MYANMAR BUSINESS ENVIRONMENT INDEX (MBEI)
COVID-19 IMPACT ON BUSINESSES: SECOND SURVEY

The Asia Foundation

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Myanmar Business Environment Index (MBEI)
Covid-19 Impact on Businesses: Second Survey

Lead Researcher and Author:
Ville Peltovuori

Core Research Team & Contributors:
Marip Ja Dim
Kyaw Thu
Nyan Win
Phyo Wai Htun
Thiri Maung
Ye Wana Hlaing

Peer Reviewers:
Richard Batcheler
Peter Brimble
Myo Myo Myint
Sunil Pillai
Peter Yates

Graphic Design and Photos:
Ye Htut Oo

Editor:
Ann Bishop

The Asia Foundation

No. 11, Ko Min Ko Chin Yeik Thar Street
West Ngar Htet Kyi Ward
Bahan Township
Yangon, Myanmar

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KEY FINDINGS

As the Covid-19 pandemic continues, the prospects for businesses' sales revenue and profitability remain bleak in Myanmar. The Asia Foundation's (the Foundation's) second survey on the impact of Covid-19 on businesses has found that, the effects are becoming increasingly divergent, with some businesses less affected and better able to adapt to the pandemic, while others remain closed, report no sales, and their owners worry about the future of their business. In the urban townships of Myanmar's Yangon and Mandalay Regions, businesses in textile manufacturing, transport, and accommodation services appear to be suffering the most when compared to their peers in other locations and industries.

However, despite no obvious overall improvement in business performance, business owners have become more optimistic about the chances of their business surviving Covid-19. It is clear that the government should continue its efforts to support businesses, and in addition to targeting specific industries, the government should consider taking into account geographic differences in lockdown measures and/or the number of Covid-19 cases, as these factors may correlate with poor business performance. The government should also consider making further efforts to ensure that the transport of goods, nationwide, remains efficient, while still protecting people's health.

More specifically, the key findings of the Foundation's second Covid-19 survey conducted in September–October 2020 are as follows:

- Thirty-six percent of businesses reported being closed at the time of the survey in September–October 2020, up from 28 percent when the Foundation's first survey was conducted in April–May 2020.
- Conversely, in comparison with April–May, when 24 percent of businesses reported being fully operational, in September–October, this percentage had risen to 34 percent.
- About 9 percent of businesses never opened at all between May and September 2020. About 40 percent of the businesses that were open at any time during this period received a government inspection that allowed them to open.
- Lack of customers and safety concerns remained the two most frequent reasons for not operating as usual. By September, shortages of supplies and cash flow concerns had become much less common reasons for businesses not to operate as usual.
- Almost one third of survey respondents believed that it would take at least six months before they could resume normal operations.
- At the time of their interview for the second survey, the proportion of respondents reporting no sales revenue at all had increased from 22 percent in April–May to 31 percent in September–October.
- Almost two thirds of businesses in the accommodation and transportation industries reported zero sales revenue, while only 9 percent of the businesses manufacturing food and beverages reported the same.
- There is now a greater geographic difference in the businesses reporting zero sales revenue, with over half of businesses in the urban townships in the Yangon and Mandalay Regions reporting zero sales revenue, while in northern hills this applies to only 11 percent of businesses. A possible reason for this geographic difference is variations in stay-at-home and other Covid-19 related measures.
- The profitability of businesses remained at around the same level in second survey, as in the first, with over half of businesses reporting a loss.
- Businesses see their future as brighter, with 30 percent believing that Covid-19 poses no risk to their survival. In April–May only 12 percent considered this to be the case. This, together with the fact that a large percentage of businesses remained fully operational (34 percent, compared to 24 percent) indicates that they may have learned how to adapt to the Covid-19 situation. There is no evidence yet of large numbers of businesses permanently closing down due to Covid-19.
- Transportation and storage businesses face the highest risk to their survival, with 75 percent reporting that Covid-19 poses a moderate or high risk. Textile and garment manufacturing and accommodation services are the next highest categories that have owners considering their business at risk (59 percent and 54 percent, respectively).

- While the average number of employees, overall, did not drop significantly between November 2019 and February 2020, when the 2020 Myanmar Business Environment Index (MBEI) survey was conducted, and the September–October 2020 survey, some industries have lost a considerable number of employees. The findings of the September–October survey show that the average number of employees had dropped the most in the accommodation and textile industries. The number of employees had increased in the wholesale and retail industries since the MBEI 2020 survey.
- The average number of female employees dropped by 10 percent between the April–May 2020, and the September–October surveys, and rank-and-file manual employees still made up about three quarters of all the employees who had been laid off. However, only 5 percent of businesses had plans to lay off more workers.
- In the second survey, the trend of more businesses getting loans appeared to have stopped, while the number of businesses reporting that they could not access a loan has continued to grow.
- Businesses have become more aware of government Covid-19 support policies such as the emergency loan for small and medium-sized enterprises (SMEs) and textile and tourism industry firms, as well as tax deferrals and exemptions. Most businesses are now aware of the emergency working capital loan scheme. Thus far, tax deferrals and exemptions have benefited more businesses than is the case with the government's emergency loans. However, with the exception of the electricity subsidy, fewer than 10 percent of businesses had benefitted from any government support.
- In September–October, the proportion of businesses engaged in remote working had clearly increased from 9 percent in April–May to 35 percent. Business owners also reported that workplace safety practices—measuring employees' and customers' body temperature and requiring employees to wear a mask—had become more prevalent.

1. INTRODUCTION

The worldwide pandemic caused by the novel coronavirus (Covid-19) has continued throughout 2020. By October 27, the virus had claimed over 1.1 million lives, globally (John Hopkins University 2020). For much of the year, it seemed that Myanmar would be spared from the adverse health effects that were experienced in many other countries. However, after the first relatively mild wave of confirmed cases in April–May 2020, the number of cases started to rapidly increase in August 2020, with the Yangon and Bago Regions, and Rakhine State among the worst affected. The number of confirmed Covid-19 related deaths jumped from six on September 1, 2020 to 1,122 on October 27, 2020 (Ministry of Health and Sports 2020). In the wake of the resurgence of cases, movement restrictions and lockdowns were reintroduced in many parts of the country, and particularly in Yangon and Rakhine (see appendix 1).

The global health crisis has been accompanied by a global economic crisis. In its October 2020, Global Economic Outlook, the International Monetary Fund (IMF) predicted that the global economy would shrink 4.4 percent by the end of the year (IMF 2020a). The same report predicted that Myanmar's economy would grow by merely 2.0 percent, compared to 6.5 percent in 2019.

In April–May 2020, The Asia Foundation (the Foundation) conducted a survey of businesses in Myanmar to assess how they were coping with the pandemic. The first survey was conducted just after the peak of the first wave of confirmed cases in Myanmar, and the survey showed a dramatic fall in sales and business profitability that also affected the employees of businesses (The Asia Foundation 2020). In September and October 2020, the Foundation carried out a second survey—this time to get a better understanding of how businesses were handling the second wave of Covid-19, and how their situation had changed since the first survey. This report presents the second survey's findings about the operation of businesses in Myanmar during the pandemic, and how Covid-19 has affected businesses' performance, employees, and access to finance. It also presents business owners' opinions about government support to businesses, safety, security, and Internet infrastructure during the pandemic.

Both of the Covid-19 impact surveys built on data gathered for the Foundation's Myanmar Business Environment Index (MBEI)—a survey that asks respondents for their opinions on the business environment, and compares the answers across the Myanmar's states/regions (S/Rs) and townships. The 2020 survey for the MBEI was undertaken between November 2019 and February 2020 (see Malesky et al., 2020)—the period just before the pandemic reached Myanmar. Among the dimensions covered in the MBEI were business owners' opinions on business entry costs, the quality of infrastructure, law and order, and government transparency, and the ease of recruiting labor. The MBEI, and the two Covid-19 surveys, were funded by UK aid, through the United Kingdom's DaNa Facility.

2. METHODOLOGY

As noted, above, this second survey on how Covid-19 is impacting businesses in Myanmar builds on prior surveys conducted for the MBEI. Particularly relevant was the second iteration of the MBEI (conducted between November 7, 2019 and February 23, 2020), and the first Covid-19 survey (see Figure 1 for the timeline of the surveys). The second MBEI survey (referred to as MBEI 2020 in this report), provided this study's sample frame, the baseline for collecting general information about the interviewed businesses, and some of the questions for this study. For the results of the MBEI 2020, see Malesky et al. (2020). In the MBEI 2020 survey, 5,605 businesses were interviewed in 89 randomly selected townships from all the states and regions of Myanmar. These businesses represent all of the country's formal industries except its primary industries (farming, fishing, forestry, and mining). In MBEI 2020, no new businesses with fewer than four employees were added to the sample, but some businesses with fewer than four employees remained in the sample as they were included in the first iteration of the MBEI survey (MBEI 2019). The first survey on how Covid-19 is impacting businesses was carried out by telephone between April 28, 2020 and May 10, 2020. This was published in June 2020, and is referred to as "Round 1" in this report, and in the statistical tables, published separately by the Foundation. In Round 1 of the Covid-19 survey, 750 businesses were randomly selected from the 5,605 businesses interviewed for MBEI 2020. This allowed for comparison of some of the results from MBEI 2020 with the two Covid-19 surveys.

The second Covid-19 survey, which this report focuses on (referred to as "Round 2") was conducted between September 28 and October 12, 2020. It used a similar methodology as the first round. Again 750 businesses were interviewed by telephone. Out of these 750 businesses, 597 were the same businesses that were interviewed for Round 1. The remaining 153 were businesses that were randomly drawn from the 5,605 interviewed for MBEI 2020, but had not taken part in the first Covid-19 survey. The large number of businesses included in all three surveys allowed panel analysis of the data, which compared the same businesses over time. Unless otherwise stated, the results presented in this report are from the panel dataset, i.e. only responses from businesses that were included in all three or two of the surveys (depending on the question). In other words, if a business did not have responses for all the time periods for a question being analyzed it was dropped, altogether, for that particular question. This means that the changes between the surveys reflect changes in the same businesses over time, and they are independent from changes in the sampling. For questions that were new in the second survey, as well as some other special cases, the complete 750-business cross-sectional sample was used. Detailed results for each question can be found in the separately published statistical tables for the survey, including results that are based on both panel and cross-sectional data. A more detailed explanation of the methodology can be found in Appendix 3.

Figure 1
Timeline of surveys
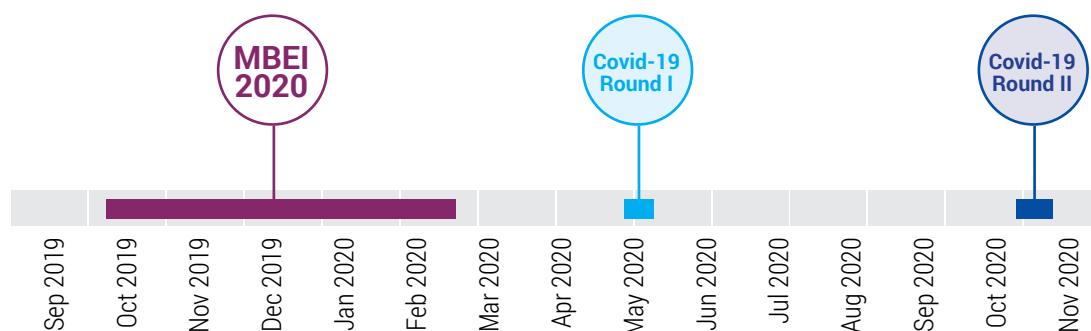
3. RESULTS

3.1. General

At the time of the interviews (September 28 to October 12, 2020) 34 percent of businesses stated that they were working as usual (see Figure 2). This was an increase from 24 percent in the first Covid-19 survey round conducted from April 28 to May 10, 2020. About 30 percent of respondents said that they had reduced their operations to some degree—for example, dine-in restaurants selling food for take away only, or employees working from home. In the first round of the Covid-19 surveys, this was 48 percent of the total. A higher number of respondents (36 percent), reported being closed, compared to 28 percent in the April–May Covid-19 survey. Those businesses that reported being closed had been closed for an average of 96 days—just over three months.
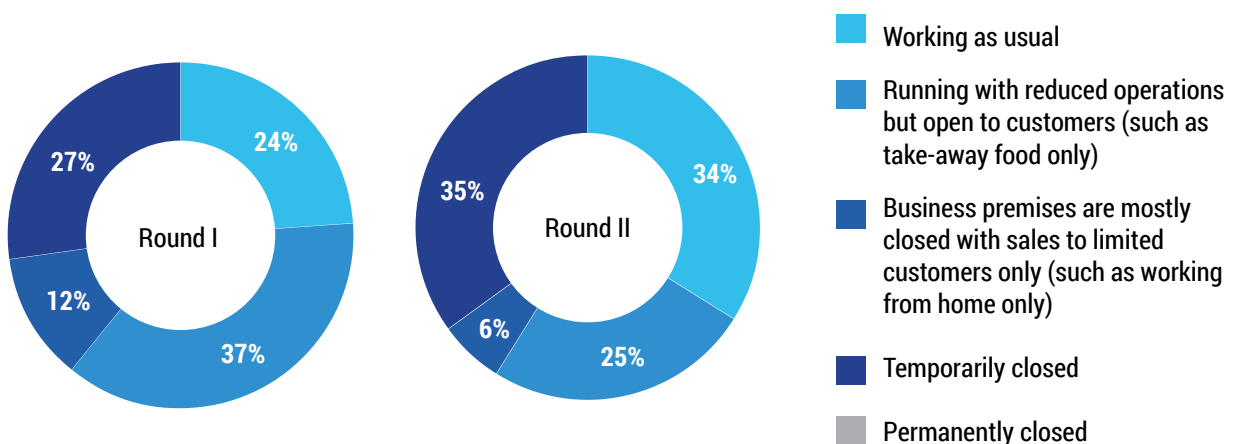
There was wide variance though. While many businesses had been closed for just one month, some had been closed since the first wave of Covid-19 in Myanmar. About 9 percent of all the business owners interviewed said they had never opened between May and September 2020. This finding is similar to a firm-level survey conducted by the World Bank, which found that 6 to 7 percent of firms were still closed in July and August (World Bank 2020). Most of the businesses that

closed because of Covid-19 in March or April, reopened in May or June. All of the businesses that were open at any time between May and September 2020 were required to have a government inspection in order to remain open, and in the second survey, 40 percent reported having had an inspection.

The second Covid-19 survey revealed that the reasons for businesses not operating as usual had slightly changed since Round 1. As in the first survey, not having customers due to Covid-19, and the owner being concerned about her or his safety, and that of employees, were the two most frequently cited reasons in Round 2 (see Figure 3). About the same proportion (39 percent), also reported that the authorities had ordered their business to close. The proportion of the latter was highest in the urban townships in Mandalay, as well as in the delta and mid dry zone (see Appendix 2 for a list of the geographic zones used in this report). Many of the other reasons for problems with business operations were reported much less frequently. These included cash flow problems, a shortage of supplies, and employees refusing to come to work. It is particularly encouraging to note that in the September–October survey, only 12 percent of businesses reported

Figure 2
Level of business operations at the time of the surveys

Round I: 24%, 37%, 12%, 27%
Round II: 34%, 25%, 6%, 35%

- Working as usual
- Running with reduced operations but open to customers (such as take-away food only)
- Business premises are mostly closed with sales to limited customers only (such as working from home only)
- Temporarily closed
- Permanently closed

not working as usual due to a shortage of supplies, compared to 44 percent in April–May.

The firm-level survey by the World Bank also found that by August, cash flow shortages and shortages of inputs and raw materials had reduced (World Bank 2020). However, this latest survey by the World Bank did not fully capture the impact of the second wave of Covid-19 in Myanmar. Opinions about restrictions on movement were similar in the World Bank's second survey, with 82 percent of businesses reporting restrictions of movement between townships, and 9 percent stating that restrictions on international mobility were causing major difficulties. Businesses were slightly more concerned about restrictions on movement between townships in the same state/region (S/R), than between different S/Rs. Fewer businesses (54 percent, compared to 68 percent in April–May) were concerned about restrictions on movement within their township.

Very few businesses reported adopting new products or services due to Covid-19, or changing their main geographic market. About 5 percent had started using online platforms due to Covid-19 (now 17 percent of all businesses), and 8 percent started accepting mobile payments (now 51 percent, in total). Business owners' opinions about when they will reopen and resume normal operations, were more pessimistic than in the first Covid-19 survey. While in April–May, 68 percent of owners thought that they would be able to resume normal operations within two months, in September–October, only 32 percent believed that. Also, 40 percent of the businesses in the second survey stated that it will take another 3–6 months for normal operations to resume, and 29 percent stated that it will take longer than six months to resume normal operations.

Figure 3
Reasons for businesses not operating as usual
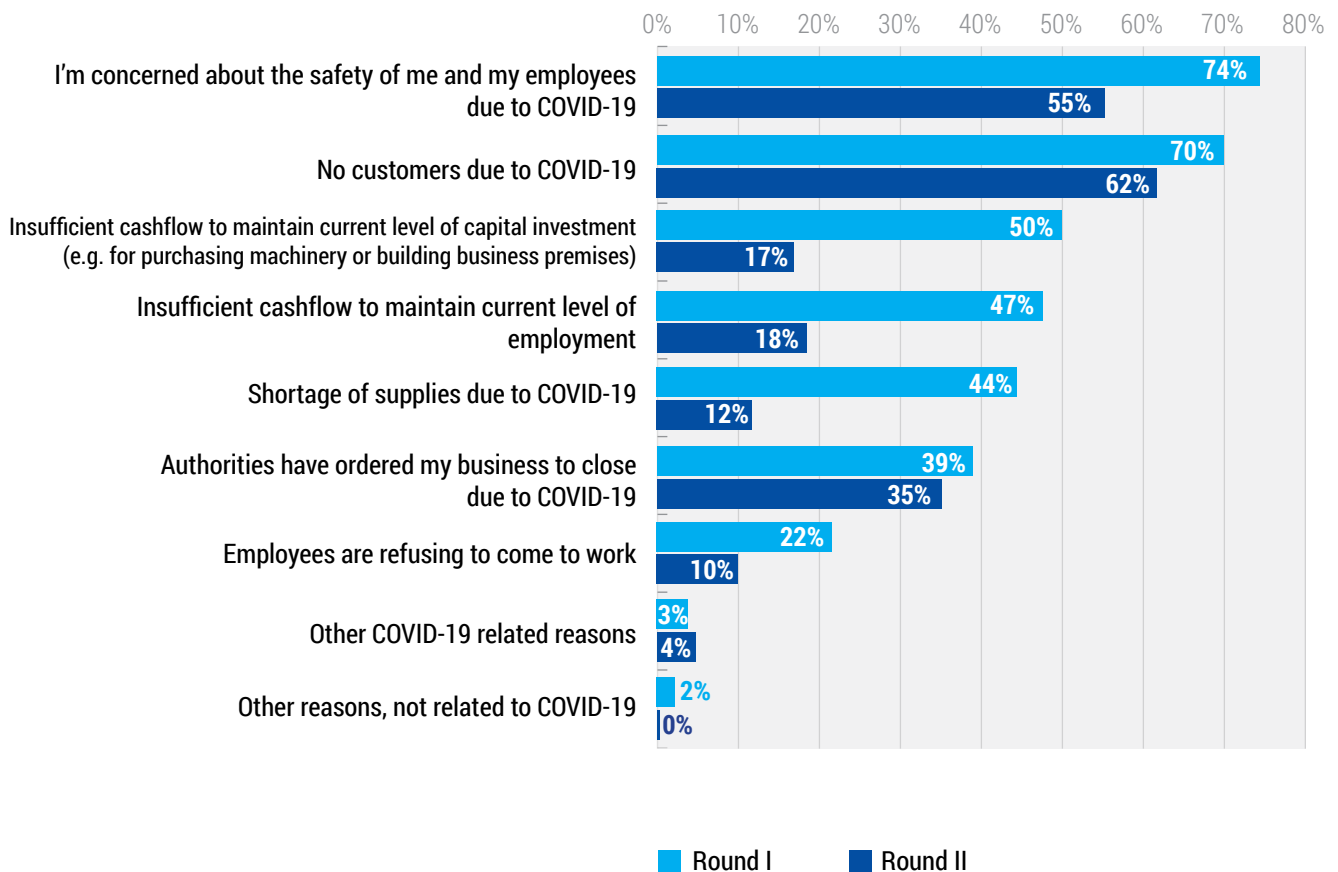
3.2. Business performance

The first Covid-19 survey in April–May 2020, showed a bleak picture of business sales and profitability. Unfortunately, in the second survey, there were few signs of improvement. As expected, businesses continued to struggle due to the prolonged global and regional crisis, and the second, much higher wave of confirmed cases in Myanmar. In terms of business sales, the situation had slightly deteriorated, with 31 percent of businesses reporting that sales had ceased completely, compared to 22 percent in April–May (see Figure 4). On the bright side, 23 percent of businesses did report that their sales were better during the June–August period when the Covid-19 situation was better, and the associated restrictions were more relaxed. Of these businesses, 40 percent reported full recovery, and 10 percent even reported better sales in June-August than before Covid-19.

Sales in the accommodation, transportation, and the textile, apparel, and leather manufacturing sectors have been the hardest hit, with businesses in these three sectors reporting that they were not selling anything at all (64 percent, 59 percent, and 54 percent, respectively).

In contrast, only 9 percent of businesses manufacturing food and beverages reported a total lack of sales. Furthermore, about 65 percent of food and beverage manufacturers had retained at least half of their sales. Compared to April–May, considerably more business owners in the wholesale and retail sectors reported no sales at all. But in the other industries surveyed in the two surveys, there was no statistically significant change.

With regard to female and male business owners,[1] both were equally affected in the September–October survey. While female owners' sales remained similar, there appeared to be an increase in the proportion of male owners reporting few, or even no sales. Over half of the businesses in the urban townships in the Yangon and Mandalay Regions said that they were no longer selling anything at all. Only 15 percent of businesses in the eastern hills, and 11 percent in the northern hills reported no sales. In the urban townships in Mandalay, only 22 percent of business owners said that they were able to maintain at least half of their sales, while in eastern hills, 59 percent said the same thing. In the

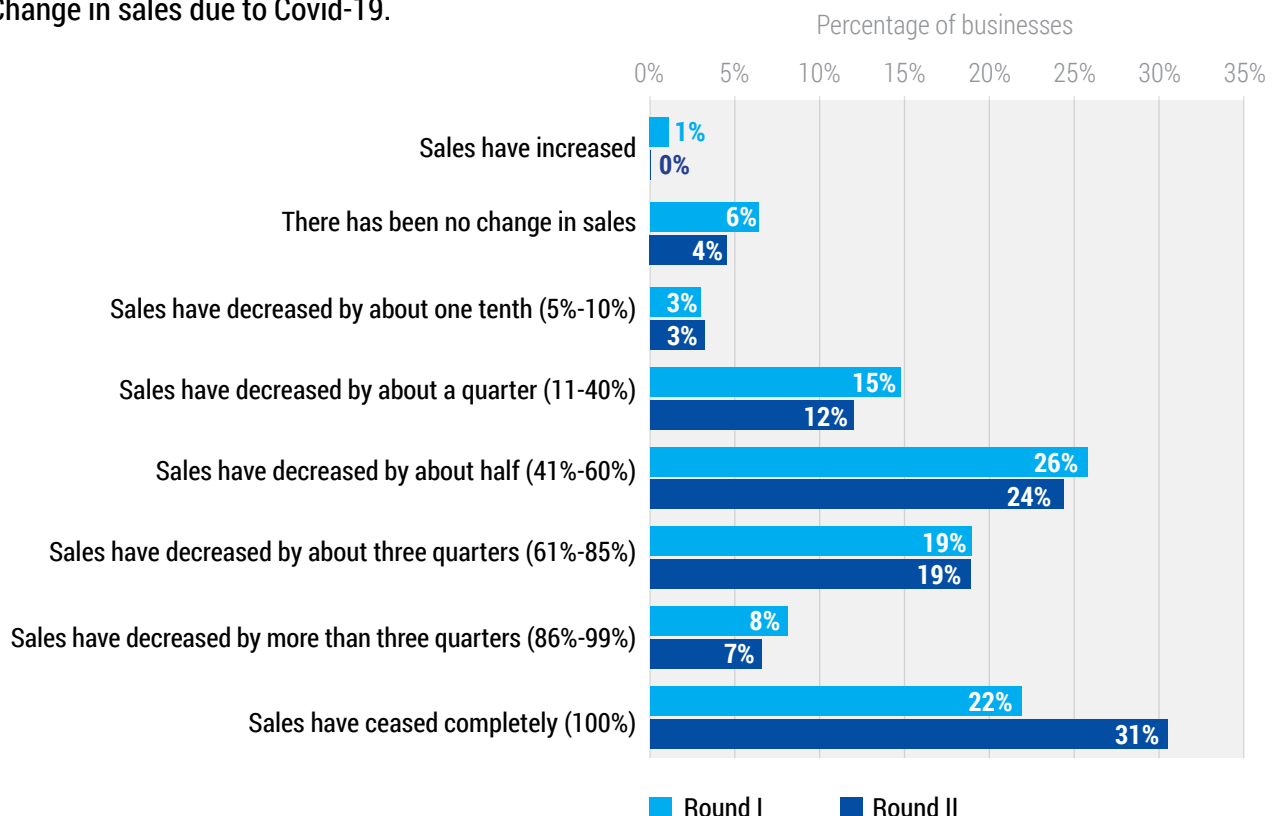
Figure 4
Change in sales due to Covid-19.

Percentage of businesses

	Round I	Round II
Sales have increased	1%	0%
There has been no change in sales	6%	4%
Sales have decreased by about one tenth (5%-10%)	3%	3%
Sales have decreased by about a quarter (11-40%)	15%	12%
Sales have decreased by about half (41%-60%)	26%	24%
Sales have decreased by about three quarters (61%-85%)	19%	19%
Sales have decreased by more than three quarters (86%-99%)	8%	7%
Sales have ceased completely (100%)	22%	31%

Figure 5
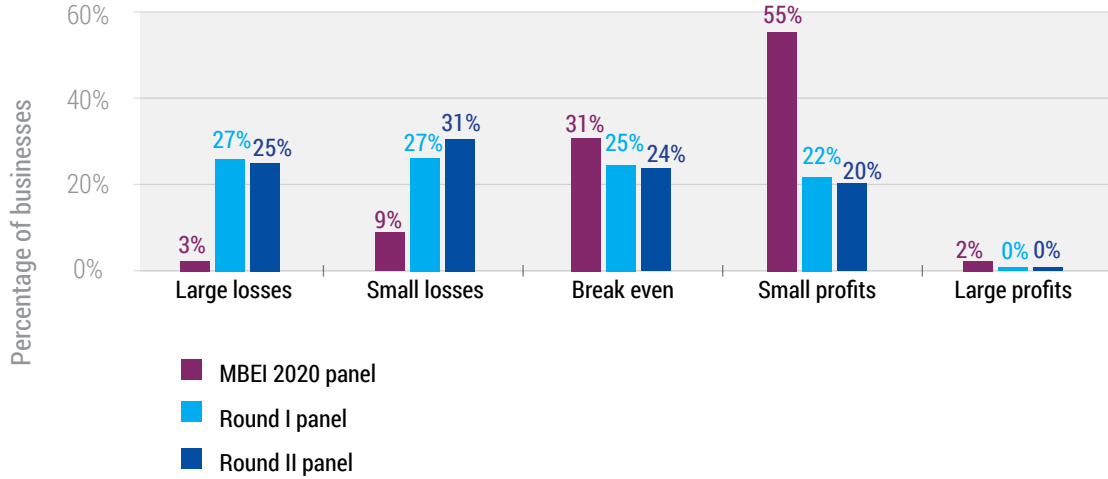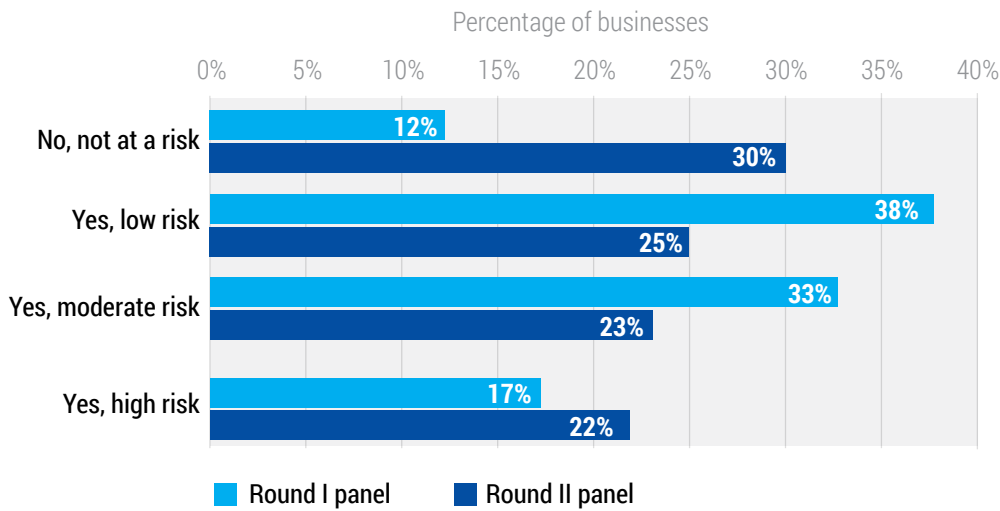Comparison of business profitability between MBEI 2020, and the two Covid-19 surveys.

Figure 6
Businesses' perception about the risk that COVID-19 poses to the survival of their business


first round of the Covid-19 surveys, the urban Mandalay Region townships were also the hardest hit regarding their sales. In latest survey, businesses in the urban townships in the Yangon Region, along with those in the delta and lower valley, said they had lost more of their sales since they were interviewed for the first survey. In general, there were greater differences between geographic areas. Further analysis suggests that the drop in sales correlated positively with the number of Covid-19 cases in the township where the business was located.[2]

In terms of business profitability, the situation in the Round 2 survey was similar to the first round (see Figure 5). The proportion of businesses that reported losses had slightly increased from 53 percent in April−May to 56 percent in September−October. However, this was a dramatic increase from the MBEI survey conducted between November 2019 and February 2020, when only 12 percent of the same businesses reported that they were losing money. Conversely in the September− October survey, business owners were optimistic about the survival of their business. In April−May, 50 percent

Figure 7
COVID-19 induced risk to business survival by industry and geographical location.
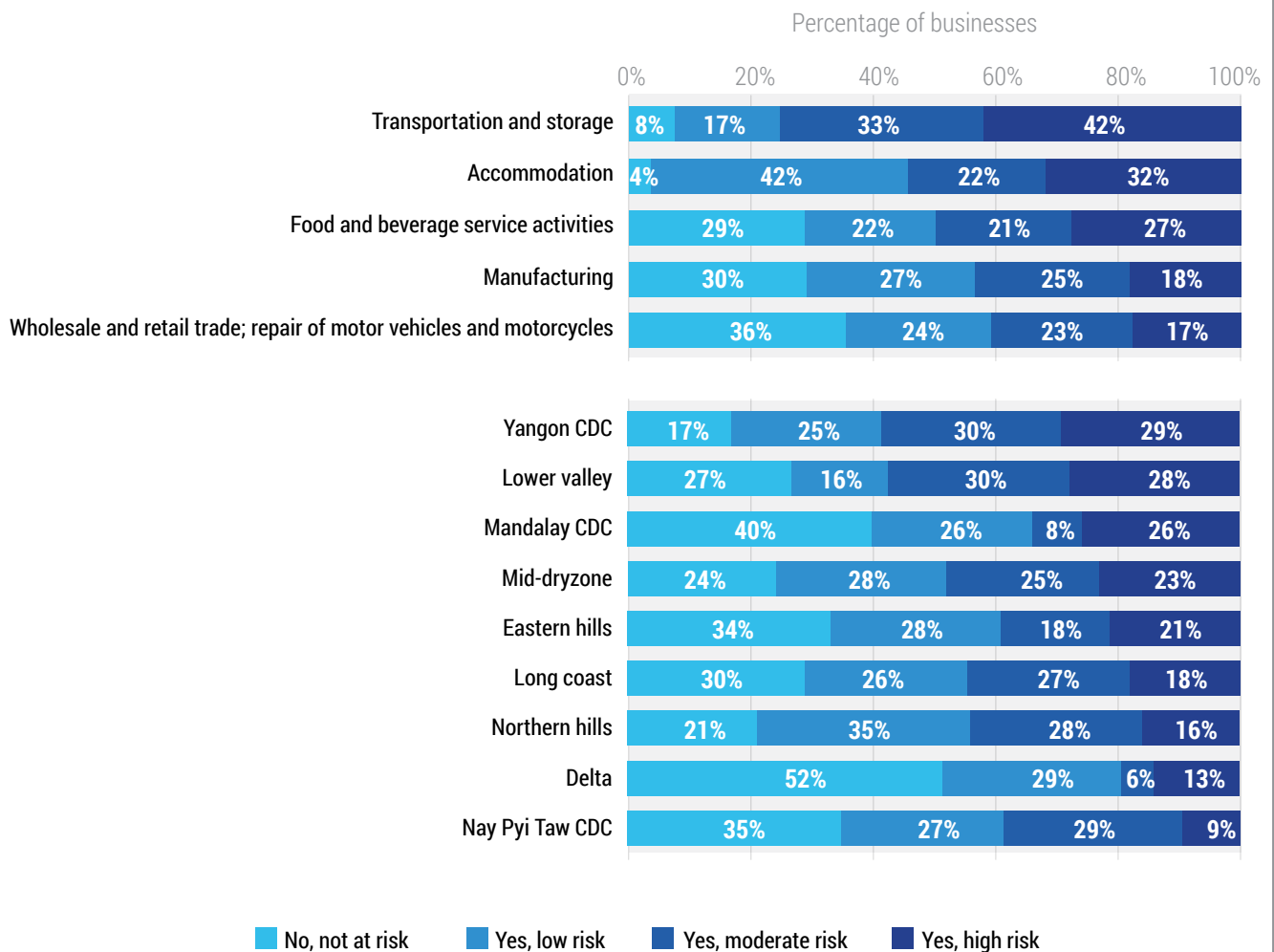
of business owners reported that their business faced either a moderate or a high risk of failure due to Covid-19, and only 12 percent saw no risk. In September–October, the percentage of worried business owners had dropped to 45 percent for moderate or high risk of failure, and the business owners seeing no risk at all had increased to 30 percent of businesses (see Figure 6).

The transportation and storage industry business owners reported a much higher risk of business failure, with 75 percent in these sectors saying they face moderate or high risk of failure (see Figure 7). Of the businesses manufacturing textiles, wearing apparel, and leather products, 59 percent reported such risk, while 54 percent of owners in the accommodation sector, and 48 percent serving food and beverages reported a risk of failure. Conversely, only 34 percent of manufacturers of food products and beverages reported that they faced a moderate or high risk of failure, and 37 percent

reported no risk at all. The wholesale and retail sectors appeared have a better situation, too, with 40 percent reporting moderate or high risk and 36 percent no risk of failure. The second survey found that 54 percent of male owners reported a moderate or high risk of failure, while this was the case for only 42 percent of female business owners. Possible reasons for this difference include variation in impact across the industries typically owned by men and women, geographic areas with more businesses owned by men facing stay-at-home orders, or female owners being more risk averse.[3] In terms of geographic location, businesses in Yangon and the lower valley area reported the highest risk of failure, with 59 percent and 57 percent of businesses, respectively, reporting a moderate or high risk of failure. Businesses in the delta region seemed to be the least concerned about failure, with only 19 percent reporting such risk.

The proportion of businesses expecting to face cash flow problems remained at 64 percent in both the first and second surveys. Estimates of the minimum additional cash flow required to survive for the next five months rose from kyats 17.3 million to 22.3 million. This could be because in the first-round survey, business owners were expecting that the pandemic would pass more quickly than was the case in the second survey.
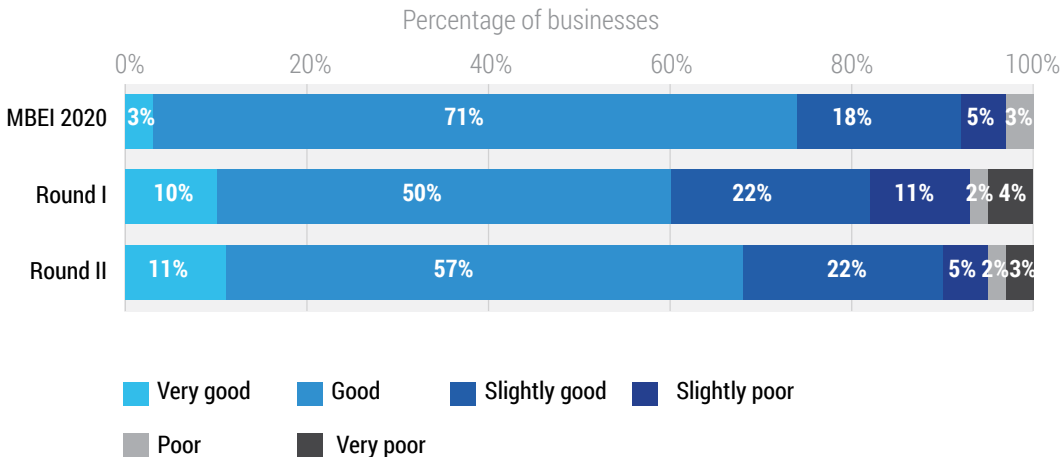
Even though the sales and profitability numbers were grim in Round 2, increased optimism about the chances of survival suggests that businesses may have learned to adapt to the pandemic's "new normal". Round 2 also did not show that a significant proportion of businesses were failing because of the imminent cash flow problems they reported in April–May.

3.3. Infrastructure

At the start of the first wave of Covid-19, there was a concern that Covid-19, and the associated restrictions on economic activity, could result in a deterioration of key services such as electricity, water, and the Internet. Therefore, the first survey asked business owners about their perceptions of the quality of these services, and then compared their responses to those in the MBEI 2020 survey. The first Covid-19 survey found no evidence of deterioration in water, electricity, and telephone services, so these were dropped from the second survey's questionnaire. Business owners' responses regarding the Internet, however, differed substantially, with a higher number of businesses reporting both very good, and very poor-quality Internet service, compared to their MBEI 2020 responses. The demand for Internet service has likely risen due more people working remotely and more use of the Internet during leisure time. The significant differences in perceptions about

Internet service may be because businesses are paying more attention to the quality of the Internet as it has been relatively more important during the pandemic. In the second survey, business owners views seemed to move back toward those in MBEI 2020 (see Figure 8). Between November 2019 and February 2020, 74 percent of the businesses surveyed for MBEI 2020, considered Internet quality either good, or very good. In the first Covid-19 survey in April–May, this dropped to 61 percent but then rose back to 68 percent in Round 2. In the MBEI survey, only 8 percent of businesses considered Internet quality either slightly poor, poor, or very poor. This percentage increased to 18 percent in Covid-19 Round 1, but dropped back to 10 percent in Round 2. Thus, it appears that although opinions about Internet quality were more negative in April–May 2020, they bounced back by September–October 2020.

Figure 8
Businesses rating of the overall quality of internet in the township where the businesses' headquarters are located.

Percentage of businesses

|	Very good	Good	Slightly good	Slightly poor	Poor	Very poor
MBEI 2020	3%	71%	18%	5%	3%	
Round I	10%	50%	22%	11%	2%	4%
Round II	11%	57%	22%	5%	2%	3%

3.4. Employment

The average number of employees in a business in September–October 2020 was 11.6. Although this was slightly lower than the number of employees reported in the MBEI 2020 survey (11.8), and the first Covid-19 survey (12.1), the difference was not statistically significant. Thus, there was no strong evidence to suggest that overall employment in the formal sector decreased from the time when the MBEI 2020 survey was conducted between November 2019 and February 2020, and when the second Covid-19 survey was conducted. However, inspection of the results at the industry level shows differences (see Figure 9). The average number of employees in the accommodation sector had declined by 12 percent since April–May 2020, with a 17 percent drop since MBEI 2020. The average number of employees in the textile, apparel, and leather manufacturing industries had dropped a further 14 percent (22 percent lower, compared to results reported

in MBEI 2020). However, in the second Covid-19 survey, the average number of employees in the wholesale and retail sectors had increased by 15 percent over the results in MBEI 2020. Most of this growth happened between the MBEI 2020 survey and the first Covid-19 survey. Businesses in the transportation and storage industries, as well as those in the manufacturing of basic metals and fabricated metal products, had fewer employees at the time of the first Covid-19 survey, but employee numbers had recovered, to some extent, by the time of the second Covid-19 survey.

In the first Covid-19 survey, there was no notable change in the average number of female employees in a business. However, in the September–October survey, this had dropped by an average of 10 percent from 5.0 to 4.5 formal employees, per business. This may be related to the decline of employment in the manufacturing

Figure 9
Change in average number of employees in a business.
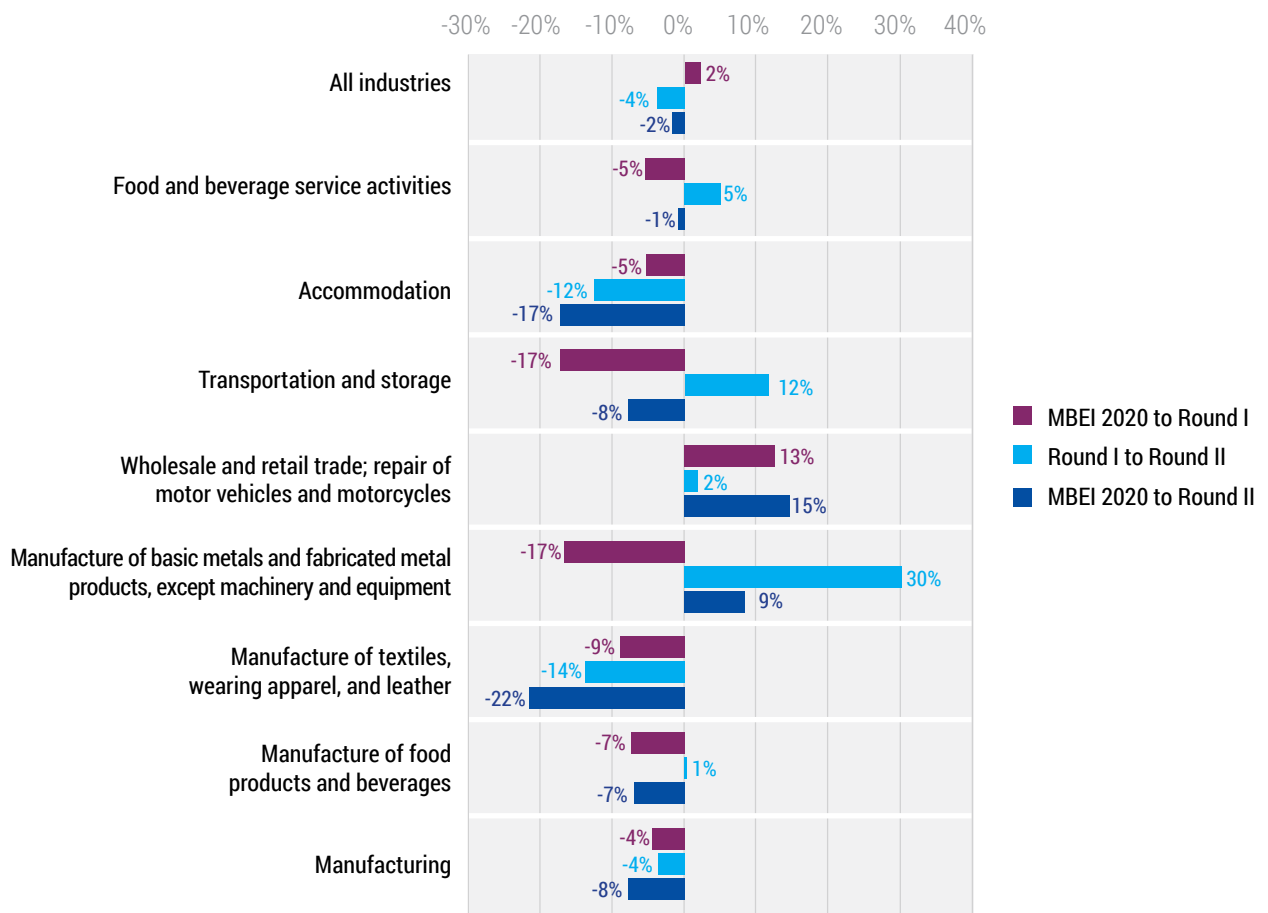
of textiles, apparel, and leather, as well as cuts in the accommodation industry, all of which have a relatively high level of female employment.

In the September–October Covid-19 survey, business owners reported laying off, on average, 2.4 employees due to Covid-19—a slight increase from the 2.1 layoffs reported in the first Covid-19 survey. Based on the number of employees laid off, the average number of employees per business reported for prior to Covid-19 would have been higher than what businesses reported in MBEI 2020. This implies that Covid-19 would have led to an overall decrease in formal employment. Prior to Covid-19, the Myanmar economy had expanded relatively rapidly over several years (IMF 2020b). It may be that the impacts of Covid-19 coincide with a longer-lasting growth trend in formal employment. Part of the impact of Covid-19 on employment may, therefore, be that of reducing the growth rate in formal employment—something that was not immediately visible in looking at the data. It is also possible that businesses were expanding between the MBEI 2020 survey and the first Covid-19 survey, which could explain why there was no clear impact on the overall employment average for businesses. There also appears to be a shift in employment across different industries. For example, the wholesale and retail industry may have been able to absorb some of the employees laid off in other industries. Plans to lay off additional workers appear to have eased between the April–May and the September–

October surveys. In the April–May survey, 7 percent of businesses reported plans to lay off more workers, but in the September–October survey, only 5 percent of businesses had such plans. This is equivalent to about 0.27 employees per business, and 2.4 percent of the total workforce.

In April–May 2020, businesses showed the biggest absolute reduction in the number of manual rank-and-file employees, compared to other types of employees. This trend continued by September–October, with a further 13 percent reduction in the average number of rank-and-file employees per business—a drop, in total, of 29 percent from MBEI 2020. Perhaps surprisingly, there was a greater reduction in managers—a 35 percent fall from 0.74 managers per business in April–May, to 0.48 in September–October. The number of managers did not significantly change between MBEI 2020 and the first Covid-19 survey. On the other hand, over the same period, the average number of technicians per business increased by 55 percent to 2.49 technicians per business. Overall, the data on the number of employees show a complex picture, and further analysis of the data is needed to better understand the underlying dynamics.

Businesses were also asked if, to the best of their knowledge, the employees they had laid off, and not hired back, had found another source of income. Forty percent of employers said that they had provided some

Figure 10
Did businesses think that the employees they had laid off had found other sources of income?
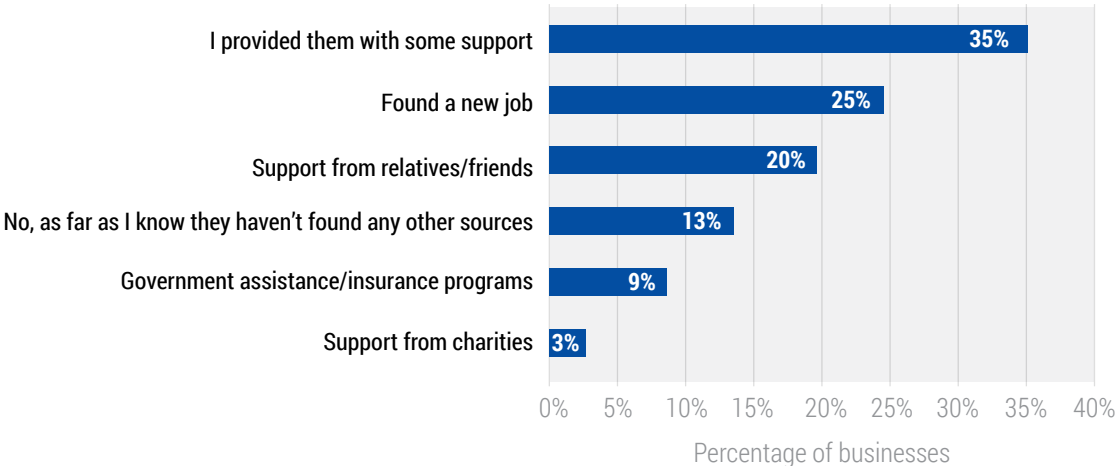
form of support to these laid-off employees (see Figure 10), and 25 percent said that these employees had found other jobs. Only 9 percent of business owners said that the employees they had laid off had received assistance from the government, or an insurance program, and 13 percent of business owners did not know whether these employees had found any other sources of income.

3.5. Access to finance

In September–October 2020, 64 percent of businesses expected to face cash flow problems due to Covid-19, which threatened the survival of their business. As many businesses had lower revenues, they could be forced to resort to borrowing to cover their operating costs, which makes access to finance critical for businesses' survival. The first Covid-19 survey in April–May 2020, found that more businesses had borrowed, compared to what was reported in the MBEI 2020 survey. Based on the second Covid-19 survey's results, the trend of more businesses borrowing appeared to have stopped, with no further increase in the number of businesses taking out a loan. However, the number of businesses reporting that they could not access a loan continued to rise in the second survey (see Figure 11). In the MBEI 2020 survey, 11 percent of businesses reported not being able to get a loan. That proportion increased to 18 percent in the first Covid-19 survey, and to 25 percent in the second survey.

Another trend identified in the Round 1 survey, was businesses shifting to higher dependence on loans from microfinance institutions (MFIs), and from friends and family. The second survey showed another shift toward government credit sources (including the emergency loan scheme), with less borrowing from MFIs (see Figure 12). This is likely, in part, because since Covid-19 began, businesses have required more small emergency loans for operating costs, in place of the normal business investment loans from private banks. At the same time, the requirements for borrowing from MFIs, informal sources, and government (emergency loans) were less complex, and often did not need collateral.

The survey showed that interest rates from government banks and private banks were lower compared to the rates of MFIs and informal lenders. As per the second survey: the mean annual interest rate charged by MFIs was 14.6 percent, while government and private banks charged around 7.5 percent. The second survey also

Figure 11

Proportion of businesses having loans from government or private banks, microfinance institutions or other credit providers.
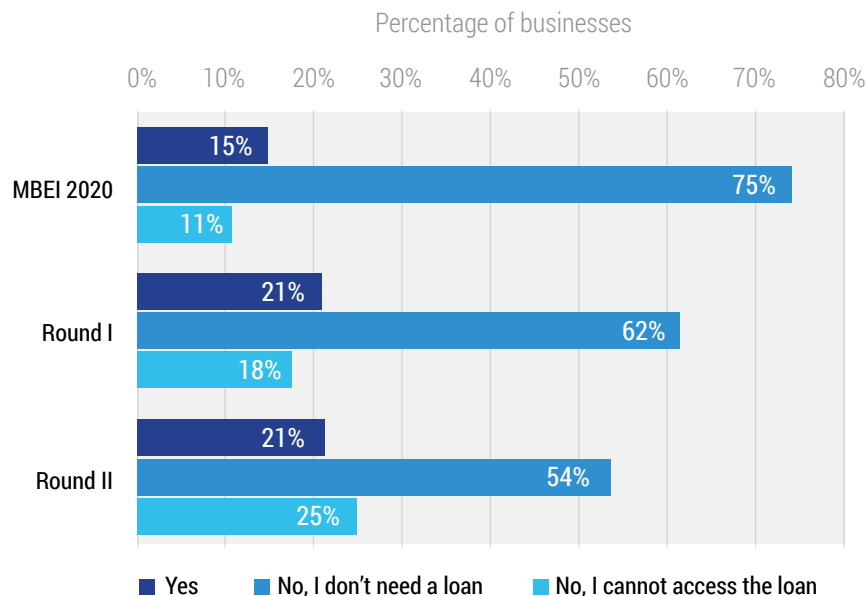
showed that 57 percent of businesses had slight or serious concerns about being able to repay their loan's principal and interest. This had decreased by about 10 percentage points when responses were compared with the same businesses in Round 1. About one third of businesses concerned about repayment, had approached their lender to discuss it. Fifty-five percent of businesses that had such discussions reported that their lender agreed to better terms, 17 percent of businesses were rejected, and the rest indicated that it was too early to say whether changing the terms of their loan was possible.

Finally, businesses were asked for their perceptions about access to finance. While the proportion of businesses strongly agreeing that businesses cannot get loans without collateral had increased from 20 percent in MBEI 2020 to 32 percent in the first Covid-19

survey, in the second survey, this proportion dropped to back to 24 percent. During the MBEI 2020 survey, 11 percent of businesses said that businesses can get loans without collateral. This was lower than about 20 percent of respondents in both Covid-19 surveys who reported that businesses do not need collateral. Opinions about lending procedures also became more polarized in the first Covid-19 survey. At one end of the scale, there was a rise in the businesses strongly agreeing with the statement that lending procedures were very complicated and troublesome; at the other end of the scale, the number of businesses strongly disagreeing with the statement had also increased. The opinions on this issue in Round 2 were practically the same as those in Round 1.

Figure 12

Comparison of sources of the latest loan received by businesses between MBEI 2020 and COVID-19 survey.
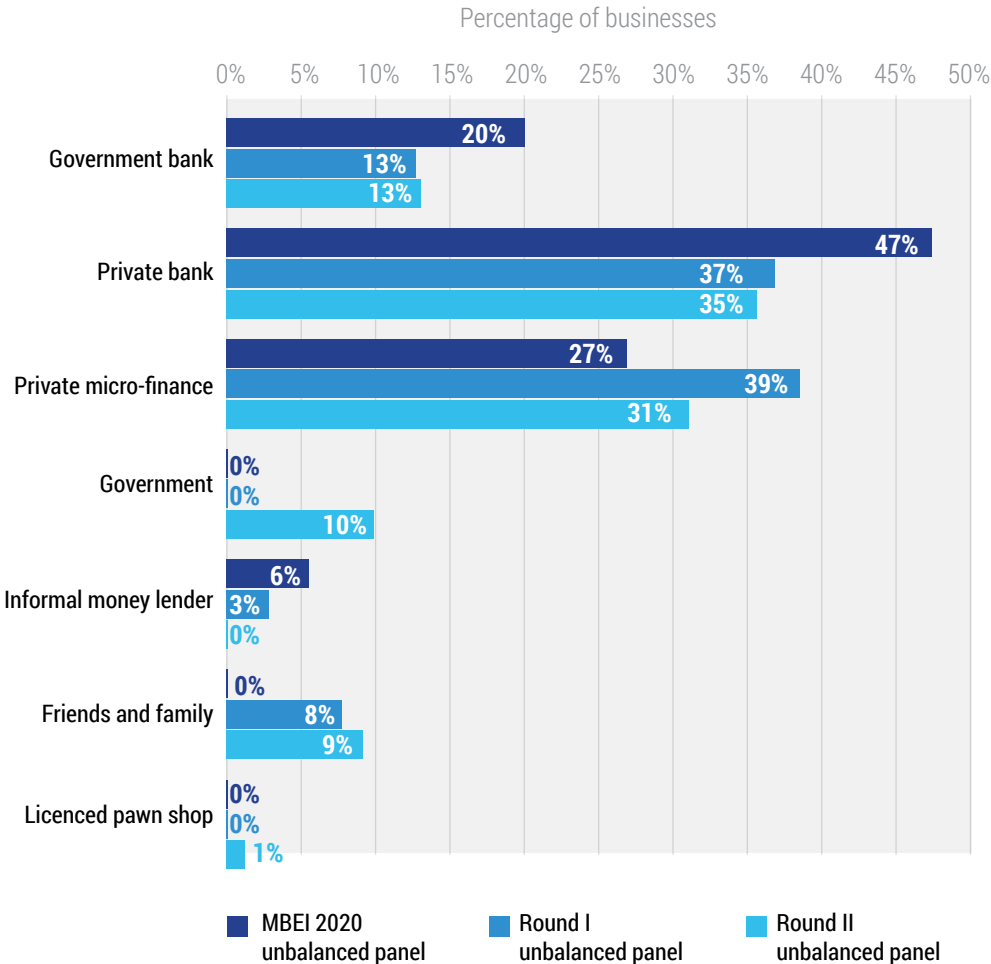
3.6. Government support

Myanmar's government has taken action to support businesses facing adverse economic impacts from Covid-19. The government's COVID-19 Economic Relief Plan, published in late April 2020, highlighted these activities and policies (Government of the Republic of the Union of Myanmar 2020). Both of the Covid-19 surveys also sought to see if businesses had benefited from government support.
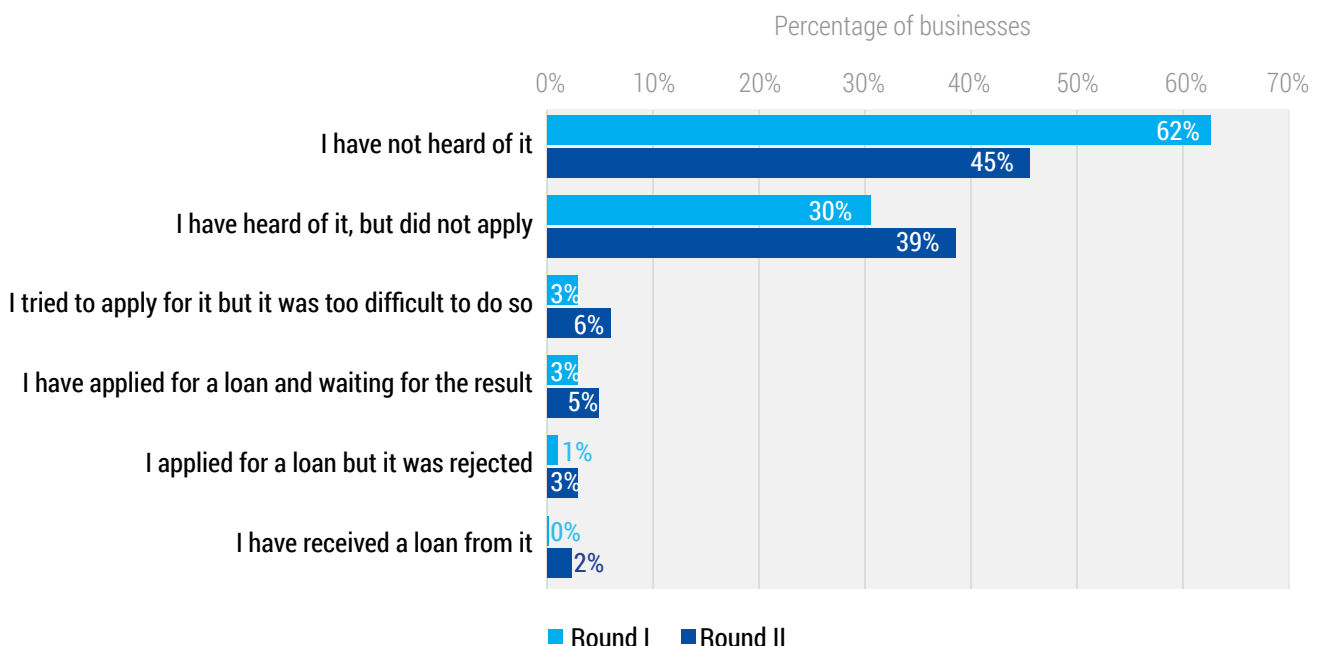
One type of government support for businesses is the provision of an emergency loan. The Ministry of Investment and Foreign Economic Relations (MIFER) reported that, as of mid-October 2020, it had granted emergency loans worth kyats 143.027 billion to 5,634 businesses (MIFER 2020). Although the numbers reported by MIFER seem impressive in absolute terms, there were concerns about whether the loans were sufficiently large to make an impact on the economy at the national level. Furthermore, there were doubts in the first survey about whether local firms in all of the country's states and regions were aware of the loan scheme, and could benefit from it. In April–May 2020, 62 percent of businesses said that they were not aware of the emergency loan. This may have been because at the time of the first survey, the policy had just been announced. In the September–October 2020 survey,

considerably more businesses were aware of the emergency loans—rising from 38 percent to 55 percent of all formal businesses in Myanmar. On the other hand, in the September–October survey, only 2 percent of business reported having successfully obtained an emergency loan.[4] A further 5 percent of businesses were still waiting for the result of their application, and the loan applications of 3 percent of businesses had been rejected. Six percent of businesses reported that they had tried to apply for a government loan, but they found it too difficult. This is a relatively high percentage when compared to the total for loan applicants (10 percent), which suggests that the application process could be made simpler.

In both Covid-19 surveys, similar questions were asked about deferral of the commercial tax and the quarterly income tax, as well as exemption from the 2 percent advance income tax on exports. As with the emergency loan, when compared to April–May, awareness about these other types of government support had improved by September–October. For the deferral of the commercial tax, 39 percent business owners were aware of it, but only 8 percent of businesses had benefitted from it. Deferral of quarterly income tax was known to 25 percent of businesses, while only 5 percent

Figure 13
Have businesses taken advantage of the emergency loan scheme to SMEs, textile, and tourism industry?

Percentage of businesses

	Round I	Round II
I have not heard of it	62%	45%
I have heard of it, but did not apply	30%	39%
I tried to apply for it but it was too difficult to do so	3%	6%
I have applied for a loan and waiting for the result	3%	5%
I applied for a loan but it was rejected	1%	3%
I have received a loan from it	0%	2%

had benefitted from it. Twenty percent of Round 2 survey respondents reported having heard about the exemption from advance income tax on exports, and a relative high proportion (8 percent) said they were benefitting from it. Most businesses that had heard about these three policies said that they were not interested. A possible explanation for this response is that the policies were not so relevant for MSMEs as many do not export products or pay little or no tax. For the deferral of commercial tax and the quarterly income tax, some businesses reported that they were either not allowed to take advantage of the policy, or they found the application procedures too complicated. Nevertheless, each of the three tax policies have benefited more businesses than the emergency loan.

Fifty-six percent of businesses had received the government electricity consumption subsidy, while 43 percent had not heard of it. Of those who knew about the subsidy, no one reported not receiving it. Only one percent of businesses reported receiving some other form of government support, in addition to the ones discussed above. When asked what more the government could do to help their business, an additional tax reduction was the most popular response, together with direct grants to businesses. Both were mentioned by about two thirds of the September–October survey respondents. Just under half supported the idea of additional tax holidays or credit to businesses. Salary support for employees and waiving import duties were mentioned by about 40 percent of businesses, and 24 percent of businesses listed support for interest rate payments.

Business owners were asked how satisfied they were with how the authorities had handled the Covid-19 pandemic. The figures were quite similar on both the first and second surveys, despite the pandemic continuing for more than half a year. Most respondents gave very positive feedback on the responses of: the Union government (90 percent); the state/region government (92 percent); the township General Administration Department (89 percent), and the Ward Administrator (87 percent).

3.7. Safety and security

The final section of both of the Covid-19 surveys asked respondents about their safety and security concerns during the pandemic, how they were protecting their workplace from Covid-19, and how they were balancing work and household responsibilities. If a business is often the target of criminals, and the incidence of crime in the workplace is high, business owners will lose money. If there are many health challenges in the workplace, such as Covid-19, these will have an indirect cost due to lost productivity and, possibly, the direct cost of employees' losing their income. The results of Round 2 of the survey showed that about 12 percent of businesses in Myanmar had suffered from theft or a break-in over the last 12 months. These results suggest that there was a drop in crime between the end of the MBEI 2020 survey in February, and the first Covid-19 survey in April–May (12 percent down to 10 percent), but then crime rose again to 12 percent by the time of the second Covid-19 survey.[5]
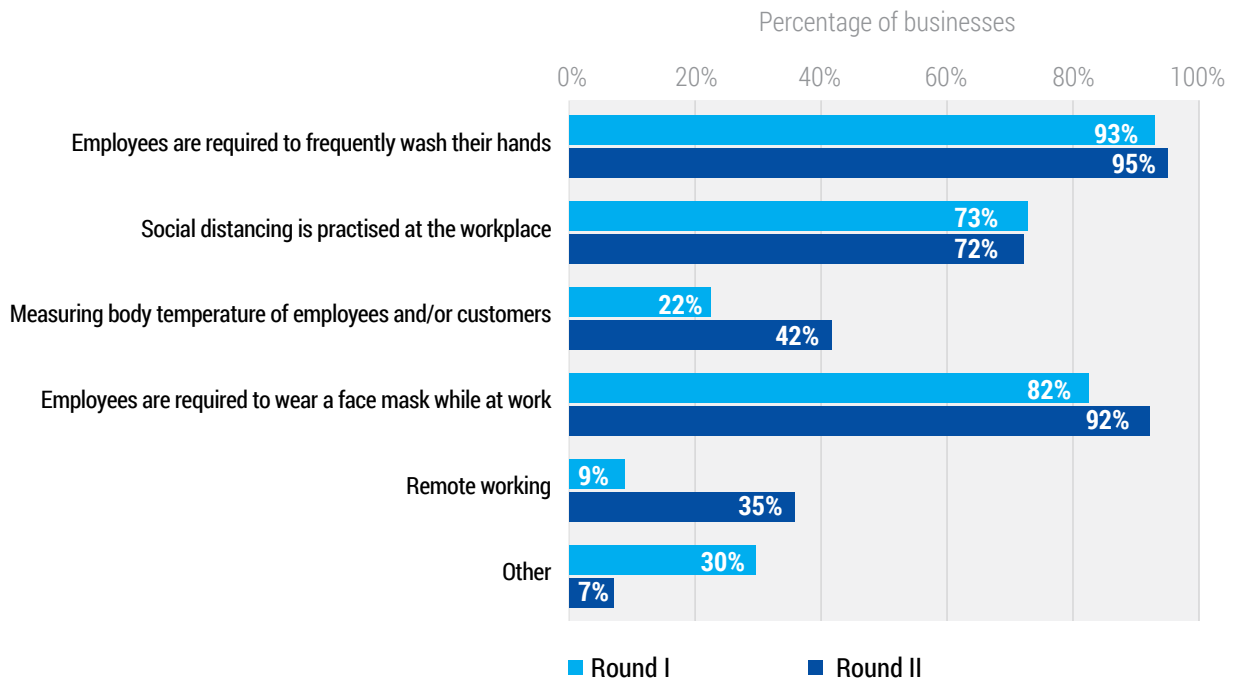
Good safety practices protect both business owners' and employees' well-being, as well as help customers to feel safe and secure. The actions taken by business owners are displayed in Figure 14. The percentage of businesses reporting some safety measures has increased since April–May. Measuring the temperature of employees and customers was practiced by 23 percent of businesses in Round 1, and 42 percent in Round 2. Correspondingly, while 9 percent of business owners in Round 1 reported that they and their staff worked remotely, in Round 2, 35 percent of business were working remotely, at least to some extent. Not surprisingly, this proportion of businesses reporting remote working was lower for manufacturers of textiles and metal products, and for the transportation industry. In Round 1, about 30 percent of business owners reported engaging in protective activities such as cleaning with disinfectant, reducing the number of seats and desks, and offering more services online. In contrast, in Round 2, only 7 percent of business practiced other means of protection from Covid-19.

When businesses were asked if the time they spend on household and family responsibilities has changed due to Covid-19, about one third (37 percent) of respondents said that, in general, there had been no change in their use of time. With regard to the gender of business owners, 38 percent of female owners said that their use of time had not changed, while the same response was given by 36 percent of male business owners.

Figure 14
Actions taken by businesses to protect their employees and customers against COVID-19.

Percentage of businesses

Action	Round I	Round II
Employees are required to frequently wash their hands	93%	95%
Social distancing is practised at the workplace	73%	72%
Measuring body temperature of employees and/or customers	22%	42%
Employees are required to wear a face mask while at work	82%	92%
Remote working	9%	35%
Other	30%	7%

■ Round I   ■ Round II

Conversely, 47 percent of business owners reported spending somewhat more, or a lot more time on household and family care activities. With regard to the gender business owners, 41 percent of female owners said that they were spending more time on household and family care, while 47 percent of male business owners said the same thing. However, the difference between males and females was not statistically significant. The survey measured only the change in owners use of time, compared to before Covid-19, when women were already spending significantly more time on household tasks and care giving when compared to men (see The Asia Foundation, 2018).

4. CONCLUSIONS AND RECOMMENDATIONS

The health impact of the second wave of Covid-19 in Myanmar has been more severe than the first wave. The impact on businesses is, likewise, expected to be harsher during the second wave. Although, in general, businesses continue to be in distress, there are also some positive signs. Business sales have continued to drop, but profitability has not deteriorated as definitively. The accommodation and transportation industries have taken the biggest hit. Also, business owners, in general, expect the crisis to continue for longer than they did during the first wave, but they are less concerned about their businesses' survival. This suggests that some businesses have cut their costs or learned to adapt to the "new normal" in other ways. Businesses also reported fewer problems in their supply chain than was the case in April–May. While some businesses had cut their workforce, there was no evidence of a significant drop in employment in the formal sector. Instead, it may be that Covid-19 has halted the growth in formal sector employment, but the data analyzed in this report do not provide time series for long enough to prove that. The labor market has certainly been transformed by the pandemic, with people moving between industries. The impact of Covid-19 has also become more divergent, geographically. This may be a result of the geographical divergences in the number of confirmed Covid-19 cases, and government restrictions to protect people from it.

The first survey recommended that the government make a greater effort to publicize its Covid-19 business relief policies, and since then, the government has been more successful in raising awareness about the policies. The first survey report also raised concerns that the emergency loan package was not big enough to make an impact at the national level. While awareness about, and uptake of the loan scheme has improved, the loans have only helped a relatively small number of businesses. Some businesses also still reported that applying for a loan was not easy. In addition, as some businesses continue to report problems obtaining deferrals of the commercial tax and the business income tax, this survey, like Round 1, recommends making sure that the frontline government officials who deal with businesses on tax issues are fully aware of the deferrals, and that they actively help businesses to apply for them.

In addition to the recommendations above, this report suggests the following new ones:

- Clear geographic differences were identified in Round 2 regarding how Covid-19 is impacting the sales of businesses. Businesses in the urban townships of Yangon and Mandalay seem to be suffering from relatively greater hardship than businesses in other townships. The government should take such differences into account when designing policies to support businesses in overcoming Covid-19, rather than try to cover the whole country with the same policies.

- The geographic differences may be explained by the differences in the number of local Covid-19 cases, and the local operational restrictions imposed by the government. Initial analysis in Round 2, found a correlation in the reduction in sales, and the number of confirmed cases at the township level. Thus, in future, the government should consider better targeting its business support policies. For example, a business subsidy for all licensed businesses within a township could be calculated based on the number of confirmed Covid-19 cases, or on the length of stay-at-home, or other restrictions in the township. This could also make government support fairer to businesses, and cause less distortion of the economy.

- The government has already taken steps to support specific industries such as the emergency loan scheme for SMEs and the textile and tourism industries, which is also being expanded to other industries. Yet, a difference in Covid-19's impact across industries persists. In addition to considering geographic differences, there may be a need to focus more on some industries. However, this should be justified with definitive evidence of the differences in Covid-19's impact across different industries, and not just based on favoring certain industries over others, which could lead to inefficiencies in the economy.

- The transportation industry's movement of goods around Myanmar, and to/from the country, is vital to the operation of the economy during the pandemic. Even when people are not moving, goods need to keep moving in order to keep consumers' prices from increasing, and producers' earnings from

falling. The second survey's results suggest that the transportation industry is being very badly hit. Even though businesses were less concerned about getting sufficient supplies, the government needs to continue to seek ways to improve the efficiency of transporting goods, while continuing to protect the health of transport workers. Moving food and other indispensable items remains a priority, but ensuring the flow of other goods could help the whole economy to better withstand the prolonged crisis.

- A drop in the average number of female employees per business was identified in Round 2. It is worth studying this in more detail, together with other demographic factors such as age and skill level, to better understand the special needs of vulnerable populations.

- The Round 1 survey report, published in early June 2020, recommended that as the pandemic develops, that Myanmar's government continue to monitor the impact of Covid-19 on businesses. As everyone in Myanmar should be aware by now, the crisis is far from over. Effectively monitoring the wellbeing of businesses, their owners, and their employees, across all industries and geographic areas, remains crucial so that government leaders understand how the pandemic is impacting the economy of Myanmar.

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APPENDIX 1
Timeline of Covid-19 related events impacting businesses in Myanmar

| Sr.	Order date	Particular	Affected period		Affected area	Authority	Remark
			From	To			
1	12-Oct-20	Suspension of QR Code for inter-region movement	12-Oct-20		Yangon	UMFCCI	Implemented on behalf of Yangon Region Government
2	10-Oct-20	Allowing cutting, making, and packing (CMP) to resume business	10-Oct-20		Yangon	MoHS	
3	5-Oct-20	Extension period for CMP business closure	8-Oct-20	21-Oct-20	Yangon	MoHS	
4	5-Oct-20	Allowing cargo trucks to use Yangon-Mandalay express road	5-Oct-20	11/31/20	YGN-NPT-MDY Express road	Ministry of Construction	
5	29-Sep-20	Extension of restrictions on international passenger entry	30-Sep-20	31-Oct-20	All flights	MoFA	
6	28-Sep-20	Extension of nationwide restrictions		31-Oct-20	Whole country	Central Committee	
7	25-Sep-20	Stay at Home order in Mon, Mandalay, Bago and Ayeyarwady	26-Sep-20		11 townships in 4 S & R	MoHS	
8	25-Sep-20	QR Code for inter-region movement	26-Sep-20		Yangon	UMFCCI	Implemented on behalf of Yangon Region Government
9	20-Sep-20	Stay at Home Yangon	21-Sep-20		All township except Coco Island	MoHS	
10	12-Sep-20	Removing road barriers in Yangon	12-Sep-20		All township except Coco Island	MoHS	
11	10-Sep-20	Yangon partial lockdown (ban travel outside Yangon)	11-Sep-20	1-Oct-20	44 townships	YRG	
12	9-Sep-20	Stay at Home Yangon	10-Sep-20		21 townships	MoHS	
13	8-Sep-20	Calling Rakhine returnees to contact MoHS	8-Sep-20		Whole country	Central Committee	
14	6-Sep-20	Restriction on outside visitors	9-Sep-20		All ministries in NPT and S/R Gov	Central Committee	
15	1-Sep-20	Restriction on NPT entry	2-Sep-20		Nay Pyi Taw	NPT Council	
16	1-Sep-20	Stay at Home Yangon	2-Sep-20		7 townships	MoHS	
17	29-Aug-20	Extension of restrictions on international passenger entry	30-Aug-20	30-Sep-20	All flights	MoFA	
18	26-Aug-20	Stay at Home Rakhine	27-Aug-20		Rakhine State	MoHS	
19	20-Aug-20	Stay at Home Rakhine	20-Aug-20		Sittwe	MoHS	
20	29-Jul-20	Extension of nationwide restrictions		15-Aug-20	Whole country	Central Committee	
21	23-Jul-20	Announcement of 3-year commercial loans			SME	MFRD	

Sr.	Order date	Particular	Affected period		Affected area	Authority	Remark
			From	To			
22	13-Jul-20	Extension of nationwide restrictions		30-Jul-20	Whole country	Central Committee	
23	30-Jun-20	Revoking Stay at Home	1-Jul-20		Insein	MoHS	
24	28-Jun-20	Extension of restrictions on international passenger entry	30-Jun-20	30-Jul-20	All flights	MoFA	
25	27-Jun-20	Extension of nationwide restrictions		15-Jul-20	Whole country	Central Committee	
26	15-Jun-20	Extension of restrictions on international passenger entry	15-Jun-20	30-Jun-20	All flights	MOFA	
27	14-Jun-20	Revoking Stay at Home	1-Jul-20		Mayangone	MoHS	
28	12-Jun-20	Extension of nationwide restrictions		30-Jul-20	Whole country	Central Committee	
29	28-May-20	Revoking Stay at Home	29-May-20		Bahan, S/Okkalapa, Pepadan, Tamwe	MoHS	
30	28-May-20	Allowing exceptional cases for 5 or more people, including verified restaurants		28-May-20	Whole country	MoHS	
31	18-Apr-20	Stay at Home Yangon		18-Apr-20	Bahan, S/Okkalapa, Pepadan, Tamwe, Mayangone, Insein, Shwepyithar, Hlaingtharya	MoHS	
32	16-Apr-20	Restriction on public gathering more than 5	16-Apr-20		Whole country	MoHS	
33	6-Apr-20	Supplying basic food to needy and subsidy on electricity (150 units)	6-Apr-20		Whole country	Central Committee	
34	15-Mar-20	Restrictions on international passenger entry & returnees	15-Mar-20	-	Flights from Italy, France, Iran, Spain, Germany, Korea, China	MOFA	

APPENDIX 2
Myanmar's Geographic Zones

Geographic Zone	Townships
Northern Hills	**Kachin State:** Mohnyin, Myitkyina, Bhamo, **Chin State**: Tedim, Matupi, Hakha, Falam
Eastern Hills	**Kayah State:** Demoso, Hpruso, Hpasawng, Loikaw **Shan State:** Mongmit, Kengtung, Mongyawng, Nawnghkio, Kunlong, Loilen, Tachileik, Mongkhet, Muse, Tangyan, Hsipaw, Mongping, Lashio, Taunggyi, Hopang, Nyungshwe, Lawksawk, Kutkai, Pindaya, Pinlaung, Hseni, Hopong, Kalaw,Hsipaw
Long-Coast	**Kayin State:** Myawaddy, Hpa-An, Hpapun, **Tanintharyi Region:** Launglon, Dawei, Bokpyin, Kawthoung, Myeik, Palaw, **Mon State**: Mawlamyine, Paung, Ye, **Rakhine State:** Sittwe, Kyauktaw, Toungup, Gwa, Mrauk-U
Mid Dry zone	**Sagaing Region:** Taze, Tabayin, Monywa, Shwebo, **Magway Region**: Taungdwingyi, Magway, Pakokku, **Mandalay Region**: Myingyan, Kyaukpadaung, Pyinoolwin
Lower Valley	**Bago Region:** Phyu, Oktwin, Bago, **Yangon Region:** Taikkyi, **Ayeyarwady Region:** Hinthada, Pantanaw
Delta	**Ayeyarwady Region:** Pyapon, Wakema, Pathein, Maubin
Urban Yangon (Townships under Yangon CDC)	**Yangon Region:** Latha, Lanmadaw, Pazundaung, Hlaingtharya, Yankin, Dagon Myothit, (Seikkan), Mayangone, Bahan, North Okkalapa, Dagon Myothit (South), Ahlone
Urban Mandalay (Townships under Mandalay CDC)	**Mandalay Region**: Chanayethasan, Chanmyathazi, Patheingyi, Mahaaungmyay
Urban Nay Pyi Taw (Townships under Nay Pyi Taw CDC)	**Nay Pyi Taw:** Lewe, Pyinmana, Poke Ba Thi Ri

Note that the table only includes townships that were part of the MBEI 2020 and Covid-19 surveys.
CDC refers to City Development Committee.
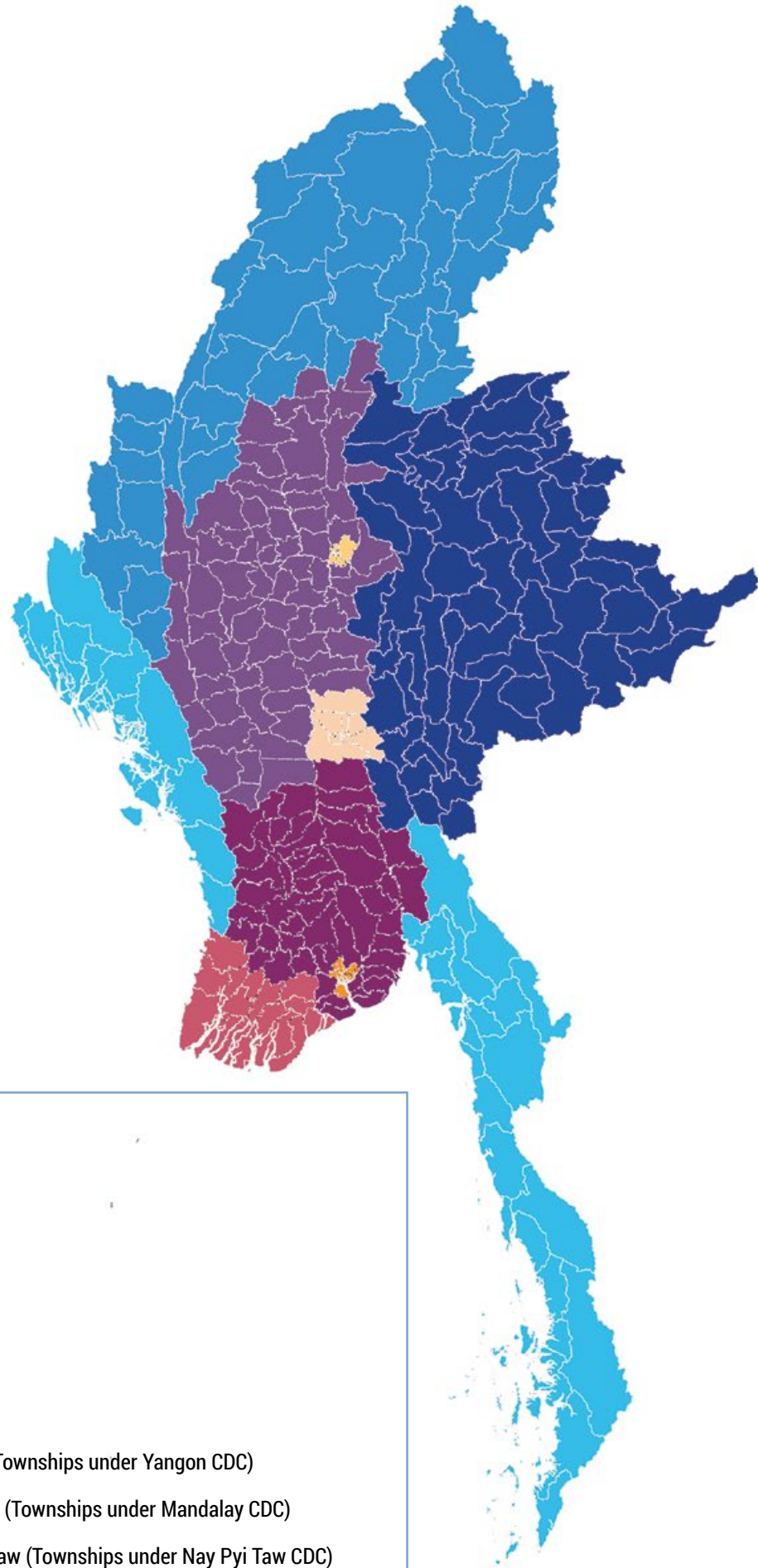
KEY

- Northern Hills
- Eastern Hills
- Long-Coast
- Mid Dry zone
- Lower Valley
- Delta
- Urban Yangon (Townships under Yangon CDC)
- Urban Mandalay (Townships under Mandalay CDC)
- Urban Nay Pyi Taw (Townships under Nay Pyi Taw CDC)

APPENDIX 3
Methodology

This report draws on the results of three surveys, the MBEI 2020 survey and two rounds of Covid-19 surveys. The MBEI 2020 survey was conducted between November 7, 2019 and February 23, 2020, just prior to Covid-19 starting to have a major impact in Myanmar (see Malesky et al., 2020). The MBEI project was, thus, able to use the businesses from the MBEI 2020 survey as a sample frame for the two Covid-19 related surveys. It also provided some baseline data. The MBEI 2020 survey covered a total of 5,605 businesses, in 89 randomly selected townships, across all states and regions of Myanmar, including Nay Pyi Taw. Out of the 5,605 businesses, 4,405 were randomly selected using the Central Statistical Organization's (CSO) Statistical Business Register (SBR) (see MOPF and UNESCAP, 2019). The businesses selected from the CSO sample frame had to have at least four employees, of which at least one was a paid employee. The MBEI also excluded businesses operating in the primary sector (agriculture, fisheries, mining, and forestry). The remaining 1,200 businesses were selected randomly from the businesses interviewed during the first MBEI survey. The first round of the Covid-19 survey was conducted at the peak of the first wave of Covid-19 related lockdowns from April 28 to May 10, 2020, while the second round was conducted during the second wave from September 28 to October 12, 2020.

Sampling

A total of 750 businesses were interviewed for the first Covid-19 survey. Businesses were randomly selected from the MBEI 2020 sample frame. For the second Covid-19 survey, the same sample list and selection order of businesses was retained. The exception was that successfully interviewed businesses from the first round were contacted first for interviews in the second round in order to create a balanced panel dataset. Once the list of all 750 successfully interviewed businesses from Round 1 had been exhausted, the interviews proceeded with the unsuccessfully interviewed businesses from Round 1 in the same order as when they were originally randomly selected, until 750 interviews, in total, were completed. In the final second round sample, 597 businesses were selected from the 750 in Round 1, and the remaining 153 businesses were interviewed for MBEI 2020, but not for the Covid-19 Round 1 survey. The overall success rate for interviews was about 53 percent for the first Covid-19 round, and 61 percent for the second round, meaning that an attempt was made to contact 1,412 businesses and 1,227 businesses, respectively, to meet the target of 750 successful interviews.

For each business, either a manager or the owner was interviewed. Where possible, the person interviewed was the same, as during the first-round survey, or MBEI 2020. The surveys were conducted by telephone. If the enumerators were unable to reach a business by telephone, they tried again later. Businesses were dropped after five unsuccessful attempts.

Unlike in the MBEI 2020 survey, there was no attempt to draw representative samples at the state/region and township levels. Instead, sampling was carried out at the national level. However, the businesses were divided into two different pools, with different probabilities of selection. The first pool was a special interest pool of critical sectors that was oversampled to represent 60 percent of the total sample, with 40 percent drawn from the rest of the businesses. The purpose of oversampling from the first pool was to ensure the inclusion in the sample of some key industries that may have reacted differently to Covid-19, such as the textile industry, or restaurants, as well as businesses of all sizes. The industry classification of the MBEI 2020 businesses was revised after the first round, which also affected the composition of the two pools, with 87 businesses out of 5,605 moving from one to the other pool. The total sample frame size of 5,605 was divided into the two pools as follows:

- Special interest category (60 percent of the sample, 450 businesses) (number of businesses in the sample frame, n=2715), including the following:
  - Manufacturing - food and beverages (n=567)
  - Manufacturing - textiles, wearing apparel, and leather (n=86)
  - Accommodation (n=198)

- Food and beverage service activities (n=958)
- Other businesses with at least 20 employees (n=332)
- Other businesses with less than 20 employees that were included in both MBEI round 1 and round 2 (n=574)

- Other businesses (40 percent of the sample, 300 businesses) (n=2890)

In order to infer nationwide trends, the responses were weighted using inverse probability weights. The weights included both an adjustment for the probability of being selected in the MBEI 2020 survey and, thus, included in the Covid-19 surveys' sample frame, as well as the probability of being selected from the two pools, and included in the two rounds of the Covid-19 survey. For simplicity, businesses drawn from the MBEI 2020 panel dataset of 1,200 businesses have the same weights as corresponding businesses from the rest of the panel sample frame. This may lead to a small, but acceptable bias. The inverse probability weights used were constructed using the pools, as defined for the first-round survey, which is when the random selection of businesses was carried out.

Unless otherwise stated, the results in this report are weighted results. The results are estimates of the impact on all businesses in the SBR in Myanmar, with at least four employees, including a minimum of one paid employee. The SBR should include most businesses in Myanmar that have a formal business license granted by the businesses' local Development Affairs Organization (DAO), or the City Development Committee (CDC) for businesses in townships under the Yangon, Mandalay, and Nay Pyi Taw CDCs. In addition, it includes businesses that do not have a license from the DAO or CDC, but do have other types of registration such as from the Directorate of Investment and Company Administration (DICA), Directorate of Industrial Supervision and Inspection (DISI), or the SME card granted by Ministry of Planning, Finance, and Industry (MoPFI). Nationwide the SBR consists of 227,903 businesses (MoPF and UNESCAP 2019). Based on the MBEI 2020 survey, 61 percent of these meet the employment criteria, which is equivalent to approximately 139,000 businesses in Myanmar. Thus, the sample obtained is a representation of these 139,000 businesses.

Questionnaire

The questionnaire used for the second round of the Covid-19 survey can be downloaded from The Asia Foundation website.[6] The first round survey questionnaire can be found in the first round report (The Asia Foundation, 2020). The second-round questionnaire has three types of questions. First, there are questions that were included in all three surveys. These are marked with Q codes. Second, there are questions that were included in both the first and second round Covid-19 surveys, marked with C codes, and third, questions that were only included in the second round Covid-19 survey, marked with either C or D codes. The single D question (D14) was only asked of new businesses in the second survey to fill in the gap for missing data from the first survey. Some of the questions included in the first round of the Covid-19 surveys were dropped from the second round in order to prevent the survey from becoming too long, while still prioritizing information needs. Most notably, section C3 "Land issues and business premises" and most of section C4 "Infrastructure" were dropped as the authors felt that another survey round on these questions would yield less useful information than the new questions that were added to the questionnaire.

Panel data analysis

By repeating some of the questions in two or three surveys to the same businesses, it was possible to construct a panel dataset. This allowed a more accurate analysis of changes in businesses' circumstances. As mentioned, 597 out of the 750 businesses interviewed for the first round of the Covid-19 survey were interviewed again during the second round. In addition, all 750 businesses in both rounds of the Covid-19 surveys had already been interviewed for MBEI 2020. Thus, in a broad sense, the panel data set contains 597 businesses. However, a criterion stricter than this was applied at the question or variable level to ensure perfectly balanced panel data at the question or variable level. This means that for the question(s) or variable(s) under analysis, any businesses that had missing data (including "don't know" or "refused to answer") during any of the two or three time periods (depending on the question), were dropped from the analysis of those specific questions or variables. The panel results reported in

this report, refer to results derived under such criteria. The exceptions were results referred to as unbalanced panel, which included all the businesses from the broader panel set of 597 businesses, even if they were missing values for some of the time periods.

Potential bias

During the design stage of the surveys, a major concern regarding potential bias, was that closed businesses would not answer the telephone. In such situations, it would be difficult to know whether the reason for not responding to calls was due to the business being closed, or due to other reasons such as the owner or staff being too busy to pick up the phone, or working away from the business premises. As in the first survey, this issue turned out to be less of a problem than originally expected. Out of the 1,227 businesses contacted, 90
(7 percent) had their telephones switched off, and 95 (8 percent) did not answer the call. The results presented in this report only comprise successful interviews, with no attempt to correct this potential bias. This may mean that the results show a more optimistic picture of the situation than was really the case. For example, the number of businesses that had closed may have been underestimated. This could also mean that the number of employees laid off was underestimated.

The first Covid-19 survey report included an estimation of this bias (see The Asia Foundation, 2020). In the first round, 198 businesses did not participate in the survey for the same reason. In the Round 1 survey report, this bias was estimated by assuming that all of these businesses had closed due to Covid-19. However, this was never meant to be a realistic assumption since even under normal circumstances, there would be businesses not picking up the phone, or having their phone switched off. The purpose, instead, was to estimate the maximum potential extent of such bias. With the Round 2 data available, it is now possible to look back at this assumption. Out of the 198 businesses, 160 were contacted for the Round 2 survey. This time many of these businesses were successfully contacted and even interviewed (See Table 1). The percentage of businesses in Round 2 that did not pick up their phone, or had their phone always switched off was 47.5 percent. Even these businesses may still have had other reasons for not answering, than being permanently closed. With hindsight, we can, therefore, conclude that the magnitude of the bias was indeed overestimated in the first survey's report.

Table 1.
Interview outcomes for businesses having their phones switched off or not answering during the Round 1 survey

Outcome	Number of businesses
Asked for a later appointment, but was not eventually interviewed	10
Did not pick up the phone	31
Number was busy	6
Out of the service area	16
Phone switched off	45
Refused to answer	17
Successfully interviewed	35
Total	**160**

Another potential source of bias in the results was the timing of the first survey, which was undertaken shortly after the Thingyan (new year) holiday. Even under normal circumstances, businesses behavior is different around the holiday period, which could generate seasonal effects in the results that are difficult to isolate. In 2020, the government issued a nationwide stay-at-home order for the duration of the Thingyan holiday (April 10–19), which further complicates interpretation of the "Thingyan" effect.

ENDNOTES

1. Referring to businesses with a single male or female owner, as opposed to multiple owners.

2. This was estimated by first converting the discrete variable responses to percentage values to represent the percentage mid-point of sales, compared to before Covid-19. A two variable linear regression was carried out using ordinary least squares, with this new variable as the dependent variable, and the number of confirmed cases per 10,000 people in the township as an independent variable (the number of cases was obtained from www.mohs.gov.mm on October 27, 2020, and the township population came from General Administration Department's 2016–2017 data). The coefficient for cases per 10,000 people was -13.49, with a p-value 0.003. Note the limitations of the discrete variables.

3. The Asia Foundation has been conducting a gender analysis of the MBEI 2020 data. The findings are to be presented in a forthcoming publication.

4. Not all interviewed businesses were eligible for the loan. However, if using the employment-size criteria of the Department of Small and Medium Enterprises Development (https://msmewebportal.gov.mm/contents/sme-definition), alone, over 99 percent of the interviewed businesses would be classified as SMEs, suggesting that very few businesses in the sample would be ineligible.

5. While the change between MBEI 2020 and round one is not statistically significant the increase between round one and round two is.

6. www.asiafoundation.org