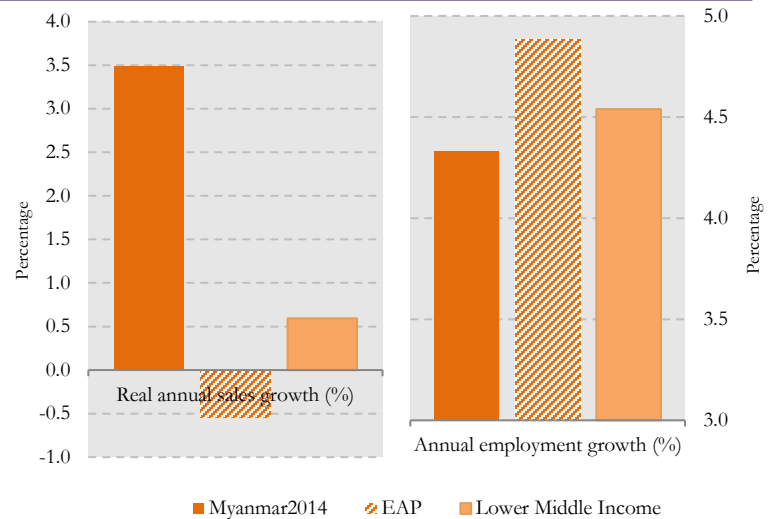




The World Bank interviewed a representative sample of the private sector in Myanmar, composed of 632 establishments, between February and April 2014. The Enterprise Survey covers several aspects of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

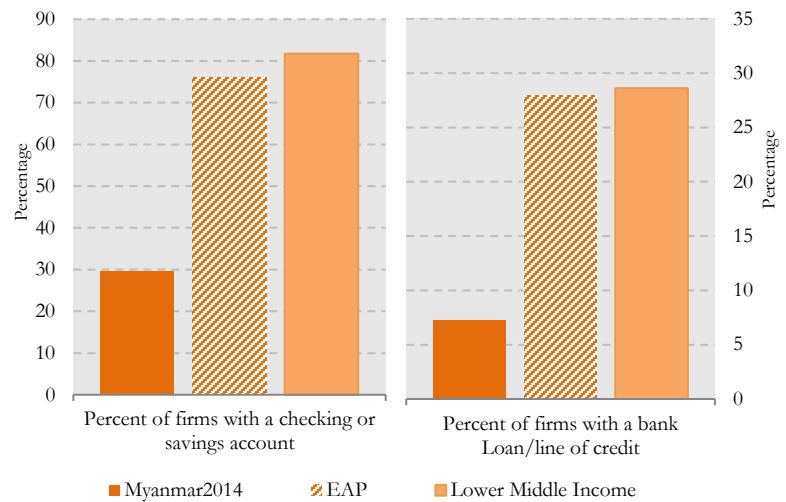
Despite challenges in the business environment, private firms report strong growth

Private sector firms in Myanmar have reported positive sales growth since the onset of a series of government-initiated policy reforms in 2011. A 3.5% real annual sales growth rate puts Myanmar ahead of the East Asia and Pacific (EAP) and lower middle income averages. The employment growth rate is also positive, but lower than the average of the EAP and lower middle income economies. Moreover, Myanmar saw positive sales growth despite large hurdles (see below), which suggests a capacity for growth that could be unlocked by further reforms. As Myanmar continues to open up to foreign investment, this growth will likely continue.



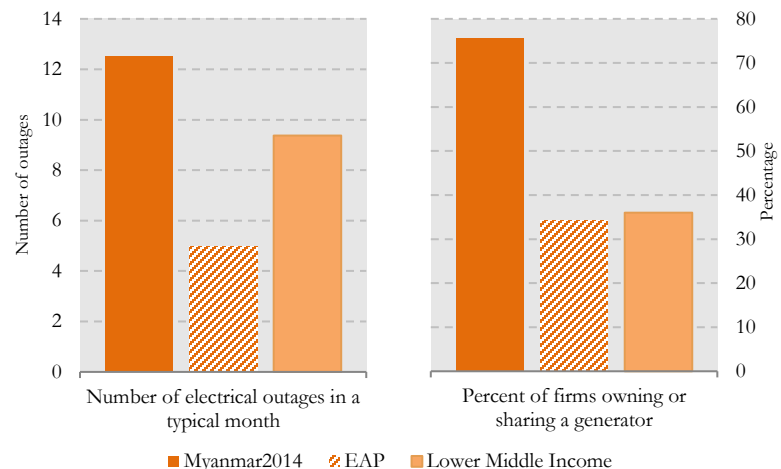
Access to finance remains difficult for firms in Myanmar

One of the biggest challenges for firms in Myanmar is access to financial services. The proportion of firms with a checking or savings account is only 30%, which is less than half the average for lower middle income and EAP economies. This is one of the lowest averages across all countries with ES data. Access to credit through banks is worse still. Only 7% of firms report having a bank loan which is about one-fourth the level for EAP or lower middle income countries. These extremely low levels of bank usage indicate that firms do not have access to basic financial services.



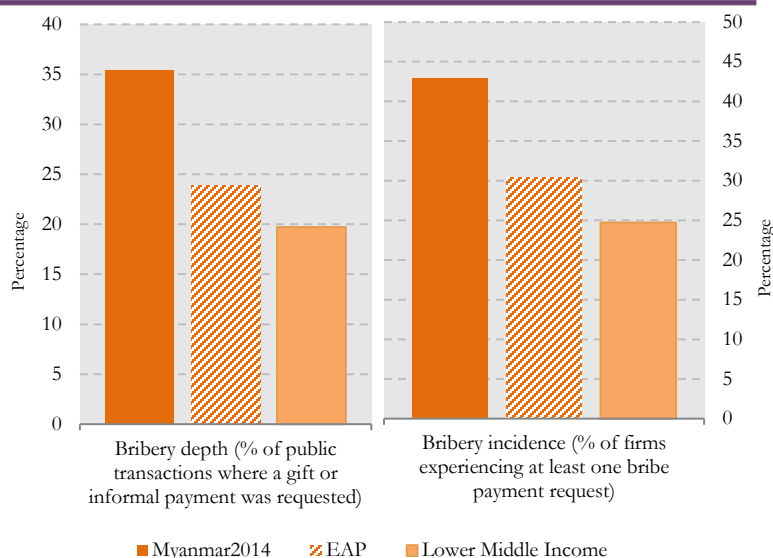
The country's power infrastructure needs to be updated and expanded

The ES quantifies the substandard state of Myanmar's infrastructure. Electricity outages are very frequent, almost four times as frequent as the average for EAP, and greater than the average for lower middle income economies. The private sector compensates for lack of electricity by owning generators. About 75% of firms own or share a generator, which is twice the average of EAP and lower middle income countries. The number of days, upon application, to obtain an electrical connection is over 100, similar to Afghanistan.



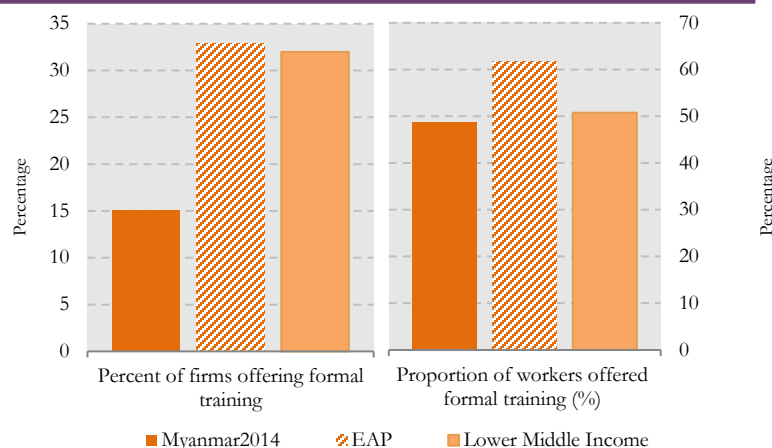
The private sector faces challenges regarding corruption

Over one-third of firms in Myanmar experience at least one bribe payment request across 6 transactions dealing with utilities access, permits, licenses, and taxes. This measure is known as Bribery Incidence. Firms in Myanmar experience a higher rate of Bribery Incidence than compared other EAP countries. Bribery Depth measures the percentage of transactions where a gift or informal payment is requested. The rate of Bribery Depth is notably higher than that of other EAP countries, highlighting the high degree of **corruption** experienced by Myanmar entrepreneurs. An alarming 35% of businesses report being expected to give a gift or informal payment when requesting an electrical connection.



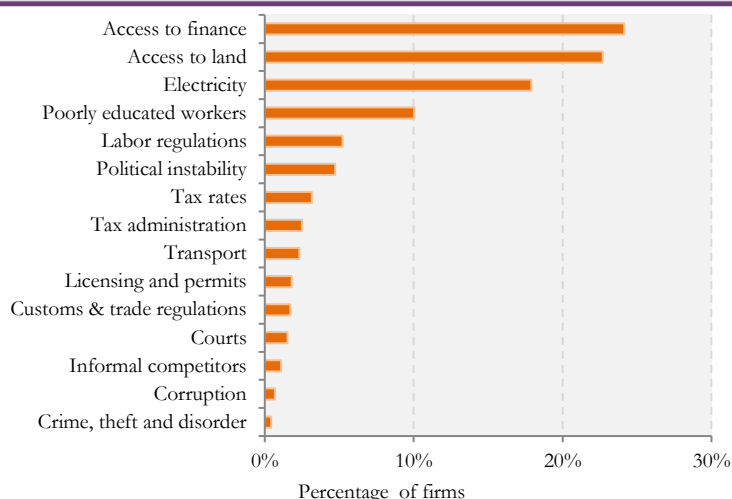
Myanmar also needs to invest in its human capital

Despite the lack of a well-educated **workforce**, only 15% of firms in Myanmar invest in formal training of their workers. Which is about half of the average for EAP and lower middle income economies. However, among firms that do offer training in Myanmar, about 50% of workers are trained, which is comparable to the averages of the EAP and lower middle income countries. As Myanmar opens up to foreign investment, demand for skilled labor is likely to increase, requiring substantial investments in human capital.



Business owners and managers feel access to finance, land, and electricity are priorities

Among 15 areas of the business environment, firms in Myanmar are more likely to rate access to finance as the biggest **obstacle** to their daily operations. The next biggest obstacle in the business environment is access to land, access to electricity, and poorly educated workers. As demonstrated above by the actual experiences of firms, business owners and managers' subjective complaints on finance and electricity are justified. Interestingly, a small percentage of firms in Myanmar rate corruption as the biggest obstacle despite its prevalence; corruption has become a routine cost of doing business for the private sector.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists and survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit <http://www.enterprisesurveys.org>