

MYANMAR
BUSINESS
ENVIRONMENT
INDEX (MBEI)

SURVEY OF COVID-19 IMPACT ON BUSINESSES



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BACKGROUND

- The novel coronavirus (COVID-19) pandemic has driven the world into an unprecedented crisis.
- By 25 May 2020, the virus had claimed nearly 350,000 lives worldwide (John Hopkins University 2020).
- Even though the health impact thus far appears to be less severe in Myanmar than in many other countries, with only six deaths recorded by May 25, 2020 (Ministry of Health and Sports, 2020), the economy has still been hit hard by the pandemic.
- In order to better understand the economic impact of COVID-19, The Asia Foundation carried out a nationwide telephone survey of businesses in Myanmar.
- The MBEI, including this survey, is funded by UK Aid through the DaNa Facility.

METHODOLOGY



METHODOLOGY


- A total of 750 businesses were interviewed for this survey.
- Businesses were randomly selected from the MBEI 2020 sample frame.
- Businesses were interviewed by telephone between April 28 and May 10, 2020.
- The survey design allowed some comparison of the results between the COVID-19 survey and the MBEI 2020 survey conducted between November 7, 2019 and February 23, 2020
- The enumerators contacted 1,412 businesses by telephone and successfully interviewed 750 of them (53% success rate).

BUSINESS PERFORMANCE



Business operation
Sales
Profitability
Cash flow
Access to credit
Employment

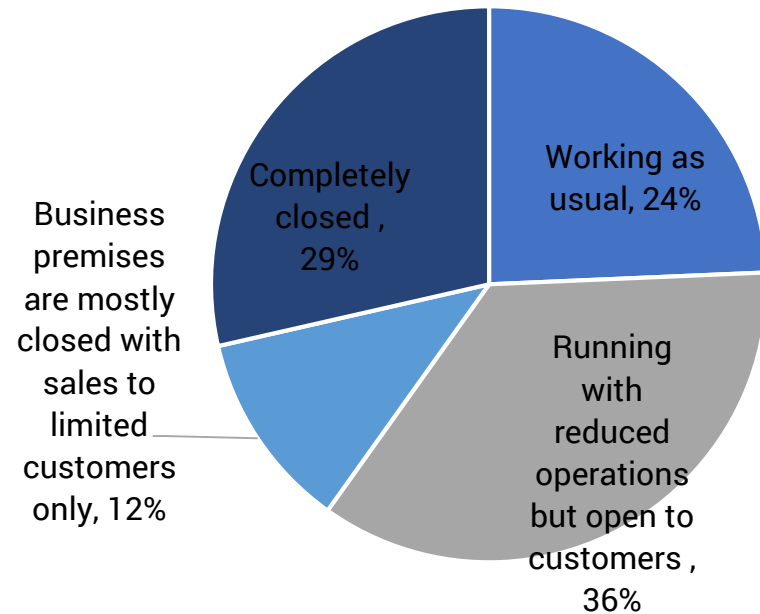
COVID-19 CRISIS AND BUSINESSES IN MYANMAR



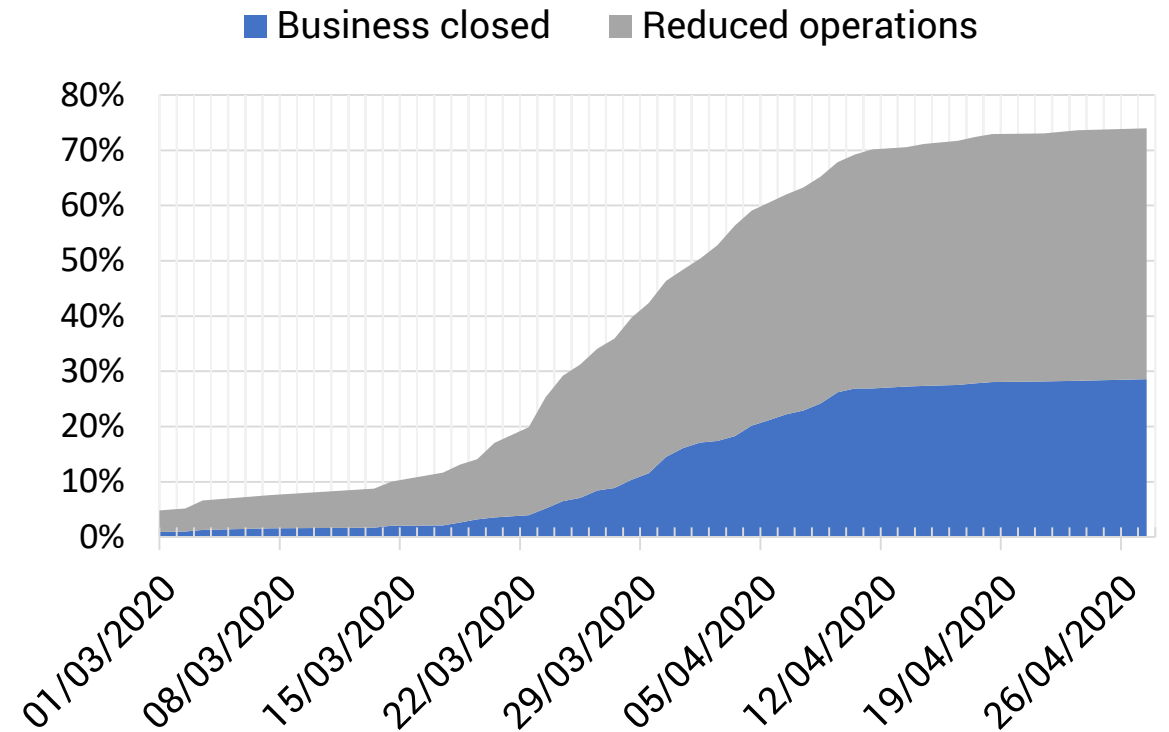
Reduced
business
operations

Most businesses have closed or reduced operations due to COVID-19

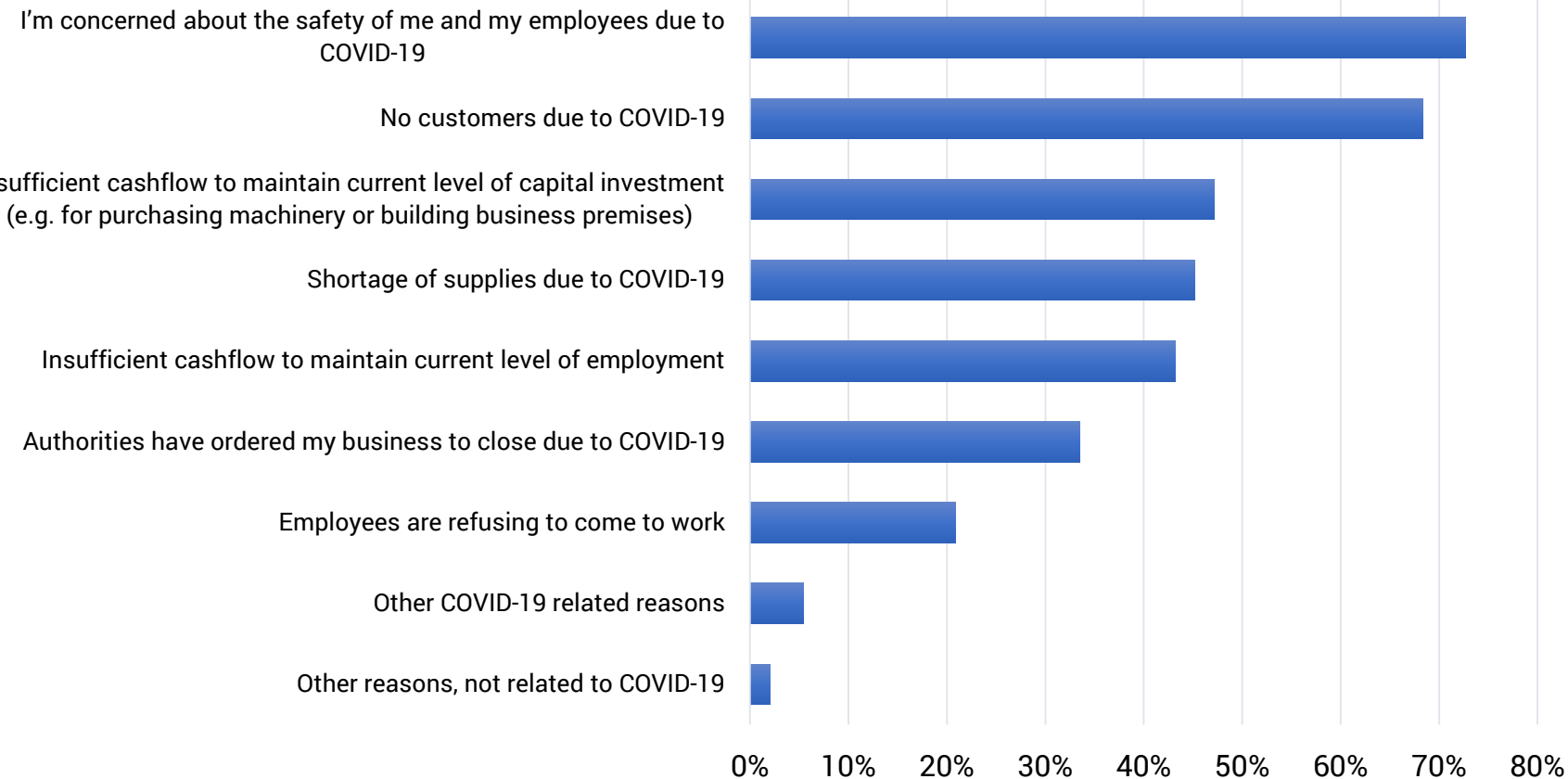
Level of businesses' operations at the time of survey



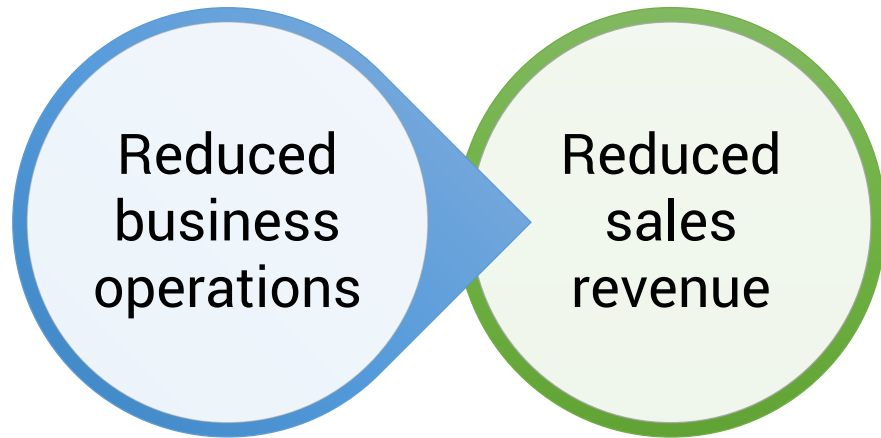
Impact of COVID-19 on business operations



What were the reasons for closing or reducing operations?

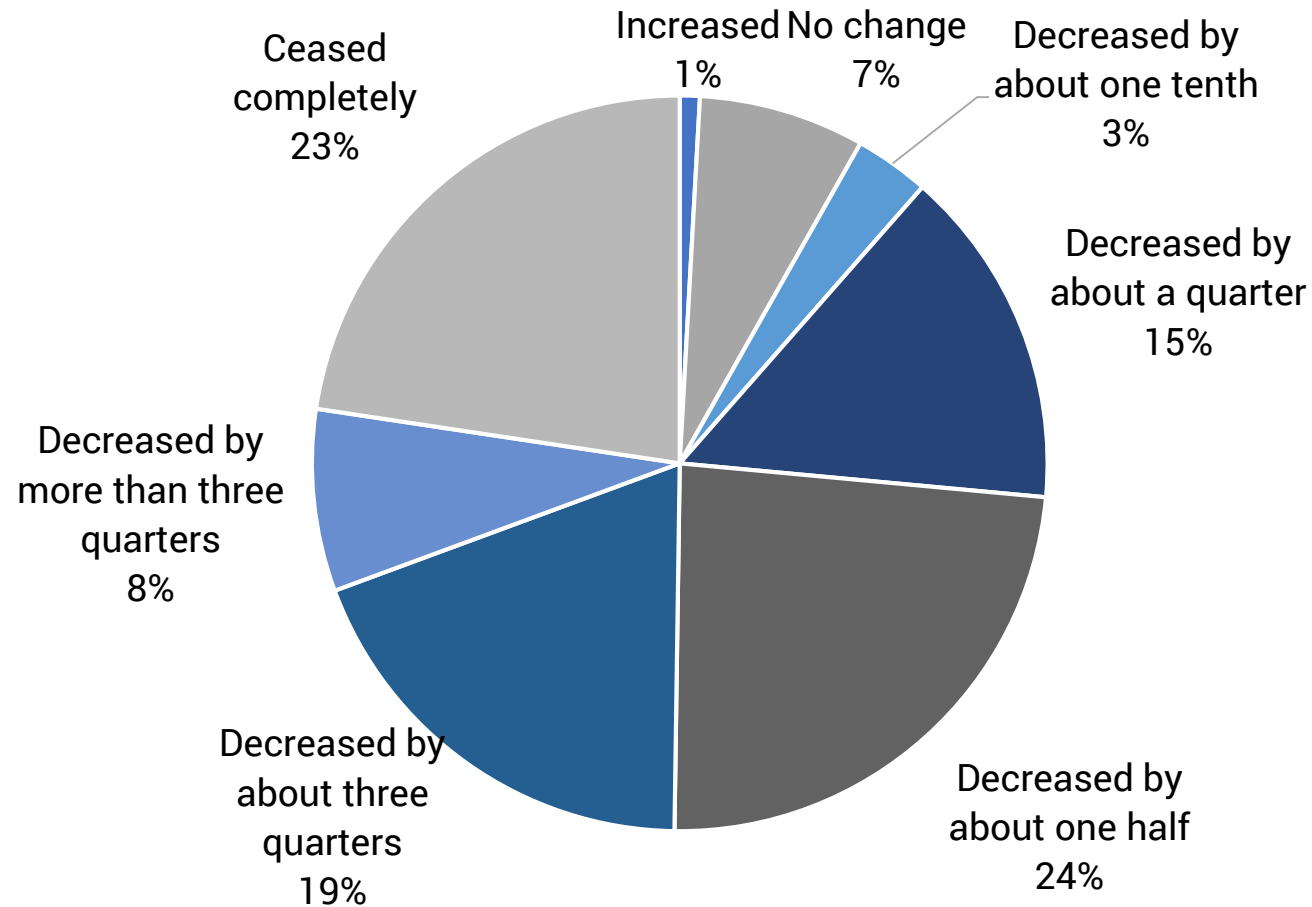


COVID-19 CRISIS AND BUSINESSES IN MYANMAR

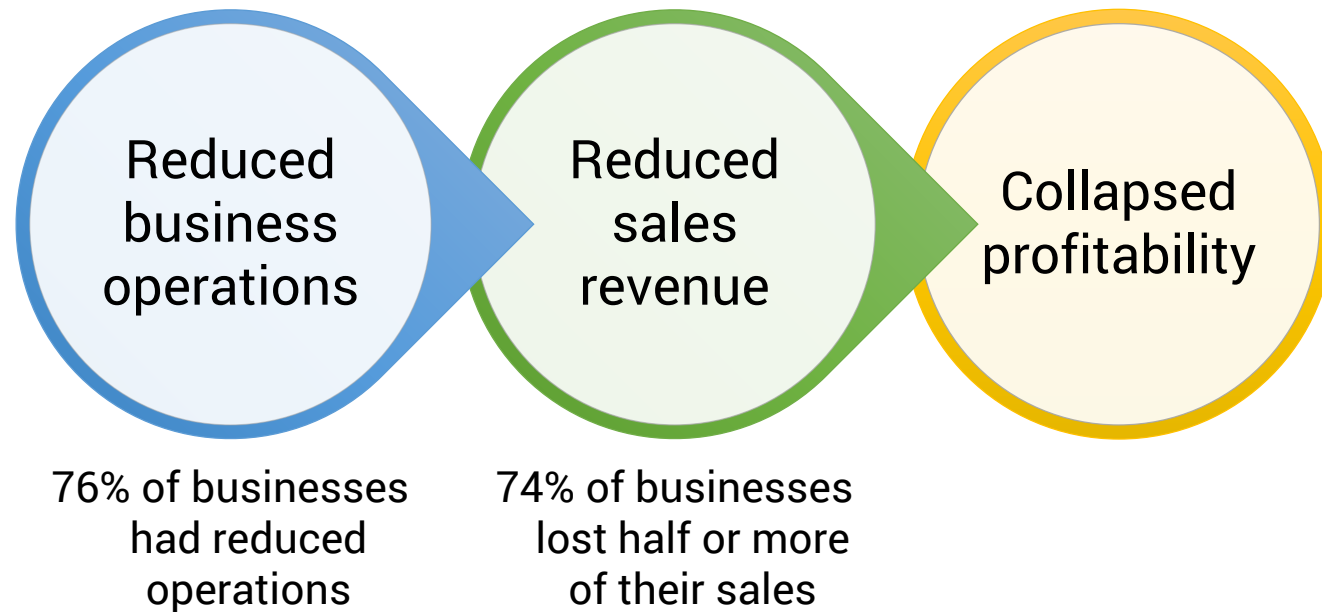


76% of businesses
had reduced
operations

Business have faced a sharp decline in sales

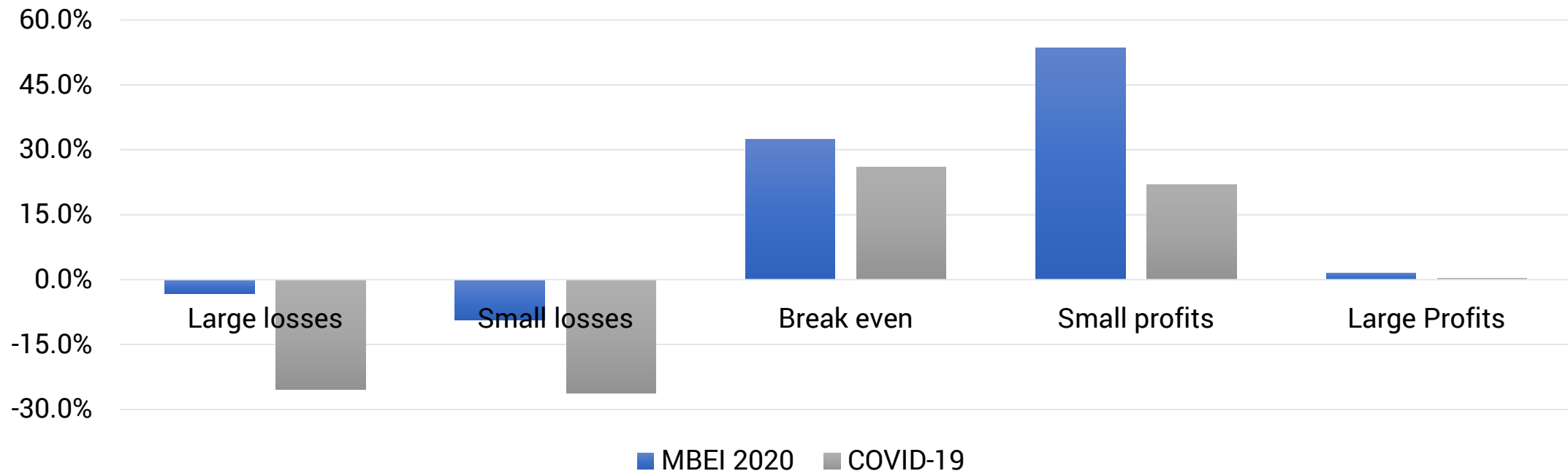


COVID-19 CRISIS AND BUSINESSES IN MYANMAR

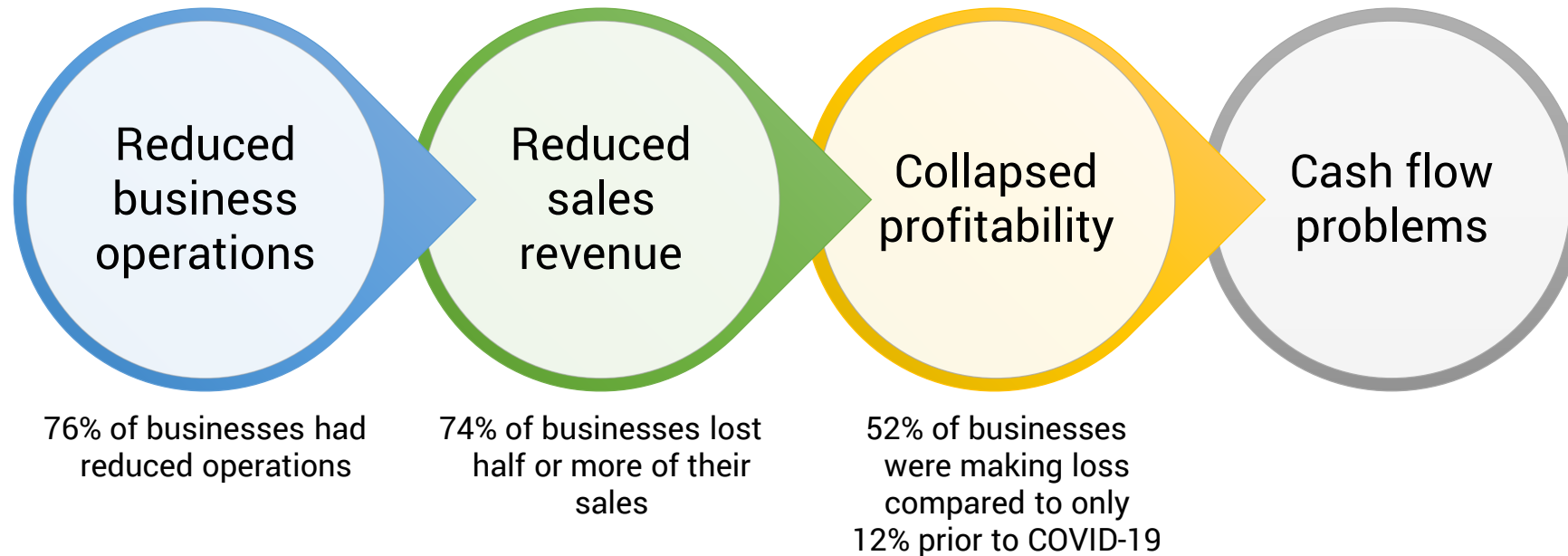


The sharp decline in sales has caused profitability to collapse

Comparison of business profitability during MBEI 2020 survey and the COVID-19 survey

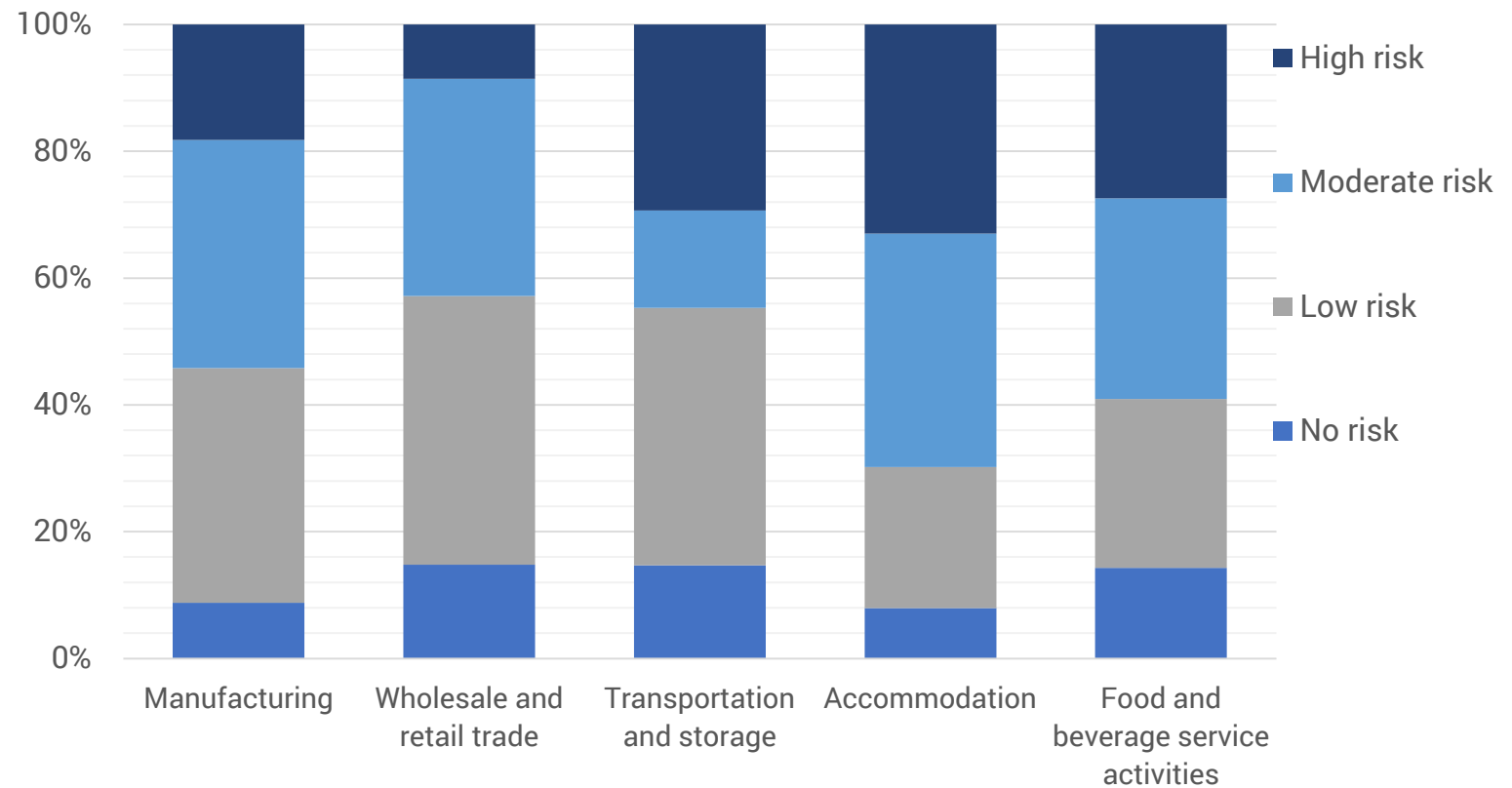
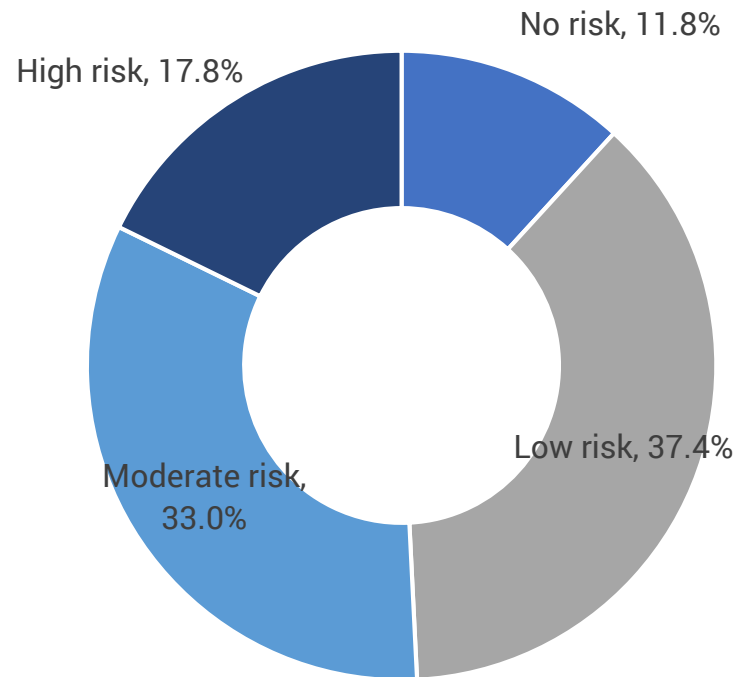


COVID-19 CRISIS AND BUSINESSES IN MYANMAR

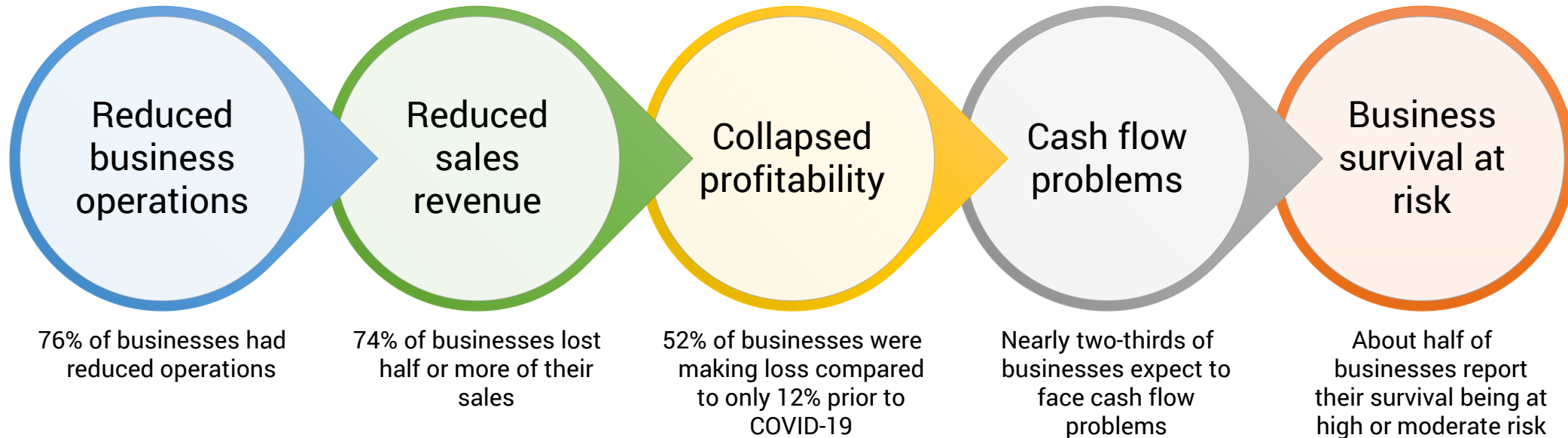


Nearly two thirds of businesses expect to face cash flow problems putting their survival at risk.

Businesses' perceptions about the risk that COVID-19 poses to the survival of their business

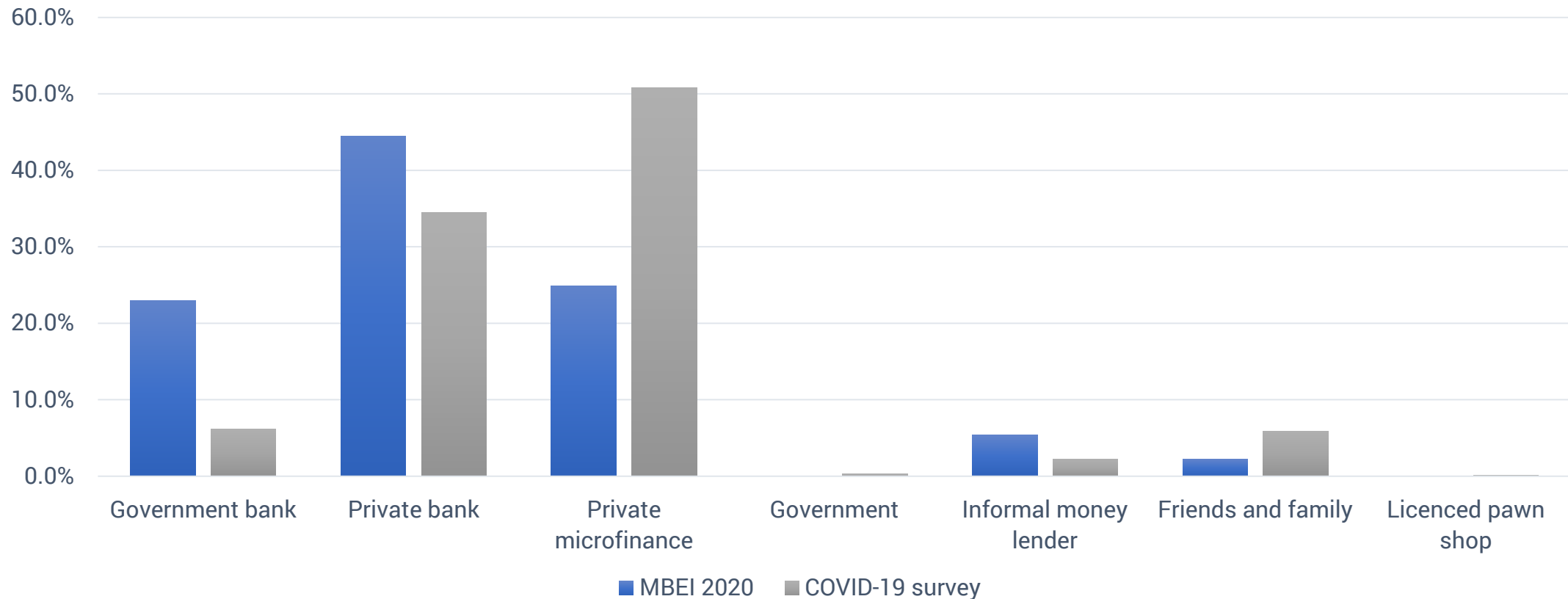


COVID-19 CRISIS AND BUSINESSES IN MYANMAR

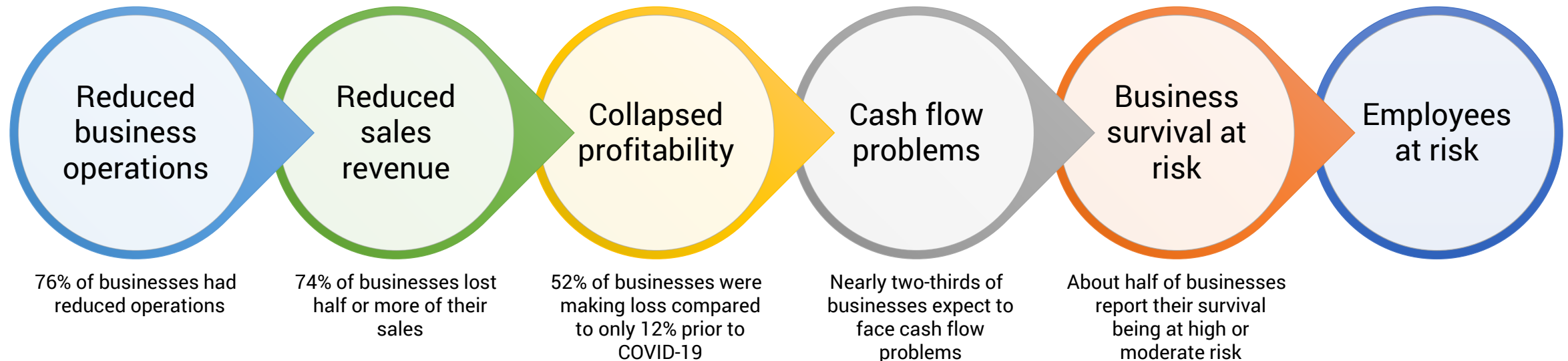


Businesses have sought more loans from microfinance institutions to address their needs for cash. But this can mean higher interest rates and 75% of businesses had concerns about repayment of their loans.

Comparison of sources of the latest loan received by businesses between MBEI 2020 and COVID-19 surveys.

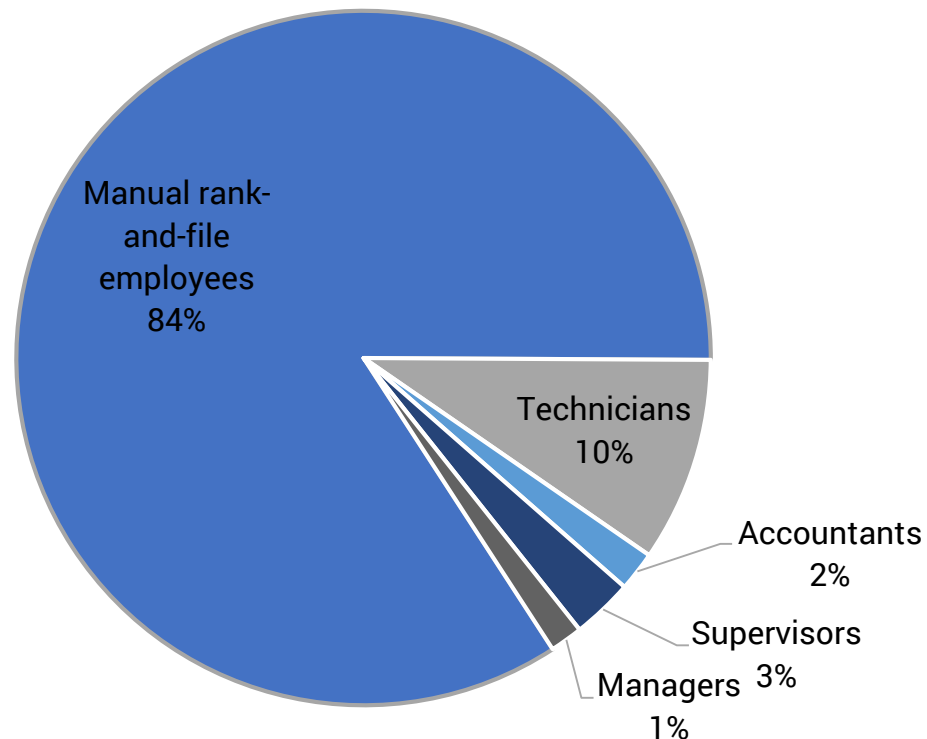


COVID-19 CRISIS AND BUSINESSES IN MYANMAR



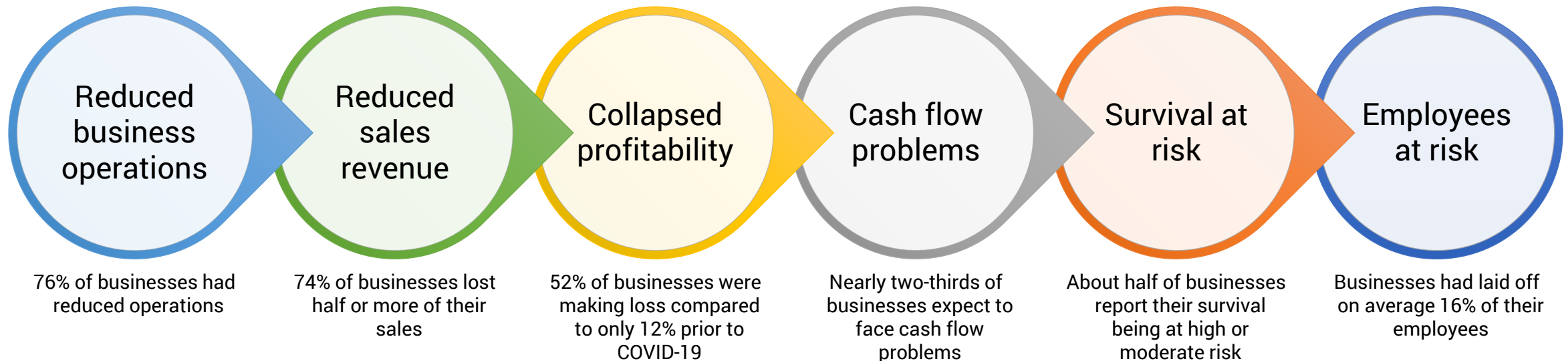
Businesses had laid off on average 16% of their employees, most of whom were manual rank-and-file employees

Composition of laid-off employees

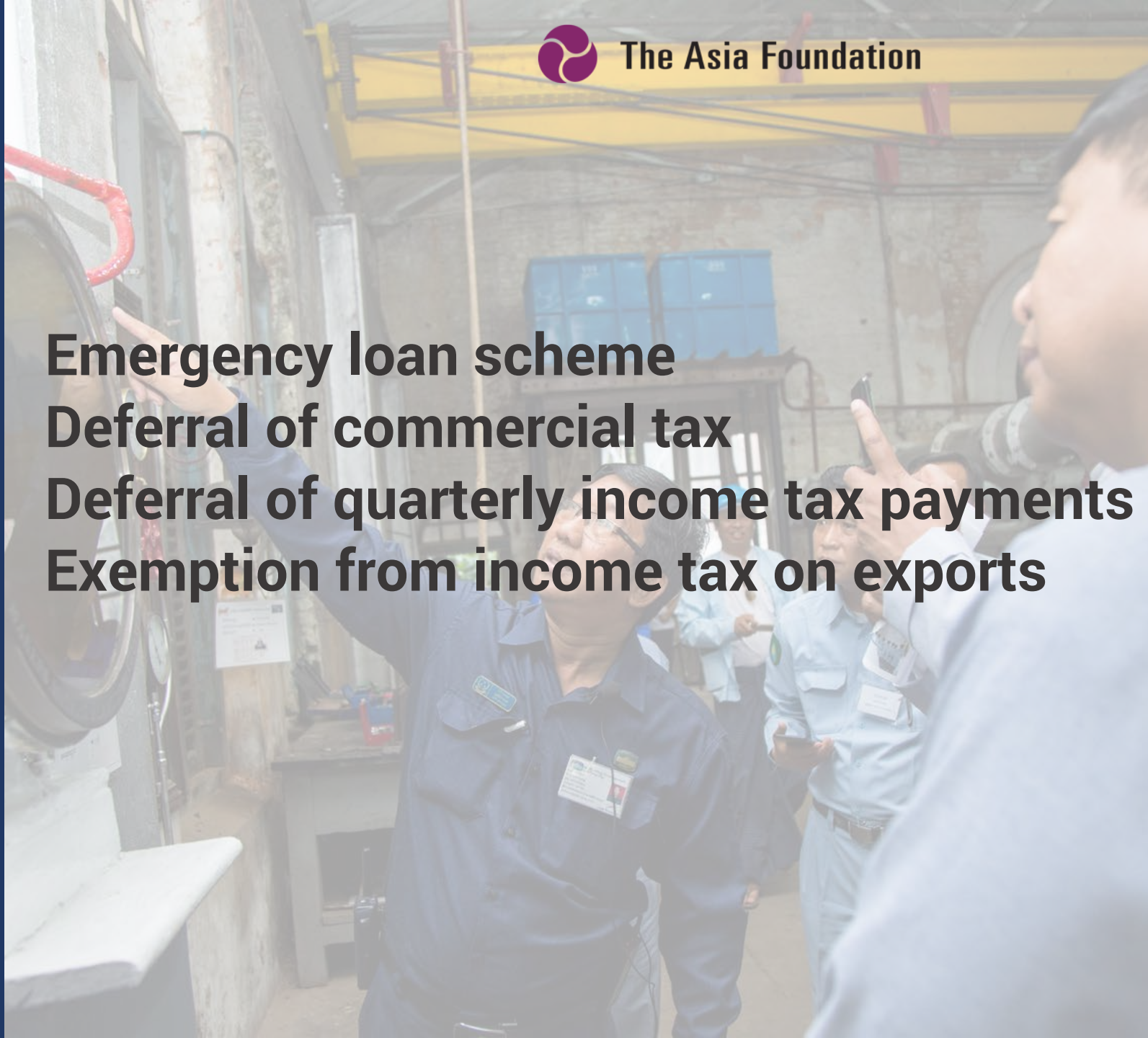


- Employees of transportation and storage, food and beverage serving activities, and manufacturers of basic metals industries are among the hardest hit.
- Although many had lost their jobs at the time of the survey only 8% of businesses were considering further layoffs of workers. However, this would still impact 6% of the total workforce.

COVID-19 CRISIS AND BUSINESSES IN MYANMAR



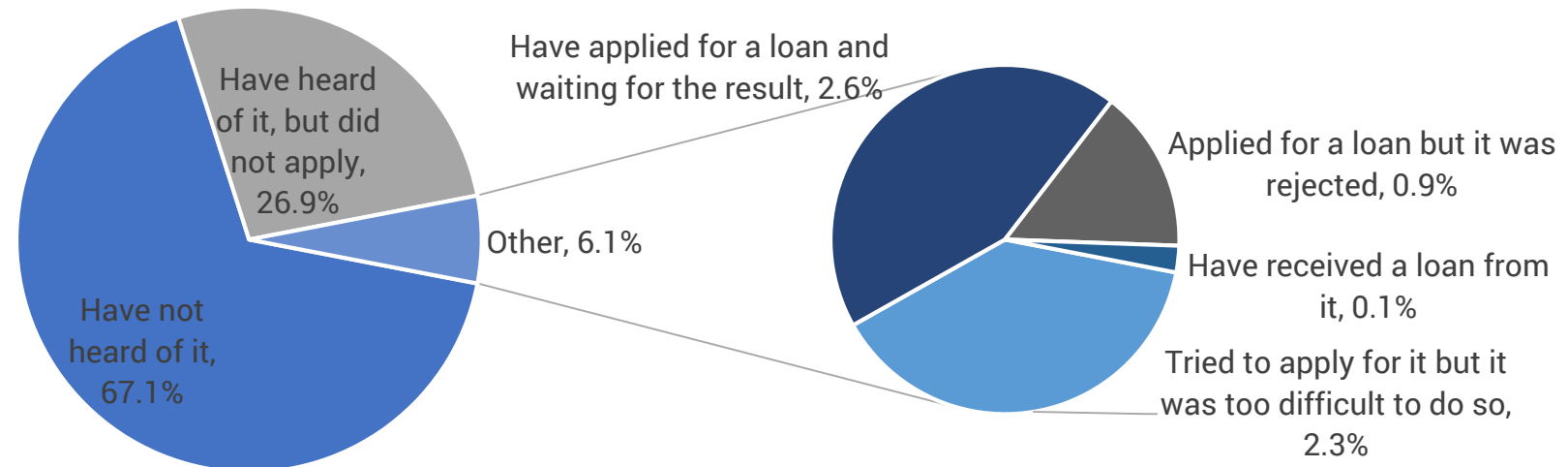
GOVERNMENT SUPPORT



Emergency loan scheme
Deferral of commercial tax
Deferral of quarterly income tax payments
Exemption from income tax on exports

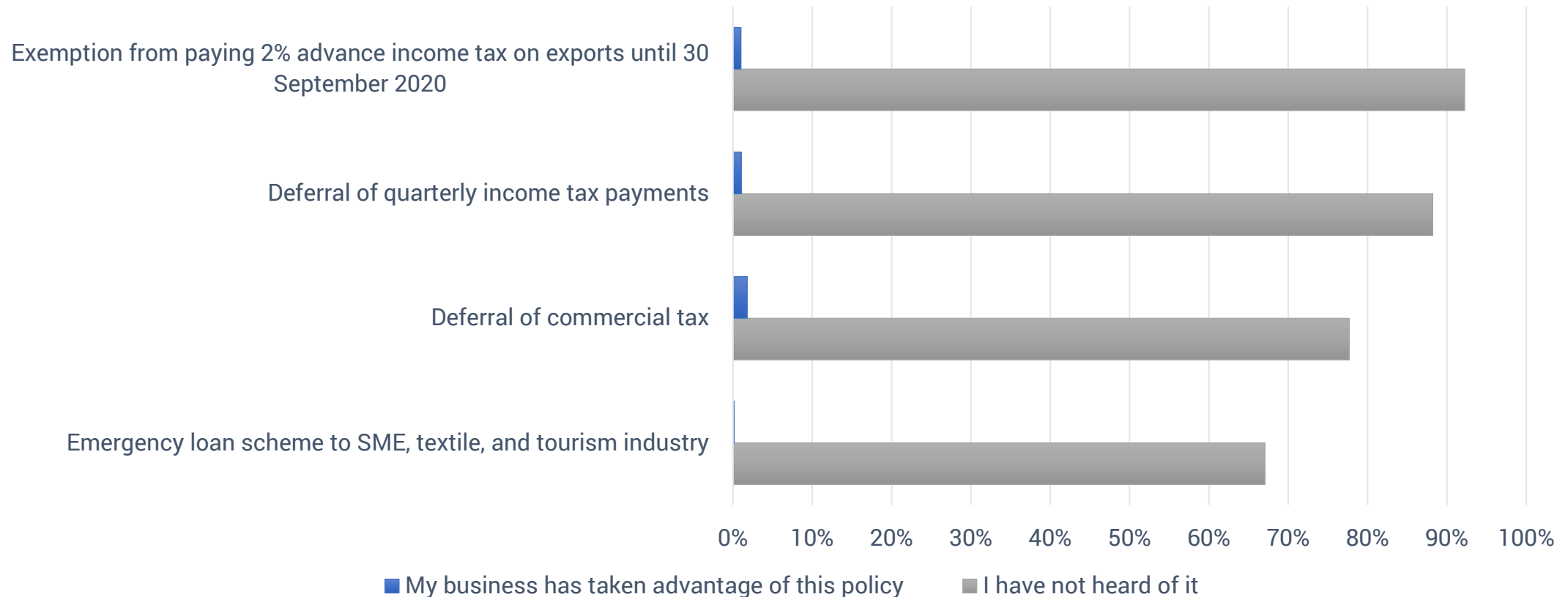
The emergency loan had reached only a fraction of businesses so far

Have businesses taken advantage of the emergency loan scheme to SMEs, textile, and tourism industries?



Most businesses were not aware of these government support programs

Response to government support policies

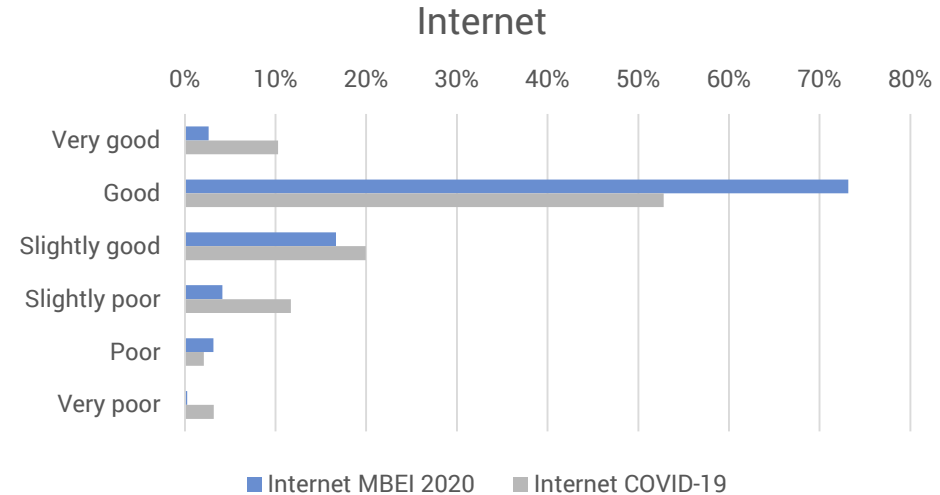
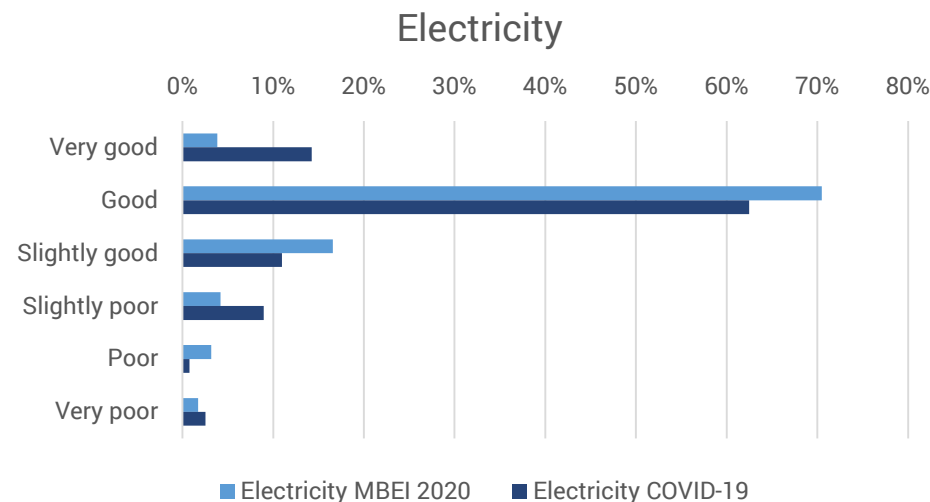
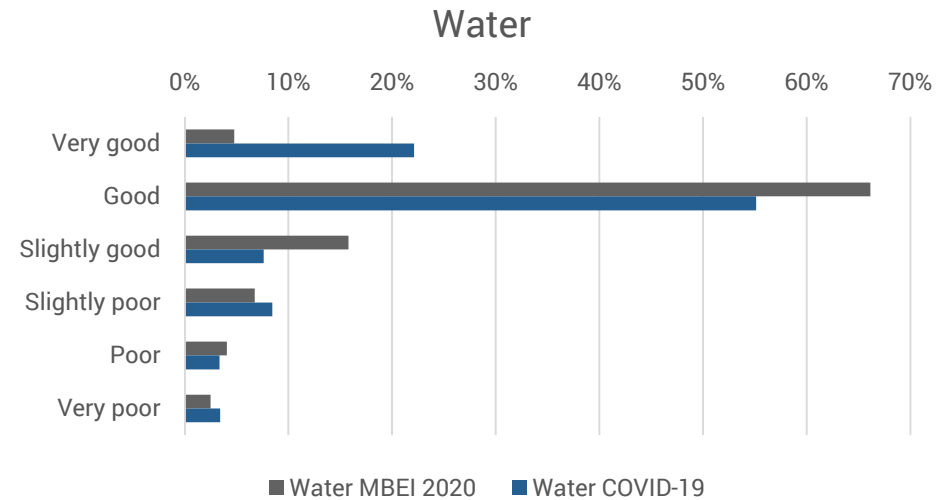
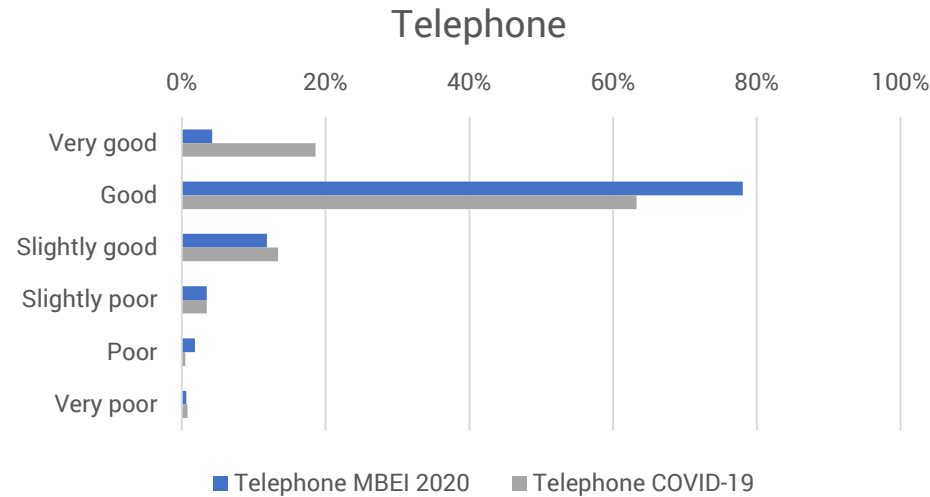


OTHER FINDINGS



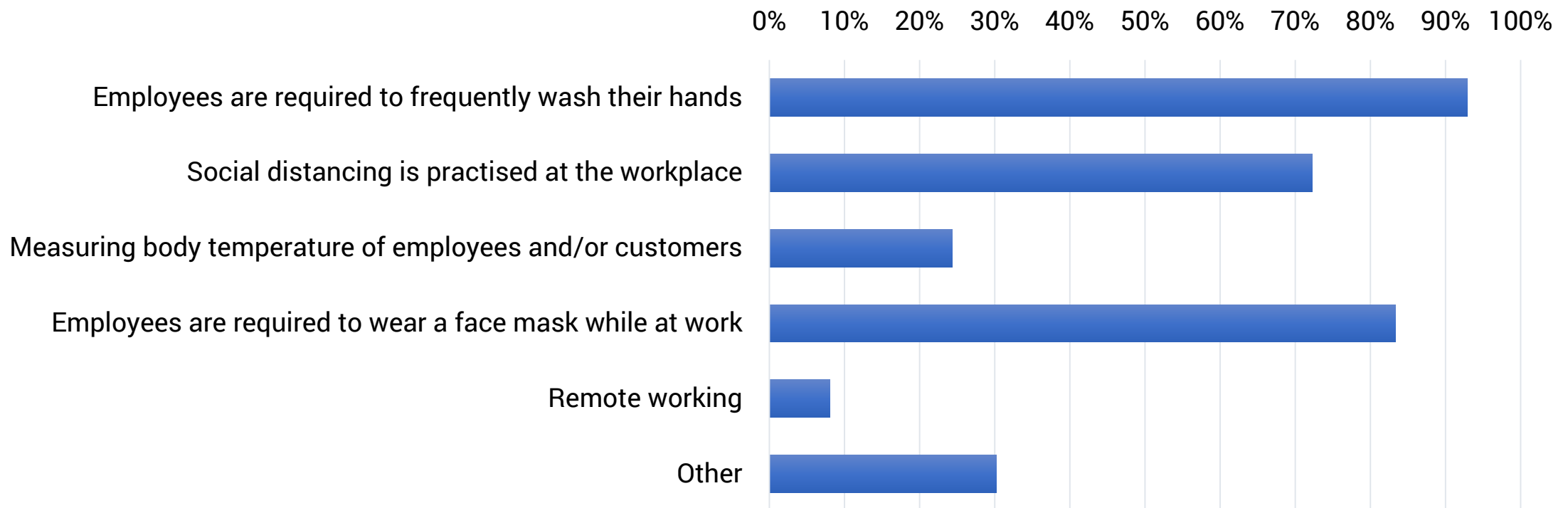
**Key services
Safety measures taken by businesses**

Even during COVID-19 most businesses were satisfied with key services



Most businesses were taking measures to protect their employees and customers

Actions taken by businesses to protect their employees and customers against COVID-19



RECOMMENDATIONS



RECOMMENDATIONS

- Increase publicity of government policies and schemes that support businesses, in order that more eligible businesses are aware of and able to benefit from them.
- Ensure that frontline government officials have a good understanding of these policies and schemes, with appropriate and clear decision-making power, in order to put them into practice in a transparent and uniform manner.
- Explore ways for government and private banks to offer suitable loan solutions that address the business needs of having operating capital to overcome COVID-19.

RECOMMENDATIONS

- Encourage businesses and banks to actively seek an agreement to restructure loan interest and principal payments.
- Assess the adequacy of the government COVID-19 Economic Relief Plan in supporting employees who have lost their jobs and explore additional or better ways of targeting these employees.
- Continue monitoring the situation. To support the government with this, The Asia Foundation is planning to repeat this COVID-19 survey to find out how the situation has changed once the economy starts to revive.

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THANK YOU