



Communication, Information and Knowledge Needs of Urban Poor Micro-Entrepreneurs in Myanmar

A Report by



for



Communication, Information and Knowledge Needs of Urban Poor Microentrepreneurs in Myanmar is the outcome of a research study conducted by CKS Consulting Pvt. Ltd. and commissioned by LIRNEasia.

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EXECUTIVE SUMMARY

This report presents the findings of the qualitative research project titled “Communication, Information and Knowledge Needs of Urban Poor Micro-entrepreneurs in Myanmar”. It is an outcome of a research collaboration between CKS Consulting Pvt. Ltd. (hereafter CKS), and LIRNEasia, with the aid of a grant from the International Development Research Centre, Ottawa, Canada (www.idrc.ca) and UKaid from the Department for International Development, UK (www.dfid.uk).

The purpose of the project was to utilise ethnographic research tools to understand mobile phone user behaviour of urban poor micro-entrepreneurs (hereafter MEs) in Myanmar. The study focussed particularly on the business-related use of mobile phones and other communication channels. We tried to identify opportunities for telecom service providers to aid MEs in enhancing their livelihoods.

Enterprise management: This portion of study looked into the kind of enterprises Bottom of Pyramid (BoP) MEs engaged with in Myanmar. It delved further into their reasons for doing a particular business, the interaction process with suppliers, behaviour with customers and the various sources of information for their work. It came to light that the reasons for being MEs ranged from migration for better lives, family business and the opportunities for formal training for a particular kind of work. The study revealed the high level of dependence that MEs have on their social networks for monetary and emotional support.

Financial Landscape: Saving, spending and investing money are universal actions. However, how and why we make financial choices are influenced by individual needs and local factors such as government regulations, regional banking operations and technologies. For this section, our team set out to explore how these influenced financial behaviour. The findings show that formal sources were not trusted for borrowing or saving. There was low awareness about micro finance institutions (MFIs) in this group. The chapter identifies vast opportunities for stimulating mobile financial services with the introduction of two new telecom operators (Telenor and Ooredoo) in 2014.

Telecom Landscape: This section looked into various modes of communication (mobile phones, shared phones or public phones) used by MEs to manage their

businesses better, factors influencing mobile phone adoption and usage. High cost of SIM cards was the main reason for many MEs not owning a phone. Responses indicated that emergency communication with family and friends was the primary reason for an ME to buy a mobile phone. Some MEs also found it useful for their businesses to manage their suppliers and customers better. Though not many MEs had a personal phone, those who did had complaints regarding high call rates and poor network connection.

Public Utilities: Since establishment of any new business or expanding the old one needs some kind of support in terms of public utilities such as water, electricity and transport, we tried to understand the importance of these facilities for MEs in relation to their enterprise. We also looked into troubling issues for the MEs which could be addressed by future telecom operators while making new policies around telecom. Opportunities for new services, particularly for livelihood enhancement were identified. The chapter addresses various reasons for reliance on alternatives to government services ranging from costs, bad experiences, and infrastructure issues among others.

Even today, as Myanmar’s economy steadily opens up, many people still struggle to access the formal financial instruments and new age technology that many of us take for granted. This report aims to explain how Myanmar’s poorest of the poor MEs view mobile phone technology and the possibility of addressing their entrepreneurial challenges by using the same.

FOR REFERENCE

As of April-May 2014 when the fieldwork was done, the exchange rate was 975 kyat to US\$1 so for the purpose of the report and the ease of conversion, we used the following estimate:

kyat (MMK) = Myanmar's currency
1000 kyat ~ US\$1

lakh = A commonly used monetary measure
1 lakh = 100,000 kyat
1 lakh ~ US\$100

Quotes

Throughout this document, we used direct quotes, translated from Myanmar to English. Each quote was attributed to the participant using a pseudo name to keep their identity confidential.

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Fruit sellers on the streets of Yangon

Having spent the past half a century under military rule and engaged in civil wars at the same time, Myanmar remains one of the poorest countries in the world.¹ However, this once self-imposed isolated country is now undergoing a series of political, social and economic reforms. To the best interest of this research two most important reforms were:

- 1) With rolling-out of the two new telecom networks (Ooredoo and Telenors in August, 2014), most people will own a mobile phone in the coming days and will have some level of digital and information literacy to use the internet effectively.
- 2) The development of small and medium enterprises (SMEs) which have been less focused upon until now and is crucial for the country's development by creating job opportunities for the local population. To support these enterprises, Myanmar's government has removed many restrictions on businesses, abolished a range of monopolies, reduced some taxes, eased import-export restrictions and passed new Foreign Investment Laws on November, 2012.²

BOTTOM OF THE PYRAMID MICRO ENTREPRENEURS

This report presents the findings of a study conducted for LIRNEasia on the information and communication needs of urban poor micro-entrepreneurs (MEs) in Myanmar. Qualitative research methods were used to study 124 urban and peri-urban MEs. More on methodology can be found in section 1.3.

The reason for focusing on MEs was two-fold; firstly, MEs are most likely to have higher livelihood gains through Information and Communication technologies (ICTs). This can be supported with an excerpt from the 2002 Guide to ICTs for Development by Sood³ which says that "ICTs represent an unprecedented opportunity to make new knowledge, services, and opportunities available in underserved areas. Both urban and rural citizen consumers may benefit from ICTs by receiving enhanced access to information and communication across large distances, improved access to governmental and quasi-governmental resources and services,

¹ Deloitte. (2014). *Myanmar: The next Asian telecommunications greenfield?* Retrieved from the website <http://www.deloitte.com/assets/Dcom%20Guam/Local%20Assets/Documents/Technology,%20Media%20and%20Telecommunications/TMT%20Myanmar.pdf>.

² Watson, Farley and Williams (2013). *Natural Resources Briefing*. Retrieved from the website [http://www.wfw.com/Publications/Publication1183/\\$File/WFW-MyanmarFDILaw.pdf](http://www.wfw.com/Publications/Publication1183/$File/WFW-MyanmarFDILaw.pdf)

³ Sood, Aditya Dev. (2002). *ICTs for Development*. Retrieved from the website available on <http://cks.in/wpcontent/uploads/2013/01/ict4development.pdf>

new credit and financial services available through mobile, palmtops and information kiosks, and new opportunities to design, manufacture and market their products through internet or intranet systems.”

Secondly, the reason for focusing on urban/peri-urban MEs is that the new telecom service providers will be rolling out SIM cards in urban areas in the initial years before targeting the rural areas.

This research is an extension of study done on Service Design in Telecom, Electricity and Governance for BoP MEs carried out by CKS in collaboration with LIRNEasia in 2013 that aimed to encourage the use of ICT in the provision of government and other public utility services to impact the uptake of internet and more-than-voice services. It explored customer relationship management in telecom, electricity and governance in three countries - India, Sri Lanka and Bangladesh and the benefits of service design interventions catering to the urban BoP micro entrepreneurs (ME) customer segment. Figure 1 on the right attempts to explain what the research entails. This project also aims to explore the relationship and communication between the ME, his suppliers, customers, family, friends and the processes around various government services and public utilities he avails and how. The objectives of this research are as follows:

- 1) to understand the communication, information and knowledge needs of BoP MEs,
- 2) to map how these BoP MEs currently fulfill these needs (in most cases, without any ICTs) and
- 3) to identify a prioritized set of value added services that can be delivered to the BoP MEs via mobile platforms to enhance their lives and livelihoods.

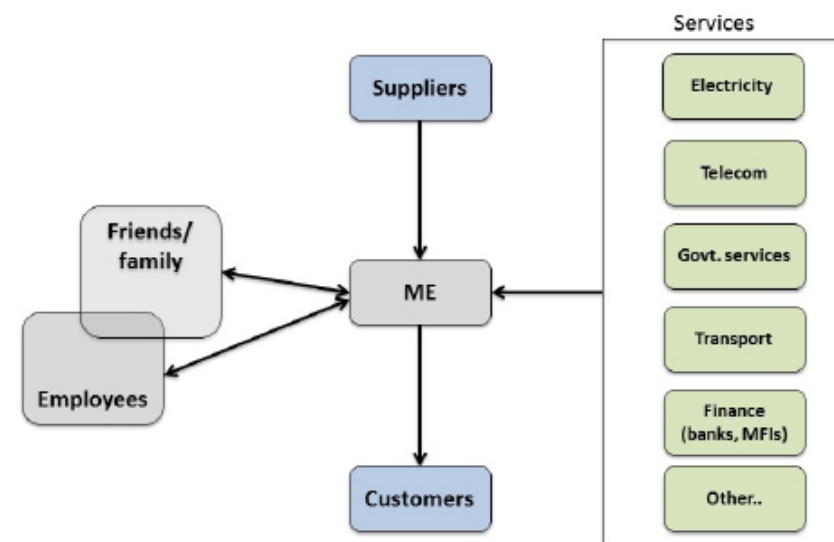


Figure 1: Day to day interaction of ME with his surroundings

Telecommunications in Myanmar is several steps behind most developed South East Asian countries. While in 2013 the teledensity (telecom subscribers per 100 inhabitants) for India, Pakistan, Bangladesh, Thailand, Indonesia and Srilanka was 71, 70, 67, 138, 122 and 95 respectively, it was only 13 for Myanmar (The World Bank Data, 2014)¹. There is only one government telecom service provider MPT (Myanmar Posts and Telecommunications) as of now and till 2013 only a small percentage (10.3%) of the population had mobile connections (MCPT, 2013)². However, the situation on the ground is changing and the mobile phone industry and availability of SIM cards in Myanmar are in a state of flux. The two new telecom operators Telenor and Ooredoo networks being rolled-out in Myanmar in August, 2014 can be expected to fulfill the basic (voice, SMS) connectivity needs of citizens, and bring economic and social benefits. But past research³ shows that value added services (beyond basic voice) have the potential to drive real change, especially to the poor, as seen with the developments in m-government, m-agriculture in other developing countries.

1 The World Bank Data (2014). Mobile cellular subscriptions (per 100 people). Retrieved from the website available on <http://data.worldbank.org/indicator/IT.CEL.SETS.P2/countries/MM-IN?display=default>.

2 Ministry of Communications, Post and Telegraphs (2013). Retrieved from the website available on www.mcpt.gov.mm

3 CKS. (2006). *Mobile Development Report*. Retrieved from the website available on <http://cks.in/wp-content/uploads/2012/10/mobiledevelopmentreport.pdf>

1. METHODOLOGY



Downtown, Yangon

The aim of this study was to understand information and communication networks for micro-entrepreneurs that how they were communicating with their suppliers and the customers as well as financial and government services availed by them. What kind of information did they seek in their everyday life, how did they look for this information and the mode by which they got it.

1.1 RESEARCH LOCATIONS

To get a mix representation of mobile users and non-users and considering that the urban areas would be the target of new telecom operators (Talenor and Ooredoo), present study was conducted in five major urban and peri-urban (Yangon, Mandalay, Nay Pyi Taw, Mawlamyine and Bago) cities of Myanmar. A brief description of these cities are below:

1.1.1 YANGON

Rangoon, renamed Yangon in 1989, was the administrative capital of colonial Burma, and subsequently the national capital from 1948 to 2006. Yangon, is situated in the Irrawaddy Delta and is home to approximately 4.1 million people.¹ Yangon was originally a settlement that grew up around the city's famous landmark, Shwedagon Pagoda, the nation's holiest site.² Upgraded to a town named Dagon by the Mons and later renamed Rangoon, its thriving shipbuilding industry reflected its status as an active port by the 19th century. Although the administrative functions of the government are now in the capital of Nay Pyi Taw, Yangon remains the nation's trade center accounting for more than 80% of foreign commerce. Rice, teak, and metal ores constitute the main exports³.

¹ Encyclopædia Britannica Online. (2012). *Mandalay*. Retrieved from the website <http://www.britannica.com/EB-checked/topic/361552/Mandalay>

² Allen, J. Smith, A.J. & Smith, J. (2011). *Yangon. Myanmar (Burma)* (11th ed. pp. 39, 43-47) China: Lonely Planet Publications Pty Ltd.

³ Brinkoff, T. (2009). *City Population: Myanmar*. Retrieved from the website <http://www.citypopulation.de/Myanmar.html>

1.1.2 MANDALAY

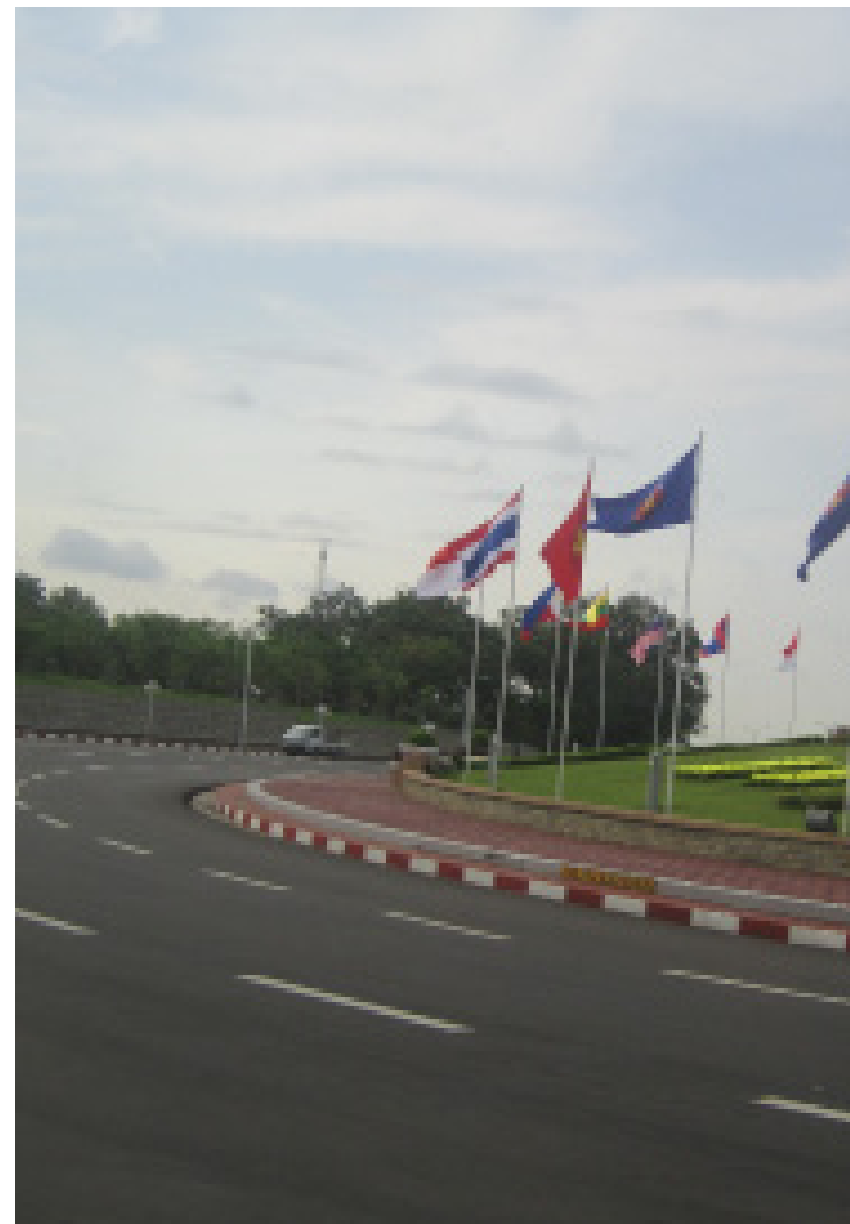
Mandalay, founded in 1857, is Burma's cultural capital and second-largest city with a population of 960,000.¹ Mandalay served as the Burmese royal capital from 1861 until the British conquest in 1885. The most influential Buddhist universities in the country are located in and around the city which is said to have been visited by Buddha himself. Mandalay is a major commercial center with tea packing, silk weaving, jade cutting silverware, and goldware industries. It has International Airport and has close connections with China.

1.1.3 NAY PYI TAW

On 6th November 2005, the administrative capital of Burma was officially moved 320 km north of Yangon and was officially named Nay Pyi Taw. All the ministries and the military headquarters have been moved to this new capital. So this is essentially an administrative and political capital city of Myanmar while most of the economic activity still takes place in Yangon which is the biggest city of the country.

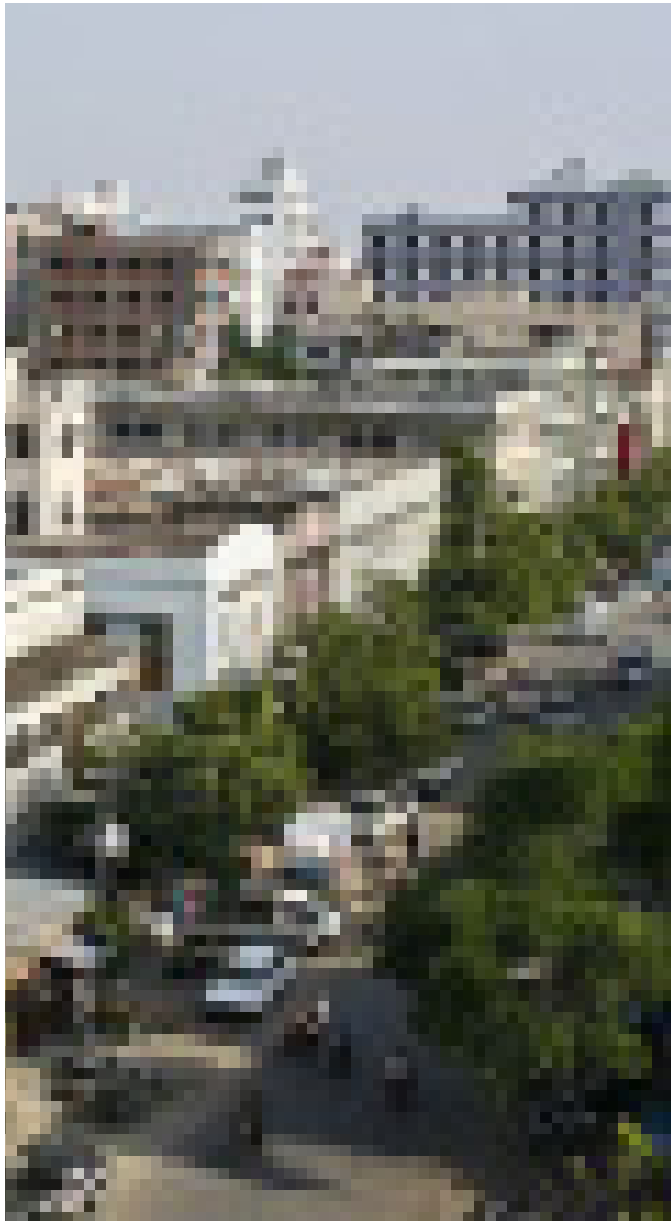
1.1.4 MAWLAMYINE

Mawlamyine, with about 300,000 populations, is the third largest city in Myanmar following Yangon and Mandalay, and is the capital of Mon State. The city is a port city situated at a mouth of the Thanlwin River, one of the great rivers of Myanmar besides the Ayeyarwadi River. The residential zone of Mawlamyine is spread around the hill located in the centre of the city.



Nay Pyi Taw

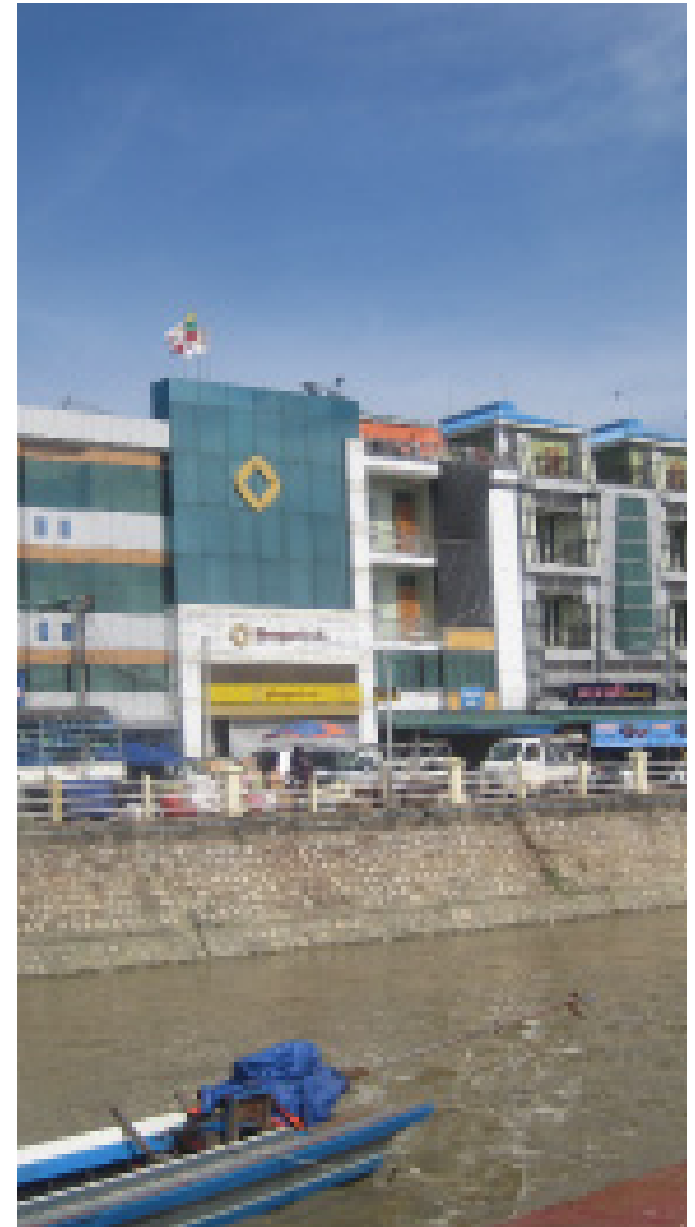
¹ Brinkoff, T. (2009) *City Population: Myanmar*. Retrieved from the website <http://www.citypopulation.de/Myanmar.html>



Mandalay



Bago



Mawlamyine

1.1.5 BAGO

Bago was formerly known as Pegu. It is a city and the capital of Bago Region in Myanmar. Bago is known as the home of historical and natural treasures and its beautiful scenery and abundance in flora and fauna makes it a good eco-tourism destination. Its geography, resources and political stability ensures the benefits and welfare of Bagonhons a common objective of its officials moving Bago towards excellence in local governance.

1.2 RESEARCH PARTICIPANTS

Present study was conducted on 124 Bottom of Pyramid Micro-entrepreneurs (BoP MEs) engaged in manufacturing, trade and services from the five above-mentioned cities Mandalay, Mawlamyine, Bago, Nay Pyi Taw and Yangon (Appendix-1) for the reason that BoP MEs constitute large percentage of a nation's employed citizenry.

As the focus of this study was on the BoP population, all the research participants belonged to Socio-Economic Classification (SEC) D and E. The sample was limited to the age group of 15-45 years as they were expected to adopt mobile phones earlier. As per Myanmar's Socio-economic classification, people earning upto MMK 100,000 (\$100) fell under SEC-E and those earning upto MMK 300,000 (\$300) belonged to SEC-D. Potential participants for the study were selected according to this classification. Gender and education of the participants were also given due importance and efforts were made to have an equal representation of male and female MEs having no more than nine paid employees. The location aspect on MEs were taken into consideration so that a wide range of MEs working from fixed (MEs with a definite place of work), mobile (MEs moving around whole day and working) and variable locations (MEs without a definite place of work) were covered.



1.3 RESEARCH PROTOCOL

Qualitative and empathic research techniques were used to understand what is happening on ground in Myanmar, and how people's needs and opportunities could be best addressed through future services.

1.3.1 IN-DEPTH INTERVIEWS

In-depth interview is a qualitative research technique which proceeds as a confidential and secure conversation between an interviewer and a respondent to explore their perspectives on a particular idea, situation or program. In-depth Interviews were conducted in each location to understand how a ME started his/her business, his daily interactions with the suppliers and customers, various Government and financial services accessible and availed by MEs. Interview length ranged from two to three hours.

1.3.2 MINI ETHNOGRAPHIES

Mini ethnography is a process of learning from people about the aspect of their lives by spending adequate amount of time with them and documenting their day to day lives. In this study, mini-ethnographies were conducted to understand the research participant's everyday activities and different context within which he/she performed these activities. The mini-ethnography involved a researcher shadowing the participant for six hours to understand, in detail, his/her professional interactions, information exchange, mobile usage and challenges faced.

1.3.3 FOCUS GROUP DISCUSSIONS

Focus group discussion is a form of qualitative research in which a small group- usually 6 to 10 people- are asked about their preceptions, beliefs, opinions and attitudes towards a product, service, idea or concept. For the purpose of this study, focus group discussions were moderated with six research participants from varied occupations (but of same gender) to

give insight into the common concerns on the use of existing Government, financial and telecom services, a functional understanding of each step of the process, its limitations and overall experience. Information gathered through these discussions helped the researcher to understand needs of a region.

1.3.4 ETHNOGRAPHY WITH THE SERVICE PROVIDER

In each location two service providers (one from Government services and one from financial services) were identified which were visited by the MEs and interviews were held to reflect on various processes better.

Each of these different protocols provided varying insights into different livelihood and mobile usage patterns of the micro-entrepreneurs from these locations. These insights led to a comprehensive understanding of possible role of mobile phones in meeting the information and knowledge needs of these micro-entrepreneurs.

1.4 PROCESS

Detailed field guides for each protocol were prepared before going on field (Appendix-II) reflecting on the purpose of the study, and some of the key probing questions to carry forward the conversation. For each location, an advance recruitment team (Appendix-III) travelled ahead one or two days to lay the groundwork for participant recruiting and build initial relationships with ward leaders. In-field synthesis took place in two ways: informal debriefings with field teams after each research session and daily full-team debriefings to discuss key findings, possible improvements to the process and goals and plans for the following day. Small gifts and small financial rewards were prepared for participants and were handed over depending on what was appropriate in each context. On a couple of occasions, participants politely declined financial rewards.



Myanmar means the land of swift and strong

2. Contextual Understanding of Myanmar

10



Myanmar

Myanmar (Burma), a country of nearly 60 million¹ people and one of the world's most diverse countries with a rich history, a wealth of cultural and religious traditions, is Asia's last frontier with huge potential for growth and international trade. Post ethnic-war era, with the developing political and economic reforms, Myanmar is emerging as an inexorable investment destination for governments and private sector in Asia and beyond.

Myanmar, with a total land area of 676,578 sq. km, is the second largest country in Southeast Asia endowed with fertile tropical deltas in the south and a rugged landscape in the Himalayan foothills to the north. It shares borders to the north and northeast with the People's Republic of China, to the east and southeast with Lao People's Democratic Republic (Lao PDR) and Thailand, and to the west and northwest with Bangladesh and India.

The country is divided into seven states and seven regions. The seven states—Chin, Kachin, Kayah, Kayin, Mon, Rakhine, and Shan—mainly encompass the hilly and mountainous areas and are predominantly populated by ethnic communities. The seven regions (previously called divisions)—Ayeyarwady, Bago, Magway, Mandalay, Sagaing, Tanintharyi, and Yangon—encompass the plains and are predominantly populated by people of Bamar ethnic origin. The administrative subdivisions are further divided into districts, townships, wards, and villages.

Myanmar is rich in natural resources including arable land, forests, minerals, natural gas, and freshwater and marine resources and has a 2,800 km coastline which provides access to sea routes and deep-sea ports enabling potential international trades.

2.1 POLITICAL HISTORY OF MYANMAR

Various ethnic Burmese and ethnic minority city-states or kingdoms occupied the present borders of Myanmar through the 19th century. Over a period of 62 years (1824-1886), Britain conquered Burma and incorporated the country into its Indian Empire. Burma was admin

¹ Central Intelligence Agency. (2014). *Introduction: Burma in The World Factbook*. Retrieved from the website <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html>

istered as a province of India until 1937 when it became a separate, self-governing colony; in 1948, Burma attained independence from the British Commonwealth¹.

Gen. NE WIN dominated the government from 1962 to 1988, first as military ruler, then as self-appointed president, and later as political kingpin. In response to widespread civil unrest, NE WIN resigned in 1988, but within months the military crushed student-led protests and took power. Multiparty legislative elections in 1990 resulted in the main opposition party - the National League for Democracy (NLD) - winning a landslide victory. Instead of handing over power, the junta placed NLD leader (and Nobel Peace Prize recipient) Aung San Suu Kyi under house arrest from 1989 to 1995, 2000 to 2002, and from May 2003 to November 2010. In late September 2007, the ruling junta brutally suppressed protests over increased fuel prices led by prodemocracy activists and Buddhist monks, killing at least 13 people and arresting thousands for participating in the demonstrations.

In early May 2008, Burma was struck by Cyclone Nargis, which left over 138,000 dead and tens of thousands injured and homeless. Despite this tragedy, the junta proceeded with its May constitutional referendum, the first vote in Burma since 1990. Parliamentary elections held in November 2010, considered flawed by many in the international community, saw the ruling Union Solidarity and Development Party garner over 75% of the seats. Parliament convened in January 2011 and selected former Prime Minister Thein Sein as president. Although the vast majority of national-level appointees named by Thein Sein are former or current military officers, the government has initiated a series of political and economic reforms leading to a substantial opening of the long-isolated country. These reforms have included allowing Aung San Suu Kyi to contest parliamentary by-elections on 1 April 2012, releasing hundreds of political prisoners, reaching preliminary peace agreements with 10 of the 11 major armed ethnic groups, enacting laws that provide better protections for basic human rights, and gradually reducing restrictions on freedom of the press, association, and civil society².

At least due in part to these reforms, Aung San Suu Kyi now serves as an elected Member of Parliament and chair of the Committee for Rule of Law and Tranquility. Most political parties have begun building their institutions in preparation for the next round of general elections

1 Central Intelligence Agency. (2014). *Background: Burma in The World Factbook*. Retrieved from the website <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html>

2 Central Intelligence Agency. (2014). *Background: Burma in The World Factbook*. Retrieved from the website <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html>



One of the headquarters of NLD in Nay Pyi Taw



Bamar tribe

2.2 ECONOMY

Myanmar is one of the poorest nations in the world despite its significant reserves of oil, natural gas, timber, minerals, and precious gemstones¹. Although some experts say Myanmar has the potential to be the next “Asian Tiger,” the country faces serious challenges including poor infrastructure, lack of foreign investment, rampant corruption, and an unskilled labor force.²³ Agriculture remains the backbone of the economy employing 70% of the Burmese labour force and accounting for nearly 40% of GDP.⁴ The industrial sector accounts for approximately 19% of GDP and employs about 7% of the Burmese labor force.⁵ In recent years, however, the industrial sector has grown only marginally and without a huge investment in infrastructure, including electricity and transportation, is unlikely to develop in the near term.⁶ Tourism is a promising sector as Burma opens up to international visitors, tourists are flocking to the nation. The government is investing money in its expanding tourism industry.

1 Central Intelligence Agency. (2013). *Burma: Economy* in *The World Factbook*. Retrieved from the website <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html>

2 Bissinger, J. (2012). *Think Again: Burma's Economy*. *Foreign Policy*. Retrieved from the website http://www.foreignpolicy.com/articles/2012/09/18/think_again_burmas_economy

3 Schuman, M. (2012). *Will Burma Become Asia's Next Economic Tiger?* Retrieved from the website <http://business.time.com/2012/08/22/will-burma-become-asiasnext-economic-tiger/>

4 Food and Agriculture Organization (FAO). (2011). *Myanmar and FAO Achievements and Success Stories*. Retrieved from the website <http://www.fao.org/fileadmin/templates/rap/files/epublications/MyanmaredocFINAL.pdf>

5 *ibid*

6 Economy Watch. (2010). *Myanmar Economic Structure*. Retrieved from the website http://www.economywatch.com/world_economy/myanmar/structure-of-economy.html

7 Energy Market Authority. (2012). *ADB Report: Capital Needed to Unlock Wealth of Opportunities in Myanmar's Energy Sector*, *Singapore International Energy Week*. Retrieved from the website <http://siew.sg/energy-perspectives/renewable-energy/adb-reportcapital-needed-unlock-wealth-opportunities-myanmars->

2.3 ETHNIC GROUPS

Myanmar is culturally diverse and home to over 100 ethnic groups (Seekins 2010, Beech 2009, Ekeh and Smith 2007). Most of these groups have been in Burma since the end of the first millennium C.E.¹⁰ Retaining their ethnic identities and speaking many languages, groups have largely remained in the areas to which they originally migrated. Some of the major ethnic groups inhabiting Myanmar are:

Burman (Bamars) : The largest group by far is the Burman, sometimes referred to as the Bamar ethnic group, who comprise 68% of the population (IRIN 2012). Originating in the Himalayas more than 1,000 years ago, their language is from the Tibeto-Burman family. Concentrated largely in the Irrawaddy River Valley and along the coastal strips, the Burman are overwhelmingly Theravada Buddhists.

Shan: The Shan, Burma's largest minority ethnic group comprising 9% of the population, are found in Burma's Shan State. Their native tongue is a tonal language from the Tai language group. Most Shan are lowland-dwelling rice farmers and livestock breeders. Many are traders traveling from village to village peddling goods, much of which has been illegally imported from neighbouring countries.

Karen: The Karen are the second-largest minority group mainly settled in the Irrawaddy River Valley.

Chin: The Chin constitute 2.5% of the population. They live in Chin State in the sparsely populated Western Mountains of northern Burma.

Mon: The Mon, comprising about 2% of Burma's population, are located in Southern Burma in Mon state.

2.4 RELIGION

Almost 90% of Burmese are Buddhists, a majority of whom follow the Hinayana (also known as Theravada form of Buddhism). According to Theravada, it is up to each individual to seek salvation and achieve nirvana. Between ages of ten and sixteen, most young Burmese men and some young women become Buddhist novices and go to live in a monastery. While most young men remain at the monastery for only a short period time before returning to the secular life, some become fully ordained monks. Monks are a common sight throughout the nation. Shrines and pagodas dot the landscape, and most people clasp their hands and bow their heads when passing one.



Novitiation ceremony at Shwedagon Pagoda



Fried insects street food



Traditional fish and pork rice salad famous of Bago

Though women may become Buddhist nuns, female clergy do not have the same prestige as male monks, since nuns do not perform ceremonies for lay people. As a result, fewer females than males enter the clergy. Virtually all men join the monastery at least once during their lives. Their stay can be a few days or a lifetime. A family earns great merit when a son joins a monastery. This rite of passage, known as novitiation (shinbyu), typically occurs between March and May. It involves shaving the head, putting on a robe, parading around dressed as princes and declaring one's faith in the teachings (dhamma) of Buddha. To gain merit, those who do not have sons of their own often recommend other people's sons join a monastery.

The Buddhist temple serves multiple purposes for the society. It acts as a religious school, a community center, a guest house, a place where the government and other agencies post information, a site for sports activities, a center for welfare services for those who are poor and ill, a morgue, and a center for music and dance. It also carries out economic services such as providing loans and renting lands and homes.

2.5 CALENDARS AND THE MYANMAR HOLIDAYS

The concept of time is complicated in Myanmar. The traditional Burmese calendar is based on both sun and moon. The Burmese era began 638 years after the Christian era, so their year 1374 begins in 2012 and continues through April 2013 after which begins the year 1375.¹² The traditional calendar has eight days in a week and 12 months in a year. In order to make accommodations to the western calendar, Wednesday morning and Wednesday afternoon are counted as separate days. For purposes of holidays, however, Burmese use the Buddhist lunar calendar which is the same as the general lunar calendar except that it begins from the time of Buddha's Enlightenment around 543 B.C.E. The Burman celebrate one major holiday, Burmese New Year, which falls in April. The four-day New Year's holiday (18–21 April) follows the Thingyan water-festival. Thingyan falls near the end of the hot dry season and helps welcome the new year. During the festival, revelers splash water on each other and on passersby to

¹ Emerald, C. (2013). *Myanmar Calendar*. Retrieved from the website <http://myanmar-calendar.cool-emerald.com/>

² Yin, S.M. (2011). Chapter 7: Culture and Travel. *Culture Shock! Myanmar: A Survival Guide to Customs and Etiquette* (pp. 177). Tarrytown, NY: Marshall Cavendish Editions.

symbolize the washing away of last year's bad luck and misdeeds. The whole country is on vacation for two weeks during water festival.

2.6 FOOD CULTURE

Burmese cuisine centers around oil-based curries, salads, and soups and nearly every meal includes rice. Common herbs include ginger, turmeric, garlic, chili, lemongrass, green onions, and coriander. One of the most famous Burmese dishes is mohinga, a dish of thin of flat noodles eaten in a fish-based soup broth. It is especially popular as a breakfast. Other snacks include chappatis, fried insects, and Chinese pastries. Burmese not only drink tea made from dried tea leaves but also eat pickled tea as a snack. Tea shops are found in every city, town, and large villages. These establishments are important locales for social gathering and provide free wi-fi also. Street stalls sell a variety of foods in the cities and towns. It is a local custom in Myanmar to chew betel nut.

2.7 LINGUISTIC AFFILIATION

Burmese, a Tibeto-Burman language whose alphabet is derived from south Indian scripts, is the national language of Myanmar. The largest ethnic group that speaks Burmese is the Myanma; there is a smaller Burmese-speaking ethnic group known as Baramagyi (or Barua). There are other less common languages like Arakanese, Intha, and Taungyo (or Tavoyan) and shan. Many educated urban residents speak English as a second language, but English is not widely spoken among the population as a whole.

Burmese names are preceded by a number of different titles. Ko is the general title for an adult male, while U (pronounced oo) precedes an older or well-respected man's name, and Aung is used for younger men. A woman's name is preceded by Daw.

2.8 DRESS CODE

Among the Burman, both men and women wear the traditional sarong-like garment (lungyi) known as htami (women's) or pa-soe (men's) that is knotted at the waist. Men wear collarless shirts (ingyi) and a round-necked jacket (taibon). Women wear short fitted blouses. The color and designs of the clothing vary among ethnic groups and by gender. The Burman lungyi uses



Lungyis



Tanatkha paste



Bicycle rickshaws

fabric with checks, plaids or stripes in any color.

2.9 TANATKHA

It is common in Myanmar for many women and children to apply a yellow-white paste, known as tanatkha, on their faces. This is both a cosmetic and practical paste, made every day, by rubbing ground bark with a sprinkle of water. Tanatkha practically acts as a sunscreen.

2.10 RURAL-URBAN DIVIDE IN MYANMAR

Myanmar remains largely a rural nation with only 32.6% of the population living in urban areas¹. Out of this, 30% of the urban population live in Burma's two largest cities, Yangon and Mandalay. This rural-urban migration stems from industrialization and increased economic opportunities in urban centers.

2.11 TRANSPORTATION

Larger towns in Myanmar offer a variety of modes of transport such as city buses (ka), bicycle rickshaws or trishaws (saiq-ka, for sidecar), horse carts (myint hlei), ox carts, vintage taxis (taxi), more modern little three-wheelers somewhat akin to Thai tuk-tuks (thoun bein, meaning 'three wheels'), tiny four-wheeled 'blue taxi' Mazdas (lei bein, meaning 'four wheels') and modern Japanese pick-up trucks (lain ka, meaning 'line car'). Small towns rely heavily on horse carts and trishaws as the main mode of local transport.

2.12 TYPICAL HOUSEHOLD AND FAMILY STRUCTURE

Most Burman live in an extended family setting that often includes parents, parents-in-law, grandparents, and the siblings of a spouse as well as other kin. Nuclear families sometimes live in their own compound, but many related households may live together in their own houses within a larger compound. These individual households may then form extended family units. Among the Burman, it is common for a couple to live with the wife's family. But they are free to live with the groom's family or on their own.

¹ Central Intelligence Agency. (2014). *Burma: People and Society* in *The World Factbook*. Retrieved from the website <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html>

2.13 LOCAL GOVERNANCE STRUCTURE

Local governance structure of Myanmar constitutes head of 10 families, head of 100 families and the ward leader. While the head of 10 families does not have right to give recommendation letter, head of 100 families can. Both head of 10 families and head of 100 families report to ward leader in ward office. To apply for family registration card or to apply for water and electricity connection recommendation letter from the head of 100 families is needed. This recommendation clarifies that the person is a resident of that area. If a household has any overnight guest, they are required to report to the head of 10 families. The civilians seek advice of the head of the families on every legal matter.

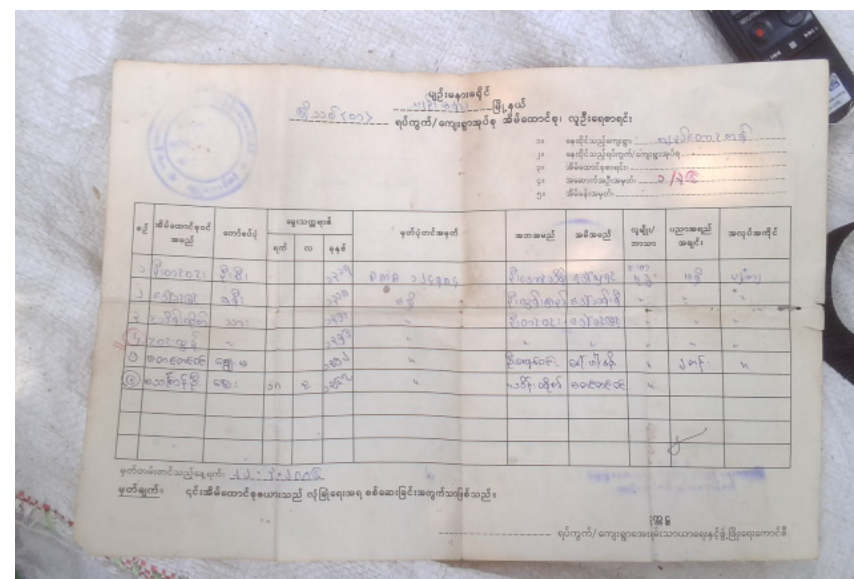
2.14 FORMS OF IDENTIFICATION

There are essentially two forms of identification that everyone in Myanmar should possess. One is National ID-card and other is the Family Registration Card (or family list). National ID-card can only be made in one's native place. In a person's given lifetime, the national ID-cards should be made three times. These are at the age below 8, at 18 years and at 30 years. The information needed to apply for national ID-card are names of three previous generations residing in Myanmar, their date of birth, national ID-card numbers and their blood type along with his/her date of birth and blood group certificates. Those who cannot trace their three generations in Myanmar cannot get national ID-card and can only have PR-card. National ID-cards are required to apply for anything and everything in Myanmar; be that electricity connection, SIM in the lucky draw, and for any financial transaction. Those who do not have national ID-card, cannot travel freely within the country and need to take permission from the immigration office before visiting other cities. They are not allowed to leave their place for more than 15 days at a stretch.

Family registration card is a list of all the members in family. The documents needed to apply for family registration card are a copy of national ID-cards of each family member, police recommendation letter, recommendation letter from head of the quarter to certify that the person has been staying at that particular place for long.



National ID card



Family Registration Card

3. ENTERPRISE MANAGEMENT

3.1 MICRO-ENTERPRISES IN MYANMAR

Small, Medium and Micro Enterprises (SMMEs) form a large part of Myanmar's employed citizenry and have the potential to grow into large enterprises promoting employment and contributing to the country's GDP. According to the Private Industrial Enterprise Law of 1990, and its 2011 revision, the government is focusing on small- and medium-sized industries. The stated purpose of the new law is two fold:

First, to develop the economy throughout the country by promoting the development of small and medium enterprises (SMEs), to create job opportunities, to generate new incomes and raise the standard of living. Second, to provide a conducive environment for SME development that facilitates growth and improve competitiveness, including easy access to business-related information, technical support services, funding, and access to national and international market."

The law also notes the need to establish the "necessary legal and administrative framework for enabling SMEs to flourish by reducing barriers for businesses" as well as the need to promote entrepreneurship, innovation, vocational education and training, and financing mechanisms. In April 2012, the government established the Central Department of Small and Medium Enterprises Development (commonly referred to as the SME Development Center) under the Ministry of Industry to guide, support and monitor the performance of SMEs.¹

While many necessary frameworks to enable SMEs have been established there is very little done for the Bottom of the Pyramid (BoP) Micro Enterprises in Myanmar. Our current research shows there are several BoP Micro Enterprises and there has been no research done in the past to record their number and to study the challenges these Micro Entrepreneurs (MEs) face.

This section therefore explores the Micro Enterprises in Myanmar. Here, we will be looking at the different types of enterprises the MEs own, identify their motivations on starting these enterprises, understand the business location rationale, identify various sources of initial capital, their income, expenditure, suppliers, services required to support business, marketing and customer relationship management.

3.1.1 TYPES OF MICRO-ENTERPRISES

For the purpose of this research, Micro Entrepreneurs (MEs) from trade, service and manufacturing sectors were selected for the interview. The definitions of micro-entrepreneur, manufacturing, service and trade are as below:

Micro Entrepreneur: A micro-entrepreneur is the one who earns his/her own livelihood through micro business ventures which could be in the manufacturing, service or trade sector.

Manufacturing: A business activity in which the micro-entrepreneur makes the product himself/herself before selling it to the end consumer. Popular examples of this would be roadside food stalls, juice centers etc. Farming/cultivation of any kind is not included in this research.

Service: A business activity in which the micro-entrepreneur renders a service and earns money. This activity typically leverages on a personal skill. Coaching classes and transportation services are examples of a service being rendered.

Trade: A business activity in which the owner does not manufacture anything, rather he/she purchases and sells the product (typically in finished goods form). Retail shops are one such example of trading.

Out of the total sample of the MEs interviewed, most were from trade in Yangon, service in Mandalay and Mawlamyine, and manufacturing in Nay Pyi Taw and Bago.

¹ Bissinger, J. & Maung, L.M. (2014) *Subnational Governments and Business in Myanmar*. Retrieved from the website <http://www.asiafoundation.org/resources/pdfs/Subnational-GovernmentsandBusinessinMyanmarEnglish.pdf>

3.1.2 MOTIVATIONS BEHIND STARTING THE ENTERPRISE

There were several reasons observed for the MEs to be motivated for starting their own enterprises. These included the continuation of family businesses by the young generation, a shift in livelihoods from agriculture to entrepreneurship which lead to migration from rural areas to urban areas, availability of natural resources in the surroundings, formal training and courses received in some fields, seasonal or permanent change in business to make more profit.

The natives in all five locations carried forward their own family business such as wood keychain making, bamboo weaving, broomstick manufacturing, clay statue making and so on. There were many benefits of doing so. One, the social capital involved gave easy access to suppliers and customers. Two, they saved the initial investment cost they would otherwise spend on renting space and buying necessary equipment and other assets. Kyaw (keychain maker, Bago) a 22 year old ME took over his family business 4 years back. He got wood from a fixed supplier at the end of every month. He also had a lot of customers from his father's time. At home, he had two lathe machines along with a commercial electricity meter. He leveraged on the social capital he received and expressed the desire to experiment with his keychains to attract more customers.

As Yangon is the former capital and the biggest city in Myanmar, it attracted migrant population from suburbs and villages. In other cities, majority of the MEs were natives. Most of the migrant MEs in Yangon, were from a rural agricultural background and migrated to Yangon in search of better job opportunities. Some of them did agriculture in one season and came to Yangon for work during the other season to earn enough as they had to return the loan amount they had borrowed from the banks, money lenders and pawn shops. Aung (Dumping seller, Yangon) used to do agriculture in one of the villages near Yangon but did not make much profit so came to Yangon and sold Satay (jackfruit) for two years which did not do well. He then sold guavas for a few days and dropped it. Then one day while travelling in the bus he saw the advertisement of Myamudo dumpling company and personally went to inquire about it and started selling dumplings right after. Phyu (buys/sells hair, Yangon) helped her family in agriculture during the rainy season and bought-sold hair in winters. She had been doing so for 3 year and said that many people in her village did similar businesses so she also started doing it.



Kyaw's keychain business



Aung, dumpling business



Bamboo handicraft made by Htwe in Bago

Some of the migrants, however, moved because of other reasons such as sickness or the loss of a family member. Crystals (Fan seller, Yangon) migrated from the south of Yangon nine years back as her father had passed away and they had to sell the house. So she rented a house in Yangon with her husband, mother, siblings and kids with the help of some acquaintances. Her husband started selling fans in summers and mats in winters until nine months back when he was diagnosed with T.B. and Crystals had to take over the business.

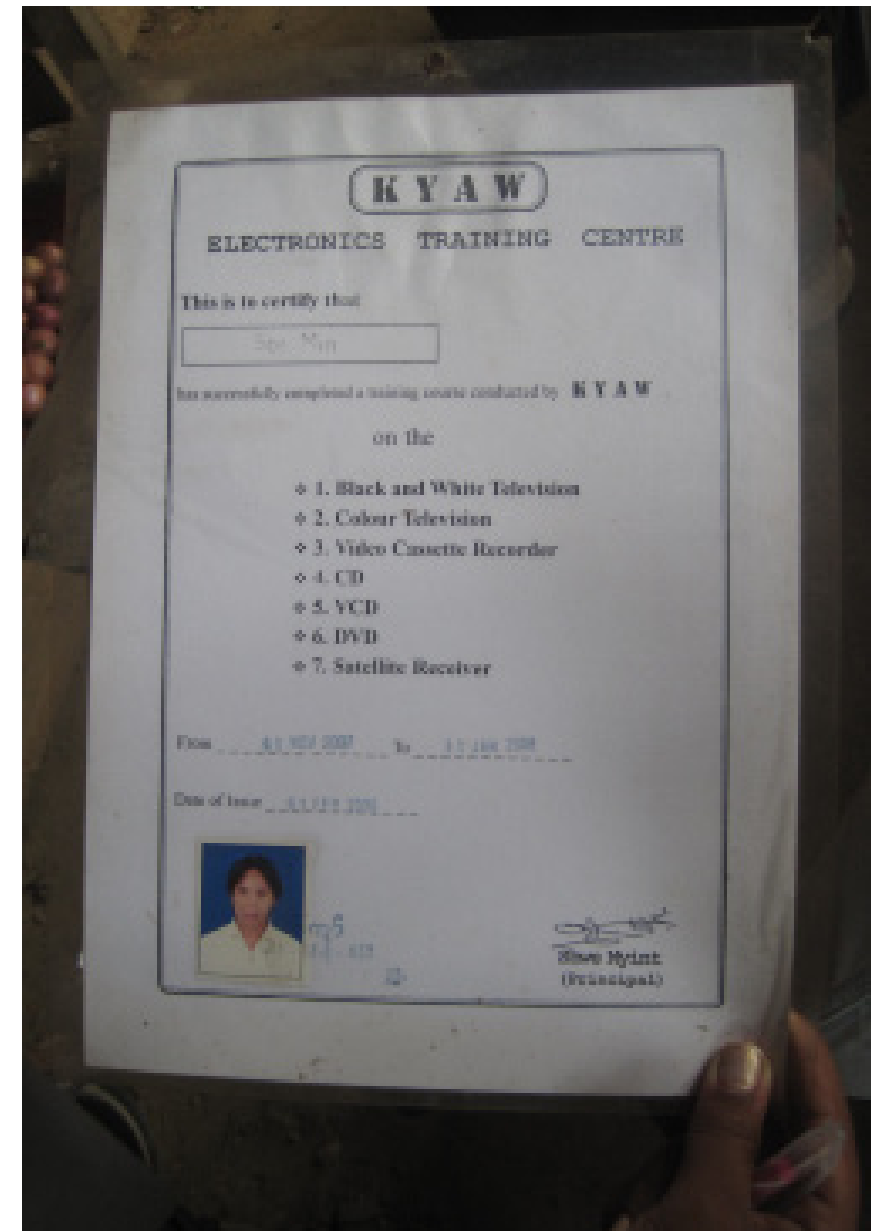
Some of the MEs started their business because of easy access to, and abundance of raw materials, especially natural resources. For e.g., MEs sold Tanatkha wood (Women apply it on skin to protect from heat waves and nourish skin), plum toffees, fish, rats and birds, making bamboo chairs and souvenirs out of cane, long grass, wood and bamboo.

Some of the MEs received professional training in a course and converted it into business. Htay (electrician, Nay Pyi Taw) went to Yangon to study basic and advanced electrician courses and received certificates for it. His parents were both potters but he got work under some senior electricians through his friends and got motivated to pursue these formal courses. He also knew a monk at the monastery through whom he met the teacher in Yangon. He stayed at the teacher's house for 6 months. For the basic course, he paid MMK 250,000 (\$250) and advanced he paid MMK 350,000 (\$350) and his mother covered all his expenses. Htwe (Souvenir maker, Nay Pyi Taw) 44 years old learnt souvenir making out of bamboo, cane and wood at the Lacquer Institute in Bagan in 2013 and received certificates for it. He came to know about it through other people.

Some of the MEs shifted from jobs to business as they were not making enough money through their jobs. Some of them saved money from different jobs to start their own business. Kim (Trishaw driver, Mandalay) used to work in a tea shop earlier but did not make good money so started driving a trishaw 15 years back. Myo (toy seller, Nay Pyi Taw) worked under several people before starting this business 4-5 years back. He worked in a Chinese restaurant, then as a pawn broker and then as a money lender. He learnt pawn brokerage while working under his Chinese boss at the restaurant. He saved enough from all these jobs and started selling toys. He got his bicycle on which he hangs his toys in one of the pawnbroker transactions. Someone had borrowed MMK 30,000 (\$30) from him in return for a bicycle and could not redeem it back.

Some of the MEs changed their business seasonally to earn more profit. Thein (broomsticks maker, Nay Pyi Taw) a native made broomsticks in summers along with his family and sold fish, rats, birds and honey in winters. Crystals (Fan seller, Yangon) sold fans in summers and mats and blankets in winters.

As established above, these Micro Enterprises form an important part of Myanmar's economy and studying the motivations behind starting their business throws enough light on the flourishing micro enterprise culture in Myanmar.



Htay's electrician's course certificate



Thiri, potter worked from her 80 year old house



Hlaing's house and shop in the Pagoda

3.1.3 CHOICE OF BUSINESS LOCATION

MEs operated their business from either fixed, variable or mobile location. Several factors like cheaper rent, access to market/customers and competition influenced their choice. Some of the family businesses especially that involved manufacturing were carried out from home as the infrastructure was old and fixed and has been carried out this way for generations.

Fixed location: These businesses were carried out on the same place everyday and involved fixed or no infrastructure.

Situating at home was a cheaper option for some of the MEs. As an example Lily, Coconut coir rope maker, Mawlamyine, worked from her home only to avoid renting the shop. *"Most of the people in this street worked on the same business before but only a few people are still doing this and sell in their shops. For us, we do not have enough money to run a shop, so we only work from home."*

Some of them however, had rented a market space and were carrying out their business from there. Rent in the market depended on the space one occupied and had to be obtained through the Municipal Corporation. The Yangon City Development Committee (YCDC) official interviewed in Yangon mentioned the monthly rent to be MMK 1600 (\$1.6) which also covered the electricity and water costs.

Some of the MEs carried out their business from the Pagodas which served as a good catchment area. Hlaing (Paper umbrella maker, Nay Pyi Taw) started living in the Pagoda after his marriage. His father in law was the security guard of the Pagoda and helped him in occupying a space. At first, he used to sell Betel quid then he learnt how to make paper umbrellas from his neighbours. He chose this place as it used to be very busy because the railway station is nearby but after the Nay Pyi Taw railway station was built the crowd here decreased and this affected his business and now he makes umbrellas for retail shops on order.

He paid a monthly rent of MMK 50,000 (\$50) to the Pagoda trustee which included water and electricity costs. Thet (Wood sculptor, Mandalay) had a shop in the premises of the Pagoda which one of his students showed him. Before that he used to work for home but he thought of opening his own shop to have more direct relationship with his customers. *"If I have my own shop, I have my own customers. If I work at home, I only receive orders from shop and if they don't like and complaint, I have no right to tell them back. I have to keep making till the owner is satisfied. No matter how good I make, I get fixed amount. Here, there's direct relationship."*

In Nay Pyi Taw, however, the authorities maintained strict security during the festivals as the VIPs arrived during that time and did not allow the MEs to crowd around the main Pagodas.

Some of the MEs set up their business in public spaces other than the markets and Pagodas such as outside the schools, hospitals, busy streets, jetty, bus/train stations and so on. Cherry (Pigeon food seller, Yangon) had to look for places where pigeons come. She chose a place on a busy street with a lot of passers-by and started feeding the pigeons there to make them stay. She was not paying any rent/tax for occupying this space but had to shut her business every time the YCDC officials came. Tun (Hawker, Nay Pyi Taw) carried all his products which included betelquid, cigarettes, snacks, toffees and more in a small basket and sold at the bus station everyday. He mentioned having a better business during the weekends as this was the time when the government officials residing in the city either arrived for work or left for home. These officials only stayed during the week days and there was no one else staying in the new capital as of now.



Business location of the pigeon food seller



Tun's (hawker) basket. He sells at the bus stop everyday



Business at the jetty



Business in the market



Business thriving outside the pagodas

Mobile Location: Businesses with mobile location were predominantly carried out using a movable cart/ME carrying goods.

Most of the trade business were mobile as it involved reaching out to customers. Some of the traders also manufactured their own products. Nyan (broomsticks maker and seller, Yangon) started selling broomsticks on a consignment basis ten years back and learnt how to make broomsticks by observing other broom manufacturers eight years back. He made 80 broomsticks per day with the help of his wife and bought some baskets to carry them on his bicycle. He came from the other side of the Yangon river and it took him an hour and a half everyday to reach Yangon city. Before he bought the bicycle he used to carry them on his shoulders. He had a good idea about the locations where he can sell better and even sold inside gated communities by paying some money to the security guard. He also used to sell broomsticks to the retail shops on the street. Crystals (Fan Seller, Yangon) started selling fans 9 months back. She woke up at 5:30 a.m. everyday and caught the 6:00 a.m. train to go to one of the two locations she preferred and had suppliers there. It took her over an hour to reach there. She bought the fans from the supplier, tied them in a rope and put them around her shoulder and walked on different streets. She had a good idea about the streets where she will find more people and can do better business. She also followed some business ethics and watches out for her competitors, and won't use the streets where she thinks her competitors are.



Nyan sells broomsticks on his bicycle



Crystals carries her fans everyday to sell them on the street



Than, fishmonger changes her place three times a day



YCDC official asking the guava seller to move

Variable Location: Businesses were carried out in multiple locations to improve sales. However, other reasons were also observed.

Than's (Fish monger, Bago) started at 3:00 a.m every morning to reach the fish market by 4:30 a.m. She travelled via ferry, bus and trishaw to reach her destination. She changed the location of her business three times a day to improve her sales. The freshness of the fish dictated the price so by evening she would sell it for buying price. Her location changed more often when she was out of fish and had to buy more from the wholesaler at the market. She paid a daily market tax of MMK 100 (\$0.1) for using space there.

Some MEs were moved by the market authorities as it is illegal to occupy the roads, pavements and other public spaces. The fruit sellers in Yangon were moved by the YCDC officials for illegally reserving the road/pavement. Some of them mentioned that they pay MMK 200-300 (\$0.2-\$0.3) every 3-4 days to the official to keep their spots.

As established above, the MEs especially with mobile or variable location type travelled or were willing to travel long distances for their business to get more customers whereas the MEs with fixed location type either operated from the catchment areas or were known for their family businesses.

3.1.4 EMPLOYEES

Very few MEs interviewed had paid employees as they could not afford to keep them. Family members provided free labour for most of the MEs.

Few MEs had a few paid infrequent employees currently working for them or had worked in the past. Nyan (broomstick maker and seller, Yangon) gave feathers to his neighbour to make feather sticks (used for cleaning) out of them and paid MMK 200-300/stick (\$0.2-\$0.3). Zaw (Journal seller, Nay Pyi Taw) hired a substitute paperboy to deliver the journals for him when he was unwell and paid him MMK 2000/day (\$2). He also hired labour for his agriculture field during harvesting season and paid MMK 2000/person (\$2). Htut (Carpenter, Mandalay) had 8-10 people working for him. When he worked on contract basis to make houses, he employed people to work with him. He fixed up per diem/per person rate with the owner of the house. If the owner agreed to pay MMK 6,000 (\$6) per person he paid his employees according to their skills. For example, he paid MMK 4,000-5,000 (\$4-\$5) to less skilled employees but got MMK 6,000 per person and spent the extra amount on buying tools for them. He also paid MMK 1000 (\$1) per day to each worker for transportation.

Most of them got help from their family members. Olivia's (Salon lady, Yangon) cousin would help by painting nails and blow drying hair at the salon, in exchange for a room to stay in, in Olivia's house. Soe (Potter, Bago) received help from his son and wife in baking, painting and making pots. In Thein's family (Broomstick maker, Nay Pyi Taw), one person brought raw materials, another made the broomsticks, and yet another went out to sell them. Moe (Bag and chain repair man, Mawlamyine) also put water proof sheets on the windows and roofs for which he had to go to the customer's house to take measurement. Whenever he went out he asked his brother (who worked with his father) to look after his shop and paid him MMK 500 or 1000 (\$0.5-\$1) as pocket money. Thet (Wood sculptor, Mandalay) also received help from his family members too, his wife painted the wood statues, elder daughter helped in selling products and took care of the shop for which he gave him a monthly pocket money of MMK 2000-3000 (\$2-\$3), younger daughter and wife's sister's son helped in sculpting small statues for which he paid him MMK 1700 (\$1.7).



Nyan got these feather sticks made from his neighbour and paid him



Thein's family made broomsticks and divided their work everyday



Soe got help from his son in making pots



Phyu taught two girls to stitch and charged a monthly fee

In some instances it was observed that MEs took on apprentices or students who were being taught, and at the same time also working for the ME. Phyu (Tailor, Nay Pyi Taw) had two students who learnt stitching from her. They paid her a monthly fee and helped her in finishing the orders. Thet (Wood sculptor, Mandalay) called his students to help him whenever he needed help for free of cost.

Very few MEs worked in partnership with others. They shared responsibilities, invested in their business collectively and split their income equally. Ramon (DVD seller, Yangon) was worked in partnership of four people. One of the partners was more experienced and set up the business and taught others how to do it.

3.2 INITIAL CAPITAL

An initial capital was required to start the enterprise and as observed most of the MEs did not require any initial capital as they continued with their family business. However, some of them received or borrowed initial capital from their family members which they either returned or did not. Some of them borrowed money from the pawn shops, money lenders, friends and neighbours at different interest rates. Few MEs had saved money from their previous jobs or other businesses and used it to start their enterprise.

Most of the MEs from the manufacturing business type did not need capital to start their enterprise as they carried forward their family business and got all the infrastructure and other assets required from there. Kyaw (Keychain maker, Bago) got two lathe machines, tools and the space to work along with electricity connection from his parents and the only other expenditure was on wood that he got monthly to make key chains.

As observed most MEs between 16-35 years of age borrowed money from their family members. Win (sells assorted fruit snacks and jam, Mandalay) a 22 year old ME borrowed MMK 60,000 (\$60), from his parents to start his business, and did not have to return it back. However, he gave his daily profits to them. Women played an important role in supporting their family and siblings in Myanmar. Ishaan (ran a PCO stall, Yangon) got help from his sister to start his business. She sent him money which she saved from her salary every month. She bought him two fixed phones as the first one stopped working and he

had to buy another and a SIM card for it worth MMK 200,000 (\$200). The first fixed phone cost MMK 200,000 (\$200) and the second fixed phone cost MMK 220,000 (\$220). He also had a mobile phone that cost MMK 32,000 (\$32). He did not have to pay his sister for any of this. Tun (Makes umbrellas for decoration, Mandalay) a 35 year old ME borrowed MMK 15,000 (\$15) from his sister to start his business and did not have to return it back.

Some of the MEs borrowed money from money lenders, pawn shops, friends and neighbours at different interest rates in order to start their businesses. Maung (Watch repairman, Yangon) took a loan of MMK 50,000 (\$50) from a money lender when he started his business and paid it on time. Zaw (Tea shop owner, Mandalay) mortgaged his land in the village to start his business in the city. Crystals (Fan seller, Yangon) had to make a daily investment of MMK 10,000 (\$10), to purchase fans, for which she borrowed money from four people including money lenders, pawn brokers, gold shops and neighbours during last year. She was yet to repay these loans.

Khine (Tanatkha seller, Nay Pyi Taw) borrowed money from his neighbour to start his business at 10% interest rate. Diya (Bicycle repairer, Yangon) borrowed MMK 5000 (\$5) from his neighbour at 20% interest rate.

San (Rice snack seller, Bago) pawned her lungyis to buy the utensils and supplies for rice snacks. Mima (Ferry woman, Bago) pawned her gold earrings at a Chinese pawn shop as she required funds to fill a tender for a boat. She pawned them for upto two-thirds of the market value, and the monthly interest was set at 4% flat. The deal period was three months long and she failed to return the money and eventually lost her gold earrings.

Some of the MEs used their savings from other jobs or businesses in order to start their business. Nyan (Broomsticks seller, Yangon) used to sell broomsticks on consignment basis during which he saved up about MMK 70,000 (\$70) and used this money to buy raw materials to make broomsticks on his own. Gouba (Trishaw driver, Mandalay) bought a trishaw from his group savings money (ref. to chapter 4 section 4.2) which came for MMK 100,000 (\$100). Myo (Toy seller, Nay Pyi Taw) used his savings from his former money lending and pawn broker business to buy toys and bought the bicycle he currently uses to sell toys in a pawn broke



Ishaan got two fixed phones and a mobile phone from his sister



Crystals waiting for the train while hiding from the money lenders



Myint used her savings to buy raw materials for the baskets



Zaw had a bank account in Myanmar Agriculture Developmental bank

transaction. Myint (Basket weaver, Nay Pyi Taw) used her savings from working on the paddy and bean fields, from which she earned MMK 5000-6000/day (\$5-\$6) to buy bamboo.

One ME used money won through an illegal lottery as starting capital. Mya (Fortune teller, Nay Pyi Taw) started her work at the Pagoda after her husband won the illegal 3 digit lottery and rented out a place to stay in the Pagoda.

In some instances it was observed that the MEs borrowed money from the banks but that was for agriculture. Zaw (journal seller, Nay Pyi Taw) had an account in the Myanmar Agriculture and Development bank since 3 years and he could avail a loan of MMK 100,000 (\$100) on 1 acre of land at 3% interest rate/month every year. A copy of national ID-card and proof of land ownership were mandatory to avail this loan.

As established above, none of the MEs were borrowing any money from the banks for their enterprises. Some of them did not even trust the banks having heard stories about the Yoma bank shutting down because of which a lot of people lost their money. Most of them approached the money lenders, pawn brokers, gold shops, friends, neighbours and family for money. The reasons being proximity, trust and experience of several years.

3.3 INCOME

The study focussed on MEs of SEC D and E i.e. income between MMK 100,000-300,000 (\$100-\$300) and E i.e. MMK 100,000 (\$100) and below. Income of MEs depended on various factors such as seasons, festivals, business location, and customer orders and so on. Some of the MEs had multiple sources of income for instance businesses within business and agriculture.

Seasonality influenced businesses heavily in Myanmar. As an example Nu (Laundry lady, Mandalay) had better business in winters as people did not prefer washing clothes. Aung (Dumpling seller, Yangon) sold dumplings outside schools during lunchtime. His business depended on the school and he complained about it going down in summers as the schools would be shut. Two respondents, Kyi (Gas filler, Mawlamyine) and Moe (Bag and

Chain repairer, Mawlamyine) got a very good business just before the rainy season as people came to get their umbrellas and rain covers repaired. Across all five cities but especially in Mawlamyine, MEs could not work in monsoons because of excessive rains and therefore, saved up enough by working hard during the other seasons. Myint (toddy juice maker, Mawlamyine) worked at a construction sites in the rainy season as he could not climb the toddy trees. Thaung (painter, Mawlamyine) did not get much work in the rainy season and could only paint indoors. Soe (potter, Bago) suffered as well. He needed the sunlight to dry his pots before baking them. This was not possible in the monsoons and he incurred losses.

Some of the MEs earned well during festivals while some did not. Kyaw (Flower seller, Mandalay) had good sales on full moon days and during the water festival (Thingyan) when many pilgrims pay visits to the Pagodas but her sales went down in the rainy season. Thet (wood sculptor, Mandalay) made no business during the water festival but during June and August he had good business because of the Spirit festival in the northern part of Mandalay during which people donate spirit statutes. Than's (Jade bracelet maker, Mandalay) had low business on full moon day, no moon day, during Chinese New Year festival and Myanmar New Year Festival when jade market is closed and she could not get any supplies.

Those manufacturers who worked on order basis could only finish a few pieces everyday so took only as many orders as they could finish. Chit (cheroot maker, Bago) could only take 1 order of making 1000-1500 cheroots/day. Some of the other cheroot makers in her neighbourhood were employed by a fixed broker but she worked independently as she thought it would be difficult to say no once she is employed by a broker and take up other consignments. Aung (Photo frame maker, Bago) worked as a daily wage worker at a construction site when he did not have enough orders for the photo frames. Shwe (water seller, Bago) sold water from the Bago river. There used to be a water pipeline that broke down and there was no water for domestic use. He charged his customers according to the distance he carried water in a yoke.



Buffalo spirit worship in Bago



Diya also repairs umbrellas other than repairing bicycles



Maung making a small doormat

Some respondents carried out other businesses within their main business to earn more money. Chan (Strawberry seller, Yangon) earned MMK 8000 (\$8) from selling strawberries and also picked strawberries for his friends, a service that he earned an additional MMK 200-300 (\$0.2-\$0.3)/person/day. Zaw (Journal seller, Nay Pyi Taw) earned MMK 2500-3500 (\$2.5-\$3.5) /day out of selling journals and also sold lottery tickets out of which he earned MMK 70 (\$0.7)/ticket. Diya (Bicycle repairer, Yangon) made MMK 4000-4500 (\$4-\$4.5)/day from repairing bicycles. She also earned MMK 100-1000 (\$0.1-\$1) out of repairing umbrellas everyday.

After understanding the MEs income we will now understand their expenditures.

3.4 EXPENDITURE

In most cases, a large part of the income was used for buying raw materials, in daily commute, buying daily groceries/daily meals (in case of migrants), paying daily interest to the money lenders, in electricity, water, house/shop rent, taxes, donation for religious ceremonies, children's education and in buying accessories, equipment and other resources necessary for business either daily or periodically.

Out of the total expenditure, a large portion of MEs income is allocated to buying raw materials for the next day. Crystals (Fan seller, Yangon) made an investment of MMK 10,000 (\$10) daily on fans. Chan (Strawberry seller, Yangon)) spent MMK 12,000 per day (\$12) on fruits. Win (Assorted fruit snacks and jams, Mandalay) spent MMK 8000-9000 daily to buy fruits, MMK 300 (\$0.3) on ice and MMK 500 (\$0.5) to buy 2 packets of plastic bag. Chit (Cheroot maker, Bago) earned MMK 2500 (\$2.5) for rolling 1000 cheroots and spent most of it in buying raw materials for the next day. Some part of her income went in buying daily groceries.

Some MEs invested in raw materials depending on the orders they got. Maung (coconut doormat maker, Bago) invested MMK 1000 (\$1) on one bag of coconut fiber sufficient for making 6 door mats. MMK 900 (\$0.9) for 6 ropes to tie the fiber to make 6 mats. He spent MMK 400 (\$0.4) for one tical (16.6 gm) of paint. He bought paint brush for MMK 2000 (\$2) when required.

Some of them spent on their daily commute. Than (fishmonger, Bago) took the ferry, the bus and the trishaw to reach the fish market daily. Crystals (Fan seller, Yangon) took the first local to reach the supplier and the last one to reach home everyday.

Most of the migrants spent on their daily meals. Phyo (Guava seller, Yangon) Spent MMK 1500 (\$1.5) for two times meal at his uncle's house. Some of them also spent on buying betel quid for themselves and their family everyday. Crystals (fan seller, Yangon) spent MMK 1000 (\$1) on betelquid, cigarettes and salads daily.

For some of them, a part of their income went into paying the daily interest to money lenders. Than (fishmonger, Bago) had borrowed MMK 100,000 (\$100) from a money lender at 2% daily interest rate two years ago to invest in her business and buy fish. She had been paying interest ever since. She had to show the principal amount of MMK 100,000 (\$100) to the money lender everyday to continue to keep the money. On the days she did not earn enough, she had to plead for more time from the moneylender. Her expenditure from the income she earned out of selling fish was divided in three parts- household groceries, daily transportation and repayment of her loan. *"I feel like I work for the money lender. I have to pay him at the end of the day everyday. I cannot save anything."*

Land tax was only collected from some of the MEs. For instance, Crystals (fan seller, Yangon) mentioned paying a land tax of MMK 400-500 (\$0.4-\$0.5) to the YCDC per month while Myo (hair Dresser, Yangon) stopped paying after the 2010 elections because of the change in law and politics.

Some of them made yearly donations for the religious ceremonies. Kyi (slipper keeper, Mandalay) paid MMK 30,000 per year (\$ 30) to the pagoda trustee as a donation for religious ceremonies.



Phyo spent money on his two times meals



Some MEs spent on betelquid everyday



Mima pawned gold to get tender for her ferryboat

Some respondents spent on the electricity, water and rent for their shop. Kyaw (keychain maker, Bago) worked on lathe and used commercial electricity and got a bill of about MMK 6000-7000 per month (\$6-\$7). Olivia (salon lady, Yangon) spent MMK 300 (\$0.3) on 20 litre of water and bought 2-3 bottles everyday at work.

Some of the MEs spent on their children's education as well. Olivia (salon lady, Yangon) invested in her children's computer classes, english speaking, chinese speaking course (her father was from China) last year and on buying equipments for her salon. Nyan (broom-stick seller, Yangon) invested in her daughter's enrollment to kindergarten.

Some of the MEs, rented rooms nearby to keep their stocks over night and paid a daily rent ranging from MMK 300-1000 (\$0.3-\$1). Chan (strawberry seller, Yangon) and Ramon (DVD seller, Yangon) both used the storage to keep their stocks as they sold in the market and lived not so close to the market.

As established, the MEs spent more than they earned at times. Their expenditure was more than they earned. The only way to get sufficient money was either different sources of income or borrowing money from the money lenders, pawn brokers, friends, neighbours and relatives. This constant borrowing of money and not ever having enough to return the amount and pay the interest put them in cyclical debts which most of them were unable to break.

3.5 BUSINESS REGISTRATION

Except few, not many MEs got their business registered and were not having business license as they felt that they were not having big businesses and so were not earning much to register themselves. After paying a fine of MMK 10,000 (\$10) and following his friend's advice, Aung (dumpling seller, Yangon) decided to register his business with YCDC (Yangon City Development Committee) three years back. Since at that time he was new to the city and did not know much about the process, his brother-in-law helped him in getting the registration done. Now he was authorized to sell at that particular place where he was and paid some extra amount also. One benefit he felt of getting the registration done was that now YCDC officials were not taking his cart away and he was not supposed to pay any fine also.

Htay (electrician, Naypyidaw) got his business registration done seven years back and paid MMK 15,000 (\$15) for it. His friends informed him that he need not go to the office as the Municipal Corporation (MC) would approach him directly and the MC came right after he opened his shop in the market. It took him six months to get the license. He paid MMK 20,000 per year (\$20) to renew it after that. Kyaw (keychain maker, Bago) did not have business registration license on his name and was using his father's name license which his mother renewed every year for MMK 20,000 (\$20). His father got it when he just started working 17 years back. He filled the form, gave his national ID-card at the Quarter office and got a registration in few months.

Before starting her business, Phya (rent CD disc, Mawlamyine) procured a license for it from the local CD disc organization before starting this business. Now every year she was paying MMK 3000 (\$3) to get her license renewed. She knew about this organization through word of mouth. Similarly, Lin (pony cart driver, Nay Pyi Taw) got the license for his pony cart at vehicle registration office by paying MMK 9500 (\$9.5). He got to know about this process through other pony cart drivers. Every year he was getting it renewed paying MMK 15,000 (\$15).



Htay's old business registration for his electricity shop



Land tax receipt

3.6 TAX

MEs in all locations paid various kinds of tax like land tax, market tax and garbage tax to work from a particular location.

3.6.1 LAND TAX

MEs carrying out their businesses from fixed locations in the market paid land tax at fixed intervals to the local Municipal Corporation (MC). In Yangon, some MEs paid a fixed land and house tax of MMK 200-600 kyats (\$0.2-\$0.6) every one to three months. The YCDC official came to collect this tax as was told by Crystals (Fan seller, Yangon) who paid a land tax of MMK 400-500 (\$0.4-\$0.5) every month. However, some of the MEs in Yangon mentioned that YCDC had stopped collecting the land tax since the last presidential election while some of the MEs still paid that tax. *“They don’t show up anymore. It stopped after the last presidential elections.”* (Laura, banana seller, Yangon). Even Maung (watch repairer, Yangon) used to pay a land tax of MMK 200 (\$0.2) to the YCDC until two years back. He said that the YCDC had stopped collecting this tax since the change of Government.



Crystals paid a monthly tax to the YCDC official

In Mandalay, most of the MEs did not pay any land, market and garbage tax to Mandalay City Development Committee (MCDC) and said that they did not have to pay any tax as they were carrying out their business from home except two MEs, Cho (designed longyis with thread, Mandalay) who carried out her business from home and Kyaw (flower seller, Mandalay) who had a shop in the Pagoda paid a fixed land tax to MCDC once in six months. In Nay Pyi Taw also of all the MEs interviewed, only Zaw (Journal seller, Nay Pyi Taw) paid MMK 650 (\$0.65) as land tax for the farm he owned to the Municipal Corporation Department. The staff from the local Quarter office came to collect this tax.

3.6.2 MARKET TAX

Market tax was collected by the market leader and there were two kinds of market leaders. One who collected tax from the temporary shops and the other who collected tax from the permanent shops that were generally five square feet or bigger. The tender to collect tax was outsourced to private companies/individuals and they had to pay some amount to the Municipal corporation department every day. For instance, Maung (watch repairer, Yangon) paid a market tax of MMK 100 per month (\$0.1) to the market leader.

In exchange the leader undertook costs and responsibilities for repair work in the market compound. Thiri (potter, Nay Pyi Taw) worked from home but when she was young, her parents had a pottery shop in the market and paid a tax of MMK 300 per month (\$0.3). Nyein (Ice-cream seller, Mawlamyine) paid a tax of MMK 200 (\$0.2) to Mawlamyine City Development Committee everyday and MMK 3500 (\$3.5) per month to the school authorities for selling outside the school. Than (fish monger, Bago) sold fish at the fish market and paid a daily tax of MMK 200 (\$0.2) to the market leader.

MEs who sold outside the market paid bribe or were asked to pay bribe to the local authorities (Quarter leader/Ward leader/ Municipal Corporation staff) to avoid being caught because they did not have a business registration and were getting raw materials illegally from the surroundings or were involved in some illegal business. Some of the MEs who got bamboo from the mountains had to pay a fine to the Municipal Corporation if they caught them as was seen in the case of Moe (bamboo chair maker, Nay Pyi Taw) and Thuza (bamboo mat maker, Nay Pyi Taw) were caught cutting bamboo from the forest and MC took in possession of their bicycles and asked them to pay penalty. Myint (toddy juice seller, Mawlamyine) paid MMK 10,000 (\$10) per year to police since it had alcohol so selling toddy juice was illegal. There were some MEs who mentioned paying tax to MC once for not having business registration but after that MC officials never turned up. This was very much evident in the case of Phyu (tailor, Nay Pyi Taw) who had a shop on the main road and paid some amount to the Municipal Corporation staff when she had just opened her shop and did not have a business registration and Tun (Hawker, Nay Pyi Taw) who had to pay MMK 1500 (\$1.5) to the Municipal Corporation for selling without any business registration at the bus station once.

3.6.3 GARBAGE TAX

There was a fixed garbage tax which MEs paid daily for work locations and once in three months for their houses, shared Kyaw (keychain maker, Bago). He paid MMK 5000 kyats (\$5) for garbage as his work produced a lot of wood shavings while Than (fish monger, Bago) paid a daily tax of MMK 100 (\$0.1) to the garbage picker.



Market leader collecting market tax in Bago



YCDC staff collecting garbage from the streets of Yangon



Donation box at the Pagoda



Battery run lamp

3.6.4 DONATIONS

Donations at the Pagoda or to a group or association for a social cause was very common in Myanmar. Some MEs gave donation at the Pagoda every month since they felt obliged to Buddha to make them capable enough. For instance, Tun (makes decoration umbrella, Mandalay) paid a monthly donation of MMK 1500 (\$1.5) to Pagoda trustee and Than (make jade bracelets, Mandalay) made contributions on special festivals. *“We are asked to make cash contributions on certain occasions like communal robe offerings.”* Kyaw (flower seller, Mandalay) paid MMK 200 kyats everyday to the Pagoda trustee. Everyday around 12 p.m. the trustee came to collect the money. Lin (pony cart driver, Nay Pyi Taw) donated MMK 1000 kyats (\$1) to the social group that collected funds for sick people in the locality. Min (Mohinga-traditional salad seller, Naypyidaw) donated some amount at the Pagoda for the future of his children every year.

3.7 SUPPORT SERVICES

MEs used various services like electricity, water or their alternatives to support their businesses.

3.7.1 ELECTRICITY

Some of the MEs had an electricity connection at their workplace while others used alternative sources of electricity such as battery run lamps, emergency lights, solar panels, kerosene lamps, candles and so on.

Battery run lamps were commonly seen in the markets and were supplied by private distributors who distributed them when required and collected after a stipulated time. These lamps cost MMK 100-500 (\$0.1-\$0.5) depending on the quality. If the MEs had any problem with these lamps they either called the distributor using their mobile or PCO. Sometimes they just walked to his office to get the lamp replaced. Than (fish monger, Bago) used a battery run light for three hours in the morning. She set out for work at 4 a.m. everyday and required light for work.

Those who were carrying out their business from home and did not have electricity con-

nection owned emergency lights which they charged at their neighbour's house everyday and paid MMK 50-100 (\$0.05-\$0.1) for it. One ME did not have electricity connection and used a solar panel. San (rice snack seller, Bago) used a solar panel for electricity which she charged every afternoon and used at night. She bought it one year back for MMK 60,000 (\$60) as it was advertised on TV and had to sell her land worth MMK 500,000 (\$500) to buy it. Some of the MEs lit candles or used a kerosene lamp every night.

3.7.2 WATER

For water, MEs relied on their neighbours and water sellers. Soe (potter, Bago) bought 600 litres of water from the neighbour's house everyday for MMK 200 (\$0.2) as he did not have any water supply. Naing (PoP statue maker, Bago) soaked the powder (plaster of paris) in water to make statues. He did not have any water supply so used his mother's well. Than (fish monger, Bago) bought water from the water seller (who got water from the river and carried it manually) who charged according to the distance.

This gives a very clear picture of the public utilities in Myanmar and furthermore, the MEs dependency on the alternatives. Some of the MEs who operated businesses out of their homes had electricity connections while some still charged their rechargeable lights at their neighbours'. It was worse for those who still used candles to work at night. Markets suffered from limited electricity access as well. Those with business registrations managed to get electricity while those who occupied the roads and pavements used battery run lights. It was a similar story with water. Some of the MEs had to buy water due to lack of pipelines and wells so they relied on other sources like water sellers and neighbours.

3.8 SUPPLIERS

Most of the respondents had fixed suppliers in the local markets who they visited either daily or weekly. They either knew them from before or were introduced by their friends who were in the same business. Most of the MEs preferred going themselves to buy the materials to ensure quality and fair price. Naing (PoP maker, Bago) got plaster from the main market. He bought plaster from one shopkeeper as he was satisfied with his plaster quality. Maung (coconut doormat maker, Bago) got the fiber from the main market and



Women fetch water from the well and carry in a cart in Mandalay



Downtown, Yangon



Chan strawberry seller contacted his supplier through phone



Thuya ordered gasoline through phone

bought 6-7 bags at once that lasted for 1-2 weeks. He did not take any credit from his suppliers as he thought it would create problems if he is not able to pay back. Chit (Cheroot-maker, Bago) got cheroot leaves from the market and was very particular about the quality and the price. 1 viss (1.6 kg) of brown leaves cost 500 kyats (\$0.5). 1 viss of yellow leaves cost 2000 kyats (\$2). She bought 10 viss, 4-5 times in a month. These leaves came from Shan state in a truck. Soe (potter, Bago) got clay from different paddy field owners depending on the quality of clay. Than (fish monger, Bago) bought fish from fishermen every morning. By afternoon if all her fish got over she bought more from the wholesale market.

One ME had a fixed monthly delivery of wood. Kyaw's (keychain maker, Bago) supplier procured wood for him from the surrounding forests. The supplier got half the payment as advance and remaining on delivery. Kyaw mentioned that he was unable to get the desired amount due to strict government policies.

Some MEs placed their orders through phone. Chan (strawberry seller, Yangon) visited the wholesale supplier everyday to buy strawberries. During festive season he informed the supplier through his phone to save some fruits for him. Thuya (gasoline seller, Mandalay) used his phone to order gasoline and hardly went in person to buy. *"I have a phone and I call the seller when I am too busy to buy in person. These days, I hardly buy in person and order by phone."*

Intercity trade was found to be common. Than makes slippers for monks in Mawlamyine. He ordered material regularly from 35 street in Yangon. The material was sent via bus, all Than had to do was call them. Thida (fake tooth maker, Mawlamyine) ordered stones worth MMK 15,000 (\$15) from Yangon recently. His purchase arrived by car with his relatives. He paid an additional cost of MMK 1500 (\$1.5) for car services. Kyi (gas filler and umbrella repairman, Mawlamyine) bought cloth to repair umbrellas from Yangon on his way back from Malaysia almost a year ago. He still had some left and would order more over the phone when the need arose.

As established above, most of the MEs preferred going to the suppliers for quality check and fair price. Some ordered over the phone because trust had already been established between them and the suppliers because of frequent visits.

3.9 MARKETING AND CUSTOMER MANAGEMENT

The modes of marketing used by MEs in Myanmar are:

3.9.1 HOARDINGS

Some of the MEs advertised their business by using hoardings outside their shop, gave out their contact numbers, business cards, used a logo on their products, gave away keychains with their contact on it and so on. As an example, Maung (watch repairer, Yangon) had a vinyl board which he got printed two years back for advertising his watch repair business. He also painted his work desk yellow to attract customers. Mya (Tailor, Mandalay) had put a small name board outside her house to attract customers. *“It was my idea to have sign board so that people know that there is a tailor shop here. Previously there was no sign board.”* Most of the MEs did not keep any records of their customers and the transactions.

3.9.2 DISCOUNTS

Some of the respondents gave some discount on fruits to their regular customers. Mamy Mamy (Cherry, Yangon) gave one plate of bird food free on buying five plates. Laura (banana seller, Yangon) gave home delivery service on bananas and sometimes sold them on credit.

3.9.3 BUSINESS CARDS

Some of the MEs shared their contact numbers with their customers. Smith (Motorbike driver, Mandalay) gave his contact number to all the customers and told them that he could drive them wherever they wanted to go. He also offered his regular customers a lower rate. Zaw's (Journal seller, Nay Pyi Taw) customers were mostly government officials visiting Nay Pyi Taw. They wanted him to convey the football score when they were away from home. Zaw would call 1876, a call center number for MMK 300 per minute (\$0.3) to confirm the score for them.



Maung's vinyl advertisement board



Olivia's keychains with her mobile number on it



Phyu kept catalogues for her customers



Thida gave door to door laundry service

3.9.4 PROMOTIONAL GIFTS

One ME gave free keychains to her customers as a parting gift that had her mobile number printed on it. Olivia (Salon lady, Yangon) gave free key chains to the customers with her name, mobile number and address on it for marketing her business.

3.9.5 HUMAN BILLBOARDS

Some of the respondents with mobile business type shouted out what they were selling to attract customers. Win (Assorted fruit snacks seller, Mandalay) shouted out loud “I am here, what do you want” to catch people’s attention. Tun (Umbrella maker, Mandalay) shouted out loud “umbrella umbrella” and “it’s raining” (on sunny days) to catch people’s attention while Nyein (ice-cream seller, Mawlamyine) used a bell for the same purpose.

3.9.6 CATALOGUES AND MAGAZINES

Some of the MEs kept catalogues and magazines to show to their customers. Phu (Sequins lady, Yangon) used to keep catalogues to show to her customers for designs. Phyu (tailor, Nay Pyi Taw) kept a stock of fashion magazines to help her customers decide how they want to stitch. Sein (wooden pipe maker, Bago) belonged to Mon state in the south of Myanmar which is popular for its export quality wooden products. He got a catalogue from there for his customers. He also made wooden pens and got an order from the Japanese Government Association once to make pens but never again. He felt that pipe was a good selling product because he went and inquired the price. *“16 years back when I went to inquire the price of the pen, I was told it is MMK 16,000 (\$16). When I went again a few years back I was told MMK 23,000 (\$23) and I was surprised.”*

3.9.7 BRANDING

One of the ME's interviewed painted a logo on his product. Maung (coconut doormat maker, Bago) painted a pink and green logo on his doormats as his trademark. His customer base was limited to the nearby Pagoda. He mentioned a former customer from Thailand but he hadn't heard from him in the last 18 years. Other MEs wanted logos as well for products ranging from broomsticks, wooden pen and pipes.

3.9.8 RECORD KEEPING

Some of the MEs maintained a record of their customers in order to get in touch with them. Thet (Wood sculptor, Mandalay) gave his customers a receipt that listed price and date of collection. Thida (laundry lady, Nay Pyi Taw) kept a daily record of her customers as well including details of cash received and the credit she gave to them.

3.9.5 WORD OF MOUTH

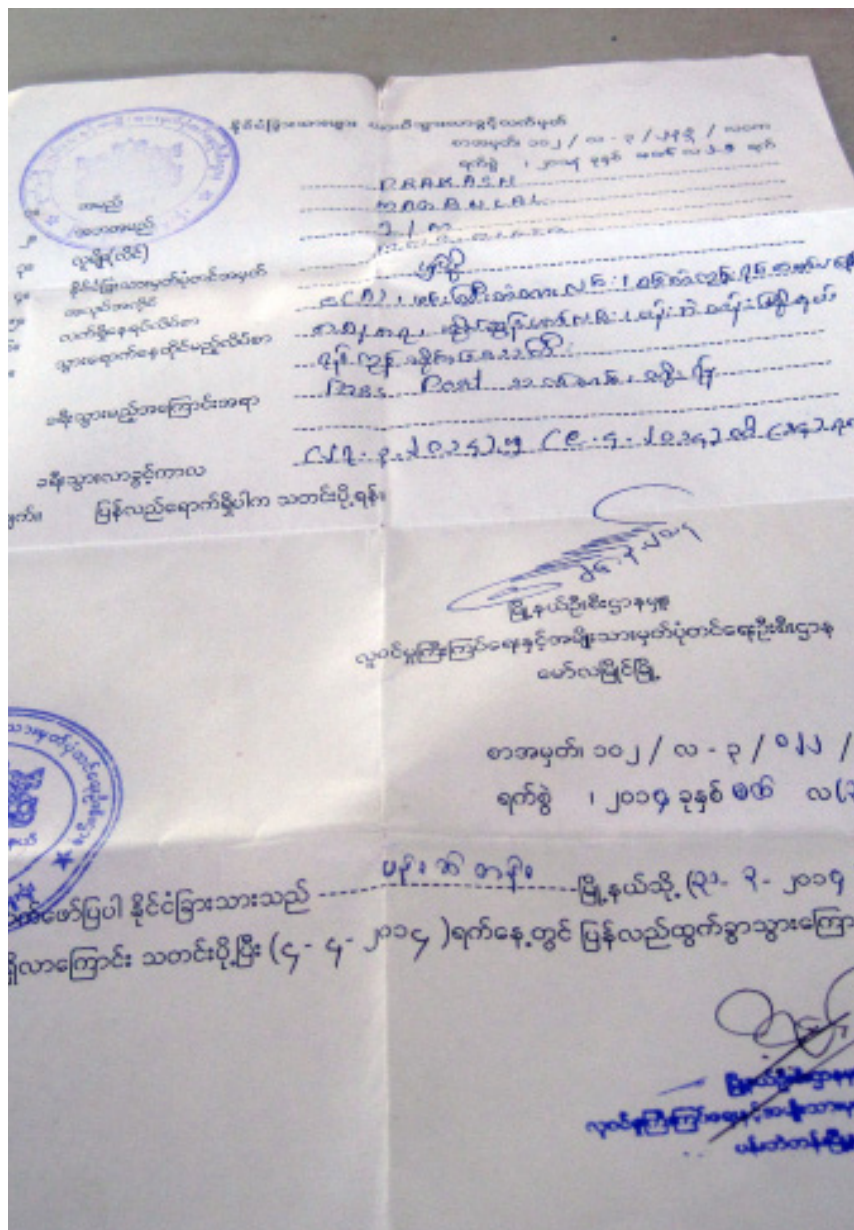
Most of the MEs interviewed were not advertising their business especially the ones running their family business did not do anything special to advertise it as they had their fixed customers and others knew about them through the word of mouth.



Maung painted his logo on his doormats



Thida maintained a record of her daily customers



Foreign Registration Card

3.10 FORMS OF IDENTIFICATION

As had already been discussed in chapter-3, there were two kinds of forms (national ID-card and family registration card) which everyone in Myanmar should essentially have at any point in their life. Most of the MEs covered in this study had their national ID-card made either from the immigration office or in the project at the quarter office. Getting national ID-card made under the project was less expensive and less time consuming than going to immigration office. Thiri (potter, Naypyidaw) got her national ID-card made in the project and paid only MMK 2000 (\$2) for the form. It took her one day to finish all the formalities and the card came in a week's time.

Thein (broomstick maker, Nay Pyi Taw) got his national ID-card made at the free immigration project for which he had to go for four days consecutively. He had to fill the form which originally cost MMK 6 (\$0.006) but because that currency was not in circulation anymore, he had to buy MMK 6 (\$0.006) for MMK 1500 (\$1.5). He also had to give his photo, fingerprints, family registration and the recommendation letter from the quarter leader for making the national ID-card as he belonged to some other quarter. Phyu (tailor, Nay Pyi Taw) got her first national ID-card when she was 16 and updated it at the Immigration office when she was 20 years old.

One ME, Naing (journal seller, Mawlamyine) had Foreign Registration Card (FRC) and not national ID-card since he was not originally from Myanmar. *"It is just a sheet of paper. As my parents are foreigners, they have to hold FRC card. When I was born, my name was automatically registered in the card. Besides, list of names and number of children are all registered in it. When I get married, the names of my wife and children will be automatically added to it. It will also go further down in coming generations."* He also needed to report at the Immigration office if he wanted to visit any other place in Myanmar and had to get a visa for it. He could only go out of Mawlamyine for 14 days at a stretch. He needed to give the full address of the place where he was going and had to inform the Quarter leaders of both his quarter and the destination quarter. Every December he had to renew his FRC and paid a tax of 3000 kyats (\$3) per person, officially it was 50 kyats (\$0.05) but the officials asked for 3000 kyats (\$3). He paid this tax at quarter head office, every year by 30th December he had to pay otherwise his family and he could be sued.

Most of the MEs, except migrants, had family registration card which they got made at the quarter leader's office. All the migrant MEs had to inform at the local quarter office to add their names to the overnight list every week. Thida (laundry lady, Naypyidaw) had to go to the Quarter office every week along with her NRIC to add her name to the weekly overnight list and paid MMK 200 per visit (\$0.2) for which she got a receipt also. Ye (ice cream seller, Nay Pyi Taw) forgot to go to the quarter office once and had to give MMK 500 (\$0.5) as fine.

There were some MEs whose names were still listed in their parents family registration card and had not made a separate one yet like Myint (basket weaver, Naypyidaw) removed her name from her parents family registration card when she got married and added to her new family registration card. She paid MMK 1500 (\$1.5) and gave her birth certificate at the Quarter office to add her daughters' name to the card. Mima (ferry woman, Bago) added her name to her parent's family card again after her husband passed. She had to pay MMK 2000 (\$2) to the Quarter leader for it. Chit (sheroot maker, Bago) recently added her son's name to the family registration list and had to pay MMK 1000 (\$1) for it at the Quarter office.

3.11 DRIVING LICENCE

Only few MEs had driving licences which they got made at LTO (Land Transport Office). They filled the application form with a photograph and gave a copy of national ID card and paid a fee of MMK10,000 (\$10). Then went for the driving test and answered a few questions regarding traffic rules. It took 3 months to get the licence made. There were many brokers who helped in applying for a driving licence, and charged extra.

For motorbike registration, one was required to submit a copy of household registration card and national ID card. Cost of vehicle registration depended on the engine power and the model of the vehicle. The newer the bike model, higher the engine power and higher the charges got.



LTO office in Mandalay



Copy of Driving Licence



Customer reading the newspaper at the stall



Journal seller selling newspaper on the streets in Yangon

3.12 SOURCES OF INFORMATION

Most of the information exchange happened through word of mouth. Leaders of quarters, wards or 10 households disseminated information about the free immigration projects for national ID card, family registration card, SIM card lottery system, micro finance institutions and more. Through friends, family and neighbours MEs learnt about new job opportunities, suppliers, loan services and business plans.

MEs also socialized over games such as cane ball (played like football with a ball made out of cane), carrom, scrabble, cards and so on. A lot of information exchange also happened at the bus/train station, in the ferry, tea/beer cafes, during occasions such as the Pagoda festivals, funeral ceremony and so on.

3.12.1 NEWSPAPERS AND JOURNALS

More MEs read newspapers and journals in Yangon as compared to the other locations as they did not have time or were not literate enough. Lily (Coconut coir rope maker, Mawlamyine) spent all her time making ropes as it was labour-intensive work and left her with no time to read newspapers. Level of education emerged as another problem. Myat (Sells watches and spectacles, Mawlamyine) never attended school and others like Myint (Toddy juice maker, Mawlamyine) had limited education through the monastery. Both options limited their reading capabilities.

Most of the MEs were interested in football and crime news. Some of them also showed interest in Politics while some read specific articles. Olivia (Salon lady, Yangon) was mostly interested in reading classifieds to look up for coaching classes for her son. Zaw (journal seller, Nay Pyi Taw) read all the journals and newspapers. He had to know everything about the latest news as his customers often talked to him about it. He liked reading *Pyithu Khit* the most. It contained the political news. One ME was interested in Politics and read various journals like *Yatasone*, *Yananthe*, *Myattashia*, *Myatpamyagone*, *D Wave* and newspapers like *7 days daily* and *The Mirror*. Myint, the basket weaver bought *The Mirror* and read the crime section in it. Diya (Bicycle repairer, Yangon) mentioned that she bought crime journals to take precautions for her daughter. Hlaing (Photographer, Mandalay) read newspaper to know about upcoming fashion shows and convocation ceremonies.

Very few MEs had subscribed to the newspapers and read it at different places. Kyaw (flower seller, Mandalay) read newspaper in Pagoda library in her free time to know about price of rice, onion, cooking oil and told her mother to buy rice in advance if prizes were expected to go up next month. Thet (wood sculptor, Mandalay) borrowed journals from others to read crime news. Phyu (tailor, Nay Pyi Taw) read a lot of Fashion journals which she got from the main market for MMK 3500 (\$3.5). It helped her in making new designs for the customers. Kyaw (keychain maker, Bago) read the Myawaddy newspaper at the Quarter office in front of his house. Ko Hla (bottle brush seller, Bago) read politics journals like *Tu Ria Ne Won*.

3.12.2 TELEVISION

Channel 7, MRTV, MRTV4, and Network 5 were some of the most watched government channels. Most of the MEs watched football leagues, Korean and Bollywood movies and dramas, International and Local news and were very interested in the missing Malaysian airplane news currently.

Most of them had the government television connection and got 5-6 channels only. Thet (Wood sculptor, Mandalay) watched national and international news on MRTV daily at 9pm and then relayed the highlights to his children. Every evening after going back home Kyaw (Flower seller, Mandalay) watched Myanmar movies on Myanmar national TV and news from 7p.m. - 8 p.m. Chit(Cheroot maker, Bago) regularly watched the 8 pm news on MRTV and the televised sermons by monks with her husband every day.

Very few MEs had a satellite connection. Hlaing(paper umbrella maker, Nay Pyi taw) paid MMK 28,000 (\$28) for the Skynet connection, MMK 80,000 (\$80) for the set top box and MMK 13,500 (\$13.5) for 100 channels/month. He watched discovery and news the most. Naing (PoP statue maker, Nay Pyi taw) watched football and the international news on the skynet, specially the weather forecast as it was important for his business.

Win(Assorted fruit snacks/ jams, Mandalay) watched football matches on TV and Myanmar movies on his DVD player screen. He purchased DVD on rent. For one disc he paid MMK 200 (\$0.2) for one night.



Skynet information poster outside Hlaing's house in the Pagoda



DVD player screen



Zaw listens to radio on his phone



Chan uses phone to inquire about strawberries from his supplier

3.12.3 RADIO

Very few MEs listened to the Radio or FM. Most of them listened to songs on the FM. Zaw (journal seller, Naypyidaw) listened to the radio on his phone. He listened to channels like BBA, VOA (voice of america) and mandalay FM (87.9). These were his sources for information on traffic congestion in the city.

3.12.4 MOBILE PHONE

Mobile phone usage was more popular in Yangon as compared to the other locations. Internet usage was more common in Yangon as compared to the other locations. Mobile phones are mainly used to interact with family or business purposes. Chan (strawberry seller, Yangon) used mobile phone to get in touch with the fruit supplier. Htay (electrician, Naypyidaw) got to know about the housing projects that would require electric wiring through his phone as he got a call from his friends. Myo (beetlequid seller, Naypyidaw) saw people using mobile phone for illegal lottery. Zaw (journal seller, Naypyidaw) used his phone to enquire about the football score by calling at the call center number 1875. He used this service specially for his customers. Cho (seed seller, Bago) used a phone to get in touch with her seed suppliers. Kyaw (key-chain maker, Bago) used phone to get in touch with his customers.

3.12.5 WORD OF MOUTH

Tea and beer shops were frequented by most of the MEs to either watch football or to interact with other people. Cho (Design longyi with thread, Mandalay) got information about new shops that were selling thread and cloth at cheaper price from her friends. Business conversation was in abundance at these tea shops with fried noodles for company. Crystals (fan seller, Yangon) shared that the grocery store, train station and funeral ceremonies were her sources of information other than the shops. Than (fishmonger, Bago) shared a good relationship with everyone in the market. She spent most of her day with them and relied on them for all kinds of information. She did not have time to watch TV, listen to the radio or read the newspaper. Some MEs met over a daily game of cane ball, scrabble, carrom or cards.



Socializing over a game of cane ball



Socializing over a game of carrom

4. FINANCIAL LANDSCAPE



KBZ bank

4.1 ACCESS TO FINANCIAL SERVICES IN MYANMAR

A sound financial system is an essential pillar of every economy. The financial sector mobilizes savings and allocates credits to other sectors to promote economic growth. It provides not only payment services but also enables coping with economic uncertainties by hedging, pooling, sharing, and pricing risks (e.g. via insurances). An efficient financial sector hence reduces the cost and risk of producing and trading goods and services and thus makes an important contribution to raising the standard of living ¹.

The financial sector in Myanmar at present is small and highly underdeveloped. Access to financial services is severely limited, as reflected by the low outstanding loans-to-GDP ratio of 4.7 percent and deposits to- GDP ratio of 12.6 percent in 2011². Four state-owned banks (Myanmar Agriculture and Development Bank, Myanmar Economic Bank, Myanmar Foreign Trade Bank and Myanmar Investment and Commercial Bank) in addition to 19 private banks dominate the sector. In order to prepare domestic banks for competition, work is underway to revise outdated banking laws ahead of Myanmar's integration with ASEAN in 2015³. In anticipation of the above mentioned development, 17 foreign banks, including United Overseas Bank, First Overseas Bank and National Bank have established local representative offices in the country.

There is only one state-owned insurance company (Myanmar Insurance) in Myanmar which is also small in scale and outreach and offers no insurance for any form of agricultural sector activities, such as flood, crop, or livestock. For the first time in more than 50 years, private insurance companies have been given conditional approval by Myanmar Insurance and the Insurance Business Supervisory Board (IBSB) to begin operations⁴.

1 Foerch, Thomas, Thein, San and Waldschmidt, Sophie. (2013). Myanmar's Financial Sector: A Challenging Environment for Banks. Downloaded from the website <http://www.giz.de/en/downloads/giz2013-en-financial-sector-myanmar.pdf>

2 Seward, James. (2012). *Myanmar Access to Finance*. Washington, D.C.: World Bank.

3 McNulty, Lucy. (2012). Myanmar Banking Sector Urges Foreign Investors to Wait. *International Financial Law Review*. Downloaded from the website <http://www.iflr.com/Article/3009520/Myanmar-banking-sectorurges-foreign-investors-to-wait.html>

4 Myanmar Times. (2012). *Private Insurance Companies Given a Go Ahead*.

As per recent research less than 20% of the population in Myanmar has access to formal financial services¹. Allegations against banks for money laundering surfaced in 2003, along with other crises in banking and co-operative sectors, resulting in an erosion of public trust in formal saving products². In the present study also, out of the 122 MEs interviewed only three had bank accounts. Most of them did not intend to open a bank account because they either found it tedious to go and deposit money in the bank or thought that it was not mandatory to save money in the bank daily while in group savings it was necessary to pay daily. *“It is a must to give daily in a group as someone comes and collects money while I might not go everyday to deposit money in the bank”* He also felt that money could not be withdrawn immediately at the time of need from the bank. *“I cannot withdraw money from the bank at the time I want.”*

4.2 SAVING PRACTICES IN MYANMAR

Myanmar’s savings landscape, as observed and informed by the MEs was dominated by informal mechanisms. As mentioned earlier, only three MEs had saved in banks as most of the MEs did not trust banks and expressed fear of losing money. Mya (Tailor, Mandalay) saved money with herself She did not trust the banks as she feared that they will shut down and she will lose her money. Also, it was a common perception that any kind of bank interaction involved a lot of time so MEs avoided going to the bank and preferred saving either at home, with friends or in a peer groups.

4.2.1 HOME SAVING PRACTICES

Most of the MEs from all five locations saved money at home in a safe box (which was made of either wood, zinc, tin or clay pots) or in a bamboo stick as they did not trust group savings and banks and found it easier to save at home. Lily (coconut coir rope maker, Mawlamyine) saved money at home for monsoons. *“On the days I have a chance to sell 20 or 30 packed of the ropes, I earn about MMK 20,000 (\$20). At that time, I have to save extra money for the rainy days. Just like this way, we have to run our financial affairs in life.”*



Angelina’s bamboo stick where she saves money



Safe box used by Kyi the slipper keeper in a Pagoda in Mandalay

1 LIFT. (2012). Baseline Survey Results. Yangon: LIFT. Downloaded from the website <http://lift-fund.org/lift-in-action/content/liftbaseline-survey-results-2012>

2 ibid



Phyu (behind) the peer group savings leader

Few MEs mentioned saving money in unusual objects. For instance, Htay (electrician, Nay Pyi Taw) did not save money every day and did not want to spend on a safe box and a lock so saved in between the pages of his books. Similarly, Angelina (fish net repairer, Mawlamyine) saved money in a bamboo stick when possible.

4.2.2 SOCIAL NETWORK BASED SAVINGS

Apart from saving money with themselves, MEs also sent money at home through friends and relatives to save with their parents, they also saved with friends, with the Pagoda trustees and in peer groups.

Many migrant MEs saved money by sending it home to their parents. Ramon (DVD seller, Yangon) sent money through some friends who were drivers with a private travel company. When these drivers had his hometown on their routes, they would meet the parents and hand the cash over. Ramon would make a note of the vehicle number and communicate the same to his parents to ensure a safe transaction. His was not an uncommon story, many others requested relatives/ friends/ acquaintances to deliver the money to family back home.

Those who didn't send it home to their parents devised other methods such as keeping some part of their income with a friend or in safe boxes at home. Myat (watch and spectacles seller, Mawlamyine) saved money with his friend as he feared he would spend it if he kept it with himself. Group savings and banks were generally not trusted by this demographic.

Peer savings group was another popular informal financial tool in Myanmar. Each group operated independently of one another and was unregulated by the government. Instead, they were monitored by the community. There were 10-15 people in the group with a leader who was in charge of the group and took the responsibility if anything went wrong. The group leader was always entitled to receive the first pay out. For the rest of the group, a lottery system determined the order they would receive their pay out. If a group, for example, had 20 members and paid every 15 days. The group leader would receive payment on the 15th day. Lottery numbers, from 2 to 20, would be drawn on the 30th day. If a member received lottery number 2, he would receive money immediately after the lottery. If he received number 10, he had to wait for four more months. Similarly, number 20 would be the last person to avail of his sav-

ings. The group leader's effectiveness as head of the savings group was critical, as he or she set the consistency and structure and maintained a strong relationship with all savers. In some cases when the group had over 100 members, the group leader did not participate in the lucky draw but charged a service fee for keeping money from everyone as mentioned by Lin, pony cart driver from Nay Pyi Taw. *"If there are over 100 members in a group, the leader just takes care of the keeping money he does not have to pay, he/she gets service charge from it. The members have to draw a number and wait until that number comes. But, they have to save every day the amount that they have agreed upon. It is not legal and usually done with mutual understanding."* Phyu (Tailor, Nay Pyi Taw) was the peer group leader and saved money for 15-20 people. They came to save MMK 1000 (\$1) with her every evening.

These groups were typically so popular because of how they were organised. Since these savings networks were comprised of people from similar social networks, financial strata and occupations, the members had similar income cycles. This allowed members to shape the savings plan to fit their needs. The amount saved depended on members' income levels. Most of the MEs saved from MMK 500 to 1000 (\$0.5-\$1) in the group savings.

The reason MEs preferred the group saving system was because they knew the exact time when they would receive their savings, and so could plan ahead. Since each member had an equal opportunity of being selected for an early cash-out, they could use the lump sum of savings ahead of time without interest. Considering the high informal interest rates in Myanmar, access to capital without interest was a significant perk for the members, even if they had to wait a few months for their payout. If one member was saving alone, it would take him eight months to save this same amount. Members that drew low numbers in the lottery were essentially receiving an interest-free advance, with payback in instalments.

Olivia (Hair dresser, Yangon) used to save money in peer groups till 2009 with 20 people. She felt it was easier to do group saving as she only had to give a little amount everyday and the leader came to collect it. She discontinued it after 2009 as most of her money was going into her children's education.



Olivia used to save money till 2009



Cheroot maker saved money at the gold shop



Money Lender in Nay Pyi Taw

4.2.3 INVESTMENT BASED SAVINGS

Some of the MEs in all 5 locations saved in gold and either pawned it or sold it at the pawn shop or a gold shop when they required money. However, this trend was more popular in Bago. Chit (sheroot maker, Bago) saved her money at the gold shop and bought jewelry whenever she had saved enough. She had known the gold shop owner for six to seven years and thought it was a good way to save money. Naing's wife (PoP statue maker, Bago) saved money in gold and sold it every time they required money.

4.3 BORROWING PRACTICES IN MYANMAR

As the formal financial services sector was struggling to satisfy people's needs, the informal financial sector was very active and had gained an important role in Myanmar. Informal money lending was traditional and prospering business in Myanmar and interest rates varied from 3-20% per month. The usual repayment period was between three to six months and could often be extended. Despite high interest rates, particularly poor Myanmar MEs regularly relied on uncomplicated and registered pawn shop loans which were traditionally run by the Chinese community. The loan amount granted and the interest rate charged depended on the type and the market value of the collaterals. For gold, the loan could amount to upto two-thirds of the market value, and the monthly interest was set at 2-3% . For all other items, loan amount granted was only 50% of the forced sales value of the collateral items and the monthly interest rate was 10%. The Yangon City Development Committee (YCDC) had fixed the repayment period for all pawn shop loans at four months and ten days.

4.3.1 LOANS FROM INFORMAL SOURCES

Borrowing money from informal channels such money lenders, friends or relatives was a common practice among most of the MEs across all locations. Most of the MEs interviewed as part of this study didn't have assets (like land) needed to avail of formal lending instruments. As a result, many relied on informal institutions and borrowed against items such as gold. In some cases, MEs interviewed had only ever used informal methods that required some collateral. Pawnshops were a popular option. They loaned money to the MEs while holding gold, longyi

and sometimes even utensils as collateral. Htay (electrician, Nay Pyi Taw) pawned some jewellery for a monthly interest rate of 3%. He bought the jewellery for MMK 80,000 (\$80) and received MMK 50,000 (\$50) from the pawn shop for it. He repaid the interest after 3 months.

They either borrowed money to start their business or for their daily expenses as told by some of the MEs interviewed like Cho (Seed Seller, Bago) borrowed money from a money lender at 2% interest rate per month to start her business and Mima (ferry woman, Bago) borrowed MMK 50,000-60,000 (\$50-60) from a Chinese money lender cum pawn shop owner at 4% interest rate per month to pay for the boat tender. Sometimes they had experienced taking loans from various sources to pay back the interest as was observed in case of Cherry (pigeon food seller, Yangon) who borrowed MMK 300,000 (\$300) from her neighbour who was an informal money lender at 15% interest rate. She had to pay interest every month and to pay back this amount she had taken many other loans of MMK 10,000 (\$10) and MMK 5,000 (\$5) at an interest rate of 20% which she was paying daily. Recently she also borrowed some amount at 30% interest rate and paid MMK 2500 (\$2.5) daily. In total she had a debt of MMK 600,000 (\$600) from 4-5 people.

Seasonality had a big influence on businesses observed in Myanmar and there were times when MEs could not earn much so they had to borrow money to pay for their daily expenses and for children's school and tuition fee. Lily (coconut coir rope making, Mawlamying) borrowed MMK 40-50,000 (\$40-50) without any interest from her relatives who stayed just opposite to her house and repaid after 6 months. *"Being relatives, we can pay back after saving money, first we pay half of the debt and pay back the rest later."* Soe (potter, Bago) borrowed money from the money lender at a monthly interest rate of 20% to pay for his children's tuition and school fees during the rainy season when his business was running losses.

Some MEs interviewed also mentioned borrowing money to pay for their own treatment or for the treatment of their family members. Thida (laundry lady, Naypidaw) borrowed MMK 400,000 (\$400) from a friend last year at 10% monthly interest rate to buy medicines when she was sick and was still paying her back.



Cherry-Pigeon food seller in Yangon



Straits Micro Finance



Mett was a volunteer with World Vision in the past

4.3.2 LOAN FROM MICROFINANCE INSTITUTIONS

Microfinance was widely seen as a key development tool to promote financial inclusion and to alleviate poverty in Myanmar. While cooperatives exist in the country since the early 20th century, microfinance was first introduced to Myanmar in 1997 by UNDP's Human Development Initiative.

In November 2011, the Government passed the new microfinance law, paving the way for expansion of microfinance services by allowing local and foreign investors to establish wholly private owned Micro-finance Institutions (MFIs) in the country (Duflos et al 2013). This new microfinance bill imposed interest rate caps for micro loans (maximum loan rate of 2.5% flat per month) and micro savings (minimum interest rate of 1.25% per month) (Myanmar Micro-finance Network 2012).

There were two main microfinance organizations found active in Myanmar especially in Mawlamyine providing loans at low interest rate: (i) World vision (ii) Save the children.

World Vision offered money for investments, especially for children's primary education. To apply for a loan, requirements were a copy of national ID-card, a copy of family registration card, a recommendation from leader of 100 households, photographs, personal recommendations to each other in the group. Rate of interest was 2.5%. For each project, World Vision allotted MMK 1,500,000 (\$1500) and lent maximum MMK 100,000 (\$100) to an individual. Monthly repayment instalments were protocol. They lent to 15 people in one cycle and used the money gathered from interest to lend to other people.

With the money collected in the form of interest, World Vision supported stationery to primary school children twice a year; once at the start of the session and once in the mid. Once the project started volunteers were chosen from the same place who were really interested in the welfare of society. That group handled the money, collected documents from all the applicants, made list and allotted money via lucky draw system to be neutral and impartial. They spread the news about the project via advertising on tea shops and trees to let people know about it. Head of the village was the administrative officer of the project. One project lasted for 3 years. Applicants were required to come to world vision office 2-3 times to attend the meeting

in which all the rules and regulations were explained to them before allotting money. Save the Children included health education for children (under 18 years) in their programme. Officers talked to people about how to protect their child under the age of 5 from diseases. They also helped people building toilets at their home, taught housewives how to cook nutritious food, and provided toys to kids in kindergarten. They hired experienced nurses to train the volunteers about hygiene, health and nutrition who then went and educated people. Currently Save the children was working in three townships i.e. Kyitemayw, Mudon and Mawlamyine but had plans to expand as told by Meit (loan officer of save the children, Mawlamyine).

It usually dealt with women and lent money at 2.5% interest for 13 weeks. Women could either start their own business or invest in their husband's business using this money. One needed to pay back every 15 days. To apply for loan from save the children one was required to submit a copy of national ID-card, copy of family list, two passport size photographs and recommendation letter from the head of 100 households.

Save the Children allotted money to a group of 10-15 people and group chose a leader amongst themselves. A leader did not need to take responsibility of his members; he was only needed to remind people every month to repay the money before the due date. Save the children hosted three orientation sessions before lending money. One week before lending money, they went and checked the house of the applicant to assess if he/she was actually staying at that place only and on the basis of assessment of his/her condition they sanctioned the loan amount. Usually after the working hours i.e. after 1 or 2 pm they called them for meetings to explain the rules of the organisation. These meetings were either held at community rest house or a religious place. All the members in the group were required to take responsibility of each other. An amount of MMK 50,000 (\$50); 70,000 (\$70) and maximum 100,000 (\$100) was lent to a person at one time.

One was also required to be physically present on the day of money distribution while to repay one could send someone else also if he/she could not come for some reason. Each time when one repaid they noted it down in a book, got his/her signature and also wrote the date of next installment. Once all the money was returned, they asked them if they wanted to borrow again and in case they wanted, they had to undergo the same process to borrow money again. After their 9th installment they could file the request to borrow money again.



Angelina borrowed money from Save the Children to buy meal



Nanda took loan from Mingalar Myanmar Association an MFI

Two MEs from Mawlamying were found availing loans from these two micro-finance institutions. Angelina (Fish net repairer, Mawlamyine) took a loan of MMK 100,000 (\$1000) from Save the Children to buy meals for her family during non-seasonal days when she could not work. She had to pay the first installment of MMK 9,200 (\$9.2) and after she paid it, she was told about the second installment. Naing (journal seller, Mawlamying) came to know about World Vision from the head of 100 households and borrowed MMK 100,000 (\$ 1000) for the treatment of his elder brother. His monthly instalment to repay the same was MMK 10,800 (\$ 10.8).

While these two MFIs were only found active in Mawlamyine, there was another MFI (Mingalar Myanmar Association) found active in Yangon. After his friend's advice, Nanda (Wood sculptor, Yangon) took a loan of MMK 150,000 (\$150) from them one and at an interest of 20% to pay for the house rent which he returned in a year. In order to get this loan he had to pay a collateral of MMK 2000 (\$2) per week till five weeks, submit a copy of his family registration and national ID-card. After six months, he took a loan of MMK 300,000 (\$300) again and was paying it on instalments.

4.4 MONEY TRANSFER

Some of the MEs from all 5 locations had either used banks to transfer and receive money or accompanied their friends to transfer money. Htut (carpenter, Mandalay) went to the Central bank regularly to withdraw money. He worked for other contractors from Yangon at times and they sent him money through the Central bank. To withdraw money he had to show his national ID-card. When he was working in Yangon, he used central bank to transfer money to his family.

Ohnmar (painter, Mawlamying) had used KBZ bank to withdraw money that his relatives sent from Yangon. Kyi (slipper maker, Mandalay) used to transfer money to his suppliers in Yangon through banks but since it took long he started sending through an express car. He had to tell the name and national ID-card number of the person to whom he was sending money and it was transferred within an hour. For each transaction he paid MMK 500 (\$0.5) at the express car station.

Money transfers through banks require national ID cards. The MEs were not required to have an account in the bank. They could just show their national ID card and give the ID card number of the recipient of the money transfer. The process was not time consuming and the recipient could take the money by providing his/ her ID card number. The service fee to transfer MMK 50,000 (\$50) was MMK 1500 (\$1.5).

4.5 CONCLUSION

As far as financial affairs were concerned, “trust” factor played a very important role. That was the reason that MEs were saving in a group than in a bank. Also, they preferred borrowing money from known money lenders, friends and relatives than from formal sources. Many MEs were not even aware about Micro-finance institutions (MFIs) and even in Mandalay and Mawlamyine where these MFIs were active, not many were observed availing their services. Time was another factor influencing MEs decision to avail a particular financial service (whether informal or formal) and they tried avoiding multiple interactions with banks as it was time consuming.



CB Bank in Bago

5. TELECOM LANDSCAPE



Mobile shop in Nay Pyi Taw

With around 60 million people and only 4% wireless penetration and 3% fixed, Myanmar is one of the last untapped telecommunication markets in the world (Telecoms 2012). The first wireless network was launched in 1999 based on Code Division Multiple Access (CDMA) Technology. Then Global System for Mobile communication (GSM) was introduced in 2002 and 3G network was commercially launched in 2008. For many years, MCIT (Ministry of communication and Information Technology) has been acting as Myanmar's only telecommunication regulator and owned the primary telecommunication operator, MPT (Myanmar Post and Telecommunications).

Up until now, MPT has been the only GSM mobile operator in the country that serves 2G and 3G networks, but in 2013 lost its monopoly as Norwegian Telenor and Qatar Telecom's Ooredoo were granted licenses. Significant investment from both of these foreign providers and commitment to introduce 3G services within 2014 are cause for much speculation. Previously, the immature infrastructure left little hope for mobile-enabled products. But two key developments could signal an opening for new opportunities, including mobile money: President Thein Sein's goal is to reach 80% mobile penetration by 2015, and the closing of the current lottery system for SIMs, which has prompted a black market for SIM resale.

At the current level of network deployments, only three major cities are covered by wireless mobile networks including regions around Yangon, Nay Pyi Taw and Mandalay. There are about 14,000 kilometers of fiber in Myanmar and around 1,800 mobile telecom towers across the country. Mobile roaming services in Myanmar are very limited. MPT has limited number of roaming partners and has no Short Message Service (SMS) Hub to connect MPT's customers with operators around the globe. The government owns most of telecom infrastructure¹.

¹ Green Power for Mobile Market Analysis- Myanmar. (2014). *Sizing the Opportunity: Green Telecoms in Myanmar*. International Finance Corporation: World Bank

Out of 124 MEs interviewed as part of this study, 57 MEs had their own phone. This chapter will describe the mobile usage by these MEs in all the five locations, reasons for using it, ways of acquiring SIM cards and phone, their monthly expenditure on phone and the alternative means of communication used by those who did not own a phone.

5.1 ACQUIRING SIM CARDS

A year ago, MPT started distributing low cost (MMK 1500) SIM cards through a lucky draw. In every quarter, SIM cards were sent to the quarter leader who then distributed it to the people of his quarter after a lucky draw. At any time in the month one could apply for a SIM card through a lucky draw, along with the copy of his or her family registration card, national ID-card and two passport size photographs. A person could apply only once with one family registration card. All the applicants were given lucky draw numbers at the time of applying for the SIM card. One would get the SIM card based on this number. So, suppose someone's number is 116, that means he/she would have to wait until the 115 people before him got the SIM. Once someone won the SIM card he/she could not apply again. The SIM cards distributed through the lucky draw could be both GSM and CDMA as mentioned by Khine (head of 10 families, Mawlamying). To inform people about the lucky draw he hired a man who made the announcement using a loud speaker, giving out information about the date, time and place of the lucky draw. To be fair and honest, Khine, used to hire two girls to host this lucky draw. Another respondent interviewed Naung (the bamboo mat maker, Naypidaw), however, felt that some people gave extra money to the quarter leader to pick out their names in the lucky draw.

Most of the MEs interviewed had either acquired their SIM card in the lucky draw or bought them from their friends. For instance, Laura, a banana seller from Yangon got SIM in the lucky draw which her parents applied back at home and sent to her via relatives. Chan's (strawberry seller, Yangon) brother won a SIM in the lucky draw and gave him two months back. Thiri (Potter, Nay Pyi Taw) won a SIM card in lucky draw 3-4 months ago and gave to her sister. Whenever she had to call she used the phone.

Thet (wood sculptor, Mandalay) bought his handset and SIM card from his friend. He spent MMK 150,000 (\$150) on a SIM card and MMK 30,000 (\$30) on the phone. *"Some people use mobile so I also wanted to use."* Thuya (gasoline seller, Mandalay) acquired the handset and SIM free from his monk friend, who won it in the lucky draw. Zaw (tea shop owner, Manda



Khine, head of ten families



Zaw, tea shop owner in Mandalay



Smith's phone



Htay's phone

lay) bought a SIM card for MMK 200,000 (\$200) and a second hand handset from his friend. According to him its good to have a phone as he can call the suppliers anytime if he needs something. *"Having a phone is better than not having a phone. I can call shopkeepers if need anything."*

Smith (motorbike driver, Mandalay) bought a handset along with a SIM card for MMK 500,000 (\$500) from the market. The phone proved useful for his work as he was able to communicate with his customers at all hours and drum up more business. It also curbed his endless drives for customers as he now travelled to specific pick/ drop points after telephonic conversations. *"If customers call me, I need to go there only so can make money."*

Some of the respondents who won SIM cards in the lucky draw either sold their SIM cards or handed it over to a sibling. For example, Thein (broom maker, Naypidaw) sold the three SIM cards he won for MMK 68,000 (\$68) each. Thiri (the potter, Naypidaw) won a SIM card in the lucky draw but gave it to her sister.

Htay's (Electrician, Mandalay) teacher bought him the phone and everyday he had been paying him MMK 2000 (\$2). He needed the phone to be in touch with the contractors to get work. Hlaing (the paper umbrella maker, Naypidaw) got a SIM card through his brother who works at the government office for MMK 50,000 (\$50) two years back.

According to most of the MEs interviewed having phone was very useful for their business as they could get in touch with their suppliers, family and friends easily though some of the MEs felt that it would put an additional financial burden on them.

According to Thaung (painter, Mawlamying), getting a SIM in lucky draw would not solve any purpose as he still needed to buy a handset. Similarly, Naing (journal seller, Mawlamyine) got SIM under lucky draw one month ago only and had already started feeling it as an extra financial burden on him. *"Positively, we can use it for emergency cases. Negatively, the expense has increased."*

5.2 HANDSETS: ANTICIPATING LEAPFROG

Despite the nation's scarce connectivity, number of smartphones were soaring. This was driven by the devices' gaming and media capabilities coupled with the promise of affordable and reliable connectivity. For example, out of 57 phone owners interviewed during this study 42 had touchscreen smart phones.

Touchscreen smartphones were well suited to a generation with minimal traditional typing skills and not very comfortable in English. Huawei handsets were more common among MEs interviewed through this study. Most of the MEs took advice of their family members (mostly brother/sister) and friends before buying a particular handset. Aung (dumpling seller, Yangon) bought a Huawei handset worth MMK 150,000 (\$150) as his sister was also using the same handset and recommended it to him. Laura (banana seller, Yangon) bought a Huawei G730 worth MMK 160,000 (\$160) only because her brother recommended it. She also liked her phone as it had big screen.

Big screens offered by touchscreen smartphones was an important feature preferred by most MEs interviewed. Chan (strawberry seller, Yangon) bought a HUAWEI g610 mobile phone worth MMK 130,000 (\$130) as it had big screen. Access to data driven apps was also observed to be a preferred function of smart phones over feature phones. For many MEs interviewed, Facebook and Viber apps were synonymous with a phone call, with little distinction made in quality of call or ease of use between them and a traditional dialer. Naing (PoP statue maker, Bago) had several offline applications. He also used offline file sharing apps like Zapyta, Xender and used a photo editing apps Cymera and played games. He also expressed a need of having a weather forecast application.

Based on our observations on field, keypad-driven interactions were bypassed altogether as there were very few MEs who were using a keypad phone. Only Khine (Thanatkha seller, Naypidaw), Htwe (Souvenir maker, Naypidaw), Zaw (Journal seller, Naypidaw) and Moe (Bag and chain repair, Mawlamying) had keypad handsets as they did not want to spend much on the handsets.

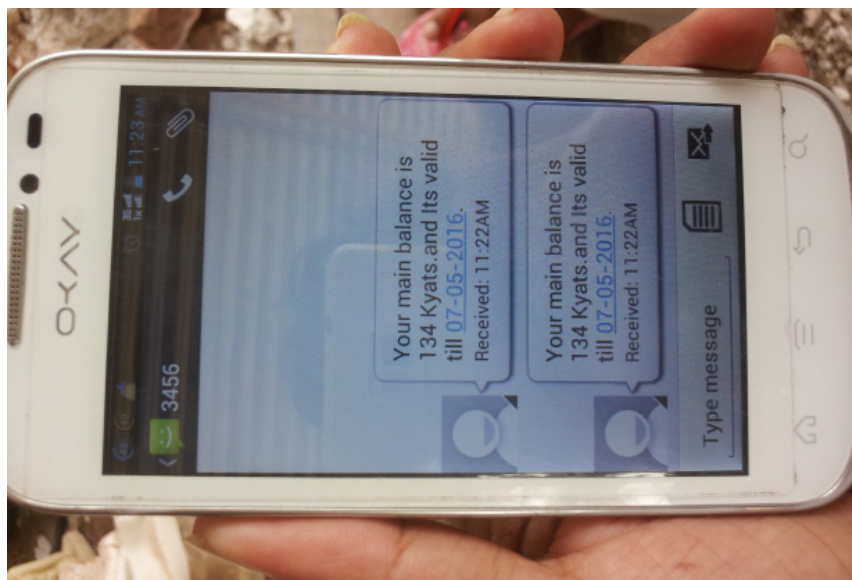
Even those MEs interviewed who did not have a phone expressed the desire of buying a smartphone only whenever they could. This was very much evident in the case of Diya



Chan's phone



A picture of bamboo handicraft on made by Htwe on his phone



Application to check balance offline on Naing's phone



Hlaing contacted his clients through his phone

(bicycle repair, Yangon) who did not have a phone currently but expressed her desire to buy a smartphone so that her daughter could also play games on it. *"I do not not want keyboard like phone beacuse my daughter cannot play game on it."* Cho (designs longyis with thread, Mandalay) expressed her willingness to buy a MMK 80,000 (\$80) worth touch screen phone so that her son could play games on it. Her son was saving MMK 1000 (\$1) everyday in a safe box to buy a phone.

5.3 USAGE PATTERN

All the MEs interviewed and owned a phone, largely used their phone to call their relatives, friends, business associates and to be in touch with their customers. Since it was hard to make a distinction between the use of mobile phone for social purposes vs. business related use due to large overlap between social/familial and livelihood networks as many MEs relied on support from within their own household for the business (labor, finance, etc) so there was no great need for business communication across distance except few cases.

Two MEs, Chan (strawberry seller, Yangon) and Aung (dumpling seller, Yangon) used their phone for business such as informing their suppliers of their needs. Thet (wood sculptor, Mandalay) used his phone to inform his customers when their order was ready. Htay (the electrician, Naypidaw) called up his customers to inform them if their appliance was repaired. He had his number printed on his visiting card and a lot of his customers contacted him if they could not come to his shop. Htwe (souvenir maker, Naypidaw) contacted his bamboo, wood and cane supplier through phone. Phyu (the tailor, Naypidaw) used her personal phone as a pay phone and charged MMK 100 per minute (\$0.1) for outgoing and MMK 50 per minute (\$0.5) for incoming call. Zaw (journal seller, Naypidaw) called on the call center number 1876 to enquire about the football score at MMK 300 per minute (\$0.3 per minute). He also contacted the publishing house in Yangon if he needed any new journals or newspapers. If he placed the order, the owner of the publishing house would send the journals in the morning bus to the distributor's shop in Naypyidaw. He also listened to the literary campaigns by a monk who talked about how to face challenges in life. Naing (Plaster statue maker, Bago) used his phone to call customers, suppliers and used offline applications to check his balance, click pictures and share music files with

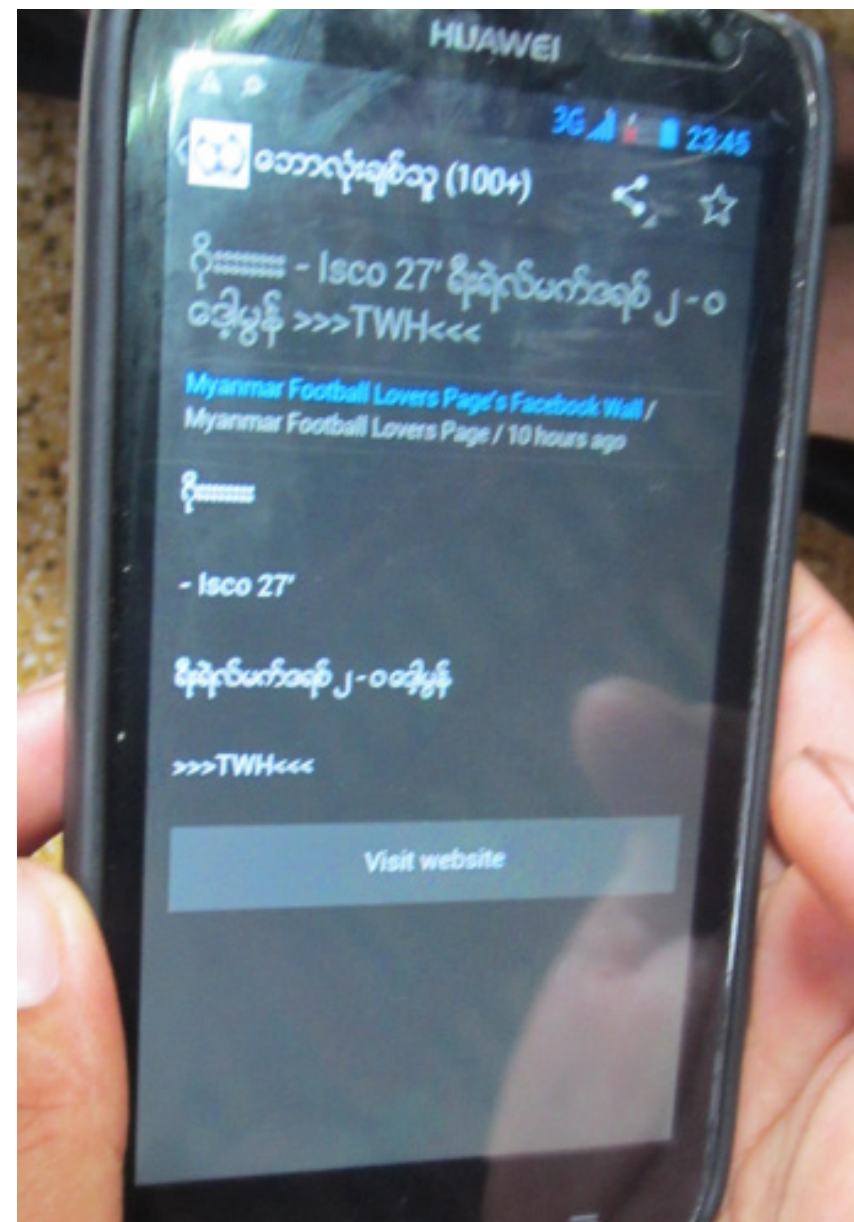
friends, Hlaing (photographer, Mandalay) used the mobile phone to contact the clients if he was going for outdoor fashion show, novitiaton ceremony or for convocation. He gave his contact number to his customers also. *“If I have phone, they can call me anytime. Before it was very difficult for me to communicate with them without phone.”*

However, some MEs preferred face to face communication over phone to ensure quality supplies and fair price. For the kind of business Thaung (painter, Mawlamying) had, it was better to go and talk to customers personally than on phone. *“Even if I get the SIM card, I still need to pay for the phone. Moreover it would be good for my business if I go personally to talk to my customers as I can observe the area also that I need to paint and can decide the charges accordingly.”*

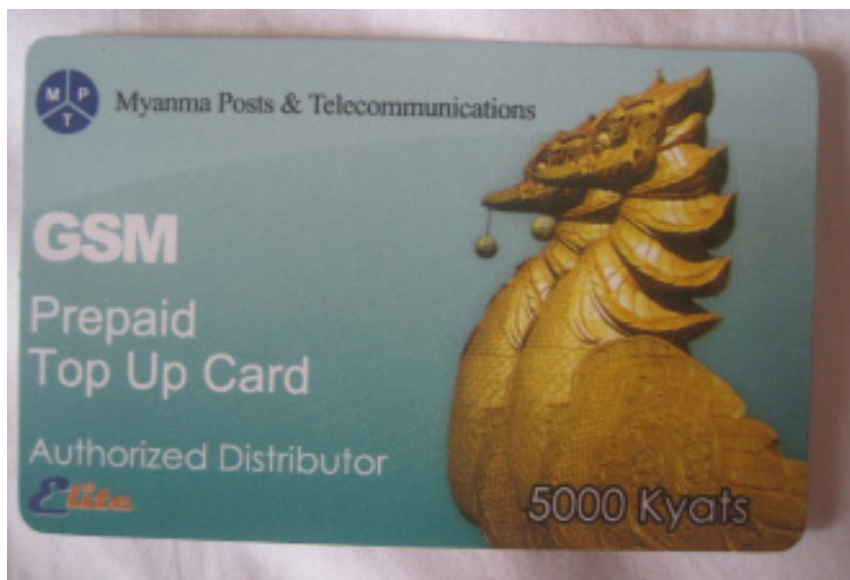
5.4 INTERNET USE

Majority of the MEs (who had a phone) did not use internet on phone and did not even know how to use it but some (mainly from Yangon) were using data on their phones and expressed problems with a slow internet connection. According to some MEs the Internet speed increased after midnight.

Three of the 124MEs used mobile data to call others through Viber. Internet users paid MMK 2 per minute of internet usage, which was perceived to be expensive by most MEs, because of which it was common for them to turn off their data connection once they had used Viber. Although mobile data was perceived to be expensive, it was still cheaper than normal call rate (MMK 50 per minute). Some MEs were enthusiastic about using Facebook. Two MEs used their Facebook account to follow celebrities, so that they could keep themselves updated about beauty techniques/ style for their beauty parlour/salon. Olivia (hair dresser, Yangon) wanted to make an account on facebook after her friend's recommendation. *“My friend said I will get all the information on FB and I can follow news of celebrities and famous beauty salons and get tips on running my salon well.”* Another hair dresser from Yangon, Guest, was using data on her phone to subscribe to various Facebook pages and to get updates on beauty tips. She also used various apps to follow beauty tips. Her niece's husband was working in a mobile phone company and helped her down



Chan's phone, Myanmar Football lover's page open on internet



MMK 5000 GSM top up card



Road side MPT PCO stall

load all these apps. She also used viber to chat with her friends. However, a majority of the MEs did not have internet on their phone and did not even know how to use it.

One ME used internet to get updated on football scores. Chan (Strawberry seller, Yangon) found it difficult to use Viber but used internet to find out about the football score. He was also interested in joining Facebook as he had heard a lot about it through friends.

5.5 PAYMENT AND EXPENDITURE

MEs reported a monthly expenditure between 2500 kyats (\$ 2.5) and 45,000 kyats (\$45) on mobile phone. Top up cards were mostly available for 5000 kyats or 10,000 kyats. MEs commonly bought the 5000 kyats top up cards. They expressed their wish to buy top up cards which are less than 5000 kyats. *"I get a top-up card of 5,000 kyats but finds it very expensive. 2000-2500 kyats top-up card would be better for me."* (Htut, Carpenter, Mandalay).

Incoming calls were free but for every outgoing call they were charged MMK 50 per minute and for each message MMK 25. As per Kyaw (Flower seller, Mandalay) MMK 20-30 per minute for an outgoing call and MMK 3000 (\$3) top-up card would be good for her. *"Phone bill could be very fantastic if call rate is 30 kyats per minute."* Thein (charcoal seller, Mawlamying) felt that it would be nice if call rates could go down to MMK 25 *"50 is little too much, 25 would be okay."*

5.6 ALTERNATIVES TO OWNING A PHONE

Those who did not have a phone used either neighbour's phone or PCO to make and receive calls and paid different charges for PCO varying from MMK 100 (\$0.1) per minute to MMK 200 (\$0.2) per 3 minutes for an incoming call and MMK 200 (\$0.2) per minute to MMK 400 per minute (\$0.4) for an outgoing call. Lily (coconut coir rope making, Mawlamying) received calls on neighbour's phone and did not pay anything for receiving calls. She never made any calls herself. Mya (tailor, Mandalay) used neighbour's phone to make and receive calls from her customers. She needed to pay MMK 150-200 (\$0.15-0.2) per minute to make a call using neighbourhood phone and MMK 100 (\$0.1) for incoming call irrespective of the duration.

Angelina (Fish net repairer, Mawlamyine) could not apply for SIM card under lucky draw system as she was not the native of the village so used PCO to call her relatives and to receive calls from them. She paid MMK 100 (\$0.1) per minute for outgoing as well as incoming call.

Whenever Tun's (makes decorative umbrella, Mandalay) family needed to contact him, they called at neighbouring PCO shop. He had to pay MMK 100 (\$0.1) per 3 minutes for an incoming call. Outgoing calls cost double of that and were reserved for special occasions. He recalled the last time he spoke to his sister was to discuss visiting celebrities.

5.7 CONCLUSION

The cost of new connections had been a huge barrier in accessing mobile telecom services in Myanmar. In fact, SIM cards were priced around MMK 150,000-200,000 (\$150-200) in the market (and it used to be about \$ 500-600 a few years ago). Since Myanmar has only two denominations of top up cards, MMK 5000 (\$5) and MMK 10,000 (\$10) and even MMK 5000 (\$5) is a considerable amount to spend. So even though they might spend that much in a month, they are unable to spread the expenditure over multiple days by purchasing lower denomination top up cards.



MPT PCO booth

6. PUBLIC UTILITIES



Kyaw's commercial meter on the left



Thet's sub meter from Pagoda which he uses to run his drilling machine

In order to understand the role of public utilities on urban micro-enterprises, this section focuses on Electricity, Water and Transport and the challenges MEs faced while using them, so as to highlight the opportunities for improvement in the same.

6.1 SOURCES OF ELECTRICITY: CONVENTIONAL AND ALTERNATIVES

Electricity services in Myanmar are government owned. The country's power sector is based on a state-owned single buyer model. Under the Myanmar Electric Power Enterprise (MEPE), the government buys electricity from public and private producers. MEPE sells that electricity to two entities: the Electricity Supply Enterprise (ESE) and the Yangon Electricity Supply Board (YESB). The ministry of Electric Power (MOEP) oversees the transmission and distribution. (Anderson, 2014)

MEs interviewed as a part of this study, carried out their business either from home, markets or Pagodas. The sources and payment of electricity varied in all these places. Across all five-research locations, few MEs were on the national power grid and most depended on alternative sources of electricity for both business and residential use. In Bago, Naypyidaw and Mawlamyine most MEs continued doing their home based family businesses such as making plaster statues, broomsticks, bamboo baskets and coconut rope making. Yangon, the biggest city in Myanmar, had many market places with access to a steady stream of customers, where MEs preferred to conduct their business. Mandalay being the second biggest city and rich in cultural heritage attracted a lot of tourists because of which MEs chose to conduct business in/near the Pagodas and other public spaces where tourists came. The place where the MEs carried out their business determined the source of electricity. At home, some of them were on the power grid while some shared electricity with their and neighbours and some charged their rechargeable lamps at the neighbour's house. In the market they used battery run lamps predominantly. Those operating their business from the Pagoda either got electricity from the Pagoda trustee or used candles at night.

Most of the MEs required electricity for their business at night for lighting purposes. Few MEs interviewed, required electricity for their business through the day. This use of electricity was to operate machines such as the lathe machine (wood turning machine) used by Kyaw, the keychain maker in Bago, wood cutting machine used by Thet, the wood sculptor in Mandalay and drilling machine used by Sein, the wooden pipe maker in Bago.



Digital meter on electricity pole

To get an electricity connection, MEs were required to submit their national ID card, family registration card and in some cases even their land ownership document. Most of them got it in 3-4 months while one had to wait for a year and one respondent got it in just 20 days. Myo (Toy seller, Nay Pyi Taw) had to wait for a year before he got an electricity connection. He spoke about a bad experience with an official where he paid exorbitant extra charges without any results. *“When I applied for the connection, I had to pay about MMK 50,000 (\$50). But my house is about 400 meters far from the transformer. Transformer can only supply electricity within 300 meters of range. So, I was asked to pay more for the extension of the electricity line. At that time, the worker from electricity board told me that he could handle it unofficially and asked me to give him MMK 100,000 (\$100). So I trusted and gave him that amount. But he bluffed me so I reported about this case to the manager. The next day, he returned my money because of my report. Then, I finally got the connection and paid MMK 500,000 (\$500) in total to get electricity legally. I also bought a used meter from a person in the village for MMK 5000 (\$5).”* Chit (Che-root maker, Bago) had applied for electricity connection one year back. She had to pay MMK 265,000 (\$265) along with her national ID and family registration card to get the connection.

MEs expressed discomfort with the shift from analog electric meters to digital ones. It was observed that in Nay Pyi Taw, most of the analog meters had been changed to digital meters while in Bago and Mandalay only some had been changed and no change in Mawlamyine and Yangon. Some MEs blamed the new meters and their positioning for bill inflation. They felt that the bills were being easily manipulated because they themselves could no longer climb the high electricity pole to verify.

Only three MEs were using a commercial meter for their business. Kyaw (Keychain maker, Bago) had both a domestic and commercial meter at home, where he ran his business. He got the commercial meter one year back and the domestic one fifteen years back. He received a monthly bill of about MMK 6000-7000 (\$6-\$7) for the commercial connection and MMK 13,000-14,000 (\$13-\$14) for the domestic connection. Myint (signpost maker, Bago) had a commercial meter and receives a monthly bill of about MMK 4500 (\$4.5). Sein (Wooden pipe maker, Bago) also has a commercial meter at home and got a monthly bill of about MMK 4000-6000 (\$4-\$6). Out of the five locations, commercial meters were only seen in Bago, the reason being their large consumption of electricity.

Some MEs who ran their businesses from their home, shared electricity connections with their neighbours for household as well as business purposes. Angelina (Fish net repairer, Mawla-myne) was not on the national grid and shared electricity with another household who was on the national grid to whom she paid a fixed price of MMK 5000 (\$5) every month. Mima (Ferry woman, Bago) shared an electricity connection with her brother who lived in the next house and paid for half of the bill at the end of the month.

Some MEs charged their emergency lights at the neighbours' house for free or paid MMK 50-100 (\$0.05-\$0.1). Soe (Potter, Bago) and Ko Hla Phone (Bottle brush seller, Bago) charged their lamps at the neighbor's house for MMK 50 (\$50-\$100). Chi (Household help, Mawla-myne) bought a small torch long time back for MMK 3000 (\$3) and charged it at her friend's place for free.

Some of the MEs lit candles or used a kerosene lamp every night. Thein (Broomstick maker, Nay Pyi Taw) was not on the national grid and either used kerosene lamp or lit up candles at night.

Few MEs paid a fixed price for all the appliances used everyday. Tun (Hawker, Naypyidaw) lived on rent and paid MMK 100 (\$0.1) for light and MMK 200 (\$0.2) for the fan everyday. Cherry (Pigeon food seller, Yangon) bought electricity from her neighbours, which was only available till 11:30 p.m., after which she had to switch to using candles or kerosene lamps. She paid MMK 100 (\$0.1) for a tubelight, and MMK 300 (0.3) for a T.V.

San (Rice snack seller, Bago) is another case study for use of an alternative source. A year ago, she learned about the solar panel on TV and paid MMK 60,000 (\$60) for it. Before this she used candles. She could not afford a government electricity connection because she had to mortgage her land and spend a substantial amount to rescue her husband who had been caught abroad without proper identification.



Soe's emergency light



Tun paid for the appliances he used at home



Myint bought electricity from the community generator



Hlaing got electricity from the Pagoda from 6 am to 6 pm

One ME received electricity from the two generators in the township that provided electricity to 20 houses each. Myint (Basket weaver, Naypyidaw) paid MMK 100 (\$0.1) to the owner everyday. Before the generators she used kerosene lamps and candles.

MEs who lived and operated their business from the Pagoda premises paid the Pagoda trustee as decided. Thet (Wood sculptor, Mandalay) and Kyi (Slipper keeper, Mandalay) got a sub-meter for electricity from the Pagoda and were being charged 25 kyats (\$.025) per unit. The Pagoda trustee came every month to check the reading and calculated the bill. Hlaing (Paper umbrella maker, Nay Pyi Taw) lived in the Pagoda premises and received electricity from 6 a.m. to 6 p.m. everyday. At night he used candles. Electricity expenses were included in the monthly house rent of MMK 50,000 (\$50).

Those who were carrying out their business in the market and used battery run lamps, which cost MMK 100-500 (\$0.1-\$0.5) depending on the quality. If the MEs had any problem with these lamps they either called the distributor using their mobile or PCO. Sometimes they just walked to his office to get the lamp replaced. Than (Fish monger, Bago) used a battery run light for three hours in the morning for which she paid MMK 100 (\$0.1). She set out for work at 4 a.m. everyday and required light for work. Chan (Strawberry seller, Yangon) paid MMK 600 (\$0.6) for his lamp everyday. The distributor gave it by 6 p.m. and collected it by 10 p.m. everyday. Myo (Barber, Yangon) used a battery in his shop for light which he charged it at home and it lasted for 6 days. He replaced it once in every 2 years. He paid MMK 25,000 (\$25) for the battery and MMK 25,000 (\$25) for the inverter. In addition to this, he also for the electricity at home. The Yangon City Development Committee (YCDC) official interviewed in Yangon mentioned that the MEs who operated from fixed shops in the market got electricity connection from YCDC. Its cost was covered in the monthly rentals, which varied from MMK 1600-2500 (\$1.6-\$2.5) depending on the size of the shop.



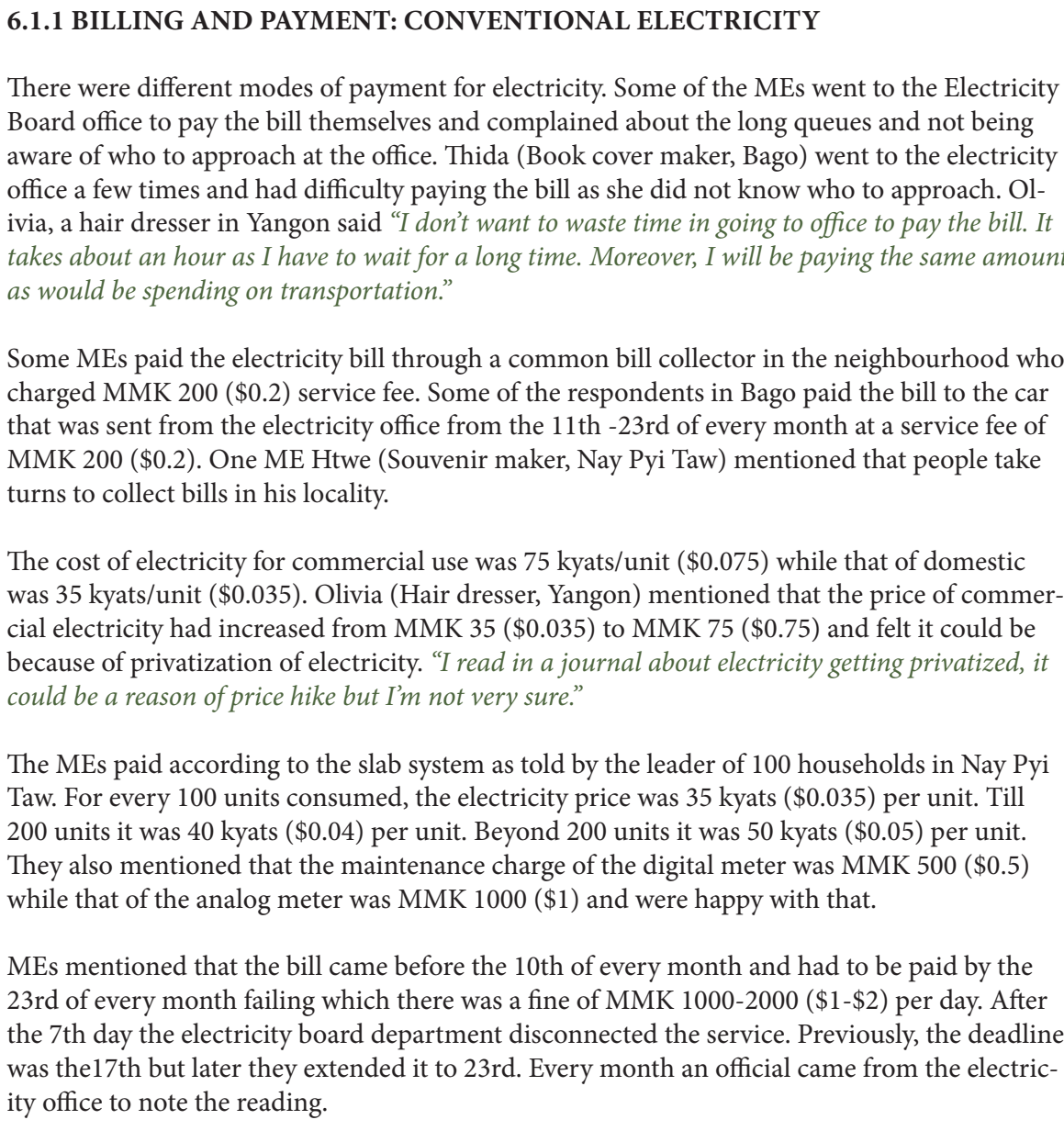
Electricity connection in markets



Battery run lamps on streets



Battery system at Myo's shop



6.2 WATER

Urban water supply systems in Myanmar are generally very old, with only intermittent supply and poor water quality. Both Yangon and Mandalay distribute partly treated water, but the coverage is far from complete. Yangon was found to have consumer coverage of only 60% in 1997 (ADB, 1997). In 2011, the water supply coverage was still about 60% (ADB, 2011); further, water is available for less than 12 hours a day. This suggests that there has been little improvement since 1997. In comparison to this, there are many other areas that do not have any urban water supply systems and used tube wells, open wells and pumps.

6.2.1 SOURCES OF WATER FOR DOMESTIC USE

Yangon being the biggest city and the former capital had slightly better water infrastructure as compared to the other cities. It was observed that most of the MEs in Yangon had access to government water pipelines while most of them in Mandalay, Nay Pyi Taw, Mawlamyine and Bago used either personal tubewells, wells or got water from public wells for free. Only two MEs in Mandalay, Mya (Tailor, Mandalay) and Zaw (Tea shop owner, Mandalay) got water from government water pipelines.

Only some of them required water for their business and within this some MEs operated their business from home while some from the market. Thiri (potter, Nay Pyi Taw) bought 600 litre of water for MMK 200 (\$0.2) from his neighbor everyday. His neighbour had a tubewell and provided water through a hose. He used this water for pottery. Than (fish monger, Bago) bought water from a water seller who got it from the river everyday. He charged for it according to the distance he had to travel. At home, Than got water from the well. Crystals (Fan seller, Yangon) used to walk on different streets to sell fans and drank water whenever she spotted a public earthen pot. At home, she had a well. Myint (basket weaver, Naypyidaw) weaved baskets at home and had a 120 feet deep handpump and used this water for both drinking and domestic use. She used the same water for soaking bamboo to make it soft before she used it for weaving the basket. Lily (coconut coir rope maker, Mawlamyine) used to soak coir before using it for making rope. She bought water from a private supplier for MMK 300 (\$0.3). The supplier had a tube well at home and he delivered water through a hose everytime Lily asked him to deliver it.



Crystals drinking water from public earthen pots



Handpump at Myint's house



Public well in Mandalay



Personal well at Myo's (Toy seller) house in Nay Pyi Taw

Those MEs who did not have access to government water pipelines at home, got water from different sources. Cherry (Pigeon food seller, Yangon) got water from the nearby pond which was cleaned by AMM (local NGO) four years back. Earlier, she bought water from the city as the pond was not clean. Htut (Carpenter, Mandalay) got water from the cart to which he paid MMK 100 (\$0.1) per box. Thet (Wood sculptor, Mandalay) got water from the Pagoda tank once in a week. The Pagoda trustee opened the tap once a week and the ME stored water in a container for the entire week. Hlaing (Paper umbrella maker, Naypyidaw) got water from the common Pagoda well and paid for it along with monthly rentals. Tun (Hawker, Naypyidaw) got water from the owner's tubewell every alternate day and expressed it was not enough to meet his daily needs. Its cost was included in the monthly rentals. Kyi (Slipper keeper, Mandalay) and her sister used the public bathrooms near their house and paid MMK 100 (\$0.1) per person every time.

One of the villages in Mawlamyine as told by Khine (Leader of 10 households) had a self initiated tubewell water system which was looked after by a 17 member committee. In 2003 they collected money from everyone and laid water pipelines. *"In 2003, they started this project to get water from Shwe Nat Taung. Someone from this village is a friend of Commander of the Military Region, and contributed half of the expenses. So we were required to fund the rest, but didn't have enough money and were not in a good position at that time. We wanted to do something for our village to get water, so we made a commission and asked for MMK 150,000 (\$150) from each family. We started with 35 households at that time and now perhaps 470 houses have got that water supply."* In the beginning, the committee used the water meters to calculate the usage and charge for it but the villagers did not like this idea as they could not afford to pay so much for water so they decided to share the cost. Now they have taken out all the meters and everyone is required to pay MMK 2000 (\$2) per month. He collects that money every month and pays to the head of water committee. The money collected adds up to MMK 720,000 (\$720) and is used to repair old and broken pipes, and to buy petrol for the generator to run motor. Initially, the cost of getting a water connection was MMK 150,000 (\$150) but they reduced the cost to MMK 100,000 (\$100) in 2010.

6.2.2 SOURCES OF WATER FOR DRINKING PURPOSE

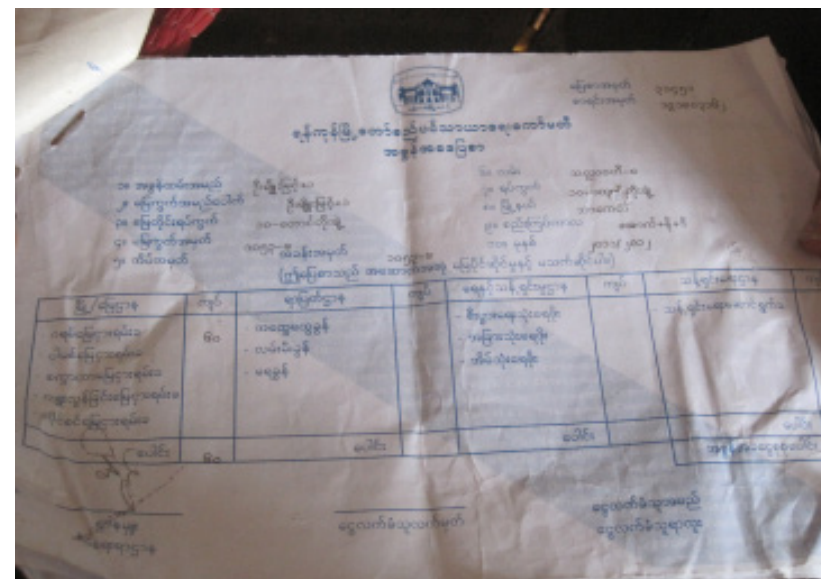
Most of the MEs in Yangon got drinking water either from water cans or public earthen pots both at home and at their business location while in Mandalay, Naypyidaw, Mawlamyine and Bago most of the MEs used personal wells and tubewells for the same. Myat (Watch and spectacles seller, Mawlamyine) got drinking water from the public well without any cost. Naing (Journal seller, c) got water from the well but it had an unpleasant smell so he added bleaching powder in it which costs MMK 1000 (\$1) per pound but he only bought worth MMK 50 (\$0.05). The water cans contained purified drinking water and the suppliers gave door to door delivery service. For the first time, they had to deposit MMK 2000-4000 (\$2-\$4) and then MMK 300 (\$0.3)-MMK 400 (\$0.4) for refilling it each time in all five locations. The deposit money could be claimed after returning the water bottles as mentioned by Nyien (Ice cream seller, Mawlamyine). Moe (Bag and chain repairer, Mawlamyine) bought a water can for MMK 300 (\$0.3) every week but in summers his consumption increased and he bought 3 cans per week.

6.2.3 BILLING AND PAYMENT: GOVERNMENT WATER PIPELINE

In Yangon, the MEs paid a fixed bill of MMK 1000 for three months. The YCDC official came to collect this amount and gave a receipt for the bill. In Mandalay, only two MEs had the government water connection and paid MMK 7000-8000 (\$7-\$8) for 3 months. None of the MEs in Nay Pyi Taw, Mawlamyine and Bago had government pipelines.



Water can at Olivia's salon in Yangon



Water bill



Train service



Three wheelers service

6.3 TRANSPORT

Transport was very important for MEs who travelled long distances to reach their business locations from home and vice-versa everyday. Some of them also used it to visit their suppliers and customers. There were various kinds of transports, which can be categorized as public, private and personal transport/vehicles. Some of the MEs used public and private transport while some of them used personal vehicles to commute everyday and some operated their business from home and did not have to commute frequently. In Yangon, motorbikes were banned on the main roads by the government to reduce traffic and avoid fatal accidents. In Nay Pyi Taw, motorbikes were used a public private transport which was not observed in any other city.

6.3.1 PUBLIC AND PRIVATE TRANSPORT

Public transport included the government owned bus and train service. Nyein (Ice-cream seller, Mawlamyine) took the bus to go to the supplier to buy ice-cream. He paid a bus fare of MMK 100 (\$0.1) and it took him 15 minutes to reach there. Crystals (Fan seller, Yangon) took the first train in the morning at 6 a.m. to reach her business location and took the last train at 3 p.m. to return home everyday.

Private transport included the private owned publicly used vehicles such as the trishaw, the three wheelers, the motorbike taxis and the ferry service. Phyto (Guava seller, Yangon) used the goods carrier and paid MMK 1000 (\$1) per box to the driver who brought guavas from the supplier's place. Maung (Coconut doormat maker, Bago) used the trishaw to deliver his mats to the Pagoda. Hla (Owl toy maker, Bago) used the trishaw for getting the raw materials and visiting the Pagoda to sell toys. Than (Fish monger, Bago) started her day at 4 a.m. and took different modes of transports to reach the fish market. First the motorbike for which she spent MMK 300 (\$0.3), then the bus for which she spent MMK 500-1000 (\$0.5-\$1) and then the trishaw for which she spent MMK 200 (\$ 0.2).

6.3.2 PERSONAL VEHICLES

MEs either owned a motorbike or a bicycle. Those MEs who had their own motorbike, got their driving license and vehicle registration done from Land Transportation Office (LTO) (discussed in chapter 3, section 3.11).

Laura (Banana seller, Yangon) used her brother's car to bring fruits from the main market and paid him MMK 500 (\$0.5) daily. Nyan (Broomstick seller, Yangon) sold broomsticks on his bicycle. Earlier he used to take the bus. Htut (Carpenter, Mandalay) got a motorbike from his teacher for free and spent about MMK 500-1000 (\$0.5-\$1) on fuel (gasoline). Mya (Tailor, Mandalay) went to buy thread and all other accessories on her bicycle. Zaw (Journal seller, Naypyidaw) used a bicycle and a motorbike to collect and distribute journals everyday. Thida (Laundry lady, Nay Pyi Taw) used a bike to collect and deliver her clothes everyday. Moe (Bamboo chair maker, Nay Pyi Taw) used a motorbike to get bamboo from the mountains. Myo (Toy seller, Nay Pyi Taw) used a bicycle to sell toys. He got the bicycle out of pawn broker transaction. Thuza (Bamboo mat maker, Nay Pyi Taw) used a bicycle to get bamboo from the mountains. Moe (Bag and chain repairer, Mawlamyine) went to work on his motorbike. It took him 15 minutes to reach his workplace. Naing (PoP statue maker, Bago) had a second hand bike which he used for going to the market. He got it for MMK 90,000 (\$90) recently. Thaung (Painter, Mawlamyine) used the bicycle to reach his workplace otherwise he walked to the places nearby.

One ME, Lin (Pony cart driver, Naypyidaw) was a licenced pony cart driver. He had a license for his pony cart which he renewed for MMK 15,000 (\$15) every year. He had to give his national ID card and family registration to get the licence made. He spent MMK 9,500 (\$9.5) on it. He got it made at the Vehicle Registration Office. He knew about this through other pony cart drivers. Mima (Ferry woman, Bago) paid MMK 50,000-60,000 (\$50-\$60) every year for tender which was on her father's name. Two trishaw pullers in Mandalay did not require any driving licence.

*Bicycle**Motorbike*

*Trishaw service*

6.4 CONCLUSION

As established above, a number of factors influence the reliance on alternative sources of electricity by MEs. Government electricity connections proved problematic to attain due to high installation costs, lengthy turn over time among other reasons. Frequent power cuts during monsoons were another deterrent. Bad service practices were an oft cited reason specifically with bill inflation woes and absence of a smooth payment process at the electricity office itself.

For water, a basic infrastructure was missing in most of the cities except Yangon and MEs relied on the alternatives such as the open well, handpump, tubewell and so on. Some of them also bought water from their neighbours.

For transport, MEs used either public, private transport or personal vehicle to commute between their home and business location every day. Some of them used it for visiting the suppliers and customers frequently/infrequently. Motorbikes were banned in Yangon but was a preferred choice in some of the other locations. In Nay Pyi Taw, motorbike taxis were used as a public private transport.

*Ferry service*



Train with Ooredoo branding

The three sectors covered in this report- Finance, Telecom, and Public Utilities have the potential to positively impact the growth of urban micro-entrepreneurs in Myanmar. But their outreach so far, to urban poor micro-entrepreneurs (MEs), has been limited. One of the outcomes from last year's study on micro-entrepreneurs in India, Bangladesh and Sri Lanka, was that there was a need for these three sectors to identify MEs as a target market which they could not because there was no way of identifying them. One of the reasons identified was the lack of business-registrations that identifies MEs (Service Design in Telecom, Electricity and Governance for BOP MEs, 2013). This holds true for Myanmar as well. Below are some insights on the contextual nature of urban BoP MEs that highlights how one can go about solving specific challenges in these sectors while pushing for the use of ICT.

Family, friend and neighbourhood networks continue to play a big role in encouraging and supporting the establishment of a micro-entreprise. It is through these networks, that micro-entrepreneurs learn about new business/job opportunities and receive financial support if they have migrated to another city. Close-knit social ties are made possible in urban Myanmar, not only because of strong networks, but the structure of urban governance itself. The foremost institution in the structure of urban governance, is the national government, followed by divisions (state equivalents), then townships, then quarters then wards (100 houses) and then clusters of 10 houses. Through this study, it was observed that most information travelled through the local government bodies and through word of mouth. It is the quarter, ward or 10 household leader who gives away most of the information about the free immigration projects for national ID card, family registration card, SIM card lottery system, micro finance institutions and more.

There was a lack of transparency in processes such as generation of electricity bills, business registrations and driving licenses. MEs did not have clarity about the slab system according to which they paid for electricity and got inflated bills at times.

Most of the informal financial systems were built on trust, which was observed in peer group savings where people saved money with the group leader everyday and knew all other members of the group. Most of them doubted the credibility of the banks as they had heard about some of them shutting down which is one of the reasons why they did not save in banks.

People socialized over games such as cane ball (played like football with a ball made out of cane), carrom, scrabble, cards and so on. A lot of information exchange also happened at the bus/train station, in the ferry, tea/beer cafes, during occasions such as the Pagoda festivals, funeral ceremony and so on. Some of the MEs also got information from newspapers, journals, television and radio.

MEs valued time and it seemed that mobile phones would have a tremendous potential to support activities that are perceived as time consuming. MEs interviewed across the five locations, preferred intermediary services that would save time. Group savings were more popular than bank accounts, because the leader came around and collected money on an everyday basis. Paying electricity bills to an intermediary, or the car service that collected money was preferred over paying bills at the electricity office. Driving licenses, when applied for, were also through brokers who were paid a service fee.

Although, literacy rate is high (92.7% as per the World bank, 2012 report) but very few people especially MEs could understand or speak in English. Few of them used Burmese language to operate their phones which they downloaded from internet with the help of the mobile shop owner or their peers however, a lot of them faced information gaps because of English being the language to operate phone.

Before this research, mobile penetration rate in Myanmar was estimated to be around 10% and Internet penetration around 2% in a market of some 60 million customers (Myanmar: Telecom's Last Frontier, 2014), but as per our study it may now be anywhere between 30%-40%. While voice call feature was widely used to contact customers, suppliers, family member and friends, it was not being used to access information because of expensive internet installation fee and poor connectivity. Few MEs used it for applications such as Viber. A lot of offline applications were being used to transfer files to each other's phone such as Zappy and Xender. Most MEs had or preferred using smart touch screen phones and Huawei was the most common brand found amongst MEs. Considering the popularity of smart phones, the fact that Myanmar has low internet penetration rate right now, it is set to change drastically by October with the two new telecom players Telenor and Ooredoo entering the market. Our research shows that Myanmar will potentially experience a leapfrogging in mobile technology in the coming years and will start to using internet applications on smart phones. Increasing mobile penetration, connection to the internet (given that infrastructure will soon be in place), rising popularity of smart phones and use of Burmese language on phones will give rise to opportunity for ICT in Myanmar's future.

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