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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
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

- Working as usual, 24%
- Business premises are mostly closed with sales to limited customers only, 12%
- Running with reduced operations but open to customers, 36%
- Completely closed, 29%

Impact of COVID-19 on business operations:
- Business closed
- Reduced operations
What were the reasons for closing or reducing operations?

- I’m concerned about the safety of me and my employees due to COVID-19
- No customers due to COVID-19
- Insufficient cashflow to maintain current level of employment
- Insufficient cashflow to maintain current level of capital investment (e.g. for purchasing machinery or building business premises)
- Shortage of supplies due to COVID-19
- Authorities have ordered my business to close due to COVID-19
- Employees are refusing to come to work
- Other COVID-19 related reasons
- Other reasons, not related to COVID-19

Which restrictions on movement are currently causing major difficulties for your business?

- Restrictions on international mobility
- Restrictions on movement between townships in Myanmar
- Restrictions on movement within your township
COVID-19 CRISIS AND BUSINESSES IN MYANMAR

Reduced business operations

Reduced sales revenue

76% of businesses had reduced operations
Business have faced a sharp decline in sales

- Increased: 1%
- No change: 7%
- Decreased by about one tenth: 3%
- Decreased by about a quarter: 15%
- Decreased by about one half: 24%
- Decreased by about three quarters: 19%
- Decreased by more than three quarters: 8%
- Ceased completely: 23%
COVID-19 CRISIS AND BUSINESSES IN MYANMAR

- Reduced business operations: 76% of businesses had reduced operations
- Reduced sales revenue: 74% of businesses lost half or more of their sales
- Collapsed profitability

74% of businesses lost half or more of their sales
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

76% of businesses had reduced operations

74% of businesses lost half or more of their sales

52% of businesses were making losses compared to only 12% prior to COVID-19
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

- No risk, 11.8%
- Low risk, 37.4%
- Moderate risk, 33.0%
- High risk, 17.8%
Business survival at risk

About half of businesses report their survival being at high or moderate risk

Cash flow problems

Nearly two-thirds of businesses expect to face cash flow problems

Collapsed profitability

52% of businesses were making a loss compared to only 12% prior to COVID-19

Reduced sales revenue

74% of businesses lost half or more of their sales

Reduced business operations

76% of businesses had reduced operations

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

- **Reduced business operations**: 76% of businesses had reduced operations.
- **Reduced sales revenue**: 74% of businesses lost half or more of their sales.
- **Collapsed profitability**: 52% of businesses were making a loss compared to only 12% prior to COVID-19.
- **Cash flow problems**: Nearly two-thirds of businesses expect to face cash flow problems.
- **Business survival at risk**: About half of businesses report their survival being at high or moderate risk.
- **Employees at risk**
Businesses had laid off on average 16% of their employees, most of whom were manual rank-and-file 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

Reduced business operations: 76% of businesses had reduced operations.

Reduced sales revenue: 74% of businesses lost half or more of their sales.

Collapsed profitability: 52% of businesses were making loss compared to only 12% prior to COVID-19.

Cash flow problems: Nearly two-thirds of businesses expect to face cash flow problems.

Survival at risk: About half of businesses report their survival being at high or moderate risk.

Employees at risk: Businesses had laid off on average 16% of their employees.
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?

- Have not heard of it, 67.1%
- Have heard of it, but did not apply, 26.9%
- Have applied for a loan and waiting for the result, 2.6%
- Tried to apply for it but it was too difficult to do so, 2.3%
- Applied for a loan but it was rejected, 0.9%
- Have received a loan from it, 0.1%
- Other, 6.1%
Most businesses were not aware of these government support programs

Response to government support policies

- Exemption from paying 2% advance income tax on exports until 30 September 2020
- Deferral of quarterly income tax payments
- Deferral of commercial tax
- Emergency loan scheme to SME, textile, and tourism industry

- My business has taken advantage of this policy
- I have not heard of it
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

- Employees are required to frequently wash their hands
- Social distancing is practised at the workplace
- Measuring body temperature of employees and/or customers
- Employees are required to wear a face mask while at work
- Remote working
- Other
RECOMMENDATIONS
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- 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.
THANK YOU