with trading partners’ systems while potentially saving regional consumers billions of dollars through improved trade facilitation.



The Jakarta port in Indonesia that will also benefit from using ASW

The value of trade between ASEAN and the United States is currently estimated at \$206 billion. Thus, a more integrated ASEAN enhances U.S. business opportunities in Southeast Asia. ASEAN is enjoying a period of high growth and resilient economies. Foreign direct investment is pouring in, keen to capture the opportunity. The region attracted an estimated \$122.3 billion in foreign investment in 2013. ASEAN also has a strong

manufacturing story, given that China is becoming increasingly expensive, and it has a strong and growing investment story in fixed assets such as infrastructure. In addition, foreign companies are also attracted by the integration of ASEAN—the

combination of 10 relatively small markets into one large one of 617 million people—through interventions such as the ASEAN Single Window and other features of the ASEAN Economic Community. By helping ASEAN to fully complete and operate the ASW, ACTI's assistance will benefit all companies, whether from ASEAN or the United States, involved in import-export in Southeast Asia. In a rapidly integrating and growing region, such technical assistance has the potential to bolster U.S. investments and businesses while assisting ASEAN economies.

Currently, ACTI is assisting ASEAN to:

- Complete the basic ASW architecture and begin live operation by Q4 2015;
- Finalize and adopt the necessary legal reforms to operate the ASW;
- Over the longer term, incorporate ASW-transferred information into risk management systems; and
- Expand the public-private dialogue on the ASW.

Under the 2014 work plan, ACTI planned to begin procurement of the necessary software and services to permit the initial operation of the ASW by 2015 while pushing forward in parallel to expand the ASW to include the transmission of up to six other priority documents and the sharing of national information on importers, exporters, and brokers. ACTI also planned to work with the ASW Technical Working Group to organize a workshop to finalize procedures for sharing certificates of origin (ASEAN Trade in Goods Agreement (ATIGA) Form D). Additionally the work plan included support to the ASEAN Secretariat and interested parties to establish the ASW Project Management Office and to develop a guide to understand and implement the Protocol.

ASEAN is on track for the ASW to go live in 2015 and continue strong growth and expansion through the end of the project.

### **Transition to Live Operation of the ASW**

Over the past year, ACTI assisted the Working Group on Technical Matters for the ASW (TWG) in the design and then the implementation of a work program to ensure live operation before the end of 2015. ACTI proposed, and ASEAN agreed to, a staged approach to the implementation of the ASW. Under this approach, exchange-ready AMS will launch the ASW using the one exchange-ready form in 2015 while other AMS develop their NSWs. To implement this approach, ACTI launched the procurement of the ASW enabling infrastructure in November 2014. Under the ASEAN approved terms of reference included in the RFP, four ASEAN Member States (Indonesia, Malaysia, Singapore, and Thailand) will be part of the launch of the ASW that will focus on the exchange of the ATIGA certificate of origin. As of the end of 2014 bids had been received from three qualified bidders and the evaluation was ongoing. It is expected that the contract will commence in March 2015.

Recognizing the importance of data security in the ASW platform, ACTI worked closely with the TWG to determine the best way to encrypt the system. Initially, the ASW will use standard internet encryption (https) but the RFP calls for the system to be designed to support the use of

Public Key Infrastructure in the future as was decided through a series of workshops sponsored by ACTI.

To support the implementation of the procurement, ACTI has also been assisting the TWG to organize a Virtual Project Team consisting of representatives of each AMS participating in live operation. This team will be responsible for channeling communications and counter-parting arrangements among ACTI, the contractor, and operational units at the national level. The original pilot program encountered communication difficulties, and the team is designed to address this. The first meeting of the Virtual Project Team was held in November so the infrastructure needed for the successful implementation of the contract is in place.

Recognizing that the initial ASW will be limited, ACTI is assisting the ASW TWG to reach agreement on sharing additional documents over the ASW. During 2014, ACTI launched an effort to develop the data structures and business processes to permit the transfer of information from four possible forms.<sup>1</sup> This activity will be completed by mid-2015, in time to expand the scope of the ASW once it becomes operational. ACTI is also assisting the TWG to prepare for the exchange of export declaration information.

Looking to the future, ACTI assisted the ASW Steering Committee in 2014 to prepare a proposal for the sustainability of the ASW infrastructure. Through a series of studies, ACTI provided a concrete proposal for staffing and financing the ASW for the long term. The broad approach was accepted by the Steering Committee in 2014 and ACTI is currently making minor refinements in line with the ongoing procurement so that ASEAN can begin to implement the sustainability plan in 2015.

### ***Results***

- ACTI launched the procurement of the ASW messaging infrastructure.
- ACTI launched a study of the data structures and business processes needed to expand the ASW to cover additional priority documents.

### ***Next steps***

- Working with exchange-ready AMS, ACTI will implement the ASW messaging software.
- ACTI will provide assistance to AMS that are still developing their NSWs to become ready to join the ASW in 2016.

### **Finalizing the ASW Legal Framework**

USAID has been working with ASEAN to establish the necessary legal framework for the ASW for six years. By the end of 2013, the core regional legal document, the Protocol for the Legal Framework for the ASEAN Single Window (PLF), was nearly complete. During 2014 ACTI

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<sup>1</sup> The priority forms are: Ocean Booking Confirmation, Loading Confirmation, Pre-Departure Export Manifest Summary, and Sanitary and Phytosanitary Certificates

assisted the ASW Legal Working Group to complete the PLF, which was then endorsed by the ASW Steering Committee. The agreement is now awaiting signature by the Finance Ministers in spring of 2015.

To promote the adoption of the PLF, ACTI held regional and national workshops on the PLF in November in Vietnam. Excellent insights and comments were raised by Member States specifically on the need for a PLF ratification process, clarifications on the operative provisions of the PLF, information security policy, and comparable safeguard examples. These will be incorporated into an implementation guide being developed by ACTI. In 2015, ACTI will work with Cambodia and Lao PDR to organize similar national workshops.

While the PLF is critical in establishing the broad legal basis for the implementation of the ASW, legal changes are also required to support the exchange of specific documents. Of critical importance to the initial implementation of the ASW is the adoption of a new set of ATIGA Operational Certification Procedures (OCP) to allow acceptance of e-Certificate of Origin. At the request of the TWG, ACTI organized two workshops to support the adoption of the new OCP. By the end of 2014, the Subcommittee on the ATIGA Rules of Origin was preparing to adopt the new OCP and is on track to have it complete in time to enable the live implementation of the ASW.

Finally, ACTI worked in 2014 with both Myanmar and Cambodia on national legal gap analyses. Reports on the legal gaps in the implementation of both national single windows and the ASEAN Single Window have been completed. USAID has now completed legal gap analyses for Vietnam, the Philippines, Indonesia, Myanmar and Cambodia.

### ***Results***

- The PLF has been legally scrubbed and finalized.
- Legal gap analysis has been performed and finalized for Myanmar and Cambodia.

### ***Next steps***

- ACTI will assist Member States in aligning their domestic laws with the regional PLF and support their ratification process.
- ACTI will develop a guide to interpret the PLF to implement the ASW for the benefit of other stakeholders such as logistics providers, freight forwarders, traders, banks, insurance companies, etc. aside from Customs, Regulatory Agencies, and Port Authorities.
- ACTI will support the finalization of the electronic OCP.

While ACTI implemented most of its work plan for 2014 for the ASW, proposed work with the Customs Procedures and Trade Facilitation Working Group related to implementing stronger risk management systems through the ASW has been postponed until 2016. That work will require an operational ASW and thus must be delayed until the software implementation is complete.

## Work Stream 2: Trade and Investment Facilitation

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*With a population of over 620 million and a combined GDP of over \$2.4 trillion, ASEAN is the United State's third largest export market in Asia.*

The Trade and Investment Facilitation work stream of ACTI is designed to boost economic growth and regional integration through the provision of technical assistance to reduce trade and investment barriers. ACTI focuses its interventions in three areas: Trade in goods, Trade in services, and Investment. ACTI's support to ASEAN to liberalize trade in goods supports increased transparency in regulations, increased cooperation on standards, improved operation of rules of origin, and closer cooperation on trade nomenclature. In the area of services, ACTI provides support to ASEAN in preparation for its adoption of a new ASEAN Trade in Services Agreement. In the area of investment, ACTI is helping ASEAN to determine how to further liberalize its investment regime.

The ACTI 2014 work plan included activities in all of these areas with a focus on standards, self-certification of origin, revising the ASEAN Harmonized Nomenclature (AHTN), services negotiations, and investment policy. The activities to implement these objectives will be discussed below.

### Facilitating Trade in Goods

#### **A. Standards**

ACTI's work on standards focused primarily on preparing ASEAN and its member states to implement the ASEAN Medical Device Directive (AMDD), in collaboration with the U.S. Department of Commerce, the global medical devices industry. While it had been expected that the AMDD would be signed in 2014, not all member states were able to sign this year so implementation has been delayed. But ACTI successfully implemented three workshops on medical devices in 2014, providing national level support in Malaysia and Indonesia and a broader regional workshop to the Medical Devices Product Working Group. These workshops are helping regulators and the private sector better understand the changes in regulation and practices that will be required when the AMDD is adopted and implemented. A planned sub-regional workshop for Cambodia, Laos PDR, Myanmar, and Vietnam (CLMV) was postponed until 2015 at the request of the Vietnamese regulators who were to co-host the activity.



**One of the medical Devices Workshops in Putrajaya, Malaysia**

In addition, ACTI initiated support on good manufacturing practices in traditional medicines and health supplements. In April ACTI and the U.S. Department of Commerce organized a workshop for the ASEAN Coordinating Committee on Standards and Quality (ACCSQ)

Traditional Medicines and Health Supplements Product Working Group that was led by two U.S. Food and Drug Administration alumnae, who shared globally-recognized U.S. standards to promote good manufacturing practices among health supplement Participants were interested in further support from the United States as ASEAN works to develop its own directive on good manufacturing practices for traditional medicines and health supplements.

Finally, early in 2014, ACTI worked with the National Institute for Standards and Technology to organize a workshop on Standards in Trade for members of Working Group 2 (Conformity Assessment) of the ACCSQ. This workshop focused on conformity assessment procedures, how the conformity assessment system in the United States operates, and how conformity assessment procedures relate to World Trade Organization (WTO) obligations and international standards and practices. Participants came away from the workshop with a much deeper understanding of the issues that must be considered in adopting a new conformity mark system.

### ***Results***

- Regulators and industry leaders in Malaysia and Indonesia are better prepared for the implementation of the AMDD.
- Members of Working Group 2 of the ACCSQ have a better understanding of the US system of conformity assessment as well as their WTO obligations.

### ***Next steps***

- ACTI's medical devices work will continue with a sub-regional workshop (CLMV) in 2015 along with a requested national workshop in the Philippines and one or two regional workshops.
- ACTI is working with the Department of Commerce to develop a program of support on other standards issues for 2015.

## **B. Other Trade Facilitation Issues**

The World Customs Organization Harmonized System Code for tariff classification is reviewed and revised every 5 years. The next version of the Code will be implemented in 2017. In line with this, the AHTN must be reviewed, revised and implemented before then. ACTI is providing limited technical support through for this revision of the AHTN.

In 2014, ACTI provided technical support to the 2nd AHTN Task Force Meeting convened in Singapore in July and to the 4<sup>th</sup> AHTN Task Force meeting in Bandung, Indonesia in December 2014 to review the AHTN. ACTI will provide technical support to two additional AHTN Task Force meetings in 2015. The broader revision effort is on track for completion in 2016.

ACTI planned to continue support for ASEAN's move to self certification of origin through the organization of a workshop to review the results of pilot programs on self certification and make recommendations for the final design of ASEAN's self certification program. Due to delays in

the implementation of the Second Pilot program involving Indonesia, Laos and the Philippines, this activity was postponed to 2015.

### ***Results***

- ACTI's international customs classification expert supported AHTN meetings in 2014 during which revisions were made in key sections of the AHTN.

### ***Next Steps***

- ACTI expert will provide support to two more AHTN Task Force meetings in 2015 with an eye toward completing the revision by 2016.

### **Trade in Services**

Trade in services is becoming a vital for all countries, including those in ASEAN. Services are important not only in their own right, but also as vital inputs to the production of goods and services (e.g. telecommunications in respect of professional and many other services). ASEAN is in the process of negotiating a new ASEAN Trade in Services Agreement to replace ASEAN Framework Agreement on Services to promote liberalization after 2015. This new agreement will likely require new methods of scheduling commitments that will go beyond what was done under the ASEAN Framework Agreement on Services. In 2013, ACTI organized a regional workshop on new approaches in new services scheduling, such as using the negative list or a hybrid of negative and positive lists for different modes of supply or obligations (i.e., positive list market access, negative list National Treatment.) The Coordinating Committee on Services asked ACTI to implement national workshops for Cambodia, Laos, and Myanmar to help negotiators from those countries better understand these approaches to negotiations.

In late 2014, ACTI organized a series of one-day, in-country Trade in Services Scheduling workshops for Cambodia, Lao PDR, and Myanmar in Phnom Penh, Vientiane and Nay Pyi Taw respectively. A total of about 100 participants from the three countries attended the workshops. The presence of high ranking officials opening these workshops is indicative of the importance of the workshops for CLMV.

ACTI also committed to draft a paper on the changing role of services in the ASEAN economy for consideration by the Coordinating Committee on Services. This activity was delayed until 2015 but has now been launched and will be completed by March.

### ***Results***

- ACTI organized one-day, in-country Trade in Services Scheduling workshops for Cambodia, Lao PDR, and Myanmar

### ***Next Steps***

- In the coming year, ACTI will undertake an ASEAN-wide analysis of the role of services in the economy for use by the Coordinating Committee on Services in developing its post-2015 work program.

### **Investment Facilitation**

ACTI's work plan on investment in 2014 focused on supporting the Coordinating Committee on Investment in developing its forward looking work program on investment facilitation. As a first step, in August ACTI provided a consultant to speak on performance requirements in international investment agreements at a workshop organized and funded by the Coordinating Committee on Investment. An example of a performance requirement would be if a country requires that a new investor export a certain amount of its output each year. The presentation was well received and there was an active discussion among the committee members and the consultants to better understand how performance requirements work and how they should or should not be limited in ASEAN agreements. In early 2015, an ACTI consultant began to prepare a ideas for a draft post 2015 work program for the Coordinating Committee on Investment's. The paper will be delivered later in the first quarter of 2015.

In order to further support investment in ASEAN, ACTI helped to organize the Second U.S.-ASEAN Business Summit in Nay Pyi Taw in collaboration with the U.S.-ASEAN Business Council, the U.S. Chamber of Commerce, ASEAN Business Advisory Council, Union of Myanmar Federation of Chambers of Commerce and Industry and the Ministry of National Planning and Economic Development of Myanmar. The Business Summit included the launch of a report



**U.S. Trade Representative, Ambassador Michael Froman, speaks at the Opening Ceremony of the ASEAN-U.S. Business Summit.**

with recommendations to improve the environment for small business development in ASEAN that was jointly prepared by the US-ASEAN Business Council and USAID. The report is available through the US-ASEAN Business Council web site.<sup>2</sup> The Business Summit also provided attendees with a first view of the annual ASEAN Business Outlook Survey by the AmCham Singapore.<sup>3</sup> More than 250 people attended the Summit, including the ASEAN Economic Ministers, Senior Economic Officials Meeting leads, SMEs from at least eight ASEAN Member States, and business leaders from the US and all ten ASEAN Member States.

### ***Results***

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[http://cloud.chambermaster.com/userfiles/UserFiles/chambers/9078/File/2013\\_AEM\\_Mission/2014\\_Aem\\_Mission/BeyondAEC2015\\_Final\\_Aug22.pdf](http://cloud.chambermaster.com/userfiles/UserFiles/chambers/9078/File/2013_AEM_Mission/2014_Aem_Mission/BeyondAEC2015_Final_Aug22.pdf)

<sup>3</sup> [https://www.uschamber.com/sites/default/files/legacy/international/files/ASEAN\\_Survey\\_2014.pdf](https://www.uschamber.com/sites/default/files/legacy/international/files/ASEAN_Survey_2014.pdf)

- The Coordinating Committee on Investment has a better understanding of the role of performance requirements in international investment agreements and the arguments for and against such requirements.
- The Second U.S.-ASEAN Business Summit gave a strong focus to the importance SMEs in the regional economy.

### ***Next Steps***

- In 2015, ACTI will provide inputs for a multi-year investment facilitation work plan for ASEAN and undertake an ASEAN-wide study of Investment Provisions in ASEAN FTAs and Recommendations for Improvements.

Some 2014 work plan items were ultimately dropped or will be implemented in 2015 as has in part been discussed above. In addition, the concept paper on trade facilitation indicators was ultimately not required as the opportunity to use indicators developed by Organization for Economic Cooperation and Development has arisen and support for this will be part of ACTI's 2015 work plan. The proposed workshop on toy safety was dropped as it became clear that ASEAN did not have a working group that addressed this topic.

## **Work Stream 3: SME Development**

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ACTI's SME support activities aim to improve the capacity of ASEAN entrepreneurs, especially women and youth, to create and operate SMEs and promote equitable, inclusive development. In accordance with the ASEAN Strategic Action Plan for SME Development 2010-2015 and in close collaboration with the ASEAN SME Working Group, ACTI's SME support is focused on:

- Access to regional and international markets;
- Access to information, including improvement in IT skills; and
- Access to finance;

Support is tailored to meet the needs of the less-developed ASEAN Member States at the national level to help bridge the regional development gap and promote greater integration and participation in the ASEAN Economic Community. ACTI support leverages expertise from the United States and ASEAN region, public-private engagements, and other development programming.



**A woman entrepreneur that owns her own chili-making business is among many participants in the series of US-ASEAN Business Alliance workshops**

To improve access to regional and international markets, ACTI's 2014 Annual Work Plan (AWP) included training and outreach seminars for ASEAN SMEs and SME enablers, support for the ASEAN Women Entrepreneur's Network, business matching activities, support for the development of the new SME Working Group action plan, studies on SME finance, and the development of the "ASEAN On-line SME Academy" and the implementation of a series of trainings on using ICT tools for business development and management for SME enablers and young and women entrepreneurs.

Implementation of the 2014 work plan was greatly enhanced by the March 2014 MOU between USAID and US-ABC that created the US-ASEAN Business Alliance for Competitive SMEs. The Business Alliance brings the resources and expertise of world-class American firms to bear in support of ASEAN SMEs. US-ABC corporate participants offering expertise and/or financial support for Business Alliance activities include P&G, UPS, HP, GE, Microsoft, Baker McKenzie, Cisco, FedEx, Ford, Google, Hills Companies, IBM, KPMG, MasterCard, Motorola, Qualcomm, Seagate, UL, and VISA.

### **Access to Regional and International Markets**

The core of ACTI's support for improved access to regional and international markets was a series of five major seminars supported by the Business Alliance to provide information, training and mentoring services to develop ASEAN SMEs' capacity to participate in inter-firm linkages and strategic supplier partnerships and, opportunities permitting, to integrate into regional and global



**Business Alliance workshop in Yangon**

supply chains. Workshops were held in Ho Chi Minh City, Kuala Lumpur, Jakarta, Manila, and Yangon in 2014 and reached over 1100 SMEs and enablers. ACTI and the Business Alliance will use the contacts developed during these events to identify participants for subsequent more focused training activities.

To raise awareness of the needs of women entrepreneurs as well as to enhance their knowledge and capacity, ACTI supported the Launching Workshop of ASEAN Women Entrepreneurs' Network in April 2014 in Hanoi, which included a separate capacity building event sponsored by the Business Alliance for women-owned SMEs. Through the link that was forged at the Launching Workshop, ACTI is able to collaborate with AWEN national representatives to ensure that women are well represented at SME events. As a result, usually 50% or more of attendees at ACTI SME events are women. ACTI and the Business Alliance will continue to work with the Network to build capacity and improve access to finance and information of female entrepreneurs and women-owned SMEs beyond 2014. Capacity building and networking activities are the key focus areas in the AWEN Work Program 2014-2020.

ACTI also worked to mainstream women's entrepreneurship issues in ASEAN's SME work program during 2014. Thus, late in the year, ACTI convened a Regional Policy Dialogue on Empowering Women Entrepreneurs to Advance AEC Development in Bangkok. This event was the first platform for ASEAN SME Working Group members to interact and network with AWEN. It also provided an opportunity for the ASEAN participants to meet with Business Alliance corporate members and representatives from several international organizations including UN Women, UNESCAP and International Labour Organization, and the Australian Department of Foreign Affairs and Trade. A key input to the event was a paper on the special challenges facing women entrepreneurs prepared by an ACTI consultant. Out of this meeting there was great interest from Business Alliance corporate members in collaborating on "GREAT Women – the ASEAN Collection" with Philippines and other ASEAN countries. As a next step, ACTI will analyze feedback to identify the operational and other issues for the attention of SMEWG and ASEAN Secretariat.

ACTI's mandate also includes support for young entrepreneurs. Thus this past November, ACTI teamed up with the Ciputra Foundation in Indonesia to support the Global Entrepreneurship Week conference in Jakarta by bringing participants from other ASEAN Member States to participate and then to learn more about entrepreneurship by visiting the Global Entrepreneurship Program Indonesia (GEPI) to meet with its Executive Director and her team members. The ASEAN participants also met with three selected young startups engaged in the GEPI incubator. The GEPI incubator could be a model for possible replication in other ASEAN countries.

Finally, this past December in Yangon, ACTI, through its subcontractor Kenan Institute Asia and the Ministry of Industry of Myanmar, organized a one-day conference on the opportunities and challenges faced by SMEs in the ASEAN Economic Community. The conference was attended by 77 SMEs and SME enablers. The event was opened by U Aung Myo Khine, Director Central Department of Small and Medium Enterprises, Ministry of Industry. The key session in the morning was a panel of Myanmar government officials and others who talked about the services available to SMEs as they address the challenges of the AEC. The afternoon consisted of three presentations by SME owners from Thailand and the Philippines who showed how their companies are taking advantage of international markets as well as an address by Dr. Aung Htun Thet, a member of the President's Advisory Committee. Dr. Thet stressed the need for Myanmar SMEs to take advantage of the opportunities created by the AEC and not seek protection from the government.

### ***Results***

- USAID and US-ABC launched the U.S.-ASEAN Business Alliance for Competitive SMEs.
- ACTI and the Business Alliance provided training in core competitiveness issues to SMEs in Ho Chi Minh City, Kuala Lumpur, Jakarta, Manila and Yangon.
- ACTI sponsored the launch of AWEN in Hanoi in April. Through ACTI's cooperation with AWEN, ACTI has been able to include a significant number of women in all subsequent SME events.

- A conference on AEC 2015 Opportunities and Challenges for ASEAN SMEs in Yangon provided actionable information to SMEs in Myanmar on how to take advantage of the AEC.

### ***Next Steps***

- ACTI will use participant feedback to identify issues and priorities for future programming to target the needs of SME exporters in specific markets, as well as to identify SMEs that are ready to participate in more advanced training on supply-chain linkages.
- ACTI will use feedback from the Regional Policy Dialogue on Empowering Women Entrepreneurs to Advance AEC Development to promote women's entrepreneurship with the SMEWG and ASEAN Secretariat and to shape future ACTI activities.
- ACTI will analyze feedback from the Indonesia Global Entrepreneurship Week event for follow-up as needed.

### **Access to Information**

This year ACTI launched its effort to develop an online resource to support SME development in the region under the umbrella of the Business Alliance, and has made headway in the development and design of the ASEAN On-line SME Academy. Discussions with US-ABC members regarding the Academy have resulted in offers of technology and content support. Microsoft has offered to contribute content from their Enhancing ICT Skills of Small Medium Enterprises in ASEAN curriculum. Qualcomm will collaborate through the Mentoring Women in Business Program. IBM has rendered their support in platform development and in contributing resources from their existing SME Toolkit. The platform is under development as an open source package, and a technical helpdesk support for the Academy site manager will be available through the existing SME Toolkit. These contributions build upon the generous launch offer of access to HP Life from Hewlett Packard. Various useful contents from five Business Alliance seminars in supporting SMEs' competitiveness will be also featured in the Academy.



**The training-of-trainers workshop on ICT in Laos**

In November 2014, ACTI held a Regional Consultation on the ASEAN Online SME Academy in Bangkok for 46 participants. The Regional Consultation brought together representatives from ASEAN SMEWG, ASEAN Secretariat, AWEN, Business Alliance corporate members and other key stakeholders such as Hinrich Foundation and International Labour Organization to share views and experiences in implementing on-line training and information dissemination, and to find ways and means for further development of the platform, content and features of the Academy. The Academy vision and scope, and functional specification documents are being

finalized, taking into account the technology and content contributions of US-ABC partners and feedback and ideas generated during the regional consultation.

Separately, ACTI has been providing some direct support to SMEs to improve their access to information technology. Participation in modern markets requires a fair amount of sophistication in the use of information technology that SME owners often do not have and SME enablers often do not possess for more effective provision of their business development services to SMEs. ACTI's assessment mission found that knowledge of and skills in modern technology tools and, more generally, digital literacy are another weakness of and constraint on SMEs in business start-up and development, and on SME enablers in their provision of business development services to SMEs. Over the course of 2014 and January 2015, ACTI organized training opportunities in Indonesia and Laos in collaboration with the ASEAN Foundation (Indonesia) and Microsoft (Indonesia and Laos). The events included training-of-trainers activities and then trainings for SMEs supported by the newly minted trainers. Finally, there were intensive incubator sessions where a small number of SME owners were provided with individual support. This activity was especially designed to reach out to women and young entrepreneurs.

### ***Results***

- The Regional Consultation on the ASEAN Online SME Academy resulted in further development of the platform, content and features of the Academy.
- New SME ICT skill trainers were educated in both Indonesia and Laos and have trained an additional 50 people in use of ICT tools for SME development.
- SME owners, trained in part by the new trainers, gained new ICT knowledge and skills useful for their business development, according feedback from participants' evaluation questionnaires.
- Trainers previously supported by ACTI used their new skills to train an additional 50 individuals in how to use ICT tools to make their businesses more competitive.

### ***Next Steps***

- A preliminary version of the Academy will be presented to the SME Working Group in mid-2015.
- The Academy will be launched during the ASEAN Economic Ministers Meeting in August 2015.

### **Access to Finance**

This past September in Hanoi, Vietnam, ACTI organized a conference on SME finance in collaboration with the ASEAN SMEWG through its Vietnam focal point, the Agency for Enterprise Development, the German Federal Enterprise for International Cooperation and several local partners, including the Vietnam Chamber of Commerce and Industry, Vietnam Women Entrepreneurs Council and ASEAN Women Entrepreneurs' Network, and Vietnam Microfinance Working Group. The conference included a presentation of a paper on the role

that angel investors and venture capital can play in promoting SME development in the region. A special session at the event offered an opportunity for a range of microfinance institutions and banks to pitch ideas for improving access to finance for SMEs to a group of experts from donor agencies. This helped the participating institutions to refine their ideas for more formal presentation in other forums.



**Ms. Clare Pierangelo, Charge d'Affaires, U.S. Embassy in Vietnam, welcomed participants at the Regional Conference on SME Access to Finance in Ha Noi.**

### ***Results***

- Over 180 individuals participated in a Regional Conference on SME Access to Finance – Moving Forward in Support of Women Entrepreneurs in the Less Developed ASEAN Countries

### ***Next Steps***

- ACTI has shared resulting documents and findings with the ASEAN Secretariat to inform key strategic planning and identify implementation issues.

While ACTI was able to implement the bulk of its SME work plan for 2014, a few activities were postponed or cancelled. Two business matching events planned in cooperation with the Ministry of Commerce in Thailand had to be delayed because of the political situation in that country. Also, planned SME events with other sectoral bodies such as the ASW TWG could not be organized in 2014 due to scheduling issues. Both of these activities will be taken up in 2015.

## Work Stream 4: Energy

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While ASEAN strives towards accelerating the establishment of an ASEAN Economic Community by 2015, it is important to ensure that such development is sustainable through, among others, mitigating greenhouse gas emission. ASEAN has emphasized the need to strengthen energy efficiency, renewable energy development, such as bio-fuels, and promote open trade, facilitation and cooperation in the renewable and clean energy sector and related industries as well as investment in the requisite infrastructure for clean power development.

*ASEAN energy use is projected to increase 270% from 2007 to 2030*

ASEAN-U.S. energy cooperation aims to accelerate the deployment of clean energy technologies in the region. To this end, ACTI, working closely with the Department of Energy, supports implementation of the U.S.-ASEAN Energy Cooperation Work Plan 2012-2014. Thus ACTI's work plan for the energy work stream for 2014 included implementing a green building workshop, support for a workshop on rural use of solar power, and support for a regional workshop on "Developing a Safe and Secure Nuclear Power Program – The Essential Elements."

During 2014, ACTI implemented two energy work stream activities. The first is the development of a climate risk assessment framework for hydropower projects to support climate-resilient energy decision-making by ASEAN Member States. The study has developed a tool/framework that will enable hydropower plant owners to assess the impact of climate change. The climate change risk will be broken down into three components: 1) potential impact from climate-related stressors, 2) potential impact from non-climate stressors, and 3) adaptive capacity. ACTI's subcontractor ICF introduced the structure of the study at the U.S.-ASEAN Rural Electrification with Distributed Solar Power Workshop in Kuala Lumpur, Malaysia in April 2014. The final study will be completed in the first quarter of 2015 and presented to the ASEAN Renewable Energy – Sub Sector Network in 2015.

ACTI also conducted a workshop on Rural Electrification, as part of the ASEAN Renewable Energy – Sub Sector Network meeting in Kuala Lumpur. The workshop supported the renewable and clean energy area of energy cooperation and built upon and complemented the considerable work of the ASEAN Centre for Energy and German Development Corporation on rural electrification issues as part of the technical cooperation project, Renewable Energy Support Programme for ASEAN. The workshop was designed to: (1) focus on presenting case studies, (2) emphasize small wind and solar thermal technologies (prior ASEAN efforts have been more focused on bioenergy, micro-hydro, and solar photovoltaic technologies), and (3) feature the climate/weather risk protection attributes of certain renewable energy technologies. The workshop provided practical information on the



**The U.S.-ASEAN Rural Electrification Workshop in Malaysia**

deployment of micro-hydro, solar and small wind energy generation in the rural areas with examples in Malaysia, Indonesia, Laos and the Philippines.

### **Results**

- The U.S.-ASEAN Rural Electrification with Distributed Solar Power Workshop provided practical information to regional energy policy decision makers on the incorporation of renewable energy sources into rural electrical grids.

### **Next Steps**

- Complete the study of the impact of climate change on hydropower in the region and present the result to ASEAN Renewable Energy – Sub Sector Network in 2015

The green building workshop included in ACTI's 2014 work plan was ultimately implemented by the US government in cooperation with the government of Singapore in September 2014. The planned seminar on civil nuclear safety is now being organized by the US government through other mechanisms.

## **Work Stream 5: ICT and Development**

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In support of the ASEAN ICT Masterplan, ACTI provides technical assistance at the regional level to achieve an improved enabling environment for ICT, broadband, and emerging technology proliferation as well as improved accessibility, affordability, and utilization of broadband for ASEAN Member States.

ACTI's 2014 AWP activities for the ICT work

stream focused on cybersecurity, increasing broadband coverage in the regional, and examining the use of TV White Space. ACTI planned to complete an assessment and legal gap analysis of regional cybersecurity policies to be delivered to the Telecommunication Senior Officials Meeting (TELSOM) and used to identify areas of future cooperation and support. Secondly, based on the study Thailand was preparing on universal service obligations in the region, ACTI intended sponsor a workshop to promote best practices in universal service policies informed by the study. Lastly, ACTI proposed working with USAID's Global Broadband and Innovations program to expand on the lessons learned paper from the Indonesian TV White Space pilot to include lessons from other pilots around the world and present it to TELSOM.



**An ICT-enabled environment is expected in all ASEAN Member States**

## **Increasing Broadband Access**

Providing broadband access in rural areas has traditionally been difficult and costly. One innovative solution to this problem is to use underutilized parts of the radio spectrum, in this case ultra high frequency television frequencies, to transmit data long distances at low cost. The technology to do this is relatively new but has been pilot tested in a number of countries around the world, including the Philippines. Indonesia is implementing its own TV White Space pilot with assistance from the USAID Global Broadband Initiative and Microsoft, among other organizations. ACTI is preparing an evaluation of the Indonesia pilot to be used as a case study in a workshop on TV White Space technology now planned for 2015. Lessons learned from the Indonesia case and others will provide ASEAN with an avenue to expand broadband access at lower cost.

TV White Space Connectivity Pilot was launched on April 29<sup>th</sup> with meetings with Ministry of Communications and Informatics and the universal service obligation fund. After agreeing on data collection activities and expected outcomes, the team traveled to the Pilot site near Bantul (Jogjakarta region). There they worked with the ISP (PT SIMS) on technical baseline analysis and on profiling the communities to be served. The pilot program is now operational and the evaluation will be completed in early 2015.

### ***Results***

- None.

### ***Next steps***

- Complete the evaluation of the Indonesian TV White Space pilot in early 2015.
- Organize a workshop on TV White Space for TELSOM and ASEAN Telecommunication Regulators' Council.

## **Cooperation on Cyber Security**

In 2014, ACTI completed the design of a regional cybersecurity review and submitted it to the Secretariat. During the preparation of the design TELSOM indicated that it would not be seeking support from ACTI in this area. The work plan will now be submitted by the Secretariat to ASEAN Network Security Action Council for its consideration.

### ***Results***

- ACTI's proposal for an ASEAN Cybersecurity Review was completed and submitted by the ASEAN Secretariat to the ASEAN Network Security Action Council.

### ***Next steps***

- ACTI will collaborate with the ASEAN Secretariat to seek approval from the ASEAN Network Security Action Council to launch the review.

ACTI's proposed activity on universal service obligations was dropped at the request of TELSOM as work in this area was already being finalized by Thailand.

# Implementation Issues and Recommendations

To date, ACTI has completed 60 of the activities in its 2014 and prior work plan with work on another seven ongoing. Six activities are pending, generally due to scheduling issues with sectoral bodies or other logistical matters. Another 16 activities have been withdrawn due to their either being completed by the U.S. government in a different manner or through agreement between ASEAN and the U.S. government not to pursue at this time, the bulk of these were from ACTI's 2013 carryover program. To date, ACTI's cooperation activities have successfully supported the implementation of the ASEAN Economic Community and promoted regional integration.

The most significant challenge that ACTI has faced in implementing its program is in its ICT activities. It has been difficult to identify a strong work program moving forward with the relevant sectoral body. However, ACTI was informed in early 2015 that it will have an opportunity to meet with TELSOM in March and that the United States will have an opportunity to meet with TELSOM in June. This should pave the way for a more robust program in this area in 2015 and beyond.

## Appendix 1 – M&E Indicator Reporting

The table below tracks the indicators ACTI's M&E Plan. In the first quarter of the 2014 fiscal year, ACTI made good headway on reaching many of ACTI's M&E indicators particularly in the ASW, SME and T&I work streams. ACTI has already reached 51% of its FY15 target for ASW person hours of training (Indicator OT1) and 37% under T&I while completing 2 of the targeted 5 T&I activities implementing agreed U.S.-ASEAN work programs and objectives (Indicator OT3). While there were no PPP activities (Indicator 3.1.4) under the SME work stream in the first quarter of FY15, ACTI provided 78 SME owners and SME enablers with BDS training (Indicator 3.1.3), reaching approximately 16% of ACTI's FY15 target. The SME work stream also reached its 2015 target for number of studies completed on trade and investment (Indicator IT2). Overall, approximately 86% of all ACTI training and workshop participants indicated that their capacity has increased (Indicator OT2) with all work streams that implemented activities in Q1 over the target of 80%. Finally, ACTI has reached approximately 38% of its FY15 target for number of days of technical assistance on trade and investment environment (Indicator IT1).

Indicators	FY14 Target	FY14 Actual	FY15 Target	FY15 Q1 Actual	Comments on FY15 Implementation
<b>Work Stream 1: ASEAN Single Window</b>					
<b>Indicator OC1:</b> Number of guidelines, policies, or directives adopted by ASEAN reflecting ACTI inputs (custom)	1	1	3	0	The FY14 directive adopted was the Protocol for the Legal Framework for the ASW.
<b>Indicator OC2:</b> Number of AMS implementing guidelines, policies, or directives reflecting ACTI inputs (custom)	2	0	10	0	The late completion of the PLF made it impossible for AMS to adopt the PLF in FY2014. As the PLF has yet to be signed, no AMS have adopted measures to implement it in 2015.
Indicator 1.1.1: Number of AMS participating in the ASW (custom)	0	0	0	0	Assume ASW operational by late 2015
Indicator 1.1.2: Number of messages transmitted over the ASW (custom)	0	0	0	0	Assume ASW operational by late 2015

Indicators	FY14 Target	FY14 Actual	FY15 Target	FY15 Q1 Actual	Comments on FY15 Implementation
Indicator 1.2.1: Number of AMS integrating ASW data into risk management systems (custom)	0	0	0	0	Assume ASW operational by late 2015
<b>Work Stream 2: Trade and Investment Facilitation</b>					
<b>Indicator OC1:</b> Number of guidelines, policies, or directives adopted by ASEAN reflecting ACTI inputs (custom)	0	0	2	0	
<b>Indicator OC2:</b> Number of AMS implementing guidelines, policies, or directives reflecting ACTI inputs (custom)	0	0	5	0	
<b>Indicator OT3:</b> Number of completed activities implementing agreed U.S.-ASEAN work programs and objectives (custom)	6	7	5	2	FY14: 1-3. Workshops on Medical Device 4. Health Supplements Workshop 5. Trade in Services Workshop 6. US-ASEAN Business Summit 7. Workshop on WHO-TRIMS FY15 Q1: 1. Workshop on Medical Device 2. Trade in Services Workshops
<b>Work Stream 3: Small and Medium Enterprises</b>					
Indicator 3.1.1: Number of women entrepreneurs obtaining investors or financial services from financial institutions participating in ACTI activities (custom)	0	0	0	0	Activity will begin in FY2016
Indicator 3.1.2: Number of SME owners and SME enablers receiving BDS training (custom)	Total: 400	Total: 1,008	Total: 500	Total: 78	ACTI had relatively limited activity in this area in Q1. Q2 will include many more events.
	Female: 200	Female: 657	Female: 250	Female: 62	

Indicators	FY14 Target	FY14 Actual	FY15 Target	FY15 Q1 Actual	Comments on FY15 Implementation	
Indicator 3.1.3: Number of individuals completing ASEAN Online Academy courses (custom)	0	0	0	0	Activity will begin in FY2015 but too late for any individuals to complete the training in FY2015	
Indicator 3.1.4 Number of people benefitting from U.S. government-supported Public-Private Partnerships (Foreign Assistance F standard indicator PPP 2)	Total: 600	Total: 812	Total: 600	Total: 0	ACTI's did not hold any PPP events in Q1. Activity will increase in Q2.	
	Female: 300	Female: 412	Female: 300	Female: 0		
<b>Work Stream 4: Energy</b>						
<b>Indicator OT3:</b> Number of completed activities implementing agreed U.S.-ASEAN work programs and objectives (custom)	2	1	2	0	In FY14, ACTI held a workshop on the use of renewable energy sources in rural electrical grids at the Renewable Energy Sub-sector Network meeting. A workshop on climate change and hydropower is planned for March 2015. A planned workshop on civil nuclear safety has been dropped.	
<b>Work Stream 4: ICT</b>						
Indicator 5.1.1: Number of workshops or trainings presenting information on technologies and policies that allow for expanded rural broadband (custom)	0	0	1	0	The workshop is planned for later in FY2015.	
<b>Crosscutting Indicators Applicable to All Work Streams</b>						
<b>Indicator OT1:</b> Person hours of training in trade and investment capacity building supported by U.S. government assistance (Foreign Assistance F standard indicator 4.2.1-19)	<b>Total</b>	<b>11,660</b>	<b>17,452</b>	<b>19,560</b>	<b>5,310</b>	Generally on track for 2015
	ASW	700	672	800	408	
	T&I	7,000	5,250	7,000	2,610	
	SME	3,600	12,400	10,800	2,292	
	Energy	360	216	360	0	No activity in FY15 Q1
	ICT	0	0	600	0	No activity in FY15 Q1
<b>Indicator OT2:</b> Percentage of workshop or training participants whose capacity has increased as a result	<b>Average</b>	<b>80%</b>	<b>89%</b>	<b>80%</b>	<b>86%</b>	
	ASW	80%	84%	80%	85%	

Indicators	FY14 Target		FY14 Actual	FY15 Target	FY15 Q1 Actual	Comments on FY15 Implementation
of ACTI training/workshops (custom)	T&I	80%	89%	80%	91%	
	SME	80%	89%	80%	82%	
	Energy	80%	93%	80%	N/A	No activity in FY15 Q1
	ICT	80%	N/A	80%	N/A	No activity in FY15 Q1
<b>Indicator IT1:</b> Number of days of technical assistance (TA) on trade and investment environment provided to counterparts or stakeholders (Foreign Assistance F standard indicator 4.2.1–20)	<b>Total</b>	<b>940</b>	<b>1,305</b>	<b>990</b>	<b>375</b>	This is running significantly ahead of ACTI's projection and will likely exceed the target. It represent a higher level of inputs for greater outputs.
	ASW	340	486	340	113	
	T&I	250	314	300	89	
	SME	250	369	250	121	
	Energy	50	52	50	38	
	ICT	50	84	50	14	
<b>Indicator IT2:</b> Number of studies completed on trade and investment related issues (custom)	<b>Total</b>	<b>11</b>	<b>8</b>	<b>11</b>	<b>2</b>	
	ASW	6	2	6	0	The Information Process Modeling study was delayed and will yield four studies by mid-2015.
	T&I	0	0	1	0	Two studies are currently pending in Q2/Q3
	SME	4	5	2	2	FY14: Access to Finance FY15 Year 2 Q1: 1. Female Entrepreneurs 2. Proposal for Programming
	Energy	0	0	1	0	The climate change and hydropower study is ongoing.
	ICT	1	1	1	0	The TV White Space Case Study is ongoing.

## Appendix 2 – Project Reference Indices

This table includes the baseline for ACTI’s overall reference indices from the M&E Plan. The figures were previously reported in ACTI’s report for the third calendar quarter of 2014.

### Contextual Reference Data

<b>Data Point</b>	<b>Unit</b>	<b>Baseline (2012-2013)</b>	<b>FY 2014<sup>4</sup></b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Reference Index 1: Average Ranking of ASEAN member states in the International Finance Corporation (IFC) Ease of Doing Business index (custom)	Avg. ASEAN Rankings	88.9/189 countries* (2013)	89.3/189 (2014)				
	Avg. CLMV Ranking	144.3/189 countries	134.5/189				
Reference Index 2: ASW –IFC Doing Business indicator “Time to import/export (days)” indicator (standard)	Avg. ASEAN # of days	17.4 Days** (2013)	17.4				
	Avg. CLMV # of days	23.6 Days	23.25				
Reference Index 3.a: Trade and Investment –ASEAN total volume of trade (custom)	US\$ billion	2,476.4*** (2012)	2,511.5				
Reference Index 3.b: Trade and Investment –ASEAN Foreign Direct Investment (custom)	US\$ billion	114.3**** (2012)	122.4				
Reference Index 4: Energy –Total Primary Energy Supply/Real GDP (custom)	Tons of Oil Equivalent per real \$1,000 (based on 2005 US Dollars)	0.457***** (2012)	0.442				
Reference Index 5: Average broadband Internet subscriptions per 100 of population in ASEAN (custom)	Per 100 population	21.3***** (2012)	29.8				

NB: Because of time lags in data collection, most indicators refer to data from the previous year. Hence, 2014 ranking would reflect data collected in 2013.

Sources:

\*2014 World Bank Doing Business Report

<sup>4</sup> Data points for 2015 are from the same sources, subsequent year’s report.

*\*\*2014 World Bank Doing Business Report*

*\*\*\*ASEAN Community in Figures – Special Edition, ASEAN Statistics, 2014*

*\*\*\* ASEAN Community in Figures – Special Edition, ASEAN Statistics, 2014*

*\*\*\*\*Key World Energy Statistics, as of 2013 by International Energy Agency. (Data exclude Lao PDR as it is not listed by IEA)*

*\*\*\*\*\*International Telecommunications Union data as of April 2014*

## Appendix 3 – 2014 Work Plan Activity Status, Including Prior Activities

### Ongoing

Activity	Period of Implementation	Status
<b>Works Stream 1: ASEAN Single Window</b>		
1.1.02. Procure and implement the full-fledged ASW Pilot (2014)	November 2014 – December 2016	Ongoing
1.1.23. Undertake information process analysis and systems mapping, to be approved by AMS, to address the interoperability and provide a more structured end-to-end cargo clearance processing. Further, this study would cover model procedures in cargo clearance processing that would include messaging rules to support multi-agency risk management, naming conventions of multiple responses, importance of one submission to many notifications, etc.	November 2014 – May 2015	Ongoing
<b>Works Stream 2: Trade and Investment Facilitation</b>		
2.1.03. Organize one sub-regional workshop on medical devices regulatory harmonization in Vietnam	April 2015	Ongoing
2.1.13. Report on services and ASEAN: A Fresh Look. How Important are services to ASEAN? What is their role in the economy? To be presented to the Coordinating Committee on Services	January – March 2015	Ongoing
2.3.01. Design a multi-year work plan on investment facilitation including a general symposium with Coordinating Committee on Investment to launch discussions to consider potential framework investment cooperation.	January – June 2015	Ongoing
<b>Works Stream 4: Energy</b>		
4.1.04. Conduct a study on the potential climate change impacts on	February 2014 – May	Ongoing

Activity	Period of Implementation	Status
hydropower production and policy consequences	2015	
<b>Works Stream 5: ICT Development</b>		
5.1.10. Prepare a work plan for implementation of a demonstration project using TV White Space technology for providing broadband connectivity in rural areas in partnership with GBI, and Indonesia's MCIT and USO, and in coordination with USAID Jakarta.	March 2014 – April 2015	Ongoing. Reviewing implementation of the Indonesian pilot program on TV White Space

## Pending

Activity	Period of Implementation	Status
<b>Works Stream 1: ASEAN Single Window</b>		
1.2.01 Develop a concept note and seek endorsement from Customs Procedures and Trade Facilitation Working Group (CPTFWG) for the conduct of a regional workshop in 2014 on Customs-to-Customs partnership (Mutual Recognition Agreement of national Authorized Economic Operator (AEO) programs.	TBD	Delayed
<b>Works Stream 2: Trade and Investment Facilitation</b>		
2.1.09. Regional workshop on the operation of the pilot program on self-certification	TBD	Postponed to 2015
2.3.02. Organize one regional workshop to begin implementation of the multi-year work plan on investment facilitation	TBD	Postponed to 2015
<b>Works Stream 3: SME Development</b>		
3.1.07. Organize a three-day networking and training visit to Thailand for the 12-16 SMEs and SME enablers from the less developed AMS that will provide matchmaking opportunities between SMEs from Thailand and the less developed AMS.	TBD	Postponed to 2015

Activity	Period of Implementation	Status
3.1.08. Conduct a follow-on, three-day in-country government-business seminar and networking event, including one-on-one enterprise linkage discussions and a visit to less developed AMS.	TBD	Postponed to 2015
<b>Works Stream 5: ICT Development</b>		
5.1.11. Assessment on best practices and lessons learned on sustainable rural connectivity using TV White Space (TVWS) technologies and its potential application in reaching AIM rural access objectives in ASEAN to be presented to TELSOM	TBD	Postponed to 2015

## Completed

Activity	Period of Implementation	Status
<b>Works Stream 1: ASEAN Single Window</b>		
1.1.01. Discuss the procurement and installation of software licenses in eligible MS for the operation of the ASW network infrastructure during the duration of the ASW Pilot Project full-fledged phase	November 2013	Completed.
1.1.03. Conduct an independent assessment on the viability of the ASEAN Secretariat to host the ASW regional services server	January – June 2014	Completed
1.1.04. Prepare a concept paper on the ASW Project Management Office	November 2013	Completed
1.1.05 Assist ASEAN in setting up an ASW Project Management Office, upon AMS approval of the concept note prepared under the AWP 2013.	January - March 2015	Completed
1.1.06. Complete the TOR for the ASW pilot full-fledged following recommendations on prioritized business processes	Will be carried over to 2014 AWP	Completed
1.1.07. Develop a concept note for information process analysis and systems mapping to provide interoperability and a more structured end-to-end cargo clearance processing between the	November 2013	Completed

Activity	Period of Implementation	Status
ASW and NSW		
1.1.08. Finalize workflow processes for CEPT/ATIGA Form D, ACDD, and other prioritized cross-border documents/messages	December 2013	Completed
1.1.09. Develop a concept note and seek endorsement of the 25 <sup>th</sup> TWG meeting for front-end business applications for Cambodia, Myanmar, and Lao PDR	November 2013	Completed
1.1.10. Purchase a low cost IT application to improve the content management capability of the ASW web portal system to restrict public access to sensitive information.	Uploading apps completed by January 2014	Completed
1.1.11. Briefing paper on the cost and recurring expenses of the ASW live operation	March 2014	Completed
1.1.12. Undertake one-day Focused Group Discussion to facilitate discussion with relevant stakeholders on the trade flows of four identified cross-border documents agreed by Member States at the ASW 25th TWG meeting.	February 2014	Completed
1.1.13. Joint ASW TWG and Sub-Committee on the ATIGA Rules of Origin workshop on electronic ATIGA Form D to review and expedite the completion of the amendments of the OCP.	August 2014	Completed
1.1.14. Develop a concept note and conduct a one-day workshop on PKI and Mutual Recognition of Digital Certificates.	August 2014	Completed
1.1.15. Provide a legal consultant to offer further legal advisory services for Member States and the ASW Legal Working Group to finalize the Protocol for the Legal Framework for the ASW by the end of 2013	December 2013	Completed
1.1.16. Conduct a gap analysis in Myanmar to assess whether national laws, included e-Commerce legislation, would permit the efficient introduction of a national and ASEAN single window following the guidelines of the Protocol for the Legal Framework for the ASW.	December 2013 to April 2014.	Completed

Activity	Period of Implementation	Status
1.1.17. Conduct the regional workshop on understanding the Protocol on the Legal Framework to assist Member States in their domestic ratification process. Vietnam expressed its interest to host this workshop in 2014.	November 2014	Completed
1.1.18. Provide a legal consultant develop a guide for the Protocol for the Legal Framework to implement the ASW	February 2014-December 2015	Completed
1.1.19. Draft an outreach plan for private sector engagement with specific materials to be approved by ASEAN and USAID, e.g. posters, brochures, content for the ASW Web Portal, etc.	Plan completed by December 2013	Completed.
1.1.20. Present the outcome of the cross-border Business Process Analysis activity to the ASW Technical Working Group meeting in August.	November 2013	Completed
1.1.21. Provide NSW related assistance by the ACTI ASW lead on information process analysis / data mapping as requested by interested AMS.	Merged with national data harmonization workshop	Completed
1.1.22. Conduct a regional workshop on data harmonization that includes, in particular, the update of the endorsed XML schema and data format with the latest ISO or any international standard for the ATIGA Form D and the other priority cross-border documents. This will ensure uniformity and consistency of data and processes for all participating entities in exchanging cross-border information. Subsumed under 1.5.3.	October 2014	Completed
1.2.02 Develop a concept note and seek endorsement from the Customs Enforcement and Compliance Working Group for the conduct of a regional workshop on advance multi-agency risk management in 2014.	Completed by December 2013	Completed
<b>Works Stream 2: Trade and Investment Facilitation</b>		

Activity	Period of Implementation	Status
2.1.01. Support medical device regulation trainings in Thailand and Indonesia.	August 2013	Completed
2.1.02. Support medical device regulation trainings in Vietnam	October 2013	Completed
2.1.04. Organize national workshops on medical devices regulatory harmonization in Malaysia and Indonesia	August-October 2014	Completed
2.1.05. Organize one regional workshop with the ACCSQ Medical Devices Product Working Group, Singapore	5-6 May 2014	Completed
2.1.08. Conduct a workshop on self-certification for Myanmar	November 2013	Completed
2.1.11. Provide expert advisory services to two meetings of the ASEAN Harmonized Tariff Nomenclature Review	2014	Completed
2.1.12. Implement intensive workshops in Myanmar, Lao, and Cambodia on using the negative list to schedule services commitments	December 2014	Completed
2.1.14. Organize a workshop on services negotiation, back-to-back with the Coordinating Committee on Services meeting in Lao PDR in November (to be confirmed)	29 November 2013	Completed
2.5.01. Initiate planning for the ASEAN-U.S. Business Summit 2014.		Completed
2.5.02. Organize the ASEAN-U.S. Business Summit in Myanmar	28 August 2014	Completed
<b>Works Stream 3: SME Development</b>		
3.1.01. Desk research of existing relevant materials on status of SME services in ASEAN Member States	10-30 September	Completed
3.1.02. Develop research-based questionnaires	1-10 October	Completed
3.1.03. Conduct analytical missions in less developed ASEAN Member States	11-28 November	Completed
3.1.04. Present ACTI-SME draft work plan and preliminary findings and recommendations to the SMEWG in Yangon	25 November	Completed
3.1.05. Participate in APEC Policy Partnership on Women and the	15-16 September 2013	Completed

Activity	Period of Implementation	Status
Economy Access to Capital Workshop, Bali, Indonesia, 15-16 September 2013 and fund two participants each from Lao PDR and Cambodia		
3.1.06. Organize in collaboration with US-ABC an “ASEAN Insights Seminar” in a less developed AMS that will highlight the opportunities and challenges presented by the AEC.	December 2014	Completed
3.1.09. In collaboration with US-ABC and ASEAN sectoral bodies including the SMEWG, conduct a series of tailor-made or thematic training activities for SMEs and SME enablers related to ASEAN sectoral body programs.	April-November 2014	Completed
3.1.10. In collaboration with US-ABC, conduct SME workshops back-to-back with US-ABC missions to the region and with the ASEAN-U.S. Business Summit	April – August 2014	Completed
3.1.11. In collaboration with US-ABC, provide support to the (first) Launching Workshop of the ASEAN Women Entrepreneurs’ Network in Viet Nam (tentatively in April 2014)	April 2014	Completed
3.1.12. In collaboration with the ASEAN Network of Women Entrepreneurs and US-ABC, organize a focused seminar for women SME entrepreneurs prior to the meeting of the ASEAN Network of Women Entrepreneurs	November 2014	Completed
3.1.13. Draft two discussion papers, at least one in collaboration with the U.S. ASEAN Business Council and the ASEAN Network of Women Entrepreneurs, to support the development of the next ASEAN SME Action Plan by the SMEWG.	November 2014	Completed
3.1.14. Hold consultations with the SMEWG in Yangon, 25-27 November.	25 November 2013	Completed
3.1.15. Convene a policy dialogue which could be held back-to-back with the SMEWG meetings to ensure high-level participation and greater cost effectiveness.	November 2014	Completed

Activity	Period of Implementation	Status
3.1.16. Conduct consultations with the USAID-US-ABC Public Private Partnership for ASEAN SME Development in Preparation for the AEC 2015.	2-3 December 2013	Completed
3.2.01. Develop a general framework, template, and contents of market information and data for presentation	December 2013	Completed
3.2.02. In collaboration with US-ABC (IBM Service Corps TBC), design an online gateway, or one-stop-shop, to provide SMEs and SME enablers with dedicated information and tools (possibly provided by US-ABC members), and to facilitate the provision of advisory and mentoring services, including for self-help learning and other purposes over time.	June 2014 – August 2015	Completed
3.2.03. Provide partial financing (e.g. meeting package) and technical support (providing comments on draft concept notes) for the seminar with the ASEAN Foundation and Hewlett-Packard on the AEC 2015 for SMEs, scheduled in November in Indonesia	5 December 2013	Completed
3.2.04. Provide financial support for the cost of trainers and participate as an expert for the ASEAN Foundation Train-the Trainer course for youth entrepreneurs based on the Microsoft curriculum	March – May 2014	Completed
3.2.05. Provide financial support for the cost of trainers and participate as an expert for the ASEAN Foundation three training courses for young SME entrepreneurs to improve their businesses by using ICT	February 2014	Completed
3.2.06. In collaboration with the ASEAN Foundation and Microsoft, conduct one Training-of-Trainers course for SME enablers on using ICT tools for business development and management.	January 2015	Completed
3.2.08. Conduct one basic training course for young and women entrepreneurs, back to back with the Training-of-Trainers course in 3.2.06	January 2015	Completed
3.3.01. Draft discussion papers on alternative funding sources for SMEs in collaboration with US-ABC members.	September 2014	Completed

Activity	Period of Implementation	Status
3.3.02. A regional seminar on alternative funding sources, including a session on public-private business dialogue, in a less developed AMS	September 2014	Completed
<b>Works Stream 4: Energy</b>		
4.1.05. U.S.-ASEAN Rural Electrification with Distributed Solar Power Workshop	April 2014	Completed
4.1.07. Meet with ASEAN, DOE, and other relevant agencies and stakeholders to identify options for a new U.S.-ASEAN Energy Cooperation Plan.		Completed
<b>Works Stream 5: ICT Development</b>		
5.1.03. Coordinate with ASEAN Telecommunications Regulators' Council and TELSOM to identify priority work cycle projects	September – November 2013	Completed
5.2.01. Develop a work plan to define and coordinate a regional cyber security framework that covers data, network, e-transaction, and financial security, building on prior developments of the Electronic Commerce Working group.	1 <sup>st</sup> Quarter 2014	Completed
5.2.03. Attend TELSOM retreat in September to initiate discussion of regional and AMS priorities and action planning for 2014.	September 2013	Complete

## Withdrawn

Activity	Period of Implementation	Status
<b>Works Stream 2: Trade and Investment Facilitation</b>		
2.1.06. Implement a workshop on toy safety for regional regulators		Not Approved
2.1.07. Develop a concept note for discussion at the Senior Economic Officials Meeting on trade facilitation indicators		Withdrawn and revised to support the use of OECD indicators
<b>Works Stream 3: SME Development</b>		
3.2.07. In collaboration with the ASEAN Foundation and Microsoft, provide in a multi-media format basic training course materials on the use of ICT tools for business development and management in Vietnamese.		Withdrawn, included in the AEAN Online SME Academy
<b>Works Stream 4: Energy</b>		
4.1.01. Design a Green Buildings workshop for the EEC-SSN to be held in 2014		Withdrawn (Organized separately by the USG)
4.1.02. Conduct an assessment of opportunities among AMS to utilize a regional building energy performance benchmarking tool		Withdrawn
4.1.03. Organize a workshop on cost-effective green building design		Withdrawn (Organized by Singapore and the US without assistance from ACTI)
4.1.06. Organize one regional workshop on Developing a Safe and Secure Nuclear Power Program-The Essential Elements.		Withdrawn (to be implemented separately by the USG)
<b>Works Stream 5: ICT Development</b>		
5.1.01. Develop a work plan for a regional gap analysis on legal and regulatory advisory services. Work plan is a precursor for activity to be carried out by ACTI in 2014.		Withdrawn

Activity	Period of Implementation	Status
5.1.02. Develop a work plan for a regional gap analysis on ICT regulatory improvements needed for implementing regional regulatory standards for telecommunications to be implemented by ACTI in 2014.		Withdrawn
5.1.04. Develop a work plan, including identification of priority AMS, for conducting financial and legal gap analyses on ICT Master Plan roadmap development and as suitable for the individual AMS.		Withdrawn
5.1.05. Introduce ACTI program before the TELMIN/TELSOM dialogue partners meeting scheduled for November 11-15 in Singapore, to facilitate coordination with ASEAN ICT leaders, other donors on ICT sector development programming		Withdrawn
5.1.06. Participate in the ITU-sponsored Connect Asia-Pacific Summit scheduled for November 18 <sup>th</sup> in Bangkok. The ICT for Development Initiative for Asia-Pacific will be publically launched at that event with potential ties to future ACTI activities.		Withdrawn
5.1.07. Review regional guidelines on Universal Service Policy and broadband strategy, and identify regulatory priorities.		Not Approved
5.1.08. Provide project design for the Lao PDR Universal Service Fund and broadband technical assistance project as a follow up to the USAID Global Broadband and Innovation program (GBI) financed scoping exercise in Lao (11-18 Sept 2013) in consultation with USAID and the U.S. Embassy in Vientiane.		Withdrawn
5.1.09. Monitor the outcomes from the TV White Space pilot program in the Philippines to promote broadband connectivity to schools, and provide support if requested.		Withdrawn
5.2.02. Assessment and legal gap analysis of regional		Not Approved.

Activity	Period of Implementation	Status
Cybersecurity policies to be presented to TELSOM		



## Appendix 4 – Success Story

Success Stories/Lessons Learned Template

*One Story Per Template*

**Please provide the following data:**

**\*Headline (Maximum 300 characters):** A good headline or title is simple, jargon free, and has impact; it summarizes the story in a nutshell; include action verbs that bring the story to life.

**Establishing the Legal Basis for the ASEAN Single Window**

**\*Body Copy (maximum 1.5 pages Times New Roman 12pt font):** The first paragraphs should showcase the challenge encountered and the context of the foreign assistance program. Presenting a conflict or sharing a first person account are two good ways to grab the reader's attention. Continue by describing what actions were taken and finally describing the end result. What changed for the person or community? What was learned? How did this make a difference in the community or to the country overall? If this story is relating to a "best practice", what were the innovations in planning, implementation or partnering that made it different? If this story is about an evaluation, what program adjustments were made?

Importers around the world struggle to obtain the multiple permits and approvals that are required for every trade transaction, often having to travel from office to office to get individual signatures for a single import consignment. ASEAN is streamlining this process through its ASEAN Single Window (ASW) program. The ASW is designed to promote the development of single electronic transaction point for trade transactions in each ASEAN Member State (AMS) and then connect those national single windows to allow easy sharing of information to facilitate trade.

Sharing information for risk management and compliance at both the national and regional levels poses legal challenges. At the national level it can only work if there is legislation permitting the sharing of information among government agencies, the utilization of electronic forms as a substitute for traditional paper-based documents and the sharing of information regionally. With support from the United States, five Member States (Vietnam, Philippines, Lao PDR, Indonesia, and Myanmar) have conducted national legal gap analyses to identify domestic legal constraints to the ASW and are seeking to address them.

ASEAN is also addressing these legal issues at the regional level. After five years of complex negotiations, ASEAN legal experts have developed the Protocol for the Legal Framework (PLF) for the operation of the ASW. The PLF sets out the core legal principles for the regional exchange of data and will be adopted by ASEAN in early 2015. This is a major accomplishment as no other region has adopted a similar agreement. For this reason, other regions are looking to the ASEAN agreement as a

model.

To ensure that the PLF is properly implemented by the ASEAN Member States, in late 2014, the U.S. Government-funded ASEAN Connectivity through Trade and Investment (ACTI) project launched a series of regional and national workshops to support ASEAN Member States in understanding the requirements of the PLF and incorporating those requirements into domestic legislation. The first workshop, entitled the “Regional Workshop for Understanding the PLF” took place in Hanoi, Viet Nam on 25-26 November 2014. More than 30 participants that included government officials and stakeholders from Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, and Vietnam attended the regional workshop. The next day a one-day national workshop was organized for a broader range government officials of Viet Nam. The second workshop was provided to assist Viet Nam in aligning their NSW legal policies with the ASW legal infrastructure. Similar national workshops are now planned for Cambodia and Laos.

Both workshops in Vietnam helped AMS legal representatives to better understand the changes to national legislation that will be required to align their rules and regulations to the PLF as is required before final ratification will be complete. The ratification process is a tedious undertaking, which requires an in-depth understanding to formulate and enforce uniform laws, and the need to determine which national legislation and to what extent they can be harmonized with international norms. Depending on the country, process of ratification may require a number of steps, involve various authorities and take several months to conclude. But with the support provided by the United States, all ASEAN Member States are in a better position to complete ratification in time to launch the ASW by the end of 2015.

**\*Pullout Quote (one sentence):** Please provide a quote that represents and summarizes the story.

“The national PLF workshop was a critical component of our effort to promote the ASEAN Single Window in Vietnam and has paved the way for more rapid approval of the needed amendments to our laws and regulations,” **(Mr. Pham Duyen Phuong – workshop participant / Head of Division, Customs Modernization and Reform Board, GDVC)**

**\*Background Information (one paragraph):** If relevant indicate whether this story is about a presidential initiative, Key Issue(s). Please in one or two sentences explain why this is important to the intended beneficiaries and addresses USG priorities.

The establishment of national single windows promotes trade facilitation throughout ASEAN and thus facilitates American exports to the region. The implementation of the ASEAN Single Window further expands intra-regional trade facilitation efforts and thus provides additional value to American firms that manufacture or trade goods within the region.

**\*Project Name and Point of Contact:** Please Provide the Project Name and the Individual who can be contacted to provide additional information about this story if required.

ASEAN Connectivity through Trade and Investment (ACTI) Project,  
Mr. Tim Buehrer (Chief of Party): [tbuehrer@nathaninc.com](mailto:tbuehrer@nathaninc.com)

# Appendix 5 - Economic Reform for ASEAN Integration (ACTI-ERA) Program

The ACTI Economic Reform and ASEAN Integration (ACTI-ERA) program seeks to accelerate inclusive, private-sector-led economic development in Burma, to build stronger U.S.-Burma economic relations and to facilitate integrating Burma into regional and international markets. Although the program must remain flexible to address opportunities for reform, it focuses on supporting legal and regulatory reforms, capacity building and training in the Government, the courts and the private sector, and enhancing the effectiveness of policy dialogue between the Government and business and civil society. Its activities are driven by Burma's commitments to the ASEAN Economic Community, U.S.-ASEAN Expanded Economic Engagement and the U.S.-Burma Trade and Investment Framework Agreement (TIFA), as well as broader international treaty requirements (the World Trade Organization) and best practices where applicable.

2014 represents the first year of the program and was a period when USAID began to deepen and systematize economic programming, following its first full year of operation in 2013 and the lifting of most of the sanctions in 2012 after the by-elections. Since 2011, the Government has steadily moved to open its economy to encourage the people of Burma -- individual farmers, businesses, workers and consumers -- to have the freedom to make their own economic decisions in response to more open market forces and to begin to integrate more into regional and international markets. And both public and private sector organizations, as well as people more generally, are investing in human resource development and transforming institutional structures to implement reforms more effectively on the Government side and to take advantage of new market-driven opportunities and challenges on the private-sector side.

Although fundamental progress has been made, many reforms have been partial with many sectors remaining under restrictive licensing and other regulations that limit new entry and competition. Broad-based economic growth and the expansion of trade and investment outside of natural resource sectors have been moderate given the low starting point of the economy. Many Burmese remain in poverty, as the growth has had relatively limited impact in improving livelihoods of much of the population. As well, most government agencies are struggling to transform institutional structures and human resource capabilities to effectively implement reform policies and to appropriately regulate market activities and provide public services to the Burma people, especially in rural areas.

Whereas announcements have been made about advancing fundamental reforms (for example a full streamlining and rationalization of trade licensing and investment restrictions from extensive positive lists to limited negative lists, as well as for financial market modernization), actual policy and legal reforms have been piecemeal and somewhat limited, with many key reforms locked into drafting processes that are often opaque, lengthy and seemingly influenced by vested interests. As a result, 2015 may be a year of critical and substantial reform building upon

preparations in 2013 and 2014, or as others predict, the politics leading into the elections may only strengthen the influence of vested interests and make it more difficult to move reforms forward.

Underneath these “high-politics”, however, most economic Government ministries and many private-sector organizations are steadily modernizing and strengthening their institutional capabilities, expanding staff and facilities, intensifying training and raising public awareness, including regarding international best practices. Treaty requirements, as well, continue to justify reforms even as political processes focus on the upcoming election. Although such efforts take time and can benefit from strategic decisions regarding where to establish priorities and how best to utilize expanding donor support, this represents fundamental progress after a half century of isolation and neglect. Institutional and human resource capacities at upper-mid-levels in the government and private sector can serve as a “technocratic” foundation for more effective economic governance and implementation that can potentially facilitate inclusive growth well into the future (supporting whichever party wins in the upcoming election), hopefully expanding the benefit of accelerating growth more fully among as many Burma people as possible.

As the program took form in early 2014, working closely with the USAID economics team, ACTI-ERA moved to identify and develop working relationships with those key government and private organizations that are committing to modernize and strengthen their capabilities in line with international best practices and forward-looking domestic needs, and that expressed an interest to work with USAID relative to other donors (to limit wasteful donor overlap).<sup>5</sup> At the same time, ACTI-ERA established the core elements of a program office (with the Country Manager taking up full-time residence, renting an office, hiring an office manager and program officer, and starting the company registration process). This included developing a strong, complementary working relationships with the “mother” ACTI project in Jakarta (ACTI-ERA staff traveled to Jakarta to meet staff and learn processes, which have been reinforced by frequent email and Skype communications; ACTI-ERA, on the other hand, provided logistical support for a number of ACTI programs organized in country around Burma’s hosting of ASEAN in 2014 ). Throughout the year, ACTI-ERA staff worked closely with the USAID and Embassy economics teams, as requested, to provide information and support programs and discussions.<sup>6</sup>

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<sup>5</sup> In addition, the Burma Country Manager and ACTI Chief of Party met with a wide range of U.S. Government officials and private experts and groups during meetings in Washington in January. In early March, the ACTI Chief of Party and ACTI-ERA Country Manager briefed, at their request in Nay Pyi Taw, the Burmese Senior Economic Official who would play a key role in Burma’s leadership year for ASEAN and her core staff on ACTI activities to support the ASEAN Economic Community and how the ACTI-ERA program reinforces this initiative at the bilateral level.

<sup>6</sup> For example, the ACTI Country Manager was requested to attend as an observer the U.S.-Burma Trade and Investment Framework Agreement (TIFA) meeting in Nay Pyi Taw, which included a detailed briefing for the USTR official leading the U.S. delegation. ACTI staff was regularly asked by USAID to attend meetings with outside groups to add perspective and provide technical inputs to those discussions. Support for Washington-based programs on agribusiness is noted below in section 2.4.3.

As the Work Plan for 2014 took form, ACTI-ERA identified and began to implement technical assistance activities over the course of the year with the following Government agencies and departments -- the Ministry of Commerce's Department of Trade and Department of Commerce and Consumer Affairs; the Ministry of Science and Technology's Department of Standards and Metrology and Department of Intellectual Property; the Ministry of Finance's Department of Customs; the Union Attorney General Office; and the Union Supreme Court. ACTI-ERA built relationships to expand activities in 2015 with the Ministry of Planning and Economic Development's Department for Investment and Company Registration and the Ministry of Health's Food and Drug Administration.

On the private-sector side, ACTI-ERA focused in 2014 to develop partnerships with a range of small but dynamic foreign non-government organizations supporting enabling programs for SME and ICT development, as well as leading U.S. ICT firms. This allowed ACTI-ERA to relatively quickly leverage limited resources and staff time by working with partners with mutual objectives, complementary skills and knowhow, and with already established institutional relationships in Burma. Unlike most other donors, ACTI-ERA limited its direct engagement with the Union Burma Federation of Chambers of Commerce and Industry (UMFCCI) in line with U.S. policy (the head of the UMFCCI is on the U.S. sanctions list). ACTI-ERA also steadily identified and developed potential partnering relationships with local non-government groups, including the Burma Women's Entrepreneur Association, and the Burma Computer Federation.

ACTI-ERA mobilized considerable pro bono or co-funded support by private partners and other donors in carrying out a range of training programs over the course of the year. These included pro bono presentations by law firms and social/environmental policy organizations at the commercial contract workshop with the UAGO in August, with two leading U.S. metrology equipment companies on the workshop on innovations in metrology (which included a donation of around \$30,000 worth of equipment) in October, with the WTO's Institute for Training and Cooperation on notifications in December, with programs with the World Bank and EU on the trade portal and non-tariff measures, with the IFC on agribusiness, and with Ooredoo, one of the new international mobile phone firms, to carry out the Business Solutions Hackathon. As well, ACTI-ERA worked closely with the U.S. Department of Commerce's Commercial Law Development Program (CLDP) (in cooperation with the World Bank) to carry out a high-level seminar on government procurement (CLDP is supported by another source of USAID funding). ACTI-ERA partnered with the U.S. Patent and Trademark Office to carry out a high-level training for judges on international best practices for protecting intellectual property rights. And ACTI-ERA co-organized two evening sessions with members of Parliament with the USAID-supported National Democratic Institute's Parliamentary Resource Project.

The following reports on ACTI-ERA activities in 2014 as organized and proposed in the 2014 Work Plan, with general ideas for next steps in 2015 that will be incorporated with more detail into the 2015 Work Plan.

### **Work Stream 1: The National Single Window and Technical Assistance to Customs**

The Department of Customs leads the development of Burma's National Single Window (NSW) and the integration of the NSW into the ASEAN Single Window (ASW). The NSW is being developed as part of the automation of the customs clearance system (Burma Automated Customs Clearance System, or MACCS), with major support from JICA and Japan's Customs Office. The current Government plan is for the design phase of MACCS to be completed by the end of 2015, with pilot implementation during the first six months of 2016 moving into full implementation into 2017. MACCS will initially be applied to checkpoints in Rangoon and the nearby Japanese-developed Thilawa economic zone. MACCS will include software that will allow implementation of the NSW, but the Japanese project will not support automation, streamlining, or training for implementing nontariff measures applied to trade at the border by other government agencies outside of Customs nor provide support to extend MACCS to border checkpoints beyond of Rangoon and Thilawa.

ACTI-ERA's two-year goal in this area is to encourage the authorities to develop a comprehensive NSW that is responsive to the needs of the trading community, that implements legitimate regulations on trade as efficiently as possible, and that can be easily connected to the ASEAN Single Window network, in line with requirements in the AEC. But since the NSW will not be ready for implementation until at least 2016, ACTI-ERA's program focuses on legal foundations and public awareness that are needed for the NSW to be developed effectively and for the private sector to be prepared to benefit as Customs shifts from paper to electronic border clearance processes.

### **1.1: Raise Awareness of the NSW and ASW**

In December, ACTI-ERA supported the Department of Customs to organize the first major public awareness seminar in Burma (held in Rangoon) on the status of the development of the MACCS Customs Automation Program and the National Single Window with linkages to the ASEAN Single Window. The seminar had around 130 participants and was opened by the Vice-Minister of Finance, who also serves as the Chairman of the National Steering Committee on the National Single Window. Lead presentations were made by Customs experts and Tim Buehrer, ACTI Chief of Party in Jakarta and expert on the ASW. The program included a panel of business leaders and induced many questions from the trading community.

Given the challenges for businesses to shift from a paper-based to more arms-length, electronic customs clearance system, this workshop contributed importantly to providing the information needed for traders and businesses to begin to invest in electronic capabilities to be able to utilize the new e-Customs systems effectively. Both of these efforts will significantly change how exports and imports are cleared at the border in Burma, shortening the time and reducing the cost for trading while also minimizing opportunities for corruption.

### **1.2: Provide Technical Assistance to the Legal Group in Customs**

Following up on the recommendations in the legal needs assessment for the NSW and ASW prepared by ACTI NSW expert Bill Luddy in late 2013, Mr. Luddy returned to Rangoon the first week of July 2014 to complete an intensive one-week technical assistance program with the core

Customs Department legal drafting team. They focused on key technical issues and began to draft core legal documents for implementing the NSW in Burma, including a review of the draft revisions to the Law on Customs and Law on Electronic Transactions as relevant to the NSW.

In the third quarter of 2014, ACTI-ERA and the Ministry of Commerce met with the Department of Customs to arrange for the provision of soft copies of the HS tariff codes and duty rates for use in the Trade Portal and conducted a workshop with Customs on IPR border measures (reported under the IPR section).

### **1.3: Streamline and Automate Nontariff Measure Regulations in Other Government Agencies to Link with the NSW and ASW, as requested**

ACTI-ERA is developing working relationships with a range of Government departments that will implement non-tariff measures through the National Single Window. Given that the NSW is not likely to start for several years, ACTI-ERA focused in 2014 on responding to the other priorities of its counterparts, but these good working relationships will provide the basis for supporting streamlining and automation of nontariff measure processes in 2015 and beyond, as these counterparts begin to focus more on this challenge.

#### ***Results***

- In July, ACTI-ERA's Senior NSW Legal Expert completed an intensive one-week technical assistance program with the Customs Department legal drafting team to develop core, draft legal documents for implementing the NSW in Burma.
- In December, ACTI-ERA conducted the first national public awareness seminar in Burma on the status of developing the Customs' clearance automation process and the National Single Window linked to the ASEAN Single Window.

#### ***Next Steps***

- Unless Customs indicates that intensive TA is required on the legal foundations to establish the NSW in 2015, limited support will be provided around mid-year to maintain momentum and to provide a foundation for gearing up support in 2016 and beyond, as needed.
- ACTI-ERA will support another public seminar to keep the trading community informed on progress with the NSW (and MACCS) around November 2015, as the customs automation system moves into its pilot stage.

### **Work Stream 2: Trade and Responsible Investment Reform and Facilitation**

Burma moved forward in 2014 to advance efforts to liberalize, streamline, and increase awareness of trade and responsible investment policies, and to develop processes and capacity to facilitate more effective implementation of such policies. It is stepping up its commitment to meet requirements in international treaties, including the WTO and AEC, that will require a

range of legal reforms and implementation capacities, many of which are not well known among government officials, parliament or the private sector. While progress has been made, newly approved legislation and improvements in practice were slower than many expected – a number of draft legislative reforms have been developed in 2014 but not yet approved by the Government nor Parliament.

In the development of the 2014 Work Plan, ACTI-ERA identified clear weaknesses in awareness and understanding of international best practices in both the government and private sector as well as inadequately transparent and interactive policy-making processes, all core elements of a modern trade regime. As a result, ACTI-ERA in this work stream focused on training about best practices for government and non-government officials involved with key trade and responsible investment policies, and on developing processes and approaches (including webpages) that create a culture of transparency that will hopefully provide a foundation well into the future for more open policy making and access to information on policy implementation. As well, in 2014, ACTI-ERA took advantage of any opportunities available to provide targeted support for modernizing key laws and regulations.

## **2.1 Support Development of the Burma Trade Portal/Repository**

ACTI-ERA is supporting the development of the Burma Trade Portal and Trade Repository (TP/TR), which will be the highest priority for the program over two years and will receive the greatest funding. A TP/TR in the form of a website provides comprehensive, up-to-date and easily accessible information on all relevant requirements and procedures to import and export products, applicable to products at the 10-digit Harmonized Schedule tariff category. This includes access to laws and regulations in Burmese and English related to customs processes and nontariff measures applied to trade. Given the almost systematic opaqueness of the trading environment in the past, developing the TP/TR is both a challenge and a great opportunity to enhance transparency and awareness of trade policies and procedures, which is a critical step in expanding opportunities for all citizens in Burma to trade and benefit from the opening of the economy and integration into regional and international markets. As well, the TP/TR meets key requirements for implementing the AEC and the new WTO Agreement for Trade Facilitation.

In the second quarter of 2014, ACTI-ERA advisors met with Director Generals in the Department of Trade in the Ministry of Commerce and in the Customs Department to determine who in the Government would lead the process of developing and operating the Trade Portal/Repository. Once it was clarified that the Ministry of Commerce would take the lead, in close cooperation with Customs, ACTI-ERA met several times with Commerce officials to develop a first draft Trade Portal/Repository Implementation Plan. This Plan provided a detailed, step-by-step approach for developing the TP/TR, and served as a basis for discussions and training to orient Commerce staff on how a TP/TR would work and how it could be developed and operated. This also coordinated closely with the World Bank, which is supporting the identification and analysis of non-tariff measures and the cataloguing of such measures into established UNCTAD classifications that allows policy makers to compare the deployment of NTMs among countries. NTMs will be key inputs to the TP and TR.

To advance this process, ACTI-ERA's trade portal expert Luc Pugliatti made three trips to Burma over the course of 2014, with participation and follow ups by resident staff, as follows.

In cooperation with the World Bank during the second quarter, ACTI-ERA supported the Ministry of Commerce to organize a one-day workshop to introduce and link trade data and information development needs regarding the PT/TR, NTM cataloguing and WTO/ASEAN notification processes. The workshop was opened by the Deputy Minister of Commerce and had around 60 participants from a wide range of ministries. Several additional technical meetings were carried out with Commerce leadership and with technical staff in key ministries related to trade licenses, SPS measures and customs data.

In the third quarter of 2014, ACTI-ERA worked with MOC counterparts to revise and then submit a near-final Trade Portal Implementation Plan for approval by the MOC. The MOC confirmed that they wanted the website hosted in country and they committed to provide a team to implement the Trade Portal with office space in the MOC for the Trade Portal team, including when needed for ACTI-ERA technical advisors.<sup>7</sup> As well, they agreed to use the software from the Lao Trade Portal as the foundation for the Burma Trade Portal. This Plan also included a description of the equipment that would have to be procured to operate the TP/TR and plans for a Study Mission to Laos for training on how to transfer the software and develop and populate the webpage.

With support from ACTI-ERA, MOC sent a letter to the Lao Ministry of Industry and Commerce to request permission to employ the software used for the successful Lao Trade Portal. Since this had to be done through formal protocols, it took around 4 months for a MOU to be approved by the Lao Government, and then three months for it to be approved by the Burma Government. This required that ACTI-ERA slow down its implementation plan, and at the request of Ministry of Commerce, the schedule for completing the effort was shifted to November 2015. The Study Mission was rescheduled for the end of March, 2015.

ACTI-ERA continued, nevertheless, to move preparation for the TP/TR forward. In the third quarter of 2014, a cloud version of a website was developed to support the first stages of data uploading. The Customs Department provided a software file of all 10-digit HS codes and descriptions with the MFN tariff rate and the phased-in ASEAN CEPT rates, which were uploaded into the "cloud" version of the webpage. ACTI-ERA was also provided with separate files with Burma's tariff rate commitments under the six ASEAN FTAs, which were uploaded onto the website as well.

To maximize opportunities through donor cooperation, the MOC and ACTI-ERA worked with the EU-ARISE Project based in Jakarta on the development of the Burma Trade Repository.

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<sup>7</sup> The Ministry of Commerce is committing a team of around five staff to support development of the TP/TR in 2015, taking strong leadership for the process. In contrast, the Lao Trade Portal, which has been quite successful, was developed almost exclusively by a major World Bank-funded project through outside technical advisors, with the government gradually taking operational responsibilities over time. They benefit from much of the good work done in Laos that has allowed Burma to avoid "reinventing the wheel" with added costs, but both approaches have benefits and risks that all sides will take into consideration.

EU-ARISE is the leading donor for the development of the ASEAN Trade Repository, which will link to trade repositories in each of the 10 member countries. ACTI-ERA will lead support for developing Burma's Trade Repository as a part of the Trade Portal. In this context, the MOC asked ACTI-ERA to make a presentation at a workshop in September on the ASEAN Trade Repository in NPT that was supported by the EU-ARISE Project, and that included many of the same participants who will be working on the Trade Portal.

### ***Results***

- The Ministry of Commerce has been designated to lead the development of a trade portal and trade repository, in close cooperation with Customs.
- Over the course of 2014, a Burma Trade Portal and Trade Repository Implementation Plan was reviewed, adjusted several times and then initially adopted by Commerce.
- Through a diplomatic MOU, the Lao MOIC has approved the transfer of software used for the Lao Trade Portal for use by the Ministry of Commerce, and the Government of Burma will complete its approval process of the MOU in March, 2015.
- ACTI-ERA held a one-day technical workshop to introduce and link trade data and information development needs regarding the trade portal, met separately with a number of line ministries, and participated in a related EU workshop, with the aim of generating support for the trade portal from other government agencies who will need to submit information for the website.
- ACTI-ERA established a working, prototype trade portal website in the cloud for easy access and uploaded large files of customs data onto the website.

### ***Next Steps***

- ACTI-ERA will accelerate support for developing the TP/TR in 2015 in line with the Implementation Plan, including procurement of equipment and a Study Mission to Laos in March/April 2015, with on-going TA to support identification and uploading of export and import procedures and forms and related training for Commerce and other government agencies.
- The Plan calls for completing a pilot webpage by September 2015, with limited release to internal sources for testing and refinement, followed by a full public release in November 2015, which will meet the deadline established within the AEC.

## **2.2 Support Development of WTO Notification Processes throughout Government**

WTO notifications are a key element of a transparent trade policy development process, providing other WTO members with access to each country's trade policies and opportunities to make comments on draft policies; and, they are WTO treaty requirements. ACTI-ERA, in cooperation with the WTO Institute for Training and Cooperation, supported the Ministry of

Commerce to organize a 4-day, intensive training workshop in Nay Pyi Taw in November 2014 on WTO notifications. Around 50 Government officials attended from around ten different agencies, reflecting the wide range of agencies with WTO requirements. ACTI-ERA has been asked by the MOC to help it develop a National Strategy for WTO Notifications and then to help it implement this strategy over the course of 2015. Note that this work on notifications was one of two priorities established by WTO members in response to Burma's first-ever Trade Policy Review Report, which was presented and discussed in Geneva in March, 2014. Also note that ASEAN is in the process of establishing its own notification procedures, for which ACTI-ERA could provide implementation support if completed in 2015.

### ***Results***

- Responded to the request of the Ministry of Commerce to help them to develop a National Strategy for WTO Notifications and worked with Commerce staff to develop a basis for moving forward.
- Following an initial review of WTO notification processes in an inter-ministerial workshop on the Trade Portal and NTMs earlier in 2014, ACTI-ERA cooperated with the WTO and Commerce to support in December a major, in-depth, inter-ministry training workshop on WTO notification processes.
- As described in more detail below, ACTI-ERA supported the Ministry of Science and Technology's Department of Standards and Metrology to make the first-ever WTO notification of a draft NTM, in this case draft revisions to the Law on Metrology.

### ***Next Steps***

- Over the course of 2015, ACTI-ERA will work with Ministry of Commerce to draft, refine and implement a National Strategy for WTO Notifications, including the proposed establishment of a Notifications Unit in the Ministry of Commerce to spearhead and coordinate notification processes, the completion of a number of required WTO notifications, and intensive training so that WTO notification responsibilities can be maintained over time. This will include support for workshops and TA by both short-term and resident advisors.

## **2.3 Provide Support to Modernize Burma's Technical Barriers to Trade (TBT) System and National Quality Infrastructure (NQI)**

In 2014, Burma accelerated its development of the legislation, institutional capacity and public awareness needed to create a modern National Quality Infrastructure in line with international requirements and best practices. A strong NQI provides a backbone of well-known product standards, accredited labs and credible conformity assessment procedures, efficiently implemented technical regulations, and reliable measurements. These combine to provide the foundation for business development and to provide consumers with a wider array of safe and reliable products. The NQI backbone facilitates a better-functioning domestic market and

greater integration into regional and global markets, thus creating jobs and economic opportunities as well as better health and safety for the people of Burma. As well, it meets AEC and WTO technical barriers to trade (TBT) requirements.

The Ministry of Science and Technology's Scientific and Technological Research Department (MSTRD) leads these processes, through its Department of Standards and Metrology (DSM). It takes the technical lead on legislative development, with engagement among private-sector stakeholders in drafting processes; they work to raise public understanding of the core principles and procedures for implementing a modern NQI; and they provide training to its staff, the staff of other government agencies, and representatives of the private sector on key elements of NQI development and on international treaty requirements and best practices. As well, they are responsible for operating a TBT Enquiry Point. ACTI-ERA's technical work in this area is led by Ed Nemeroff, with on-going support by the resident team.<sup>8</sup>

### **2.3.1 Build Understanding of International Agreements and Best Practices for TBT Measures**

In the first quarter of 2014, ACTI-ERA conducted nine half-day workshops for around 20 Government officials from DSM and other government agencies in Yangon on key international agreements and best practices for developing standards, technical regulations and conformity assessment processes, as well as those related to metrology and systems of measurements. ACTI-ERA was requested to do this because many staff knew something about various international agreements, but had limited understanding of the core principles and details embedded in those agreements, many of which Burma is obligated by treaty to comply with or which Burma is interested in joining to modernize its domestic economy and enhance its legitimacy and interaction in global markets. Understanding and exposure to international agreements were reinforced over time through on-going direct TA and TBT/NQI-related workshops.

Working with ACTI's regional program, ACTI-ERA supported the MSTRD Director General to attend a training program on conformity assessment for the electrical sector at the National Institute of Science and Technology (NIST) in Bethesda, Maryland. This was the first opportunity for the DG to visit the U.S. and helped to expose him to NIST and a range of the world's top experts in this field.

With the passage of the Law on Standardization in July, Burma began to develop its first-ever National Product Standards. These provide a key foundation for developing a modern and competitive private sector and for protecting the health and safety of Burmese citizens while providing consumers with more reliable choices. Burma will likely develop more national

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<sup>8</sup> In Burma, it often takes a number of meetings and various approvals to develop strong working relationship with Government counterparts and to find niches relative to other donors. In this case, however, ACTI-ERA had an introductory meeting with the MSTRD Director General in February, and he expressed a strong desire for intensive technical assistance support as quickly as possible. ACTI-ERA mobilized a top NQI-TBT expert to Burma within 3 weeks, and has followed this initial support with two additional trips by the expert (and engagement by email around trips) and on-going engagement by resident staff. ACTI-ERA's responsive and continued TA along with strong buy-in by its counterpart has generated a quite productive first year of work on this key trade policy and business-development issue.

product standards over the next 12-24 months than any other country in the world. In this context, ACTI-ERA supported DSM to organize a public awareness “World Standards Day” ceremony in October with around 140 participants from the private and government sectors. DSM staff and an ACTI-ERA expert provided information on international requirements for developing and implementing standards in Burma. It also included a presentation on DSM’s plans for upgrading the domestic standards development process. Both local and international experts emphasized the importance of using well-established international standards as the basis for developing a new regime of national product standards. It was evident at this and other presentations by DSM staff over the later part of 2014 that they had substantially improved their understanding of international agreements and best practices and had become much more confident with presenting such information in public-awareness programs.

### **2.3.2 Support Development of Legislation on Standardization and Metrology**

Parliament passed Burma’s first Law on Standardization in July, which provided the legal authority to develop the National Standards Council (NSC), the National Metrology Institute (NMI) and the National Accreditation Body (NAB) – forming the core elements of a NQI.<sup>9</sup> The practical operation of these will be guided by a regulation to implement the Standardization Law. In the latter half of 2014, ACTI-ERA provided intensive TA support to help draft a MOST regulation on implementing the Law on Standardization, through a series of meetings with the drafting team and comments/recommendations on drafts. A near-final draft was completed by the end of the year, which was reviewed by Ministry leadership and submitted to the Union Attorney General for legal review.<sup>10</sup>

In mid-2014, ACTI-ERA supported the development of a major revision to the Law on Metrology, with a focus on meeting international requirements and best practices in line with pragmatic needs for implementation in the domestic market (since most transactions large and small, rural and urban, involve some form of measurement). These revisions in particular focused on accepting international systems of measurement and on legal metrology. Draft

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<sup>9</sup> In March through June, ACTI-ERA provided detailed comments and recommendations for strengthening the draft Standardization Law and, through discussions with DSM staff, ACTI-ERA enhanced technical understanding of areas where the law needed strengthening to comply with international standards. At the time, since this draft (under development for more than ten years) had already been reviewed by the Union Attorney General and was to be submitted shortly to the Parliament, the political decision was made to move the original draft through for approval on a timely basis, and then to develop implementing regulations to strengthen implementation of the law relative to international requirements and best practices and to consider revising the law in several years.

<sup>10</sup> Initially, DSM planned to develop two implementing regulations, one for standards and technical regulations and one for development of the National Accreditation Bureau. In this regard, ACTI-ERA helped draft two separate regulations. Subsequently, based on guidance by the UAGO, ACTI-ERA supported the merging of the two regulations into one general implementing regulation for the entire law, which includes a range of elements needed to meet international treaty requirements in line with practical needs for implementation in the domestic context. The elements in this regulation related to accreditation processes were coordinated closely with experts from UNIDO and PtB, the German Metrology Institute. PtB had one of Europe’s leading experts in accreditation review the draft, with quite supportive and positive comments. An approach was developed by which DSM could gradually develop its capabilities to provide recognized accreditation of laboratories through an initial period of working with neighboring recognized accreditation bureaus to accredit labs in Burma, with careful coordinated support by the various donors. A donor-support plan has been developed to help DSM to gain international recognition for accreditation in several key sectors over a 3-5 year period.

revisions to the Law on Metrology were submitted to the Union Attorney General's Office for review and notified to the WTO/ISO.

For both the Metrology Law and implementing regulation for the Law on Standardization, DSM expects approval in 2015.

To prepare a foundation for implementing the legal reforms to create a system of accurate and reliable measurements in line with international practices, ACTI-ERA supported the DSM in October to organize a two-day workshop and exhibition on innovations in metrology, in partnership with two leading U.S. metrological equipment producers: the Fluke Corporation and Radian Research Inc. International best practices and plans for establishing a National Metrology Institute were presented to around 170 participants from the private sector and government. The two U.S. firms lined the sides of the workshop with world class metrology and calibration equipment, providing hands-on displays to enthusiastic participants. To date, almost all measuring instruments used in Burma are not calibrated, and thus may not provide reliable measurements. Several participants noted that it was their dream to be able to fully calibrate their machines for accurate measurement. This workshop helped to provide a vision and commitment for how a more modern metrology system could be developed in Burma. Furthermore, the two U.S. companies donated around \$30,000 worth of their equipment to the DSM, representing the first calibration machines available for use in Burma that are fully certified and traceable to the U.S. National Institute of Science and Technology. The two U.S. firms met with the U.S. Department of Commerce Foreign Commercial Service Attaché to discuss plans for potential opportunities to export U.S. calibration equipment to Burma.

### **2.3.3 Support Development of a Well-Functioning TBT Enquiry Point**

A TBT Enquiry Point is a requirement for WTO membership and it increases transparency about Burma's TBT environment by providing a process for responding to public requests and for meeting WTO notification requirements. Closely related, a TBT Enquiry Point (TBT-EP) with Contact Points among key other government agencies can serve as a government mechanism for developing and implementing TBT measures and setting TBT policy, both in terms of domestic TBT policies and how Burma will respond to TBT policies developed in other countries that may affect their exports.

At the request of DSM, ACTI-ERA provided intensive support in 2014 to help them establish a functioning TBT-EP that included a process for coordination among around ten other government agencies that can apply TBT measures, with each such agency developing a TBT Contact Point with the responsibility of facilitating TBT issues in their agency. This was done through a series of workshops and direct TA by the program's TBT expert and resident staff.<sup>11</sup>

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<sup>11</sup> In June, ACTI-ERA supported a DSM workshop on operating the TBT Enquiry Point (TBT-EP) with around 40 participants from a wide range of TBT Contact Points among line ministries, which included distribution of a draft TBT-EP operations manual and with the purpose of providing participants with the information needed to report back to their ministry leadership to gain approval for effective operation of a Government-wide TBT Enquiry Point over time.

In this process, a dedicated team of staff in DSM was assigned and trained to run the Enquiry Point, staff from a number of other related agencies were trained, a TBT-EP Operations Manual was developed, reviewed and approved, and a DSM website was launched in September at a public-relations event opened by a Deputy Minister of Science and Technology with around 40 participants and the media, with this website incorporating an electronic process for soliciting requests from the public on TBT issues.<sup>12</sup>

ACTI-ERA also supported the DSM/TBT-EP team to submit the first-ever notification of a draft law to the WTO/ISO – the draft revision of the Law on Metrology. And ACTI-ERA has provided support for Burma to accede to the WTO/ISO’s Code of Good Practice in the Preparation, Adoption and Application of Standards and to complete a MOU with the American Standards for Technical Materials (ASTM), a leading source of internationally-recognized standards for building materials. DSM continues to respond to questions from their Minister with regard to these two international initiatives, with the hope that they will be approved in 2015.

Building upon the TBT-EP process, ACTI-ERA supported the DSM to organize a workshop with around 25 participants representing TBT Contact Points from relevant line-ministries. The workshop focused on international practices for the preparation, adoption, publication, application and amendment of technical regulations on products. To date, there are relatively few formal technical regulations in Burma, but as reforms advance, it should be expected that a greater emphasis will be placed on developing mandatory government technical regulations (TRs) to protect the health and safety of Burmese citizens. Thus, this is a critical time for ACTI-ERA to help ensure that a wide range of line ministries understand their international commitments so that new TRs are prepared in line with international standards in ways that minimize unnecessary barriers to trade and minimize unintended and excessive regulatory compliance burdens while most efficiently protecting the public good. Also in this process, ACTI-ERA is encouraging greater communication and cooperation among different agencies, something that has rarely happened within the Burmese Government in the past.

### **2.3.4 Support Burma’s Application of the ASEAN Directive on Medical Devices**

ASEAN finalized its Directive on Medical Devices in late 2014, and Burma has agreed to implement it on a timely basis. This will require the development of a technical regulation on medical devices by Burma’s Ministry of Health, in line with the ASEAN Directive. This will be the first detailed technical regulation developed in Burma and the regulation’s development process be fully in line with the WTO-TBT Agreement and international best practices.

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<sup>12</sup> Websites are quite new to Burma and few have experience with how to develop one. When ACTI-ERA began to work with DSM in March, it became clear that DSM had contracted some time ago with a company to develop a website, but only a skeleton had been developed since there was little understanding about what a website should look like. ACTI-ERA worked with DSM and the private web developer to organize and fully populate a DSM website formatted in a user-friendly way to communicate more effectively to the public how DSM is supporting the development of a modern NQI and to provide an electronic TBT Enquiry Point capacity to make it easier for the public to make enquiries to DSM to enhance transparency and public awareness.

ACTI-ERA met with the Ministry of Health's Food and Drug Administration (FDA) in mid-2014 to explore their commitment to implement the Directive and their interest for support, with a positive response in both regards. This was followed up with meetings later in the year that designed a support plan for developing this technical regulation in 2015.

### ***Results***

- ACTI-ERA helped DSM staff to increase substantially their understanding of a range of international agreements on standardization and metrology, and have facilitated their presentations on key agreements to raise broader public awareness.
- Supported the MSTRD Director General to attend an innovative training program at the U.S. National Institute for Science and Technology.
- DSM staff have a better understanding of the deficiencies in the Law on Standardization and have developed a strong draft regulation to implement the Law on Standardization in line with international requirements and the local context.
- DSM has completed a major draft revision of the Law on Metrology that incorporates key international requirements within the local context. This draft was submitted to the Union Attorney General Office for review and was the first-ever draft law to be notified to the WTO.
- DSM has created a functioning TBT Enquiry Point, with trained, dedicated staff in DSM and Contact Points in other government agencies, supported by a TBT-EP Operations Manual, a system of inter-agency Contact Points, and an electronic TBT enquiry point in the DSM website.
- Through a series of workshops, ACTI-ERA has helped raise awareness among the scientific and business communities regarding international best practices for standardization and metrology, and has supported DSM to increase their public awareness and policy dialogue processes, working to create a stronger culture of transparency and public engagement.

### ***Next Steps***

- ACTI-ERA will continue to support the technical development of the implementing regulations for the Law on Standardization, any next steps on the revisions to the Law on Metrology and once these are approved, will provide support for public awareness and capacity building to implement the new legislation effectively. Included in this will be support for the new National Standards Council, as requested, which will begin in 2015 to develop National Product Standards for the first time in Burma.
- ACTI-ERA, in cooperation with other donors, will respond to the needs of DSM to increase its capacity, and to train and raise awareness of officials in other government agencies and the private sector.

## **2.4 Advance Responsible Investment**

A number of donors (including the International Finance Corporation, Asian Development Bank, GIZ, JICA and The Asia Foundation) are providing technical assistance to the Directorate of Investment and Company Administration (DICA) to support liberalization and streamlining of investment and company registration policies and procedures. In this context, the program focused on three activities in 2014. These activities aimed to strengthen capacity among various government agencies to encourage responsible investment, with a focus on natural resource, infrastructure, and agribusiness investments.

### **2.4.1 Provide Training on Responsible Investment in Government Contracts**

Just as a batch of major off-shore oil and gas contracts were being submitted to the Union Attorney General's Office (UAGO) for Government review, ACTI-ERA supported a 2.5 day training workshop in August with the UAGO for approximately 50 Government legal experts, including almost all the key staff from the UAGO's Commercial Contract Division that has the primary responsibility for the technical review of Government contracts as well as experts from the Ministries of Energy, Mining and Electricity. Best practice for oil and gas and power contracts were reviewed by commercial lawyers with practical expertise from throughout the Asian region, and core principles for environmental and social impact assessments and corporate social responsibility were assessed, as well as specialized contractual issues related to rule of law changes, force majeure, arbitration and official legal opinions by the UAGO. This workshop benefited from pro-bono participation by two Yangon-based law firms (DFDL and Allen&Overy), by ERM (with experts from their Hong Kong and India offices), a firm specializing in environment and social impact assessments for natural resource sectors, by the Burma Center for Responsible Investment, a leading Burma-based group focusing on responsible investment particularly in natural resource sectors. In a follow-up meeting, ACTI-ERA discussed a possible next round of training activities with the UAGO's Commercial Contract Division, including the possibility of doing intensive training programs on other key types of contracts that UAGO must review.

### **2.4.2 Provide Support to Develop a Law on Government Procurement**

Working in close partnership with the U.S. Commercial Law Development Program (CLDP), ACTI-ERA supported the Union Attorney General Office to conduct a high-level seminar in NPT on "International Best Practices for Developing a Law on Government Procurement in Burma" in July, with over 100 participants from more than 30 different government ministries, the courts, and 14 representatives from the Advocate General Offices in each state and region. This seminar was opened by the Attorney General and the Chief of the USAID Mission, with a number of Deputy Ministers and Director Generals attending the opening session. In addition, ACTI-ERA worked with the USAID-supported Parliament Resource Center operated by the National Democratic Institute to host an evening dinner with around 32 members of Parliament to discuss the findings from the seminar.

This was the first major seminar presented on government procurement in Burma. The goal was to spread exposure to international experiences as broadly as possible to stimulate demand for upgrading legislation to develop more uniform as well as open and efficient procurement regulations that could be applied throughout the Government. The workshop was followed up with targeted meetings with the Union Auditor General, the Ministry of National Planning and Economic Development and a senior legal advisor from the President's Office. This program represented an effective team effort between ACTI-ERA, the CLDP, the World Bank's regional procurement specialist, and an expert from the Government of Vietnam, which recently upgraded their Law on Government Procurement. In cooperation with its partners, ACTI-ERA followed up this seminar by meeting with the Union Attorney General and others to explore the most appropriate next steps for developing a government procurement law in Burma. At the request of the Attorney General, this included development and submittal of a "Key Findings Report" on the high-level seminar to the UAGO to be disseminated among key government agencies to encourage leadership for developing a Law on Government Procurement.

### **2.4.3 Agribusiness Constraints and Policy Dialogue**

The USAID-Burma Mission requested the program to help integrate several USAID-Washington supported research activities on agribusiness investment and value chains into broader donor efforts on this issue and, as possible, into policy-reform dialogue with the Government. This reinforces the program's contribution to the mandate of the USAID-Burma Mission on agricultural and rural development and helps to make the full range of USAID support to Burma more systematic.

The USAID Enabling Agricultural Trade program's Agribusiness Commercial Legal and Institution Reform Assessment (AgCLIR Burma) on constraints to agricultural development was conducted in 2013. ACTI-ERA provided detailed comments on the report. To expand discussion of its findings before they became outdated by the flow of reforms in Burma, ACTI-ERA co-organized in March a technical workshop with the International Finance Corporation (IFC) and the Union of Burma Federation of Chambers of Commerce and Industry (UMFCCI) to present and discuss the findings with a small group of business leaders working in the agribusiness sector. The USAID-supported Michigan State University expert also made a (taped) presentation at this activity.

Similarly, ACTI-ERA provided on-going comments on the development of the USAID Feed the Future's Burma Private Sector Action Plan for Agriculture implemented by Monitor Deloitte. ACTI-ERA met regularly with the research team and commented at the final report presentation. Shortly after, ACTI-ERA worked with resident staff from USAID and Monitor Deloitte to discuss possible follow up with the Department of Investment and Company Administration (DICA).

### ***Results***

- In partnership with a range of pro bono law firms and social policy organizations, conducted a successful workshop for Government lawyers on responsible investment for

natural-resource contracts, including the legal foundations for such contracts and a review of environmental and social impact assessments and corporate responsibility.

- In partnership with US-CLDP (and in cooperation with the World Bank), supported a High-Level Seminar on International Best Practices for Developing a Law on Government Procurement in Burma with the aim of stimulating a commitment to move forward in drafting a law on government procurement in Burma, and provided subsequent materials to support Attorney General leadership in advancing this process.

### ***Next Steps***

- ACTI-ERA will work with the UAGO's Commercial Contract Division to develop intensive training programs on the different types of contracts that they are responsible for reviewing.
- ACTI-ERA will continue to work with the UAGO in partnership with the US-CLDP and World Bank to generate a plan for drafting a Law on Government Procurement in Burma.

## **2.5 Provide Training on Methodologies for ASEAN Negotiations on Trade in Services**

ACTI-Jakarta through ASEAN provided a training in Nay Pyi Taw with the Ministry of National Planning and Economic Development on how to most effectively approach negotiations on trade in services in ASEAN, including the use of negative lists for regulated service sectors. This was part of a regional effort to prepare ASEAN Member States for the negotiation of a new agreement on trade in services.

## **2.6 Strengthen Protection of Intellectual Property Rights**

Strengthening Burma's intellectual property regime is an important element of developing a strong foundation for a private-sector-led economy spurred by domestic innovation along with foreign and domestic investment. After a decade of preparation, the Government moved in 2013 and 2014 to advance draft laws for the key IPR areas – trademarks (including geographical indicators), copyrights, patents and industrial designs.<sup>13</sup> As well, a range of private-sector IPR interest groups are developing and working to raise public awareness about the importance of protecting domestic IPRs, with one group, the Burma Musicians Association, winning an important court case against a pirate in Mandalay. Judy Goans, ACTI-ERA's senior IP lawyer, provided lead technical leadership for ACTI-ERA work on IPR.

### **2.6.1 Provide Support for Strengthening IPR Legislation, Enforcement Capabilities, and Public Awareness**

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<sup>13</sup> Drafts for these IPR laws had been initially developed more than ten years ago, but the opportunity for advancing these into law has only developed recently.

The Ministry of Science and Technology's Department on Intellectual Property (DIP) provides technical and public awareness leadership in the Government for strengthening IPR protection. Building from an initial half-day technical meeting in November 2013 with DIP leadership, ACTI-ERA gradually developed a working relationship to support the advancement of the four key draft IP laws; and to provide support for developing a new Intellectual Property Office, which would be enabled by passage of the new IP laws.<sup>14</sup>

In close collaboration with the U.S. Patent and Trademark Office (US-PTO), ACTI-ERA supported the participation of three key technical experts from DIP to attend a weeklong training program in July on IP Office Administration – held at the US-PTO's Global Intellectual Property Academy in Alexandria, Virginia and coordinated with ASEAN. This was particularly timely given the need for MOST to develop its own IP Office.

From August through October, ACTI-ERA provided detailed comments and recommendations to strengthen each of the four IP laws, with a focus on meeting international treaty requirements and best practices.<sup>15</sup> As well, in response to a request by the DIP, ACTI-ERA provided a draft Law on Unfair Competition as a reference for MOST to develop a draft of that law.

In August 2014, ACTI-ERA also met with key private-sector advocate groups for strengthening IPR, including the Intellectual Property Proprietors Association of Burma (a new group of leading IPR lawyers and IPR-interested businesses), the Burma Motion Pictures Association, Burma Musicians Association and the Dean and faculty in the Yangon Law School that focus on IPR issues. Initial discussions explored the possibility of ACTI-ERA supporting public awareness and advocacy campaigns for advancing strong IPR legislation and raising awareness of the importance of IPR protection for Burmese commercial interests.

## **2.6.2 Build Capacity of Judges on IPR**

Effective IPR enforcement depends greatly on an informed and well-trained judiciary, through which IPR holders can appropriately protect their interests and where counterfeiters and pirates can be handed out penalties great enough to strongly discourage such theft. As Burma prepares to enact the four new IPR laws to upgrade colonial-period legislation, ACTI-ERA supported the Union Supreme Court to organize an intensive 3-day workshop in July in Nay Pyi Taw on the role of courts to protect IPR in collaboration with the U.S.-PTO. This training was the first on IPR for judges in Burma, with around 50 participants, including judges and staff from the Union

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<sup>14</sup> Burma is a member of the WTO and thus required to meet the Trade-Related Intellectual Property (TRIPS) Agreement obligations, but other than WIPO, Burma has not acceded to the many core international agreements that guide respect for IPR globally, many for more than a century. In this regard, once the new laws are passed, it will be important for Burma to move to accede to the Paris agreement on patents, the Berne agreement on copyrights, and so on.

<sup>15</sup> The draft IPR laws were provided for public review in 2013, before this program began. In June 2014, when requested by a USTR official at the U.S.-Burma Trade and Investment Framework (TIFA), the Burmese Government responded that it could not pass around new versions of the laws for comment because they were under review at the UAGO. ACTI-ERA was passed drafts of the four laws from a private Burmese law firms, and completed detailed line-by-line comments and recommendations, with a focus on complying with the wide ranging international agreements. These comments were submitted to DIP and ACTI-ERA met with officials to discuss the recommendations.

Supreme Court, 17 districts judges from surrounding states and regions, and around 10 officials from IPR-related ministries. The U.S.-PTO provided two U.S. Federal Judges as keynote speakers as well as PTO's Southeast Asian IP Attaché, while ACTI-ERA's IPR expert Judy Goans made several additional presentations and helped conduct two well-received mock trial cases. The program was opened by a Union Supreme Court Judge and USAID Mission Director Chris Milligan. In addition to the workshop itself, ACTI-ERA cooperated with the USAID-supported Parliament Resource Center operated by the National Democratic Institute to host an evening dinner with around 27 members of Parliament to discuss the findings from the seminar.<sup>16</sup>

In October, ACTI-ERA supported four Burmese district judges and one judicial expert from the Union Supreme Court Office to attend in Manila, Philippines a series of three programs organized by the U.S.-PTO, ASEAN and Philippines IPR authorities: 1) the ASEAN-USPTO Roundtable for the ASEAN Judiciary on Intellectual Property Rights Issues and Enforcement; 2) the 4th Philippine Anti-Counterfeiting and Piracy Summit: Strengthening Intellectual Property Enforcement and Adjudication in the 21st Century; and 3) Roundtable Discussions on Issues and Concerns Relating to Intellectual Property Rights Enforcement. This was part of ACTI-ERA's ongoing program for building the capacity of the judiciary to strengthen IPR protection.

### **2.6.3 Strengthen Border Measures for IPR Protection**

Most counterfeit and pirated products sold in Burma are imported from neighboring countries. At this early stage in market opening, the Department of Customs has limited understanding of international best practices for border measures to protect against the importation of infringing products. ACTI-ERA supported the first-ever workshop on border measures with Customs in August in Yangon for around 45 participants from Customs, related government officials and several stakeholders. The status of pending IP laws and the importance of coordinating new legislation on IPR border measures between the IPR laws and revisions to the Customs Law were discussed. Presentations were made by Customs experts, by ACTI-ERA's Senior IPR Legal Expert Judy Goans and by an IPR expert from the Ministry of Science and Technology's Department of Intellectual Property. The half-day workshop was opened by the Director General of Customs and the USAID Deputy Mission Director.

#### ***Results***

- Developed strong working relationships and trained key staff in the Department of Intellectual Property and in the judiciary through the Union Supreme Court, building the foundation for effectively enforcing IP rights as modern legislation comes into effect.

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<sup>16</sup> USAID's NDI-PRC provides a wide range of institutional support for members and staff in the Parliament, but they are not set up to provide background on specific technical issues and international best practices underpinning laws that will be considered. They have welcomed partnerships with other USAID projects to expose members/staff to such international practices. ACTI-ERA took the lead to work with NDI-PRC to conduct the first two such dinners, one on intellectual property rights and the other on government procurement (see below). In both cases, the number of participants from Parliament well exceeded expected numbers. ACTI-ERA will continue this partnership and will explore in cooperation with NDI-PRC how to become more directly active in providing TA to Parliament on key draft legislation considered for approval.

- Three Burmese officials were trained by the U.S. Patent and Trademarks Office in the key issues involved in establishing and operating an intellectual property office.
- ACTI-ERA organized, with US-PTO, a major three-day seminar on IPR law for Burmese judges, including most of the key district judges likely to hear IPR cases.
- With NDI, organized an evening discussion on IPR for 27 Parliamentary members.
- ACTI-ERA supported four Burmese judges and one judicial expert from the Union Supreme Court Office to attend in Manila, Philippines a series of three programs organized by the U.S.-PTO, ASEAN and Philippines IPR authorities.
- Supported the first-ever workshop on border measures with Customs.
- ACTI-ERA provided detailed comments and recommendations to the Ministry of Science and Technology on the four key draft IP Laws -- Copyright Law; Trademark Law, Patent Law and Law on Industrial Design, as well as providing a reference draft for a Law on Unfair Competition.
- Initiated relationships with key private IPR associations raising the possibility of partnering on IPR advocacy campaigns.

### ***Next Steps***

- Follow up comments and recommendations on draft IP laws, as requested.
- Once the IP laws are passed, support training and capacity building for IPR enforcement, including with the judiciary, and support development of implementing regulations.
- Work with MOST-DIP and Burmese IPR groups to advance public awareness and develop public advocacy programs.

## **2.7 Develop a Modern Commercial Dispute Settlement Process**

One of the most important was to encourage foreign investment in Burma is to develop a modern Arbitration Law that provides confidence that foreign arbitral awards will be effectively enforced in Burma. As well, as the private-sector-led domestic economy expands, and as trade and investment expands between states and regions, there will be increased demand for mediation and arbitration services for domestic business disputes.

### **2.7.1 Support Development of Modern Commercial Dispute Settlement Legislation and Institutions**

A draft Arbitration Law was circulated for comment in 2014, with a number of foreign law firms and others providing comments. Given so many commenting groups, and taking into account

program resource constraints, ACTI-ERA delayed its comments until 2015 to target them on the new draft that responded to first round of comments.

### **2.7.2 Build Capacity for and Awareness of Mediation and Arbitration**

Whereas it appeared at the beginning of the program that capacity building for alternative commercial dispute processes would be important, in fact, many private law firms and several other donors provided such training. As a result, ACTI-ERA decided to focus its limited resources elsewhere. With the delay in the passage of the Arbitration Law, no domestic mediation or arbitration facilities were opened, which further limited the need for such capacity building.

#### ***Next Steps***

- ACTI-ERA will discuss with the Union Supreme Court drafters and others to determine whether further technical assistance can be helpful.
- If the Arbitration Law is passed, and depending up training plans by others, ACTI-ERA will work with counterparts to decide whether ACTI-ERA should support training and public awareness.

### **2.8 Support Implementation of the New Law on Consumer Protection**

With the passage of the Law on Consumer Protection in March 2014, Burma provided a legal basis for the first time to protect and promote consumer rights, a fundamental personal right for citizens in Burma. ACTI-ERA met several times over the course of 2014 with technical officials from the MOC's Department for Commerce and Consumer Affairs to discuss possibilities for supporting implementation of the new Law, with a decision to defer such technical assistance until 2015.

#### ***Next Steps***

- A series of public awareness workshops on implementing the Law on Consumer Protection will be organized with the MOC in 2015.

### **Work Stream 3: SME Development in Burma**

The vast majority of businesses in Burma are micro and small, while the few larger firms are often connected with state-supported or protected sectors. Relatively few foreign-owned firms operate in Burma. With the opening of the Burmese market, new businesses—small and large, and domestic and foreign owned—are expected to emerge. Some existing firms will grow, compete, and become more productive, but the experience of previously closed economies suggests that many new businesses will enter into the economy, creating opportunities and challenges for existing firms and developing a more modern, productive economy that can generate the jobs and incomes needed to reduce poverty and establish a middle class. After 50

years of isolation, it will be critical for a new generation of innovative and productive Burmese businesses to emerge.

SME development incorporates a vast area of potential along with many challenges – ranging from improving the business environment for SMEs to form and operate profitably; to developing the business skills and human resources needed for successful business operation; and, to learning about and gaining access to expanding markets both domestically as well as regionally and globally. To make a difference, a small project like ACTI-ERA worked to identify key elements of SME development that were strategically important but not dominated by other donors and to identify dynamic partners where ACTI-ERA’s funds and expertise could be leveraged to gain greater impact.<sup>17</sup> Through this approach ACTI-ERA focused in 2014 on improving the ecosystem for entrepreneurship to create a new generation of Burmese businesses to enter into the market and to flourish over time, with a special focus on ICT startups and women-owned businesses. Work in the SME sector was linked closely to complementary work on supporting entrepreneurship in the ICT sector and enhancing the use of ICT tools to boost the productivity, profitability and employment generation by SMEs.

Note that ACTI-Jakarta supported several activities promoting SMEs in Myanmar and the ACTI-ERA programming built on the connections with a range of SME and women empowerment programs conducted with support by ACTI-Jakarta in the ASEAN region. This includes programs co-developed with the US-ASEAN Business Alliance for Competitive SMEs. These are described in the ACTI-Jakarta section of this Annual Report.<sup>18</sup>

Furthermore, the support for ICT startups and related business development in the ICT Work Stream below is tightly related to activities included in this SME Work Stream.

### **3.1 Facilitate Business Start-Ups**

The World Bank *Doing Business* study found that Burma ranks as the hardest place in the world to start a business, and yet, economic reform should provide opportunities for new firms to enter the market and prosper. ACTI-ERA has identified facilitating business start-ups as a high priority for support of reform.

#### **3.1.1 Assessment and Policy Dialogue on Key Capacity and Regulatory Constraints on Business Start-ups**

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<sup>17</sup> Other USAID-supported programs on entrepreneurship include the ADEPT Project, led by Indiana University with Hewlett Packard LIFE Centers. ADEPT will support entrepreneurial capacity development in the education sector. Another project involving the University of Washington and Microsoft will focus on ICT capacity. As well, the USAID-supported agricultural value chain programs directly support SME development in their targeted sectors.

<sup>18</sup> These include the following: development of an ASEAN-wide, on-line SME Academy; a major U.S.-ASEAN Business Summit conducted in Nay Pyi Taw in August 28, 2014; a major training workshop on “Developing Partnerships for ASEAN SMEs: Integrating SMEs into Global Supply Chains” in Yangon on August 26, 2014; and an ASEAN Insights Seminar on the ASEAN Economic Community 2015; as well as a number of other dynamic regional women empowerment and SME development programs.

**Startup Ecosystem Draft Report.** Although there have been a number of general assessments on constraints to investment and business development (including for export sectors), there is no assessment focused directly on why more new startup firms have not emerged in Myanmar after several years of liberalization following years of economic repression. ACTI-ERA worked in partnership with Allison Morris and Pete Silvester of Project Hub, a local organization focusing on entrepreneurship, to develop a “Mapping of Yangon’s Startup Ecosystem” in 2014 – providing the first mapping on the emergence of innovative new firms in Yangon along with initial assessments of regulatory and capacity constraints. A first draft was completed in September; the core findings were presented and discussed at a Town Hall forum during the Global Entrepreneur Week programs in November with around 60 participants; and a focus group of local experts reviewed the report and provided suggestions for ways to refine the draft. A final draft will be completed in 2015, published and then released through a series of policy dialogue programs.

**Global Entrepreneur Week.** ACTI-ERA, with Project Hub leading the organization, supported a highly publicized and well attended set of activities organized around Global Entrepreneur Week (GEW) from November 15 to 23, 2014. More than 850 people participated in eight programs organized over the week by ACTI-ERA and a range of partnering groups in Yangon, and around 50 people participated in parallel events in Mandalay and Taunggyi. GEW aimed to nurture and showcase the array of emerging entrepreneurs in Myanmar – it provided opportunities to promote successes, to share experiences and enhance joint learning, and to create a sense of community and positive movement among entrepreneurs in an economy still dominated by long-standing, established business groups. A media briefing with over 20 media organizations was held at the beginning of November and a Launch Party with around 140 participants was organized on the day before programs started to kick off and publicize the upcoming weeks events (this was co-funded with GIZ). This included promotional presentations on each activity.

In addition to the Startup Ecosystem Town Hall noted above, ACTI-ERA supported Project Hub in organizing a Social Enterprise Expo for a segment of responsible business that is growing steadily in Burma, with around 105 participants and 18 exhibitions (co-sponsored by the British Council). The focus was to promote the advances made by the increasing number of social enterprises and to encourage networking and sharing of experiences. The program was opened by Virginia Murray, Deputy Mission Director for the U.S. Embassy in Burma.

Other events sponsored by partnering organizations included: a Women’s Entrepreneurism Day Conference; a Conference on Local Supply Chains; Entrepreneurism: Is Myanmar Ready for IT?; True Tales from Myanmar Startups; HP Life E-Learning; Training Utilizing Entrepreneurs to Grow Your Business; and, a Business Entrepreneur Forum.

**Women-Owned Business Development and Empowerment.** Building upon a range of ASEAN-wide activities on women-owned business development by the ACTI-Jakarta project in cooperation with ASEAN that included Myanmar participants, ACTI-ERA built working relationships with individuals and women groups that are steadily building capacities for

assessing strengths and weaknesses and building capacities that can enable women-owned businesses to thrive. A mapping of the institutional and policy environment for women-owned firms was initiated and will be completed in 2015. This foundation will support a range of further work in this area in 2015.

### **3.1.2 Develop a Business Start-up Package for Enabling Groups**

Given resource constraints and the focus on other activities supporting entrepreneurship, it was not possible to develop a start-up package for SME enabling groups. Work in this area will be reconsidered in the 2015 Work Plan.

## **3.2. Reduce Subnational Constraints on Business Development**

### **3.2.1 Assessment and Policy Dialogue on Subnational Constraints on Business Development**

Given resource constraints and the focus on other activities supporting entrepreneurship, it was not possible to develop advance work on subnational constraints on business development. ACTI-ERA expects to move forward with work in this area in the 2015 Work Plan.

## **3.3 Support Easier Access to Business Development Information**

Other donors are working on developing programs to improve access to business development information, including a GIZ project supporting the development of the Ministry of Industry SME Center. Other sectoral and value-chain development projects are evolving as well. Given the breadth of activities expected for 2015, ACTI-ERA does not plan to provide technical assistance in this area.

## **3.4. Explore Further Opportunities**

### **3.4.1 Possible SME Demonstration Pilot**

Based on discussions and recommendations by USAID, ACTI-ERA initiated discussion with the Self-Employed Women's Association (SEWA), a well-established and highly effective Indian women's group, on possibilities for cooperation to exchange views and expose Burmese women's groups to experiences from more established groups that could lead to specific ideas for strengthening such women empowerment programs in Burma. Two programs are expected to be carried out in 2015, an exchange program by SEWA experts to Myanmar (which will include not only discussions with Burmese women groups but also site visits to villages where poor women struggle to generate income), followed by a reverse program for Burmese women economic groups in India. As well, the mapping on women economic development will be used as a key reference for these discussions, and will be continually updated and improved.

## ***Results***

- Completed a draft of the first mapping of the ecosystem for innovative startups in Yangon.
- A widely attended and well-publicized Global Entrepreneur Week of activities, including ACTI-ERA sponsored events on the startup ecosystem and social enterprises.
- Building the foundation for targeting support to improving the environment for women-owned businesses, including the initial planning for exchanges between leading Indian and Burmese women economic groups.
- A range of successful ACTI-Jakarta programs were conducted in Burma, and in addition to other such programs in the region, served as a solid foundation for expanding support for SME development and women empowerment in Burma.

## ***Next Steps***

- ACTI-ERA will finalize, publish and initiate a policy dialogue on understanding and improving the ecosystem for startups in Yangon, gradually extended to conditions outside Yangon.
- ACTI-ERA will continue to investigate the needs of SMEs in Burma and potential linkages with the rapidly growing ICT community.
- ACTI-ERA will explore the possibility of developing a cooperative women's empowerment program with the Self-Employed Women Association (SEWA) from India to work with women enabling groups in Burma.
- Further explore ways to leverage key ACTI-Jakarta initiatives for SME development, including with a special focus on women-owned business – including advancing use of the Great Women ASEAN brand in Burma, and promoting usage of the on-line SME Academy after it is rolled out.

## **Work Stream 5: Information and Communications Technology (ICT) Development**

A half century of isolation has left Burma far behind in ICT, the backbone of a modern, dynamic economy and society. The successful award of two major contracts to build a wireless system reaching throughout the country was a major step forward early in 2014. The World Bank has committed to a reported \$31.5 million grant to support the Ministry of Communications and Information Technology in developing a modern, independent telecommunications regulatory environment, a universal service fund, and rationalize the state-owned telecommunications company. These advances provide an opportunity for ACTI-ERA to support U.S. private-sector input into this massive ICT modernization effort and to explore ways to use the rapidly improving ICT environment to advance inclusive development.

## **5.1 Development of a U.S.-Burma Information and Communication Technology (ICT) Council**

Over the course of 2014, ACTI-ERA worked with two leading consultants on ICT development in Burma to develop a viable approach for a U.S.-Burma ICT Council, to recruit five leading U.S. ICT firms to be founding members of the Council (Cisco, Google, HP, Microsoft and Qualcomm), and facilitated a kick-off meeting hosted in the U.S. Embassy for the Council in early December 2014 that included meeting with the Ambassador, who expressed his support for this activity. This process included first developing a concept paper for USAID approval to ensure that the idea appeared viable, followed by a proposal for membership that was distributed to potential members accompanied by phone calls and discussions, leading to commitments by the five companies to pay membership fees and provide resources for Council activities. Once these commitments were confirmed, by-laws and a proposed plan for first year activities were developed, and the kick-off meeting was successfully carried out in early December, 2014.

At the kick-off meeting, members narrowed down a set of priorities for 2015, with each company committing to lead specified sectors, and agreed to initial plans for 2015. The Council organized priorities around specific policy reforms, capacity building and infrastructure development, focusing on the following issues: internet management and privacy, cybersecurity, intellectual property, cloud computing, national broadband policy and expanding access and connectivity, managing mobile spectrum, reducing regulatory barriers and enhancing policy dialogue, as well as capacity building in education, SME development and women's empowerment.

### ***Results***

- After careful due diligence and preparation, the U.S.-Burma ICT Council was launched in December, 2014 with five U.S. ICT companies as founding, dues-paying members.

### ***Next Steps***

- The Council will carry out a range of activities in 2015 that aim to advance engagement and understanding of best practices related to an array of key ICT policy issues and institutional challenges.

## **5.2 Explore Opportunities for Using ICT to Support Robust and Inclusive Development**

ACTI-ERA supported a breakthrough Business Solutions Hackathon in Rangoon that linked for the first time new generations of Burmese SMEs and the burgeoning ICT developer community in a 72-hour, non-stop sprint of energy, coding and innovation over the course of three days in early September. Linking six SME businesses in need of tech solutions with around 115 young developers led to a flurry of non-stop coding matched to business problems that culminated in the award of cash and in-kind prizes for the top three teams, along with a Hacker's Choice. The winning team was made up of young women who developed an "app" solution for a company that ships high-quality vegetables from Shan State to buyers in houses dispersed throughout

Rangoon. Virginia Murray, the Deputy Chief of Mission in the U.S. Embassy and the Head of the Economic Growth Office from USAID participated in the 3-hour presentation of pitches by 24 teams and the presentation of awards.

The Hackathon was carried out in close partnership (and cost sharing) with Code for Change and Ooredoo's Ideabox, two organizations that are committed to creating an ecosystem for ICT development especially for new startups. The Hackathon helped to identify tech developers who had the potential for organizing firms to provide ICT services while also revealing serious constraints to viable business creation and employment. A key next step in this process has been for Code for Change and Ooredoo to combine forces with various private donors to develop an Innovation Hub in downtown Rangoon, with the Burmese name of Phandeeyar.

### ***Results***

- Business Solutions Hackathon was successfully carried out in September 2014 with around 150 people involved, including 6 SMEs and 115 developers.

### ***Next Steps***

- Building upon the success of the Business Solutions Hackathon and the creation of Phandeeyar (the Burma Innovation Lab in Rangoon), ACTI-ERA will partner with Phandeeyar to carry out a range of targeted activities to support the development of viable local ICT firms and to increase the use of ICT tools in SME business development.