

FOSTERING MYANMAR SUPPLIERS

Connecting SMEs to New Opportunities



**Building
Markets**

A research paper on the Sustainable Marketplace Initiative

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November 2014



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List of Abbreviations

ADB: Asian Development Bank

BM: Building Markets

DICA: Directorate of Investment and Company Administration

FDI: Foreign Direct Investment

FY: Fiscal Year

GDP: Gross Domestic Product

IMF: International Monetary Fund

MEB: Myanma Economic Bank

MIC: Myanmar Investment Commission

NGO: Non-government organization

SME: Small and Medium Enterprise

SMI: Sustainable Marketplace Initiative

TDS: Tender Distribution Service

UN: United Nations

UNOPS: United Nations Office of Project Services

YCDC: Yangon City Development Committee



Introduction

Over the last few years, international organizations, foreign governments, international businesses and the Myanmar government have increased their procurement in Myanmar significantly, giving rise to many new opportunities for local businesses. Sometimes, organizations procure goods and services through public tenders, on which any (or at least most) business can bid. However, many Myanmar businesses are unaware of tenders or lack the experience and knowledge needed to apply for them. Other times, buyers use vendor lists or approach potential suppliers directly, however these can both be time-consuming. Building Markets (BM), a Canadian NGO, helps buyers to make these connections by finding local suppliers, training them, and connecting them with buyers. One of the key aspects of BM's work is collecting data on these potential suppliers through in-person verifications, of which 1,161 have been conducted at the end of June 2014.

This report draws on this data to profile Myanmar's existing suppliers for potential local and international buyers. It also uses data from over 2,200 tenders and nearly 300 specific matchmaking requests to show which organizations have demand for goods and services, what types of goods/services are in demand, and which businesses win these opportunities.

The suppliers verified by BM are often businesses that the international community wants to and is able to support. They are overwhelmingly SMEs, and are much more likely than the average business to have a female owner. They are also more likely than the average business to have a bank account, a formal loan, and be registered with the government. BM suppliers are concentrated in key 'in-demand' sectors, which often have significant competition even in narrow lines of business. About one in five has a secondary line of business. They are actively seeking out new business, bidding for over 3,700 tenders in the last 6 months and winning nearly half of them. Among BM suppliers, importers tended to bid on and win far more tenders than local producers. When local producers bid, however, they





were just as likely to win as importers, suggesting that a major challenge for local producers is the lack of tenders for goods/services produced in Myanmar.

This report explores the characteristics and experiences of the businesses that work with BM. It starts with an economic overview that emphasizes the drivers behind the growth opportunities for private business in Myanmar. The second section explores the work of BM and the data available for this report. The third section profiles the suppliers verified by BM, including their activities, size and other attributes such as financial habits and ownership characteristics. The last section explores data on tenders and other tools for connecting suppliers to buyers. It looks at the volume, sources and types of tenders from the previous two years, the characteristics of businesses that bid for and won tenders, and the types of opportunities available through matchmaking and other services connecting businesses and buyers.

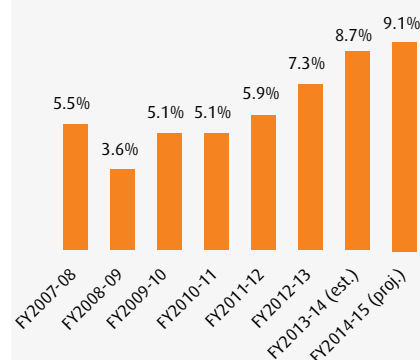
Section 1

New Opportunities for Myanmar's Private Sector

Since Myanmar's new government came to power in 2011 and began opening the country to the international community, private sector businesses have seen a significant increase in economic opportunities. The economy is growing more quickly than it has in years, with GDP growth increasing to 8.7% in 2013-14 (see Figure 1). The most recent GDP growth projections from the International Monetary Fund (IMF) and the Asian Development Bank (ADB) for FY2014-15 were both over 9%.¹ For local businesses, opportunities have come on many fronts. Domestic businesses are investing more than they have in decades, with sectors such as construction leading the way. Domestic investment has increased from an average of just 13% of GDP in the 1990s and 13.4% of GDP in the 2000s to over 30% of GDP in 2012.²

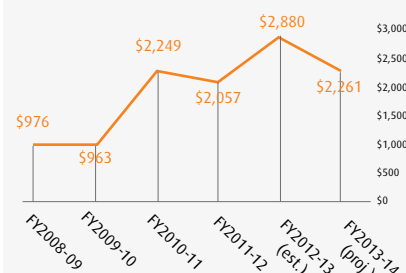
Foreign direct investment (FDI) has also increased rapidly. In the late 1990s and the 2000s, Myanmar attracted few foreign investors. Most investments during that time were in natural resource extraction and export-oriented hydropower projects, from investors in Asian countries including China, Thailand and Korea.³ Since the new government came to power, FDI has increased significantly (see Figure 2). The number of investors receiving approvals from the Myanmar Investment Commission (MIC) has increased even more rapidly. Five years ago, the MIC approved only 5 projects. In the most recent fiscal year, FY2013-14, it approved 123 projects with an estimated value of over \$4.1 billion.⁴ While there are still investments in natural resource and hydropower projects, most new projects are in manufacturing, hotels & tourism, and other non-extractive sectors. For example, in FY2012-13, 78 of the 94 projects approved by the MIC were in manufacturing, including many garment sector projects.⁵ Reforms have opened up important new sectors of the economy to greater private participation, notably in the telecommunications and oil and gas sectors.

FIGURE 1. GDP GROWTH



Source: IMF, "Myanmar: 2013 Article IV Consultation and First Review Under the Staff-Monitored Program," August 2013; IMF "Myanmar: 2014 Article IV Consultation-Staff Report," October 2014.

FIGURE 2. FOREIGN DIRECT INVESTMENT



Source: IMF, "Myanmar: 2013 Article IV Consultation and First Review Under the Staff-Monitored Program," August 2013; IMF "Myanmar: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Myanmar, October 2014

The increase in private sector activity has been mirrored by a similar increase in activity by governments, both foreign and domestic. Foreign aid has increased, resulting in significant growth in the work of aid agencies, international organizations and international non-government organizations (NGOs). In some cases, bilateral donors have doubled aid or more in a short time. For example, USAID's budget for Myanmar increased from \$38.5 million in 2011 to \$99.7 million in 2014,⁶ while the Australian Government's Department of Foreign Affairs and Trade (formerly AusAID) has increased aid from \$47 million in 2011-12 to \$90 million in 2014-15.⁷ New diplomatic missions have opened in Yangon, and there have been increases in staff at many existing embassies and UN offices.

While the growth in economic activity, investment, and aid has led to new opportunities for private businesses, reforms by the Myanmar government have also made it easier for existing businesses to operate and new businesses to start. For example, changes in the process to obtain some business operating licenses have eased entry for new firms. In the hotels and tourism sector, for example, Nay Pyi Taw issued directives for local officials to process applications for new travel agencies within 5 business days of their receipt, helping shorten the time required for businesses to obtain a license.⁸ The government has also reduced the barriers for entry to foreign businesses, for example by removing minimum capital requirements and passing the new foreign investment law, the rules and regulations of which provided much-needed clarity about sector-specific ownership restrictions.⁹ The government has also removed requirements for import and export licenses on some products and changed banking rules to allow companies to access funds from telegraphic transfers before exported goods are shipped (giving businesses de facto access to new sources of trade credit).¹⁰ These reforms have been complemented by the removal of many international sanctions on Myanmar, which also eased constraints on businesses.

Lastly, the new government has a renewed emphasis on developing Myanmar's private sector, specifically small and medium enterprises (SME). In January 2013, the Central Committee for SME Development was formed, chaired by

the President and including both vice presidents as well as 20 Ministers.¹¹ The government established the SME Development Center, under the Ministry of Industry, in 2012. Among its functions, the SME Development Center facilitates a state-backed loan program for SMEs in cooperation with the Small and Medium Industrial Development Bank. The program offers loans at concessional interest rates of 8.5% per year as opposed to the commercial rate of 13%. In 2013-14, it issued 10 billion kyat (US\$10m) of loans and plans to issue 20 billion kyat (US\$20m) in 2014-15.¹² This program is part of a broader and rapid increase of credit to the private sector, which increased by 58% in 2013 alone, easing another important constraint for businesses.¹³

Increased economic activity, heightened investment, additional international donor and government activity and improvements in the business environment have created many new opportunities for businesses – chances to find new clients, work with new suppliers, receive additional government support and get into new lines of business. However, for many businesses, especially SMEs that do not have previous experience working with international clients and suppliers, these opportunities can be difficult to exploit.

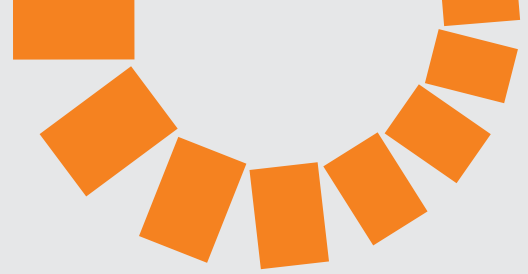
Ms. Khin Khin Moe is the owner of Khin Moe Pharmacy, a small pharmacy in New Bogyoke Market, established in 1999. In September 2013, she met for the first time with a Building Markets Business Relationship Officer who conducted an initial face-to-face interview at her shop. Through the 45 minute questionnaire, a detailed profile of her pharmacy was developed, assessing the general capacity of her business and measuring her willingness to work with international clients.

The BM Matchmaking Team contacted her regularly, every time a relevant tender or an interesting opportunity was identified. She started with submitting quotations to a few organizations, and decided to bid for four tenders. She won her first contract of 700,000 kyats (about US\$700) from ADRA (INGO) to provide various pharmaceuticals and small medical equipment. A second contract followed for 5,200,000 kyats (US\$5,200), and a third one for over 12,000,000 kyats (US\$12,000). She proceeded to win two more contracts from ADRA and another from CPI and gained valuable experience venturing into new markets with the support of Building Markets.



Section 2

Building Markets in Myanmar



Building Markets (BM) works with local suppliers, most of whom are SMEs, to help them find and exploit new economic opportunities. This program, called the Sustainable Marketplace Initiative - Myanmar (SMI-M), has been running in Myanmar since 2012. The overarching goal is to work with INGOs, UN, and other international partners to maximize their local impact by connecting them with local suppliers. This helps local businesses grow and create jobs, thereby reducing poverty and contributing to the country's development. SMI-M does this through finding local suppliers, connecting them with international buyers, and training them to meet their demands. SMI-M incorporates a range of services including:

- Business verification and market research;
- Tender distribution services (TDS) through www.myanmar-opportunities.org;
- Private sector trainings;
- Scoping of procurement opportunities through targeted meetings;
- Coordination for Procurement Experts Working Group for buyers from NGOs;
- Matchmaking reports with business information provided to buyers;
- A variety of other networking and training events.

As part of the SMI-M, Building Markets collects data on businesses, tenders, and contracts facilitated. While data collection is not the primary purpose of BM work, it does provide useful insights about suppliers in Myanmar when viewed in context. BM data is demand-driven, coming from matchmaking and other business information requests from potential buyers. The result is a group of suppliers from 'in-demand' sectors, rather than a representative sample of the population of Myanmar's businesses. Once a sector has been selected in collaboration with a potential buyer or buyers, the BM business

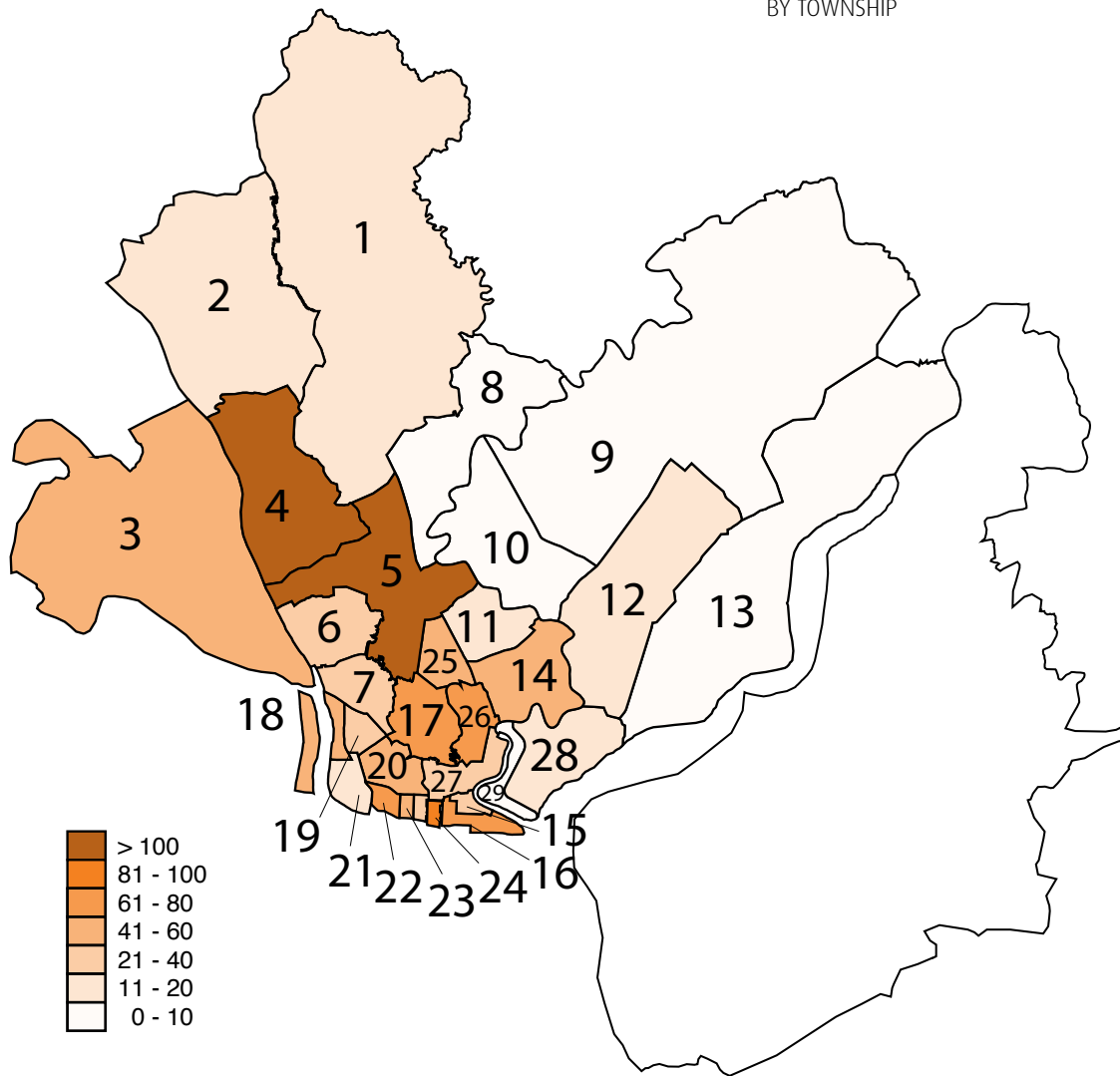
verification staff compile comprehensive lists of businesses in that sector from existing buyer vendors lists (from INGOs/UN), online directories, the Yangon/Mandalay Directory, directories of various business associations, and the Myanmar Industries Directory. The resulting sector-based lists are useful because they comprehensively cover ‘in-demand’ sectors.

The lists are used to contact businesses and introduce BM and its services, and make an appointment with an owner or top manager to complete a verification survey. The survey contains questions on business characteristics, including size, ownership, employment & human resources, finance, and the business environment. It also collects information about the businesses’ experience with tenders. Businesses are occasionally re-verified, about one time per year. Since 2012, BM has verified 1,161 business in Myanmar, all of which have been located in Yangon.¹⁴ While the data is limited in the insights about Myanmar’s private sector as a whole, its strong coverage of select areas yields sector-specific insights not available elsewhere.¹⁵





LOCATION OF BUILDING MARKETS VERIFIED SUPPLIERS IN YANGON,
BY TOWNSHIP



1. Mingaladon
2. Shwepyitha
3. Hlaingthahaya
4. Insein
5. Mayangon
6. Hlaing
7. Kamayut
8. North Okkalapa
9. East Dagon
10. North Dagon
11. South Okkalapa
12. South Dagon
13. Dagon Seikkan
14. Thingangyun
15. Pazundaung
16. Botataung
17. Bahan
18. Kyimyindaing
19. Sauchaung
20. Dagon
21. Ahlone
22. Lanmadaw
23. Latha
24. Pabedan
25. Yankin
26. Tawme
27. Mingala Taungnyunt
28. Thaketa
29. Dawbon

“After training we used an appeal letter. First, we lost [the bid for tender] then we submitted an appeal letter and we won. We learned about this appeal letter during the training with Building Markets. We are pursuing more tenders because of Building Markets.”

*~ Diana Khin Cho Win,
D.I.S. Trading*

“Building Markets is really practical. We have used the business matchmaking services several times and found it very successful. We have relied on their matchmaking to successfully identify medical equipment suppliers for some of our operations.”

*~ U Aung Kyaw Moe,
Logistics Manager With
Save The Children*

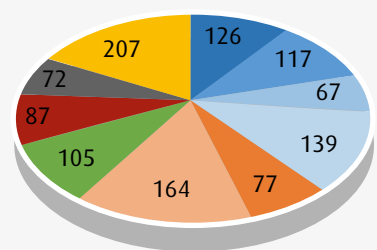
Section 3

Building Markets Verified suppliers

SECTOR OF OPERATIONS

The suppliers verified by Building Markets operate in many sectors of the economy, though there is a notable concentration of wholesalers, who made up over 40% of the verified businesses.¹⁶ This concentration of businesses is not surprising, given the lack of breadth and depth in Myanmar's manufacturing base. Outside of the manufacturing of food, clothes and a few other basic goods, many consumer goods and almost all sophisticated manufactures are imported. Wholesalers were concentrated in three 'in-demand' areas, which were: (1) machinery, equipment and supplies; (2) construction related materials; and (3) medical and pharmaceutical goods.¹⁷ All other wholesalers are grouped together in the catch-all category of 'other wholesale trade'.¹⁸ It is important to break out wholesale trading into these 'in-demand' groups, instead of referring to it as a whole, because of the dominance of these three groups. Referring to all wholesale traders together could give the impression that the information is representative of the average wholesale trade business, when instead it is dominated by the three categories listed above.

FIGURE 3. VERIFIED SUPPLIERS, BY SECTOR



Manufacturers made up 21% of the suppliers verified by BM. The most common type of manufacturer was in the printing and publishing sector, with 77 businesses.¹⁹ The other businesses were spread out among a wide and relatively representative range of manufacturing activities, so are grouped as 'other manufacturing'.²⁰ Another key in-demand sector was construction, with 105 verified suppliers.²¹ The remaining two categories of 'in-demand' suppliers are 'transportation and storage' and 'vehicle sales and repair,' which have 87 and 72 verified suppliers respectively.²² Approximately 18% of the businesses did not fit into any of the above categories, and so have been classified in the group 'all other businesses'. However, the businesses in this group do not necessarily reflect the rest of the businesses in the economy, so the statistics for this category should be treated with caution. Using these ten categories gives the supplier distribution in [Figure 3](#).²³

BUSINESS SIZE

Classifying businesses by size in Myanmar is challenging, because there is presently no universal definitions for micro, small, medium, and large enterprises for all sectors. The one area with a codified definition is the industrial sector, which put forth criteria in the Private Industrial Enterprise Law (1990). The four measures were power used, number of workers, capital outlay and production value per year (detailed in Table 1). According to 2012 data from the Ministry of Industry's SME Development Center, large enterprises accounted for 11.1% of Myanmar's industrial enterprises, while 16.9% were medium enterprises and 72% small enterprises. Figures released by the President's Office in early 2013 on the number and size of private businesses in Myanmar indicated a somewhat different distribution (though the release was not accompanied by corresponding definitions). According to the President's Office, just 0.6% of registered businesses in Myanmar were large enterprises, with the remaining 99.4% of registered businesses being SMEs (see Table 2). It also indicated just under 127,000 enterprises

TABLE 1. CLASSIFICATIONS FOR SMALL, MEDIUM AND LARGE INDUSTRIAL ENTERPRISES

| Category | Small | Medium | Large |
|--|----------|-----------|-------|
| Power used (in horsepower) | 3 to 25 | 25 to 50 | 50 + |
| Number of workers | 10 to 50 | 51 to 100 | 100 + |
| Capital outlay (million kyat) | 0 to 1 | 1 to 5 | 5 + |
| Production value per year (million kyat) | 0 to 2.5 | 2.5 to 10 | 10 + |

Source: Organization for Economic Cooperate and Development, Multi-Dimensional Review of Myanmar: Initial Assessment, p. 114.

TABLE 2. DISTRIBUTION OF BUSINESSES BY SIZE AND REGISTRATION²⁴

| Type of enterprise | Number of enterprises | Percentage of formal enterprises | Percentage of all enterprises |
|------------------------------|-----------------------|----------------------------------|-------------------------------|
| Large enterprises | 721 | 0.6% | 0.1% |
| Small and medium enterprises | 126,237 | 99.4% | 16.9% |
| Total registered enterprises | 126,958 | 100% | 17.0% |
| Informal enterprises | 620,000 | n/a | 83.0% |

Source: Nay Pyi Taw News (2013), U Thein Sein delivers an address at Small and Medium Enterprises Development Central Committee meeting at Presidential Palace, 14 January 2013. In Organization for Economic Cooperate and Development, Multi-Dimensional Review of Myanmar: Initial Assessment, p. 104.

FIGURE 4. DISTRIBUTION OF BUSINESSES, BY SIZE AND SECTOR
(AVERAGE NUMBER OF EMPLOYEES IN PARENTHESIS)

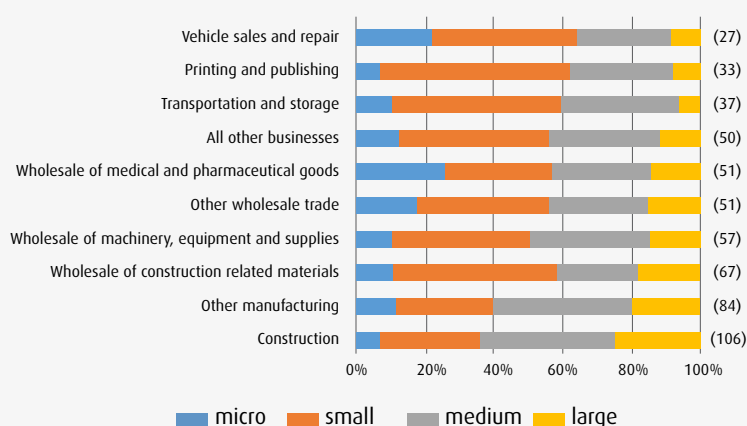


FIGURE 5. PERCENTAGE OF FULL TIME WORKERS ON DAILY WAGES, BY SECTOR



were registered, compared with 620,000 informal enterprises (which, in the statistics below, indicates that the business is either unregistered or registered with only the municipal government). The World Bank's 2014 Investment Climate covered 459 micro, 373 small, 159 medium and 101 large enterprises. However, this distribution is specified in the survey and therefore not representative of the actual population of businesses in Myanmar, of which over 88% are micro or small enterprises.

Compared to these distributions, SMEs were heavily over-represented in the businesses verified by Building Markets. They comprised 72% of all the BM businesses, compared to just 14.4% for large businesses. Microenterprises only accounted for 13.6%, which is notable because many businesses in Myanmar are micro enterprises. However, very few have the capacity and are in the lines of business where they might engage with BM. This makes the programs of BM a very effective tool for targeting SMEs in Myanmar for activities such as capacity building.

There were some significant differences in business size between the different sectors of economic activity.²⁵ Businesses in the construction sector had the largest average size, at just over 106 permanent full-time employees. Vehicle sales and repair had the lowest average number of permanent, full-time employees, at 26. The complete distribution of micro, small, medium and large enterprises by sector is detailed in the [Figure 4](#), sorted by average number of employees.

Together, the businesses that work with Building Markets employ over 86,000 people, nearly 80% of which are full time, permanent employees. However, 20% of the workers are full time employees receiving daily wages (part-time employment is not common in Myanmar). These employees are especially common in the construction sector, where they make up over 40% of the workforce of these businesses. In two sectors, vehicles sales and repair and wholesale of medical and pharmaceutical goods, daily wage employees comprise less than 10% of the workforce as noted in [Figure 5](#).

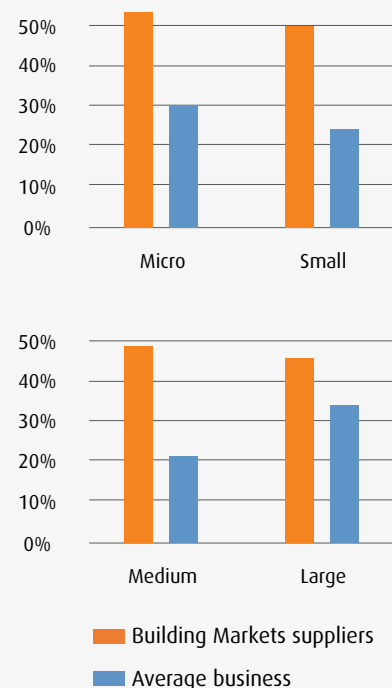
SUPPLIER CHARACTERISTICS

BM suppliers provided a wide range of information on characteristics of the business, including the role of women in ownership and management, registration with the government, association membership, trade characteristics and finance (see Table 3). This information provides insights about the scope and scale of different characteristics and how they vary between sectors. In some areas, it also allows for comparison with the ‘average’ Myanmar business. By default, BM suppliers are from sectors in which local and international buyers have expressed interest in sourcing products locally. They regularly engage with international clients and suppliers – almost 84% of the businesses verified by Building Markets reported that they either imported from overseas suppliers or had clients in another country.

FEMALE OWNERSHIP

Nearly half (49%) of the businesses verified by BM had one or more women as a part or full owner. The percent of businesses with at least one female owner range from a high of 63% for wholesalers of pharmaceuticals and medical equipment to a low of 36% for construction companies. This is significantly more than the average business in Myanmar, when compared to the recent *World Bank Enterprise Survey*. That survey found that only 27% of businesses in Myanmar had a female among the owners (Figure 6). The percentage of businesses with a female owner decreases as business size increases, but the difference is small and not significant (in the statistical sense). Even among large businesses, more than 4 in 10 have a woman as the part or full owner. Female managers are also common. Most of BM suppliers – over 75% – have one or more female managers (women in some management role, though not necessarily the top manager of the business).

FIGURE 6. FEMALE AMONG BUSINESS OWNERS, BY SIZE



REGISTRATION

Most of the suppliers verified by BM (80%) were registered with the government as typically required to work with BM. Registration was most common among wholesalers of machinery, equipment and supplies, 88% of whom had formalized the business. It was

least common among ‘all other businesses,’ of whom only 70% were registered. However, Myanmar’s business registration system is relatively complex, and businesses receive registrations from a number of government ministries and offices. Company registrations come from the Directorate of Investment and Company Administration, a costly and slow process. The World Bank ranked Myanmar the most difficult country in the world for these registration, which required 11 procedures, took 72 days, and cost approximately USD \$1,475.²⁶ Some types of company registrations provide incentives, such as tax holidays or import duty waivers that motivate certain businesses to obtain DICA license.²⁷

Among BM suppliers, company registrations were most common for transportation and storage businesses and wholesalers of pharmaceuticals and medical equipment. The time and financial costs of DICA registration is much greater than municipal registrations, which rarely exceed \$80 and take little time to obtain.²⁸ Businesses in printing and publishing, other manufacturing, and vehicle sales and repair much more likely to have municipal registrations than a company license (for manufacturers, municipal registrations were almost twice as common).

ASSOCIATION MEMBERSHIP

Association membership is common among BM suppliers and can signal legitimacy and professionalism, though in some sectors it is mandatory and associations have significant quasi-regulatory powers (such as facilitating import license applications). Among BM suppliers, 63% belong to one or more associations. In two sectors, transportation and storage and wholesale of pharmaceutical goods and medical equipment, 80% or more of the businesses are association members, with most belonging to sector-specific business association (74% and 61% respectively, compared with an average among all BM suppliers of just 33%). In other sectors, notably amongst the other categories of wholesale traders, sector-specific association membership is not common. Just under one in three businesses is a member of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), the national chamber

of commerce. UMFCCI membership is most common among wholesalers of machinery, equipment, and supplies, of whom 60% are members, and least common among printers and publishers and transportation and storage companies.

IMPORTING

About 53% of BM suppliers imported directly. The sector with the greatest concentration of direct importers was wholesalers of machinery, equipment and supplies (82%), followed closely by wholesalers of pharmaceuticals and medical equipment (75%) and vehicle sales and repair (71%). At the other end of the spectrum were transport and storage businesses, of whom only 19% were direct importers. Businesses were also asked what percentage of the value of their total sales was imported, yielding interesting results. Vehicle sales and repair businesses noted that, on average 98% of the value of their final sales was imported. Similarly, the three categories of wholesalers (machinery, construction materials and pharmaceuticals) all had average import values to final sales of approximately 90%. Transportation and storage had only 36% of the value of final sales from import, an unsurprising result given the nature of the business.

BANKING AND FINANCIAL HABITS

Lastly, businesses were asked about their banking and financial practices. Here there is often a stronger relationship between business size and financial practices than there is between the sector and financial practices. The majority of businesses in all sectors had bank accounts. The sector with the greatest proportion of businesses with banking accounts (92%) was construction, also the sector with the largest business size. The sector with the smallest proportion was printing and publishing, a sector with one of the smallest average business sizes. BM suppliers were far more likely to have bank accounts than the average business. Micro businesses were more than five times as likely to bank accounts as the average business, and small businesses four times as likely (Figure 7).

Only a small percentage of BM suppliers (14%) had a formal

FIGURE 7. BUSINESS WITH BANK ACCOUNTS, BY SIZE

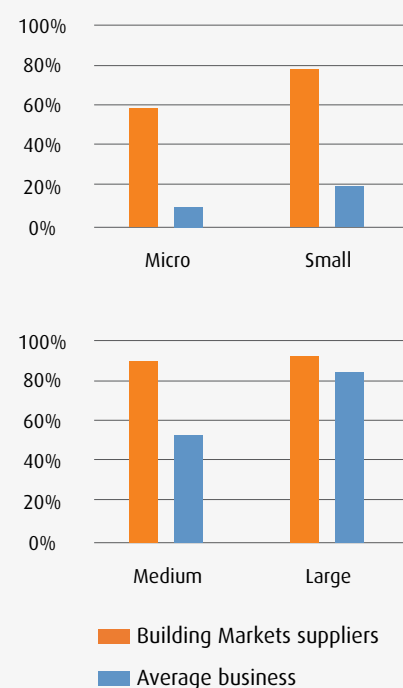
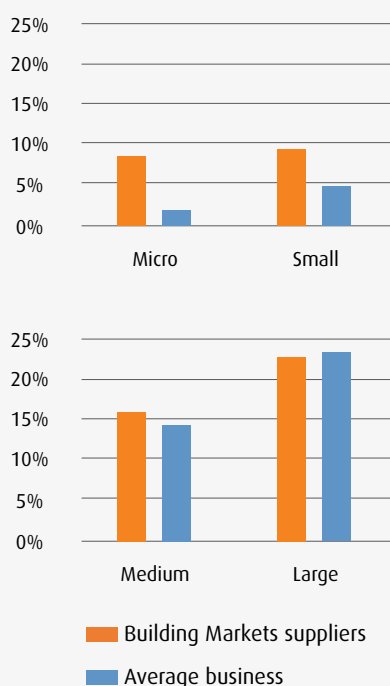


FIGURE 8. BUSINESS WHICH HAD A FORMAL LOAN, BY SIZE



loan, which was most common among ‘other manufacturers’ (at 23%).²⁹ The sectors with the smallest share of businesses receiving formal credit from a financial institution were ‘all other businesses’ and ‘printing and publishing’, at 5% and 8% respectively. However, BM suppliers were still almost twice as likely as the average business to have a loan. While the percentage of medium and large businesses with loans was almost identical, the micro and small enterprises which work with BM were far more likely to have a loan than other businesses of their size (Figure 8).

Businesses are also asked whether they would be interested in receiving a bank loan if their business could qualify, to which 58% of the businesses replied affirmatively. This provides further evidence of the significant unmet demand for credit in Myanmar, a challenge that was echoed in the *World Bank Enterprise Survey*, which found that nearly 30% of businesses identified access to finance as the major obstacle to doing business. Notably, demand for loans was slightly higher in sectors needed long-term investment capital (including construction and manufacturing) than it was in the wholesale trade sectors, though the differences were not significant (statistically, at least).

MULTIPLE LINES OF BUSINESS AND COMPLEX OWNERSHIP

It is not uncommon for businesses verified by Building Markets to be engaged in a secondary line of business – over 1 in 5 did so. Of the 1,161 BM suppliers, 234 had a secondary line of business.³⁰ Of these, 123 (or 10.6%) had a secondary activity in the same sector while 111 (or 9.6%) had a secondary activity in a different sector.³¹ There was little overlap between manufacturing and trading businesses - only 2% of trading businesses had a manufacturing activity as their second line of business, while just 1.2% of manufacturers listed wholesale and retail trading as their secondary activity. Secondary lines of activity were least common among wholesale and retail traders, with less than 10% having a secondary activity. This lack of diversification was most noticeable amongst wholesalers of medical equipment and pharmaceuticals. Of the 126 businesses that reported this as their primary activity, not one had a second line of business. In other sectors such as construction and transportation and storage,

secondary lines of business were much more common. Unsurprisingly, secondary activities were also correlated with business size – only 12% of micro firms had a secondary activity, compared with 24% of large businesses.

It is also not uncommon for shareholders or owners in a business to have part or full ownership of one or more other businesses. Nearly 40% of BM suppliers had some financial link with another business. The most common link was owners who also held an ownership stake in another business – some 16% of businesses had owners who met this criteria. About 1 in 8 businesses (12.4%) were parent companies, while 9.4% of businesses were subsidiaries of larger business. Nearly 60% of businesses had no financial link with another business.

FIGURE 9. PERCENTAGE OF BUSINESSES ENGAGED IN SECONDARY ACTIVITY

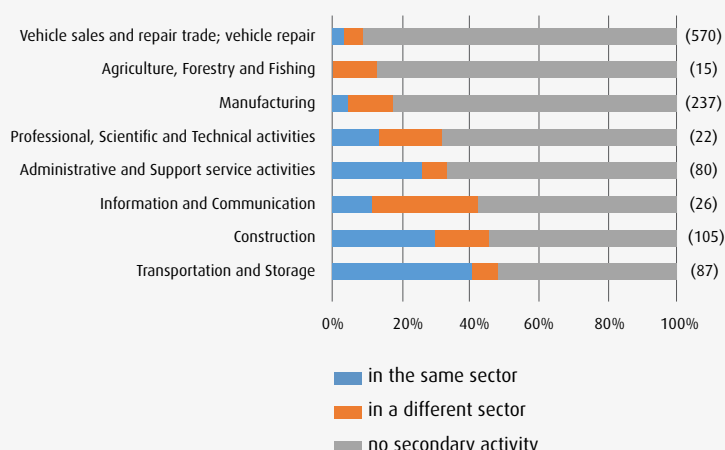
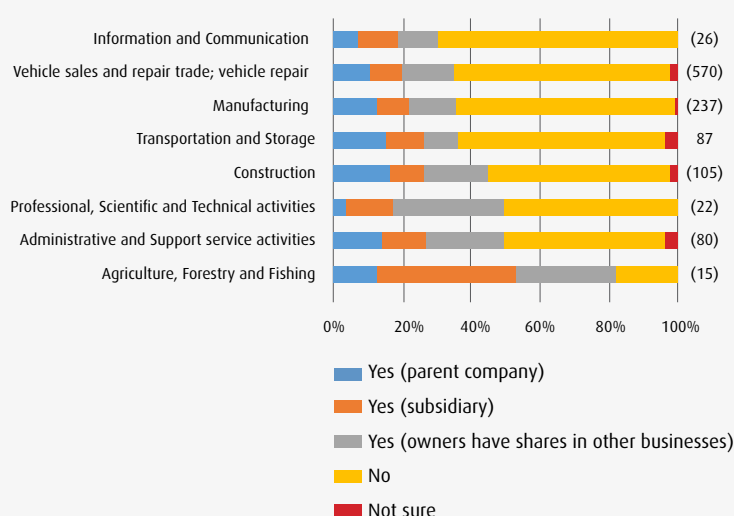


FIGURE 10. FINANCIAL LINKS WITH OTHER BUSINESSES



We got a first contract with UNHCR thanks to Building Markets. This is a 6-month agreement for Vinyl and Stickers printing. Earlier in 2014, Building Markets called us to check whether we will be interested in working with a UN agency, and invited us to attend a Pre Bid meeting for 'UNHCR's Printing Services LTA'. We attended, of course! And after being briefed we prepared our proposal in response the Request For Proposals (RFP). Before submitting, we double-checked with Building Markets Bid Help Desk that our proposal was eligible and not any major document went missing. Sometimes, you forget to sign one page, and our bid can't be accepted! Mr. Thet Lwin Shwe, Managing Director

Real Life printing company started working with UNHCR on 1st March 2014, and since then has been a regular supplier for UNHCR.

TABLE 3. CHARACTERISTICS OF BUSINESSES IN KEY SECTORS

| | | Printing and Publishing | Construc- tion | Vehicle Sales and Repair | Wholesale of machinery, equip- ment, and supplies | Wholesale of con- struction related materials | Wholesale of medical and phar- maceutical goods | Transpor- tation and Storage | Other Manufac- turing | Other wholesale trade | All other businesses |
|--------------|---|-------------------------------|-------------------|--------------------------------|--|--|---|------------------------------------|-----------------------------|-----------------------------|-------------------------|
| Gender | Has one or more female owners? | 55% | 36% | 49% | 46% | 46% | 63% | 40% | 47% | 54% | 49% |
| | Has one or more female managers? | 78% | 76% | 65% | 63% | 78% | 75% | 69% | 82% | 83% | 77% |
| Registration | Registered? | 87% | 83% | 82% | 88% | 81% | 85% | 78% | 81% | 81% | 70% |
| | ... with DICA? | 30% | 62% | 44% | 55% | 46% | 58% | 54% | 31% | 42% | 44% |
| | ... with Union ministry? | 25% | 6% | 7% | 3% | 5% | 14% | 10% | 13% | 1% | 9% |
| | ... with the municipal government? | 60% | 39% | 47% | 50% | 48% | 21% | 20% | 55% | 48% | 26% |
| Associations | Member of a business association? | 46% | 72% | 57% | 73% | 57% | 80% | 84% | 48% | 61% | 58% |
| | Member of RUMFCCI? | 14% | 38% | 50% | 60% | 43% | 20% | 16% | 25% | 38% | 26% |
| | Member of a sectoral association? | 30% | 33% | 8% | 13% | 12% | 61% | 74% | 26% | 26% | 35% |
| Trade | Import directly? | 29% | 39% | 71% | 82% | 67% | 75% | 19% | 41% | 63% | 44% |
| | What % of the value of total sales is imported? | 80% | 73% | 98% | 90% | 89% | 92% | 36% | 63% | 85% | 83% |
| | Had an international client? | 81% | 63% | 49% | 69% | 58% | 45% | 80% | 67% | 67% | 78% |
| Finance | Bank account? | 72% | 92% | 79% | 89% | 89% | 86% | 87% | 79% | 83% | 86% |
| | ...in the name of the business? | 24% | 56% | 55% | 58% | 41% | 58% | 56% | 32% | 44% | 49% |
| | Received a formal loan? | 8% | 17% | 12% | 12% | 15% | 17% | 10% | 23% | 20% | 5% |
| | Want a formal loan? | 61% | 66% | 55% | 61% | 49% | 61% | 55% | 63% | 56% | 53% |

Section 4

Connecting Suppliers and Buyers

Matchmaking requests, inquiries for business information and available tenders are the key factors that determine the suppliers that BM verifies. As the previous section shows, sectors such as construction, pharmaceuticals, transportation, and printing and publishing were regularly sought after – they were the ‘in-demand’ sectors. However, information on this demand is also very valuable, and has also been tracked by BM. Since 2012, BM has recorded, categorized, and disseminated over 2,200 tenders. They have also facilitated 286 requests for business information, such as matchmaking requests or assistance with vendor lists. Together, these activities have helped 61 unique businesses win a total of 135 contracts. This section explores these different types of solicitations, including the organizations that are requesting information and issuing tenders and the goods and services they hope to procure.³² It also looks at some basic characteristics of businesses that tend to bid for and win tenders, and provides some details about the contracts awarded to businesses that engaged with BM.

TENDERS ISSUED

While there has been an influx of foreign governments, international organizations and multinational companies to Myanmar in recent years, the vast majority of tenders tracked and disseminated by Building Markets (94%) came from the Myanmar government (Table 4).³³ These tenders were issued by 40 different ministries, SOEs, and other government organizations (with 7.5% from unspecified parts of the Union government). Most of the remaining tenders came from international organizations, notably the UN and international NGOs. The international organization with the largest number of tenders was UNOPS, which issued 33 tenders in the last two years. Less than one percent came from private businesses or directly from foreign governments and their aid programs.

TABLE 4. SOURCE & NUMBER OF TENDERS

| Type of organization | Number of organizations | Number of tenders | Percentage of tenders |
|-----------------------------|-------------------------|-------------------|-----------------------|
| Myanmar government | 40 | 2,090 | 94% |
| International Organizations | 8 | 48 | 2% |
| NGO | 14 | 40 | 2% |
| Private Businesses | 10 | 17 | 1% |
| Foreign Government/Donor | 6 | 12 | 1% |
| Other | 4 | 10 | 0% |

FIGURE 11. TOP SOURCES OF GOVERNMENT TENDERS

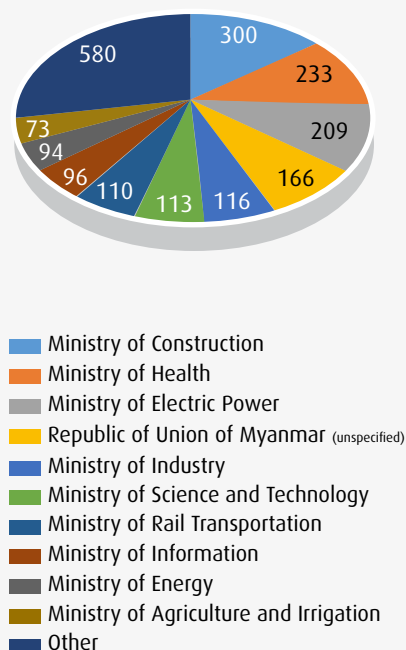
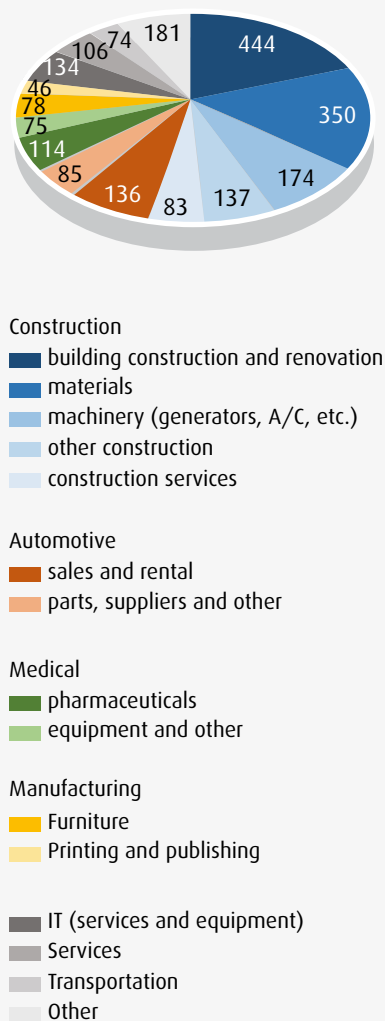


FIGURE 12. TENDERS, BY GOOD/SERVICE



Within the Myanmar government, tenders are distributed across a wide range of ministries, though the data does show some emphasis on ministries that focus on infrastructure and industry. The Ministry of Construction issued the most tenders in the last two years (300), followed by the Ministry of Health (233) and the Ministry of Electric Power (209). In all, 6 ministries issued more than 100 tenders and another 7 issued between 50 and 100. The total number and distribution of tenders is detailed in Figure 11.

Tenders were distributed across a wide range of sectors, however there was a noticeable concentration in construction. If all tenders related to construction (including the construction of buildings, supply of construction materials, provision or operation of construction equipment, construction services (such as installation, painting, etc.), and other construction activities) are grouped, they comprised 53.5% of all tenders from the last two years (1,188 in total). These tenders were issued by a wide range of ministries (for example, by the Ministry of Health, to build hospitals), not only the Ministry of Construction. There were 221 tenders for automotive products and services, 10% of the total, and 189 medical-related tenders, another 8.5% of the total (Figure 12). It was common for tenders to solicit goods from more than one sector. Just over 26% of tenders (585) asked for bids to supply more than one type of good or service.

BM verified suppliers regularly bid for the tenders that are tracked and distributed by BM, as well as others that are not. In the six months before being verified, these businesses submitted over 3,700 tender bids and won 1,766 of them. The experiences of these businesses provide some tentative insights into the businesses that bid for and win tenders. The metric that is most closely associated with the number of tenders a business wins is, unsurprisingly, the number of tenders on which it bids. Interestingly, the number of bids varies by sector quite dramatically. Wholesalers of medical and pharmaceutical goods were, by far, the most regular bidders, averaging 7.77 bids and 4.44 wins over the last six months. Construction businesses also bid often, an average of 4.77 times, winning an average of 1.85 of those tenders. Manufacturing businesses (other than printing and publishing) bid an average of only 0.89 times over the last six months, winning just 0.33 times (Figure 13). Success rates

varied between the different sectors, from a low of 37% by 'other manufacturers' to a high of 67% for wholesalers of construction related materials, though these differences were not statistically significant. The most cited reasons for losing a tender was that the bid 'was not competitive' (52%) or the buyer was corrupt (15%). One in eight businesses did not know the reason for their loss.

The lack of tender bids and wins by manufacturers is notable, especially because manufacturers tend to create jobs and add value locally, a key objective of BM. However, Myanmar's manufacturing sector is poorly positioned to meet the demand of tenders from government, business, and the international community. One reason behind this lack of participation is that most domestic manufacturers make products for which there are few tenders. Of the 43,232 manufacturing businesses registered with the Ministry of Industry in Myanmar in 2013, 63% were in the food and beverage sector (Table 5).³⁴ However, there were only 8 tenders for food and beverages over the last two years, out of a total of 2,217 tenders tracked by Building Markets. The second largest subsector in

FIGURE 13. NUMBER OF TENDER BIDS AND WINS, BY SECTOR

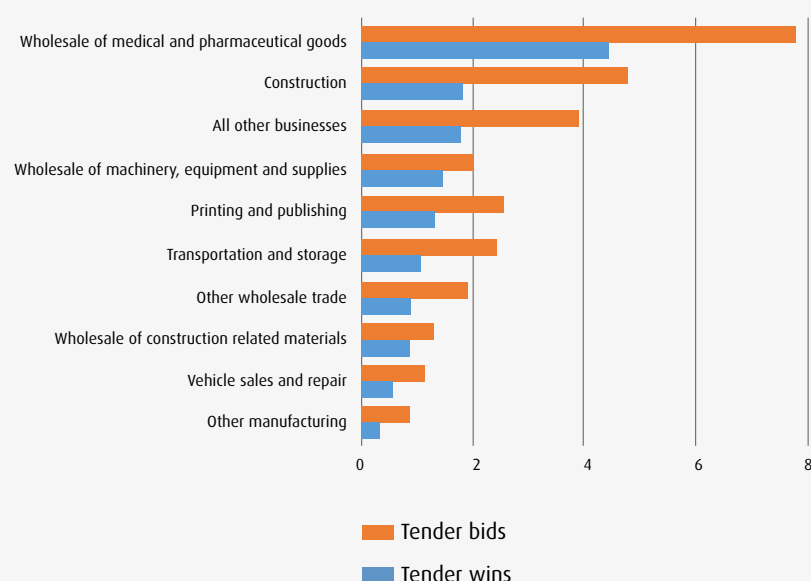
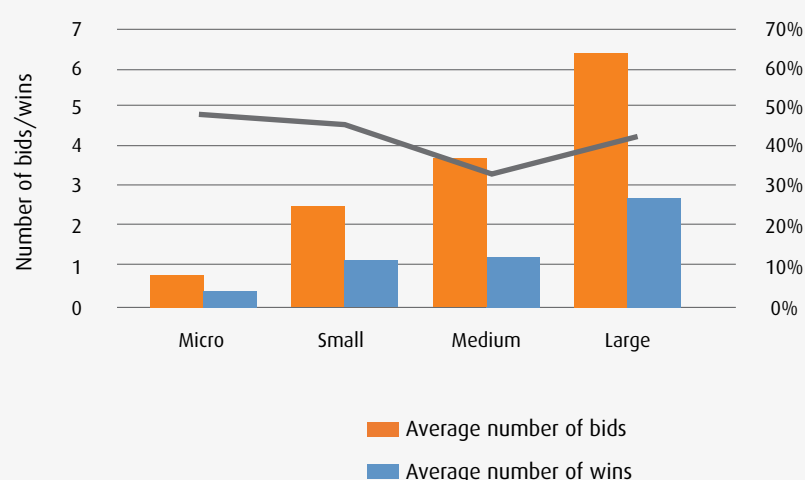


TABLE 5. NUMBER OF REGISTERED MANUFACTURING BUSINESSES, BY SECTOR

| | |
|------------------------------|--------|
| Food and beverage | 27,455 |
| Construction Materials | 3,277 |
| Clothing and wearing apparel | 1,722 |
| Metal and mineral | 1,900 |
| Personal goods | 1,115 |

Source: SME Development Centre, Powerpoint Presentation, August 2013.

FIGURE 14. NUMBER OF TENDER BIDS, WINS AND SUCCESS RATE, BY SIZE



Myanmar's manufacturing base was producers of construction materials, which number 3,277 businesses. While there were 333 tenders for construction materials over the same time period, there were still 10 times as many businesses as available tenders. Besides the low number of tenders, manufacturers also struggle to bid for complex tenders which include multiple goods and services. This can disadvantage manufacturers who specialize in producing only one good, who do not bid because they cannot supply the other goods and/or services requested in the tender.

Business size is also closely linked with the number of tenders that business bid on and win (Figure 14). This link is statistically significant, but unsurprising and almost tautological because larger businesses with more employees almost always have more customers and higher sales. The smallest businesses, microenterprises, bid on an average of less than one tender in the last six months, winning less than 0.4 times. Large businesses bid on an average of 6.35 tenders, or about one a month, winning an average of 2.75 times. While the number of bids and wins was related with business size, the success rate of businesses winning tenders was not. Micro and small businesses actually won a higher percentage of their tender bids than medium or large businesses.

Besides business size and sector of operation, there are a number of other characteristics that are related to the number of tenders for which businesses bid. First, there was a strong link between the number of bids and the percentage of import value in final sales (Figure 15). Businesses whose imports comprised 80% or more of total sales bid on more tenders (two and a half times more) than businesses whose imports comprised 20% or less of total sales. Simply put, businesses that add less value locally tend to bid for more tenders. Membership in business associations and the presence of a bank account were also significantly related to higher numbers of tender bids. Other characteristics, such as business age, female ownership, family business, and financial links to other businesses, did not have a significant effect on the number of tender bids.³⁵

Many of these same characteristics were also significantly related to the number of tenders that a business wins (unsurprising

given the close link between bids and wins). The percentage of import value, business association membership and bank accounts were all related to the number of tender wins. However, the age of the business and whether or not it was a family business also had an impact on the number of tender wins. Older businesses tended to win more tenders than newcomers, and family businesses tended to win fewer than non-family businesses.³⁶ Female ownership and financial links to other businesses were not significant.

This analysis raises an important question: are importers winning the bulk of tenders in Myanmar, to the detriment of local manufacturers and service providers? While it is true that importers bid for and win more tenders, they do not win a higher percentage of tenders. In fact, their success rates are almost identical to businesses who import very little. So, businesses that add more value locally tend to win fewer tenders because they bid on fewer tenders, and they bid on fewer tenders because there are fewer tenders for those goods and services. This may suggest a segmented market with little

FIGURE 15. NUMBER OF TENDER BIDS, WINS, AND SUCCESS RATE, BY IMPORT QUINTILE

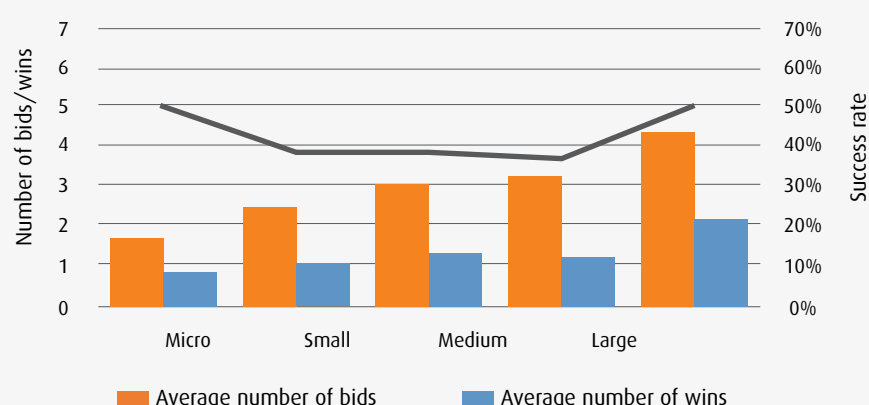
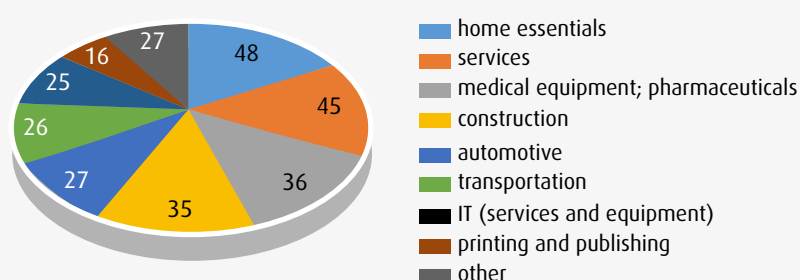


TABLE 6. MATCHMAKING AND BUSINESS INFORMATION REQUESTS

| Type of organization | Number of organizations | Number of requests | Percentage of requests |
|-----------------------------|-------------------------|--------------------|------------------------|
| Myanmar government | 0 | 0 | 0% |
| International Organizations | 5 | 59 | 21% |
| NGO | 30 | 219 | 77% |
| Private Businesses | 2 | 2 | 1% |
| Foreign Government/Donor | 2 | 3 | 1% |
| Other | 1 | 3 | 1% |

FIGURE 16. MATCHMAKING BY GOOD/SERVICE



direct competition between importers and local producers, with importers competing against other importers while local producers tend to compete against other local producers.

MATCHMAKING, VENDOR LISTS AND OTHER INFORMATION REQUESTS

While tenders are an important source of business opportunities and a focus of BM, they are complemented by other services, such as matchmaking, vendor list assistance and the distribution of other business information. These services all help link local suppliers to new clients. Matchmaking services are more hands-on and tailored. Potential buyers discuss their needs with BM, which contacts businesses, verifies information, and provides that to the buyer. While the vast majority of tenders were from the Myanmar government, the bulk of matchmaking and business information requests came from NGOs (see Table 6). Over the last two years, BM has facilitated 119 matchmaking requests, 119 requests for vendor list assistance, and 48 other requests for business information from a total of 40 unique organizations.

For these matchmaking and information requests, BM made 1,685 contacts with 632 unique suppliers. The top supplier was contacted for 46 different business opportunities. For each opportunity, an average of 6 prospective suppliers were contacted. A total of 169 buyers received information on businesses, with the average buyer receiving details on 6 different suppliers.

While tenders were dominated by solicitations in the construction sector, matchmaking and business information requests were more evenly distributed among a number of different sectors. There were far fewer requests for suppliers in the construction sector, and much greater demand for 'home essentials' (such as household appliances, furniture, accessories and other supplies).

CONTRACTS

While providing suppliers with tender information and giving buyers details about Myanmar's local businesses is important, the best measure of success is the contracts that come out of connecting buyers and suppliers. BM facilitated 135 (verified) contracts through one of their services, with 75 coming as a result of matchmaking activities.³⁷ The total combined value of contracts coming from matchmaking was nearly \$1.4 million, while the median value was \$5,133. The 75 contracts were won by 37 unique businesses, 21 of which had never received a contract from that organization before. For a few of the businesses, it was their first contract with an international buyer. Twenty businesses won a total of 38 verified contracts using the tender distribution services, and these contracts tended to be larger in value. Their total combined value was \$2.19 million, with a median value of \$19,000. The remaining businesses that won contracts attended one or more training conducted by BM.

Though tenders were heavily focused on construction and matchmaking requests distributed across a range of sectors, the sector with the most contracts awarded was 'medical equipment; pharmaceuticals.' This sector had almost 40% of the contracts verified by BM. 'Home Essentials' was also dominant, with 29% of the verified contracts (39 contracts in total). The construction industry, which dominated the number of tenders, resulted in only 3 verified contracts for BM suppliers, though this may be a result of verification challenges and not reflect the true number of contracts.

Grand Fortuna Co Ltd (formally known as TPL Logistics) specializes in logistics. Mr. Myint Wai, the Managing Director, is a busy man. With the support of Building Markets, he got new clients: Community Partner International (CPI), Myanmar Red Cross Society (MRCS), and Action Contre la Faim. He was also listed as a vendor by International Crescent and Red Cross (ICRC). He not only secured contracts but developed long-lasting business relationships with those buyers. A long-term agreement was signed with UNHCR for one year, covering transport services. In mid 2014, he signed a long-term contract with CPI (an average of 500\$/month) and 4 contracts with MRCS (\$20,000). From the network offered by Building Markets, he also found new Myanmar clients and provided them with services valued at approximately \$10,000.



Section 5

Recommendations



The suppliers verified by BM represent only a fraction of the local businesses in Myanmar that could become suppliers to international organizations, governments, and businesses, as well as the Myanmar government and other local private companies. BM suppliers span 50 different lines of work, and in some ‘in-demand’ sectors, potential suppliers number in the hundreds. Gathering information on these businesses can be both challenging and time-consuming, however BM helps lower these transaction costs by serving as an information hub, disseminating that knowledge to many buyers. By lowering the burden of working with local suppliers, organizations, governments, and businesses can maximize the benefit of their procurement dollars, helping create more business and more jobs in Myanmar. There is much that can be done to improve the local impact of all of these new opportunities.

Recommendations for enhancing the local benefit of these opportunities include:

FOR INTERNATIONAL ORGANIZATIONS, NGOS, AND FOREIGN GOVERNMENTS:

- Examine procurement practices to determine if and how to expand tenders in areas with significant local value added. Among the ‘in-demand’ sectors for BM, manufacturing, transportation and storage, printing and publishing and construction have the most local value added and should be target sectors for additional procurement.
- Unbundle tenders that solicit multiple goods and services, especially when one or more of those goods/services are in sectors where domestic manufacturers have capacity.
- Provide additional feedback (including on the competitiveness of the bid) on tender bids to increase competitiveness and





decrease the number of businesses that were not aware of the reason they lost a tender.

- When possible, work with counterpart ministries in government to expand the number of tenders offered in sectors with local value added and unbundle complex tenders.

FOR FOREIGN PRIVATE BUSINESS:

- Become more heavily involved in tendering and matchmaking to maximize the local impact of activity in Myanmar.
- Work with local subcontractors who handle procurement to increase local sourcing.

FOR MYANMAR GOVERNMENT:

- Examine procurement practices to determine if and how to expand tenders in areas with significant local value added (as noted above).
- Unbundle tenders that solicit multiple goods and services.

Notes

1. Asian Development Bank, "Myanmar: Unlocking the Potential: Country Diagnostic Study," Manila, Philippines, August 2014, p. 2; and International Monetary Fund, "Myanmar: Staff Report for the 2014 Article IV Consultation," Washington, DC, October 2014, p. 20.
2. ADB, p.2.
3. Bissinger, Jared, "Foreign Investment in Myanmar: A Resource Boom but a Development Bust?" *Contemporary Southeast Asia* Vol. 34, No. 1 (2012), p. 23-52.
4. Central Statistical Organization in Bissinger, Jared (2014), *Foreign Investment in Myanmar Since 1989 – Dataset*, Accessed Oct. 30, 2014. Available at: <http://www.academia.edu/>
5. Central Statistical Organization in Bissinger, Jared (2014).
6. Foreign Assistance, "Burma," Accessed Oct. 7, 2014. Available at: www.foreignassistance.gov
7. Foreign Assistance, 2014.
8. Bissinger, Jared and Linn Maung Maung, "Subnational Governments and Business in Myanmar," Myanmar Development Resource Institute – Center for Economic and Social Development and The Asia Foundation, February 2014, p. 19
9. Government of the Republic of the Union of Myanmar, "Notification Order No. 11/2013," Ministry of National Planning and Economic Development, Nay Pyi Taw, Myanmar, Jan. 13, 2013; and Republic of the Union of Myanmar, "Notification Order No. 1/2013," Myanmar Investment Commission, Jan. 31, 2013.
10. Bissinger, Jared, Interview with Trader, Yangon, Myanmar, 2014.
11. ADB 2014, p. 183
12. May Soe San, "Fulfilling Myanmar SMEs' Urgent Financing Needs," *Myanmar Business Today*, Sept. 24, 2014, available at: <http://www.mmbiztoday.com/articles/fulfilling-myanmar-smes-urgent-financing-needs>
13. IMF, 2014, p. 3. Note that the figure runs from February 2013 to February 2014.
14. While existing verification has been limited to Yangon, BM is in the process of expanding its reach to Mandalay and Mawlamyine.
15. It is important to note that there is self-selection bias in the data, as only business that choose to participate and complete a BM verification survey will be represented in the analysis. However, this bias is common to all surveys and does not skew the results of this analysis in any way different to that of any other business survey.
16. In order to give structure to the verified businesses, this report uses the International Standard Industrial Classifications (ISIC), a widely-used set of classifications for productive activities produced by the United Nations Department of Economic and Social Affairs. ISIC has four levels of specificity for economic activity (listed from order from general to specific), which are: Section (e.g. Section A: Agriculture, Forestry and Fishing); Division (eg. Division 01: Crop and animal production, hunting and related service activities); Group (e.g. Group 011: Growing of non-perennial crops); and Class (eg. Class 0111: Growing of cereals (except rice), leguminous crops and oil seeds).
17. Only one business verified by Building Markets was classified as a manufacturer of pharmaceuticals,

medicinal chemical and botanical products (ISIC Division 21). This business is not included in the category of wholesale of medical and pharmaceutical goods. Wholesale of machinery, equipment and supplies corresponds to ISIC 4650-4659, wholesale of construction related materials to ISIC 4663, and wholesale of medical and pharmaceutical goods to ISIC 4690.

18. This category corresponds to all other businesses falling in ISIC Division 46 that do not come under one of the three specific wholesale groups listed above.

19. Printing and publishing, as defined for this report, would include ISIC 18 and ISIC 58, which both contain publishing-related activities that were not differentiated in the BM data collection. We include these under manufacturing because the vast majority of suppliers verified by BM were classified primarily under ISIC 18.

20. Including ISIC Divisions 10-17 and 19-33.

21. Note that this sector includes ISIC Divisions 41 to 43, but not the import or wholesale of construction materials, which is listed separately above.

22. Transportation and storage businesses are defined as ISIC Divisions 49 to 53, though the category was comprised almost entirely of land transportation (ISIC 49) and water transportation businesses (ISIC 50). Vehicle Sales and Repair businesses are defined as coming from ISIC 45.

23. This distribution of businesses undoubtedly varies from that of the country's entire private sector, because it is driven by demands of potential buyers. However, making a more accurate comparison is limited by data shortcomings. The best business survey to date, the

World Bank's 2014 Investment Climate Assessment, surveyed 1092 registered firms, however the survey design specified the sectoral distribution of businesses. This prohibits using the data to make inferences about the distribution of businesses across the country. Another common source of data on the sectoral distribution of businesses is government data on business licenses, however this is disparate in Myanmar and not sufficient for analysis purposes. See World Bank, "Myanmar Investment Climate Assessment: Enterprise Survey Preliminary Results," Powerpoint presentation, Nataliya Mylenko, June 30, 2014.

24. Note that Ministry lists tend to overstate the number of enterprises because the statistics only track enterprises that have registered at some point, not enterprises that are currently in operation. Enterprises that have closed would still show up on Ministry lists.

25. Note that throughout this report, 'business size' is used in reference only to the number of full-time, permanent employees.

26. World Bank, "Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprise," Washington, DC, 2013, p. 212.

27. Company registrations with the Directorate of Investment and Company Administration at the Ministry of National Planning and Economic Development are available online: <http://dica.x-aas.net/dica/>. Registrations from most other Union-level ministries and municipal offices are not.

28. Bissinger and Linn Maung Maung 2014, p. 20.

29. Loans are from formal financial institutions, but not necessarily what is referred to as a 'commercial loan' in Myanmar, which carries a 13%

interest rate and one year term. Other special loan products are available for select businesses. This comparison includes all loans from formal financial institutions.

30. For the comparison of primary and secondary lines of business, we revert to using ISIC-based sector codes for economic activity. The classifications employed thus far in the paper were specific to the businesses verified by Building Markets, but different categories had different levels of specificity. When using these BM-specific categories, results were heavily dependent on the way businesses were classified. Using a more standard, ISIC based sector classification ensures more accurate sector-to-sector comparisons.

31. In the calculations, 'sectors' are defined using the ISIC Sections A-U, as defined in the International Standard Industrial Classifications of All Economic Activities (ISIC), Rev. 4. Businesses with secondary activities 'within the same sector' were those whose activities fell within the same ISIC section, while those 'in a different sector' did not.

32. Analysis of the goods and services requested in tenders, matchmaking requests, and other requests for information presents a number of challenges. First, tenders often request many different types of goods and/or services. These regularly span different categories, regardless of whether ISIC codes or BM sectors are used. Second, classifying tenders by the primary good/service solicited is challenging because it is not possible to distinguish which component of the tender is the most financially significant. It is not possible to classify tenders using the ISIC system because buyers can purchase goods from businesses in manufacturing, wholesaling or retailing. For example, a tender soliciting pharmaceuticals does not specify whether the good must be

bought directly from a manufacturer, through a wholesaler, or from a retail, nor whether that good must be produced locally or imported. As such, tenders are presented according to the classification assigned to them by Building Markets.

33. Tenders were tracked by Building Markets, starting from November 2012 through October 2014.

34. Data from Ministry of Industry, Data on the distribution of manufacturing businesses registered with municipal offices was not available.

35. The seven characteristics, as well as business size and sector, were regressed against number of bids. While the set of characteristics above (including the sector of activities and the number of employees) was statistically significant in its relationship with the number of tenders for which a business bid, it had only limited explanatory power – less than 9% of the total variation in the number of bids. So while these characteristics are linked with the number of tender bids, it is important to note that there are also many other important factors that aren't included in the above list and which were not included in the BM data set.

36. Again, though, all the business characteristics only had limited explanatory power in the number of tender wins – about 8%.

37. Of course, BM is more heavily engaged in the matchmaking activities, which makes them much easier to verify than tenders won by businesses who found the opportunities on myanmar-opportunities.org.

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