

January 2022

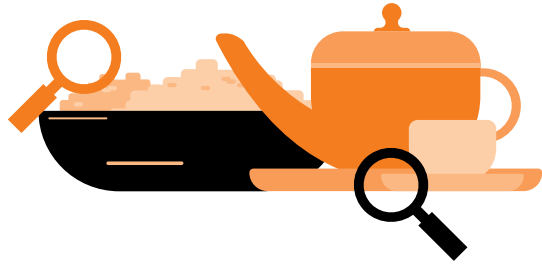
# Myanmar Firm Monitoring of Recent Impacts



# Survey Firms

Round 9

# The only nationally representative survey of firms in Myanmar



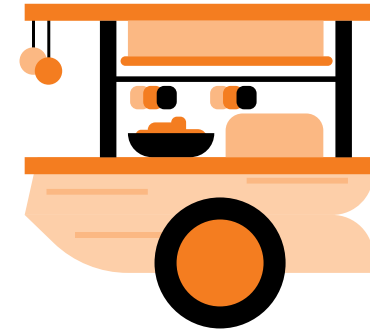
500 firms

The survey also covers all of Myanmar and is divided into 5 zones (**Yangon**, **Mandalay**, **Chin** and **Dry Zone**, **Delta** and **Costal Lowland**, and the **Hilly** zone.



4 Sectors

The survey is nationally representative and is the only enterprise survey that also covers the **Agriculture** sector (15%). The other sectors surveyed are **Manufacturing** (33%), **Retail** (18%) and **Services** (34%).



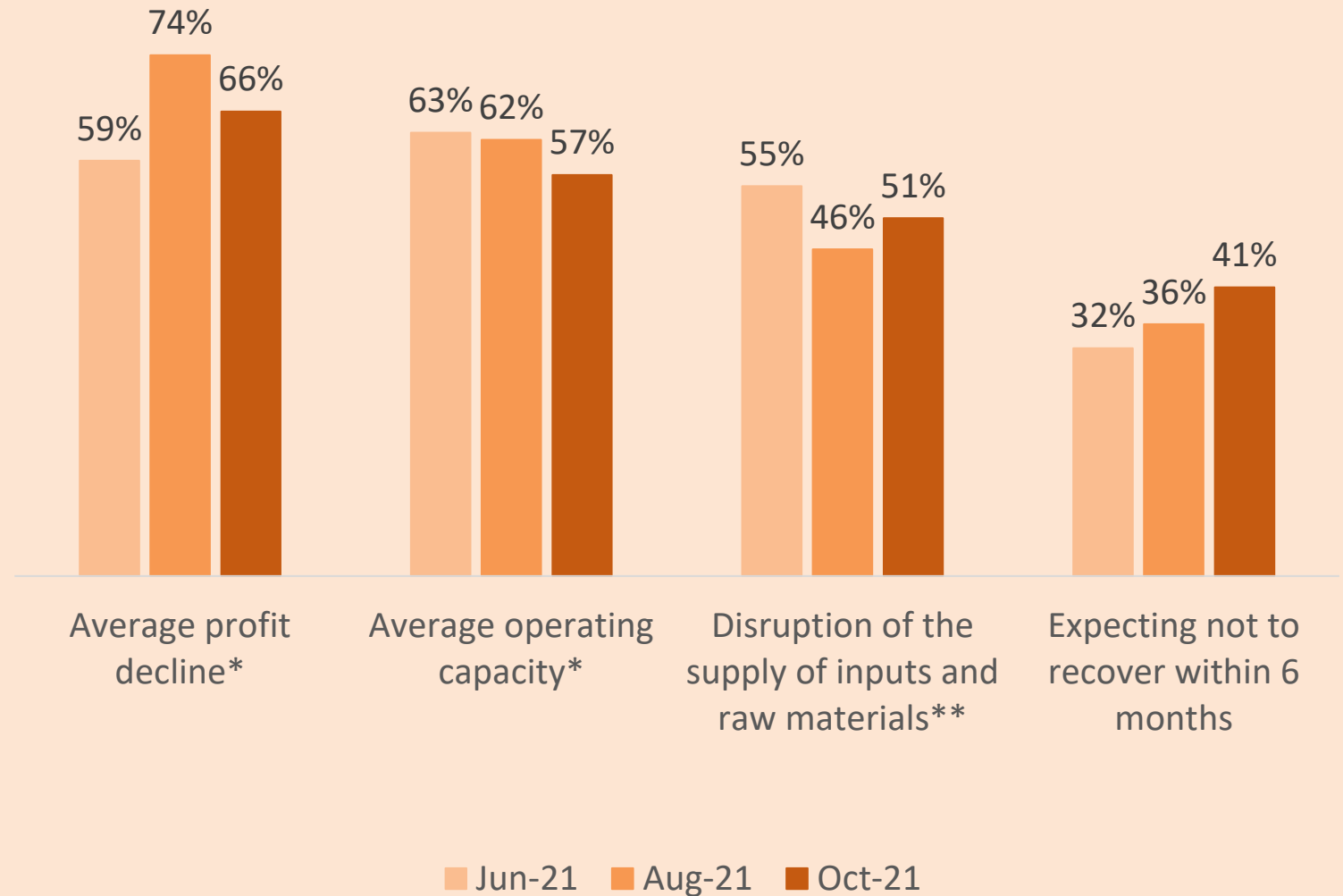
Micro &  
Informal too

The survey also covered **micro** and **small** firms and not just large and formal firms. 41% of the sample were micro firms and 38% were small firms. Medium firms were 17% and large firms 4%.

# Key Findings

- ❖ **Average operating capacity** was only at **57 percent**
- ❖ **Disruption in the supply of inputs and raw materials** remained as a major challenge
- ❖ **64 percent of firms reported impacts of Myanmar Kyat depreciation against US dollar**
- ❖ **Likelihood to close business permanently in 3 months** have increased since **June 2021**

# Despite a slight improvement in average profits, businesses remained vulnerable to disruption & closure in October 2021



Note:

\* Firms were asked to report about the last completed month.

\*\*Question is modified for October 2021. For June and August 2021, firms were asked to report whether they experienced the disruptions since February 2021, but for October 2021, firms were asked to report whether they experienced the disruptions in the last completed month.

SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

**OPERATIONAL  
STATUS**

**BUSINESS  
PERFORMANCE**

**BUSINESS  
EXPECTATIONS**

**ADAPTATIONS**

**TAX PAYMENT  
AND  
REGULATORY  
CONSTRAINTS**

SECTION 1

SECTION 2

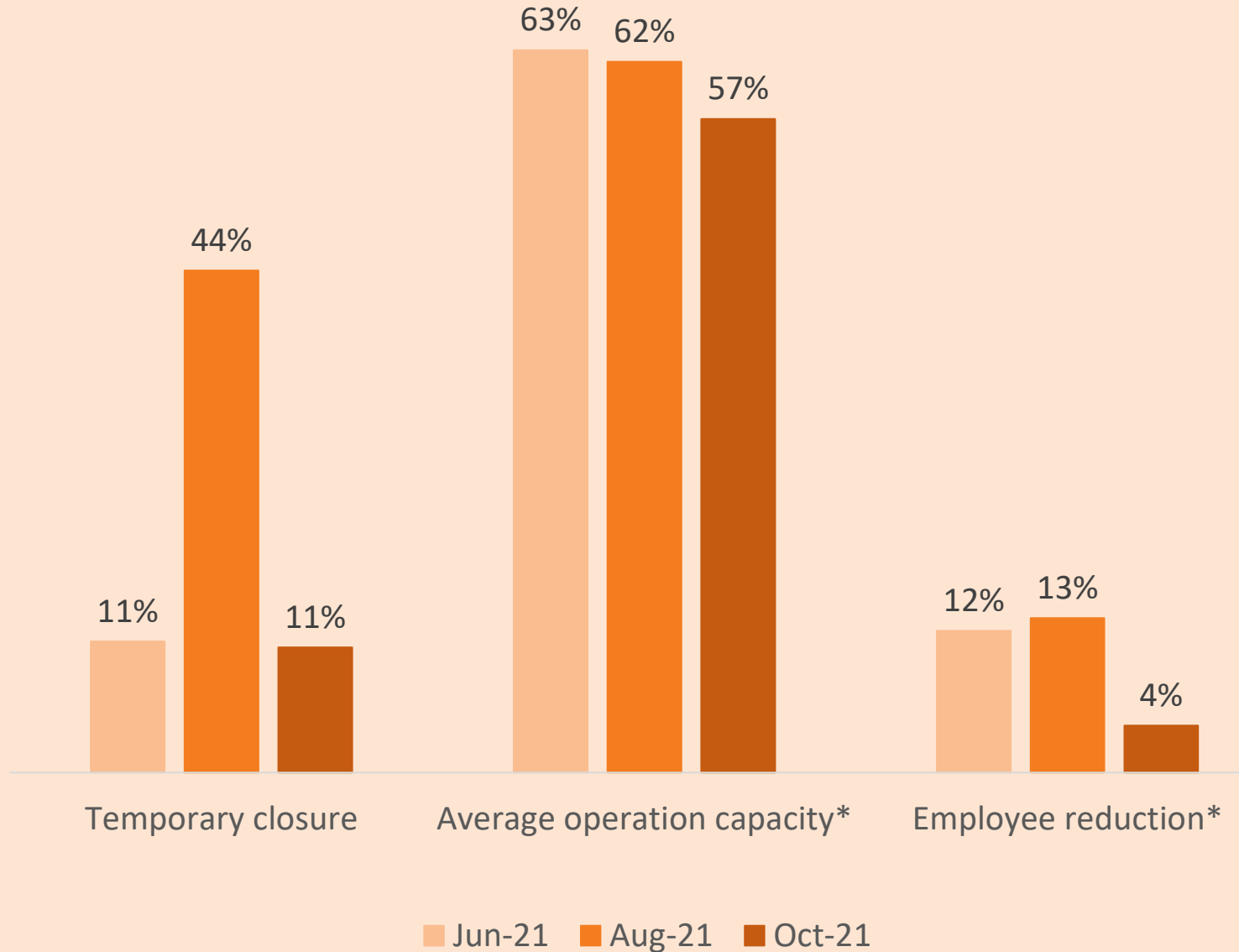
SECTION 3

SECTION 4

SECTION 5

**OPERATIONAL  
STATUS**

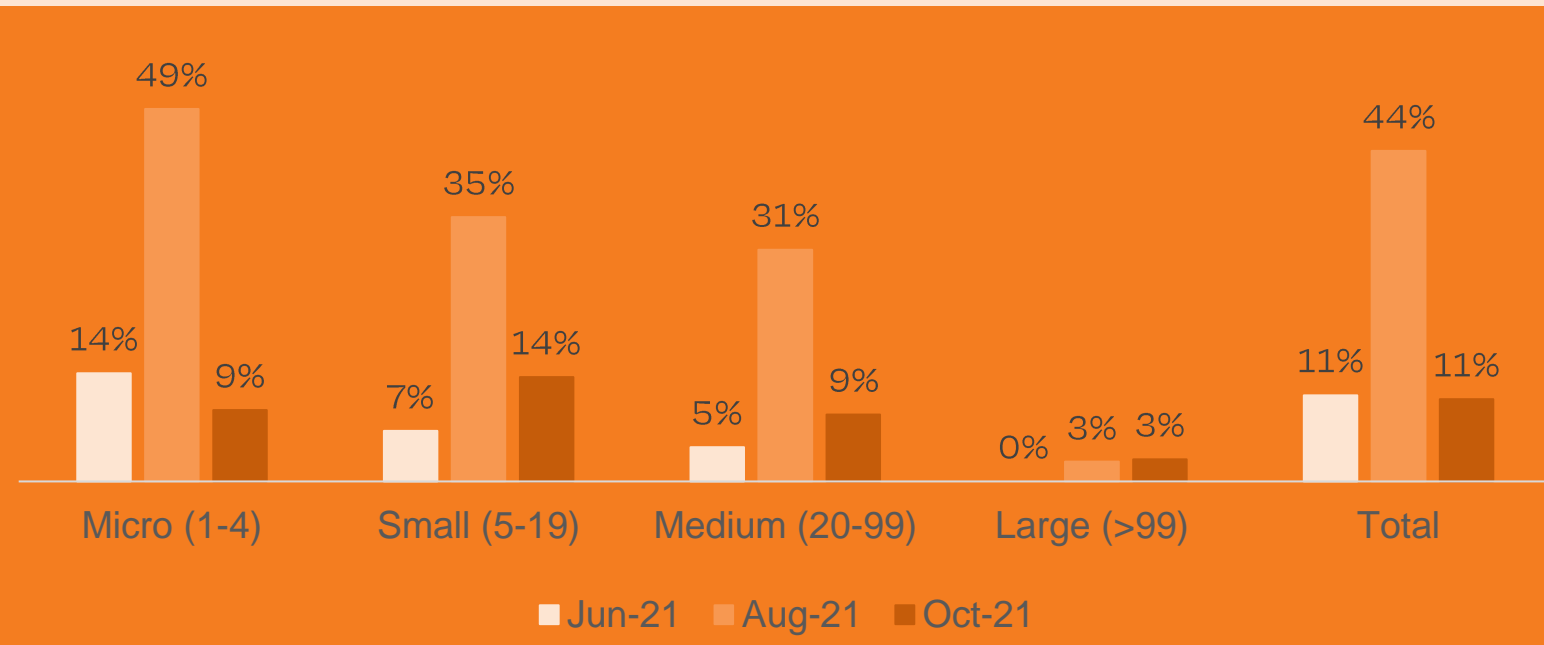
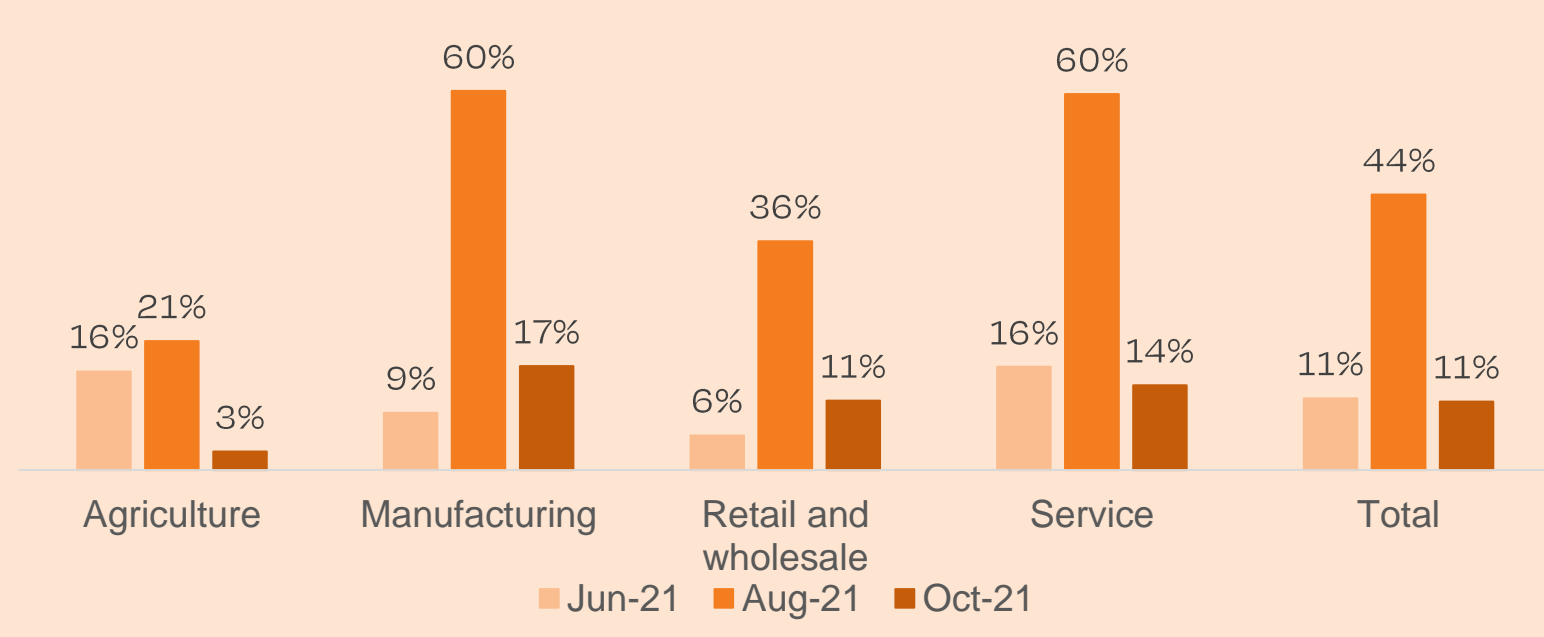
**While more firms are reopening for business in October, overall, firms saw a decrease in operational capacity**



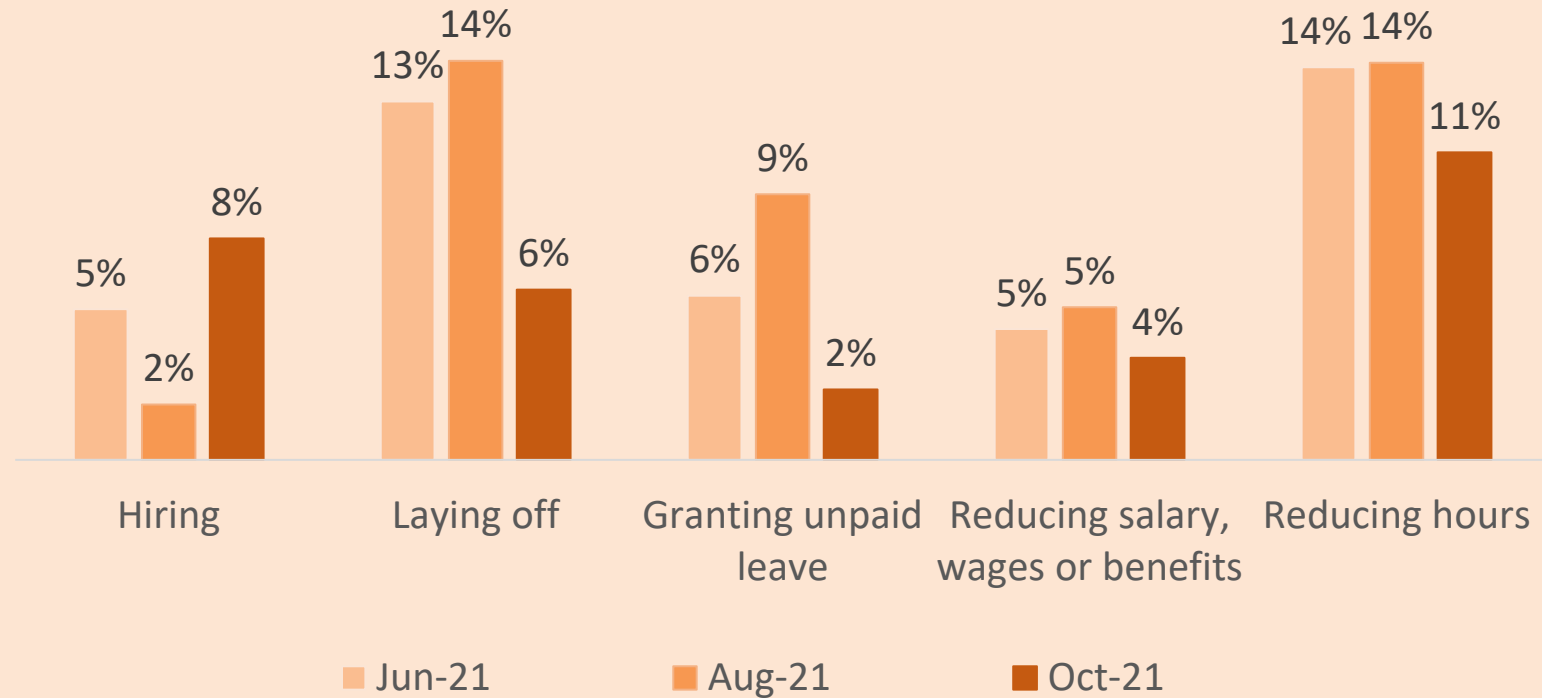
Note: \*Firms were asked to report about the last completed month.



**Improvements to temporary closures were experienced across all sectors in October, while large firms remained stable**

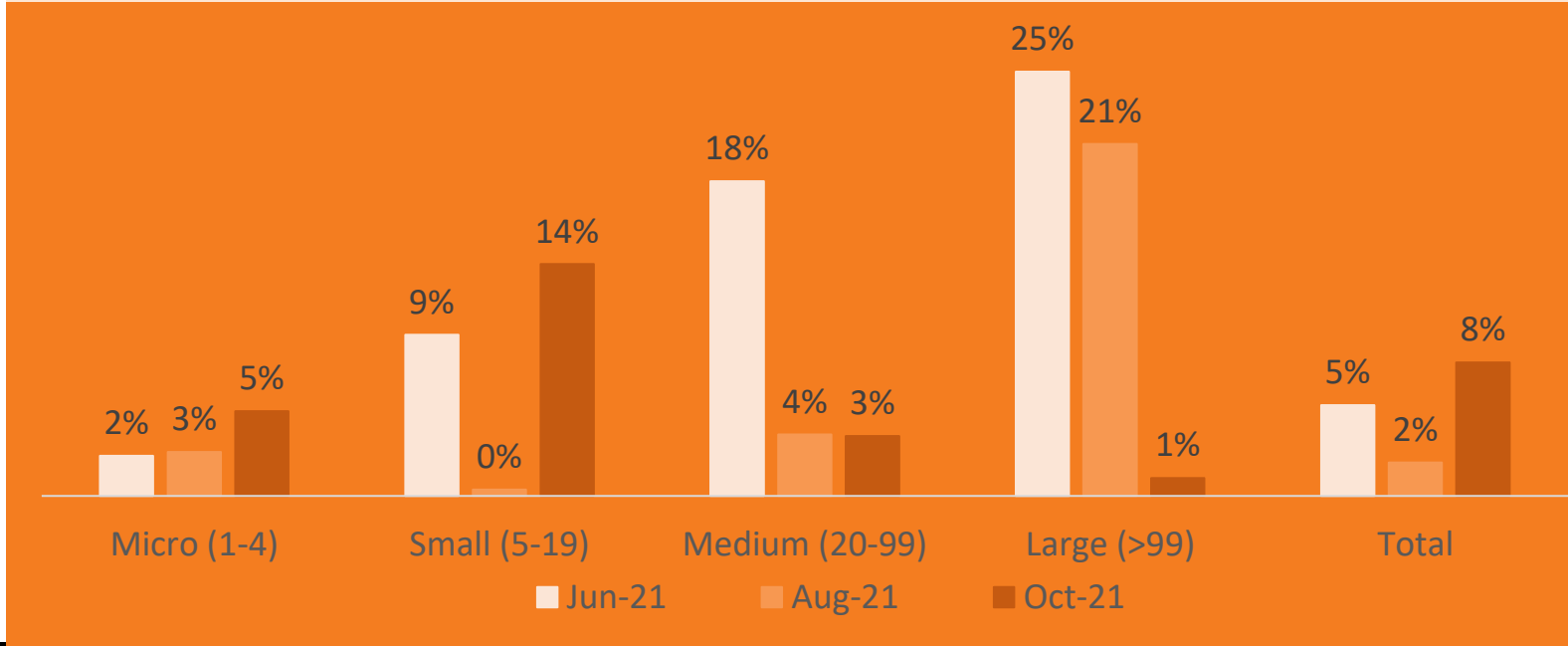
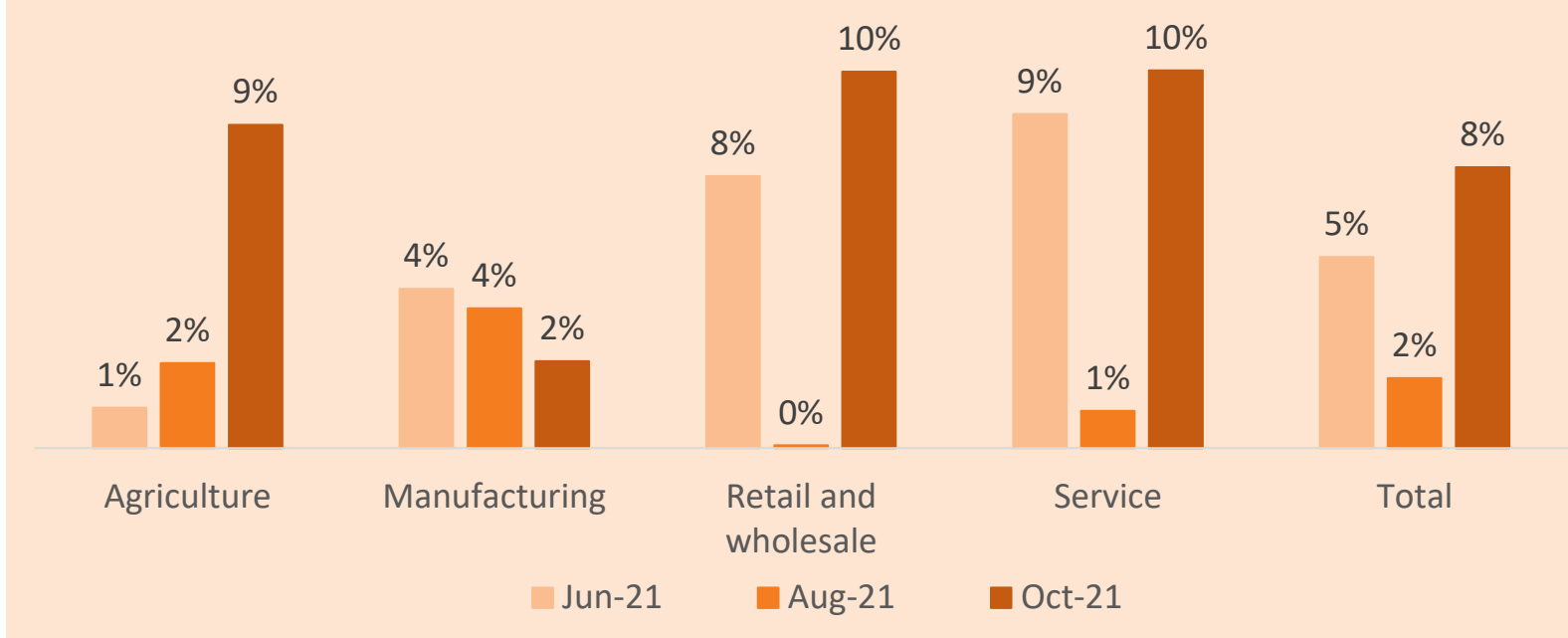


# Employees saw a positive change with employment opportunities in October



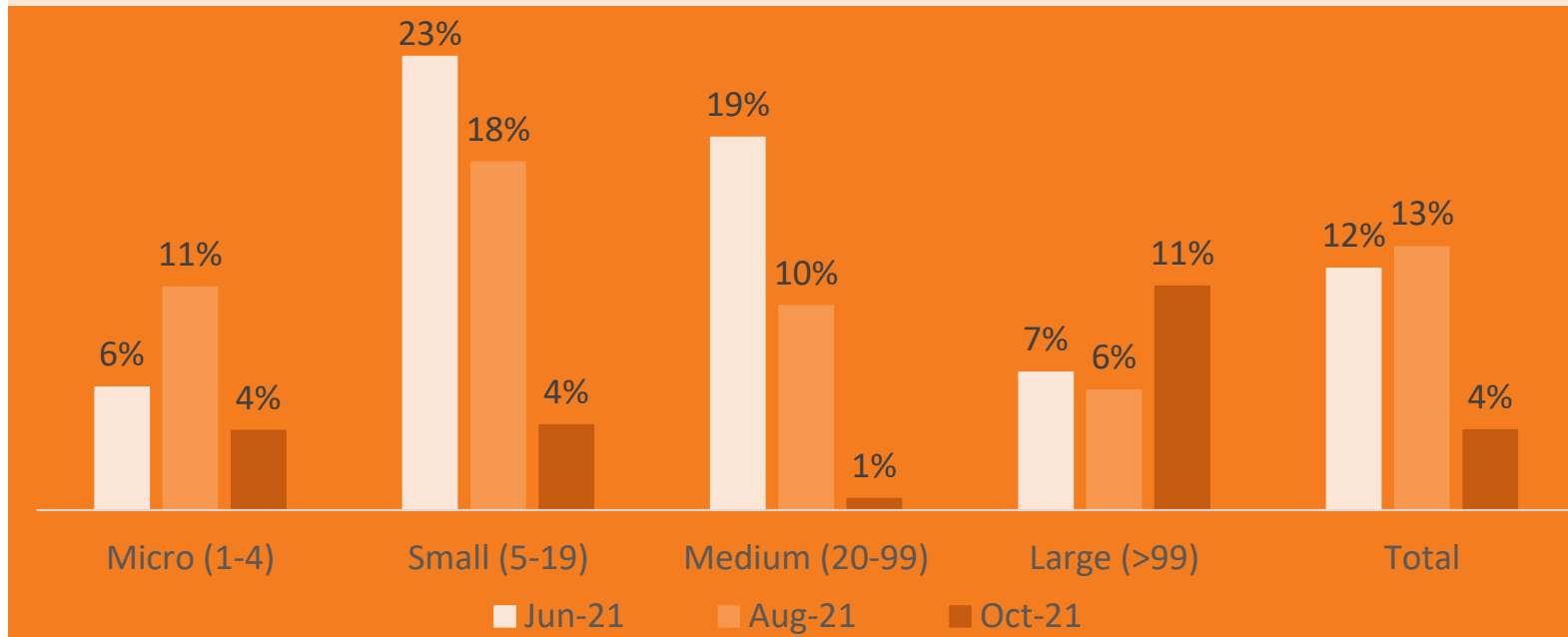
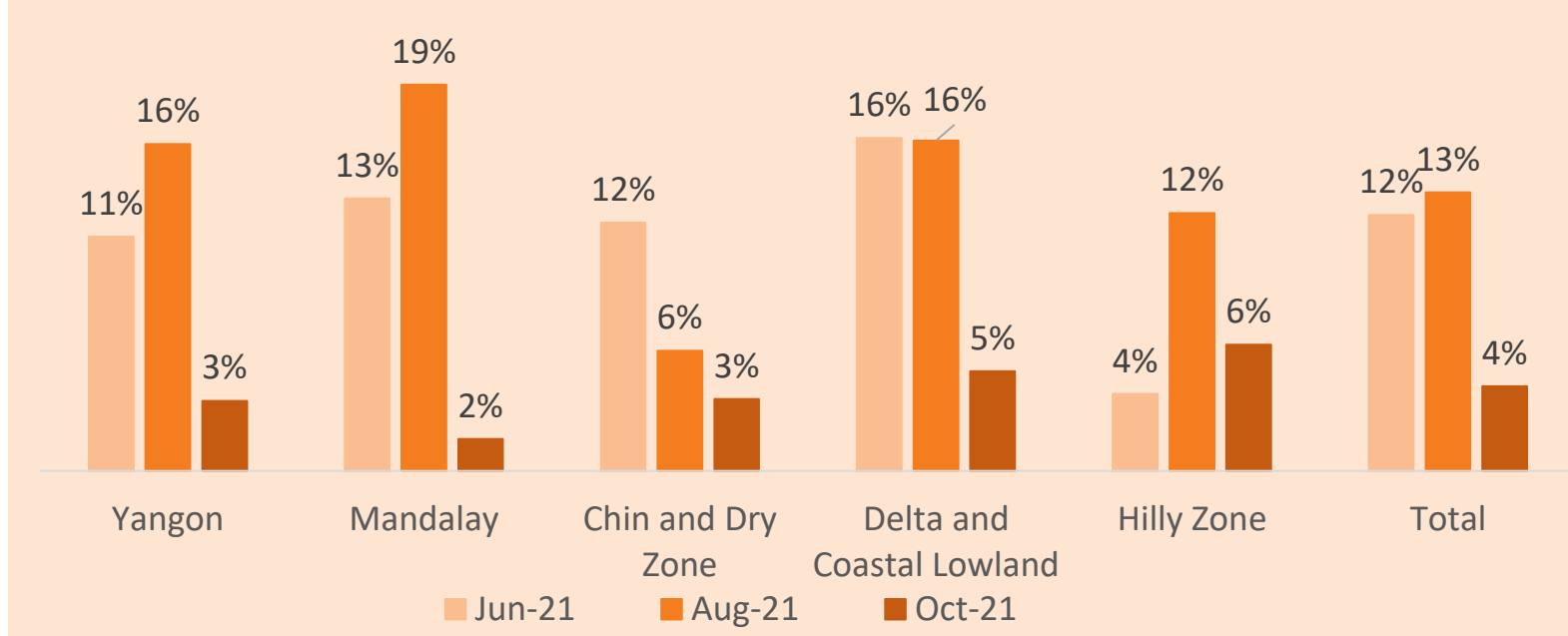
Note: Firms were asked to report about the last completed month.

**Most business sectors and firm sizes saw an increase or stability in hiring activity, while large firms and those in manufacturing saw a decrease**



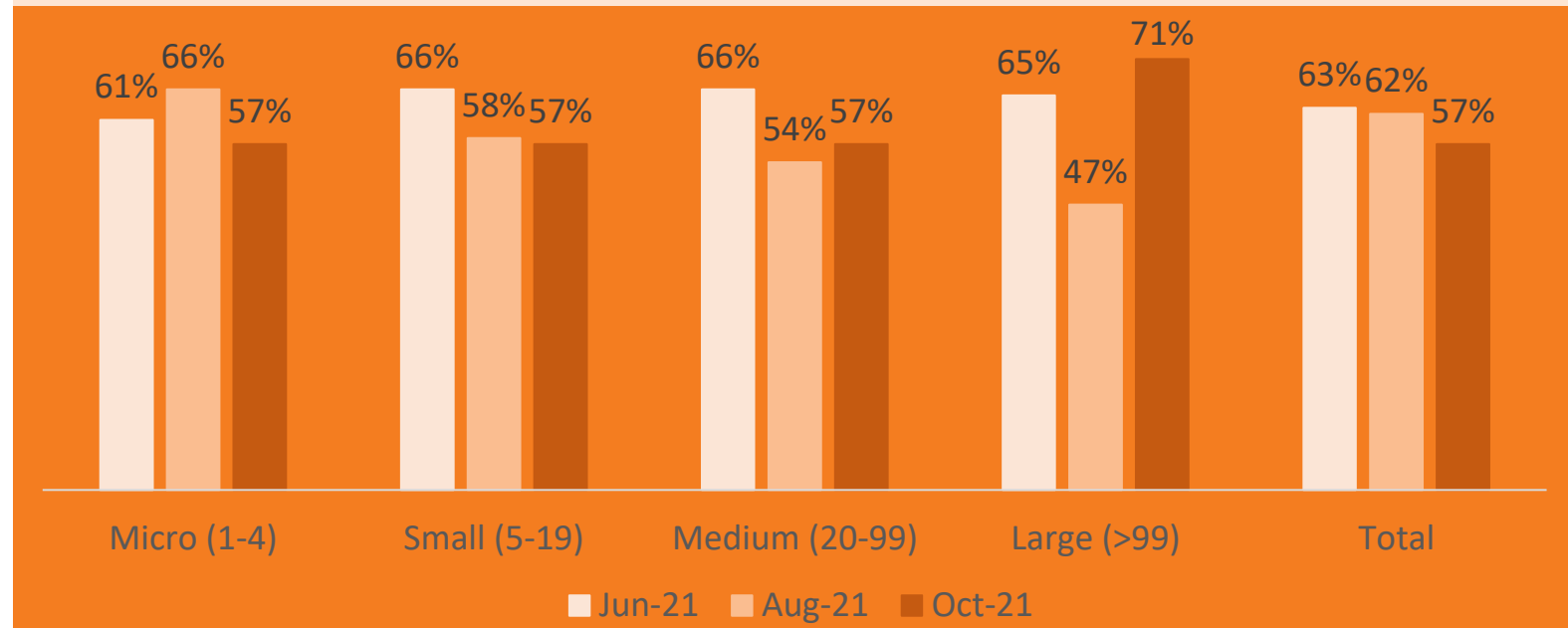
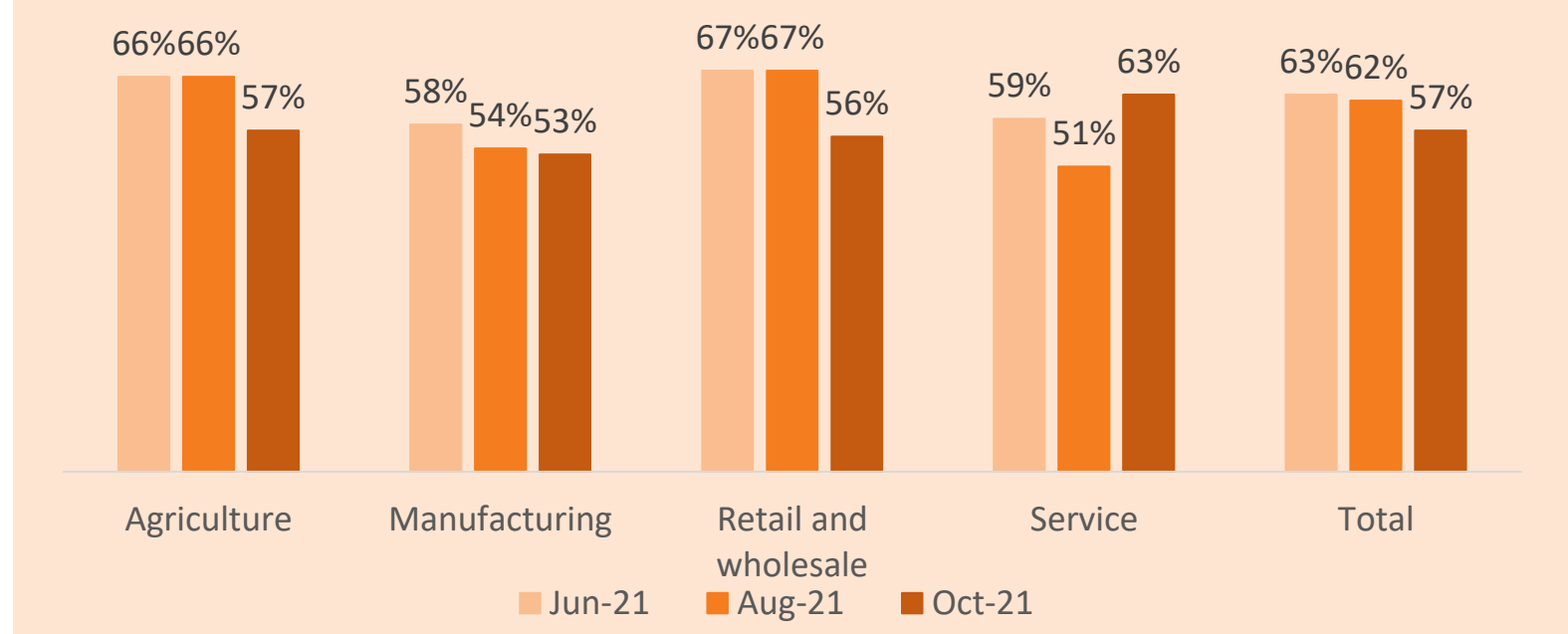
Note: Firms were asked to report about the last completed month.

**Overall, firms saw a decrease in employee reduction in October, with an increase of reductions in large firms**



Note: Firms were asked to report about the last completed month.

**Overall, firms' operational capacity decreased in October, with improvements seen in the service sector and across medium to large firms**



Note: Firms were asked to report about the last completed month.

SECTION 1

SECTION 2

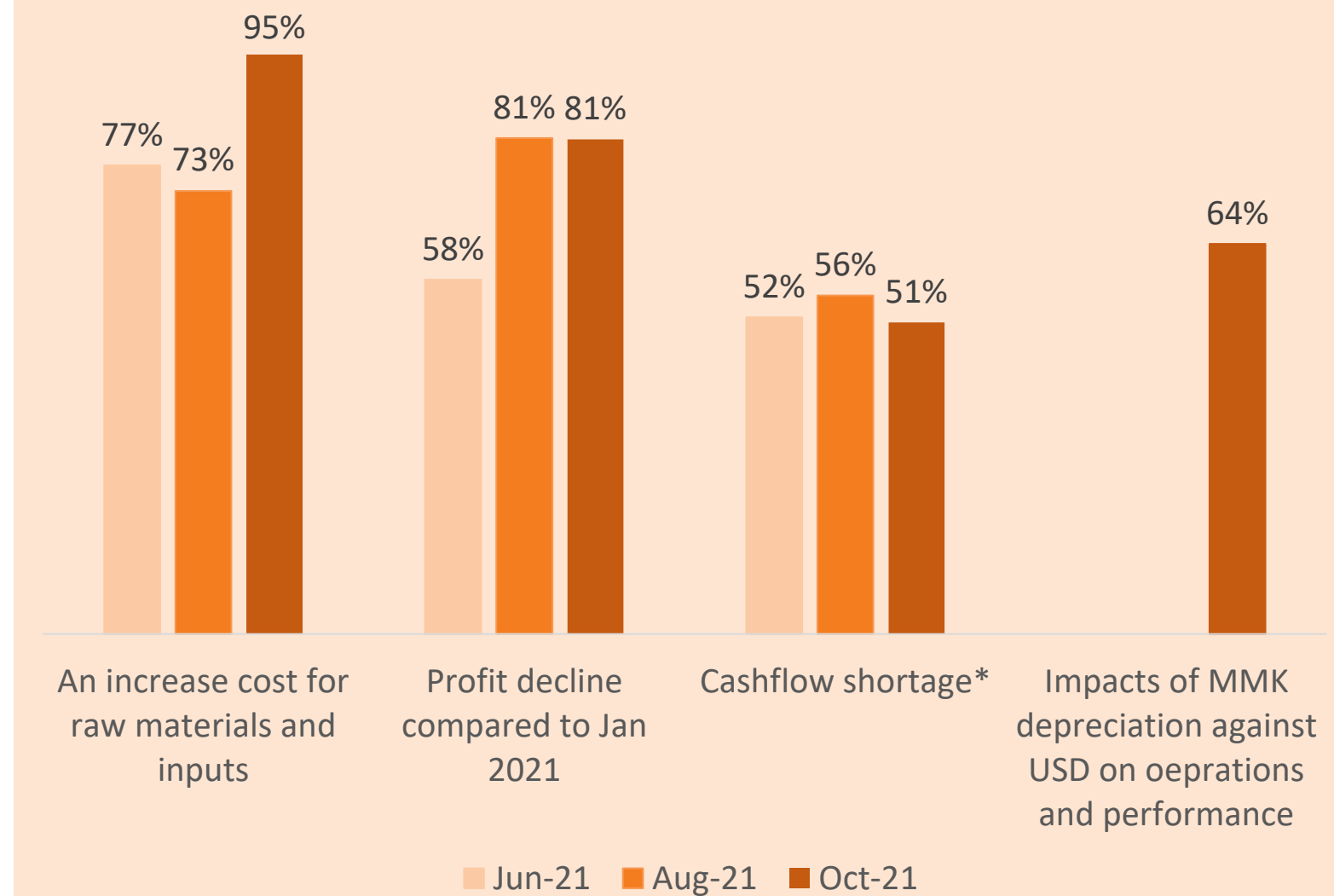
SECTION 3

SECTION 4

SECTION 5

**BUSINESS  
PERFORMANCE**

# Significant increase in raw material costs while other metrics remain stable in October



\*Question is designed slightly differently for June and August. For June and August, firms reported whether they experienced cashflow shortage since February 2021 while firms reported cashflow shortage experience in the last completed month for October

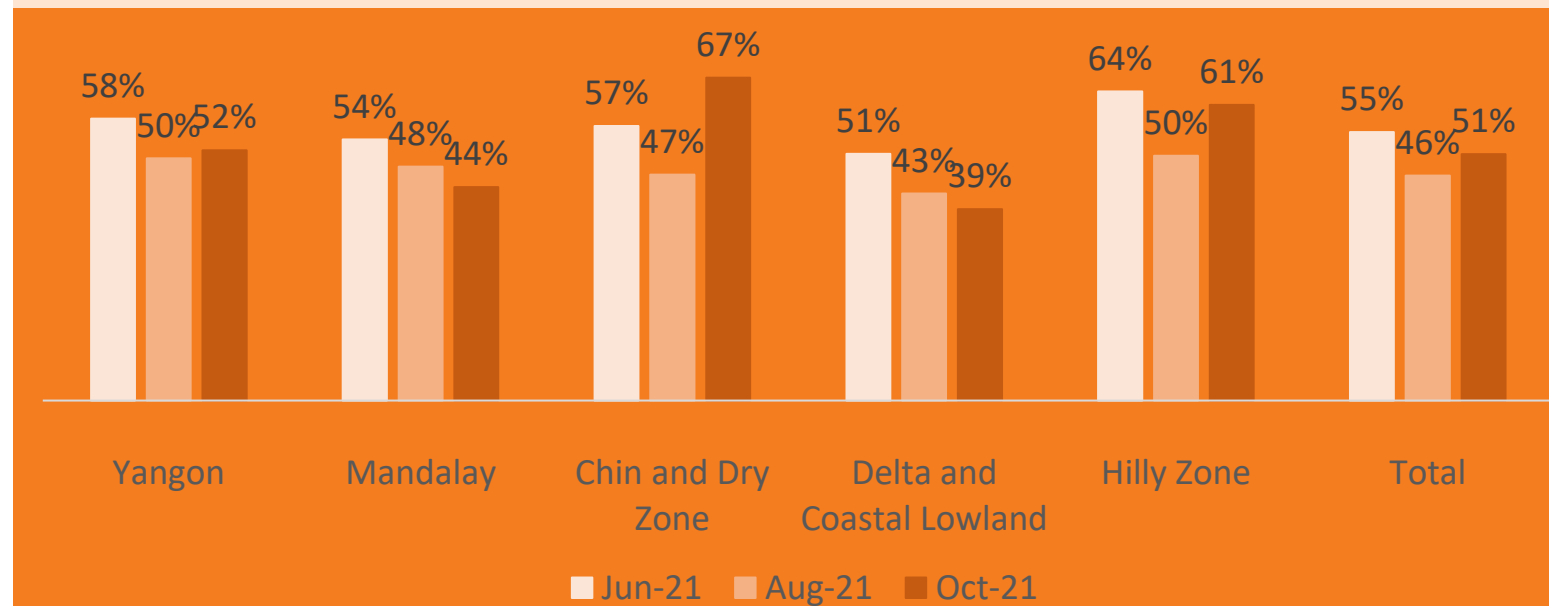
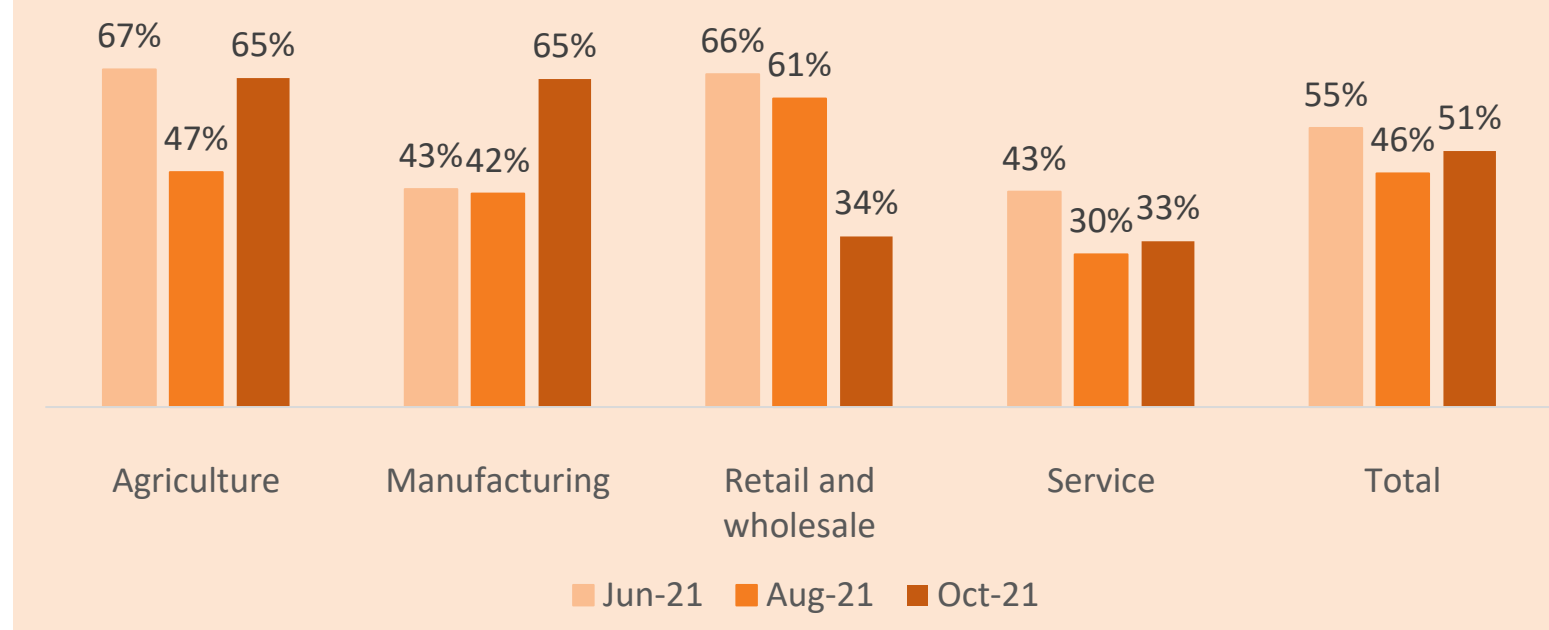
# Reduction of sales, cash flow shortages and supply disruption of inputs and raw materials remained as major challenges for firms in October 2021



Note: Firms were asked to report about the last completed month.

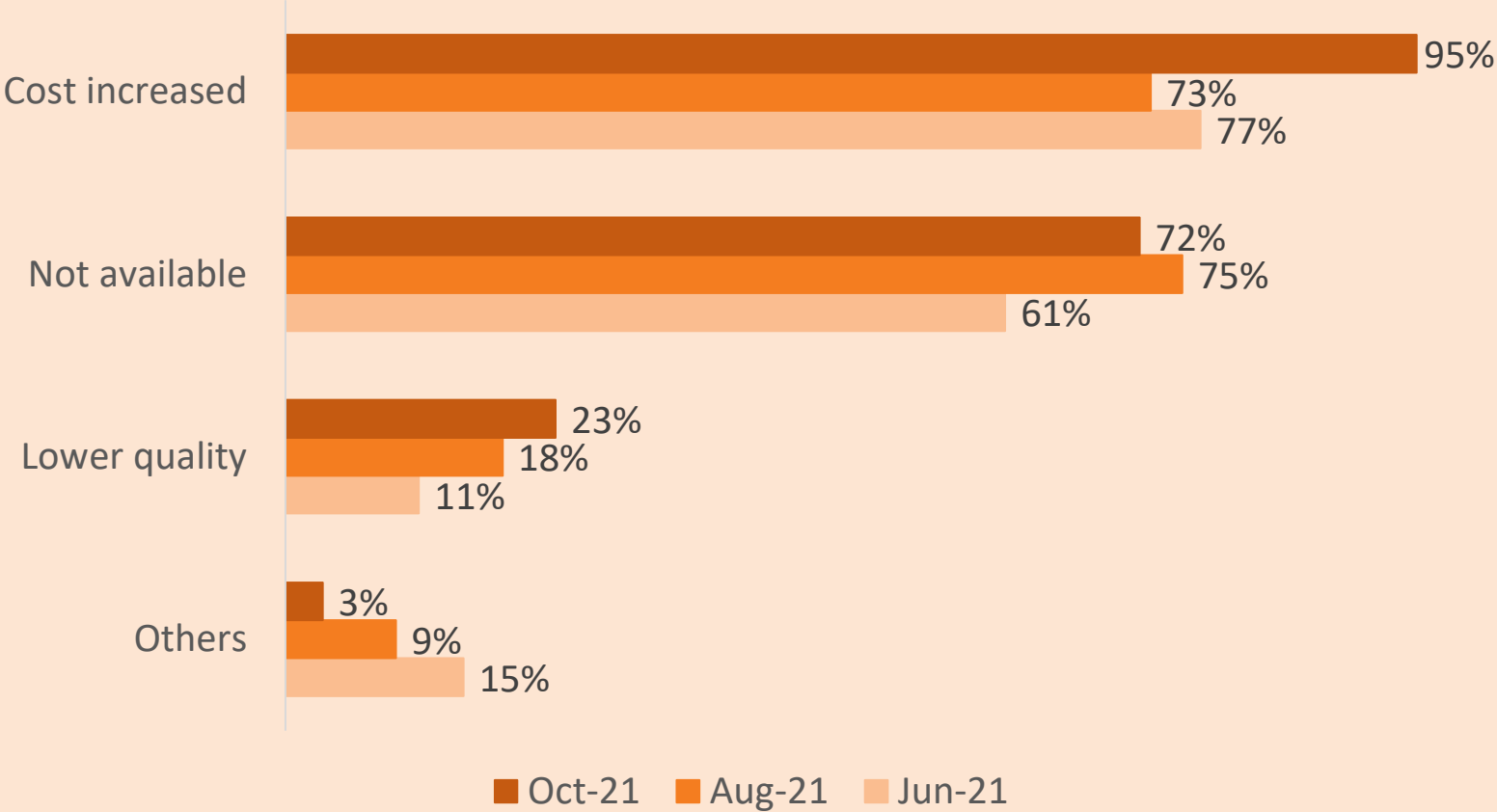


# The agriculture and manufacturing sectors experienced increased disruptions of supply of inputs or raw materials in October



Note: Question is designed slightly differently for October. For June and August, firms were asked challenges experienced since February while for October, firms were asked challenges experienced in the last completed month.

**Among the firms experiencing a disruption in the supply of intermediate materials or inputs, an increase in cost was the main driver**



**In October 2021,  
Intermediate  
materials or input  
prices increased  
by...**

**53%**

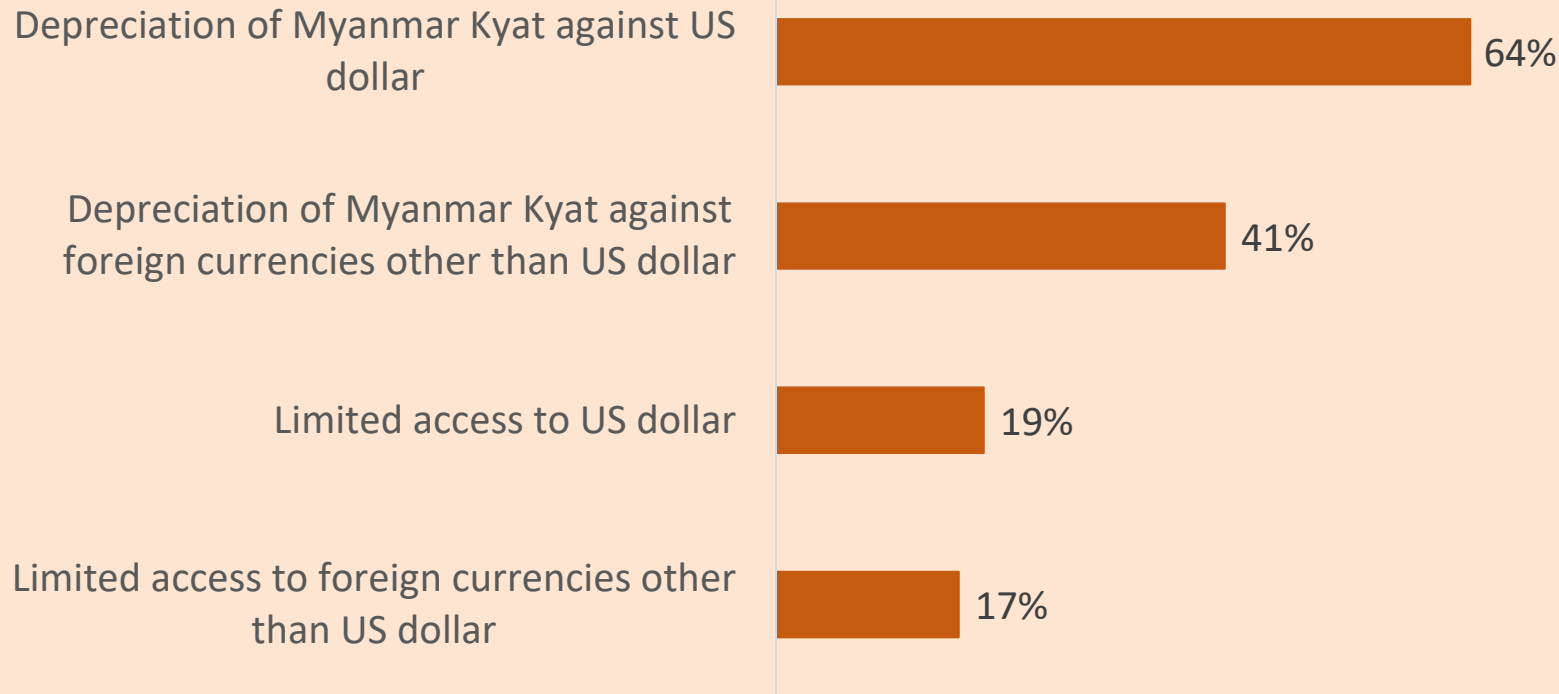
**compared with January 2021**

**45%**

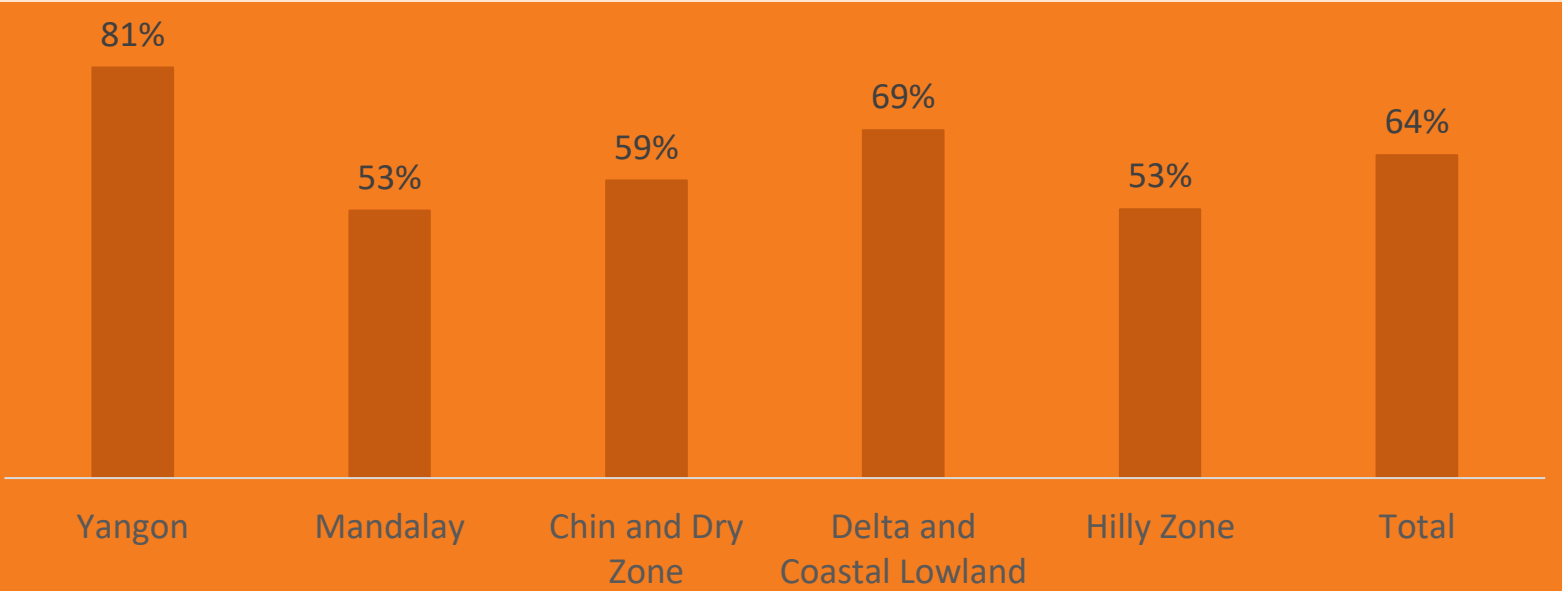
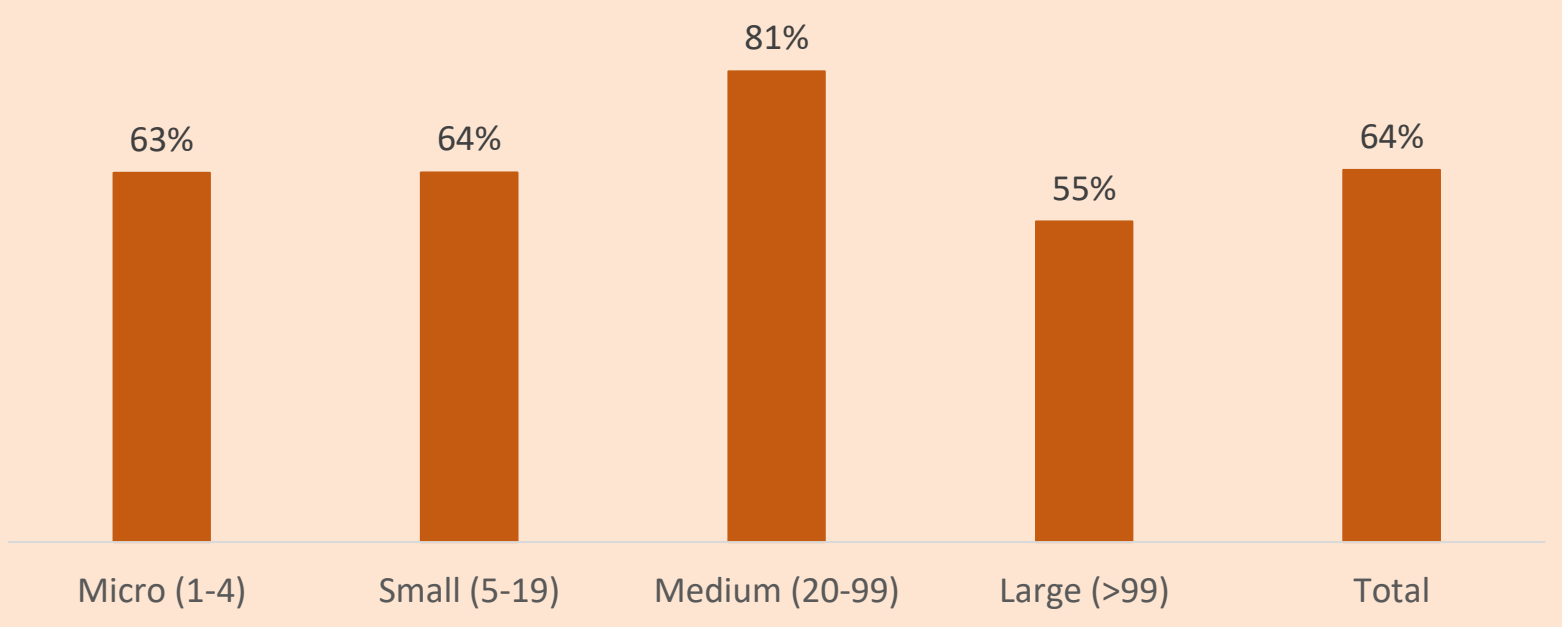
**compared with the past 3 months**

Note: Firms were asked to report about the last completed month.

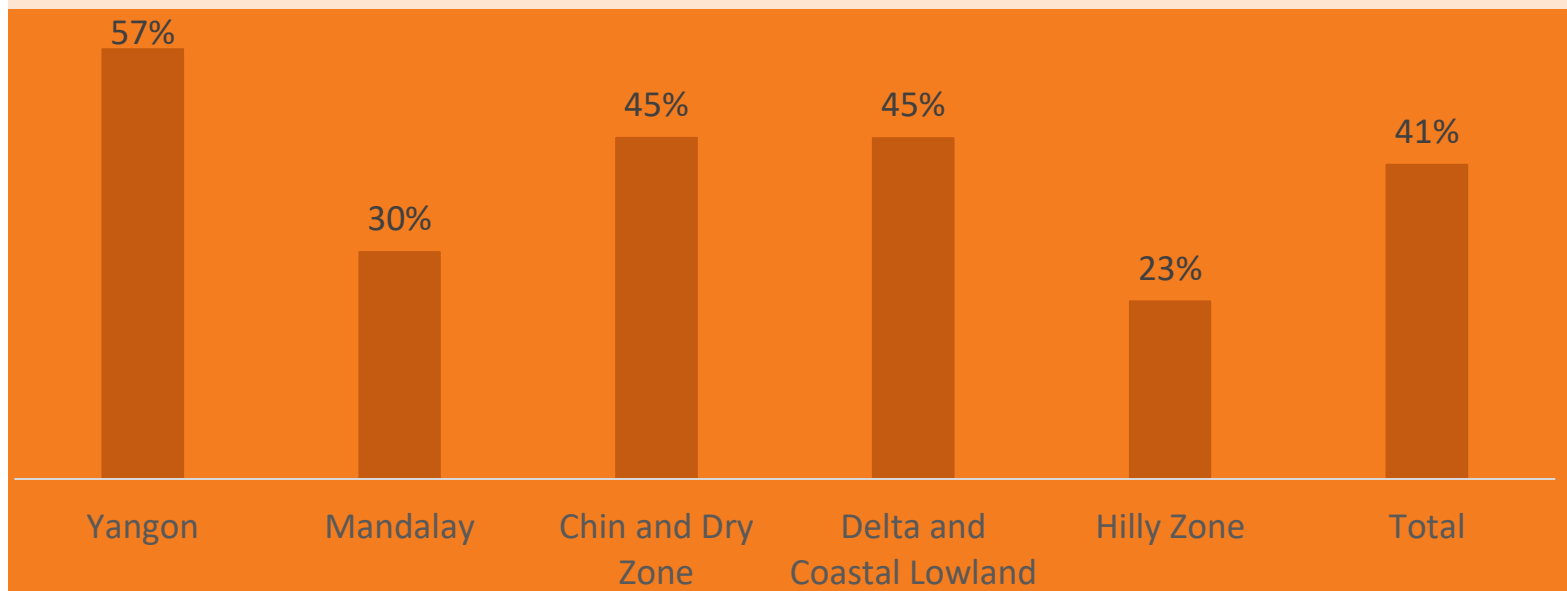
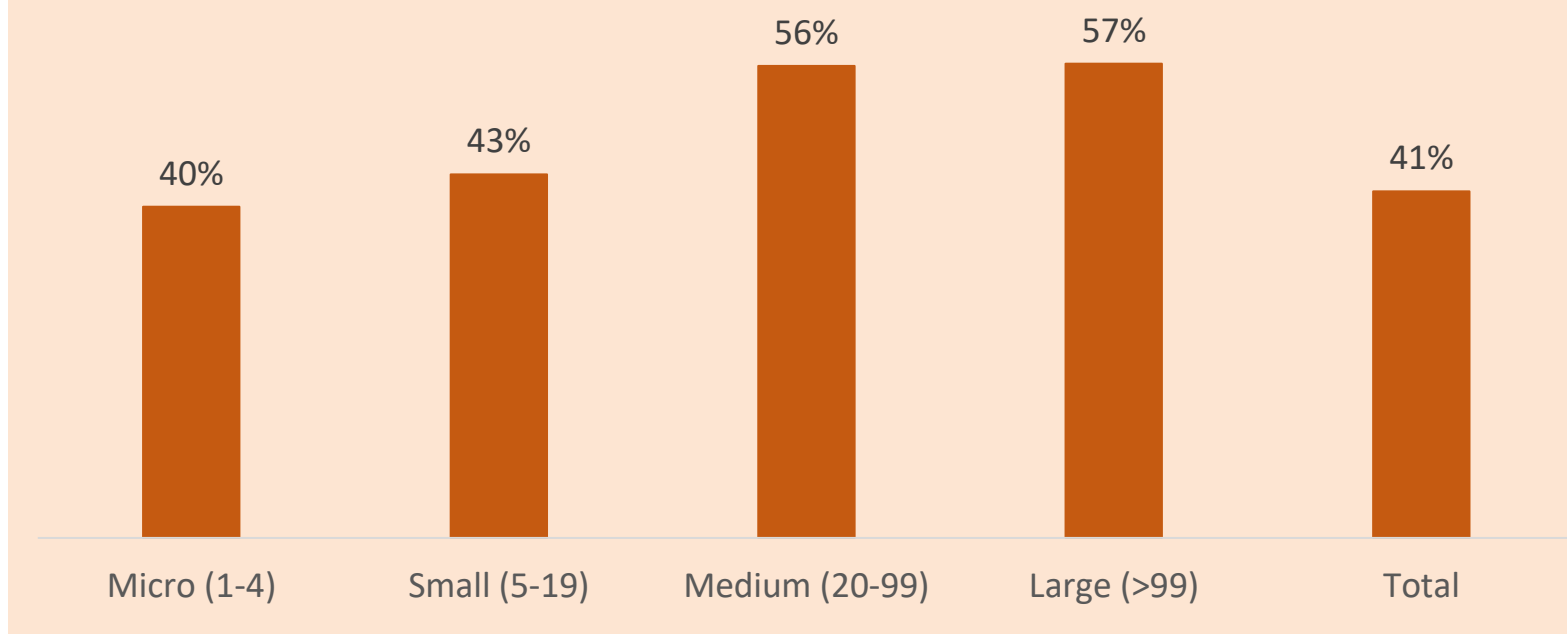
**Myanmar Kyat depreciation against the US dollar impacted majority of firms' performance and operation.**



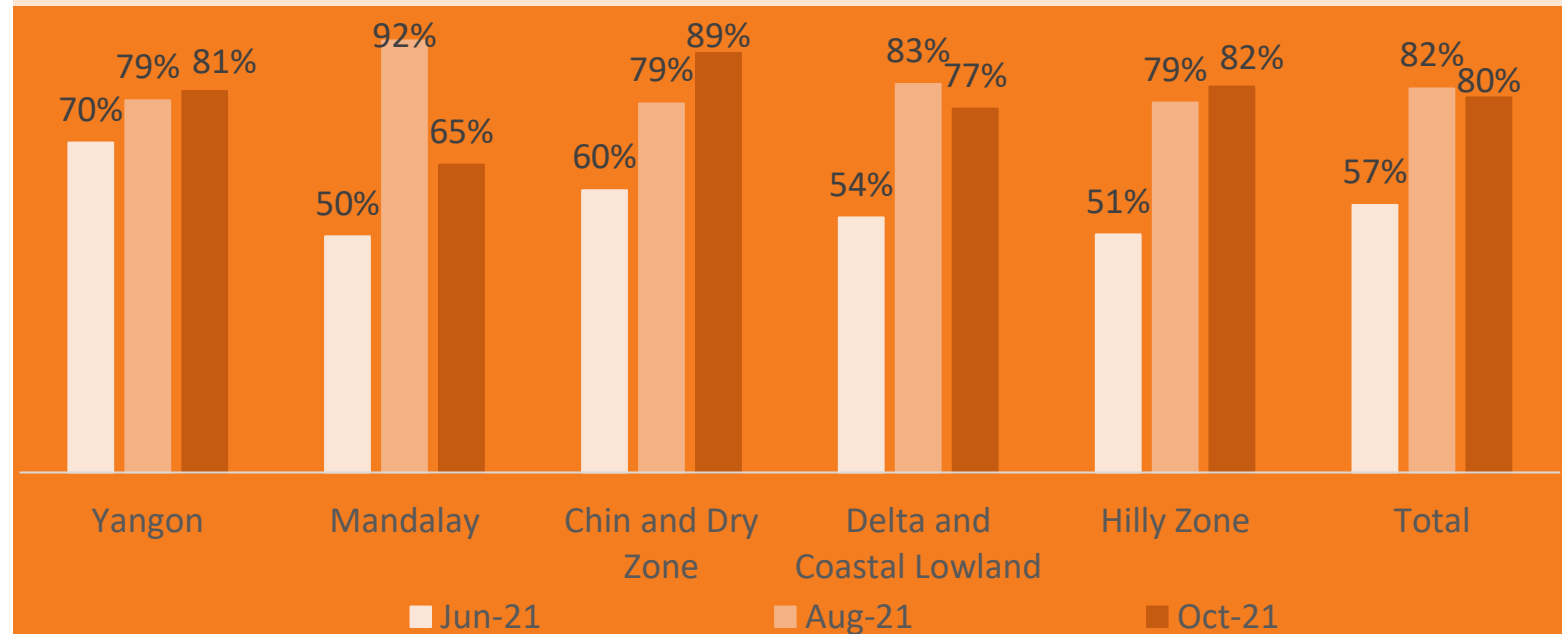
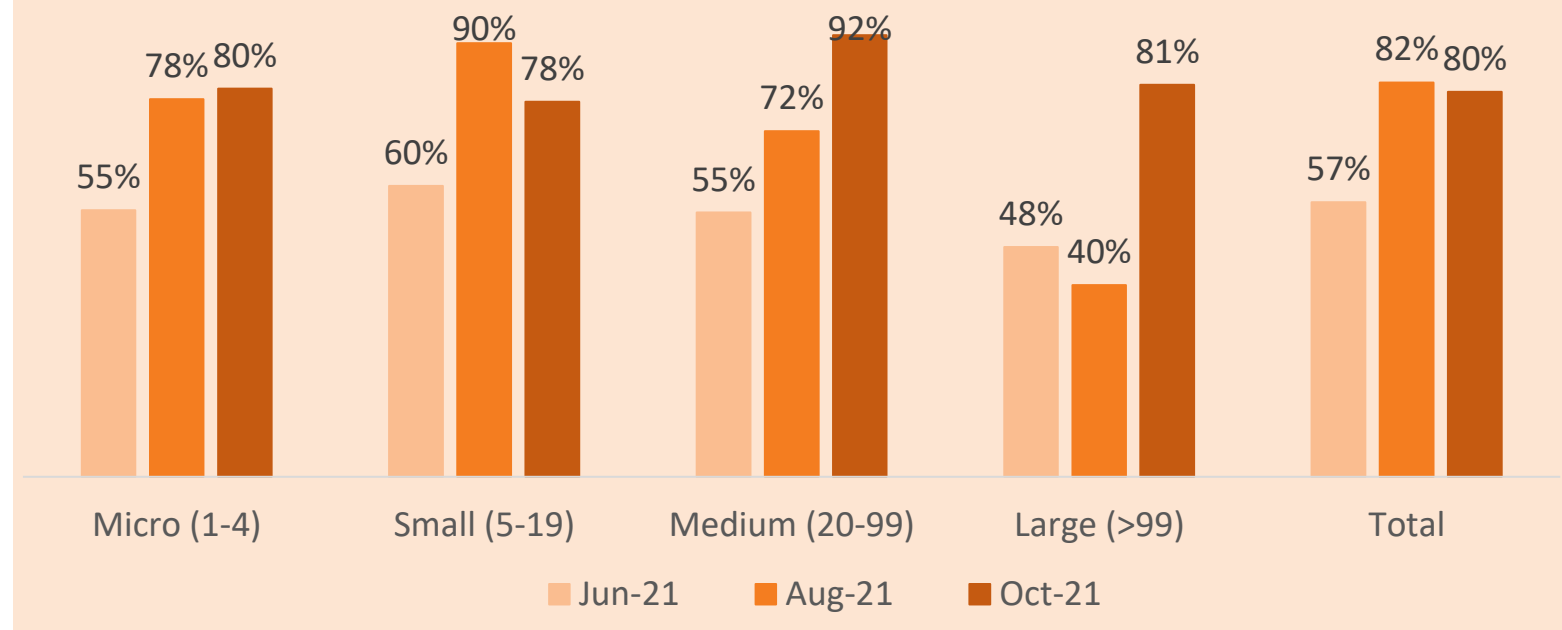
**Medium sized firms and those in Yangon had impacts to performance & operations by MMK depreciation against USD more than other firms**



**Large size firms and those in Yangon had impacts to performance & operation by the MMK depreciation against foreign currencies other than USD more than other firms**



# Firms in regional areas and those medium to large were impacted most by a decline in sales compared to January 2021



**Compared to  
January 2021,  
on average...**

**59%**

**sales  
decline**

**66%**

**profit  
decline**

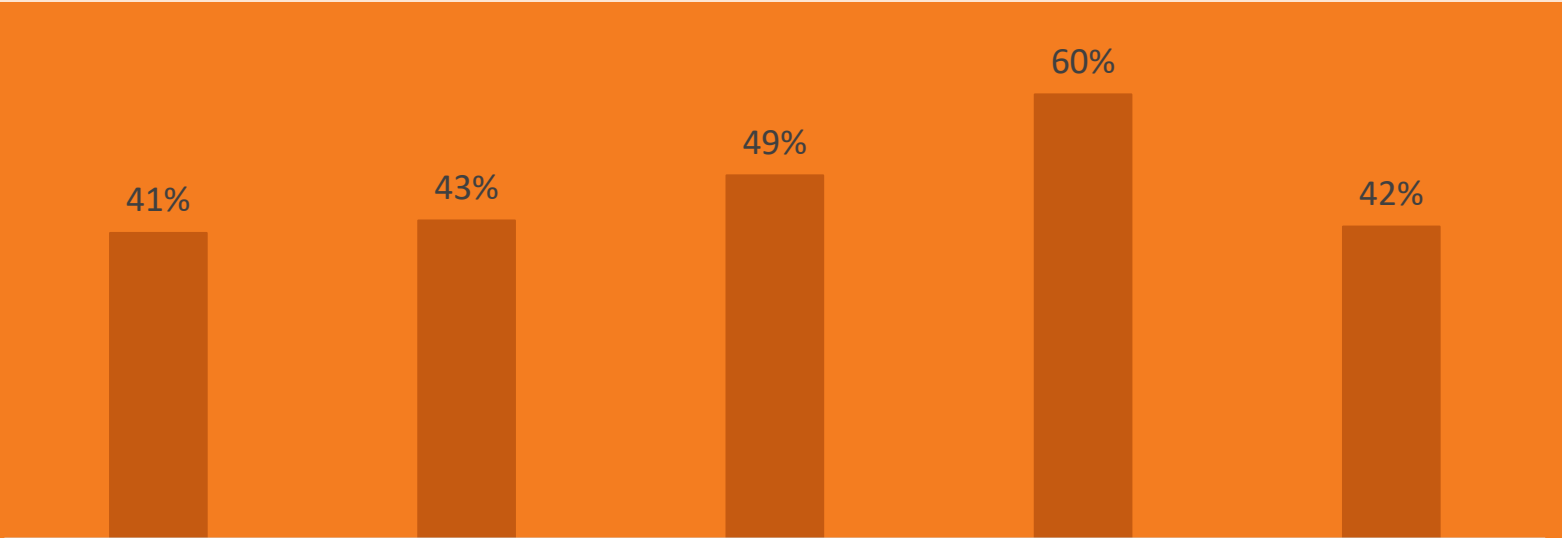
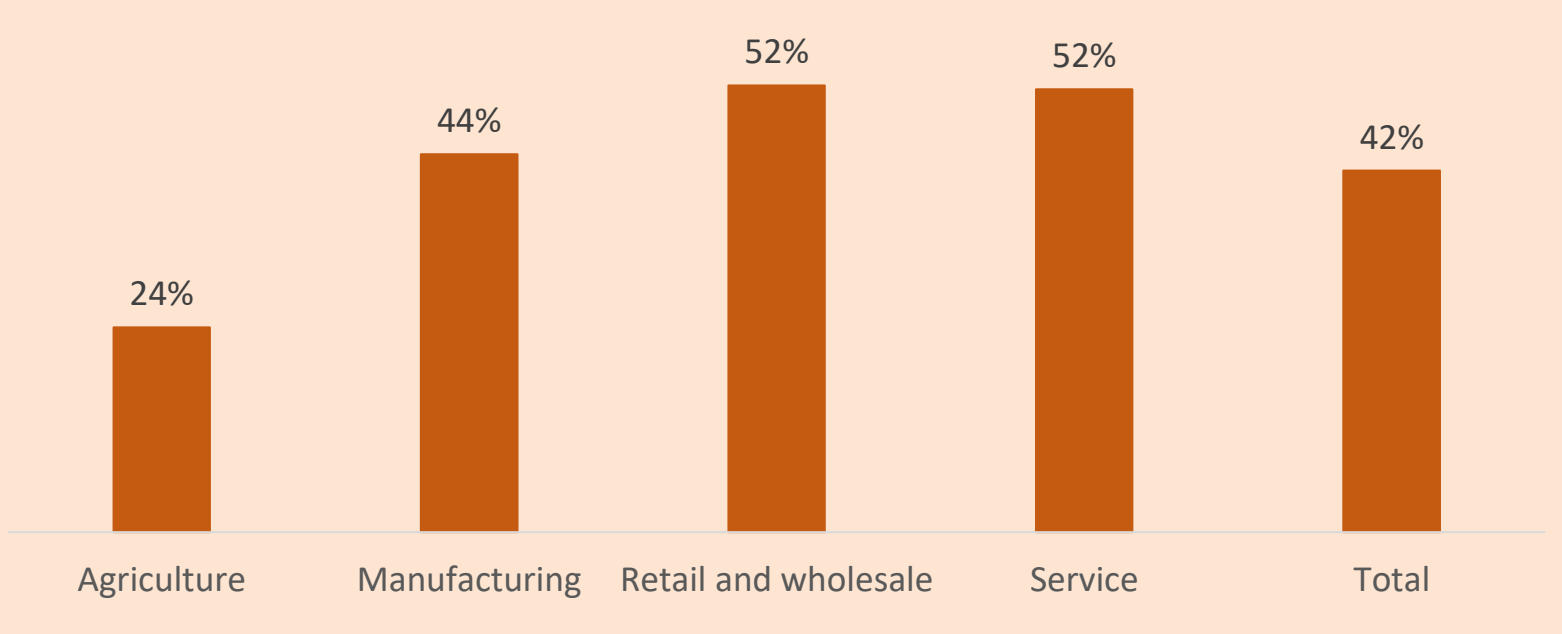
Note: Firms were asked to report about the last completed month.



Since July, 42% of firms have **increased prices** of products of services

52% of **retail/wholesale and service** sectors increased their prices

**Large firms** were more likely to increase prices than any other firm size



**Of the firms that  
increased  
prices, average  
price increase  
and dominant  
driver**

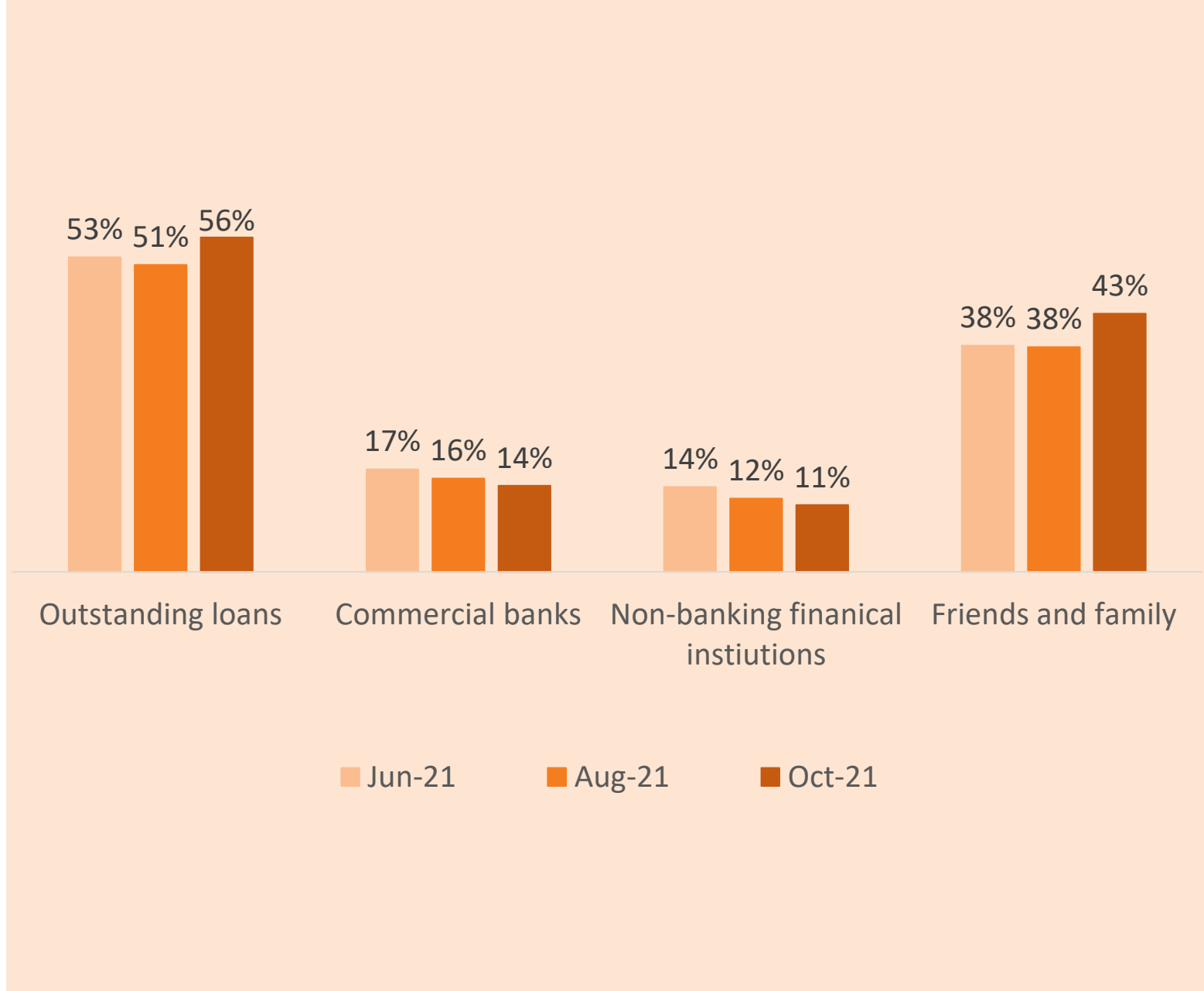
**23%**

**Average price  
increase**

**95%**

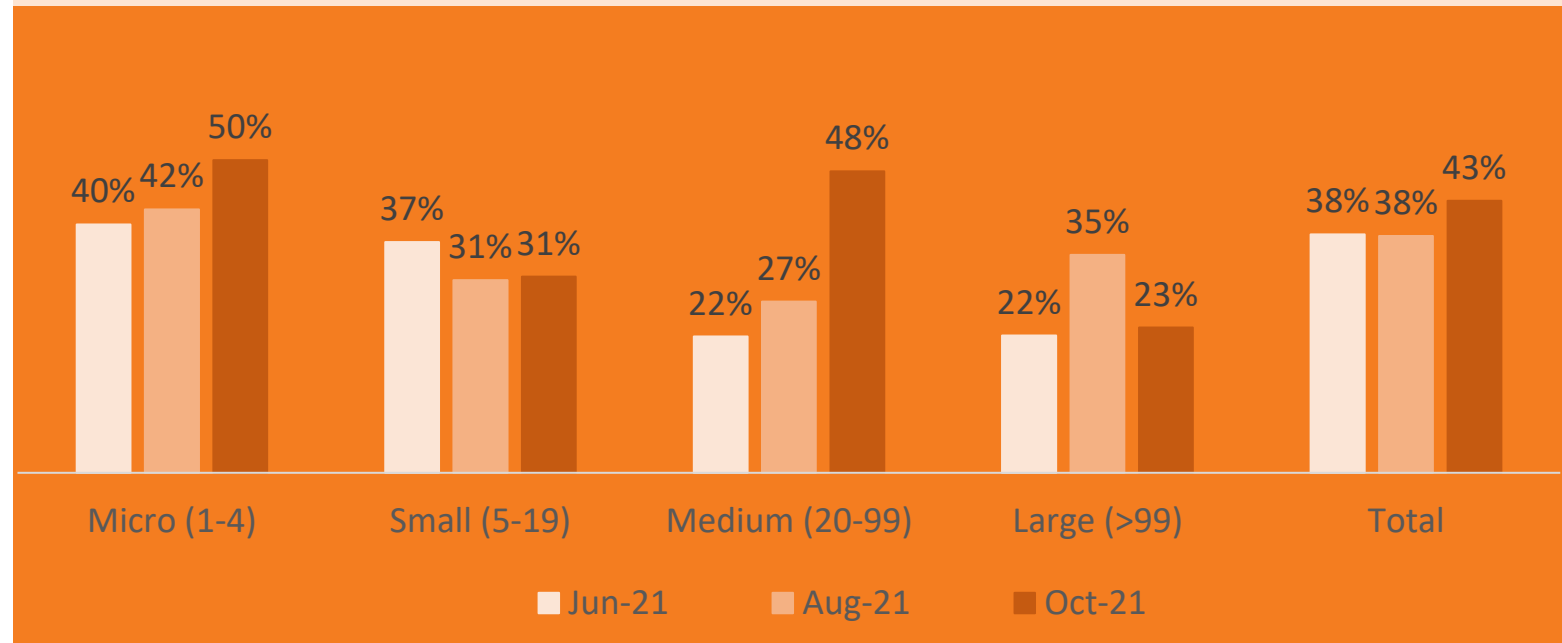
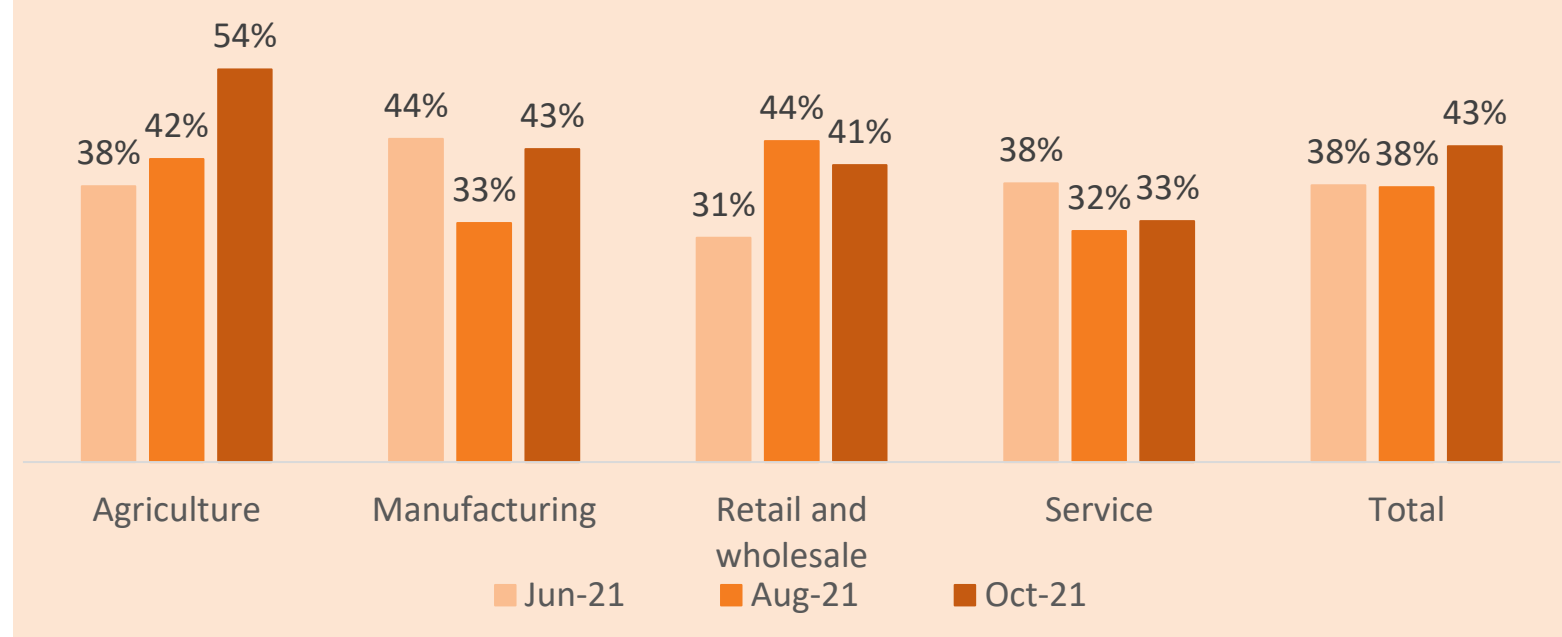
**of firms increase prices  
to cover higher costs  
due to an increase in  
supply, intermediate  
and input prices**

**More firms had outstanding loans from any financing sources in October, and loans from friends and family continued to be a major financing source**



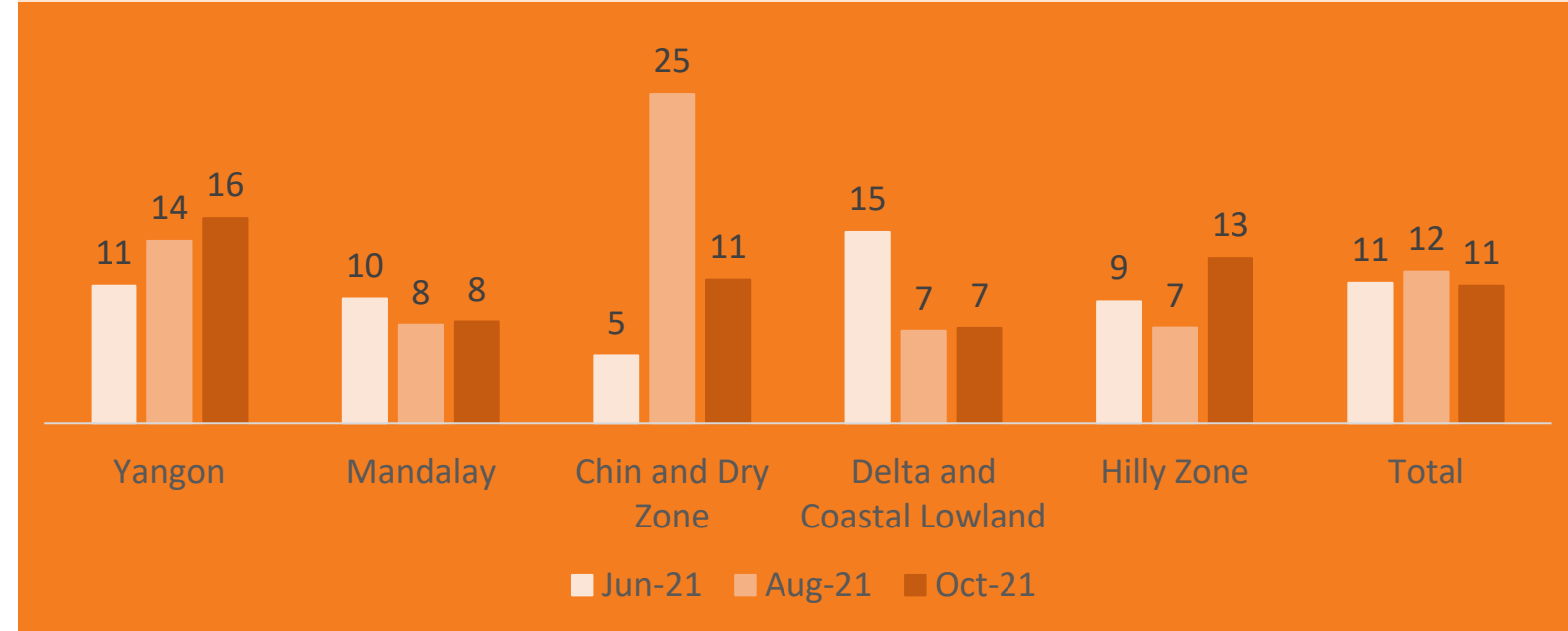
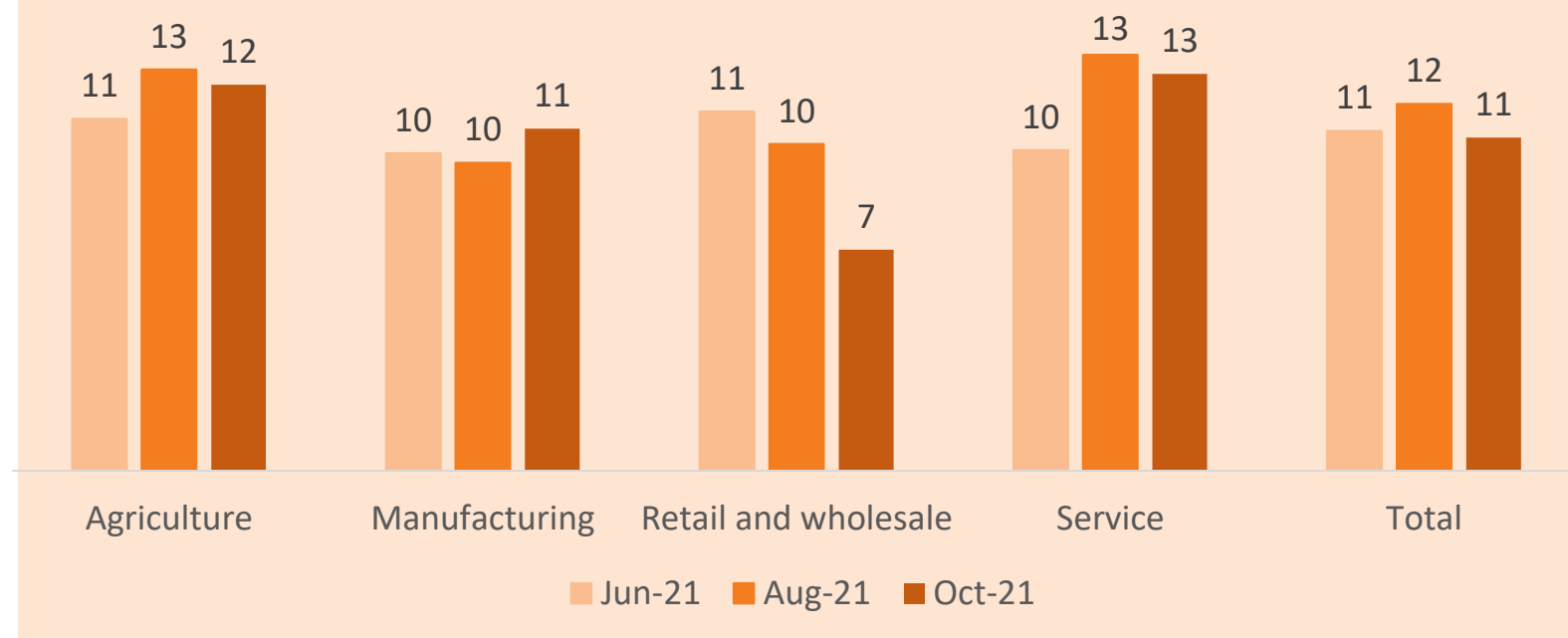
Firms were asked to report about the last completed month

# Agricultural and micro firms relied more on loans from family and friends than others

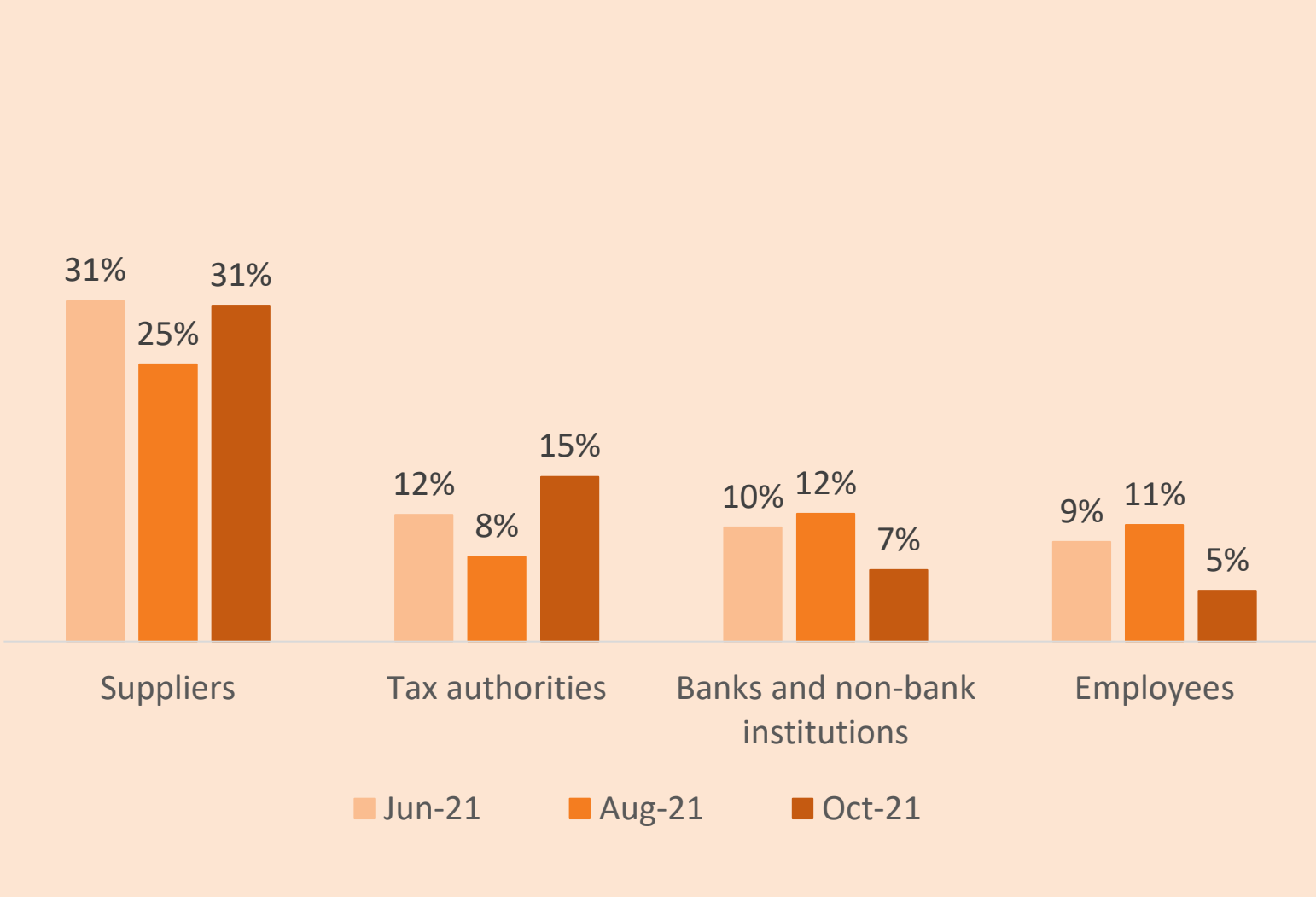


Firms were asked to report about the last completed month.

**While differences were observed across sectors and location, firms were able to service their debts for about 11 months in the current situation**



**While the share of firms **delaying payments** to suppliers and tax authorities increased, delays to banks, non-banks institutions and employees decreased**



Note: Question is designed slightly differently for June 2021. For June 2021, firms were asked to report on delayed payments experienced from recent events since February 2021 while firms were asked to report about delayed payments due to COVID-19 third wave. In addition, for this question, Firms were asked to report about the last completed month.

SECTION 1

SECTION 2

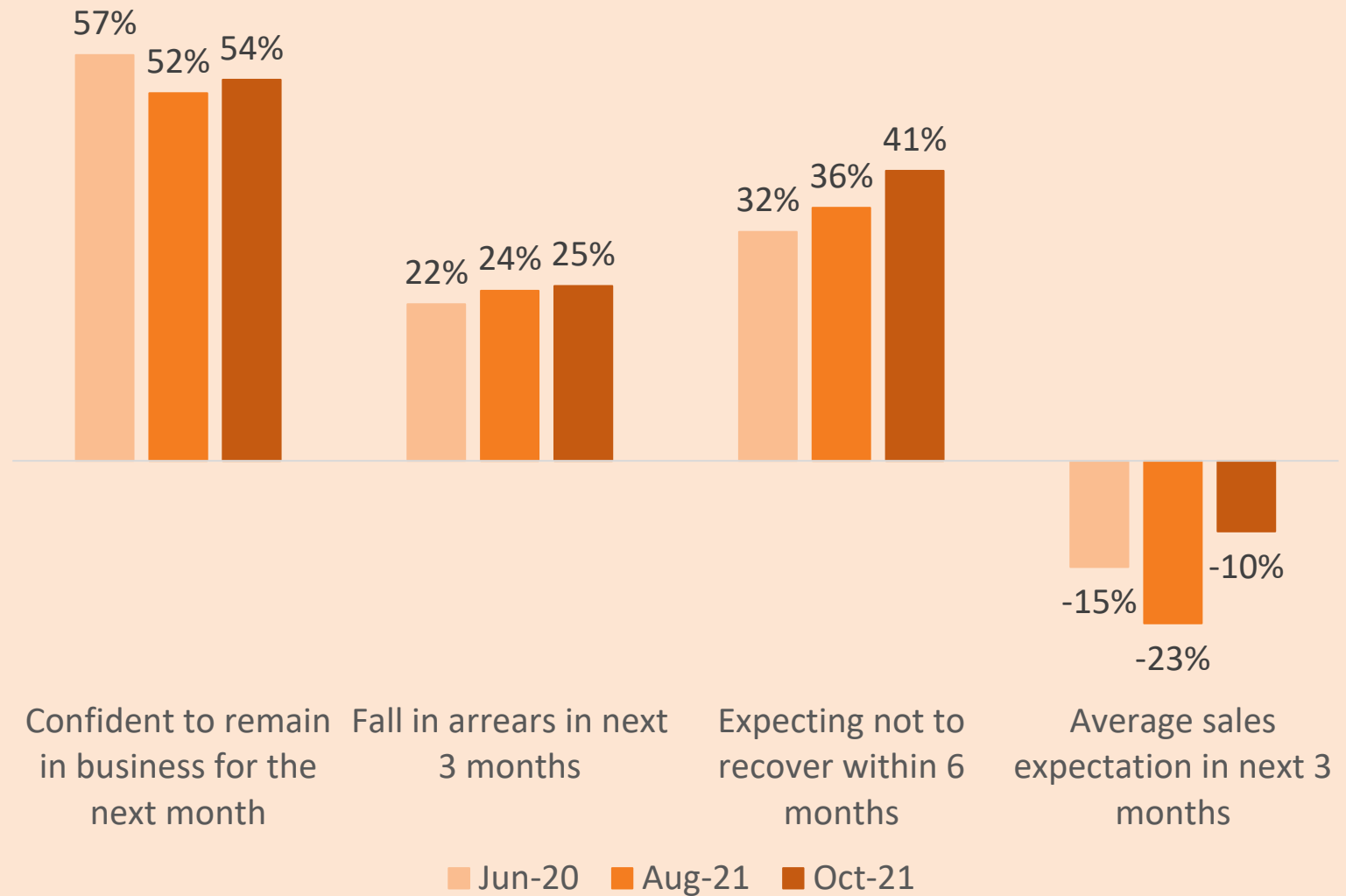
SECTION 3

SECTION 4

SECTION 5

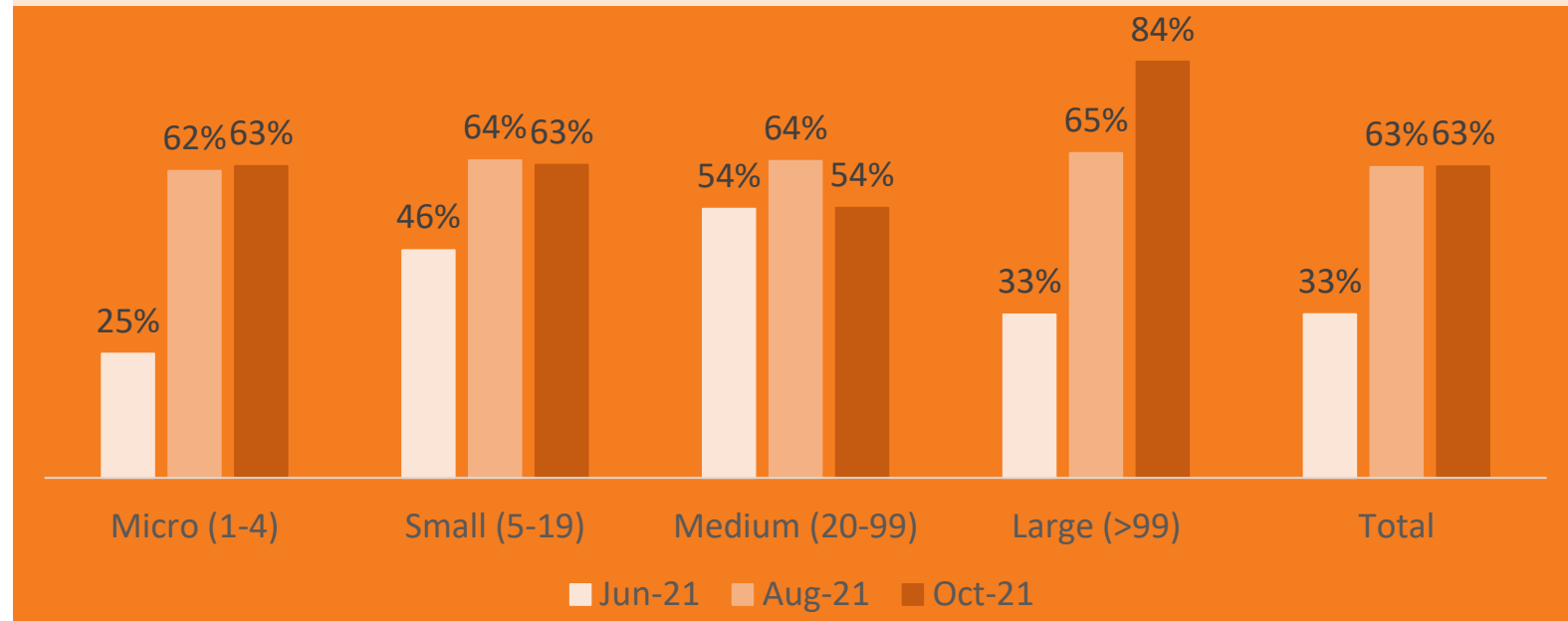
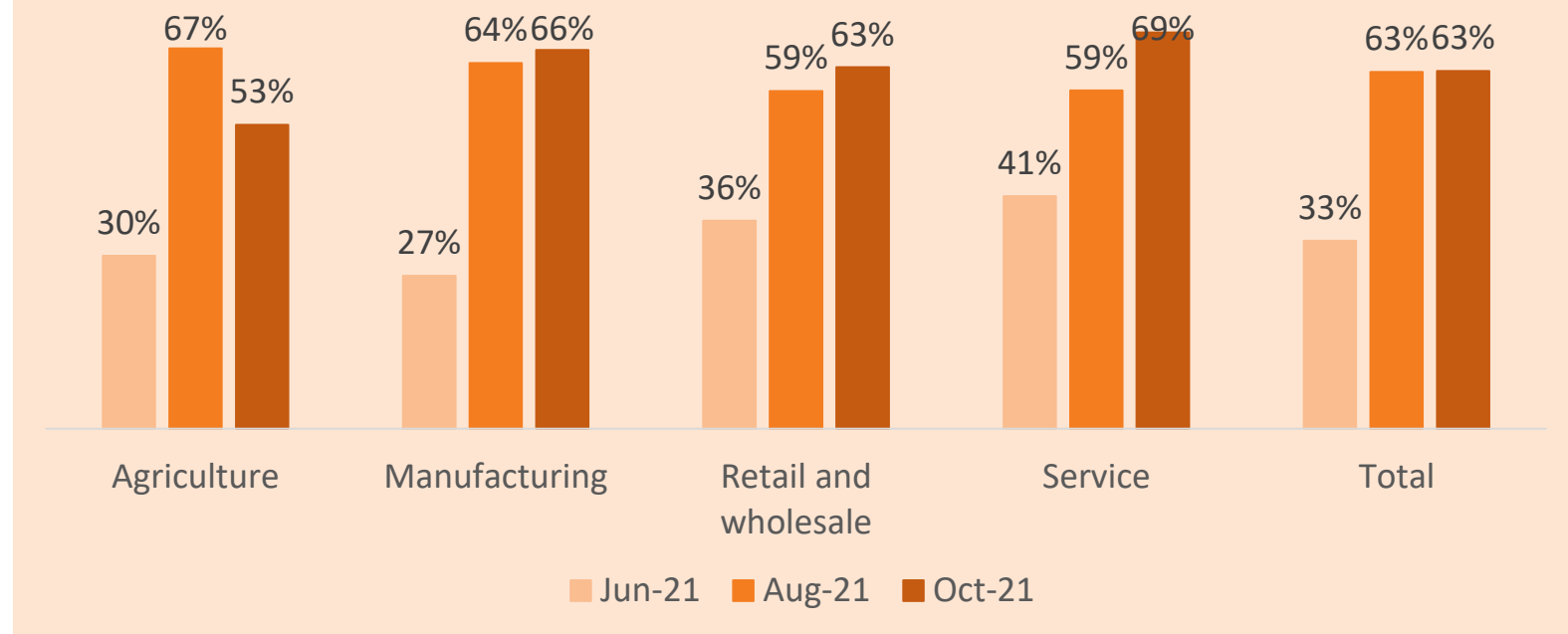
**BUSINESS  
EXPECTATIONS**

# Firms' expectations remained bleak

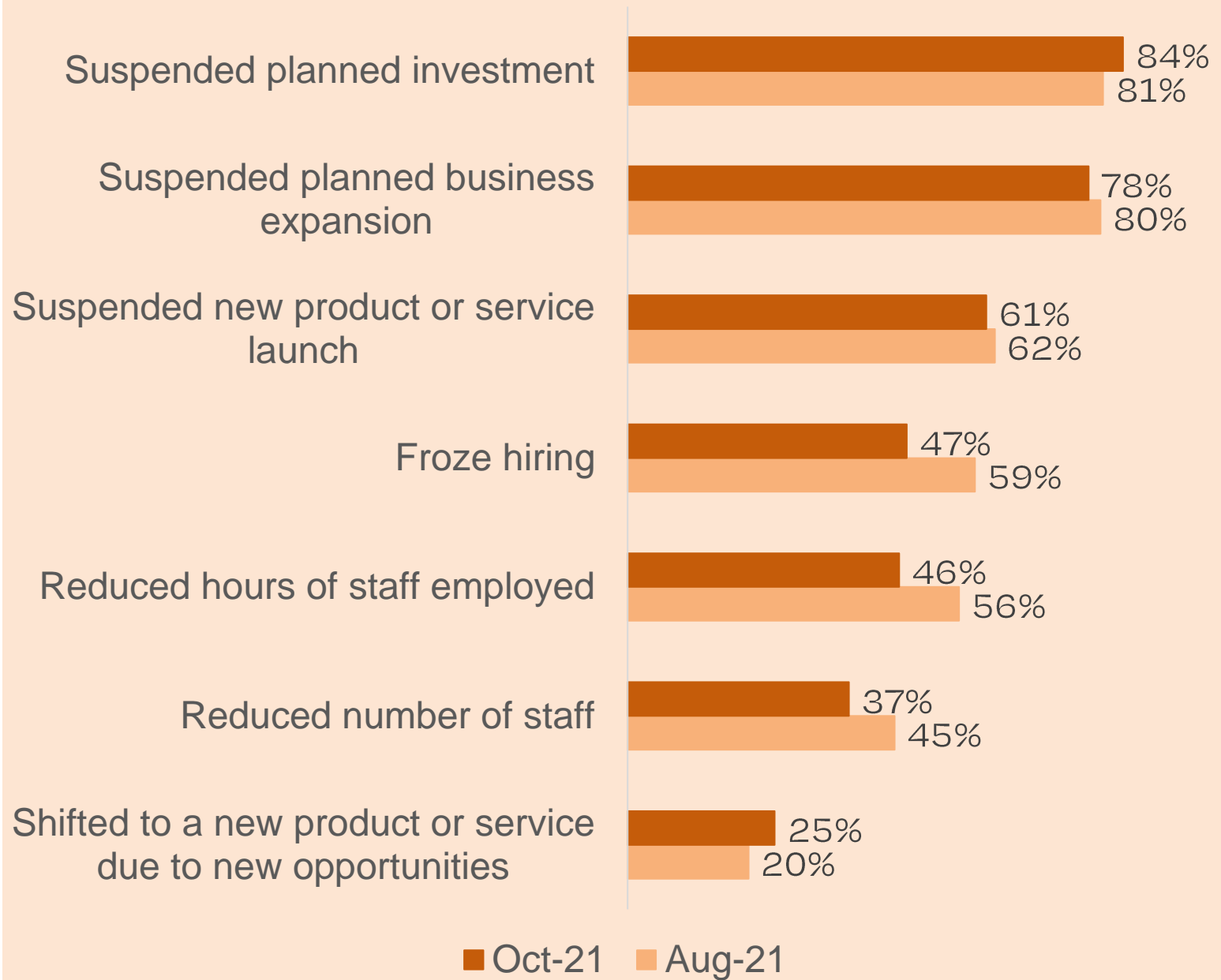




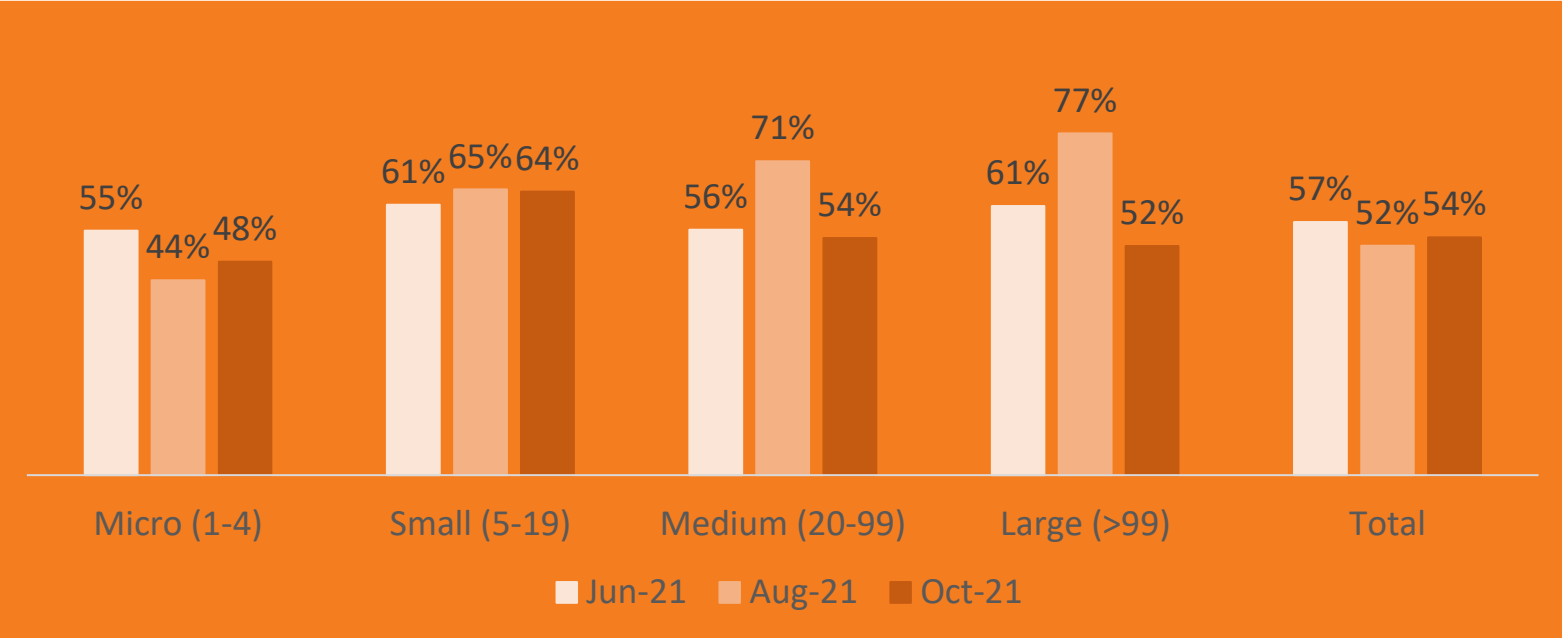
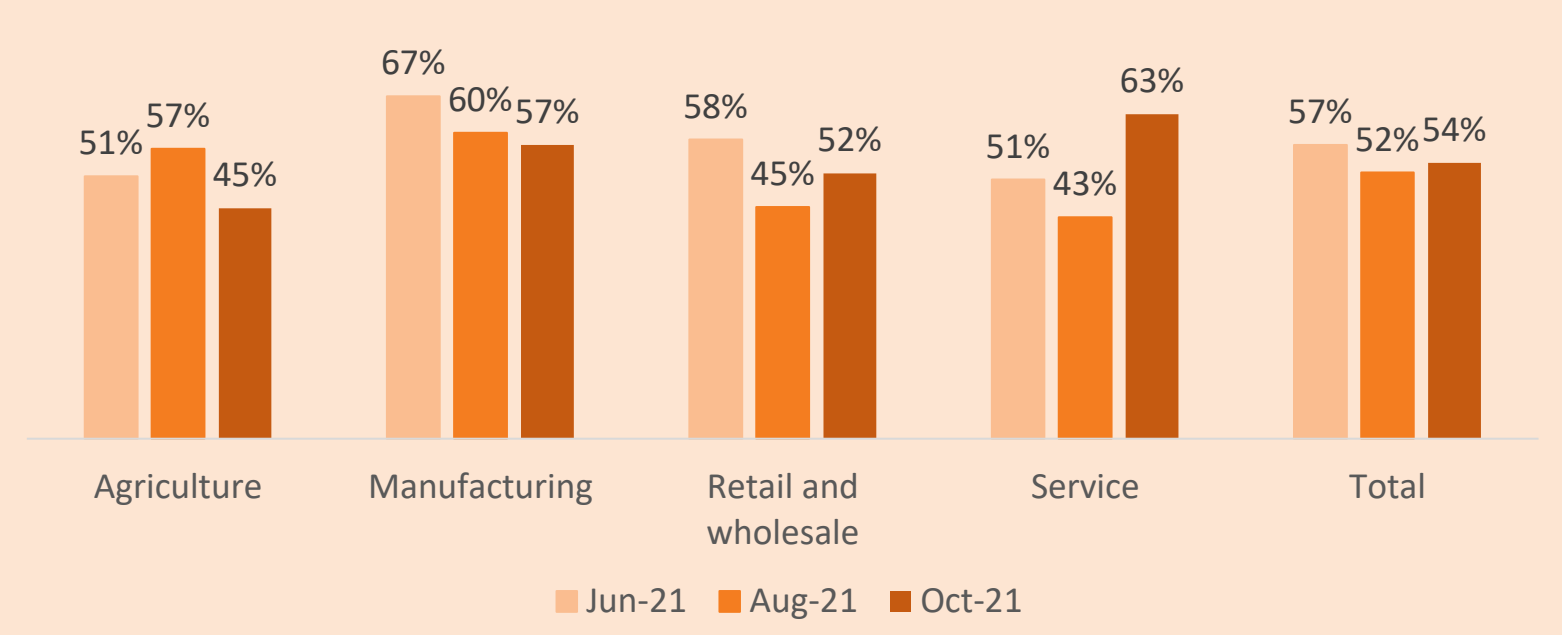
# Since February, 63% of surveyed firms have changed plans to invest and expand business in 2021



**Of the firms that have changed business and investment plans since February 2021, major decisions are to suspend investment, business expansion and a new product/service launch**

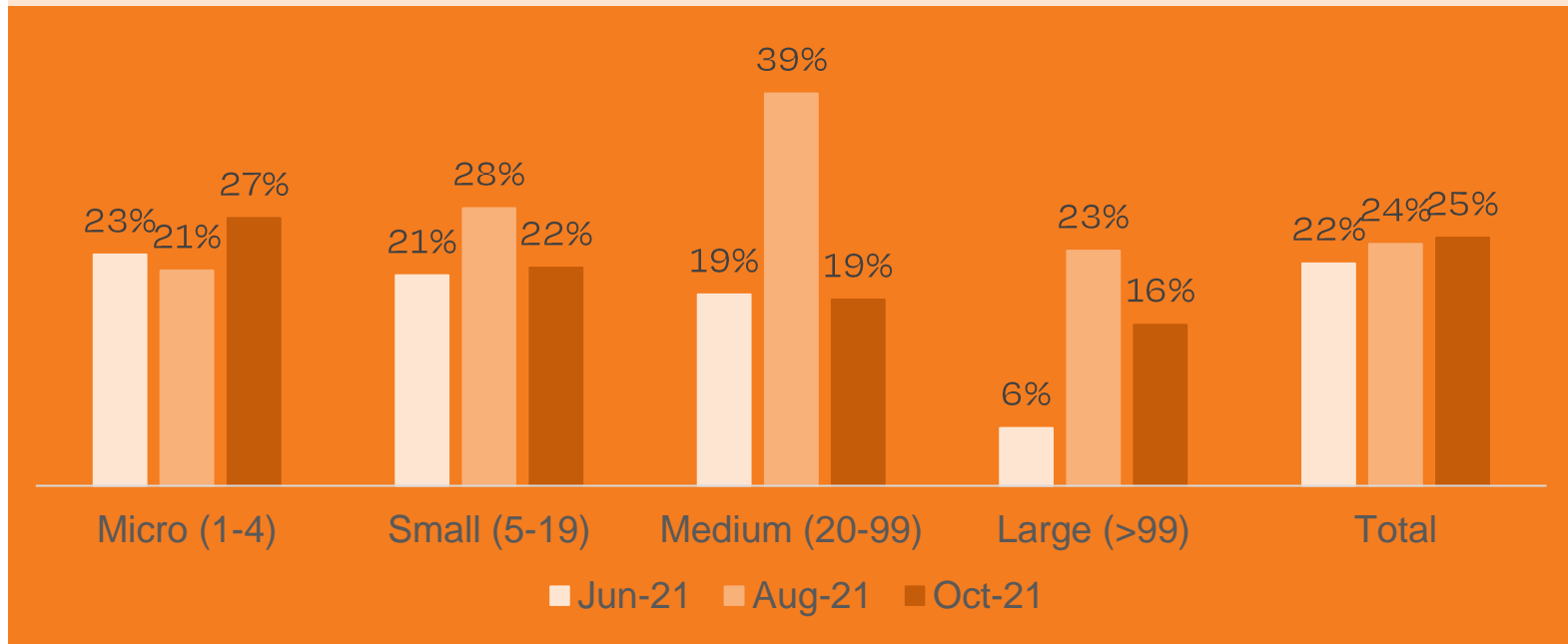
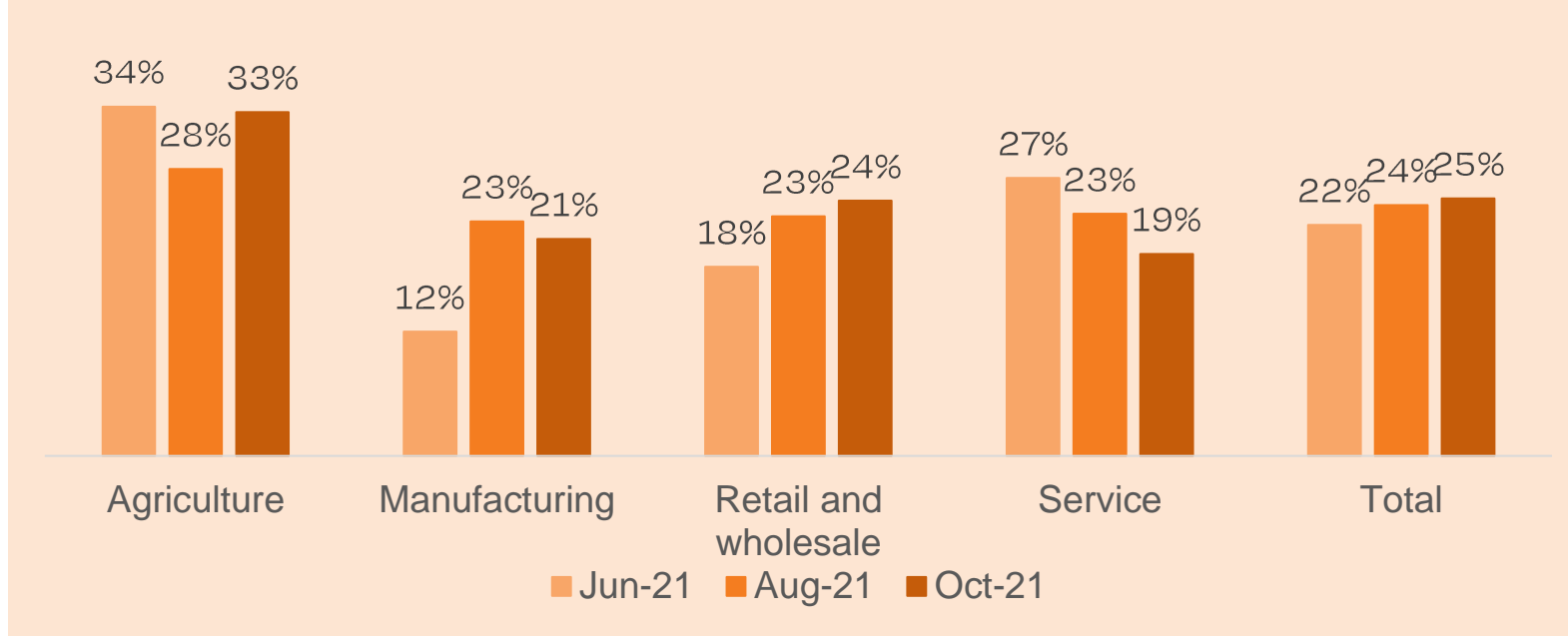


# Firms' confidence to remain open within the next month remain low on current cash flow

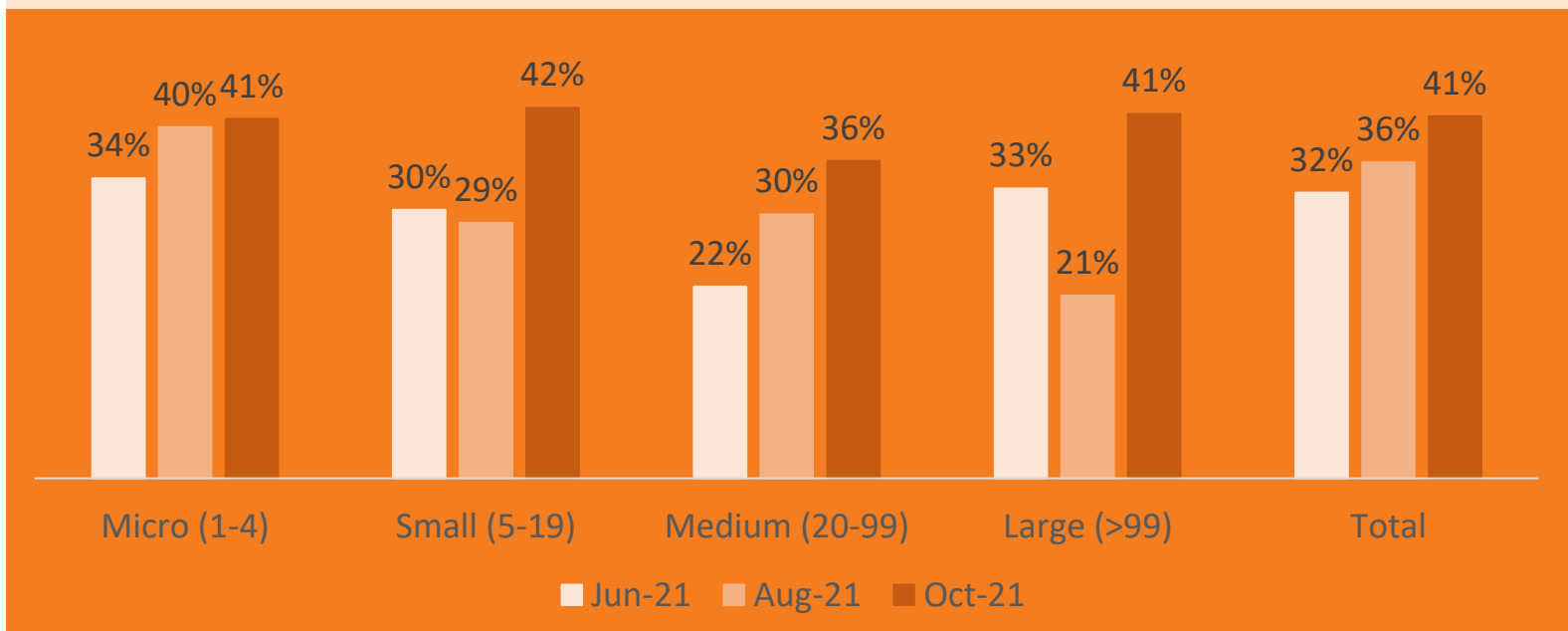
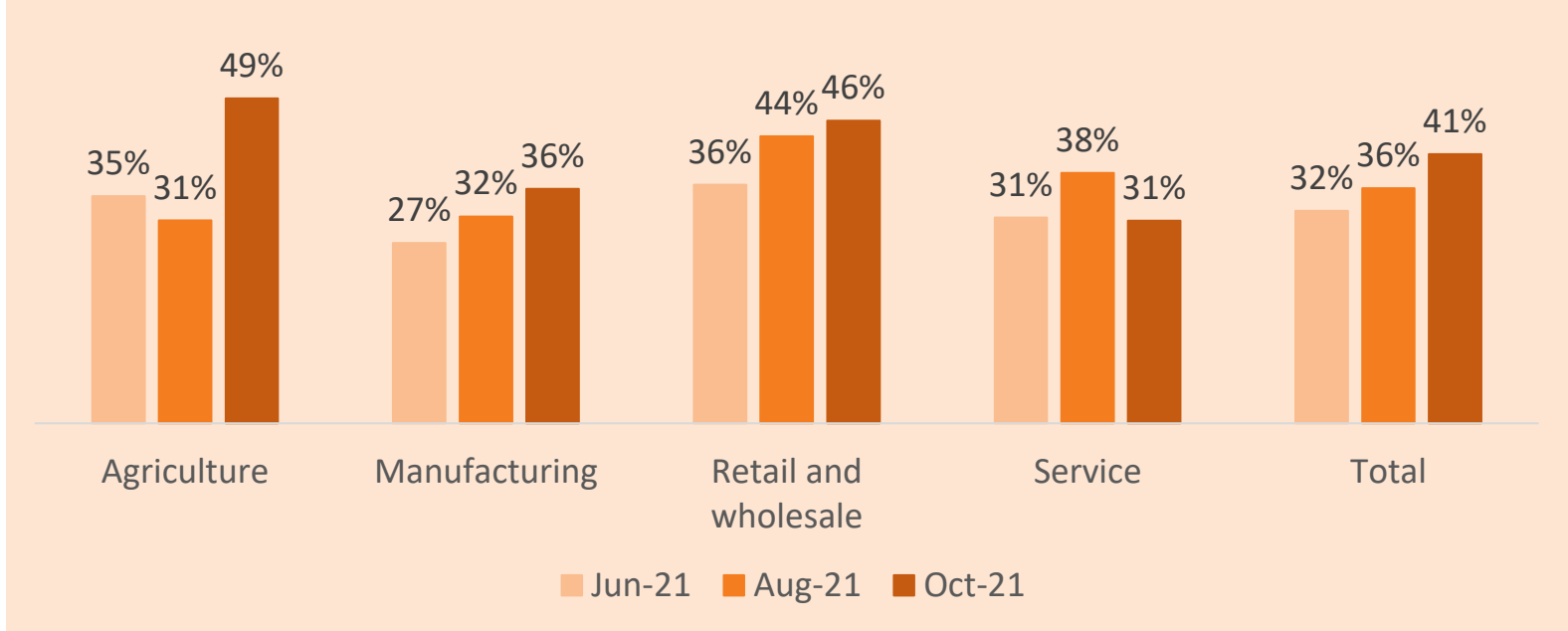


**The share of firms expecting to fall into arrears over the next three months slightly increased**

**Agricultural and micro firms being the most impacted**

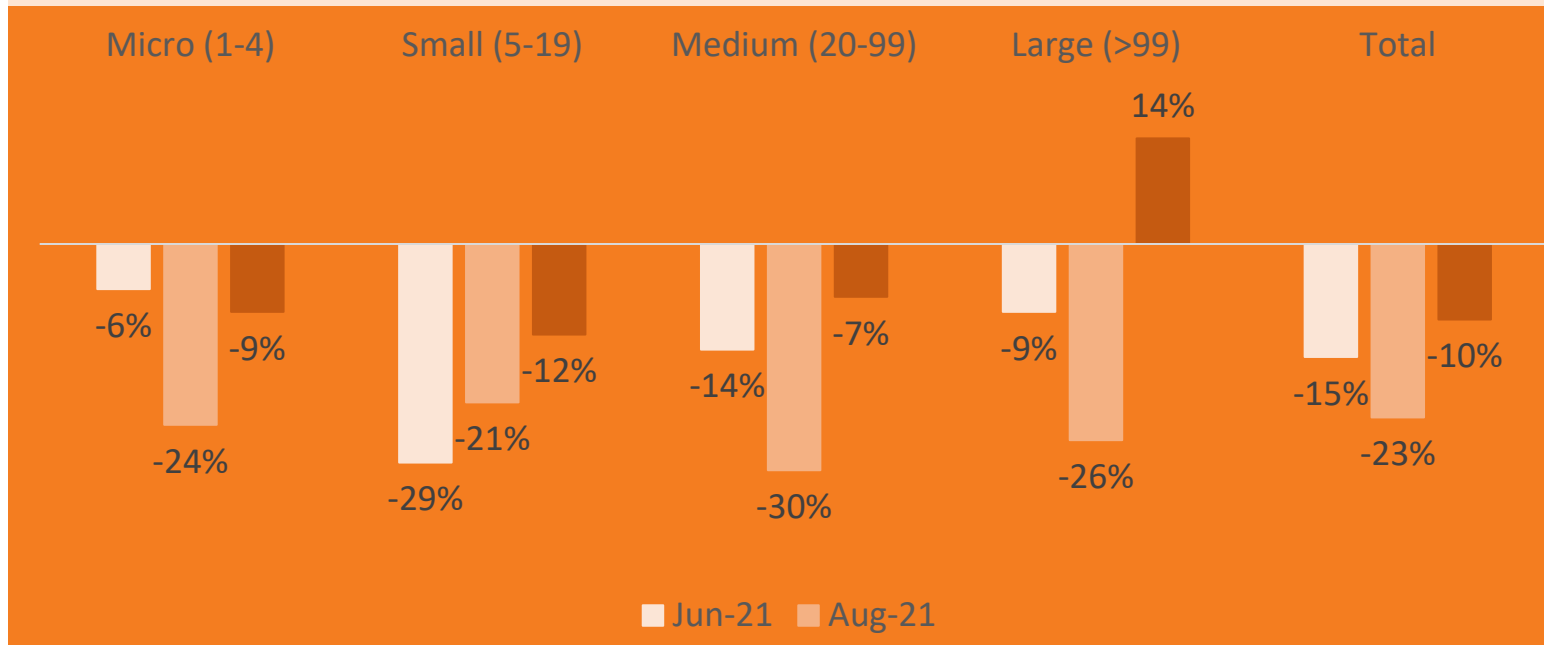
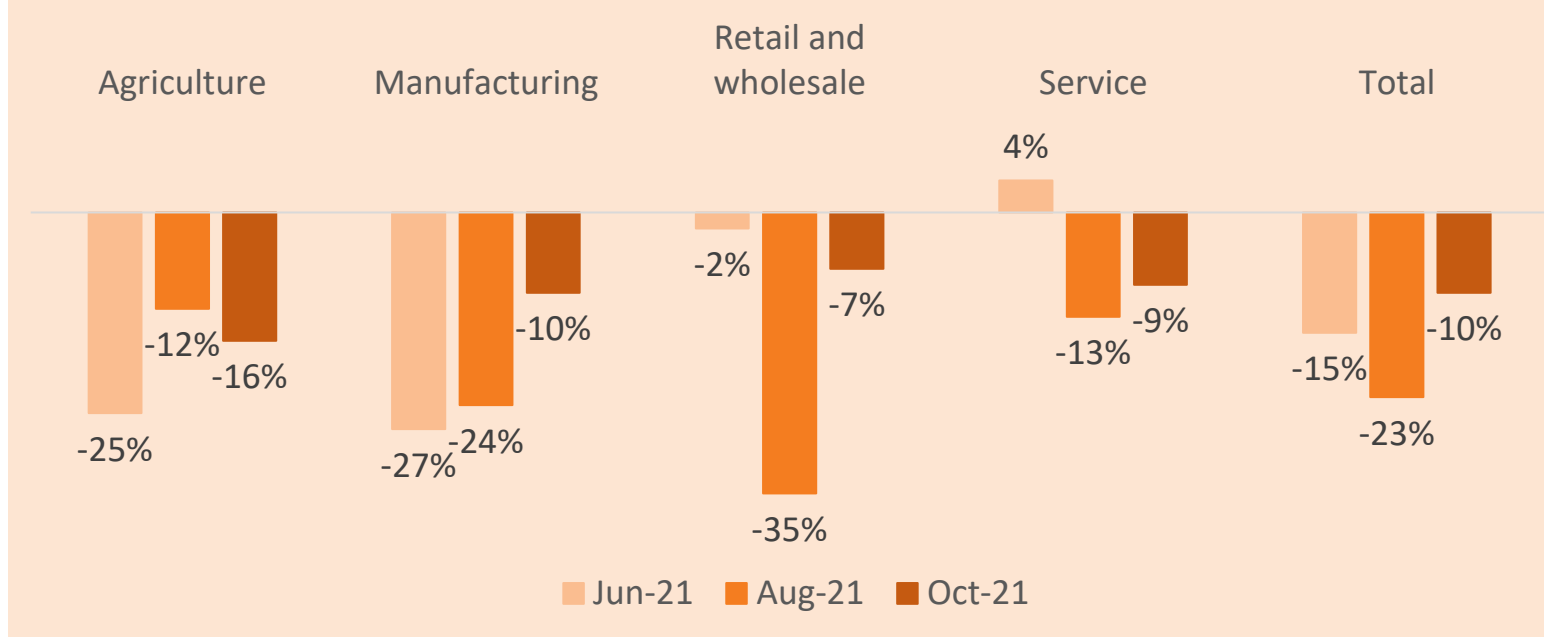


**Share of firms not expecting to recover to levels before February 2021 in next 6 months increased with the biggest change in large and agricultural firms**



# Sales expectations in the next 3 months remain negative

The average sales decline is expected to be **10% lower** than the same period a year ago



SECTION 1

SECTION 2

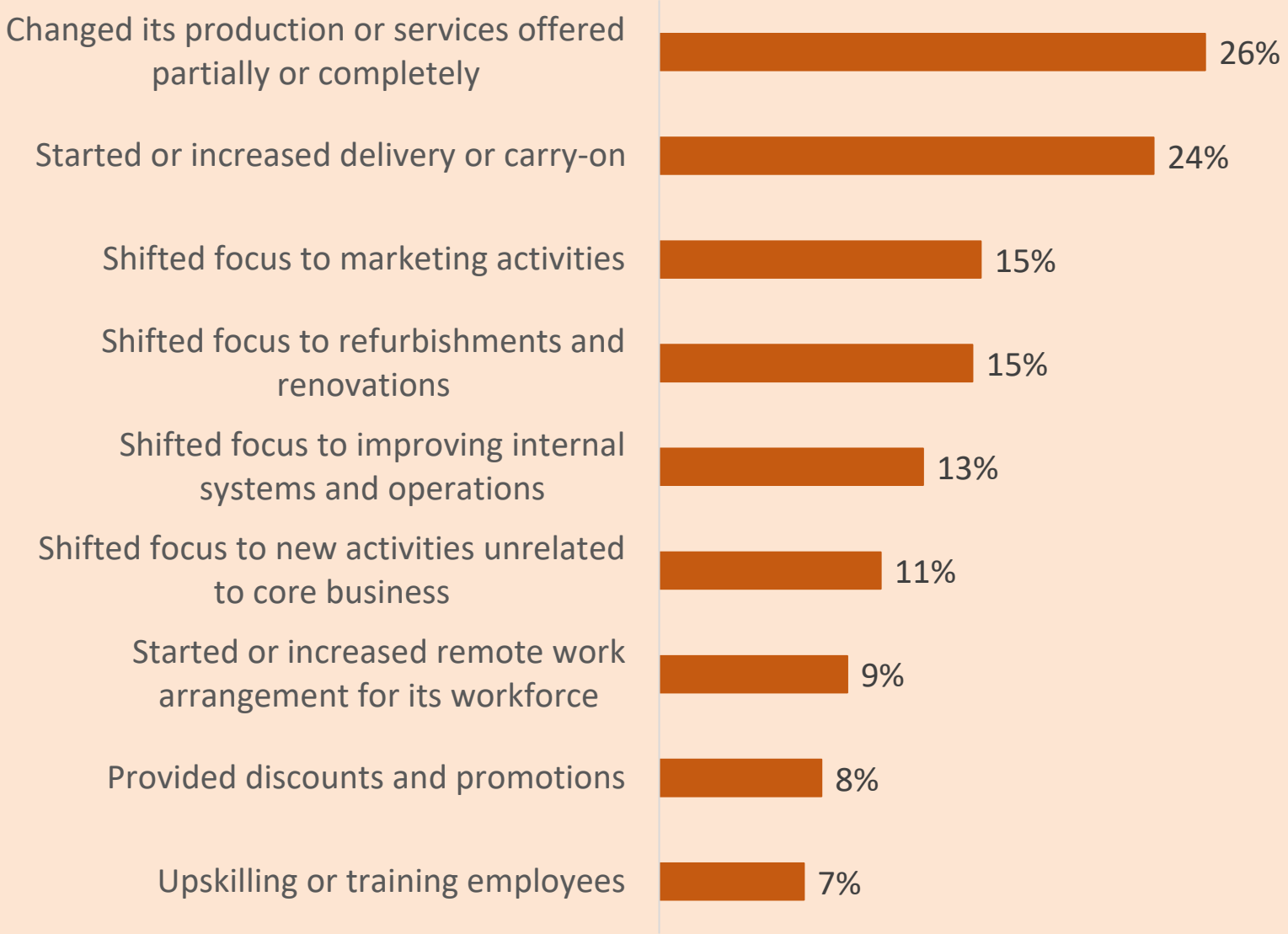
SECTION 3

SECTION 4

SECTION 5

**ADAPTATIONS**

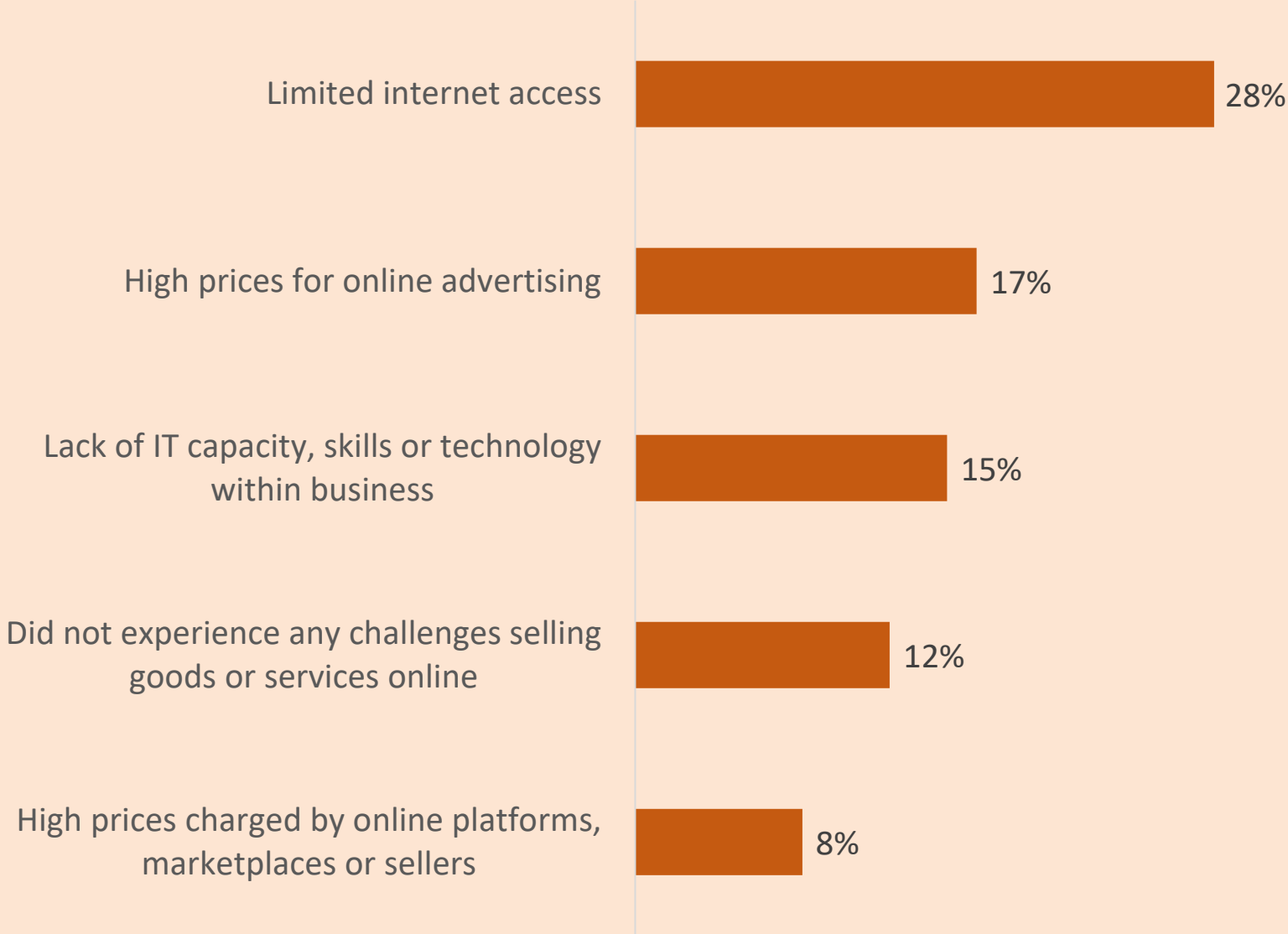
# The two major adjustments that firms made in the last month were starting delivery or carry-on and changes to either production of services



Note: Firms were asked to report about the last completed month.



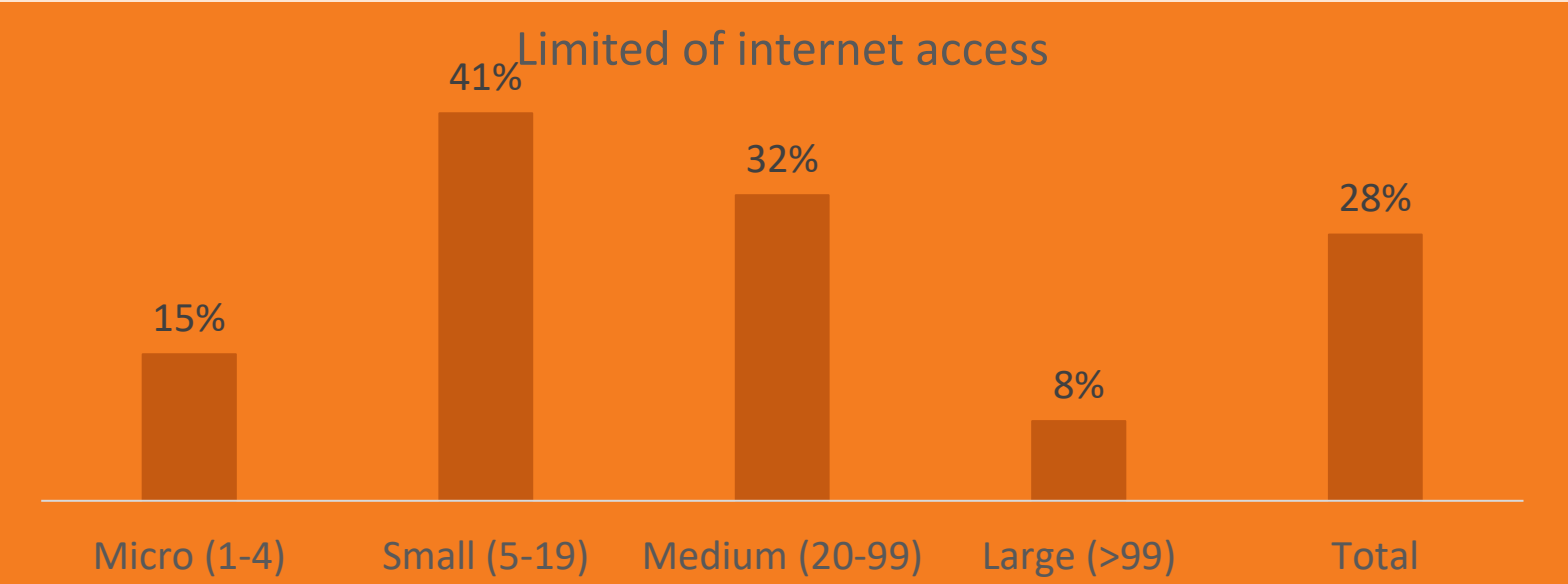
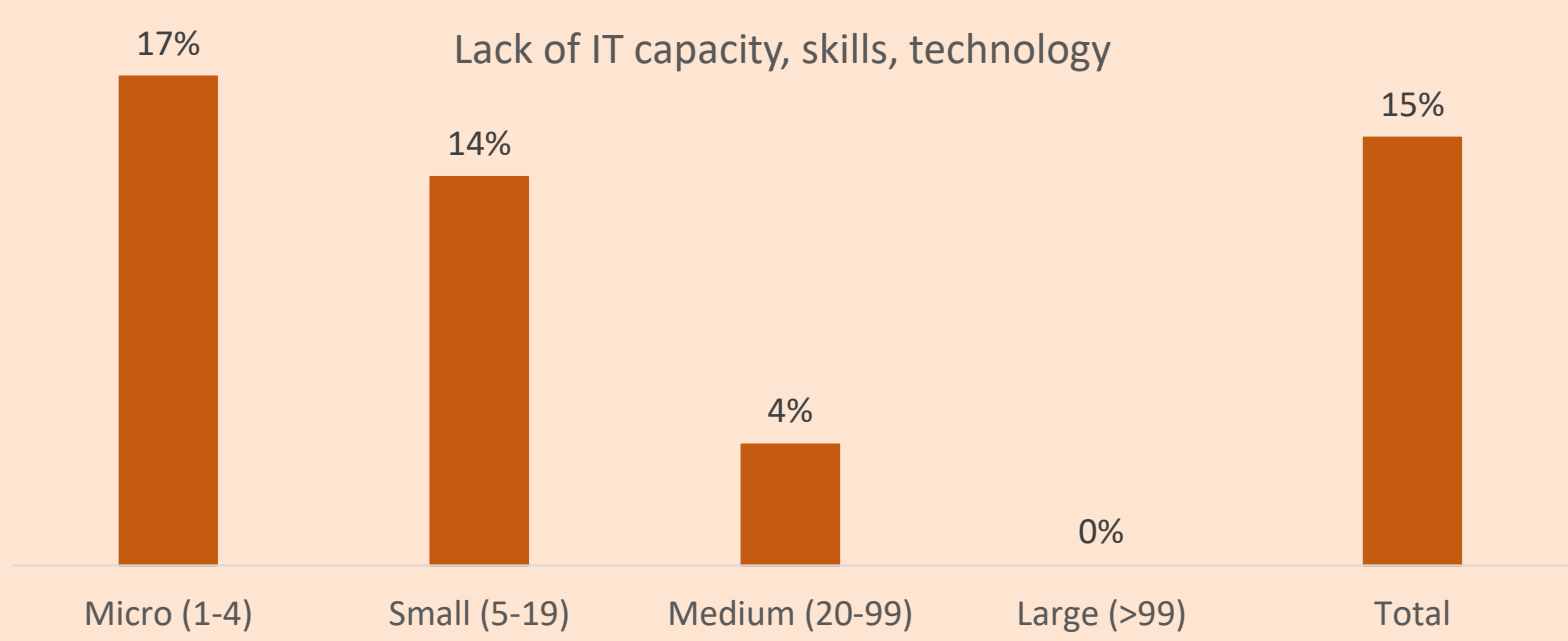
**Of the firms using online services and digital financial services, limited internet access was the major challenge for such services**



Note: Firms were asked to report about the last completed month.

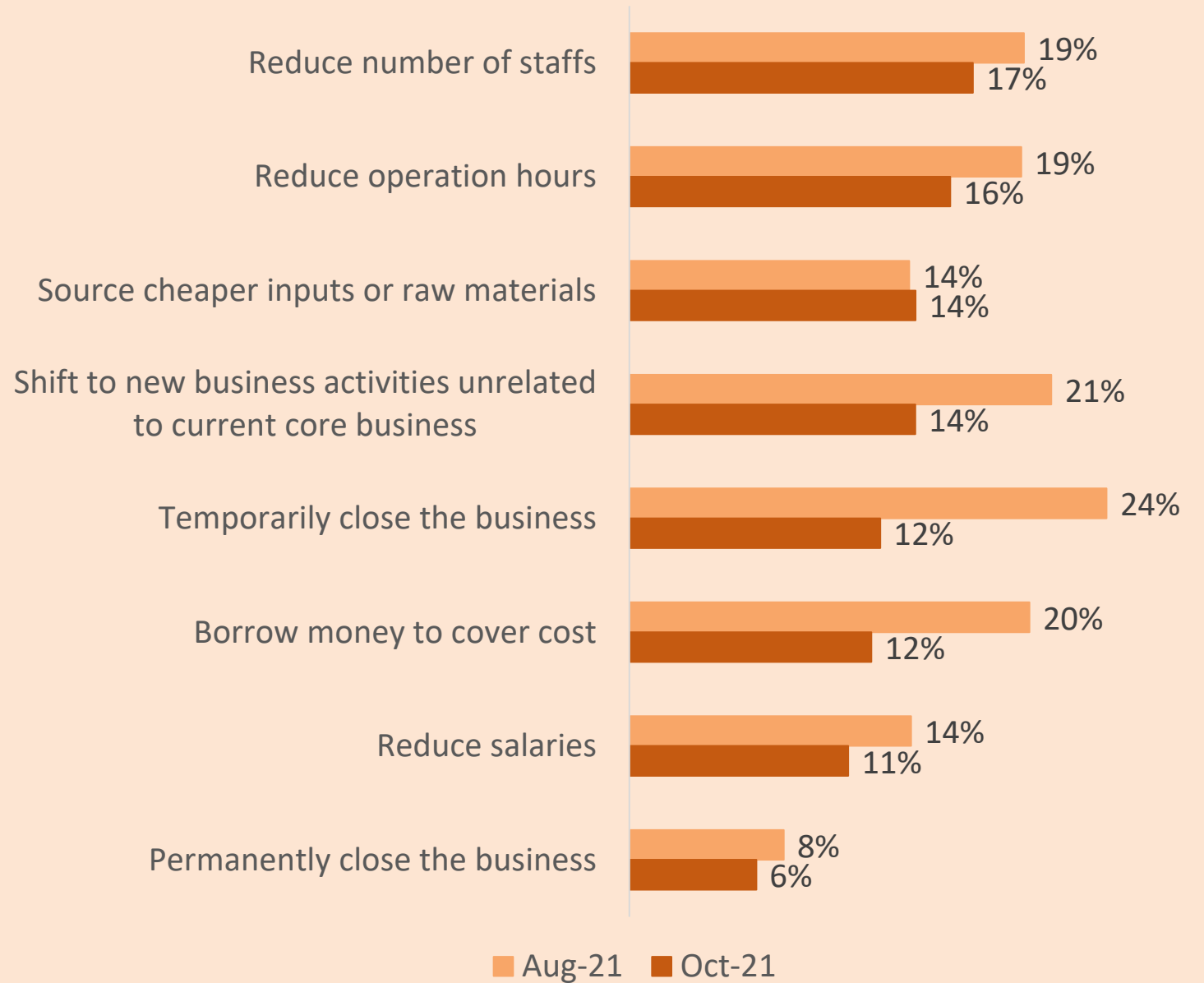
**Lack of IT capacity, skills, technology was the major challenge for micro firms**

**Limited internet access was the major challenge for small and medium firms**



Note: Firms were asked to report about the last completed month.

**If the situation does not improve in next 3 months, firms believe that reducing staff and operating hours would be required**



SECTION 1

SECTION 2

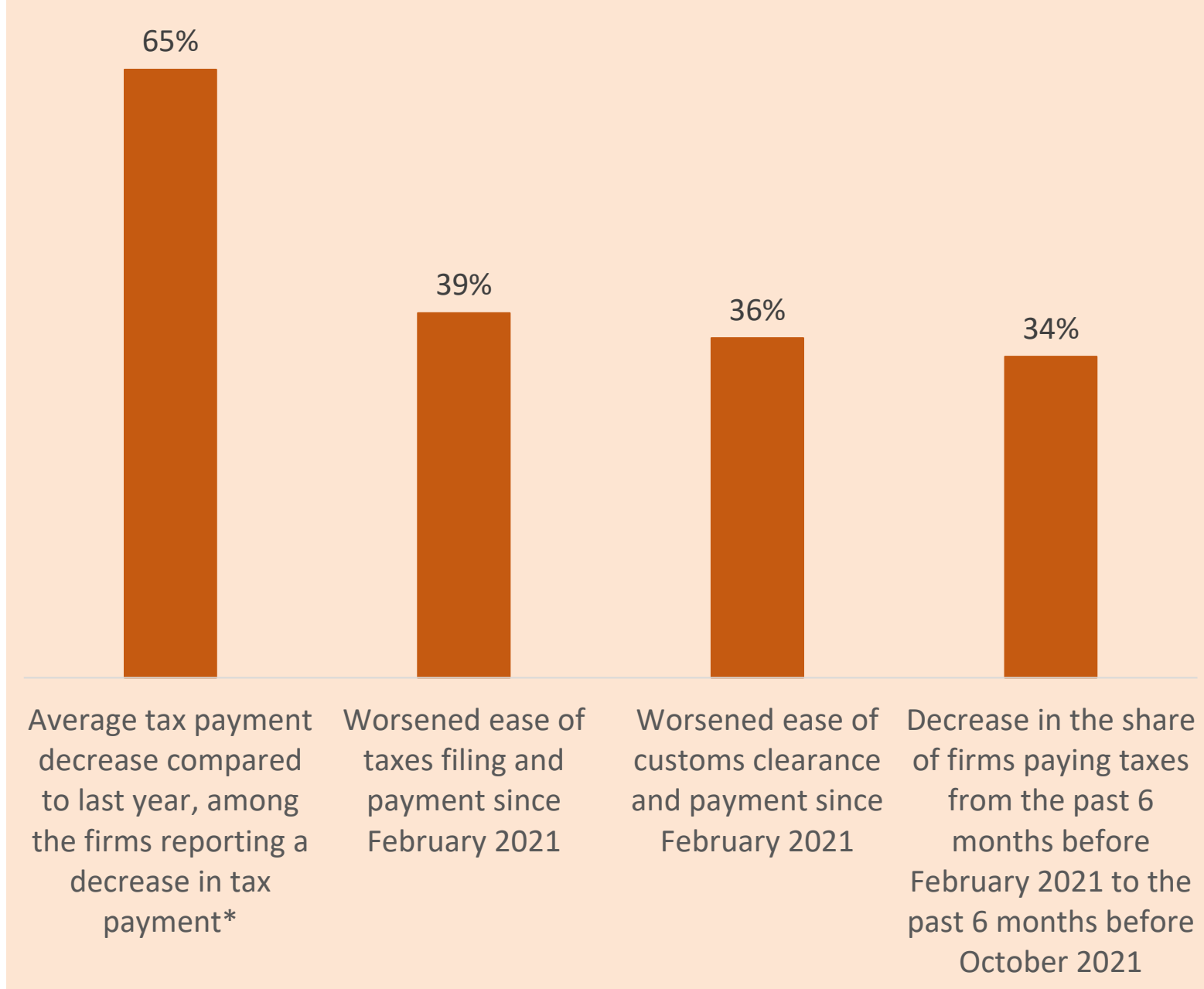
SECTION 3

SECTION 4

SECTION 5

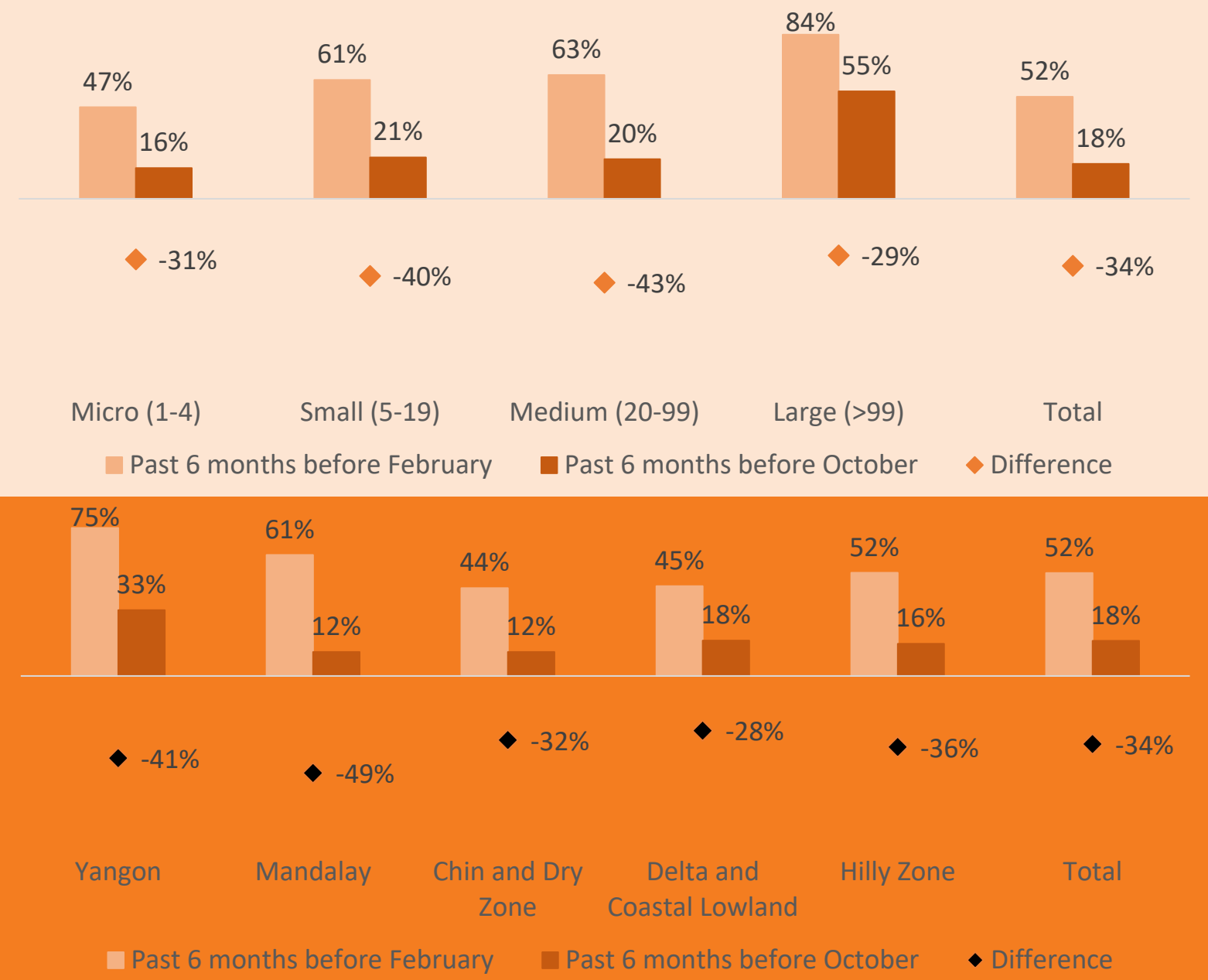
**TAX PAYMENT  
AND PUBLIC  
SERVICE  
DELIVERY**

# Average tax payment decreased by 65% and 34% of firms have stopped paying taxes compared to before February 2021



Note: \*Indicator reported average tax payment decrease, and the rest indicators reported share of firms

# Share of firms paying taxes significantly dropped in the past 6 months across all sectors and firm sizes



**In the past 6 months, among the firms that paid taxes**

**73%**

**of firms paid registration taxes**

**52%**

**of firms paid corporate income taxes**

# Next steps

**Round 10 collection (December 2021)**