

May 2022

Myanmar Firm Monitoring Survey



THE WORLD BANK
IBRD • IDA

May 2022

The World Bank

Survey Firms

Round 11

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 Coastal Lowland, and the Hilly zone).



4 Sectors

The survey is nationally representative and is the only enterprise survey that also covers the Agriculture sector (17%). The other sectors surveyed are Manufacturing (34%), Retail (17%), and Services (31%).



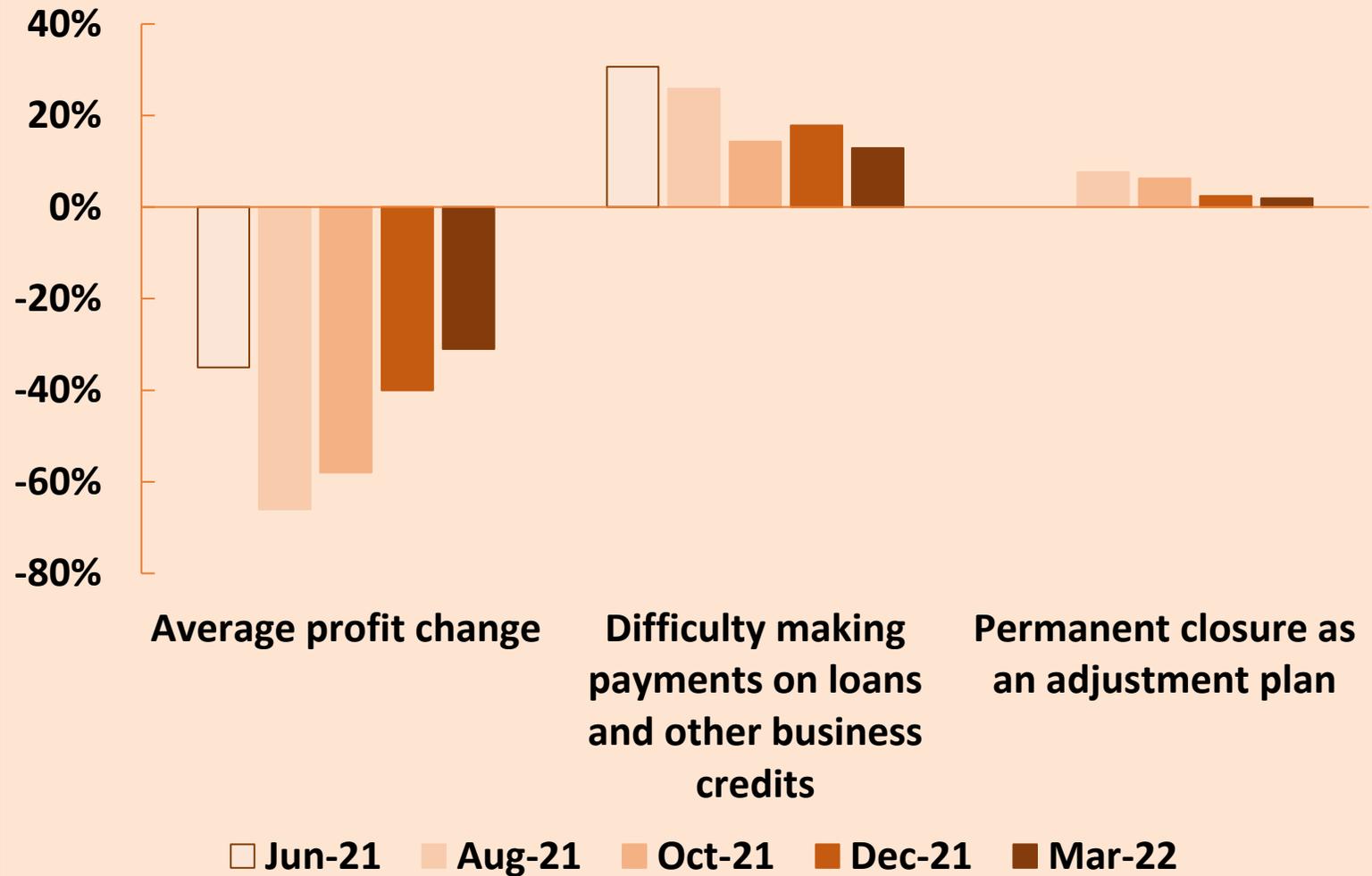
Micro & Informal too

The survey also covered micro and small firms and not just large and formal firms. 36% of the sample were micro firms and 42% were small firms. Medium firms were 17% and large firms 5%.

Key Findings

- ❖ **The average operating capacity of firms was 74%**
- ❖ **More than half of firms experienced power outages as disruptive to their business operations**
- ❖ **Only 14% of firms have plans for investment and business expansion in 2022**
- ❖ **Confidence in remaining open for the next month has reached the lowest rate since June 2021**

Stabilization of the business environment continued in March 2022



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**OPERATIONAL
STATUS**

**BUSINESS
PERFORMANCE**

**BUSINESS
EXPECTATIONS**

ADAPTATIONS

TAX PAYMENT

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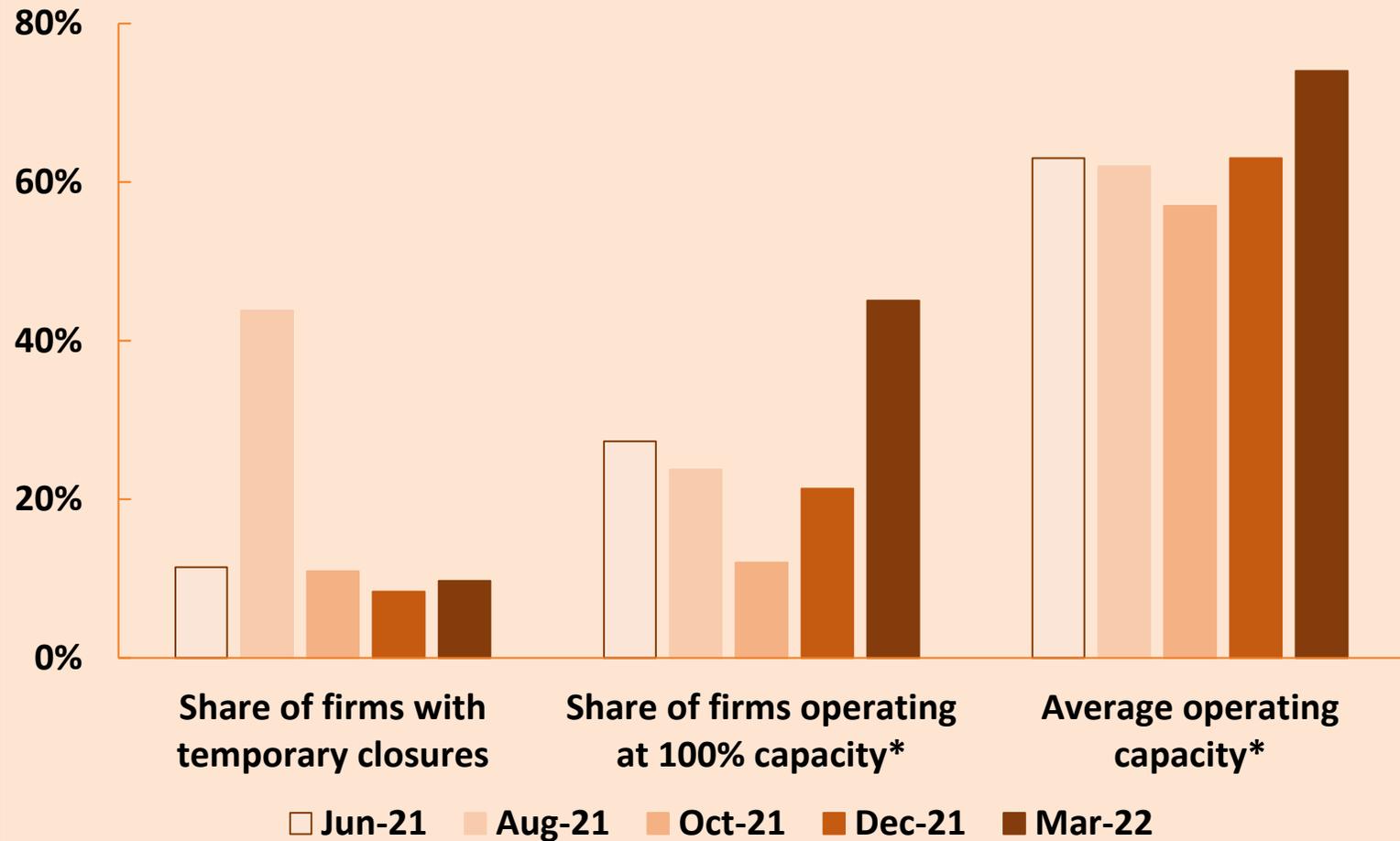
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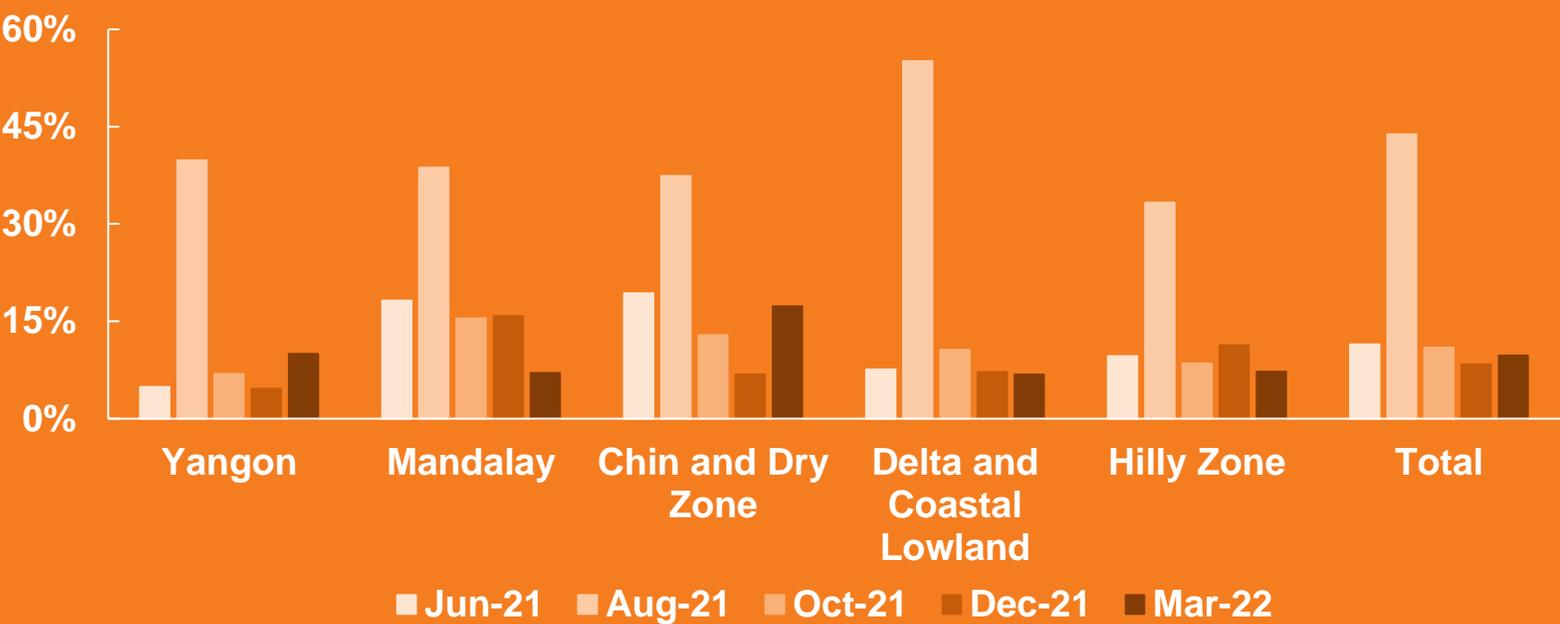
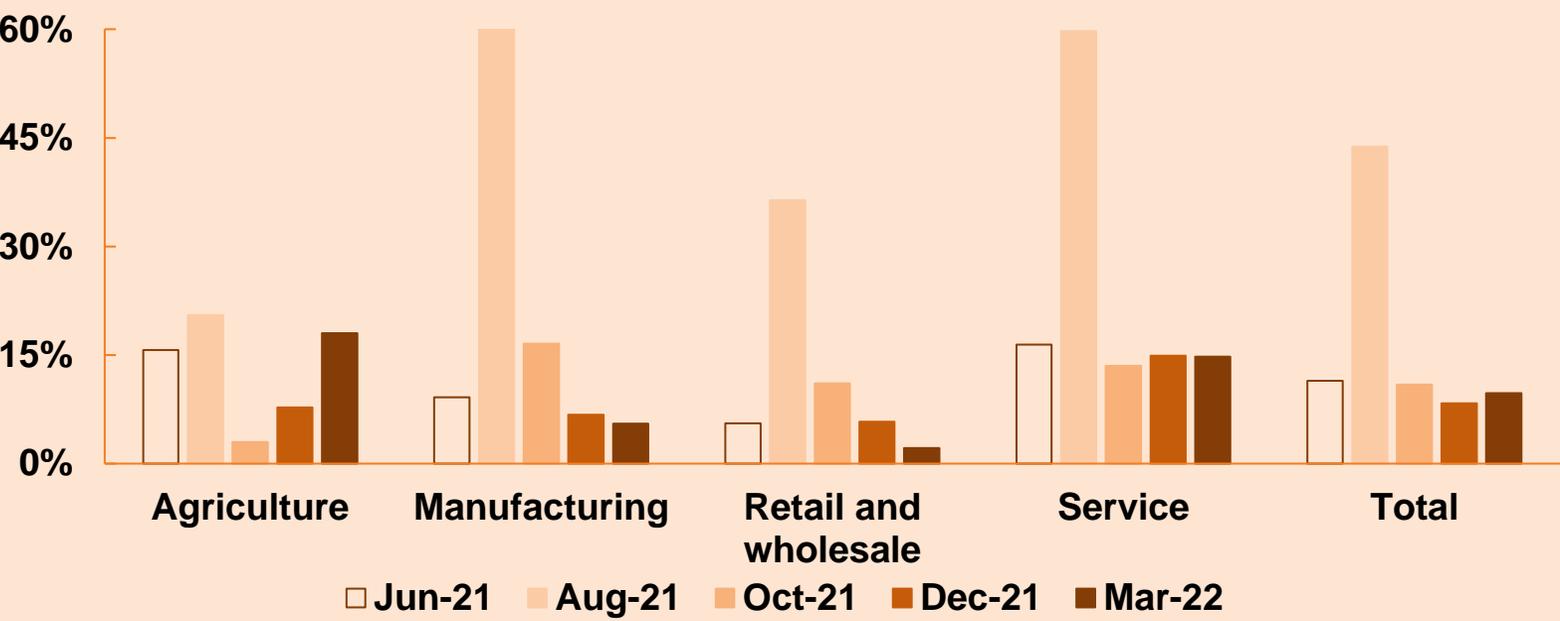
**OPERATIONAL
STATUS**

Firms' operational levels continued to improve in March 2022

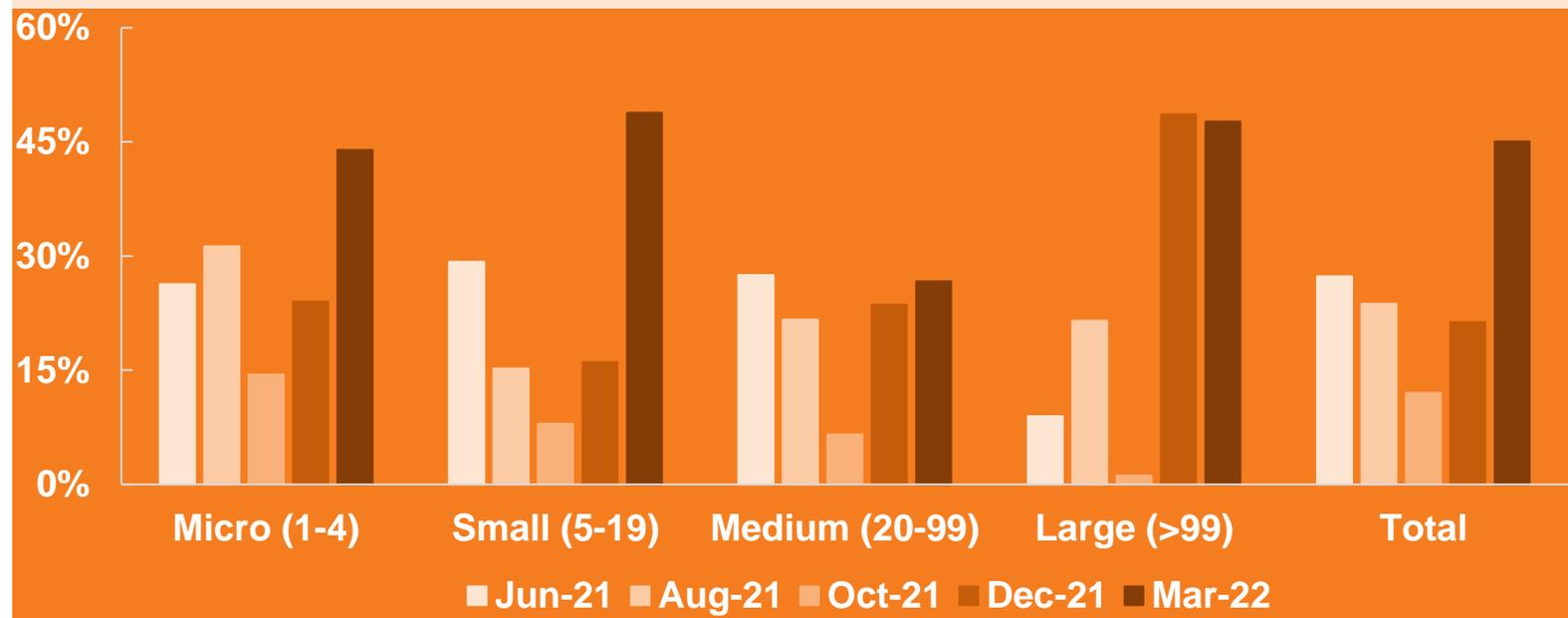
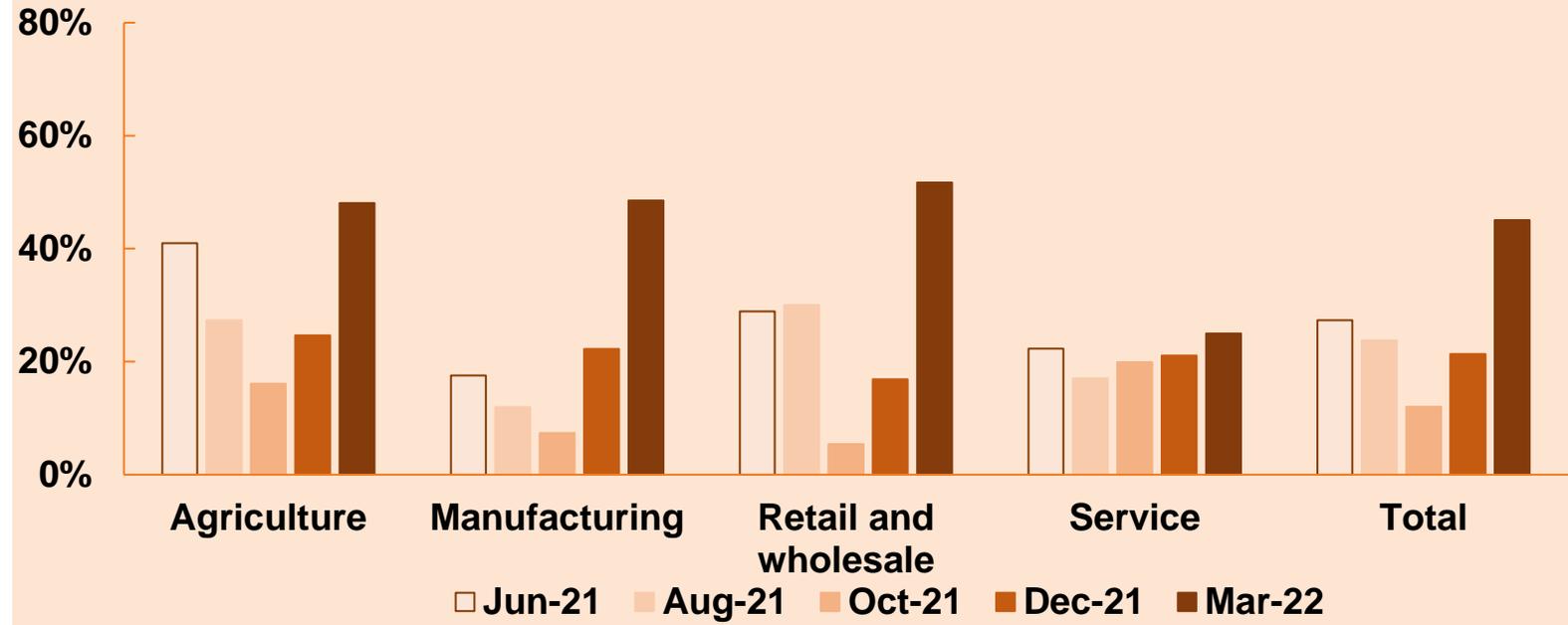


Note: *Firms were asked to report about the last completed month.

Temporary closures remained lower in March 2022 despite slight sectoral and regional differences

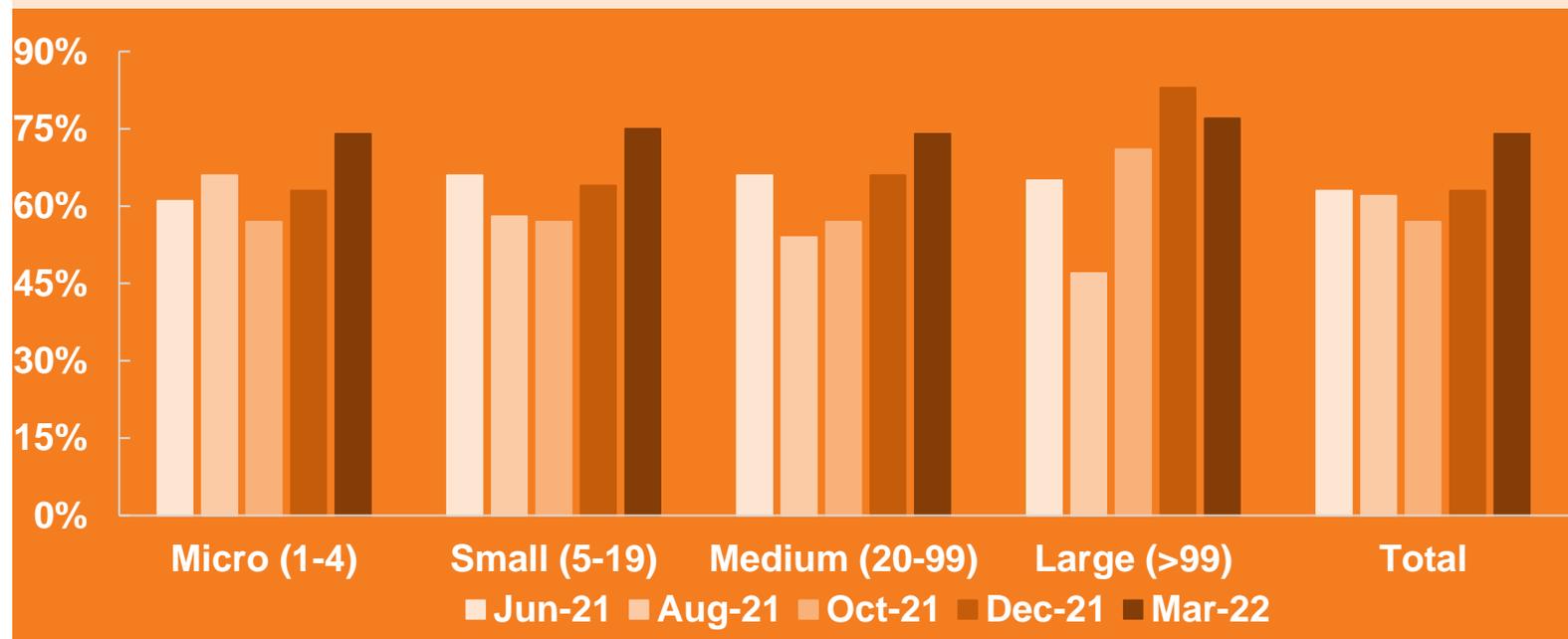
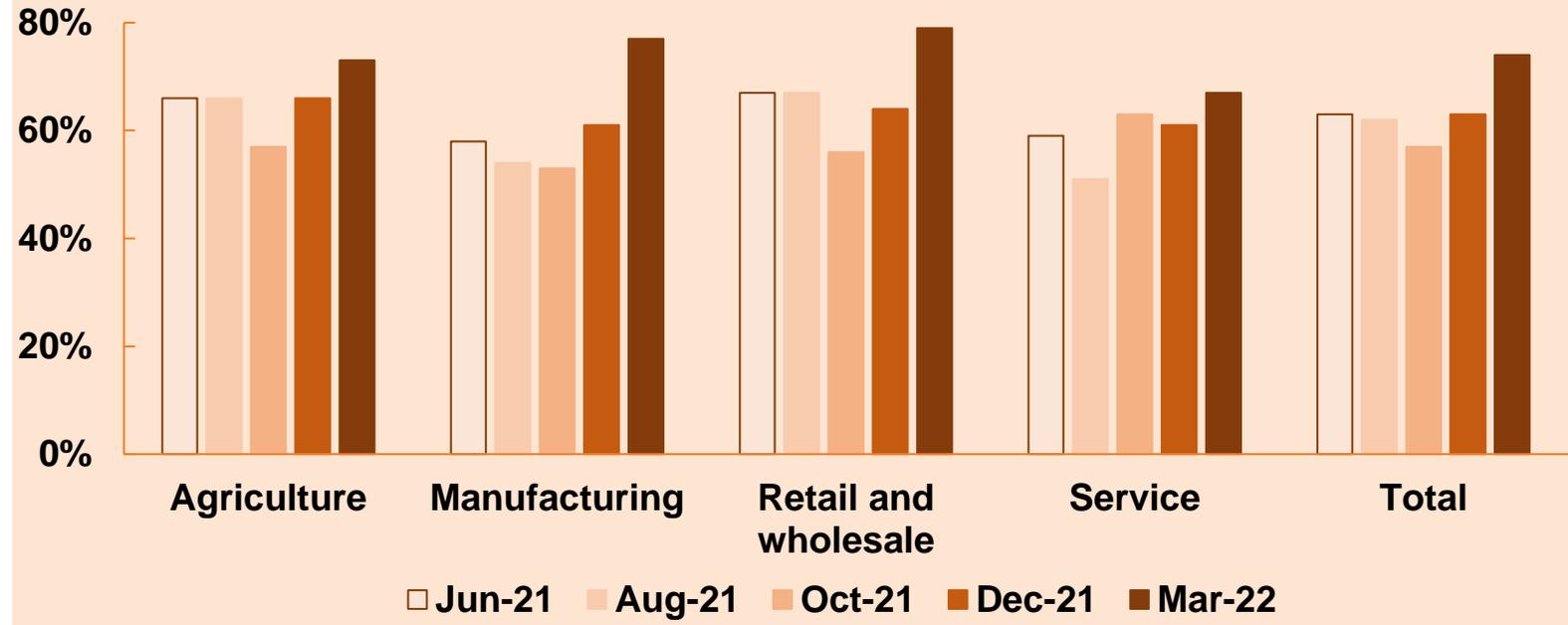


March 2022 saw an increase in the share of firms operating at their full capacity



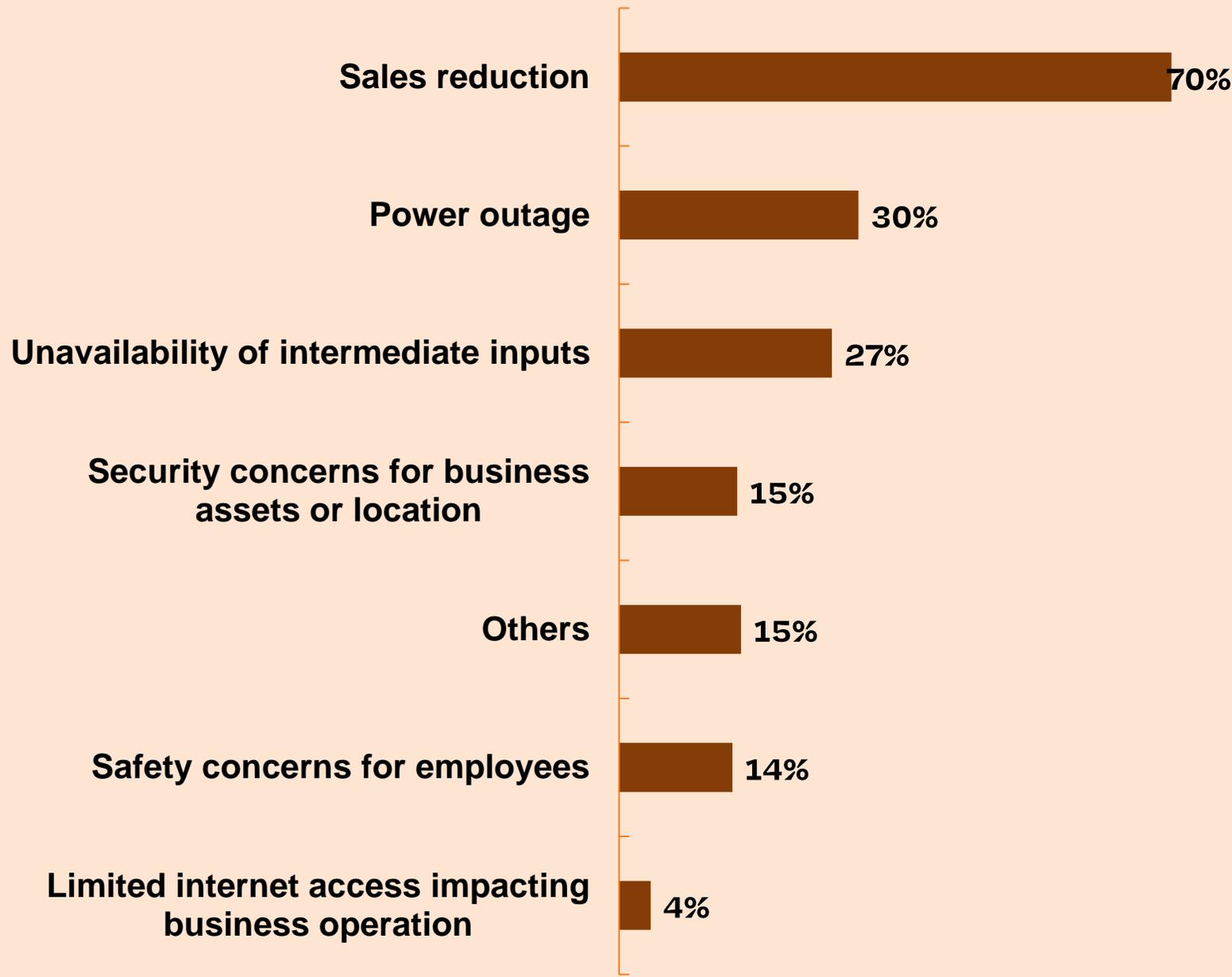
Note: Firms were asked to report about the last completed month.

March 2022 also saw the operating capacity of firms rise to the highest it's been since June 2021

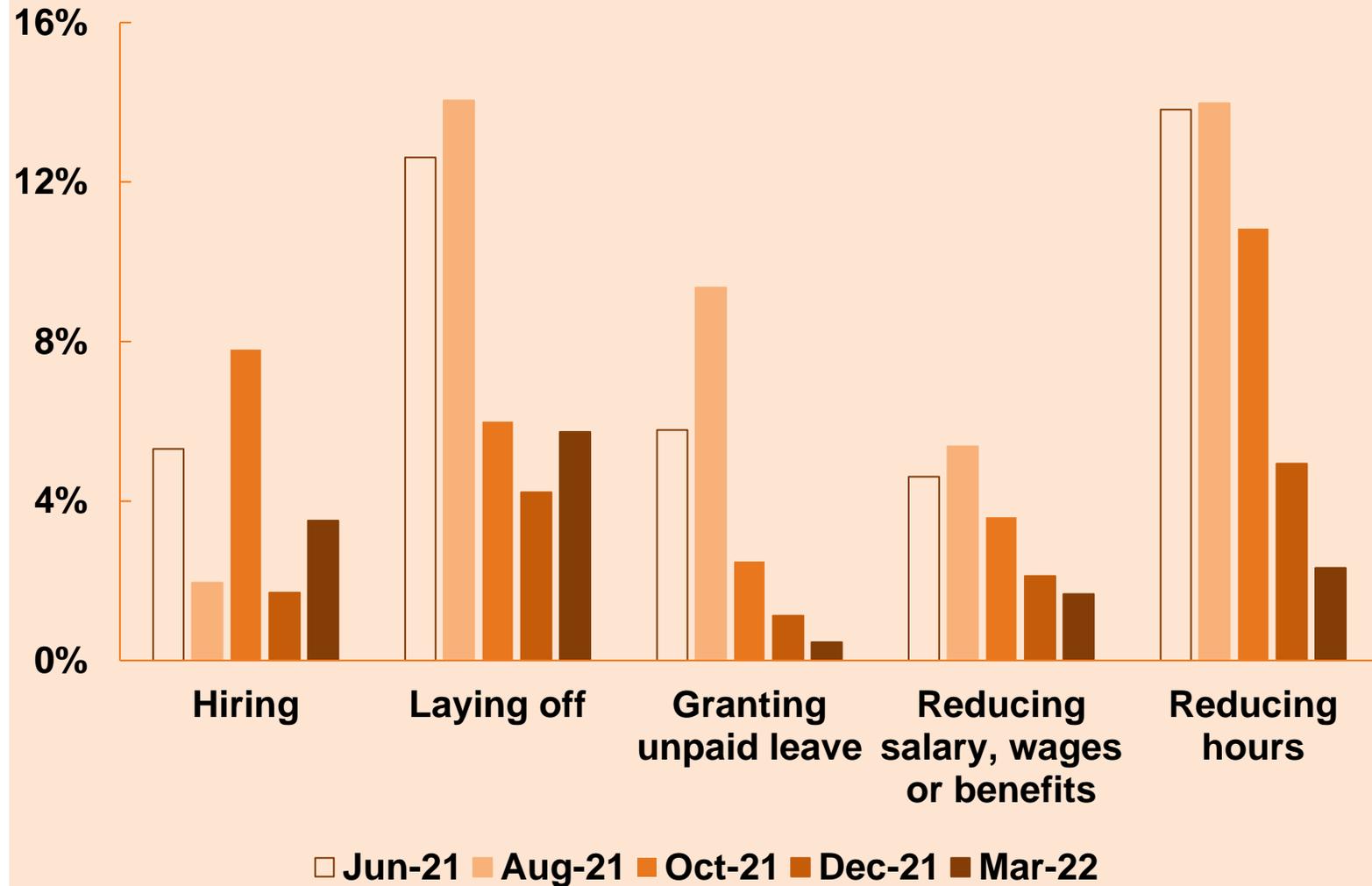


Note: Firms were asked to report about the last completed month.

Reductions in sales posed a significant challenge among firms not being able to operate at their full capacity

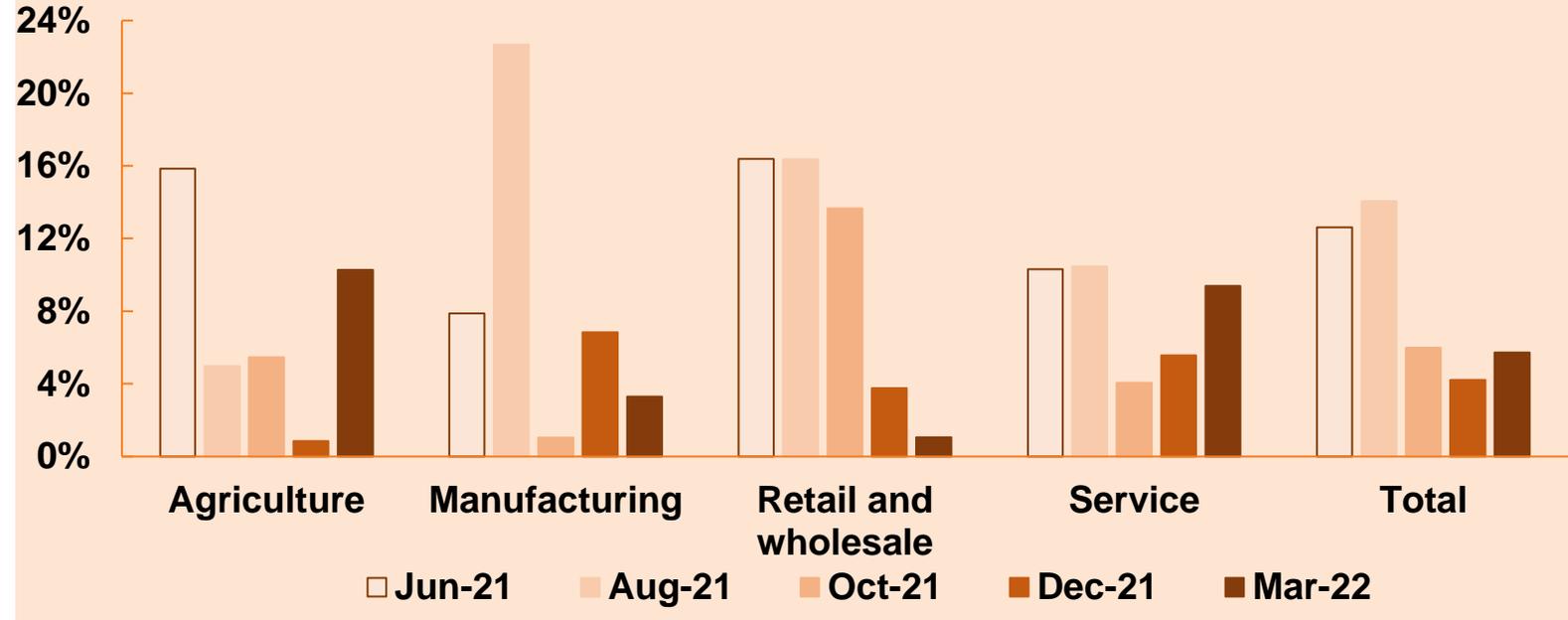


**And in March
2022, labor market
conditions
continued to
improve**



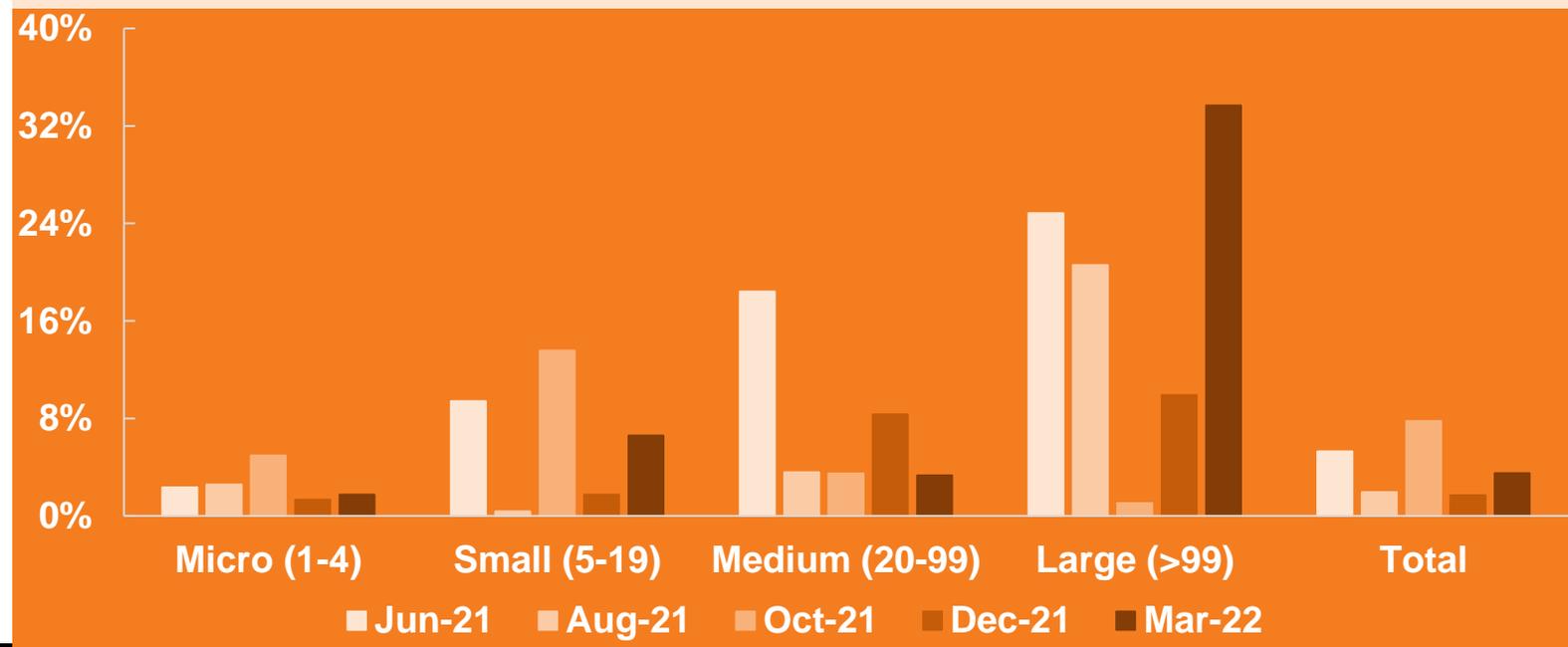
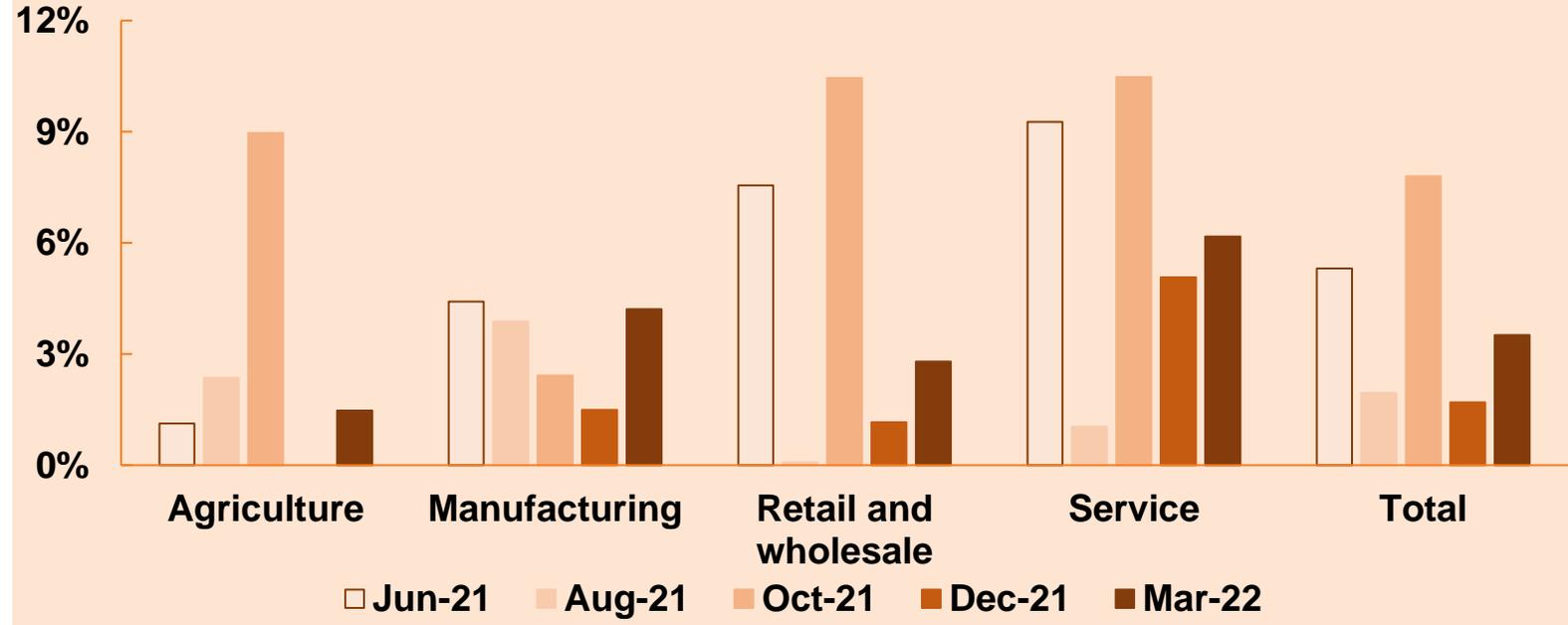
Note: Firms were asked to report about the last completed month.

Despite overall labor market improvements, employee layoffs slightly increased



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

Large firms drove an overall increase in hiring activities



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

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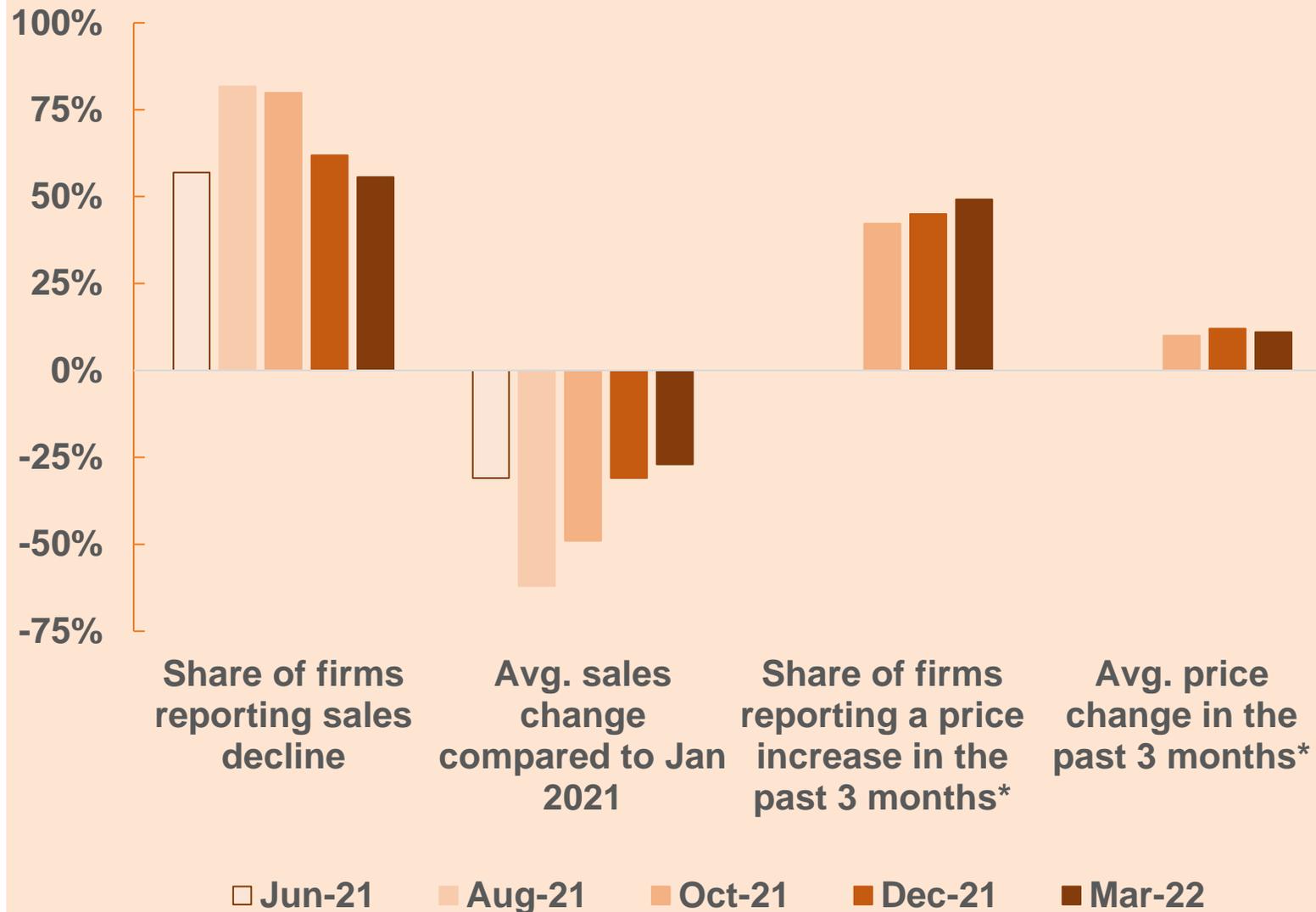
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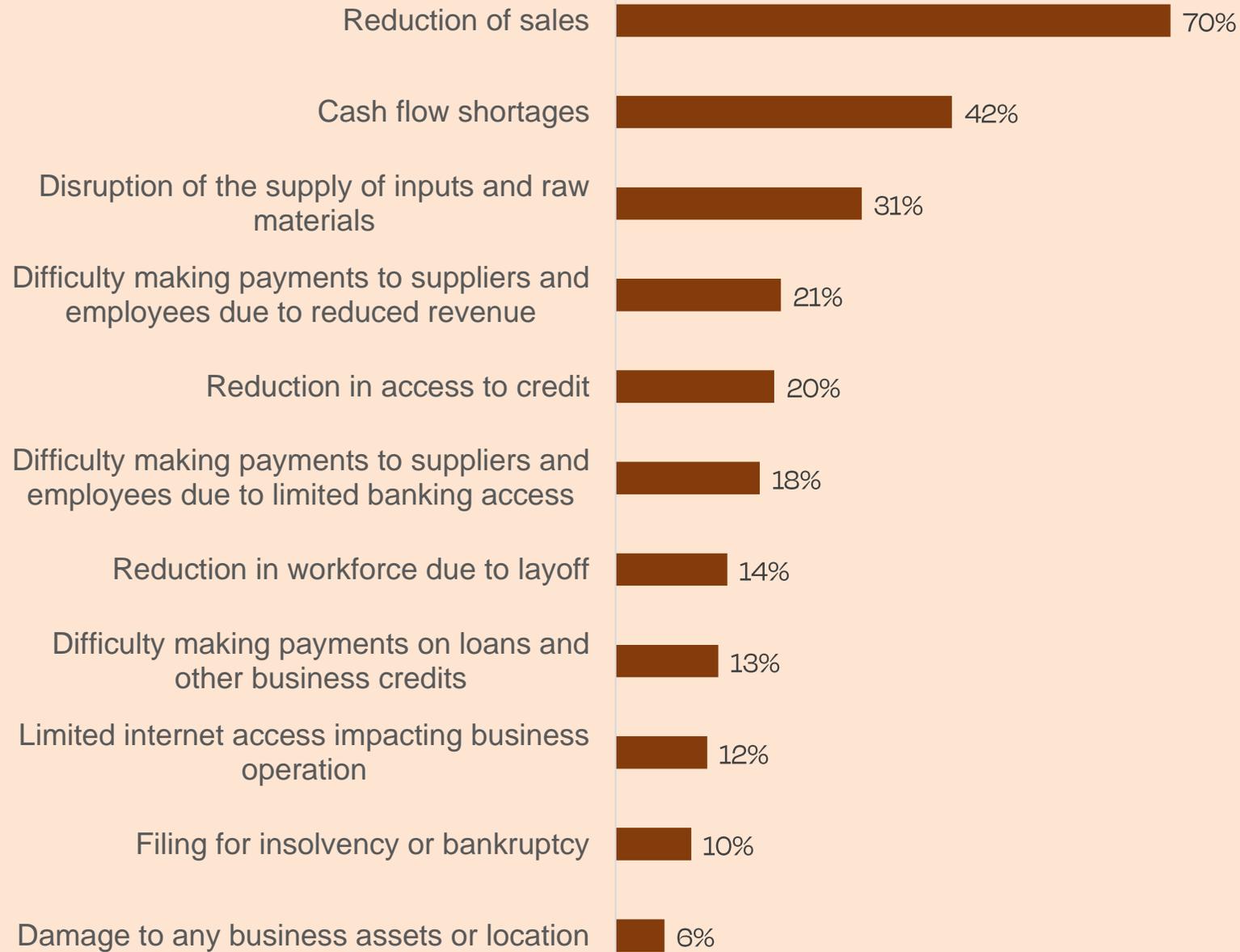
**BUSINESS
PERFORMANCE**

Firms' business performance continued to improve in March 2022



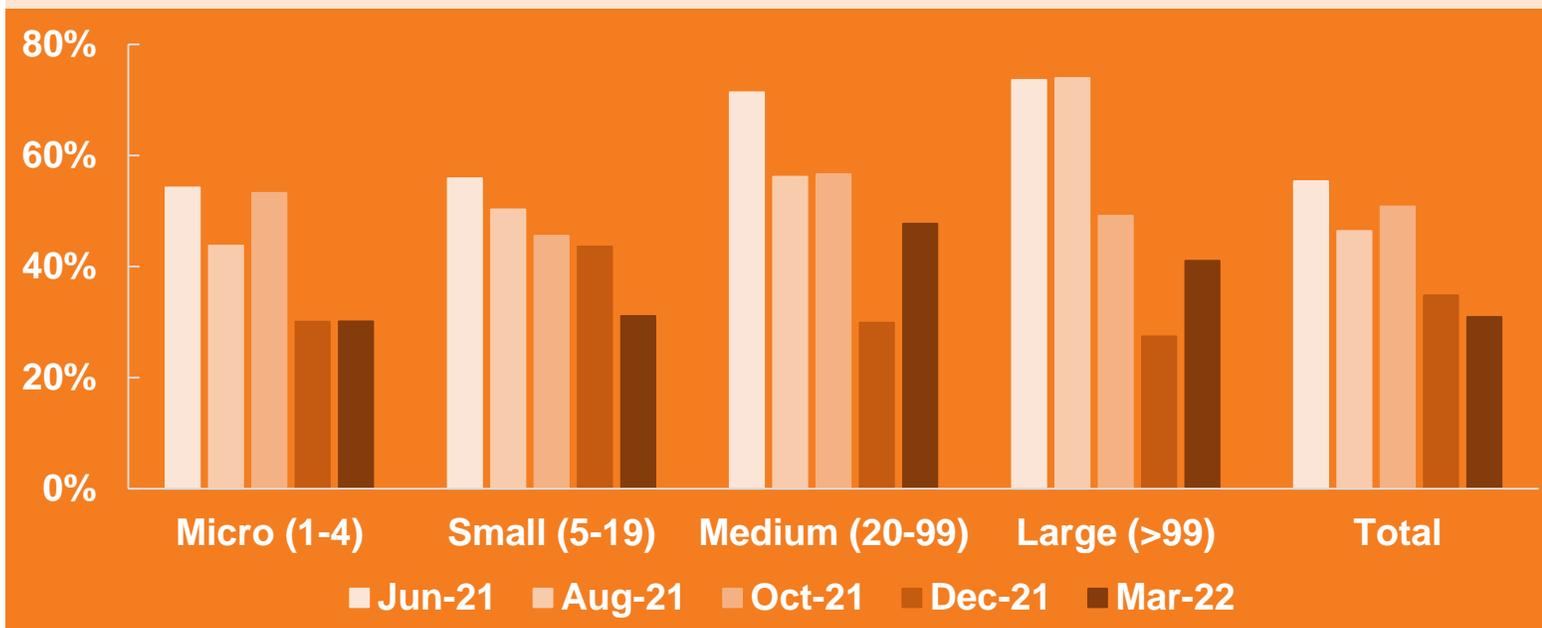
Note: Firms were asked to report the last completed month, and * indicates a slight change in questions.

Reduction of sales and cash flow shortages remained major reported challenges



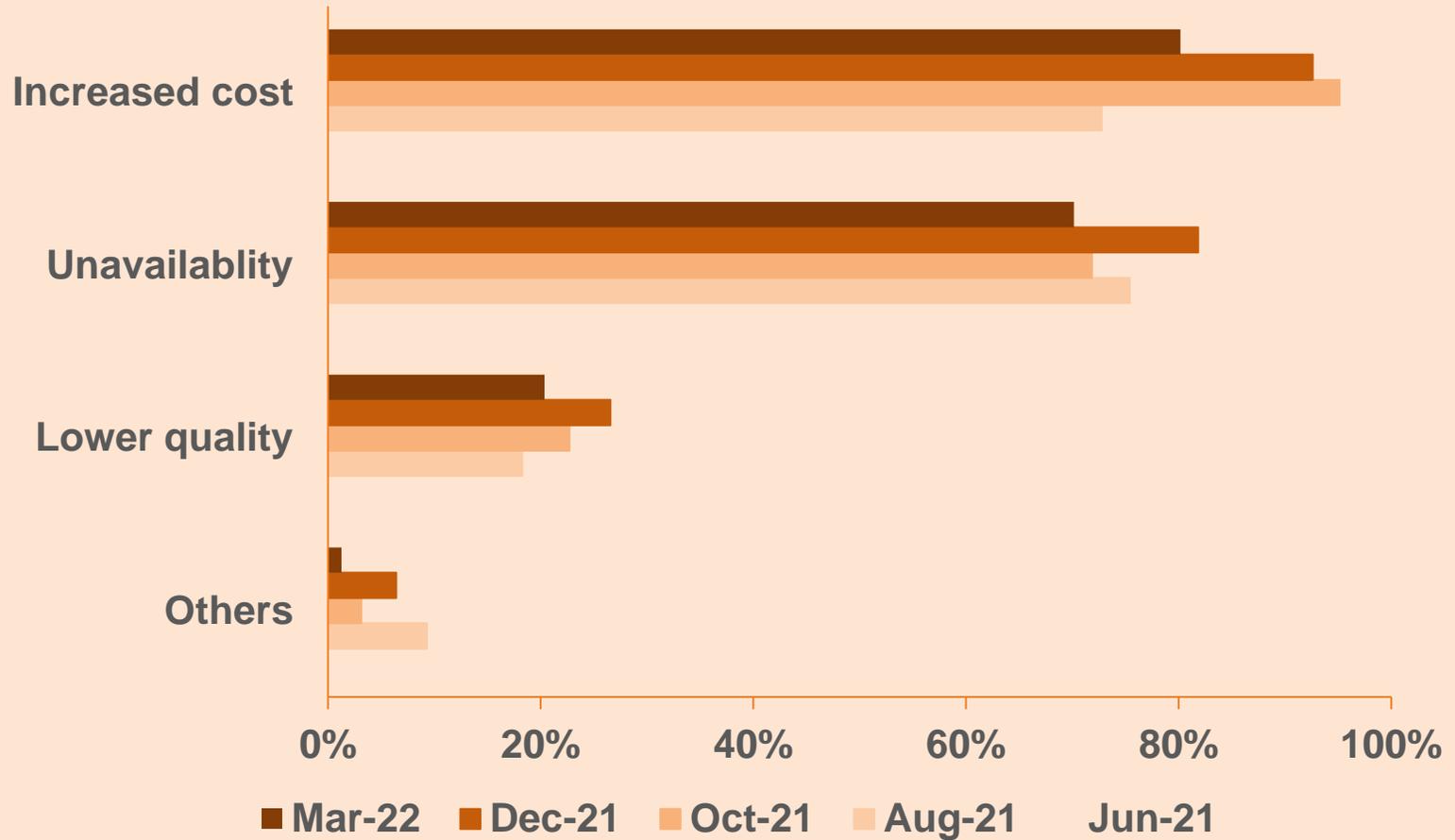
Note: Firms were asked to report about the last completed month

Despite an overall improvement, larger firms experienced disruptions in the supply of inputs more than smaller ones

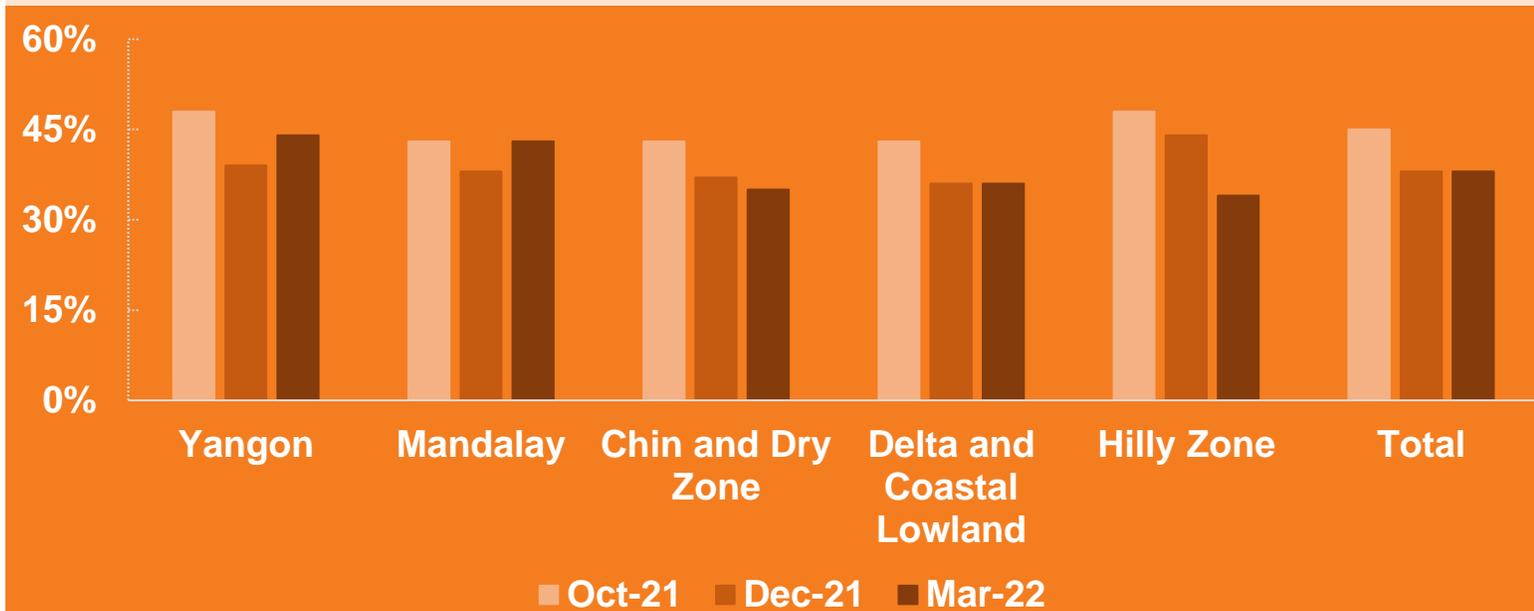


Note: The question is designed slightly differently. For June and August, firms were asked about challenges experienced since February while for October and December, firms were asked challenges experienced in the last completed

Increased costs and the unavailability of inputs remained major reasons for firms experiencing supply disruptions

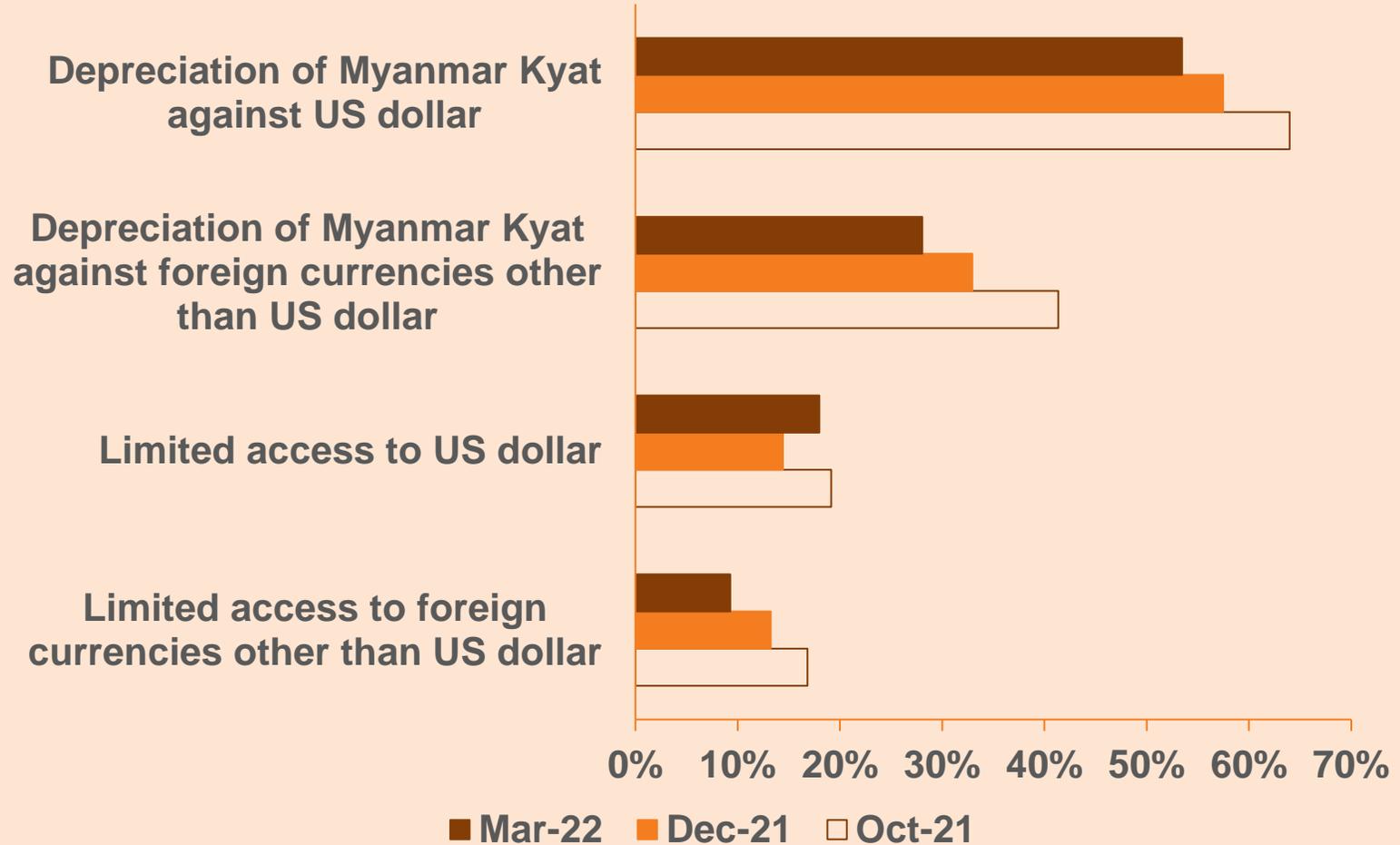


Compared to the past 3 months, intermediate materials or input prices increased by an average of 38%

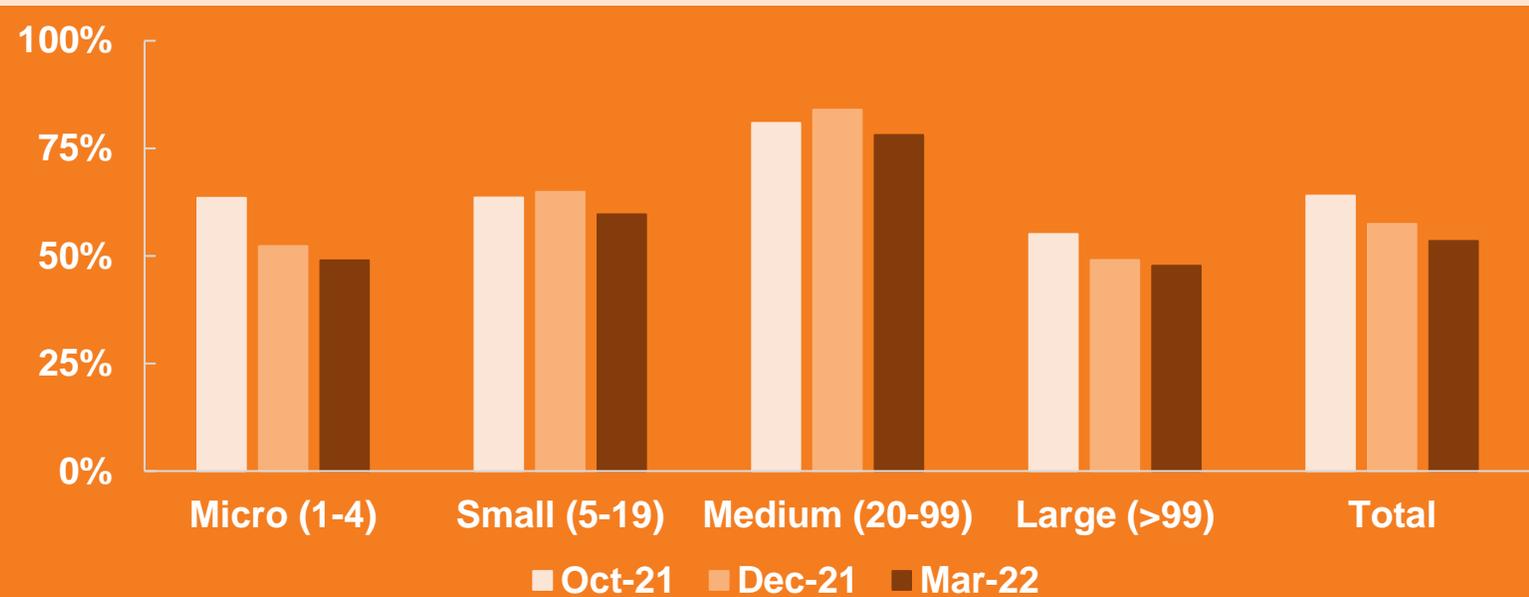
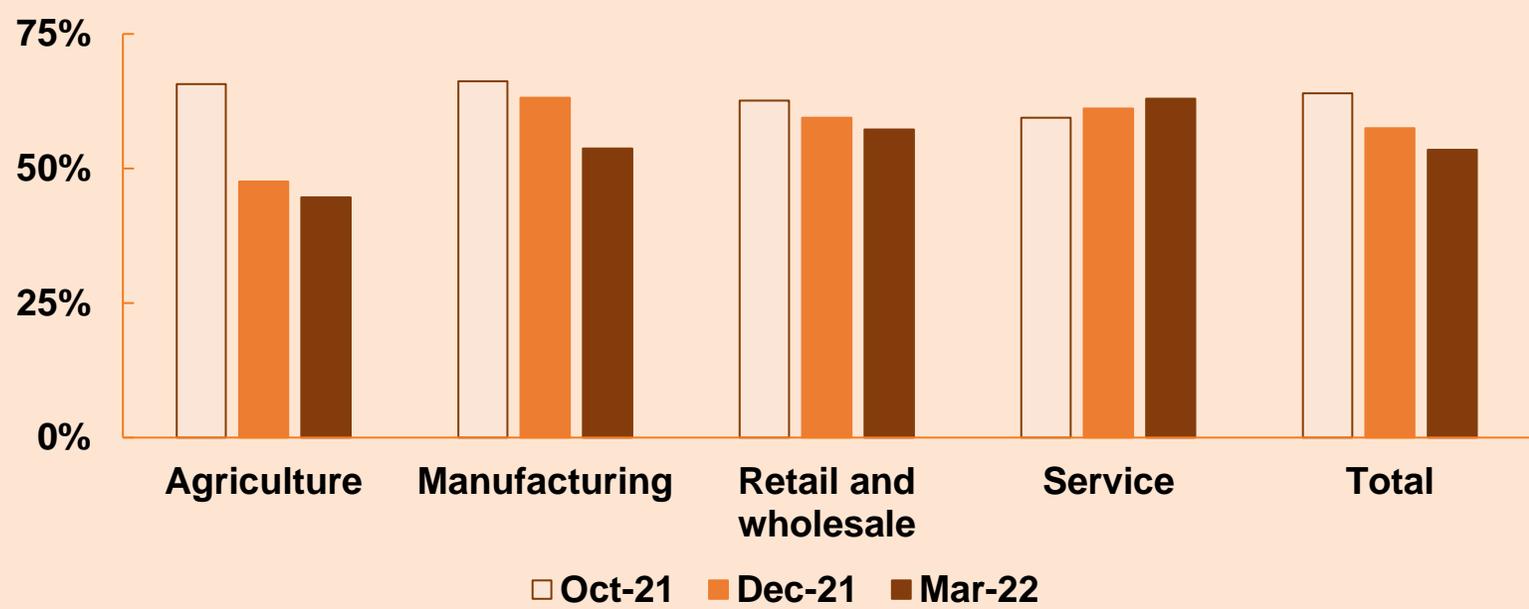


Note: Firms were asked to report about the last completed month.

The kyat depreciation against the US dollar remained a major operational and performance concern for the majority of firms



Despite some easing, depreciation most adversely affected service and medium-sized firms



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

Among the firms experiencing the impacts of depreciation, major impacts were:

98%

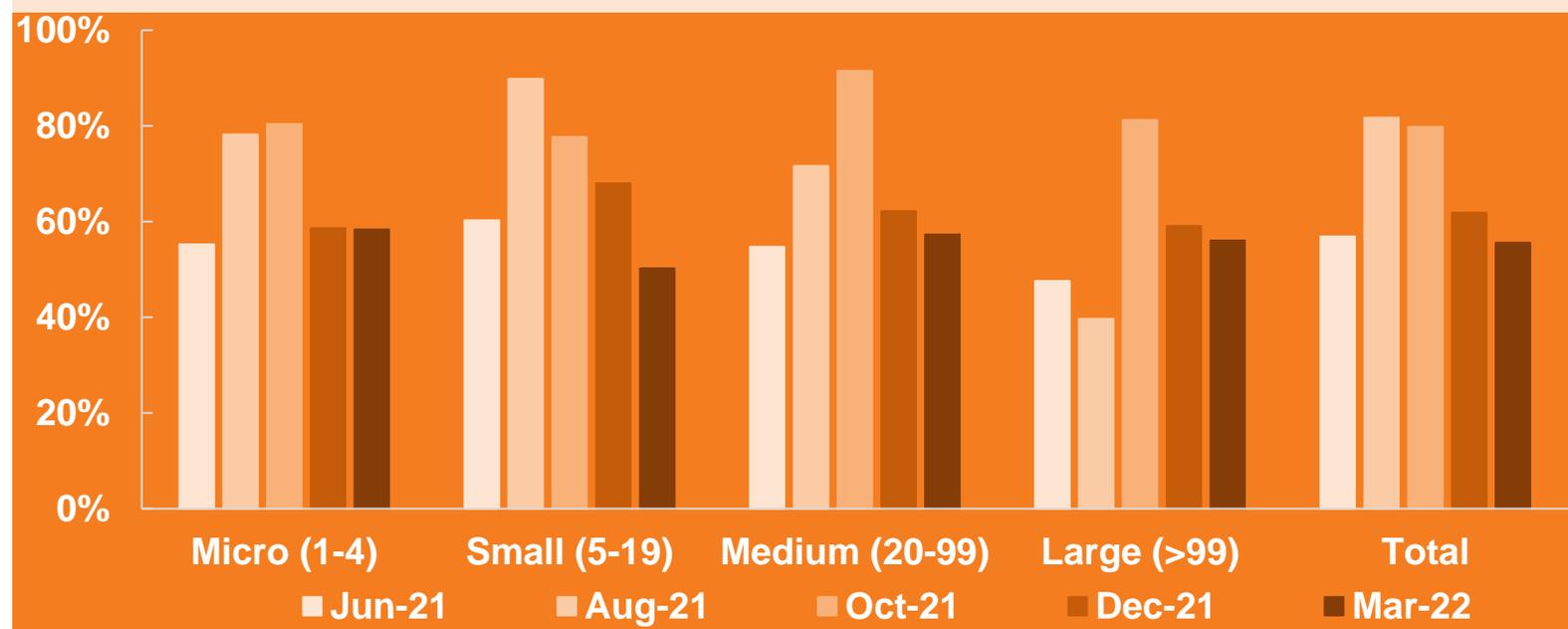
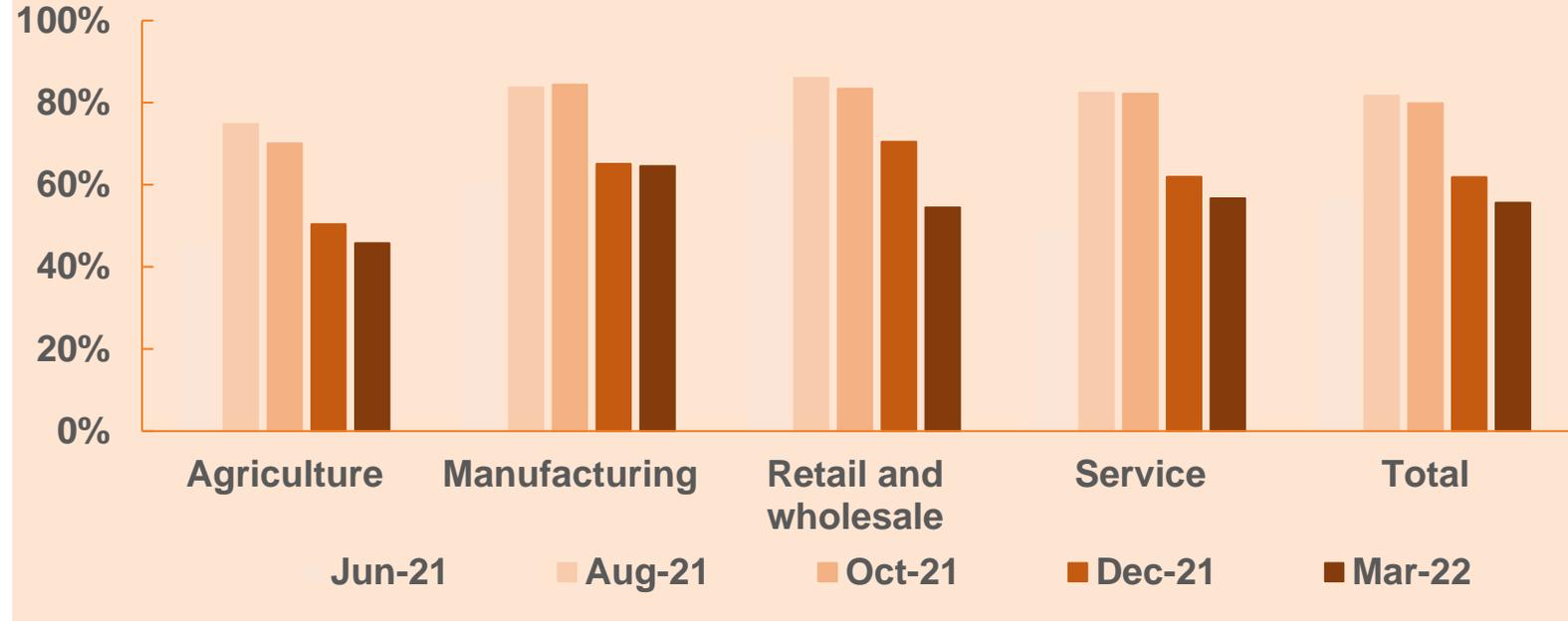
Increased input costs

85%

Increased operation costs

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

Firms with a sales decline further decreased in March 2022



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

**Across all firms,
compared to January
2021, there was an
average of...**

27%

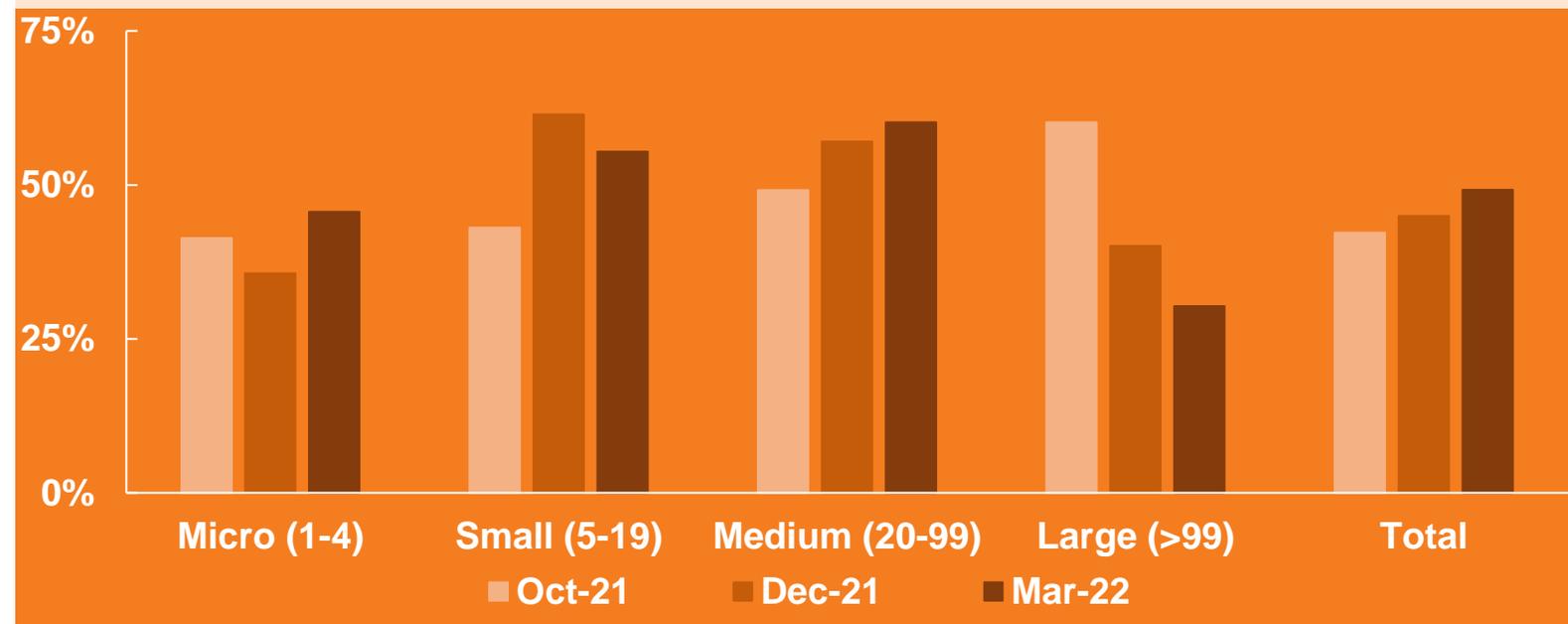
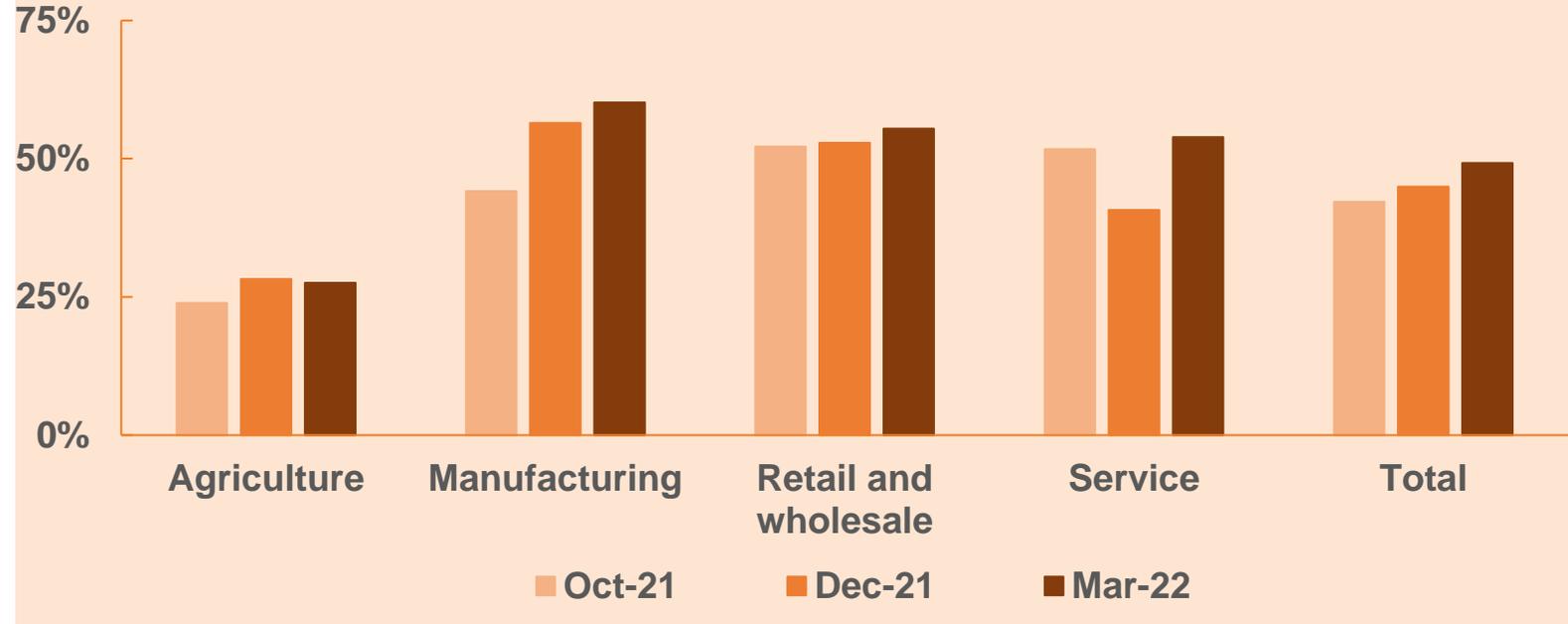
**sales
decline**

31%

**profit
decline**

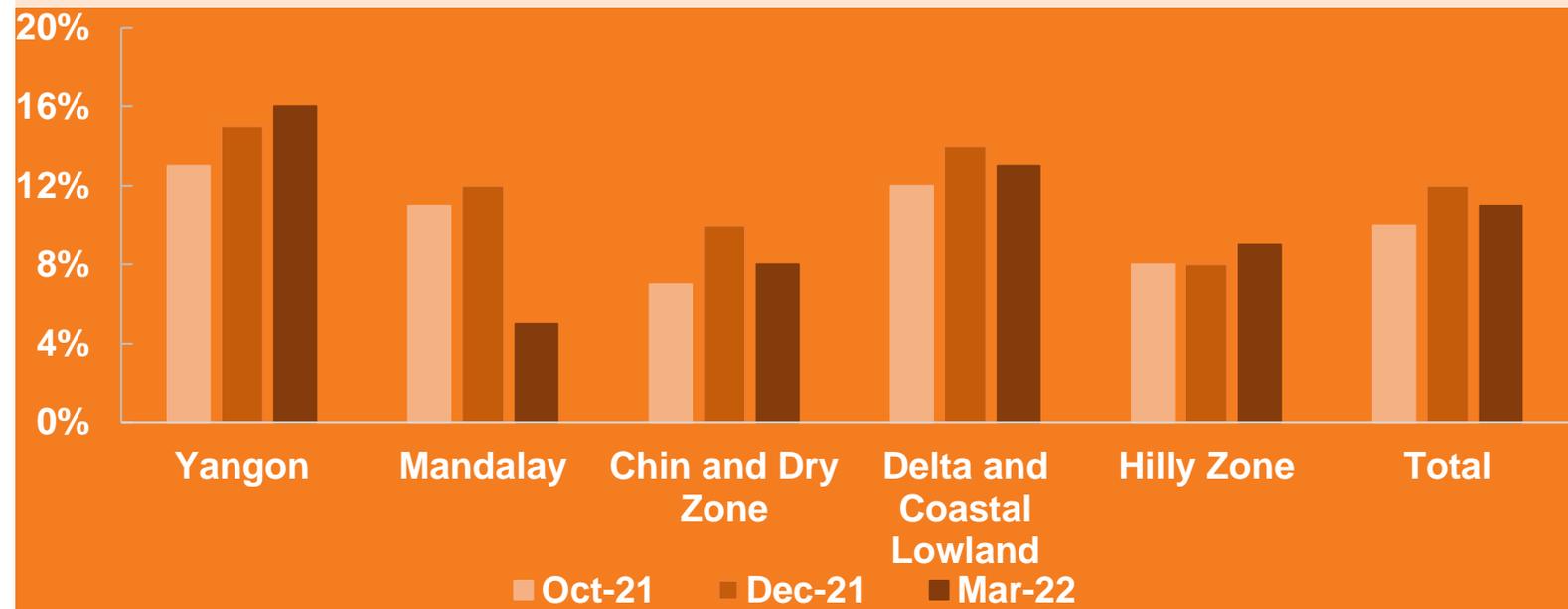
Note: Firms were asked to report about the last completed month.

In March 2022, about half of firms increased output prices in the past 3 months primarily driven by SMEs



Note: Firms were asked to report about the last completed month. For October and December 2021, firms were asked if they had increased prices since July 2021. ²⁷

Prices increased by an average of 11% in the past 3 months



Note: Firms were asked to report about the last completed month. For October and December 2021, firms were asked if they had increased prices since July 2021.

**The share of firms
increasing prices
attributed their
reasons to...**

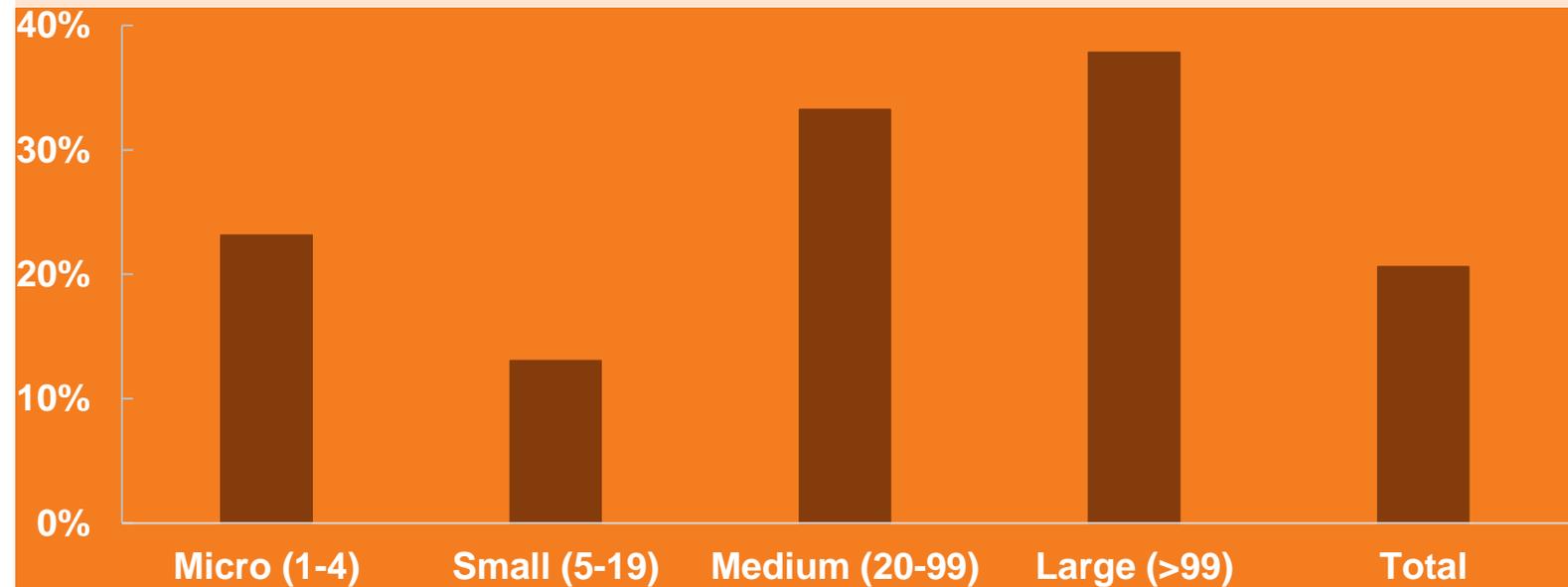
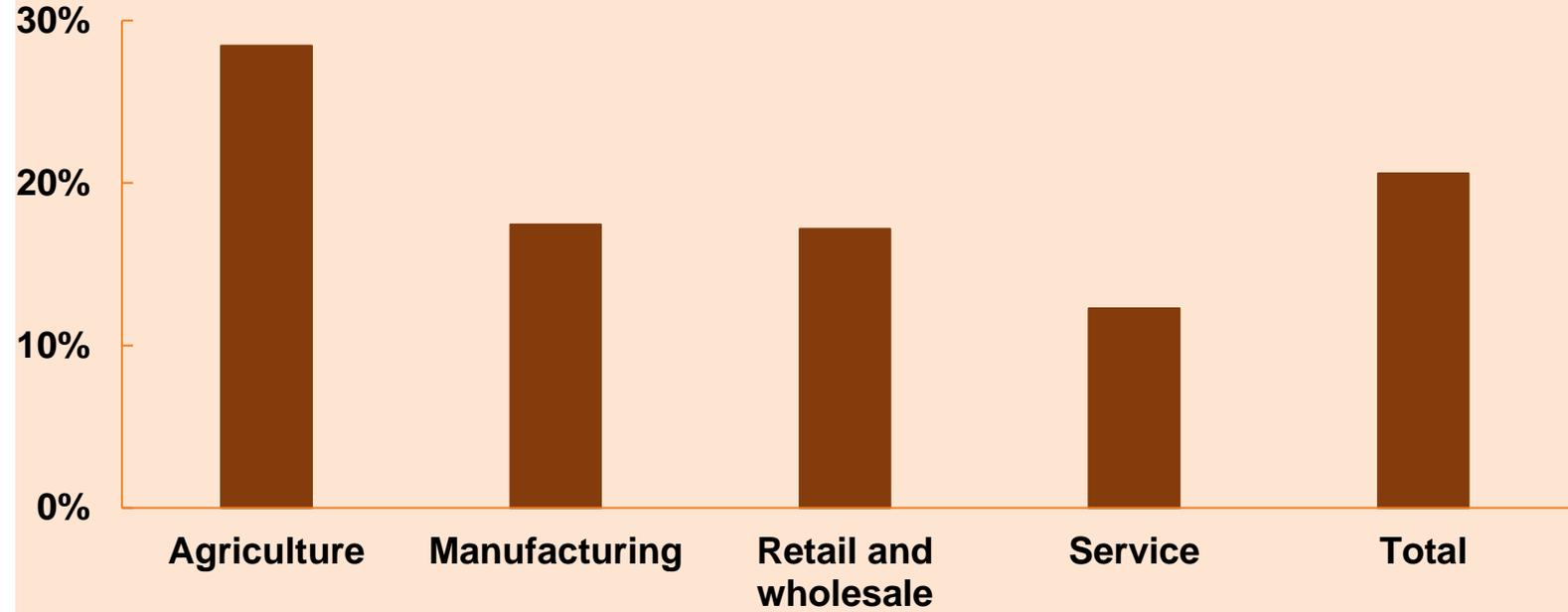
87%

**an increase in supply,
intermediate and
input prices**

12%

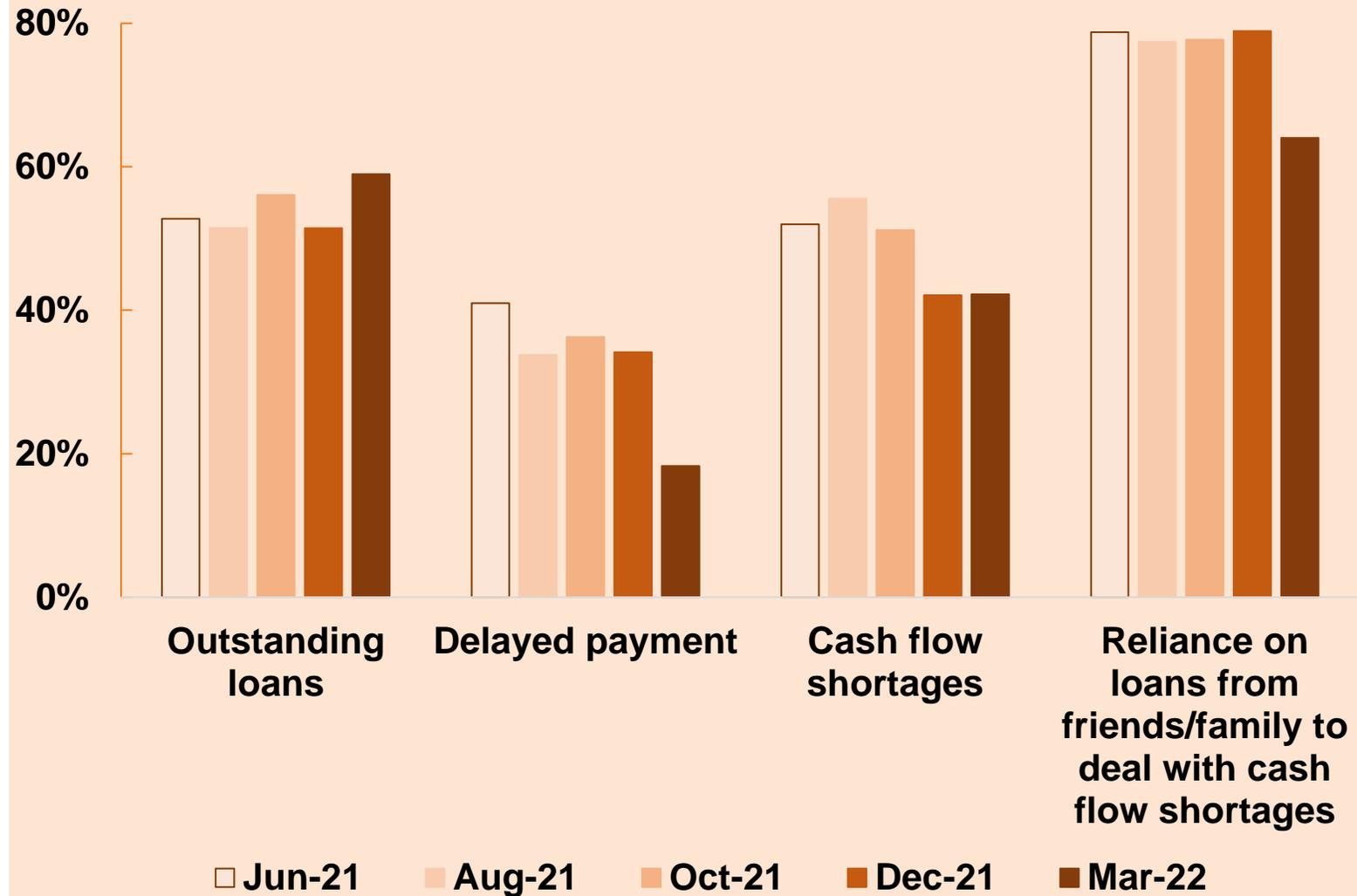
**an increase in
operational costs**

Of the firms that have not yet increased prices, 21% of firms plans to increase prices in the next 3 months

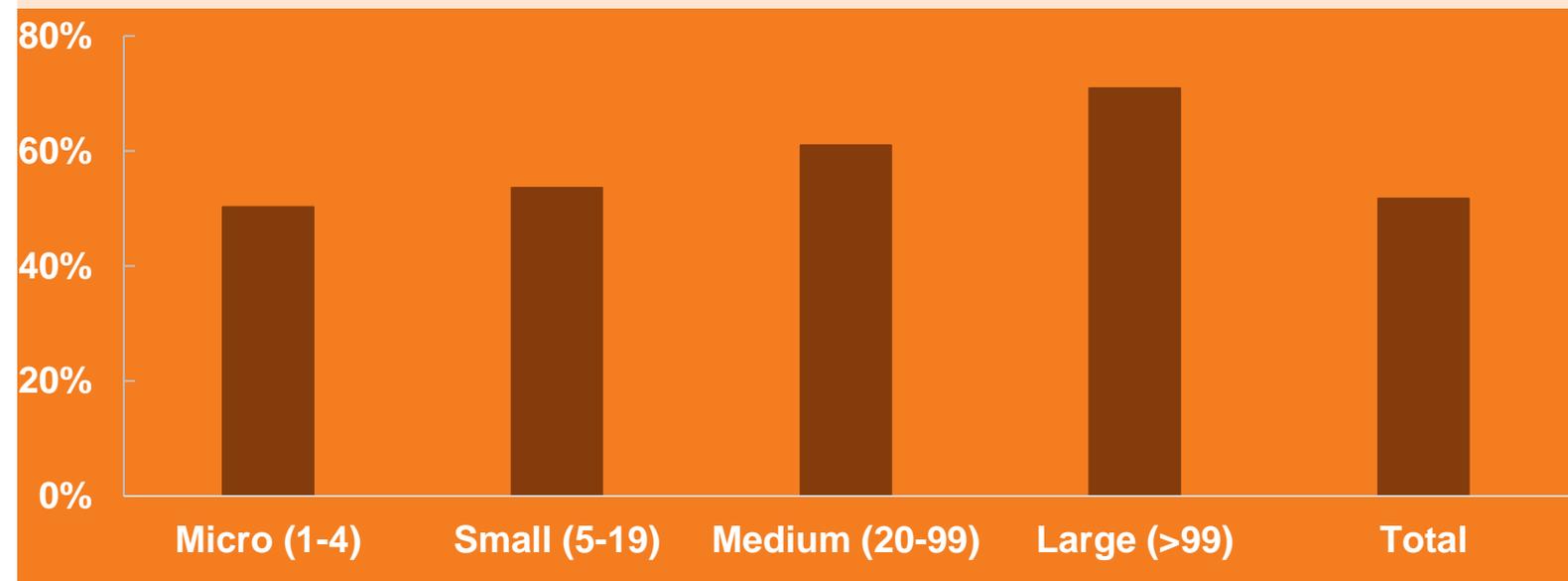
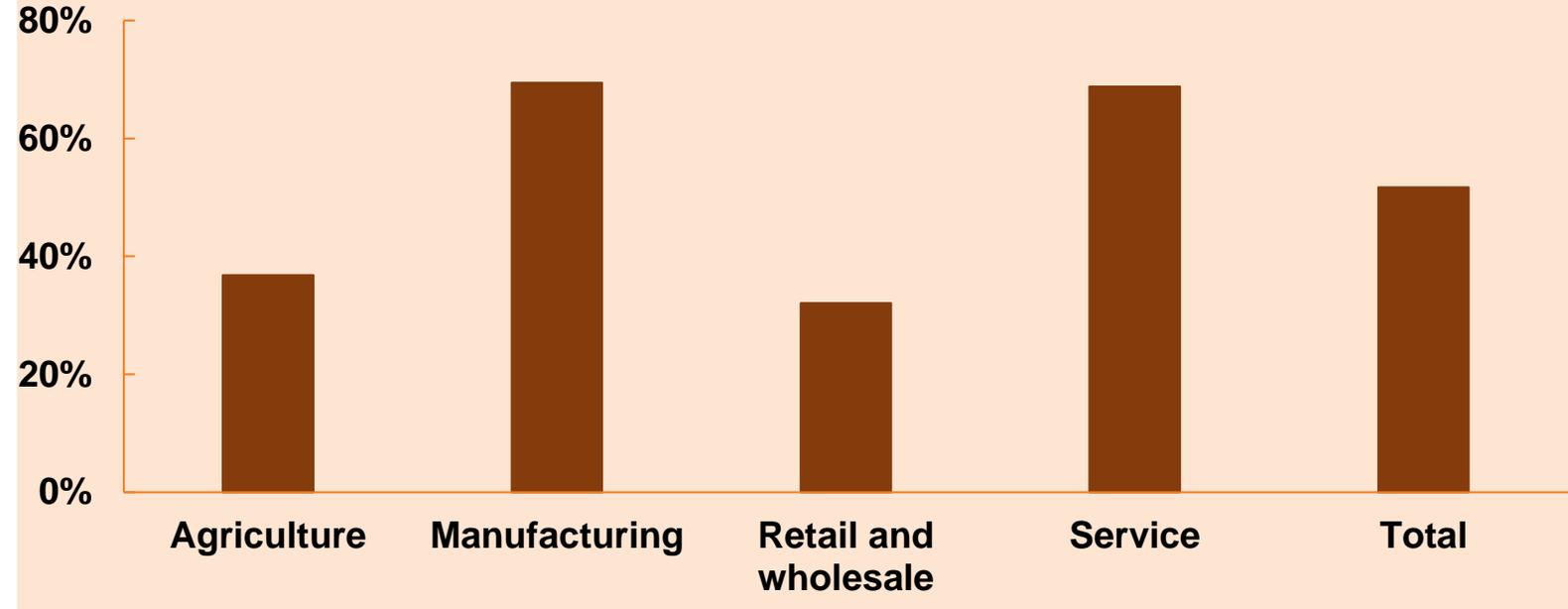


Note: Firms were asked to report about the last completed month. For October and December 2021, firms were asked if they had increased prices since July 2021. ³⁰

Financial impacts of the current business climate lingered, but there were modest improvements in March 2022



With manufacturing and service firms being hit the hardest, 52% of firms experienced power outages being disruptive business operations in the past 3 months



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

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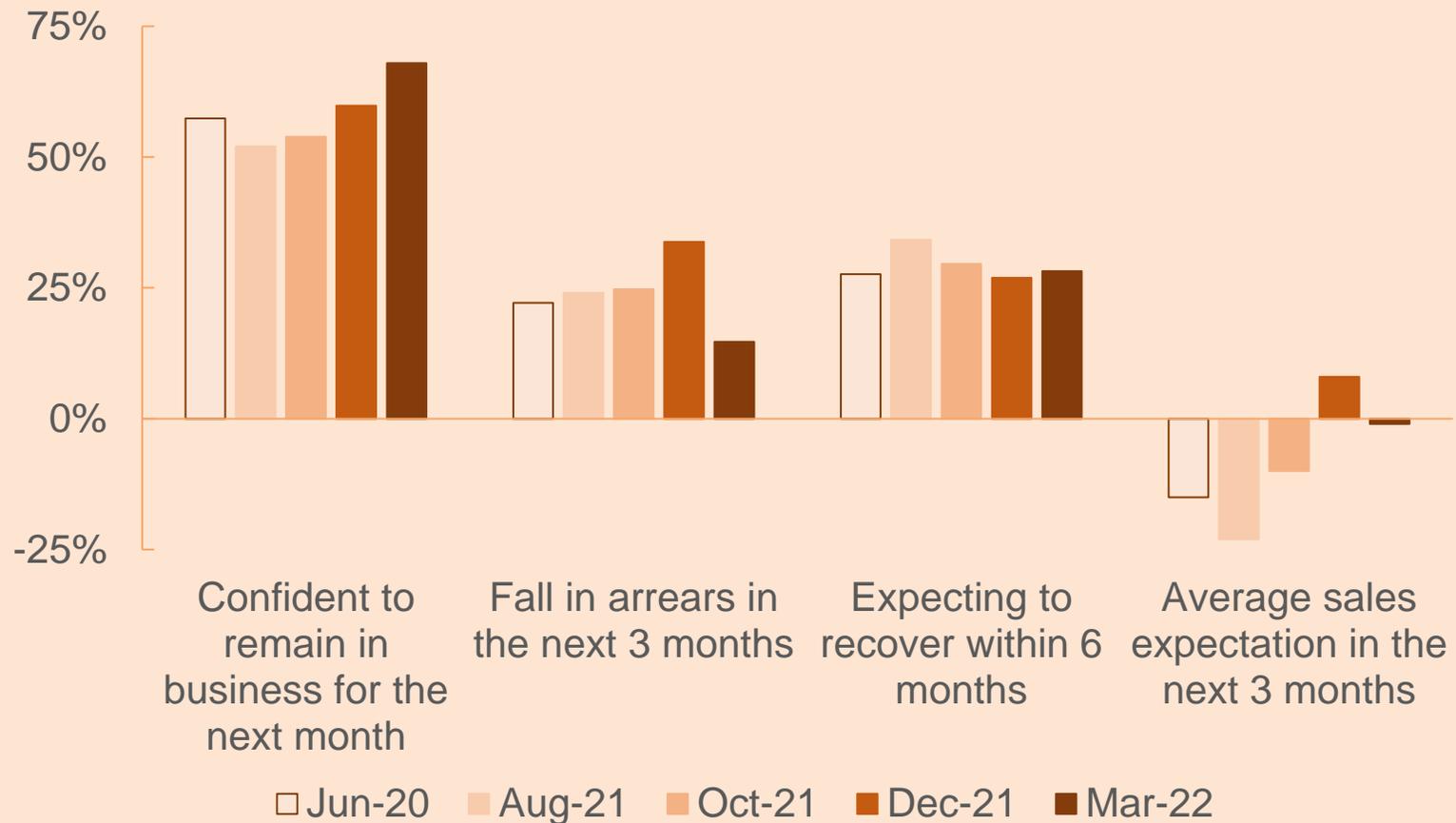
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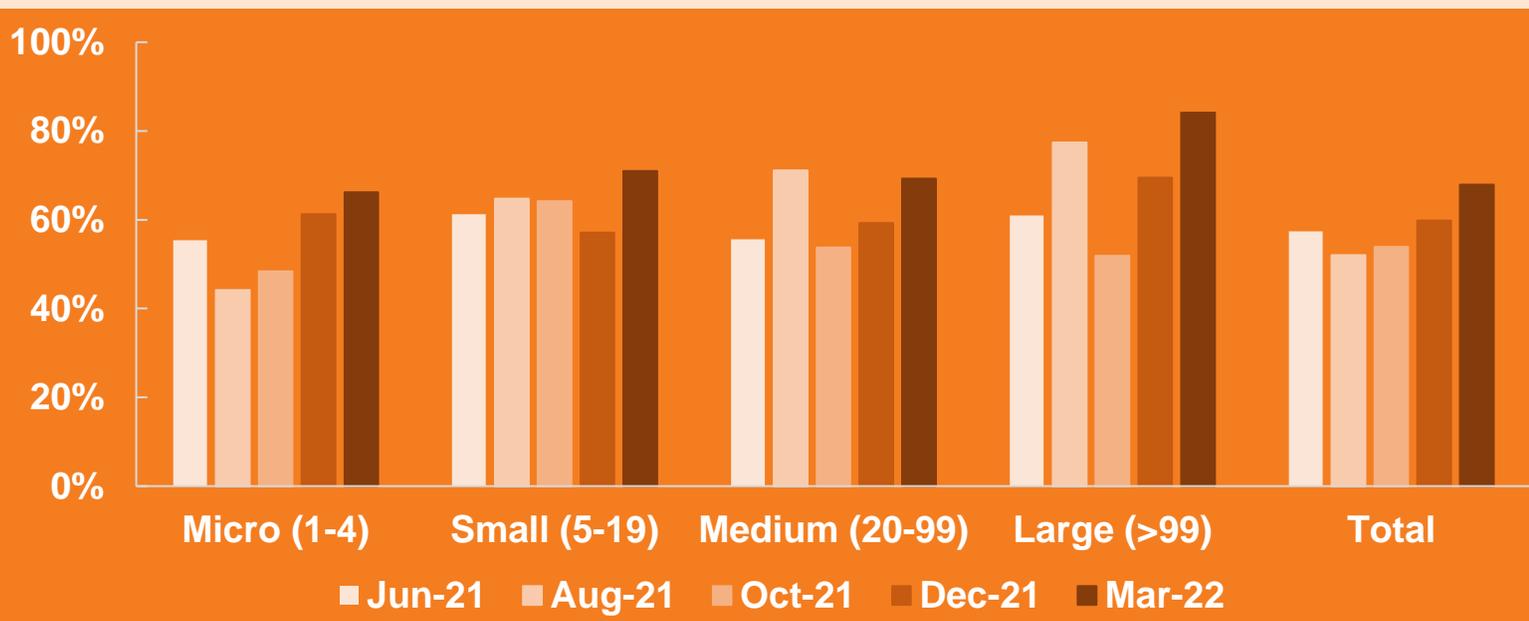
SECTION 5

**BUSINESS
EXPECTATIONS**

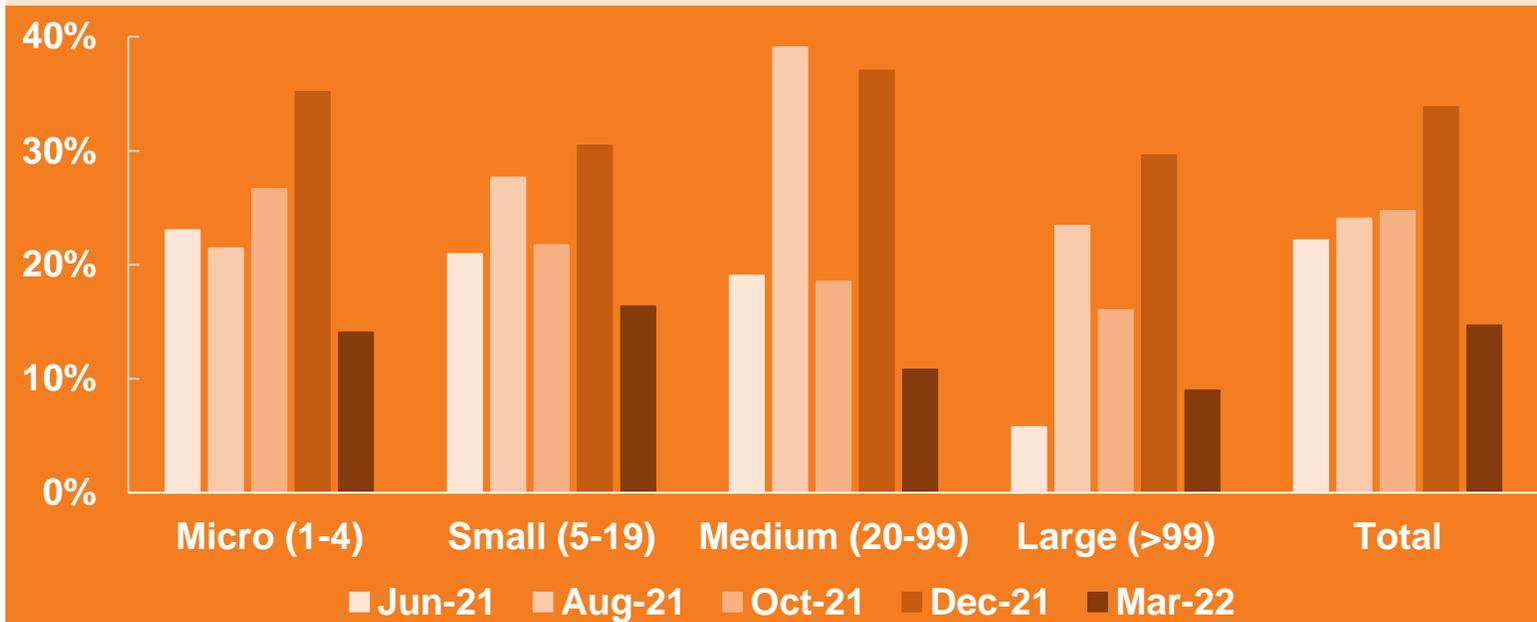
Business expectations continued to improve in March 2022



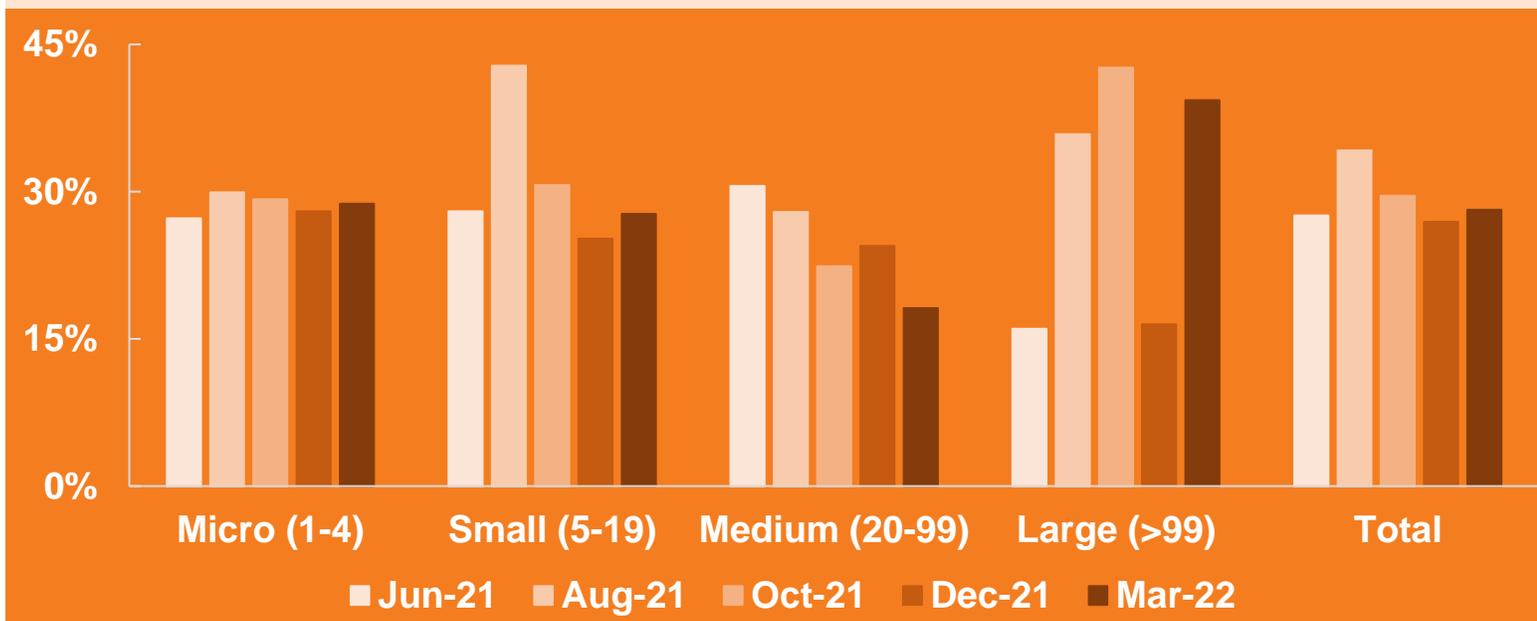
The share of firms expressing confidence to remain open over the next month continued to increase



And fewer firms expected to fall into arrears over the next three months



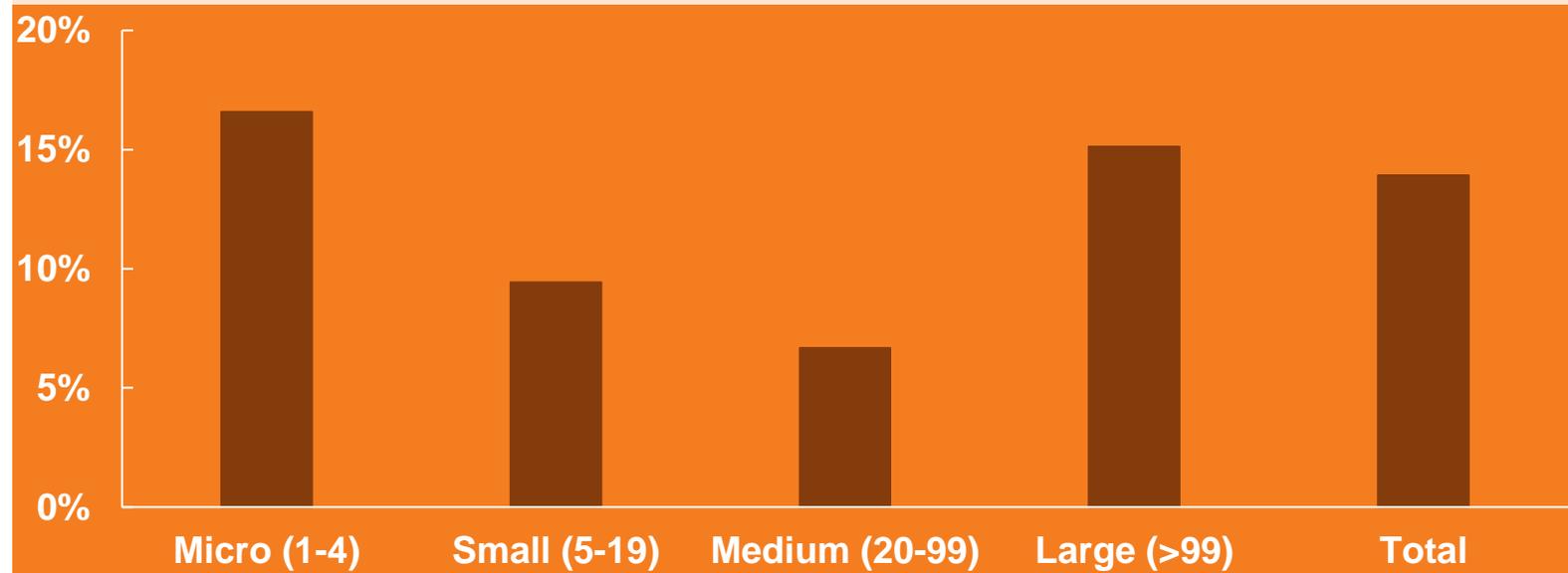
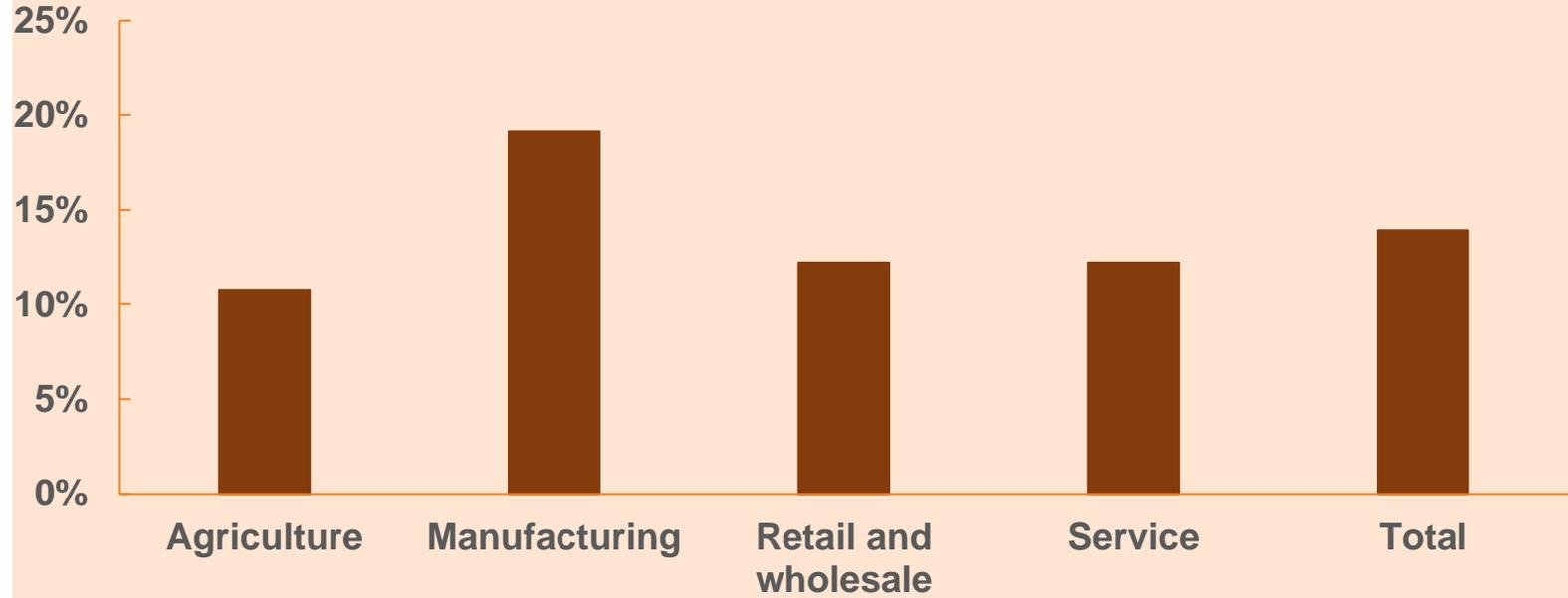
But the share of firms expecting to recover to pre-February 2021 levels in the next six months remained low



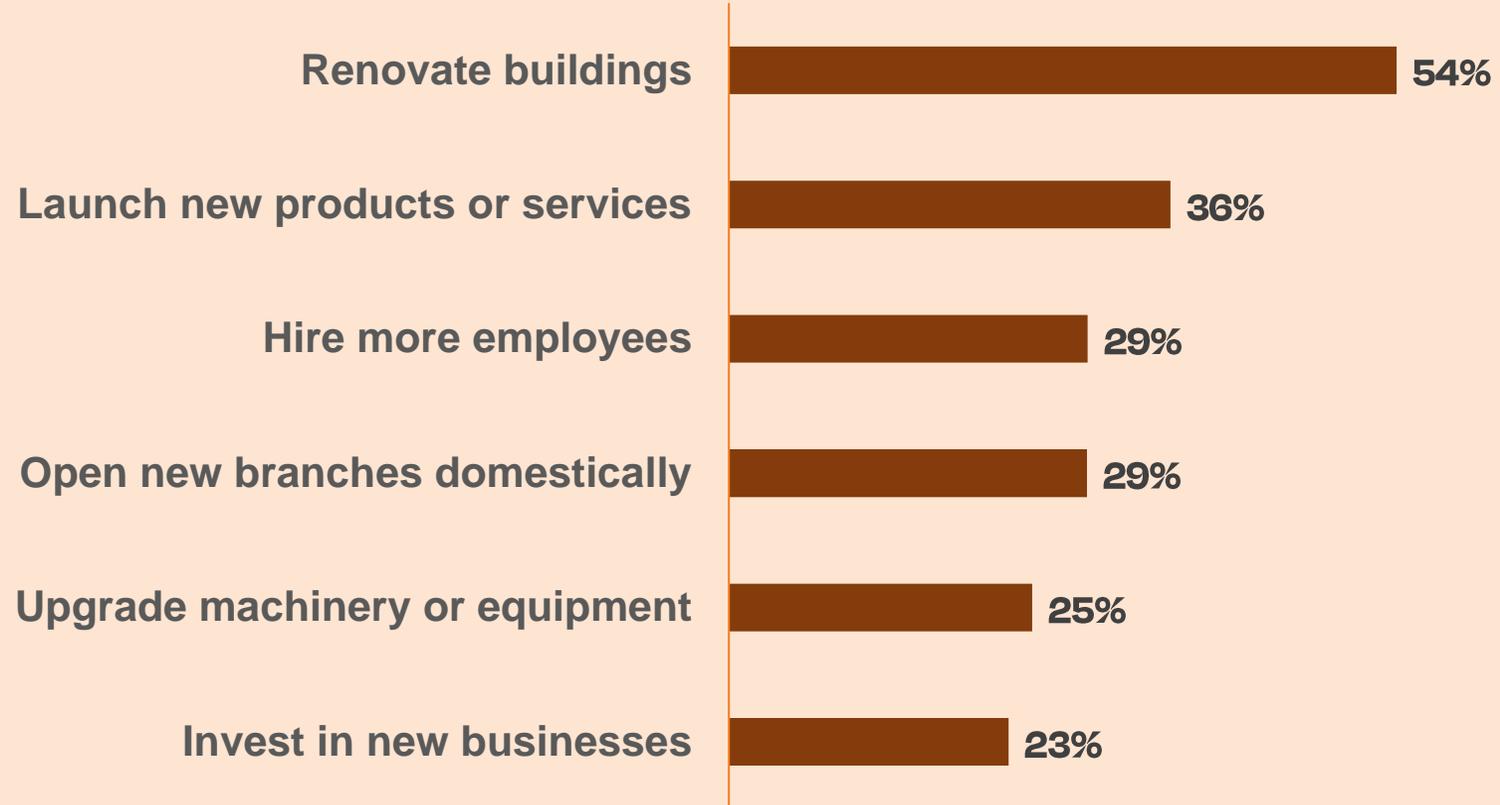
On average, sales were expected to be 1% lower in the next 3 months than the same period last year



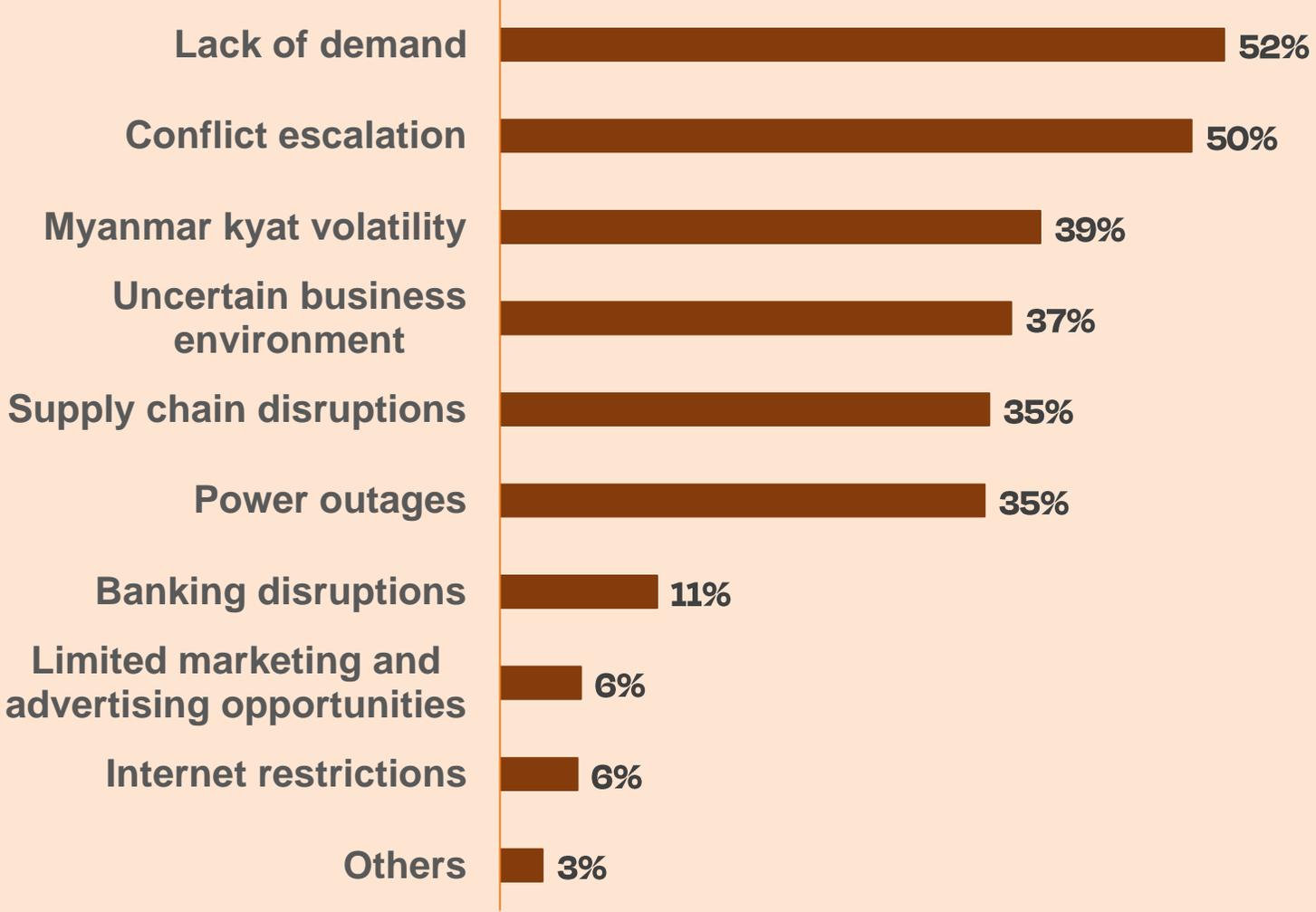
**Only 14% of firms
plan to invest and
expand their
businesses in 2022**



**Among those firms,
the dominant form
of investment and
expansion is
building renovations**



Lack of demand is the major challenge for business operations in the next three months



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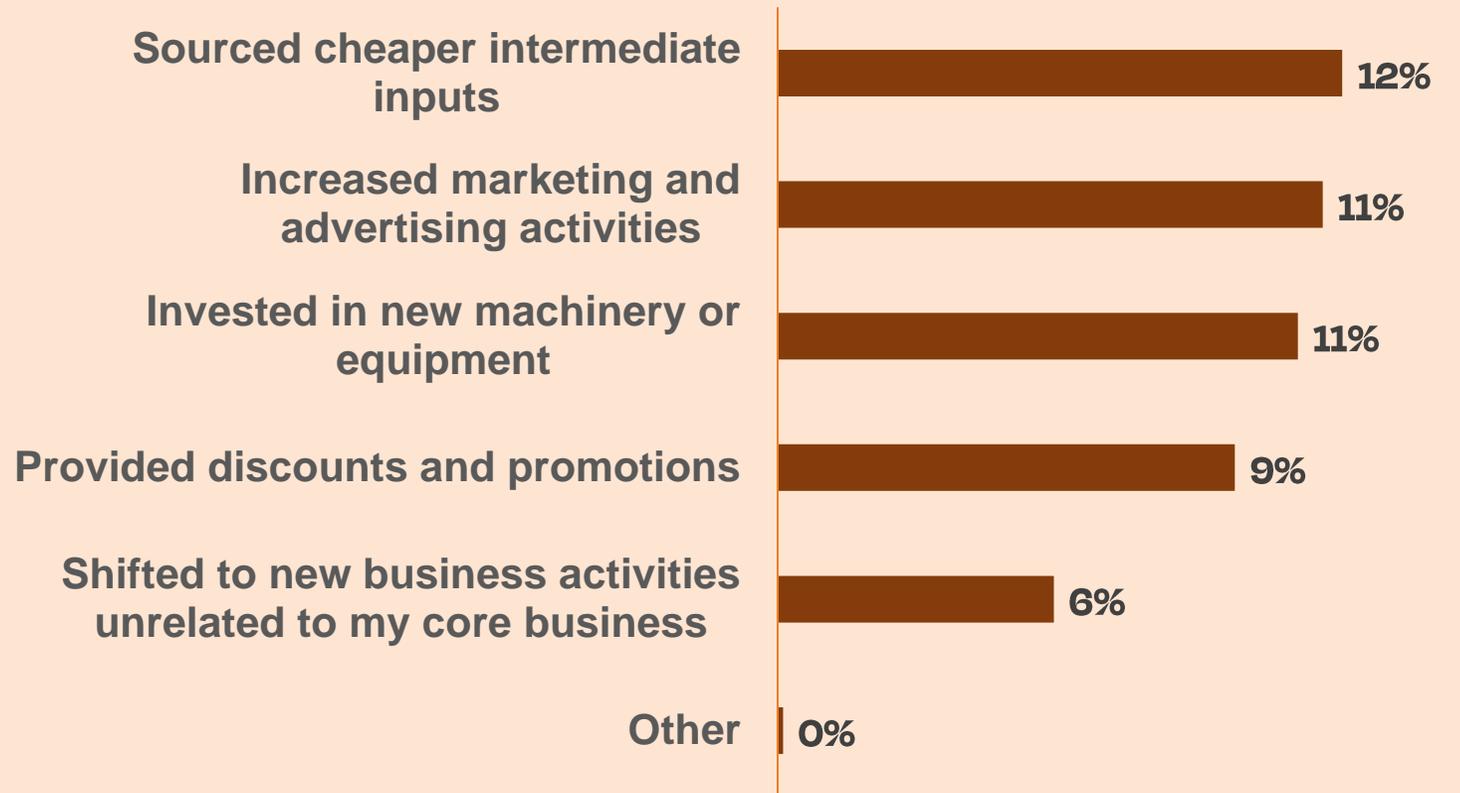
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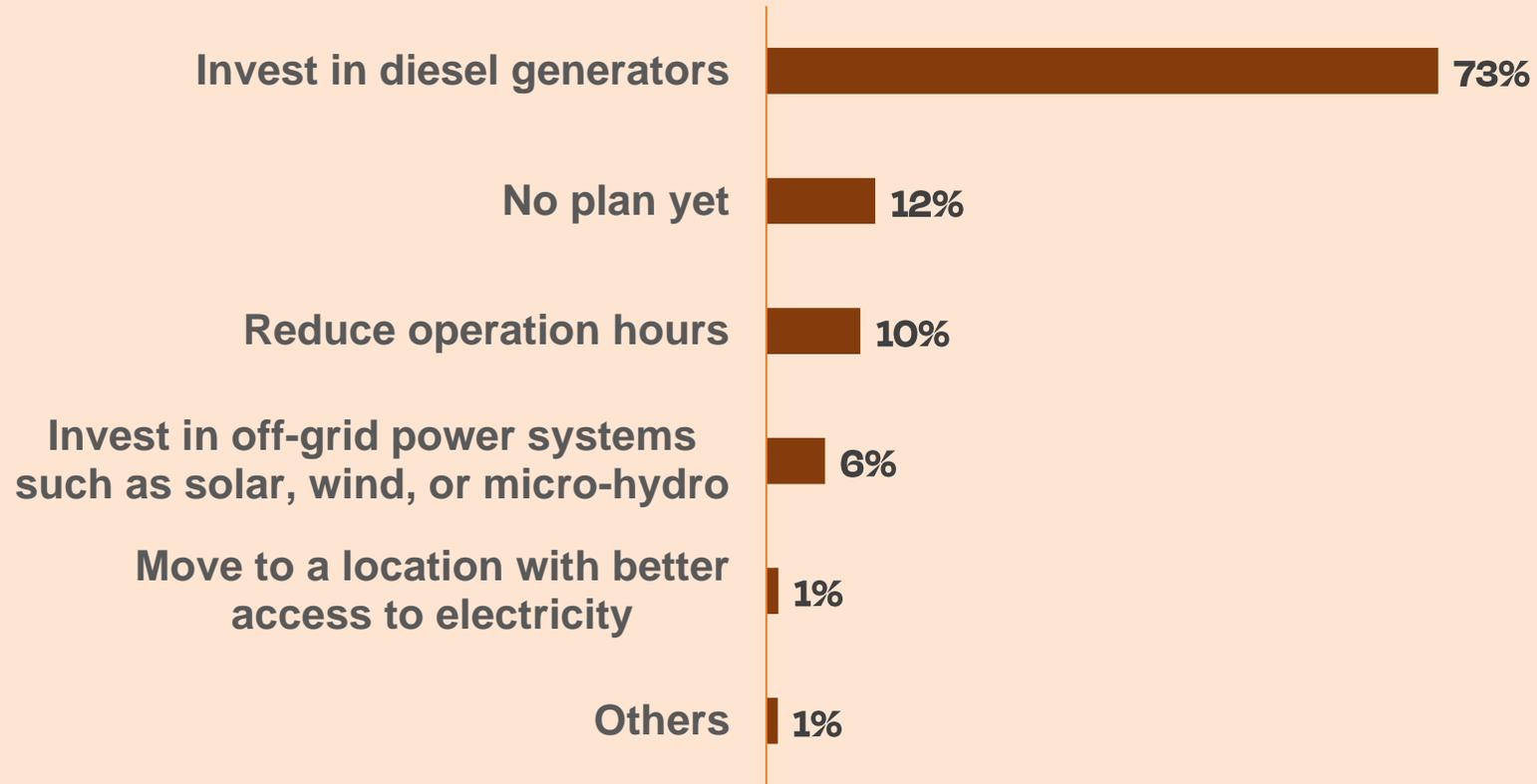
ADAPTATIONS

Adopting adjustment mechanisms **may not be necessary** for firms to improve business performance



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

Firms reported investing in diesel generators as the dominant performance-improving adjustment to deal with business-disruptive power outages



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

Borrowing money to cover costs is the major adjustment plan for firms if the situation does not improve in the next 3 months



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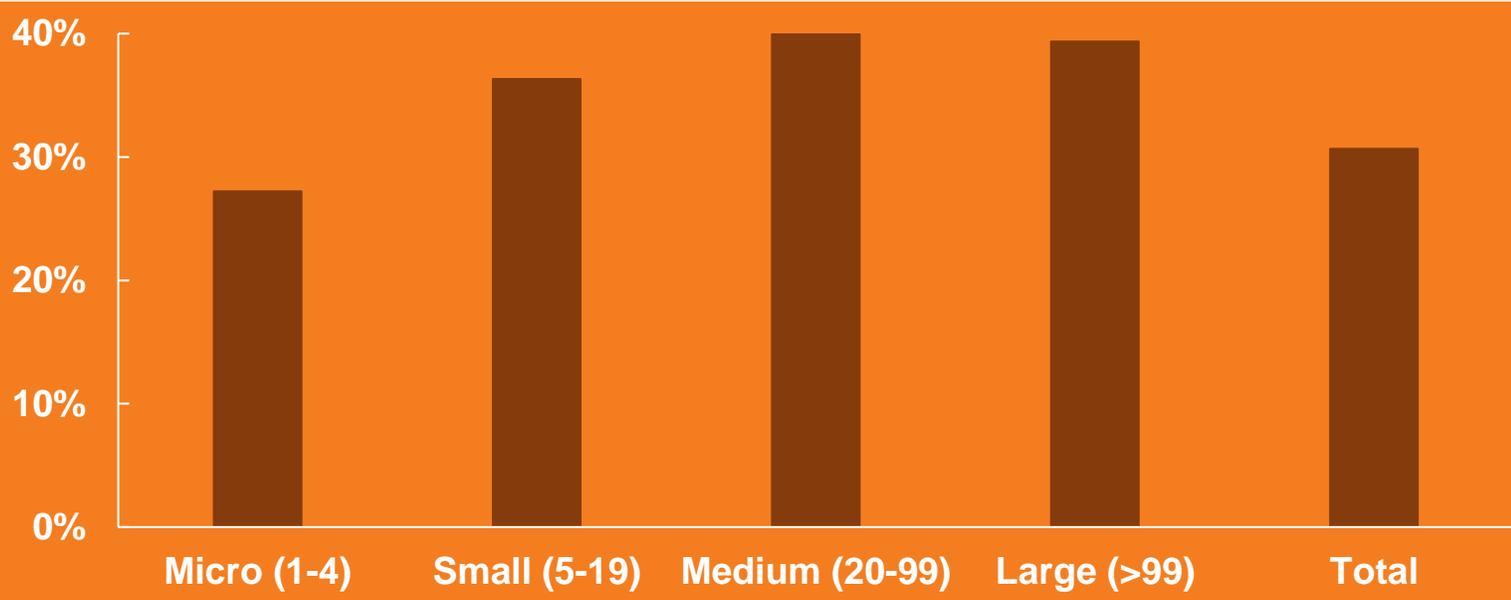
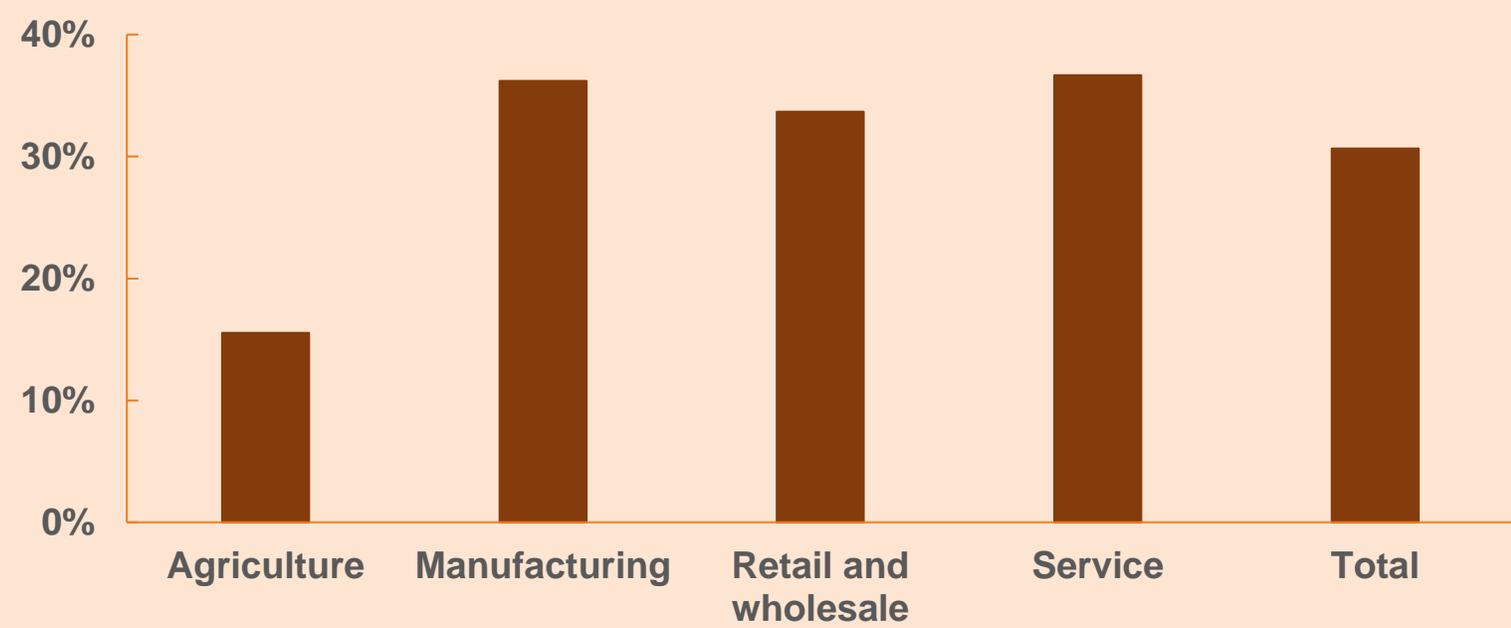
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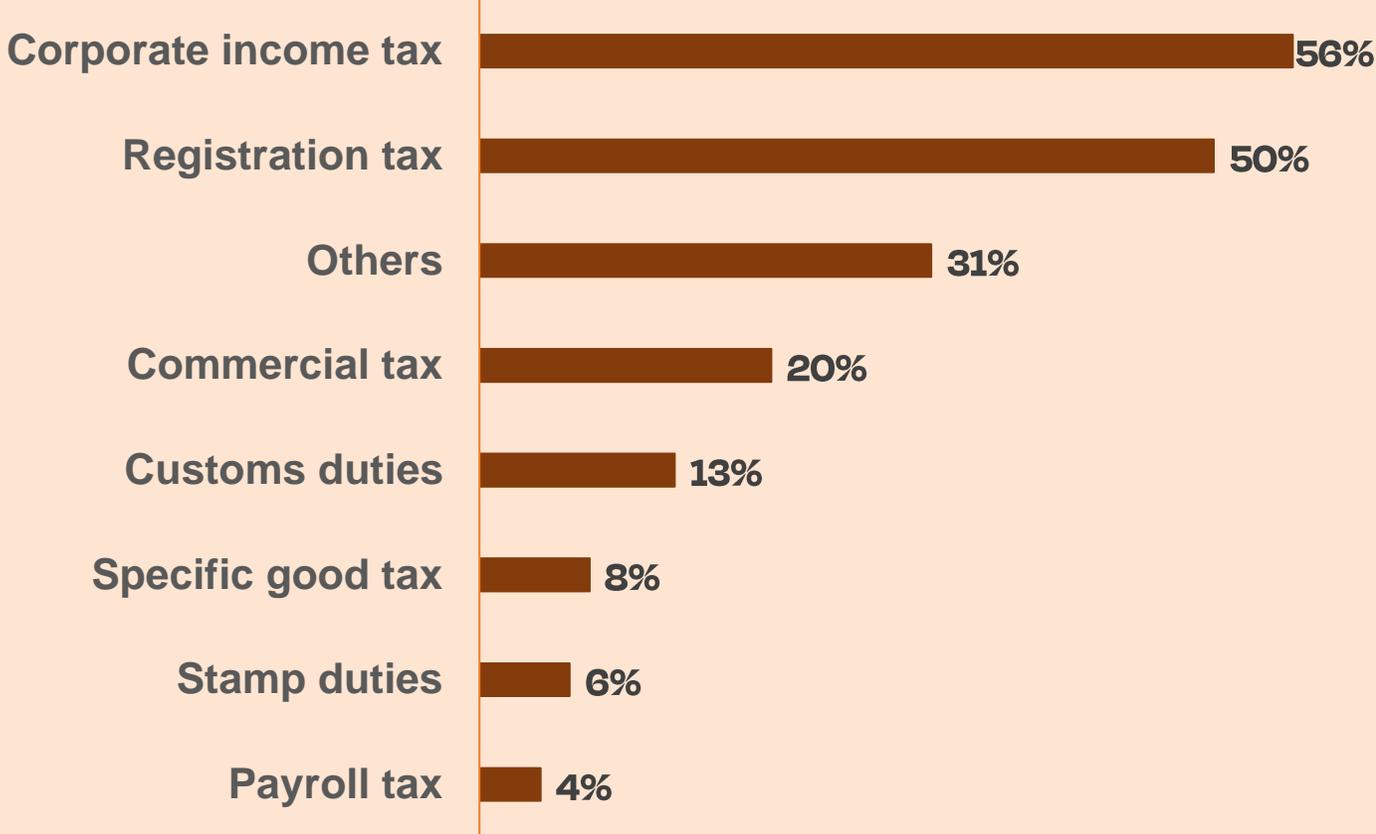
SECTION 5

TAX PAYMENT

Only 31% of firms paid taxes in the past 3 months



Of those firms paying taxes in the past 3 months, the most paid form of tax was corporate income tax



Of the firms paying taxes in the past 3 months:

11%

reported worsened ease of tax filing and payments

62%

reported unresponsive service by authorities as a major reason for the worsened ease of tax filing and payments

Next steps

Round 12 collection (May 2022)