

Socio-Economic Master Plan for New Yangon City

PUBLISHED ON SEPTEMBER 2018

PRODUCTIVE CITY | LIVEABLE CITY



The conclusions, analysis and perspectives contained in this report and any related documents are based on data, information and consultations that were available at the time of preparation of the report, with assumptions across multiple areas based on factors and events that are subject to uncertainty. Nothing contained herein is or shall be relied upon as a promise or a representation. The report is not intended to serve as investment or legal advice. This public report should be considered a general summary of New Yangon City's Socio-Economic Master Plan. For additional information and further details on the Plan inquiries should be directed to the New Yangon Development Company.

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Chief Minister's Foreword



Myanmar needs a diverse and growing economy so that we can invest in education and provide the services that people need, such as healthcare, clean water and adequate power. We need to grow our economy but it is important that we do so while protecting our environment and supporting our traditions and all our communities.

Within Myanmar, Yangon is the country's economic centre and key regional trading hub. The long-term growth and prosperity of Myanmar depends on a vibrant and globally competitive Yangon.

Today, Yangon faces a number of challenges that the regional government is actively addressing. As the city grows and continues to attract residents, affordable housing and employment opportunities are needed so that people can improve their standard of living and create opportunities for their families.

Job creation does not take place in a vacuum. It is achieved on the backbone of a growing economy, supported by reliable power, efficient infrastructure and a skilled labour force. The current state of infrastructure in Yangon necessitates significant upgrading. Among the many infrastructure-related goals, improving the road network and developing public transport are leading priorities for the regional government.

Our task does not end with improving infrastructure in Yangon city to address short-term needs. We need to think ahead and plan for the future. The existing boundaries and capacity of Yangon city are going to be stressed at the current pace of development. Hence, we are developing an ambitious plan to expand westwards, creating New Yangon City—an inclusive city that will generate jobs while providing high-quality living for its residents. This twofold vision will be achieved with the foundational elements of world-class infrastructure, transparent and robust governance and efficient systems for delivering public services in the city. This project will benefit all of Yangon Region and will provide better transport and trade connections through Ayeyarwady Region over the longer term.

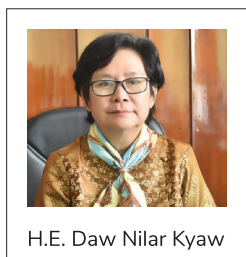
We are committed to creating jobs. But we are equally committed to ensuring we do so in an environmentally responsible way and that the development genuinely benefits townships in the New Yangon City district. We will continue to work productively with local communities that currently live there to make sure they benefit from this new development.

In doing so, we want to be financially sustainable in our endeavours. We are using the regional government's land assets as the seed equity. This will ensure that we do not create unreasonable debts that our citizens and successive generations would find difficult to pay back.

In line with international best practices, we have created a dedicated urban development authority to take this project forward. We have set up New Yangon Development Company under the Special Company Act, as a wholly owned special purpose company of the Yangon Region Government. NYDC will work in close collaboration and coordination with the Yangon Region Government in order to help us deliver our ambitious economic and social development plans.

H.E. U Phyo Min Thein
Chief Minister, Yangon Region Government

Statement of Chairperson and CEO



New Yangon Development Company is the agency charged with planning and building New Yangon City and delivering on its job-creation potential, while ensuring it stays true to its vision of being inclusive, liveable and green. NYDC is incorporated under the Special Company Act of Myanmar and is wholly owned by the Yangon Region Government. It will operate in the manner of a private sector company in order to achieve the highest degree of efficiency and productivity and will oversee the development of New Yangon in accordance with the laws of Myanmar and international best practices.



Economic growth in Myanmar depends on improving the international competitiveness of Yangon so that we can develop and attract the sort of businesses that will provide good, sustainable jobs for our people. The chief minister and his cabinet have made the creation of two million jobs the highest aspiration of building New Yangon City. This aim shall guide us in everything we do.

We are proud to release to the public our Socio-Economic Master Plan (SEMP) for New Yangon City. It encapsulates our vision for New Yangon City, focusing on the dual objectives of economic growth and liveability. We have the responsibility to deliver a city with world-class infrastructure. An economically prosperous, environmentally conscious and resident-friendly city. An inclusive, liveable and green city which offers competitive advantages for economic growth and prosperity. One with transparent and efficient governance that sets the standard for Myanmar.

Our SEMP is a guidebook for the next phases of city development and administration. It covers 13 different aspects, including but not limited to job creation, human-capital development, infrastructure needs and priorities, environmental sustainability and strategy for managing urbanisation.

The existing residents of the proposed New Yangon City area have placed great trust in NYDC to improve conditions. They want better job opportunities, better services and better connections with the rest of Yangon. We intend to continue to work closely and constructively with them and have established a site office in Twante Township to do so.

NYDC is also very clear in its commitment to develop our city in an inclusive, environmentally responsible and socially engaged manner. NYDC has already commenced environmental impact assessments process on the site, including flood mapping, and intends to conduct thorough stakeholder engagements and consultation with local community representatives.

Being financially responsible for us and future generations is an important aspect. For this reason, the development of New Yangon City is envisioned to take up financially sustainable means of funding. The private sector will play a leading role in development of the city, and we will explore partnership models with the private sector including Public Private Partnerships (PPPs). NYDC is publicly owned and citizens will be the ultimate beneficiaries of these investments. It is intended that not only our investors, but our children and grandchildren shall also reap the benefits of these investments.

H.E. Daw Nilar Kyaw

Chairperson, NYDC.

Minister of Electricity, Industry, Road and
Communication of the Yangon Regional Government.

U Theim Wai @ Serge Pun

Vice Chairman & CEO, NYDC

Context and Location of New Yangon

For over 100 years, Yangon has stood as the economic powerhouse of Myanmar. Located strategically at the convergence of the Yangon and Bago rivers, it has played the role of a national trade and commerce hub through different stages of the country's history. This status continues today—Yangon currently contributes 26% of the country's GDP with only 12% of the population. As Myanmar enters an era of unprecedented growth and change, Yangon will lead the charge.

Even as it grows, Yangon faces many challenges. Yangon's rising population will affect the quality of life in the current city (see Figure 1). Urban infrastructure has been put under increasing stress in recent years, driven by factors such as the high influx of migrants, growing number of vehicles and rising electricity demand. Residents and businesses have expressed dissatisfaction with critical urban services such as utilities and waste collection, public transport and access to parks and greenery. These challenges are placing constraints on economic growth as they impose costs on businesses. Furthermore, independent estimates have suggested that remediating these problems will take substantial time and resources.¹ The New Yangon City project presents an ambitious solution to some of these challenges and an opportunity for economic development to proceed apace.

The New City is projected to ultimately occupy a land mass of approximately 680 sqkm (168,000 acres) to the west and south of Yangon. The area has been chosen for a number of strategic advantages (see Figure 2).














Two phases have been planned as of now for the New Yangon City development project:

- **PHASE 1** will cover a land area of approximately 80 sqkm (20,000 acres). This is currently home to 158,000 people. The priority for Phase 1 will be to establish key infrastructure and an industrial area as part of an overall urban expansion and upgrading programme that will include the construction of five new resettlement town centres around existing villages. In addition to township development, priority works to open the site and create access to the rest of Yangon include two bridges, more than 26 km of arterial roads, approximately 30 sqkm of industrial estate, power generation, transmission and distribution facilities, fresh water supply and wastewater treatment plants, port and transportation linkages, and connectivity to support information and communication technology.
- **PHASE 2** will cover a land area of approximately 600 sqkm (148,000 acres) as a natural extension to support Phase 1 and provide improved infrastructure for all of Yangon with better trading connectivity to improve economic opportunities for Ayeyarwady Region.

^[1] JICA 2014, A Strategic Urban Development Plan of Greater Yangon

Figure 1

Yangon's rising population density will impact the quality of life in the city

City	Urban population density ² Population/sqkm	EIU liveability rank ³
Melbourne	 1,500	1
Kuala Lumpur	 3,600	73
Tokyo	 4,400	15
Barcelona	 4,500	31
London	 5,600	53
Bangkok	 6,100	102
Shanghai	 6,200	78
Ho Chi Minh City	 6,400	122
Yangon (current)	 8,700	NA
Jakarta	 9,600	116
Manila	 14,400	104
Yangon in 2040 ¹	 18,028	–
Mumbai	 32,300	115

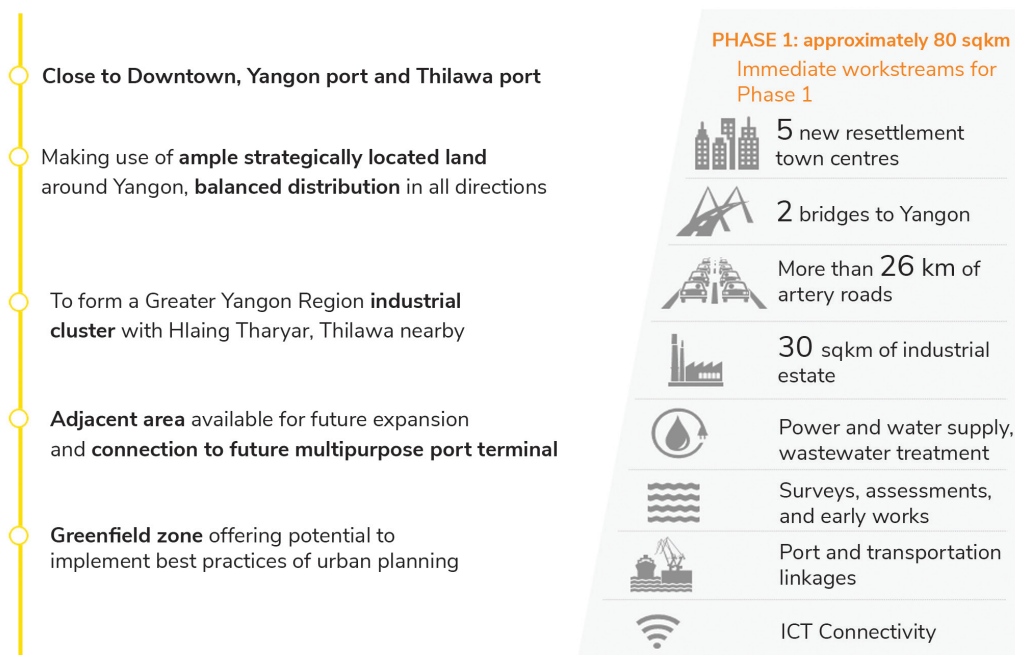
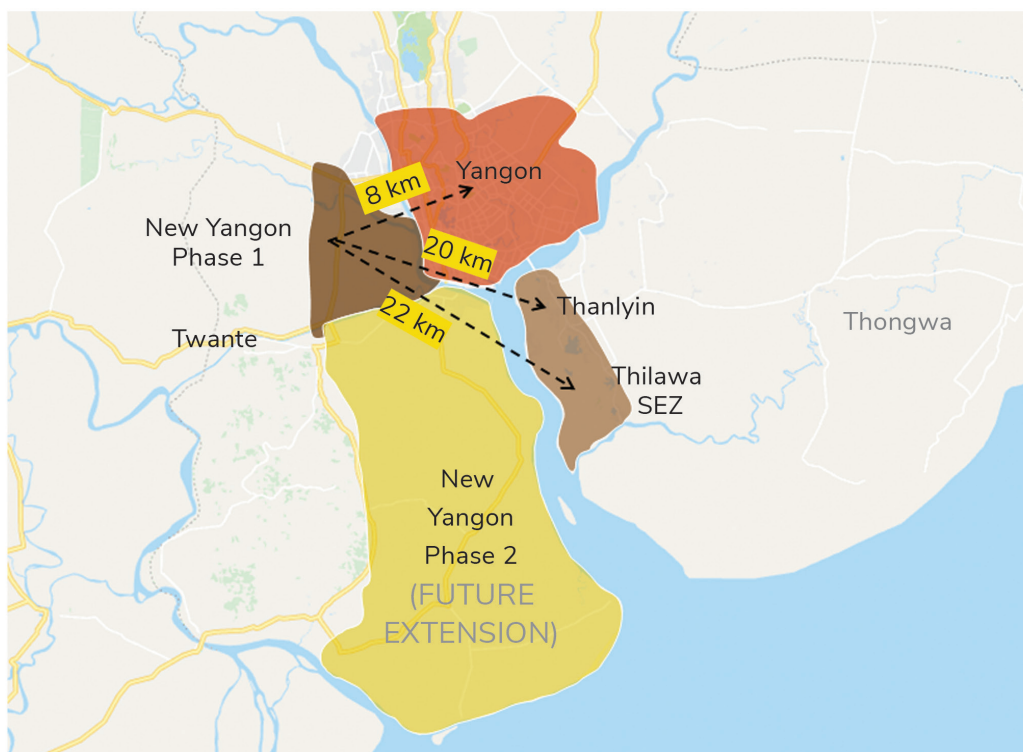
1 Assuming no changes in urban area size

2 An urban area ("built-up urban area", urbanised area or urban agglomeration) is a continuously built up land mass of urban development that is within a labor market (metropolitan area or metropolitan region)

3 EIU Liveability rankings 2015

SOURCE: JICA population estimation based on Yangon Census 2014, World Bank, Demographia World Urban Areas 13th Annual Edition: 2017:04, EIU cities liveability ranking 2015

Figure 2
New Yangon to be strategically situated south-west of existing Yangon



Overview of the Socio-Economic Master Plan (SEMP)

Historically, most cities have evolved organically over time, reacting to the needs of residents and businesses. While this has imbued many of the world's great cities with their own distinct character, it has at times led to somewhat-chaotic outcomes in emerging economies as development proceeds unchecked and unplanned. Signs of urban ills in developing countries around the world—endless traffic congestion, pervasive smog, strained public infrastructure are testament to this.

A distinct advantage of greenfield cities is that they offer a clean slate and a chance to “get it right” the first time, avoiding costly remediation later. In line with this, the Socio-Economic Master Plan (SEMP) was developed as the core strategic manual to guide the development of New Yangon City. The SEMP aims to balance the dual goals of economic growth and urban liveability by providing economic and infrastructure development benchmarks, targets and guidelines. It will be used to inform and align all stakeholders, including citizens and current residents, the regional government, relevant ministries and agencies, the city development committee, physical and spatial master planners, engineers and contractors, businesses and investors.

The SEMP comprises 13 interconnected elements which together form an integrated plan. Ten of these are discussed in this report as indicated by the asterisks (*) in the list below.

1. Vision for New Yangon*
2. Economic analysis and development of a sector strategy*
3. Job creation plan*
4. Human capital development plan*
5. Infrastructure plan highlighting needs and priorities*
6. Environmental sustainability plan*
7. Strategy for managing urbanisation*
8. Optimal asset mix*
9. Fast-tracking and incentivising development of industrial corridor*
10. Risk register and risk management plan
11. Delivery and implementation plan
12. Governance*
13. Financial plan

The Vision for New Yangon City

Each city has a distinct character. As a greenfield city, New Yangon has the luxury of choosing what it wants to be known for from the outset. After extensive research, consultation and discussions, New Yangon's vision was determined to be "Productive City, Liveable City"—a city that will be Myanmar's new economic engine, while ensuring an inclusive, green and highly liveable experience for its residents.

Approach to determining the vision

Greenfield city development is a challenging undertaking with many pitfalls. Research into the experiences of other such large-scale, greenfield city developments therefore underpinned the development of New Yangon's vision and strategy. Several guiding principles emerged:

Economic growth

- **Choose and promote development of the right sectors in which the city and country have a competitive advantage.** Cities need to take advantage of their existing endowments (e.g., location, infrastructure) and strengths along economic factors (e.g., labour, resources, capital) and choose the right sectors where they can be regionally and internationally competitive (e.g., Bangladesh's Export Processing Zones only took off after shifting focus from high-tech sectors to garments)².
- **Put in place the right policies, incentives and enablers to attract investors.** For example, Shenzhen benefited from strong support from the Chinese central government to test-drive economic liberalisation policies such as 'one-stop shops' for business registration and operations.

Liveability

- **City liveability helps to create jobs.** Research has shown that the more liveable a city is, the more residents and businesses want to relocate there, which stimulates further jobs to support them (e.g., services jobs)³.
- **City liveability has a direct impact on the quality of life of residents.** For example, Barcelona is one of the world's most vibrant, walkable cities with high-quality public transport, stimulating public spaces, a distinct urban identity, and a robust and competitive economy. Its residents enjoy higher life expectancy and lower obesity rates than comparable cities.

Infrastructure

- **Build for flexibility.** To avoid problems of overcrowding or "ghost cities", it is crucial to build infrastructure carefully in phases to be in line with market demand from businesses and residents.
- **Regional connectivity is important to stimulate growth.** The most successful greenfield cities took advantage of their strategic location close to existing centres of growth and demand, e.g., Shenzhen to Hong Kong.

²Special economic zone: performance, lessons learned, and implication for zone development by the World Bank

³Urban Dynamics by J. Forrester

New Yangon's vision



New Yangon's vision is to be Myanmar's “**Productive City, Liveable City**”. These goals will be achieved with **World-Class Infrastructure** and high-quality and transparent **Delivery and Governance**.

First and foremost, New Yangon aspires to be Yangon's job creation engine of the future, eventually creating two million jobs. By developing competitive sectors of the economy, New Yangon City aims to attract foreign investments, nurture local businesses and develop local talent. It is envisioned that New Yangon City will set an example for economic development in Myanmar and boost the international competitiveness of the country.

For New Yangon City to attract investments, jobs and residents, it would need to foster an open and inclusive environment to ensure that economic benefits filter to all residents. New Yangon also aspires to be a green, inclusive, safe and liveable city. Prioritising liveability elements such as mobility, health, environment, society and connectivity will ensure that workers in New Yangon can envision the city as not just a great place to work, but also a great place to live and bring up families.

To achieve these two goals, New Yangon City will aim to provide sustainable and reliable infrastructure in line with international standards. All city infrastructure from transport and utilities to housing and communities will need to be planned and designed with global standards in mind. In addition, New Yangon will aim to adopt efficient and effective delivery processes and governance models throughout development and operations, setting a national standard for transparency, accountability and efficiency in public projects and administration.

Implementation guidelines and Key Performance Indicators

To help translate this vision into action, New Yangon City has developed a comprehensive set of aspirations and metrics across economic, liveability and infrastructure goals. These KPIs are set as ambitious goals, benchmarked to international best practices. New Yangon will require significant support of relevant government authorities and enabling policies to achieve these aspirational targets.

Economic growth

- **Job creation:** New Yangon aims to create two million sustainable and inclusive jobs over the long run. It is estimated that New Yangon Phase 1 (80 sqkm) in its end state will be able to support up to 600–900 thousand of these jobs. The majority of these (around 60–75%) are likely to be located within New Yangon, whilst the remainder are expected to be indirectly generated or induced in the rest of the Myanmar economy. The remainder of the two million jobs are expected to arise from Phase 2 development.

New Yangon aims to generate employment opportunities across a broad range of target sectors in both local companies as well as leading global companies. It is expected that the majority of these will be in the manufacturing and construction sectors in the initial years, with the share of services jobs rising in later years as the New Yangon economy matures and the number of permanent residents grows.

Liveability

Aspirational KPIs have been defined across five elements of liveability, based on the “best of best” benchmarks across cities in Asia. Significant government support is needed to realise these ambitious targets in the long run.

- **Mobility:** New Yangon plans to build an efficient and seamless public transportation system benchmarked to international best practices. At least 100% of the population will have access to multi-modal public transport. While New Yangon aims to be a public-transport-based city, there will also be a parallel focus on walkability.
- **Health:** A liveable city should promote high-quality health outcomes for its residents. For a robust healthcare system, New Yangon will aim to have up to 14 hospital beds per one thousand people in line with international best practices. The city will also target 80 years of life expectancy for its residents. Proper drainage and sanitation infrastructure will be established.
- **Environment:** New Yangon aspires to have up to 30% open spaces (filled with “green and blue”, i.e., flora and waterbodies) with distinct riverfront development and recreational facilities to encourage healthy living and social integration. Environmental policies and guidelines (e.g., waste water management, air pollution monitor) will be drafted to build and sustain a “green city”.
- **Society:** The city will aim to meet the benchmarks set by peers in offering high-quality education with fewer than 25 students per classroom. Safety will be paramount, with New Yangon setting a target of lowering crime rate to under 6 crimes per thousand people. Affordable housing will be made a priority with house prices set in relation to the income and population levels in New Yangon.

- **Connectivity:** As a 21st century city, New Yangon will aim to be digitally connected by enabling **100% access to Wi-Fi in public spaces across the city** and providing internet access to **100% of homes**.

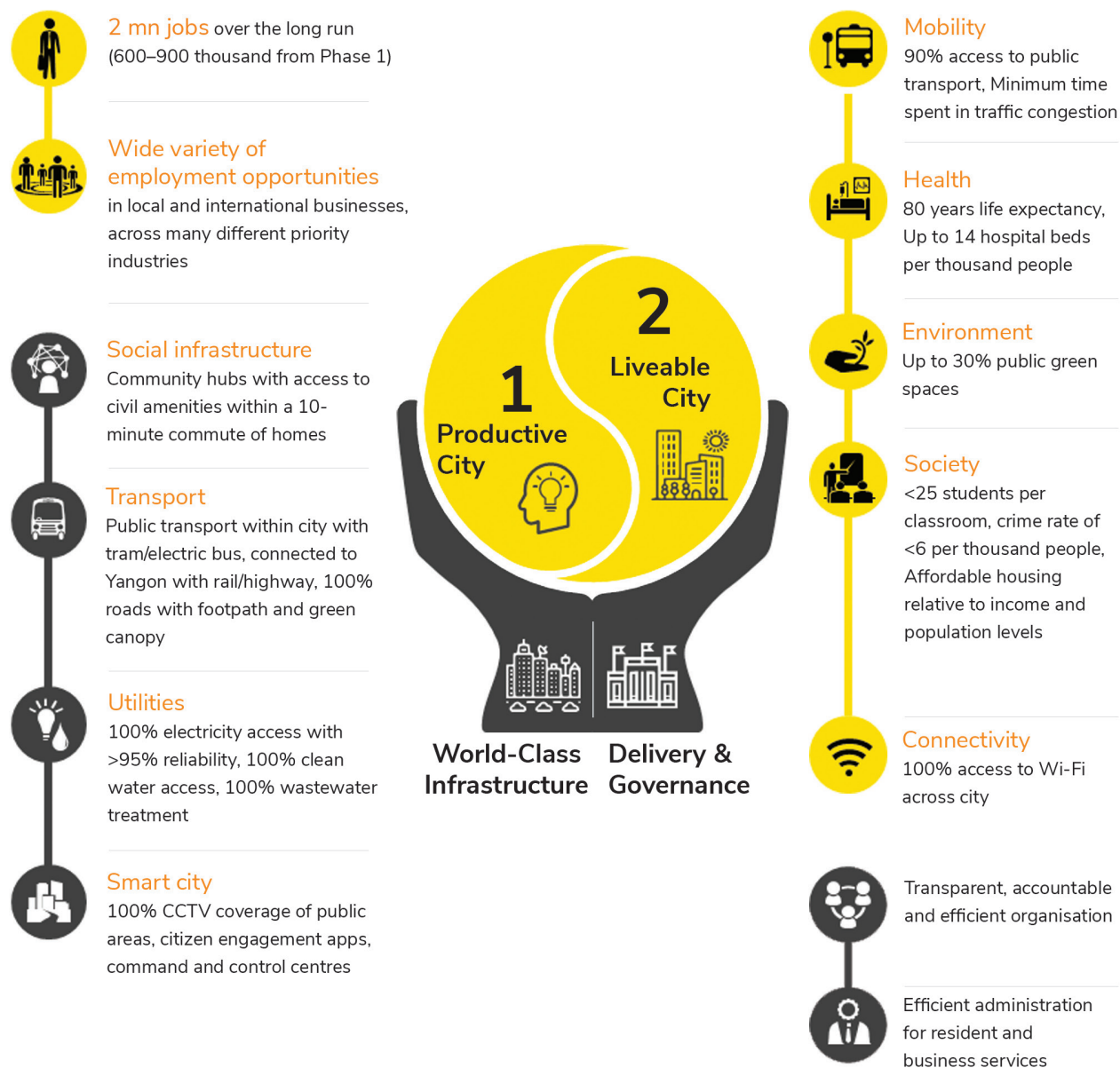
Infrastructure

- **Social infrastructure:** New Yangon aims to develop integrated community hubs, with residents able to access schools, hospitals and other civic amenities and public services, in addition to **shopping, leisure and sporting facilities, within a 10-minute commute from their homes**.
- **Transport:** New Yangon will aim to be well-connected within the city as well as across the river to Yangon. It is envisioned that connectivity within the city will be via electrically operated trams and/or (electric) buses, while connectivity to Yangon will be established via rail and/or bus in the mid to long term. Interim transit solutions such as extension of existing public transport services will be explored as well. The city will also be walkable, with a target of providing all **roads with foot paths and green canopy coverage**.
- **Utilities:** New Yangon aspires to ensure **100% access to clean water, 100% treatment of wastewater before discharge**, a reliable supply of electricity for the city and an integrated utility corridor along major roads. New Yangon will aim to provide **100% access to electricity with more than 95% power-grid reliability** and an aspiration of meeting **20% of power needs with renewable (solar) energy**.
- **Smart city:** New Yangon aspires to deploy pragmatic technology solutions for the wellbeing of its citizens. Planned solutions include citizenship engagement apps (e.g., providing real-time transit information) and centralised command centres in each township for traffic and emergency response management, supported by CCTV coverage of public areas.

Many of these targets represent a significant step up from the current situation in Yangon and the rest of Myanmar. While our aspirations for New Yangon are very high, we are also pragmatic and recognise that some of the target KPIs may be challenging to achieve in the short to medium term, and are likely to take up till the end of Phase 2 to realise.

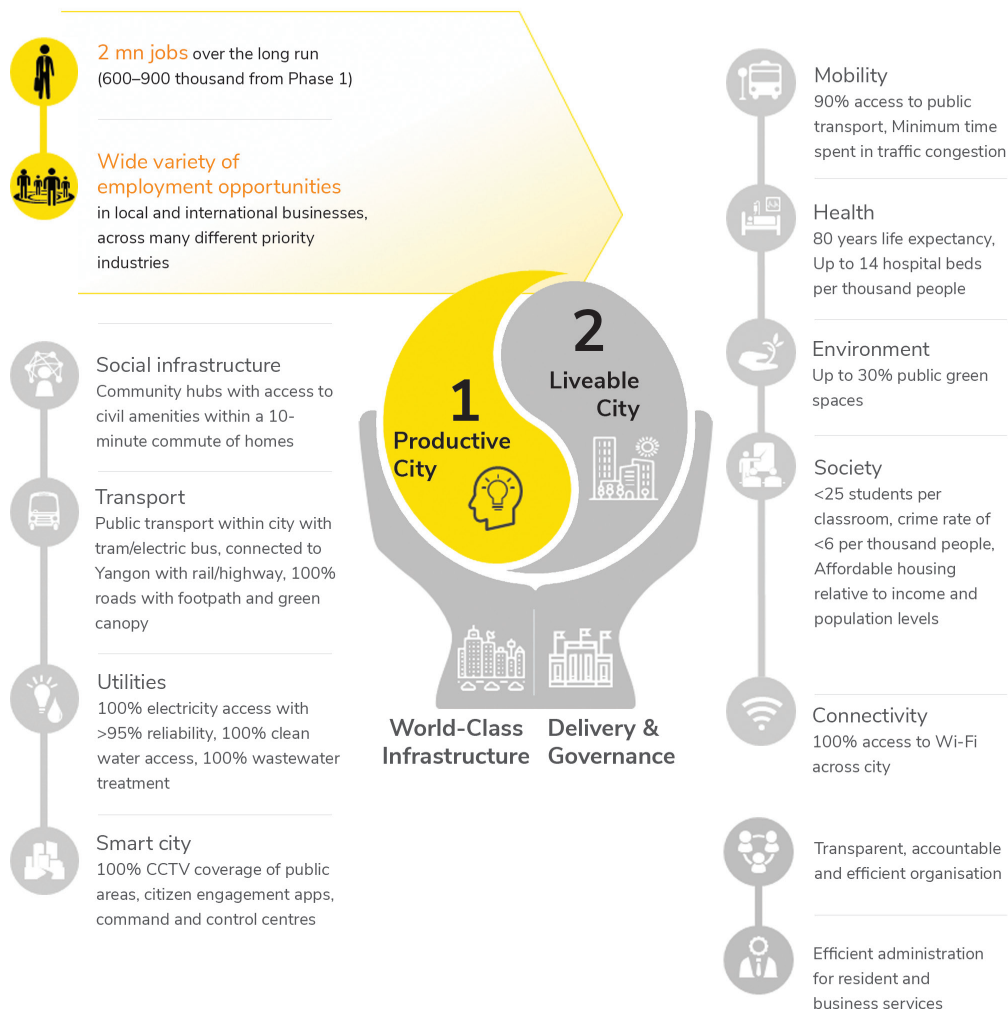
New Yangon City is one of the largest and most ambitious city development projects in recent history. We firmly believe that it is a golden opportunity to usher in a new era of urban planning and management for the country and set the standard for newer cities to come. As a greenfield city, New Yangon enjoys the benefit of being able to learn from the experiences of other cities and “leapfrog” into the future without repeating the mistakes of the past. The KPIs and benchmarks have therefore been formulated to set the highest aspirations not just for New Yangon, but for the whole country as it develops (see Figure 3).

Figure 3
New Yangon end-state aspirations and KPIs



Productive City

New Yangon end-state aspirations and KPIs



Generating high-quality employment opportunities to promote the livelihoods of Myanmar citizens was the first motivation behind the New Yangon City project and remains its most fundamental goal.

New Yangon aims to create two million sustainable and inclusive jobs over the long run (see Figure 4). This is a highly ambitious target on par with the current employment numbers in Yangon itself. Even the most successful and fastest growing greenfield cities such as Shenzhen took more than 20 years to create two million jobs.

- **New Yangon Phase 1:** Phase 1 development is projected to support the creation of **600–900 thousand jobs in total**. These are split into the following:

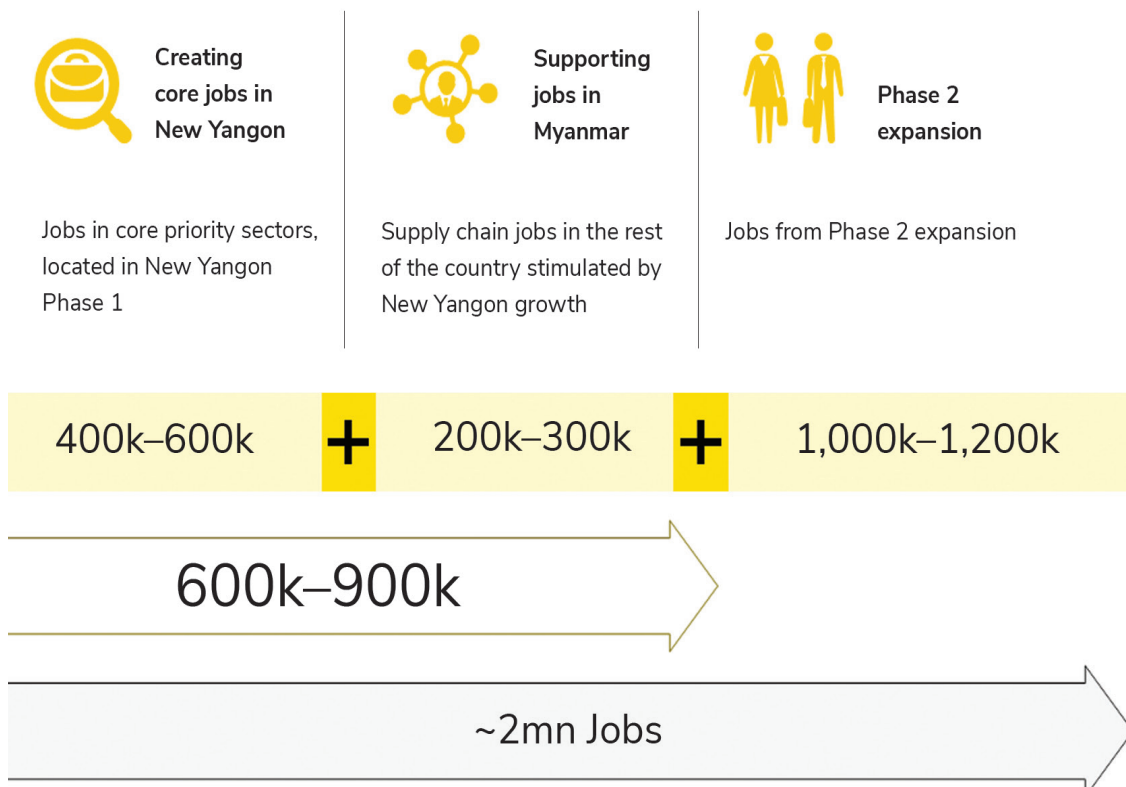
400–600 thousand jobs in New Yangon. This estimate is based on how many jobs the given Phase 1 area (80 sqkm or 20,000 acres) can support given the target population density. These jobs are expected to be generated from priority sectors in New Yangon (see next section for more detail). Most of these jobs are likely to be in the manufacturing and construction sectors in the initial years as infrastructure is built and the first wave of factories and businesses move to the city. As the New Yangon economy matures and the number of permanent residents increases, the share of services jobs is expected to rise in later years to meet residential demand (e.g., for healthcare, education, F&B, retail).

200–300 thousand supply chain jobs in Myanmar. Additional supply chain jobs are expected to be stimulated as New Yangon grows. For example, if a food-processing factory sets up in New Yangon, additional demand and jobs will likely be generated to supply agricultural inputs to the factory. These jobs could be generated in New Yangon, the Greater Yangon area, or the rest of Myanmar, depending on where the input industries are located.

- **New Yangon Phase 2:** It is anticipated that the remaining 1–1.2 million jobs will come from development of the remaining Phase 2 area of 600 sqkm (148,000 acres).

Figure 4

New Yangon aspires to create 2 million jobs for the people of Myanmar



Sector strategy: Creating jobs with competitive sectors

Cities often excel in a few sectors in which they are globally competitive. For example, Shenzhen achieved spectacular economic growth by becoming a manufacturing powerhouse. For this reason, prioritisation is essential to focus public resources and management capacity on the sectors that are likely to bring the most economic benefit and generate high-quality jobs.

Sectors were prioritised for New Yangon based on the following approach:

- Understand New Yangon's **competitive positioning** and **current strengths**
- Filter out sectors that are **environmentally polluting** or **resource-intensive**
- Weight and prioritise sectors based on:
 - **Job-creation potential:** How labour-intensive the sector is
 - **Sector competitiveness:** How competitive New Yangon can be in the sector
 - **Economic-development potential:** Export potential / current size in Yangon by GDP and potential for future growth

As a result, 12 sectors were prioritised to ensure a competitive and balanced economy for New Yangon following a “3+4+5” sector strategy (see Figure 5):

- **3 labour-intensive manufacturing sectors in the short term**, which can generate significant employment and in which New Yangon is most competitive, i.e., garments, food processing, and furniture and other durables.
- **4 value-building manufacturing sectors in the long term**, which can provide higher-skilled jobs, i.e., chemicals and pharmaceuticals, automotive, electrical and electronics, and metal and mineral products.
- **5 enabler sectors** to support development of industrial sectors and attract residents, i.e., education and healthcare, wholesale and retail trade, construction and real estate, logistics, and financial services.

The phasing of sectors was driven by an analysis of New Yangon's current competitive advantages (see Figure 6). Myanmar's main sources of competitive advantage currently are low labour costs and abundance of low-skilled labour. In the short term, New Yangon can focus on labour-intensive sectors which leverage this advantage. These sectors also meet the goal of employment-intensity. Large garment factories, for example, can employ 2,000 or more people.

In the long term, New Yangon will seek to build up other sources of competitive advantage. This could include building up a pool of semi-skilled and skilled workers through vocational training and education initiatives, and building world-class infrastructure that can guarantee efficient logistics and reliable electricity supply. Having these in place could also help attract other industries to New Yangon.

Figure 5
New Yangon's "3+4+5" sector strategy

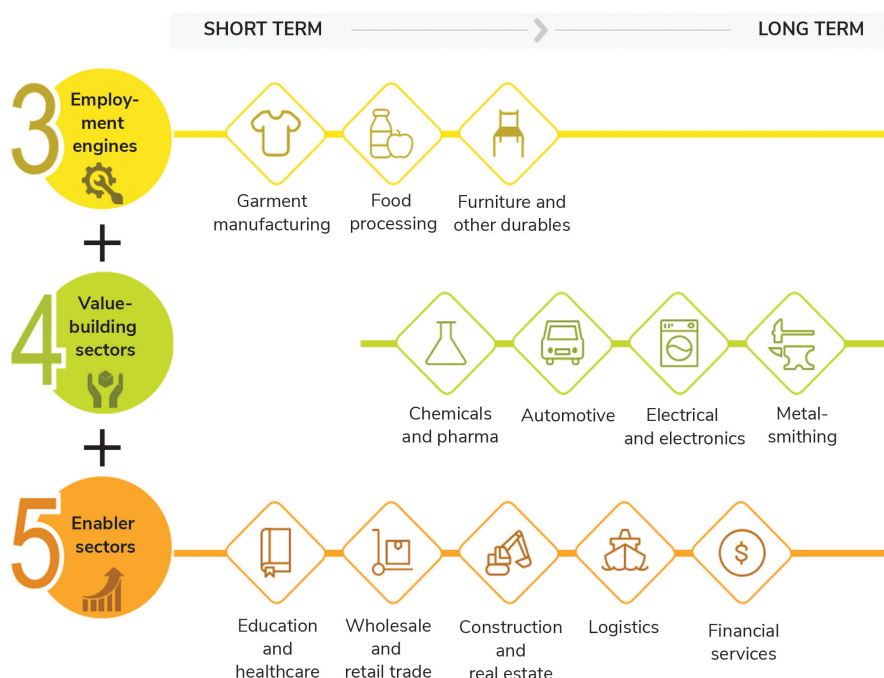





















Figure 6
Myanmar's competitive advantages

2016 (or earliest available)

	 CAPITAL	 LABOUR	 ENERGY	 LOGISTICS	
	Financial access Domestic credit to private sector as % of GDP	Labour costs Daily minimum wage, USD	Labour skills % tertiary enrolment	Energy reliability 5 = lowest frequency of outages 1= highest frequency of outages	Logistics Performance Index¹ 1=low to 5=high
Myanmar	 20.7	 3.6	 14.0	 1.0	 2.5
Cambodia	 70.0	 6.3	 13.0	 4.5	 2.8
Thailand	 114.9	 16.5	 46.0	 5.0	 3.3

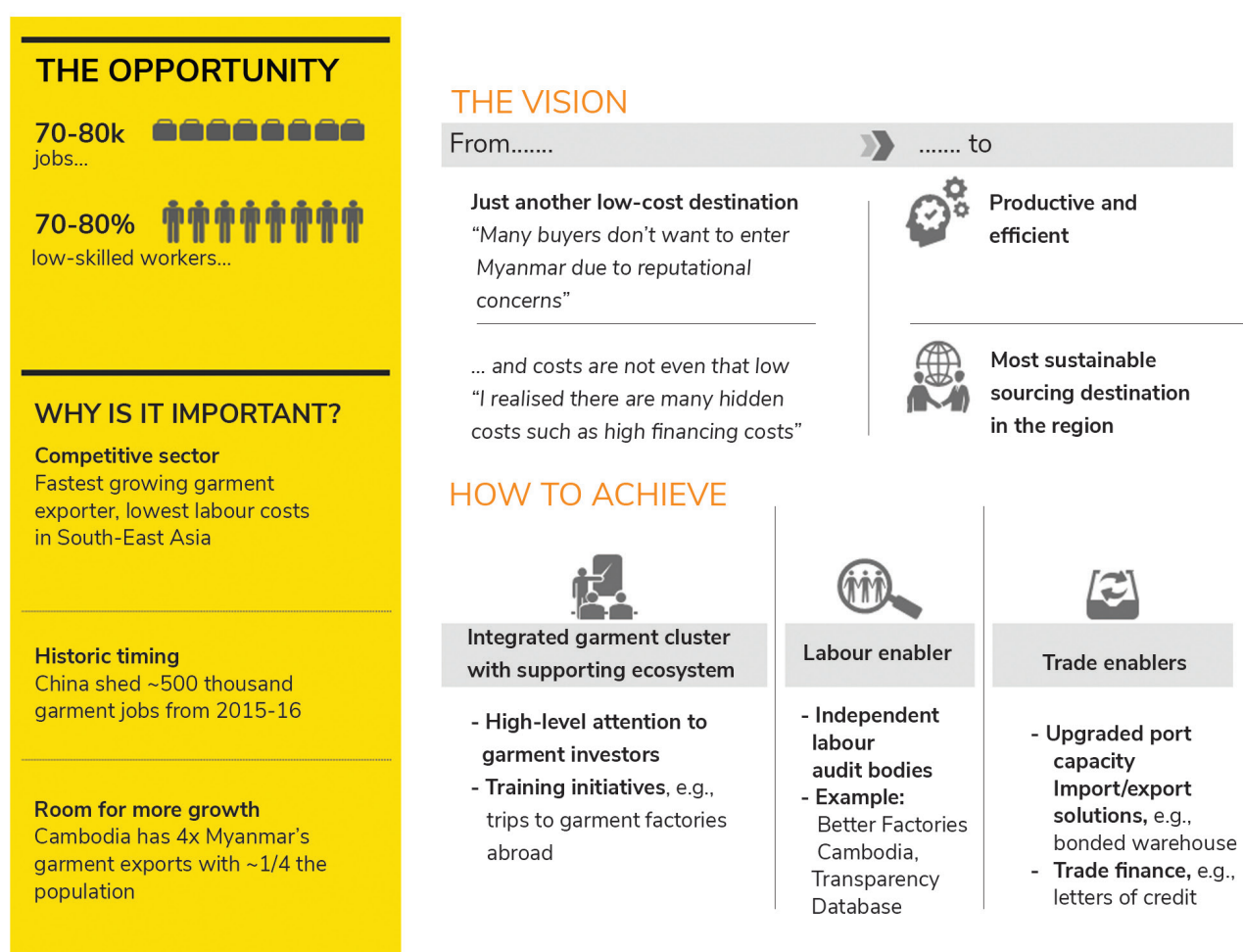
¹ World Bank index based on surveys of logistics companies. Overall score reflects perceptions of a country's logistics based on six dimensions: efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time

SOURCE: The Conference Board Total Economy Database, CEIC, Chinese National Bureau of Statistics, World Development Indicators, The World Bank Doing Business 2017, press search

Sector case study: Garments – New Yangon as a potential global destination for efficient and sustainable garment manufacturing (see Figure 7)

Figure 7

Sector case study: Garments - New Yangon as a potential global destination for efficient and sustainable garment manufacturing



Note: Similar analyses have been conducted in two other priority sectors – furniture processing and electricals and electronics.

Garment manufacturing already forms an important part of Myanmar's national economy, with a large number of garment factories concentrated in the Greater Yangon Region. Myanmar has been one of the world's fastest growing garment exporters for the past five years. However, there is still immense headroom for growth—for example, Myanmar's garment exports are only a quarter of Cambodia's, although its labour force is at least three times larger. A historic opportunity is also emerging as China sheds manufacturing jobs in labour-intensive sectors such as garments.

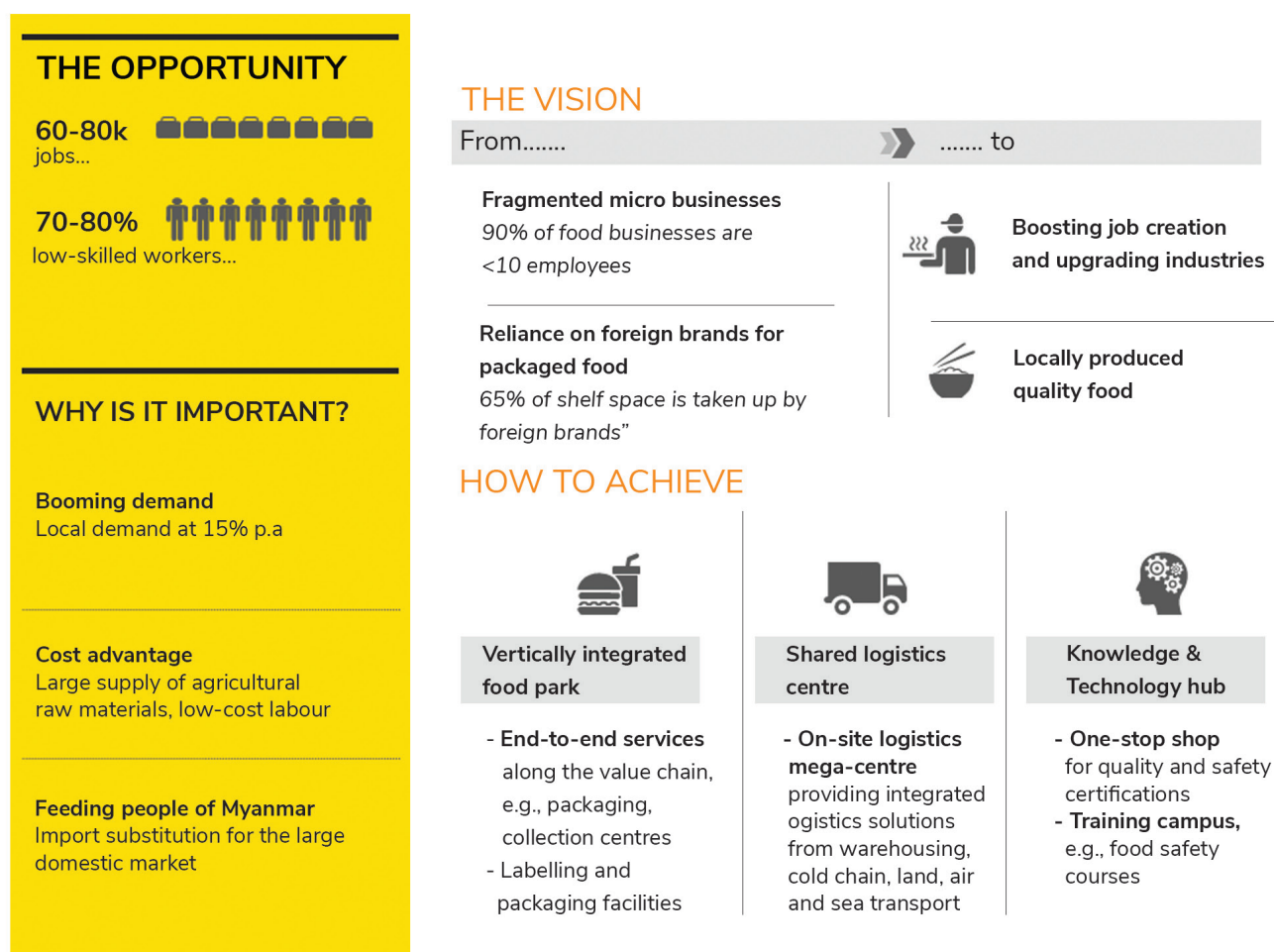
With some of the region's lowest labour costs, Myanmar already enjoys an advantage, but a lot more could be done to capture this opportunity. Current barriers to the sector's growth include reputational concerns regarding sustainability and safety practices, as well as hidden costs such as logistics and financing that can outweigh the benefit of low labour costs. To position itself as the premier garment manufacturing destination within Myanmar and South-East Asia, New Yangon has identified the following initiatives to unlock the potential of the sector

- **Integrated garment cluster with supporting ecosystem** to allow the sector to achieve economies of scale. Space will be allocated not just for garment factories, but also for supporting businesses and infrastructure, e.g., training centres, marketplaces, logistics and warehouses.
- **Independent labour audit bodies** to verify labour standards in New Yangon factories, which will be crucial for attracting international brands and investors.
- **Upgraded port capacity**, as the majority of garment products will be targeted for export.
- **Bonded warehouses** to ease imports and exports and reduce customs delays.
- **Trade finance** solutions such as **letters of credit** to help support garment-exporting businesses.:

Sector case study: Food processing – Feeding and employing local citizens (see Figure 8)

Figure 8

Sector case study: Food processing - Feeding and employing local citizens



Note: Similar analyses have been conducted in two other priority sectors – furniture processing and electricals and electronics.

As Myanmar develops, local demand for packaged food has skyrocketed, growing at 15% per annum. Judging from the experiences of other South-East Asian peers, consumption of processed food is projected to continue to rise as Myanmar develops. Even though Myanmar is still a largely agricultural country with a large supply of agricultural raw materials, most foodstuffs are currently imported, with 65% of shelf space taken up by foreign brands.

Food processing is one of the largest manufacturing industries in Myanmar, employing the second-highest number of people after garments. Several large international food companies such as Coca-Cola and Nestlé have recently made the move to invest in Myanmar but the sector is still dominated by highly informal, fragmented micro-SMEs employing less than 10 employees. There is substantial scope to upgrade local businesses and capture more growth.

Initiatives that have been identified to unlock the potential of the sector in New Yangon include:

- **Integrated food park** providing services across the entire food-processing value chain, e.g., collection centres, and labelling and packaging facilities. This will allow smaller businesses to access such services with greater ease at lower cost.
- **On-site shared logistics centre** to provide cost-efficient services for tenants, e.g., warehousing, cold chain, and land, sea and air transport.
- **Knowledge and technology hub** providing quality and safety certifications, training courses, R&D and testing laboratories.

Skills development strategy

To successfully implement New Yangon's economic vision, education and vocational training will be critical for supplying workers with appropriate skills to priority sectors.

A lack of skilled workers already poses a key challenge to Myanmar's economic development, with more than 80% of enterprises reporting that the education system does not provide workers with the needed soft or hard skills.⁴ Myanmar is also expected to face a large undersupply of medium-skilled workers (i.e., workers with secondary education), a scenario likely to apply to New Yangon as well.

Putting in place a human capital development system will be extremely important for the development of New Yangon City. The NYDC will work in collaboration with technical and vocational education and training (TVET) institutions, government ministries and donor organisations to ensure the presence of educational institutes targeting all required skill levels within New Yangon, from basic to tertiary to vocational education. It is intended that oversight of investment plans will furnish employment data that can be used to ensure that educational and training programs are providing the right skills that are in demand. In addition, options are being explored to incentivise employers to provide skills-upgrading programmes for their workers (see next section).

⁴ ADB, Equipping Youth for Employment project, 2016

Industrial corridor strategy

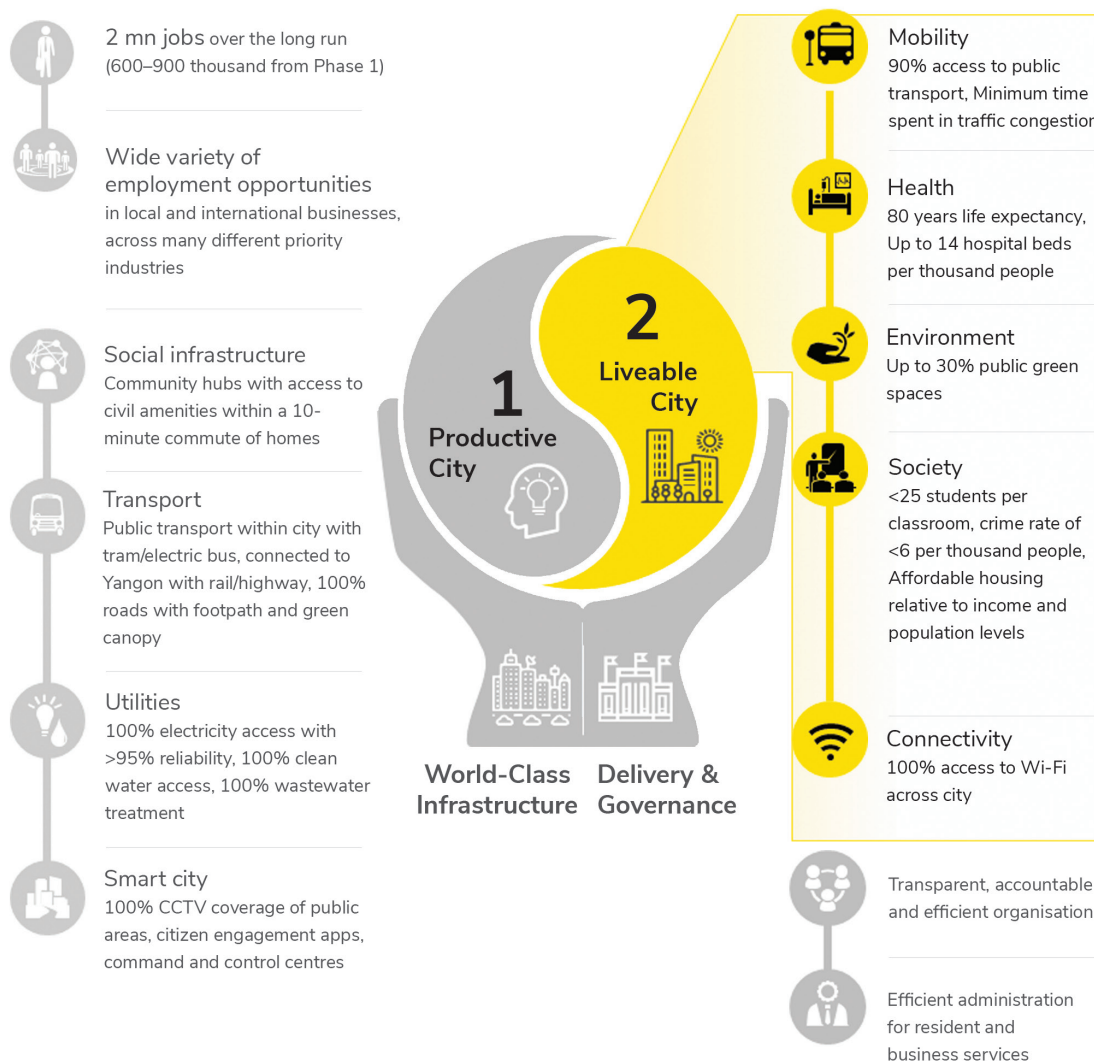
The NYDC believes that our dual “Productive City, Liveable City” proposition will appeal to investors due to its holistic focus on what makes a city attractive. We recognise that investment attraction is an increasingly competitive affair as multiple industrial park and special economic zone projects emerge across the region. As a result, we have benchmarked New Yangon’s competitive standing vis-à-vis other industrial zones in the region and identified key initiatives to attract investors (in addition to the sector-specific initiatives already highlighted above):

- **One-stop shop** to raise the ease of doing business. The one-stop shop will aim to offer a wide range of essential business services (e.g., registrations, permits, visas) in one place, enabling investors to enjoy a seamless experience. It will also aim to simplify and expedite processes, saving investors valuable time.
- **Training and recruitment services.** In addition to the skill development strategy described above, New Yangon will aim to offer recruitment services and facilitate interaction of workers, employers, and education providers to ensure that employers’ labour needs are met.
- **Land lease policy** that is pro-employment, favouring sectors with high job-creation potential and investment in the skill level of workers.

Additional factors to attract investors are described in the sections below (e.g., utilities, transport). Investors in New Yangon will also benefit from competitive incentives laid out under the Myanmar Investment Law framework.

Liveable City

New Yangon end-state aspirations and KPIs



The New Yangon City project aims to offer residents not just great work opportunities, but also an environment that is beneficial to the health and lifestyle of all residents. A focus on developing the economy will ensure that residents have access to a broad range of employment opportunities. A parallel focus on liveability will ensure that workers in New Yangon can envisage the city as not just a place to work, but also a great place to live.

“Liveability” is a concept in urban development that has gained significant traction in recent years. Liveability illustrates how good a community’s quality of life is—for example, how comfortable, safe and happy city residents are because of the urban environment they live in. A city that has a booming and prosperous economy, but is polluted, unsafe, congested and devoid of meaningful public spaces would not be considered very liveable, meaning that people and businesses would not want to be based there.

Liveability also influences the economic health and prosperity of a city. Experiences from international greenfield cities highlight how liveability attracts workers and supporting services set up for residents consequently contribute to ensuring economic sustainability.

New Yangon's liveability vision is to offer high-quality, inclusive, green and safe living to residents. Essentials such as affordable housing, education and security would be available to all segments of the population. New Yangon strives to be a city providing mixed-income communities and mixed-use developments to strengthen the social fabric of residents, as well as to harness the dividends of thriving and vibrant economic establishments. Green and blue public spaces will be designated and the city will promote walkability through clever urban design, making it easy for people to access citizen services, recreation or public transit. Empirical data has shown that cities with high liveability scores fare better on outcomes such as obesity, life expectancy and traffic-related deaths. Realising the liveability vision will ensure that residents of New Yangon lead healthier, happier lives.

The NYDC has identified five key aspects of liveability for New Yangon, along with clear targets for each one (see Figure 9):

Figure 9
Five dimensions of liveability for New Yangon

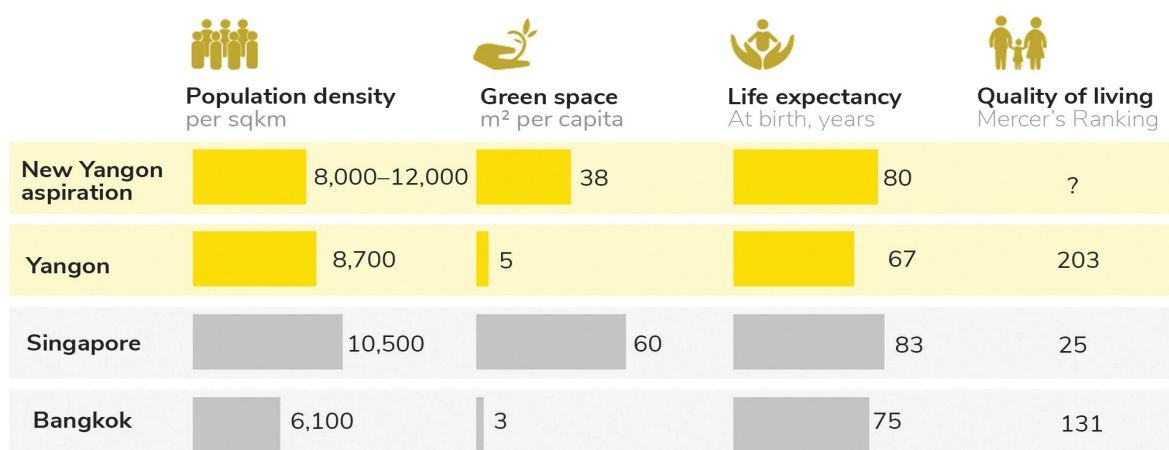


CREATING JOBS WITH LIVEABILITY

The New Yangon City project was mandated to create job opportunities for the people. The dual goals of “Productive City, Liveable City” are both critical for attaining this aspiration. New Yangon is an opportunity to build a city with one of the highest ‘quality of living’ rankings in the region (see Figure 10).

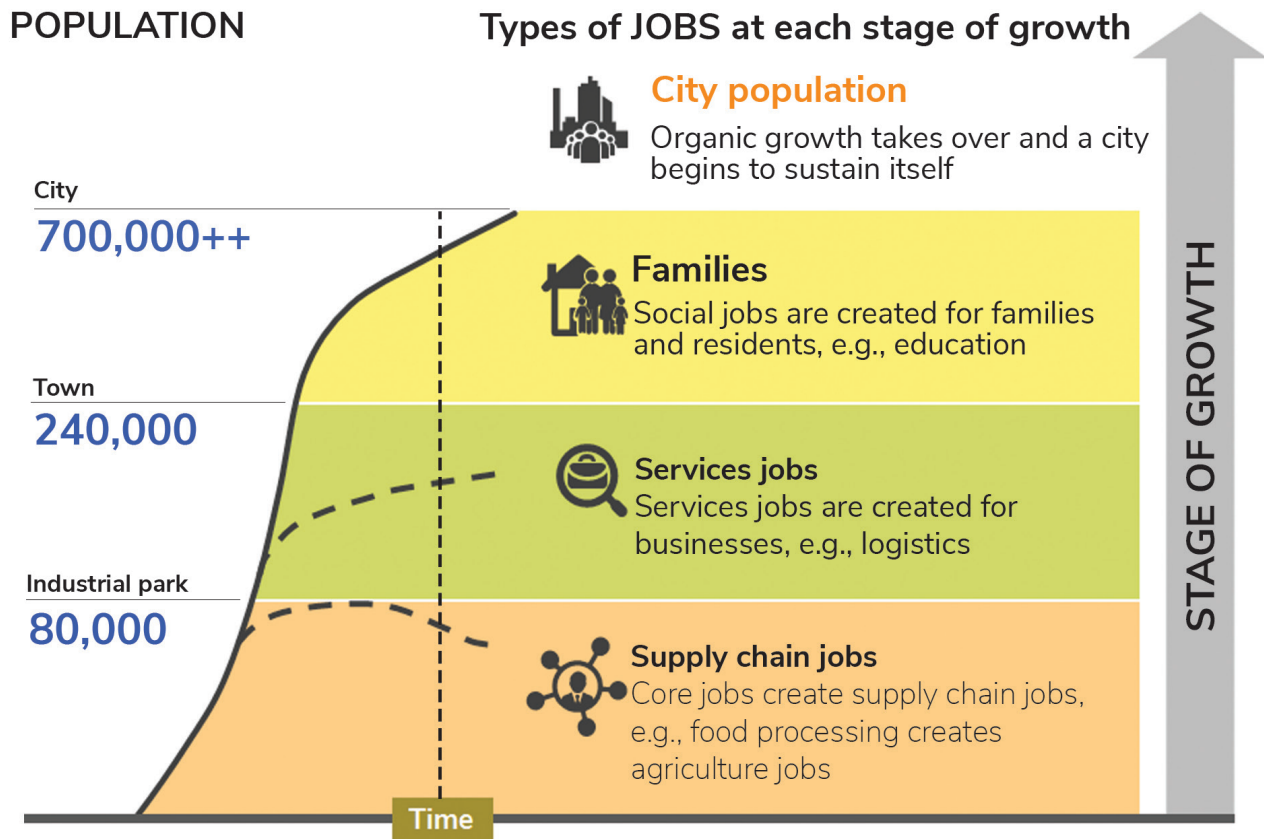
It is envisioned that the productivity goal would spur the initial wave of job creation by building a strong industrial base in competitive sectors. As industrial jobs are created, workers can be expected to move to the city in large numbers to take advantage of employment opportunities. Research into urban dynamics has shown that liveability is critical to enable developments to make the leap from an industrial town to city, spurring the next wave of job creation. Liveability will motivate industrial workers to bring their families with them to New Yangon, stimulating further creation of jobs in non-industrial sectors. As the city population grows, essential services such as retail, education and healthcare would likely be launched to meet residential demand, catalysing job creation and kickstarting a virtuous cycle where the city begins to grow organically (see Figure 11).

Figure 10
Aspirational KPIs for New Yangon City



SOURCE: World Bank, New York City Dpt. of City Planning Land Use, SG National Parks Board, World Cities Culture forum, JICA, Trafficindex.org, Mercer

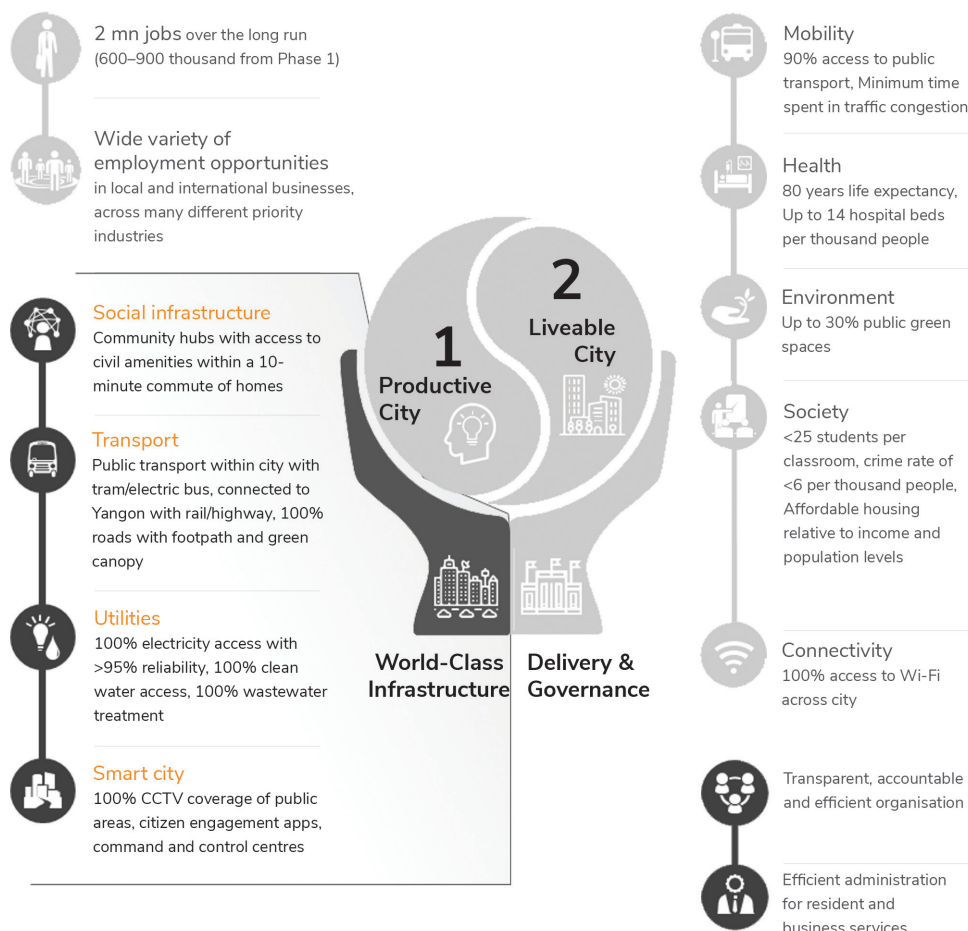
Figure 11

Liveability drives population growth and job creation

SOURCE: "Urban dynamics" By J. Forrester

World-class Infrastructure

New Yangon end-state aspirations and KPIs



To achieve the dual goals of “Productive City, Liveable City”, Phase 1 development of the New City will endeavour to build both a competitive industrial corridor as well as a liveable urban centre with the infrastructure necessary to support businesses and a good quality of life.

Land allocation for the New City is being planned with this in mind. Out of the total 80 sqkm allocated for Phase 1, land will be apportioned to achieve a balance between industrial, commercial, residential and public use (e.g., green spaces, roads and transport, public facilities). The end-state vision for New Yangon is for a significant portion of land to be set aside for green spaces (up to 30%, in line with international benchmarks) with the rest of the area distributed between other asset classes.

Applying learnings from infrastructure design and delivery in other greenfield cities around the world, New Yangon will adopt the following guiding principles in infrastructure planning:

- **Build for flexibility** to provide adequate infrastructure and avoid overinvestment or underinvestment. Ensure a balance in designing and planning infrastructure, phasing development to meet demand from residents and business as it grows. This will pre-empt problems of a “ghost city” or overcrowded city.
- **Prioritise regional connectivity.** Transport links to Yangon as well as other key national and regional nodes (e.g., via airport, port) will be critical to kickstart the initial population and economic growth. Later on, transit-oriented design within New Yangon itself can continue to support economic growth and improve the quality of life for residents, e.g., by building communities and centring neighbourhoods around bus or tram stops.
- **Seek all ways to be cost efficient.** Recognising that large infrastructure projects typically suffer from delays and cost overruns, NYDC is committed to leveraging the latest industry best practices (e.g., innovative investment deal structuring, early contractor involvement, value engineering and improvement) to help avoid this. We are also aware that the overall cost of unreliable infrastructure (e.g., cost of backup diesel generators) can be much higher than the upfront cost of efficient infrastructure, and are also committed to avoiding this.

Broadly, it is envisioned that New Yangon’s infrastructure development will proceed in three stages:

- **Stage 1:** Focus on building an industrial cluster with supporting infrastructure and worker accommodation to attract the first wave of investors, businesses and workers.
- **Stage 2:** Focus on building amenities required for liveability (e.g., residential developments, green spaces, social infrastructure) to attract workers’ families and long-term residents.
- **Stage 3:** Focus on maintaining and improving existing infrastructure as the city reaches a steady state of development.

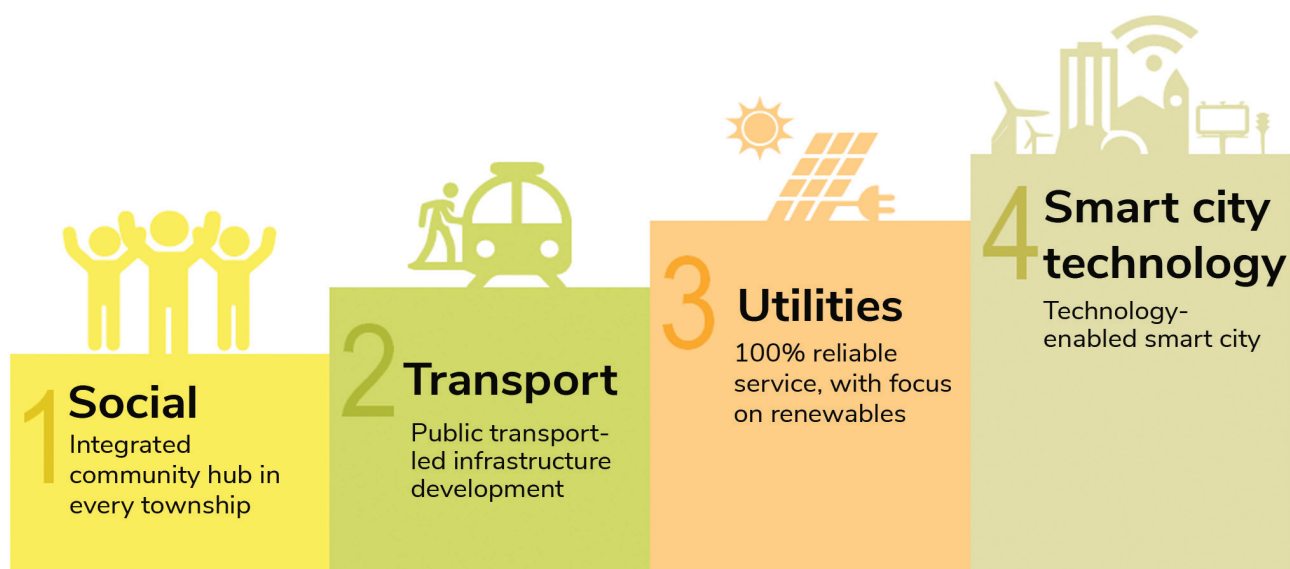
Four pillars for world-class infrastructure

The NYDC has identified four pillars to build world-class urban infrastructure, along with aspirational targets for each pillar (see Figure 12):

Figure 12

Four infrastructure pillars for New Yangon

WORLD-CLASS INFRASTRUCTURE



- **Social infrastructure:** New Yangon aims to be a liveable and inclusive city for all segments of the population. To achieve this goal, social infrastructure such as schools, hospitals and other community facilities are paramount. New Yangon plans to have integrated community hubs, with residents able to access schools, hospitals and other civic amenities within a 10-minute commute from their homes. At the same time, we will aim to build up to 30% open spaces to encourage healthy living and social integration, including features such as riverfront promenades and outdoor recreational facilities.



• **Transport:** Traffic gridlock and air pollution plague many of the world's developing cities, imposing high economic and social costs. New Yangon's transport strategy aims to avoid this situation by focusing on two elements:

- **Public transport:** Public transport has historically been the dominant mode of transport in Yangon city, although its share has been falling in recent years. New Yangon aims to build on this tradition by offering high-quality, affordable, efficient modes of public transport to get around within the city as well as across the city to Yangon. Tram and (electric) bus are the main modes of public transport being prioritised for intra-city connectivity and rail and bus options are being explored for connections to Yangon. Although it may not be financially possible to install light rail or trams immediately, it will be important to plan routes and preserve land so that these can be installed in the future and further connected to planned rail improvements and extensions in Yangon.
- **Walkability:** Ease of walking in the city is a key driver of liveability and contributes to outcomes such as urban vibrancy, retail economy, human health and a sense of identity and community. To promote walkability, New Yangon will plan for all roads to have footpaths and green canopy coverage. Streets will be designed for human activity rather than cars.



• **Utilities:** We fully recognise the importance of reliable electricity supply to attract businesses and investors and the fact that this currently poses one of the largest obstacles to businesses in the Greater Yangon Region. As such, New Yangon City is committed to delivering 100% access to electricity with more than 95% reliability and is exploring both independent and grid options to do so.

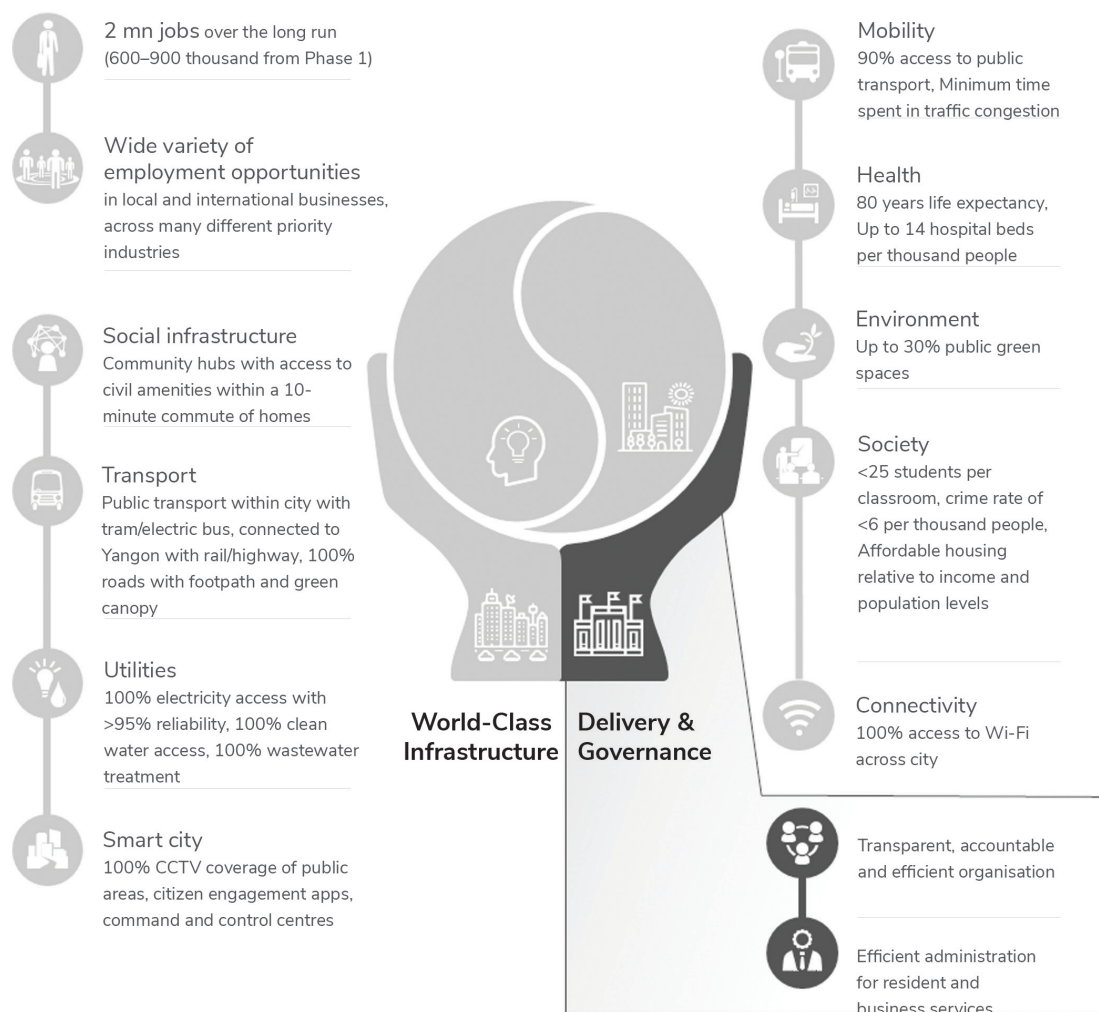
Besides reliability, sustainability is also an important goal. New Yangon aspires to generate 20% of power from renewable sources, most likely solar. New Yangon will also target to deliver 100% access to clean water and 100% treatment of wastewater before discharge.



• **Smart city:** As a greenfield development, New Yangon has the unique opportunity to deploy current cutting-edge, "smart" solutions in urban planning without the burden of old systems and processes. New Yangon will aim to deploy these to improve the wellbeing of residents. Planned solutions include citizenship engagement apps (e.g., providing real-time transit information), and centralised command centres in each township for traffic and emergency management, supported by CCTV coverage of public areas.

Delivery and Governance

New Yangon end-state aspirations and KPIs



NYDC is committed to developing and realising the vision of New Yangon in a transparent, accountable and efficient manner. Below are some initiatives that are already underway:

Community engagement

The New Yangon City project is being undertaken with the wellbeing and livelihoods of the people of Myanmar first and foremost in mind. We are committed to improving the lives of current residents of the New Yangon area as well as potential new migrants from rural or conflict-affected areas. Multiple initiatives have been identified in the SEMP to satisfy this commitment, focusing on diverse job opportunities, training and skills development, urban liveability and affordable housing.

NYDC will be developing a thorough Stakeholder Engagement Plan in collaboration with the Ministry of Natural Resources and Environmental Conservation (MONREC). This will include numerous avenues for consultation with stakeholders across the spectrum, from farmers to civil society groups to local, regional and national government representatives. We will also hold regular public consultation sessions (e.g., Public Townhalls) to seek public views and comments on the development of New Yangon and ensure we take into account a multitude of perspectives and contributions. In addition, our site office will have a Grievances and Community Complaints Department to ensure that all community stakeholders are attended to.

Protecting the environment

In keeping with the “Liveable City” aspect of our vision, NYDC places a high degree of importance on environmental sustainability. A comprehensive Strategic Environmental and Social Assessment of the New Yangon City project will be carried out in line with MONREC’s Environmental Impact Assessment (EIA) Procedure 2015. The development will also follow both local and international environmental standards, i.e., MONREC’s Myanmar Environmental Quality Emission Guidelines 2015 and IFC Environmental Health and Safety Guidelines.

Experienced and committed leadership

The New Yangon Development Company and our Socio-Economic Master Plan have been conceived under the counsel and leadership of Yangon Region Chief Minister H.E. U Phyo Min Thein. The NYDC Committee comprising 11 esteemed members of the government, topic experts and industry practitioners has been formed alongside the NYDC Board of Directors with members respected nationally and internationally. The NYDC Committee and NYDC Board of Directors are supported by a professional management team to drive NYDC towards success.

Transparent and world-class governance

NYDC aspires to be a model organisation adopting and upholding world-class governance mechanisms as well as corporate policies and procedures. Though the organisation is primarily guided by the NYDC Committee and the Board of Directors, it welcomes public stakeholders to contribute to this monumental task of city building. To facilitate engagement, NYDC has launched a public website featuring regular updates on the progress made on the project. It also sends weekly newsletters from the NYDC CEO’s office to its subscribers.

Find Out More

This Socio-Economic Master Plan focuses on the expansion of Yangon via the development of New Yangon City. The purpose of our SEMP is to deliver a pragmatic proposal to help New Yangon achieve its economic goals—the creation of two million jobs while supporting skills development and delivering an urban expansion that is liveable, with a clean environment, modern services and good transport connections.

To achieve this, the SEMP recommends appropriate allocation of land to balance Yangon's economic and liveability goals with an infrastructure phasing plan and urbanisation guidelines.

The plan also includes guidance for NYDC to help it develop as an urban development organisation with appropriate governance principles for long-term sustainability.

There are 13 connected elements explored within the SEMP of which 10 are addressed in this document. The three remaining elements contain information for NYDC's internal references. For more information on the 10 sections (marked with "*" below), please contact NYDC for more details.

1. Vision for New Yangon*
2. Economic analysis and development of a sector strategy*
3. Job creation plan*
4. Human capital development plan*
5. Infrastructure plan highlighting needs and priorities*
6. Environmental sustainability plan*
7. Strategy for managing urbanisation*
8. Optimal asset mix*
9. Fast-tracking and incentivising development of industrial corridor*
10. Risk register and risk management plan
11. Delivery and implementation plan
12. Governance*
13. Financial plan

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