VALUE CHAIN ASSESSMENT REPORT

MICRO AND SMALL ENTERPRISE DEVELOPMENT
Constraints, Challenges and Opportunities

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CONTENTS

ABBREVIATIONS

ADB	-	Asian Development Bank
BDS	-	business development services
CBO	-	community based organisations
EA	-	executing agency
FFM	-	fact finding mission
FGD	-	focus group discussion
GDP	-	gross domestic product
IA	-	implementing agency
IP	-	implementing partner
JFPR	-	Japanese Fund for Poverty Reduction
MBG	-	Myanmar Business Guide
MFI	-	microfinance institutions
MOHT	-	Ministry of Hotels and Tourism
MSE	-	micro and small enterprises
MSME	-	micro small and medium enterprises
MTMP	-	Myanmar Tourism Master Plan
PWC	-	Price Waterhouse Cooper
PGMF	-	Pact Global Microfinance Fund
SME	-	small and medium enterprise
UNDP	-	United Nations Development Program
UNIDO	-	United Nations Industrial Development Organisation

SECTION 1: INTRODUCTION AND BACKGROUND

1.1 ADB APPRAISAL MISSION

The Asian Development Bank (ADB) conducted an appraisal Mission to Myanmar from 22 November to 6 December 2014 to agree on the objectives, scope, and implementing arrangements of the proposed Japan Fund for Poverty Reduction (JFPR) grant, *Economic Empowerment of the Poor and Women in the East-West Economic Corridor*.[1] The proposed project has been designed to support the development of micro and small enterprises, specifically local producers of agricultural products and handicrafts, and enabling them to exploit income generation opportunities associated with increased tourism and new markets as a result of ADB-financed road improvements.[2]

1.2 OBJECTIVES

The purpose of this report is to provide the findings of a rapid supply chain/value assessment and situation analysis for MSEs that could supply souvenirs to the tourist trade in Mon State. The findings of the surveys and stakeholder consultations aimed to validate and collect relevant information, which will be used to consolidate and sharpen the initial project design concept. The primary areas of investigation that were undertaken included:

- Current trends and developments in the tourism sector in Myanmar
- Tourism and MSE sector support by the GOM and Mon State Government
- Identify the key sectors where MSEs are dominant and linkages to the tourist souvenir market
- Evaluation of the ability and willingness of producers to improve design and production techniques to meet market demand from national and international tourists
- Interviews with individual producers and retailers to identify constraints and challenges for individual supply/chains
- Sampling of several existing supply/value chains to understand input costs and margins for producers, and retailers
- A preliminary estimate of what technical trainings, seminars and workshops would be required to support supply/value chain enhancements
- A preliminary estimate of what business development trainings, seminars and workshops would be required to support supply/value chain enhancements
- Facilitating access to markets through determining the maturity of marketing and branding initiatives in Mon State
- An assessment of the demand for micro finance and availability of micro credit providers operating in Mon State and what trainings would be required for MSEs to access affordable credit.
- An investigation of what infrastructure (if any) could be provided to support local MSEs

[1] The Mission comprised Uzma Hoque, Senior Social Development Specialist (Gender and Development), SEOD (Mission Leader); Ms. Sushma Kotagiri, Social Development Specialist (Resettlement), SEUW; Mr. William Willis, International Social Development Specialist; Ms. Jo Williams, International Tourism and MSE Consultant; Aung Kyaw Phyo and Mi Cherry Soe, Consultation and Participation Consultants.

[2] ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of the Union of Myanmar for the Greater Mekong Subregion East–West Economic Corridor Eindu to Kawkareik Road Improvement Project.* Manila.

1.3. STUDY AREAS

As a part of the overall appraisal mission, the mission's survey team visited Mon State from 22 – 30 November 2014. Mon State consists of two Districts; Thaton and Mawlamyine, which contain ten "Townships". The project's target areas will include 12 villages from four Townships including Chaungzon Island, Mudon, Kyaiktho and Mawlamyine where poverty rates range from 20-25%. Average village sizes contain on average 12,800 households - averaging 5.16 persons per household. Approximately 900 producers, retailers and traders will be selected from these areas during project inception. Criterion for the selection of target villages has been developed in consultation with local stakeholders, to ensure equitable selection of beneficiaries. Geographical location maps are contained in Annex A.

1.3 METHODOLOGY

The survey team developed a number of survey instruments and tools to guide the overall survey investigations. Questionnaires were developed for producers, retailers, tourism sector participants, the State Government MSE committee, civil society and non-government organizations. Four stakeholder consultative meetings were held; three in Mawlamyine and one in Kyaiktho. A summary of producer/retailer questionnaires is contained in Annex B and an outline of the multi-sector consultative workshops is contained in Annex C. In total, the survey team met and interviewed about 39 producers/retailers/heads of MSEs, 14 tourism sector representatives, 15 Mon State MSE committee representatives, 4 private sector companies, 7 CSOs and 8 Development Partners working in the project's proposed target areas.

The survey methodology was developed from the JFPR 9156 CAM project Improving Market Access for the Poor in Central Cambodia Project (2010-2014), which successfully improved a number of handicraft and processed food value chains. Identifying the location of producers was conducted through contacting CSO, NGOs and the Mon State Department of Tourism. The Mon State Department of Tourism also provided comprehensive list of tourism and government agency stakeholders who participated in the consultative workshops. In addition, the survey team visited producer households in Mudon, Chaungzon Island and retailers at the Kin Pun basecamp to conduct one-on-one interviews.

1.4 APPROACH AND CONTEXT

In Myanmar, market studies for handicrafts and processed foods sectors as well as the overall tourist industry are not overly abundant at this time. It is expected that this will change over time as development partners and GOM initiate detailed studies in these sectors to attract investment, promote employment and as a means to reduce poverty. The survey team therefore relied on parallel surveys and information from Cambodia's tourism sector and particularly from the detailed studies undertaken by the JFPR 9156 CAM project. While it is clearly understood that Cambodia and Myanmar differ significantly relating to the challenges for individual product lines, there are strong similarities in respect to consumer preferences, demand, value chain cohesion and establishing and operating MSEs. Lessons learned from the Cambodian project have been integrated into the overall project design in order to create greater impact and ensure information from foundation studies. One of the aims of this paper is to provide the context for the foundation studies for the project, which will include; (i) a detailed socio-economic surveys; (ii) value chain analysis, (iii) training need assessments; (iv) market study and demand assessment and; (v) branding strategies. These studies and strategies will be developed by the project consultant research team including the handicraft and food-processing specialists. The socio-economic baseline specialist will be in the best position to lead and coordinate the research team to ensure consistency, cross referencing and application of individual research findings.

1.6. ENGINEERING "PRO-POOR" TOURISM INTERVENTIONS

Recent tourist market studies in Cambodia over the past five years have revealed important findings for private sector operators, government departments, and projects implementing value chain enhancements. One conclusion derived from studies undertaken in Siem Rep is that unless market linkages are specifically engineered with support from tourism ministries and local tourism departments, there is no guarantee that the poor will benefit from tourism per se.[3] Angkor Wat in Siem Reap is one of the leading tourists destinations within the GMS region. However, while Angkor Wat has contributed significantly to the development of Siem Reap City and to the Cambodian economy, Siem Reap Province remains the second poorest province in Cambodia. Districts surrounding the Angkor Wat temple site are some of the poorest in Siem Reap Province. With this in mind, the survey team paid particular attention to how well Golden Rock Pagoda, as a major tourist site, benefited local producers from surrounding villages and townships. The situation at Golden Rock appears to be quite different from Angkor Wat, in that the tourist dollar does make its way to primary producers. Although somewhat underdeveloped, tourist souvenir supply/value chains have excellent potential to be improved and more importantly support "inclusive pro-poor economic development" for villages, households and producers.[4]

1.7. RELEVANT FINDINGS FROM JFPR 9156 CAMBODIA PROJECT

As indicated above, the project's design replicates many of the features of the Cambodian JFPR project. The JFPR CAM project conducted its own market study, which provided valuable insights as to what national and international tourists are looking to purchase during their vacations to the Greater Mekong Subregion (GMS).[5] The nationalities, age and budgets for the purchase of souvenirs for international tourists have been clearly defined. Specifications for tourist souvenirs are clearly defined and include; the size, the materials, the designs and finally the product's/souvenirs' "utility value".[6]

The studies[7] also confirmed that tourists prefer hand-made souvenirs over those mass-produced in factories from China and Vietnam. Packaging, labelling and branding are also cited as important to differentiate handmade products made locally and identifying who and where these products were made. For processed foods, good hygiene is the most important consideration for tourists. Processed foods packaging must include a list of ingredients, expiry dates and date of manufacture. Packaging for processed foods must be at least the same standard as those sold in tourists' home countries to provide purchasing confidence.

Of greater importance is that consumer preferences and demands of national and international tourist markets are constantly changing. For producers to keep abreast of changes in the market, strong linkages to consumers through market intermediaries including traders are vitally

[3]Beresford et al., 2004; World Bank, 2006; Cambodian Ministry of Planning, 2010; Siem Reap Provincial Department of Planning, 2012.
[4]The Angkor Wat temple site is managed by the APSARA authority with limited representation from the Ministry and Provincial Departments of Tourism.
[5]Bauld Sharee, Market Analysis and five year marketing plan for the tourist handicrafts Sector in Kampong Thom, Cambodia, December 2011 (JFPR 9156 CAM).
[6] Bauld Sharee, Market Analysis and five year marketing plan for the tourist handicrafts Sector in Kampong Thom, Cambodia, December 2011 p.30
[7] Footnote 6.

important. Without these linkages and market intelligence traditional product designs and time consuming processing techniques eventually become redundant; resulting in production inefficiencies and decreases in sales which contribute to falling household incomes.

SECTION 2: TOURISM IN MYANMAR

2.1. MYANMAR AND THE GROWTH OF TOURISM

Since 2011 Myanmar has experienced rapid and expansive change across the political, economic and social spectrum, after an emergence from decades of military rule. With democratic reform, major international sanctions being lifted[8] and a Government that is focused on trade and prosperity[9], Myanmar's economy is poised for strong growth.

Tourism has been one sector to benefit from more open government policies and marketing through the Greater Mekong Tourism Working Group (GMS-TWG). Tourism arrivals into Myanmar have increased from 762,547 in 2009 to 2,044,307 in 2013.[10] For international tourists, arrivals increased by almost 30% from from 816,369 in 2011 to more than one million in 2012.[11] In 2013, tourism ranked as 5th in Myanmar's industry earnings table with 1.8 billion USD (4.1%).[12] Myanmar Tourism Data is provided in Annex D.

Myanmar is now clearly on the list of "must see" international tourist destinations, which is facilitated by easier access to tourist visas, greater efficiency in the performance of land border checkpoints and a significant increase in inbound flights. The Government of Myanmar (GOM) has prioritised the tourism sector for development due to tourism's ability to drive local economic development, create employment and generate income – especially for the rural and urban poor. Myanmar's membership of the GMS-TWG is also an important driver for past, current and future development of tourism in Myanmar. Myanmar's membership and participation in the GMS-TWG provides an important regional context for Myanmar's tourism industry.

2.2. MYANMAR AND THE GREATER MEKONG SUBREGION

The Great Mekong Subregion (GMS) as a geographically defined economic development zone was established in 1992 with ADB support, to promote the development through closer economic links of GMS countries —Cambodia, PRC, Lao PDR, Myanmar, Thailand, and Viet Nam.t. Although isolated through international trade sanctions Myanmar was one of the founding members of the GMS. In 1994, the GMS Tourism Working Group (GMS-TWG) was established to achieve: (i) tourism development and coordination of sustainable pro-poor tourism development projects in the GMS in line with the United Nations Millennium Development Goals and; (ii**)** marketing the GMS region as a single travel and tourism destination.[13] Myanmar is currently the chair of the GMS-TWG.

In 2005 ADB supported the development and launch of the GMS Tourism sector strategy, the foundations of which are built "on the principles of sustainable tourism development that is

[8] The final EU sanctions were lifted in April 2013. Myanmar Business Guide. PWC. 2014
[9] Myanmar Business Guide. PWC 2014
[10] http://www.myanmartourism.org/ , http://www.tradingeconomics.com/myanmar/tourist-arrivals and http://www.myanmartourism.org/index.php?option=com_content&view=article&id=368&Itemid=359 accessed on 21 January 2015.
[11] Kyaikhto Board of Trustees; Myanmar Tourism Federation, cited in Government of Myanmar. 2013. *Myanmar Tourism Master Plan*, 2013–2020. Yangon.
[12] Footnote 9.
[13] ADB. 2011. *GMS Tourism Sector Strategy*. Manila.

economically viable, ecologically sound, and has minimum negative social impacts on the local community"[14]. The strategy covers 13 spatial projects on priority tourism zones and 16 thematic projects on management of natural and cultural heritage, social impacts of tourism, tourism marketing and promotion, pro-poor tourism, cross-border tourism, capacity building and skills development, and private sector participation.[15]

The 2005 strategy recognized a number of high priority tourist destination zones and circuits in Myanmar, such as the Golden Quadrangle tourism zone, the Andaman coastal and marine zone, the Tenchong–Myitkyina tourism zone, the east–west tourism corridor, and the Heritage Necklace circuit. Myanmar is also involved in strategic tourism projects covering marketing and product development, human resources development, heritage conservation, and pro-poor tourism development.[16] Myanmar forms the western end of the East–west Economic Corridor, the most developed of the GMS corridors. Part of the 240 km road section in Myanmar has been developed with the assistance of the private sector in Thailand. A deep seaport project at Mawlamyine in Myanmar's southern Mon state is planned. This will contribute to the development of the east–west corridor through regional cross-border transportation and trade. Myanmar is also part of the north-south economic corridor, with the Kunming-to-Bangkok via Myanmar route forming its western sub-corridor. Road improvements and related projects for improved connectivity supported by ADB and other development partners are expected to boost tourism and trade in Myanmar and in the GMS region.

2.3. MYANMAR'S TOURISM DEVELOPMENT POLICIES, STRATEGIES AND PLANS

Myanmar's tourism plans and policies reflect the government's recognition of the tourism sector as an important driver for economic development. The Myanmar Tourism Master Plan (MTMP) 2013 to 2020, developed with support from the ADB and the GMS-TWG, provides a road map for Myanmar's Tourism Sector development until 2020. Support for both community based tourism products and services including handicrafts and organic food production is specifically mentioned in MTMP's Strategic Program 4, Section 24 and 25. The lead agencies designated for these projects are Ministry of Cooperatives and Ministry of Hotels and Tourism (MOHT).

Complimenting the MTMP is the *Responsible Tourism Policy* (RTP) 2012, developed with assistance from ADB and the GMS-TWG. The RTP has nine focal areas and objectives that include; (i) tourism is a national priority sector; (ii) broad based local social – economic development; (iii) maintenance of cultural diversity and authenticity; (iv) conservation and enhancement of the environment; (vi) compete on product richness, diversity and quality, not just price; (vii) ensure health and safety and security of our visitors; (vii) institutional strengthening to manage tourism; (viii) support for development of a well-trained and rewarded workforce and (ix) minimizing unethical practices. In respect to the second objective supporting brand based socio-economic development the Policy states:

"….Tourism should spread benefits in the community, encourage local entrepreneurship and civil society engagement to secure livelihoods for women and youth and alleviate poverty…"; and

"…Promotion of local entrepreneurship through micro and small enterprises in building local capacity in partnership with established local, national and international partners…"

[14] http://www.adb.org/countries/gms/sector-activities/tourism Accessed 19 January 2015
[15] Footnote 13.
[16] ADB. 2012. Interim Country Partnership Strategy: Myanmar, 2012–2014, extended to 2016 (Regional Cooperation and Integration Analysis). Manila.

The *Community Involvement in Tourism Policy* (CIT) 2013 provides a framework to facilitate local communities' access to promote the positive impacts of tourism and to encourage participation in the development of community level tourism projects. The CIT echoes the MTMP and RTP in emphasizing that the benefits of tourism developments must flow to communities, encourage local entrepreneurship and engage civil society, and improve secure livelihoods for the rural poor and especially women and youth to alleviate poverty. CIT highlights three main areas where tourism can impact positively with community involvement: (i) positive economic impacts, including creation of employment and business opportunities, including collective community income; (ii) positive socio-cultural impacts; including gender and migration issues, empowerment, capacity building and protection of the environment; and (iii) promoting partnerships with public and private sector and increasing the capacity of CSOs to implement community based projects.[17]

2.4. GOM MSME POLICIES AND NATIONAL MICRO FINANCE INDUSTRY

In addition to these policies, plans and strategies, the GOM understands the important link between a dynamic and responsive tourism sector and MSE support and development. In light of political, economic and social reforms, the GOM is developing policies that are creating an enabling environment for the development and growth of micro, small, medium enterprises (MSMEs)[18.] At the national level the Small, Medium Enterprise Development Central Committee (SMEDCC) was established in January 2013 as a coordinating body for national line ministries involved in SME development.[19] The SMEDCC includes the ministries of Industry, Co-operatives, Commerce, Finance, National Planning and Economic Development, Agriculture and Irrigation, and Science and Technology. Providing sufficient weight to GOM commitment to the development of SMEs, President U Thein Sein is currently the chair of the committee. The SMEDCC created the Central Department of SME Development, under the Ministry of Industry, to facilitate development of SMEs. Each State has an SME Working Committee to implement the mandate of the SMEDCC. A survey of the major MSME groups by type and State are contained in Annex E to provide an indication of the types of industries and sectors SMEDCC is supporting.

One of the main services facilitated by the GOM MSME support and development agencies is providing access to finance and credit to provide start up and working capital for MSMEs. Prior to 2011 Myanmar's banking and micro-finance industries were significantly underdeveloped. The only micro finance provider able to work legally in Myanmar was UNDP and PACT Global Microfinance Fund (PGMF). By January 2012, UNDP-PGMF's client base consisted of 670,000 borrowers, 98 percent of whom were women living in approximately 7,000 villages in Myanmar. The fund has disbursed 730,000 loans with a total value of USD 141 million.[20] In 2011, the Microfinance Law (MFL) established a new regulatory framework, enabling licensed microfinance institutions to enter the sector. Under the new law CSOs and NGOs can apply for micro-finance licences and provide micro-credit products to consumers. Soon after World Vision applied for micro-finance licences and currently has 20 microfinance branches throughout Myanmar, including in Mon state. Presently, World Vision has 57,000 clients with a loan portfolio of $8.1 million. Eighty five percent of clients are women, with an average loan size of $150. According to World Vision the social impact includes over 65,000 jobs being sustained

[17] Hanns Seidel Foundation. www.hss.de Accessed 28 November 2014
[18] Civil Society Gaining Ground. Opportunities for change and development in Burma. The Transnational institute 2011.
[19] http://www.smedevelopmentcenter.gov.mm/?q=en/sme_central_comittee Accessed 21 January 2014
[20]http://www.microcapital.org/microcapital-brief-united-nations-development-program-undp-transfers-microfinance-portfolio-in-myanmar-to-pact-global-microfinance-fund/

and 125,000 children impacted.[21] Other NGOs providing MFI and micro-credit services include GRET, Save the Children, LIFT and ACCION.

By the end of 2013, International Finance Corporation (IFC) estimated 2.8 million people in Myanmar were accessing micro-financing services with a loan portfolio totalling $283 million and with a market demand for about $1 billion.[22] According to Price Waterhouse Cooper there are now 166 Microfinance organisations operating in Myanmar as of February 2014.[23] However, in an effort to enforce responsible lending, the Microfinance Supervisory Committee (MSC), Myanmar's regulatory body for the MFI sector, has announced a new directive in January 2014 that capped microloans at about $500. This cap is considered too low to provide adequate finance to many MSEs and the cap is seen as unnecessary by the industry and is now appealing the MSC to remove the cap. Accessing affordable credit is one of the key determinants to MSEs establishing and developing businesses in the tourism sector; especially for home based businesses including handicrafts and processed foods.

SECTION 3: TOURISM IN MON STATE

3.1 A BRIEF OVERVIEW OF THE TOURISM SECTOR IN MON STATE

Mon State has long been famous for its handicrafts and processed foods, which are considered to be of good quality and have traditionally enjoyed high demand. Mudon Township is well known for producing the best quality Longyis and Chaungzone Island is famous for the best tobacco smoking pipes and ornate walking sticks. Kyaiktho is well known for jam production and handicrafts made from cane and bamboo. The main buyers are domestic tourists and pilgrims visiting Golden Rock Pagoda and Thai traders. Increasingly, more international tourists are visiting Mon Sate as Myanmar opens up to the international tourist market.

According to the State Department of MOHT, foreign visitors to Mon State have increased by 25% from 2012 to 2013. In 2014, the number of foreign tourists visiting in Mon State was about 172,334 and it is projected that the number will reach 350,000, while the essential transportation is in the process of improvement.[24]

Table 1: International Tourist Arrivals Mon State 2012 - 2014[25]

Mon State Tourist Arrivals	
2012	80,000
2013	100,000
2014	172,334[26]

These numbers represent only international tourists. A large number of the tourists arriving in Mon are Myanmar locals. In Kyaiktho alone, where the "Golden Rock Pagoda is located, more than one million tourists - both international and Myanmar visitors – arrived in 2012.[27].

[21] Chris Herink, National Director, World Vision.
[22] Footnote 21.
[23] Myanmar Business Guide, February 2014. http://www.pwc.com/sg/en/assets/document/myanmar_business_guide.pdf, Accessed on 26 January 2015.
[24] U HoutKyinMong, Deputy Director, Ministry of Hotels and Tourism (Mawlamyaing Office).
[25] Data provided Mon Department of Tourism.
[26] U HoutKyinMong, Deputy Director, Ministry of Hotels and Tourism (Mawlamyaing Office).
[27] Kyaikhto Board of Trustees; Myanmar Tourism Federation, cited in *Myanmar Tourism Master Plan*, 2013-2020. 2013. Myanmar.

The majority of visitors are Thai who are interested in the national heritage of Kyaikhto, Ye and Kyaikhtiyo. According to Daw Kyin Htwe, Assistant Director of Planning Department of Mon State government, Mon is poised for rapid growth in tourist numbers. Two key drivers for growth include the opening of the Payarthonesue route and the launch of the Asian Economic Community (AEC) in 2015.[28] Road improvements funded by the ADB, including the development of the East-West Economic Corridor will improve access and connectivity to Mon State and also contribute to the expected rise in visitors.

Mawlamyine, the capital of Mon State is the fourth largest city in Myanmar with a population of approximately 400,000 people and traveling time from Yangon to Mawlamyine is approximately 6.5 hours by road. The capital is located on the banks of the Salween River delta, where the mouth of the Salween is sheltered by Bilugyun Island as it enters the Gulf of Martaban and the Andaman Sea. The main attractions close to the city include Kyaikthanlan pagoda and the 'Death' Railway' recently made famous by the Hollywood Film 'Railway Man'. Chaungzone Island is popular for day trips and riverboat cruises along the Salween River is another popular past time for tourists. Currently tourist accommodation is limited with just 21 hotels and 12 guesthouses with 2 new hotels under construction. Developments for 6 new hotels are awaiting approval.[29]

The most popular tourist attraction in Mon Sate is the "Golden Rock Pagoda" in Kyaikhtiyo Township. The ancient pagoda is an important Buddhist pilgrimage site just four hours drive from Yangon. At the base of the "Rock" is the basecamp, known as Kin Pun. Local restaurants, guesthouses and hotels, teashops, souvenir and handicraft stalls are plentiful and add to the vibrant tourist market atmosphere. Infrastructure is of good quality including newly paved concrete access roads, electricity and drainage works. Local residents based in Kyaikthiyo claim that 1,500 visitors arrive daily to visit Golden Rock. These include about 200 foreigners per day. This equates to approximately 547,00 visitors per year including 73,000 international tourists.[30] These figures reported by locals are significantly higher than what is reported by the Mon State government and is likely to represent deficiencies in data collection methods. In any case using the lower figure for visitor arrivals in Mon State still represents a significantly sized tourist market for existing and new producers to capture the lucrative tourist dollar. The survey team's interviews with retailers from Kin Pun base station at Golden Rock and producers from the four Townships verified that the number of tourist arrivals and the demand for tourist souvenirs had increased significantly over the past two years.

SECTION 4: SURVEY FINDINGS

4.1 EVALUATION OF MSE SECTORS SUITABLE FOR PROJECT SUPPORT

The survey team undertook a rapid assessment of the number, type and location of MSEs in Mon State to determine the sectors that could benefit the poor, women and left behind families. Table 2 below provides an inventory of Mon State MSEs from a survey conducted by the Committee of Rural Industries, Central Department of SME Development under the Ministry of Industry.[31] From this summary table the survey team conducted a preliminary screen of suitable

[28] Myitmakha News Agency. 2014. *Entry of Thai Tourists into Mon State Rises*. At www. Myitmakhamedia. Info.com, accessed on 28th November 2014.
[29] Footnote 28.
[30] This represents an increase from 130,000 visitors per year prior to 2012.
[31] Support Committee of Rural Industries, published by Central Department of SME Development, under the Ministry of Industry to facilitate development of SMEs.

products that could be developed to supply the tourist souvenir trade. Two broad product groups were identified as providing the greatest potential for development; handicrafts and processed foods. For processed foods the list includes (i) snacks and soft drinks (ii) jaggery and sugar products (iii) plums (fruit jams) and (iv) dried seafood. For handicrafts the list includes:; (i) handicrafts made from natural fibres; (ii) fabrics from handlooms; (iii) mats (iv) stone black boards; (v) necklaces and handmade jewellery; and (vi) musical instruments and tobacco pipes. The survey team found that individual producers and household members are the main manufacturers of handicrafts and processed foods. Processed food manufactures were also operating on villager scale employing between 10 to 100 employees.[32] After analysing this list and selecting handicrafts and processed foods as the areas for value chain analysis (VCA) sampling, the survey team met with CSOs, NGOs retailers and producers to complete the analysis.[33]

Table 2: Number of SMEs in Mon State Compared to the National SME Inventory[34]

Region and State / Classifications of industries	Mon	Total
Rice Mills	693	12,507
Rice base processing	6	638
Beans/Maize processing	3	409
Snack/Soft drink	29	787
Jaggery/ sugar	-	4,592
Agricultural Equipment	4	479
Rubber	14	14
Natural fibers - handicrafts & other materials	224	4,011
Broom	32	269
Husk Oven/Crock /Charcoal Oven	156	3,357
(Hand Loom)	150	3,760
Stone blackboard/ Chin Necklace	7	387
Dried fish/ Dried Prawns / Fish Salted fish	94	420
Mat	4	3,709
Blacksmith	51	162
Salt	6	16
Slipper/Animal Skin	-	12
Iron Melting,	-	36
Plum	29	220
Green Tea	-	205
Lacquer ware	-	8
Shan Paper	-	57
Spices	-	19
Tothu	-	46
Guitar /Pipe	3	26
Candles	-	6
Fishing Nets	-	22
Boat Manufacturing	-	20
Plastic rope/Plastic basket	-	194
Coconut Coal/ Coconut fiber rope	-	51
Total	**1,505**	**36,439**

32 Information provided by CSO workshop participants in Mawlamyine on 26 November 2014.
33 Annex D contains additional MSE, location and products information provided by Mon State Department of Planning, which assisted the survey team in selected township areas for producer/retailer interviews.
34 Footnote 31.

4.2 DETAILED INVESTIGATION OF MSES AND LOCALLY MADE PRODUCTS

Based on discussion and interviews with CSOs and NGOs based in Yangon and Mon State, the survey team selected four Townships areas of Kyaiktho, Mawlamyine Mudon and Chaungzone Island to conduct producer/retailer surveys.[35] From the long list of villages identified the survey team met a total of 39 existing producers and retailers that varied from individual operators, family and household units and larger enterprises employing from 10 -100 people. In total, the survey team members visited 28 producer/retailer villages and 5 villages that could have potential to accommodate processing centres and craft markets. Annex F contains a summary list of the producer/retailer villages visited by the survey team and Annex G contains population data for each of these villages. Handicraft products manufactured by these producers included; (i) tobacco pipes (ii) decorative walking sticks, (iii) wooden jewellery boxes (iv) blackboards (v) cane baskets, wallets, carry bags, flip flops and toys (vi) bamboo baskets (vii) longyis (vii) blankets (viii) pure cotton fabrics for manufacture of clothing (ix) traditional Mon clothing (x) robes for monks (xi) soft children's toys (xii) handmade paper gift and birthday cards (xiii) stone carvings and (xiv) bamboo furniture. Processed foods included jams, dried fruits, fruit leathers and rice noodles.

4.3 CONSTRAINTS AND CHALLENGES IDENTIFIED BY PRODUCERS

Specifically the survey team worked with producers to identify and assess the constraints and challenges faced in respect to the production of individual handicrafts and processed foods. The key constraints and challenges common for handicraft producers are listed in the table below:

Table 3: Sample Products, Constraints and Proposed Project Interventions

Product	Challenges and Constraints	Proposed Project Interventions
High quality ornamental tobacco pipes walking sticks and wooden jewellery boxes made from local hardwood timbers. Chaungzone Island producers	Chaungzone Island producers limited market access beyond sales from home where these items are produced. Only other market is a buyer from Bago. Lack of skilled labour to operate lathes and complete finishing of products, producers wants to expand business but requires capital	Given the high quality of these handicrafts – the project can facilitate linkages to retail craft and souvenir markets at Kyaiktho, Yangon high end retail outlets and the project's proposed craft market in Mawlamyine, Project can provide technical training to increase skilled labour and access to affordable capital for expansion.
Blackboards: made from local slate. Chaungzone Island producers	Chaungzone Island producers are faced with a dwindling market demand for these traditional school blackboards. Blackboards are being replaced by small whiteboards as learning materials for school children	The project can provide designers to create new products (e.g. products with a combination of slate and wood, such as wooden jewelry boxes with slate inlays, slate tiles for roofing, slate tiles for kitchen and bathroom benches and tiles for bathrooms (wet rooms) from this attractive material, which is still in abundant supply on the island. Prototypes can be developed and

[35] The survey team broke into 2 x 3 person groups allowing the survey team to double the number of visitations to different producers/retailers and villages over the 9 days in Mon State.

Product	Challenges and Constraints	Proposed Project Interventions
		tested through retail and craft outlets working with the project.
Attractive cane baskets, wallets, small carry bags and flip-flops made from local cane. Kyaiktho producers.	Limited supply of raw materials which are not reflected in the price of these items, lack of working capital and production is carried out for six months per year	The project can investigate to what extent the raw material is available, or identify and use other natural fibres. Replanting cane to address raw material supply problems will also be explored with relevant government departments. Assistance with new designs and access to affordable finance.
Toys guns, swords and other small toys made from cane. Kyaiktho producers.	Raw materials supply is a concern, current range of toys mainly guns and swords that are not well made but popular. Toys are somewhat dangerous (protruding nails and sharp edges), new designs and higher production efficiency required to extend 6 month work to 12 months work for families, expensive credit 8,10 and 20% per month depending on need.	This range of products is popular with tourists and as gifts for children. Bamboo can be replaced by local softwoods, which are plentiful in the region. The project can provide technical training and new safer designs for children's toys and look at increasing productivity and expand markets. The project can facilitate access to affordable credit and provide courses on how to manage debt.
Cotton longyis, blankets, napkins, and fabrics for manufacture of clothing made from pure cotton. Mudon producers.	Occasionally experience limited supply of skilled labor (weavers), dying of cotton is carried out at producers homes and wastewater is discharged into roadside drains and natural waterways (toxicity of effluent unknown, lack of space to increase number of looms. Main buyers require new more attractive designs for all products. Synthetic fabrics are creating strong competition.	The project can provide technical training to increase the supply of skilled labour. Eco friendly production methods[36] can be incorporated into existing operations through collaboration with main buyers. Project can provide training on new product designs to producers, and space through construction of handicraft weaving center or through the Mudon Handicraft Training Institute and other existing training facilities. The project can provide marketing and branding support "hand made from pure cotton in Mon State" to differentiate natural cotton from imported synthetics
Robes for monks Mawlamyine producer and retailer	Mon Cetanor Development Foundation is an NGO producer and retailer with a garment manufacturing business close to Sein Lei Tin. The business could expand significantly and employ more people if greater effort was	The project could provide assistance with marketing, branding and business planning – including raising capital to increase inventory and pay staff salaries. Technical training[37] provided by the project would increase the production of

[36] The main shift for fabric weavers would include switching from petro-chemical based dyes to organic dyes – ideally locally produced or imported from Germany. Pre-treatment of wastewater before discharge is another measure that can be introduced as well as clean stove technology to reduce fly ash from cooking stoves (fruit jam producers).

[37] There are currently two master trainers who create the robes using the Buddhist tradition which is a step-wise process involving quite a lot of ritual. The master trainers could train additional producers to increase production.

Product	Challenges and Constraints	Proposed Project Interventions
	committed to marketing.	robes and help the enterprise expand.
High quality soft children's toys and handmade paper gift and birthday cards Mawlamyine producer and supplier	FXB is a CSO that produces high quality soft toys and handmade paper cards exported to Australia to partially fund the costs of its women's development programs. The main constraint is lack of skilled women to manufacture toys and cards. FXB has its own in house designers based in Mawlamyine and supplies FXB in Yangon.	The project can provide technical training to develop a larger skilled workforce of women to increase production. Technical advice on improved production techniques will increase production output which currently undersupplies the Australian buyer.
Bamboo furniture Kyaiktho producers.	A number of MSEs manufacture bamboo furniture which is extremely cheap given the rising cost and declining availability of bamboo as the primary raw material supply. While there are multiple designs the products are roughly made and poorly finished.	The project can provide designers to create new and improve designs so that producers can break into higher value markets by producing better quality furniture. An analysis of raw materials availability over the medium term is required to ensure that these businesses remain viable. Clustering these businesses into producer groups for training purposes
Processed foods: Jam, dried fruits and fruit leather producers. Kyaiktho producers.	Fruit processing and jam production provides employment and income for a large number of individual producers and employees of larger enterprises. The major constraint for these producers is the poor hygiene standards and practices, along with branding and product diversification. Of the big four jam producers in Kyaiktho only one MSE is certified to national health standards. A common need is the need for organic preservatives to extend shelf life of food products. A number of producers indicated the need for new types of equipment (peeling and packaging equipment) to improve efficiency.	The project can assist producers achieve national food hygiene and safety standards through the provision of technical training and facilitating certification. Packaging, labelling and branding would provide access to markets in Yangon and in neighbouring countries. The survey team sees opportunities for jam producers to diversify their product range to include sauces, pickles, pastes and other products, which use similar processing equipment. The project can also provide technical advice in terms of new and improved equipment to improve processing and packaging. The project could also consider constructing a food processing center to develop and test new product lines and as a training center for processed food producers.
Processed foods: Rice noodles "Golden Chicken Noodles"	"Golden Chicken Noodles" produces rice noodles for the local market. The enterprise employs 25 women and men from surrounding villages and the small factory works 2 shifts per day. The main concern for this business is the lack of basic food hygiene standards at all stages of	Once again the project can provide basic standards for food hygiene processing and assist producers like "Golden Chicken Noodles" achieve national standards. Once food hygiene standards are achieved then improvements in labelling, packaging and branding can be

Product	Challenges and Constraints	Proposed Project Interventions
	processing. While the product is reasonably well presented the product itself represents a danger to human health – particularly for children.	applied. Access to capital for new equipment can be sourced through helping the owner draft “bankable” loan applications via business plans.

From the 15 product groups studied the survey team chose three products for detailed VCA sampling; (i) fruit jams (ii) woven blankets and (iv) bamboo furniture. The VCA assessment revealed that producers were making good margins, were experiencing strong demand for at least six months of the year and had adequate knowledge on their input costs on their products. Producer and retailers capacity to understand input costs and the value their own labour demonstrates that uptake of business development services (BDS) and especially the ability to undertake business planning will provide enhanced performance for these enterprises. Based on the needs assessment for both producers and retailers it is proposed that the project provide BDS services in conjunction with technical training, skills upgrading and support for new and more efficient processing equipment. A detailed summary of the VCA product flow charts and summary data is contained in Annex H.

4.4 CONSTRAINTS AND CHALLENGES IDENTIFIED BY RETAILERS

It should be noted that 15 of the 28 producers interviewed were both producing *and* retailing their own products. Retailers operated from small stalls at the Kin Pun basecamp, from their homes (especially on Chaungzone Island) and from larger retail stores located in Kyaiktho, Mawlamyine and Mudon. CSOs and NGOs interviewed operated from small shops or shipped product from the production spaces to its HQ based in Yangon. During the consultative workshops held in Mawlamyine and Kyaiktho, CSOs, NGOs, tourism sector representatives and representatives from larger producer enterprises discussed the concept and potential benefits of a stand-alone craft and souvenir market.

At the Mawlamyine consultative workshops, there was multi stakeholder agreement that if such a market were constructed in Mawlamyine it would provide the substantial benefits for producer, retailers and provide tourists with a one stop shop to view and purchase Mon tourist souvenirs - especially handicrafts and processed foods. Presently there is a popular local “night market” on the riverside where retailers sell cooked food to locals and visitors alike. Presently there is a single retail outlet selling clothing and she reported that monthly rental was $300 per month. Retail rental spaces at $300 per month are considered too high for craft and souvenir retailers to make profits from the sale of handicrafts and processed foods. CSOs and retailers interviewed indicated that they would be more than happy to pay $100 - $150 per month for retail spaces located at a dedicated craft and souvenir market. Tourism sector representatives also mentioned that there were limited places for tourists to go after dark in Mawlamyine and many local restaurants did not cater for western visitors and also did not meet visitor expectations in terms of cleanliness and hygiene. Table 4 below provides a summary of a number of constraints and challenges faced by retailers/producers at the present time.

Table 4: Retailers Constraints and Challenges and Proposed Project Interventions

Retailer	Challenges and Constraints	Proposed Project Interventions
NGO: Mon Cetanor Development Foundation based in Mawlamyine with	Currently Mon Cetanor has a small retail outlet approximately 2 kms from Mawlamyine city center. The	The project could provide funds to construct a craft and souvenir market and create affordable retail

Retailer	Challenges and Constraints	Proposed Project Interventions
producers from Chaungzone Island	location is not ideal however the small shop was chosen, as the rent is $80 per month paid monthly. The manager indicated that a dedicated craft and souvenir market in Mawlamyine would be ideal in terms of affordable commercial rents. Ideally the market should be located adjacent to a popular tourist destination such as Kyaikthanlan pagoda on the mountain top of Mawlamyine.	outlets for NGOs such as Mon Cetanor; who are willing to pay reasonable rents on a monthly basis at a good location close to an existing tourist site.
FXB (Francois-Bagnoud Myanmar) based in Mawlamyine HQ in Yangon	As described in table 3 above, FXB has the potential to employ a significant number of producers if skill training was provided. The local branch of FXB fully supports the concept of a craft and souvenir market being built in Mawlamyine.	While FXB currently ship high quality stuffed toys to Yangon for export to Australia, having FXB selling locally at a craft market would add a significant edge in terms of supplying quality products to the tourist market. The project could support FXB take up retail space at the proposed market to raise the markets profile to tourists.
Chaungzone Island retailers/producers: improving market access	Chaungzone Island producers – especially pipe, walking sticks and producers of wooden jewelry boxes strongly support the concept of a craft market in Mawlamyine. From the interviews with producer/ retailers on Chaungzone Island many rely on the passing tourist trade and random sales from their homes – and generally feel out of sight from the tourist market.	Chaungzone Island retailers/producers would enjoy significant market access if the project provided craft market in Mawlamyine and spaces for Chaungzone Island retailers/producers.
Sein Lei Tin resort, Kyaiktho Township area.	Sien Lei Tin resort is a very popular tourist roadside stop at the northern end of Kyaiktho Township and is only 2,5 hours from Yangon. Sien Lei Tin sells locally processed foods which are popular with locals and tourists alike but are not well packaged, labelled or branded. The owner and sales manager agreed that branding local produce would go a long way to increasing sales.	To compliment technical training, BDS services, construction of processing facilities and a craft market the project could support a "Made in Mon" tourist souvenir branding initiative. Branding is one of the main barriers to higher sales for foreign tourists visiting the GMS – as tourist wish to know where exactly products have been made.
Kyaiktho handicrafts retailers at Kin Pun	A number of retailers interviewed at the Kin Pun basecamp cited rising annual rents as a concern for future viability. Rental leases are normally renewed yearly with retailers having to pay one year in advance. One retailer indicated that rentals had doubled and next year her and her daughter would need to move their retail operations to their home,	For retailers who are being squeezed out of retail spaces at Kin Pun the project can facilitate shifts from retailers to traders. The survey team found weaknesses in the supply chain related to the lack of traders buying from producers and selling retailers. While the margins may be smaller the over head costs of trading and distribution are

Retailer	Challenges and Constraints	Proposed Project Interventions
	which is by the roadside on the way into Kin Pun.	significantly less than rental process for retail spaces. Many local market intermediaries can't compete with larger "middlemen" who provide credit to producers by paying for product in advance. Traders who could be trained to teach producers how to access affordable micro-credit and also access this credit themselves would provide larger "middlemen" with serious competition.
Moe Moe Super Jams based in Kin Pun 2 large retail outlets.	Moe Moe Super Jams is a medium sized producer of fruit jams and employs up to 30 people during the peak season. The owner's immediate need is capital to construct an improved and hygienic processing facility to keep up with rising demand. The owner indicated that business support services were non-existent in Mon State that she was aware of. The owner believed that assistance formulating a business plan along with financial modelling would be the best way to secure capital from banks for infrastructure improvements.	The project could provide BDS for medium and larger scale retailer/ producers to facilitate business growth and increase employment for local women. Women are the main owners and employees of small medium and large jam producing enterprises in Kyaiktho

4.5 PROPOSED TRAINING AND CAPACITY BUILDING PROGRAMS FOR MSES

Based on the survey team's needs assessments with producers, retailers, CSOs and MSEs, and taking into account the constraints and challenges identified by these value chain actors, the project could provide a variety of trainings to improve over all production efficiency, increase profit margins and create substantially more employment. Tables 5 and 6 below provide a broad outline of the type of courses that the project could provide for local MSEs. These course and programs would be fully elaborated once the foundation surveys for the project were completed in the early implementation phase.[38]

Table 5: Technical Trainings Courses

Training Courses	Notes for Implementation
Technical training: multiple product lines for handicrafts including quality	Technical training programs for handicrafts would include product upgrading of existing product designs, developing new designs, and upgrading the necessary skills for producers. Trainings would be divided by product type/line with producer groups being formed for the purposes of training. The Handicraft technical training program would be

[38] Foundation surveys will include (i) detailed socio-economic surveys; (ii) value chain analysis, (iii) training need assessments; (iv) market study and demand assessment and; (v) branding strategies. These studies and strategies will be developed by the project consultant research team including the handicraft and food-processing specialists.

Training Courses	Notes for Implementation
	led by and experienced handicrafts specialist/designer and supported by local specialists and master trainers. The training programs will be institutionalized in collaboration with Ministry of Cooperatives, department of Social Welfare, and other existing providers. The handicraft technical program would be specifically designed to meet market demand from the tourist trade.
Technical training: multiple food product lines including quality standards and food safety	Technical training programs for processed foods focus firstly on current production practices with the aim of upgrading food safety and hygiene standards. Similar to the handicrafts technical training program – producer groups would be formed for smaller MSEs. The food processing technical training program would be led by an experienced food technologist, a locally based food-processing specialist and local vocational and master trainers. The training programs will be institutionalized in collaboration with Department of Trade Promotions, Department of Cooperatives, and Department of Agriculture (quality of inputs and materials). Once hygiene standards had been addressed new products could be introduced (e.g. vegetable and fruit pickles and sauces, based on market demand, especially export) and test marketed to the tourist trade.
Workshops with producers and suppliers on availability and sustainability of raw materials	Understanding raw materials supply is vitally important for the entire supply chains and even more so for handicrafts value chains. Producer and retailers indicated that dwindling supplies of bamboo and cane are driving up the price of raw material inputs. To ensure long term viability of handicrafts made from bamboo and cane – an assessment is required to understand to what extent raw material inputs are threatened by over exploitation. In addition, alternative raw material sources will be explored (e.g. soft woods, which are plentiful in the area). The viability of growing bamboo and cane specifically for handicrafts producers would be investigated and an assessment of the economic viability of farming these materials will be explored with relevant government departments. This would address questions and uncertainties related to sustainability and future pricing for these raw materials.
Training of master trainers from project producer groups	In addition to institutionalizing training and building capacity of government training institutions/providers, developing local master trainers from producer groups supported by the project is an important part of developing local capacity and creating opportunities for longer-term sustainability. Institutionalizing and providing on-going employment for project supported master

Training Courses	Notes for Implementation
	trainers will be considered as a part of service mapping exercise soon after project inception.
Product design competitions for innovative handicrafts for the craft and souvenir market	To support innovation and local designers, the project can support annual handicraft and souvenir design competitions. These competitions could be facilitated by local universities (culture and fine arts) and a committee established to judge the competition entries. This activity will support publicize the project products and “Made in Mon” branding. In addition, involving secondary school age students would provide the opportunity for younger people to be involved in the overall aim of the project and provide the opportunity for students to understand poverty reduction projects.

Table 6: Business Development Services Training Courses

Training Courses	Notes for Implementation
Training materials and courses delivered on business start-up, management and basic accounting	The survey team found that the level of financial literacy among producers and retailers was comparatively high. This could be attributed to the fact that many producers are also involved in retailing directly to their customers. A basic course on financial literacy, knowledge of business start-up, enterprise and financial management will enable the project to evaluate individual producer/retailer business knowledge. All value chain participants (MSEs) will be encouraged to take the next step in developing their businesses through the developing business specific plans.
Training courses to assist MSE with producing “bankable” business plans	Training courses and tuition for the development of business plans will enable existing and new MSEs to focus on the key issues that contribute to the success or failure of their enterprises. Individual business plans will include projecting revenue and expenses for 6-12 months, which will provide the basis for MSEs to measure their economic performance. Business plans will also examine and integrate knowledge acquired through market assessments, consumer demand and preferences. The process of business planning will enable MSEs to review HR management, labour costs and production efficiency. Most importantly – business plans will be “bankable” – meaning that once completed MSEs will be in a strong position to approach micro-finance and bank lenders and to demonstrate the ability to repay loans.

4.6 IMPROVING MARKET ACCESS

Providing MSEs with greater access to higher end markets is fundamental to increasing income, margins and profitability. Understanding consumer preferences (specifications) and demand (pricing) is critical to breaking into national and international tourist markets as well as national, regional and international consumer markets. Smaller MSEs are less likely to have access to up to date market research presented in language that is comprehensible and is understood as relevant to their own enterprises. The fact that national and international tourists are visiting tourist sites close to their villages is in itself a major advantage for local MSEs. However, even the larger CSOs and NGOs struggle to tap into the local tourist trade through lack of basic marketing strategies and understanding the power of brand images.

In addition to markets and marketing it is proposed that project support MSEs to properly label, package and brand their products. In support of a comprehensive branding effort the project can and assist stakeholders launch and implement a state wide branding strategy “Made in Mon”. Regional market studies have revealed that branding is an important aspect of international and regional tourist’s purchasing decisions. Developing a brand image for Mon state will result in significantly higher sales and incomes for producers and retailers as well as enable stronger market linkages and networking between producers, retailers and wholesalers within Mon and also Yangon.

Table 7: Marketing and Branding Workshops and Seminars

Training Courses	Notes for Implementation
Seminars to disseminate consumer preferences on market demand for selected products	Based on the findings of the project’s market study and strategy, seminars will provide producers and retailers up to date market information. Producers and retailers will be given the “big picture” in respect to who is selling what, how, where and when. The seminars will use case studies to demonstrate the critical success factors that successful enterprises are using to meet tourist and consumer preferences and demand.
Workshops to promote the brand strategy, marketing and promotion plan in Mon State.	Development of a “Made in Mon” brand image and strategy is a highly consultative process requiring agreement from a significant number of stakeholders. The process begins with defining what is special and different about Mon State through guided multi-stakeholder workshops. The brand image is then interpreted by a number of graphics design agencies; who will convert the “essence of Mon” into a visual image. A high-level stakeholder committee is established representing producers, retailers, state government agencies and tourism sector representatives. The brand stakeholder committee will choose the “brand image” and straplines. Once the brand image is chosen the brand is launched and workshops are

Training Courses	Notes for Implementation
	provided on brand usage guidelines. The brand working committee (with support from all stakeholders) guides implementation in respect to marketing and promotion of the brand.
Promotion of "Made in Mon State" branding through participation in national and regional trade fairs	To widely promote and market the brand, the brand committee, producers and retailers from the project’s target areas, as well as CSO, NGOs and government agencies participate in regional trade fairs. In Lao PDR the annual Handicraft Festival which is held in early November each year and the Siem Reap Gift Fair held in January are two regional events where the brand and Mon handicrafts and processed foods can be promoted. Other trade festivals/fairs will be identified for Thailand and other regional country markets.
Exposure visits to facilitate linkages with markets in Yangon & other major cities	Combining bi-annual planning and review meetings with exposure visits to Yangon markets and other tourist site markets in Myanmar provides producers and retailers with opportunities to create market linkages, link into broader networks and gauge competition within the tourist souvenirs industry. Larger retail outlets in Yangon are constantly searching for new producers with new and different designs. These larger outlets are ideal venues for test marketing handicraft prototypes and can be linked into the annual design completion in Mon discussed below.

4.7 ACCESS TO AFFORDABLE MICRO-CREDIT

The survey team found no shortage of micro-credit providers during field surveys with producers and retailers and interviews with Mon State government MSE working committee. Credit providers included DPs such as UNDP-PACT, Save the Children, World Vision, International Development Enterprises (IDE) and IMA Institute of Accounting and Finance among others. A number of State Government agencies also provide micro-credit with the main provider being the Ministry and Department of Cooperatives and the Ministry of Commerce’s Trade Promotion Department. Linking producers and retailers to affordable credit will require a number of training courses that introduces borrowers to available lenders, provides information on interest rate and repayment terms, assist borrowers to draft business plans and submit applications for micro-credit and refinance producers and retailers where interest rates as high as 10% per day from freelance lenders keep the poor in a perpetual cycle of poverty. This group of borrowers are the most vulnerable and exploited amongst the rural poor; and the project will support refinancing wherever possible. In addition to courses and trainings to access affordable micro-credit the project may support producer groups establish their own independent savings and credit groups to provide the opportunity for smaller scale group secured loans.

Table 8: Access to Micro Finance Workshops and Seminars

Training Courses	Notes for Implementation
Workshops designed for MSEs to understand micro-credit industry, terms and conditions.	The project will engage the services of a micro-finance specialist to create a list of local and reputable micro-credit providers. Producer and retailers will be provided with a comparative summary where the terms and conditions for each provider is examined and explained. The workshops will also be used to understand the debt profile of local producers and retailers and options for refinancing can be discussed openly.
Workshops to finalize business plans and submitted to the MFIs for processing	Once business plans have been sufficiently developed and a deemed “bankable” by the project’s business development specialist team - the micro finance specialist team will take producers and retailers to through the application and proposal submission phase. Borrowers will be mentored individually or in small groups of MSEs operating in the same product lines.
Follow-up support for managing micro finance and micro credit for MSEs	On approval of credit from providers, the business development and micro finance specialist teams will provide follow up support and monitor of MSEs and their management of loans. Where difficulties are encountered by borrowers the project support teams can provide guidance to ensure that borrowers continue to make sound business decisions in respect to their operating costs – the repayment of loans being just one of these operating costs.
Workshops to create independent savings & credit groups	Workshops to assist producers and retailers establish independent savings and credit groups will be facilitated by the project. The project’s producer group members will be provided with the opportunity to form these savings and credit groups to provide mechanisms for savings and in turn, smaller group loans. The micro-credit team will provide the necessary training to establish and manage these groups and also follow-up mentoring and support.

4.8 EQUIPMENT AND TECHNOLOGY

For the purposes providing equipment and technology for producers and retailers as well as resources for business development initiatives and proposed infrastructure; it is useful to divide the project’s emerging structure into three distinct components where improved equipment and new technology will be required. The list of technology and equipment in table 9 below is indicative and will be expanded once VCA assessments have been completed as part of project inception, inputs on new production techniques provided by handicraft and food processing specialists and completion of the design of processing facilities and craft market.

Table 9: Equipment And Technology

Subcomponent	Equipment – Technology
Handicrafts Subcomponent Equipment for handicrafts producers where required will be provided to support greater efficiency and more consistent quality for handicrafts. For example raw material processing equipment, which is used in Vietnam to strip bamboo and cane into long even lengths for weaving baskets, significantly reduces preparation time and provides even strands of material that increases product quality.	Raw materials processing equipment Dying equipment Drying equipment Insect protection baths Protective clothing
Food Processing Subcomponent Standard food processors equipment will include autoclaves to sterilize processing tools, improvements in oven designs to reduce contamination from wood ash and vacuum packaging equipment.	Autoclaves (sterilization) Ash free steam powered cooking ovens Vacuum packaging equipment Solar dryers Water purifiers Protective clothing
Multi-Purpose Processing Center Assuming food processing at this stage with handicraft producer supplied with equipment at their home based production centers.	Raw materials preparation equipment Solar dryers and hot water systems Ash free steam powered cooking ovens Laboratory and microbial testing equipment Reverse osmosis water purifiers Steam powered ovens and Autoclaves (sterilization) Waste water treatment plant Filtering and bottling plant Solar power system and backup generator Labelling, and packaging equipment Vacuum packaging equipment Protective clothing
Assuming the design of the market is based on the specifications outlined in table 10 below the following basic equipment would be required	Interior shop fittings Indoor and outdoor lighting Restaurant kitchens Restaurant outdoor furniture and awnings Water purification system Water treatment system Office equipment Audio visual equipment Security equipment including alarms, camera and motion sensors

4.9 PHYSICAL INFRASTRUCTURE

CRAFT AND SOUVENIR MARKET IN MAWLAMYINE

The design team's interviews with the majority of stakeholders interviewed revealed strong demand for a dedicated craft and souvenir market that would be constructed in Mawlamyine. Mawlamyine, Mudon and Chaungzone Island producer/retailers were particularly enthusiastic about such a market that would produce a high profile outlet for Mon crafts and souvenirs.

Tourist industry representatives saw the market being developed as major draw-card for Mawlamyine as there were few attractions in the city after dark when most restaurants closed around 9 am. The State Government SME committee and local CSO-NGOs also strongly supported the market concept, with local CSOs indicated they would be keen to rent stalls at the market.

Based on the survey team's knowledge and experience of dedicated craft and souvenir markets in Lao PDR, Cambodia and particularly Thailand a basic concept design has been conceived. Firstly the land area in total would need to be at least 1200 m^2 to accommodate the proposed design. Specification for the land for the market was provided to MOHT in NPT on 4 December 2014 and are provided below.

Land Specifications Mawlamyine Craft and Souvenir Market

Minimum land area: 40m x 40 m = 1200 m^2 (includes parking lot) Government owned vacant plot with no assets.
Land geography: Ideally (i) well drained and not prone to flooding (ii) does not require large volumes of backfill to achieve desired site land profile; (iii) aim to leave as many existing large trees and native vegetation as possibly (if any); (iv) access to mains power; (v) access to mainline sewerage and storm water discharge systems and; (vi) not in conflict with other land adjacent uses (light industry or industrial sites
Access: Paved road strong enough to carry 12-ton tourist buses
Location: Ideally located close to an existing popular tourist site

Market Design Concept

There are a few simple design features that contribute to a nicely designed craft and souvenir market. Firstly, a well-designed craft and souvenir market provides tourists and visitors with comfortable spaces to browse, shop and interact with retailers. The actual shopping experience by tourists and visitors needs to be carefully considered during the design phase. Many market spaces in S.E. Asia are cramped and uncomfortable for both buyers and sellers. Narrow walk ways and product stacked from floor to ceiling overloads the senses and makes physical movement difficult. The walkways between vendor stalls should be at least 1.5 meters wide. Secondly most night markets are designed with little or no input from sellers – who are overwhelmingly women. Market designers build small narrow stalls, which retailers then have to somehow convert into retail spaces. Enough physical space for products on display – storage space for the inventory is required. A minimum space of 9m^2 for each stall would provide enough space for retail floor space and storage. Spaces in front of vendor retail outlets for working displays such as cotton and basket weaving and wood carving would also add authenticity for tourists to appreciation the work that is invested into handmade local products. Thirdly, the best designed craft and souvenir markets provide outdoor restaurants where tourists and locals can congregate eat, drink and relax. A number of food outlets can be integrated into the design to provide clean, good quality local and international food. The restaurants would be built opposite the craft outlets and outdoor eating spaces would occupy the central courtyard and follow good practice service standards including waste disposal. The outdoor restaurants would include retractable awnings to keep visitors cool during the day and provide shelter during periods of rain. Palms and vegetation in the courtyard would add to the over-all beauty of the eating areas and create the popular "beer garden" atmosphere enjoyed by locals and tourists alike. Fourthly, clean toilets and restroom facilities need to be located away from eating areas and restaurants at the minimum distance specified by the state health department following good practice operating standards especially related to water supply, waste water and solid waste disposal. Infant changing facilities and disabled people access must also be considered in the design of public restrooms (see also first point above on width of walkways). Lastly the market would be an ideal location for performance and events and where tourists could be entertained and experience Mon traditional dance and live music. A stage and performance area could be easily integrated into the market space. The market would also support a market manager's office and ideally a trade facilitation space to enable national and international buyers a central venue to place orders for products produced from all ten Townships in Mon State.

Opening Hours and Employment

Based on the survey team's research, the ideal opening hours of craft and souvenir markets would be from 10.00 am to 10.00 pm daily. These hours will allow the market to operate as day *and* night market with the majority of tourists expected to arrive from 4pm onwards. The initial design could cater for 25 retail outlets 20 handicrafts and five for food. Total employment for the whole of the market is conservatively estimated at approximately 80 people; represented by 50 retailers (2 per outlet) 20 outside restaurants staff, 8 maintenance staff including security and a market management team of three to four people to manage the day to day operations of the market and the manage the trade center.

Market Management Committee (MMC)

It is proposed that the management of the market follows a similar model developed in other JFPR projects in recent years. Given that the market will be funded by the JFPR and transferred to the EA at the end of the project, with the EA being the legal owner of the market. The EA is likely to hand the market to a Ministry or Department within the Mon State Government. The mandate of the MMC is to ensure that the market is professionally operated, continues to benefit its direct stakeholders and act as a focal point for issues external to the markets operation.[39] The basic concept is that a Market Management Committee (MMC) representing all concerned stakeholders is formed to oversee management and maintenance of services of the market. The MMC will comprise of up to 12 members including representatives from State government departments (MOC and MOHT for example), CSOs and NGOs, individual vendors/retailers based at the market and members of the tourist industry (hoteliers for example). The MMC then offers the actual market management to a private sector or social enterprise with experience in facility management to manage the day-to-day operations of the market. The MMO operator would also operate the trade facilitation center. The market management operator (MMO) could comprise of three to four people including a director, a financial controller, an operations manager and a marketing specialist and employ up to 8 staff to maintain and provide security for the market. The MMO would have the right to create subcontracts with vendors/retailers and other users of the market to pay for market management, operation and maintenance costs.

[39] The MMC will be set up as an oversight committee similar to a board of trustees. It will develop its own constitution (or similar guiding principles), and represent market vendors and other direct stakeholders and retailers directly involved in the market. For example the MMC will be a signatory to rental agreements entered into by a market operator and vendors to ensure that contracts and leases conform to the agreed terms and conditions set forth in the MMC constitution. In terms of defending the market from outside-predatory interests the MMC would act as a "watchdog" and guardian of the market, and also promote the market externally to higher political authorities.

Market Sustainability

The operational and management sustainability of the market will be assured through simple contracting arrangements along with market bi-laws; which will ensure the operation of the market to a high standard. Financial sustainability will be based on the payment of monthly market rents by vendors and market users. Other sources of income will include commissions accrued from operating the trade facilitation center and venue high (performance and open restaurant spaces for example). The project will engage a Public Private Partnerships (PPP) specialist to draft a business and marketing plan for the market. The PPP and business development specialist will calculate revenues and the costs of operations and maintenance. The PPP specialist will prepare bidding documents EOI and RFPs on behalf of the MMC to identify, evaluate, select and engage a competent MMO. The PPP and business development specialists will also assist the MMO to draft leases and subcontractors for retailers intending to occupy the market. The market will be highly visible through high profile promotion and marketing from the project's marketing and branding initiatives.

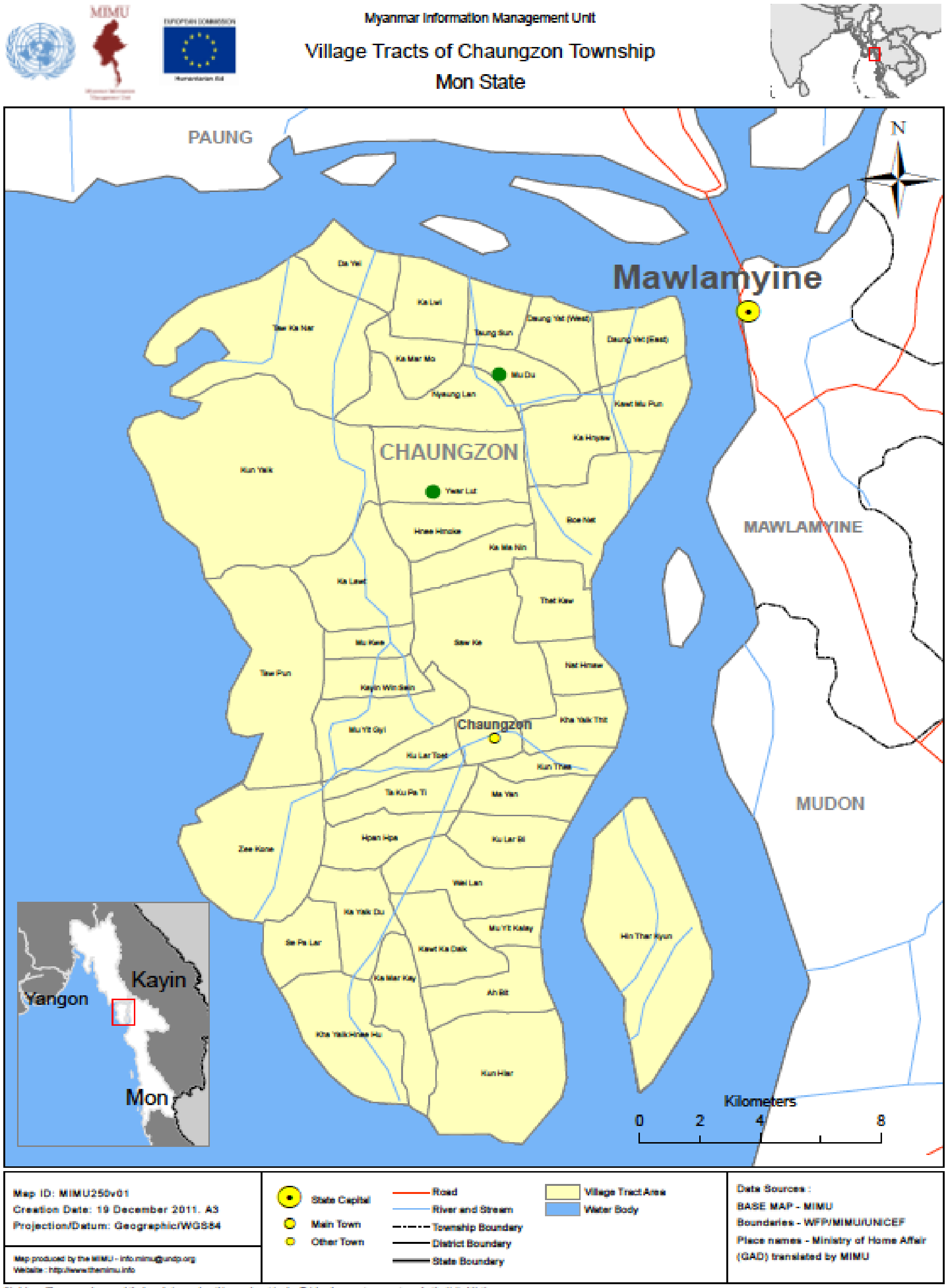
MULTI-PRODUCT PROCESSING CENTRE

Both handicraft producers and food processors indicated the need for more production space to scale up their individual operations. The project survey team considered the viability of providing two such centers; one for handicrafts and the second for food processors. However, the Mon State government did indicate that locating public land for two centers could prove difficult. The survey team also considered a single plot of land for both handicraft and food processing, but this arrangement would contravene most planning bi-laws and would classify this type of co-location as incompatible land usage. The major concern being cross contamination of processed food from handicrafts, raw materials preparation, dyeing and wood turning operations. While providing additional square meters of production space will undoubtedly benefit a smaller number of producers, the survey team considered the construction of a multi-product processing center as a facility that can be used to develop new products using existing equipment. This is particularly the case for food processors that have limited product ranges mainly confined to fruit jams. Mon State has an abundant supply of fruits and vegetables as input materials and products including pickles, sauces and pastes could be manufactured locally – where as not these products are imported from Thailand??. The opportunity exists for the project to investigate the viability of supporting the construction of a food-processing center where new types of products can be developed tested and commercialized. Conceptually the center could have three main functions; (i) provide a training area for food hygiene and production techniques, (ii) a production test area that utilizes new equipment and new processes and (iv) at least three lines of products that would be sold to the market to ensure financial sustainability. The facility could be operated in partnership with the Mon State Government, local universities and an experienced private sector operator.

Mon State, Myanmar

Source: MIMU Boundary Maps, Myanmar Ministry of Home Affairs 2012.

Mawlamyine and Chaungzon Townships



Source: MIMU Boundary Maps, Myanmar Ministry of Home Affairs 2012.

Mudon Township

Source: MIMU Boundary Maps, Myanmar Ministry of Home Affairs 2012.

Kyaiktho Township

Source: MIMU Boundary Maps, Myanmar Ministry of Home Affairs 2012.

Annex B
Questionnaires for Producers and Retailers

A Survey Questionnaire for MSEs and Traders at Markets

Basic data

- Location, Date
- Time (start & end)
- Type of income-business activity
- Name, gender & ethnicity of trader

Questionnaire

About your business

- Is this business/activity your main source of income?
- How many years have you been doing this business?
- How did you establish this business?
- Do you like running this business? Why?
- Do you feel that this business is stable, declining or expanding and why?
- What are the main barriers to doing business here?

Sales and customers

- What do you sell?
- What are the best selling items? Why?
- Who are your main customers? (national-foreign tourists)
- Where do you sources these items from?
- Can you get enough of these items to keep up with buyers?

Profitability. Permits and membership of associations

- Do you have a clear idea of your exact costs and profit margins?
- Do you need licenses/ permits?
- Are these formal or informal or both?
- Are you a member of an association or trader group?
- Have you, or do you currently receive any type of assistance from government agencies, CSOs, NGOs, social enterprises or local trading groups (formal or informal - for your business, and family)

Savings, credit & debt

- What is your main source of credit? (Informal & formal)
- What are the terms?
- Do you have difficulty managing these loans?
- What are the difficulties?
- Do you provide credit to others (such as your suppliers?)
- What are the terms and arrangements?

Other sources of Income

What are your other sources of income does you and your family rely on?

- Do these activities change over the year? Are they seasonal?
- Do you have family members working with/for you in this business?
- Does you family members have their own business like yours?
- Do you feel that this business is stable, declining or expanding and why?
- What are the main barriers to doing business here?

Technology and communications

- Do you have a telephone?
- Do you have access to a telephone network?
- Does anyone in your family use the Internet?
- Does anyone in your family own a computer?

B Survey Questionnaire for Producers Supplying Traders & Retailers

Basic data

- Location, Date
- Time (start & end)
- Type of income-business activity
- Name, gender & ethnicity of trader

Questionnaire

About your business

- Is this business/activity your main source of income?
- How many years have you been doing this business?
- How did you establish this business?
- Do you like doing this business? Why?
- Do you feel that this business is stable, declining or expanding and why?
- What are the main barriers to doing business here?

Products, sales and customers

- What do produce?
- What are the best selling items? Why?
- Who are your main customers and buyers?
- From where do you get your raw materials?
- Can you get enough raw materials to keep up with orders from buyers?

Profitability, permits and membership of associations

- Do you have a clear idea of your exact costs of production?
- Do you have a good idea of the profit margins for each of your products?
- Do you need licenses/ permits for any part of your business?
- Are these formal or informal or both?
- Are you a member of an association or trader group?
- Have you, or do you currently receive any type of assistance from government agencies, CSOs, NGOs, social enterprises or local trading groups (formal or informal - for your business, and family)

Savings, credit & debt

- What is your main source of credit? (Informal & formal)
- What are the terms?
- Do you have difficulty managing these loans?
- What are the difficulties?
- Do you provide credit to others (such as your buyers?)
- What are the terms and arrangements?

Other sources of Income

- What are your other sources of income does you and your family rely on?
- Do these activities change over the year? Are they seasonal?
- Do you have family members working with/for you in this business?
- Does you family members have their own business like yours?

Technology and communications

- Do you have a telephone?
- Do you have access to a telephone network?
- Does anyone in your family use the Internet?
- Does anyone in your family own a computer?
- What production equipment do you use (if any)

C. Questionnaire for Village- Level Producers Interview [40]

Name of village(s) ____
Location ____
Ethnic Group ___________________________
Number of Families _______________________
Population: Men_________ Women____________
Main product produced: ____
Approximate number of producers: Women_____ Men: _____
Monthly production capacity, per typical producer _____________pcs
Total Monthly Production Capacity _________________________pcs
Price range for main product produced _______________________kip
Number of “poor” families in the village______________ (as defined by food/rice insecurity)
Percentage of “poor” families in the village ___________________%

Market Access

1. What are your main needs/opportunities to access markets?
2. How many pieces of __________ do you sell every month?
3. To whom do you sell your product or service?
4. How do you promote/market your product or services?
5. Is there strong demand for our product or service? Now and future outlook?
6. Is there one market for your good or service that is growing faster than others?
7. Do you receive any assistance on marketing and promotion?
8. Do you have any printed marketing or promotion materials?

Technology & Product Development

1. What are your main products and/or services in order of contribution to gross revenue?
2. What have you done recently to improve your products or services?
3. Please describe your important pieces of production machinery (type, age, make, features)
4. What kind of equipment or machinery could improve your business?
5. Do you need training to improve your product or service? What type of skills?

Management and Organization

1. In the area of organization and management, what are your major needs/opportunities?
2. Who does most of the work (owner, employees, or external) in the areas of:
    - General management/supervision:
    - Product design:
    - Purchasing:
    - Production:
    - Shipping:
    - Accounting:
    - Marketing:
    - Repairs, etc.:

[40] Adapted from Promoting Commercially Viable Solutions to Subsector and Business Constraints (2004). Office of Microenterprise Development USAID/G/EGAD/MD. Washington, D.C.

3. What processes do you subcontract, if any?
4. Do you collaborate with other villages/producers to produce and deliver orders? In which areas/aspect?
5. Which aspects of your business do you intend to change in the next 2 years, if any?
6. What management skills would you like to strengthen in order to grow your business?

Input & Supply

1. What are your major needs/opportunities in the areas of input cost, quality, and availability?
2. Who are your most important suppliers and what do you buy from each?
3. Are there problems in obtaining some important inputs? Explain.
4. Have you ever purchased inputs jointly with other business? Explain.

Finance

1. Where do you go when you need money for your business?
2. Do you get credit from input suppliers? What are the terms?
3. Do you get production financing from buyers? What are the terms of financing?
4. Do you have need for additional financing at t e moment? If so, what would it be used for?
5. What sources (formal or informal) have you approached for loans, and what have been the main problems, if any?

Policy

1. What government policies/regulations benefit your business?
2. What policies/regulations are obstacles to growing your business?

Infrastructure

1. What are the most important infrastructure constraints affecting profitability?

Business Association Membership

1. Is your industry/trade sector represented by national or local business association? If so, please indicate the name of the association.
2. What are the primary functions and benefits of the association?
3. What additional services do you think they should provide, if any?

Final Questions

1. What do you think are the strengths of your industry locally?
2. What are the main weaknesses of your industry?
3. What do you think is the greatest challenge facing your industry today?
4. Can you name some successful business owners in your industry? Why are they successful?

Annex C

CSO, Tourism Sector and Producer Consultation Workshop Discussion Guide

Questions
1. CSO Questions **1.1 Key Question: Challenges & Lessons** 1.1.1 What are the main challenges that you have faced implementing similar projects in Kyaiktho? 1.1.2 What would you suggest to address these issues? 1.1.3 How could the project be designed to maximize its impact? 1.1.4Overall, what are the key lessons that the project needs to consider during the design and consultation phase **1.2 Key Question: Selecting Beneficiaries** 1.2.1 What suggestions do you have for selecting the project area within the ADB's criteria, while considering this is a pilot project? 1.2.2 How can ADB select beneficiaries, using the existing existing criteria, so as not exclude anyone? 1.2.3 What has worked for your organization in the past? **1.3 Key Questions: Collaboration** 1.3.1 What are your mechanisms for collaborating and networking together here in Kyaiktho? 1.3.2 Specifically other CSOs, Development partners, NGOs and government agencies among others? 1.3.3 What are the challenges for harmonizing your development efforts and interventions here in KTO?
2. Producers, retialers & cooperatives 2.1 What sort enterprises are in the group? 2.2 What are your locations – where do you work-operate? 2.3 Main challenges for this group? 2.4 Needs to address challenges? The group may identify how they can work together to solve problems within the supply chain. 2.5 Opprtunites for this group to work together to create more employment, greater market penetration, more sales and higher margins? 2.6 Requirement for village and local processing facilities for locally produced peoducts.
3. Tourism Sector 3.1 Trends in tourism arrivals and international visitors 3.2 Tourist data for Kyaiktho 3.3 Tourist products and services on offer at the momnt 3.4 Infrastructure requirements? 3.5 Human resource requirements (hospitality training) 3.6 Legal environment, permits, licences and approvals (time and cost)

Myanmar Tourism Data

Based on Myanmar Tourism Master Plan[41], Myanmar surpassed the historic milestone of one million annual international visitors in 2012, almost 30% increase from 816,369 in 2011. Table 1 below shows international tourists arriving in Myanmar from 2009-2012.

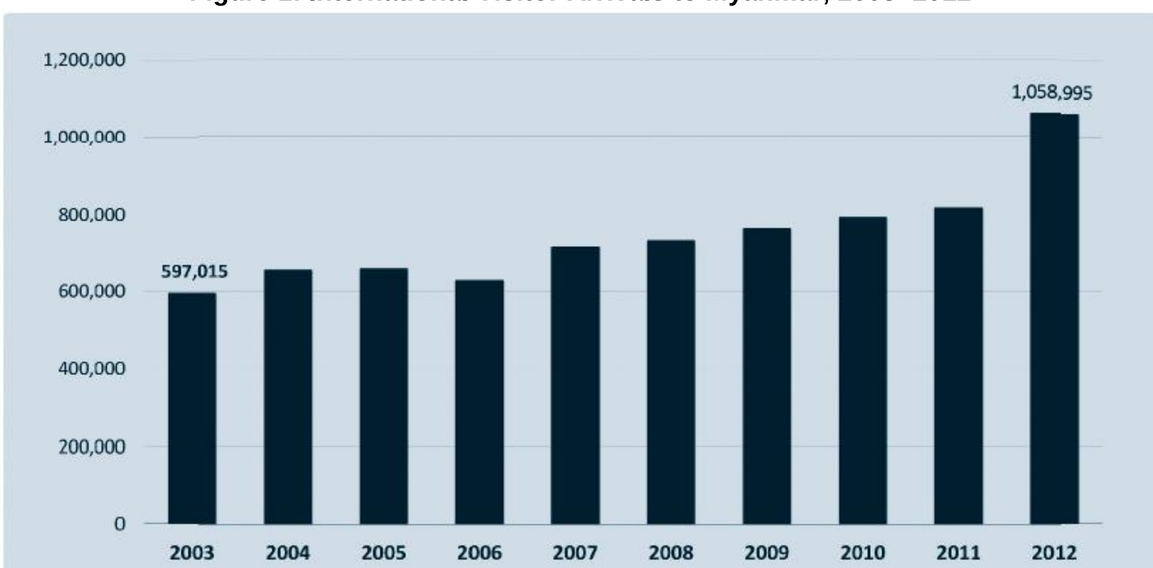
Table 1. International Visitor Arrivals 2009-2012

	2009	2010	2011	2012	Change (%) 2011-2012
Myanmar	762,547	791,505	816,369	1,058,995	29.7

Source: Myanmar Tourism Master Plan 2013-2020, citing ASEAN Secretariat. The data represents international arrivals by air only.

Figure 1 below shows the dramatic increase in tourist arrivals between 2003 and 2012. The average annual increase for this period was 6.6%. According to the Myanmar Tourism Master Plan, during the same year, arrivals by air through the Yangon, Mandalay, and Nay Pyi Taw gateways increased 66%, from 391,176 to 593,381. This surge in arrivals is "mainly attributed to the government's sweeping political and economic reforms, improved connectivity, and rising demand from all major source markets to visit Myanmar".[42]

Figure 1: International Visitor Arrivals to Myanmar, 2003–2012



Source: Ministry of Hotels and Tourism, 2012.

In 2014, data from the Ministry of National Planning and Economic Development shows that tourist arrivals in Myanmar reached an all-time high of 269,045 in January.

[41] Footnote 11.
[42] Footnote 11.

In Mon State, foreign visitors have increased by 25% from 2012 to 2013. In 2014, the number of foreign tourists visiting in Mon State was about 172,334 and it is projected that the number will reach 350,000, while the essential transportation is in the process of improvement.[43]

Table 1: International Tourist Arrivals Mon State 2012 - 2014

Mon State Tourist Arrivals	
2012	80,000
2013	100,000
2014	172,334[44]

Source: Department of Tourism, Mon State

A large number of the tourists arriving in Mon are Myanmar locals. In Kyaiktho alone, where the "Golden Rock Pagoda is located, more than one million tourists - both international and Myanmar visitors – arrived in 2012.[45].

[43] U HoutKyinMong, Deputy Director, Ministry of Hotels and Tourism (Mawlamyaing Office).
[44] Footnote 43.
[45] Footnote 27.

Table E.1 National SME Register - Classification of industries by State

No	Region and State / Classifications of industries	Kachin	Kayah	Kayin	Sagaing	Taninthyi	Bago	Magwe	Mandalay	Mon	Rakhine	Yangon	Shan	Ayeyawaddy	Total
1	Rice Mills	852	28	-	2,315	19	84	730	677	**693**	1,464	1,550	1,420	2,675	**12,507**
2	Rice base processing	145	-	289	60	6	14	39	-	**6**	25	-	34	20	**638**
3	Beans/Maize processing	29	1	9	102	-	14	63	-	**3**	37	1	150	-	**409**
4	Snack/Soft drink	23	-	30	39	33	4	6	182	**29**	8	102	135	196	**787**
5	Jaggery/ sugar	-	-	-	28	15	-	10	3,882	**-**	-	-	385	272	**4,592**
6	Agricultural Equipment	38	1	-	22	-	4	4	370	**4**	20	16	-	-	**479**
7	Rubber	-	-	-	-	-	-	-	-	**14**	-	-	-	-	**14**
8	Natural fibers - handicrafts & other materials	266	3	-	528	3	-	4	629	**224**	8	953	262	1,131	**4,011**
9	Broom	17	1	-	30	3	-	-	60	**32**	-		66	60	**269**
10	Husk Oven/Crock /Charcoal Oven	5	-	-	257	1	-	7	2,711	**156**	4	20	8	188	**3,357**
11	(Hand Loom)	152	2	-	120	-	-	7	3,197	**150**	7	75	50	-	**3,760**
12	Stone blackboard/ Chin Necklace	-	-	-	380	-	-	-	-	**7**	-	-	-	-	**387**
13	Dried fish/ Dried Prawns / Fish Salted fish	-	-	-	-	22	-	-	-	**94**	-	-	-	304	**420**
14	Mat	-	-	-	200	1	-	18	1,853	**4**	-	-	-	1,633	**3,709**
15	Blacksmith	-	-	-	4	-	-	3	1	**51**	-	-	91	12	**162**
16	Salt	-	-	-	-	-	-	-	-	**6**	10	-	-	-	**16**
17	Slipper/Animal Skin	-	1	-	-	-	-	1	-	**-**	-	9	1	-	**12**
18	Iron Melting,	-	-	-	4	1	29	-	2	**-**	-	-	-	-	**36**
19	Plum	-	1	-	16	-	-	3	-	**29**	-	39	75	57	**220**
20	Green Tea	-	-	-	4	-	-	-	-	**-**	-	-	201	-	**205**
21	Lacquer ware	-	-	-	5	-	-	-	-	**-**	-	-	3	-	**8**
22	Shan Paper	-	-	-	-	-	-	-	-	**-**	-	-	57	-	**57**
23	Inntwe	-	-	-	-	-	-	-	-	**-**	-	-	19	-	**19**
24	Tothu	46	-	-	-	-	-	-	-	**-**	-	-	-	-	**46**
25	Guitar /Pipe	-	-	-	21	-	2	-	-	**3**	-	-	-	-	**26**
26	Candle/ Charcoal Stick	-	-	-	6	-	-	-	-	**-**	-	-	-	-	**6**
27	Nets fishing for Fishing	-	-	-	-	-	-	-	-	**-**	-	-	-	22	**22**
28	Boat Manufacturing	-	-	-	-	-	-	-	-	**-**	-	-	-	20	**20**
29	Plastic rope/Plastic basket	-	-	-	100	-	-	-	-	**-**	-	-	-	94	**194**
30	Coconut Coal/ Coconut fiber rope	-	-	-	-	-	6	-	-	**-**	-	-	-	45	**51**
	Total	**1,573**	**38**	**328**	**4,241**	**104**	**157**	**895**	**13,564**	**1,505**	**1,583**	**2,765**	**2,957**	**6,729**	**36,439**

Source: Department of Planning, Mon State

Table E.2 List of Registered Enterprises According to District and Type

No	Type of enterprise	Thaton District				Mawlamyine District			
		Large	Medium	Small	Total	Large	Medium	Small	Total
1	Food related enterprise	12	52	958	1,022	40	52	869	961
2	Dressing or clothing related enterprise	-	-	433	433	-	-	173	173
3	Living related equipment enterprise	5	49	174	228	-	5	239	244
4	Commodities enterprise	1	2	102	105	5	16	111	132
5	Housing materials enterprise	-	1	59	60	-	-	111	111
6	Books and Arts related enterprise	-	-	-	-	-	10	13	23
7	Raw product materials enterprise	2,150	854	1,579	4,583	162	10,575	19,761	30,498
8	Mineral/ chemical prepare enterprise	-	9	68	77	6	1	66	73
9	Agriculture materials producing enterprise	-	-	-	-	-	-	-	
10	Industry/ machine enterprise	-	-	-	-	-	-	-	
11	Transpiration machine producing enterpris	-	-	-	-	-	-	-	
12	Electricity producing enterprise	-	-	-	-	-	-	-	
13	General industries	-	1	237	238	-	29	178	207
	Total All	**2,168**	**968**	**3,610**	**6,746**	**213**	**10,688**	**21,521**	**32,422**

Source: Department of Planning, Mon State, 28 November 2014.

Table E.2 provides an overview of micro, small and medium sized enterprises (MSME) registered with the Mon State Department of Planning. From the register the overwhelming majority of MSEs are classified as raw materials suppliers for both Thaton and Mawlamyine Districts. It is assumed that category also includes agricultural products. Of interest to the project survey team is the percentage split between large, medium and small enterprises. In Thaton District 53% are classified as small enterprises and for Mawlamyine District the figure is 66%. Of the small enterprises between 90-93% of the total number of food related enterprises are classified as small enterprises. In any case most handicraft enterprises operate in the non-formal sector and are unlikely to be registered with government departments.

Table E.3 below provides an estimate of the number of unregistered or informal enterprises in Thaton and Mawlamyine Districts. Small enterprises from the project's proposed Townships in terms of percentages are: (i) Kyaiktho = 14.60% (ii) Mawlamyine = 62.80% (iii) Chaungzone Island = 99.90% and (iv) Mudon = 83.00%. The project's proposed beneficiary target group will be largely drawn from these small informal enterprises which are largely excluded from mainstream business development services, technical support and broader options to access affordable finance.

Table E.3 Estimated Number of Unregistered Enterprises According to Type[46]

District	Type of Enterprises			
	Large	Medium	Small	Total
Thaton District	**2,168**	**968**	**3,610**	**6,746**
Kyaiktho	1,727	132	318	2,177
Bilin	1	3	290	294
Thaton	129	191	1,561	1,881
Paung	311	642	1,441	2,394
Mawlamyine District	**213**	**10,688**	**21,521**	**32,422**
Mawlamyine	70	114	317	501
Chaungzon	-	3	7,668	7,671
Kyaikmaraw	10	100	712	822
Mudon	18	41	289	348
Thanbyuzayat	59	9,979	2,293	12,331
Ye	56	451	10,242	10,749
Total	**2,381**	**11,656**	**25,131**	**39,168**

[46] Footnote 27.

Annex F

Summary List of Villages Visited

Mawlamyine

Village	Township	Product	Ethnic Group
Ywar Lut	Chaungzon	Pipe & other wooden products	Mon
Mu Du	Chaungzon	Blackboard	Mon
Taw Ka Nar	Chaungzon	Co-shop, Self Reliance credit group	Mon
Kyaik Ywea	Mudon	Weaving	Mon
Yo Go	Mawlamyine	Fresh Mon Noodle	Mon, Burmar
Hpar Auk	Mawlamyine	Weaving	Mon
Ka Mar Oke (Vat)	Mudon	Bags from Mon traditional cloth	Mon
Ta Khun Taing	Mudon	Food (yellow bean and snack make from	Mon
Nyaung Kone	Mudon	Weaving Mon Traditional Longyi	Mon
Mudon Town	Mudon	Weaving Mon Traditional Longyi	Tue
Kun Tar	Mudon	Weaving Mon Traditional Longyi	Mon
Taw Ku	Mudon	Yellow bean	Mon, Burmar
Myaung Kone	Mudon	Potential market area	Mon, Burmar
Myine Tar Yar	Mawlamyine	Potential market area	Mon, Burmar
Strand Road	Mawlamyine	Potential market area	Burmar, Mon
Than Lwin Garden	Mawlamyine	Potential market area	Burmar, Mon
Kyaik San Lan	Mawlamyine	Potential market area	Burmar, Mon

Kyaikhto

Village	Township	Product	Ethnic Group
Baik Kar	Kyaikhto	Bamboo	Karen, Bamar, Mon
Kin Mun Chaung	Kyaikhto	Bamboo, Cane, palm, Fruit Jams	Karen, Bamar, Mon
Thea Hpyu Chaung	Kyaikhto	Mat, palm thatch	Karen, Bamar
Hnge Pyaw Taw	Kyaikhto	Mat	Karen, Bamar
Me Yone Gyi	Kyaikhto	Cane, Bamboo basket	Karen, Bamar, Mon
Ka Daing Dut	Kyaikhto	Cane, Durian, Mangosteen	Karen, Bamar
Zee Pyaung (5)	Kyaikhto	Lemon	Karen, Bamar, Mon
Saung Naing Gwa	Kyaikhto	Fruits Jams	Karen, Bamar
Win Ka Law	Kyaikhto	Bamboo, mountain palm thatch	Karen, Bamar
Pi Ti	Kyaikhto	Rubber, fruits	Karen, Bamar, Mon
Mar Lar Hpu	Kyaikhto	Rubber, fruits	Karen, Bamar, Mon
Tha Yet Kone	Kyaikhto	Bamboo	Paoo, Bamar
Pyin Ka Toe Kone	Kyaikhto	Agriculture & livestock	Bamar, Paoo
In Ga Po	Kyaikhto	Bamboo, cane, palm	Karen, Bamar
Sit Kwin	Kyaikhto	Bamboo	Bamar, Karen

Source: ADB Fact Finding Mission 24 Nov – 5 Dec 2014

Annex G

Long List of Villages and Population Data

No.	Village	No. Households	Population	Township	Ethnic Group
Maylamyine					
1	Ywar Lut	1,500	12,000	Chaungzon	Mon
2	Mu Du	1,300	7,000	Chaungzon	Mon
3	Taw Ka Nar	400	1,500	Chaungzon	Mon
4	Kyaik Ywea	376	2,804	Mudon	Mon
5	Yo Go	328	1,257	Mawlamyine	Mon, Bamar
6	Hpar Auk	1,200	8,000	Mawlamyine	Mon
7	Ka Mar Oke (Vat)	100	5,724	Mudon	Mon
8	Ta Khun Taing	920	4,063	Mudon	Mon
9	Nyaung Kone	1,237	5,252	Mudon	Mon
10	Mudon Town			Mudon	Mon
11	Kun Tar	700	2,925	Mudon	Mon
12	Taw Ku	703	1,994	Mudon	Mon, Bamar
13	Myaung Kone	200	800	Mudon	Mon, Bamar
	Subtotal	9,364	48,319		
Kyaiktho					
14	Baik Kar	350	710	Kyaiktho	Karen, Bamar, Mon
15	Kin Mun Chaung	850	2,400	Kyaiktho	Karen, Bamar, Mon
16	Thea Hpyu Chaung	191	289	Kyaiktho	Karen, Bamar
17	Hnge Pyaw Taw	470	1,200	Kyaiktho	Karen, Bamar
18	Me Yone Gyi	280	490	Kyaiktho	Karen, Bamar, Mon
19	Ka Daing Dut	120	310	Kyaiktho	Karen, Bamar
20	Zee Pyaung (5)	207	440	Kyaiktho	Karen, Bamar, Mon
21	Saung Naing Gwa	350	870	Kyaiktho	Karen, Bamar
22	Win Ka Law	150	320	Kyaiktho	Karen, Bamar
23	Pi Ti	90	239	Kyaiktho	Karen, Bamar, Mon
24	Mar Lar Hpu	101	299	Kyaiktho	Karen, Bamar, Mon
25	Tha Yet Kone	120	470	Kyaiktho	Pa-O, Bamar
26	Pyin Ka Toe Kone	175	337	Kyaiktho	Bamar, Pa-O
27	In Ga Po	120	424	Kyaiktho	Karen, Bamar
28	Sit Kwin	170	337	Kyaiktho	Bamar, Karen
	Subtotal	3,744	9,135		
	Total	**13,108**	**57,454**		
	Av HH/Village	**144.00**			
	Av Persons/HH	**4.38**			

Annex H
VCA Product Flow Charts and Summary Data

G.1 – Blanket Weaving Process

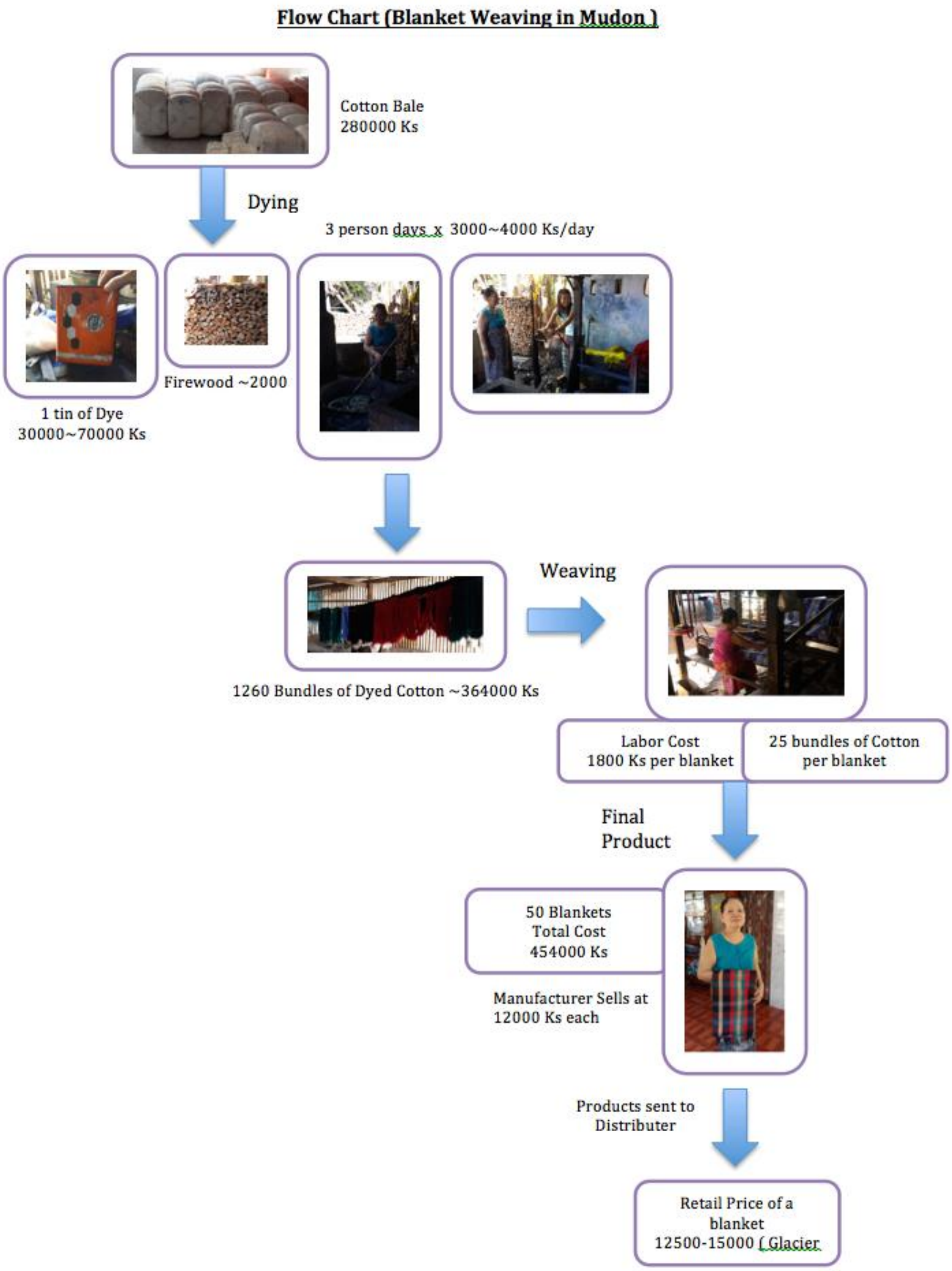


Figure H.2 Jam Making Process