

# Assessment of the business service and training market in Myanmar

**Gemunu Wijesena and Roel Hakemulder**

**ILO Myanmar and the SME Unit ILO Geneva**



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ILO Liaison Office in Myanmar

Small and Medium Enterprises Unit  
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ILO Geneva

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## Foreword

Micro and small enterprises (MSEs) are vital instruments for job creation and growth in developing economies. But also in industrialized economies, the contribution of MSEs towards employment and GDP is highly significant. As a result, supporting development of MSEs is one of the most important ways in which the goal of securing decent employment opportunities for all can be achieved.

However, for the MSEs to flourish and contribute to the creation of a sustainable and inclusive economy, a favourable business environment for the development of smaller businesses needs to be in place. One major obstacle that MSEs face is the lack of supply or access to (1) financial and (2) non-financial or business development services (BDS), such as market information, consultancy services, legal and accounting advice, vocational/technical training, entrepreneurship and business management training.

In June and July 2013, a team of experts from a consulting firm that specializes in MSE development – PSD Facilitators – carried out an assessment of the business services market for MSEs in Myanmar to generate a better understanding of the situation of BDS and business management training. The assessment comprised a review of available studies, data and documentation, interviews and surveys of more than 300 MSEs in Yangon and Bagan.

The assessment estimated the number of MSEs in Myanmar and the unmet demand for business services. The report finds that if political stability improves the prospects of output and employment growth of these MSEs are particularly strong. However, in order to enable the sector to grow, the access and provision of business and financial services needs to drastically improve.

This paper reflects the findings of the assessment and provides recommendations on how to improve the business services market in Myanmar. This assessment was funded by NORAD<sup>1</sup> and was used to design an ILO project in support of entrepreneurship and SME development that will be funded by NORAD and Swiss SECO<sup>2</sup> starting in 2014.

The target audiences of this paper are private sector development practitioners, development agencies, governments and other organizations engaged in establishing enterprise support programmes.

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<sup>1</sup>Norwegian Agency for Development Cooperation.

<sup>2</sup> Swiss State Secretariat for Economic Affairs.

The research for this report took place in mid-2013. Thanks are due to the main authors, Gemunu Wijesena and Roel Hakemulder and to the support team in the ILO office in Yangon. The report was edited and finalized by Pranati Mehtha with support from Annie Guyon and under the guidance of Merten Sievers, the Value Chain Development and Business Services Coordinator, all of whom are part of the SME Unit in ILO Geneva.

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## List of Acronyms/Abbreviations

Association of South East Asian Nations	ASEAN
Business Development Service Providers	BDSPs
Business Development Services	BDS
Centre for Vocational Training	CVT
Chamber of Commerce and Industry	CCI
Chartered Institute of Marketing	CIM
Consultative Group to Assist the Poor	CGAP
Corporate Social Responsibility	CSR
Donor Committee for Enterprise Development	DECD
European Union	EU
Focused Group Discussions	FGD
Foreign Direct Investment	FDI
Friedrich Naumann Foundation	FNF
German Agency for Technical Cooperation	GIZ
Gross Domestic Production	GDP
Gross National Income	GNI
Human Development Index	HDI
International Finance Corporation	IFC
International Labour Organization	ILO
International Non-Governmental Organization	INGO
Livelihood and Food Security Trust fund	LIFT
Micro and Small Enterprise	MSE
Micro Finance	MF
Micro Finance Institute	MFI
Micro Small and Medium Enterprise	MSME
Monitoring and Evaluation	M&E
Myanmar Kyats	MMK
Myanmar Marketing Research & Development Co. Ltd	MMRD
National League for Democracy	NLD
National Program for Community Empowerment	PNPM
Non-Government Organization	NGO
Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry	RUMFCCI
Small and Medium Enterprise	SME
Small Business Association Management	SBAM
Small Business Associations	SBAM
Special Economic Zones	SEZ
Start and Improve Your Business	SIYB
State Law and Order Restoration Council	SLORC

Technical and Vocational Education and Training	TVET
United Nations Development Program	UNDP
United States	US
Vocational Training	VT
World Bank	WB
World Trade Organization	WTO

## Executive summary

This is a report of an assessment of the market for business services for micro and small enterprises (MSEs). The focus is on non-financial services and business start-up and management training. However, financial services were considered as well.<sup>3</sup> The objective is to inform development and government agencies engaged in support to micro and small enterprise development.

The study was conducted in June and July 2013. It comprised a review of available studies, data and documentation, some 40 interviews with key informants, a small survey of 315 MSEs in Yangon and Bagan and 6 Focus Group Discussions (FGDs) with MSEs.

The study finds that the prospects for private sector development in Myanmar are significant, with GDP growth expected to increase from around 5 to 7 or 8% over the coming years. This builds on abundant natural and cultural resources, on-going economic reforms, and the expectation of foreign investment and donor support. Important challenges remain. These are related to a possible slowdown and reversal of the political and economic reform process, the absence of adequate institutions for a functioning market economy, corruption, low investments in infrastructure and ethnic tensions.

Opportunities for output and employment growth are thought to be particularly strong in labour intensive manufacturing, tourism and travel, construction and retail. Strong output growth can also be expected in agriculture, energy and mining, telecommunications and financial services.

This will translate into many opportunities for the MSEs. The current study estimates that the total number of MSEs may be around 2.8 million, with some 39,000 start-ups annually. Business services to support them in contributing and participating in growth are among the main factors that can accelerate economic and employment growth.

The potential demand for business services and the expressed willingness to pay for services that address such needs (88.7% of the MSEs interviewed were willing to pay) is strong. Entrepreneurs give priority to services that provide them information on the market, knowledge and skills to reach customers and make sales, improve workers' technical skills and develop linkages to new buyers and suppliers. Knowledge and skills to reach customers can be addressed through business management training, while improved management skills can also contribute to addressing the other priorities.

Services would have to address fairly simple business issues. Characteristics of delivery prioritized by entrepreneurs are that the training should be easy to access in terms of distance and timing. The availability of printed training material was appreciated by a majority.

Current usage of business services is very low, at just 19.7% of interviewed MSEs. The study indicates that this is not due to weak actual demand but because entrepreneurs either believe that services are unavailable or have low awareness of what is on offer and how it can be accessed. Only around 5% of users had paid for services. This does not reflect significantly on the willingness to pay

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<sup>3</sup> This summary is limited to non-financial services, which was the study's main focus.

since the large majority of services had been provided within value chain relationships (by buyers and suppliers) and were therefore part of commercial transactions.

Supply of services is very weak (vocational/technical training mainly). It is characterized by low capacity, outreach, and diversity. While limited business management education is available (mostly in Yangon), this targets students and the corporate sector, not MSEs. There is no structured or standard entrepreneurship or business management training product for MSEs on the market at present. The situation with other services such as developing market linkages, provision of market information, business consultancy services and technology training services is similar. Supply of such services to both urban and rural MSEs is weak or non-existent. Public sector providers are fully dependent on government budget allocations, while NGOs depend on donors. This limits their scope (potential outreach) and sustainability.

The study resulted in the following key recommendations on the business services and business management and start-up training markets:

1. The main interventions to develop the market for business services need to initially invest in developing the supply side.
2. Efforts to develop the supply of business services should focus on the private sector and possibly on local NGOs. Government institutions function under severe budget and bureaucratic constraints and officials are in any case not the providers of choice.
3. Exploring ways in which business services can be provided by actors in value chains is recommended for developing sustainable services embedded in market systems.
4. The business services developed should as much as possible be adapted to the specific needs of the target markets, i.e. the characteristics of the enterprises and their markets, gender roles, localities, ethnic groups.
5. A further implication is the need for gender analysis. The present study has not found significant differences between the needs of (potential) male and female entrepreneurs.
6. Urban areas can be expected to grow and potential outreach of services is greatest in urban areas. The initial focus should be on the main urban centres.
7. Once more services become available, targeted promotion by the providers is likely to be more effective than large-scale campaigns. This could make use of business associations and chambers.
8. The market for business services is not yet distorted by donor and government subsidies and incentives. Therefore, initiative should be undertaken to bring stakeholders together to coordinate the development of sustainable and viable services.
9. Invest in the development of a capacity to provide (potential) MS entrepreneurs with entrepreneurship, business start-up and business management training.
10. Training should be adapted to local needs and circumstances. Most important is availability in local languages, and an emphasis on marketing-related skills and knowledge.
11. For outreach to smaller towns and rural areas, alternative delivery modalities should be developed. For example, through mass media.

## 1. Introduction - background and objectives

After decades of economic isolation, Myanmar has now begun to open its economy. The country has been restructuring its policies with the goal of establishing a market-oriented economy. Micro and small enterprises (MSEs) play a key role in this type of sustainable economic development as many of the private companies tend to be MSEs. However, in order to contribute to any development, MSEs require adequate support services, such as availability of business management skills and easy access to finance.

In order to understand the overall situation of MSE sector in Myanmar, the resulting need and demand for business management training and other support services to them, and the current situation with regard to the supply of such services; a business service market assessment was conducted in June-July 2013.<sup>4</sup> The findings are relevant to government and development agencies that aim to promote entrepreneurship by providing support for MSE growth.

This report summarizes the process adopted to conduct the assessment and the key findings related to the demand for and supply of business services.

The assessment was carried out through a review of secondary information comprising recent studies and primary research, for which the methodology is described in Chapter 2. This report starts with a brief description of the context in which interventions in private sector development generally, and business services in particular, are taking place. Chapter 3 considers the size, role and characteristics of the micro, small and medium size enterprises sector and private sector organizations. Chapter 4 provides the findings on demand for services, starting with financial services and continuing, in more detail, with non-financial services. Chapter 5 looks at the supply of financial and non-financial services. At the end of the report, recommendations are provided on the business services market in general and entrepreneurship and business management training in particular.

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<sup>4</sup> PSD Facilitators (Pvt) Ltd. conducted an assessment of the business services and management training market in Myanmar.

## 2. Methodology

The methodology used in the market assessment includes:

- A review of secondary information,<sup>5</sup> including recent studies of the private sector;
- Primary research comprising a sample survey of MSEs, focus group discussions (FGDs) and interviews with key informants.

The primary research was supervised and conducted by Gemunu Wijesena, with support from Htet Aung Myo of the ILO Yangon Office and participation of Merten Sievers from ILO Geneva. It covered:

- A questionnaire survey of 315 MSEs;<sup>6</sup>
- 6 FGDs covering nearly 50 MSEs and recent start-ups on their current demand for services;
- About 40 interviews with key informants, including donors, development agencies, business service providers, banks and microfinance providers, relevant government organizations, chambers and business associations, and value chain actors.

It was not possible to survey a fully representative sample due to limitations in time and resources as well as the unavailability of up-to-date secondary information on the number of MSEs. Within these limitations, it was attempted to put together a sample that would allow the study to provide fairly reliable conclusions about MSEs in general and to compare sectors, male and female entrepreneurs and two locations – Yangon and Bagan. Therefore, a combined purposive sampling with random sampling on the basis of geographical clustering was carried out.<sup>7</sup> The sample of 315 enterprises:

- Covered MSEs only: No medium size enterprises were included as they are few in number and not a market for the kind of business services for which this study is an assessment of. In the survey small enterprises were defined as having more than 5 and fewer than 50 employees. Micro businesses made up 58% of the sample, small enterprises 42%.

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<sup>5</sup> The most important secondary sources used were reports of the Asian Development Bank (ADB), Consultative Group to Assist the Poor (CGAP), McKinsey and the Economist Intelligence Unit, which can be found referenced in Annex 4.

<sup>6</sup> The sample survey was conducted by the Myanmar Marketing Research & Development Co. Ltd., using a questionnaire designed by PSD Facilitators (Pvt) Ltd. The survey team comprised 15 enumerators, a supervisor and a data entry operator, with overall supervision by Gemunu Wijesena.

<sup>7</sup> Maps of Yangon and Bagan/Nyaung-U downloaded from Google map were the sampling frame in this survey. Yagon City was divided into 4 km<sup>2</sup> blocks, Bagan/Nyaung-U (which is smaller) into 1km<sup>2</sup> blocks. Green areas were excluded. Blocks were selected at random. To meet the quota for each sector and prevent the overlap of types of business, the non probability sampling method was applied to select the respondents inside each block.

- Excluded agriculture, fisheries, livestock farming, etc., except when carried out on a commercial basis. Farms that are largely subsistence are not a target group for business services.
- Covered manufacturing, services and trade in about equal proportions (33%, 34%, 33%), to allow comparison.
- Was comprised of about as many women as men (53%, 47%), to allow comparison.
- Covered MSEs in Yangon (the main city) and Bagan (a major tourist attraction), to allow comparison.

The questionnaire consisted of 33 questions covering the following areas:

- General information about the enterprises in terms of type of business, age of the business, number of employees, owner's age, sex, education level.
- Utilization of and demand for financial and non-financial services, type of services, source of services, usage rate, payment of fees.
- Needs of the businesses for business services, willingness to pay and expected features of services (especially in relation to MSE management training).
- Situation in relation to the business environment, membership in business associations and registration of the businesses

The actual sample structure by size of enterprise, township and sector is summarized in Table 1 below.

**Table 1: Structure of surveyed sample of MSEs**

Township	Micro			Small			Grand Total
	Manufacturing	Services	Trading	Manufacturing	Services	Trading	
Yangon	40	40	40	30	30	30	210
Bagan/ Nyaung-U	21	21	21	14	14	14	105
Grand Total	61	61	61	44	44	44	315

A summary of the number of FGD participants by enterprise size, sector, location and sex is given in Table 2. Care was taken to include women in all groups.

**Table 2: MSEs participation in FGDs**

Area	Type of FGD	Small		Micro		Total	
		Female	Male	Female	Male	Female	Male
Yangon	Trading	3	1	3	1	14	10
	Manufacturing	3	1	1	3		
	Services	2	1	2	3		
Bagan / Nyaung-U	Trading	2	2	2	2	11	13
	Handicraft	2	1	1	4		
	Services	2	3	2	1		
<b>Total</b>		<b>14</b>	<b>9</b>	<b>11</b>	<b>14</b>	<b>25</b>	<b>23</b>

A list of key informants interviewed is provided in Annex 3.



## 3. Context

### 3.1 The political context

Myanmar is going through a period of dramatic political change. From 1962 to 2011 the country was ruled by the military and isolated from much of the world due to the Government's human rights abuses such as use of forced labour (including children), repression of political opposition and ethnic minorities. The military did not accept the results of the elections in 1990, won by the National League for Democracy (NLD), which led to sanctions (economic, military, and aimed at the leadership) from much of the international community, the EU and the US in particular. India, China and South Korea, however, continued to invest in the country.

Elections in 2010 were boycotted by the NLD. It and other opposition groups claimed that there was widespread fraud, and the elections were generally judged neither free nor fair.<sup>8</sup> Although the elections marked the end of official military rule, ex-military generals led the civilian government that was installed. The power of the military was therefore, de facto guaranteed. The new 2008 Constitution provided a further legal basis for this: 25% of both chambers of parliament were reserved for the military and so were three ministerial posts. However, the President, Thein Sein, who is considered as a reformist, made moves towards political liberalization, including the release from house arrest of opposition leader Aung San Suu Kyi and hundreds of other political prisoners in 2010. New legislation allowed for assembly, provided for labour rights and political participation. In November 2011, the NLD agreed to take part in parliamentary by-elections, which were held in early 2012. The party won seats in the lower house of the parliament and Aung San Suu Kyi was declared as the leader of opposition in the lower house.



<sup>8</sup> Economist Intelligence Unit (2012).

These developments led to the EU lifting all non-military sanctions for a year in 2012 and offering USD 100 million in development aid. This was made permanent in April 2013, to the dismay of human rights organizations that believed it was premature.<sup>9</sup> It is still unclear who is directing the changes in Myanmar and whether the moves towards democratization are genuine or a façade for the continuation of a military-dominated balance of power. In the latter case, further social and political unrest is likely.

Since 2012 pre-publication censorship has been lifted and privately-owned newspapers have been allowed. Ethnic tension and conflict remain an important factor. Ceasefire agreements are in place with all but one of the 18 non-state armed groups and at the time of this publication, talks for a nationwide ceasefire as a precursor to substantive peace negotiations were underway. However, sporadic clashes have continued. Ethnic minority leaders remain suspicious of the motives of the military-dominated government. Between 2011 and 2013, dozens of people in Rakhine State were killed in violence between Buddhists and Muslims. About 140,000 affected people have been forced to leave their villages.<sup>10</sup>

As many of the reforms require time to establish and with the continuation of many contradictions, the future remains uncertain. Developments over 2012 and 2013 indicate that reforms will continue, suggesting that democratic institutions could take root over the next ten years. Elections scheduled for late 2015 will be crucial.

## **3.2 The economic context**

### ***Main characteristics***

Myanmar is divided into 14 states and regions, subdivided into 64 districts. The population is estimated to number around 60 million and includes 135 distinct ethnic groups, with the ethnic Burmese making up 68% of the population.<sup>11</sup> More than two-thirds live in rural areas, in sharp contrast to other Southeast Asian countries, which have rapidly urbanized.

GDP hardly grew between 1930 and 1990. This changed following the limited economic liberalization that started in 1988, when the military State Law and Order Restoration Council (SLORC) took power and abandoned the model of a socialist economy. It declared a transition to a market oriented economy and adopted legislation that allowed for the growth of the private sector<sup>12</sup>. GDP per capita grew at an average rate of 2.7% per year between 1990 and 2010, with lows due to a banking crisis in 2003 and cyclone Nargis in 2008. This growth rate was still low compared

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<sup>9</sup> <http://www.bbc.co.uk/news/world-asia-22254493>

<sup>10</sup> <http://www.bbc.co.uk/news/world-asia-23077537>

<sup>11</sup> CGAP (2013), McKinsey (2013).

<sup>12</sup> Aung Kyaw (2008).

to 4.2% of Asian benchmark countries.<sup>13</sup> Between 2010 and 2012 growth accelerated with the ADB reporting 5.3 to 5.5%.

Most other development indicators are similarly low, though nearly all have shown improvement over the past decade. Myanmar ranks 149 out of 187 on the HDI (2012). 26% of the population lives under the poverty line (down from 32.1% in 2005), with rural poverty especially widespread (29% compared to 15% urban).<sup>14</sup> Geographical disparities are strong (e.g. 73% in Chin, 7% in Kayah).<sup>15</sup> While the food poverty rate has decreased to 5% (from 47% in 1990), one out of three children is malnourished.<sup>16</sup>

Access to basic services (health, education, power, water) is low. Wide regional disparities also exist. The average number of years of education is just 3.9, one of the lowest in the world. However, the adult literacy rate of 92% (nearly 96% among 15-24 year olds) is better than could be expected on this basis.<sup>17</sup> The girls to boys ratio in schools is around 0.95, comparable to neighbouring countries. Average life expectancy is between 58 and 65.6, higher for women than men. The ratio of healthcare worker to population is one to 1,700, compared to 1 to 269 for Southeast Asia.<sup>18</sup> About 71% of the population has access to safe drinking water.<sup>19</sup> Estimates of access to power vary, from 13% overall to 34% in rural and 89% in urban area.<sup>20</sup> Long outages are a daily occurrence.

Agriculture (including crops, livestock, fisheries, forestry) is the most important sector, even though since the 1990s manufacturing and services sectors have increased their share of GDP. In 2012, agriculture accounted for 36 to 43% of GDP and 52 to 54% of employment (depending on sources).<sup>21</sup> Manufacturing currently accounts for 26% and services for 38%.

## **Labour market**

The World Bank estimates that the labour participation rate (of women and men above 15 years of age) is 78.4 %, only a slight increase from 77.7% in 2003.<sup>22</sup> This is lower for women than for

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<sup>13</sup> <http://data.worldbank.org/country/myanmar>, UNDP (2013).

<sup>14</sup> Ministry of National Planning and Economic Development, SIDA, UNICEF, UNDP (2011).

<sup>15</sup> ADB (2012), page 10.

<sup>16</sup> ADB (2012), page 7.

<sup>17</sup> McKinsey (2013), Economist Intelligence Unit (2012).

<sup>18</sup> McKinsey (2013).

<sup>19</sup> <http://www.care.org.au/Page.aspx?pid=326>

<sup>20</sup> McKinsey (2013), page 75, ADB (2012), page 7.

<sup>21</sup> Economist Intelligence Unit (2012), McKinsey (2013), ADB (2012).

<sup>22</sup> <http://www.tradingeconomics.com/myanmar/employment-in-industry-percent-of-total-employment-wb-data.html>

men (74.8 and 81.8% respectively). This would mean about 25% of the labour force is unemployed. Some 3 million work abroad, mostly in ASEAN, with remittances accounting for at least 5% of GDP.<sup>23</sup>

The labour market suffers from a serious shortage of well-educated and skilled women and men. Government spending on education was only around 1.4% of GDP in the 2012/13 i.e. 6.5% of the government budget, in spite of the need to catch up after decades of underinvestment. Enrolment rates in primary school are very high, but those in secondary and tertiary education are low at 54 to 58% and 11% respectively. Those in Technical and Vocation Education and Training (TVET) are similarly low. Post-primary education is considered to be of low quality.

Very low government spending on health also affects the quality of human capital.<sup>24</sup>

## **Prospects**

The overall prospects of the economy varies depending on the pace and extent of political and economic reform.<sup>25</sup> This involves the willingness of the ruling elite to progressively part with the high level of control that it exerts over the country's political and economic processes. At the current rate of reform, which seems the most likely scenario, GDP growth may be more than 5 % annually over the next 5 years, increasing to 7 % or 8% by 2016 or 2017.

## **Sectors**

Several recent analyses have identified (sub) sectors that have potential to show significant growth over the next decade or two. Growth in terms of output and employment is expected to be particularly significant in:

- Labour intensive, low-skilled manufacturing;
- Tourism and travel;
- Construction;
- Retail.

Growth in terms of output but less in terms of employment can be expected in:

- Agriculture, including agribusiness (and livestock, fisheries, forestry);
- Energy and mining;
- Telecommunication;
- Banking, financial services.

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<sup>23</sup> Ministry of Labour, quoted in CGAP (2013), <http://www.elevenmyanmar.com/business/2230-myanmar-unemployment-rate-near-40-percent-study-finds>

<sup>24</sup> ADB (2012), Economist Intelligence Unit (2012).

<sup>25</sup> This section draws most on ADB (2012), Economist Intelligence Unit (2012), McKinsey (2013), in addition to the findings of the current study (Focus Group Discussions and interviews). Growth projections are from these sources.

Key findings from recent studies and the current research is summarised in Annex 1.<sup>26</sup>

### ***Opportunities and challenges***

The positive forecasts for economic growth are premised on the assumption that the key constraints will be addressed so opportunities can be made use of. The main **opportunities** are:

- ASEAN membership leading to enhanced trade and investment opportunities with member countries.
- WTO membership, which will facilitate integration into the global economy and access to international financial and development institutions, which are a source of loans and aid.
- Strong interest from foreign investors, international donors and development agencies.

**Strengths** that Myanmar will be able to make use of include:

- Abundant natural resources.
- A young population: 40% of working age population is 15-28 years old.
- A growing economy, which will increase the domestic market.
- The on-going reforms, with the aim of improving the business and investment climate. They include:
  - Privatization of state enterprises (though the process lacks transparency);
  - Easing of restrictions on the use of private land;
  - Easing restrictions on foreign investment under the Foreign Investment Law;
  - Changes in banking legislation (Financial Institutions Law) that give the Central Bank of Myanmar more independence in setting monetary policy, aim at improving access to credit, easing interest rates controls, allow private banks to expand branch network and may allow foreign banks to operate in Myanmar;
  - Plans to establish Special Economic Zones (under an SEZ Law);
  - Plans to make increases in the health and education budgets.

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<sup>26</sup> It should be noted here that Myanmar is also the world's second largest producer of heroin, and that exports are booming. The military, government officials and armed resistance groups are widely believed to be involved in or control large-scale heroin trafficking (Economist Intelligence Unit (2012), [http://en.wikipedia.org/wiki/Golden\\_Triangle\\_\(Southeast\\_Asia\)](http://en.wikipedia.org/wiki/Golden_Triangle_(Southeast_Asia)), <http://www.ibtimes.com/burmas-godfather-heroin-dies-drug-trade-flourishes-rebels-soldiers-government-officials-all-battle>).

However, great **challenges** need to be addressed:

*In terms of macro-economic conditions:*

- No monetary policy framework, interest rates are controlled and exchange rates distorted.
- Government spending restricted due to high public and external debt

*In terms of the social/cultural environment:*

- Discrimination against ethnic minorities affects the contribution they can make (and the benefits they gain) from economic development.
- This study has not identified significant constraints related to gender roles, but this should be further investigated through gender analysis studies.

*In terms of the regulatory environment and institutions that implement rules and regulations:*

- Absence of a clear strategy to manage the transition to a market economy.
- Absence or limited capacity of government institutions charged with development and implementation of policies. Policymaking is haphazard.
- General lack of accountability and transparency. Myanmar ranks 180 out of 183 countries on Transparency International's perceived corruption index.
- Tax legislation is ambiguous.
- An absence of rule of law as the result of the absence of independence of the justice system.
- Little/no security of tenure to land.

*In terms of services that support private sector development:*

- The labour market suffers from a serious shortage of well-educated and skilled women and men.
- Absence of a well-functioning financial system. There are just 0.85 commercial bank branches per 1,000 square km. The interest rate is high.<sup>27</sup> Consequently, the level of credit is low.<sup>28</sup>
- State-owned enterprises are still favoured, for instance with access to credit.
- Access to foreign currency is controlled, which leads to shortages in inputs.
- Access to reliable electricity, telecommunication and internet is low.
- Infrastructure is weak due to chronic underinvestment.
- Research institutions have weak R&D capacity and MSEs are not linked to them.

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<sup>26</sup> ADB 2012.

<sup>27</sup> Aung Kyaw, 2008.

*In terms of the enterprises themselves:*

- Enterprises have little or no connection with global markets and their products and services do not meet international quality standards.
- In domestic markets, enterprises find it hard to compete with the cheap and better quality imports from neighbouring countries.
- The level of diversification is low.
- The level of technology is low.

### 3.3 Micro, small and medium enterprises

#### **Definition**

The 1990 Private Industrial Enterprises Law and the 1991 Cottage Industries Promotion Act (1991) defined the size of the different classes of industries, as in the table below.

**Table 3: Current definition of (Micro, Small and Medium Industries) MSMIs**

Size	No. of workers	Capital invested (kyats)	Yearly production (kyats)	Power usage (HP)
Cottage/Micro	< 10	-	-	< 3
Small	10 – 50	< 1 million	< 2.5 million	3 – 25
Medium	51 – 100	1 – 5 million	2.5 to 10 million	26 – 50
Large	> 100	> 5 million	> 10 million	> 50

Source: Khin Maung Than, Htwe Htwe Win (2007); Thein Thein Oo (2013).

These MSMIs resort under the Ministry of Industry. Currently a change in the definition from MSMIs to SMEs (Small and Medium Enterprises) is under consideration, as well as the development of an SME Development Policy and a government support structure. The new draft definition is presented in the table below. It seems complicated and is not in line with current practice in the majority of countries.

**Table 4: Draft new definition of SMEs**

		Small	Medium
Workers	Manufacturing	< 50	51 – 300
	Services	< 30	31 – 200
	Labour intensive or CMP	< 300	301 – 600
Capital (kyat)	Manufacturing	< 500 million	501 – 1000
	Services	< 200 million	201 – 500
	Labour intensive or CMP	< 500 million	501 – 1000

Source: Thein Thein Oo (2013).



## ***Role of SMEs***

The only available estimates of the contribution of SMEs to the economy are those from the Institute of Developing Economies, which reports that in 2004 SMEs accounted for 92.6% of enterprises, 69% of output (in the private sector), 68% of investment value and 80% of employment.<sup>29</sup> While these figures are out of date, and exclude the informal economy, they do indicate that SMEs play a major role in the country's economy, especially since their number has only grown since then. The contribution to employment in the private sector is particularly significant, especially considering this does not include the informal economy.

## ***SME policy and government support framework***

Over the past two years the new Government has given indications that it accords higher priority to the development of SMEs. A Central Committee for Development of Small and Medium Enterprises, chaired by the President was set up in 2013 to develop an SME policy. The goal of the proposed policy is development of SMEs by putting in place an 'enabling environment' i.e. development of mainly human resources, technology and financial services.

The SME Development Centre is charged with implementing the SME policy. The Centre has only recently become operational, and its staffing and budget are unclear. So far it has no representation outside Yangon. The focus appears to be on manufacturing, in spite of expected growth in the service and trade sectors.

*In terms of business services to SMEs:*

- The Technology and Information Department would facilitate technical and business management training with partners.
- Assistance in market networking, building market linkages and support for participation in trade fairs are foreseen under the Department of International Relations.
- Information and advisory services in relation to investment would be offered by the Investment Extension Department. It would operate a credit guarantee fund for loans to be provided by the (state) SMI Development Bank.

The Investment Commission under the Ministry of National Planning and Economic Development is the authority responsible for business registration. It operates in Yangon. It plans to start offices in other main townships. The Commission is in the process of developing an online business registration system with support from the ADB. This will become operational in 2014. Businesses only have to register when they do not operate from home.

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<sup>29</sup> Aung Kyaw (2008).



The extent to which licensing is compulsory is unclear. Opinions on how easy it is to license a business vary. Licensing is done at the City Development Committee or in the Township Development Department in the case of regions. Businesses pay business taxes to those authorities.

### ***Size of micro, small and medium enterprises and potential market for business services***

In the order of most to least, the states/regions of Ayeyarwaddy (5,250), Mandalay (4,960), Bago (3,708), Sagaing (3,346) and Shan (3,159) have the highest numbers of registered SMEs.

**Table 5: Registered private industries by States/Regions (2011)**

	State / Region	Numbers of firms			
		Large	Medium	Small	Total
1	Kachin State	25	97	1,082	1,204
2	Kayah State	9	127	100	236
3	Kayin State	64	24	708	796
4	Chin State	NA	2	523	525
5	Sagaing Region	247	703	3,346	4,296
6	Tanintharyi Region	127	81	970	1,178
7	Bago Region	195	681	3,708	4,584
8	Magwe Region	91	236	2,149	2,476
9	Mandalay Region	915	2,071	4,960	7,946
10	Mon State	124	220	1,888	2,232
11	Rakhine State	61	54	1,891	2,006
12	Yangon Region	1,647	1,626	2,689	5,962
13	Shan State	162	353	3,159	3,674
14	Ayeyarwaddy Region	368	630	5,250	6,248
	<b>Total</b>	<b>4,035</b>	<b>6,905</b>	<b>32,423</b>	<b>43,363</b>

Source: Directorate of Industries Supervision and Inspection (2011).

Table 5 shows the regional distribution of registered enterprises as per the old definition. Therefore, no data is available for the size of cottage (or micro) enterprises. Consequently, this assessment made a few assumptions to estimate the total number of MSEs that run the risk of underestimating rather than overestimating:

- Assumption: actually 20% of small industries are registered – the total number of small industries is about 155,000.
- Assumption: the number of small enterprises in trade and services are comparable (given the different sectors' contribution to GDP) – the number of small enterprises is 465,000.

- Assumption: There are 5 times more micro than small enterprises (low compared to ASEAN countries) – total number of micro enterprises is 2.325 million.
- Conclusion: The total number of MSEs is around 2.8 million as of 2012.

This number is likely to be even higher given the positive economic forecasts.

Assumptions related to the size of the potential entrepreneurs have also been made using the statistics of the Ministry of Industry, which reported that 43,232 private SMEs registered by mid-2012, up from 36,229 in 2000. This amounts to nearly 600 enterprises per year on average. Large industries accounted for 11.1%, medium and small for 16.9% and 72.0 % respectively.

- Assumption: the number of registered small enterprises grows by the same number – total growth is around 1,300 (registered).
- Assumption: this accounts for only 20% of new small enterprises as only 20% register – the total number of new small enterprises per year is 6,500.
- Assumption: 5 times more micro enterprises start – 32,500 new micro enterprises per year.
- Conclusion: The total number of start-ups per year is about 39,000.

Graduates from technical and vocational training can also be segmented in the category of potential start-ups. Technical schools under the Ministry of Science and Technology enrol around 8,000 students annually for the Vocational Training stream, while other line ministries may enrol another 2,000. In addition, it can be estimated that private and NGO sector skills training providers take in around five times more students annually for various skills training courses. On average, 5-10% of vocational training graduates venture into their own enterprises. This would make the size of this particular market segment 3,000 to 6,000 potential entrepreneurs.

It can be concluded that the potential market for business services to the MSEs is large.

### **3.4 Characteristics of the enterprises and entrepreneurs**

This section summarizes the main characteristics of the 315 MSEs covered in the sample survey and possible implications for business services.

#### ***Size of businesses***

58% of the 315 MSEs had fewer than 5 employees. Only 12% had more than 10 employees. There were no significant size differences among the different sectors, i.e. manufacturing, services and trade businesses were all more likely to be micro in size. Also, no difference in size was found between female and male-owned businesses and MSEs in Yangon and Bagan.

### ***Type of businesses, products and services in the MSE sector***

The survey sample was structured to have an equal representation of the different sectors and to exclude agriculture. We can therefore not draw any conclusion from it with regards to sector composition of MSEs. The actual activities that the surveyed MSEs were engaged in (see Annex 2, Table A.2) were not notably different from what one would expect in other low income countries.

### ***Registration, licensing and taxes***

Table 6 provides the survey findings on the registration of MSEs. Only around 8% of MSEs are registered. Micro and trading businesses are least likely to be registered.

**Table 6: Percentage of businesses registered**

		% of registered businesses
	MSEs in Total	8.3%
Business size	Micro	3.3%
	Small	15.2%
Type of Business	Manufacturing	10.5%
	Service	12.4%
	Trading	1.9%

Businesses being too small or owners being unaware of an obligation to register were the main reasons given for not registering, which was confirmed by FGDs. There is no obligation to register businesses that are run from home. However, it is claimed that most MSEs are licensed in the City Development Committee or in the Township Development Department and are to pay business taxes to those authorities. The FGDs and interviews indicated confusion and lack of transparency with regards to what taxes have to be paid.

**Table 7: Reasons for not registering MSEs**

Reason for not registering	No. of enterprises	%
Business is small to register	181	62.6
Don't know about such requirement	69	23.9
Registration process is complicated and difficult	21	7.3
No any benefits	8	2.8
No need	8	2.8
Registration is expensive	2	0.7

### ***Age of the business***

39% of surveyed MSEs are older than 10 years, while 38% have been set up during the last five years (See Annex 2, Figure A.4). Young enterprises are particularly found in the service sector, while older enterprises are more often in the manufacturing sector, in Bagan (compared to Yangon). There are no significant differences by sex.

### ***Male and female business ownership***

The survey sample was structured to have equal representation of male and female business owners. The survey, therefore, does not shed light on the extent to which women are involved in business compared to men. However, interviews and FGDs indicate that women's involvement in enterprise as owners and managers is strong. In most MSEs, both husband and wife work in the enterprise. (See Annex 2, Figure A.5).

### ***Age of the entrepreneur***

The age of entrepreneurs covered by the survey of 315 MSEs ranged from 19-63 years. Close to half (47%) were below 40 years of age (with 17% below 30). The age class of 41-50 years represented about one-third of the total 315 MSEs. Only 21% of entrepreneurs were more than 50 years old. These proportions are similar for women and men.

### ***Education level of the entrepreneur***

The survey indicates that most MSE owners are well educated. Only 4% have no formal education while over 20% have completed grade five, 15% have completed junior or senior school and 33% graduated from university. (See Annex 2, Figure A.6). FGDs confirmed that the education level of entrepreneurs is quite high. However, key informants expressed doubt about the quality of university degrees of MS entrepreneurs.

### ***Workers***

In micro enterprises, male workers were found to be in the majority. Female workers are in the majority in trading and services. The FGDs confirmed this and also indicated that a large majority of MSEs employ family members and relatives.

### ***Future plans***

Most of the MSEs surveyed have started with their own investment, while 28% have taken a loan for the expansion of business. 72% of enterprises plan to further invest over the coming 12 months. More men than women plan to make such investments (76% compared to 69%).

### 3.5 Private sector organizations

The Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (RUMFCCI) is the country's prime private sector organization. It is the umbrella organization for a number of "Border Trade Chambers of Commerce" (9), Division Chambers of Commerce and Industry (8), and State Chambers of Commerce and Industry (8). In addition, the country has some 34 sectorial associations, including the Women's Entrepreneurs Association. The associations target membership of medium to large enterprises. Interviews with key informants and FGDs indicate they generally do not represent MSEs.

These organizations aim to provide services to their members, such as organizing factory visits, training and trade fairs, assisting in preparing business plans, provision of relevant publications, facilitating networking with members other commercial associations etc.

### 3.6 Conclusion

The prospects for the private sector development in Myanmar appear positive, with GDP growth expected to increase from 5 to 7 or 8% over the coming years. However, important challenges remain such as a possible slowdown and reversal of the political and economic reform process. Opportunities for output and employment growth are particularly strong in labour intensive manufacturing, tourism, construction and retail.

This will include many opportunities for the MSEs. The study estimated that the total number of MSEs in the country was 2.8 million, the number of start-ups per year was 39,000 and the number of vocational and training graduates interested in starting a business was between 3,000 and 6,000.

On the basis of the characteristics of MS entrepreneurs, it was found that business services would have to address fairly simple business issues to target women and men and mostly people below 50 years old.

The Government has developed an SME Policy and has initiated the development of the institutional framework to implement it. However, the policy appears to focus on industry and is not adequately geared towards private sector development that is inclusive of poor women and men or otherwise excluded groups (e.g. ethnic minorities).

## 4. Demand for services

In the previous chapter, it has already been estimated that the size of existing MSEs and potential start-ups in Myanmar is substantial. One of the natural outcomes of this is a massive market demand for business services by these MSEs.

In this chapter we will consider what kinds of services is the potential market likely to demand or be interested in. We will briefly look at financial services and then consider non-financial services in more detail because non-financial services are the focus of this study.

### 4.1 Demand for financial services

Surveys of MSEs and FGD findings indicated that entrepreneurs felt that lack of access to credit affected business growth as well as the use of non-financial business services. Overall only 30% of the MSEs had tried to get a loan for their business. This was higher in the manufacturing sector (39%) and lowest in the service sector (18%). However, it must be noted that 94% of the MSEs that tried to get a loan were successful, with a higher rate in Yangon (98%) than the Bagan region (84%). Therefore, although a vast majority of MSEs felt they needed credit, they did not apply for fear of not qualifying, mainly due to lack of collateral. In addition, it is not easy for MSEs to get a bank loan due to the lending conditions, limited availability and priority accorded to state enterprises. Access to and awareness about microfinance also remains low.

The source of loan was very different in the two locations. The findings are presented in Table 8 below. Only a very few MSEs accessed credit from the formal banking sector. FGDs revealed that some MSEs had taken loan from Myanmar Economic Development Bank by mortgaging their shop or land.<sup>30</sup> The recent introduction of credit cards has resulted in improved access to short-term credit for working capital. There was no difference between women and men in terms of source of credit.

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<sup>30</sup> In principle all land (and other natural resources) belongs to the Government. In practice the situation is complex, as described in UNHCR, UNHABITAT, Norwegian Ministry of Foreign Affairs (no year). Land “ownership” is often a source of conflict, including between the local population and foreign investors. Some land is owned on Freehold (not outside the main cities), much on State grant or lease basis, and can be used for collateral. Agricultural land is owned by the State and farmers are basically its tenants. While the new Farm Law allows land (lease) titles to be used as collateral, this is very recent. Duflos, E., Luchtenburg, P., Li Ren, Li Yan Chen (2013).

**Table 8: Source of credit**

Source of Credit	Region		MSEs in overall
	Yangon	Bagan	
Money lender / pawn shop	68%	30%	56%
NGO or micro finance institution	20%	59%	32%
Cooperative	5%	7%	6%
Friend	8%		6%
A state bank	5%	4%	5%
Commercial bank	3%		2%
ROSCA	2%		1%
Other	2%		1%

Demand for savings is reported to be difficult to assess.<sup>31</sup> Trust in the banking system is low due to a crisis in 2003-2004 and inflation has typically been high (20% for much of the past decade). Most people therefore, prefer to save in gold or other assets. The need for insurance was also not indicated by the current study. Demand for domestic and international transfer services is high.

Overall, it can be concluded that the demand for credit is likely to be enormous. In 2012, UNCDF (United Nations Capital Development Fund) estimated demand for micro loans at an additional US\$ 1 billion.<sup>32</sup> Numerous studies like the “Microfinance Industry Report-2010” published by ACTED and Banking with the Poor Network,<sup>33</sup> “Microfinance in Myanmar Sector Assessment”<sup>34</sup> by IFC and CGAP, and “Results from Pact’s Microfinance Projects in Myanmar”<sup>35</sup> suggest the same and highlight that there is potential especially for developing the rural market because of the lack of services there. However, the findings indicate strong unmet demand in urban areas as well.

## 4.2 Demand for non-financial services

### 4.2.1. Business services in demand

#### *Types of business services demanded for business improvement*

The survey questionnaire asked entrepreneurs “To improve your business and make it more profitable, do you think you need to improve...” and then suggested a number of possibilities. Respondents were asked to select three priority areas from a list of fifteen that could be addressed

<sup>31</sup> Duflos, E., Luchtenburg, P., Li Ren, Li Yan Chen (2013).

<sup>32</sup> UNCDF (2012)

<sup>33</sup> [http://www.bwtp.org/BWTP%20Network-ACTED%20Myanmar%20Microfinance%20Industry%20Report%20\(English\).pdf](http://www.bwtp.org/BWTP%20Network-ACTED%20Myanmar%20Microfinance%20Industry%20Report%20(English).pdf)

<sup>34</sup> <http://www.cgap.org/publications/microfinance-myanmar-sector-assessment>

<sup>35</sup> <http://www.pactworld.org/pgmf>

by business services. The focus groups discussed constraints on their business, which can throw light on the type of services that they would need. The survey findings are shown in the table below:

**Table 9: Areas business services could address**

	Type of business service demanded for business improvement	% of MSEs				
		Total	Type of Business			
			Manufacturing	General Services	Tourism Services	Trading
1	Information on the market	40.0%	27.6%	28.6%	23.8%	64.8%
2	Knowledge and skills to reach customers and make sales	34.0%	21.9%	21.4%	33.3%	56.2%
3	Workers' technical skills	33.7%	36.2%	52.4%	38.1%	15.2%
4	Linkages to new buyers	32.7%	54.3%	22.6%	23.8%	21.0%
5	Linkages with suppliers	21.3%	22.9%	20.2%	23.8%	20.0%
6	Knowledge to develop new products and services	16.2%	4.8%	22.6%	47.6%	16.2%
7	Productivity	12.4%	35.2%			1.9%
8	Stock control system	10.5%	12.4%	1.2%		18.1%
9	Planning the growth of business	9.5%	7.6%	8.3%	28.6%	8.6%
10	Safety and health in working place	9.2%	14.3%	11.9%	9.5%	1.9%
11	Knowledge and skills to manage workers	7.9%	6.7%	11.9%	9.5%	5.7%
12	Buying procedures	6.0%	3.8%	4.8%		10.5%
13	Knowledge of government regulations that apply to business	3.5%	3.8%	1.2%	14.3%	2.9%
14	Costing and cost and pricing	2.9%	3.8%	3.6%		1.9%
15	Financial accounts	.6%	1.9%			

The areas of improvement most frequently mentioned by entrepreneurs were:

- Information on the market;
- Knowledge and skills to reach consumers and make sales;
- Workers' technical skills;
- Linkages to buyers.

Each of these needs was emphasized in the FGDs as well.

None of the suggested options was not selected at all. However, just a few respondents considered government regulations and strategic areas such as keeping accounts, costing and pricing important.

Some differences by sector are notable. There were no differences between women and men.

There were some regional differences, with MSEs in Bagan seeing a stronger need for market information, business growth planning and product and service development. This finding indicates the importance of assessing local needs when designing programmes.



In conclusion, it seems clear that MS entrepreneurs see a need for improvement in their businesses and that some of those needs can be met by business management training.

### ***Valued features for the business services***

Respondents were asked which features of services (apart from relevance) they considered important. The possible features were read out to them. Table 10 shows the result. The trainer speaking the entrepreneurs' mother tongue was considered very important or important. Availability of training outside normal business hours and within the town where the business was conducted was also considered important.

The availability of written material and provision of certificates were appreciated by somewhat smaller majorities. The only possible features not considered important were same-sex trainers and trainees, which is also an important finding.

**Table 10: Service delivery features valued by MSEs**

Service delivery feature	% of respondents		
	Very important	Important	Not at all
The trainer speaks mother tongue	74.2	24.2	1.6
Can access outside normal business hours	23.5	42.5	34.0
Do not need to travel out of town to get service	27.5	33.3	39.2
Receive books that can refer to later	19.0	37.6	43.5
Get a certificate	14.1	38.6	47.4
The trainers are also women/men	1.6	2.9	95.4
The other trainees are also women/men	1.0	2.6	96.4

### ***Willingness to pay***

The willingness to pay is high, with 88.7% of the MSEs surveyed willing to pay for services relevant to the needs they identified. There are no differences between types of business, micro and small businesses and between men and women in their willingness to pay for services.

Ability to pay is not a major constraint. Only 1.6% of respondents were of the opinion that business services were too expensive. Though, FGDs and the survey indicated that a "reasonable" price is considered important.

MSEs in Yangon indicated that they are willing to pay an average of 5,000 Kyats per day, while the average fee indicated by entrepreneurs in the regions was 2,000 Kyats per day. Services that MS entrepreneurs are willing to pay for include need-based vocational training.

It should be emphasized that the study could only establish willingness to pay by asking the respondents and that their actual behaviour could be quite different. On the other hand, respondents to surveys such as this, often emphasize their inability to pay in the hope of free

services. Based on these findings, it can be concluded that there is a high potential for charging a fee for services directly from clients and there may be a possibility to market services on a commercial or at least part cost-recovery basis.

#### **4.2.2 Business services in use**

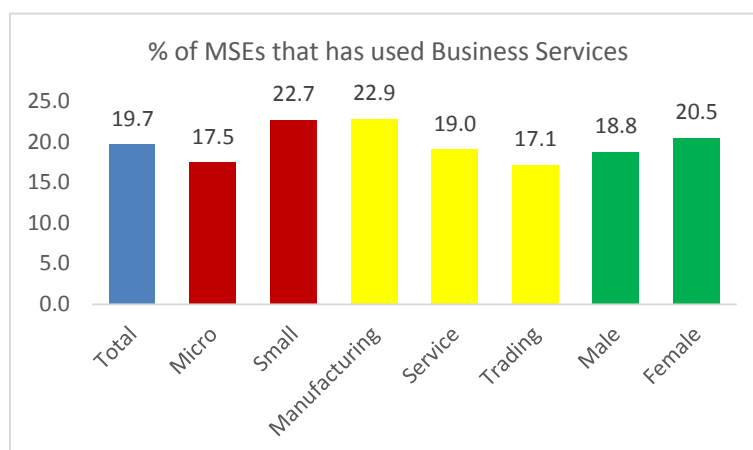
We have seen that most MSEs express willingness to pay for services that address their priority needs for business improvement and that nearly all recognize needs for such improvements. This establishes that there is potential demand for business service. We will now consider the extent to which MSEs actually use such services.

#### **Overall use of services**

The overall usage of business services is very low, at 19.7% of the MSEs covered by the survey. 69% of these have used more than one service. The low usage of business services was confirmed by the FGDs, with nearly none of the participants having had experience with them. Their business knowledge and skills have been gained through experience, self-learning and from parents and relatives. They rely on family and friends for business advice and business information.

Utilization of business services varies by sector, with usage highest in manufacturing, lowest in trade (see Figure 1). Slightly more small than micro enterprises have used business services (22.7 compared to 17.5%). The difference between Yangon (26% used services) and Bagan (7%) is significant.

**Figure 1: % of MSEs that has used business services over total number of MSEs**



#### **Characteristics of those who used services**

It was found that the better educated are more likely to have used business services (Annex 2: Table A.3). Young enterprises and entrepreneurs were most likely to have used business services too. (Annex 2: Table A.4 and Table A.5).

Users of business services are also likely to have used them already. Nearly 70% of users had used business services already, with 22% of service users having used them more than twice (Annex 2: Figure A.6). MSEs that had been successful at getting a loan were also more likely to use business services (33% compared to less than 20% for the total). None of the MSEs unsuccessful at getting a loan had used business services. Conversely, 47% of business service users had been successful at getting a loan, compared to 27.6% for the total. This indicates that entrepreneurs who use financial services are more likely to use non-financial ones and vice-versa.

Overall, these findings indicate that current business service users have the same chance of being women or men, are likely to be of any age group except over 50, have a relatively young business, are at least functionally literate and are more likely to be among growing enterprises (since they use loans). However, the diversity within this group is so large that the most likely design conclusion would be that business services have to be diverse as well.

### ***Type of services used***

The types of business services used by the surveyed MSEs are given in Table 14 below. Help to generate new business ideas was used most, but also had the lowest satisfaction rate. On the contrary, skills training was not used by a lot of MSEs, but was a priority need.

Some of the much-used services with high satisfaction rates are:

- Facilitation of linkages to buyers and suppliers;
- Information on markets;
- Information and access to technology, equipment and tools.

All other services have hardly been used, with business start-up training used by only 8 enterprises and business management training by just 2.

**Table 14: Type of business services used**

Rank	Service	No. of respondents used the service	% of users	% of users think the service is useful
1	Help to get new business ideas	27	43.5	63.0
2	Linking to new buyers	24	38.7	91.7
3	Linking to new suppliers	18	29.0	88.9
4	Information on market opportunities and trends	17	27.4	88.2
5	Information or access to new technology, equipment, tools	13	21.0	84.6
6	Making a business plan	7	11.3	85.7
7	Skills training	7	11.3	100.0
8	Training on how to start a business	5	8.1	100.0
9	Quality certification of your products or services	5	8.1	100.0
10	Business management training	2	3.2	100.0
11	Service to prepare your businesses' accounts	2	3.2	100.0
12	Training on how to use new technology, equipment and tools	2	3.2	100.0
13	Information technology services	2	3.2	50.0
14	Service to prepare your tax file	1	1.6	100.0
15	Opportunity to participate in trade fairs	1	1.6	100.0

### **Service providers**

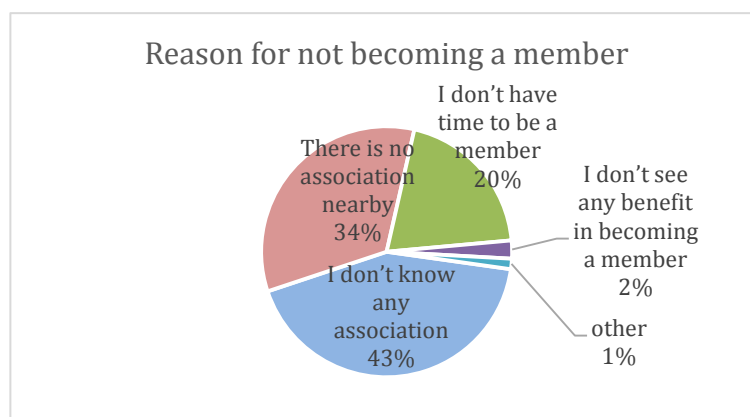
Over 50% of MSEs that used services had obtained them from private businesses, particularly from their suppliers and buyers (See Figure 2).

**Figure2: From where MSEs get services**



None of the respondents mentioned Business Associations or Chambers as a provider. In fact, just 5% are a member of such an organization.

**Figure 3: Reasons for not becoming members in business organizations**

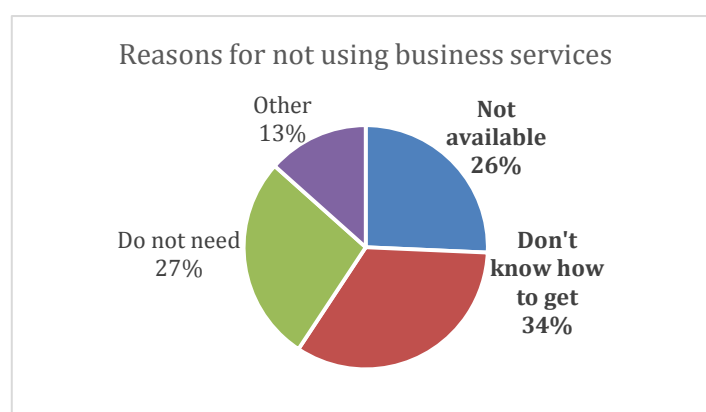


### ***Reasons for low usage of business services***

We saw that the large majority of MSEs believe there are areas in their business that need improvement, which can be addressed through business services. MSEs are willing to pay for such services. However, very few MSEs have used these services. In this section we will consider possible reasons.

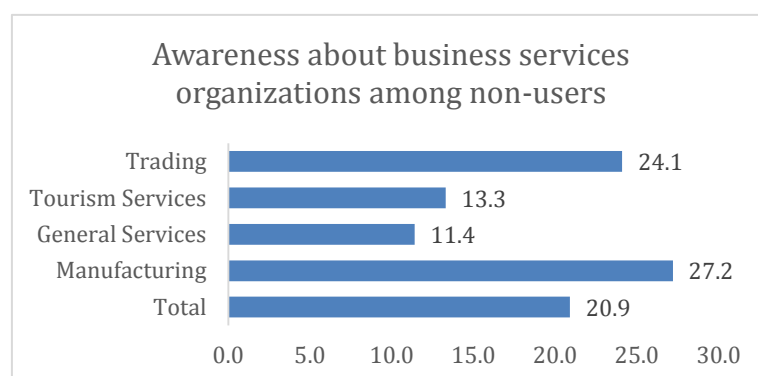
Surveyed MSEs that did not use business services were asked why. The results are illustrated in Figure 4 below. Not knowing how to access business services was most frequently mentioned.

**Figure 4: Reasons for not using business services**



The awareness of services and providers was a little higher among manufacturing MSEs, where the usage rate too is a little higher (Figure 5). Also, awareness of business services varies between the regions: it was higher in Bagan (36.7%), while it was only 11% in Yangon, although they were more frequently used in Yangon. There was no difference between women and men entrepreneurs in this respect. FGDs confirmed the very low level of awareness.

**Figure 5: Awareness of business service providers**



Low awareness is likely to be related to another main reason for not using services, i.e. their unavailability. This was mentioned by 26% of MSEs who had not used services. 27% of MSEs stated they did not use business services because they did not need them, a much higher share than those who did not see areas for improvement in their businesses (one respondent). Most business problems are currently solved in-house with advice from family members, relatives or friends and many MSEs consider this to be adequate. While enterprises such as these are less likely to become business service users, their opinion may be partly due to lack of awareness of how business services can help improve their enterprises in more strategic ways. Some of the priority needs they have indicated may not be easily addressed without external assistance.

### 4.3 Conclusion

The potential demand for business services and willingness to pay for services that address such needs (88.7% willing to pay) is strong. Entrepreneurs give priority to services that provide them with information on the market, knowledge and skills to reach customers and make sales, workers' technical skills, and linkages to new buyers and suppliers. These demands can be obviously addressed through business management training. Current usage of business services is very low, at just 19.7% of interviewed MSEs.

The total number of MSEs in the country was estimated at 2.8 million, the number of start-ups per year at 39,000 and the number of vocational/technical graduates interested in starting a business between 3,000 and 6,000. We could estimate the number of MSEs interested in training on business management related skills at 34% of these numbers (those who prioritized "knowledge and skills to reach customers and make sales"), and the number of those who will act on their needs at 88.7% (those willing to pay). However, to be as conservative as possible, we can assume that 10% of MSEs would consider business management training as important to their needs and 10% as the share who would act on this by paying for the services. Even with these very conservative assumptions, the market for business management training would still be enormous: 28,000 existing MSEs and per year some 300 to 600 start-ups.

## 5. Supply of services

### 5.1 Financial services<sup>36</sup>

#### 5.1.1 Providers

The financial sector is small, undeveloped and state control is its main feature. Overall only 16-20% of the population is estimated to have access to formal financial services.<sup>37</sup> Providers comprise four state-owned banks and 19 private banks. The sector is so far closed to foreign competition. Revision of banking laws is on-going in preparation for integration into the ASEAN.

In addition to banks, microloans are provided by NGOs and cooperatives. In 2011, the Government passed a microfinance law, which allows local and foreign investors to establish privately owned MFIs. An estimated 2.2 million people have access to formal voluntary micro deposit services. Micro loans come from the following:

- Money lenders and pawn shops;
- Community based groups (revolving funds, village savings and credit groups – 12,000 of them, serving 1.4 million people, mostly started by international NGOs);
- Banks – The Myanmar Agricultural Development Bank and the Myanmar Livestock and Fisheries Development Bank provide small loans to micro enterprises. Private banks have shown little interest, as it is difficult to make a profit with the controlled interest rates;
- Cooperatives – Supervised by the Cooperatives Ministry. They take deposits and provide loans, in urban areas mostly. The Central Cooperatives Society is the apex. It also operates 46 village banks. There are also financial cooperatives, under the Union of Savings and Credit Federation (membership more than 470,000);
- NGOs – since the microfinance legislation in November 2011, most international NGOs have received or will soon receive an MFI licence (before that only the PACT UNDP had legal status). Leading providers are: PACT UNDP (with 80% of the NGO/MFI portfolio), GRET, Save the Children, World Vision – in total 450,000 active borrowers, portfolio over \$ 69 million;
- Specialized agricultural development companies – they provide value chain finance;
- Government organizations – non-bank, includes government involvement through women's union and political party organizations.

In insurance, the state-owned insurance company is small and has no outreach. It does not provide insurance for agricultural or business activities. Private insurance companies have now been allowed to start (none foreign), but they will not offer this type of insurance either.

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<sup>36</sup> This section draws mostly on Duflos, E., Luchtenburg, P., Li Ren, Li Yan Chen (2013), ADB (2012) and the Economist Intelligence Unit (2012).

<sup>37</sup> LIFT, quoted in Duflos, E., Luchtenburg, P., Li Ren, Li Yan Chen (2013).

### **5.1.2 Target groups, products and prices**

Microfinance targets in particular micro and small enterprises (including in agriculture) and the self-employed. Poor and vulnerable households that require loans to overcome a crisis (for instance sickness) are a major target group as well. Many NGO microfinance providers target women.

The range of banking services is very small. Bank loans are mostly limited to one-year fixed-rate loans and fixed deposits. Some banks provide domestic transfer services, which do not reach rural areas.

NGOs and MFIs provide a broader range of services, i.e. loans of different sizes, maturities and repayment methods. Most lending methodologies are based on some kind of joint liability (solidarity groups, village banks, etc.).

Money lenders charge interest between 10 to 20% a month. In formal financial institutions the Central Bank keeps the interest between 5 and 6%, which is a disincentive to banks to lend to MSMEs. The main NGOs/MFIs charge rates of around 2.5-3 % per month. While non-conventional collateral such as gold and crops is now allowed, banks limit the loan to value ratio to 50%. Affordability is said to be a major reason for MSEs not taking loans from MFIs.

## **5.2 Non-financial services**

### **5.2.1 Providers/Outreach**

#### ***Vocational and technical training***<sup>38</sup>

Virtually the only non-financial business service that is fairly widely available is vocational and technical training. Providers can be found in the private, the not-for profit and the public sector.

There are over 100 *private sector* vocational/skills training providers. They are concentrated in Yangon, with a few operating branches in Mandalay. They offer courses on skills such as welding, metal work, electronics, pipe fitting, motor mechanics, air-conditioning and refrigeration, carpentry, computer as well as tourism. The course duration varies by course and provider, ranging from 6 weeks to 3 years. Vocational training providers are themselves MSEs, having 5 to 12 full-time staff and 15 to 20 part-timers. The capacity of these training providers is between 300 to 2,000 trainees per year per provider. Most of these training providers have good relationships with industries, through which they arrange internships as part of their courses. Some providers run their own recruitment agencies that recruit technical staff for local and overseas employment. Most follow ASEAN standard formal curriculum that are well-recognized in the ASEAN region, including Myanmar itself.

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<sup>38</sup> Data on student number disaggregated by sex are not available.



There are a few *local NGOs* (initiated with international support) that provide vocational and technical training. They include the Centre for Vocational Training and microfinance providers such as the Adventist Development and Relief Agency (ADRA). They mostly offer their services in regions such as Shan state, Dry zone, Delta region, Bagan and Mandalay. The course duration ranges from 3 months to 3 years. The capacity of these training providers is between 200 to 600 trainees per year (by provider).

*Public sector vocational and technical training* resorts under different ministries. Training is provided free of charge and is funded from the government budget. Due to financial constraints, training centres under the ministries have limited capacity.

### ***Entrepreneurship and business management training***

Several of the private sector training institutes that offer higher-level technical (engineering) training also offer their students courses in management related fields. This includes courses on Marketing Management, Human Resource Management, Business Administration, Accounting and Financial Management. These prepare students for professional exams such as City & Guilds (London), Chartered Institute of Marketing CIM (UK) and the Association of Business Executives (UK).

A few (5 to 6) private sector service providers are emerging in the area of entrepreneurship and small business management training services for entrepreneurs. Two of the training institutes, Myanmar Human Resources Management Institute and the Business Capacity Building Centre have recently started to offer Entrepreneurship and SME Management courses targeting medium-scale enterprises and youths seeking wage employment in the SME sector. The Centre for Vocational Training, ADRA and the World Vision and Mercy Corps also provide management training. Some microfinance providers offer training on basic book-keeping and financial literacy as part of their micro credit programmes.

The RUMFCCI organizes seminars from time to time on thematic management topics. These target their members who are mostly medium and large enterprises. The Women Entrepreneurs Association organizes training for its members on an *ad hoc* basis. Training conducted by other chambers and associations appears to be insignificant.

In the public sector, training on business management and entrepreneurship is part of the mandate of the SME Development Centre.

### ***Other services***

- Specifically designed technology training for MSEs is almost non-existent. One NGO conducts training on food technology and some agricultural technologies. The Ministry of Fisheries and Livestock operates a few fisheries training schools.
- There are a number of tax and audit firms, which are mostly micro in scale and based in Yangon and a few other main cities. They provide tax consulting, accounting and auditing services targeting medium scale enterprises.

- There is a small number of local as well as foreign affiliated firms that provide legal services related to business operations. They do not target MSEs.
- IT services for MSEs are extremely limited, especially outside Yangon.
- Some 5 or 6 market research firms are based in Yangon. All have been established over the past few years, and none targets MSEs.

### **5.2.2 Target groups, products and prices**

Most of the private sector business service providers that offer management training target medium and large enterprises. Their second target market, particularly of training institutes are students who want to study for professional exams.

The vocational training providers in the public and NGO sector target youth of poor families and of vulnerable communities, including rural youth. The non-financial services of microfinance institutes reach rural communities and often target women.

The above indicates that the range of available non-financial services for the MSE sector is very limited. Vocational and technical training is the main service on offer. The current supply of other MSE business services is limited to basic financial training offered by NGOs and microfinance institutes in particular. The entrepreneurship and small business management training courses are offered by two to three private training institutes.

Government and NGO service providers offer their services free of charge. In addition, some NGOs provide travel allowances and a toolkit, while public institutions may offer food and accommodation. However, private sector providers recover the full cost directly from clients. The average course fee of most of vocational and technical courses is between 50 to 100 USD per month, with course durations of between six weeks to four months.

With regard to marketing, private sector providers mainly rely on service quality, a unique service package, reputation and image, as their main sales arguments. Most service providers use leaflets, brochures, flyers and posters as their promotional tools. Some providers use mass media including newspapers, TV and radio. A small percentage uses web-based promotion. The RUMFCCI under the Ministry of industry is used for promotion as well.

Public sector providers do little marketing. Vocational and technical trainees come through the education system. The SME Development Centre uses leaflets. The budgets of public sector providers are severely constrained and leave little room for promotion.

## **5.3 Conclusion**

It can be concluded that the supply side of the business services market is very weak, with a very limited range of services and low capacity and outreach. There is no structured or standard entrepreneurship or business management training product for MSEs on the Myanmar market at present. The situation with other services such as developing market linkages, provision of market

information, business consultancy services and technology training services is similar. Supply of such services to both urban and rural MSEs is weak or non-existent.

Public sector providers are fully dependent on government budget allocations, while NGOs depend on donors. This limits their scope and sustainability.

Strengthening the supply of services that address the perceived priority needs of MSEs and marketing services effectively, are the greatest needs in the business services market.

## 6. Recommendations

### 6.1 The business services market

#### ***Recommendation 1***

The main interventions to develop the market for business services need to invest in developing the supply side. The need and potential demand is especially great for services to supply market information, improve marketing and sales skills, build linkages to buyers and suppliers and improve technical and vocational skills. These should be the initial focus.

#### ***Recommendation 2***

Efforts to develop the supply of business services should focus on the private sector and possibly, local NGOs. The Government works under severe budget constraints and therefore, is not the provider of choice for business services.

#### ***Recommendation 3***

Exploring ways in which business services can be provided by actors in value chains is recommended for developing sustainable services embedded in market systems. Value chain development is an important avenue for business services development. Promising sectors in this regard are agriculture, manufacturing, tourism and travel. Embedding services in value chains in these sectors has been successful in comparable countries.

#### ***Recommendation 4***

Myanmar is a country of great diversity. Therefore, the business services developed should as much as possible be adapted to the specific needs of the target markets, i.e. the characteristics of the enterprises and their markets, women and men, localities, ethnic groups.

#### ***Recommendation 5***

Business services development and delivery in ethnic minority areas will have to be preceded by assessments of ethnicity-related constraints on participating in and benefitting from the market economy.

#### ***Recommendation 6***

It is recommended that priority is given to conducting a number of gender analyses in various localities to inform business services and private sector development programmes in this regard. The present study was not sufficiently focused on gender differences. Therefore, no significant differences between the needs of (potential) male and female entrepreneurs were found.

### ***Recommendation 7***

While currently the majority of the population lives in rural areas, this can be expected to change rapidly over the coming decade. Even now, potential outreach of services is greatest in urban areas, due to the higher concentration of businesses and economic activity. It is therefore recommended that the initial focus be on the main urban centres. Outreach to rural populations can be achieved by making use of capacity built in urban centres, which can function as “hubs” for service delivery (see also recommendation 13).

### ***Recommendation 8***

While awareness of business services is low, promotion of services and awareness-raising obviously needs to await development of the supply side.

### ***Recommendation 9***

Donor and government subsidies and incentives do not yet distort the market for business services. Therefore, efforts should be taken in bringing stakeholders together to coordinate the development of sustainable and viable services.

## **6.2 Entrepreneurship and business management training**

### ***Recommendation 10***

Invest in the development of a capacity to provide (potential) MS entrepreneurs with entrepreneurship, business start-up and business management training. Given the high literacy level of MSEs and their interest in written material, such training can be material-based.

### ***Recommendation 11***

Training should be adapted to local needs and circumstances. Most important is availability in local languages and an emphasis on marketing-related skills and knowledge.

### ***Recommendation 12***

The supply side of business service is very limited yet. In the short-term, it is recommended to explore collaboration with the following organizations:

1. MHR Management Training Institute
2. Business Capacity Building Centre
3. Global Skills International
4. TOTAL Myanmar
5. Adventist Development and Relief Agency (ADRA)
6. Mercy Corps
7. World Vision
8. Centre for Vocational Training (CVT)

9. Myanmar Women Entrepreneurs Association.

The SME Development Centre, Central Department of SMEs Development, Ministry of Industry, is already being supported by GIZ.

***Recommendation 13***

For outreach to smaller towns and rural areas, the programme should develop alternative delivery modalities, including possibly by:

- Developing a local informal capacity (e.g. training existing entrepreneurs or self-help group leaders to provide training);
- Working with schools;
- Using radio or television, or online services when connectivity improves.

## Annex 1 – Summary of key findings of potential growth sectors<sup>39</sup>

Sector	Opportunities	Forecast	Main needs
<b><i>Agriculture including agribusiness</i></b>	<ul style="list-style-type: none"> <li>• Currently \$ 21.2 billion</li> <li>• Abundance of land, water, long coast line, forest cover (of 50%), low-cost labour.</li> <li>• Only 18% of land is used, only 18.5% of this is irrigated.</li> <li>• Growing local demand, potential in retail development</li> <li>• Export to neighbouring countries, ASEAN</li> <li>• Fish and shrimp already a major and growing export, catch tripled over 10 years.</li> <li>• Pulses and rice also significant export.</li> <li>• World's largest exporter of teak</li> <li>• <b><i>Agri-business and supply chains will include many and varied opportunities for MSMEs</i></b></li> </ul>	Growth of 4% per year to 2030, but <b><i>stable in employment</i></b>	<ul style="list-style-type: none"> <li>• Increase productivity through irrigation, improving farming systems, cultivars, fertilizers, tools, machinery.</li> <li>• Need for R&amp;D, access to finance, skills upgrading</li> <li>• Develop services in marketing, storage, packaging, transport, logistics, machinery and fertilizers (supply chain development).</li> <li>• Address unclear land rights and speculation.</li> </ul>
<b><i>Low-skilled, labour intensive manufacturing</i></b>	<ul style="list-style-type: none"> <li>• Currently \$ 9.8 billion</li> <li>• Low-cost labour</li> <li>• Availability of most raw materials</li> <li>• Expected growth in local demand, and export</li> <li>• Opportunities in textile, apparel, leather, furniture, toys, food and beverages, mineral-based products, rubber and plastics, agro-processing,</li> <li>• Move to more value added manufacturing (including assembly) in the long run.</li> <li>• <b><i>This will include opportunities for MSMEs.</i></b></li> </ul>	10% growth per year to 2030, to become largest sector, <b><i>employment from 1.8 to 7.6 million.</i></b>	<ul style="list-style-type: none"> <li>• Improve infrastructure and logistics</li> <li>• Improve access to power</li> <li>• Upgrade workforce skills (eventually there will be a shortage)</li> <li>• Improve management skills and systems</li> <li>• Investment, access to finance (including FDI), land</li> </ul>

<sup>39</sup> This analysis draws on Economist Intelligence Unit (2012), ADB (2012), McKinsey (2013), and, for agriculture, FAO (2012). Growth forecasts are from McKinsey.

<b>Construction</b>	<ul style="list-style-type: none"> <li>• Currently \$10.5 billion</li> <li>• Infrastructure is very underdeveloped, including in housing, schools, retail infrastructure, hospitals, roads, bridges, railroads, airports, seaports, industrial zones.</li> <li>• Donor support (loans and grants) and FDI likely. To 2030 possible \$320 billion investment.</li> <li>• Could stimulate growth in construction materials production,</li> </ul>	8% annual growth to 2030 possible, with <b>employment growing from 0.5 to 2.3 million.</b>	<ul style="list-style-type: none"> <li>• Investment in development of local capacity, as the sector is small, and opening up to foreign investment and competition.</li> <li>• Improve transparency and accountability; companies are and owned by a small elite in or linked to Government.</li> <li>• Upgrade technical and management expertise</li> <li>• Need for massive donor support</li> </ul>
<b>Energy, mining</b>	<ul style="list-style-type: none"> <li>• Currently contributes \$ 8 billion to GDP</li> <li>• Natural gas is number one export (40% of total) and the country has significant reserves.</li> <li>• Oil, minerals, and precious stones are other major resources. Myanmar is a major source of precious stones (jade, rubies, sapphire).</li> <li>• Hydropower is the main source of electricity (three quarters). Only 5% of water resources is used.</li> <li>• <b>Local processing of precious stones, jewellery, retail, are probably the best MSME opportunities.</b></li> </ul>	Potential for 5% annual growth to 2030, but direct <b>employment growth is likely to be limited, from 0.1 to 0.3 million.</b>	<ul style="list-style-type: none"> <li>• Investment in infrastructure, equipment is likely to be the priority need.</li> <li>• Upgrade technical and management skills</li> <li>• Liberalise the sector, increase competition.</li> </ul>
<b>Financial services</b>	<ul style="list-style-type: none"> <li>• Currently contributes \$ 0.2 billion to GDP</li> <li>• There is no properly functioning financial system</li> <li>• Key opportunities in commercial banking, SME banking, microfinance, development banking</li> </ul>	Potential growth rate of 23% annually to 2030; <b>employment could increase from near zero to 0.4 million.</b>	<ul style="list-style-type: none"> <li>• To increase outreach, volume, transparency and accountability, adopt comprehensive and best practice banking legislation (some work currently being done) that takes market mechanisms as a starting point and minimises political and Government interference.</li> <li>• Develop and institutional framework for oversight</li> <li>• Allow foreign banks to operate.</li> </ul>



<b>Telecommunication</b>	<ul style="list-style-type: none"> <li>• \$ 0.1 billion contribution to GDP</li> <li>• Most outdated systems in ASEAN – this may be an opportunity, as systems can be established from the start with latest technology.</li> <li>• Only 3% mobile phone penetration in 2011, but may already have increased to 9%. Government aims at 75% in 2016.</li> <li>• Internet penetration second lowest in the world.</li> <li>• Strong private sector interest – two licenses for foreign firms were just awarded to a Norwegian and a Qatari firm.</li> <li>• <b><i>This sector can offer opportunities for MSMEs in retail and repair.</i></b></li> <li>• Development of the sector will have a major positive impact on the rest of the economy, including MSMEs.</li> </ul>	Potential growth of 23% annually to 2030, <b><i>employment may increase from near zero to 0.2 million.</i></b>	<ul style="list-style-type: none"> <li>• Develop policies to liberalise the sector to provide greater scope for the private sector including foreign firms.</li> <li>• Investment in infrastructure, including through schemes that provide incentives to cover rural areas.</li> <li>• Development of skills.</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>• Incomes are set to continue to increase, and probably more rapidly. Demand for consumer goods will strengthen.</li> </ul>	No forecasts available	<ul style="list-style-type: none"> <li>• Improve distribution channels</li> <li>• Reduce trade barriers to increase the flow of goods into the country.</li> <li>• Access to finance.</li> </ul>

## Annex 2 – Tables and diagrams referred to in the text

Figure A.1: Type of businesses in the surveyed sample

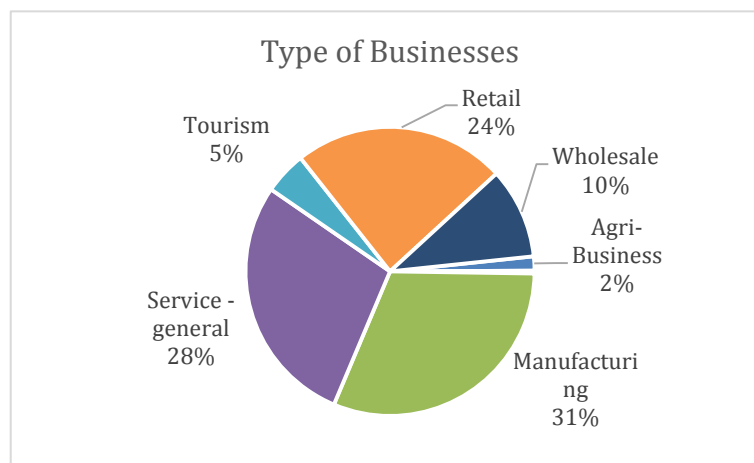


Figure A.2: Membership in business organizations

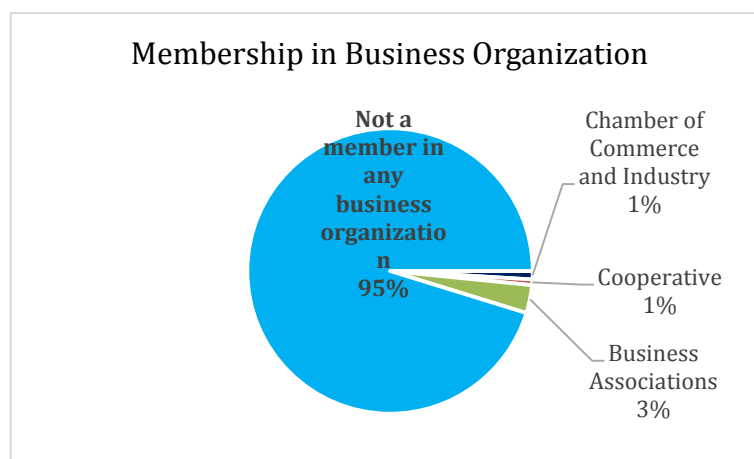


Figure A.3: Reasons for not becoming members in business organizations

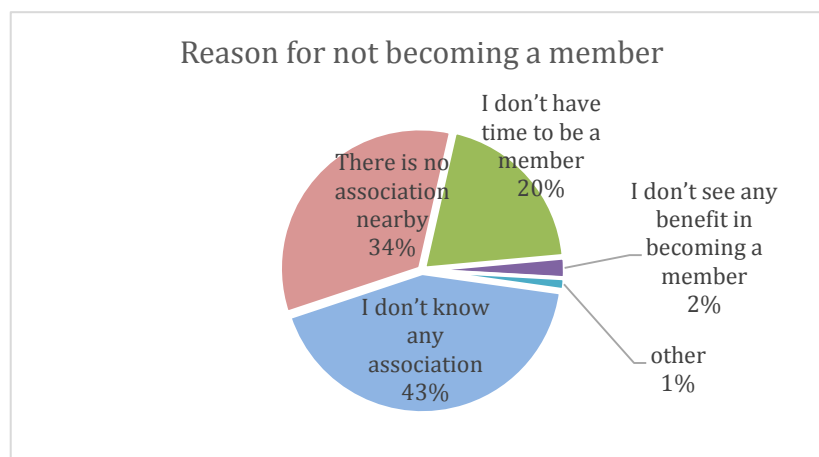


Figure A.4: Age of businesses

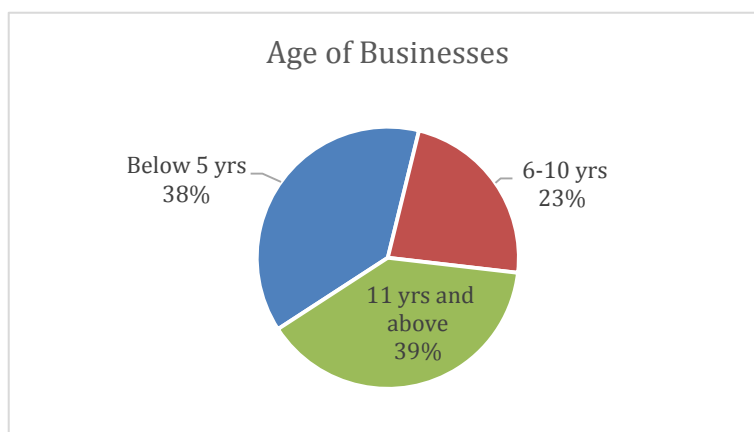


Figure A.5: Sex of MSE owners

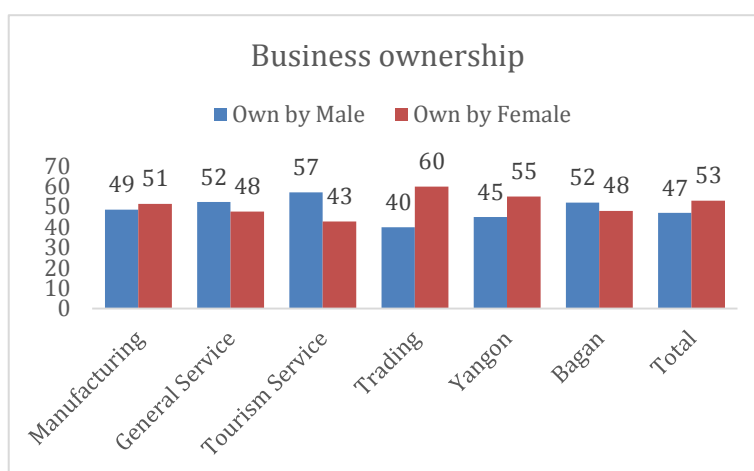


Figure A.6: Education level of MSE owners

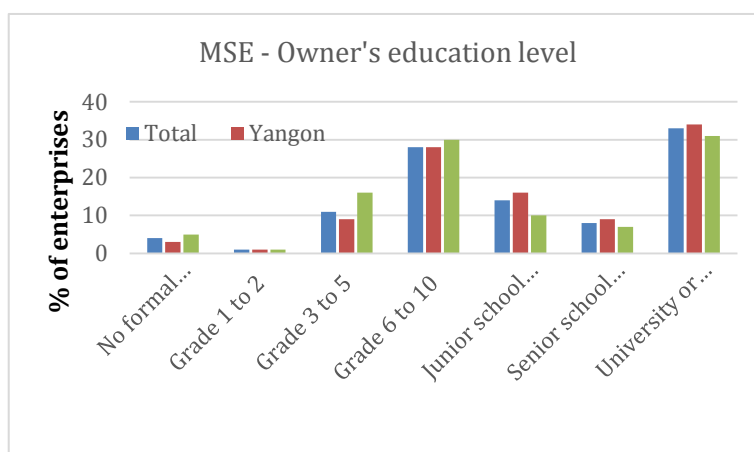


Figure A.7: Repeat use of business services (by those who used services)

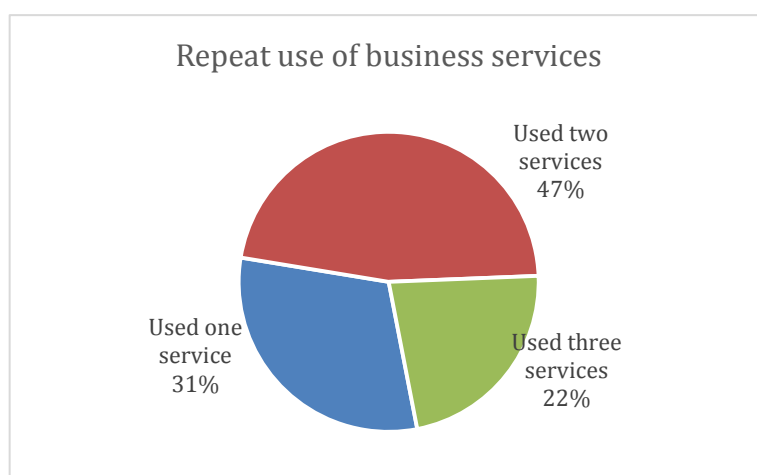


Table A.1: No. of registered small industries in terms of products/services

Type of products/services	No. of Small enterprises
Food & beverages	22,003
Clothing & apparel	1,354
Construction materials	2,413
Personal goods	479
Household goods	122
Printing & publishing	243
Industrial raw materials	650
Minerals & Mining	1,201
Agricultural equipment	36
Industrial equipment	204
Transport vehicles	65
Electrical goods	12
Miscellaneous	4,674
<b>Total</b>	<b>33,456</b>

Source: ADB (2007).

*Table A.2: Type of products and services of surveyed MSEs*

Manufacturing	Services	Trading
<ul style="list-style-type: none"> <li>Food products such as pancake, noodle, tofu, etc.</li> <li>Chemical products</li> <li>Charcoal</li> <li>Handicraft</li> <li>Garments</li> </ul>	<ul style="list-style-type: none"> <li>Printing and publication</li> <li>Repair of electronic and electrical items</li> <li>Transport</li> <li>Restaurants</li> <li>Guest house</li> <li>Motor vehicle repairing</li> <li>Tyre service</li> <li>Tailoring</li> <li>Tourism related services</li> </ul>	<ul style="list-style-type: none"> <li>Food and Beverage</li> <li>Household consumer goods</li> <li>Textile and clothing</li> <li>Footwear</li> <li>Construction materials</li> <li>Battery and motor spare parts</li> <li>Plastic products</li> <li>Chicken, meat &amp; egg</li> </ul>

*Table A.3: Usage of business services and the education level of the entrepreneur*

Education level	No. of enterprises who used BDS	% of age group who used BDS
< Grade 5, including the group with no formal education	3	3.8%
Grade 6 – 10	20	22%
Junior school graduates	12	27%
Senior school graduates	5	19%
University / diploma	22	21%

*Table A.4: Usage of BDS and age of the business*

Age of business	No. of enterprises who used BDS	% of age group who used BDS
< 5 years	6	22%
6 - 10 years	25	24%
11 – 20 years	26	14%
> 20 years	9	18%

*Table A.5: Usage of BDS and age of entrepreneur*

Age category	No. of enterprises who used BDS	% of age group who used BDS
< 30 years	6	11.5%
31 – 40 years	25	26.6%
42 – 50 years	26	25.5%
> 50 years	5	7.5%

Table A.6: Needs for improvement perceived by MSEs in Yangon and Bagan

		Town			
		Yangon		Bagan	
		No. of respondents	%	No. of respondents	%
Information is needed on the market	Yes	78	37.1	48	45.7
Knowledge and skills to reach customers and make sales	Yes	53	25.2	54	51.4
Planning the growth of business	Yes	8	3.8	22	21.0
Knowledge to develop new products and services	Yes	19	9.0	32	30.5
Costing and cost and pricing	Yes	7	3.3	2	1.9
Financial accounts	Yes	2	1.0	0	0.0
Buying procedures	Yes	17	8.1	2	1.9
Stock control system	Yes	24	11.4	9	8.6
Knowledge and skills to manage workers	Yes	13	6.2	12	11.4
Productivity	Yes	34	16.2	5	4.8
Linkages with suppliers	Yes	46	21.9	21	20.0
Linkages to new buyers	Yes	75	35.7	28	26.7 26.7%
Workers' technical skills	Yes	78	37.1	28	26.7
Safety and health in working place	Yes	19	9.0	10	9.5
Knowledge of government regulations that apply to business	Yes	8	3.8	3	2.9

## Annex 3 – List of organizations interviewed

	<b>Name of the Organization</b>	<b>Contact Person/s &amp; Designation</b>
1	Gallant Training Centre	Zin Myo Swe - Managing Director, Ei Myo Swe - Marketing Director, Myat Lay Wai - Training Director
2	Skills Training Centre	Ms. Khin Mar Aye - Assistant Director
3	TRC Hotel Training School	Kyaw Kay Sint - Chief Consultant
4	Fisheries Training School	Principal, Ayerwaddy Division
5	Central Department of SMEs Development (SME Development Centre)	Ms. Mu Mu Aye, Assistant Director, Central Department of SMEs Development, Ministry of Industry
6	Columbus Travels	Mr. Min Din - Managing Director
7	Hotel and Tourism Training Centre - Kandawgyi Hotel	Win Kyi - Principal HTTC
8	Global Skills International	U Zay Ya @ Benjamin Lin - Managing Director
9	Myanmar Fruit, Flower and Vegetable Producer and Exporter Association	U Hnin Oo - Vice Chairman, Soe Than Min Din – General Secretary
10	Union of Myanmar Federation of Chamber of Commerce and Industries	Khine Khine Nwe (Rosaline), Joint Secretary General
11	Friedrich Naumann Foundation (FNF)	Ms. Nway Nway Soe, Programme Manager, Myanmar
12	Small and Medium Industries Development Bank (SMIDB)	Dr. Than Tun, Chairman
13	Centre for Vocational Training (CVT)	Ms. Yin Yin Aye, Director
14	GIZ	Mr. Thomas Schneider, Senior Advisor
15	MHR Management Training Institute	Mr. U. Aye Kyaw, Chief Executive
16	Myanmar women Entrepreneurs Association	Ms. Kyi Kyi Nyein, Executive Committee Member - National and International Relation
17	World Vision Microfinance Program	Mr. Neal Youngquist, Microfinance General Manager
18	Lynn Lynn Chit & Associates	Ms. Lynn Lynn Chit
19	Investment Commission / One stop Centre for Investment	Mr. Aung Naing Oo, Director General
20	Myanmar Hoteliers Association	President, Bagan Region
21	Myanmar Restaurant Association - Bagan	U Tint Swe, Chairman / U Khin Maung Htwe, Secretary
22	Laquarewear Technology College	Director

	<b>Name of the Organization</b>	<b>Contact Person/s &amp; Designation</b>
23	Embassy of Switzerland, Swiss Agency for Development and Cooperation (SDC)	Peter Tschumi, Minister / Deputy Head of Mission / Director of Cooperation
24	Livelihood and Food Security trust fund (LIFT)	Mr. Steve Dowall, Lead Technical Officer
25	IFC	Mr. Charles Schneider
26	Mercy Corps	Mr. Paolo Cerati, Program Director / Mr. Thein Zaw, Senior program Advisor
27	Mon Women's Organization / community in Belugyun island	Mi Kun Chan Non
28	Journeys Nature and Culture Explorations	S.B. Chetry - Win Tin, Managing Director
29	Adventist Development and Relief Agency (ADRA)	Kyaw Aung, Program Director
30	Business Capacity Building Centre	Dr.Daw Hla Nyunt, Center Manager
31	TOTAL Myanmar	SWE SWE Win, Head of Socio Economic Department



## Annex 4 – References

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