



## HEALTHCARE SECTOR ISSUE NOTE

# Investment Promotion and PPP Environment in the Healthcare Sector of Myanmar

Project: *Support to the Initiative for ASEAN Integration*

March 2018

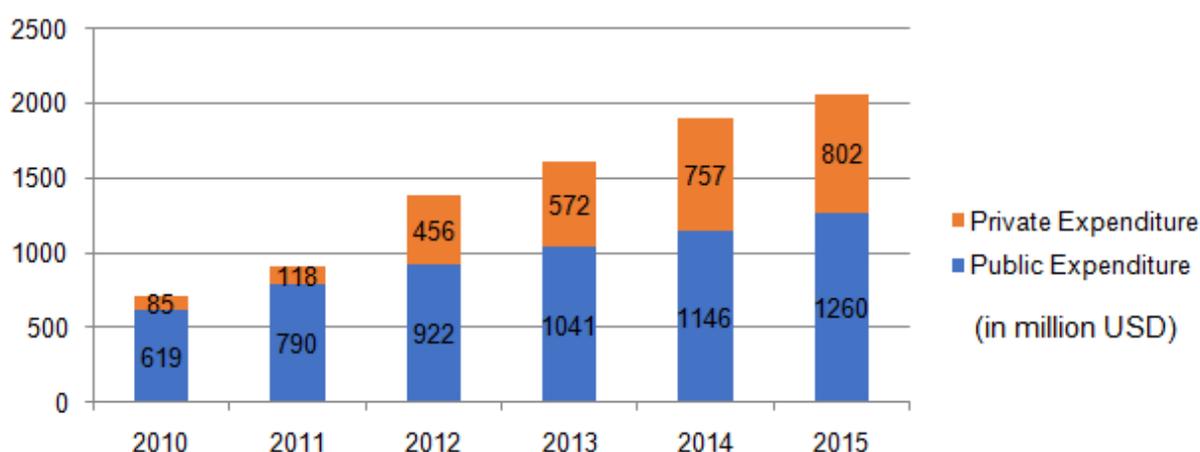
## 1. Healthcare in Myanmar

The National Health Plan 2017-2021 is expression of the ambitious reform plans of the Government of Myanmar targeting an achievement of Universal Health Coverage (UHC) - access to essential health services for everyone in Myanmar within the shortest possible timeframe. Initial target is to provide in an “equitable, effective and efficient manner” basic primary healthcare to the population at township level and below. Hereby fundamental is that healthcare providers outside Ministry of Health and Sports shall be constructively involved in the healthcare service provision.

Elementary challenges though remain in the healthcare sector, as indicated e.g. by the short life expectancy at birth at only a level of 64.7 years in Myanmar momentarily, while various communicable diseases such as malaria, tuberculosis and HIV/AIDS are prevalent in the country. The healthcare sector is also just recovering from a phase of severe public underinvestment during the time of political isolation - the share of public budget spend on healthcare is currently at around 3.65% - increasing, though among the lowest of ASEAN peers. In the case of other ASEAN economies (e.g. Vietnam, Thailand and Singapore), the percentage of the GDP spent on public healthcare ranges at a level of 5-6% despite the nominally higher GDP in the other economies.

The limitations in governmental funding and its allocation have in the past led to a concentration of skilled human resources predominantly in the Yangon - Nay Pyi Taw - Mandalay corridor, an underdevelopment of the physical health infrastructure and the limited availability of essential medicines etc. in public hospitals. Given only nascent steps taken towards a health insurance system, out-of-pocket spending by households remains the dominant source of financing for health services.

Over recent years, the share of private investment in the healthcare sector has rapidly increased from a low level to nearly the level of spending of the public sector, which is reflecting the importance of private sector involvement and promotion in healthcare.



## 2. National Policy

### Governance Structure

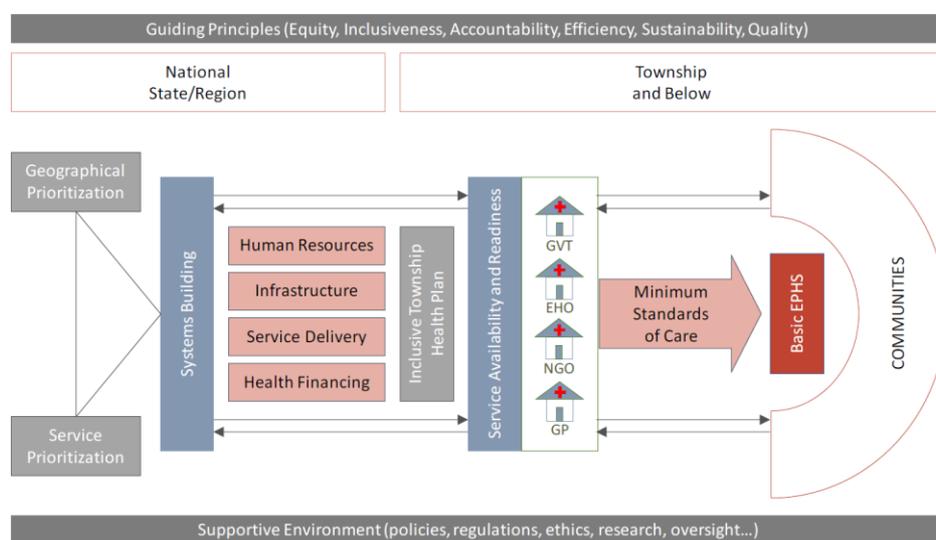
The activities of the departments under **Ministry of Health and Sports** are primarily targeted towards public service provision – e.g. reflected in the lack of even data collection on private healthcare provision – and the approval and supervision of medical facilities. The **Food and Drug Administration (FDA)** is mainly in charge of the approval of pharmaceuticals and medical devices permissible for the treatment of patients.

The **Directorate of Investment and Company Administration (DICA)** under Ministry of Planning and Finance and the related **Myanmar Investment Commission (MIC)** are facilitating the incorporation of any type of company and the approval of a particular project equally in the healthcare sector.

Under Ministry of Planning and Finance - in addition – a specific unit, the **Project Appraisal and Progress Reporting Department (PAPRD)**, has been established in particular to rapidly appraise the implementation of projects with significant project budget exceeding a threshold amount, projects of importance for national development and projects to be carried out in a PPP arrangement. This department, however, has not yet carried out a PPP project in the health sector yet.

### National Policies for the Healthcare Sector

The **Myanmar National Health Plan (NHP)** has been launched for the period from 2017 to 2021 by the Union Minister of Health and Sports with endorsement of the State Counsellor Daw Aung San Suu Kyi. In the plan, it is envisioned to achieve Universal Health Coverage (UHC) until 2030 meaning to allow “all people [to have] access to needed health services of quality without experiencing financial hardship”. Ministry of Health and Sports is currently defining the three different levels of essential packages of health services (EPHS): Basic EPHS, Intermediate EPHS and Comprehensive EPHS. The NHP does not define the way in which the private sector may particularly be encouraged to engage in collaboration with the government.



Visualization of fundamental principles of the Myanmar National Health Plan

(Source: Myanmar National Health Plan)

### 3. Relevant policies, laws and regulations

... related to the general business environment and investment promotion

Most of the efforts undertaken in investment promotion are not essentially codified in policy papers, but are typically implemented through laws, regulations and the institutionalization of necessary structures with particular support of the Directorate of Investment and Company administration. Only in the area of PPPs, currently a cabinet paper is being formulated. Major laws relevant to both initiatives in investment promotion in healthcare and tourism comprise: (1) Myanmar Companies Act (1913) / Myanmar Companies Law (2017), (2) Myanmar Investment Law (2016), (3) Competition Law (2015), (4) Myanmar Medical Council Law (2015) and (5) Insurance Permission Law (2015).

... related to in particular the private sector operating in healthcare provision

Key legislation comprises the Law Relating to Private Health Care Services (2007), the Public Health Law (1972) and the Myanmar Medical Council Law (2000). In addition, the Dental and Oral Medicine Council Law, the Law relating to the Nurse and Midwife and the Nation Drug Law are relevant to medical subsectors.

### 4. Promotion of Investments in the Healthcare Sector

Certain subsectors in healthcare have been included in the list of promoted sectors eligible for tax exemptions for a period of three, five or seven years in dependence on the location of the investment (according to Myanmar Investment Commission Notification No. 17/2017). The following industries related to healthcare sector are promoted according to Myanmar Investment Commission Notification No. 13/2017:

(P) Education services	1 Private schools	ISIC 85
	2 Schools which apply international curriculum	ISIC 8530
	3 Technology and vocational institutes	ISIC 8530
	4 Higher education services	ISIC 8530
	5 Sport education services	ISIC 85419
	6 Training for civil aviation	ISIC 85
	7 Training and developing health service support human resources	ISIC 85
(Q) Health services	1 Hospital service	ISIC 861
	2 Medical laboratory service	ISIC 861
	3 Traditional hospital service	ISIC 86101
	4 Private clinic service	ISIC 86
	5 Manufacturing of veterinary medicine	ISIC 7500
(T) Science research development business	2 Research for medical education and medicine	ISIC 72103
	6 Research on traditional medicine and laboratory service	ISIC 72103
(D) Manufacturing	28 Production of coffee, tea and traditional medicinal plants	ISIC 1076
	54 Production of medicine, chemical products for medicine and botanical products	ISIC 2100
	91 Production of traditional medicine	ISIC 10762
	92 Production of medical equipment and supply	ISIC 3250

(Source: Myanmar Investment Commission)

## 5. Relevant AFAS Commitments in the Healthcare Sector

As part of the AFAS negotiations, Myanmar has in the healthcare sector only agreed to permit a commercial presence of entities of “up to 70% foreign equity participation [...] [in] accordance with The Law relating to Private Health Care Services, 2007” in the following sectors beyond horizontal commitments:

- General medical services (CPC 93121),
- Specialized medical services (CPC93122),
- Dental services (CPC 93123),
- Deliveries and related services, Nursing Services, physiotherapist and paramedical personnel (CPC 93191),
- Hospital services (CPC 9311),
- Ambulance services (CPC 93192),
- Laboratory Services,
- Residential health facilities services other than hospital services (CPC 93193) and
- Other human health services (CPC 93199).

## 6. Barriers to Investment

- The role of the private healthcare sector in contributing to reaching targets of health services coverage is not specifically referred to in e.g. the National Health Plan.
- Limited sector-wide consultations between public and private sector
- Low confidence in the quality of public and private health services in Myanmar leading to extensive medical tourism
- Competition of private and public health sector around human resources persists
- Foreign and former Myanmar national medical specialist doctors remain barred from entering the country
- A supply-demand gap in various medical professions exists and exports of these services are not particularly fostered.
- Pharmaceutical companies face major market entry and operational barriers due to FDA processes and due to counterfeit products

## 7. Recommendations for Improvements

**Preparation of Policy Dialogue Format on the Role of the Private Sector in Reaching Targets of the National Health Plan**

**Review of the Mandate and Structure of Myanmar Medical Council in its Regulatory and Advisory Function in the Healthcare Sector of Myanmar**

**Preparation of a Targeted Investment Promotion Strategy in the Healthcare Sector**

**Conduction of an Assessment and Delivery of an Estimate for Human Resource Requirements in the Healthcare Sector of Myanmar in 2025/2030**

**Development of an Approach for the Delivery of Healthcare Infrastructure through PPPs**

**Promotion of Telemedical / mHealth / eHealth Solutions in Myanmar as a Case Study within the Development of an eCommerce Strategy**

**Improving the approval processes of investments at Ministry of Health and Sports**