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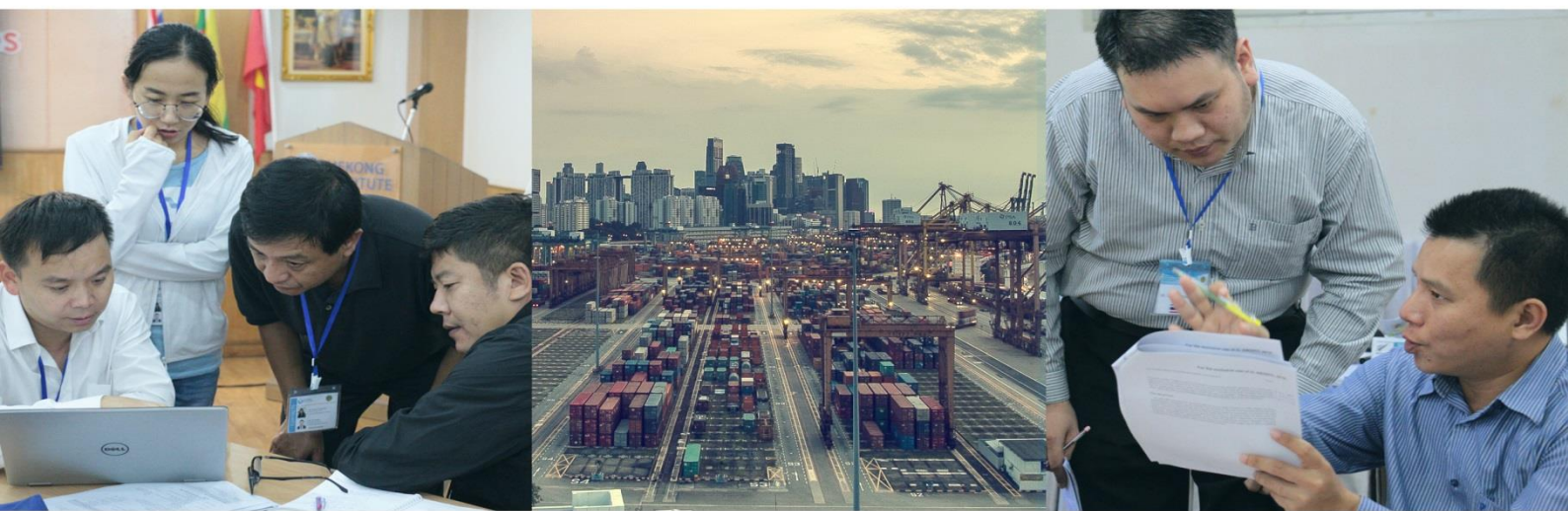


Ministry of Commerce of the
Royal Government of Thailand

Modular Training on Management of Special Economic Zones in Lancang-Mekong Countries

September 24-28, 2018

COMPLETION REPORT



Modular Training on Management of Special Economic Zones in Lancang - Mekong Countries

September 24 - 28, 2018

Mekong Institute (MI)
Khon Kaen, Thailand

Acknowledgements

We acknowledge the spontaneous active engagement of the 26 participants from the Lancang-Mekong countries (Cambodia, China, Laos, Myanmar, Thailand and Vietnam: CCLMTV) in the Modular Training on Management of Special Economic Zones. The participants successfully completed all the program activities during the training program, actively participated in the discussion, group work and discussions and came up with the Action Plans (APs) which they will implement in their respective countries from October 2018 to March 2019. Active engagement by the participants resulted in the success of this training program.

This training program could not have been accomplished without the kind and generous support from the Lancang-Mekong Cooperation Special Fund.

Lastly, our sincere appreciation also goes to the Project Team of Trade and Investment Facilitation (TIF) Department and all the Mekong Institute (MI) staff members for their support and assistance to ensure the successful completion of this regional training program.

Trade and Investment Facilitation (TIF) Department
Mekong Institute

Khon Kaen, Thailand
November 2018

Executive Summary

Mekong Institute (MI) conducted a one-week regional training on “Modular Training on Management of Special Economic Zones in Lancang-Mekong Countries” on September 24-28, 2018 at its residential training center, Khon Kaen, Thailand. The training program is one of the activities of the project “Joint Development of Cross-Border Special Economic Zones in the Lancang-Mekong countries”, implemented by MI in coordination with the Ministry of Commerce (MOC), Royal Government of Thailand with the support from the Lancang-Mekong Cooperation (LMC) Special Fund. The project aims to promote Special Economic Zones in the Lancang-Mekong countries and coordination among them, boost trade and investment both from within and outside the Mekong sub-region, improve supply chain, upgrade production base, facilitate and enhance trade, as well as reduce poverty, and better the livelihood of the people.

The main objectives of the training program were to i) improve knowledge base of participants by sharing status on progress on CBEZs, ii) build capacities of the SEZ officials and private sector on various issues related to management of SEZs, iii) share best practices on SEZs / CBEZs and provide examples from Lancang-Mekong countries, and iv) promote learning and exchange among stakeholders.

26 participants attended the training program, representing government agencies and the private sector from the six Lancang-Mekong countries from central and provincial ministries and departments of commerce, planning, finance and, agencies responsible for SEZs policies and implementation of SEZs policies and companies involved in SEZs by offering services such as one stop services and acting as SEZ developers. The training program contents included four interrelated modules: 1) Addressing domestic development challenges 2) Leveraging global and cross-border “drivers of change” 3) What makes an SEZ “special” 4) From SEZ to CBEZ and 5) SEZ (and CBEZ) development framework.

The training program included a series of group work and discussions, which enabled the participants share their thinking and experiences on various aspects of policies, regulations, implementation of policies and practical aspects of SEZs / CBEZs.

For the purpose of “Knowledge Transfer” in practice, the participants jointly developed action plans (APs) on organizing national workshops / trainings in their respective countries. APs aim to transfer through the participants the new ideas, knowledge and learning points, which they acquired during the training, to related stakeholders at national level. The Action Plan covers importance of cross border economic cooperation zones, management of SEZ and CBEZs focusing on global value chain of SEZ, BEZ and CBEZ and new disruptive technology to stakeholders and policy framework for improving SEZs. The APs are implemented in October 2018 – March 2019 with the technical support provided by a team from MI Trade and Investment Facilitation (TIF) Department. In addition, a Synthesis and Evaluation (S&E) Workshop is scheduled to be organized at MI in first quarter of 2019, in which participants should report the results of APs implementation in their respective countries.

To understand the effectiveness of the training program, different evaluation methods were employed. First, the result of pre and post assessment on competency of the training program showed that participants increased their knowledge and understanding on the trade events promotion through the training program.

The organizing team also conducted after event evaluation which evaluated the training program. Regarding learning program objectives, with overall average rating of 3.55, participants rated that

the training program mostly met its objectives. As for program contents, participants reported that the modules of the training program was neutrally useful, met their expectations, the level of instruction was very appropriate, mostly increased their knowledge and skills, moderately relevant to their work and they gained additional knowledge in the training. Finally, participants neutrally improved / developed additional specific knowledge and skills from the training program, especially on team / group work skills. For training methods, participants indicated that it was appropriate. As for monitoring and evaluation (M&E) methods, participants indicated that they were neutrally effective.

Overall, participants were satisfied with the training program, with the average rating of 4.19. On the other hand, participants suggested that a study visit to demonstrate the working of a successful SEZs in Thailand would have been useful. Participants also suggested inclusion of specific topics in the training curriculum such as list of CBEZs from around the world, more information about SEZ/CBEZ policies from different countries and more examples of successful clusters.

Abbreviations / Acronyms

AP	Action Plan
BEZ	Border Economic Zone
BoD	Board of Director
CBEZ	Cross Border Economic Zone
CCLMTV	Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam
CDC	The Council for the Development of Cambodia
CDS	Curriculum Design Statement
CLMV	Cambodia, Lao PDR, Myanmar, Vietnam
EEC	Eastern Economic Corridor
EU	European Union
FDI	Foreign Direct Investment
GMS	Greater Mekong Subregion
GVC	Global Value Chain
HDD	Hard Disk Drive
IoT	Internet of Things
LM	Lancang – Mekong
LMC	Lancang – Mekong Cooperation
LMCSF	Lancang – Mekong Cooperation Special Fund
MI	Mekong Institute
MoC	Ministry of Commerce
MoIT	Ministry of Industry and Trade
M&E	Monitoring and Evaluation
NESDB	Office of the National Economic and Social Development Board
NIR	New Industrial Revolution
OSS	One Stop Service
PPP	Public and Private Partnership
PRC	People’s Republic of China
RP	Resource Person
SEZ	Special Economic Zone
S&E	Synthesis and Evaluation
TIF	Trade and Investment Facilitation
UNIDO	United Nation Industrial Development Organization

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Modular Training on Management of Special Economic Zones in Lancang-Mekong Countries

1. Introduction

Economic zones are usually geographically enclosed areas in which particular industries or types of economic activities are promoted with the aid of special measures. Special Economic Zones (SEZs) are usually in a geographically delimited area and offer special incentives and benefits and has a separate customs area to provide duty-free benefits and streamlined procedures.¹ A significant shift in SEZ development in the Cambodia, Lao, Myanmar and Viet Nam (CLMV) and Thailand is the growing attention to border SEZs.² A cross border economic zone (CBEZ) is a network of activities that seeks to promote cross-border trade and investment and encourage the economic and social development of an area along the border between countries. A CBEZ is established in close collaboration by two (or more) governments, with synchronized rules and regulations, for example related to trade, investment, and customs. It involves creating an interdependent operational and administrative environment for business on both sides of a border.

With the support from the Lancang-Mekong Cooperation (LMC) Special Fund, Mekong Institute (MI), in coordination with the Ministry of Commerce (MOC), Royal Government of Thailand is implementing a project: "Joint Development of Cross-Border Economic Zones" in Lancang-Mekong (LM) countries. The project is funded by the Lancang-Mekong Cooperation Special Fund. The project aims to promote cross border economic zones (CBEZs) in the LM countries with a focus on promotion of trade and investment. One of the activities of the project is a study conducted by MI, "Joint Study of Cross-Border Economic Zones" in the LM countries to assess the status of development for border special economic zones (SEZs) and CBEZs and, identify complementary and priority areas.

As part of the project mentioned above, MI conducted a training program on Management of Special Economic Zones in Lancang-Mekong countries on September 24-28, 2018 in Khon Kaen, Thailand.

2. Training Objectives

1. Improve / update knowledge base of participants by sharing status on progress on CBEZs globally and in the Lancang - Mekong countries;
2. To form a knowledge base to complement existing knowledge on SEZs/CBEZs in the Lancang-Mekong countries;
3. To share findings from the Joint Study on Cross Border Economic Zones in the Lancang - Mekong countries including potential advantages of cross border economic zones, challenges, role of government and private sector, status of infrastructure, investment and logistics, status of information systems, best practices and policy issues;
4. To build capacities of the SEZ officials and private sector on various issues related to management of SEZs e.g. strategies, policies and practices, institutional and governance issues, social, economic and environmental impact;
5. To share best practices on SEZs/CBEZs and provide examples from the Lancang-Mekong countries on development of SEZs / CBEZs;

1. United Nations Industrial Development Organization (UNIDO), "Economic Zones in the ASEAN"

2. ASEAN Investment Report 2017 – Foreign Direct Investment and Economic Zones in ASEAN

6. To promote learning and exchange among stakeholders on SEZs / CBEZs in the Lancang - Mekong countries;
7. Address country specific matters related to SEZs / CBEZs in the Lancang - Mekong countries;
8. To enable participants to identify opportunities that can be developed into actions and projects.

3. Training Outcomes

At the end of the training, the participants should have acquired knowledge and practical skills on a variety of pertinent topics. They will have a deeper understanding of the concepts of SEZs and CBEZs, benefits of CBEZs, challenges in developing SEZs and CBEZs and specific issues relevant to their own countries. Moreover, this training aimed to have the following outcomes among the participants:

- Greater understanding of overall and specific issues related to SEZs and CBEZs in the Lancang - Mekong countries;
- Develop strategies for SEZs and CBEZs planning and management to complement existing policies and programs on SEZs and CBEZs in the Lancang - Mekong countries;
- Enhanced participants' knowledge on effective implementation and management of SEZs and CBEZs;
- Enhanced capacities of national and provincial ministries and government departments, SEZ developers and management, and the private sector on SEZs and CBEZs;
- Improved information on SEZs and CBEZs in the Lancang - Mekong countries
- Improved mechanism to share information and promote joint development of CBEZs in the Lancang - Mekong countries.

4. Target Group of Participants

The training was attended by mid-level officials from national ministries and provincial government departments, academic institutions and members of business associations from the Lancang-Mekong countries.

Total 26 participants (18 male and 6 female) from 6 countries participated in the training program, which included four representatives each from Cambodia, China, Lao PDR, Myanmar and Thailand (CCLMT) and six representatives from Vietnam.

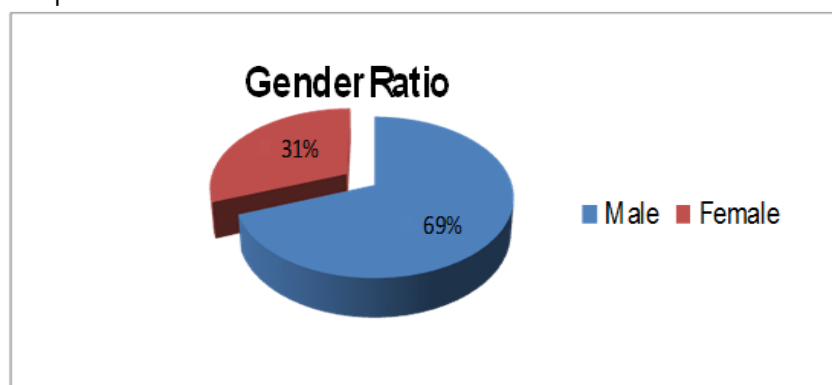


Figure 1: Gender Ratio of the Participants

The organizations represented by the participants were as following

- Ministries of commerce from Thailand and Myanmar;
- Ministry of Natural Resources and Environmental Conservation, Myanmar;
- Ministry of Finance, Laos;
- Ministry of Industry and Trade (MoIT), Vietnam;
- Department of Foreign Affairs, Khamouanne Province, Laos;
- Department of Industry and Trade, Quang Tri Province, Vietnam;
- Department of Commerce, Yunnan Province, China;
- Council for Development of Cambodia (CDC);
- Office of the National Economic and Social Development Board (NESDB), Thailand;
- SEZs and border economic zones: Thilawa in Myanmar, Phnom Penh Sanco in Cambodia, Savan Park in Laos, Saigon Hi Tech Park in Vietnam, Ruili-Muse Border Economic Cooperation Zone and Hekou Yao in China;
- Private Companies, which are involved in developing SEZs and providing services in SEZs such as one stop services.

Nineteen (19) participants were from the government agencies and seven (7) represented the private sector.

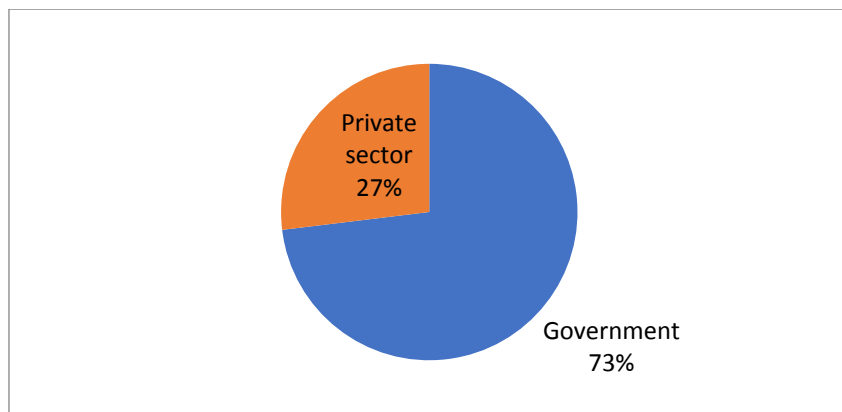


Figure 2: Percentage Break-up of Participants into Government and Private Sectors



5. Resource Persons (RPs)

The main resource person for the training was Dr. George Abonyi, who is a Visiting Professor, Executive Education Program Maxwell School, Syracuse University, United States. Dr Abonyi

delivered training program for three days. In addition, Dr Charlie Thame who is a faculty in Thammasat University, Thailand made a presentation on the “Joint Study of Cross-Border Economic Zones”, which is – as mentioned before - a study conducted under the project on CBEZs. The other resource persons were experts from the Trade and Investment Facilitation Department of MI, who along with the other resource persons made presentations and, facilitated plenary discussions and group work / discussion. MI resource persons also introduced the participants to the action plans and helped them to develop their individual APs.

6. Modular Training Concept

The training program followed a “modular training” concept and has three phases in the following manner:

Phase I: Modular Training on Management of Special Economic Zones (Sep 24-28, 2018);

Phase II: Action Plan on conducting national workshops on SEZ management CCLMTV;

Phase III: Synthesis and Evaluation (S&E) Workshop
(Progress Review Workshop) at MI (March 2019)

The training program was the learning phase with aims to i) improve knowledge base of participants by sharing status on progress on CBEZs, ii) build capacities of the SEZ officials and private sector on various issues related to management of SEZs, iii) share best practices on SEZs / CBEZs and provide examples from Lancang-Mekong countries, and iv) promote learning and exchange among stakeholders.

In phase II, participants will implement APs by conducting national workshops on specific modules. APs will be implemented during October 2018 - March 2019 with the technical assistance from the team of TIF Department.

Finally in phase III, participants will return to MI for synthesis and evaluation (S&E) Workshop (two day progress review workshop) to report on the results of AP implementation and obtain feedback. In the workshop, participants will have an opportunity to share the results, lesson learned and the best practices from the APs implementation with co-participants. The workshop is scheduled in March 2019

7. Program Contents

7.1. Welcome and Opening Remarks

Dr. Watcharas Leelawath, Executive Director, Mekong Institute (MI)

Dr. Leelawath welcomed all the participants to the Mekong Institute (MI). Dr. Leelawath talked about the objectives of the training program and said that it aims to build capacities of SEZ officials and private sector on various issues related to the management of SEZs. Dr. Leelawath further went to say that MI expects the participants to be as the change agent. Participants are required to transfer the knowledge they gained from the one-week training to other stakeholders in their respective countries, which will contribute to making the real change in the GMS. MI aims to position as one of the mechanisms that can make such change in the region. Finally, Dr. Leelawath wished all the participants for successful one-week training.

7.2. Overview of the Lancang – Mekong Cooperation Special Fund Project

Mr. Sa-nga Sattanun, Program Manager, Trade and Investment Facilitation (TIF) Department, Mekong Institute (MI)

Mr. Sattanun familiarized the participants with the overview of the Lancang – Mekong Cooperation Special Fund (LMCSF) projects. He talked about the (i) Lancang - Mekong Cooperation and its five priority areas; (ii) geographical coverage of Lancang – Mekong region; and (iii) four projects funded by LMCSF and implemented by MI. Mr. Sa-nga also touched upon the objectives, activities, names of participating agencies, thrust areas and expected outcomes of the project on “Joint Development of Cross - Border Economic Zones,” which is one of the four projects funded by LMCSF.

7.3. Training Overview

Mr. Toru Hisada, Program Officer, Trade and Investment Facilitation (TIF) Department, Mekong Institute (MI)

Mr. Hisada presented the overview of the Regional Training on “Management of Special Economic Zones (SEZs) in Lancang - Mekong countries.” He talked about the objectives, expected outcomes, contents, methodologies and evaluation method / feedback of the training program. Mr. Hisada also discussed the modular training approach MI adopts, which is ‘**Phase 1: Learning Stage,**’ ‘**Phase 2: Knowledge Transfer**’ and ‘**Phase 3: Review and Feedback.**’

7.4. Setting Norms and Expectations

Mr. Toru Hisada, Program Officer, Trade and Investment Facilitation (TIF) Department, Mekong Institute (MI)

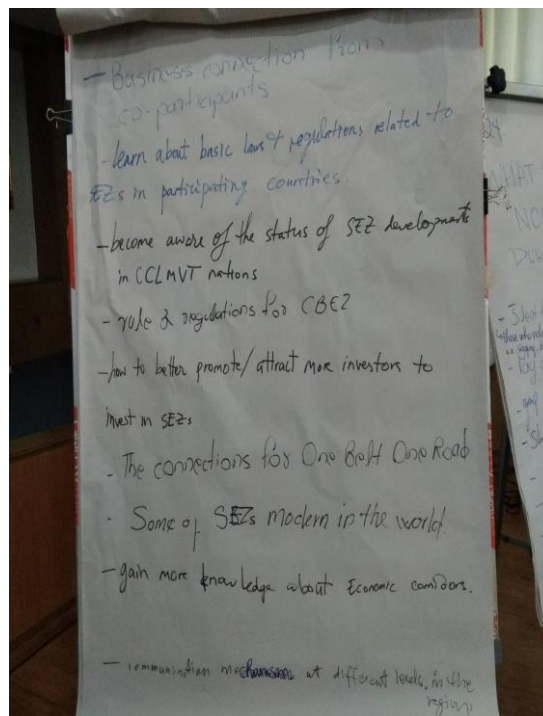
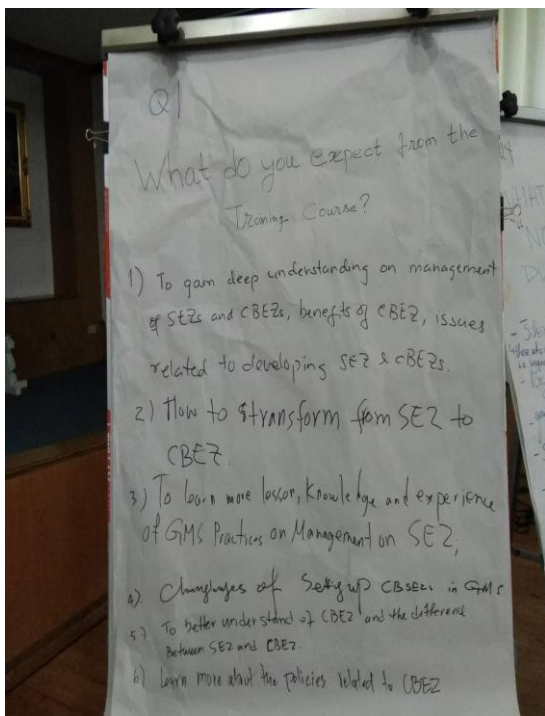
In this session, the participants were divided into four groups which were mixed among four nationalities from CCMTV. Each group responded to each question put forward by Mr. Hisada. The participants discussed their expectations on the training program, from the co-participants, and ways to share acquired knowledge and practical experience to people in their respective provinces. Participants also discussed the norms and consensus to be set for the whole training program to ensure the good quality of the classes and participations.

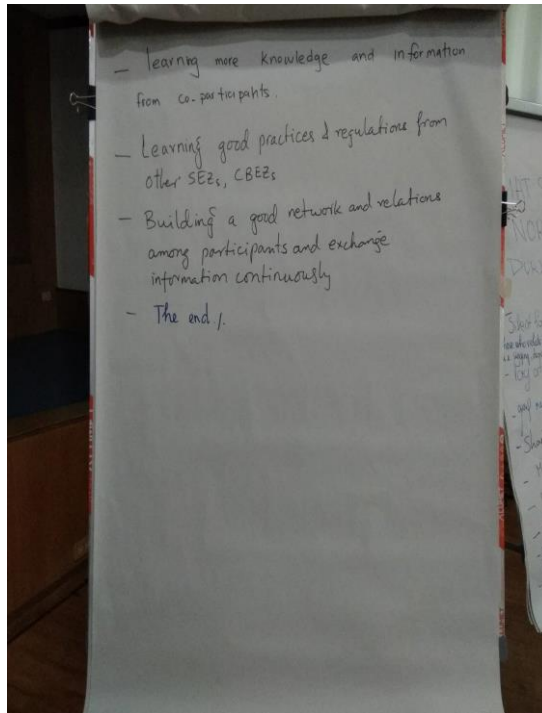
All their inputs were given due serious consideration throughout the training program. The questions and participants’ expectations are summarized as below.

Table 2: Setting Norms and Expectation and Participants’ Inputs

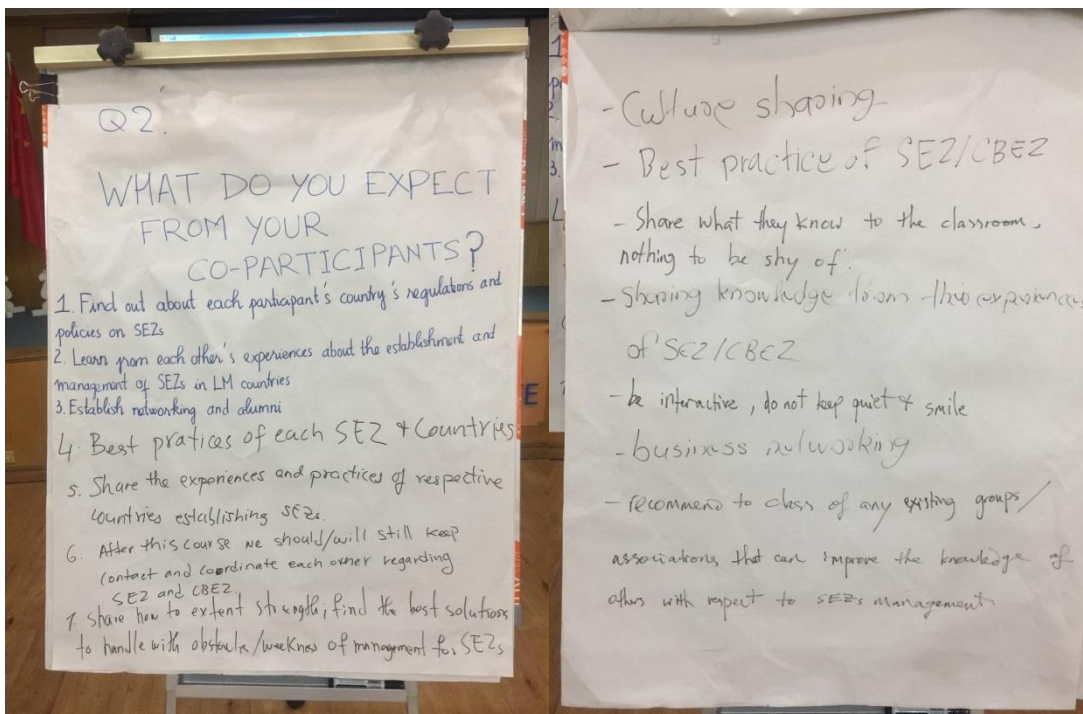
<p>1. What do you expect from the training program?</p>	<ul style="list-style-type: none"> • To gain deep understanding on management of SEZs and CBEZs, their benefits, issues related to development of CBEZs • How to move from SEZs to CBEZs, the difference between them • Learn from other colleagues from Lancang-Mekong about their practices on CBEZs • Establish business connections with fellow participants • How to better promote/attract investors to SEZs • Connections for One Belt One Road initiative • Info about SEZs models the world over • More knowledge about economic corridors • Regional communication mechanisms
<p>2. What do you expect from your co-participants?</p>	<ul style="list-style-type: none"> • More info about each participant country’s regulations and policies on SEZs; their best practices • Learn from each other’s experiences on establishment and management on SEZs in LM countries • Establish network • Share how to strengthen, find best solutions to handle obstacles/weakness of management of SEZs

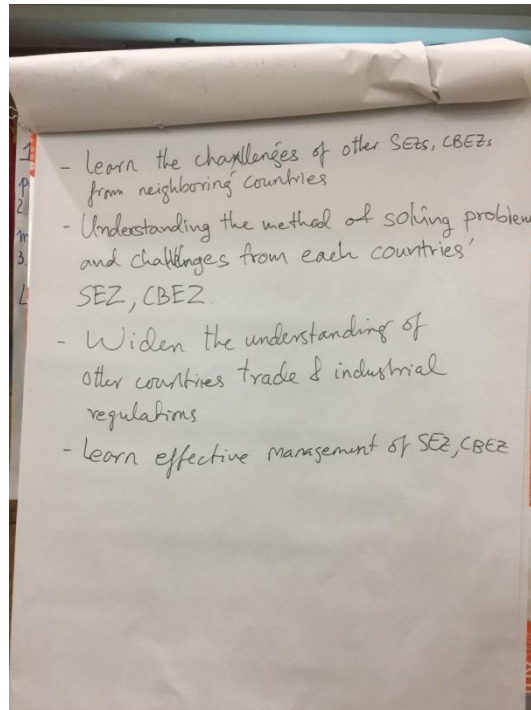
	<ul style="list-style-type: none"> • Knowing about others' culture • Participants should be interactive
<p>3. How do you intend to share the acquired knowledge and practical experience to others? (Co-workers, supervisors, friends etc.)</p>	<ul style="list-style-type: none"> • Through reports, presentations, discussions, articles, newspapers, social media network • Send training materials to colleagues within the organization • Make presentations on the learning to related agencies such as SEZ management committees • Conduct similar trainings for country stakeholders • Report to senior officers in the ministries on the findings/lessons learnt from SEZ training as a reference to make decisions on/improve/revise policies
<p>4. What should be the norm / consensus during the training program</p>	<ul style="list-style-type: none"> • Mobile phones should be on silent mode – if there is an emergency, participants should step outside for using mobile phones • Pay attention when the instructor/co-participants speak • Group members should take responsibility of assigned tasks • Participants should share knowledge • Time schedule should be followed • All should actively participate • Participants should respect each other and be cordial to each other



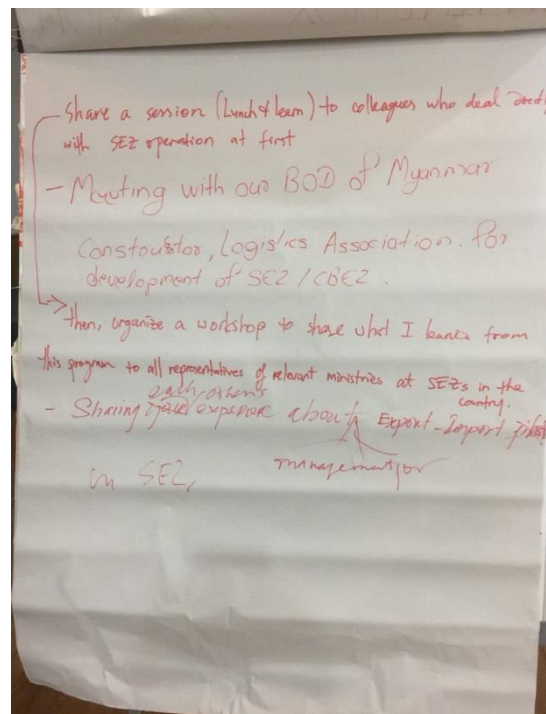
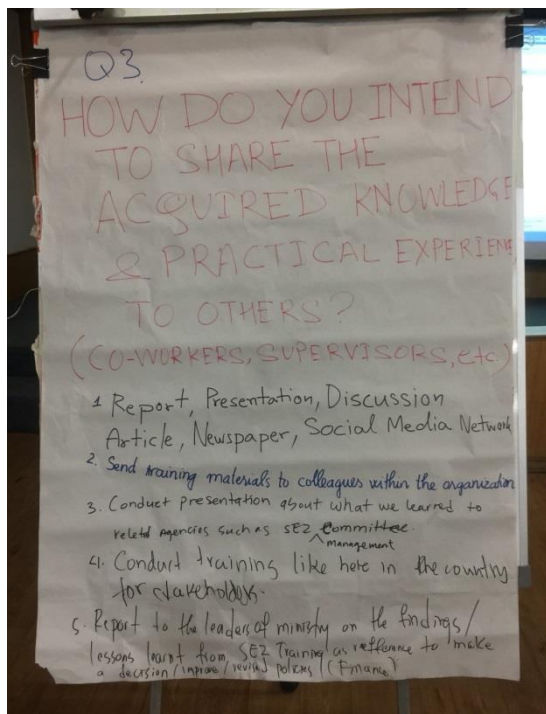


Question 1: What do you expect from the training program?



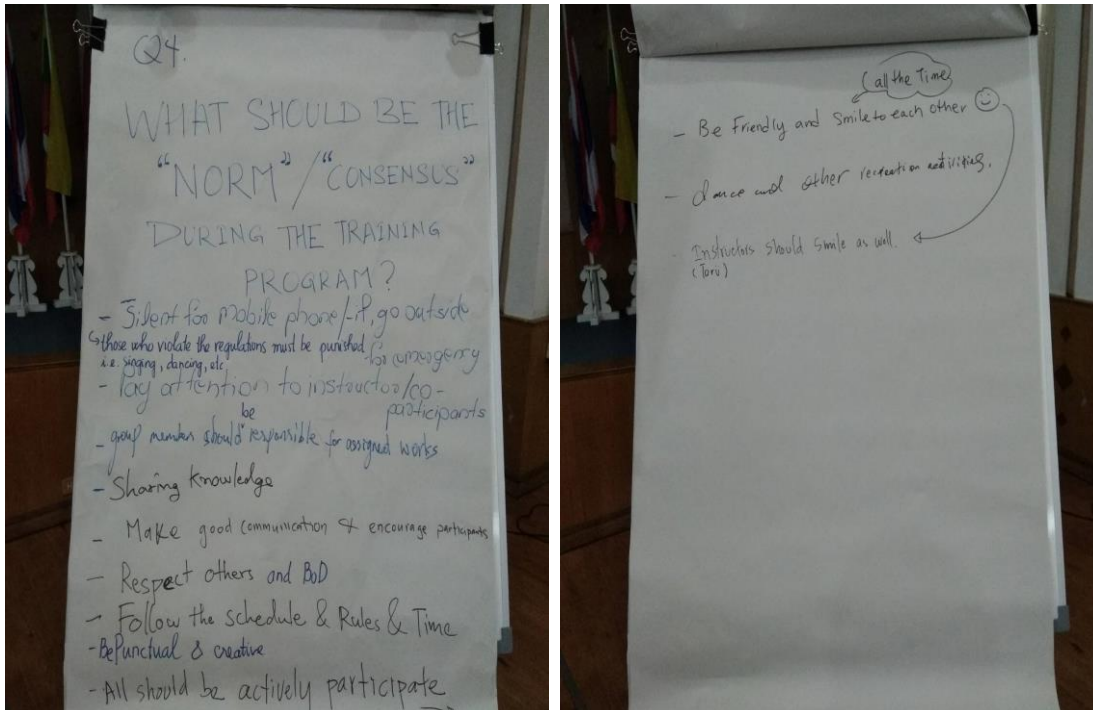


Question 2: What do you expect from your co-participants?



Question 3:

How do you intend to share the acquired knowledge and practical experience to others?



Question 4: What should be the norm / consensus during the training program

7.5. Board of Directors (BODs) Explanation

Mr. Toru Hisada, Program Officer, Trade and Investment Facilitation (TIF) Department, Mekong Institute (MI)

Right after the "setting norms and expectation," the participants were introduced on the concept of Board of Directors (BODs), a frequently used evaluation tool that aimed at getting the full engagement of all the participants, and facilitating the program implementation. To this end, the participants selected BODs daily to work as the internal and external coordinators and facilitators to collect the feedback from other participants, lead the warm - up games and activities at beginning of each training day, and recapture the knowledge learned. The BODs played important roles in contributing to the success of the training program

8. Technical Sessions

8.1. Management of Special Economic Zones in Lancang - Mekong Countries

Dr. George Abonyi, Consultant, MI (Visiting Professor, Executive Education Program Maxwell School, Syracuse University)

8.1.1. Module 1: Addressing domestic development challenges in the Lancang – Mekong Countries

Purpose. The basic purpose of the module was to introduce a strategic perspective on SEZ programs and individual SEZs, within both the broader national development context, and with respect to investor interests and expectations.



The session began with a brief summary of all 5 modules of the workshop and their linkages, as well as an initial definition of Special Economic Zones (SEZ), Border Economic Zones (BEZ), and Cross-Border Special Economic

Zones (CBEZ). This was followed by a discussion of the inherent complexity and challenges of developing SEZs, requiring a clear, coherent and consistent definition of SEZ-related priority objectives. These, in turn, guide practical decisions on SEZ development, including specifying expected benefits, performance requirements, economic zone operations, and monitoring and evaluation.

This was followed by initial definitions of special economic zones (SEZs), border economic zones (BEZs) and cross border economic zones (CBEZs) as following:

- **Special economic zone (SEZ)** is a formally incorporated geographic area with characteristics such as single management or administration; well defined geographic boundaries; eligibility of businesses located there for various benefits such as tax incentives, access to specially provided infrastructure services within the zone; and often a separate customs area and streamlined procedures.
- **Border economic zone (BEZ)** develops the comparative advantages of a given area by strengthening economic linkages across the border. It need not involve creation of a formal special economic zone with separate administration, rules, and services.
 - Addresses constraints/opportunities related to performance of firms in specific industries or value chains by strengthening key cross-border linkages, e.g. customs procedures, logistics services.
- **Cross-border economic zone (CBEZ)** is established in close collaboration by two (or more) governments, with synchronized rules and regulations, for example related to trade, investment, and customs. It involves creating an interdependent institutional, operational and administrative environment for business on both sides of a border.
 - CBEZ can build on viable SEZs in the respective countries; requires agreements related to specific cross-border linkages between two adjacent SEZs

A comprehensive list of typical SEZ objectives was identified such as:

- **Increase FDI, as access to:**
 - Technology
 - Markets (final, intermediate)
 - Skills (labour, management)
 - Finance
- **Increase trade**
 - Export promotion
 - Foreign exchange generation
- **Create employment**
 - More jobs
 - Higher skilled jobs
- **Economic restructuring – through targeted activities/industries**
 - Diversification – within and across sectors/industries
 - Upgrading – within and across sectors/industries
- **Facilitate enterprise (industry) cluster formation**
 - To improve competitiveness, particularly SMEs
- **More efficient use of limited government funds**
 - E.g. for infrastructure investment
- **Experiment/catalyst for wider reforms**

- Selective and limited implementation of reform program, e.g. innovative approaches to investment promotion, regulation, PPP, meeting international standards
- Testing technical, institutional and political feasibility
- **Regional development (backward/forward linkages)**
 - Local community development (e.g. of lagging areas)
 - Urban development, e.g. of secondary cities
- **Border area development**
 - Local community development
 - Leveraging location for cross-border economic linkages
 - As local/regional growth center
 - As gateway for development of the national economy
- **Regional cooperation**
 - Expanding multi-country production and market opportunities

These examples were used to show that SEZ objectives must be clearly linked to general national development constraints to ensure that objectives are both feasible, and anchored in broader development issues. This served to underline that an SEZ program and specific SEZs are particular instruments of a broader “industrial policy/strategy” approach to development, leading to a discussion of the nature, role and key elements of an industrial strategy.

Next, Asian examples were used to illustrate the link of SEZs to industrial strategy. This was termed as the essential “internal alignment” of an SEZ program, i.e. with national development constraints and priorities.

This was followed by a discussion of the critical requirement for the responsiveness of an SEZ program with potential investors’ interests and expectations, termed its “external alignment. In this context, different types of investor motivations and types were introduced. See below for more details.

Internal alignment

- **Aligning with national development strategy/plan and key programs**
- Which should be aligned with *economy’s (dynamic) comparative advantage* (e.g. Porter, Justin Yifu Lin)
- SEZs anchored in principle of comparative advantage as the basis for economic activity and attracting investment



External alignment

- Aligning with target (e.g. anchor) investor interests and expectations (external)
 - Particularly foreign investors (FDI), usual focus of SEZ
 - Suggests need for deep understanding of FDI types and motives, and investment decision process (Module 3 case)
 - But also, key role of domestic investors

The evolution of SEZs was touched on (developed in more detail in Module 3), and in this context, the special role of border towns and related border economic zones (BEZ) were noted (developed in

more detail in Module 5). The global “drivers of change” (addressed in detail in Module 2) were introduced, and illustrated briefly using the examples of Thailand’s Eastern Economic Corridor (EEC) and China’s Shanghai Pilot Free Trade Zone.

The importance of ensuring that priority SEZ objectives are mutually consistent was highlighted, and illustrated with specific examples. This is essential as the feasible basis for targeting SEZs on particular industries/sectors and value chains. For example, the targets of acquiring high technology and employment generation in a single SEZ may not be consistent as the basis for its development and operations. A simple “attractiveness/feasibility” matrix was introduced to assist in this process, and illustrated with examples (Table 2).

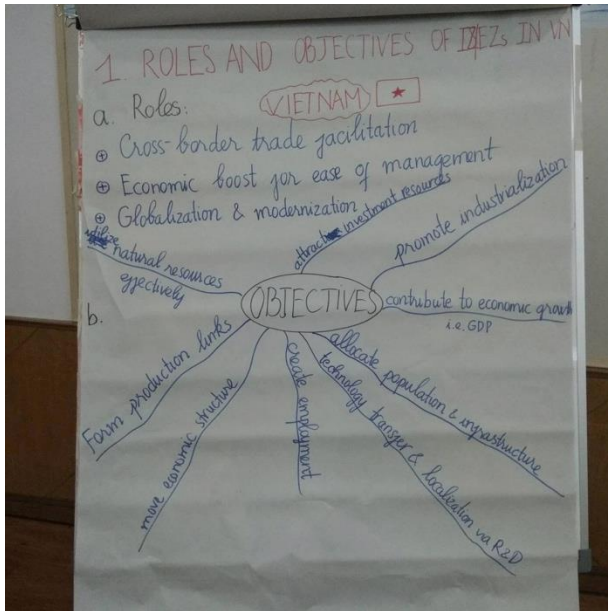
	Low	Feasibility	High
High	<input type="checkbox"/> Aspirational: Industries (clusters) that would have significant development impact, but for which the enabling environment and factor conditions are weak	<input type="checkbox"/> Priority: Industries (clusters) that will be able to drive effectively the attainment of key development objectives	
Attractiveness	<input type="checkbox"/> Marginal: Industries (clusters) that have limited attractiveness to both the economy (public policy), and to potential investors	<input type="checkbox"/> Future Potential: Industries (clusters) for which the country has relatively strong competitive position, but will have limited impact on development objectives	
Low			

Table 2: Challenge of Tradeoffs – Industry Attractiveness / Feasibility Matrix

The module then briefly considered “what makes an SEZ a success”, and related risks and constraints. This topic was developed in more detail in Module 5.

8.1.2. Group Work: Define the existing role and objectives of SEZs in the Lancang - Mekong countries, and a first cut at assessing their success

This module generated a vigorous discussion during the presentation on the role and objectives of SEZs, and the constraints they address. All the country groups identified general objectives such as exports, contribution to growth, employment generation. Examples of additional objectives included productivity and competitiveness (Cambodia), upgrading traditional industries (China), balancing development between urban and rural areas (Lao PDR), technology transfer (Myanmar), strengthening border security (Thailand), and effective use of natural resources (Vietnam). Each country group presentation was followed by very open discussion through questions/answers, which provided significant country-specific information. The exercise also served its purpose of getting the participants comfortable with discussing issues, asking questions, and generally participating actively in the workshop.



- Prosperity contribution to the region
 - Income and quality of life improvement
 - Strengthen the national's border security (E.g. illegal trade, etc.)
- Decentralization
 - Development gap between Metropolis and provincial and rural areas
 - Budget & Readiness
 - Political instability
 - Innovation
 - Regulations
 - No single responsibility agency

- ## 1. Basic Role & Specific Objectives
- To create a strong business climate that attracts investment from domestic and foreign firms
 - To create job opportunities within the country
 - To transfer technology and encourage innovation & creation
 - To increase export and economic growth
 - To create a favorable, friendly and predictable investment environment in order to attract FDI, to create job, to spillover, to transfer knowledge
 - To increase GDP

- ## Lao PDR'S SEZ Management
- Role of SEZ in Lao
 - Balance development between rural and urban
 - Increased responsibility and participation among government, local authority, officials, citizens through management
 - Objectives
 - + To encourage and attract domestic and foreign investment
 - FDI
 - Technology
 - + To contribute national socio-economic development plan as well as the plan of province
 - Employment
 - Income earning
 - Export
 - Import
 - Local development

China's degree of production factors for development (economic) and social, most of China more open to the outside

- 1) export (import) goods and services
- 2) job creation
- 3) support of domestic industry, manage skills
- 4) upgrade traditional industries

= structural changes

- 1) scarce resources
- 2) high costs (human resource)
- 3) land requisition

Overall, SEZs in China perform well, at its 1980s, opened coastal cities, then the expansion applied nationwide.

China - Laos agreement, border construction

China - Vietnam - Mod. from Hekun (Laos)

Myanmar - Laos - Thailand - Laos

China - Thailand - Laos - Myanmar (2012)

- ## CAMBODIA
- Role & objectives
 - Enhance productivity & competitiveness
 - Improve national economic growth
 - promote export
 - create job & reduce poverty → ↑ living standard of the population
 - Constraints
 - No clustering
 - Infra. management system
 - adequate supply of electricity & clean water
 - No establishment of key performance indicators for measuring the success of SEZs to be used for provision of incentives
 - Assessment: successful but could be better
 - CBEZs: None

8.1.3. Module 2. Leveraging global and cross-border “drivers of change”

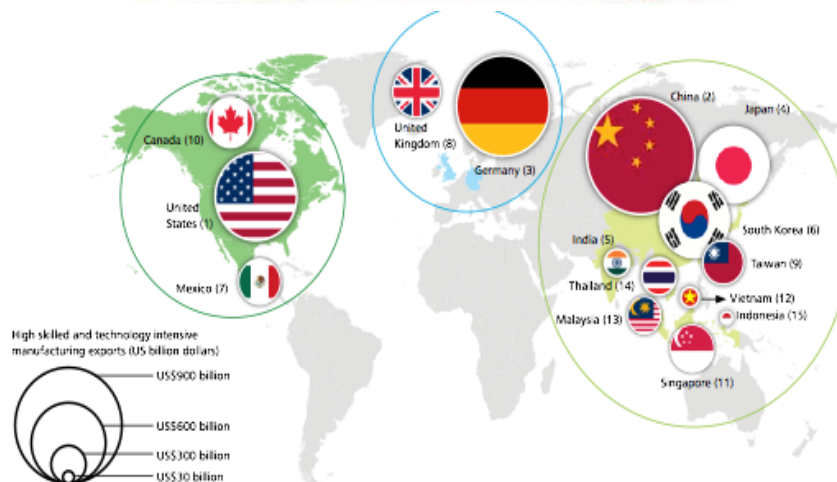
Purpose. This module focused on three “drivers of change”: (1) globalization and fragmentation of production; (2) new disruptive technology, or the “new industrial revolution” (NIR), and (3) shifting globalization.

Globalization and fragmentation of production. This section began with a discussion of how global trade in manufactures (including agri-business) and services has evolved from primarily final products to now dominate by trade in parts, components and subassemblies. This is the outcome of production organized in the form of global value chains (GVC) and related cross-border production networks, which now drive international production, investment and trade in key industries of particular relevance to the Lancang – Mekong countries, e.g. garments, electronics, automotive, agri-business, illustrated with a number of examples (Pictures 1 & 2 and Figure 3).

Pictures 1 & 2: Fragmentation of production networks

Example: Global Jeans

Source: Li & Fung



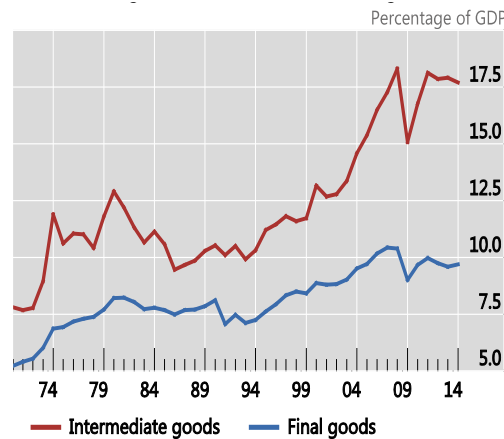


Figure 3: Continuing increasing trend of fragmentation of production networks
Source: BIS (2018)

Three key characteristics of GVCs were identified and discussed. The first is “governance”, which addressed the issue of who (what type of firms) make decisions about the structure and performance of investment, production and trade in GVCs. It stressed that in many cases it is not the well-known brand names such as Toyota, Motorola or Levi, but little-known firms that manage their global production process, e.g. Denso, Foxconn, Li & Fung. The second characteristic is international standards that govern products and production, e.g. product quality, labour and environmental conditions. The third GVC characteristic discussed was the importance and nature of “upgrading”, i.e. moving to higher value segments of GVCs, including different ways firms can upgrade and their implications, illustrated with examples and with the use of the Shih’s “smile curve”. More details are as below:

- **Governance of network structure**
 - Who, what, how much, how, when
 - Key role of global 1st tier suppliers re lower tiers
 - **E.g. Foxconn, Flextronics; Li & Fung; Denso**
- **Standards** → managerial and “policy” control
 - Product and process standards; general; regional (e.g. EU); industry; firm-specific
 - **E.g. Tesco’s Nature’s Choice; IKEA/IWAY**
- **Upgrading** → moving up the “value chain”

A key issue stressed was that the nature, scope, and structure of GVCs is driven by the competitive decisions of individual firms. It is firms and not economies that “move up the value chain” in particular GVCs. But these decisions collectively shape the structure and performance of economies. The section concluded with a discussion of different ways that firms (and economies) can participate in GVCs, e.g. clusters, and their implications for SEZs.

New disruptive technologies (“new industrial revolution,” NIR). This section discussed the range of new disruptive technologies that are in the process of reshaping global production, investment and trade (GVCs), such as industrial robots, the internet of things (IoT), and 3D-printing (additive manufacturing). These were illustrated with examples from industries / GVCs of particular relevance to the region, e.g. garments, automotive parts, electronics (Picture 3).

Most disruptive technologies for 5 sectors in ASEAN (UNCTAD 2017)

ICT and IoT

Apparel and garment global value chain

From big to small; slow to quick; uniform to variety, at competitive prices, e.g. Li & Fung new corporate strategy

Financial sector and Mizuho Group

New competition from "platform" companies (e.g. Amazon, Alibaba); automating services; reducing jobs

Advanced robotics: rapid use of industrial robots (e.g. Korea, Singapore, Japan, Germany)

E.g. **China**: most industrial robots by end 2018; yet automation still low on per worker basis

E.g. **China's Tianyuan garments (supplier to Adidas)**:

21 industrial robotic production lines in Arkansas;

T-shirts for as little as 21 cents

Additive manufacturing (3-D printing)

Hearing aids in Mexico

Global "in-the-ear" hearing aid sector (\$8 billion) shifted almost completely to 3-D manufacturing in just past 6 years; e.g. Starkey, U.S. industry leader investment in Mexico

Auto parts in India

3-D printing of auto parts is becoming increasingly widespread in India for products such as headlights, taillights, and turbochargers

Example. IoT + advanced robotics + 3D printing: Adidas in footwear

Investing in 2 "speedfactories" in Germany and Atlanta, each to produce (2018) 500,000 shoes; 1000 low skill low technology jobs lost in Vietnam, 160 higher skill higher technology jobs each in Germany and Atlanta

Sector	Main disruptive technologies
Automotive and auto parts	Electrification of vehicles and vehicular components
	Advancements in lightweight materials
	Autonomous driving
	Robotic automation
Electrical and electronics	Robotic automation
	3D printing
	Internet of Things
Textiles, clothing and footwear	3D printing
	Body scanning technology
	Computer-aided design (CAD)
	Wearable technology
	Nanotechnology
	Environmentally friendly manufacturing techniques
Business process outsourcing	Cloud computing
	Software automation
	Knowledge process outsourcing
Retail	Mobile and e-commerce platforms
	Internet of Things
	Cloud technology
	Big data analytics

Picture 3: Most disruptive technologies for five sectors in ASEAN

The general implications of these technologies for the region's economies, and in particular for SEZs, especially CBEZs, was illustrated with examples including Thailand's Eastern Economic Corridor (introduced in module 1), cross-border production linkages using existing SEZs, (e.g. between Thailand and Cambodia), and the potential for developing CBEZs (e.g. on the Myanmar – Thailand border).

Shifting globalization. The third part of this module focused on shifting globalization. This stressed the continuing slow growth of the global economy, particularly developed economies (e.g. U.S., EU), that have driven the earlier rapid sustained growth and development of East Asia (Figure 4). The resulting critical challenge to global growth and to the economies of the region is where will demand come from (i.e. what markets).

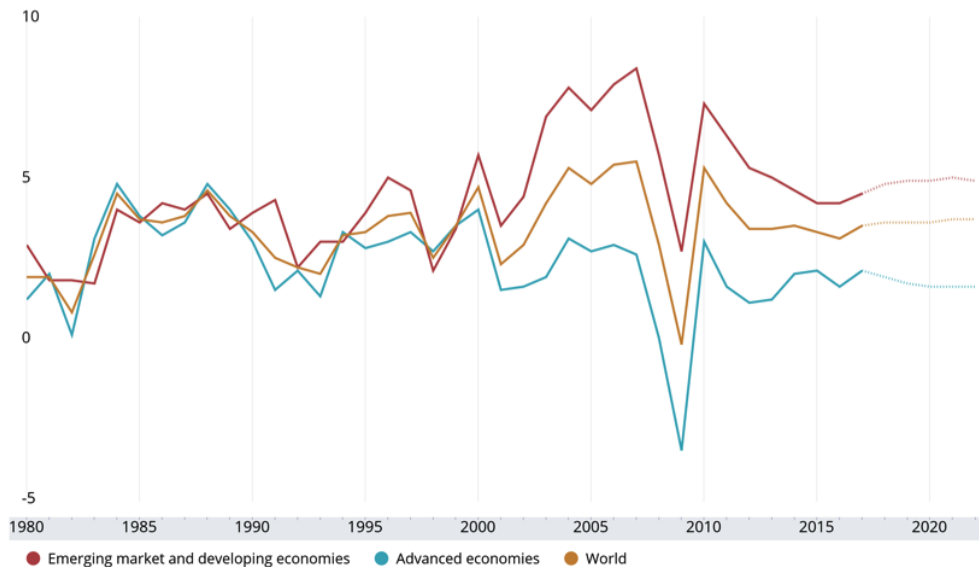
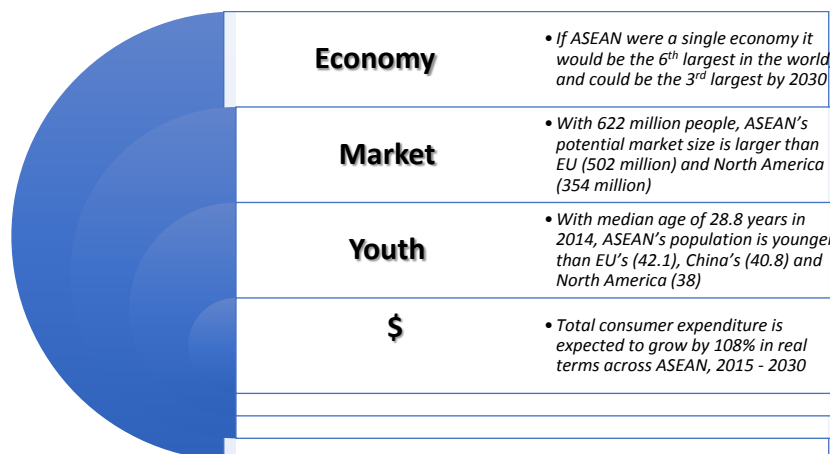


Figure 4 - Uncertain global and regional economic growth Source: IMF (October 2017)

It touched on the related role of China, highlighting that it has played the role to date primarily of an intermediate market, e.g. parts and components, for the assembly of products such as the iPhone, destined mostly for developed economies outside the region. More details are given below.

- **China has an important role as source of investment, e.g. infrastructure - BRI**
- **China as market for final goods is shaped not by size or growth of GDP, but its imports of final manufactures (net demand)**
 - China is major importer of Thailand's/region's exports of parts and components for its final exports to developed economies, e.g. iPhones to US and EU;
 - **Not yet major market for final manufactures**
 - To become growth locomotive for manufactures of ASEAN countries
- **China would need to raise not only its domestic consumption as a share of GDP, but also its imports of final goods from the region.**

It was also noted that a more granular look at Asian economies shows the vast majority of the population, e.g. China, ASEAN, are and will continue to comprise lower income households. But this provides new types of opportunities for innovation and for the role of SEZs (Picture 4).



Picture 4: The future of ASEAN is bright (Source: Euromonitor International 2017)

The three global and cross-border “drivers of change” were then brought together to discuss the implications for development of the Lancang–Mekong economies in general, and more specifically for the role and evolution of SEZs, and opportunities for CBEZ. The emergence of global value chains provides opportunities for cross-border production linkages and therefore CBEZ. Disruptive technology and shifting markets require thinking more carefully about the nature and focus of industries and firms in SEZs, and their longer-term competitive positions.

Takeaways from Module 2

- Global value chains restructuring/restructured production, investment, trade; and economies;
- Key and different role of investment and sourcing decisions by (leading) firms on structure and performance of economies;
- Opportunities for GVC participation, including SMEs, through cross-border linkages;
- New disruptive technology (“new industrial revolution”) reshaping GVCs and markets, and pose challenges to *all* economies;
- Shifting markets present new demands and opportunities;

- Need to invest in advanced infrastructure, restructure/upgrade existing industries, build new industries, absorb or adapt technologies, meet variety of standards for international markets;
- Requiring significant institutional capacity to support policy formulation and implementation, including effective collaboration with private sector and civil society.

➔ *Significant implications for SEZ / CSEZ as part of a national development strategy*

8.1.4. Group Work: Applying the three drivers to assessment of the development strategies and the SEZ programs of the participating countries

Module 2 provided technical information. Therefore, the presentation involved less interactive discussion, but many questions were asked, and therefore still served as a vehicle for participant interaction.

The country group exercise was a “stretch”, asking the participants to apply the new concepts introduced to the development strategies and SEZs in their countries. They were asked the following questions:

- Does the SEZ program in your country target particular GVCs / segments;
- What are the implications of the new disruptive technology on your development strategy; on SEZs;
- How is this reflected in your SEZ program;
- What are implications of shifting globalization (changing markets / demand) on your development strategy on SEZs;
- What is the role of enterprise clusters in your SEZ program.

In general, the groups did a good job working with the generally unfamiliar concepts and information, including identifying where their existing country industrial strategies and SEZs focused or could/should focus in terms of particular GVCs and their segments. With respect to the implications of new disruptive technology, and shifting globalization, the suggestions understandably tended to be more general in nature, e.g. “understand the impact on existing industry”, “nano-technology”. But all country groups stressed the need to understand their implications and to prepare national economies in general, and SEZs in particular. The result was vigorous discussions of the implications of the “drivers of change” in the context of discussions of the presentations, particularly in the questions/answers after each presentation.

1. Yes, Emphasized on labour incentive
(Cutting, Making, Packaging Type)

- Garment
- Automobile parts
- Electronics parts
- Shoes
- Foods
- Any segments (Mining, Warehouse, Logistics)
- Export oriented market

2- Local Labour's job failure (More Foreign Technicians)

- Domestic Industry's Failure (Not Competition)
- Technology transfer

3- Efficiency ↑

- Labour skills ↑
- Productivity ↑

4- Diversification

- Change governance
- Regulations of market (self-regulated market)

5. Enterprise Cluster

- Target industry (Resource-based)
- Access to low labour cost market board
- Improve business environment

① EEC & SEZ, Innovation + Heavy Indust. Innovation + Light Indust. (Thailand)

Thailand 90th NESDP and 20 year strategic plan.

② To develop existed techno industries to high-tech industries as well as to acquire the knowledge, skills, and technic for the country's long-term potential.

③ awareness of citizen, private sector (all stakeholders) etc.

but we still need

- Administration Reform
- Enhancing national competitiveness

④ New global value chain
↳ move from labour intensive to tech (Robotic) intensive

Deepen Regional Integration

VIETNAM

1. YES, including the following:

- Light industries, i.e. garment, textile, etc.
- Auxiliary industries, i.e. electronic components
- High-tech area

2.

bio-technology

nano technology

micro electronics, ICT

new materials & energy

mechanical precision, automation

IMPLICATIONS on development strategy & SEZs

3. REFLECTION ON VIETNAM'S LE...

- Targeted investors/industries
- Relevant incentive policies, i.e.
- Complete legal framework

4.

focus on environmental preservation

increase in labour productivity

assurance of laws & regulations in accordance with international commitment

specialization, modernization

5.

production linkages

export value improvement

production development

ROLES OF ENTERPRISE CLUSTER

synchronization of management

8.1.5. Module 3. What makes an SEZ “Special”

Purpose. This module addressed the core operational issues relating to SEZs. This included: (1) revisiting the definition of SEZs; (2) types and evolution of SEZs; (3) economic targeting, introduced in Module 1; (4) looking at SEZs as a set of linkages; (5) particular focus on selected characteristics; and (6) all illustrated with examples, primarily from Asia.

Definition of SEZs. The definition of SEZs was revisited and examined more closely, in particular, their two basic characteristics:

(1) they provide a more liberal and flexible business environment than the economy as a whole; and
(2) they are administratively more effective than the general business environment. These were examined in detail later in the module.

Types and evolution of SEZs. The different types of economic zones were examined, with examples for Asia and beyond:

- **Term SEZ is often used interchangeably** with free trade zones, export processing zones, industrial zones, economic and technology development zones, logistics parks, high-tech zones, science and innovation parks, free ports, enterprise zones, border economic zones, and others.
 - Countries may differentiate among types of economic zones, e.g. Lao PDR - “special” economic zone (e.g. Savan – Seno), different from “specific” economic zone;
 - To simplify, we will use “SEZ” broadly in rest of the discussions, unless otherwise noted.
- **SEZs can vary quite considerably across Mekong countries;**
- **Management of SEZs can also vary.**
 - SEZs may be owned, operated, managed entirely by a **private sector**;
 - Projects within SEZ may be individually owned and operated by private investors; but management by a **government agency** (e.g. an SEZ authority);
 - SEZ may be owned, operated, managed by **joint venture** between government authorities and private sector (public private partnership - PPP).
- **SEZs have evolved**
 - To a large extent driven by growth and evolution of global value chains;
 - From being trade-oriented “enclaves”, to development-oriented linkages;
 - From labor-intensive to skill and technology oriented processing;
 - From single function to multi-function, e.g. combining manufacturing, services, “smart city”;
 - Less reliance on financial incentives;
 - From being purely an economic tool to a social and political tool, e.g. sustainability concerns;
 - From carrying out structural reform within a country to cross-border regional cooperation.
- **Most countries are experimenting with newer varieties of SEZs**
 - Shift to more comprehensive SEZs;
 - High-tech orientation and multi-sectors;
 - Flexible locations, e.g. in interior and border regions, depending on objectives;

- Larger spatial dimensions;
- More regional economic integration, e.g. cross-border linkages, on economic corridors;
- Increasingly developed by the private sector.

It was suggested that much of the practice and literature now increasingly refers to a wide range of economic zones as SEZs more broadly, as long as they have the above two essential characteristics. The evolution of SEZs was discussed in terms of the drivers of change (introduced in Module 2), and how they are reshaping the role, nature and operations of SEZs. A summary matrix of the different types of SEZs was provided.

Economic targeting. Module 1 introduced a macro perspective on economic targeting. It noted that SEZs are a special case of targeted industrial strategy to support the development process, given national constraints on resources and reform capacity. In this context, SEZ involve both economic targeting (e.g. industry, sector, leading firms) and geographic targeting. To this was added here a micro perspective on targeting, involving decisions about specific SEZs such as location, type of economic zone, focus industries / GVC positioning, and firms, types of economic activities, and the nature of external (forward / backward) linkages.

SEZ as linkages. The nature of linkages shaping the basic role of SEZs was discussed. These include developing backward linkages to suppliers, especially domestic suppliers outside economic zones to provide positive externalities supporting national development. They also include forward linkages to user firms, to deepen the economy's productive capacity, including accessing international markets. The "enclave" approach, where SEZs are like separate islands in the national economy, was contrasted with SEZs focusing on linkages to facilitate the structural change of the economy, illustrated by examples in Asia.

Selected SEZ characteristics. Key SEZ characteristics were developed and discussed in detail (see below), with extensive examples provided. This included identifying the key elements of policy and legal frameworks essential for an effective SEZ program. Illustrations of different such frameworks in the region were provided.

Selected characteristics

Institutional framework and governance

Policy and legal framework: *Policy involves addressing the following issues with respect to SEZ development and operations:*

- Legal and regulatory instruments
- Form of institution
- Broad investment policies
- SEZ designation criteria
- Rights and obligations of developers/operators
- Securing title to land
- Land use and environmental regulation
- Enterprise registration
- Qualifying activities and enterprise licensing
- Labor regulation
- Customs policies
- Income tax and fiscal policy
- Penalties for non-compliance
- Dispute settlement

Governments use *dedicated SEZ law with accompanying implementing regulations and operating procedures* to implement policy.

The key generic roles related to SEZs were discussed in some detail, including their implications for “best practice”. These include the overall (strategic) role of government, SEZ regulator, developer, operator, and tenant / user. See below for more details.

Institutional framework and governance: key roles

- **Government overall role**
- **Regulator** – public agency
 - In pilot phase, regulator often leads zone development as well, institutional separation of roles is important to avoid conflicts of interest, particular if private developer / operator
- **Developer** – public, private, ppp
- **Operator** – public, private, ppp
 - May be the same as the “Developer”, or under contract with owner / developer
- **Tenants or zone users** – firms **FDI** and domestic
 - Of particular importance “anchor firms” (e.g. Intel)

It was stressed that a key reason for the failure of many SEZs is weak regulators and administrators, that do not have the capacity and/or understanding of the strategic and operational challenges of investors, and therefore to provide the essential support needed for successful SEZs.

The different approaches to SEZ development and operations were discussed, including public sector driven, private sector driven, and public private partnership (PPP), with particular focus on a deeper appreciation of the benefits and risks of PPP. It was stressed that even when the private sector plays the primary roles of developer and operator, the government plays an essential facilitating role, both in providing key services (e.g. “one stop service center”); and critical external infrastructure that link SEZs to the larger economy and international markets. The PPP approach was discussed, with particular emphasis on the role of government; and cautioning about hidden risks or “contingent liabilities” of the approach. The importance of separating “(government-linked) regulator” from a “(private) operator” was stressed. Examples were given of different approaches in the region to SEZ regulation and administration.

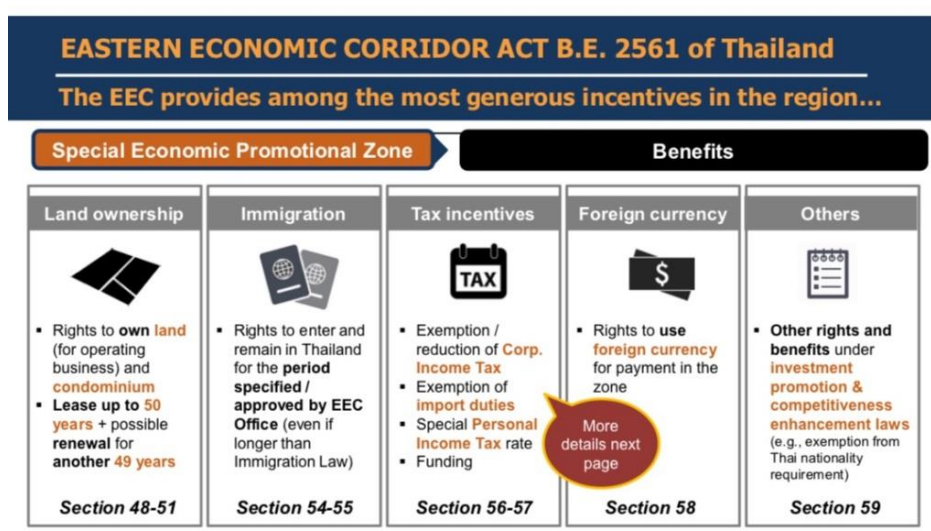
The key role of infrastructure was discussed in detail, including steps in ensuring appropriate infrastructure aligned with the particular needs of selected industries/GVC activities and firms. This starts with the decision on location to ensure that it is appropriate to the needs of targeted industries and firms, e.g. making sure that manufacturing firms have easy access to efficient and adequate logistics, near airports and ports. In this context, examples were given of how different types of industries and firms have different needs, e.g. agri-business needs cold storage and cold chains to market; business process outsourcing needs fast and reliable digital infrastructure; manufacturers require reliable power and logistics, etc (Table 3).

<ul style="list-style-type: none"> ■ Industries such as steel, mining, timber, and auto will require access to sea and rail. ■ Agriculture will need cold storage, and a cold chain (i.e., refrigerated transport) to market. ■ Manufacturers of steel girders need wide streets capable of supporting significant traffic of heavy trucks. ■ Business process outsourcers will need reliable and fast broadband connections. 	<ul style="list-style-type: none"> ■ Data storage companies use considerable electricity, and because they like to keep their "green status" they often want energy from non-fossil sources. ■ Business and financial services need large office buildings, parking, efficient subways, and good airport connections. ■ Companies focused on entrepreneurship and innovation will look for fun, mixed-use space that concentrates people close together where they can interact and share ideas.
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Table 3: Infrastructure needs of different industries

The particular challenges of land acquisition were discussed, stressing the need for close stakeholder consultations, and for appropriate and equitable compensation arrangements.

The nature and role of both financial and non-financial incentives were developed in detail. Thailand’s Eastern Economic Corridor (EEC) was used as a comprehensive illustration since it reflects the latest approach to incentives in the region (Picture 5).



Picture 5: Financial and non-financial incentives provided by Thailand’s EEC

The usual profit-based approach to financial incentives such as tax holidays and preferential tax rates were discussed, with examples provided. The general risks of such incentives were highlighted, e.g. potential distortions to the larger economy, loss of tax revenues, “race to the bottom” among competing economies and SEZs. The concept of “cost-based” approach to financial incentives was introduced, e.g. tax allowance and credits for specific inputs used, accelerated depreciation.

In comparing the two approaches, summarized in a table, the advantages of the so far much less used cost-based approach were identified, e.g. direct link to actual as vs. hoped for investment, stronger and more immediate support for investment in specific GVC linkages. The importance of aligning financial incentives with types of investors (introduced in Module 1) was discussed. For example, in the case of efficiency-based investors – most important in terms of linkages to GVCs and international markets – financial incentives become important primarily in the decision on the

short list, but have very limited relevance to an SEZ/economy being included on their short list. In this context, the key role of non-financial incentives was developed, including their relatively stronger role in influencing investor decisions, e.g. location; infrastructure; transparency, efficiency, and predictability of public services such as "one stop services (OSS)"; capacity for addressing issues/problems/grievances. The particular importance of efficient and effective OSS was highlighted, emphasizing the nature of best practice, e.g. all relevant agencies represented in one location, authority to take the necessary decisions.

The importance and key elements of transport and trade facilitation were developed, with special attention to the role of efficient and transparent customs, essential for the GVC-related firms, and internationalization of SEZs. The example of Japanese investors, especially SMEs, was used as an illustration of the depth of understanding of firms essential for successful SEZs in the present competitive environment.

Clusters are an increasingly key dimension of effective SEZs. The nature and role of clusters were introduced, along with key building blocks for cluster development.

Selected characteristics of clusters

- **In ASEAN economic zones have acted as catalysts for the development of industrial clusters.**
 - Successful at attracting major anchor companies and related tenants, contributed to development of industrial clusters (e.g. the Amata and Hemaraj industrial estates in Thailand for automotive and electronic clusters; Penang for IT/electronics in Malaysia; and various eco-parks in Philippines for IT-BPO clusters).
- **Economic zones do not necessarily attract industrial clusters, but they can be a key policy tool in cluster creation**
 - Achieving critical mass of related tenants within and around economic zone or in connection with other zones in the country is important;
 - Such intra- and interfirm connections contribute to the growth of production networks within a country and to regional value chains in ASEAN.
- ***Clusters are considered particularly important in NIR-driven industrial development strategies because they can foster innovation***
 - Clustering offers opportunities for firms to take advantage of ***links between the economy's knowledge sector and its business sector***;
 - Potential to ***stimulate learning and innovation***;
 - ***Innovative clusters can operate in any industry; they are not confined to high-tech industries.***
- ***Key role of government: facilitate clusters related to SEZ/CBEZ; so a moment on clusters***

Three general strategies were suggested for developing effective SEZ clusters

- (i) building cluster institutions (e.g. illustrated with the example of the Thai automotive cluster, and Singapore's bio-medical cluster);
- (ii) using economic zones to help drive cluster development (e.g. Taiwan's high precision machine cluster in Taichung Science and Technology Innovation Park); and
- (iii) the use of anchor firms to build clusters (e.g. Canon in Thang Long Industrial Park in Vietnam, and Intel in Costa Rica, later re-introduced during the case study in Vietnam).

The evolution of SEZs and their key success factors/characteristics were discussed and summarized in matrices for selected economies, including Taiwan, Korea, Malaysia, Philippines, China and Thailand (Table 4). The key characteristics of the SEZs in the Lancang – Mekong countries, also linked to economic corridors, were summarized.

Evolution of economic zones

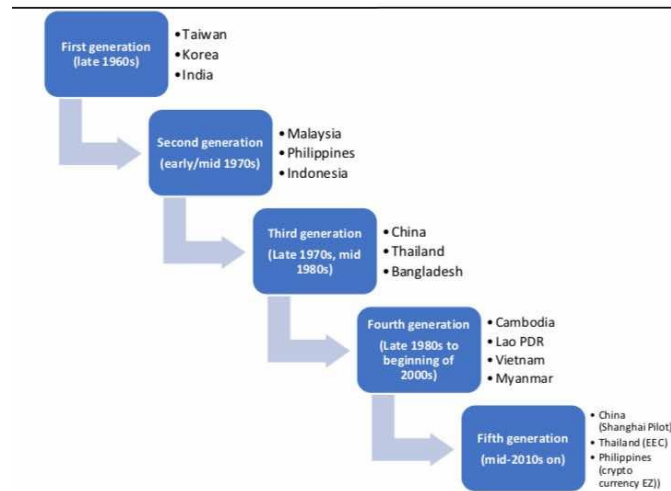


Table 4: Evolution of Economic Zones

8.1.6. Group Work: Case Study by mixed country groups, examining the actual investment decision by Intel



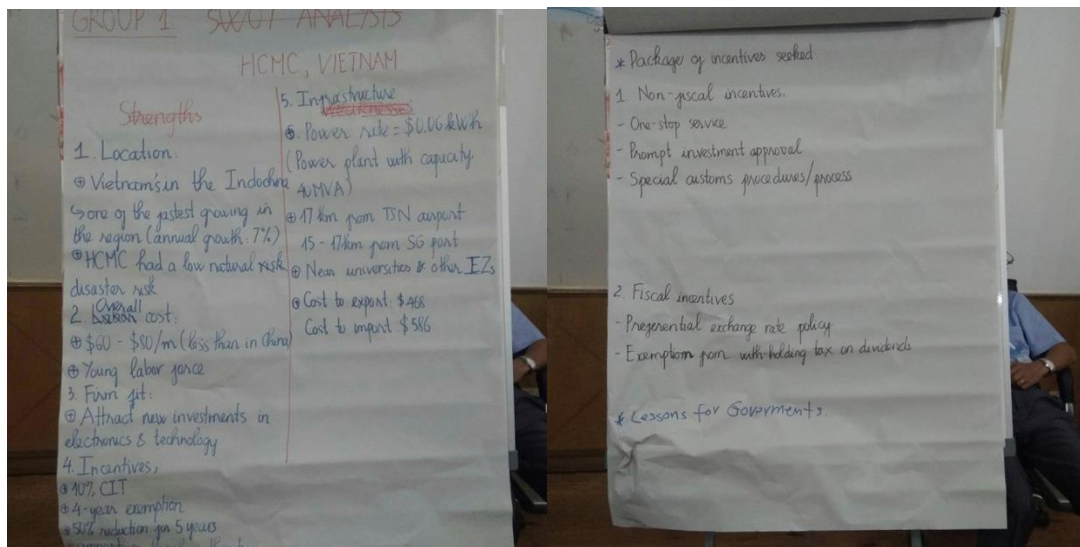
This module had a very wide range of topics on the various characteristics of SEZs, from the policy to the detailed operational level (e.g. incentives). It was also the module that was closest to the knowledge and experience of the participants, at the policy and/or operations level of SEZs. There was very vigorous discussion throughout the module of all topics, with examples from the countries provided by the participants, and questions with respect to new concepts in terms of their meaning and

applications in practice, e.g. cost-based financial incentives. A great deal of practical information exchange took place among the participants with respect to practices and experiences in their respective countries.

The module concluded with an intensive case study by mixed country groups, examining the actual investment decision by Intel, considering 4 SEZ locations (in China, India, Thailand and Vietnam); and lessons for government. This provided a firm-level perspective on SEZ investment decisions, highlighting that for such anchor firms it is not just a location decision, but primarily a strategic decision, i.e. in the context of their global and regional strategies. The case reinforced the earlier discussion on the role of incentives and other key SEZ factors. A suggested framework for such analysis was provided, identifying key firm decision criteria.

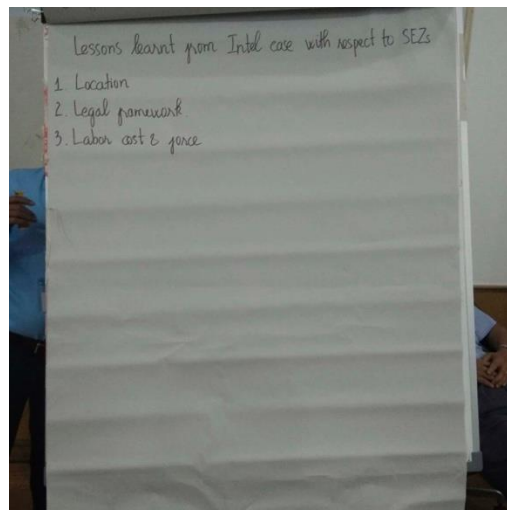
The mixed group exercise was very challenging in terms of the English language and content, involving a Harvard Business School case, used in senior graduate and executive programs. It was

also challenging in that it asked the participants to take the generally unfamiliar part of private sector managers (Intel senior executives) deciding on a strategic investment decision among a short list of four SEZs (China, India, Thailand, and Vietnam). This was an unfamiliar role and teaching approach (case preparation and discussion) for the participants, and seems to have been appreciated in terms of both the case study approach and the substantive content. The groups made very good and thorough presentations, given the complexity of the case, the shift in perspective needed, and the time constraint on the exercise. The presence in the Vietnamese group of an official from the Saigon Hi-Tech Park that was eventually selected by Intel added greatly to the experience. The discussions arising from the case drove home the importance of deep understanding of (anchor) investors for SEZs, and was referred to often in subsequent Modules/discussions.



Group 1-1

Group 1-2



Group 1-3

Ho Chi Minh City, Vietnam

- No direct competitors
- NOT PRONE TO natural disaster.
- Sufficient power and water supply
- Proximity to Saigon port and Sun Naht International airport, and close to Ho Chi Minh City Center
- Low wages and availability of young workforce.
- Political stability
- Strong & fast economy growth
annual growth $\approx 7\%$

Group 2-1

Global Strategy of Intel

- Protection of IP
- Factory of AT must be located near producers of electronic products to incorporate with microprocessor in Asia.
- Not low labor cost & strong workforce
- No direct competitors

Competitive effects

- Cluster & Enterprise near a proposed plant

Group 2-2

Incentives

- A 10% corporate income tax (Lifetime of projects)
- Zero tax for 4 years
- 50% reduction for next 5 years (taxable revenue)

Thailand

- Instable political situation.
- Natural disaster: Flooding
- AMD competitor
- High labor cost compare to China, Vietnam, India
- Low unemployment rate
- Location far from seaport & airport & city

Group 2-3

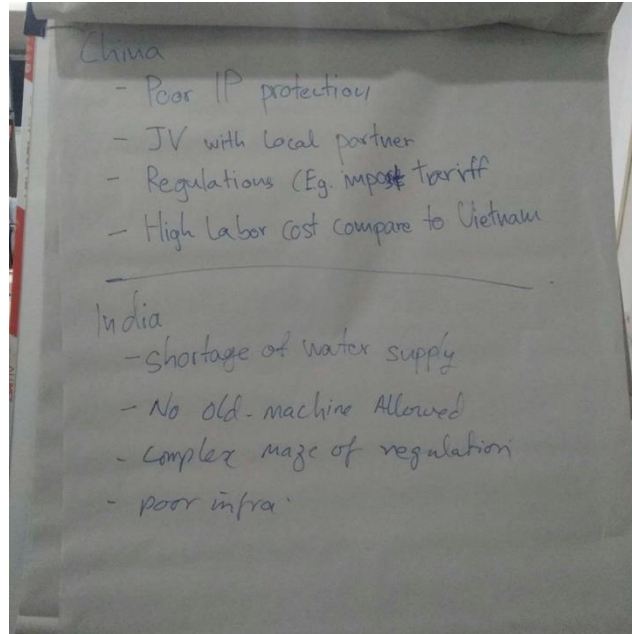
Incentives

- A 10% corporate income tax (Lifetime of projects)
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Thailand

- Instable political situation.
- Natural disaster: Flooding
- AMD competitor
- High labor cost compare to China, Vietnam, India
- Low unemployment rate
- Location far from seaport & airport & city

Group 2-4



Group 2-5

	China Dalian	Thailand Eastern Seaboard	Vietnam Ho Chi Minh Chit	India Chennai
Location Characteristics - Country - Specific site		- Strategic location of ASEAN, GMS; - Top 20 economy countries for Ease of Doing Business; - Higher labour cost comparing to China and Vietnam; - Poor infrastructure; - Politically unstable; - Subject to natural disasters; - Near deep sea port (46km);	- Fast growing economy, 7% GDP - Not prone to natural disasters - Young, motivated, good work ethic labour - Lowest labour cost;	- Complex regulation, tax structure and multiple layers of government - Entities → difficult to negotiate - Water shortage - Not sufficient for future growth of the area
Firm fit - Intel global strategy		- Many foreign manufactures in automotive, electronics industries already have operation there.	- The spirit of entrepreneurialism - Technology park control by Communist member → powerful	Software producing country
Competitive effects e.g other firms at site, cluster context		- AMD existed since 2003	- No competitors	- Large number of competitors
Incentives - Financial - Non financial		- 8 years tax break	- 10% of cooperate income tax for lifetime projects, an exemption for 4 years and 50% reduction for the next 5 years from the year of generating taxable revenue	- Tax holiday 5 years and 50% in the next 5 years

Group 3

HO CHI MINH CITY, VIETNAM

Global Strategy

- AT plants are located near producer of electronic products
- Move on to the next generation of chips
- Rely on low-labour cost (2 college educated less educated labour)

Why we choose Vietnam (location strategy)

1. Availability of utility, reliability, rate
- Risk management (natural disasters, IP protection & political risk)
- Logistic (airport, shipping & transport, customs)
- Stable exchange rate & access to finance
- Environmental health and safety issues

- 1 -

Group 4-1

2. Competitive Effects

- The fastest growing in the region (GDP 7.8%)
- Young workforce (50% → under 25 → male)
- Factory wage is competitive (960/900 per month)
- Workforce motivated with good work ethic (stay beyond working hours)
- Not prone to floods, hurricanes, earthquakes

3. Incentives

- 10% Corporate income tax for lifetime projects
- An exemption for 4 years and 50% reduction for next 5 yr from the year of generating taxable income
- High ranking of doing business

- 2 -

Group 4-2

4. Firm Fit

- Potential site for a plant several times in the past
- Attracting new investment in car and electronic goods & components
- Pursuing industrialization (multinational Corp. set up operation)
- Technical Park is about 15-17 km from HCMC centre, Saigon Port & Int'l airport
- Tech. Park's power is supplied from the national grid and max. capacity of 40 MW with \$660/kwh.

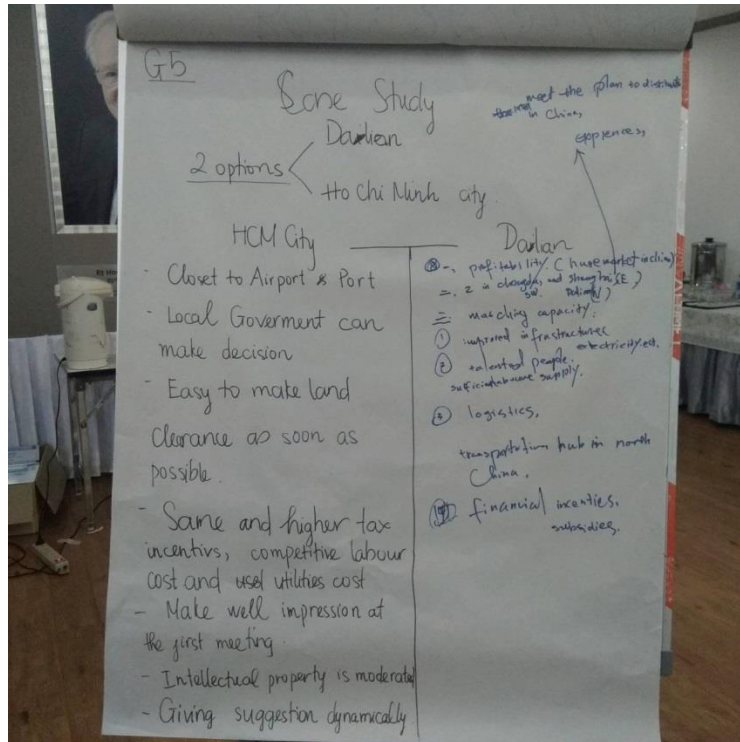
- 3 -

Group 4-3

Why we choose China

1. Huge market
2. Dalian, a port city (convenient transportation, logistics, convenient customs clearance) Japan, Korea, Russia
3. Beautiful environment (natural disaster attract/cultivate talents)
4. Government support:
 1. tax/land
 2. tax
 3. grants and exemption
 4. intellectual property protection

Group 4-4



Group 5

8.1.7. Module 4. From SEZ to CBEZ

Purpose. This module focused on the nature of CBEZs, and suggested steps toward their development, building on the concept and operations of BEZ and SEZs.



The module started outlining the economic and business rationale for cross-border production linkages, stressing that unless such rationale exists and is credible, attempts at developing CBEZ (or border SEZ) are not likely to be successful.

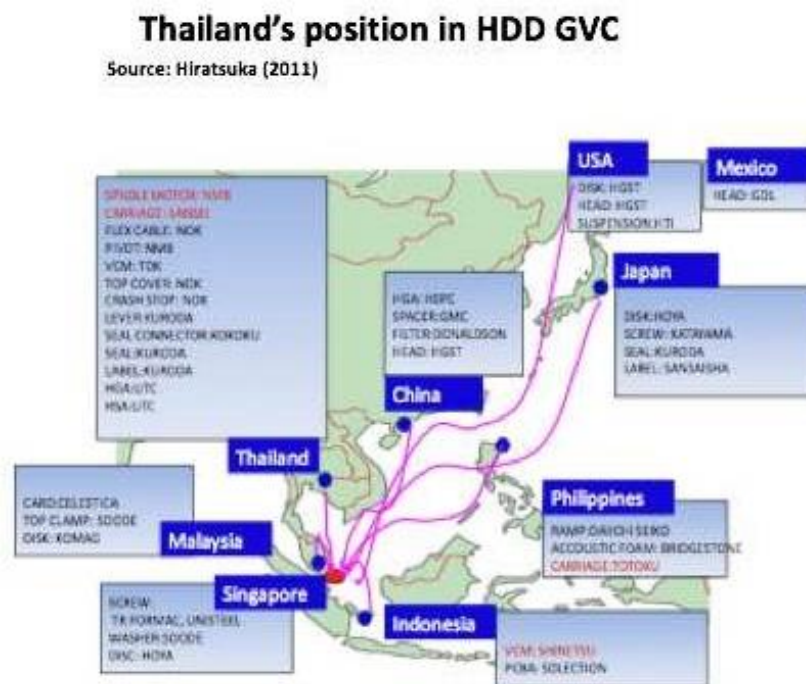
linkages

Rationale for strengthening cross-border

- **Economic rationale**
 - From an economic perspective, a border is basically a barrier to the free mobility of production inputs, including: labour, capital, technology, and information;
 - Results in differences in available supply, and different factor prices across borders;
 - Relatively less-developed, and the more advanced economies can then provide complementary inputs for mutual benefit; e.g. Thailand – Myanmar; China – Vietnam.
- **Business rationale**
 - Global value chains and related production networks fragment production to different geographic locations with complementary factor endowments;
 - *E.g. electronics (HDD); garments*

- Addressing constraints of firms in particular value chains can lead to more effective cross-border linkages, strengthening firm competitiveness and national economic development;
- Also: products made in less-developed economies (e.g. Lao PDR, Cambodia, Myanmar) can benefit from lower tariffs under GSP schemes, e.g. in U.S., E.U.

Examples of cross-border production linkages were discussed, involving both SEZs, and border economic zones (BEZ) without SEZs (e.g. Champasak, Lao PDR – Ubon, Thailand, prior to 2015). A number of examples of cross-border production linkages of firms involving the Lancang–Mekong economies were given (e.g. Picture 6), to illustrate that a credible economic and business case exists for cross-border production linkages in the region, including building on border SEZs, e.g. Essilor, Yazaki, Toyota Boshoku, Marunix. These examples involved firms that have located operations in SEZs, e.g. Savan-Seno, Poipet, Thilawa, industrial estates in Thailand’s Eastern Seaboard.



Picture 6: Thailand’s position in HDD GVC

Evidence of convincing economic and business rationale for BSEZ in Lancang – Mekong:

1) **Essilor** (France). Leading global manufacturer of eyeglasses has significant presence in the **Lao PDR, Thailand and Viet Nam**, as well as in Malaysia, Philippines, and Singapore

- In **Thailand**: three production plants, distribution centre, R&D centre, regional headquarters;
- In **Lao PDR**: \$14 million plant in **Savan-Seno SEZ**; and a training centre in Savannakhet province to train local workers and to upgrade their skills to meet new industrial need;
- **Essilor’s operations in Lao PDR and Thailand are closely connected**
 - Parts produced in Lao PDR are transported to the Thailand, given good logistics, to produce eyeglasses for export;
- Plants are **in industrial parks where incentives are offered** (e.g. Amata in Thailand);
- **Site location choice in the Lao People’s Democratic Republic**;
 - Lower wage cost, incentives and proximity of Savan-Seno SEZ to Lao–Thai border and links to Thailand through the Second Lao Mekong Bridge **key in Essilor’s decision on site location**;

- SEZ characteristics of security, low cost of land lease and reliable supply of electricity in the zone, including integrated services provided by the management company to investors, were also considered important factors.
- Essilor invested to **benefit from cross-border complementarity in its GVC strategy**.

2) **Yazaki** produced wire harnesses (e.g. car) and related products in Thailand since 1962.

- In 2011, established Yazaki (Cambodia) in the **Neang Koh Kong SEZ** at the Thai border;
- Drive to reduce production costs led to the investment in Cambodia;
- Workers from the Cambodian factory were trained in Thailand, and technology and know-how were transferred from Thai factories;
- Parts delivered from Thai factory to the Cambodian plant by truck, given good logistics;
- After processing in Cambodia, these products are transported back to the Thai factory;
- Final check is done in the Thai factory; products then supplied to customers in Thailand.

3) **Toyota Boshoku** set up operation in Savan-Seno SEZ in 2014 to produce vehicle seat covers

- Transported by road to its Thai operation at the Gateway Industrial Estate, near the Toyota Motor Thailand plant;
- Thai operation supplies necessary raw materials, such as fabrics, to Lao factory by truck;
- Labour-intensive process of cutting and sawing fabrics transferred from the Thai factory to the Lao operation, allowing upgrading of Thai operations.

4) **Koyorad** started in 2015 to produce radiators for automotive aftermarket in the **Thilawa SEZ**

- **Cost pressures** led the company to establish Myanmar operation;
- Raw materials such as rolled aluminum and resin nylon are **imported from Thailand** and Taiwan;
- **Semi-assembled products** are exported to Indonesian plant for consolidation with other parts produced;
- Myanmar operation is beginning to export parts directly to Japan and the United States.

5) **Marunix** (electronic components) established a factory in the **Amata City industrial estate in Rayong, Thailand**, in 2009 to follow its customers (anchor investors there)

- **Expanded to Cambodia in 2011, with a factory in the Phnom Penh SEZ**, because of relatively lower labour cost and good transport connection to Thailand;
- Phnom Penh SEZ selected because of zone's **one-stop service centre**, which made it easier for Marunix to establish a presence in Cambodia;
- **Strategy to upgrade Thai factory to higher value added operations after having transferred labour-intensive operations to Cambodia;**
- Around 80 per cent of products that Marunix- Cambodia produces are exported to Thailand and 20 per cent are exported to China;
- Marunix-Cambodia recently started to export small amount of products to **Viet Nam** by land route (GMS Southern Economic Corridor).

BSEZ-related initiatives in Lancang – Mekong: selected examples

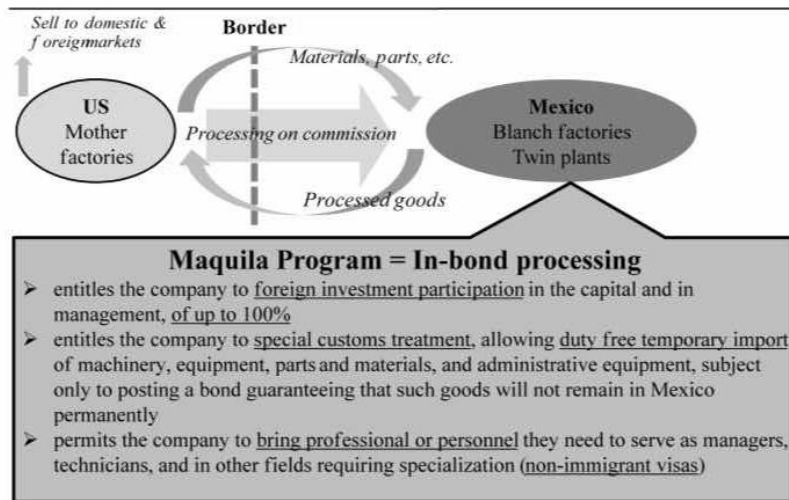
- 1) **Lao PDR Savan–Seno SEZ** established in 2002–2003; Second Lao–Thai Friendship Bridge in 2007, connecting Savannakhet with **Mukdahan, Thailand** accelerated development;

- Since 2008 the SEZ has invested in *infrastructure development*, including land clearance and development, water treatment, and electricity network and substation; addressed labor and water shortages, key concerns of potential investors in SEZs;
 - *Examples of cross-border investors: Toyota Boshoku car-seat covers, Celestia electronics, CviLux electronics, Kitani Electric, Misuzu threads and wire, Aeroworks parts for aircraft cabin interiors, and KP Beau plastic toys and cosmetics.*
- 2) **Lao Bao and Dansavanh zones on Viet Nam–Lao border on EWEC** larger than Savan–Seno, on major logistics corridor.
- While Lao Bao has significant development, **Dansavanh SEZ** is lagging, e.g. lack of infrastructure, management capacity;
 - Note: located in very underdeveloped area, yet Lao Bao is successful, with investor citing border location as key factor.
- 3) **PRC has two SEZs in Eastern corridor (Hekou and Pingxiang); one in Northern corridor (Riuli) and one in the North–South corridor at the Lao border (Mohan)**
- **Viet Nam** (with PRC) is working on its counterparts (Lao Cai and Dong Dang) to Chinese SEZs in the Eastern corridor;
 - **Hekou (Yunnan) and Lao Cai (Vietnam)** are twin towns on opposite banks of the Red River on the Kunming–Hanoi road;
 - **Pingxiang (Guangxi) and Lang Son (Dong Dang)** are on the Nanning–Hanoi road but far apart;
- PRC introducing **two SEZs in Guangxi Province**, Dongxing and Longbang, to stimulate development in lagging areas, which will have **Vietnamese counterparts at Mong Cai and Tra Linh**.
- 4) **Thai–Cambodia border:**
- **Poipet O’Neang SEZ** across from proposed **Sa Kaeo SEZ**.
- 5) **Koh Kong (Cambodia) SEZ**, and proposed **Trat SEZ**:
- 6) **Thai - Myanmar border: Myawaddy (Myanmar) – Mae Sot (Thailand) – very active, with potential toward CBEZ:**

Building on this discussion, the concept of CBEZ was defined, and its key characteristics identified, e.g. synchronized rules and regulations, for example related to trade, investment, and customs. The most developed (and perhaps only fully) working example was discussed in detail, the Maquiladoras on the Mexico – U.S. border, particularly their critical characteristic of “in-bond processing” (Picture 7). The evolution of the Maquilas in response to changing global production and market conditions was also discussed, e.g. from light-manufacturing such as garments, to becoming the largest global producer of televisions, and now beginning to incorporate new disruptive technology, e.g. 3D-printing for in-ear hearing devices. Examples of initial and still tentative steps toward CBEZ in the region were also discussed, particularly initiated by China, e.g. Hekou (China) – Lao Cai (Vietnam).

Framework for the Maquila program

Source: Taguchi and Tripetch (2016)



Picture 7: The Maquiladoras on the Mexico-US border

No frameworks or models exist at this time for developing and implementing CBEZs. This module suggested a very preliminary framework, developed by the presenter, building on both BEZ and BSEZ, identifying steps or building blocks that could lead toward CBEZs, illustrated with examples, e.g. starting with purely domestic projects with cross-border benefits, and working toward countries jointly implementing key factors for a viable CBEZ (Table 5). This suggests the possibility of further work on constructing a comprehensive strategic framework for developing and implementing CBEZ, that could then be tested through application to cases in the region.

Phased development

Initiatives in Phases I. and II. can be undertaken parallel

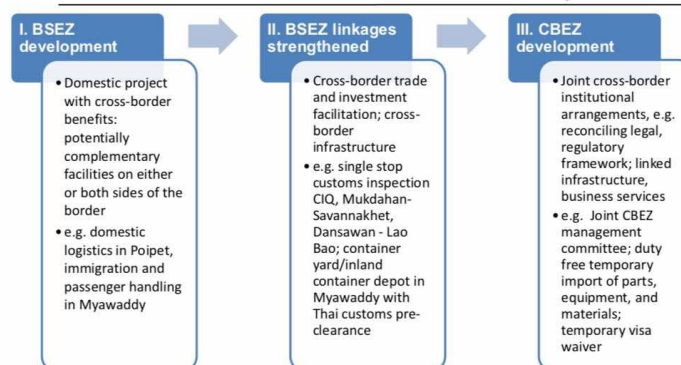


Table 5: Phased Development for CBEZs

The concept of economic corridors was introduced, their presence in the GMS discussed, and linked to BSEZs and possible CBEZs in the region.

Concept of Economic Corridor

- *Economic corridors* are mechanisms for linking production, investment, and trade within a specified geographic framework, where there is a clear economic rationale for such linkages;

- *Facilitating factors include:* provision of physical infrastructure, integrated with streamlined policies and procedures for stimulating transborder production and trade flows;
- Building blocks of economic corridors include:
 - i. “Nodes” of economic activity (e.g. special production and trade “zones”, both domestic and trans-border);
 - Can take the form of SEZs linked to each other and/or other centers of economic activity (not just on border); and CBEZ, straddling the border of two countries;
 - ii. “Flows” among these nodes (e.g. of goods, services, and people)
 - Streamlined policies and procedures to minimize non-physical barriers that allow the economic utilization of the corridor’s infrastructure facilities.

8.1.8. Group Work: Preparing a policy memo for their governments proposing the establishment of a specific CBEZ

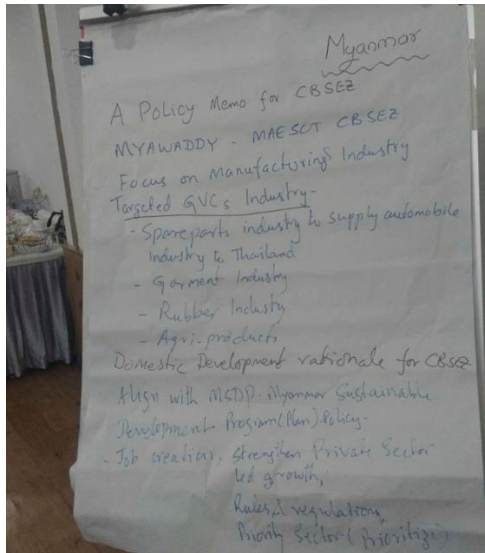
This module was also dealing with a less familiar area, the nature and requirements of CBEZ. There are no working examples in the region, and therefore the participants had no experience with, or information on such economic zones in coming to the program. As in the other modules, there continued to be extensive discussion and questions raised during the presentation. The participants were raising practical issues and questions that created a very good environment for exploring new concepts related CBEZ and their implications, e.g. clarification of “economic rationale” for cross-border linkages; exploration of cross-border business linkages and how they can be the basis for collaboration among governments in mutually beneficial cross-border production linkages; challenges of implementing CBEZ.

The module concluded with country groups preparing a policy memo for their governments proposing the establishment of a specific CBEZ; including its rationale, objectives, key characteristics, and credible business case for the partner government including the following points:

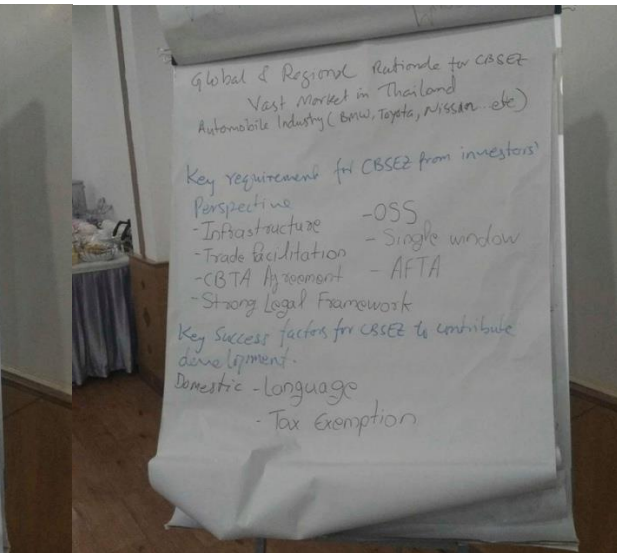
- Focus and scope (e.g. target GVC, type of anchor firms);
- Expected contribution to national development strategy;
- Global and regional rationale;
- Link, if possible, to existing initiatives, e.g. viable Border SEZ (BSEZ), Border Economic Zone;
- Create a convincing rationale for your partner country’s participation in the CBEZ;
- Identify key requirements for the CBEZ from the investor perspective;
- Key success factors for the CBEZ;
- What are likely critical constraints on implementing a viable CBEZ.

The country group exercise led to discussions that highlighted the importance of issues such as being clear about the objectives of a CBEZ; the need for, and challenges of inter-governmental consultations, and in that context understanding the motivations and expectations of the partner country; critical need for close interaction with the private sector; and practical considerations such as joint customs procedures, joint/aligned investment rules.

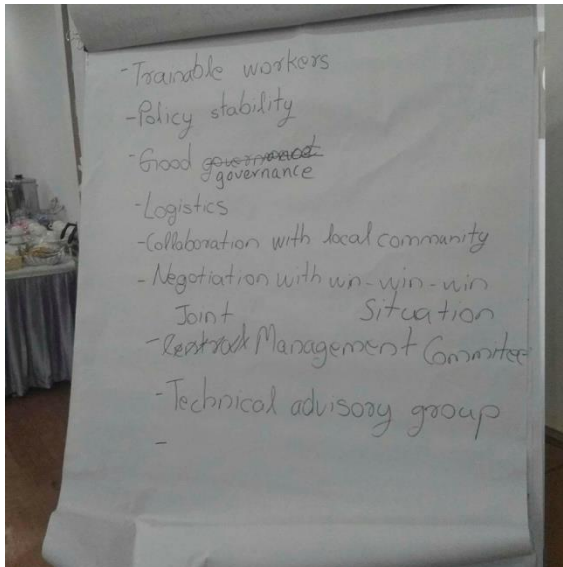
Laos



Myanmar - 1



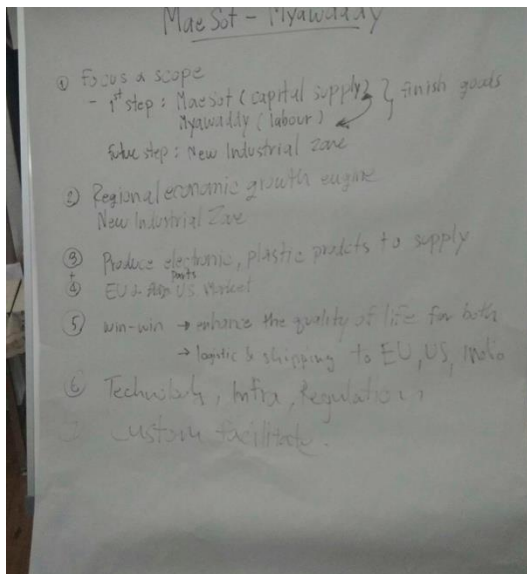
Myanmar - 2



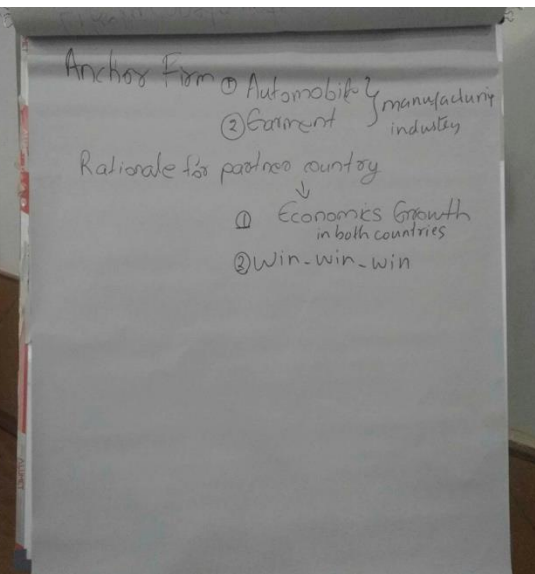
Myanmar - 3



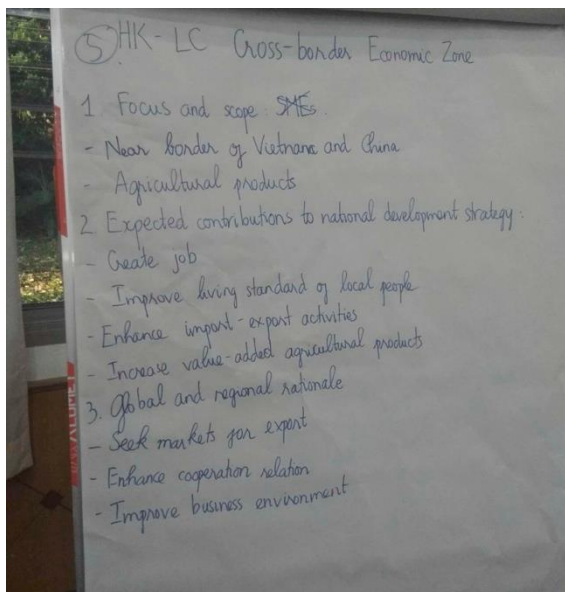
Myanmar - 4



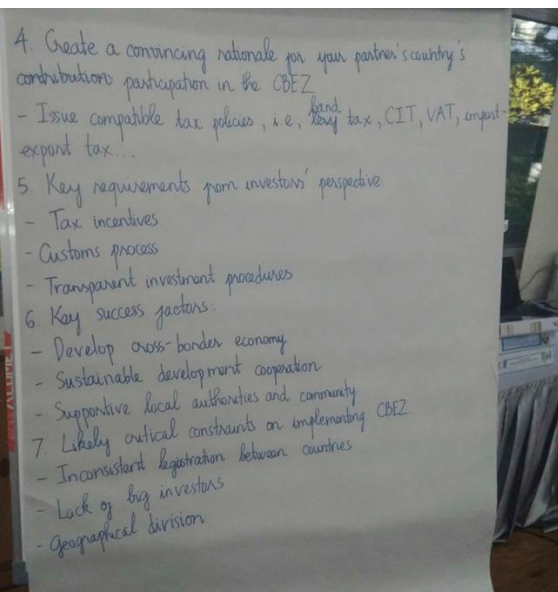
Thailand - 1



Thailand - 2



Vietnam - 1



Vietnam - 2

8.1.9. Module 5 SEZ (and CBEZ) development framework

Purpose. The final module brought together all the key parts of the earlier discussions of SEZs within a single comprehensive and practical framework. It also added new and/or further discussion on selected topics in the framework.

Before developing the framework, the first part of the module discussed in detail key risks and constraints on SEZs. This included implementation risks, e.g. wrong positioning, insufficient stakeholder consultations, inappropriate or gaps in infrastructure for targeted GVCs / firms, land acquisition problems, weak administration. It also included discussion of frequent constraints on SEZ effectiveness, e.g. enclave nature, insufficient or lack of clustering. A range of usual key success factors were then identified at 3 levels (Picture 8).

Macro	Meso	Micro
<ul style="list-style-type: none"> • Strong credible political commitment • Policy and legal framework • Macro policy framework • Macro institutional framework (public, private) • Business climate factors • Exchange rate policies • Market size • Resource availability • Political, economic stability • Industrial strategy, e.g. targeted industrialization • Cross-border collaborative framework (national) 	<ul style="list-style-type: none"> • Regional (domestic) economic infrastructure • Regional (domestic) export infrastructure • Labour availability, e.g. quantity, quality, skills • Labour market rules/regulations, e.g. dismissal • Regional (domestic) institutional framework and governance, e.g. provincial • Cross-border collaborative framework (regional) 	<ul style="list-style-type: none"> • Basic rationale/objectives • Incentive package (fiscal, non-fiscal) • Zone infrastructure • Zone administration • GVC focus • Linkages with the rest of the economy • Cluster development • Cross-border coordination / alignment • Investment promotion strategy, i.e. anchor firms

Picture 8: Key success factors of SEZs

This was followed by a discussion of a new WB comprehensive study that gave a very different perspective on SEZ success factors. For example, it asserted that what are considered the usual success factors, have little bearing on actual SEZ success (see below).

Different take on micro factors for success WB (2017) Key findings

Study: 533 zones worldwide, 294 from East Asia and Pacific region, most intense analysis 2007 – 2012

1. Rather than catalyzing economic development, in the aggregate, most zones' performance in terms of economic growth, has resembled their national average.
2. Zone growth is difficult to sustain over time. Economic dynamism of the most successful zones happens in their early years and slows over time, leading to the zones' economic performance becoming similar to that of their surrounding areas.
3. Most SEZ program features have little bearing on zone performance, e.g. incentive packages, and ownership and management schemes designed to attract and facilitate the dynamism of firms to/in the zone. The provision of corporate tax breaks has been of marginal importance, as have most non-fiscal benefits, such as the availability of national one-stop-shops and the independence of zone regulators.
4. Larger zones have performed better than smaller zones.
5. Trying to upgrade technology or value-added of SEZs is challenging. Zones focused on high-tech sectors in emerging economies have performed worse than those in low-cost, labor-intensive sectors.
6. SEZs have positive affect on economic performance of surrounding areas. Areas in immediate vicinity of SEZs benefited from spillovers. However, this positive effect suffers from steep distance decay. The effect declines sharply beyond 20 km and is barely evident beyond 50 km from the center of the zone.

7 SEZs in emerging economies are affected foremost by the zones' country- and region-specific contexts. Costs, industry structure, FDI institutions/policy, and proximity to large markets influence SEZ dynamism.

➔ **Remember: this is the "average". Challenges are to be "best in class"; case studies still provide lessons.** This suggests a closer look at SEZ success factors, and the importance of monitoring and evaluation.

The rest of Module 5 focused on the presentation of the comprehensive and practical framework for developing and/or assessing SEZs/CBEZs, summarized in a single matrix. This included.

(1) Pre-conditions for SEZ program, e.g. policy and legal framework (Table 6)

I. Preconditions for SEZ program	Policy framework for SEZ program
	Legal and regulatory framework
	Institutional and governance framework

Table 6: Preconditions for SEZ Program

(2) Development role, e.g. specifying SEZ objectives (Table 7)

II. Development role	Objectives of SEZ program
	Types of SEZ

Table 7: Development Role

(3) Implementation, e.g. business case for government, value proposition for investors, infrastructure, incentives (Table 8)

III. Implementation	Business case for government and public
	Value proposition to investors
	Incentives
	SEZ development and management
	Infrastructure
	Clusters
	Sustainability

Table 8: Implementation of SEZ Program

Topics that were covered in depth earlier were briefly summarized, e.g. policy and legal framework, incentives. Topics that were not covered in some depth or that were only noted in earlier modules were then addressed in more depth. For example, guidelines were provided for the key elements

that should be addressed in drafting a “business case for government”, and a “value proposition to investors”, including a discussion of Porter’s “diamond model” applied to SEZs. The risks associated with infrastructure projects were identified and discussed. Sustainability issues touched on earlier, were discussed in more detail, including presenting a framework for addressing SEZ sustainability issues such as labour, environment, health and safety, and corruption.

(4) Monitoring and Evaluation

Monitoring indicators			Evaluation: outcome/impact indicators			
Is implementation and/or performance progressing as desired?			How should future SEZ program/SEZ development change to be more effective?			
Strategic indicators	Attractiveness indicators	Activity indicators	Direct	Enterprise	Linkages	Outcomes
<ul style="list-style-type: none"> Objectives Alignment with development plan Relevance of type Location: factor availability, linkages Supporting industries <ul style="list-style-type: none"> Size Industry composition Effectiveness of key linkages 	<ul style="list-style-type: none"> Administrative processes On-site infrastructure External infrastructure Social services Facilities Trade facilitation Incentives <ul style="list-style-type: none"> Effectiveness Fiscal impact 	<ul style="list-style-type: none"> Type of firm attracted Type of investment attracted Motives of investors Key activities of firms Clustering Composition of exports Composition and sourcing of inputs Export destination 	<ul style="list-style-type: none"> Exports Imports Net foreign exchange Direct SEZ employment Investment <ul style="list-style-type: none"> Tax revenue Tax revenue foregone Fiscal outlay Wages Working conditions Skill upgrading Community relations 	<ul style="list-style-type: none"> Enterprise growth Enterprise investment <ul style="list-style-type: none"> Amount Type Productivity Innovation <ul style="list-style-type: none"> Product Process Business model Enterprise satisfaction 	<ul style="list-style-type: none"> Domestic procurement Domestic sales External subcontracting Employment generated outside Skill diffusion Technology diffusion <ul style="list-style-type: none"> Product Process 	<ul style="list-style-type: none"> Contribution to economic growth <ul style="list-style-type: none"> National (if relevant) Regional/local Contribution to industrial growth <ul style="list-style-type: none"> National (if relevant) Regional/local Contribution to diversification Contribution to upgrading

Table 9: Monitoring and Evaluation

The monitoring and evaluation frameworks, noted in earlier modules, were developed in detail, and suggested indicators provided. For example, for monitoring, indicators were grouped into 3 categories:

- (i) strategic, e.g. alignment with development plan, effectiveness of key linkages;
- (ii) attractiveness, e.g. on-site infrastructure, administration; and
- (iii) activity, e.g. types of firms attracted, type of investment.

Similarly, suggested evaluation indicators were provided grouped into 4 categories:

- (i) direct, e.g. exports, imports, net foreign exchange, skill upgrading;
- (ii) enterprise, e.g. enterprise growth, productivity, innovation;
- (iii) linkages, e.g. domestic procurement, domestic sales; and
- (iv) outcomes, e.g. contribution to economic growth, contribution to economic diversification.

This was followed by a review of the framework of transforming BEZ/SEZ into CBEZ, presented in Module 4. The last part of the module focused on “general lessons from international experience”, e.g. “special economic zones must be special”, “global and regional competitiveness is what counts”.

Key success factors

General lessons from international experience

1. Special economic zones must be special;
2. Global -- or regional -- competitiveness is what counts;
3. SEZs are not the best instrument to solve the problems of poor regions;
4. Rest of the domestic economy also has to work (eventually);
5. Clear, coherent and viable business and economic rationale, anchored in local conditions;
6. SEZs need clear, credible and consistent political commitment at the highest levels;
7. Most successful SEZs are public-private partnerships – but be careful;
8. Effective investment promotion agencies are a key part of a viable SEZ strategy;

9. SEZs should fit with local conditions, and local communities' vision of development;
10. BEZ/CBEZ: alignment and adjustment of participating countries and on-going consultations.

8.1.10. Group work: Applying the framework to the respective countries.

Since this module brought together all the issues in the program (Modules 1-4), it provided an opportunity to further explore (somewhat) familiar issues raised earlier, e.g. public-private partnership; to seek clarification on new concepts introduced earlier, e.g. cost-based financial incentives; and address new issues introduced here, e.g. SEZ monitoring mechanism and related indicators.

The module concluded with the final country group comprehensive exercise of applying the framework to the respective countries by including the following points:

- Apply the framework to **critically assess effectiveness** of the SEZ program in your country, i.e. identify strengths, weaknesses, existing/potential gaps, in particular:
- Identify **3 key strengths** of the SEZ program; **3 key weaknesses**, provide **recommendations**;
- With particular focus on the **implications for CBEZ**.

This led to a very vigorous discussion and exchange of information and experiences. The presentations reflected concepts discussed throughout the course. Every group took a very critical approach to assessing their own country's SEZ programs, and there was a great deal of discussion among the participants during the presentations, again lasting well into the lunch time.

It also led to the participants noting practical recommendations they will be making to senior management on their return home as a consequence of this workshop, e.g. Cambodia: recommending to set up a monitoring and evaluation framework for the SEZ program; Myanmar: to brief the very senior officials dealing with SEZ and development strategy on the implications of new disruptive technology; Lao PDR: consider how better to evaluate the fiscal and economic impact of SEZs.

CAMBODIA: Applying Policy Framework

STRENGTHS:

- SEZ development that aligns with the national policy on maintaining sustainable and inclusive high economic growth
- SEZs are managed and controlled by an agency chairs by the Prime Minister
- One-Stop Service to give license to the establishment of SEZs
- Fast and effective services to investors for documents clearance

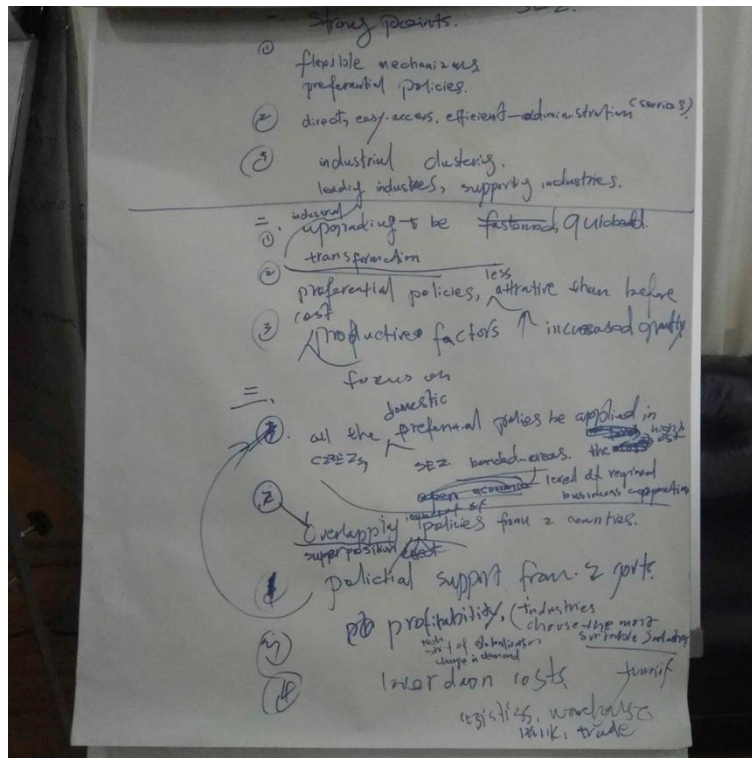
WEAKNESSES:

- Infrastructure:
 - o Roads that link to the zone/ports still need to be developed/repared
→ shorten goods transferring time.
 - o Logistics/ electricity costs are still relatively higher than neighboring countries
- No monitoring and evaluation mechanism
- No clear standard and guiding principle on environmental protection and production safety for investment project

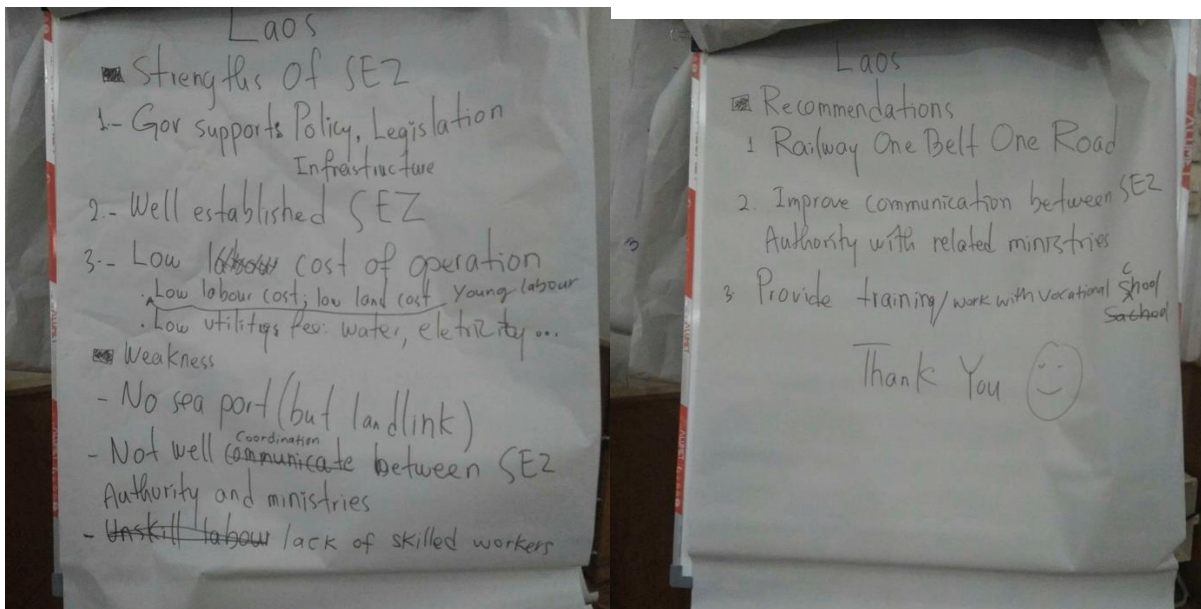
RECOMMENDATIONS

- Establish a committee to better control the quality of road construction and repair
- Attract more investors to invest in power sector
- Develop and implement a master plan for transport and logistic system (National Logistics Council established in May 2018)

Cambodia

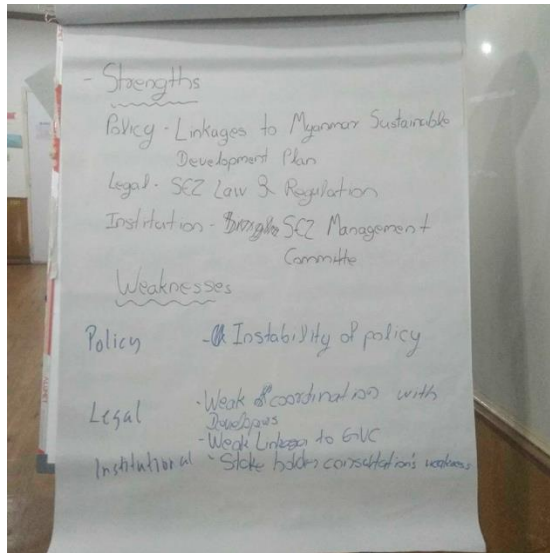


China

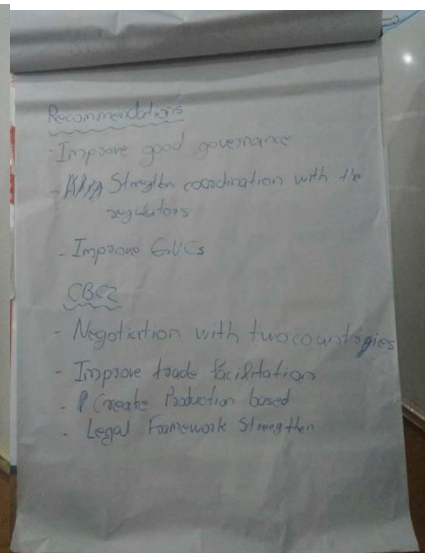


Laos -1

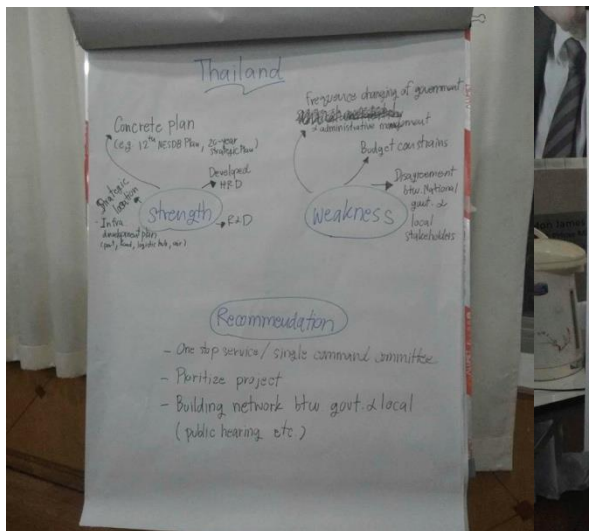
Laos -2



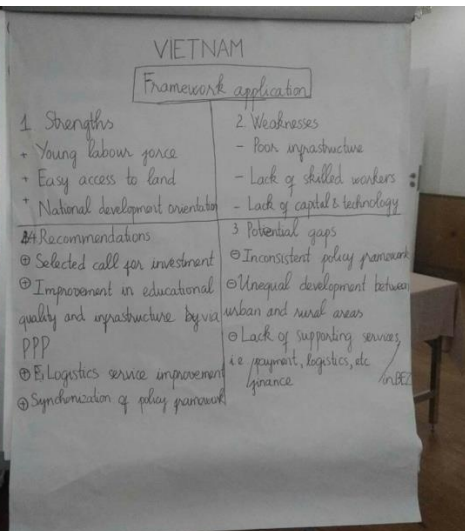
Myanmar -1



Myanmar-2



Thailand



Vietnam

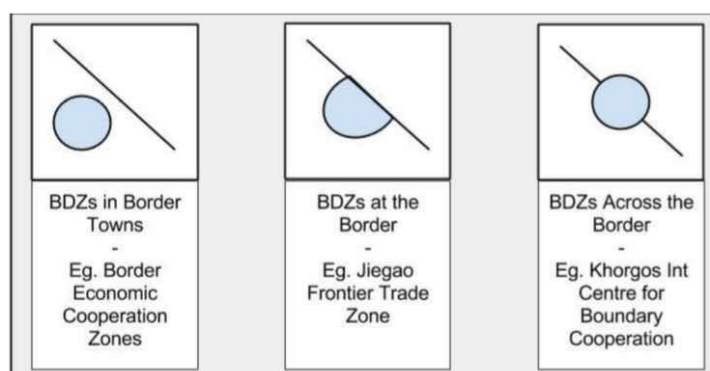
8.2. Joint Study and Survey of Special Economic Zones (SEZs) and Cross Border Economic Zones (CBEZs) to match Complementary SEZs and Identify Prioritized Areas”
Dr. Charlie Thame, Consultant, MI (Thammasat University)

The presentation began with a background on SEZs, border economic zones and border SEZs in the Lancang-Mekong region.

Corridor	Border Special Economic Zones in LMC	
North-South	Mohan (PRC)	Boten (Lao PDR)
	Thonpeung (Lao PDR)	Golden Triangle (Myanmar)
	Ruili (PRC)	Muse (Myanmar)
	Pingxian (PRC)	Dong Dang/Lang Son (Viet Nam)
	Hekou (PRC)	Lao Cai (Viet Nam)
	Mong Cai (Viet Nam)	Fangchengang (PRC)
East – West	Myawaddy (Myanmar)	Mae Sot (Thailand)
	Lao Bao (Viet Nam)	Dansavan (Lao PDR)
Southern	Savan – Seno (Lao PDR)	Mukdahan (Thailand)
	Bavet (Cambodia)	Moc Bai (Viet Nam)
	Poipet (Cambodia)	Aranyaprathet (Thailand)
	Koh Kong (Cambodia)	Trat / Souy Cheng (Thailand)

Picture 9: SEZs, BEZs and Border SEZs in the Lancang-Mekong Region

The study presented broad policy options on locations and models, and argued CBEZs have had a mixed record in Lancang-Mekong region.



Location of Border Development Zones (Wood and Sizba, 2015)

Picture 10: Policy Options- Location of Border Economic Zones

Key success factors of cross border economic zones in the Lancang-Mekong region identified by the study were

- Based on strong economic complementarities & clusters;
- Not always due to SEZ policy - Location, management, modern infrastructure, advanced border crossings, cheap & reliable utilities, waste disposal;
- Dedicated customs facilities, testing and certification labs for livestock and agriculture industries, warehouse facilities;
- Quality logistics: road and sea linkages;
- Transparent standards & consistent policies; strong support from local and national government;
- Free movement of goods and people. Visa free, visa on arrival, discretionary quotas for work permits;
- Relaxing rules of origin.

Some of the best practices identified by the study were:

- Savan Park SEZ Laos (Malaysian developer): E-locks and smart tax; Direct payment to MOF, only officers in final desMnaMon can unlock containers;
- Toyota (Poipet SEZ?): Helped SMEs invest in SEZ;
- Wholesale markets at borders, Piangxian (PRC).

Some of the challenges faced by CBEZs in the region:

- Lack of coordination undermines potential success;
- May trigger **competitive** rather than **complimentary** development of BDZs;
- Harmonise BEZ development plans, trade-related policies, laws, and regulations;
- Management & practices in SEZs may fall short of expectations;
- Not always contributing to sustainable development: land, labour and environmental issues;
- Hopes of backward linkages open frustrated: Not always contributing to local development, risk contributing to dependent growth.

In terms of forward movement, the following may be considered by the countries of region

- Improve infrastructure and upgrade trade facilitation measures, e.g, customs procedures and facilities;
- Clear and coherent visions and related strategies for development reflecting local & national conditions & interests, based on specific cross-border value chains;
- Explore potential of services as well as trade & manufacturing;
- **Collaborative** development of shared vision and strategy, reflecting aspirations of local communities. Local businesses and civil society to be included in development planning;
- Backward and forward linkages with host economy needed to encourage domestic participation;
- SEZs not only option for implementing a strategy of cross-border development.

The priority areas of the CBEZs should be:

1. Vision. Context specific strategies for joint development of border development zones based on strong complementarities
Long-term plan, cross-border consultative mechanisms;
Different models will suit different cross-border contexts.

2. Infrastructure

Streamline trade regulations & customs procedures

3. Maximise benefits for host economies

Strong backward linkages; Promote services, not just trade or industry; Assistance for SMEs; knowledge transfer & skill upgrading

4. Mutual benefits. Address trade imbalances; upgrade production capacity in LDCs

5. Data collection and dissemination. Investment, job creation, revenues, import-export, best practices, monitoring & evaluation

The following policy areas related to CBEZs have been highlighted by the study, which the countries may consider taking up for making CBEZs successful:

1. Infrastructure for trade and investment facilitation
 - a. Hard and soft infrastructure to support cross-border trade and investment; common clearance areas, single window / single stop inspections; electronic systems (e-paper, e-tax), develop standardised form for all countries in several languages. Cross- border transportation policies;

- b. Streamline & harmonise policies related to movement of skilled and unskilled workers.
2. Strong cross-border cooperation mechanisms and institutions for joint development: local, provincial, national.
 3. Tailored policies based on strategic plans developed at the local and bi-lateral level

The study put forward a summary of activities for MI to consider as part of the three-year project as outlined below:

Table 10: Capacity Building Activities

Targets	Topics
Customs officials	Harmonisation of policy and joint implementation; Single windows; Paperless procedures and e-tax; Agricultural inspections; Joint training on implementation of customs procedures at the border.
SEZ authorities (central authorities, management committees, SEZ developers, and OSS representatives)	Investment incentives and privileges; Basic SEZ management practices; Financial and investment law; How to establish management committees and joint ventures; Critical analysis of financing proposals; Development of framework agreements; Managing concessions; Negotiation; Collection analysis and dissemination of data related to trade and investments in BEZs, job creation, revenues; Trade facilitation; Identification, development, and promotion of clusters; Warehouse service management; Environmental protection; Waste management; Promotion and marketing; Strategic environmental assessments; Environmental impact assessments; Land acquisition procedures, resettlement and compensation, international standards related to labour relations; Grievance mechanisms, dispute resolution, and community relations.
Chambers of commerce and entrepreneur / SME associations	Training opportunities to help SMEs get the most out of SEZs; Light manufacturing; Food and beverages; Construction materials; Agriculture quality assurance including sanitary and phytosanitary procedures for animals and people; Green agriculture; Eco-tourism; Technology and marketing to enhance value added of key export products of CLMV countries.
Senior officials from CLMV countries	Trade negotiations focusing on specific border points, such as for Myanmar exporting to Thailand or China.

Table 11: On-going Discussions to Facilitate

Targets	Topics
Local stakeholders	Identification of economic complementarities at specific border points;

	Development of clear and coherent strategic vision and plans for each border point to co-develop border areas based on complementarities and mutual benefits; Cross-border consultations.
National level officials	Liaise between local stakeholders and authorities responsible for developing SEZs, such as Thailand's NESDB; Addressing labour shortages, such as vocational training and recruitment agencies; How to address trade imbalances and upgrade industrial capacity for domestic consumption and export; Issuance of certificates of origin for border areas and to SMEs.
High level meetings between senior officials responsible for development of SEZs	Development of shared strategy for joint development of border areas

Table 12: Structural Learning Visits

Location	Practices
Savan Park	SEZ management; Trade facilitation; Logistics, e-tax and customs.
Singapore	Logistics.
Khorgos and Mohan-Boten	Cross-border special economic zone development.
Hekou or other Chinese border SEZs	Financial services and international banking.
Indonesia-Malaysia-Singapore growth triangle	Capitalising on cross-border complementarities.
Poipet	Toyota assistance to SMEs.
PRC – Vietnam border	Wholesale border markets.

8.3. Database Requirements for Economic Zones in Lancang-Mekong Countries

Ms. Sanchita Chatterjee, Program Specialist, MI

8.3.1. Plenary Session

One of the activities of the project “Joint Development of Cross Border Economic Zones” in 2019 is to set up an online system of SEZs to provide information for foreign investors on these SEZs.

There are several examples of such business portal developed by Mekong Institute. One such is a business portal for East West Economic Corridor. It has provincial and company profiles, an e-commerce platform including products showcase, buyer requests and technology requests, resources etc. Examples of promotion videos by SEZs and SEZs promotion authorities were given. Examples of links of websites of various SEZs, which were represented in the training program, were given. All SEZs have websites for promoting and providing information about their zones. MI would like to create a database which would add value to the information already out there and act as a central source of info on SEZs of the region.

The participants were asked the following questions:

- Database development: *what kind of database will be useful for investors?*
- Information requirement: *What kind of information is required by investors?*
- Marketing: *What types of marketing activities are required for attracting investors?*
- Promotion Activities: *What type of promotion activities is required for your SEZs?*

- Public Relations: *In terms of public relations what kind of activities will be useful to attract/retain investors?*

In addition, participants were asked to comment on the type of info that could be included in the following categories in the MI online platform.

- Infrastructure: *what type (e.g. roads, railway, distance from nearest airport and port), ICD, types and capacities of warehouse, other facilities, route from commercial node/ central to SEZs, truck terminal(s) – capacity, facilities for dangerous goods, etc.*
- Incentives: *e.g. financial and non financial, types;*
- Promotion materials: *what type;*
- Company investment / type of companies present in SEZs;
- Website(s) of SEZ(s): *links;*
- Rule, regulation, law, decree, policy on SEZs;
- Key agencies and subsidiaries;
- What do you expect to know from other GMS countries on SEZs?
- What information would you like to have from other SEZs of Lancang-Mekong region.

8.3.2. Group Work- Database Requirements

In the ensuing country-wise group work, participants were asked to divide into groups in which they made their suggestion on the type of information that should be put on MI site. The country-wise responses are given below. The common points given by countries were the MI platform should have info on all countries' relevant laws and regulations, number (with names of SEZs on a map), geographical location and infrastructure of the SEZs, incentives, labour and land costs, logistics costs, production costs, customs clearance, exchange rates, existing investors, anchor firms, requirements for investors, the kind of labour resources available, focal points of each SEZs and, marketing, promotion and public relations activities (e.g. billboards, investment expo, seminars, after-care available to investors, collaboration with chambers of commerce, private-public forum, creation of a social and environment day, immigration cards, focussed and targeted expos and exhibitions). Information can be provided in form of one-page factsheets for each country / SEZ and infographics.

MI Online Platform for SEZs: Cambodia team

Database Development: A centralized database that links information with the Investment Promotional Agency(IPA) of a certain country. In the case of Cambodia, the IPA is the Council for the Development of Cambodia and the website of the institution is : <http://www.cambodiainvestment.gov.kh/>.

Required information:

- Law and regulations of a country related to SEZ
- Number of existing SEZs, nationality of investors, type of companies investing
- Land Law of a country
- Incentives provision for investors
- Labor law
- Logistics costs of moving goods in and out of the country
- Distance of existing SEZs from main sea ports
- National policies of a country

Marketing: Investment expo, Business matching, Billboards, seminars

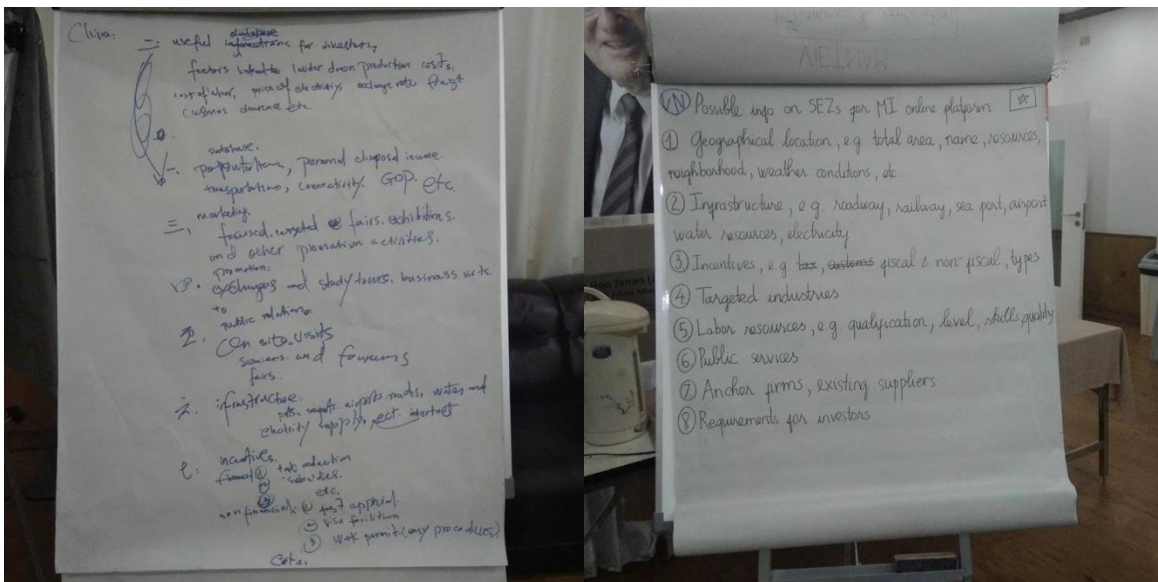
Promotion Activities:

- Visit targeted companies abroad to sell information about our SEZs to them
- Collaborate with the Chambers of Commerce to have visiting investors to visit our SEZs

Public Relations:

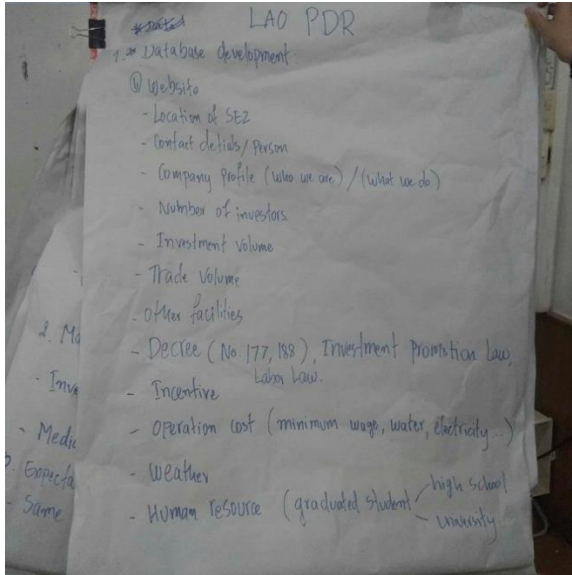
- After-Care Service to be provided to investors to monitor the on-going projects
- Public-Private Sector Forum so the government can listen to complaints from the private sector and try to resolve issues when possible. This kind of forum has already existed in Cambodia and it have been very beneficial to private firms in Cambodia
- Create a Social and Environmental Day for zone developer, investors, local authorities, and communities to enhance rapport and to improve awareness of environmental protection.

Cambodia

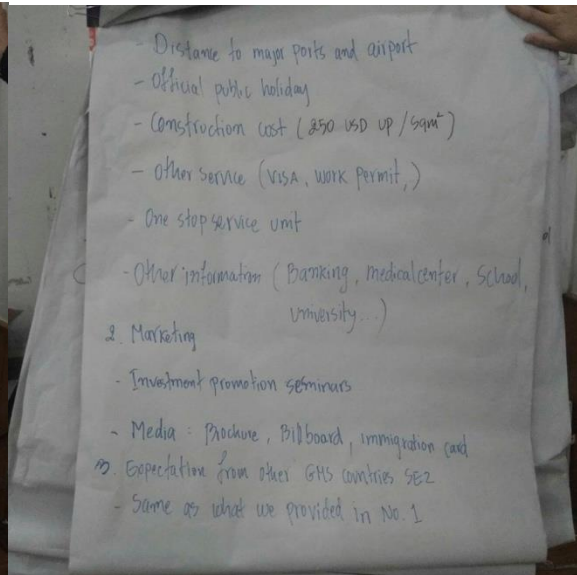


China

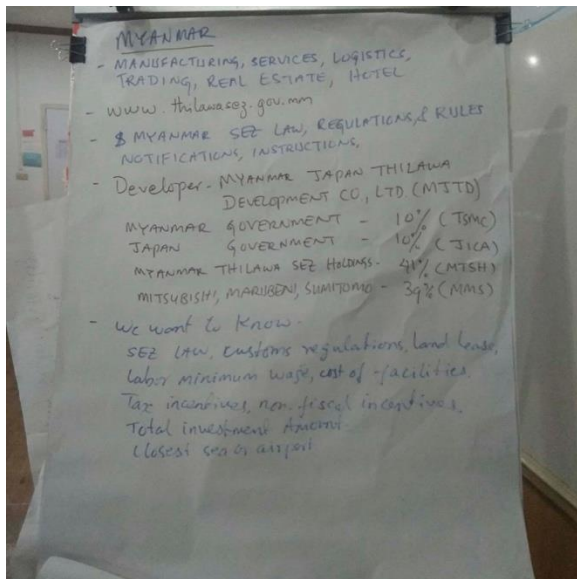
Vietnam



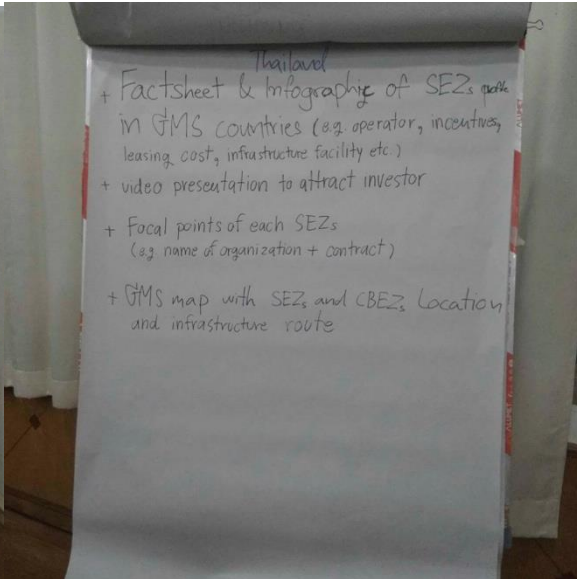
Laos -1



Laos -2



Myanmar



Thailand

9. Closing Session

9.1. Course Report Presentation

Mr. Sa-nga Sattanun, Program Manager, Trade and Investment Facilitation (TIF) Department, Mekong Institute (MI)

Mr. Sattanun presented the outcomes the one-week training program. His presentation included participants' information, training methodologies, modular training approach, module contents adopted at this training program, training objectives and outcomes, and training atmosphere. Mr. Sattanun also presented the average result of pre and post assessment and the final assessment including relevance and improvement of knowledge and skills and overall assessment of the training program.

9.2. The Way Forward

Dr. Watcharas Leelawath, Executive Director, Mekong Institute (MI).

Dr Leelawath congratulated the participants for the successful completion of the training program. Dr. Leelawath noted that for the development of SEZs / CBEZs, it is important to promote the good coordination among them and among those who are involved in the management of SEZs / CBEZs in Lancang – Mekong countries. Dr. Leelawath also emphasized the importance of AP implementation to share and transfer knowledge and skills gained from one-week training to other stakeholders in Lancang-Mekong countries. He concluded that MI looks forward to hearing the result of AP implementation, including outcomes, experiences, best practices, challenges, lessons learned and recommendations, at Synthesis and Evaluation (S&E) Workshop which is scheduled to be held at MI on first quarter of 2019.

9.3. Participants' Speeches

In this session, representatives from the Lancang-Mekong countries made brief remarks. All speakers expressed the importance of the knowledge and skills gained from the training program. They also expressed sincere thanks to Lancang-Mekong Cooperation Special Fund (LMCSF) and MI for their support in providing opportunity to take part in the training program.

9.4. Final Remarks and Awarding of Certificates

Mr. Madhurjya Kumar Dutta, Director, Trade and Investment Facilitation (TIF) Department, Mekong Institute (MI)

Mr. Dutta congratulated the participants for the successful completion of the training program. Mr. Dutta emphasized the significance of the AP implementation and said that it is an opportunities for participants to apply knowledge and skills gained from the one-week training program and share transfer / knowledge to other stakeholders in respective countries. He stressed that MI and its partner organizations from public and private sector in Lancang – Mekong countries will provide necessary support to participants throughout the course of AP implementation. Finally, Mr. Dutta expressed MI's appreciation to Lancang – Mekong Cooperation Special Fund (LMCSF), Ministry of Commerce (MoC) of Royal Government of Thailand and two RPs of the training program for their support for making the event happen with successful result.

Following his speech, Mr Dutta awarded the certificates for completing the one-week training to the participants.



9.5. Action Plan (AP)

As part of the training program, participants jointly developed Action Plans (APs) on organizing national workshops / trainings in their respective countries. APs aim to transfer through the participants the new ideas, knowledge and learning points, which they acquired during the training, to related stakeholders at national level. APs are implemented in October 2018 – March 2019 with the technical support provided by a team from MI Trade and Investment Facilitation (TIF) Department.

Proposed topics for the APIs, its objectives and target participants – as presented by country groups - are summarized in the table below

Country	Topic	Objective	Target participants	Duration
China	Importance of cross border economic cooperation zone and visiting some Mekong Countries	<ul style="list-style-type: none"> ▪ To address the importance of cross border economic cooperation zone ▪ To enhance the ability to conduct cross border economic cooperation ▪ To exchange experiences among different SEZs and CBEZs 	<ul style="list-style-type: none"> ▪ SEZs officers, ▪ Industrial parks officer, ▪ Bonded zones officer, ▪ Economic and technological development zones officer 	End of October 2018
Cambodia	Management of SEZs	<ul style="list-style-type: none"> ▪ To be aware of SEZ development challenges ▪ To build capacities of the SEZ officials related to the management of SEZs ▪ To share concepts on how to transform SEZ to CBEZ 	<ul style="list-style-type: none"> ▪ Zone developer reps, ▪ SEZs Administrative Office reps ▪ One rep. from each Lancang-Mekong countries 	End of January 2019
Lao PDR	Special Economic Zone in New Perspective in Lao PDR	<ul style="list-style-type: none"> ▪ To share information on SEZ focusing on Global Value chain of SEZ, BEZ and CBEZ and new disruptive Technology to stakeholders. 2. To provide information on 	<ul style="list-style-type: none"> ▪ SEZ developers, ▪ Public officials and related parties. 	End of December 2018

		SEZ for improving the SEZs.		
Myanmar	Management of Special Economic Zones	<ul style="list-style-type: none"> ▪ To disseminate knowledge on SEZ/CBEZ in LMC ▪ To build capacity of SEZ , Industrial Zones, Private & Public Sectors ▪ To share best practices on SEZ/CBEZ with some examples. 	<ul style="list-style-type: none"> ▪ Officers from SEZs, Industrial Zones, Private & Public Sectors 	Mid of November 2018
Vietnam	Chance for joining the global value chain of Vietnamese SEZs	<ul style="list-style-type: none"> ▪ To address current policy framework and potential abilities ▪ To evaluate and get suggestion on SEZ management Experts ▪ Expectation and Suggestion from SEZs anchor tenants 	<ul style="list-style-type: none"> ▪ Ministry of Industry and Trade; ▪ Ministry of Planning and Investment ▪ BOM of Saigon Hi-tech Park 	Mid of November 2018
Thailand	<ul style="list-style-type: none"> ▪ Suggested sending a letter to the head of organization for further consideration for integrating the API into the work plan. ▪ AP is proposed to be implemented during the first quarter of 2019 			

After implementing the action plan in each country, a Synthesis and Evaluation (S&E) Workshop will be organized at the MI. It is scheduled in the first quarter of 2019, in which participants should report the results of APs implementation in their respective countries.

Regarding monitoring and evaluation (M&E) during AP implementation, TIF team will provide regular on-line coaching to support participants for the successful implementation of the AP. E-mail group of the participants (lmcsez2018@mekonginstitute.org) was also created in order for the participants to share updates on the AP implementation, other information and concerns.

The participants will return to MI for Synthesis and Evaluation (S&E) Workshop to report on the results of AP implementation and obtain feedback. The Workshop is scheduled in first quarter of 2019.

10. Program Evaluation

10.1. Evaluation Method

During the training program, facilitator of MI TIF Department conducted applicable evaluation methods to monitor and evaluate the performance and understanding levels of the participants.

Objectives

- To assess the achievement of the training program against participants' expectations;
- To get feedback and inputs for improving the training program course in the future

10.2. Evaluation Results

10.2.1. Pre / Post Self-Assessment on Competency on Training Program

In order to evaluate the knowledge acquisition of participants during the training program, pre and post assessments were distributed to all participants to assess against the knowledge and skills before and right after the training program.

The same self-assessment form was used for both pre and post assessments. In the questionnaire, different components were rated on a scale of 1 to 5, where “5” was the highest and “1” was the lowest. The total average rating for pre-assessment of participants’ knowledge and skills on the training contents or modules were “2.11” which meant the understanding of participants towards all subjects of the Regional Training on Trade Events Promotion was between “I have heard about this topic but do not know enough about how to do / use it (rating at 2)” and “I have some knowledge on this topic, but could not do it now without further study (rating at 3).”

On the last day of one-week training program, post-assessment sheet was distributed to the participants with the same questionnaires to evaluate their understanding about acquired knowledge after being trained by the MI. The total average rating for post assessment of acquired competencies was “3.47” which meant between “I have some knowledge on this topic, but could not do it now without further study (rating at 3)” and “I have a good working knowledge & can do routine aspects now (rating at 4).” Table below shows the pre and post self-assessment results of participants’ competencies and understandings on each of the five modules of the program.

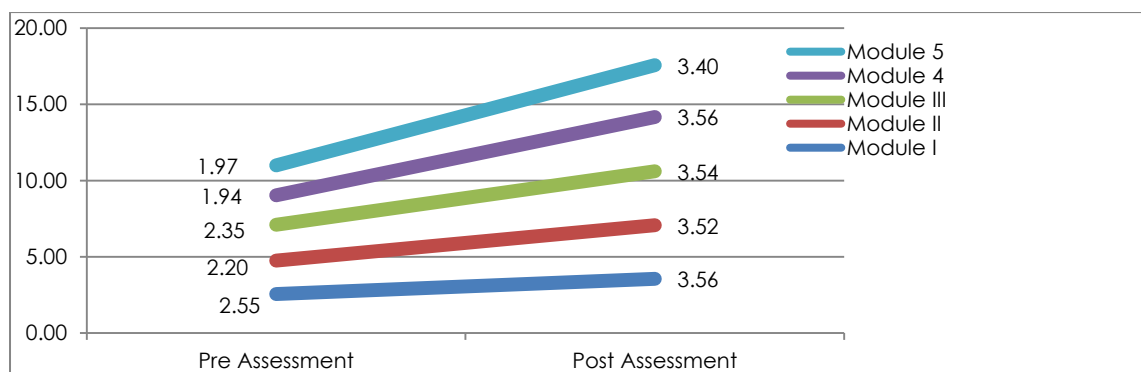


Figure 5: Ratings of Modules 1-5 by Participants

10.2.2. Board of Director (BOD)

The BOD committee members were selected from participants to facilitate the training atmosphere and summarize the previous day session to the class.

10.3. After Event Evaluation

The After Event Evaluation was conducted by using a participatory method. This method allowed all participants to freely comment, without the scrutiny of instructors / facilitators and program staff. Different components were rated on a scale of 1 to 5, where “5” is the highest and “1” is the lowest.

10.3.1. Learning Program Objective

Training objectives was evaluated with the rating scale of 1 to 5 (1-Not Met; 2-Somewhat Met; 3-Mostly Met; 4-Met; 5-Fully Met). Overall average rating was 3.55 (Mostly Met). Participants reported that the objective of sharing findings from the Joint Study on Cross Border Economic Zones in the Lancang-Mekong countries to be especially relevant with average rating of 3.69.

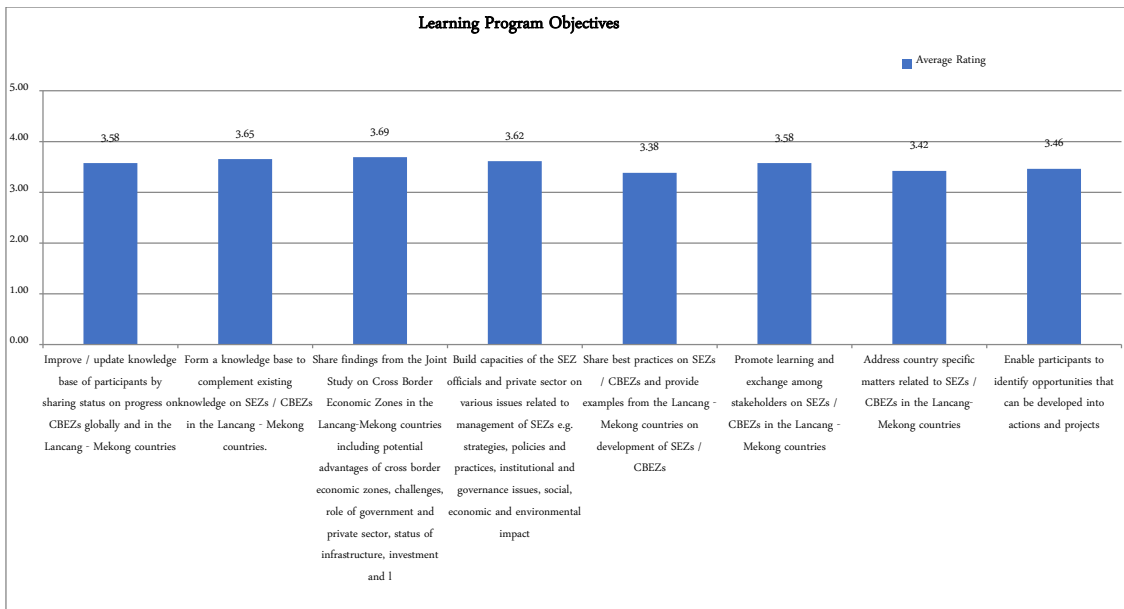


Figure 6: Learning Program Objectives

10.3.2. Program Content

The participants rated levels of usefulness of modules and contents of the program with 5 rating scales (1–Not Useful; 2–Just Right; 3–Neutrally Useful; 4–Useful; 5–Very Useful). Most participants reported that all four modules were very useful with total average rating at 3.87 (Neutrally Useful). The average rating for each module were 3.97 (module 1), 4.05 (module 2), 4.02 (module 3), 3.84 (module 4) and 3.45 (module 5) respectively.

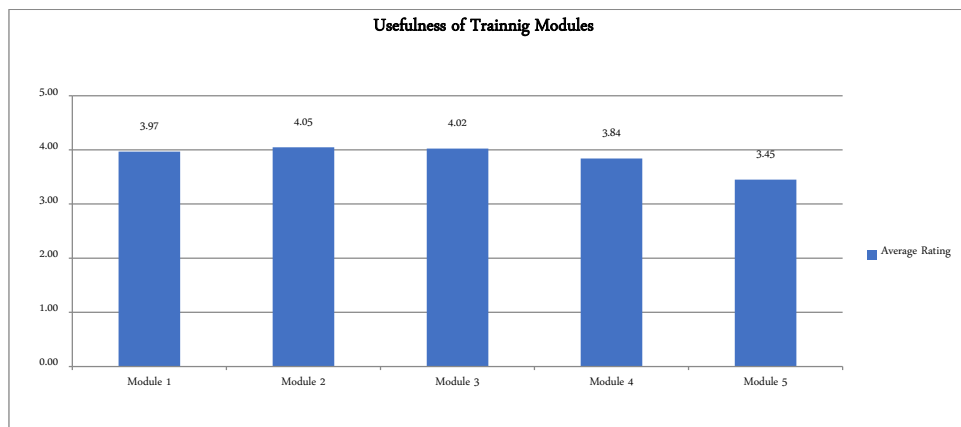


Figure 7: Usefulness of Training Modules

In terms of the participants' expectation to the training program, it was evaluated with 5 rating scales (1–Not Met; 2–Just Right; 3–Neutrally Met; 4–Met; 5– Fully Met). Participants reported that their expectation to the training program was met with the total average rating at 4.08 (Met).

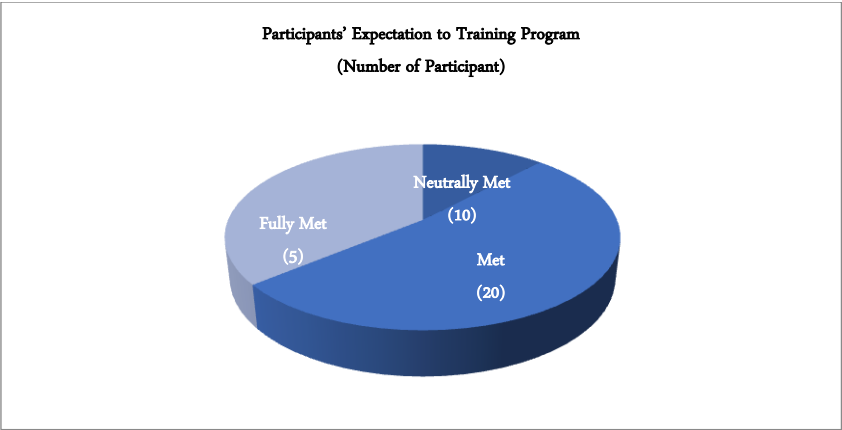


Figure 8: Participants' Expectations from Training Program

Regarding the level of instruction, it was evaluated with 5 rating scales (1–Too Basic; 2–Just Right; 3–Very Appropriate; 4–Advanced; 5–Too Advanced). Participants reported that the level of instruction was very appropriate with the total average rating at 3.96 (Very Appropriate).

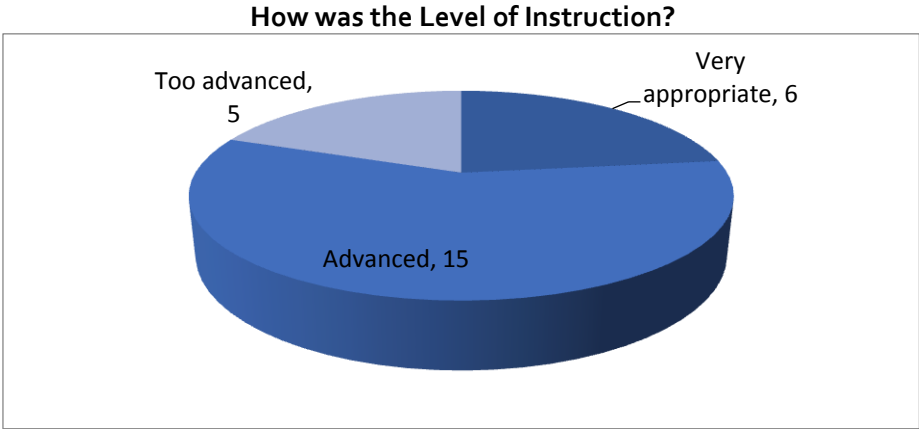


Figure 9: How was the Level of Instruction

As for knowledge and skills, it was evaluated with 5 rating scales (1–Not Increased; 2–Somewhat Increased; 3–Moderately Increased; 4–Mostly Increased; 5–Highly Increased). Participants reported that they have increased the knowledge and skills with the total average rating at 4.0 (Mostly Increased).

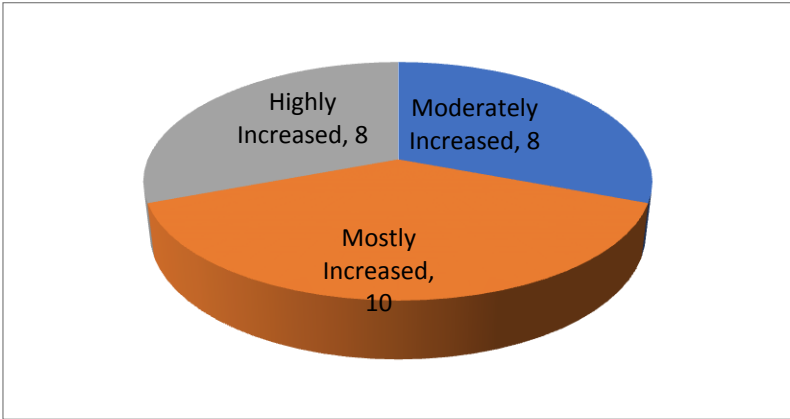


Figure 10: Knowledge and Skills Increase

For the relevance of the knowledge and skills gained from the training program to the work, it was evaluated with 5 rating scales (1–Not Relevant; 2–Somewhat Relevant; 3–Moderately Relevant; 4–Mostly Relevant; 5–Highly Relevant). Participants reported that the knowledge and skills gained from the training program were relevant to their work with the total average rating at 3.85 (Moderately Relevant).

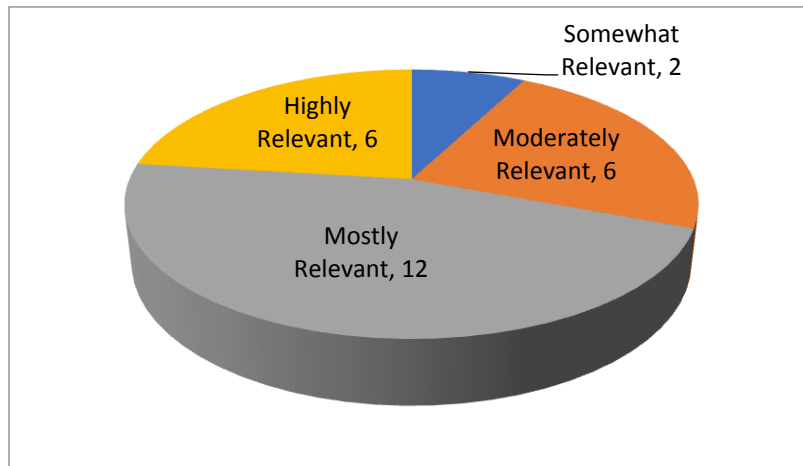


Figure 11: Relevance of skills and knowledge

As for the additional knowledge gained from the training program on the subject, it was evaluated with 5 rating scales (1–Not Acquired; 2–Somewhat Acquired; 3–Neutrally Acquired; 4–Acquired; 5–Highly Acquired). Participants reported that they gained additional knowledge from the training program on the subject with the total average rating at 4.15 (Acquired).

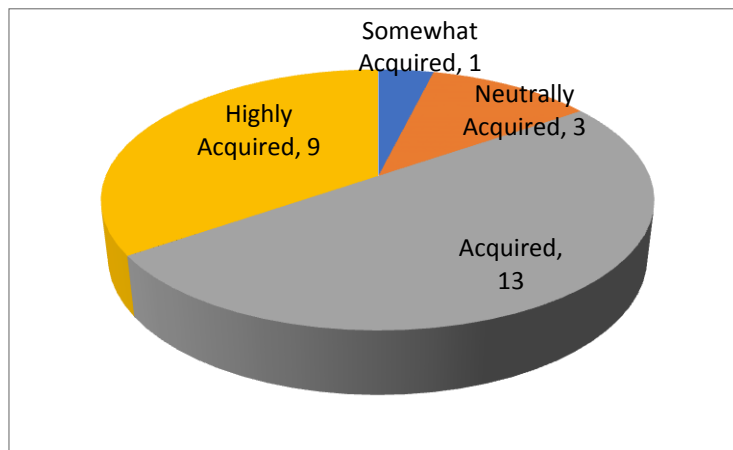


Figure 12: Additional Knowledge Acquired

Finally for the specific skills improved / developed during the training program, it was evaluated with 5 rating scales (1–Not Improved; 2–Somewhat Improved; 3–Neutrally Improved; 4–Improved; 5–Highly Improved). Participants reported that they improved / developed specific knowledge during the training program with the total average rating at 3.65 (Neutrally Improved).

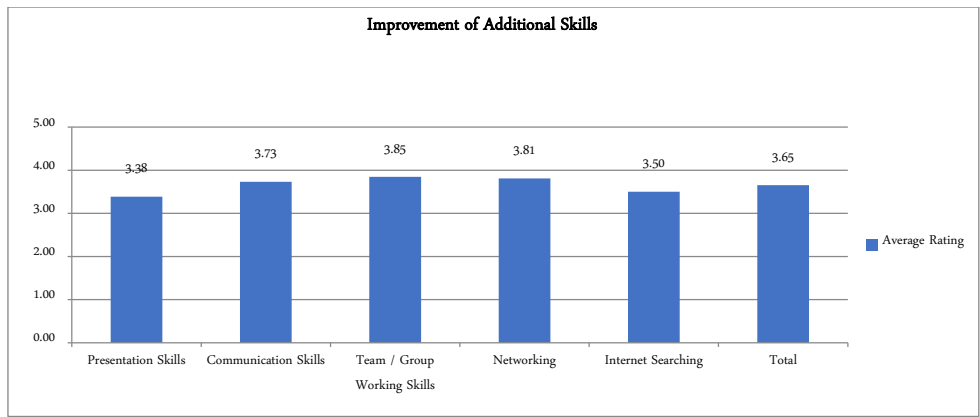


Figure 13: Improvement of Specific Skills

10.3.3. Training Methods

Training methods was evaluated with rating scale of 1 to 5 (1 – Inappropriate; 2- Somewhat Inappropriate; 3 – Neutrally Appropriate; 4 – Appropriate; 5 – Very Appropriate). Overall average rating was 3.85 (Appropriate).



Figure 14: Training Methods

In terms of M&E methods, it was evaluated with rating scale of 1 to 5 (1–Not Effective; 2–Somewhat Effective; 3–Neutrally Effective; 4–Effective; 5–Very Effective). Overall average rating was 3.6 (Neutrally Effective).

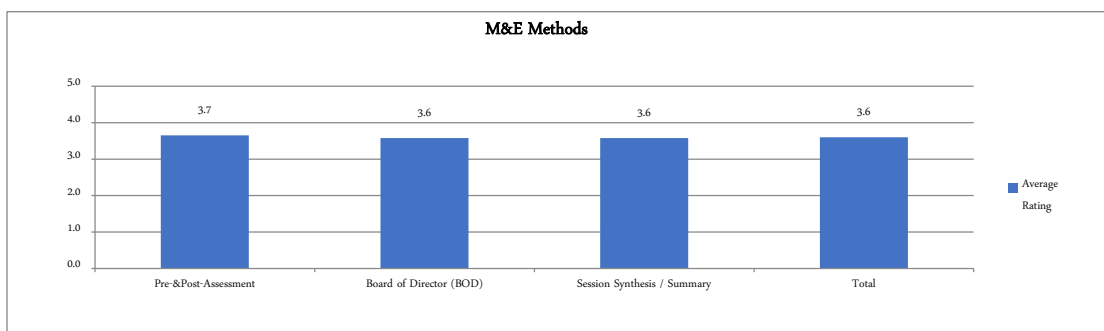


Figure 15: M&E Methods

10.3.4. Overall Assessment

In response to the question on “What is your overall assessment of the training program,” participants rated with rating scale of 1 to 5 (1 - Not satisfied; 2 – Somewhat Satisfied; 3 – Neutrally Satisfied; 4 – Satisfied; 5 – Very Satisfied). Participants indicated the average rating of 4.19 (Satisfied).

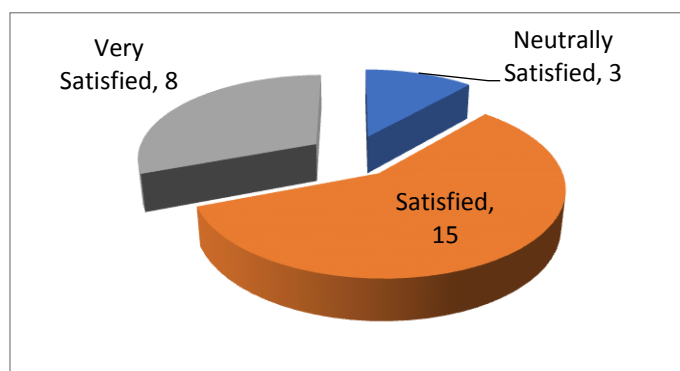


Figure 16: Overall Assessment

10.3.5. Suggestions and Recommendations

The participants provided some suggestions or comments to this training program for future improvement as below:

- Instructions should be slow and the sessions be completed on time;
- Study and field visits and tours could be organized, in particularly to successful SEZs in Thailand;
- More case studies could be provided to more mixed group discussions and more time allotted for group discussions;
- Upgrade the knowledge of current batch of participants through future activities;
- Inclusion of specific subject-related topics such as a list of CBEZs from around the world, more information about SEZ/CBEZ policies of the different countries, more examples of successful SEZs/clusters, e-commerce, case studies on maquiladoras etc.

11. Lessons Learned

Key lessons learnt from the training program are as following:

- Mixed group discussions (ie not grouping participants by country) may result in stimulating discussions and let participants know their colleagues from other countries' better;
- Presentations by the country representatives on the policies and practices on SEZs and related issues in their respective countries could result in useful knowledge sharing exchanges between the participants;
- Long classroom-style lectures could become monotonous – reliefs in form of videos, group activities, simulation exercises and if possible, site visits help to hold participants' attention.

12. Conclusion


Thus concludes the report of proceedings and assessment of the week-long training program: Management of Special Economic Zones in Lancang-Mekong Countries. The final assessment confirmed that the learning objectives of the program were achieved. The long term impact of the

training program will be assessed by taking the outcome of the action plan implementation, synthesis & evaluation workshops and outcome of indirect learning (such as transfer of knowledge from the participants to other stakeholders).

13. Appendices

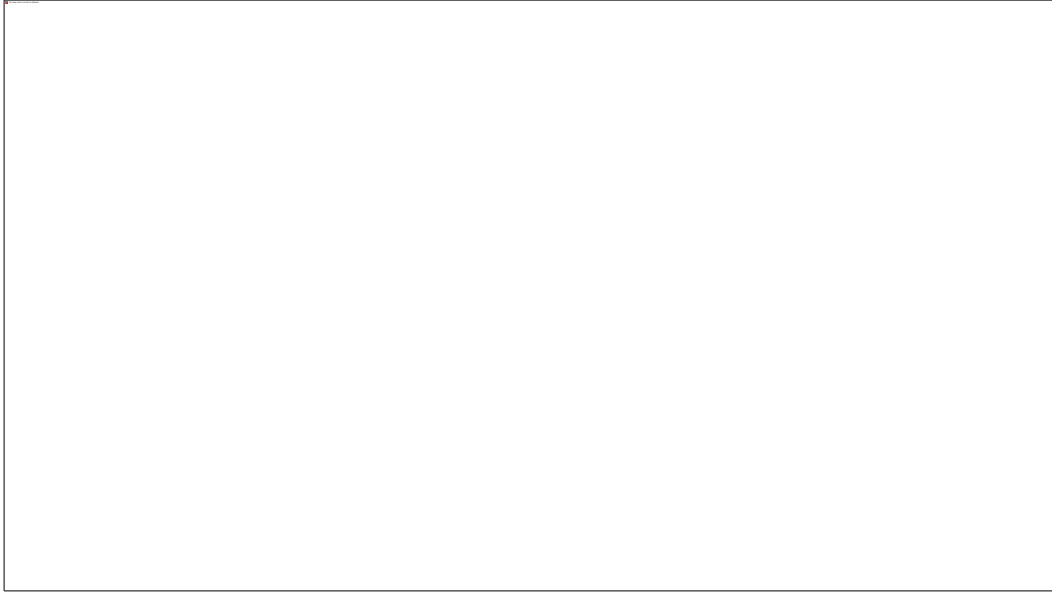
13.1. Resource Persons and MI Organizing Team

External Resource Persons (RPs)			
	Dr. George Abonyi Visiting Professor	Maxwell School 295 Clemow Avenue Ottawa, Ontario, Canada K1S 2B7	E-mail: gabonyi@gmail.com
	Dr. Charlie Thame Lecturer, Faculty of Political Science	Thammasat University 2 Pra – chan Road, Bangkok, 10200, Thailand	Tel: +66 2 613 2304 Mob: +66 811 816 132 E-mail: charliethame@me.com
MI Organizing Team			
	Dr. Watcharas Leelawath Executive Director	Mekong Institute (MI)	Tel: + 66 (0) 43 202 411-2 Fax: + 66 (0) 43 343 131 Email: watcharas@mekonginstitute.org
	Mr. Madhurjya Kumar Dutta Director, Trade and Investment Facilitation (TIF) Department	Mekong Institute (MI)	Tel: + 66 (0) 43 202 411 - 2 Fax: + 66 (0) 43 343 131 Email: dutta@mekonginstitute.org
	Ms. Sanchita Chatterjee Program Specialist, Trade and Investment Facilitation (TIF) Department	Mekong Institute (MI)	Tel: + 66 (0) 43 202 411-2 Fax: + 66 (0) 43 343 131 Email: sanchita@mekonginstitute.org

	<p>Mr. Sa-nga Sattanun Program Manager, Trade and Investment Facilitation (TIF) Department</p>	<p>Mekong Institute (MI)</p>	<p>Tel: + 66 (0) 43 202 411-2 Fax: + 66 (0) 43 343 131 Email: Sa-nga@mekonginstitute.org</p>
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	<p>Ms. Sasiporn Phuphaploy Program Assistant, Trade and Investment Facilitation (TIF) Department</p>	<p>Mekong Institute (MI)</p>	<p>Tel: + 66 (0) 43 202 411 - 2 Fax: + 66 (0) 43 343 131 Email: sasiporn@mekonginstitute.org</p>

13.2. Action Plan

13.2.1. Cambodia



13.2.2. China

Action Plan Template							
Modular Training on Management of SEZs in Lancang – Mekong Countries							
September 24-28, 2018							
Name	1. [team leader]Zha Chaodeng	Position & Organization	1. Deputy Director, Department of Commerce of Yunnan Province				
	2. Zhang Yanzhong		2. Deputy Director, Department of commerce of Yunnan Province				
	3. Xu Leibin		3. Deputy Director, Preparatory Committee Office Of Ruili				
	4. Zhang Hanxue		4. Staff, Trade Department of Hekou county				
Activity / Project	Workshop/ Training/ seminar						
Objectives (SMART)	1) To get to know about the importance of cross border economic cooperation zone						
	2) To enhance the ability to conduct cross border economic cooperation						
	3) To exchange experiences among different SEZs and CBEZs						
Expected Results	Key Activities & Milestone : How	When (Till Oct 30, 2018)	Where	By Whom	With Whom	For Whom	Resource Needed
Increase the comprehensive ability for the trainees, to learn experiences from Vietnam, Laos and Myanmar.	Provincial training	Before 30, OCT	Kunming	Department of Commerce Yunnan Province	Only the department	SEZs, Development zones, Industrial Parks, Bonded zones, etc.	Experts, resource persons, senior officials from Ministry of Commerce, China fund.
	City County workshops	Before 30, OCT	Hekou, Ruili	Local governments		SEZs, BEZs, CBEZs, bonded zones.	Experts, officials from Yunnan Province. fund
	Visit to Vietnam, Laos, Myanmar	At the end of 2018	3 years	Department of Commerce of Yunnan Province	The department itself	SEZs, industrial parks, Bonded zones, economic and technological development zones	

13.2.3. Lao PDR

Lao Project Team Members

No	Team Leader	Position	Organization
1	Ms. Bouasone Soulitham	Vientiane Branch Manager	Savan Park SEZ
2	Mr. Khampaserd Manysay	Official	Ministry Of Finance
3	Ms. Phetphachanh Sadettan	Marketing Supervisor	Settha SEZ
4	Mrs. Khamsoukkha Thammavong	Deputy Director	International Cooperation Division, Khammuan Province

Objectives

To present and disseminate following topics to stakeholders and related agencies :

1. Global Value chain of SEZ, BEZ and CBEZ;
2. New disruptive of Technology;
3. Definition of SEZ, BEZ and CBEZ and the differences between them;
4. How to better identify and attract our prospect customers
5. How to better manage SEZ in Laos

Key Activities and Milestone

- What to do:
 - ✓ Conduct presentation;
 - ✓ Share with colleagues;
 - ✓ Advertise on TV, Facebook, etc.
- When: December 2018;
- Where: Vientiane Capital, Lao PDR.
- By whom: Lao project team;

Key Activities and Milestone (con.)

- With whom: SEZ Management Committee
- For whom: SEZ developers from across nation, related public officials and parties;
- Resource Needed: USD5,000;
- Expected Result: Stakeholders will be able to get information on SEZ that we delivered so that they can improve their SEZs.

13.2.4. Myanmar

Instructors

- ▶ Dr.Htein Lynn (Director, Ministry of Commence)
- ▶ Dr.Shwe Hein (Secretary , Management Committee of Thilawa SEZ)
- ▶ Dr.Khaing Phyo Aung (Director, Sales & Marketing Department of Ocean Crown Co.,Ltd)
- ▶ Ms.Zin Mar Htun(Director of MONREC)



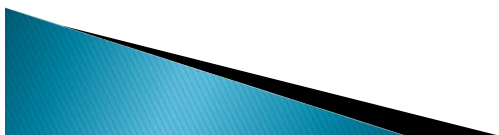
Objectives

- ▶ (1) To disseminate knowledge on SEZ/CBEZ in LMC
- ▶ (2) To build capacity of SEZ , Industrial Zones, Private & Public Sectors
- ▶ (3) To share best practices on SEZ/CBEZ with some examples



Expected Results

- ▶ Participants will gain knowledge and a better understanding of the concepts of SEZs and CBEZs ,CBSEZs and Global Value Chains and Shifting Globalization.
- ▶ They will have understanding of the benefit of CBEZs, challenges in SEZs and CBEZs with specific issues.



Draft Agenda

- ▶ Day (1)
- ▶ 09:00 to 12:00 pm
- ▶ Module (1)–Addressing Domestic Development Challenges in LMC

- ▶ 1:30 to 3:30 pm
- ▶ Module (2)– Leveraging Global and Cross–Broder ” Drivers of Change



Draft Agenda

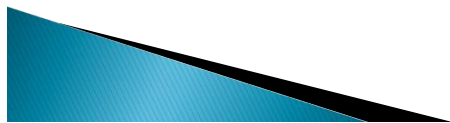
- ▶ Day (2)
- ▶ 09:00 to 12:00 pm
- ▶ Module (3)– What makes an SEZ “Special”

- ▶ 1:30 to 3:30 pm
- ▶ Module (4)– From SEZ to CBEZ & Development Framework



Estimated Budget

▶ Accommodation	USD 500
▶ Meal and Coffee	USD 1000
▶ Transportation and others	USD 500
▶ Total	USD 2000



Materials & Feedback

- ▶ Documents from MI Website
- ▶ Evaluation by questionnaire (Suggested by MI)



13.2.5. Thailand

13.2.6. Vietnam

Action Plan Template
Modular Training on Management of SEZs in Lancang – Mekong Countries
September 24-28, 2018

Name	1. Mr. Vu Viet Tuy – Team Leader	Position & Organization	1. Deputy Head of Division of Local and Regional trade development – Ministry of Industry and Trade
	2. Mr. Tran Van Huan		2. Official of Ministry of Industry and Trade
	3. Mr. Hoang Gia Khanh		3. Senior Official of Agency of Foreign Trade - Ministry of Industry and Trade
	4. Ms. Le Thi Nhan		4. Official of Ministry of Industry and Trade
	5. Ms. Cao Thi Thu Thuy		5. Official of Department of Industry and Trade of Quang Tri province
	6. Mr. Nguyen Duc Huy		6. Deputy Manager of Department of Investment Promotion – BOM of Saigon Hi-tech Park
<i>This team should implement this plan under the control and support from Vietnamese coordinator of Mekong Institute</i>			

Activity / Project	Workshop on topic: Chance for joining the global value chain of Vietnamese SEZs
Objectives (SMART)	1) Current policy framework and potential abilities 2) Evaluation and Suggestion from Experts 3) Expectation and Suggestion from SEZs' anchor tenants

Expected Results	Key Activities & Milestone : How	When (Till Oct 30, 2018)	Where	By Whom	With Whom	For Whom	Resource Needed
Submitting to the Government the full report of current situation, suggestions of appropriate policy	Getting approval from the Government on implementing the workshop.	Oct 20, 2018	Hanoi	Vietnamese coordinator of Mekong Institute	Ministry of Industry and Trade; BOM of Saigon Hi-tech Park	The team	Support from Ministry of Planning and Investment
	All relevant preparation for the	Nov 20, 2018	Hanoi	Vietnamese coordinator of	Ministry of Industry and Trade;	The team	Estimate of 9.750 USD for around 120

Page 1 of 2

Expected Results	Key Activities & Milestone : How	When (Till Oct 30, 2018)	Where	By Whom	With Whom	For Whom	Resource Needed
framework and feasible abilities, based on the ideas from experts and anchor's tenants	workshop			Mekong Institute	Ministry of Planning and Investment BOM of Saigon Hi-tech Park		attendees
	Implement the workshop	Nov 25-26, 2018	Hanoi	Vietnamese coordinator of Mekong Institute	Ministry of Industry and Trade; Ministry of Planning and Investment BOM of Saigon Hi-tech Park	The team	Support from the Government; Close cooperation of BOM of SEZs
	Preparing, finalizing all information and finishing the report to be ready for submitting to the Government	Dec 30, 2018	Hanoi	Vietnamese coordinator of Mekong Institute	Ministry of Industry and Trade; Ministry of Planning and Investment BOM of Saigon Hi-tech Park; The team	The Government	Close cooperation and strong support from all relevant organizations

Note:

- This Action Plan could be changed for better result according to the current situation of Vietnam.
- The timeline should be as above suggestion for the feasible implementation.

13.3. Pre / Post Self - Assessment

Modular Training on Management of SEZs in Lancang – Mekong Countries	Rating Average	
	Pre	Post
Module 1 – Addressing Domestic Development Challenges		

SEZ as key tool for domestic development: addressing domestic constraints to achieve development objectives	2.65	3.73
Second best solution as (new approach) to spatial and industry "targeting"	2.15	3.27
Challenge for trade - offs: SEZs' primary goal(s); measures of success	2.46	3.62
The role of Border SEZs in development	2.69	3.54
The performance of SEZs (assessing "success")	2.81	3.62
Total (Module 1)	2.55	3.56
Module 2 – Leveraging Global and Cross – Border "Drivers of Change"		
Globalization and fragmentation of production	2.20	3.46
<ul style="list-style-type: none"> New disruptive technology (e.g., digital, advanced manufacturing) 	2.23	3.62
<ul style="list-style-type: none"> Shifting globalization 	2.15	3.58
<ul style="list-style-type: none"> Implications for SEZ 	2.21	3.42
Total (Module 2)	2.20	3.52
Module 3 – What Makes an SEZ "Special"		
<ul style="list-style-type: none"> Economic Targeting 	2.54	3.50
<ul style="list-style-type: none"> SEZ as a Set of Linkages 	2.42	3.58
<ul style="list-style-type: none"> Types of SEZ 	2.32	3.54
<ul style="list-style-type: none"> Key characteristics of SEZ and related challenges 	2.35	3.65
<ul style="list-style-type: none"> Evolution of SEZs 	2.12	3.42
Total (Module 3)	2.35	3.54
Module 4 – From SEZ to CBEZ		
<ul style="list-style-type: none"> Border SEZ and Border Economic Zone (BEZ) revisited 	2.08	3.38
<ul style="list-style-type: none"> From BEZ / BSEZ to CBEZ: Core rationale 	1.76	3.54
<ul style="list-style-type: none"> Examples of CBEZ 	1.84	3.62
<ul style="list-style-type: none"> Key characteristics of CBEZ 	1.79	3.62
<ul style="list-style-type: none"> Potential benefits and key challenges 	2.00	3.62
<ul style="list-style-type: none"> Implications for cooperation between Lancang – Mekong countries 	2.16	3.58
Total (Module 4)	1.94	3.56
Module 5 – SEZ (and CBEZ) Development Framework		
Framework for development and / or assessment of SEZ / CBEZ	2.00	3.15
<ul style="list-style-type: none"> Preconditions for SEZ Program 	2.08	3.23
1. Policy Framework	2.04	3.50
2. Legal and regulatory framework	2.04	3.46
3. Institutional and governance framework	2.16	3.50
<ul style="list-style-type: none"> Development role 	2.00	3.23
1. Objectives of SEZ program (development constraints, SEZ objectives, expected outcomes)	2.40	3.58
2. Typology of SEZs and their roles	1.91	3.42
<ul style="list-style-type: none"> Implementation 	1.95	3.35
1. Business Case for government financing and public support	2.0	3.35
2. Value proposition to potential (anchor) investors	1.84	3.23
3. Incentives (financial, non – financial)	1.92	3.65
4. SEZ development and management (key roles and relationships)	2.04	3.46
5. Infrastructure (internal, external linkages)	2.19	3.62
6. Clusters (relationship to SEZ structure and operations)	1.96	3.31
7. Sustainability (e.g., labor standards, environmental safeguards, governance)	1.92	3.54
<ul style="list-style-type: none"> Monitoring and Evaluation 	1.50	3.08
1. Monitoring (implementation and performance)	1.88	3.46
2. Evaluation (Outcomes, impacts to guide future SEZ decisions)	1.85	3.46

General key success factors for SEZ / CBEZ	1.62	3.38
Total (Module 5)	1.97	3.40
Total (Module 1, 2, 3, 4,5)	2.11	3.47

13.4. After Event Evaluation

13.4.1. Learning Program Objectives

To What Extent Do You Think the Training Program Has Met Its Objectives?	Not Met	Somewhat Met	Mostly Met	Met	Fully Met	Rating Average
	1	2	3	4	5	
Improve / update knowledge base of participants by sharing status on progress on CBEZs globally and in the Lancang - Mekong countries			10	12	3	3.58
Form a knowledge base to complement existing knowledge on SEZs / CBEZs in the Lancang - Mekong countries.			9	12	4	3.65
Share findings from the Joint Study on Cross Border Economic Zones in the Lancang-Mekong countries including potential advantages of cross border economic zones, challenges, role of government and private sector, status of infrastructure, investment and logistics, status of information systems, best practices and policy issues		3	5	10	7	3.69
Build capacities of the SEZ officials and private sector on various issues related to management of SEZs e.g. strategies, policies and practices, institutional and governance issues, social, economic and environmental impact		1	9	10	5	3.62
Share best practices on SEZs / CBEZs and provide examples from the Lancang - Mekong countries on development of SEZs / CBEZs		4	7	11	3	3.38
Promote learning and exchange among stakeholders on SEZs / CBEZs in the Lancang - Mekong countries		3	5	13	4	3.58
Address country specific matters related to SEZs / CBEZs in the Lancang-Mekong countries		1	10	13	1	3.42
Enable participants to identify opportunities that can be developed into actions and projects			9	12	3	3.46
Total	0	12	64	93	30	3.55

13.4.2. Program Contents

To What Extent Do You Think the Training Program Has Met Its Objectives?	Not	Somewhat	Mostly	Met	Fully	Rating
	Met	Met	Met		Met	Average
	1	2	3	4	5	
Improve / update knowledge base of participants by sharing status on progress on CBEZs globally and in the Lancang - Mekong countries			10	12	3	3.58
Form a knowledge base to complement existing knowledge on SEZs / CBEZs in the Lancang - Mekong countries.			9	12	4	3.65
Share findings from the Joint Study on Cross Border Economic Zones in the Lancang-Mekong countries including potential advantages of cross border economic zones, challenges, role of government and private sector, status of infrastructure, investment and logistics, status of information systems, best practices and policy issues		3	5	10	7	3.69
Build capacities of the SEZ officials and private sector on various issues related to management of SEZs e.g. strategies, policies and practices, institutional and governance issues, social, economic and environmental impact		1	9	10	5	3.62
Share best practices on SEZs / CBEZs and provide examples from the Lancang - Mekong countries on development of SEZs / CBEZs		4	7	11	3	3.38
Promote learning and exchange among stakeholders on SEZs / CBEZs in the Lancang - Mekong countries		3	5	13	4	3.58
Address country specific matters related to SEZs / CBEZs in the Lancang-Mekong countries		1	10	13	1	3.42
Enable participants to identify opportunities that can be developed into actions and projects			9	12	3	3.46
Total	0	12	64	93	30	3.55
2.1 How Useful Were the Sessions of The Training Program?	Not Useful	Just Right	Neutrally Useful	Useful	Very Useful	Rating Average
	1	2	3	4	5	
Module 1: Addressing Domestic Development Challenges in the Lancang – Mekong Countries						
SEZ as key tool for domestic development: addressing domestic constraints to achieve development objectives			7	13	6	3.96
Second best solution as (new approach) to spatial and industry “targeting”			6	15	5	3.96
Challenge for trade - offs: SEZs’ primary goal(s); measures of success			8	14	4	3.85
The role of Border SEZs in development			5	14	7	4.08
The performance of SEZs (assessing “success”)			6	14	6	4.00
Total	0	0	32	70	28	3.97
Module 2: Leveraging Global and Cross - Border “Drivers of Change”						
Globalization and fragmentation of production		1	5	14	6	3.96
New disruptive technology (e.g., digital, advanced manufacturing)		1	4	14	7	4.04
Shifting globalization		1	2	14	9	4.19
Implications for SEZ		1	4	15	6	4.00
Total	0	4	15	57	28	4.05
Module 3: What Makes an SEZ “special”						
Economic Targeting	1	1	3	16	5	3.88
SEZ as a Set of Linkages		2	1	17	6	4.04
Types of SEZ		1	7	9	9	4.00
Key characteristics of SEZ and related challenges		1	3	11	11	4.23
Evolution of SEZs		2	1	14	8	3.96
Total	1	7	15	67	39	4.02
Module 4: From SEZ to CBEZ						
Border SEZ and Border Economic Zone (BEZ) revisited	1	1	3	16	4	3.69
From BEZ / BSEZ to CBEZ: Core rationale		1	3	14	7	3.92
Examples of CBEZ		2	5	12	6	3.73
Key characteristics of CBEZ		1	5	12	8	4.04
Potential benefits and key challenges		1	4	13	7	3.88
Implications for cooperation between Lancang – Mekong countries		1	5	14	5	3.77
Total	1	7	25	81	37	3.84
Module 5: SEZ (and CBEZ) Development Framework						
CBEZ development framework		1	2	15	3	3.19
Presentation on the study: “Joint Study and Survey of Special Economic Zones (SEZs) and Cross Border Economic Zones (CBEZs) to match Complementary SEZs and Identify Prioritized Areas”			7	10	7	3.69
Database requirement in economic zones in Lancang – Mekong countries		3	6	11	5	3.58
Action Plan Preparation and Presentation		5	4	10	5	3.35
Total	0	9	19	46	20	3.45

2.2 In Your Own Opinion, To What Extent Do You Think The Program Has Met Your Expectations?						
Not met	Just right	Neutral met	Met	Fully met	Rating Average	
1	2	3	4	5		
		3	13	9		4.08

2.3 How was the Level of Instruction?						
Too basic	Just right	Very appropriate	Advanced	Too advanced	Rating Average	
1	2	3	4	5		
		6	15	5		3.96

2.4 To What Extent, the Training Program Has Improved / Increased Your Knowledge and Skills						
Not Increased	Somewhat Increased	Moderately Increased	Mostly Increased	Highly Increased	Rating Average	
1	2		4	5		
		8	10	8		4.00

2.5 To What Extent, the Knowledge and Skills Gained from the Training Program Relevant to Your Work						
Not Relevant	Somewhat Relevant	Moderately Relevant	Mostly Relevant	Highly Relevant	Rating Average	
1	2	3	4	5		
	2	6	12	6		3.85

2.6 Did Training Program Help You Acquire Additional Knowledge on The Subject?						
Not Acquired	Somewhat Acquired	Neutral Acquired	Acquired	Highly Acquired	Rating Average	
1	2	3	4	5		
	1	3	13	9		4.15

2.7 During the Training Program, I have Improved / Developed My Additional Knowledge in	Not Improved	Somewhat Improved	Naturally Improved	Improved	Highly Improved	Rating Average
Presentation Skills	1	3	5	14	2	3.38
Communication Skills		1	4	17	3	3.73
Team / Group Working Skills		1	2	18	4	3.85
Networking		1	3	17	4	3.81
Internet Searching	2	2	4	12	5	3.50
Total	3	8	18	78	18	3.65

13.4.3. Training Method

3.1 How Do You Think About the Training Methods	Inappropriate	Somewhat inappropriate	Neutral appropriate	Appropriate	Very appropriate	Average
	1	2	3	4	5	
Lecture / Presentation			1	15	8	3.96
Video / Case studies			1	17	7	4.08
Class Activities / Exercise / Assignment			2	16	7	4.04
Group Work			3	13	9	4.08
Participants' Presentation and Plenary Discussion			2	18	5	3.96
Action Plan		1	4	11	4	3.00
Total						3.85

3.2 How Do You Think About Following Monitoring and Evaluation (M&E) Methods	Not Effective	Somewhat Effective	Neutral Effective	Effective	Very Effective	Rating Average
	1	2	3	4	5	
Pre - & Post - Assessment		1	6	15	3	3.65
Board of Directors (BOD)			9	14	2	3.58
Session Synthesis / Summary		1	8	13	3	3.58
Total	0	2	23	42	8	3.60

13.4.4. Overall Assessment

Part 4: Overall Assessment						
4.1. What is Your Overall Assessment of the Training Program	Not Satisfied	Somewhat Satisfied	Neutrally Satisfied	Satisfied	Very Satisfied	Rating Average
	1	2	3	4	5	
Overall Training Program			3	15	8	4.19

13.5. Curriculum Design Statement (CDS)

I. Introduction

Economic zones are usually geographically enclosed areas in which particular industries or types of economic activities are promoted with the aid of special measures. *Special economic zones (SEZs)* are formally incorporated areas, with characteristics such as single management or administration; well defined geographic boundaries; eligibility of businesses located there for various financial and non-financial benefits such as tax incentives, access to specially provided infrastructure services within the zone; and often a separate customs area and streamlined procedures. A significant shift in SEZ development in the Cambodia, Lao, Myanmar and Viet Nam (CLMV) and Thailand is the growing attention to border SEZs to support local development and as “gateways” for the national economy.³

A cross border economic zone (CBEZ) is a network of activities that seeks to promote cross-border trade and investment and encourage the economic and social development of an area along the border between countries. More formally a *Cross-border economic zone (CBEZ)* is established in close collaboration by two (or more) governments, with synchronized rules and regulations, for example related to trade, investment, and customs. It involves creating an interdependent institutional, operational and administrative environment for business on both sides of a border. A CBEZ can build on viable SEZs on the borders in the respective countries; and requires agreements related to specific cross-border linkages between adjacent SEZs.⁴

With the support from the Lancang-Mekong Cooperation (LMC) Special Fund, Mekong Institute (MI), in coordination with the Ministry of Commerce (MOC), Royal Government of Thailand, is implementing a project: “Joint Development of Cross-Border Economic Zones” in Lancang-Mekong (LM) countries. The project is funded by the Lancang-Mekong Cooperation Special Fund. The project aims to promote cross border economic zones (CBEZs) in the LM countries with a focus on promotion of trade and investment. As part of the project, MI is conducting a study: “Joint Study of Cross-Border Economic Zones” in the LM countries to assess the status of development for border special economic zones (SEZs) and CBEZs and, identify complementary and priority areas.

As part of the project mentioned above, MI will be conducting a training on Management of Special Economic Zones in Lancang-Mekong countries on September 24-28, 2018 in Khon Kaen, Thailand.

2. Training Objectives

1. Improve / update knowledge base of participants by sharing status on progress on CBEZs globally and in the Lancang - Mekong countries
2. To form a knowledge base to complement existing knowledge on SEZs / CBEZs in the Lancang- Mekong countries.

³ASEAN Investment Report 2017 – Foreign Direct Investment and Economic Zones in ASEAN

⁴Abonyi, G. and Zola, A., (Rev. 2014) Scoping Study on Developing Border Economic Areas and Cross-border Linkages Between Thailand and its Neighbours, ADB, Thailand Office.

3. To share findings from the Joint Study on Cross Border Economic Zones in the Lancang-Mekong countries including potential advantages of cross border economic zones, challenges, role of government and private sector, status of infrastructure, investment and logistics, status of information systems, best practices and policy issues
4. To build capacities of the SEZ officials and private sector on various issues related to management of SEZs e.g. strategies, policies and practices, institutional and governance issues, social, economic and environmental impact
5. To share best practices on SEZs / CBEZs and provide examples from the Lancang-Mekong countries on development of SEZs / CBEZs
6. To promote learning and exchange among stakeholders on SEZs / CBEZs in the Lancang-Mekong countries
7. Address country specific matters related to SEZs / CBEZs in the Lancang-Mekong countries
8. To enable participants to identify opportunities that can be developed into actions and projects

3. Training Outcomes

At the end of the training, the participants should have acquired knowledge and practical skills on a variety of pertinent topics. They will have a deeper understanding of the concepts of SEZs and CBEZs, benefits of CBEZs, challenges in developing SEZs and CBEZs and specific issues relevant to their own countries

Moreover, this training will aim to have the following outcomes among the participants:

- Greater understanding of overall and specific issues related to SEZs and CBEZs in the Lancang- Mekong countries.
- Develop strategies for SEZs and CBEZs planning and management to complement existing policies and programs on SEZs and CBEZs in the Lancang-Mekong countries.
- Enhanced participants' knowledge on effective implementation and management of SEZs and CBEZs.
- Enhanced capacities of national and provincial ministries and government departments, SEZ developers and management, and the private sector on SEZs and CBEZs
- Improved information on SEZs and CBEZs in the Lancang-Mekong countries
- Improved mechanism to share information and promote joint development of CBEZs in the Lancang-Mekong countries

4. Target Group

The training targets mid-level officials from national ministries and provincial government departments, academic institutions and members of business associations from the Lancang-Mekong countries namely;

- Government representatives (including ministries of planning, finance and commerce, agencies responsible for development of SEZs, customs officials),
- Private sector representatives (from business associations, exporter associations, banks, SEZ developers and managers etc.)
- Faculties from universities and other experts

In general, participants should;

- Have at least 5 years of experience in SEZ/CBEZ development, policy and strategy from the

- government, private or academic sectors;
- Have a university degree in economics, political or other social sciences;
- Be able to communicate (speak, understand, read and write) at professional level in English;
- Have sufficient professional capacity to actively participate cross-culturally at international level;
- Be in good health both physically and mentally;
- Be able to attend the entire course.

In addition, MI encourages;

- The participation of women and minorities;
- The participation of persons from border areas with other neighboring target countries or those who may otherwise be engaged in cross-border or regional trade and investment.

Important criteria for participant selection are English language proficiency and ability to commit themselves to full attendance and course requirements.

5. Duration and Location

The five-day international training program will be held on September 24-28, 2018 at the Mekong Institute's Residential Training Center, Khon Kaen, Thailand.

6. Training Content

In this course, participants will explore five interrelated modules, supported by group exercises, international examples particularly related to the Asian context, and case studies:

Module 1	Addressing domestic development challenges in the Lancang – Mekong Countries
Module 2	Leveraging global and cross-border “drivers of change”
Module 3	What makes an SEZ “special”
Module 4	From SEZ to CBEZ
Module 5	SEZ (and CBEZ) development framework

Introduction

- Overview of the workshop
- Initial definitions (SEZ, border economic zone or BEZ, CBEZ)
- Introduction to the 5 modules

Module 1. Addressing domestic development challenges

- SEZ as key tool for domestic development: addressing domestic constraints to achieve development objectives
 - E.g. facilitate structural transformation of the economy – diversification and upgrading (adding value); test/catalyze reforms; international competitiveness of domestic firms (e.g. SMEs); attract transformative FDI; increase exports; create jobs and skills;
- SEZ in context: “second best” solution as (new) approach to spatial and industry “targeting”
 - Coherence with wider national policies and reforms (e.g. FDI, PPP)
- Challenge of trade-offs: define SEZ primary goal(s) (e.g. target industries); measures of success
 - Specifying the particular development constraints SEZ is to address

- Providing clear guidelines for SEZ planning, operations, monitoring and evaluation
- Introduction to the role of *Border SEZs* in development
 - As “gateway” for broader national development and transformation
 - As “growth center” for local development
- Overview of the performance of SEZs (assessing “success”)

Module 2. Leveraging global and cross-border “drivers of change”

- Globalization and fragmentation of production
 - Global value chains (GVC) and cross-border/international production networks
- New disruptive technology, (e.g. digital, advanced manufacturing)
 - “New Industrial Revolution (NIR)” (UNCTAD, 2018): restructuring existing industries (e.g. garments/apparel, electrical/electronics, automotive/auto parts, agribusiness); emergence of new types of industries (e.g. advance robotics)
- Shifting globalization
 - Evolving global demand and markets
- Implications for SEZ

Module 3. What makes an SEZ “special”

- Economic targeting
 - Spatial (geographic)
 - Production and support activities (industries/services, special purpose infrastructure)
- SEZ as a set of linkages
 - Between domestic – international (cross-border), e.g. logistics, production-GVC/industry
 - Among domestic industries, e.g. upstream-downstream (GVC suppliers, clusters)
 - Between domestic resources – industrial development, e.g. natural, human
- Types of SEZs
 - Range of options for “economic zones”
- Key characteristics of SEZ and related challenges, e.g.
 - *Institutional framework and governance*
 - Role of government, private sector, government-business collaboration; role of local communities
 - *Related challenges*
 - Aligning diverse stakeholder interests (e.g. national/local; cross-border; public/private)
 - Local implementation of national policies/regulations – e.g. at border
 - *Infrastructure and facilities*
 - Within SEZ
 - Linked to SEZ
 - *Related challenges:*
 - Effective SEZ linkages with wider economy (e.g. infrastructure; firms)

- Location and land acquisition (resettlement, compensation; *India case*)
 - *Business services*
 - Firm-specific (e.g. one stop service centres)
 - SEZ-wide (e.g. marketing and promotion; skill development)
 - *Related challenges*: institutional coordination
 - *Incentives*
 - Fiscal incentives; non-fiscal incentives
 - *Related challenges*: Coherence of incentives (within SEZ; with wider economy)
 - *Clusters*
 - Brief introduction to clusters and their relationship to SEZ
 - *Related challenges*: Key constraints on viable clusters
- Evolution of SEZs
 - From single-function to multi-function
 - From single-purpose to multi-purpose
 - From general and/or sectoral FDI for SEZ to “anchor firm and eco-system” strategy
 - Increasing focus on sustainability issues, e.g. labour, environment, governance
- Selected examples (focus on Asia)

Module 4. From SEZ to CBEZ

- Border SEZ and Border Economic Zones (BEZ) revisited
 - Examples of developments in the Lancang – Mekong countries
- From BEZ/BSEZ to CBEZ: core rationale
 - Relationship to global value chains, cross-border production networks, clusters
 - Examples of cross-border production linkages in Lancang – Mekong countries
- Examples of CBEZ
 - The “working model”: Maquiladora Zones on the Mexico – U.S. border
 - Examples of CBEZ-type developments in the Lancang – Mekong countries
- Key characteristics of CBEZ
- Potential benefits and key challenges
- Implications for cooperation between Lancang – Mekong Countries
 - For individual countries: similarities and differences with respect to context and needs
 - Implications for regional cooperation and integration for shared development benefits

Module 5. SEZ (and CBEZ) development framework

(1) Framework for development and/or assessment of SEZ/CBEZ

I. Preconditions for SEZ program

1. Policy framework
2. Legal and regulatory framework
3. Institutional and governance framework

II. Development role

1. Objectives of SEZ program (development constraints, SEZ objectives, expected outcomes)
2. Typology of SEZs and their roles

III. Implementation

1. Business case for government financing and public support
2. Value proposition to potential (anchor) investors
3. Incentives (financial, non-financial)
4. SEZ development and management (key roles and relationships)
5. Infrastructure (internal, external linkages)
6. Clusters (relationship to SEZ structure and operations)
7. Sustainability (e.g. labour standards, environmental safeguards, governance)

IV. Monitoring and Evaluation

1. Monitoring (implementation and performance)
2. Evaluation (outcomes, impacts to guide future SEZ decisions)

(2) Wrap up: general key success factors for SEZ/CBEZ

7. Action Plan Guidance and Preparation

As part of the training program, the participants will be required to prepare their action plans to disseminate the knowledge and skills they learned/gained during the training. The orientation for action plans, individual and/or joint action plan preparations and group presentations will be delivered on the last day of the training.

The participants are able to develop their feasible action plans to address the group's objectives. An action plan consists of a number of action steps in accordance with the national/local scenario, added with the endowment of clear-cut group work divisions and responsibilities.

8. Training Assignments

Training assignments will require participants to practice professional skills and integrate concepts related to SEZ/CBEZ for their own country linking to regional and international level. In addition, participants will work in groups, these activities will promote communication and promote national level collaboration and foster a professional network of contacts among participants. Specific assignments will also be provided throughout the course.

The team of resource persons/instructors will comprise international and national experts with a significant experience in SEZ/CBEZ at the international level. The instructors are all experts in their respective areas of competency which will provide participants with significant opportunities for being exposed to international practice and expertise.

9. Curriculum Design & Methodology

The training design is drawn from capacity building needs and tailored to the International context. The training is designed to foster greater understanding of the training contents, and to focus on practical knowledge, respect adult learning principles, use real case studies, adopt participative approaches, as well as stimulate sharing and networking among the participants. Interactive

experiential learning will be employed here. The training will be delivered in English and will adopt the following methods.

- Lectures and presentations
- Plenary discussions, case studies and group exercises
- Role plays and simulation games

As required, all training modules are to be drawn from practical experiences and tailored to the needs of stakeholders involved in SEZ / CBEZ - related activities. It would incorporate concrete actions for follow-up activities after training.

Each training module is designed and delivered using the “Integrated Curriculum” approach. The salient features of this integrated curriculum are that competencies are carefully selected, integration of theoretical concepts with skills practice and essential knowledge directed at enhanced performance, and above all, various implicit competencies (e.g. facilitation, presentation, and communication, negotiation, and leadership skills) are integrated across the curriculum.

For each module, participants will go through three progressive stages of a modular training approach as follows:

Learn to Do: Each training module will start with the participatory training sessions where concerned trainees are trained on the concepts, techniques, tools and effective strategies to develop and promote SEZ / CBEZ – related initiatives. At this cognitive stage, learner-centered instruction applied where the trainer is a leader of a community of learners, devising ways to promote inquiry, higher order thinking, problem-solving, higher levels of literacy and engagement. This is a conceptualizing stage which requires processing and drawing on a rich knowledge base of content, methods appropriate to the content, and technology appropriate to the content.

Do to Learn: This competency-based module has been classified as a form of work-based learning. Immediately, after the new skills/knowledge have been acquired, the trainees will then carry out their corresponding assignments, e.g. after completing deliberation on the concept and tools, participants will be given assignments to identify, design a particular activity in groups.

This application or “doing” (psychomotor) enables the learner to apply the ideas and concepts expressed in cognitive objectives. This stage will be carried out using case studies and simulation exercises.

Share to Learn: Before progressing to another learning module, there will be a share-to-learn session where each individual/group will have a chance to present their outputs and share the learning/working experience with others. Lessons learned and practical experiences from the actual applications will be shared and innovative knowledge and skills will emerge and become institutionalized.

10. Monitoring and Evaluation (M&E)

An effective monitoring and evaluation mechanism will be put in place to assess the progress and measure the results of the intervention. The M&E will be introduced in the pre, during and post stages of each modular training approach.

11. Contacts

For details, please contact MI Team

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13.6. Program Schedule

Day I, Monday, September 24, 2018		
Venue: James Bolger Conference Room, Mekong Institute, Khon Kaen, Thailand		
Date & Time	Contents / Sessions	Resource Person / Facilitator
07:00 - 08.20	Breakfast	@ MI / Charm Hotel
08.20 - 08.40	Participants' registration	Ms. Sasiporn Phuphaploy, Program Assistant, Trade and Investment Facilitation (TIF)
08.40 - 08.50	Welcome and Opening remarks	Dr. Watcharas Leelawath, Executive Director, MI
09.00 - 09.15	Video Presentation ▪ Mekong Institute	MI
09.15 - 09.20	Group Photo	Communications and Knowledge Management Department (CKM), MI
09.20 - 09.45	<ul style="list-style-type: none"> ▪ Overview of Lancang-Mekong Cooperation Special Fund Projects ▪ Background, Objectives and Planned Activities of the project: "Joint Development of Cross-Border Special Economic Zones" 	Mr. Sa-nga Sattanun, Program Manager, TIF
09.45-10.15	<ul style="list-style-type: none"> ▪ Getting to Know Each Other ▪ MI Facilities Presentation 	Mr. Toru Hisada, Program Officer, TIF
10.15 - 10.30	<ul style="list-style-type: none"> ▪ Coffee Break and Business Networking 	@ MI
10.30 – 12.00	<ul style="list-style-type: none"> ▪ Setting Norms & Expectations ▪ Evaluation Tool and Pre – assessment ▪ Program Overview and Course Assignments 	Mr. Toru Hisada, Program Officer, TIF
12.00 - 13.30	Lunch	@ MI
13.30 - 15.10	Technical Session <ul style="list-style-type: none"> ▪ Addressing domestic development challenges in the Lancang – Mekong Countries 	Dr. George Abonyi Consultant, MI
15.10 - 15.30	Coffee break and Business Networking	@ MI
15.30 – 16:30	Group exercise <ul style="list-style-type: none"> ▪ <i>Group discussion 30 minutes</i> ▪ <i>Presentation 30 minutes</i> 	Dr. George Abonyi Consultant, MI

16.40 - 17.00	Meeting with selected participants as Board of Director (BOD)	MI
17.00 Onwards	Campus Tour & Dinner (self-payment)	Ms. Sasiporn Phuphaploy, Program Assistant, Trade and Investment Facilitation (TIF)

Day II, Tuesday, September 25, 2018

Venue: James Bolger Conference Room, Mekong Institute, Khon Kaen, Thailand

Date & Time	Contents / Sessions	Resource Person / Facilitator
07.00 - 08.40	Breakfast	@ MI/Charm Hotel
08.40 - 09.00	Recapitulation	Assigned team
09.00 - 10.40	Technical Session <ul style="list-style-type: none"> ▪ Leveraging global and regional “drivers of change” 	Dr. George Abonyi Consultant, MI
10.40 – 11.00	<ul style="list-style-type: none"> ▪ Coffee Break 	@ MI
11.00 - 12.00	Group exercise <ul style="list-style-type: none"> ▪ <i>Group discussion 30 minutes</i> ▪ <i>Presentation 30 minutes</i> 	Dr. George Abonyi Consultant, MI
12.00 - 13.30	Lunch	@ MI
13.30 - 15.10	Technical Session <ul style="list-style-type: none"> ▪ What makes an SEZ “special” 	Dr. George Abonyi Consultant, MI
15.10 - 15.30	Coffee Break	@ MI
15.30 - 16.30	Technical Session What makes an SEZ “special”	Dr. George Abonyi Consultant, MI
16.30 – 16.45	Group assignment <ul style="list-style-type: none"> ▪ <i>Introduction of case for tomorrow morning</i> 	Dr. George Abonyi Consultant, MI
16.45 - 17.00	Meeting with selected participants as Board of Director (BOD)	MI
17.00 onwards	Free time and self-study	

Day III, Wednesday, September 26, 2018

Venue: James Bolger Conference Room, Mekong Institute, Khon Kaen, Thailand

Date & Time	Contents / Sessions	Resource Person / Facilitator
07.00 - 08.40	Breakfast	@ Charm Hotel
08.40 - 09.00	Recapitulation	Assigned team
09.00 - 10.40	Group assignment – case analysis <ul style="list-style-type: none"> ▪ <i>Preparation 1 hour</i> ▪ <i>Presentations 40 min</i> 	Dr. George Abonyi Consultant, MI
10.40 – 11.00	Coffee Break	@ MI
11.00 - 12.00	Technical Session From SEZ to CBEZ	Dr. George Abonyi Consultant, MI
12.00 - 13.30	Lunch	@ MI
13.30 - 15.10	Group assignment <ul style="list-style-type: none"> ▪ <i>Preparation 40 min</i> ▪ <i>Presentation 40 min</i> ▪ <i>Discussion 20 min</i> 	Dr. George Abonyi Consultant, MI
15.10 - 15.30	Coffee Break	@ MI
15.30 - 16.40	Technical Session CBEZ development framework	Dr. George Abonyi Consultant, MI
16.40 - 17.00	Meeting with selected participants as Board of Director (BOD)	MI
17.00 onwards	Free time and self-study	

Day IV, Thursday, September 27, 2018

Venue: James Bolger Conference Room, Mekong Institute, Khon Kaen Thailand

Date & Time	Contents / Sessions	Resource Person / Facilitator
07.00 - 08.40	Breakfast	@ Charm Hotel
08.40 - 09.00	Recapitulation	Assigned team
09.00 - 10.10	Technical Session CBEZ development framework	Dr. George Abonyi Consultant, MI
10.10 - 10.30	Coffee Break	@ MI
10.30 - 11.50	Group assignment– applying the framework <ul style="list-style-type: none"> ▪ Preparation 40 min ▪ Presentation 40 min 	Dr. George Abonyi Consultant, MI
11.50 - 12.00	Wrap up	Dr. George Abonyi Consultant, MI
12.00 - 13.00	Lunch	@ MI
13.00 - 15.15	Technical Session <ul style="list-style-type: none"> ▪ Presentation on the study: "Joint Study and Survey of Special Economic Zones (SEZs) and Cross Border Economic Zones (CBEZs) to match Complementary SEZs and Identify Prioritized Areas" ▪ Discussion 	Dr. Charlie Thame, Consultant
15.15 - 15.30	Coffee Break	@ MI
15.30 - 16.15	Technical Session <ul style="list-style-type: none"> ▪ Database requirement in economic zones in Lancang-Mekong countries ▪ Group work and discussion 	Ms. Sanchita Chatterjee, Program Specialist, TIF
16.15- 17.15	<ul style="list-style-type: none"> ▪ Introduction to the Action Plan and its Preparation 	Participants
17.15-17.30	<ul style="list-style-type: none"> ▪ Meeting with selected participants as Board of Director (BOD) 	
17.30 onwards	<ul style="list-style-type: none"> ▪ Free time and self - study <p>* The action plan should be ready by Friday morning</p>	MI

Day V, Friday, September 28, 2018

Venue: James Bolger Conference Room, Mekong Institute, Khon Kaen, Thailand

Date & Time	Contents / Sessions	Resource Person/Facilitator
07.00 - 08.30	Breakfast	@ MI/ Charm Hotel
08.30-08.45	Recapitulation	Assigned team
08.45-09.20	<ul style="list-style-type: none"> ▪ Action Plan Preparation 	Participants
09.20-10.20	<ul style="list-style-type: none"> ▪ Action Plan Presentation 	Participants
10.20-10.30	Coffee Break	@ MI
10.20-11.15	Con't on Action Plan Presentation	Participants
11.15-12.00	Closing <ul style="list-style-type: none"> • Couse Report • Awarding Certificates • Speech by Country Representative • Way Forward • Closing Remarks 	<ul style="list-style-type: none"> - Mr. Toru Hisada, Program Officer, TIF - Dr. Watcharas Leelawath, Executive Director, MI - Mr. Madhurjya Kumar Dutta, Director, Trade & Investment Facilitation (TIF)
12.00 - 13.00	Lunch	@ MI
13.00 onwards	<ul style="list-style-type: none"> ▪ Participants depart for respective countries 	

Day VI, Saturday, September 29, 2018

Venue: Khon Kaen

Date & Time	Contents / Sessions	Resource Person/Facilitator
07.00 - 08.30	Breakfast	@ MI/ Charm Hotel
	Chinese Participants depart for respective countries	


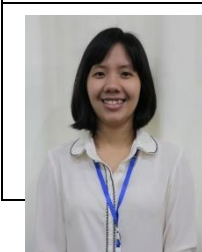
13.7. Participants' Directory

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The Greater Mekong Subregion

The Greater Mekong Subregion (GMS) comprises five Southeast Asian countries and two provinces of China sharing the Mekong River, namely Cambodia, Lao PDR, Myanmar, Thailand, Vietnam, and Yunnan Province and Guangxi Autonomous Region of the People's Republic of China.

About Mekong Institute

Mekong Institute (MI) is a GMS intergovernmental organization (IGO) working closely with the governments of six countries to promote regional development and cooperation through capacity building programs and projects in three thematic areas of agricultural development and commercialization, trade and investment facilitation, and innovation and technological connectivity.



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