

STEPuP

County Status-Quo Analysis

Myanmar Country Report

University of Mandalay

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
AVPN	Asian Venture Philanthropy Network
BOP	Bottom of Pyramid
CBT	Community-Based Tourism
CSR	Corporate Social Responsibility
DICA	Directorate of Investment and Company Administration
FGD	Focus Group Discussion
HEIs	Higher Education Institutions
INGO	International Non-governmental Organization
JICA	Japan International Cooperation Agency
MIC	Myanmar Investment Commission
MSMEs	Micro, Small and Medium Enterprises
MYEA	Myanmar Young Entrepreneurs Association
NGO	Non-governmental Organization
SDGs	Sustainable Development Goals
SeDAM	Social Entrepreneurship Development Association Myanmar
SEs	Social Enterprises
SISU	Social Innovation Support Unit
SMEs	Small and Medium Enterprises
SWOT	Strength, Weakness, Opportunities and Threat

1. Executive Summary

Social Entrepreneurship is an economic reality in many Asian countries such as Thailand and Myanmar, however, it usually applies to small businesses struggling to make money with no prospect to grow. Social entrepreneurs either do not know that they are social entrepreneurs or have no knowledge on how to scale their business to make a real impact on society. Additionally, social entrepreneurship is not a desirable career path for young people, which is partly due to the scarce educational offerings in higher education institutions. Innovative, disruptive business ideas need to emerge to not only tackle the societal challenges in the countries, but also to give students the possibility to acquire skills needed by the labour market to allow them to play an active role in society and achieve personal fulfilment.

In order to identify the specific issues facing social entrepreneurs in Thailand and Myanmar and the ecosystems within which they operate, Work Package 1 (WP.1) has been designed as the first milestone of the project. This work package aims to assess the current situation of social entrepreneurship in the partner countries, mainly focusing on the changes that were implemented in the past few years. The information gathered from each partner country university will be summarized into a status-quo analysis report that will serve as a guideline to understand the ecosystem within which social entrepreneurship operates. Additionally, the research aims to identify which challenges are still present in both countries through a gap analysis and then develop capacity-building trainings to address these challenges as part of WP.2. Lastly, Good Practices will be collected from all European partners for joint learning opportunities.

In order to achieve the above outcomes, it is crucial that the status-quo analysis and evaluation of challenges be based on a clear methodology that will allow for the design and implementation of a suitable framework that will facilitate the achievement of the following work packages.

It is important to highlight that given the wide definitions of social enterprise and social entrepreneurship in consortium countries, and the often complex and diverse ecosystems within which they operate, the project's stakeholders are a vital source of information and insights into the state of the sector and these stakeholders can play a key role in helping to designing effective solutions to the issues be addressed through the STEPuP project.

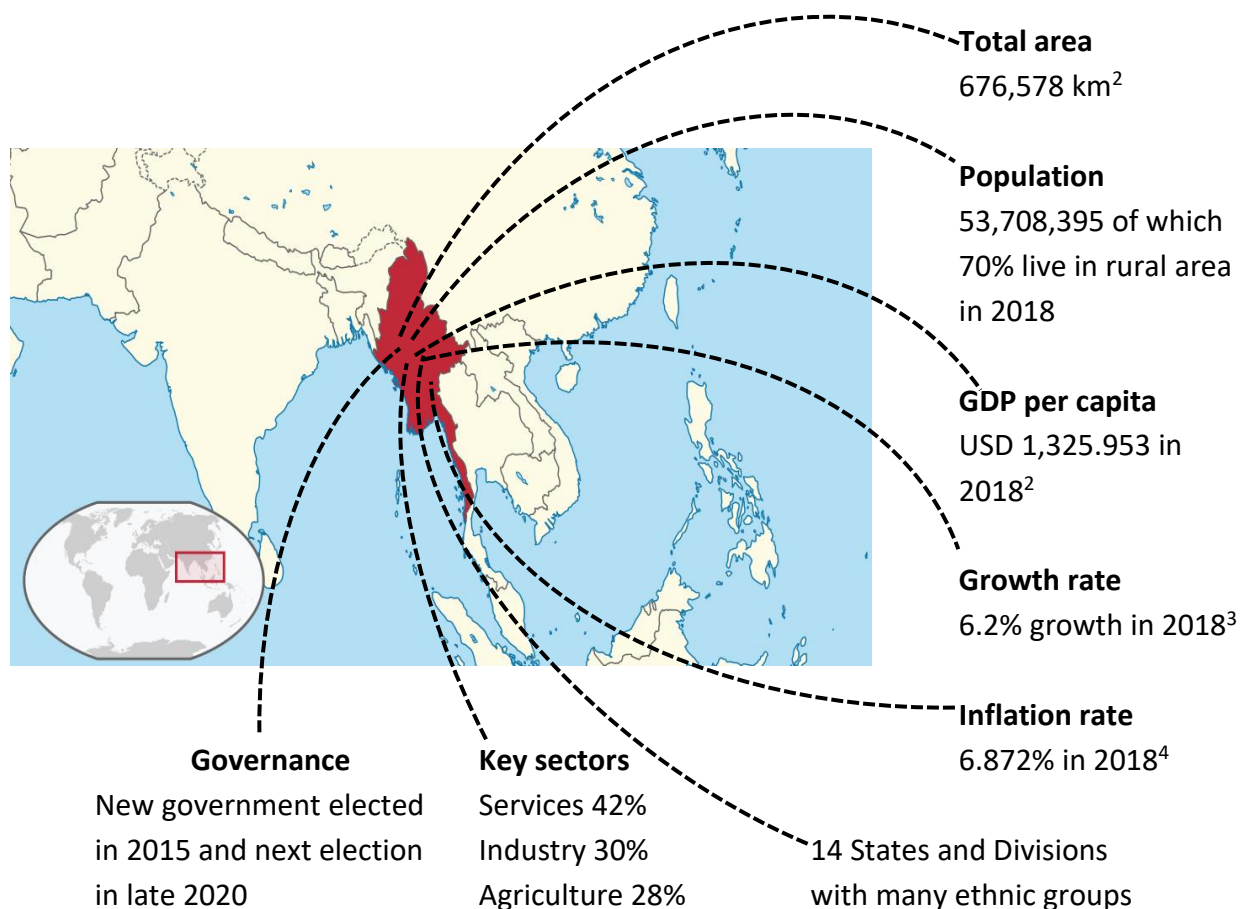
2. Country Overview of Myanmar

Myanmar is located at a crossroad between China and India and shares borders with Thailand Laos and Bangladesh occupying a critical geostrategic position where trading routes from East Asia, South Asia and Southeast Asia meet. Myanmar covers an area of 676,578 square kilometres and is the largest among Mainland Southeast Asian nations by area. As of 2018, the population is about 53.7 million.¹

Myanmar had been under the military dictatorship and international sanctions for over 50 years, and 2011 is the year where significant changes happened in the country. Since 2011, Myanmar has engaged into a path to democracy and has opened itself to the world to attract foreign investments. Since then, the country has gone through a number of political and socio-economic reforms and is improving its business enabling environment with new investment laws, new company law, new association law, and so on.

Myanmar is rich in natural resources including jade and gold mines, oil and gas, mineral and hydraulic resources, vast areas of land and a relatively young population. It has much to offer opportunities to the businesses and to the local communities if Myanmar is successful in reforming its legal framework and social-economic framework to leap-frog its economy.

¹ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=MM>



STEPuP's Definition on Social Enterprise (SE)

SE is the process of applying innovative business models to address social problems (for people and communities) by generating both profit and purpose. SE creates long-term value and achieves sustainable impact for society and the connected ecosystem.

² <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=MM>

³ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MM&display=graph>

⁴ <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=MM>

3. Typology of Social Enterprises in Myanmar

3.1. Main area of focus

According to the report of Dana Facility in 2018, there are about 500 social enterprises all over Myanmar. Despite this notable number, some cannot be named as their target group and business model are not for poor people but middle- and above-income earners. Impact Hub Yangon (2018) counted that there are 68 social enterprises in Yangon, focusing on different areas as follows:

1. Basic services: The majority of SE organizations are providing basic healthcare, education and job creation education to disadvantaged populations. They stand mostly from donations by individuals or domestic foundations. Many of them are foundations set up by large corporations which commit a certain percentage of their profit. In response to the 2008 cyclone Nargis, many organizations have refocused on providing disaster relief services. At the same time, some organizations were created as a response to the 2008 Cyclone Nargis and have since expanded their scope to provide ongoing basic service provision. For example, Koe Koe Tech aims to reduce maternal and child mortality rates in Myanmar to improve health indicators, and to increase access to information, resulting in positive social impacts for the people of Myanmar.

ONOW seeks to reduce poverty by providing business training, financial capabilities, coaching and digital support tools to Myanmar's young entrepreneurs. Yangon Bakehouse is a culinary training school intended to provide disadvantage women with skills training to enable them earn a livelihood.

2. Financial services: Apart from those SEs providing basic services, some are also operating in finance related areas such as microfinance. These activities allow the organizations to generate

revenue and become fully or partly financially sustainable. These types of social enterprise tend to be diverse in terms of their legal form, although entities with microfinance as a core activity are generally cooperatives or NGOs, for example, Pact Myanmar (Microfinance Institution).

3. Social and environmental educational services: Some SEs are focusing on dissemination of specific knowledge, vocational training, livelihood projects and behavioral change, provide research and trainings addressing social and environmental problems. Mostly, they are in the form of NGOs and associations and are funded by donations, primarily from private donors and development agencies. YK collection focuses on improving local talents and conserving natural resources and preserving traditional jobs by promoting awareness and skills of local people, and similarly, other SEs are working in different sectors.

4. Bottom of Pyramid (BOP) products and services: Some SEs offer products or services to both rural and urban communities targeting the bottom of a pyramid. Mostly, they provide affordable and socially-conscious products such as mosquito nets, water pumps and water fitters to disadvantaged groups. Many organizations also supplement their products with training by integrating beneficiaries into the supply chain. The aim of „Proximity Design“ is for rural families to become more prosperous by designing, creating, and selling products that boost the productivity and incomes of farmers.

3.2. Mission and Goals

The mission of these social enterprises fall into either of the two broad categories:

- (1) To solve a social problem regardless of whether they rely on external funding or they rely on a mix of external funding and income generation
- (2) To solve a social problem and to generate income to cover costs of running the social business

Under these missions, one of the general goals of the social enterprises in Myanmar is to conduct a social business activity that generates profits and provides benefits to the beneficiaries. For example, Hla Day is a Yangon-based social enterprise that aims to support the livelihoods of local underprivileged artisans, socially disadvantaged groups and small businesses by creating a marketplace for them to sell quality handmade products with a contemporary taste.⁵

Another general goal is to offer opportunities for marginalized groups in the community. There are a number of organizations in Myanmar that, for example, offer skills development to marginalized youths, women and communities from remote areas and assist them to find jobs and to receive fair wages at work. Bagan-based Sanon Training Restaurant is a unique example of this. Its function is to train disadvantaged youth in hospitality and English, find them employment and monitor them for a further two years to assist them integrate into the workplace and have a successful career in the hospitality and tourism industries.⁶ Similarly, some organizations build the capacity of children including street children and adolescents through vocational trainings in the food industry or helps them gain an access to education.

Sometimes, community development is the goal of the organizations. For instance, a number of NGOs in Myanmar has been working on projects to reduce poverty in rural Myanmar or to increase income of farmers. Other times, the goal is to employ business approaches to meet social and environmental needs and make a positive impact in the communities

Last but not least, some social enterprises aim to make society a better place and, at the same time, to grow the social business itself. Others aim to provide loans, capacity building

⁵ <https://www.hladaymyanmar.org/about-us>

⁶ <https://www.sanon-restaurant.org/>

opportunities and job prospects to the citizens of Myanmar, and the borrowers are supposed to pay back once they secure a job or a small business.

3.3. Size

The size of social enterprises in Myanmar varies depending on their legal forms and sectors in which they operate. They exist in different legal forms such as foundations, NGOs, associations, cooperatives and private companies, ranging from a very localized small business to national-level entities.

Most of them are small or medium-sized, and therefore, are registered at the Small and Medium Enterprises (SMEs) Department under the Ministry of Commerce. According to the SME Development Law (2015), small enterprises are those which have employees up to 30 for wholesale, retail, service, and others while those involved in manufacturing have up to 50 employees; with the capital of up to 500 million Kyats, and turnover of up to 50 million Kyats for retail and 100 million for wholesales and others. Medium enterprises have employees above 50 for manufacturing, above 30 for wholesale, retail and others, with the capital of 100-500 million Kyats, and earnings above 100 million Kyats per year in general. Enterprises which are smaller than these are regarded as micro businesses.

Another thing is that a number of them are operated by activists who are very committed to serving the community and are willing to help solve the socio-economic issues. Among 500 social enterprises in Myanmar, only 300 have profit-making initiatives, and only 30% of them has financial sustainability for the long-run. Apart from these 30% scalable enterprises, the rest are in the form of micro and cottage firms. Size of social enterprises also varies across different sectors such as health, education and technology. Those which provide BoP products are relatively bigger in size than those operating in other sectors.

3.4. Legal Structure

- (1) **NGOs:** SEs in Myanmar under this category are registered as International NGOs (INGOs) or local NGOs. The registration for local and international INGOs is run by the Ministry of Home Affairs. However, registration takes such a long procedure that makes many domestic organizations unhappy with the process. This results in them register as associations or private companies.
- (2) **Associations:** Various types of associations can be registered under the Registration of Organization Law enacted in 2014. The 2014 law is much more progressive than 1988 law which allows only associations that focus on social and religious issues to be registered as legal entities.
- (3) **Private Companies:** With the recent promulgation of and reforms in private sector legislations particularly for investment law, it is much easier to register as a private company than as an NGO in Myanmar. However, public perception of companies is profit making which in their opinions, in contrast with social purpose organizations; leading many to register as NGOs, associations or remain unregistered.
- (4) **Cooperatives:** Owned and controlled by their members; cooperatives could potentially be a “quick-win” for the SE space, benefiting government backing and accessibility a simpler and quicker registration process.
- (5) **Foundations:** Foundations are mostly set up by private corporations for Corporate Social Responsibility (CSR). They provide significant funding charitable work in disaster relief and provision of basic services.

Among different legal forms of SEs, NGOs are powerful in a way that they have the capacity to provide technical and policy advice to the government. A large group of domestic and foreign donors characterizes the social enterprises on the funding side. Besides, there is a perception in

the community that social purpose organizations are not for revenue generation. Simply, many organizations have never considered about potential revenue generation. With the recent reforming of legislations in Myanmar, however, it is expected that more of the foreign invested SEs will enter into the market. Companies Law promulgated in 2018 allows foreign ownership up to 35% in local companies and this reveals the potential that the SE sector will expand as well, inviting foreign investments in those kinds of businesses.

3.5. Revenue

The SEs in Myanmar can be classified as based on three types of model; fully-funded social enterprise, hybrid social enterprise, and social business. For fully-funded social enterprises like NGOs and associations, capital and financial sustainability are secured by donations and grants while hybrid social enterprises like cooperatives are financially sustained with the combination of donation/grants with some income generated from beneficiaries, sale of products/services etc.

Social business model has several modes; start-up capital from investors which will be paid back or start-up capital from donors which is not expected to be paid back or both. For their main source of revenue, most of the SEs in Myanmar has to rely on their sales of products or services. With no specific tax rules for SEs, they have to face unfavorable tax system and most percentage of the revenue has been used up for corporate tax.

Out of 500 SEs, only 30% are financially sustainable according to Dana Facility (2018). It is difficult for SEs to get self-sufficiency with their income because of unfavorable tax and legislation whilst it is also very difficult to obtain extra funding like loans, grants, aids and alike. Sometimes, for their survival,

SEs have to seek loans from personal sources such as friends, family and relatives. Because of market competitiveness, these SEs are struggling for revenue which is not sufficient to survive, so, they still need funding for their long-term survival and sustainability.

4. Regional Ecosystem: Key Actors

4.1. Educational Institutions

As increased education and advocacy towards social responsibility and social entrepreneurship plays a major role in expanding the space for the social entrepreneurs, education institutions in Myanmar are offering life-long learning opportunities for people from all walks of life across the country. For instance, Universities of Economics are providing different types of academic courses including short-term trainings leading to earning a certificate, diploma courses, undergraduate and postgraduate degree courses in the field of entrepreneurship principles and practices. In addition to that, Yangon University of Economics, Thanlyin Cooperative University, Sagaing Cooperative University are organizing Social Innovation Support Unit (SISU) to help equip the young people with business knowledge and skills in social entrepreneurship as well as are promoting social entrepreneurship practices by hosting business plan competitions and social innovation idea contests.

Associations like Social Entrepreneurship Development Association Myanmar (SEDAM), Mandalay Regional Chamber of Commerce and Industry (MRCCI) are cooperating with those Higher Education Institutions (HEIs) and arrange workshops, trainings and contests to promote social innovation practices in Myanmar, particularly in Yangon and Mandalay. There are also some incubators in Myanmar, like British Council, Yangon Innovation Centre, Thanlyin Cooperative University and Sagaing Cooperative University to nurture entrepreneurship practices in the society. Many HEIs (e.g. Mandalay University, Universities of Economics,

National Management Degree College, Cooperative Universities and other private universities and business schools) offer entrepreneurial literacy in various fields such as business management, financial and management accounting courses, marketing, human resource management and tourism-related studies, in collaboration with NGOs, INGOs such as GIZ. Moreover, private educational institutions like Strategy First Institute and PS Business School are actively delivering trainings and hosting competitions related to social entrepreneurship.

However, most of the entrepreneurship development trainings are not specially aimed for social entrepreneurship but for general purpose. Nevertheless, faculties from HEIs are promoting social entrepreneurship by offering capacity building programs; offering opportunities for the students to participate in social activities; welcoming the new ideas for sustainability of SEs in innovative ways; and building networks among social entrepreneurs, HEIs and the local community.

At present, with the encouragement of government, the private sector, NGOs offer required education to social entrepreneurs and enterprises in Myanmar. Moreover, education institutions need to develop professional and cultural related programs that can be applied in practical business and social fields to get proper professional knowledge and skills in these areas.

4.2. Government

The Government is responsible in managing the development of the social entrepreneurship and in this; it is also responsible for promoting social entrepreneurship practices in a country. However, in Myanmar, a concern for this case is still weak with no recognition or targeted support for the SEs. Then, as most SEs in Myanmar has to be registered as SMEs, they receive the same treatment as SMEs whereas they have to face more competition under this system.

Although there are regulations under the investment law that provides tax incentives for companies investing in priority sectors and priority regions, there is no policy or any specific law for social enterprises yet. Though the number of SEs in Myanmar has increased they receive no privilege from the government such as there is no special tax exemption for SEs. The SME Development Centre provides various incentives including credit facilities all over Myanmar regionally, or nationwide. SEs can apply SME loan at the SME Loan Department and this department may grant the loan, or if needed, help is also provided to have access to the grants, and loans in cooperation with many private, public, INGOs and NGOs. There are also other incentives through ministries and organizations such as agriculture, business associations, incubators, and development partners. SMEs Department also provides capacity building trainings, business coaching and providing technical experts in cooperation with NGOs and INGOs such as Canadian Service Organization (CESO). If necessary, SMEs Department invites scholars from HEIs to provide special trainings or to cooperate with those NGOs. Those SEs registered as SMEs can have all these opportunities.

For registration, Myanmar Investment Commission (MIC), chaired by the Minister of Planning and Finance Ministry, co-chaired by the Minister of Ministry of Commerce, reviews to permit incentives to businesses registered. Therefore, MIC, DICA plays key roles in providing incentives for SEs and attracting such kinds of businesses in Myanmar. In addition, Ministry of Commerce takes care of export promotion and consumer protection, managing export and customs lists, establishing licensing procedures, and coordinating participation in foreign trade fairs and advancing Myanmar's National Export Strategy; having a major stake in promoting SEs but there is no special policy yet to treat SEs and other types of businesses. Nonetheless, there has been some of the initiatives for the development and sustainability of SEs in Myanmar. The local government provides SEs by offering loans and grants. The fairs and advancing Myanmar's National Export Strategy; having a major stake in promoting SEs but there is no special policy yet to treat SEs and other types of businesses.

Nonetheless, there has been some of the initiatives for the development and sustainability of SEs in Myanmar. The local government provides SEs by offering loans and grants. The Government is currently offering Covid-19 challenge loans to SMEs which are also available to SEs. SMEs Department is also providing necessary knowledge and skills to the entrepreneurs, both SMEs and SEs all over Myanmar by providing short-term trainings, coaching, workshops, seminars and consultations in cooperation with many enablers, NGOs, associations and even private organizations. Yet, the majority of government supports directly intend to promote SMEs in Myanmar and there is no specific support to social enterprises.

4.3. Social Entrepreneurs

Social entrepreneurs in Myanmar come from different background with various kinds of experience. Their age and gender also vary. Many social businesses are women-led and over 50% of the social entrepreneurs are women. According to the Focus Group Discussion (FGD) participants, it is common that female social entrepreneurs who are taking the leading role are in their thirties or forties.

Regarding years of experience of social entrepreneurs, mostly are over 5 years of experience, followed by 2 to 4 years respectively. They have above moderate level of experiences in developing management decisions, moderate level in execution and implementation process, low level in evaluation social business decision. Required experience depends on the type, size and nature of SEs they enter in the social sector. They have particular type of traits, skills, knowledge, and competencies in the respective areas where they are conducting social business. With respect to education level of social entrepreneurs, most of them are bachelor degree holders, some are master and few are PhD degree holders.

Their motivation for starting a social enterprise would be to tackle an identified social problem and comes up with an idea for a business that can fulfill a need not currently met in the community. These consisted of the particular forms like enabling organization, a certain kind of association, and specific associations with specific purpose. Normally, social entrepreneurs are mostly idealists but are not so familiar with entrepreneurial knowledge and skills. Mostly, they set up the organization with social mission but do not know themselves as social entrepreneurs even. Lack of prior knowledge on documentation and data management has led them to face barriers in applying for loans and grants.

Nowadays, the changing attitude it is not uncommon to see many young people in diverse fields of social entrepreneurship. This is partly because young people are more and more interested in serving the goods of the community, helping solve the problems in society while creating job opportunities for themselves and making profits. As the population of Myanmar is very young with an average age of 28.2 and about 70% of the population lives in the rural areas, it is very important for Myanmar to nurture these young people, both from rural and urban areas, by providing them with entrepreneurial knowledge, skills and attitude.

4.4. Funders

SEs in Myanmar have to rely on three main sources of fund for their operation; equity capital, loans, and donations. Needless to say, when social entrepreneurs have insufficient capital to start up a business from their own source of capital, they have to rely on loans from relatives, and friends. The majority of SEs face challenges in accessing capital due to the mismatch between social entrepreneurs' requirement and investors' needs. With the nature of SEs, investors perceive that SEs are not credit worthy as they rely on own equity and almost no experience of taking loans, or even if they take loans, interest will take the relatively less amount of profit they earned. At the same time, SEs perceive that interest for the investment is

not worth-giving as having less income will result in more negative social impacts. Some foundation types of SEs enjoy their investment from parent corporations and other types of SEs receive grants and funding from institutional sources such as the government, banks, NGOs, and Foundations.

Private impact venture capital funds currently active in Myanmar are Delta capital, Anthem Asia, Emerging and Market Entrepreneurs. There are also development finance institutions such as Dana Facility (UK), Denmark's Responsible Business Fund and Australia's Business Support Fund, JICA, Danish Investment Fund for Developing Countries, German Investment Cooperation, Insitor, Base of Pyramid Asia, and Asia Impact Investment Fund. International foundations like Sasakawa Peace Foundation, Rockefeller Foundation, World Bank, USAID, and Yoma Strategic Holding. Some corporations like KBZ Bank, KT Company and Htoo Group of Companies also set up foundations and directly fund them.

Despite the relatively increasing number of funders, SEs still face some challenges to get funding. Firstly, it is quite competitive in the market to get funding for SEs. While government is providing loans to SMEs, SEs have to compete with them with no exception. Then, even though international investors are relatively increasing, Myanmar has the second highest number of SEs in Southeast Asia but received the second lowest amount of capital of USD 26 million, indicating small deal sizes (AVPN, 2018). Even then, SEs could not reap those kinds of opportunities as they do not have documentation or a system to show their impact, have less business knowledge to draw up business plan to apply for the loan. This shed light on the importance of capacity building in such areas as record keeping, accounting and finance, business strategies, business plan writing for social entrepreneurs in Myanmar.

4.5. Local Communities

Since the target group of SEs is the bottom of pyramid in the society, it is very important to get involvement, support and commitment from the community. Without acceptance from the local community, SEs will never be able to market their products or services. Like other businesses organizations, SEs in the first place need to understand the needs of market. In a developing economy like Myanmar, there have been lots of rooms for SEs to play a role, as there are key areas of challenges such as high unemployment particularly in rural areas and among the young people with lower skills and productivity, limited access to basic utilities such as health-care services, electricity, fuel, education, and so on. The reason behind is that young people in Myanmar are no longer satisfied with the low income earned from agriculture; yet they find no other business opportunity to work through. In addition to that, Myanmar becomes highly vulnerable to environmental challenges and natural disasters due to climate change, lack of security, etc. All these conditions create ample business opportunities around but lack of awareness, necessary knowledge, skills and attitude block all these young people, from rural or urban areas to reap those kinds of opportunities and do business.

Furthermore, there are many places in Myanmar where local community perceives that they are beneficiaries and want to rely more on external organizations for assistance rather than making or creating their own SEs. Particular skill-based awareness trainings should be provided all over Myanmar to change the attitude and behavior of the people.

Ideally, SEs responded them in unique business models that fulfill the needs of the community. To get the awareness of SEs in local community, Social Entrepreneurship Development Association Myanmar (SeDAM) provides trainings, consultancy, forums particularly aimed at SEs, networking sessions, and market creation for SEs. YK collection has been developing Community Mobile Centers in rural areas of Myanmar for providing trainings to the villagers

with necessary knowledge, skills and attitudes. The result has impact not only economically but also socially because women get more confidence and domestic violence is reduced as they can earn some incomes for the family. Action Aid Myanmar is currently running a Community-Based Tourism (CBT) site with local women involvement in four villages in Myaing Township, Magway Region. The CBT can create employment opportunities for local women. CBT gets local people's support and finally it intends to hand over the management and ownership to locals only. These practices can encourage to nurturing social entrepreneurship practices in the community, community engagement and involvement of the community.

To summarize, local communities give a strong support for the improvement and development of SEs. By doing so, local communities also fulfill the social goals whereas SEs also expect some kind of outcomes attained by local communities. This means that there is a mutual benefit as well as mutual relationship between them. Cooperation and collaboration between local communities and social enterprises is vitally needed to grab greater opportunities from external environment. As successful social enterprises are built upon a deep understanding of local needs and strong local constructive networks, it is also vital that local communities help to identify social needs & interest, basic requirements, opportunities from the external environment. It is largely stated that local communities mostly rely on external supports rather than creating their own SEs for the community.

4.6. Enabling Organizations

Enabling organizations play different roles in Myanmar, based on the type and size of social business they do. They give strong supports and encouragement to SEs and local community through not only giving education, trainings, workshop, seminars, forums, talks but also supporting business idea, technology, basic requirement of local people and community. British Council, GIZ, Dana Facility, SeDAM, Project Hub Yangon, Hamsa Hub, Lift, CESO, and PSI are well-

known enabling organizations in Myanmar. They play a key role in creating networks, building knowledge, providing capacity building to SEs and offering different kind of supports.

Dana Facility supports funds to SEs through implementers, but also gives grants and technical assistant to SEs. SeDAM organizes Forums where SEs can make promotion for their products with no charges. SeDAM gives small incentives to the youths whilst they also provide Enabling organizations play different roles in Myanmar, based on the type and size of social business they do. They give strong supports and encouragement to SEs and local community through not only giving education, trainings, workshop, seminars, forums, talks but also supporting business idea, technology, basic requirement of local people and community. British Council, GIZ, Dana Facility, SeDAM, Project Hub Yangon, Hamsa Hub, Lift, CESO, and PSI exist in Myanmar as well - known enabling organizations. They play a key role in creating networks, building knowledge, providing capacity building to SEs and offering different kind of supports.

An expert from MYEO in the FGD pointed out that “many enabling strategies are helping to promote or upgrade entrepreneurship practices within community and equipping knowledge and skills among current and potential entrepreneurs. In Myanmar, it is still rare to see enablers providing special knowledge and trainings for specific areas as they need to consider cost-effectiveness and economy of scales per training, although there are some organizations providing like this. AVPN, once a year, provides support for network access. Myanmar is still in very hopeful stage in empowering or enabling SEs. It is needed to take corrective actions to give effective supports to enabling organizations in Myanmar. Government should support basic infrastructure for enabling organization to get efficiency and effectiveness throughout supply chain networks when doing the social business. Simultaneously, local community also gives the strong supports for appreciation and recognition to get high motivation.

5. Regulatory Environment

At the time being, there is no separate clear-cut regulatory framework for the development of SEs in Myanmar. The regulatory environment of SEs is largely influenced by the SME policies as well as Myanmar Sustainable Development Plan (MSDP). Especially the following five MSDP goals serve as the guidelines in reinvirogating socio-economic reforms including the development of SEs in Myanmar:

Goal 1: Peace, National Reconciliation, Security and Good Governance

Goal 2: Economic Stability and Strengthened Macroeconomic Management

Goal 3: Job Creation and Private Sector-Led Growth

Goal 4: Human Resources and Social Development for a 21st Century

Goal 5: Natural Resources and the Environment for Posterity of the Nation Society

To impelment the above-mentioned MSDP goals, Myanmar government enacted Small and Medium Enterprises Development Law (2015) and appropriate rules and policies for SME development in which SE policy is partically embedded as development of SEs will contritube to reaching the targets of goal 3 and goal 4. The national economic policy places job creation, inclusion, social development and innovation a top priority, and the concept of social entrepreneurship is well-suited to support this agenda and plays a key role to create equitable and sustainable economic development. The vast majority of Myanmar businesses are Small and Medium Enterprises (SMEs) which are also endowed with a purpose to solve social problems and are potential drivers of financially sustainable enterprises.

Myanmar is composed of 14 States and Regions where more than a hundred ethnic groups reside. Whilst the Union government sets regulatory framework for the development of SMEs, Regional governments are responsible to implement the goals of the Union government. The

SME law states that all SMEs with total private capital investment are required to be registered. This is beneficial for the companies in all States and Regions in terms of gaining access to opportunities such as credit loans and the protection under the law. It also makes it possible for them to participate in the advancement of their growth through trainings.

In relation, SEs in Myanmar legally exist in the form of:

- (1) NGOs;
- (2) Associations;
- (3) Private companies;
- (4) Cooperatives and;
- (5) Foundations.

To elaborate, registration status of SEs are different depending on the type of SE itself. The registration for domestic and international NGOs is under the Ministry of Home Affairs, in accordance with the Registration of Organizations Law 2014. However, registration takes such a long procedure that many domestic organizations register as association or private companies. Associations can also register through the 1988, Organization of Association of Law. The cooperative option in Myanmar was introduced by the British colonial administration, and was subsequently maintained by the Myanmar military government as a policy to address poverty issues. Today, this legal structure remains as an alternative for local social entrepreneurs in Myanmar to register their social ventures as a manufacturing, service, trading, or general “primary co-operative society” limited by shares under the Cooperative Society Law 1992.

Social enterprise can be established by one or more Myanmar citizens as a sole proprietorship, partnership or companies. According to Small and Medium Enterprises Development Law of 2015, sole proprietors and partners need to register to Central Department of Small and Medium Enterprises Development under the Ministry of Industry. Social entrepreneurs can

register their ventures with Directorate of Investment and Company Administration (DICA) as a private company limited under the Myanmar Companies Act 1914. As there is currently no recognized primary social enterprise model in the Myanmar legal landscape, there is also no recognized procedure for transitioning between legal forms.

Under current practice, a registered or incorporated business cannot change from its existing legal structure to another legal structure. Even though there is not yet policies focusing on social enterprises, recent reforms in legislations seem to create more favorable environment for SEs in Myanmar. Before 2018, local companies registered at MIC must have 100% owned by local entrepreneurs, but 2018 Companies Law gave space of 35% foreign stake in a local company that SEs can invite more of foreign investment for funding.

Moreover, Myanmar Investment Promotion Plan 2016/17- 2035/36 introduces some incentives for companies investing in priority areas such as export-oriented, domestic market-oriented, resource-based and knowledge intensive sectors. SEs from these sectors may enjoy these incentives. SMEs can also benefit from 2015 SME Development Law with preferential loans, tax relief, human resources and training, linkages with large companies and technological transfer. All these legislations create some hope for changes in the SEs sector in the economy.

6. Impact Measurement

It is noted that self-created definition for social enterprises is specified by social entrepreneurs in Myanmar like other ASEAN countries. Social enterprises are typical social organizations which provide social products and services to the community with the primary purpose of addressing a social cause, rather than focusing on the maximization of profits for investors. In Myanmar, presence of social enterprises has a particular reason in creating social value conducting social enhancement events and social activities. According to the report of Impact Hub Yangon

(February,2019), most of the SEs can contribute to the economy by reducing inequality (62%), poverty reduction by 38%, responsible consumption and production by 36%, decent work and economic growth by 33%, followed by industry innovation and infrastructure (28%), quality education (22%), sustainable cities and community (22%), gender equality (21%), health and well-beings (9%), climate change and others in smaller portions.

Visibly, the actual performance and outcomes of social enterprises do exist in reality. These outcomes have a particular authentic social value. Some outcomes may be increased in livelihood of people to certain extent, some increase in satisfaction level of stakeholders, some elimination for poverty, some increase in social value and community value.

These outcomes have not only extrinsic value but also intrinsic value. But these values are derived from inner emotional arousal, typical perception, emotion and motivation of all beneficiaries. This means that most values are difficult to evaluate, assess, qualitative, not of others by qualitative research techniques. The outcomes are flexible, not stable values as long as changing attitude of the impact persons. This is a crucial reason why SEs do not comprehensively use impact measurement. It is found that impact measurement is very weak and ineffective in SEs in Myanmar. As social entrepreneurs in Myanmar, they have very weak backgrounds in impact measurement; SEs cannot be systematically applied with impact measurement tools in Myanmar. They mostly focus on output measures rather than impact measures.

Hence, it is suggested that SEs in Myanmar should use a suitable impact measurement technique which is included in the social business plans so that they can easily get loans, aid, grants, supports from respective funding organizations and can better contribute to the welfare of the society as well.

7. Research Analysis of the Social Entrepreneurship Sector

7.1. Methodology

In order to understand the current landscape and status quo of the social enterprises at a deeper level, it is necessary to take account of every stakeholder's voices. Hence, STEPuP employed focus group discussion (FGD) method that allows participation from different stakeholders who are highly involved with the development of social entrepreneurship in Myanmar at every level of engagement. The objective of the FGD is two-fold: to assess the current situation of social enterprises in Myanmar and to address opportunities and challenges faced by these organizations.

To achieve the above objectives, both quantitative and qualitative research methods were employed in this study. Primary data was collected through two FGDs comprising 7 different stakeholders of social entrepreneurship in Myanmar at each round. The first round was led by University of Mandalay and the second round by National Management Degree College. In order to assess the current situation of social enterprises in Myanmar in a holistic manner, the 14 participants were selected from five different areas such as government experts, enabling organizations, industrial associations, academicians, and social entrepreneurs. The pre-arranged questions regarding social activities, involvement and current issues from educational institutions, the government, social entrepreneurs, funders, local communities and enabling organizations are to gather their opinions, attitudes and ideas on social entrepreneurship. The outcomes from focus group interview are used as strong evidence when evaluating Institutional Status-Quo Analysis on social entrepreneurship in Myanmar.

FGDs were done virtually on 8th and 14th of May 2020 respectively via Zoom meeting application to ensure social distancing due to the pandemic Covid-19 outbreak. At the beginning of the FGD

sessions, Thomson Reuters“ entrepreneurship survey questionnaire was distributed to the stakeholders participating in the focus groups by Google document which aims to gather data on their perceptions of the state of social enterprises in Myanmar. When conducting the survey, both open ended and closed ended structured questions are used to get the sufficient data for analysis on the present situation of social enterprises in Myanmar.

7.2. SWOT Analysis

From the focus group discussions done at each higher education institution in Myanmar, the following analysis of the social entrepreneurship sector has come up:

Strengths	Weaknesses
<ul style="list-style-type: none"> ⚙ SEs receive financial support from the community that they are working for ⚙ Community contributes to the effort in solving the social-economic issues ⚙ SEs make positive social impacts ⚙ Local communities have positive attitude towards SEs ⚙ Raw products and resources are abundant in Myanmar and people have creative business ideas ⚙ Undergraduate courses in social entrepreneurship are offered in the university 	<ul style="list-style-type: none"> ⚙ Community people have misconceptions about the social entrepreneurship models in Myanmar ⚙ There is no mapping of the SEs in Myanmar ⚙ There is no consideration for social and environmental impacts and impacts on ethnic groups ⚙ More research is needed for the social entrepreneurship development in Myanmar ⚙ SEs are not formally recognized as SEs ⚙ Start-ups face shocking problems with logistics, transportation and infrastructure

<ul style="list-style-type: none"> ⚙️ Fresh graduates have ability to make new products ⚙️ Many businesses are local-led 	<ul style="list-style-type: none"> ⚙️ Funding is limited ⚙️ SE fresh graduates ⚙️ Lack of technical support and capacity building to SEs ⚙️ Lack of empowerment to community ⚙️ No opportunity for good practice of social entrepreneurship for fresh graduates with an academic degree in SE ⚙️ Not many job opportunities for the graduates with an academic degree in SE ⚙️ When implementing the government policy on social business organizations, it is usually only done for one organization in a district or one enterprise in a region and not inclusive for all in 14 States and Regions ⚙️ Centralized practices in SME programs ⚙️ After graduation, graduates attempt to create new products but are not successful due to lack of technical and financial support, loopholes in legal framework and the market availability
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ⚙️ Demand for micro-financing is high ⚙️ There is a potential to increase household 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ⚙️ Government policies, rules and regulations for SEs are unclear

<p>income</p> <ul style="list-style-type: none"> ⚙️ US and EU are interested in some SE products from Myanmar ⚙️ Changes in social and eco systems ⚙️ Decrease in poverty level ⚙️ Developing SE will be a role model for sustainability at the regional level ⚙️ More job opportunities and less employment ⚙️ Funding support from donor ⚙️ House hold income level will increase ⚙️ Research for developed SE is favourable ⚙️ Infra-structure development ⚙️ Higher rate of smart phone usage in Myanmar is to advocate the SE among young people ⚙️ The population of middle age in Myanmar is massive with a potential of being trained for technology and creativity ⚙️ Potential to host Asia World Fair Trade ⚙️ Government open up the online registration system to encourage nascent investemnts 	<ul style="list-style-type: none"> ⚙️ Government does not provide loans and funding to SEs ⚙️ Government does not provide incentives for growth ⚙️ Government does not recognize the export of the SE products ⚙️ There is no quality assurance program for SEs in Myanmar ⚙️ Government opened up the online registration system for the new businesses but it's not clear whether social businesses are allowed to be registered in that system ⚙️ People are not aware of the profit minimization ⚙️ There is no appropriate skilled workforce and attraction for early-stage investments ⚙️ Real estate ⚙️ Financial security ⚙️ Incentive by government such as tax exemption does not exist ⚙️ Government doesn't have SE Law to recognize formal/legal status for SEs ⚙️ No formal definition of SE at the local, regional or country level ⚙️ The community's knowledge of SE sector in Myanmar is different from the standard knowledge of operating an SE elsewhere
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	<p>because the procedures and practices at local level are complicated</p> <ul style="list-style-type: none"> ⚙️ No niche market for SE in Myanmar ⚙️ Difficult to enter the regional SE market ⚙️ Concept of SE is relatively new in Myanmar ⚙️ Human capital and perceptions need to be changed
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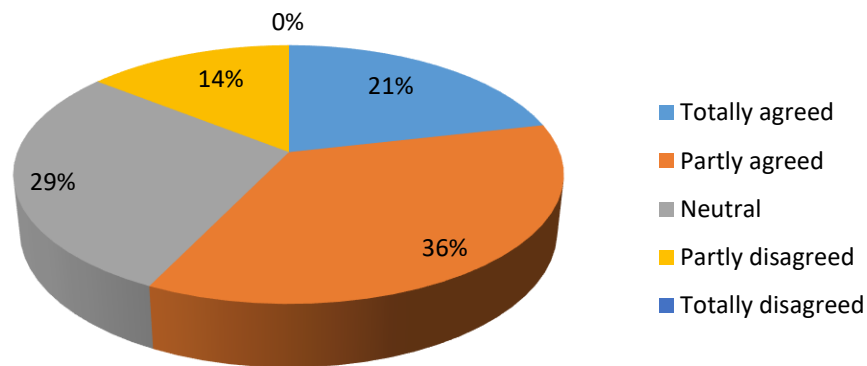
7.3. Common Challenges

During the FGD discussion, the following 12 questions were asked to under what the common challenges the social business have and what motivates them to do their job:

1. Conditions are favourable for social entrepreneurs to start and grow their businesses
2. Government policy supports social entrepreneurs
3. It is easy for social entrepreneurs to get grant funding
4. It is easy for social entrepreneurs to access investment (debt and/or equity)
5. Social entrepreneurs can access the non-financial support they need (e.g. financial, legal and technical advice; access to markets and networks; coaching, mentoring and training)
6. It is easy for social entrepreneurs to sell to government
7. It is easy for social entrepreneurs to sell to business
8. It is easy for social entrepreneurs to sell to the public
9. It is easy for social entrepreneurs to attract staff with the required skills
10. The general public understands what social entrepreneurs do
11. Social entrepreneurs can make a living from their work in my country
12. Social entrepreneurship is gaining momentum

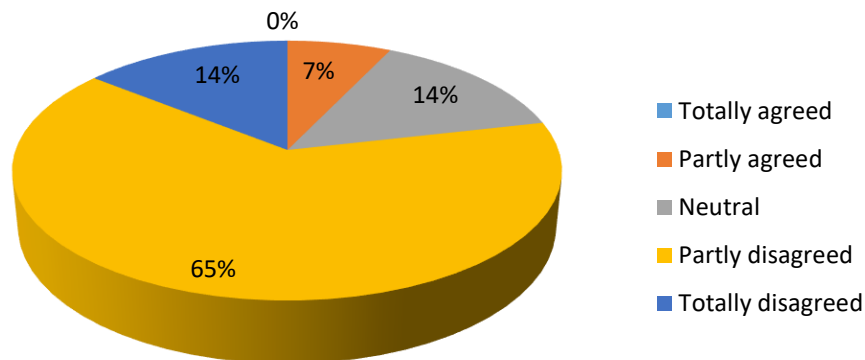
Out of the 14 participants, 5 partly agreed and 3 totally agreed that the conditions are favourable for social entrepreneurs to start and grow their businesses whilst 2 participants slightly disagreed with the statement. There is no one who totally disagreed with the statement. 4 participants felt neutral on this statement. Thus, slightly more than half of the participants is more on the agree side.

1. Conditions are favourable for social entrepreneurs to start and grow their businesses



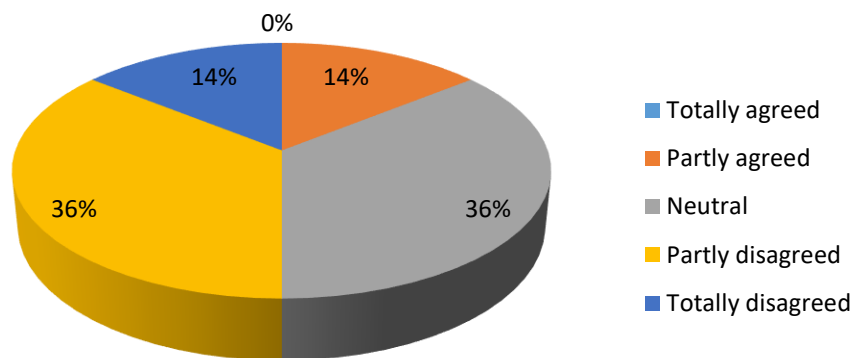
Out of the 14 participants, 9 partly disagreed and 2 totally disagreed with the statement whilst just 1 participant partly agree with it. None of them totally agreed and 2 are neutral. So, the majority significantly disagree with the statement that government policy supports social entrepreneurs.

2. Government policy supports social entrepreneurs



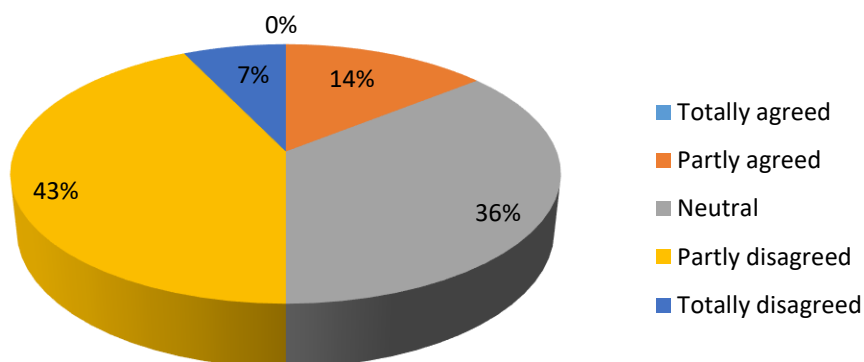
Out of the 14 participants, 5 stays neutral. 5 partly disagreed and 2 totally disagreed whilst 2 partly agreed with the statement. No one totally agreed. Hence, only a small number of participants agree with the statement that it is easy for social entrepreneurs to get grant funding.

3. It is easy for social entrepreneurs to get grant funding



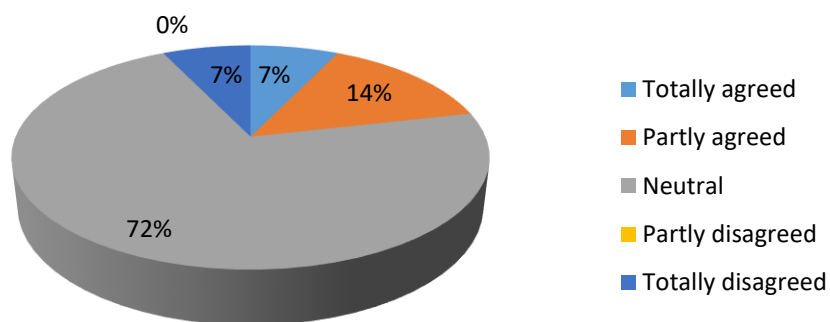
Similar to the previous chart, 5 stays neutral. 6 partly disagreed, 1 totally disagreed with the statement whilst 2 participants partly agreed. No one totally agreed. Hence, only a small number of participants agree with the statement that it is easy for social entrepreneurs to access investment (debt and/or equity)

4. It is easy for social entrepreneurs to access investment (debt and/or equity)



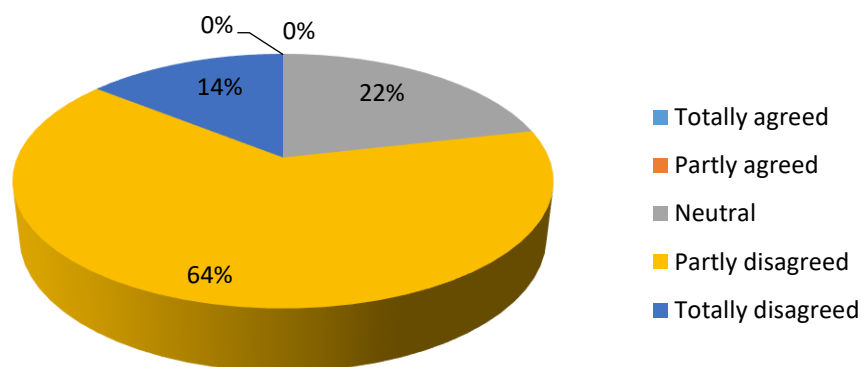
It is significant that 10 out of 14 participants are neutral on the following statement. Just 1 totally disagreed whilst 1 totally agreed and 2 partly agreed with the statement.

5. Social entrepreneurs can access the non-financial support they need (e.g. financial, legal and technical advice; access to markets and networks; coaching, mentoring and training)



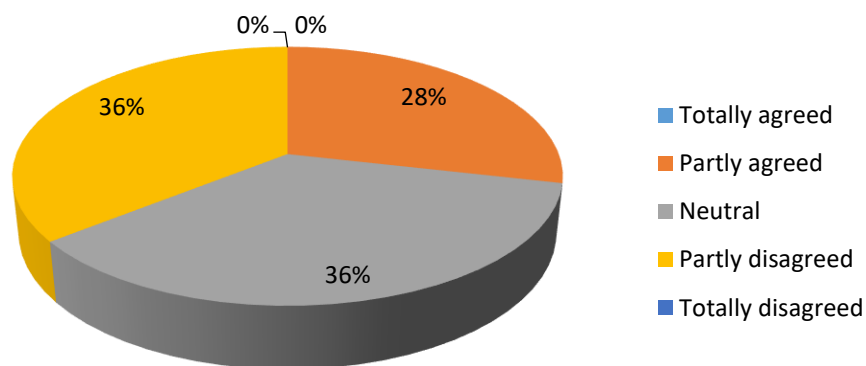
Similarly, this chart also shows that a significant number of participants, i.e. 9 out of 14, partly disagreed with the statement whilst none of them totally or partly agreed that it is easy for SEs to sell to the government. 2 people totally disagreed and 3 are neutral.

6. It is easy for social entrepreneurs to sell to government



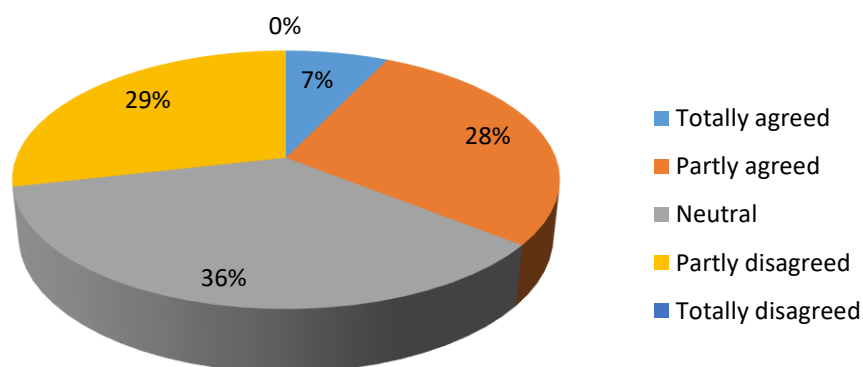
Out of 14 participants, 5 stays neutral, 5 partly disagreed and 4 partly agreed with the statement that it is easy for SEs to sell to businesses. None of them either totally agreed or totally disagreed.

7. It is easy for social entrepreneurs to sell to businesses



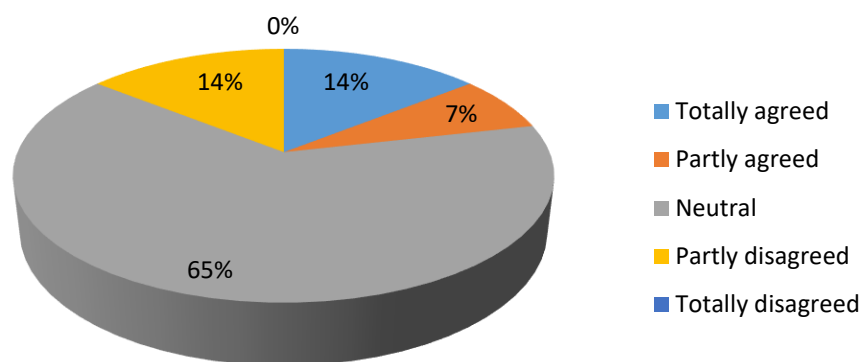
Out of 14 participants, 5 stays neutral, 4 partly disagreed and 4 partly agreed with the statement that it is easy for SEs to sell to the public. Just 1 of them totally agreed and one of them totally disagreed.

8. It is easy for social entrepreneurs to sell to the public



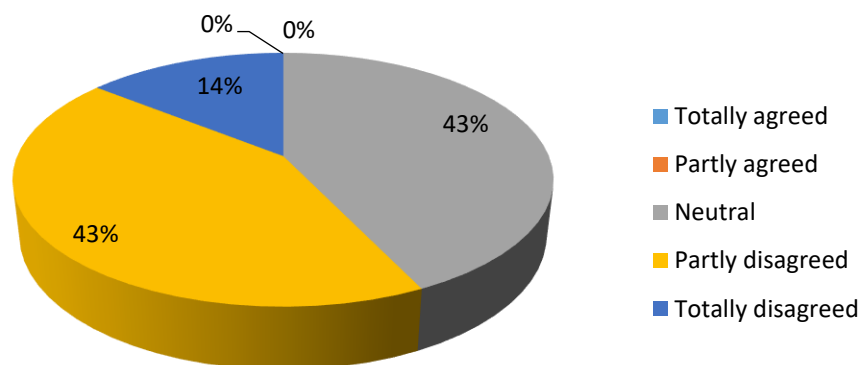
Another significant data shows that 9 out of 14 participants stay neutral with the statement that it is easy for social entrepreneurs to attract staff with the required skills. 2 of them totally agreed and 1 of them partly agreed whilst 2 partly disagreed. None of them totally disagreed with the statement.

9. It is easy for social entrepreneurs to attract staff with the required skills



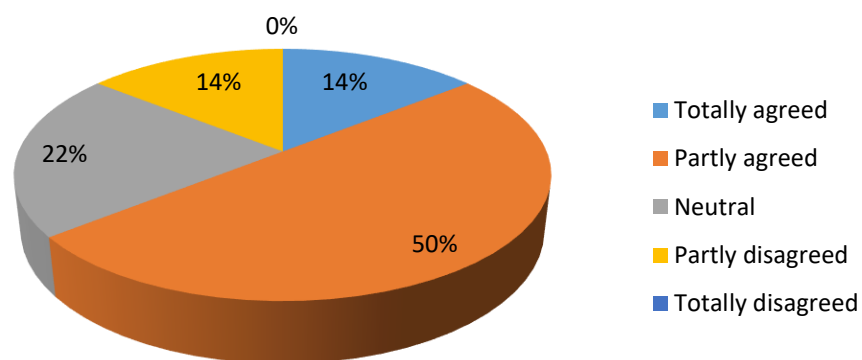
Out of 14 participants, 6 stays neutral and 6 partially disagreed with the statement that the general public understands what social entrepreneurs do. 2 of them partly disagreed with the statement. It is significant that no one partly or totally agreed with the statement.

10. The general public understands what social entrepreneurs do



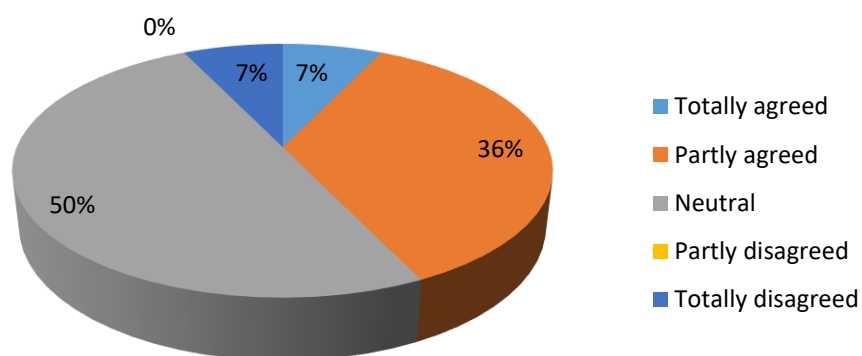
Half of the participants partly agreed that social entrepreneurs can making a living from their work in Myanmar. 3 stays neutral. 2 of them totally agreed with the statement whilst another 2 partly disagreed. No one totally agreed.

11. Social entrepreneurs can make a living from their work in my country



Similarly, half of the participants is neutral with the statement that social entrepreneurship is gaining momentum. 5 of them partly agreed and 1 agreed 100%. 1 participant totally disagreed and none of them partly disagreed.

12. Social entrepreneurship is gaining momentum



From the data analysis of the charts above, key challenges can be summarized as follows:

- (1) Government policies are not supportive to social entrepreneurs.
- (2) it is not that easy for social entrepreneurs to get grant funding.
- (3) It may not be quite easy for social entrepreneurs to access investment (debt and/or equity).
- (4) It is less likely for social entrepreneurs to sell to government easily.
- (5) It is not very easy for social entrepreneurs to sell to businesses.
- (6) The general public does not quite understand what the social entrepreneurs do.

8. Recommendations for strengthening the Social Enterprise sector in Myanmar

At the practical level, existing supports made by the government for the development of SEs in Myanmar are insufficient for social businesses to survive and grow in the long run. This is also consistent with the conclusion of the FGD data analysis. For instance, the concept of SE is not legally defined, and there is no explicit regulatory framework that governs the operation of SEs. Rigorous support and the government's involvement in promotion of SEs are needed for the sustainability of social businesses in Myanmar. It is understandable that the country needs a certain period of time to fully develop the concept of SE at the national level. During that period of time:

- (1) Government should review the legislative framework that have or might have impacts upon social enterprises and make clear policies on SEs. For example, government should review laws and policies that regulate SME businesses, associations and NGOs, etc.... and should work on the legal definition of a social enterprise, clear legal forms which SEs can take, registration system, tax structure and provision of funding.

- (2) Alternatively, the government may draft a new law that regulates social enterprises based on the status quo analysis and make workable rules and policies by the authority vested in the new law.
- (3) It is also important for, based on the discussion results from the FGD, the stakeholder organizations to engage and advocate the government to take initiatives on changing laws and policies for the survival of SEs and promoting the role of SEs for their sustainability in the long run.
- (4) Government should also recognize the export products made by SEs and should promote them for international trade.
- (5) There should be a standardized guideline for the operating procedures of SE in all State and Regions and the implementation of the policies and guideline should be inclusive.
- (6) Promote local foundations and niche market.
- (7) Develop a national program to improve entrepreneurial skills in community.
- (8) Universities should put more effort to link between the academic programs and SE practice and job opportunities.
- (9) As government, development partners, financial institutions, enterprises and the community itself are key stakeholders that can help develop a balanced social enterprise ecosystem, a collaborative platform should be established for these stakeholders to work together in developing the ecosystem.

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Appendix I: Focus Group Surveys

Appendix II:

