

UKTI: Opportunities for British companies in Burma's skills sector



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Why the time is right?

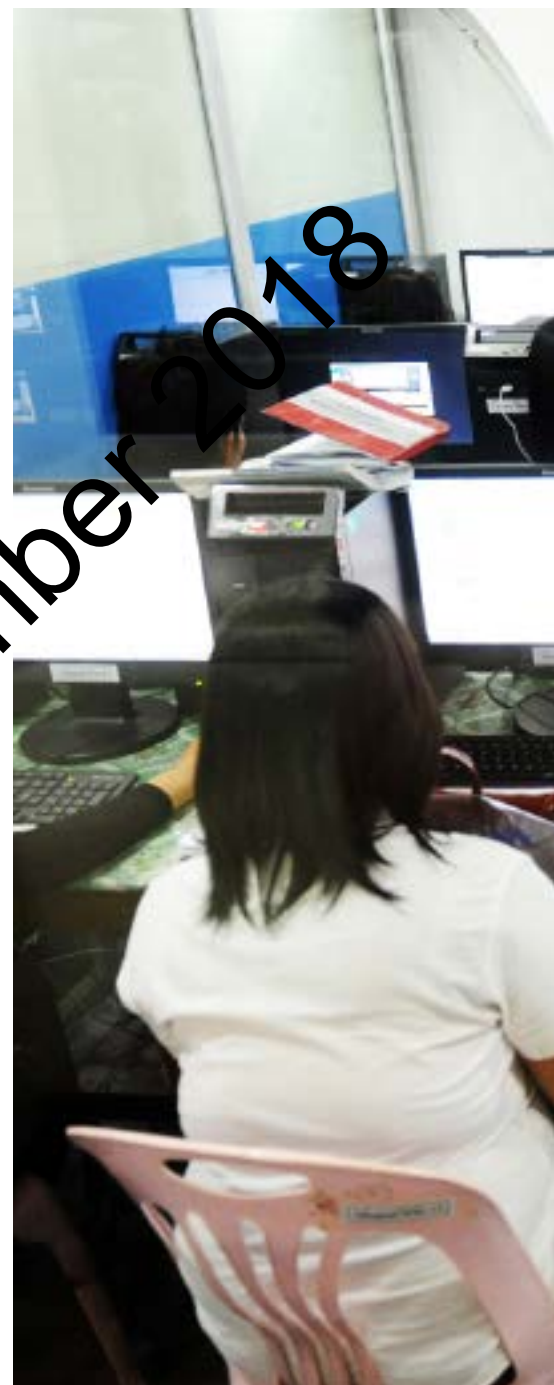
Burma has a fast-growing economy with a large workforce, but is held back by an acute skills shortage. To meet its potential, the country needs to equip workers with the skills needed to keep pace with an economy in rapid transition.

This report is intended to provide UK education and training companies and institutions with an understanding of the skills sector in Burma and potential opportunities. Skills' provision nominally falls within Burma's technical and vocational education and training sector (TVET). The TVET sector is therefore the focus of the report and is used to describe all types of skills provision.

The first section provides an introduction to Burma's existing educational system.

The second, describes the approach the government is taking to reform the system. The third section gives an overview of the labour market and the demand for skills in specific sectors. Finally, the fourth section describes some of the challenges UK institutions may face and provides advice on how to overcome them.

A number of interviews were carried out for this report. UKTI would like to thank everybody who contributed their time and insights.



Urgency of addressing the skills gap

As Burma's economy opens up, new sectors are demanding new skills. The skills shortage is recognised as the second most severe barrier to progress after corruption.¹



Inadequate supply of quality training

There are not enough quality providers to meet the scale of demand. Businesses struggle to find local providers and rely on importing international trainers.

The government is committed to improving both access and quality of the education system

Equitable access to quality education is recognised as critical to Burma's transition to democracy and inclusive economic growth.

Demand for international qualifications

Burma currently has no national qualifications framework so international qualifications provide the quality assurance sought.

History of Burma's skills sector

Like much of the country, Burma's skills sector is in a state of transition. It is moving from a period of under-investment to becoming a priority pillar in the expanding economy.

Burma has the advantage of a large workforce of over 30 million people, of which 40% are between the ages of 15-29.² The majority of the workforce, however, are under-skilled and under-educated.

The average productivity of a worker in Burma is 70% below that of benchmark Asian countries.³ The reason for this is that when Burma was under military rule (1962 to 2011), the education system was underfunded and heavily centralised. The residual education system is seen as inadequate to support and sustain the inclusive growth of the transitioning country.

In 2011, the new reformist government initiated an ambitious programme of reforms. Since then, Burma's GDP has grown at a rate of

more than 7.3% each year. These reforms have resulted in the removal of most US and EU sanctions and an influx of foreign investment. As the economy transitions from being predominantly state-owned and agrarian to being more diversified and industrialised, new sectors, requiring new skill sets, are emerging.

Burma is committed to up-skilling its workforce to sustain their growth economy. According to a business survey of companies in Burma, the lack of a skilled workforce is the second most severe barrier to economic growth after corruption.⁴ There is an immediate need to address the skills gap, and a longer-term need to strengthen the education system. Despite an increase in jobs, unemployment is

estimated at 4% with youth unemployment at 11.5%.⁵

Before 1962, Burma's education, was modelled on the British system. It was regionally renowned and seen as the pinnacle of educational excellence. Britain's reputable legacy can still be seen today in the demand for British curriculum in schools, the popularity of British universities for those studying abroad and the prevalence of British qualifications such as ACCA, ICAEW, EdExcel and City and Guilds.

Since 2011 Burma's GDP has grown at more than

7.3%
per year

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Table 1

Quick facts

Sources: World Bank, ADB, ILO, Census data

Fact	Number
Size of population	51 million
Median age of population	27
Size of workforce	30.1 million
% of population living in urban areas	33%
Enrollment rate into secondary school	63.5%
Enrollment rate into university	11%
% of 16-19 year olds in training	1.7%
% of total population in training	3.4%
Literacy rate	95.1%
Unemployment Rate	c.4%
GDP growth forecast 2014-2018	6.8%



The sector at a glance

This section provides a high level overview of the education sector as a whole.

Education at a glance

- The basic education system consists of 5 years of primary school, 4 years of middle school and 2 years of high school (a 5:4:2 system). The intention is to upgrade to the global standard of a 12-year curriculum plus a kindergarten year by 2020.
- Government schools follow a national curriculum. The medium of instruction is Burmese until Grade 9 when it transfers to English.
- Completion rates are below the regional average. The average years of schooling is 3.9 years, well below the East Asia and the Pacific average of 7.2 years. Only 11% of the population enrol in university.
- Basic literacy and numeracy is high at 95.13%. This does not though reflect 'functional literacy' which is the capacity to apply knowledge.

- Private sector involvement in education has been limited. It was prohibited under military rule but is now promoted by the government.
- The new National Education Law was approved in September 2014. This includes some progressive, decentralised approaches to education but there is debate about the level of change the law will bring about.

Technical and Vocational Education and Training (TVET) at a glance

- There is not a unified definition of TVET in Burma due to a lack of agreement between the formal TVET and non-formal TVET/human resource development (HRD) systems. In this report however, the term is used to describe all skills provision.
- Qualifications range from certificates through to PhD in technological expertise.

Government courses are accredited directly by the relevant ministry; private courses are either locally or internationally accredited. As yet there is not a National Qualifications Framework.

- The minimum pre-requisite for formal TVET courses is Grade 9 (age c.14); there is no prerequisite for HRD courses.
- The National Skill Standard Authority (NSSA) is developing occupational skill standards. To date, 196 have been developed, of which 55 have been approved.
- Data on TVET is limited as there is no central coordinating body for either the government or private providers.
- Data on the labour market is also limited. There is not yet a labour management information system (LMIS) and the last labour survey

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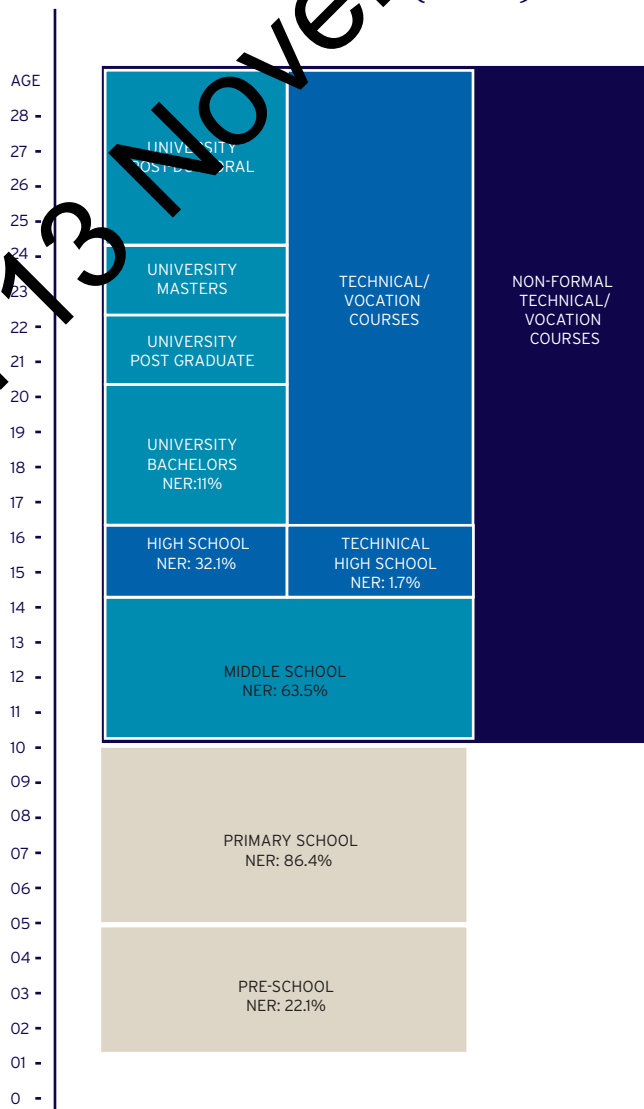
was conducted in 1990. Hence why unemployment figures are estimates. A new labour survey, undertaken by the government with the support of ILO, will be published in 2015.



only **11%**
of the population enrol
in university

Figure 1

Overview of the Education System with Net Enrolment Rates (NER)



* Ministry of Education, 2013-2014

Overview of government and institutional framework

The institutional framework is fragmented and navigating the system can be complex.

The sector is split between formal TVET and non-formal TVET. There is no central governance system to integrate the two.

- Formal TVET provision is led by the Ministry of Science and Technology (MoST) and the Ministry of Industry, while non-formal TVET/HRD is led by the Ministry of Labour, Employment and Social Security (MoLES).
- The split is reflected in legislation. Formal TVET is regulated by the Agriculture, Technical and Vocational Act (1974). The Employment and Skills Development Act (2015) provides the legislation for non-formal TVET. The regulations for the latter have not yet been written.
- A further 15 other ministries also provide training. These are theoretically regulated by the Agricultural Technical and Vocational Act, but in practice each operates in isolation.

- Both formal and non-formal TVET are mentioned in the National Education Law (NEL). There are on-going discussions about having a TVET sub-sector law or set of rules beneath the NEL.
- At the moment it has not been decided whether to unify the systems, or to continue to operate separately.

There has been a lack of collaboration between government and private sector to date, which has contributed to the mismatch in skills. The Union of Myanmar's Federation of Chamber of Commerce and Industry (UMFCCI) plays an important role in bridging this gap. The Chamber lobbies the government on behalf of their members, which include national and international businesses, cooperatives and individuals.



UKTI Tip

Meeting with the UMFCCI is a good starting point for new players, although it's important to schedule this once you have a clear proposition as their time is in high demand.

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Figure 2
Overview of the Institutional Framework

Human resource development Regulated by Employment and Skills Development Act		Formal TVET Regulated by the Agriculture, Technical and Vocational Act			
Union of Myanmar Federation Chamber of Commerce UMFCCI	Ministry of Employment and Social Security (MoLES)	Ministry of Science and Technology (MoST)	Ministry of Industry (MoI)	Sector specific Ministries	Ministry of Education (MoE)
UMFCCI Training Institute 24,505 members 38 Trade associations	3 Skills Development Centres No' of Students: 9,554 Duration: 2 weeks -2 months Qualifications: Certificate	36 Technical High Schools (GTHS) No' of Students: 3000 Duration: 2 years Qualifications: Certificate	9 industrial training colleges No' of Students: 800 Duration: 1 year Qualifications: Certificate	Ministry of Agriculture and Irrigation Ministry of Border Affairs Ministry of Commerce Ministry of Cooperatives Ministry of Culture Ministry of Defence Ministry of Environmental Conservation and Forestry Ministry of Health Ministry of Hotels and Tourism Ministry of Livestock and Fisheries Ministry of Rail Transportation Ministry of Religious Affairs; Ministry of Social Welfare, Relief, and Resettlement Ministry of Sport Ministry of Transport	Human Resource Development Centres 21 Education Colleges
		11 Gov. Technical Institutes (GTI) No' of Students: 3000 Duration: 2/3 years Qualifications: Diploma			Leading on the national Education Reform
		3 Gov. Technical Colleges (GTC) No' of Students: 5000 Duration: 2/3 years Qualifications: Diploma and B.Tech			
		27 Technical Universities (TU) No' of Students: 66,000 Duration: 1-3 years Qualifications: B.Tech/B.E/Masters			

Current provision of education and training

Both the government and private organisations provide education and training.

Government provision

- There are an estimated 459 institutes nationally; these range from technical high schools to skill development centres to technical universities.
- They have the benefit of wide geographic outreach, with institutes in all the states and regions.
- However, recent research highlighted inexperienced trainers, outdated facilities and minimal processes to align standards with demand.⁶
- Despite heavily subsidised fees (both government and donor-funded) few institutes are at full capacity and drop-out rates are as high as 60%.

Private provision

- Estimates for the number of private providers range between 350 - 800. These include large training institutes

and small-scale organisations, and both national and international providers.

- **National providers:**
 - This largely consists of relatively small-scale institutes offering two to three courses.
 - The most common skills offered are languages, ICT and business courses. English is one of the most popular languages, alongside Chinese.
 - Most are located in urban areas and target the young, affluent population with seemingly little provision outside of urban centres
 - UMFCCL has a training institute that provides affordable training courses focused mainly on soft skills. A few of their affiliated trade associations also provide

training. These are often more technical due to their direct relationship with industry.

- **International providers:**
 - A number of British organisations are already operating in Burma. These include independent skills-trainers and colleges partnered with local institutions.
 - British qualifications such as ACCA, ICAEW and City and Guilds are prevalent.
 - Many international companies tend to have in-house training departments. These mainly use international trainers from within a company's existing global network or hire international trainers as needed.

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Online learning is becoming a popular delivery mode. The concept of distance learning is well established in Burma and accounts for 60% of tertiary enrolments. There is some negative association with the previous government's methods to keep student communities apart and it has been perceived as an inferior qualification by employers. Digitalised content, mobile learning apps and online courses, especially from international institutions are now beginning to alter this perception. The improved infrastructure and levels of IT literacy allows tech-enabled learning to be a feasible option.

Fee-points for courses can range from \$50 for a 10-week course in welding, to \$3500 p/a for an internationally accredited diploma in engineering. The prevailing cost model is for students to pay directly. Access to student loans is currently limited, so short part-time courses are popular. Overcoming the cost barrier, through loans or innovative financing could significantly change the skills landscape. The same survey that identified the skills shortage as a key barrier, reported that companies spend only \$215 per employee per year on training. There are indications that this is changing, but the trend seems to be to deliver training under the umbrella of corporate social responsibility (CSR).

There are a growing number of philanthropic training centres providing vocational and life-skills programmes for



UKTI TV

For the most comprehensive list of providers look up the Education Directory Guide for Everyone at: www.myanmareducation-directory.com

disadvantaged communities. Successful examples include the Daw Khin Kyi foundation's Hospitality and Catering Training Academy (HCTA).

HCTA is non-profit Academy that aims to empower 18-25 year olds with the skills needed to benefit from the rapid job demand from the tourism and hospitality sector.

“
online learning is becoming a popular delivery mode
”

National education reform

In 2012, the government embarked on the Comprehensive Education Sector Review (CESR). This review is now being used to inform the National Education Sector Plan (NESP).

The objective of the reform process is to modernise the education system from pre-school through to higher education. Change is already evident, most significantly seen in education expenditure, which has increased from 0.7% of GDP in 2011 to 2.1% in 2014. This is made more significant in real terms as GDP has increased by \$8.1 billion.

The reform process has prioritised nine transformational shifts to strengthen the education system as a whole. One of the shifts is to expand TVET and Higher Education to meet employers' needs.

Five of the key initiatives are:

- A national qualifications framework aligned to the ASEAN qualifications.
- Industry standards to address skills mismatch between demand and supply.
- A labour market information system (LMIS) to improve understanding of demand.
- A regulatory framework and accreditation system to make it easier for private providers to operate.
- A levy fund to increase investment capacity in training (it is not clear yet who will be able to access these funds).



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The labour market and the demand for skills

The demand for improved skills provision is evident on three levels: from a national perspective, a business perspective and from the individual's perspective.

- From a national perspective, the demand is to improve workforce productivity. Burma's population is ageing and there is a risk that the nation will get old before it can prosper; the current median age is 27 but 2035 projections are 36.8.⁷
- From a business perspective, the demand stems from the day-to-day impact of the skills shortage seen in lengthy recruitment processes, distorted salaries and the need for micro-management. Companies registered through the Foreign Investment Law have to meet the national employment quota of at least 75% local staff within five years so investing in skills is a high-priority.
- From the individual's perspective, there is demand for opportunities to invest in their own skills and take advantage of Burma's economic development.

There is demand for international qualifications across the board. There is also a demand for more practical training such as apprenticeships and dual training models. Both of these highlight the emphasis on quality and relevance.

Demand for skills: sector analysis

It is estimated that 85% of the economic growth potential is from agriculture, manufacturing, tourism and hospitality, infrastructure and energy.

Agriculture is still the dominant employer in Burma accounting for 50.2% of employment. Although agriculture will remain

key sector it is expected that improved mechanisation will reduce the number of labourers needed.

Manufacturing and tourism, two labour intensive sectors are identified as the new significant employers. They are forecast to create a total of 9.9 million jobs by 2030.

- A recent report lists Burma as one of the most favoured destinations for manufacturing investment in ASEAN. Coca Cola is an example of a manufacturer who has already employed 2500 people and forecasts a further 20,500 jobs.⁸

UKTI Tip

*The government is working with a number of development partners to implement the reforms including; GIZ, Asian Development Bank (ADB), International Labour Organisation (ILO), UNESCO, Swiss Development Corporation (SDC)
Visit the Reform website at: www.cesrmm.org*

- Three million tourists visited Burma last year bringing in \$3 billion; a steep increase from the 0.8 million tourists in 2011.

Infrastructure and energy have a critical need for skilled workers to support the growth economy.

- Construction itself is forecasted to create over two million new jobs by 2030. Currently international developers are bringing in their own workforce because of the lack of skilled construction workers in Burma.

Financial skills are critical to economic development yet ILO highlights the immaturity of the financial services sector, which has only just been liberalised.

- Interviews with British banks exploring the opportunities in Burma listed critical skills gaps in areas such as compliance, regulations and risk management.

Core business skills were in high demand across all the businesses interviewed. This ranges from essential 'soft skills' such as critical thinking and initiative through to specific administration roles such as secretarial and HR.

ICT and entrepreneurialism are two further core skill sets in high demand.

- Burma is credited with the opportunity to 'leapfrog' technological progress but this is reliant on having the capability to be able to do so. Recognising the need for ICT skills, the Ministry of Science and Technology, with technical assistance from the Asian Development Bank have been implementing a five year ICT Master Plan which includes ICT human resource development.
- Both the Ministry of Commerce and the National Chamber

of Commerce (UMFCCI) are strongly promoting SMEs in recognition of effective job creation.

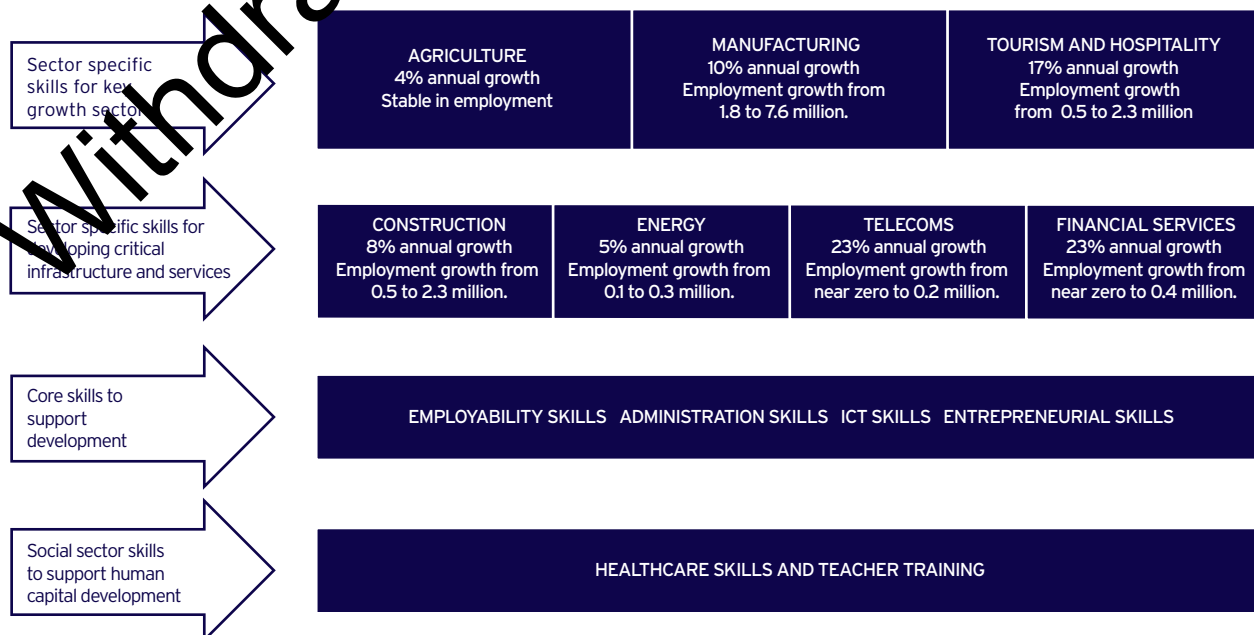
From a more general point of view there is a demand for human capital development.

- Trained healthcare workers are much needed; the ratio of healthcare workers to population is 1:1,700; considerably higher than the 1:269 average ratio for Southeast Asia.⁹

Qualified teachers are needed in both the government and the emerging private school sector. There are currently few pre-school teacher qualifications offered for example and minimal training opportunities for TVET trainers.

Figure 3

Growth forecast and projected employment demands by 2030



Growth forecasts and projected employment demands by 2030. Based on ILO analysis of Economist Intelligence Unit (2012), ADB (2012), McKinsey (2013), and, for agriculture, FAO (2012).

Opportunities for UK organisations

Education and training opportunities in Burma are both broad and immediate.

In the short-term, there are multiple opportunities across the different sectors to meet the immediate skills gap. Opportunities to explore include:

- Establishing a stand alone training centre.
- Supplying training content or resources either to training organisations or direct to customers, online or offline.
- Partnering with international companies looking to develop in-house training facilities.
- Partnering with local education institutions looking for either international quality assurance or a delivery partners.
- Delivering training programme as part of a company's CSR investment.
- Sharing expertise with either the public or private sector

on identifying skills gaps and proposing solutions providing sector-specific or accreditation-based knowledge or advising on pedagogical techniques or career options.

- Supporting the learning environment through supplying facilities such as student loans.

The longer-term opportunities focus on investing in Burma's future workforce. This could include opportunities to work with the government on their reform of the education system and will require long term horizons.

Practical Advice

Burma's skills sector is teeming with opportunities but as with any emerging market it comes with its own challenges. Some of these challenges are sector-specific, but others stem from the fact that Burma is transitioning

from its former military rule.

These broader challenges are listed in UKTI's Doing Business Guide and include certain political risks, corruption, institutional weaknesses and an underdeveloped banking system.

The following advice should help British businesses to success in Burma.

Have a clear proposition

- You need to have a clear proposition, especially if you intend to work with government. There are many players exploring the market so it is important to be clear on how your service or product will benefit Burma.

UKTI Tip

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Foreign Investment Law (2012)

- Allows international firms to fully own ventures
- No stipulated stake ratios in joint ventures between foreigners and Myanmar citizens or the government.
- Offers tax breaks and lengthy land leases.

• You need to be prepared to contextualise your offer. Companies with global in-house training departments spoke about the need to adapt existing content and delivery methods specifically for Burma's context.

• You should be ready to offer a needs-assessment. One of the difficulties raised by the businesses interviewed was being able to define exactly what skills are missing. This was especially true for the more intangible 'soft' skills.

Be prepared to be flexible and patient

• Burma is a country in transition, and much of its economy and political environment is in a state of flux. This opens up opportunities but means there are seldom clear processes and those that

exist are subject to change. It is worthwhile adding in flex time to any scheduling to accommodate these fluctuations.

Have a clear understanding of the regulatory environment for a particular product/service

• There is no central coordinating body and as yet no TVET-specific regulations. The government is preparing a 'Guide for training provider autonomy' but this is not yet published.

It is important to work out which ministry or regulator is relevant to your service or product. Most providers are registered under the new Foreign Investment Law or the relevant sector ministry. UKTI Burma can advise you on this.

Explore options of working with a local partner

• Many international businesses partner with local businesses as part of their market entry strategy. This is not a requisite but can be helpful. One reason is that it helps overcome the language barrier; English is widely spoken in business meetings but much of the information, including online information is in Burmese script. A local partner also helps navigate through the relevant ministries and regulations.

Carefully consider your time commitment

• Opportunities are likely to be long-term investments. Even for a corporate training workshop for example, the demand is seemingly for a series of workshops rather than a one-off session; in many cases it is not just teaching new skills but also teaching how to learn new skills.

Invest in building your reputation

• In spite of the urgency, the emphasis is on quality learning. Burma is still a small business community so it is relatively easy to build and market your reputation. Options to consider include offering free workshops or pro-bono support to a donor-funded college and joining relevant social media sites such as LinkedIn's Myanmar Business Community.

UKTI Tip

Joining the British Chamber of Commerce in Burma will help you connect to international and local companies looking for either services or business partners.

To find out more about this and the other benefits of membership visit: www.britishchambermyanmar.com

If you are interested to explore opportunities in Burma please email: UKTI.Rangoon@fco.gov.uk

In the meantime please use the following links to read more about Burma's skills sector and the labour market demands:

UKTI's Doing Business Guide

www.gov.uk/government/publications/exporting-to-burma/exporting-to-burma

ADB's Unlocking the Potential (2014)

www.adb.org/publications/myanmar-unlocking-potential

McKinsey's Myanmar's Moment: Unique Opportunities and Major Challenges (2013)

www.mckinsey.com/insights/asia-pacific/myanmars_moment

ILO's Assessment Study of TVET in Myanmar (2014)

<http://apskills.ilo.org/resources/assessment-study-of-technical-and-vocational-education-and-training-tvet-in-myanmar>

Myanmar Business Survey (2014)

www.unescap.org/sites/default/files/MBS_Survey_Results.pdf

Data Sources

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