DIFFICULTIES AND CONSTRAINTS FACED BY WOMEN-LED MICROENTERPRISES IN PURSUING THEIR DESIRED LEVELS OF INCOME AND GROWTH

A Primer for Peri-urban Microenterprise Development Programmes in Myanmar

by

Ye Min Thant

Bachelor of Business Administration, University of New Brunswick, 2012

A Master’s Report Submitted in Partial Fulfillment of the Degree of:

MPhil in Policy Studies

in the Graduate Academic Unit of the School of Graduate Studies

Supervisors:  

Ian Methven, PhD, Dean Emeritus,  
Forestry & Environmental Management

Maria Costanza Torri, PhD, Sociology

Examinining Board:  

Linda Eyre, PhD, Assistant Dean, School of Graduate Studies, Chair

Linda Neilson, PhD, Sociology

Cynthia Stacey, PhD, Dean, Renaissance College

Jeffrey McNally, PhD, Business Administration

This report is accepted by the Dean of  
the School of Graduate Studies.

THE UNIVERSITY OF NEW BRUNSWICK

September, 2014

© Ye Min Thant, 2014
ABSTRACT

This study of women entrepreneurs (WEs) and their microenterprises (MEs) was conducted in association with the YWCA Wholistic Development Project (YWDP), an ME development programme of the Young Women's Christian Association (YWCA) located in Htawonbe Ward, North Okkalapa Township, Yangon.

The research project was designed to identify a comprehensive list of the key difficulties and constraints faced by WEs, and to develop categories and themes for organizing those difficulties and constraints by using the conventional content analysis approach. Data sources included analysis of available project data, review of microenterprise and microfinance literature, and individual interviews with WEs, key informants, YWDP staff, and members of community based organizations. The three most important factors which were found to influence the multiplicity and intensity of ME- difficulties and challenges in Htawonbe Ward include (i) the type/nature of ME, (ii) the business sector in which a given ME operates, and (iii) the poverty status of the ME owner's household.
ACKNOWLEDGEMENTS

There are many people to thank for the successful completion of this study. First of all, I would like to express the deepest appreciation to all the staff of the YWDP, the consultants of the Smart Consultancy Group, the members of the YWDP board of directors, the communities of Htawonbe Ward for warm welcome and kind hospitality of yours to me—all the moments of working together/meeting with you during my internship and the data collection phase had been a joy. It is an honor for me to have carried out this research project for the YWDP and women entrepreneurs in Htawonbe Ward.

I owe my deepest gratitude to the most supportive, attentive and responsive supervisory committee, which I have been greatly privileged to work with. I cannot ask for a better one. I am deeply grateful to my supervisor Dr. Ian Methven, who both challenged and supported many of my ideas. You are really the wisest and most knowledgeable person I have ever met—I am very glad that I have had a chance to learn so much from you. I also express my warmest gratitude to my other supervisor Dr. Maria Costanza Torri for her guidance, support and meticulous comments. You are always an excellent listener and I admire you very much. My heartfelt appreciation also goes to my advisor Dr. Linda Neilson, who always takes an enormous time—amidst her busy schedule—to give me constructive comments and warm encouragement. Dr. Methven, Dr. Torri and Dr. Neilson, without your continuous optimism concerning this work, enthusiasm, encouragement, patience and support, this study would not have been possible.

I also owe a great debt of gratitude to Dr. Linda Eyre, Assistant Dean of the School of Graduate Studies, and Ms. Janet Amirault, the Admission Secretary, for their
exceptional help, attention and support throughout the last two years of my coursework and research at this university. I also thank the School of Graduate Studies and all of its staff for providing me with a major tuition and research funding through graduate research assistantships (GRA) grants and research assistantship (RA) assignments.

Having a chance to have taken courses and had discussions with Dr. Cynthia Stacey, Dr. John Valk, Dr. Shirley Cleave and Dr. Jeffrey McNally during the early phases of this research project were invaluable. Your suggestions, comments, encouragement and support made an enormous contribution to this study. I have greatly benefited from a few discussions with Dr. McNally—thank you very much for being very approachable and providing me with such illuminating comments and suggestions.

I also would also like to express my sincere thanks to all my class- and program-mates in the University of New Brunswick for sharing their knowledge and experiences during the course work. Among all friends, I would like to particularly express my immense appreciation towards my two kind 'sister-like' friends, Nigam Khanal and Prashamsa GC. Hopefully you realize how reassuring it is to be able to discuss both academia and life with you.

At last but never least, I wish to show my deepest love to my respectful loving parents, caring sister, best-friend-like brother and soul-mate girlfriend for your love, trust, dedications and guidance to me. I would never have been able to complete this work without your unconditional love, untiring support and endless encouragement. Thanks for always being by my side regardless of whether the circumstances were good or bad.

To all of you, I express my sincere and immense gratitude.
# LIST OF ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBO</td>
<td>Community Based Organization</td>
</tr>
<tr>
<td>EED</td>
<td>Evangelischer Entwicklungsdienst (Church Development Service)</td>
</tr>
<tr>
<td>KII</td>
<td>Key Informant Interview</td>
</tr>
<tr>
<td>MCI</td>
<td>Microcredit Institution</td>
</tr>
<tr>
<td>ME</td>
<td>Microenterprise</td>
</tr>
<tr>
<td>ME-DAC(s)</td>
<td>Microenterprise Difficulty(ies) and Constraint(s)</td>
</tr>
<tr>
<td>MFI</td>
<td>Microfinance Institution</td>
</tr>
<tr>
<td>MMK</td>
<td>Myanmar Kyat (currency name)</td>
</tr>
<tr>
<td>MSME(s)</td>
<td>Micro, Small and Medium Enterprise(s)</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
</tr>
<tr>
<td>ROSCA</td>
<td>Rotating Savings and Credit Association</td>
</tr>
<tr>
<td>SHG</td>
<td>Self-help Group</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar (currency name)</td>
</tr>
<tr>
<td>WE</td>
<td>Woman/women Entrepreneur</td>
</tr>
<tr>
<td>YWCA</td>
<td>Young Women’s Christian Association</td>
</tr>
<tr>
<td>YWDP</td>
<td>YWCA Wholistic Development Project</td>
</tr>
</tbody>
</table>
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF ACRONYMS AND ABBREVIATIONS</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF FIGURE AND BOXES</td>
<td>ix</td>
</tr>
<tr>
<td>OPERATIONAL DEFINITIONS</td>
<td>x</td>
</tr>
<tr>
<td>CHAPTER 1: INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>CHAPTER 2: LITERATURE REVIEW</td>
<td>7</td>
</tr>
<tr>
<td>ME Programmes of Non-Governmental Organizations in Developing Countries</td>
<td>7</td>
</tr>
<tr>
<td>Philosophies, Goals and Characteristics of ME Programmes</td>
<td>9</td>
</tr>
<tr>
<td>Microenterprises in Myanmar</td>
<td>12</td>
</tr>
<tr>
<td>Characteristics of Microenterprises</td>
<td>14</td>
</tr>
<tr>
<td>Difficulties and Constraints Faced by Women Entrepreneurs in Running their MEs</td>
<td>17</td>
</tr>
<tr>
<td>i. ME-DACs Induced by Personal Life Situations and Circumstances</td>
<td>20</td>
</tr>
<tr>
<td>ii. ME-DACs Induced by External Environment</td>
<td>23</td>
</tr>
<tr>
<td>iii. ME-DACs Induced by Resource and Capability Shortage</td>
<td>27</td>
</tr>
<tr>
<td>Conclusion of Literature Review</td>
<td>33</td>
</tr>
<tr>
<td>CHAPTER 3: RESEARCH METHOD</td>
<td>37</td>
</tr>
<tr>
<td>Research Objectives</td>
<td>37</td>
</tr>
<tr>
<td>Research Design</td>
<td>37</td>
</tr>
<tr>
<td>Sampling and Data Collection</td>
<td>39</td>
</tr>
<tr>
<td>Interview Guides</td>
<td>45</td>
</tr>
<tr>
<td>Pilot Focus Group Interview</td>
<td>46</td>
</tr>
<tr>
<td>Ethical Considerations</td>
<td>47</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>52</td>
</tr>
<tr>
<td>CHAPTER 4: RESULTS</td>
<td>56</td>
</tr>
<tr>
<td>Profile and Statistics of Participated WEs and their MEs</td>
<td>56</td>
</tr>
<tr>
<td>I. Information related to WEs</td>
<td>56</td>
</tr>
<tr>
<td>II. Information related to household</td>
<td>58</td>
</tr>
</tbody>
</table>
III. Information related to MEs .................................................................................................................. 60
ME-DACs faced by livelihood MEs and growth-oriented MEs in pursuing their desired level of proportional income and growth ........................................................................................................ 68
1. ME-DACs Induced by Personal Life Situations and Circumstances .................................................. 69
2. ME-DACs Induced by External Environment ....................................................................................... 81
3. ME-DACs Induced by Resource and Capability Shortage ................................................................. 95
How WEs deal with financial difficulties caused by ME-DACs .......................................................... 123

CHAPTER 5: RECOMMENDATIONS AND CONCLUSION ........................................................................... 126

REFERENCES ........................................................................................................................................... 134

APPENDICES .......................................................................................................................................... 139
Appendix 1. Description of internship responsibilities at the YWCA ................................................. 139
Appendix 2. An Overview of Htawonbe Ward in North Okkalapa Township ................................. 140
Appendix 3. An Overview of YWCA Wholistic Development Project ............................................. 143
Appendix 4. Demographic and Background Information Questions Guide ........................................... 150
Appendix 5. Interview Guides for Individual Interviews and Individual KIIIs .................................. 151
Appendix 6. Microfinance Sector of Myanmar ..................................................................................... 155
Appendix 7. Letter of Information for Pilot Focus Group Interview .................................................. 157
Appendix 8. Informed Consent Form for Individual Interviews .......................................................... 159
Appendix 9. Informed Consent Form for Individual KIIIs with YWDP Staff ..................................... 162
Appendix 10. Informed Consent Form for Individual KIIIs with CBO-members ............................... 165
Appendix 11. Discussion of services commonly provided by different types of ME development service-delivery-approaches and programmes .......................................................... 168

CURRICULUM VITAE
LIST OF TABLES

Table 1. Enterprise classification in Myanmar ................................................................. 13
Table 2. Comparison of livelihood versus growth-oriented MEs based on eleven characteristics drawn from the Literature ........................................................................ 16
Table 3. Preliminary ME-DAC themes and categories developed from the literature review .................................................................................................................. 19
Table 4. Characteristics of microcredit clients that were interviewed but excluded from the analysis ........................................................................................................... 43
Table 5. Classification of participated WEs based on age ................................................. 56
Table 6. Classification of participated WEs based on level of formal education .......... 56
Table 7. Classification of participated WEs based on number of accumulated years of formal work experience .......................................................................................... 57
Table 8. Monthly household income categories ............................................................ 59
Table 9. Sectoral Classification of ME activities ................................................................ 61
Table 10. Participated livelihood and growth-oriented ME activities in different business sectors ................................................................................................................. 62
Table 11. Number of livelihood MEs and growth-oriented MEs that are operated by WEs from different household income groups .................................................... 64
Table 12. Some MEs' growth ambition and brief plan/idea (of how to pursue growth) .. 66
Table 13. Different desired levels of ME proportional income ....................................... 67
Table 14. ME-DAC themes and categories developed from analysis of primary data (by using conventional content analysis approach) ......................................................... 68
Table 15. Negative impacts of financial capital constraints on livelihood MEs and growth-oriented MEs .............................................................................................................. 102
Table 16. Key attributes of different types of ME development service-delivery-approaches and programmes .......................................................................................... 170
LIST OF FIGURE AND BOXES

Figure
Figure 1. Continuum of desired levels of 'ME proportional income' .................................. 67

Boxes
Box 1. Common Types of Shocks Mentioned by Interviewed WEs and YWDP Staff.... 73
Box 2. Explanation of why certain livelihood ME activities in some specified sectors are very popular and are operated by a majority of WEs in Htawonbe Ward ......................... 99
Box 3. Brief story of a WE who operates a livelihood ME ................................. 107
Box 4. Brief discussion of the microcredit service related rules and regulations of the YWDP ........................................................................................................................................................................... 116
OPERATIONAL DEFINITIONS

*Microfinance* refers to "a range financial services for poor and low-income clients offered by different types of service providers [...] that identify themselves as 'microfinance institutions’ (MFIs)". The varying types of financial services offered by MFIs include "credit, savings, insurance, money transfers, and other financial products" (CGAP, n.d.).

*Microcredit* refers to "granting loans without collateral to reduce the poverty of grass roots people and to improve their socio-economic life" (The Microfinance Law of Myanmar passed by the Parliament on 30th November 2011, p. 1).

*Microfinance Institution* (MFI) includes "local and foreign institutions, partnership firms, companies, co-operative societies, banks and nonbanking financial institutions, formed and registered under the relevant law, which are funded with own capital through charitable donations and grants, and have obtained a license to operate a microfinance business in order to reduce the poverty of grass roots people and to improve their socio-economic life" (The Microfinance Law of Myanmar, p. 1).

*Microcredit Institution* (MCI) is similarly defined (for this research paper) as a "local or foreign institution that has obtained a license to operate" a microcredit business "in order to reduce the poverty of grass roots people and to improve their socio-economic life" (The Microfinance Law of Myanmar, p. 1).

A *microenterprise* (ME) refers to a business operating in the private sector which employs no worker or up to 10 workers (Refer to the section 'Microenterprises in Myanmar' in Chapter 2 for more information).
Grass roots people refer to "the public including low-income farmers, laborers and vendors who reside in rural and urban areas" (The Microfinance Law of Myanmar, p. 1).

A woman entrepreneur (WE) is defined as "a woman who has alone or with one or more partners started or inherited a business, and is eager to take financial, administrative, and social risks and responsibilities, and participate in the day-to-day management activities" (UNDP, 2004).
CHAPTER 1: INTRODUCTION

In both rural and urban areas of the developing countries, extreme poverty and limited employment opportunities force millions of the poor to make their living through MEs in the informal economy\(^1\) (Woller & Woodworth, 2001). An increasingly significant proportion of women make up the developing world's microentrepreneur populations since more and more women (whom are generally termed as 'women entrepreneurs' or WEs) participate in the labor force and depend on microenterprises (MEs) for survival.

Once assumed by many economists to be "a short-term economic aberration", the informal economy of the Third World today is widely recognized as "large, growing, and likely to be permanent" (Woller & Woodworth, 2001, pp. 270-271). Harvie (2003) claims that MEs in the informal sector account for more than 60 percent of all regional enterprises in Asia.

In many cases poor people are not able to finance their microenterprises. They are fully dependent on credits/loans to establish an enterprise in the competitive market. Pioneers of microcredit movement, such as Dr. Mohammad Yunus\(^2\), came to recognize that the lack of access to institutional credit can be a limiting factor for significant numbers of the economically active poor (Woller & Woodworth, 2001: 268), and have

---

\(^1\) Although the definitions vary according to the country context, it is generally agreed that the informal sector or economy, whether rural or urban, comprises "small scale and microenterprises producing and distributing goods and services in unregulated but competitive markets" (Harvie, 2003, p. 2).

\(^2\) It is widely accepted that the microcredit movement was pioneered by Dr. Mohammad Yunus during the seventies, and the movement has experienced rapid growth and enjoyed correspondingly growing prominence after Dr. Yunus established the Grameen Bank in Bangladesh in 1983. Later, the microcredit paradigm "received an increased impetus in the mid 1990s" after the 1995 World Summit for Social Development (Rajbongshi, 2008, p. 0).
begun developing ME-lending microcredit programmes for "the entrepreneurial poor" (Rajbongshi, 2008, p. 3).

Today, providing microcredit services for ME development has been increasingly regarded as a potentially powerful strategy in the battle against unemployment and poverty, and in the promotion of economic well-being in the developing world. The microcredit practice has now spread to over 100 countries, and has become mainstreamed to the point where it challenges traditional retail banking, and formal financial institutions have become involved. Currently, over 7,000 microcredit institutions (MCIs) exist all over the world, serving more than 25 million of the world’s poor, the majority of whom are women (Nnamdi & Anayo, 2010, p. 302).

The rise of the microfinance industry has indeed "overturned established ideas of the poor women as consumers of financial services, shattered stereotypes of the poor as not bankable", "spawned a variety of lending methodologies demonstrating that it is possible to provide cost-effective financial services to the poor women", and "mobilized millions of dollars of—social investment for the poor women" (Brau & Woller, 2004, p. 2).

Indeed, it has been fortunate that the microcredit movement has grown dramatically within a short period of time so that WEs can benefit from access to more affordable institutional credit (than credit from most informal money lenders) in operating their MEs. Unfortunately, it has, however, increasingly been recognized by the

---

3 While women clients make up a majority of clients - and in some instances comprise 100 percent of an MFI’s clientele, 33 percent of all microfinance clients are men. There is also a vast difference according to regions. For example, in South Asia MFI clients are almost 100% women whereas in Europe and Central Asia women comprise of 50% all clients (CGAP, n.d.; Frankiewicz & Churchill, 2011)
practitioners and scholars that lack of access to affordable institutional credit is just one of the major constraints for microenterprise development. Other multiple formidable difficulties and constraints, contributed or caused by complex contextual factors, are challenging WEs in managing their MEs to attain their respective expected economic outcomes and ambitions.

One can give thought to this proposition by witnessing the very slow evolvement of microenterprise sectors and the existence of MEs merely at the subsistence level in the developing world, even though the quality and outreach of ME-credit services have significantly improved in some developing countries (such as Bangladesh, India, Bolivia, Ecuador, Peru, etc.).

**Microenterprise Programmes in Developing Countries**

Many ME programmes focus on serving rural MEs, which is the case in Myanmar. But, some studies reported the failure of many rural MEs and the potentiality of urban and peri-urban MEs. "Poor clients in semi-urban areas have considerably greater opportunities than their rural counterparts to exit poverty through microenterprise development services" (Shaw, 2004, p. 1248). In arid rural areas, however, where market and infrastructure constraints "virtually rule out poverty-clearing microenterprises, the utility of microenterprise development for poor clients is more problematic" (Shaw, 2004, p. 1248). Thus, there is considerable potential for improving poverty reduction impacts on the peri-urban poor through microenterprise development programmes.
**Selected Location**

One country that is of specific interest is 'the Republic of the Union of Myanmar' (commonly shortened to 'Myanmar'), a country which is still in deep widespread poverty. Since managing an ME or working for an ME for wage is one of the few livelihood options available for the poor, a significant rural and urban population of Myanmar rely on MEs for survival.

Despite the fact that managing or working for an ME is one of the most widely pursued livelihood activities, that MEs contribute significantly to the Myanmar economy (which is largely informal), and that research evidence is important for practitioners of ME projects, there is limited literature available on rural MEs and literally none on urban and peri-urban MEs of Myanmar. Therefore, this research project was initially designed to choose a peri-urban location in Myanmar in order to partly fill the ME-related research evidence gap for urban and peri-urban ME programmes in Myanmar.

**Selected Ongoing ME Project**

A few peri-urban ME projects in Myanmar were contacted for the research project. Among the available alternative options, the YWCA Wholistic Development Project (YWDP) of the Yangon Young Women's Christian Association (YWCA) was selected for some of its distinctive features such as a long continuous project duration, diverse location portfolio and little research done (apart from its periodic monitoring and evaluation studies in order to submit reports to its donor organization) in the past. Refer to *Appendix 3* to see more information about the YWDP.
The YWDP is one of Myanmar's few ME programmes that serve mainly in urban and peri-urban areas\(^4\). It has been serving MEs in six townships of Yangon Region (along with microcredit and social support services) since 1998. Among those townships, Htawonbe Ward of North Okkalapa Township\(^5\), a peri-urban location in Myanmar, is further selected due to the importance of contextuality in the nature of this research and due to the usefulness of the research in actual project operations of the YWDP.

Fortunately, the researcher was also offered to do a 4-month internship, during which the researcher perform a dual role as a Loan Officer and Junior Consultant of the YWDP. Indeed, taking part in microcredit operations throughout the internship provided the researcher a practitioner's perceptive. Please refer to Appendix 1 to see the internship responsibilities assigned to the researcher at the YWDP.

**Objectives of the Study**

By analyzing the primary data and consulting with the literature, this research aims to: (i) identify and discuss multiple difficulties and constraints—under relevant themes and categories—which inhibit WE's in a peri-urban location from attaining their expected level of income and growth; and (ii) analyze possible factors which contribute to those ME- difficulties and constraints (discussed further in Chapter 3).

**Sources of Data**

Multiple sources of the data used by this research project include individual interviews with women entrepreneurs (WEs) and key informant interviews (KII's) with

---

\(^4\) Most microenterprise development projects in Myanmar serve rural MEs.

\(^5\) North Okkalapa Township is a peri-urban township of Yangon city, and Yangon is the largest city (former capital city) and the most important commercial center of Myanmar. Refer to Appendix 2 which describes Htawonbe Ward of North Okkalapa Township in more detail.
staff and volunteers of the YWDP, analysis of available project data, and review of ME & MF literature (discussed further in Chapter 3).

**Organization of the Report**

The rest of the report is structured as follows: *Chapter 2* reviews some important features and characteristics of ME programmes and MEs (in Myanmar and other contexts), and challenges and difficulties faced by MEs (in different contexts) as described in the literature; and *Chapter 3* explains the rationale, the objectives, the design, the methodology, the sample and the scope of the study.

*Chapter 4* includes the brief quantitative and qualitative description of participants which are classified under different categories, and the comprehensive discussion and analysis of 'difficulties and challenges faced by MEs in Htawonbe Ward, based on some key analytical factors. Lastly, *Chapter 5* provides the conclusions and recommendations for the YWDP and other ME programmes in Myanmar.
CHAPTER 2: LITERATURE REVIEW

ME Programmes of Non-Governmental Organizations in Developing Countries

While the efforts of the non-governmental organizations (NGOs) now working in developing countries may not always show up in the official economic growth statistics, their "grass-roots contributions have been crucial in extending development opportunities to millions of the very poor" (Woller & Woodworth, 2001: 270). Thousands of development NGOs have been operating a wide variety of programs at the grassroots level to lift the Third World poor from the bottom up by addressing such basic needs as literacy, health care, water, agriculture, or access to financial services. Amid the large NGO movement, microcredit services for women-run MEs "stands out in terms of its rapid growth and potential impact" for relieving poverty and social vulnerability of women (Woller & Woodworth, 2001: 267).

Women have attracted special interest from NGO-run MCIs because they almost always make up the poorest segments of society; they are generally responsible for child-rearing (including education, health, and nutrition); and they often have fewer economic opportunities than men (Ledgerwood, 2000). Generally, women experience hunger and poverty in much more intense ways than men. Women have to stay home and manage the family with virtually nothing to manage with. When there is nothing to eat, the husband doesn’t come home and the mother is left with the children to feed (Gibbons, Simanowitz

---

6 In the literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them. Microcredit is a component of microfinance (a major component for most MFIs/MCIs though) in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, etc. Broadly described, microfinance is "a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilize consumption, and protect against risks" (CGAP, n.d.).
& Nkuma, 1999). In order to alleviate—arguably, temporarily—the poverty and vulnerability of women and children, development practitioners have used the job creation strategy of providing microcredit services and promoting ME development for self-employment of women and other vulnerable groups. Woller and Woodworth (2001) mentions that microenterprises are "labor intensive" and "relies heavily on skills learned from the domestic duties of women and children", and "the demand for these skills in the local marketplaces is extensive" (p. 273).

Even before developers started promoting MEs, a significant population of women in many cultures had already been running or been involved in MEs for their survival. On the other hand, a significant population of women in many parts of the world lack income-earning opportunities and consequently suffer extreme poverty, due to complex circumstances such as lack of or lower formal education, socio-cultural constraints, lack of skills, gender discrimination, etc. Thus, many gender activists and developers see microenterprise promotion through microfinance as an important opportunity for the dual purpose of poverty alleviation and gender equality (Harvie, 2003), and argue that:

poverty and gender discrimination cannot be mitigated without active participation of women in the economic mainstream. Women can be involved in entrepreneurship or business activities where they can directly contribute to their family and the economy (Parvin, Jinrong & Rahman, 2012, 3862).

NGOs operating at the grassroots level quickly recognize the potential of entrepreneurial poor women in relieving poverty, and become involved in the microcredit movement around the world by providing microcredit services which are integrated with other traditional support services of NGOs (such as education, health, capacity building,
etc.). Today, a number of NGOs have been operating their development projects with microenterprise development (through microcredit) as a critical component in their strategies and efforts for alleviation of poverty. Most NGO-lead MCIs and nonprofit MCIs target women exclusively.

At the policy level, the potential of microenterprise development for poverty reduction has also been increasingly accepted by multilateral agencies, donor agencies of developed countries and governments of developing countries. In many Asian countries such as India, Bangladesh, Nepal, Cambodia, Laos, Indonesia and Myanmar (after the current regime came to power), microenterprise development has been viewed by governments as a major strategy for the alleviation of poverty and unemployment that continue to pose problems to the economic and social development in these countries (Chowdhury & Miyagi, 2006).

**Philosophies, Goals and Characteristics of ME Programmes**

The rationale of most NGO-lead ME development programmes is to provide ME loans so that women can run MEs and earn income, improve the welfare of the household (health, education, other consumptions, etc.), and become economically and socially empowered. The study of Alam and Getubig (2010), in the Bangladeshi context, argue:

> Given some opportunity to fight against poverty and hunger, women turn out to be natural and better fighters than men. They want to get a firm grip on any little thing which will help them out of the terrible situation they are in. Poor women in Bangladesh (possibly in other countries also) have more of those positive qualities which sustain and strengthen the development process. They have the intense drive to move up, they are extremely hardworking, concerned about their children’s present and future, willing to make any sacrifice for the well-being of the children and they proceed in a systematic manner to reach their objectives (p. 7).
Promoters and practitioners of ME programmes believe that women and the poor in general have skills that are "not utilized or are underutilized". They "lack opportunity much more than ability. Providing access to capital can liberate enough energy and creativity to allow people to work their way toward overcoming poverty" (p. 5). Woller and Woodworth (2001) summarized a number of fundamental precepts on which the microcredit movement has been founded:

- "The poor possess an irrepressible desire and innate capacity to lift themselves and their children out of poverty, if given access to economic inputs.
- Formal credit markets discriminate against the poor.
- The poor can be good credit risks, particularly in the context of mutual responsibility systems.
- Microcredit allows the poor to work their way out of poverty over time and with dignity.
- The self-employed already comprise over 50% of the labor force in developing countries, and in many cases this figure is larger. Thus, the poor already possess an entrepreneurial spirit and demonstrable survival skills. Microcredit capitalizes on these attributes" (p. 271).

The Asian Development Bank (1997) identified four major economic and social development objectives of most microenterprise development projects: (1) poverty reduction, (2) empowerment of women, (3) employment generation, and (4) private sector enterprise development. It also mentioned that most microenterprise projects have combinations of the first two, or first three, as their explicit objectives (while the fourth objective is the least pursued), and that a supportive role for microfinance is also crucial in order to make such projects successful (Asian Development Bank, 1997).

Most formal financial institutions do not serve the poor because of perceived high risks of default, high costs involved in small transactions, perceived low relative profitability, and inability of the poor to provide the physical collateral usually required by such institutions (Harvie, 2003; Parvin, Jinrong & Rahman, 2012). Before the development of microcredit, there were literally no financial institutions to serve poor and low-income households. Thus a segment of the poor population that has viable investment opportunities persists in poverty for lack of access to credit at reasonable costs (Harvie, 2003).
Harvie (2003) well summarized possible contributions of microfinance from the personal and household levels to the financial system level by stressing, at the same time, the important interconnection between microenterprise development and microfinance. He stated that:

the improved access and efficient provision of savings, credit, and insurance facilities, in particular, can enable the poor to smooth their consumption, manage their risks better, build their assets gradually, develop their microenterprises, enhance their income capacity, and enjoy an improved quality of life. Microfinance services can also contribute to the improvement of resource allocation, the promotion of markets, and adoption of better technology; thus promoting economic growth and development. Microfinance can also contribute to the development of the overall financial system through integration of financial markets. Hence the development of microenterprises and microfinance are intertwined (Harvie, 2003, p. 17).

Most of the group ME-lending microcredit models which focus on women have the following characteristics (although not an exhaustive summary): (1) formation of a group consisting of individual members, each of whom owns and operates a business that produces at least a weekly cash flow; (2) informal appraisal of borrowers and investments; (3) collateral substitutes, such as group guarantees (the entire group’s guarantee of the loan made to each member of the group) and/or compulsory saving; (4) mandatory weekly or biweekly group meetings for interest payment and loan repayment; (5) provision of small loans, typically for working capital; (6) access to repeat and larger loans, based on repayment performance; (7) streamlined loan disbursement and monitoring; and (8) charging an interest rate that supports the administrative costs of the MCI (Stewart, Rooyen, Dickson, Majoro & Wet, 2010; Asian Development Bank, 1997; Woller and Woodworth, 2001; Brau & Woller, 2004). Although some MFIs provide enterprise development services, such as skills training and marketing, and social
services, such as literacy training and health care, these are not generally included in the definition of microfinance (Harvie, 2003).

**Microenterprises in Myanmar**

Official and working definitions of micro, small and medium enterprises (MSMEs) by governments and private financial institutions around the world vary. In addition, different variables are used for defining MSME—these variables include "number of employees, assets, turnover, capital and investment; and these variables can be differentiated by industry in some cases". (p. 1)

In Myanmar, the Private Industrial Enterprises Law (1990) classified enterprises into small, medium and large-scale enterprises (microenterprises are not included in the classification) based on four criteria, namely, power usage, number of workers employed, capital invested, and annual production (as illustrated in the table below). The criteria used to define an ME can be found only in the Cottage Industries Promotion Law (1991). It can be said, however, that there is no definite and proper MSME policy or law in Myanmar yet (Kyaw, 2008) despite the fact that MSMEs account for 96% of the economic sectors in both rural and urban areas and 92% of the manufacturing sector.

---

8 Retrieved on 6th July 2013, from http://www1.ifc.org/wps/wcm/connect/624b8f804a17abc5b4acfddd29332b51/MSME-CI-Note.pdf?MOD=AJPERES&CACHEID=624b8f804a17abc5b4acfddd29332b51

Table 1. Enterprise classification in Myanmar

<table>
<thead>
<tr>
<th>No.</th>
<th>Criteria</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Power used (in horsepower/ Hp)</td>
<td>Less than 3</td>
<td>3 to 25</td>
<td>Over 25 to 50</td>
<td>Over 50</td>
</tr>
<tr>
<td>2</td>
<td>No. of workers</td>
<td>Less than 10</td>
<td>10 to 50</td>
<td>51 to 100</td>
<td>Over 100</td>
</tr>
<tr>
<td>3</td>
<td>Capital outlay (in million kyat)</td>
<td>-</td>
<td>Up to 1</td>
<td>Over 1 to 5</td>
<td>Over 5</td>
</tr>
<tr>
<td>4</td>
<td>Production value per year (in million kyat)</td>
<td>-</td>
<td>Up to 2.5</td>
<td>Over 2.5 to 10</td>
<td>Over 10</td>
</tr>
</tbody>
</table>


The classification system of Myanmar is more complicated than most other countries in the region, because the latter mainly use only one or two criteria to classify micro, small and medium enterprises (MSMEs) (Kyaw, 2008). The MSME classification system of Myanmar ignores the nature of business, whether they are wholesale, retail, or manufacturing. It is very rare that an establishment meets all four criteria at the same time to easily earn a business classification. It is difficult to classify a business whether it is large or small, if it employs 15 workers and uses less than three horsepower but invests more than five million kyat (Kyaw, 2008). The required amount of capital, 5 million kyat, for a business to be classified as a large business was defined in 1990 when the Private Industrial Enterprises Law 1990 was enacted (Kyaw, 2008). No modification or amendment has been made since then. At present, however, "the criterion is no longer adequate capital for a large firm and even for a small firm" (Kyaw, 2008, p. 22). For the above mentioned reasons, a simpler working definition is chosen to define ME in this paper: *An ME is a business operating in the private sector which employs no worker or up to 10 workers.*
Characteristics of Microenterprises

Most entrepreneurial activities in the informal economy categorized as MEs are highly heterogeneous (Harvie, 2003; Asian Development Bank, 1997). Yet, some common characteristics of MEs are discussed in the literature.

Firstly, MEs are very small in terms of the number of employees, and the size of initial and working capital (Alam, Hossain & Zaman, 2011). In fact, the majority of MEs are single person, owner operated enterprises (Mead & Liedholm, 1998; Harvie, 2003) or slightly larger units employing one or more family or household members on a casual basis (sometimes unwaged) (Rajbonshi, 2008; Mead & Liedholm, 1998). "Enterprises that hire wage employees tend to be the exception" (Asian Development Bank, 1997, p. 25). That is why microentrepreneurs and MEs are generally used interchangeably in the literature.

Secondly, MEs also possess the following additional features—family ownership, small-scale operation, reliance on indigenous resources, use of labor intensive and adopted (often low-level) technology, acquisition of skills outside the formal schooling system, and unregulated and competitive market prevalence (Bromley, 1978; ILO, 1972, as cited in Alam, Hossain & Zaman, 2011, p. 240).

Thirdly, the primary legal feature of microenterprises is that most of them are not registered with the Registrar of Companies, nor recorded in official or in tax records (Rajbongshi, 2008). Depending on the sector and nature of activity, MEs may or may not have the necessary licenses to operate and because of their "informal nature and low profile", they are "not usually tracked by official government statistics"
The activities of microenterprises are extremely heterogeneous (Shaw, 2004; Roy, 2004; Harvie, 2003; Ledgerwood, 2000, Asian Development Bank, 1997).

**Two types of MEs and their respective characteristics**

This study draws on the most widely used ME classification typology in the literature, which groups microenterprises into:

- 'survival' or 'livelihood' enterprises, and
- 'viable' or 'growth-oriented' enterprises.

It is a very useful classification of MEs with respect to their needs and the constraints they face. A survival or livelihood activity is said to be one into which "the entrepreneur is often pushed for want of more profitable alternatives", whereas one is "attracted, or pulled into" a viable or growth-oriented activity "by considerations of profitability", and is "an entrepreneur by choice" (Asian Development Bank, 1997, p. 25).

A majority of livelihood MEs are owned and operated by women entrepreneurs while a majority of growth-oriented MEs by men entrepreneurs (Asian Development Bank, 1997). Furthermore, since working proprietors are the single largest category of the labor force, the great majority of the workers/laborers of livelihood MEs are also women (Mead & Liedholm, 1998). Certain livelihood enterprises tend almost invariably to be run by women, and indeed to be viewed as women’s enterprises in some cultures (Asian Development Bank, 1997) (e.g. sewing, weaving in Myanmar). Some other characteristics of MEs of both types, mentioned in Asian Development Bank (1997), are summarized in the following table:
Table 2. Comparison of livelihood versus growth-oriented MEs based on eleven characteristics drawn from the Literature

<table>
<thead>
<tr>
<th></th>
<th>Livelihood MEs</th>
<th>Growth-oriented MEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capitalization</td>
<td>Relatively low</td>
</tr>
<tr>
<td>2</td>
<td>Skills and experience</td>
<td>Relatively low, except for skills acquired traditionally, as in handicrafts; trading often a fertile training ground for later manufacturing of same product</td>
</tr>
<tr>
<td>3</td>
<td>Gender</td>
<td>High (often majority) participation of women</td>
</tr>
<tr>
<td>4</td>
<td>Sector</td>
<td>Higher proportion in livestock, backyard poultry, food processing, and petty trading</td>
</tr>
<tr>
<td>5</td>
<td>Competition</td>
<td>Usually function in perfectly competitive markets with low barriers to entry and little scope for cutting costs by intensive use of family labor and even by offering credit</td>
</tr>
<tr>
<td>6</td>
<td>Seasonality</td>
<td>Often seasonal, tied to crop cycle, school year, major festivals</td>
</tr>
<tr>
<td>7</td>
<td>Contribution to household income</td>
<td>Usually a secondary source (although vital)</td>
</tr>
<tr>
<td>8</td>
<td>Whether only enterprise</td>
<td>Usually one of several &quot;multiple&quot; enterprises (to compensate for seasonality and low returns)</td>
</tr>
<tr>
<td>9</td>
<td>Use of hired labor</td>
<td>Infrequent, mostly use family labor</td>
</tr>
<tr>
<td>10</td>
<td>Surpluses and reinvestment</td>
<td>Surpluses limited and often plowed back into household expenditure</td>
</tr>
<tr>
<td>11</td>
<td>Potential for growth</td>
<td>Limited in terms of new employment generation, but offer scope for increases in sales, productivity, profitability, and income; growth blocked often by</td>
</tr>
</tbody>
</table>
Difficulties and Constraints Faced by Women Entrepreneurs in Running their MEs

Mead and Liedholm’s (1998) meta-study of a number of research studies done in African countries, mentioned that only "somewhat less than half of the micro and small enterprises closure […] can be described as traditional business failures", where the firm was not financially or economically viable (p. 65). Approximately another one-quarter of the micro and small enterprises closed for other reasons such as personal reasons, sociocultural constraints, policy constraints and other external environment induced constraints (Mead & Liedholm, 1998).

Other studies have also mentioned similar multiple contextual constraints to ME development. Alam, Hossain & Zaman (2011) wrote that a broad range of "controllable and uncontrollable non-institutional components" such as political, social, cultural, technological, natural, and personal factors shape the overall development process of ME development and its sustainability in the long run (p. 242).

Harvie (2003) pointed out some key constraints such as "lack of relevant laws and administrative procedures that undermines MEs' legal standing and ability to receive assistance from state agencies; a policy bias toward large firms and capital -intensive import substituting industries" (p. 2); a lack of, or limited access to, institutional credit; exclusion from participatory processes; imperfect market information; and a lack of opportunities for skills development. In addition, Harvie (2003) argued that "among all
the hurdles [faced by microentrepreneurs,] the most formidable one is a lack of access to credit. Inadequate collateral, insufficient legal status, high transaction costs, and the inability of micro-entrepreneurs to cope with the complexities of dealing with formal financial institutions are among the reasons why such enterprises have difficulty in growing" (Harvie, 2003, p. 2).

Similarly, Rajbongshi (2008) emphasized the *access to finance and credit constraint* while also discussing the need for nonfinancial support from ME programmes. She argued that the growth and development of microenterprises depend on some key factors such as availability of adequate and timely finance, "proper guidance at different stages of functioning starting from inception to the marketing of their products" (p. 3).

Overall, many different difficulties and constraints faced by entrepreneurs are discussed—briefly or in more detail—in some ME and MF related studies. However, the existing literature lacks any widely used themes and categories in describing, organizing and/or explaining the ME- difficulties and constraints in different contexts (Here-in-after referred to as *Micro-Enterprise-Difficulties-and-Constraints* or ME-DACs). In fact, lack of widely used themes or categories to organize ME-DACs may lead to indirect consequences in the application of the existing research by practitioners such as MFIs, governments, NGOs, etc. who promote ME development. For instance, small MCIrs (that have little or no funds reserved for research) such as the YWDP, may find it particularly difficult to collect comprehensive and clear information about the ME-DACs in a given context due to the lack of easy-to-use and comprehensive ME-DAC themes and categories.
Fortunately, there is considerable commonality among the ME-DACs from different contexts around the globe (recorded and discussed in the literature), leading to the possibility of identifying ME-DAC themes and categories. Thus, by reviewing and analyzing different ME-DACs identified from the literature, several preliminary ME-DAC themes are developed in the initial phase and modified throughout the study. At the next level, three simple ME-DAC categories, which are deemed to be appropriate in loosely organizing different ME-DAC themes, were similarly developed and used in discussing the literature in order to provide readers a clearer conceptual and analytical view\(^\text{10}\). The selected preliminary ME-DAC themes and categories are summarized in Table 3, and discussed in detail in the rest of this literature review section:

Table 3. Preliminary ME-DAC themes and categories developed from the literature review

<table>
<thead>
<tr>
<th>ME-DAC Category</th>
<th>ME-DAC Themes</th>
</tr>
</thead>
</table>
| i. ME-DACs Induced by Personal Life Situations & Circumstances | i.i. Daily household chores and childcare responsibilities  
i.ii. Inconvenient household circumstances and realities  
i.iii. Spending loans from MCIs or other moneylenders for activities with non-immediate financial return |
| ii. ME-DACs Induced by External Environment | ii.i. Intense competition in business sector and/or target market  
• Bad/unfavorable location  
• Operating in poor-performing business sector |

\(^{10}\) Organizing the ME-DACs by ME-DAC themes and categories helped the researcher to: 1) organize and synthesize the information from the literature review; 2) recognize and identify the ME-DACs that flow from pilot focus group interview and individual and interviews in the field research; and 3) provide the basis and foundation for the YWDP-specific research objectives. However, the primary data from the field research were not constrained and limited to the ME-DACs and themes/categories identified from the literature review. Instead final themes and categories (discussed in 'Results' section) were inductively developed from the primary data by avoiding any preconceptions. The data analysis process of how to do so is discussed further in the following 'Research Method' section.
i. ME-DACs Induced by Personal Life Situations and Circumstances

i.i. Daily household chores and childcare responsibilities

Some key factors which contribute to women's vulnerability and significant gendered ME-DACs faced by women microentrepreneurs are mentioned and greatly emphasized by some studies. Women suffer from illiteracy, unawareness, lack of organization and power, less political representation, deprivation, rigid social and religious customs, injustice by their partners and other challenges of working in a male-dominated society (Parvin, Jinrong & Rahman, 2012; Afrin, Islam & Ahmed, 2008; Tambunan, 2009). Other studies have also pointed out that women make up a significant proportion of the poor, that they suffer disproportionately from poverty (Harvie, 2003) and that they lag economically and socially behind men (Haque & Itohara, 2009).

The husband’s influence, gender hierarchies, culturally defined gender roles, tradition embedded in ethnicity and family and cultural expectations, which strongly exist in many developing countries (Madiche & Nkamnebe, 2010), and are expected, enforced and pressured by society (Walker, Redmond, Webster & Le Clus, 2007) altogether contribute to multiple roles of women in the family e.g., to earn income to supplement
husband's income, to take care of children and other household members, to do house chores, etc.

Due to the "burden of domestic work" and above mentioned restrictive gender roles and social vulnerability factors, most women-led MEs tend also i) to be home-based or to operate in proximity to home (Rajbongshi, 2008), ii) "part time", iii) to "constitute a secondary source of household income (the main source being the husband’s wage labor)", iv) to be seasonal, and iv) to be "one of several multiple activities" (Mead & Liedholm, 1998, p. 64) since little time, energy and resources are reserved or left for WEs to run and develop their MEs.

i.ii. Inconvenient household circumstances and realities

Alam, Hossain and Zaman (2011) noted some inconvenient prevailing personal life induced difficulties and constraints (which are quite common among the poor in the developing world) that are associated with business failure. They include health and death shocks, "personal disability due to accidents, aging, larger families, daily family responsibilities, and pregnancy" (p. 244). These unfavorable household situations not only can affect the development of an ME negatively, but also can make the life situation of a household worse.

i.iii. Spending ME loan for activities with non-immediate financial return

The logic model developed by Stewart, Rooyen, Dickson, Majoro and Wet (2010) revealed that microentrepreneurs who took a microcredit loan from an MCI or other moneylender(s) may spend their money differently. Stewart et al. (2010) found out that both investing in the immediate future (i.e. business, productive assets, adult education,
workers’ health and nutrition) and spending consumptively with scope for productivity (i.e. add on housing, assets which retain value) have the potential for increased income. Investing in the long-term future (i.e. children’s education, health and nutrition) and spending on non-productive consumption (i.e. on assets which do not retain value), on the other hand, do not have such potential. Stewart et al. (2010) add that failure to increase income can lead microcredit client microentrepreneurs into further debt, "leaving them unable to invest in their savings accounts and/or reliant on further cycles of credit" (Stewart et al., 2010, p. 6). Similarly, Rajbonshi (2008) also warned that when credit funds are diverted (such as consumption of business loans for personal or household use) and not invested in the enterprise, it can lead to inconsistent trends of microenterprise profit.

These findings challenge the relatively common practice of NGO-managed ME programmes to aim to achieve multiple goals and outcomes (such as increased income of household income, improved ownership of productive and/or consumptive assets, increased spending on children’s nutrition and education, increased spending on household food and health, etc.\(^{11}\)) altogether at the same time (i.e. in other words, those NGO-managed ME programmes tend to assume that achieving one goal/outcome can complement–or lead to–achieving others).

\(^{11}\) due to generated income from ME operation and available microcredit loans from ME programme(s)
ii. ME-DACs Induced by External Environment

ii.i. Intense competition in the business sector and/or target market

Alam, Hossain and Zaman (2011) stated that many MEs usually have "limited linkage with local markets only, and do not have any brand capital or national exposure; rather they have an awfully low public visibility" (p. 244). Many other research studies have also indicated that a significant proportion of MEs operate in very small, oversaturated and competitive markets—which results in poor profitability and growth prospect of these MEs—due to two main factors (Mead & Liedholm, 1998; McPherson, 1996; Liedholm, 2002; Shaw, 2004): namely, location and business sector.

Firstly, location and access to market are very much interrelated and have been discussed by some researchers as an important factor for economic prospects of an ME. The study of Shaw (2004) on rural and urban microenterprises in Sri Lanka found out that in arid rural areas, where MEs face severe market and infrastructure constraints, ME development is "unlikely to facilitate poverty exit" (Shaw, 2004, p. 1247). This scholar also claimed that "in semi-urban areas, poverty impacts could be strengthened by supplementing loans with nonfinancial interventions encouraging poor clients to select higher-value ME activities" (Shaw, 2004, p. 1247).

Other studies (Mead & Liedholm, 1998, on Africa; Liedholm, 2002, on Africa and Latin America) also argued that urban micro and small enterprises have a higher chance of surviving and expanding compared to their counterparts in rural areas (Mead & Liedholm, 1998) since rural MEs face relatively much more severe market linkage.
problems and infrastructure constraints than urban micro and small enterprises (Chowdhury & Miyagi, 2006).

The study undertaken by McPherson (1996) found that, in five countries of Southern Africa, micro and small enterprises operating in traditional markets were more likely to expand than home-based firms (McPherson, 1996). Similarly, Mead & Liedholm (1998) and Liedholm (2002) also reported that micro and small enterprises which were located and operating in "commercial districts or even alongside the road" were more likely to survive and showed a stronger tendency to expand (in terms of increase in the number of workers) than those that "operate[d] out of the home". "Proximity to growing markets" would thus seem to be an important determinant of the prospects for an enterprise to survive and expand (Mead & Liedholm, 1998, p. 66).

Secondly, the business sector or sector of activity, in which an ME operates, largely influences the level of competition and profitability of a given ME. Thus, some studies have found that operating in a poor-performing business sector seems to be a constraint for survival and growth of many MEs. Harvie (2003) argues, in the context of the Asian region, that many MEs are "concentrated largely in low-income low productivity activities, especially in petty trades and services" (p. 2). When considering gender, many studies have agreed that women’s enterprises are concentrated in sectors with particular ease of entry and low returns (Parvin, Jinrong & Rahman, 2012; Madichie & Nkamnebe, 2010; Walker, Redmond, Webster & Le Clus, 2007; Harvie, 2003).

The literature suggests that the survival and growth rates of MEs vary significantly by sector (Mead & Liedholm, 1998; McPherson, 1996) and by the types of
activities within each sector (Rajbongshi, 2008). For example, Rajbongshi’s (2008) study in a North Eastern State of India reported that non-farm activities are more successful than farm activities, and that within each broad category of income-generating activities, some types of activities are more profitable and successful (e.g. Rajbongshi found out that pig-farming, in the referred context, has been more profitable than other farming activities such as poultry-farming and crop-farming.).

Mead and Liedholm (1998), referring to the many African countries which were analyzed in their study, pointed out that the specific sectors in which micro and small enterprises were most likely to expand "varied from country to country […] Sectoral differences are significant at the country level in explaining micro and small enterprise expansion, reflecting perhaps each country’s comparative advantage" (Mead & Liedholm, 1998, p. 68).

Thus it can be concluded that the choice of location, business sector, and type of business activity (within a business sector) matter significantly to the chance of survival, growth and success of an enterprise. But there is no universal agreement on which sectors or types of business activities are the best because the profitability of sectors and types of activities are context-specific and country-specific as well as constantly changing depending on the competition, the availability of raw material supplies (if needed) and the demand for the products or services (to be performed).

\textit{ii.ii. Unfavorable governing practices of authorities}

Bromley (1978) argued that MEs, being informal sector activities, are "largely ignored, rarely supported and sometimes actively discouraged by the Government" (p.
Harvie (2008) listed some policy induced constraints such as: insufficient legal status (due to the lack of relevant laws and administrative procedures to recognize and support MEs); high transaction costs; the inability of micro-entrepreneurs to cope with the complexities of dealing with formal financial institutions; little or no assistance from state agencies; and policy biases toward large firms and capital-intensive import substituting industries.

Chowdhury and Miyagi’s (2006) study, in the Bangladeshi context, criticized "the inefficiency and […] widespread corruption among the Bangladeshi bureaucracy" as a factor that contributes to the failures of the government’s policies for development (p. 89). Other studies in Bangladesh also pointed out the long bureaucratic process for an MSME to officially register and start a business (Parvin, Jinrong & Rahman, 2012) and note that completing all these formalities is not so easy and every desk needs a bribe for proper passing on of the file (Abdin, 2010). Similarly, in Nigeria, the businesses of MEs in some places are found to be affected by "numerous levies and taxes imposed by authorities" (Madichie & Nkamnebe, 2010, pp. 310-313).

**ii.iii. Natural disaster and other environmental shocks**

An external environment induced constraint, which is significantly influential in some of the contexts, is the negative impact of natural disasters and other environmental shocks. A good example of such a country that is highly vulnerable to frequent and varied natural catastrophes such as floods, cyclones, and droughts, is Bangladesh. Alam, Hossain & Zaman (2011) state that these natural calamities are usually followed by virulent diseases which in turn lead to detrimental natural consequences (which affect MEs severely) such as weakened production, livestock sickness and so on.
ii.iv. Infrastructure constraints

Madichie and Nkamnebe (2010) noted infrastructure related constraints that directly or indirectly affect economic prospects of MEs, namely: poor state of road networks, unreliable and insufficient electrical supply, high (unaffordable) price for kerosene, petrol and gas, and high cost of transportation. Similar infrastructure constraints such as transportation, communication and energy power bottlenecks were faced by microenterprises in Bangladesh, especially in rural areas. The inadequate government funds for infrastructure often cannot cover building, maintaining and rebuilding roads, bridges, culverts, irrigation structures and rural electrification (Chowdhury & Miyagi, 2006, pp. 89-90). Parvin, Jinrong and Rahman (2012) reveal that infrastructure facility is miserable in most rural areas [...] The supply of electricity and gas are not available in many rural and even sub-urban areas. Hence, micro, small and medium enterprises are suffering badly due to load shedding of electricity and gas. (p. 3868)

iii. ME-DACs Induced by Resource and Capability Shortage

iii.i. Poor business financial management ability

MEs need to earn adequate income and profits for business survival (Rajbongshi, 2008; Schreiner, 1997). The study of Rajbongshi (2008) on microenterprises in a South Eastern State of India provided some important insights on constraints which hamper "sustainability" of MEs (she simply defined sustainability as viability and permanency of ME operation to a microentrepreneur). It mentioned that how far the MEs are sustainable in terms of providing permanent livelihoods to micro entrepreneurs depends on the income and profit generated from these MEs. Two important factors in maintaining the business profitability of an ME were discussed by Rajbongshi (2008). First, the operating
self-sufficiency or whether the income generated from the principal activity is sufficient enough to cover the normal business expenditure is very crucial. The data analysis in her study lead to the finding that "net profit [was] found to be a function of operating efficiency" (p. 15) and "containing the operational expenditure is of utmost requirement" (p. 16). Secondly, financial self-sufficiency, which means the availability of profit for servicing the debt obligations, is critical.

Rajbongshi(2008) reported that many MEs studied were "not able to maintain profitability in the long-run and remain financially viable after meeting various expenditures of the business" (p. 10) because microentrepreneurs who ran those MEs lacked knowledge of managing business activities, are not fully aware of the various economic activities they undertake, do not properly understand "market condition, logistic arrangements, proper account keeping, segregation of personal expenditure from business" (Rajbongshi, 2008, p. 16).

iii.ii. Poor access to market information

Some studies have pointed out that lack of/poor access to market information is one of the major problems of women microentrepreneurs (Madichie & Nkamnebe, 2010; Parvin, Jinrong & Rahman, 2012)–although men entrepreneurs also suffer from the same information shortage issues as well. Microentrepreneurs require information on where, what price and when the product should be sold. Many of them often do not know how to get domestic market access (local and national markets) and lack "knowledge in the use of market promotion activities" (Parvin, Jinrong & Rahman, 2012, 3868).
As mentioned earlier, the significant proportion of the ME's starting and working capital is usually financed by loans. Therefore, the cost of the loans (i.e. interest), the potentiality and consistency of expected profits, the market risks (e.g. fluctuation of demands and price) and other realities (such as consumption needs in the household, etc.) need to be well considered and predicted, with contingency plans, by a microentrepreneur before getting a loan and using it for a business activity.

However, most poor microentrepreneurs (in most contexts of the developing world) with poor human capital cannot undertake these important precautions and planning activities. Many research studies describe a majority of microentrepreneurs as poor, with little or no formal education or experience of running a business and without any protection from labor laws or social security (Malik & Abed, 2007), while most have inferior social status as well (Alam, Hossain & Zaman, 2011). Most microentrepreneurs have become "entrepreneurs principally by necessity" (Roy & Wheeler, 2006, p. 452). In other words, they were "forced to become self employed" by operating an ME (majority of such necessity-driven entrepreneurs operate livelihood MEs) as they had "no option left to ensure their survival" (rather than being typical entrepreneurs "driven by challenge, inheritance, and independence") (Alam, Hossain & Zaman, 2011, p. 244). As a result, as Roy and Wheeler (2006) has noted, "most basic needs" of those microentrepreneurs usually "drive their business activities and behaviors" (p. 452).

Amidst the vast evidence of limited education and business management experience of such microentrepreneurs, some research studies nonetheless noticed that "human capital embodied in the proprietor" (such as educational background and prior experience) is an important determinant of the survival and growth of an ME.
(McPherson, 1996). Survey researches in the African context found that entrepreneurs who had completed secondary school were also found to be more likely to expand their businesses in Kenya (Parker, 1995 as cited in Mead & Liedholm, 1998) and Zimbabwe (McPherson, 1992, as cited in Mead & Liedholm, 1998). Completion of primary school by the entrepreneur was found to have no significant effect on expansion of micro and small enterprises in any of these countries (Parker, 1995, & McPherson, 1992, as cited in Mead & Liedholm, 1998). The study by Parker (1995) in Kenya revealed that entrepreneurs who had at least seven years of experience were likely to run their MEs better and expand their business more rapidly than those without such experience (as cited in Mead & Liedholm, 1998).

By emphasizing the importance of the above mentioned human capital factors, some researchers have strongly advocated that "training programmes need to be an ‘inbuilt’ part of the microcredit initiatives" (Rajbongshi, 2008, p. 16). Parvin, Jinrong & Rahman (2012) insisted that "for an effective entrepreneurship generation, entrepreneurship education is necessary […] and] training for the existing manpower is essential for greater output" (p. 3869). The argument for training programmes seems to be supported by some research evidence such as that of McPherson (1992), which found that entrepreneurs who had received some vocational training expanded their micro and small enterprises 9% faster than those without such training (as cited in Mead & Liedhom, 1998).

Currently, there is a huge debate going on among practitioners and academics on whether it is viable and/or feasible for an ME programme (due to the limited
development resources such as time, budget, manpower, skills, etc.) to train every microentrepreneur to gain those skills to be able to manage their microenterprises better.

**iii.iii. Inadequate starting and working capital**

One of the major financial resource shortage constraints is "inadequate starting and working capital for ME" (Parvin, Jinrong & Rahman, 2012), which is caused mainly by another major constraint, namely "lack of access to affordable institutional finance" (Khandker, Samad & Ali, 2013).

Generally, microentrepreneurs—women in particular—operate their MEs with limited capital which was accumulated from savings and loans from informal sources such as family members, relatives and moneylenders (Parvin, Jinrong & Rahman, 2012). Informal lenders can also provide funds to operate microenterprise activities. However, exorbitant interest rates (ranging from a monthly interest rate of 10 percent to 150 percent) and exploitative terms make this option infeasible for financing microenterprise investment.

On the other hand, formal financial institutions such as commercial banks charge relatively much lower interest rates and thus could be the most cost-effective sources for financing MEs. But they rarely finance ME activities because of high transaction costs involved with small loans for microentrepreneurs, who further often lack adequate assets as collateral for bank loan guarantees. (Parvin, Jinrong & Rahman, 2012; Khandker, Samad & Ali, 2003). That is why some studies such as the study of Khandker, Samad and Ali (2013) in the Bangladeshi context, even emphasized "the lack of access to affordable finance rather than the non-credit constraints (e.g., lack of demand or access to
transportation and electricity) that matters most in restricting microenterprise growth in Bangladesh" (p. 27).

Besides, the poor also lack access to institutional credit for consumption smoothing and to other services such as payments, money transfers, and insurance. Most of the poor households also find it difficult to accumulate financial savings without easy access to safe institutions that provide deposit services (Harvie, 2003).

The loan from a microcredit institution (MCI) is the only possible formal source of credit and deposit services, where a microentrepreneur is lucky enough to have such access. More specifically, Rajbongshi (2008) argued that "availability of adequate and timely finance" is the one thing which is really vital to microenterprises (p. 3). It is important to take note that the current microcredit supplies in many countries have still been far below the existing demands and thus many researchers have even argued that the lack of or limited access to institutional credit is the most formidable hurdle of all (Harvie, 2003; Rajbonshi, 2008). Moreover, women microentrepreneurs especially lack awareness of the benefits of credit facilities due to their limited education background (Anyanwu, 2006), and also due to many MFIs who are not being proactive enough in informing and advertising their microcredit services to their target populations (Madichie & Nkamnebe, 2010).

In addition, some microentrepreneurs fail (or are excluded) to participate in some available microcredit programmes of MCIs, because they are too poor and/or they have

---

12 There is great need to expand poor people’s access to financial services in Myanmar. According to UNDP (2013A), "over 80% of potential clients are excluded from formal access to credit, deposit and other financial services such as insurances and remittances", and the most common sources of loans are relatives, friends, traders and moneylenders (p. 1).
too low a social status to overcome their social exclusion, or they lack awareness (Harvie, 2003). "Internal constraints" such as "lack of mental access (phobia and anxiety)" (due to lack of trust in MCIs, ignorance, fear of the consequences of default, etc.) can block microentrepreneurs (especially women) from accessing the available microcredit (if any) to start a new microenterprise or change to new business activities with better prospects, as well as from getting larger business loans to expand their existing businesses (Madichie & Nkamnebe, 2010).

Many others are excluded from participation because of "arbitrariness in the selection of beneficiaries and inadequate flexibility in the design" (Thapa, 2006, p. 17) of the microcredit programme (i.e. supply-led fixed products and services with strict requirements and rules such as times and frequencies of compulsory meetings, mandatory savings requirement before getting a loan, loan size, group formation process, size of the group, interest rates, loan terms and installments, etc.) (Rajbongshi, 2008; Simanowitz, 2003).

**Conclusion of Literature Review**

As seen in the above discussions, the lifecycle and success of an ME are affected largely by many prevailing difficulties and constraints which are caused by many factors in a context (controllable or uncontrollable by MEs and MCIs).

Simply put, the main rationale of most ME programmes is to provide appropriate financial and nonfinancial services to microentrepreneurs so that the client microentrepreneurs can overcome difficulties and challenges in managing, maintaining—and possibly growing—their MEs. The literature shows that an ME development program
needs to consider all key significant needs of its target microentrepreneur populations (in addition to the need for affordable microcredit services) and try to address and close the needs-gap as much as possible. These needs stem from both the personal characteristics and backgrounds of microentrepreneurs and the many prevailing ME-DACs specific to the context in question. Therefore it is essential for an ME programme to continually learn and understand the specific nature and characteristics of its client MEs and key contextual ME-DACs, which influence the daily operations and prospects of MEs (Roy & Wheeler, 2006; Nichter & Goldmark, 2009).

After all, the performance of an ME programme and that of its client MEs are inevitably interconnected. The underperformance of the MEs will lead to the underperformance of the ME programme, and vice versa. Thus, in addition to monitoring and evaluating its performance based on commonly used program-success-indicators (such as the quantity of loan disbursement, repayment rate, number of success stories, etc.), an ME programme should also monitor and evaluate its performance and success based on how effectively it has reached and supported its targeted MEs in overcoming ME-DACs and attain their expected level of income and growth ambitions.

In Myanmar, the YWDP is one of the most impressive microcredit-providing ME programmes with excellent repayment rates, a high client to staff ratio and multiple ME-success stories. To assess its financial and social performance on an ongoing basis, the YWDP hires external consultants to regularly monitor and evaluate (as a mandatory requirement) in order to submit reports on its project outcomes to its donors, in the forms of semiannual and annual progress reports, and project end evaluation reports. However those studies and reports, which aim to monitor, evaluate and keep track of the
performance of the project, are inclined to checking if the projects' measurable outputs are aligned with their logical-frameworks and project plans (such as comparing between the targeted and actual loan disbursements, loan takers, vocational training provided, etc.) (YWDP, 2012A; YWDP, 2012B).

Until now, no research, which specifically focuses on assessing the difficulties and challenges faced by the client-MEs of the YWDP microcredit client programme, has ever been done. Such information would increase the effectiveness of the YWDP in adjusting its strategies, rules and regulations to provide its microcredit clients with potentially more appropriate financial and nonfinancial services. Thus in order to generate the missing information to benefit the YWDP and the people and MEs it serves, the advisory committee, the YWDP and the researcher designed and implemented a plan to disseminate this research project.

The expected broad outcome is that the literature review, and the findings and recommendations from this research will provide the YWDP with a deeper understanding of the MEs it is currently serving in one of its project locations. Thus this research has the potential to contribute to the ME development operations of the YWDP by being one source for the evidence the Yangon YWCA and the YWDP would need, in reconsidering and readjusting its financial and nonfinancial services to effectively meet the needs and demands of its client MEs in the referred context. However, the following research inquiries are beyond the scope of the research (although this research may sometimes overlap with them):
- assessing the impact of microcredit services (e.g. how many successful MEs, achievement of aimed social goals) and other nonfinancial services (such as education, health, training, etc.) of the YWDP
- appraising the quality of financial services and nonfinancial services of the YWDP as an NGO-managed MCI
- evaluating the success of MEs served by the YWDP (e.g. based on indicators such as consistency of adequate income, profitability, efficiency, self-sufficiency, etc.)
- analyzing government policies
- contributing to anthropological or ethnographic knowledge
CHAPTER 3: RESEARCH METHOD

Research Objectives

Recognizing the importance of the YWDP (as an ME programme) having a good understanding of the multiple prevailing difficulties and constraints faced by WE-led MEs in a given context, the purpose of this research is to identify and inform the YWDP about the key difficulties and constraints facing microenterprises in one of its targeted townships. The specific objectives of this research are to:

- Identify a comprehensive list of key difficulties and constraints that are faced by women-led MEs (in Htawonbe Ward of North Okkalapa Township) in pursuing their desired levels of income and growth; and
- Develop categories and themes for organizing those difficulties and constraints by using the conventional content analysis approach\(^{13}\).

Research Design

The research project is a case study of MEs and YWDP’s microcredit operations in one project location, i.e. Htawonbe Ward of North Okkalapa Township (rationales for choosing this township are discussed below). Support has been available–throughout the research project–from the Smart Consultancy Group of Myanmar, which is one of the coaching consultant firms of the YWDP. The Smart Consultancy Group was requested by the YWDP to provide technical and research advice to this study.

\(^{13}\) The Conventional Content Analysis approach is discussed further in the Research Method section.
The case study research method is particularly useful for this research, which needs holistic and "deep understanding of phenomenon, events, people, or organizations" (Berg, 2009, p. 319). The case study research method encourages researchers to use multiple sources of evidence (Yin, 2009), and it tends to focus on holistic description and explanation (Gall, Borg & Gall, 1998). Furthermore, considering the highly context-specific nature of this study, the choice of case study method is consistent with the point of view of Yin (2009) who states that the case study method is very useful for a researcher who wants "to understand a real-life phenomenon in depth, but such understanding encompassed important contextual conditions—because they were highly pertinent to [the referred] phenomenon of study" (p. 18). Yin (2009) also argues that in general, case studies are the preferred method and distinguished from other research methods (such as surveys and experiments) when (a) "how" or "why" questions are being posed, (b) the investigator has little control over events, and (c) the focus is on a contemporary phenomenon within a real-life context.

The decision to study MEs (and ME-lending microcredit operations of the YWDP) in only one township was based on (a) the nature of study (the focus of the research on depth rather than breadth), (b) the very similar characteristics of peri-urban townships of Yangon city\textsuperscript{14}, (c) the use of multiple sources of evidence (as discussed below in detail), and (d) the limited time and resources available for the study\textsuperscript{15}.

\textsuperscript{14} Due to many similar–or same–features of the location and populations: e.g. distance from the city center, culture, religion, history, demographics, market conditions, livelihoods, climate, government bodies, laws and regulations, etc.

\textsuperscript{15} Fixed internship and data collection period; no external funding received (while the cost of travelling and accommodation in Yangon in very high).
Among the options of six townships of Yangon where the YWDP is present, the North Okkalapa Township was specifically chosen because the chosen township is, for the YWDP, the most significant township where: the highest percentage of its total member population reside; the majority of its clients operate MEs; its microcredit operations have been present for the longest duration; its microcredit operations are the most established and evolved (compared to its microcredit operations in other townships); and it has tested/piloted most of its past innovative microcredit practices.

As the first step, the researcher initially considered selecting specific categories of people deemed most appropriate for the study by seeking advice from the academic advisory committee and the Smart Consultancy Group. The chosen key stakeholder groups of the YWDP’s ME-lending microcredit operations and this research project were 1) dropouts or current microcredit clients who dropped out in the past, 2) current microcredit clients, 3) YWDP management and field staff, and 4) members of Community Based Organizations (CBOs) in Htawonbe Ward, North Okkalapa Township.

**Sampling and Data Collection**

Following the suggestions of Yin (2009), data was collected from multiple sources and converged in "a triangulating fashion" (p. 18). Overall, the data sources of the research project include: document analysis of available secondary data from the YWDP and review of literature; a set of individual interviews with current microcredit clients, clients who dropped out in the past, and complete dropouts; and a few key informant interviews (KIIs) with different stakeholders (YWDP management, field staff,

---

16 The Smart Consultancy Group is one of the coaching consulting firms of the YWDP.
and members of North Okkalapa CBOs involved in YWDP microcredit operations. A pilot Focus Group Interview was also carried out with eight current microcredit clients. One advantage of the researcher in conducting interviews was the helpful fact that the researcher, YWDP staff, YWDP clients and dropouts all spoke the same language, and have similar worldviews and culture\(^\text{17}\). Each of the aforementioned data collection activities is further discussed below:

1. **Review and analysis** of secondary data (including):
   
   a. Scholarly articles, reports and theses in microcredit and ME development;
   
   b. Private data (from the YWDP) on YWDP client MEs and its microcredit operations; and
   
   c. Public ME related and microcredit industry related official documents;

   Literature review and document analysis of the available secondary data has been used throughout the research and especially in its early stage. Microcredit operations related data from the YWDP (private data) includes the numerical and financial records (such as loan disbursement, repayment financial data, etc.), and other relevant types of documents (such as meeting minutes, project proposals and progress reports, evaluation reports, logical frameworks, financial records, bylaws, etc.). Relevant public data for this study are written regulations, laws and legislation of Myanmar (e.g. microfinance law), government policies (poverty reduction strategies statement), etc. The document analysis enabled the researcher to gain a preliminary understanding of the microcredit operations of the YWDP and the microcredit sector of Myanmar.

\(^{17}\) The researcher also grew up in one of the townships of Yangon city.
Furthermore, the project documents retained by the YWDP were used to select and contact potential interviewees. However, to be specific, the only identifiable information obtained from project data (to stratify the population and select potential participants) were 'name', 'duration of membership in a given Self-Help Group (SHG) and 'contact information' of each potential interviewee. Identifying codes (known only by the researcher) were created in retrieving the abovementioned information. The names, membership durations, addresses, and codes for potential interviewees were stored separately from all other data and kept in secure locked places which were not accessible to the YWDP or any other party (other than the researcher).

On the other hand, a totally separate aggregate documentary analysis was conducted to triangulate the findings from the individual interviews and individual key informant interviews (which are discussed below). Examples of such document analysis in aggregate forms (without connecting to any identifiable persons or groups) include analyzing the number of people per range of loan amounts, repayment and loan size trends, loan usage purposes, project budgets, bylaws, rules, regulations, etc.

2. Individual interviews with:
   a. 45 current microcredit clients; and
   b. 10 dropouts (six re-join/transfer clients and four permanent dropouts)

Although the focus of the study is on ME operations of WEs and not on microcredit operations of YWDP, different stratified groups of YWDP
microcredit clients and dropouts had to be, at first, recruited—not women entrepreneurs—due to data constraint. At the later stage, the interviewed microcredit clients were then categorized under different ME-related and WE-related categories, which are discussed under the "Profile and Statistics of Participated WEs and their MEs" section of Chapter Four.

In selecting 45 current microcredit clients for the individual interviews, a stratified random sampling technique was used to ensure a sufficient and unbiased representation of the current loan takers with different criteria. The only selection criteria in making a list of potential participants was that the person must be a current microcredit client in an SHG who had taken at least one loan from the YWDP. The list was later stratified into three different categories (with 15 clients each) based on duration of membership such as 1) less than three years, 2) between three years and seven years and 3) seven years and above. Then randomly selected potential participants from the stratified sample groups were contacted by the researcher, in person or by telephone, to participate in the research process. This was a long process which lasted for almost five weeks, and finally ended after fifteen microcredit clients from each group had already participated in the individual interviews.

---

18 difficulties in recruiting WEs based on the nature of their ME and the sector of ME activity based on the available data from the YWDP
19 Participants are recruited based on membership duration due to: YWDP data constraint, the nature of always changing business activities and the assumption that SHG membership duration has important implications (i.e. SHG members with higher membership duration are more likely to reach the appropriate size of loan, operate their MEs for a longer duration, have received other nonfinancial supports from the YWDP, have had more YWDP-related experiences and knowledge on rules, regulations, loan features).
In fact, 53 microcredit clients were interviewed, but the interview data of 8 participants (mentioned in Table 4) were not used since they do not operate ME activities.

Table 4. Characteristics of microcredit clients that were interviewed but excluded from the analysis

<table>
<thead>
<tr>
<th>Interviewed microcredit clients who were excluded from the data analysis</th>
<th>Non-ME activities</th>
<th>Economically inactive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed by an SME or large enterprise other than an ME (2), Odd jobs (2)</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Never worked before (4)</td>
<td>4</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A non-random purposive sampling method was used in selecting six dropouts to "ensure that certain types of individuals or persons displaying certain attributes [were] included in the study" (Berg, 2009, p. 50). As a result, six current microcredit clients, who had dropped out in the past, were recruited and they possessed the following attributes:

- three clients had dropped out but rejoined the same SHG (reasons for dropping out included having conflict with group members, being unable to attend the regular meetings, or having travelled to a distant place for a long duration); and
- three clients who dropped out from one SHG and transferred to another SHG (reasons included having conflict with member(s) of the

---

20 including seven 'Currently Economically Inactive women' (who used to operate MEs but permanently or temporarily stopped working due to health issues or because children grow up and support them) in Trading sector (5) and Food & refreshments sector (2)
former SHG, moving to a new location, or leading in forming a new SHG with new members).

In recruiting four permanent dropouts for individual interviews, the snowball sampling method was used to recruit the difficult-to-reach permanent dropout population. Only near the end of the primary data collection phase were four microcredit dropout clients of the YWDP finally recruited for individual interviews via a chain of referrals. The number of dropouts recruited is smaller in size, and so dropout client participants could not be recruited by using a stratified random sampling technique due to difficulties in recruiting them (such as unwillingness and/or having no time to participate in a study related to the YWDP, moving out of Htawonbe Ward, etc).

Despite keeping the smaller sample size (due to the above mentioned reasons), the participation of dropouts in this internship research is very important since they were one of the main informant sources that provided insights into why they were prevented/excluded by some factors or unwilling (for some reasons) to make use of the available financial and non-financial services offered by the YWDP. Refer to the interview guides (Appendix 5), which was used in individual interviews after being tested in a pilot focus group interview.

3. Individual key informant interviews (KII) with:
   a. six field staff assigned in microcredit operations of Htawonbe Ward;
   b. six management/administrative staff from the Headquarter office; and
c. 10 members of Community Based Organizations (CBOs) (which were established with the help of the YWDP) in Htawonbe Ward

All the six management and administrative staff in the Headquarter office and all the six field staff who are responsible for Htawonbe Ward, willingly participated in *individual KII*. Four members from Okkala May CBO, four members from sub-CBOs and two operational volunteers\(^{21}\) were recruited for the individual KII by using a simple random sampling technique. Since members of CBOs are current microcredit clients and women entrepreneurs as well as elected committee members (in charge of some activities of microcredit operations), their participation in this study provided a balanced view.

**Interview Guides**

Since this research project has some predetermined specific research objectives, semi-structured interviews were considered appropriate for this study. Besides, since the data collection and analysis were designed to be done inductively by avoiding preconception and preconceived categories, the questions asked were broad and open-ended. Thus semi-structured interviews with open-ended questions were used in all types

---

\(^{21}\) By December 2010, the YWDP had provided CBO training and self-help training to 97 participants from 47 SHGs. One significant step of the YWCA, towards the empowered approach to the community, is that it helped establish the Township-level CBO (named as “Okkala May”), which represents most of the SHGs in the whole Htawonbe Ward before the end of 2010. Five Sub-CBOs/Sub-area-CBOs were formed based on the locations of the SHGs and two elected representatives from each group were included in their respective Sub-CBOs. The YWDP intends to gradually empower CBOs and Sub-CBOs to manage and make decisions on behalf of the YWDP for most of the cases, while the YWDP reserves its' decisions for more serious issues. Moreover, a few selected operational volunteers (they are members of sub-CBOs too) also facilitate regular meetings of SHGs together with the YWDP field staff. The operational volunteers are currently being trained hands-on by the YWDP field staff. (YWDP, 2012B)
of interviews during the research project (Refer to Appendix 5 to see Interview Guide\textsuperscript{22}). Furthermore, probes and prompts were also open-ended and specific to the participants’ comments rather than to a preexisting theory, such as "Can you tell me more about that?" (Hsieh & Shannon, 2005)

During some interviews, a few selected questions to obtain demographic information and background information of WEs and their MEs were also asked–in open-ended questions– and recorded (Refer to Appendix 4). Depending on the convenience of participants, the open-ended questions designed to collect the selected demographic and background information were actually asked to participants separately (by spreading out the questions) throughout the whole interviews to relate some interview questions with demographic and background information.

**Pilot Focus Group Interview**

One formal focus group interview with a group of eight current microcredit clients (from a medium-performing SHG\textsuperscript{23}) was included in the research design as a pilot merely to determine the flow, to refine interviewing techniques, to check if the planned interview guide was useful to maintain productive conversations between the researcher and the participants, and to adjust the existing questions or develop additional relevant questions (Yin, 2009).

Borrowers from the same SHG were invited to participate in the focus group interview because a certain level of trust may have already been built within the group so

\textsuperscript{22}The sample questions (mentioned in Interview Guide) designed for a pilot focus group interview and for actual interviews. The guide had continuously evolved throughout the data collection phase due to the strong inclination towards inductive category development.

\textsuperscript{23}Based on indicators such as loan repayment history, expansion of business and group unity.
that it was deemed to have a higher chance for the group to speak out more openly. A medium-performing SHG was preferred since the medium-performing group may possibly provide more balanced viewpoints on YWDP related ME-challenges than other SHGs who perform very well or very poorly. The participants who had participated in the pilot focus groups were not invited to participate in any other types of additional interviews.

**Ethical Considerations**

To avoid conflict of interest, the research project was independently conducted by the researcher without any interference and control by the YWDP or any other party (such as the Smart Consultancy Group). Only the researcher knew whether and who participated in the research project. The data collection activities through a series of interviews were carefully designed by taking the following procedures and measures which are guided by the Tri-Council Policy Statement by the Canadian Government’s Panel on Research Ethics.

First, potential participants who had been invited to participate in the research were notified that the researcher was a graduate student at the University of New Brunswick and was carrying out this research project in order to submit a report, as well as to submit a Master’s Report, as part of the requirement for the MPhil degree, to the University of New Brunswick. They were also informed that the researcher was working for the YWDP as an intern staff (in other project locations except Htawonbe Ward) at the time, and yet the YWDP staff were not associated with this research project at all. Next, the purposes of the research, the expected outcomes, the reason why they had been
invited, and the types of questions that would be asked during the interviews were explained to the invited potential participants...

Each interview (pilot focus group interview/individual interview/KII) lasted approximately an hour. Most interviews took place at the homes of participated WEs and a few interviews at other places such as markets/business areas where participants did their business activities and public places (such as tea shops and cafés). Participants were offered the choice of any place and time they found convenient, except for places directly related to the YWDP’s microcredit operations (such as the YWDP field office). Everyone who was directly or indirectly involved in the study was treated with full respect.

The confidentiality and privacy of the participants’ provided responses were ensured by the following procedures and activities:

(i) information was collected and retained by a code known only by the researcher;

(ii) all interview materials were identified through codes;

(iii) interview materials (notes, audio recordings and transcriptions) retained by code, not name, were stored separately from the information sheet of code in safe places (locked and/or password protected) which only the researcher had access to;

(iv) all interview audio-recordings tapes and electronic files that linked participants to information provided by them were destroyed or erased after audio-recordings had been transcribed;
(v) all identifiable information that could identify participants or their businesses (other than the code) were removed from interview transcripts;

(vi) none of the participants’ identifiable information is discussed or mentioned in this report;

(vii) pseudonyms are used instead of real names of interviewees when their spoken words are directly quoted in this report;

(viii) all interview audio-recordings tapes and electronic files were destroyed or erased after they had been transcribed;

(ix) though participants are quoted, the quotations are not linked personally to participants or their businesses; most of the information is discussed and mentioned in aggregate form in this final report and in other academic articles and papers that may be published;

(x) participants were informed about their right to refrain from answering any questions asked in interviews;

(xi) participants were informed about their right to ask the researcher not to audio-record their interviews;

(xii) participants were informed about their right to withdraw at any time prior to the completion of their respective interview(s);

(xiii) participants were informed that if they decided to withdraw from the research project, their interview materials would be destroyed;

Despite taking the above measures to ensure confidentiality and privacy, the KIIs with staff involved some risk of identification due to the very small population size of the YWDP staff, i.e. the responses from the staff in KIIs may be identifiable as to "who said
what" by the way the responses/comments of staff participants are presented and/or analyzed. Consequently, individual KIIs were chosen over the group KIIs with the staff, and sensitive types of inquiries such as asking staff to criticize directly the YWDP operations and its effectiveness were avoided to preclude leading questions, and to prevent potential harm to staff careers. There was also some risk associated with the pilot focus group interview, in which the researcher had no control on participants who might have possibly revealed who said what at the focus group interview, despite agreeing not to.

However, there was relatively little chance of encountering such issues in the interviews with dropouts and current microcredit clients and KIIs with CBO members since the interviews were individual and the population sizes of the aforementioned groups were relatively large. No other particular foreseeable risk to current loan takers and dropouts in individual interviews and CBO-members in KIIs were identified. Precautions were taken by the researcher to protect participants’ identities, anonymity, confidentiality and privacy.

While the letter of information in Appendix 7 was prepared for one focus group interview, the informed consent forms in Appendices 8–10 were for individual interviews and KIIs. Informed consent forms with the names and signature of the participants were not needed for the focus group interviews because the focus group interview included in this research project was merely a pilot study designed primarily to test interview questions, and thus responses of participants were not recorded by using an audio-recording device, transcribed nor reported in the data analysis and final report. Besides,
no identifiable information (such as name, address, etc.) was asked for or recorded during the focus group interview.

The letter of information and the informed consent forms included contact information of supervisors or other personnel who were not directly involved in this research study, and who participants can contact if they have any questions, concerns or complaints about the research procedures. The referred letter and forms outlined most of the information discussed above, such as the detailed description of the purpose of the interviews and research, the possible risk involved, the expected social benefits, their rights to not participate in the study, or not to allow audio-recording of the interviews, or not to answer some of the interview questions, etc.

Before each interview, the letter of information or the informed consent form were read out aloud (to ensure that even a few illiterate participants were fully informed) by the researcher to the invited participants, as well as provided to them for their reference. Invited participants were also requested to read it again by themselves once they received it before signing the informed consent forms. These activities should ensure the participants understood the research procedures—along with their rights as participants in the research study—which were taken to ensure this research project was ethical in all important aspects.

In terms of feedback to participants, a summary paper of the major findings of this research project (in Burmese and/or English) was offered to participants (they were asked to provide their mailing address to the researcher). Besides, two 'presentation-and-discussion sessions' (on initial research findings, analysis and recommendations) were
done with the YWDP staff, YWCA staff, board of directors, CBO-members and SHG-members in August 2014.

Data Analysis

The "content analysis" method was used to analyze the data. More specifically, the analysis approach used by this study can be identified as the "conventional content analysis" approach which involves coding categories and themes that have been derived directly and inductively from the raw data itself (Berg, 2009; Hsieh & Shannon, 2005). Following the guidelines of conventional content analysis, the researcher avoided using preconceived categories and themes (Kondracki & Wellman, 2002), and instead allowed the categories and themes to flow from the data.

Hsieh and Shannon (2005) argue that conventional content analysis is usually appropriate when existing theory or research literature on a phenomenon is limited, and it is generally used with a study design whose aim is to describe a phenomenon. The authors explain that the conventional content analysis approach can easily be confused with the grounded theory method (GTM) because they share a similar initial analytical approach but [the GTM] goes beyond content analysis to develop theory or a nuanced understanding of the lived experience. The conventional approach to content analysis is limited in both theory development and description of the lived experience, because both sampling and analysis procedures make the theoretical relationship between concepts difficult to infer from findings. At most, the result of a conventional content analysis is concept development or model building. (Hsieh & Shannon, 2005, p. 1281)

During the analysis phase of the process, the researcher engaged in the following procedures.
Data regarding difficulties and constraints faced by MEs (collected from different sources) were converted into text (e.g. field notes, transcribing interviews, and translating some important components of transcribed interviews from Burmese to English).

The constant comparative method (Glaser & Strauss, 1967) has been used, or in other words, data were collected, transcribed and analyzed simultaneously (Charmaz, 2006).

Individual themes were selected as the unit of analysis in this study. Zhang and Wildemuth (2009) state that:

An instance of a theme might be expressed in a single word, a phrase, a sentence, a paragraph, or an entire document. When using theme as the coding unit, you are primarily looking for the expressions of an idea. Thus, you might assign a code to a text chunk of any size, as long as that chunk represents a single theme or issue of relevance to your research question(s) (p. 3).

Thus a theme is a flexible unit of analysis. It may be a phrase or a sentence from a given transcribed interview or the whole interview. Since the study did not use approaches such as discourse analysis, the choice of theme as the unit of analysis is deemed more appropriate than choosing specific physical linguistic units (e.g. word, sentence, or paragraph).

ME-DACs, in text form, identified from different sources were repeatedly read to achieve immersion and obtain a sense of the whole; then read word by word to derive codes (Miles & Huberman, 1994). Next, codes were sorted into categories based on how different codes are related and linked (Miles & Huberman, 1994; Hsieh & Shannon, 2005). Thus, in this stage, analytic codes and categories were inductively developed or generated from data and not by
pre-existing conceptualizations, categories and themes (Charmaz, 2006; Berg, 2009), such as the ME-DAC themes and categories in Table 3, which were developed based on the review of the literature.

- After the initial ME-DAC categories and themes were identified, the subsequent data materials were sorted by these categories and themes by "identifying similar phrases, patterns, relationships, and commonalities or disparities" (Berg, 2009, p. 341). However, some initial categories and themes were actually modified or replaced with additional emerging ME-DAC categories and themes from the data.

- The sorted materials were then examined to "isolate meaningful patterns and processes" (Berg, 2009, p. 341).

- Identified patterns were considered in light of the findings, categories and themes identified from the literature (see Literature Review and Table 3). At the next step, "a small set of generalizations" for each category and theme were established (Berg, 2009, p. 341).

No computer assisted data analysis software were used since the overall data size is not large enough, and the broader unit of analysis (such as themes, ideas and concepts, and not words, phrases, paragraphs, etc.) were used in doing the thematic content analysis. Moreover, complex statistical techniques were not needed since this case study is of qualitative nature, except for a few quantitative presentations in the final report such as: quantifying some qualitative findings using descriptive statistics; and linking some demographic information to the ME- difficulties and constraints found in the research.
In order to ensure validity and to minimize the influence of subjectivity, the researcher collected multiple sources of evidence from multiple individuals (triangulation of data collection sources were used in this study). By establishing the case data base and maintaining a chain of evidence (Yin, 2009), all the collected data evidence were considered and analyzed to obtain a holistic balanced understanding, from different viewpoints, of the constraints faced by a woman microentrepreneur (from a peri-urban location of Yangon) while she uses/does not use the available (or not available for some constraints) microcredit sources. A few informal discussions and two formal oral presentations of initial findings with the YWDP management and field staff were done. Moreover, multiple draft reports were submitted to the advisory committee to obtain feedback while collecting and analyzing the data and writing the reports.
CHAPTER 4: RESULTS

Profile and Statistics of Participated WEs and their MEs

I. Information related to WEs

Age of WEs

Most interviewed WEs are in the age range of 40-60 years old. Most younger people are less interested in running an ME since they are more inclined to choose other opportunities such as full-time employment which provides regular—potentially higher—income and involves less risk/uncertainty.

Table 5. Classification of participated WEs based on age

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>18-30</th>
<th>31-40</th>
<th>40-50</th>
<th>50-60</th>
<th>60 and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of WEs</td>
<td>2</td>
<td>6</td>
<td>22</td>
<td>27</td>
<td>8</td>
</tr>
</tbody>
</table>

Formal educational level

Most WE-interviewees (about 92%) are literate, even if only at a basic functional level, and a few (8%) are not. Most of the interviewees have low formal educational level, as almost half of the participants obtained a formal education between Grade 1 and Grade 5.

Table 6. Classification of participated WEs based on level of formal education

<table>
<thead>
<tr>
<th>Level</th>
<th>None</th>
<th>Grade 1-5</th>
<th>Grade 5-9</th>
<th>Grade 9-11</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of WEs</td>
<td>5</td>
<td>31</td>
<td>22</td>
<td>6</td>
<td>1</td>
</tr>
</tbody>
</table>
Formal work experience

Eight out of 65 WEs interviewed used to work as a full-time employee (there is no or few formal part-time employment opportunities in Myanmar). Four out of those eight WEs (who used to work full-time) quit their job after getting married and having children.

Table 7. Classification of participated WEs based on number of accumulated years of formal work experience

<table>
<thead>
<tr>
<th>Years in employment</th>
<th>None</th>
<th>1-5 years</th>
<th>6-10 years</th>
<th>10-15 years</th>
<th>More than 15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of WEs</td>
<td>57</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Why WEs started operating MEs

About one fourth of WEs interviewed mentioned that they have been doing ME activities for their whole lives and that they do so mainly because their parents and relatives made a living from ME activities. The rest of the WEs started doing ME activities due to some certain circumstances such as:

- having migrated from country side to city (most of them used to be farmers)
- death of husband/divorce/informal separation
- husband being unhealthy (little or no income from him, high healthcare expenses)
- husband's income contribution being not enough for household expenditure (for many reasons, e.g. many children; rising cost of living; debt burden; husband not responsible, i.e. lazy, alcoholic)
II. Information related to household

The average size of the household in the sample is six people. Out of 65 households in the sample, 18 are female-headed households (i.e. headed by widows and divorced women) and 47 are male-headed households (most of them are headed by husbands of WEs interviewed).

Since there is a lack of information for the national poverty line of Myanmar, this research uses a simple classification of poverty level based on accumulated monthly household income amount. During the interviews, WEs were asked what their accumulated monthly household income amounts are and what (and how much) the major expenses of their households are. Based on them, a simplified classification of poverty levels was developed. Accounting the rising cost of living and rate of inflation and the location being in a peri-urban setting, the minimum essential monthly household income amount (to make a living in Htawonbe Ward) is set by taking the opinion of YWDP staff and interviewed WEs—at MMK 130,00024 (or USD 139.30)25. The minimum essential monthly household income amount is needed by a household for the following essential monthly expenditures:

i) Average minimum food expenditures (calculated based on the average household size of six people)= MMK 75,000 (ranging from MMK 60,000 to MMK 120,000, depending on the household size and the quality of food); and

ii) Minimum non-food expenditure to meet basic needs = MMK 55,000 including:

24 MMK stands for Myanmar Kyats, the currency of the Republic of the Union of Myanmar.
25 For 2013, one Dollar has equaled: average K 933.221; minimum K 855.500; maximum K 989.000. The average exchange rate of Myanmar Kyats in 2013 was retrieved, on 31st December 2013, from: Fx-rate.net (n.d.). Myanmar kyat. http://fx-rate.net/MMK/
a. rent- MMK 30,000 (MMK 0 - 65,000, depending on the home ownership and the size and location of a given rented house), and

b. others (such as transportation, child education, health, pocket money, interest for debt, etc.) - 25,000 (MMK 10,000 - 80,000 or more, depending on many circumstances).

Based on the accumulated monthly household income amount data and the minimum essential monthly household income amount data, four household income categories were then constructed: two below the minimum essential monthly household income amount and two above it (as explained in Table 8):

Table 8. Monthly household income categories

<table>
<thead>
<tr>
<th>Household income group</th>
<th>Definition (based on monthly income amount)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme poor</td>
<td>up to 70% of essential household income amount: household income MMK 91,000 and less</td>
<td>6</td>
</tr>
<tr>
<td>Poor</td>
<td>70%-100% of essential household income amount: household income MMK 91,001-130,000</td>
<td>40</td>
</tr>
<tr>
<td>Near-poor</td>
<td>100%-150% of essential household income amount: household income Ks130,001-195,000</td>
<td>11</td>
</tr>
<tr>
<td>Non-poor</td>
<td>more than 150% of essential household income amount: household income Ks195,001 and more</td>
<td>8</td>
</tr>
</tbody>
</table>

|                                          |                                                                 | 65    |

To clarify, the above classification of poverty status based on the monthly household income amount is, of course, a very much simplified version of categorizing poverty levels. Yet it is beneficial to do so since it illustrates the household poverty status of participated WEs. It is, nevertheless, important to keep in mind that this classification system does not suggest that the household income is the sole factor which determines...
the poverty status of a household. Other key common factors (in the context of Htawonbe Ward), that significantly influence the household income amount and major expenditure amount and that tend to trap people in poverty cycle include:

- negative debt-related factors\(^{26}\)
- lack of homeownership
- poor health status of member(s) in household
- high vulnerability of income source(s) of household member(s) (i.e. ME/other livelihood activities)
- detrimental behavior and attitude of household member(s)\(^{27}\)
- poor informal social safety nets and shock-dealing strategy

### III. Information related to MEs

**Sectors of business activity**

There is no standard classification by sector and subsector of activity for microenterprises. For research purpose and applicability to the YWDP, this study uses a classification system which is developed by referring to a few studies (Asian Development Bank, 1997; Shaw, 2004; Roy & Wheeler, 2006; etc.). This research categorizes ME activities under six business sectors as explained in the table below:

---

\(^{26}\) examples of such negative debt-related factors include: household debt much higher than household assets; high dependence on costly types of loans for expenditures of households/non-business purpose, for urgent cash needs and for working capital of ME; high debt expenses and other expected and unexpected expenses which sometimes surpass household income

\(^{27}\) Discussed further under ME-DAC 1.2
Table 9. Sectoral Classification of ME activities

<table>
<thead>
<tr>
<th>Business Sector</th>
<th>General description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and refreshments</td>
<td>Preparing, selling and/or serving food, drink or tobacco-based products</td>
<td>17</td>
</tr>
<tr>
<td>Trading</td>
<td>Buying and reselling physical goods</td>
<td>16</td>
</tr>
<tr>
<td>Cottage industry (small scale home-based manufacturing)</td>
<td>Transforming raw or semi-processed materials into finished goods</td>
<td>14</td>
</tr>
<tr>
<td>Transport</td>
<td>Providing service of moving people, animals and goods from one location to another</td>
<td>11</td>
</tr>
<tr>
<td>Service (except 'transport' service activities)</td>
<td>Work performed using time and labor to satisfy a public demand or need</td>
<td>8</td>
</tr>
<tr>
<td>Non-crop agriculture/ urban farming&lt;sup&gt;28&lt;/sup&gt;</td>
<td>Care, cultivation, breeding and marketing of fruits, vegetables and/or animals</td>
<td>2</td>
</tr>
</tbody>
</table>

Livelihood and Growth-oriented MEs that participated in the study

Most of the growth-oriented MEs (12 out of 17) are family-run MEs while only about a quarter of livelihood MEs (13 out of 51) are family-run MEs. Most family-run MEs are led mainly by the husband or other male family member(s) (e.g. son, son-in-law, brother, etc.). Livelihood and growth-oriented ME activities are found not to be proportionally represented in different 'business sectors' and different 'household income groups'. Table 10 describes participation in livelihood and growth-oriented ME activities in different sectors while Table 11 reports the number of livelihood and growth-oriented MEs that are operated by WEs from different household income groups.

<sup>28</sup> Non-crop Agriculture or urban farming MEs are defined as those that "cultivate plots from 0.25 to 0.5 acres [only] due to high land prices" and "are subsistence farmers" (O'Shea & Soe, 2010, p. 28). Urban farmers generally have limited physical space for living and cultivation, and mostly work in low-paying seasonal jobs with an unpredictable flow of income (O'Shea & Soe, 2010). In fact, most of them do not own the land officially (O'Shea & Soe, 2010). Types of crops commonly grown include cabbage, cauliflower, bok choy, lettuce, coriander, egg plant, tomato, green onion, etc.
### Table 10. Participated livelihood and growth-oriented ME activities in different business sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Livelihood</th>
<th>Growth-oriented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; refreshments</td>
<td>Candy and snack stall (3), Snack and drink vending (6), Juice stand (1), Betel quid(^{29}) and cigarette stall (2), small tea-shop (1), Food stall (2)</td>
<td>Small restaurant-cafe (by one main road of the ward) (1), Traditional rice cracker processing (1)</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>*On streets in Htawonbe Ward/ at other busier public places outside the ward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading</td>
<td>Ambulant vegetable and/or other goods vending (3), Buy-and-sell fish or meat (6), Small home-based kiosk or grocery store (4)</td>
<td>Vegetable wholesaling at a busy wholesale market in downtown Yangon (1), Larger grocery store (by one main street in the ward) (2)</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>*home-based/in proximity to home/on streets in the ward/at other busier public places outside the ward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cottage industry (small scale home-based manufacturing)</td>
<td>Sewing (small scale, foot-powered sewing machine used, small wage paid based on output quantity, unattractive products, lower skill requirement) (7), Plastic moulding(^{30}) (2), Comb-maker (commission based) (1)</td>
<td>Furniture making (1), Large scale garment maker (electric sewing machines used, hired labors and apprentices, bulk order from factory) (1), Garment maker (distribute to countryside markets) (1), Traditional slipper making (distribute to smaller)</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>*home-based</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{29}\) A betel quid (known as ‘Kun Yar’ in Burmese) has three essential ingredients and others may be added depending on availability and preference. The three essential ingredients include: (i) betel leaf, (ii) seed of the Areca catechu (a member of the palm family), (iii) lime, which is ground to a powder (calcium oxide) and mixed with water to a paste-like consistency (calcium hydroxide) to make it suitable for chewing. Tobacco is typically added to the quid. (Retrieved on 24th March 2014, from http://rooneyarchive.net/lectures/lec_betel_chewing_in_south-east_asia.htm)

\(^{30}\) Plastic molding is the process of shaping plastic using a rigid frame or mould.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Count</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transport</strong></td>
<td>Trishaw (8), Motorcycle taxi (1)</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>*at a trishaw station near a busy public place in the ward (registered trishaws only), roaming around on streets of Htwonbe Ward (unregistered trishaws)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taxicab (1), Truck (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*around Yangon city</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Service</strong></td>
<td>Room subletting (1), Electricity supply sharing (1)</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Construction (1), Automobile workshop (1), Billiard table outlet (1), TV game outlet (1), Karaoke outlet (1), Loudspeaker rental (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-crop agriculture</strong></td>
<td>Pig raising, backyard poultry and vegetable growing on (not legally owned) homestead</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td><strong>Total MEs</strong></td>
<td></td>
<td>51</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total WEs</strong></td>
<td></td>
<td>51</td>
<td>68</td>
</tr>
</tbody>
</table>

Note: Some livelihood activities might have been undisclosed by interviewed microcredit client WEs because the YWDP has formal rules against them. The referred activities which are strongly discouraged by the YWDP include: selling alcohol, drug dealing, providing gambling services (as a dealer), money lending, prostitution, working for/running a massage parlor, etc.

---

31 Operation is run by men such as husband and/or son(s) and/or son(s)-in-law (WEs or non-working women usually provide loan money for capital)
32 a house and the surrounding area of land used as a farm
33 There is a difference in the total number of MEs and the total number of WEs because one WE operates 2 growth-oriented MEs (i.e. larger grocery store and TV game outlet) at the same time, and another one operates 3 growth-oriented MEs at the same time (i.e. karaoke outlet, loudspeaker rental and billiards outlet)
34 Five WEs in Trading sector and two WEs in Food & refreshments sector are 'Currently Economically Inactive women', who used to operate MEs but permanently or temporarily stopped working (due to health issues or because children grew up and supported them financially). Their data were used and analyzed in the study since they could share the challenges and difficulties they had faced when operating and developing their MEs.
Table 11. Number of livelihood MEs and growth-oriented MEs that are operated by WEs from different household income groups

<table>
<thead>
<tr>
<th>Household Income Group</th>
<th>Livelihood</th>
<th>Growth-oriented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme poor</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Poor</td>
<td>37</td>
<td>3</td>
<td>40</td>
</tr>
<tr>
<td>Near-poor</td>
<td>6</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Non-poor</td>
<td>2</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td><strong>51</strong></td>
<td><strong>17</strong></td>
<td><strong>68</strong></td>
</tr>
</tbody>
</table>

*WE-led MEs' pursued priorities and enterprise growth', and 'desired levels of ME income as a proportion of aggregate household income'*

Many WEs started MEs and engaged in the informal sector, simply due to a lack of any other viable option to generate a livelihood. Relative to the entire population in Htawonbe Ward, few have or have access to salaried jobs (e.g. work in the public sector, small, medium or large enterprises, etc.), and so, they must find an alternative means to make ends meet—and microenterprise is often the answer. The majority of WEs interviewed (especially those who operate livelihood MEs) are entrepreneurs by necessity, not by choice\(^{35}\).

However, not all that are excluded from the formal sector opt to start and develop MEs. Some, either lacking the resources, capacities or motivation to engage in ME activities, do not do any income generating activities or choose other sources of income or revenue generating activities such as begging, petty theft, doing odd jobs, working in massage parlors, prostitution, etc.

\(^{35}\) This finding is in line with the findings of Roy & Wheeler (2006), Shaw (2004), Ledgerwood (2000), Asian Development Bank (1997), etc.
It is also found that not all WE-led MEs are pursuing growth and/or have growth potential. Individual WEs in Htwwonbe Ward pursue different desired levels of 'enterprise growth' and 'ME income as a proportion of aggregate household income' (Here-in-after referred to as 'ME proportional income'). This observation agrees with the study of Roy and Wheeler (2006) who argue that most microentrepreneurs in the developing world, especially women, operate MEs in order to generate income only for their basic needs and those of their household. To work towards growth (an example of general Western perception of success) implies more work, more investment, and more risk, so many prefer not to do so if they are already able to provide for their basic needs (Roy & Wheeler, 2006).

But, as some literature reported, there is a significant distinction between livelihood MEs and growth-oriented MEs in Htawonbe Ward in terms of enterprise growth potential and entrepreneur's desire to expand its ME activities. Most growth-oriented MEs pursue enterprise growth and have good growth potential, while most livelihood MEs do not pursue enterprise growth and have poor growth potential (even if they pursue growth, without changing some important aspects of their operations such as target customers/market, enterprise location, product line, strategy, etc.).

---

36 In other words, the goals and objectives of many are directly in line with their priorities, which are to provide for their basic physiological and safety needs and those of their household (Roy & Wheeler, 2006).

37 Roy & Wheeler (2006) illustrated the above argument with an example: "Consider the case of a woman who sells bread from a basket by the side of the road. She may be very happy with her microenterprise and consider it a success if it provides her with the means to feed and educate her children. If this is the case, she may find it very difficult to justify investing extra time and effort to make her enterprise grow, let us imagine, to become the largest bakery in town. Thus the Western business paradigm may not be appropriate for evaluating ME success in ME development programmes and services". (Roy & Wheeler, 2006, p. 463)

The indicators frequently used in the literature to measure ME growth/expansion include: change in number of workers in an enterprise, change in sales, change in output and change in assets (Mead & Liedholm, 1998). In the context of Htawonbe Ward, most growth-oriented MEs and a few livelihood MEs, that pursue growth, indicate their desire and ambition to grow/expand and their 'brief plan(s)/idea of how to do so' (in the following words which are organized in the following table).

Table 12. Some MEs' growth ambition and brief plan/idea (of how to pursue growth)

<table>
<thead>
<tr>
<th>Desire and ambition</th>
<th>Brief plan/idea</th>
</tr>
</thead>
<tbody>
<tr>
<td>To increase sale and/or profitability by...</td>
<td>• ...switching/expanding to larger and/or more profitable market;</td>
</tr>
<tr>
<td></td>
<td>• ...switching/expanding to more profitable and/or attractive products; and/or</td>
</tr>
<tr>
<td></td>
<td>• ...buying materials in bulk to decrease cost</td>
</tr>
<tr>
<td>To increase production by...</td>
<td>• ...investing more in fixed capital and/or working capital;</td>
</tr>
<tr>
<td></td>
<td>• ...hiring laborer(s) and/or apprentice(s); and/or</td>
</tr>
<tr>
<td></td>
<td>• ...buying machines/equipment</td>
</tr>
</tbody>
</table>

Next, different desired and pursued levels of 'ME proportional income' (shared by interviewed MEs) can be organized under the three following categories and put on a continuum (Figure 1) which has: i) 'main income' (i.e. primary and essential income source of a household) at one end, ii) 'Supplementary secondary income' (i.e. secondary income in addition to other major income source(s)) in the middle and iii) 'Extra secondary income' (i.e. purely extra income in addition to enough major income source(s)) at the other end.
Figure 1. Continuum of desired levels of 'ME proportional income'

Unlike growth desire and potential, there is, however, a less clear division between livelihood and growth-oriented MEs in terms of desired and pursued levels of ME proportional income, as seen in Table 13 below:

Table 13. Different desired levels of ME proportional income

<table>
<thead>
<tr>
<th>Desired level of ME proportional income</th>
<th>Main priorities and purposes</th>
<th>Characteristics of households/MEs which belong to given category</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Main income</td>
<td>• to feed the whole family</td>
<td>• female-headed households</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• households with irresponsible husband or very unhealthy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>husband</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 'family-run' growth-oriented and livelihood MEs</td>
</tr>
<tr>
<td>ii. Supplementary secondary income</td>
<td>• to earn additional income (household income does not meet expenditure) to make ends meet</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• to supplement husband's income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• households with school-going children</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• households headed by husband whose income is irregular and/or inadequate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 'woman-alone-run' livelihood MEs</td>
</tr>
<tr>
<td>iii. Extra secondary income</td>
<td>• to earn partial income for food, transportation, pocket money for children and other daily basic household expenditures$^{39}$</td>
<td>• less poor households</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 'woman-alone-run' livelihood and growth-oriented MEs</td>
</tr>
</tbody>
</table>

$^{39}$ Aim to use or save some proportion of husband's income for rent, utilities, healthcare expenses, children's education, ME activities, properties/assets, etc.
to provide a better living standard to household (education, healthcare, home, emergency funds, etc.)

ME-DACs faced by livelihood MEs and growth-oriented MEs in pursuing their desired level of proportional income and growth

A range of ME-DACs faced by women-led MEs were mentioned by interviewees and by different stakeholder groups of the YWDP ME-project. Those ME-DACs are organized under the three same categories used in the literature review session, namely:

- ME-DACs induced by personal life situations and circumstances;
- ME-DACs induced by external environment; and
- ME-DACs induced by resource and capability shortage.

Table 14. ME-DAC themes and categories developed from analysis of primary data (by using conventional content analysis approach)

<table>
<thead>
<tr>
<th>ME-DAC Category</th>
<th>ME-DAC Themes</th>
</tr>
</thead>
</table>
| 1. ME-DACs Induced by Personal Life Situations & Circumstances | 1.1. Double burden of WE due to her dual roles, and its impact  
1.2. Detrimental behavior and attitude of WE herself or her household member(s)  
1.3. Household shocks  
1.4. Regular heavy expenditure sources of household  
1.5. Heavy indebtedness |
| 2. ME-DACs Induced by External Environment             | 2.1. Competition in target market(s) and its impact  
2.2. Unfavorable contextual practices and norms in business operations  
2.3. Unfavorable governing practices of authorities |
Types and degree of impact of ME-DACs faced by WEs in Htawonbe Ward are found to differ mainly based on

- the type/nature of ME (livelihood or growth oriented),
- the business sector in which the ME operates, and
- the poverty status of her household.

1. ME-DACs Induced by Personal Life Situations and Circumstances

1.1. Double burden of WE due to women's dual roles, and its impact

More than two-thirds of the WEs shared their busy daily routine for household chores and childcare responsibilities. Dual roles of women as a housewife and microentrepreneur affect the economic outlook of their MEs since less time and energy is left for development of ME. This difficulty is especially very significant for WEs who have many household members and/or infants and children. Only a few WEs mentioned that their husband and children help them in housekeeping activities (such as cooking, cleaning, looking after infant child(ren), grocery shopping, etc.).

Many WEs with infants or younger children (it is culturally believed that the young children, until the age of 10-12, cannot take care of themselves) can operate their
MEs at a subsistence level only and are not capable to expand their ME-activities even if they have the desire, opportunities and capabilities to do so. Fortunately, WEs who live with /close to other nonworking household members such as grandparents, siblings and relatives have the advantage of leaving their child(ren) in the hands of those people they trust. But the cultural norms of Myanmar encourage a mother to raise her child(ren) with full attention as she is considered to be the principal child caregiver in the family.

Despite promoting economic empowerment of WEs in their households, YWDP-staff are concerned that the physical wellbeing of women might be negatively affected in the long run by fatigue, illness and serious health issues due to the heavier "workload" and longer "working hours" of WEs with increasingly less rest (Vonderlack-Narrovo, 2010, p. 125). Some of the YWDP-staff suggested that the project should advocate husbands and other household members to share their responsibilities in housekeeping and child rearing activities.

It was also found that being the female gender and mother has other implications on WE's ME operations. Most of the female-alone-run livelihood MEs in the sample, in fact, operate just to cover partial household expenses (mainly for family nutrition and other essential miscellaneous household expenses). This finding agrees with Nichter & Goldmark (2009), who mentioned that "women ME owners are especially likely to use business proceeds to purchase household necessities, to invest in parallel enterprises of their husbands, or to assist their offspring in launching new firms" since women have higher priority on household wellbeing than on her ME economic success (p. 1460). Similarly, the Asian Development Bank (1997) also argues that the fact that the "surpluses [or profit] tend not to be reinvested" for ME development is "not an inherent
characteristic of livelihood MEs, [but...] a reflection of the gender and poverty of the entrepreneurs who operate them" (p. 27).

1.2. Detrimental behavior and attitude of WE herself or her household member(s)

All YWDP staff, some CBO-members and a few WEs emphasize detrimental behavior and attitude of WEs or their household member(s) as a major constraint in development of their respective MEs. Such irresponsible behavior and attitudes noted from interviews include:

- gambling;
- alcohol abuse/being alcoholic;
- infidelity and adultery (which sometimes lead to divorce or informal polygamous practice);
- violence and abuse towards spouse and child(ren);
- not contributing own income to household expenditure;
- being lazy and finding excuses not to work to earn income;
- buying consumptive assets by using loan or without putting money aside for interest payment and loan repayment (one household member do this act selfishly or everyone does so on consent); and
- committing crimes (e.g. rape, fight, fraud, theft) and subsequently being arrested and/or imprisoned (become a household shock).

Among the above mentioned behaviors and attitudes, the first two are very common in Htawonbe Ward and needed to be elaborated more. First, husbands of at least one-fifth of WEs interviewed are alcoholic and not very responsible in family affairs,
while husbands of about another three-fifths of WEs still consume alcohol and tobacco (in the form of betel quid and/or cigarette and/or cigar) by spending a significant proportion of earned income. However, since the culture in context encourages people to regard the husband as the head of the family and the main decision maker of family affairs, it is difficult for a wife and other family members to criticize/correct the detrimental behavior and attitude of the so-called 'household head'.

Second, YWDP staff and some CBOs mentioned that a large proportion of both men and women population in Htawonbe Ward are addicted to different forms of gambling such as underground lotteries\(^ {40} \), card games, football game betting, etc. It used to be worse during 2000–2008 period when the 'nhit-lone' or 2-digit lottery started becoming popular and the authorities did not take any action to contain the gambling activities. The authorities were bribed and are still being bribed, as a result the underground industry is still thriving today.

\(^ {40} \) 'Nhit-lone' and 'thone-lone' are illegal lotteries popular and widespread in Myanmar. Nhit-lone means two-digit and thone-lone means three-digit. Although thone-lone has been around in Myanmar for more than twenty years, nhit-lone gained popularity around 2000 - 2008.

To play thone-lone (three-digit), the lottery ticket vendors use the last three digit of the Thai National Lottery. This Thai lottery is held once every two weeks, so thone-lone’s winning number is also announced every two weeks. Winner gets 600 times the amount he paid for the ticket.

To play nhit-lone, the vendors used, in the past, the last two digits of the first prize of the Myanmar government lottery. In the past, the Myanmar official lottery was open every month, for seven consecutive days, announcing the winning numbers every day. There was first price for that day and the last two digits of that winning first prize became the winning number of nhit-lone for that day. To stop this illegal lottery, Myanmar government changed the system of the Government lottery system. Now, all the numbers are chosen in a single day, making it impossible for the nhit-lone dealers to play. However, the nhit-lone dealers have a more brilliant way to keep their business running. They choose the SET (Stock Exchange of Thailand) for their lottery. Here, the last two digits of the closing SET index is chosen as the winning nhit-lone number of that day. So, it is now possible to play five days a week. That is worse than before.

Nhit-lone and thone-lone are so widespread in Myanmar that there is a lucrative business for soothsayers, astrologers and mediums who claim to be able to predict the winning number. (Refer to http://www.myanmar2day.com/myanmar-life/2009/01/nhit-lone-thone-lone-myanmar-underground-lottery/, for more information)
1.3. Household shocks

Household shocks are arguably the most formidable and detrimental personal-life-situations-and-circumstances-induced ME-DAC-theme for MEs and households of WEs in Htawonbe Ward. Major household shock sub-themes developed from interviews include: i) death and health problems, ii) accident, iii) spending money for marriage of child(ren), iv) unexpected pregnancy and iii) sudden cut or reduction of financial contribution from regular/main income providers. Due to the importance of shocks as major ME-DACs in the context of Htawonbe Ward, Box 1 below discusses each shock mentioned by interviewees, in more detail.

<table>
<thead>
<tr>
<th>Box 1. Common Types of Shocks Mentioned by Interviewed WEs and YWDP Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>i. Death and health problems</strong></td>
</tr>
<tr>
<td>More than half of WEs have mentioned major health issues of theirs and/or their spouse. A lot of husbands die at early age and most of the current woman-headed households had experienced this shock. Death of a spouse or an income-providing family member makes the household suffer financially – and emotionally, of course – in the long term(^{41}) as well as short term(^{42}) and leave it in deeper poverty.</td>
</tr>
<tr>
<td>A range of common communicable diseases(^{43}) and non-communicable chronic diseases(^{44}) in Htawonbe Ward were mentioned during the interviewees, and the factors which lead a lot of people into suffering from major diseases are enormous. Some general causing factors include:</td>
</tr>
<tr>
<td><strong>•</strong> biological factors: high blood pressure, high blood cholesterol and overweight;</td>
</tr>
</tbody>
</table>

\(^{41}\)Permanent loss of income  
\(^{42}\)E.g. Cost of funeral services, spending on donation/good merits for deceased person in local custom, lack of income while temporarily stopping ME for a few days/months after the funeral, etc.  
\(^{43}\)Serious viruses and diseases (i.e. based on severity, deadliness, cost of required treatment) such as human immunodeficiency virus (HIV) infection and acquired immunodeficiency syndrome (AIDS), hepatitis B & C; tuberculosis (TB), malaria, dengue fever (among children), typhoid; and less serious ones such as influenza, cholera, diarrhea  
\(^{44}\)cardiovascular disease/heart disease, cancers (liver, lung), diabetes, chronic respiratory diseases (asthma, chronic obstructive pulmonary disease), etc.
• behavioral/lifestyle factors: unhealthy diet, physical inactivity, alcohol, chewing and smoking tobacco, unprotected sexual activity, heavy consumption of alcohol and tobacco (especially men);
• fatigue (due to tiring livelihood) and illness but lack of adequate rest;
• health problems not sufficiently treated with rest and proper medication (and lack of prevention);
• unhealthy and unhygienic living situations in and around home (latrine, home compounds, etc.) and surrounding streets; and
• old age.

ii. Accident (either victim or creator)

Six WEs mentioned terrible accidents which happened to one of their male family members (husband, son, son-in-law). Accident occurrences are highest in such occupations of male household members of WEs: taxi/bus/truck drivers, bus conductor, construction labors and so on. All of the mentioned accidents happen either on the road or at the construction sites, mainly due to lack of required precautions in work place and/or not following the rules & regulations (e.g. violating traffic regulations) in the context of Htawonbe Ward and Myanmar in general.

Regardless of whether being the creator or victim of an accident, accidents as a shock severely affect those directly and indirectly involved people. The family member of WEs who are directly involved in an accident can suffer negative varying consequences such as: death, permanent damage to body/mind and disability and prison sentence). Indirectly, WEs and other household members are also affected with severe emotional and financial consequences: permanent loss of income, heavy expenditure, etc. People who are directly or indirectly affected by the accidents suffer financial consequences because there are no formal social safety net institutions (such as accidental and life insurance and reliable public healthcare system), and also because many of the abovementioned occupations are done without the necessary permission or license (thus legally vulnerable status, which in turn, multiplies the intensity of problems: e.g. the need to pay for higher amount of bribes, penalty fees, etc.).

45 While other WEs may have such experiences but may not have mentioned during interviewees. YWDP staff said that accidents are one of the fairly common ME-DACs faced by WEs in Htawonbe Ward.
46 Family of creator incurs heavy expenses to bribe authorities and to give money to victims. Family of victim incur heavy health expenses, which may or may not be paid by the creator, depending on the financial background of the creator.
iii. Spending money for marriage of offspring(s)

Eight WEs mentioned the huge cash needs incurred by sudden/planned marriage of offspring(s). Three of those WEs did so for their son/daughter who ran away with his/her spouse-to-be without parents’ consent while others did so for the consented marriage for their son/daughter. This shock is usually faced by WEs, who have son(s) getting married, due to Myanmar's loosely-practiced culture, that demands parents of the groom provide a dowry to parents of the bride as well as to mainly contribute for the expenses of the wedding ceremony.

This shock, as a matter of fact, has long-term implications for parents, too. It is common that many married couples may live in the same house or house compound of the parents (husband's or wife's side – usually husband's side although it is not strictly enforced). If a young married couple, who live with parents, do not have any income, they may contribute to higher cash outflows of parent-headed household (while little or no income is contributed by the young married couple). Youth unemployment used to be much worse in Myanmar until about three years ago, but fortunately, it is getting much better since Myanmar has become more economically and politically open after the 2010 election and regime change (since the western world has been lifting or removing sanctions to provide more economic opportunities in Myanmar).

iv. Unexpected pregnancy

YWDP staff and some WEs mentioned 'unexpected pregnancy of household member (WE herself/married daughter or spouse of married son who live together)' as a major shock and constraints to MEs and lives of WEs. This shock causes not only the urgent cash needs in the short term (i.e. during pregnancy and cost for delivering a baby), but also an indefinite financial impact in the long term for having to raise an additional child. When most of the WEs who have many children (3-7 children) are asked if they planned to raise many children, they said that most/all of the later pregnancies happened due to lack of contraception. YWDP staff explained that such unexpected pregnancies are quite common among poorer households since members of such households tend to have a lower level of education and lower health knowledge. Specifically in this case, they do not have extra money, and do not know and/or follow family planning practices such as contraception. Therefore the YWDP advocated family planning activities in biweekly group meetings and provided grants to SHG-member women, who voluntarily want to receive different contraceptive treatments in a clinic/hospital.
v. Sudden cut or reduction of financial contribution from regular/main income provider(s)

At least half of the WE sample population recounted their financially difficult times when their regular significant amount of income was suddenly stopped or reduced (by a significant percentage) for varying reasons such as:

- being fired;
- encountering some problems in occupation/livelihood (mentioned incidents include: accident, being asked to pay to employer for materials being stolen on duty);
- separation (physically and/or financially) of income-earning teenage/young-adult (son or daughter) after getting married;
- reduced remittance from a child who works overseas due to some circumstances (while parents in Myanmar still owe a large amount of money to the agent or moneylenders for the expense of sending their child abroad to work); and
- vulnerability of ME(s) operated by other household member(s) (due to incidents/factors such as property confiscated by authorities, intense competition, seasonality, etc.).

1.4. Regular heavy expenditure sources of household

Overall, accumulated household expenditures or cash outflows of most sample households in Htawonbe Ward are more or less equal to its accumulated household income. It does change during the slow business seasons (most common: the rainy season for most MEs in different sectors\(^\text{47}\)). In such difficult times, a significant proportion of households (which can be as high as more than two-thirds of the sample) earn less accumulated household income than accumulated household expenditure. However, about 11 out of 65 households have economically weak and fragile characteristics (such as women-headed households with many school going children, households with unhealthy family members, households with many dependents, households faced by

\(^{47}\text{Discussed further under ME-DAC-2.4.}\)
serious shocks in the past, etc.), have chronic negative cash flow status all year round and, of course, even worse status in the downtimes such as during the rainy season.

Major regular heavy household expenditure sources that were shared by interviewed WEs, CBO-members and YWDP staff include:

- interest payment and loan repayment for multiple sources from whom they borrow money (discussed further under ME-DAC 1.5);
- educational expenses of school-going children (about one-fourth of the sample population have one or more school-going children);
- high rent and deposit for a place to stay\(^48\);
- high monthly fee for utilities (to government or to neighbor household that informally share/sell such services);
- high healthcare costs (more than half of sample households have household member(s) with disability or chronic disease or other major illness and/or old household member(s) such as parents and grandparents); and
- burden of relatives or siblings (this constraint was mentioned by five WEs).

1.5. Heavy indebtedness

Almost all interviewed WEs admitted that they needed to borrow from informal moneylenders (the interest rate, the loan amount and the frequency of borrowing vary depending on poverty status, urgency and amount of cash needs, sector and type of MEs), besides obtaining loans from the YWDP, for business, consumption smoothing and

\(^{48}\) 26 out of 65 people (40\%) interviewed do not own a house and thus have to pay deposit and monthly rent to their respective landlords.
shock-dealing purposes. About one third of WEs interviewed have equal or larger loans from informal money lenders than from the YWDP.

After taking loan(s), a WE has to pay the interest and repay to the borrowers in a lump sum amount or in installments. To be able to do so, she should be able to generate income by using the loan(s) to be able to repay to lenders. Unfortunately, spending on the following activities (common among WEs of Htawonbe Ward) have little or no potential to generate income\(^49\), not at least in the short term:

- health, death and other shocks;
- building/repairing house\(^50\) (homeowners) or house deposit (tenants);
- applying for and buying official electricity and/or water supply;
- children's education;
- family nutrition (due to inadequate household income to meet daily household expenditure, especially in bad business seasons such as the rainy season);
- unproductive consumptions\(^51\) (gambling, consuming alcohol, buying consumptive assets such as clothes, mobile phone, TV and electronics, etc.); and

\(^49\) This findings agree with Stewart et al. (2010) as discussed in the literature review section under ME-DAC i.iii. Stewart et al. (2010) also raised their concern on the possible negative impact of microcredit on clients who mainly use credit for consumptive and shock-dealing purposes, by arguing: there is the potential for [microcredit] clients to remain in a cycle of borrowing or saving, investing in the future, increasing income, repaying loans and borrowing or saving again. There is potential for these repeating cycles to provide benefits such as improved health, education [of children], nutrition, dealing with shocks [and other consumption smoothing purposes]. However, the potential for clients to fail to increase their income sufficiently to pay off a loan, whether due to clients’ decisions or other external factors [such as ME-DACs 1.1–1.5 and 2.1–2.5], is ever present. Such failure means microcredit and micro-savings can lead to greater poverty rather than its alleviation...’Credit is like a fire: it is useful to cook your food but if you are careless, it will burn your hut’ (p. 42).

\(^50\) usually before the monsoon rainy season starts, e.g. repairing the roof to reduce and/or eliminate leaking, putting sand-filled bags in house compounds, etc.

\(^51\) A financially disciplined CBO-member and WE commented that "people borrowed [money] although they can't pay back, and gradually get trapped in debt [heavily indebted]... then they can't sleep nor eat due to stress, and some people lost their reputation and friends. [In traditional philosophy] you won't be able to die in a peaceful and calm manner if you still owe [money] to other people".
• borrowing from one source to pay interest and/or principal of another source.

Most heavily indebted WEs gradually became heavily indebted and became trapped in the debt cycle due to spending money on the abovementioned reasons. Since they did not have other income flow(s) to repay the loan (such as husband's/children's income, etc.), those referred indebted WEs had no choice but had to borrow from other source(s), again and again, in order to repay to the source whose loan is due first or has higher interest. Some indebted WEs mentioned that they "took larger debt amount with lower interest rate [in order to reduce the interest rate]"—this strategy with a short-term perspective gradually lead those WEs to become so heavily indebted that the interest amount grew to or exceeded the principal amount.

When a WE becomes heavily indebted, the substantial proportion of income from ME and other household members now have to be spent on paying interest and principal, impacting the wellbeing of herself and her household member as well as the development of the ME. Some WEs mentioned that they sometimes had to use up the working capital and/or fixed capital of the ME, but soon afterwards, they had to borrow again to re-build or re-accumulate the required capital.

**Negative impact of personal life situations and circumstances induced ME-DACs**

Despite being much less emphasized (compared to ME-DACs induced by other non-personal factors such as external environment factors, business operation factors, etc.) in the literature, *many* ME-DACs induced by personal life situations and

---

52 E.g. The wellbeing of an indebted WE herself and her household members due to family violence and arguments, psychological burden, short-term common cost-cutting measures (such as skipping meal or reducing budget for food), and long-term impact (such as taking child(ren) out of school for year(s), selling or losing (if collateralized) house or jewelry or essential assets for ME operation, etc).
circumstances in Htawobe Ward were identified and discussed in this study. The personal life situations and circumstances induced ME-DACs can be quite distracting and detrimental to ME development and household wellbeing due to the following consequences, when and after facing and trying to overcome those ME-DACs:

- less time and energy left for microentrepreneurs to focus on MEs;
- working capital and/or fixed capital of ME being used up for non-ME purposes;
- permanent or long-term loss of income/reduced income (e.g. having to stop working due to death/chronic health problem of income earner; income earner leaves or separate him/herself from the household); and
- dramatic increase in household expenditures (e.g. health expenses, interest costs, etc.).

It was found that ME operations and WEs' personal life situation and circumstances (especially poorer WEs) greatly influence each other, which is not the case for medium and large enterprises. In other words:

- a stable WE-led ME can become an unstable ME and its survival/growth progress can be compromised overnight when it is overcome by difficulties and constraints in her personal life; and on the other hand,
- the personal life of the WE can turn into very unstable and vulnerable status when her ME operations (which her household are depending for a living for a certain degree) are not performing well for some reasons.

A WE's life situation and circumstances are, in turn, greatly determined by many poverty induced factors (such as too many children, lower human capital factors, poor
health status, lack of home ownership, etc). Households which have more and stronger poverty-induced factors are found to face more personal life situations and circumstances induced ME-DACs and/or suffer larger financial impact (in ME-operations as well as in personal lives). *Livelihood MEs are more affected by personal life situations and circumstances induced constraints and difficulties than growth-oriented*, mainly because poorer WEs tend to operate livelihood MEs and those livelihood MEs pursue a larger income-contribution-proportion to the aggregate household income.

2. ME-DACs Induced by External Environment

2.1. Competition in target market(s) and its impact

Most livelihood MEs in the Trading sector, Food and refreshments sector, Transport sector and Cottage industry sector (particularly sewing activities), that operate in local markets (i.e. around the home or street they reside in), face *intense competition from other MEs*. The local markets are, in fact, very small in size with a limited demand ceiling. It is found that three key factors contribute to a higher intensity of competition and its negative impact on livelihood MEs.

Firstly, more and more start-up WE-led MEs (that provide similar or exactly same products and services) tend to choose the local markets due to:

- little resource and skill requirement to do livelihood activities in such local markets;
- tendency of women in Htawonbe Ward to do income generating activities at or near their homes (discussed further under ME-DAC 1.1 and ME-DAC 3.1); and
• being unable and/or not willing to find and/or operate in larger market (due to family-focused priorities, weak entrepreneurial mindset, and/or low human capital factors).

It has been concluded, based on interviews with many livelihood MEs in different sectors, that more and more MEs are started by WEs in the same few markets and sector (due to the above-mentioned factors), resulting in increased competition. This increase in competition among MEs has led to market saturation, which in turn has pushed prices down for all MEs in the same market and sector, fragmented the customer base, and ultimately caused a decline in revenues for all MEs in the same market and sector, including a few previously high-performing MEs. In fact, some local markets of Htawonbe Ward have been chronically saturated or even overcrowded. Since products or materials in those markets are not easily sold and sometimes get spoiled, MEs in the given market frequently experience business losses and failures and face great financial difficulties.

Second, most products and services offered by many livelihood MEs in Htawonbe Ward are largely undifferentiated in terms of price, quality, or variety of products/services. A large number of microenterprises sell the exact same product/service, at the same price, in the same location. The argument of Roy (2004) agrees with the above finding of this study, and helps explain why most livelihood ME activities in Htawonbe Ward lack differentiation:

to differentiate or to innovate is risky. [...] Should a differentiated product offering or new innovative product not sell well, the very livelihood of the differentiated microentrepreneur could suffer. [...] Since many microentrepreneurs are struggling to provide for their physiological and safety needs, many are not willing to take the risks associated with differentiation. It is much safer, although potentially much
less profitable, to sell a product or engage in an activity which has already proven to work, or at least been marginally successful. This is also the reason why so many microentrepreneurs simply ‘copy’ what already works, further compounding the issues of lack of differentiation, thwarting innovation, and further contributing to the saturation of markets (Roy, 2004, p. 21).

The third factor, which tends to increase competition among livelihood MEs operating in the local market, is the lack of trust and cooperation among MEs (Roy & Wheeler, 2006). Only one WE has mentioned her experience cooperating with three other WEs (who are not her family members), and no other WE has mentioned her desire or interest to cooperate with others outside their family to develop their businesses. The great majority preferred to operate independently; this finding was corroborated by the YWDP staff. The reason for this lack of co-operation related primarily to a lack of trust of others. This finding agrees with the observation of Roy and Wheeler (2006) that most MEs which participated in his study indicated that they "fear being exploited or otherwise cheated by those with whom they might otherwise cooperate" (p. 459).

On the other hand, most growth-oriented MEs in different sectors do not receive that intense competition from other fellow MEs, mainly because most of those growth-oriented MEs operate their activities in larger markets outside their small local markets or focus on the unsaturated niche segment of the local markets. However, the business activities of many growth-oriented MEs are threatened or pressured by larger counterparts such as SMEs and large enterprises, usually in terms of price, promotion,

---

53 E.g. vegetable wholesaling at a busy wholesale market in downtown Yangon, small restaurant-cafe by a main road of the ward, large scale garment maker that does bulk order from a large garment factory, taxicab that can serve any customers around Yangon city, etc.
54 Service sector growth-oriented ME activities such as billiard outlet, TV game outlet, karaoke outlet, loudspeaker rental, etc.
55 The production and distribution processes of larger counterparts are much cheaper due to higher economies of scale (buying materials in bulk, producing materials in large quantity and storing the inventories before the peak season, transporting products to shops, outlets and supermarkets by medium-
advertising, and ability to supply large orders quickly (due to good transportation and inventory-storage means). Growth-oriented MEs in the Cottage Industry sector are negatively affected the most by the presence of SMEs and large enterprises and the growing popularity of foreign imported products (slippers, clothes, food, etc.) in a target market. Some YWDP staff mentioned their concerns regarding the fact that products produced by cottage industry MEs are increasingly substituted by products, which are imported or produced in large scale by SMEs and large enterprises.

2.2. Unfavorable contextual practices and norms in business operations

A large proportion of both livelihood and growth-oriented MEs in the cottage industry mentioned the inadequate profit sharing practice in the value chain as a major constraint. Although some of these MEs in the cottage industry sector have access to relatively large market(s) or customers who order huge quantities of products, they unfortunately encounter this severe constraint. Overall, livelihood MEs in the sector suffer more than growth-oriented MEs from this ME-DAC because growth-oriented MEs at least have a small degree of economy of scale due to their larger work stations with hired laborers/apprentices and/or electricity-powered machines.

Most of those cottage industry MEs are paid small wage-like prices by their—arguably exploitative—buyers or 'broker-like' middlemen for the number of products they make. That is why some growth-oriented MEs stopped doing commission-based operations and started distributing their own products (with or without own brand and packaging) to country-side markets on their own. Country-side markets are chosen by

sized or heavy trucks, etc.) and as a result, products can be sold at cheaper and discounted prices than the prices of comparable ME-produced products.
those growth-oriented MEs mainly because the Yangon city market is heavily dominated by manufacturing SMEs and large enterprises, that are too powerful to compete with.

Similarly, many livelihood MEs in the Cottage Industry sector stopped/reduced doing commission-based activities and tried to sell their products by themselves, by sitting or moving around in the streets or at other public places. Livelihood and growth-oriented MEs that did distributing and selling activities by themselves tend to enjoy a much higher profit, yet they unfortunately had to compromise on the quantity of their outputs due to lesser time available, than before, for production activities.

Second, a common local business practice which affects some MEs badly (mostly livelihood MEs in Trading sector and Food & Refreshment Sectors) is the need to sell on credit. Those MEs have no choice, but have to sell on credit because their targeted consumers:

- simply do not have money to purchase with cash on the spot;
- are neighbors, relatives, close friends; and/or
- will go to other competitor ME(s) that are willing to sell on credit.

As a result, WEs, who sold on credit, had to remind/ask their customers to pay the money. While some WEs did not mind insisting that their clients pay, some did because they are afraid to lose face. A significant proportion of those debt related receivables tend to be unpaid or paid very late, especially in the monsoon rainy season which is a common slow business time for a majority of MEs.

The third constraint is the limited/lack of practice that allows MEs to purchase materials on credit from brokers/wholesale sellers, that are usually SMEs. Despite the
need for MEs to sell on credit, MEs usually have to purchase materials from their supplier(s) with cash on the spot. Besides, MEs do not get a discount/lower price since most of them can only afford to buy in small quantities.

The above findings agree with the study of Alam, Hossian and Zaman (2011) which argues that local governance sets the environment and impacts the growth of ME activities. Different communities mutually agree upon small business practices (based on community acceptance and formal laws and informal regulations) and different community based laws, such as tribal laws, that affect the development of MEs (Alam, Hossain & Zaman, 2011).

2.3. Unfavorable governing practices of authorities

First, detrimental governing practices of authorities on MEs were mentioned by some livelihood MEs, that operate in formally unpermitted—yet informally allowed—public places. Such livelihood activities include: unregistered trishaws (in the Transport sector) operating without a formal license; vendors, kiosks and stalls (in Food & refreshment sector, Trading sector) operating in informally permitted public areas such as the downtown area of Yangon, city bus or highway bus terminals, roadsides or bus stops, informal bazaars, etc. Almost all of those referred MEs were allowed to operate in the above mentioned public places or markets by their respective authorities in exchange for bribes or informal taxes/commissions. Even then, the properties of those referred MEs are confiscated\textsuperscript{56} by different authorities, who do surprise checks from time to time. Such a

\textsuperscript{56} Properties many be confiscated permanently or temporarily, depending on whether the authorities in question allow MEs to retain their property by collecting penalty or bribe money.
high level of vulnerability (legally) contributes to great uncertainty in operations of those livelihood MEs activities.

Second, most YWDP staff and some CBOs interviewed pointed out that local authorities did not seem to consistently attempt to eliminate/address some significant problem sources which are detrimental to people in Htawonbe Ward (and people in Yangon more broadly). Such problem sources, which cannot be effectively addressed without serious initiatives and commitment of the authorities, are illegal gambling activities and lending with exploitative interest rates and conditions. Some local government authorities and chiefs took bribes from moneylenders and illegal gambling service providers. When the Central Government or Municipal Authorities carried out anti-gambling and anti-illegal-lending campaigns, those local authorities arrested only small dealers and not the key organizers.

2.4. Negative impact of climate and natural environment

Yangon is not a disaster prone location, yet it experienced some negative consequences of a severe natural catastrophe in 2008, namely the Cyclone Nargis\textsuperscript{57} (recorded as one of Asia's most deadly and destructive storms). Although North Okkalapa

\textsuperscript{57} On 2 May 2008, Cyclone Nargis made landfall in Myanmar, crossing the south of the country over two days, and devastating the Yangon and Ayeyarwady Divisions. The cyclone was one of the deadliest storms in recorded history. According to official figures, 84,500 people were killed and 53,800 went missing. It blew away 700,000 homes in the delta. It killed three-fourths of the livestock, sank half the fishing fleet and salted a million acres of rice paddies with its seawater surges. A total of 37 townships were significantly affected by the cyclone. The UN estimates that as many as 2.4 million people were affected. (For more information, refer to the International Federation of Red Cross and Red Crescent Societies (IFRC) website: http://www.ifrc.org/en/news-and-media/news-stories/asia-pacific/myanmar/myanmar-cyclone-nargis-2008-facts-and-figures/)

Winds during the cyclone reached up to estimated at up to 200 kilometers per hour, which destroyed houses, tore down trees, power cables and severed communication systems including land line and mobile phone service. It had a significant, long-term impact on people’s livelihoods and resulted in enormous physical losses, including the destruction of homes and critical infrastructure such as roads, jetties, electricity, water and fuel supplies and sanitation systems. (For more information, refer to http://www.aseanpostnargiskm.org/about/cyclone-nargis-overview)
Township in Yangon suffered much less destruction by the cyclone than many other townships in the Yangon Division and Ayeyarwady Division, MEs in Htawonbe Ward were still negatively affected to a varying degree because:

- there were no/slow ME activities after the storm finished;
- their direct customers were in other Cyclone-severely-affected locations, which lead to unpaid debts from customers;
- their own houses were damaged;
- they incurred increased cost of food and other expenses;
- they lacked access to electricity and water;
- there was disruption in transportation and communication;
- streets in Htawonbe Ward and all other places of Yangon were flooded and blocked with fallen trees; and
- some household members (who were employed or operated ME activities) lost their income.

When considering the effect of the climate on MEs in Htawonbe Ward, the monsoon rainy season period\(^\text{58}\) is one of the most significant constraints for a majority of MEs in different business sectors and this constraint requires great attention. But the impact of the rainy season differs mainly based on the type of ME and less on the business sector.

\(^{58}\) Yangon has a tropical monsoon climate with short dry season. It is characterized by strong monsoon influences, has a considerable amount of sun, a high rate of rainfall, and high humidity. There are three distinct seasons in Yangon (and Myanmar overall): The cold-dry season is from November to February, the hot-dry season from March to April, and the monsoon rainy season between May and October. The monsoon rainy season in Yangon usually starts around the end of May and ends around the end of October. (For more information, refer to https://weatherspark.com/averages/33996/Yangon-Rangoon-Yangon-Division-Myanmar-Burma-)}
Overall, a majority of livelihood ME activities are very much seasonal in nature (as discussed in Table 2 of the Literature Review section), tied to the seasons in context, while most growth-oriented ME activities are less affected by different seasons. The businesses of a significant proportion of livelihood MEs (at least 70%) and that of a small proportion of growth-oriented MEs in some sectors (4 out of 17) are usually very slow during the monsoon rainy season. It is found that a majority of livelihood MEs do not perform well altogether at the same time because:

- a majority of livelihood MEs operate in small local markets (which are in proximity to home, street or ward where the WE and her family reside) so that the underperformance of one sector leads to the underperformance of other sector(s). For example, the main customers of tailors (in Cottage Industry sector) and trishaws (in Transport sector) are home-based shops, food stalls and vendors (in Trading sector and Food & Refreshments sector), and vice versa.

- the income of husband and/or other household member(s) (which are mostly from MEs, whether as an entrepreneur or casual laborers) also tend to be reduced in the rainy season. Such livelihoods/occupations include vendor, trishaw, mason, carpenter, taxicab driver, construction laborer, etc.

Growth-oriented service MEs such as general construction contractor cannot operate when it rains but still have to feed workers (do not need to pay the wage though).

The business of other growth-oriented ME activities such as Taxicab and truck (in Transport sector) and Traditional slipper making (in Cottage Industry sector) are relatively slow compared to the business in dry seasons.
Almost one fourth of the livelihood MEs in the Trading sector and Food and refreshments sector even temporarily stop operating during the rainy seasons because more than half of MEs in the two sectors are mobile/operate by the side of the road without any roof, thus it is very difficult for such MEs to operate their business activities and there is very low sales figure in the rainy season. Besides, people do not go out to streets and markets much when it rains. Thus, a significant number of other livelihood MEs, such as trishaws in the Transport sector, have fewer customers – while needing to pay the all-season-same amount of daily trishaw rental fee – and earn significantly less compared to other times of the year. Work stations or storage areas (in the house compounds) of some cottage industry MEs (whether livelihood or growth-oriented) are flooded, which make their business operations difficult and uncomfortable.

Among all the business sectors, the Non-crop Agriculture sector is prone to other natural environment induced constraints all year round, in addition to the rainy season induced constraints. Occasional losses in the sector are unpredictable and inevitable due to natural environment induced shocks/events such as illness or death to poultry and pigs and failure of vegetable plantations.

In the rainy season, most of the streets and house compounds in the Htawonbe Ward are flooded, negatively affecting living conditions of households (e.g. mosquitoes, flies). There can be higher household expenditures in the rainy season due to some other costs such as repairing/maintaining houses and home compounds, health problems due to sickness (such as dengue fever, flu, cold, diarrhea, etc.) and fatigue (for having to operate

---

59 usually caused by Blue Ear disease, a.k.a. Porcine reproductive respiratory syndrome and avian influenza, which used to outbreak in the wet environment of the rainy season
60 commonly caused by heavy rain or insects and pests
ME in the rain, e.g. trishaws driver, vendors). The five-month-period of the rainy season is the major time for a large number of WEs to borrow money and/or using the existing working capital of their MEs for non-business purposes due to lower/no income and yet higher expenses.

2.5. Infrastructure constraints

Public electricity supply in Htawonbe Ward is limited in access (in terms of accessibility to people in different income groups and availability all year round) and poor in quality (blackout and under-voltage are common). Significant difficulties, which are induced by poor electricity supply constraint (such as delay in operation), are faced by some business sectors.

Firstly, this constraint is very damaging to many MEs in the cottage industry sector, which need electricity as an essential input to run their business operations. Growth-oriented ME activities in the Cottage Industry sector such as large-scale garment making MEs (with electric sewing machines), slipper making MEs and furniture making MEs are affected severely by the insufficient/poor/lack of access to public electricity supply. Livelihood MEs in the cottage industry sector such as plastic moulding are also similarly affected. Even those sewing MEs who use foot-powered sewing machine cannot operate or find it hard to operate their activities during the night time.

Secondly, growth-oriented ME activities in the service sector, such as billiard outlets, TV game outlets and karaoke outlets, are also affected. They have to use the generator and spend more money on gasoline or diesel to run their operations and/or to
attract customers. General construction contractors also need to use electric equipment (e.g. welding machine).

Thirdly, in the Food & refreshments sector, a small restaurant-cafe (growth-oriented) mentioned that it needed electricity to light up the whole outlet and play two televisions to attract its customers and compete with its three major neighboring competitors. Fortunately, most livelihood MEs in the Food & refreshments sector mainly use charcoal or firewood or propane gas, so their business operations are not affected much. Fourth, the business operations of livelihood and growth-oriented MEs in the Trading sector are affected only slightly. They usually just use the candle light or a chargeable reading light or a lamp powered by a small battery.

The data reveals that 19 out of 65 households do not have access to electricity provided directly by the government. 16 among those 19 households managed to obtain electricity from a neighbor household (i.e. one electricity source shared by one to five households) while three lack access to electricity. The cost of electricity consumption becomes more expensive for those households who managed to get access to electricity from their neighbors. Not only ME operations, but also the wellbeing of household members suffers (e.g. extra work for having to cook with charcoal, working/reading/studying by using the candle light, etc.) due to the electricity supply constraint. Besides, problems such as electric shocks, and voltage problems are common, as well as a very high risk for hazards such as fire due to the following reasons:

- using household electricity supply instead of industrial electricity supply for business (particularly Cottage Industry MEs);
over sharing of one electricity supply source among one to five (or even more) households; and

- using candle, charcoal, propane gas, oil lamps for different purposes in houses built of wood, (flattened and woven) bamboo, and/or thatch.

A lot of people used loans from the YWDP to apply for their own access to electricity supply directly from the government since informally buying access from another neighbor household is costly as well as impermanent. For instance, a slipper making ME (in the Cottage Industry) shared the frustrating experience it had encountered in trying to attain electricity supply for its business operations. The referred ME used to get electricity supply (connected from its neighbors by paying money), but had recently lost the access since its neighbor decided to stop sharing. The ME applied for its own electricity supply from the authorities yet has not received a response. It planned to pay the cost of the initial installation (and bribe money to authorities if it needs to pay) by getting a loan from the YWDP.

Similar problems with the water supply in Htawonbe Ward was observed, but the water supply constraint is less emphasized by MEs because public water supply charges are less expensive, water can easily be shared without much issues, unlike electricity, and not many MEs need an abundant water supply for business purpose.

Most CBOs, which are organized based on location (helped by the YWDP), have done a great job in building and maintaining the bricked or concrete streets, with financial and physical help from other community members. There has been little or no contribution of government authorities to improve most of the streets in Htawonbe Ward.
Transportation to most parts of the city has been improved very much in the last decade due to the availability of many city bus routes\textsuperscript{61} increasingly serving North Okkalapa Township. Transportation between Yangon and other places of the country have improved a lot in the last one and a half decades after the Aung Mingalar Highway Bus Station (in North Okkalapa Township), bridges and express highways were built by the government.

Dramatic improvements in the telecommunication system of Yangon and most other places in Myanmar have occurred within the last couple of years. The telecommunication system of Myanmar used to be astronomically high in cost and poor in quality until three years ago. Fortunately, access to affordable mobile phone services (come with reasonable quality internet service) has just recently been made widely available. Many households now have a mobile phone. As a result, some phone stall MEs (by the road/home-based shops) were negatively affected while many other MEs, especially growth-oriented ones, in different sectors greatly benefit from such improved access and quality (by allowing them to conveniently connect with their suppliers and customers, e.g. customers in different parts of Yangon city, other major cities or countryside towns).

\textsuperscript{61} Almost all buses in Yangon are privately run by many individual SMEs, that are registered with city bus regulation authorities. Buses are typically overcrowded during the peak hours and in poor repair. However, they provide the cheapest mode of transport to ordinary people in order to commute to most parts of Yangon city.
3. ME-DACs Induced by Resource and Capability Shortage

3.1. Poor process of selecting ME activity and/or location

It was found that most WEs put very little thought into which activity they should pursue and where they should operate. It can be concluded, based on the responses from ME and YWDP staff, that only about half of the growth-oriented ME sample and four livelihood MEs appeared to have applied some basic marketing concepts in selecting ME activity and location, such as informal "competitive analysis of the location(s) and market(s) in which they wished to make a living" or informal "investigation of options before starting their enterprise" (Roy & Wheeler, 2006, p. 455).

On the other hand, most livelihood MEs and about half of growth-oriented MEs selected the business activity by mainly using their "intuition" (based on a combination of personal interest in the activity, ease of work, past training and experience (mostly informal), current financial capacity) and "a somewhat rudimentary opportunity-cost evaluation which sought to answer the question: How can I make the most money in the short term, given my resources and capabilities?" (Roy & Wheeler, 2006, p. 456). In fact, MEs (whether growth-oriented or livelihood) headed by women tend to be concentrated in a relatively narrow range of activities such as sewing, tailoring/dressmaking, food & refreshments making and retail trading. This is caused by three main factors.

First, the above mentioned activities are largely viewed as appropriate or common for female entrepreneurs in the Htawonbe Ward context's culture, as well as require little

---

62 Roy & Wheeler (2004) reported that none of the MEs participated in their study conducted "any type of market research", neither formal nor informal (p. 455). It is similar to the finding of this study that the majority of MEs did not seriously consider the feasibility and long-term prospect of different potential business activities and ME locations.
or no specialized skill and relatively small start-up capital. Second, the referred activities involve little risk of losing all invested money (based on the assumptions that the required fixed capital is low and that many other women are operating) and allow WEs to operate at or near home—thus greatly attracting women in Htawonbe Ward due to their higher priorities on wellbeing and survival of their household than their ME. Third, a majority of WEs in Htawonbe Ward (similar to finding of Della-Giusta & Phillips, 2006) lack "information on alternative activities to engage in" and, for information, they usually rely on friends/family and "local gossip", which has the "potential to be inaccurate, incomplete or biased" (pp. 1054–1061).

In terms of selecting a place to operate their ME, most MEs, especially those which operate livelihood activities, did not think seriously nor seek advice from more experienced entrepreneurs. Similar to the finding of many studies, being female gender and mother is found to be one the greatest factors, which lead many WEs to operate from/in proximity to home. In terms of selecting the enterprise location, most livelihood MEs in Trading and Food & refreshment sectors set up their shop/stand either right next to their home or on the side of a busy road close to home, or in a designated (informally or formally) market place near their home. Besides, many vendors in these two sectors are mobile—most of them walk around with goods balanced on top of their heads, and a few go around the streets of Htawonbe Ward with a basket (loaded with products) on a bicycle.

---

63 MEs headed by women are more likely than their male counterparts to operate from the home or near the house of WEs (Vonderlack-Navarro, 2010; Nichter & Goldmark, 2009; Rajbongshi, 2008; Della-Giusta & Philips, 2006).
Since almost all livelihood MEs in the two sectors (e.g. home-based grocery shop, food stall, vendors, etc.) tend to operate in small local markets near their home, those local markets become saturated and eventually over-crowded. Over-crowdedness in a market and/or sector causes increased competition, which in turn drives down profit margins and sales income of almost all MEs in the same sector and/or market (including a few MEs that used to perform well before the entry of many new MEs), resulting in the underperformance of the whole market and/or sector (also discussed under ME-DAC 2.1).

By operating ME activities at/near home, there are, of course, some economic advantages (e.g. lower expenses on transportation and food (Rajbongshi, 2008)) and non-economic advantages (e.g. being able to look after children and other family members) for WEs. Yet WEs encounter the abovementioned negative impacts on their ME operations and prospect by doing easy-to-entry activities in local markets in proximity to their home. Some of them realize that the business will be better if they operate their ME in other location(s), but they only want and/or need to operate at their home or in proximity to their home because they are unable to operate in those desired location(s) (discussed under ME-DAC 3.2) or due to the following factors (which are discussed further under ME-DAC 1.1):

- household chores;
- childcare responsibilities\(^{64}\), especially for households with infants/young children;
  
  and
- no time to travel far way and do not want to spend money on transportation.

\(^{64}\) E.g. preparing and/or sending meal-box to school, picking up at school, etc.
All Cottage industry MEs (both livelihood and growth-oriented) also conduct their activities at home. Livelihood home-based sewing MEs suffer similar market saturation induced impact due to increasingly higher number of home-based sewing MEs (e.g. competition among tailors in local markets; lower price paid by buyers for bulk orders, due to availability of more sewing MEs). Growth-oriented MEs in the Cottage Industry suffer no or little market saturation induced impact because there are fewer MEs that compete with them (due to the higher barriers to entry to those growth-oriented activities). Yet, those growth-oriented MEs in the Cottage Industry sector face the following constraints, which are induced by the 'selecting home as an ME work station' factor:

- restriction (by authorities) on using residential electricity supply for industrial usage;
- electricity-related issues such as under-voltage, over-voltage, rolling blackouts\(^{65}\), surprise blackouts;
- small or limited size of space for manufacturing operations; and
- poor visibility (by potential buyers or customers) and unprofessional image (when potential buyers or customers visit).

\(^{65}\) A 'rolling blackout', also referred to as 'rotational load shedding', is an intentionally engineered electrical power shutdown where electricity delivery is stopped for non-overlapping periods of time over different parts of the distribution region. Rolling blackouts are a last-resort measure used by an electric utility company to avoid a total blackout of the power system. They are a type of demand response for a situation where the demand for electricity exceeds the power supply capability of the network. Rolling blackouts are a common or even a normal daily event in many developing countries where electricity generation capacity is underfunded or infrastructure is poorly managed. For more information, refer to http://www.powercor.com.au/docs/pdf/Customer%20Information/Fact%20Sheet%20-%20Load%20Shedding.pdf.
3.2. Being unable to do desired ME activity and/or to operate in desired location(s)

Many WEs are automatically inclined or led into selecting and doing livelihood activities in some specific business sectors not only due to a poor process for selecting ME activity and location (ME-DAC 3.1), but many times, also due to their low financial (ME-DAC 3.3) and human capital factors. This finding is elaborated in Box 2.

**Box 2. Explanation of why certain livelihood ME activities in some specified sectors are very popular and are operated by a majority of WEs in Htawonbe Ward**

Poorer microentrepreneurs, with little financial capital (no/limited savings; no/limited access to affordable credit options) and limited specialized skills, tend to operate easier-to-entry activities (Shaw, 2004). Livelihood activities in the Food & Refreshment sector, Trading sector, Cottage Industry sector (particularly sewing activities) and Transport sector (particularly trishaws) represent the greatest share of MEs in Htawonbe Ward –by far. The referred livelihood activities in their respective sectors are largely popular among microentrepreneurs in the ward because those livelihood activities in the four sectors:

- require the least amount of training or skills (except sewing) compared to other activities (such as growth-oriented activities in the Cottage Industry). Many have been trained informally through apprenticeships or at home.
- have low barriers to entry. Fixed capital for Trading sector and Food & refreshments sector activities is low. Food & refreshment sector also requires few tools and equipment with which to work (such as pots, pans, charcoal or gas, etc) and/or space. Trading activities merely require working capital to buy products that can be sold from a stand on the side of the road, on top of a vendor’s head, or in a mobile cart. Sewing and trishaw activities, on the other hand, need a relatively higher fixed/start-up capital investment (to buy the sewing machine or buy the trishaw and semi-formal license). Other activities (such as all growth-oriented activities in the same sectors) necessitate a relatively much higher capital investment.
- are less physically (except trishaws) and mentally challenging ME activities. For instance, in the case of most trading activities, once goods are purchased or acquired for resale, a WE just has to sit next to her goods. At the very most, she needs to walk
around with the products and try to convince/entice people to buy.

The technical skill shortage constraint was emphasized by many MEs (both livelihood and growth-oriented) in the Cottage Industry sector, mentioning that they need higher technical or production-activity-related skill to be able to produce products which can be sold in larger and more attractive markets, and/or achieve higher profit margins. For example, five out of seven livelihood MEs, that do sewing activities, admitted that they do not have good enough skill in order to accept orders from large garment factories as well as to get employed in a garment factory (which targets the nationwide market or exports to foreign markets). The main skill shortage is that they do not know how to do 'manual fabric cutting'\(^66\), in industry's acceptable quality. As a result, they just do very simple activities which make them earn very little income (due to lower skills needed) such as making simple products (such as bags, cheap clothes for babies, infants and children, etc.), stitching or sewing fabrics already cut (i.e. order from garment factories), stitching 'longyi'\(^67\), and/or mending/repairing clothes (longyi, shirt, pants, etc.).

Some of both livelihood and growth-oriented MEs lack access to desired economically more attractive locations, which may be in proximity of or far away from home. As a consequence, they cannot sell products or services to the customers in a

\[^66\] Fabric cutting refers to cutting out pattern pieces of garment components as per exact dimension of the patterns from a fabric lay. It is totally different from general cutting in which exact dimension is not taken into account. The term fabric cutting is only applicable for garments manufacturing technology. Generally, there are three types of fabric cutting: i) manual cutting (done totally by human labor), ii) semi-automatic cutting machine, iii) fully-automatic or computerized cutting. For more information, refer to http://textile2knowledge.blogspot.ca/2013/02/garments-manufacturing-process-fabric.html.

\[^67\] A traditional 'longyi' is a sheet of cloth widely worn in Myanmar. It is approximately 2 m (6½ ft.) long and 80 cm (2½ ft.) wide. The cloth is often sewn into a tube shape. It is worn around the waist, running to the feet. When worn by men it’s known as a 'pasoe'; or a 'htamein' if worn by a woman. Similar garments are found in India, Bangladesh, Sri Lanka, and Malaysia. For more information, refer to http://www.insightguides.com/destinations/asia-pacific/burma-myanmar/cultural-features/thanaka-and-longyi.
particular segment of the market, in which they can participate/serve only if they have access to the location. They lack access to those desired location due to one or both of the two following reasons. Firstly, some of those lack contact with a key person at a particular location. For example, only a few sewing MEs can get orders from a large garment factory mainly because the WEs of those MEs used to work for the factory or personally know key personnel at the factory. Secondly, many MEs cannot operate at their desired location because they cannot afford to pay the required amount of money for a formal/semiformal/informal license or permit, or for rent and deposit in order to carry on their ME activities at a particular place. 

3.3. Difficulties in obtaining and securing required financial capital and/or nonfinancial resources

The referred financial capital for an ME consists of working capital and fixed capital. More than half of the livelihood MEs in the sample mentioned the great difficulties they face in acquiring and maintaining the required amount of *working capital* needed for their business operations. Similarly, some growth-oriented MEs also find difficulty in acquiring/building up working capital for their ME activities. The size of the working capital needed by growth-oriented MEs is, of course, much larger than that of the working capital needed by livelihood MEs in the same or comparable sector.

---

Examples:
- trishaws require to pay for expensive formal license or less expensive semi-formal license to operate visibly;
- vendors need to bribe Bus station authorities in order to be able to sell food, refreshments, cigarettes and non-food items in Aung Mingalar Highway Bus Station (which is very close to Htawonbe Ward)
- high rent and deposit for a specific place, which may be a spot or space or room or land, etc. (e.g. automobile workshop at a road-side location, vegetable wholesaling at a busy wholesale market in downtown Yangon)
At the same time, a majority of growth-oriented MEs (in all sectors) mentioned that their expansion/growth ambitions are blocked mainly by fixed capital related problems. Similarly, about one-fourth of the livelihood MEs, especially in the Trading sector, Cottage Industry sector and the Transportation sector, said that they do not have sufficient money to be used as fixed capital for their MEs. As in the case of working capital, the required fixed capital amounts for growth-oriented MEs are usually much larger than the ones for livelihood MEs.

Another theme of major constraint(s), namely 'lack of access to required nonfinancial resources, need to be highlighted here. This constraint is mentioned by a majority of MEs and is found to be born of the financial capital constraints. The detrimental impact of financial capital constraints and some examples of nonfinancial constraints are illustrated in Table 15.

Table 15. Negative impacts of financial capital constraints on livelihood MEs and growth-oriented MEs

<table>
<thead>
<tr>
<th>Broad impact of capital constraints...</th>
<th>....on Livelihood MEs</th>
<th>....on Growth-oriented MEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhibit the survival/continuity of ME operation and stability of ME income by blocking ME from access to required nonfinancial resources</td>
<td>Limit the productivity and/or efficiency of ME operation and the growth of ME income by blocking ME from access to required nonfinancial resources</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples of nonfinancial resource constraints caused by working capital constraints... (not an exhaustive list)</th>
<th>Difficulties in buying or spending on:</th>
<th>Difficulties in:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• goods to resell</td>
<td>• hiring skilled labor</td>
<td></td>
</tr>
<tr>
<td>• ingredients to cook and sell</td>
<td>• keeping apprentice</td>
<td></td>
</tr>
<tr>
<td>• daily trishaw rental fees</td>
<td>• purchasing materials in bulk</td>
<td></td>
</tr>
<tr>
<td>• insecticides, fertilizer and seeds</td>
<td>(from wholesale suppliers or other more affordable sources)</td>
<td></td>
</tr>
<tr>
<td>• needles, threads and/or sewing machine rental fee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Examples of nonfinancial resource constraints caused by fixed capital constraints...

<table>
<thead>
<tr>
<th>Difficulties in buying or spending on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• furniture and/or basic infrastructure (e.g. shelves, cabinets, extension of house for more space)</td>
</tr>
<tr>
<td>• tools, equipments, machines or other productive assets for ME operation (e.g. plastic moulding machine, sewing machine, trishaw)</td>
</tr>
<tr>
<td>• license, fees and/or bribes to be able to operate ME operation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Difficulties in acquiring:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• more up-to-date and efficient technology (to be able to compete with larger counterparts, or to reduce costs, or to make production process more efficient)</td>
</tr>
<tr>
<td>• machineries/tools/equipments</td>
</tr>
<tr>
<td>• permanent access to public electricity supply (mainly for business purpose)</td>
</tr>
<tr>
<td>• affordable transportation and communication means</td>
</tr>
<tr>
<td>• access to desired location (by paying higher lease, deposit, bribe or fees)</td>
</tr>
<tr>
<td>• mandatory license/permit (in order to be allowed to operate desired ME activity)</td>
</tr>
</tbody>
</table>

It can be argued that among all the ME-DACs discussed in the report, the capital constraints can be said to be the most significant directly-affected constraints faced by both livelihood and growth-oriented MEs in pursuing their desired levels of income and growth. Moreover, the YWDP as an ME-lending MCI, most importantly, aims to provide appropriate business loans to MEs (in other words, money for MEs to be used as working capital and/or fixed capital). Due to the overarching nature of this ME-DAC and the essentiality for YWDP to understand *its client MEs' fixed capital and working capital related problems*, the financial capital related difficulties and constraints faced by WEIs and the key underlying factors which caused them are discussed more comprehensively,
below. Moreover, the story of Daw Than\textsuperscript{69}, who operates a livelihood sewing ME is also recounted in \textit{Box 3}, for an illustration purpose.

It is found that the difficulties in obtaining and securing a sufficient amount of working capital and/or fixed capital are caused by three interrelating factors: \textit{lack of/limited saving practices, poor financial management practices} and \textit{unmet credit needs}.

Firstly, a majority of WEs (except a few WEs, most of whom belong near-poor and non-poor income groups), do not have the desire and/or ability to save regularly and consistently (i.e. saving voluntarily, in the form of money, gold jewelry and/or \textit{rotating savings}\textsuperscript{70}, except saving in YWDP savings account as a compulsory saving requirement in order to receive loans). They do not save or keep or reserve surplus money aside so they do not have money saved when they need money to be invested or spent in housing- and ME-purposes such as:

- buying home or land;
- spending on house repair/renovation works (especially floor, latrine, roof and/or home compound); and

\textsuperscript{69} Note that non essential details are altered in order to protect the identity of the WE, whose story is mentioned, and that the name, 'Daw Than' is a pseudonym (Also note that Burmese people generally have no customary patronymic or matronymic system and thus most Burmese people have no surname at all. 'U' and 'Daw' are the Burmese honorific titles for adult male and female, respectively).

\textsuperscript{70} In a \textit{rotating savings} agreement, also known as Rotating Savings and Credit Association (ROSCA), a group of individuals agree to meet for a defined period in order to save (and to borrow in the case of ROSCAs) together. Each member contributes the same amount at each meeting, and one member takes the whole sum once. As a result, each member is able to access a larger sum of money during the life of the rotating savings, and use it for whatever purpose she or he wishes. This method of saving is a popular alternative to the risks of saving at home, where family and relatives may demand access to savings. Every transaction is seen by every member during the meetings. Since no money has to be retained inside the group, no records have to be kept. These characteristics make the system a model of transparency and simplicity that is well adapted to communities with low levels of literacy. For more information, refer to http://www.microfinancegateway.org/gm/document-1.9.26314/23451_file_Arisan_May.pdf.
• buying productive assets and/or inputs, with additional fixed capital and/or working capital, for ME.

Moreover, WEs use up their fixed capital and/or working capital when they are short of cash to meet various foreseeable and unforeseeable cash outflow needs in Htawonbe Wards such as:

• interest and principal payment to lender(s) including the YWDP;
• spending on deposit and monthly rent;
• buying consumptive assets (e.g. television, bicycle, DVD player, clothes, cosmetics, etc.); and
• spending on child education, healthcare, emergencies and other purposes (such as contribution in donation, wedding, funeral, etc.).

Lack of saving practices are, first of all, largely influenced by the poverty status of a WE and her household. For most poorer WEs, little extra money is usually left at the end of the month after spending income on abovementioned household expenditures. That being said, not all less poor WEs\textsuperscript{71} have the habit of saving regularly (only 7 out of 19 regularly and consistently saves). On the other hand, some poor (4 out of 40) and extreme poor (1 out of 6) save a tiny little bit of their household income. Based on this finding, the second factor for lack of saving, namely 'lack of saving habit' is proposed for consideration. The third factor (agreeing with many studies in the literature\textsuperscript{72}), which makes WEs and other low-income people in general less inclined to saving, is a limited/lack of appropriate deposit services available to them. In this account, almost all

\textsuperscript{71} i.e. non-poor and near-poor
\textsuperscript{72} such as Stewart et al (2010), Della-Guista & Phillips (2006), Ledgerwood (2000), etc.
the interviewees agree that the YWDP greatly fulfills the needs of WEs and non-ME-operating members for access to convenient deposit services, which allow SHG members to save in their individual savings account biweekly. The monthly minimum and maximum amount cap that an SHG member can save is considered "reasonable" by most interviewed WEs including the SHG-dropouts.

73 According to the YWDP staff, "the monthly minimum and maximum savings amount cap rule is kept to promote [and even enforce] regular and consistent saving practices among [SHG] member. Also note that the YWDP requires that for an SHG member to obtain a desired loan amount, she should have regularly saved at least one-fourth amount of that desired loan. The YWDP staff said, "if we remove the monthly maximum deposit cap restriction, an SHG member can deposit large amount of money, which may be borrowed from someone else [just before applying for a loan, in order to be able to borrow the four-times larger loan amount from the YWDP]." The YWDP staff mentioned that overall, this rule is enforced in order to minimize the chance of a member 'borrowing to borrow' (i.e. borrowing money from moneylenders or some other sources, and depositing that money into the YWDP saving account).
**Box 3. Brief story of a WE who operates a livelihood ME**

Daw Than is a 53-year-old widow, who has four children (two of them are already married and do not live with her), and has been operating a sewing ME (tailoring for customers in Htawonbe Ward, and making children's clothing by accepting orders from wholesale shops or brokers) for more than twelve years. Her husband, before becoming very sick, worked as a full-time security guard for a private company. She initially had some potential to save the household surplus income after paying for all the household expenses with her husband's regular wage income (primary income source for the household) and her ME income (supplementary source).

However, Daw Than and her household did not plan and follow any budget over the years. Doing so might have possibly allowed her to keep aside a fixed amount or proportion of household surplus income to save first before spending all net ME profit/income. Nevertheless, since she lacks saving practices (in the form of money or gold jewellery), she did not deposit much money in to her YWDP savings account (although she had been an SHG member for many years), and did not save at all in the form of money or a liquid asset.

About five years ago, she unfortunately encountered a shock. Her husband became very sick for about seven months and finally died (She could not explain to me exactly what disease(s) caused him to die. She was told by doctors that "his sickness became immediate and severe because his lungs and liver had already been in a very bad condition". She said that her husband regularly drank lots of alcohol and consumed tobacco, in the form of both traditional cigar and betel quid). During those times, she needed increasingly high amounts of money urgently for healthcare expenses and later for funeral related expenses (i.e. spending on treating monks, relatives and neighbors to meals, and on donation/good merits for her deceased husband as a local custom). Since she had no saved money at all and did not receive much financial assistance from her two grown-up adult sons, Daw Than chose the option of borrowing.

Due to having little savings and being known (by her fellow SHG members) to have been in a crisis situation, she was not given the amount of loan she needed from the YWDP.

---

74 Little savings amount means smaller loan amount from the YWDP, technically. The YWDP rules require that for an SHG member to obtain a desired loan amount, she should have regularly saved at least one-fourth amount of that desired loan, as well as three SHG-members need to sign as a guarantor and all other SHG members must approve the loan amount. In addition, the YWDP also does not allow an SHG member to deposit a lump sum amount of money into her savings account just before applying for a loan. According
She had a small gold necklace and a pair of earrings (which she had since her wedding many years ago) so she used them as collateral to borrow from a registered pawn shop\textsuperscript{75}, but the loan she got from the pawn shop was not enough. She had to borrow money from some moneylenders who charged exorbitant interest rates. She had changed many different lenders in the last four years and even dropped out from the YWDP twice and joined it again. The first time, she dropped out from an SHG and joined another after a year, and the second time, she dropped out from that second SHG and joined the original SHG after 11 months. She dropped out both times due to personal conflict (with fellow group members), which arose from her being faced with penalties (for missed repayments, late payments, loan not being approved, etc.). Some of her SHG members were worried that those penalties would affect the loan approval process of other members and the reputation of the SHG.

Since encountering that shock, Daw Than is still struggling with many difficulties (worst in the rainy season) and owing a relatively large amount of money to a few informal moneylenders (four times larger than the amount she currently owed to the YWDP). She sold her sewing machine (now she has to pay the rental fee for the sewing machine she has been using) and most of the assets she owns, except her current house, which she had thought of selling many times.

The fortunate things which favor Daw Than in improving the situation are that she is healthy (according to her) while many women at her age have started to develop some health problems, that two of her younger children, who live with her, have recently graduated from high school and started contributing to household income with their wage incomes, and that she does not need to pay for the house rent, and even receives some income from a home-based grocery shop ME which she operates at a small kiosk built in her small house compound.

However, even now, in most of the time she borrowed, Daw Than does not actually plan ahead how to pay the interest and principal to the lender(s) (e.g. planning by being time-specific, amount-specific, frequency-specific, and by including a contingency plan). When asked 'why not', Daw Than's answer was simple but fair enough: "I don't know how to do calculating with numbers. I'm even trying to be very careful when I buy [groceries] in markets,

\textsuperscript{75} Later on, she took her jewelries back from the pawn shop (again by borrowing from another source) and sold them, and paid back to some expensive debt sources.
not to be cheated ... [besides] I don't have a choice. Although I already owe 1000 kyats and know that I won't be able to pay back an additional 100 kyats, [which I am going to borrow.] I still have to borrow it because we sometimes simply do not have any money left to buy rice [and other basic ingredients such as oil] to cook”.

Besides, Daw Than still does not save money, apart from saving for her YWDP-savings account (she saves mainly in order to be able to take loans). She said that she had been spending a significant proportion of her household income and money supported by her adult children (on paying high interest (cost of debt) thus every month she had little or no surplus money left to save. In some months, she does not even have enough money to make ends meet, so missed some interest and principal repayment and/or borrowed more. However, she tried not to miss interest and principal payment to the YWDP, her relatives and friends (even if she has to borrow from someone else for a while) in order to save face and maintain access to affordable loans.

Secondly, poor financial management (both personal and business) practices of WEs and/or their household member(s) significantly contribute to working and fixed capital related difficulties and constraints. It is not surprising to have found that most interviewees (except eight growth-oriented MEs and two livelihood MEs) in Htawonbe Ward context do not even separate nor record both personal and business finances—planning/making and following a 'personal and ME budget' is out of the question. Mixing up ME expenditures with personal expenditures due to the "lack of separation of business and family monies" is in fact a classic problem discussed in the literature (Della-Giusta & Phillips, 2006, p. 1061; Stewart et al., 2010; Tambunan, 2009; Rajbongshi, 2008). Some YWDP staff and CBO-members point out that most MEs lack the habit of making a payment plan and/or keeping aside a certain portion or amount of income for paying interest and repaying loans in installments. The YWDP staff said that "basic financial

---

76 She used these numbers just as a metaphor. They are not the actual amounts she owed and was going to borrow.
management knowledge is taught in the mandatory 3-day leadership training [which is
given during the initial months of each new member], but they [SHG members] do not
really practice what they have learned”.

As a result, working capital and fixed capital are not secured or expanded throughout the year. During the difficult business season such as the rainy season, a majority of livelihood MEs usually use up working capital and/or fixed capital\textsuperscript{77} and/or ME-loans\textsuperscript{78} for non-business purposes such as food, rent, education, health, shocks, emergency cash needs and so on (i.e. dealing with ME-DACs 1.1–1.5). On the other hand, during the good business seasons such as the dry-hot season and the dry-cold season, they still lack reinvesting profit for ME development purposes (such as accumulating or investing more in fixed capital and/or working capital)\textsuperscript{79}, and/or reserve or save some money during the good business season as a preparation for the foreseeable bad season or unforeseeable circumstances (e.g. saving ahead to cover lower income, to pay for interest and principal in slow business seasons, to overcome financial difficulties when facing unexpected events).

Based on insights from some YWDP staff and CBO-members and the literature, it is judged that poor financial management practices of WEs and their household member(s) are directly or indirectly induced by the following factors:

\textsuperscript{77} usually by selling essential machine(s), equipment(s) or tool(s), or stopping to operate at a favorable busier location (in order to obtain deposit back and/or reduce or stop paying for the rent/fee/license/bribe)

\textsuperscript{78} The YWDP staff mentioned that many WEs who operate livelihood MEs tend to use YWDP-ME-loans for non-business purposes.

\textsuperscript{79} de Mel, McKenzie and Woodruff (2009), by measuring the profits of microenterprises from operations in Sri Lanka, has found that most micro entrepreneurs rarely use profits in developing working capital requirements and they rarely reinvest to increase their business activities or to expand the business to earn more profit. For most WEs, "an immediate family need almost always takes precedence and, rather than being reinvested, profits are consumed in the form of better nutrition, medicines, schooling for children, and improved housing or on such family events as births, deaths and marriages” (Rajbongshi, 2008, p.2).
• lack of basic financial management skills and knowledge (such as planning and following personal and business budgets and loan repayment plan, recording and controlling cash flows, keeping personal financial disciplines and commitments, etc.), and poor financial discipline;⁸⁰

• lower educational level and poor numeracy skills;

• lack of formal social safety net institutions (such as insurance schemes) while multiple personal problems (encompassing ME-DACs 1.1–1.5) induced by poverty commonly happen; and

• conflicting personal priorities and motivation (e.g. high tendency of WEs to use ME income and capital for non business purposes⁸¹; detrimental attitude, behavior and mindset of WE herself or her household member(s)⁸²).

Thirdly, working capital and fixed capital constraints faced by WEs are significantly caused by no/limited access to adequate, timely and affordable credit (for business and non-business purposes of WEs). Regarding using debt for business purposes, almost all livelihood MEs and growth-oriented MEs interviewed mentioned that they largely have financed their working capital and fixed capital with credit. Since

⁸⁰ A few WEs, especially those who have longer entrepreneurial background and/or higher formal education and/or some work experience), appreciate the importance of such practices, but even most of them do not know how to properly do so; while the majority of WEs do not even realize they should. A few WEs mentioned that they had developed better financial management skills by taking responsibilities in YWDP microcredit operations or SHG activities such as leader, treasurer, CBO-member, and/or by attending financial management related training provided by the YWDP. Despite the existence of such potential effectiveness, there are some difficulties, mentioned by some WEs and YWDP staff, in attending or providing financial management related and other business management related training, or taking responsibilities in SHG activities: namely, high opportunity cost (i.e. loss income to stop ME operation), no time and low enthusiasm from WEs to attend such training or taking formal responsibilities in SHG activities.

⁸¹ such as household expenditures, development of ME of husband/other family member and so on since a majority of WEs put lower priority on the development of their own ME than on wellbeing and income earning opportunities of their other household members, discussed further under ME-DAC 1.1)

⁸² see ME-DAC 1.2
Credit makes up all/major proportion of ME capital, the appropriateness of credit is a key determinant of economic prospects of MEs.

Besides for the business purposes, people usually have to take loans for consumption purposes (e.g. to fulfill urgent cash needs due to inadequate income to cover household expenses, dealing with shocks, etc). In addition, another common purpose for why WEs borrow is to pay to other lender(s). In other words, WEs borrow from one source to pay another source whose credit is already or going to be due (probably to get the collateral back or to avoid penalties) and who charges much higher interest rate (than the former source).

(i) Relatives/friends/neighbours, (ii) registered pawn shops, informal moneylenders, (iii) fellow SHG member(s) and/or (iv) the YWDP are available credit sources for many WEs in Htawonbe Ward. But, not all available credit sources including the YWDP are equally suitable to WEs. The suitability of the above mentioned credit sources differ mainly based on their poverty status, the ME type (whether livelihood or growth-oriented) and the business sector. Each of the abovementioned credit sources, which are available in Htawonbe Ward, are briefly discussed as follow:

(i) Relatives/friends/neighbours. Borrowing and lending between relatives, friends and neighbours is "flexible" and involves "little or no interest charged" (Devereux, 1999, p. 63). Some WEs, especially those who live in Htawonbe Ward for decades (not recently migrated residents) and/or are less poor (such as most WEs from 'near-poor', 'non-poor' and some WEs from poor 'household income groups'), have good family support and

---

Informal moneylenders are not authorized or registered to lend money, with/without collateral, to people by charging an interest and enforcing widely held local money lending practices. An informal moneylender may be the one who do money lending on a regular basis or a by-chance basis.
social network when they urgently need cash for business and personal purposes. They are fortunate enough to receive or borrow money from relatives or friends with a relatively lower interest rate. Most of those informal transfers occurred within extended families or between friends, and are "made on a basis of reciprocity", meaning "there is an expectation that the provider will receive similar help from the beneficiary should their relative economic fortunes reverse in the future" (Devereux, 1999, p. 63).

(ii) Registered pawn shops and informal moneylenders. Informal loans from registered pawn shops and moneylenders are given at exploitative rates and unfavorable/exploitative conditions if borrowers cannot provide highly demanded collateral such as gold jewellery. But they are usually immediately available (with or without collateral), and they can alleviate basic consumption needs or urgent cash needs to the WEs on a timely basis. For example, compare the loan-obtaining process from the abovementioned sources with the loan application and approval process of the YWDP – the latter needs a 1-week application lead time, consent/approval of all group members, guarantee/co-signing of five fellow group members and many other rules and regulations of the YWDP).

Loan(s) from pawn shops or moneylenders can be an alternative or complementary 'affordable and feasible credit option' (to the YWDP credit) for relatively less poor WEs in Htawonbe Ward, because for example, pawn shops and most informal money lenders usually charge 3% per month interest rate (which is about the same interest rate of a YWDP loan) if the borrower provides gold jewellery as collateral.
On the other hand, for poorer WEs who have poor asset ownership status and fragile cash flow status, taking loans from moneylenders with an unfavorable interest rate and conditions (for either business or non-business purpose) is generally detrimental, except for depending on it for a very short term before being able to borrow from another alternative source (such as the YWDP, friends/relatives/siblings or other more considerate moneylenders who lend with a more reasonable interest rate and conditions). Depending on costly loans from moneylenders on a continuing basis can threaten the survival of both their ME and household. The longer, more frequent and larger the loans they take, the higher possibility that the borrower will become heavily indebted to a degree to which the borrowers have little or no money left after paying the lender(s) with household income. Eventually the borrowers cannot manage the payment anyway and thus have to sell whatever asset they have (such as house, clothes, equipments/tools, etc.) and/or run away.

(iii) Fellow SHG member(s). Lending/borrowing money within/across SHGs involves "relatively lower or same interest rate charged by informal moneylenders" (as mentioned by a few WEs and YWDP staff). It is judged to be a fairly common practice although this topic was not openly discussed during interviews since this practice is against the microcredit bylaws of the YWDP. An SHG member can be expelled from the SHG and denied access to services from the YWDP in future if she is found to operate a money-lending business. It was also heard from some YWDP staff and WEs that "a few SHG members became moneylenders or intentionally joined SHGs in order to be able to lend to other fellow members". Loans from fellow SHG member(s) have good potential to be
affordable, flexible and fair for certain SHGs, in which members’ trust level, unity and
closeness of relationships are high.

(iv) The YWDP. Some relevant microcredit rules and regulations of the YWDP are
discussed in Box 4, and some important information are highlighted below:

The interest rate charged by the YWDP (capped by the microfinance business law
of Myanmar) is the lowest among most alternative credit options available to WEs in
Htawonbe Ward. Although the interest rate of the YWDP is lower than that of the
informal moneylenders, it is beyond the capacity of a poor WE who has no other income
to meet strict repayment rules and regulations of the YWDP (not following the rules and
regulations can lead to loss of access to future credit from the YWDP). It is very risky for
a poor WE to use YWDP credit for non-business/consumption purposes without a
feasible repayment plan.

In terms of the loan size, loan amounts taken by WEs participated in the sample
range between MMK 20,000 and MMK 500,000\(^{84}\). But take note that out of the 65 WEs
interviewed, most of the WEs (49) have taken loans between MMK 50,000 and 200,000.
A similar observation is made, from document analysis, for overall Htawonbe Ward –
there are more loans in the range between MMK 30,000 to MMK 300,000 while loan
amounts of MMK 20,000–700,000 are officially offered by the YWDP to its clients.

---

\(^{84}\) For 2013, one Dollar has equaled: average K 933.221; minimum K 855.500; maximum K 989.000. The
average exchange rate of Myanmar Kyats in 2013 was retrieved, on 31st December 2013, from: Fx-rate.net.
Box 4. Brief discussion of the microcredit service related rules and regulations of the YWDP

In every mandatory bi-weekly meeting, members are required, by formal regulations, to save an amount which must be within the bi-weekly saving amount cap minimum of Ks. 400 and maximum of Ks. 3,000. The interest rate on savings is 15% per annum, and the interest rate on loans is 30% (declining rate) per annum. The same interest rate is charged for any type, size and term/duration of loan. Repayment period or loan term varies depending on the size of a given loan.

The YWDP offers loans mainly for income-generation/ME activities. Loans offered by the YWDP can be grouped into five categories, namely: 1) child's education loan, 2) regular loan, 3) ME-capital loan, 4) special ME-capital/investment loan, and 5) festival working capital loan. After a 3 month saving period, new members can start applying for the very first loan of MMK 20,000 in their SHG. A given SHG member can apply for the next loan after the previous loan is fully repaid, and may have access to progressively raised loan-ladder-amounts from MMK 20,000 to MMK 700,000 if she desires and meets the following key specific and general requirements:

<table>
<thead>
<tr>
<th>Type of loan</th>
<th>Size/amount (loan-ladder amounts)</th>
<th>Term/duration</th>
<th>Specific requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Child's education loan</td>
<td>Up to MMK 5,000 or MMK 10,000 per student (once a year only)</td>
<td>N/A</td>
<td>5 months</td>
</tr>
<tr>
<td>2) Flexible loans (encouraged to use for ME, but allowed to use for</td>
<td>MMK 20,000 MMK 35,000</td>
<td>2 months</td>
<td>5 months</td>
</tr>
</tbody>
</table>

85 The annual interest rates on savings and on loans used to be 12% and 48% (declining rate) respectively. The YWDP management staff said, "after the enactment of the Microfinance Law, we had no choice but to adjust the rates despite, like many others [i.e. other MCIs], being well aware of the infeasibility of the current rates". Refer to appendix ?? for discussion of microfinance industry of Myanmar.

86 Like many other MCIs, the YWDP adopts the practice of lending its clients progressively increasing loan amount – once a loan is repaid in accordance with the rules and regulations, a given borrower will be eligible not only for a new loan, but for a larger loan (if she desires) as well.

87 The former for a school-going-child and the latter for a college- or university-going-child

88 e.g. slip/receipt of fee payment in an educational institution
other purposes if a borrower has proven ability to repay

| 3) ME-capital loans (allowed to use for ME only) | MMK 50,000 | MMK 70,000 | MMK 100,000 | 3 months | 1 year | Must reside in the same/proximal location of the SHG. |
| MMK 150,000 | MMK 200,000 | MMK 250,000 | 5 months | 1 year |

| 4) Special ME-capital/investment loans (allowed to use for ME only, but might be allowed to use for buying land, house, public electricity supply access) | MMK 300,000 | Next loan after borrowing MMK 300,000 may be any amount up to MMK 700,000 (if requirements are met) | 5 months | 2 years | Must have already been a member for at least two years. Must prove the house (or other relevant valuable asset) ownership status. Must reside in the same/proximal location of the SHG. |

| 5) Festival working capital loan (allowed to use only for an income generation activity in a given festival period) | Up to MMK 30,000 | N/A | No later than two weeks after the festival | Must have already been a member for at least one year. |

**General Requirements** (which apply to all types and amounts of loan)

- Must attain approval from fellow SHG members and the YWDP staff regarding the proposed purpose(s) of the loan and plan to repay the interest and principal (discussed further below).
- Must have saved at least one fourth of the borrowing amount.
- Must pay interest and principal regularly and in equal installment amounts (paying or saving in lump sum amount in order to apply for loan next time is strictly restricted).
- Must maintain at least 80% meeting attendance rate per year.

The YWDP uses peer group pressure and peer monitoring to reduce delinquencies and defaults. Fellow SHG members decide whether to approve a loan amount based on applied purpose, perceived repayment capacity and character of a borrowing member. Five members such as education, housing, health care, repaying high interest loans, dealing with shocks, spending for social occasions, etc. However, the loan term, amount and interest rate are standardized regardless of whether the intended loan usage is for business purposes (fixed capital or working capital of ME) or non-business purposes.

The YWDP staff mentioned that they keep this rule in order to force its clients to save as well as to keep the saving amount as collateral.

---

99 such as education, housing, health care, repaying high interest loans, dealing with shocks, spending for social occasions, etc. However, the loan term, amount and interest rate are standardized regardless of whether the intended loan usage is for business purposes (fixed capital or working capital of ME) or non-business purposes.

90 The YWDP staff mentioned that they keep this rule in order to force its clients to save as well as to keep the saving amount as collateral.
need to co-sign and guarantee any approved loan of their members. Then the YWDP staff approves loan applications and disburses the loan to the individual borrower through her group and monitors borrowers' loan utilization for business activities in the following biweekly meetings.

An SHG member's ability to take larger loans from the YWDP depends on approval of other fellow members as well as her performance, which is judged based on her meeting attendance, saving and repayment history. A WE's saving- and credit-repayment-performance in her SHG depends on the following four key factors (overall, WEs who score higher in the following factors perform better):

- financial management ability (discussed above);
- access to other regular income flows besides income from ME (e.g. wage/salary income of other household member(s), subletting room or space, renting trishaw, etc.);
- access to alternative affordable credit sources (due to higher asset ownership, longer SHG membership, strong social network such as friends/family/relatives/neighbor); and
- whether nature of business fitting well with YWDP microcredit methodology.

---

91 If a fellow group member defaults on her loan, all the other group members are held responsible for repaying the defaulted loan in installments. Five group members, who signed as guarantors, need to contribute twice the amount a normal fellow group member (who did not guarantee) contributes in repaying the defaulted loan.

92 Note that 'relatively less poor WEs' have credit available from a wider range due to their social and financial strengths such as the higher or stronger income, social status/network, and/or asset ownership.

93 e.g. business cash flow cycle may or may not be in accordance with YWDP's biweekly interest and principal (re)payment requirements; the size of working capital and/or fixed capital required by a given ME may or may not exceed the loan amount available from the YWDP, etc.
When assessing the suitability of the YWDP credit source for its client MEs—depending on the type and nature of those MEs (whether livelihood or growth-oriented, and cash flow cycle)—the YWDP has great potential to provide:

- **adequate loan amount and suitable repayment requirements** to be used as the *working capital* for a majority of *livelihood MEs* in the *Trading sector* (except those who need to sell on long-term credit or keep products or inventory for a relatively long period of time before being sold), *Food and refreshments sector* and *Transport Sector*. Average cash flow cycle (measured in days) for activities in the abovementioned sectors is quite short, allowing those MEs to pay the interest and principal in biweekly installments to the YWDP.

- **moderately adequate loan amounts** \(^{94}\) (but with inflexible repayment requirements \(^{95}\)) to be used as *fixed capital* for *livelihood MEs* (in any sector), that have *both* longer duration and good performance background (i.e. regular saving, regular payment of interest and principal in equally divided installment amounts, meeting attendance, etc.)

- **moderately adequate loan amounts** (but with inflexible repayment requirements) to be used as *working capital* for *growth-oriented MEs* (in any sector), that own a house or valuable asset as well as have *both* longer duration and good performance background.

---

\(^{94}\) Many WEs, who operate livelihood ME, are unable to obtain loan amount above MMK 300,000 since they do not own house or other valuable asset(s).

\(^{95}\) E.g. the biweekly repayment requirements and the maximum loan term for loan amounts below MMK 300,000 is only one year, which some livelihood MEs find difficult to meet.
Nevertheless, it is hard for the YWDP to fulfill the fixed capital need of growth-oriented ME, both in terms of adequate loan amount\textsuperscript{96} and appropriate repayment requirements by using the current microcredit model. But since a majority of WEs who operate growth-oriented MEs are less poor and tend to have access to other affordable credit source(s), the YWDP credit is useful for them (i.e. the less poor clients who operate growth-oriented MEs) as a complementary credit source in obtaining and accumulating the required fixed capital for their MEs.

The following two key findings are needed to be emphasized to the YWDP. Firstly, it was found that some SHG members had to borrow from other more expensive credit source(s) to pay the interest and principal to the YWDP to avoid penalties\textsuperscript{97} and to maintain access to future loans. They did so especially when they earned lower/no income or had business losses when they encountered 'external environment induced ME-DACs 2.1–2.5' (e.g. low/no sales in monsoon rainy season; assets confiscated by authorities; perishable raw materials or products that spoiled since they were not sold out due to intense competition, etc.).

The second complaint from some SHG members is that they "do not get enough loan amounts" because they are "tenant[s] [i.e. they do not own a house], and thus groups with home owners did not want to accept" them and/or "approve" when they applied for loans. Similarly, it was also observed (and corroborated by the YWDP staff and WEs interviewed), overall, that many SHGs in Htawonbe Ward usually consist of members

\textsuperscript{96}The size of the fixed capital required by many growth-oriented MEs are quite large (which may be beyond the maximum loan amount the YWDP can offer), and/or larger loan amounts are relatively hard to be approved by all members and cosigned by five members (which is required according to the YWDP microcredit regulations).

\textsuperscript{97}Penalties negatively affect next loan amount and availability.
who have similar home ownership status (i.e. whether tenant resident or home owner). Moreover, due to the YWDP's 'loan ladder' lending practice, some SHG members inevitably do not have access to "large enough" loans from the YWDP in the early years (first two to four years) of memberships. Those SHG members also told me that they "happened to use the loan for kitchen expenditure", "[spending on] clothing", "DVD player", "pocket [spending] money for kids and husband", etc. since the "loan received [was] not large enough [to use] to do something for business".

The YWDP can witness the existence of dropout members in every month's records—the number of dropouts recorded, in almost every month, exceeds the number of new members recorded. Thus, it is important to consider the opinion of dropout WEs, current SHG member WEs and CBO-members on why many members drop out from SHGs. Varying noteworthy personal reasons (for dropping out)\(^98\) shared by those interviewees can be summarized as follows:

- Difficulties in attending the regular meetings (busy with livelihoods, get a job, etc.);
- Conflict with other fellow SHG member(s);
- Moving to another place (inform & move or run away);
- Defaulting on loans (selfish/bad character/lack of team spirit);
- Not being granted loan(s) or not fulfilling expectations;
- Transfer to another SHG;
- Substitution with another family member;

\(^98\)The business related reasons and YWDP-credit-operation related reasons are discussed above, and thus only personal reasons (why an SHG member finds the YWDP services not satisfactory for her) are discussed here.
• Not following the membership rules (member of other MFI, money lender, doing gambling business);
• Lack of interest/enthusiasm;
• Death;
• Conflict with YWDP field staff caused by total-staff-changeover\textsuperscript{99};
• Perception that project resources and responsibilities are not distributed fairly/equally (and that some group members have to work hard while others do nothing and/or do not follow the rules);
• Fear/worrying about other group members' defaulting (do not like paying for other group members' default); and
• Becoming less poor, and as a result, less attracted by the YWDP microcredit.

The reason "being unable to attend the regular meeting" is the most common one. However, some interview participants said that "some gave this reason because it was the easiest reason one could think of". Most interview participants agree that "one or two meeting(s) per month is not a burden for them". Some also added that "the YWDP is quite flexible in terms of attending the meeting". If one has an important and/or urgent issue to attend to, then absence is approved. Based on the interviews with both active and dropout SHG members, the first five reasons are found to be the most common ones (beyond the scope of the present research to quantify or determine the degree of importance of each reason) which lead or influence a majority of SHG members to drop out.

\textsuperscript{99} Based on this lesson learned, the YWDP have become more careful in the staff assignment change. YWDP staff said they do not change the two staff together at the same time anymore. One existing staff continues being in charge of the area with the new staff for another phase so that the new staff can learn from the existing staff about the context.
How WEs deal with financial difficulties caused by ME-DACs

As seen in above discussions, many powerful ME-DACs caused by personal life situations and the external environment (where WEs operate their MEs and/or live) exist in the context of Htawonbe Ward, and those ME-DACs are affecting MEs in different ways with unequal levels of impacts (levels of impacts differ based on location of ME, business sector, type of ME, characteristics and poverty status of microentrepreneur and his/her household, etc.).

When encountering ME-DACs 1.1–1.5 and 2.1–2.5, urgent cash needs emerge for WEs to alleviate or overcome those ME-DACs, or to deal with emergencies or to strive for daily survival of the household. However, due to a lack of formal social safety net institutions (such as health, life and accidental insurances) and limited capabilities and resources, a majority of WEs (at least more than two-thirds of the sample) usually have to address problems, while facing such urgency, by:

- using up working capital and fixed capital of ME;
- borrowing (by providing lender with collateral or no collateral), usually with high interest rate and exploitative terms (due to limited affordable credit options\textsuperscript{100});
- selling consumptive and/or productive assets (e.g. jewelry, gold, house, bicycles, television, clothes, pots and pans, blankets, sewing machine, equipments, machines or tools required for ME operations), if any; and/or
- using saved money (reserved for ME) or borrowed ME-loans\textsuperscript{101}, if any.

\textsuperscript{100} discussed under ME-DAC 3.3

\textsuperscript{101}
Other cost-cutting measures taken by WEs, that are heard from interviewed WEs and YWDP staff include:

- moving to a cheaper place to stay (usually, the cheaper the location is, the worse it is for ME operations since most WEs operate their MEs in local market(s) around home);
- skipping meals or reducing budget for food;
- taking child(ren) out of school for year(s); etc.

Dealing with ME-DACs with the abovementioned strategies causes the additional harmful consequences to economic position/financial status, well-being and living condition of WEs and their household members due to the following harmful consequences such as:

- heavy indebtedness which, in turn, leads to chronic negative cash flow status (the substantial proportion of income from ME and other household members now have to be spent on paying interest and principal);
- permanent/chronic negative household net wealth\(^\text{102}\) (due to selling assets or losing collateralized assets\(^\text{103}\));
- health-related impact (such as malnutrition, lower resistance, fatigue, etc.); and

---

\(^{101}\) E.g. initially saved or borrowed in order to: buy productive asset(s) for ME such as electricity service from government, tools, equipments; to purchase materials in bulk (to get better price from suppliers) rather than buying little at a time (so than can avoid paying higher price), etc.

\(^{102}\) Net wealth (also known as net worth) is the total assets minus total outside liabilities of an individual or business. For this research, the household net wealth means a value, which is calculated by deducting the household liability amount from the household asset.

\(^{103}\) For instance, a few WEs mentioned that they borrowed money by keeping the assets or proof-of-asset-ownership document with moneylender as a collateral and later lose the assets after being unable to pay the interest and repay the loan.
• future of child(ren) negatively affected (e.g. being encouraged/pressured to work; lower human capital).
CHAPTER 5: RECOMMENDATIONS AND CONCLUSION

Developing effective programs for the entire ME population is often especially challenging because ME populations in different contexts, including those in Htawonbe Ward, are "diverse" and "heterogeneous" (Nichter & Goldmark, 2009, p. 1460; Mead & Liedholm, 1998). But, one certain fact is that it will not be effective for an ME programme to serve all MEs with the same financial and nonfinancial services.

Fortunately this study in the context of a peri-urban location in Myanmar, found that MEs in the same business sector, same ME type and similar poverty status may have: similar priorities, goals, and characteristics; face similar types of ME-DACs; and need similar financial and nonfinancial resources.

Ideally, ME development programmes such as the YWDP may commit to serve all livelihood and growth-oriented ME activities (in different business sectors), which are operated by WEs (belonging to varying poverty levels) in a given location by utilizing different strategies and offering different customized services. Nevertheless, by taking into consideration its own capabilities, expertise, experiences and resources, it may not be feasible or possible for an ME programme to serve different segments of the whole ME population by providing different customized services for each of them. Hence, for effective outcomes, an ME programme needs to do segmentation and targeting in designing and/or modifying its strategies and services.

For an MCI, a segment can be defined as a group of potential clients who share certain similar characteristics (such as priorities, motivation, potential and desire for growth, capabilities, etc.), tend to behave in similar ways, and are likely to be attracted to
a specific combination of products and services (Ledgerwood, 2000; Nichter &
Goldmark, 2009). In other words, a potential target segment for an MCI represents a
defined market segment that "contains identifiable clients who demand or represent a
potential demand for microfinance services" (Ledgerwood, 2000, p. 33).

The similar conclusions advocating for the need for segmentation and targeting
were seen in many other studies in the literature such as Nichter & Goldmark (2009),
Goldmark (2009) argues that segmentation and targeting can play an important role in
developing or adapting ME programs since they can enable practitioners to "tailor
interventions to the specific needs of ME segments" (p. 1460). A discussion of
segmentation and targeting methodologies is beyond the scope of the present research,
thus the following section only briefly discusses the important primary tasks in doing
segmentation and targeting.

First, among the "universe of MEs", there are "various possible target groups [or
segments], each with different support needs" (Mead & Liedholm, 1998, p. 70). Potential
target segments can be identified by the characteristics of potential microentrepreneurs
(poverty level, gender, ethnicity, religion, and so forth) the YWDP wants to serve, and
the sector and type of business activity (livelihood or growth-oriented; specific business
sector(s)) it wishes to support (Ledgerwood, 2000).

To deepen its understanding of the particular attributes of each identified segment,
the YWDP should construct "segment profiles" (which contain the information regarding
characteristics and needs) of those different potential segments by using available data
(both quantitative and qualitative) from existing studies and future studies (Nichter & Goldmark, 2009). The YWDP should store and continually update them in a database (Nichter & Goldmark, 2009).

In order to "determine which segment corresponds most closely" with its own project priorities (Mead & Liedholm, 1998, p. 70), the YWDP first needs to be clear about its own objectives. Nichter and Goldmark (2009) points out that "being explicit about objectives is a basic but all-too-often-overlooked step in the effort to develop effective, customized programs" (p. 1460). Ledgerwood (2000) similarly warns that "organizations that do not define their objectives, and hence their target segment, or that fail to design their products to meet the needs of this segment often have difficulty managing their operations and staying focused" (p. 33). Moreover, the YWDP also needs to avoid vague and unrealistic objectives. It must seriously consider values, vision, beliefs and culture of the staff and the organization. Being a programme with multiple objectives, the YWDP may face difficult tradeoffs. How to balance these objectives should be "considered explicitly from the outset" (Nichter & Goldmark, 2009, p. 1460).

Next, the YWDP needs to assess which potential target segments have unmet demand for microfinance services, which potential target segment(s) match(es) the project's objectives, and which segment(s) among them have "the capacity to take on debt" and "can be served in a way that will eventually be financially sustainable"

104 E.g. An MCI that simply wants to provide financial services to the poor without defining who the poor are and which level of the poor it wants to reach often "ends up operating with different credit models, trying to serve different groups and satisfy different donors" (Ledgerwood, 2000, p. 33).
105 E.g. An ME programme that pursues "broad-based ME expansion" is too unrealistic to accomplish because a wide range of evidence from both the developing and the developed world shows that "only a small subset of MEs are likely to grow substantially" (Nichter & Goldmark, 2009, p. 1460).
106 Refer to Appendix 3 to see the goals and objectives of the YWDP.
The target segment(s), which the YWDP eventually selects to focus on serving, will mainly determine which type of service delivery approach it should utilize, which type of ME-development programme it should position itself as and which types of services it may need to offer to its client MEs in the selected target segment(s) (‘financial and nonfinancial services commonly provided by different types of ME development service-delivery-approaches and programmes’ are discussed further in Appendix I). Depending on services the YWDP actually offers to its clients, there will, of course, be consequences to the YWDP’s financial position because costs will be affected. In short, there are financial trade-offs involved in the decisions about objectives and how to reach them. The YWDP should thus realistically and carefully consider and plan which objective(s) it can afford to set and for how long. It needs to judge the feasibility and viability of focusing on particular potential segment(s) by taking into account its own organizational and staff capabilities which are reflected by many factors such as available budget/financial resources, required amount of time to be committed, commitment level, skills, expertise and experiences of staff, donor’s commitment on project, etc. Importantly, the existing and future donor(s) also should not encourage the YWDP to select segment(s) and areas where it has no experience, expertise, or resources.

Once the YWDP is clear about and has selected the appropriate target segment(s), it should continually focus on "craft[ing] interventions that are most appropriate" to meet the needs of the particular chosen target segment(s) (Mead & Liedholm, 1998, p. 70). In other words, the YWDP needs to adjust project design and services accordingly, on an ongoing basis, to fit with the needs and demands (that may be
realized in the future) of WEs in targeted segment(s). To provide a clear view, the above mentioned tasks for the YWDP in doing segmentation and targeting can be summarized as below:

1. Identify potential segments based on different characteristics and needs\textsuperscript{107} of MEs;
2. Create and continually update segment profiles;
3. Consider project objectives by taking into account organizational values, vision, beliefs and culture;
4. Analyze own organizational and staff capabilities to judge the viability of focusing on particular segment(s);
5. "Prioritize target segments based on the explicit program objectives"\textsuperscript{108} (Nichter & Goldmark, 2009, p. 1461); and
6. "Develop customized interventions" and services, on a continuing basis, by committing to meet the specific needs of respective target segment(s) by referring to the segment profiles (Nichter & Goldmark, 2009, p. 1461).

If it carefully and seriously does all these abovementioned tasks, the YWDP would be able to identify which segment an ME belongs to and what customized interventions or services it should receive or have access to. No matter which specific objective(s) and target segment(s) it selects, the YWDP is also advised to consider and pursue the following recommendations:

\textsuperscript{107} E.g. business sector, income level of ME, growth potential of ME, household poverty status of WE, etc.
\textsuperscript{108} E.g. if the YWDP specifically aim to stabilize the income of the majority of the middle poor population, it may choose to focus efforts on segments such as \textit{livelhood MEs in selected business sector(s)}
❖ Continuously develop an understanding of WE-led MEs in the target segment(s) and the environment in which WEs operate their ME and live with their family;

❖ Be "aware of the economics and dynamics" of business activities in selected and potential target segment(s). More specifically, be aware of "cash flows, gestation lags, seasonality", capacity for debt, risks associated with those different ME activities, and "adjust maturity periods and repayment schedules accordingly" as well as "provide for mitigation" of ME-DACs (e.g. by providing training, insurance mechanisms, emergency loans, early prevention/preparation for foreseeable/predictable ME-DACs, etc.) (Asian Development Bank, 2007, pp. 38–39; Ledgerwood, 2000);

❖ Reduce or avoid (if possible) financing certain activities which are known to be "overcrowded" and where "one producer can only expand at the expense of another" (e.g. as in sewing, trishaws, or neighborhood home-based grocery stores where there is little prospect of growth in demand) (Asian Development Bank, 2007, p. 39);

❖ Learn the household/family dynamics in which WEs live, and include men's perceptions, opinions and suggestions in adjusting the microcredit methodologies of the YWDP. The common mistake of the microcredit models of many ME programmes—namely, "merely targeting women and not addressing broader family dynamics"—may "further heighten the women’s financial burdens and place the responsibility for their families’ economic welfare on the women" (Vonderlack-Navarro, 2010, p. 132).
The YWDP and other peri-urban ME programmes in Myanmar may have known or been aware of most of the ME-DACs discussed. Remember that this is just a preliminary study which attempts to develop a comprehensive list and make a brief discussion of ME-DACs faced by WE-led MEs in Htawonbe Ward so that the YWDP and other ME programmes in similar contexts can consider ME-DACs altogether and the interrelation among different ME-DACs, as well as be able to appreciate the diversity of MEs and the multiplicity of ME-DACs faced by those diverse MEs. Therefore, by using the findings of this study only as a foundation, the YWDP should (for its own 'organizational learning' and 'knowledge sharing with other practitioners' purposes):

- continue to learn, observe, record and analyze – on an ongoing basis – the nature and characteristics of different types of MEs (motivation, expected outcomes and ambitions from running an ME, needs) and multiple ME-DACs facing them;
- consider ME-DACs in different project locations on a case by case basis since ME-DACs are very much context-specific;
- keep a simple and useful database of segment profiles and ME-DACs; and
- get involved in activities of ME development and MF practitioner networks (such as policy brief and draft development workshops, meetings, conferences, etc.) and government policy making processes, and share valuable insights and experiences as well as provide suggestions and recommendations.

The recognition that WE-led MEs are highly heterogeneous\textsuperscript{109} needing different customized services – combined with a careful segmentation that profiles what different

\textsuperscript{109} due to differences in priorities, motivation, characteristics, goals, ambitions, ME-DACs which are contributed by different poverty status, business sectors and activities, ME type
types of WE-led MEs are most likely to need—offers a powerful alternative to traditional ME development programs\textsuperscript{110}.

\textsuperscript{110} Traditionally, ME development practitioners such as donors, NGOs and MCIs have "conducted broad 'needs assessments' to identify the constraints affecting MEs in a particular region, country, or sector" (Nichter & Goldmark, 2009, p. 1461). This type of research, however, frequently makes implicit assumptions that are not accurate for all MEs in very diverse ME populations in the developing world. For example, "many traditional programs assume that entrepreneurs aim to grow their MEs, and as a result, interventions may be designed with the sole purpose of stimulating such growth. These programs may be deemed failures and discontinued if they do not result in broad-based ME growth" (Nichter & Goldmark, 2009, p. 1461).
REFERENCES


APPENDICES

Appendix 1. Description of internship responsibilities at the YWCA

The research project is part of the researcher's internship (as a Loan Officer and Junior Consultant\textsuperscript{111}) with the Yangon Young Women’s Christian Association (YWCA), and the internship period was from 5th May 2013 to 30th August 2013. The researcher had been assigned to work for the microcredit operations of the YWDP, on a rotation basis, in all project townships, except in North Okkalapa Township (to avoid clients' confusion whether an independent researcher or a YWDP staff carried out the data collection phase). The responsibilities of the internship position included observing and carrying out specific assigned duties in:

- operational activities in different project areas (except North Okkalapa Township) such as facilitating loan distribution and deposit collection, group meetings and trainings;
- administrative activities in the headquarter office such as bookkeeping and preparing monthly reports, reporting the findings and clients' voices in the project meetings;
- research activities which included:
  - independently conducting this research project for which interviews (with microcredit clients, dropouts and CBO-members in Htawonbe Ward) were carried out);

\textsuperscript{111} dual role
briefing key research findings (from initial analysis) to the YWDP and YWCA staff and BOD members near the end of the internship period; and preparing this report, and submitting it to the YWDP and the YWCA management.

Appendix 2. An Overview of Htawonbe Ward in North Okkalapa Township

North Okkalapa Township is located in the eastern part of Yangon. North Okkalapa was one of the satellite towns established by the caretaker government in 1959, and today it is a firmly established part of the city. The township comprises 19 wards, and Htawonbe Ward is one of them (Yangon City Development Committee, 2009).

Htawonbe Ward is located at the north edge of North Okkalapa Township. The total area of Htawonbe Ward is 1.59 square miles (Yangon City Development Committee, 2009) with a population of 35,534 people (16,917 male and 18,617 female) (Htawonbe Ward People's Council, 2012). There are 8,004 families officially recorded as residents, who live in 6,605 houses of Htawonbe Ward (Htawonbe Ward People's Council, 2012). The average family size in the ward is 5 persons (Aung, 2005). The ward was originally established in 1958 by the caretaker government for the displaced communities who lived, at that time, in development project areas such as construction of buildings and bridges. Some residents were displaced as squatters in Yangon City and some were illegal tenants from the monasteries and office compounds, and some from the lands razed by fire (Aung, 2005).
There are four primary schools, two middle schools and a Buddhist monastery school (that teaches up to the middle level) in Htawonbe Ward. For healthcare, there are one government health care centre, one community-donation-funded clinic and a few private clinics in the area. The visible changes in the area are installation of electricity in 1999 and construction of tar paved streets in 2003. There are two bazaars, one government gas station and one plantation area in the ward (Aung, 2005).

Htawonbe Ward is indeed the poorest ward, out of 19 wards of North Okkalapa Township (Aung, 2005). Most of the over-forty-year-old population has serious health issues due to chronic poverty – unsanitary and unhygienic living conditions, poor nutritional food intake, insufficient rest, no proper medical care taken (when getting ill), unhealthy living style (such as smoking, alcoholism, etc.) and many other circumstances.

Living conditions of a majority of households are poor. The size of most houses is in the range of 120 sq ft - 200 sq ft and yet they are usually packed with four to eight household members. Many houses still do not have access to the central electricity and water supply. Few houses have fly-proof latrines attached to their houses. During the rainy season, house compounds and streets in most areas of the ward are flooded for a long period of time.

The majority of the population earns very low incomes (despite no formal statistics available) and have to struggle very hard for daily survival. Most of them, especially women, also lack/have little formal education, knowledge and specialized skills while some are illiterate and innumerate. While running a microenterprise is one of the major survival occupations in the area, most people have no or insufficient start-up
capital and/or working capital. For this reason, a significant proportion of the population has the common habit of borrowing – they borrow from friends or family and relatives with little or moderate interest, and/or regularly borrow from private moneylenders with exorbitant interest rates. Among them, high interest loans from informal moneylenders are common for almost every household (Aung, 2005).

Currently, the YWDP is the only institutional credit provider in Htawonbe Ward although there used to be two microfinance providers for a period of time (i.e. the DAWN microfinance programme of Save the Children and the microfinance scheme of a large political party\textsuperscript{112}). The YWDP started operating in Htawonbe Ward in 1998. Since the majority of the population are Buddhists, in the YWDP’s early entry-years, few people welcomed the YWDP (which is a microcredit project of a Christian-faith-based NGO) although people desperately need an access to institutional credit (with reasonable interest rate). After providing microcredit service and other nonfinancial support to the community for more than a decade, more than 70\% of interviewed microcredit clients acknowledge that the YWDP has been offering them a better microcredit service than the other MCIs that used to serve them.

\textsuperscript{112} http://www.bnionline.net/index.php/news/mizzima/11213-usdp-to-grant-rangoon-residents-loans-total-10-billion-kyat.html
Appendix 3. An Overview of YWCA Wholistic Development Project

The World YWCA, as a pioneer in volunteerism and leadership for women and girls, started in England in 1855. It worked as a prayer and services organization by praying for all classes of people in the country and providing services for women and girls who needed shelter and a vision for their development. It has empowered women and girls to lead change and now has expanded to 122 countries around the world. In Myanmar, the Yangon YWCA was established in 1990 as a Christian service organization to help and empower the life of women, girls and children. It carries out development activities for women, youth and children "irrespective of age, creed, culture, race, religion and socio-economic status". The organization vision is "Empowerment of women to their full potentials" and the mission is "Train Women Build a Nation".

The YWCA Wholistic Development Project (YWDP) is one of the Yangon YWCA's outreach programs for disadvantaged communities, especially women, to uplift their standards of living by providing financial services and to create all round sustainable development for an individual family and community. The project started in 1996 as a pilot project with 30 women in a satellite town of Yangon. The actual 4-year microcredit project was initiated in partnership with the donor organization, Evangelischer Entwicklungsdienst (EED) from Germany, in 1998 and was successfully implemented.

113 Although the YWDP is technically under the Yangon YWCA, the YWDP team manages its project separately. The YWDP team is actually a larger program unit with more sophisticated functions than the Yangon YWCA’s all other programs (combined altogether). Other programs of the Yangon YWCA include providing vocational training, providing space for public and private functions with affordable pricing, and providing nutrition and food in the hospital, etc.

114 The Evangelischer Entwicklungsdienst (Church Development Service) is an association of the Protestant Churches in Germany. By means of financial contributions, personnel involvement, scholarships and consultancy services, the EED supports the development work of churches, Christian and secular organizations. In this worldwide partnership, the EED is participating in establishing a just society. It takes and promotes action to arouse and enhance people's willingness to stand up to overcome need, poverty,
in 2002. With continuous financial support and commitment from the partner/donor EED, the project has been extended phase after phase—it is currently in its fifth 3-year-term phase (2012 – 2015).

**Goals and Objectives of the Project**

The vision of the YWDP is "alleviation of poverty among communities", and the goal is to upgrade "the quality of life of women and their family members in the townships of Yangon Division by improving their life skills and socio-economic status". The YWDP uses the holistic development strategy of helping organize microcredit self-help groups (SHGs) and "providing microcredit services integrated with health, education and training supports", aiming to "empower and build the capacity of poor women to be able to make decisions and solve family issues" (YWDP, 2012A).

The specific objectives of the YWDP are to:

1. Increase *job opportunities* of disadvantaged poor families in urban and rural areas of project townships
2. Increase the monthly *income* of each family to cover the expenses for *food, shelter, health* and *education* of family members
3. *Provide access to children* of school-going age in poor families to *formal education*
4. Encourage each household family to practice self-care at home for *personal health, reproductive and environmental health*, etc.

persecution and violence. In 2012, the EED merged with Brot für die Welt (Bread for the world), a campaign of the protestant churches and free churches in Germany to bring about justice for the poor. For more information, please refer to http://www.deutsche-kultur-international.de/en/org/organisations/church-development-service-eed.html

144
5. Provide access to people with *general illnesses* and *chronic illnesses*, such as pulmonary Tuberculosis (TB), HIV/SIDS to *proper health services*

6. *Empower women's groups* participating in the YWDP activities to become *self-contained and sustainable* for future development (YWDP, 2012B)

**Locations and Services of the Project**

Although the YWDP was started mainly as—and is still—a microenterprise-lending microcredit project, it has over time developed into a multi-sectoral development project which includes additional health, education, training and social support activities, besides its primary microcredit services. The YWDP’s microcredit operation has significantly expanded in terms of outreach in 14 years, and it is currently serving low-income populations in six township of Yangon Division, namely, Insein, North Okkalapa (Htawonbe Ward), Hline Thar Yar, Shwe Pauk Khan, Mhaw Be and Taik Gyi (the first township is in an urban setting, the middle three in peri-urban settings and the last two in rural settings). The approximate breakdowns of the total client populations in the six townships are 15.2%, 32.7%, 28.6%, 4.9%, 9.3% and 7.3% respectively, and women clients overall make up about 97.2% of the total populations (YWDP, 2013). To quantify them in number, a total of 206 SHGs and 3,463 members are recorded as of Jan 2013 (YWDP, 2012B). Specifically in Htawonbe Ward, there were a total of 81 SHGs and 1,131 members – among them, 896 members were active borrowers (YWDP, 2012B).

The financial and nonfinancial services offered by the YWDP include:

---

115 Three other townships together make up of 2% of the total member population. They are North Dagon (1.2%), Ma Yan Gone (0.4%) and Botataung (0.4%). (YWDP, 2013)

116 Out of 3,463 members, only 2,824 are active microcredit clients, who regularly participate in the saving and borrowing functions of the YWDP.
- microcredit (microenterprise loan, housing, festival short-term business loan, asset-buying, loan burden relief no-interest loan\textsuperscript{117}, education loan, health loan) and micro-savings;
- providing training and/or special loans for a few selected members (such as clients who have a significant loan burden due to shocks; MEs which have potential to grow but cannot expand due to loan burden or capital constraint; clients who show a need for business management skills). 'Gayunar Myosae Fund' was established in 2012 with a certain amount of 'seed capital' (contributed by EED) in order to help alleviate debt burden and/or business management skill constraint of WEs;
- building women SHGs and SHG-social-support funds through members' voluntary group savings, developing women leaders, and capacity-building (delegation in microcredit operations: collecting savings, disbursing loans, facilitating regular group meetings, attending special meetings, etc.) and awareness raising (knowledge sharing);
- establishing Community Based Organizations (CBOs) and training the CBO-members; helping develop Community Development Funds and carrying out development activities in their respective communities (a potential vehicle for the clients to participate on an ongoing basis in YWDP decision making process);
- providing capacity training (mandatory initial training for every client, and other training arranged occasionally for active leaders and volunteers) and partially-

\textsuperscript{117} No-interest loans, together with Training (provided to a few selected WEs), are financed with 'seed capital' of the Gayunar Myosae Fund. Loans lent to borrowers are charged no interest, but borrowers are "flexibly enforced" to donate one-tenth amount of a given loan amount in order to expand the current seed capital of the Gayunar Myosae Fund.
subsidized vocational training (occasionally arranged for a small number of interested clients) (sewing, cooking, nursing, etc.);

- promoting family planning knowledge and practices (providing grants for contraception);
- providing education grants or scholarships for children of some selected poorer clients and organizing Youth Development Programs for children of clients;
- assisting HIV victims and TB patients by providing nutrition and important contacts to other suitable specialized help sources (e.g. HIV and TB programs of other NGOs);
- delivering grants for a few clients who encounter health-related and other serious shocks;
- operating community clinics with free-of-charge supply of medicines (run by volunteer doctors one day per week); and
- helping establish a network of women entrepreneurs (representatives from all the locations meet once a year at the YWDP annual general meeting).

**Eligibility criteria to become a SHG-member and borrower**

The YWDP’s main target population for its microcredit services are women from low-income households (although the project has no formal criteria of how to classify different levels of low-income groups). To become a member or client of the YWDP, a woman must have the following criteria:

- earning low or no income, and being economically underprivileged;
- being 16 years old or older;
- having a strong desire and relevant skills to work in order to earn income but lacking financial capital;
- living in a permanent address;
- being able to attend group meetings regularly;
- been approved by family to join an SHG and get access to microcredit and other services from the YWDP;
- being the only YWDP client in the family;
- participating in only one SHG as well as not taking any loan from other MCI(s);
- received acceptance and approval from all members in the group; and
- being guaranteed by three current members that they know her background very well.

**Formation process and characteristics of YWDP's client SHGs**

The YWDP's methodology can be named as the Self Help Group (SHG) model/method. When entering a new location or forming a new group in a current location, the YWDP staff organize interested urban poor women and explain the project vision, mission, goals, objectives, rules and regulations. The staff then facilitate the formation of groups with eight to 30 women who are interested and agree to participate in the project. Clients choose their group name, members, leader and one account holder in a government bank. Groups are empowered to adjust some rules for their own groups by
consensus. A few active members take formal responsibilities in the group such as leader, record keeper, minute taker, attendance caller and group accountant. All new members receive a credit and savings passbook after the group is set up, and every SHG has its own saving passbook opened in a government bank under two selected members' names. Occasionally, the YWDP organizes the three-day 'Leadership Training', which every new client needs to attend (mandatory) in their initial months after becoming a member of an SHG. The training covers "topics such as business and other skills, including money management, accounting, health education, leadership, and team work".

Groups are usually created based on their location thus most SHG members reside in the same/very close location. Most initial members choose people they know very well or have closer/deeper relationship with (such as relatives, neighbors, close friends, coworkers, etc.) as their group members. Besides, it was also observed that SHGs also usually consist of members who have similar home ownership status (i.e. whether tenant resident or home owner) and/or who operate similar/related/same livelihoods (usually at the same/close ME location).

There are advantages for SHG members in having similar characteristics and a deep relationship with each other. Peers can monitor each other closely, know each other very well (character, behavior, attitude, mindsets) and possibly provide positive advice.

---

118 SHG members are highly delegated by the YWDP so that the field staff and group leaders carry out funds collection (savings, interest, loan installments) and loan disbursement activities together during weekly group meetings. The YWDP keeps the rotation of group members' responsibilities per year, so all the members have to take a leadership role, secretary role and so on. The YWDP holds annual meetings every year and invites all the project members to participate, share their experiences and encourage each other.
and social support (positive peer pressure). On the other hand, there might possibly be risks in recruiting new group members who are not well-known and approving loans. This could increase the difficulty of confrontation, build up conflict, and result in negative peer pressure.

Appendix 4. Demographic and Background Information Questions Guide

The following are the demographic questions posed to the current microcredit client participants and dropout participants in individual interviews (and were tested–but not recorded–in the pilot focus group interview):

1) Age (also the ages of other household members);
2) Formal educational level (also the educational level of other household members);
3) Work experience;
4) Experience of running a business (and whether there are any entrepreneurs in the family background);
5) Home ownership;
6) Average monthly income of household and net income from ME;
7) Household size, and number of income earners and dependents (approximate percentage of contribution to household income) (to decide the level of household’s dependence on income from a given ME);
8) Household debt amount and credit history;
9) Saving habit (if any, how?);
10) Number of years in operation and brief history;
11) Number of paid/unpaid employees, and whether they have increased/decreased since the startup;

12) Approximate capital size, and whether it has increased/decreased since the startup;

13) General information about the nature of the business, its market and value chain.

Note. Depending on the convenience of participants, the open-ended questions to collect the abovementioned demographic information were asked altogether at the same time or separately (by spreading out the questions) throughout the whole interview period to combine other interview questions with demographic information.

**Appendix 5. Interview Guides for Individual Interviews and Individual KII**

In the interviews, the wording and sequence of questions were different in each interview. Open-ended questions were asked by using probes and prompts.

*Questions 1–9 are questions for individual interviewees with WE interviewees and individual KII with CBO-member interviewees and operational volunteer interviewees*

1) What have been your goals and purposes in running an ME? When and how did you start?

2) Do you think you have already achieved your initial goals and purposes of running an ME?

3) Are you satisfied with the current amount of return and income contributed to your household? Is it fairly constant throughout the year (different seasons)? Has
it changed or not changed over the years (number of years differ based on age of an ME)?

(More direct and indirect questions to understand 'how' and 'why')

4) Would you like to expand your current business activities? Why/why not?

5) How do you think you can expand your ME activities (if applicable)?

6) What major difficulties or challenges have you faced, over time, in running your ME(s) and in pursuing your desired level of income and/or growth? Did/do you face (a referred challenge) in the past/lately too?

(To follow with more questions to learn the nature of challenges and to find out how and why they affect a particular ME)

7) Have (a referred challenge) become more or less intense (been exacerbated or been alleviated), over time?

(More questions to understand 'how' and 'why')

8) As you know, the YWDP is offering micro-savings, microcredit and other social support activities to women microentrepreneurs in this ward. Do you find that their service actually helps or does not help you/your family/your ME(s) or more generally, local people/MEs in this ward?

(To be asked in multiple separate questions to understand which aspects of YWDP’s services are/aren't appropriately serving a given microentrepreneur/household/community, and to understand why and how so)

9) What suggestions do you have for the YWDP to maintain/improve its current services to better serve your ME, your household and other residents in this ward?

(to link with positive and/or negative comments mentioned earlier)
Questions 10 and 11 are additional questions ONLY for KII with CBO-member interviewees and operational volunteer interviewees

10) What operational difficulties have you encountered in facilitating the regular meetings, interacting with YWDP staff, fellow CBO members and borrowers and in any other relevant administering activities as a CBO member/an operational volunteer?

11) What feedback and suggestions do you have for the CBO members and YWDP staff to perform better (than now and in the past) with smoother, more effective and efficient operational procedures?

Questions 12 – 21 are questions for individual KII with YWDP staff interviewees

12. In your opinion, why do people in Htawonbe Ward run an ME? What do they want to achieve? Do they have any common/different expectations and ambitions?

13. Do most of the MEs achieve their expectations, ambitions and purposes for running an ME?

14. What do you believe are the important factors that contribute to an ME becoming economically viable and sustainable,? How and why?

15. What are the major difficulties or challenges faced by MEs in Htawonbe ward? (to ask analytical questions, e.g. asking to relate a specific remark with particular sector of activity or type of activity or different group of MEs with similar characteristics)

16. Did/do they face (a referred challenge) in the past/lately too?
(To follow with more questions to learn the nature of challenges and to find out how and why a particular group of MEs or people with similar characteristics are affected)

17. Have (a referred challenge) become more or less intense (been exacerbated or been alleviated), over time? How and why?

18. Which services of the YWDP are serving very well and making positive impacts to MEs/ households/community? How and why?

19. What suggestions do you have for your fellow coworkers and management staff to maintain/improve current services of the YWDP to better serve MEs and residents in Htawonbe ward? (to link with positive and/or negative comments mentioned earlier)

20. What operational difficulties do you encounter during the microcredit field operations/ administrative activities?

21. What feedback and suggestions do you have for the YWDP to perform better (than now and in the past) with smoother, more effective and efficient operational and administrative procedures?
Appendix 6. Microfinance Sector of Myanmar

Myanmar, like other developing countries, has a relatively small formal sector. In both rural and urban areas, the vast majority of people's employment (especially women's) lies in micro and small enterprise activities (mostly self-employment) of the informal sector.

The microfinance sector in Myanmar, which is one of the affordable credit sources for MEs (yet limited outreach) in the country, now stands at the start of a period of rapid growth and institutional development. A key milestone was the enactment of the "Microfinance Business Law" in November 2011, which established the Myanmar Microfinance Supervisory Enterprise (MMSE) and provided the legal framework for setting up both deposit and non-deposit Microfinance Institutions (MFIs). Since then, 142 MFIs have been licensed.

While the enactment of the Microfinance Business Law has formalized the sector, removing one of the central constraints on MFIs, many challenges remain. Some of the key challenges are:

- Securing funding for working capital: Although donor support to microfinance is increasing, it is unclear how the expected expansion of microfinance lending operations in Myanmar will be financed in a sustainable way in the future. There is no formal microfinance apex institution. Refinancing by commercial banks is
limited by regulatory restrictions, and savings mobilization by MFIs will take considerable time to expand especially with the current interest rate restrictions\textsuperscript{119}.

- Limited retail distribution capacity: There are currently only a few small retailers, apart from the Myanmar Agricultural Development Bank (MADB). New and recent entrants initially have limited capacity in terms of funds, experienced staff, appropriate products, and management information system etc, and this will put constraints on the responsible expansion of services, even if appropriate levels of funding are made available.

- Effective supervision, policy and regulation for the orderly development of the sector: The Microfinance Supervisory Systems and personnel are still relatively new and require support to effectively supervise the rapidly rising number of licensed MFIs, particularly given the low entry requirements for deposit taking institutions.

- Ensuring transparency and responsible financial services: with the market being relatively new, there is a great opportunity for a rapid dissemination of international good practices. This would provide the emergent sector with a solid foundation, especially in areas of transparency and responsible finance, to ensure that MFIs observe client protection principles, create demand driven products, and create transparency in all of their operation and dealings.

Source: UNDP (2013A, pp. 1–2)

\textsuperscript{119} The Microfinance Business Law does not allow MFIs to set the level of interest to charge on loans, and it restricts lenders not to charge monthly interest rates greater than 2.5 percent.
Appendix 7. Letter of Information for Pilot Focus Group Interview

UNIVERSITY OF NEW BRUNSWICK

LETTER OF INFORMATION

Title of Project: Difficulties and Constraints Faced by Women-Led Microenterprises in Pursuing their Desired Levels of Income and Growth: A Primer for Peri-Urban Microenterprise Development Programmes in Myanmar

Researcher: Ye Min Thant
MPhil in Policy Studies Candidate, University of New Brunswick, Canada
Tel: +1-506-4784566 (Canada), +95-1-548337 (Myanmar)
Email: thant.yemin@unb.ca

Dear madam or sir,

My name is Ye Min Thant and I am a graduate student at the University of New Brunswick and I am carrying out this research project in order to submit a report to the YWCA Wholistic Development Project (YWDP), as well as to submit a Master’s Report, as part of the requirement for the MPhil degree, to the University of New Brunswick.

I am currently working for the YWDP as an intern staff (in other project locations except Htawonbe Ward, North Okkalapa Township), but I would like to assure you that I am independently conducting this research project without any interference and control by the YWDP or any other party. Thus the YWDP or any other party (other than me, Ye Min Thant) will not know whether you participate in and/or drop out of the research project, and your relationship with any party will not be affected. Besides, I would like to further guarantee that whether you decide to participate or not to participate in this research project, your access to the YWDP’s microcredit services offered will in no way be affected. This project has been reviewed by the Research Ethics Board of the University of New Brunswick and is on file as REB# 2013-054.

The purposes of this internship research project are to identify factors which influence the performance of microenterprises/microbusinesses/income-generation livelihood activities in North Okkalapa Township, and to examine how YWDP microcredit operations address those factors and contribute to the development of microenterprises. I would like to invite you to take part in a pilot focus group interview because you are an active member and current loan taker of the YWDP’s microcredit operations. This pilot focus group interview will be used only to test and modify questions in an interview guide for individual interviews on this issue.

If you decide to participate in the focus group interview, you will be asked; to answer a few basic questions on some characteristics of yourself, your family/household members and your livelihood activities; to share your feelings, thoughts, experiences and knowledge on the challenges you and/or your family face in doing our livelihood(s) and on the microcredit services of the YWDP which you have taken; and to provide suggestions on how to improve the current microcredit operations of the YWDP.
The focus group interview will last approximately thirty minutes to an hour and will take place at the time and place, when and where you and your fellow group members (who are willing to participate) all find convenient. You may refrain from answering any questions asked in the focus group interview, and you may withdraw at any time prior to the completion of the focus group interview. I would also like to assure you that if you withdraw from the research project, any interview material pertaining to you will be destroyed.

Since the focus group interview is a pilot study designed primarily to test interview questions, your answers and discussion will not be recorded by an audio-recording device, transcribed or reported in the data analysis and final report. Besides, no identifiable information (such as name, address, etc.) will be asked or recorded during the focus group interview. I will treat any information you provide confidentially in that I will not identify who said what in any communications or reports. However, since it is a group interview, I cannot guarantee that other participants will not reveal who said what at this focus group interview. I would like to request you and other potential participants of the focus group interviews to agree with one another not to indicate to anyone outside of the interview which person said what during the interview.

The findings and recommendations from this research are expected to help the YWDP understand more about prevailing microenterprise-challenges in Htawonbe Ward in relation to its microcredit operations. Thus this research has potential to serve as one source of the evidences the YWDP would need, in reconsidering and readjusting its microcredit operations in order to effectively meet the needs and demands of microenterprises run by its client members in Htawonbe Ward. Your participation in the research is significantly important and will be beneficial to both the microenterprises of Htawonbe Ward and the YWDP’s microcredit operations.

Upon your request (by providing the mailing address to Ye Min Thant), summary paper(s) in English and/or Burmese of the major findings of this research project, will be made available to you. If you have any questions, concerns or complaints about the research procedures, please contact me or my supervisors or other personnel who are not directly involved in this research study (whose contacts are provided below).

**Persons who are not directly involved in the study:**

Dr. R. Steven Turner, Chair  
Research Ethics Board  
Sir Howard Douglas Hall, Room 212  
University of New Brunswick  
Tel: +1-506-4535189; Fax: +1-506-4533522  
Email: ethics@unb.ca

Dr. John Valk, Director  
Master of Philosophy Program  
Renaissance College  
University of New Brunswick  
Tel: + 1-506-4473341; Fax: +1-506-4473224  
Email: valk@unb.ca

**Supervisors:**

Dr. Ian Methven, Dean Emeritus;  
Forestry & Environmental Management;  
c/o Renaissance College;  
University of New Brunswick;  
Email: methven@unb.ca

Dr. Maria Torri, Professor;  
Department of Sociology, Carleton Hall, 133;  
University of New Brunswick;  
Tel: +1-506-4535147  
Email: mc.torri@unb.ca

Thank you very much for your interest in this research project.

Sincerely,

Ye Min Thant
Appendix 8. Informed Consent Form for Individual Interviews

UNIVERSITY OF NEW BRUNSWICK

Informed Consent to Participate in an Individual Interview

Title of Project: Difficulties and Constraints Faced by Women-Led Microenterprises in Pursuing their Desired Levels of Income and Growth: A Primer for Peri-Urban Microenterprise Development Programmes in Myanmar

Researcher: Ye Min Thant
MPhil in Policy Studies Candidate, University of New Brunswick, Canada
Tel: +1-506-4784566 (Canada), +95-1-548337 (Myanmar)
Email: thant.yemin@unb.ca

I understand that I have been invited to participate in the abovementioned research study conducted by Ye Min Thant. This project has been reviewed by the Research Ethics Board of the University of New Brunswick and is on file as REB# 2013-054.

I have been informed that the researcher is a graduate student at the University of New Brunswick, and he is carrying out this research project in order to submit a report to the YWCA Wholistic Development Project (YWDP), as well as to submit a Master’s Report, as part of the requirement for the Master of Philosophy degree, to the University of New Brunswick. I am aware that the researcher is currently working for the YWDP as an intern staff (in other project locations except Htawonbe Ward, North Okkalapa Township), but I am ensured that this research project is independently conducted by the researcher without any interference and control by the YWDP or any other party. Thus the YWDP or any other party (other than Ye Min Thant) will not know whether I am invited, I participate in and/or I drop out of the research project, and my relationship with any party will not be affected. Besides, I am further guaranteed that whether I decide to participate or not to participate in this research project, my access to the YWDP’s microcredit services offered will in no way be affected.

I understand that the purposes of this internship research project are to identify challenges faced by microenterprises in Htawonbe Ward of North Okkalapa Township and to report the findings to a microcredit service provider in the ward, i.e. the YWDP. I am invited to take part in an individual interview because I (used to be/am)\textsuperscript{120} an active member of the YWDP and borrow(ed) loans for microenterprise activities. I have been informed that if I decide to participate in an interview, I will be asked to answer a few basic questions on some characteristics of myself, my family/household members and our microenterprise activities; to share my feelings, thoughts, experiences and knowledge of the challenges I and/or my family face in running our microenterprise(s) and on the microcredit services of the YWDP which I/we have taken (such as rules, loan amount, loan terms, etc.); and to provide suggestions on how to improve the current

\textsuperscript{120} The phrase(s) which do(es) not apply were removed before printing this letter for different categories of interviewees (and this footnote were also removed in the actual informed consent forms used).
microcredit operations of the YWDP. I understand that Ye Min Thant will ensure that none of the information I provide will be linked to me, my family, or my business in reports and other documents and that my identity will remain confidential.

The findings and recommendations from this research are expected to help the YWDP understand more about prevailing microenterprise-challenges in Htawonbe Ward in relation to its microcredit operations. Thus this research has potential to serve as one source of the evidences the YWDP would need, in reconsidering and readjusting its microcredit operations in order to effectively meet the needs and demands of microenterprises run by its client members in Htawonbe Ward.

I understand that an interview will last approximately thirty minutes to an hour and will take place when convenient and at a place of my choice, and I am encouraged to mention any difficulties in time commitment (if any) and to ask the researcher for some flexible arrangements (e.g. a series of very short interviews on different dates).

I have been assured that all information that I provide will be treated with the utmost confidence and that Ye Min Thant will take the following precautions:

(i) information will be collected and retained by code known only by Ye Min Thant;
(ii) all interview materials pertaining to me will be identified through codes;
(iii) interview materials (notes, audio recordings and transcriptions) retained by code, not name, will be stored separately from the information sheet of code in safe places (locked and/or password protected) which only Ye Min Thant will have access to;
(iv) all interview audio-recordings tapes and electronic files that link me to information provided by me will be destroyed or erased after they are transcribed;
(v) all of my interview audio recordings tapes and electronic files will be transcribed within six months;
(vi) all of my identifiable information that could identify me or my business personally (other than the code) will be removed from my interview transcript;
(vii) none of my identifiable information will be discussed or mentioned in the final report (and other academic articles and papers that may be published);
(viii) all interview audio-recordings tapes and electronic files pertaining to me will be destroyed or erased after they are transcribed;
(ix) though I may be quoted, the quotations will not be linked personally to me or my business; most of the information I provide will be discussed and mentioned in aggregate form, in the final report (and other academic articles and papers that may be published);
(x) a pseudonym will be used if my spoken words are quoted in the final report (and other academic articles and papers that may be published); and
(xi) after the final report is submitted to the YWDP and to the University of New Brunswick, the code connecting me to my interview transcript will be destroyed, and the information sheet of code with identifying information will be destroyed/deleted.

I understand that after I agree to participate, I may refrain from answering any questions asked in the interview, that I may ask the researcher not to audio-record my interview, and that I may withdraw at any time prior to the completion of the interview. I have been assured that if I withdraw from the research project, any interview material pertaining to me will be destroyed.

I agree to take part in one interview with Ye Min Thant as part of the study described above. I also agree to allow notes to be taken of this interview and/or to have the interview audio-records to be retained by Ye Min Thant by the above mentioned activities and procedures, and to be used
for academic/scholarly purposes only. Ye Min Thant may retain the notes and transcribed interviews (that do not include identifying information). He may use these for writing reports for the YWDP, and for writing papers for presentation at academic or professional meetings and publication in scholarly or professional journals.

I understand that upon my request (by providing the mailing address to Ye Min Thant), summary paper(s) in English and/or Burmese of the major findings of this research project, will be made available to me. If I have any questions, concerns or complaints about the research procedures, I can contact Ye Min Thant or his supervisors or other personnel who are not directly involved in this research study (whose contacts are provided below).

**Persons who are not directly involved in the study:**

Dr. R. Steven Turner, Chair  
Research Ethics Board  
Sir Howard Douglas Hall, Room 212  
University of New Brunswick  
Tel: +1-506-4535189; Fax: +1-506-4533522  
Email: ethics@unb.ca

Dr. John Valk, Director  
Master of Philosophy Program  
Renaissance College  
University of New Brunswick  
Tel: +1-506-4473341; Fax: +1-506-4473224  
Email: valk@unb.ca

**Supervisors:**

Dr. Ian Methven, Dean Emeritus;  
Forestry & Environmental Management;  
c/o Renaissance College;  
University of New Brunswick;  
Email: methven@unb.ca

Dr. Maria Torri, Professor;  
Department of Sociology, Carleton Hall, 133;  
Tel: +1-506-4535147  
Email: mc.torri@unb.ca

I acknowledge that this informed consent form that outlines the research project has been read aloud to me by the researcher, been provided to me for my reference, and/or been read by myself. There are two copies of the consent form, one of which is mine to keep.

**Participant's name & signature:** (name & signature)  
**Date:** (Date)

**Researcher's name & signature:** (name & signature)  
**Date:** (Date)
Appendix 9. Informed Consent Form for Individual KIIs with YWDP Staff

UNIVERSITY OF NEW BRUNSWICK

Informed Consent to Participate in a Key Informant Interview

Title of Project: Difficulties and Constraints Faced by Women-Led Microenterprises in Pursuing their Desired Levels of Income and Growth: A Primer for Peri-Urban Microenterprise Development Programmes in Myanmar

Researcher: Ye Min Thant
MPhil in Policy Studies Candidate, University of New Brunswick, Canada
Tel: +1-506-4784566 (Canada), +95-1-548337 (Myanmar)
Email: thant.yemin@unb.ca

I understand that I have been invited to participate in the abovementioned research study conducted by Ye Min Thant. This project has been reviewed by the Research Ethics Board of the University of New Brunswick and is on file as REB# 2013-054.

I have been informed that the researcher is a graduate student at the University of New Brunswick, and he is carrying out this research project in order to submit a report to the YWCA Wholistic Development Project (YWDP), as well as to submit a Master’s Report, as part of the requirement for the Master of Philosophy degree, to the University of New Brunswick. I am aware that the researcher is currently working for the YWDP as an intern staff (in other project locations except Htawonbe Ward, North Okkalapa Township), but I am ensured that this research project is independently conducted by the researcher without any interference and control by the YWDP or any other party. Thus the YWDP or any other party (other than Ye Min Thant) will not know whether I am invited, I participate in and/or I drop out of the research project, and my relationship with any party will not be affected. Besides, I am further guaranteed that whether I decide to participate or not to participate in this research project, my career and relationship with the YWDP will in no way be affected.

I understand that the purposes of this internship research project are to identify challenges faced by microenterprises in Htawonbe Ward of North Okkalapa Township and to report the findings to a microcredit service provider in the ward, i.e. the YWDP. I am invited to take part in a key informant interview (KII) because I am a full-time staff of the YWDP’s microcredit operations in Htawonbe Ward. I have been informed that if I decide to participate in a KII, I will be asked to share my thoughts on the common characteristics of microenterprises and people in Htawonbe Ward and the challenges faced by them; to share my insights on administering and delivering the microcredit operations of the YWDP (such as operational difficulties, strengths, etc.); and to provide suggestions on how to improve the current operations. I understand that Ye Min Thant will ensure that none of the information I provide will be linked to me and my position at the YWDP in reports and other documents and that my identity will remain confidential.
The findings and recommendations from this research are expected to help the YWDP understand more about prevailing microenterprise-challenges in Htawonbe Ward in relation to its microcredit operations. Thus this research has potential to serve as one source of the evidences the YWDP would need, in reconsidering and readjusting its microcredit operations in order to effectively meet the needs and demands of microenterprises run by its client members in Htawonbe Ward.

I understand that a KII will last approximately thirty minutes to an hour and will take place when convenient and at a place of my choice, and I am encouraged to mention any difficulties in time commitment (if any) and to ask the researcher for some flexible arrangements (e.g. a series of very short KIIs on different dates).

I have been assured that all information that I provide will be treated with the utmost confidence and that Ye Min Thant will take the following precautions:

(i) information will be collected and retained by code known only by Ye Min Thant;
(ii) all KII materials pertaining to me will be identified through codes;
(iii) KII materials (notes, audio recordings and transcriptions) retained by code, not name or position, will be stored separately from the information sheet of code in safe places (locked and/or password protected) which only Ye Min Thant will have access to;
(iv) all KII audio-recordings tapes and electronic files that link me to information provided by me will be destroyed or erased after they are transcribed;
(v) all of my KII audio recordings tapes and electronic files will be transcribed within six months;
(vi) all of my identifiable information that could identify me or my business personally (other than the code) will be removed from my KII transcript;
(vii) none of my identifiable information will be discussed or mentioned in the final report (and other academic articles and papers that may be published);
(viii) all KII audio-recordings tapes and electronic files pertaining to me will be destroyed or erased after they are transcribed;
(ix) though I may be quoted, the quotations will not be linked personally to me or my business; most of the information I provide will be discussed and mentioned in aggregate form, in the final report (and other academic articles and papers that may be published);
(x) a pseudonym will be used if my spoken words are quoted in the final report (and other academic articles and papers that may be published); and
(xi) after the final report is submitted to the YWDP and to the University of New Brunswick, the code connecting me to my KII transcript will be destroyed, and the information sheet of code with identifying information will be destroyed/deleted.

I understand that after I agree to participate, I may refrain from answering any questions asked in the KII, that I may ask the research not to audio-record my KII, and that I may withdraw at any time prior to the completion of the KII. I have been assured that if I withdraw from the research project, any KII material pertaining to me will be destroyed.

I agree to take part in one interview with Ye Min Thant as part of the study described above. I also agree to allow notes to be taken of this interview and/or to have the interview audio-records to be retained by Ye Min Thant by the above mentioned activities and procedures, and to be used for academic/scholarly purposes only. Ye Min Thant may retain the notes and transcribed interviews (that do not include identifying information). He may use these for writing reports for the YWDP, and for writing papers for presentation at academic or professional meetings and publication in scholarly or professional journals.
I understand that despite taking the above measures to ensure my confidentiality and privacy, there is some risk that some of my colleagues in the YWDP may be able to identify me by the way my comments are presented and/or analyzed in the final report. I have been informed that the researcher will do his best to protect my identity, and to remove identifiable information.

I understand that upon my request(s) (by providing the mailing address to Ye Min Thant), summary paper(s) in English and/or Burmese of the major findings of this research project, will be made available to me. If I have any questions, concerns or complaints about the research procedures, I can contact Ye Min Thant or his supervisors or other personnel who are not directly involved in this research study (whose contacts are provided below).

**Persons who are not directly involved in the study:**

Dr. R. Steven Turner, Chair  
Research Ethics Board  
Sir Howard Douglas Hall, Room 212  
University of New Brunswick  
Tel: +1-506-4535189; Fax: +1-506-4533522  
Email: ethics@unb.ca

Dr. John Valk, Director  
Master of Philosophy Program  
Renaissance College  
University of New Brunswick  
Tel: +1-506-4473341; Fax: +1-506-4473224  
Email: valk@unb.ca

**Supervisors:**

Dr. Ian Methven, Dean Emeritus;  
Forestry & Environmental Management;  
c/o Renaissance College;  
University of New Brunswick;  
Email: methven@unb.ca

Dr. Maria Torri, Professor;  
Department of Sociology, Carleton Hall, 133;  
University of New Brunswick;  
Tel: +1-506-4535147  
Email: mc.torri@unb.ca

I acknowledge that this informed consent form that outlines the research project has been read aloud to me by the researcher, been provided to me for my reference, and/or been read by myself. There are two copies of the consent form, one of which is mine to keep.

Participant's name & signature: (name & signature)  
Date: (Date)

Researcher's name & signature: (name & signature)  
Date: (Date)
Appendix 10. Informed Consent Form for Individual KIIs with CBO-members

UNIVERSITY OF NEW BRUNSWICK

Informed Consent to Participate in a Key Informant Interview

Title of Project: Difficulties and Constraints Faced by Women-Led Microenterprises in Pursuing their Desired Levels of Income and Growth: A Primer for Peri-Urban Microenterprise Development Programmes in Myanmar

Researcher: Ye Min Thant
MPhil in Policy Studies Candidate, University of New Brunswick, Canada
Tel: +1-506-4784566 (Canada), +95-1-548337 (Myanmar)
Email: thanh.yemin@unb.ca

I understand that I have been invited to participate in the abovementioned research study conducted by Ye Min Thant. This project has been reviewed by the Research Ethics Board of the University of New Brunswick and is on file as REB# 2013-054.

I have been informed that the researcher is a graduate student at the University of New Brunswick, and he is carrying out this research project in order to submit a report to the YWCA Wholistic Development Project (YWDP), as well as to submit a Master’s Report, as part of the requirement for the Master of Philosophy degree, to the University of New Brunswick. I am aware that the researcher is currently working for the YWDP as an intern staff (in other project locations except Htawonbe Ward, North Okkalapa Township), but I am ensured that this research project is independently conducted by the researcher without any interference and control by the YWDP or any other party. Thus the YWDP or any other party (other than Ye Min Thant) will not know whether I am invited, I participate in and/or I drop out of the research project, and my relationship with any party will not be affected. Besides, I am further guaranteed that whether I decide to participate or not to participate in this research project, my career and relationship with the YWDP will in no way be affected.

I understand that the purposes of this internship research project are to identify challenges faced by microenterprises in Htawonbe Ward of North Okkalapa Township and to report the findings to a microcredit service provider in the ward, i.e. the YWDP. I am invited to take part in a key informant interview (KII) because I am both a borrower and volunteer community-based-organization (CBO) member of the YWDP’s microcredit operations. I have been informed that if I decide to participate in a KII, I will be asked to answer a few basic questions on some characteristics of myself, my family/household members and our microenterprise activities; to share my feelings, thoughts, experiences and knowledge of the challenges I and/or my family face in running our microenterprise(s) and on the microcredit services of the YWDP which I/we have taken (such as rules, loan amount, loan terms, etc.); and to provide suggestions on how to improve the current microcredit operations of the YWDP, to share my insights on administering and delivering the microcredit operations of the YWDP (such as operational difficulties, strengths, etc.); and to provide suggestions on how to improve the current operations. I
understand that Ye Min Thant will ensure that none of the information I provide will be linked to me, my family, or my business in reports and other documents and that my identity will remain confidential.

The findings and recommendations from this research are expected to help the YWDP understand more about prevailing microenterprise challenges in Htawonbe Ward in relation to its microcredit operations. Thus this research has potential to serve as one source of the evidences the YWDP would need, in reconsidering and readjusting its microcredit operations in order to effectively meet the needs and demands of microenterprises run by its client members in Htawonbe Ward.

I understand that a KII will last approximately thirty minutes to an hour and will take place when convenient and at a place of my choice, and I am encouraged to mention any difficulties in time commitment (if any) and to ask the researcher for some flexible arrangements (e.g. a series of very short KIIIs on different dates).

I have been assured that all information that I provide will be treated with the utmost confidence and that Ye Min Thant will take the following precautions:

(i) information will be collected and retained by code known only by Ye Min Thant;
(ii) all KII materials pertaining to me will be identified through codes;
(iii) KII materials (notes, audio recordings and transcriptions) retained by code, not name, will be stored separately from the information sheet of code in safe places (locked and/or password protected) which only Ye Min Thant will have access to;
(iv) all KII audio-recordings tapes and electronic files that link me to information provided by me will be destroyed or erased after they are transcribed;
(v) all of my KII audio recordings tapes and electronic files will be transcribed within six months;
(vi) all of my identifiable information that could identify me or my business personally (other than the code) will be removed from my KII transcript;
(vii) none of my identifiable information will be discussed or mentioned in the final report (and other academic articles and papers that may be published);
(viii) all KII audio-recordings tapes and electronic files pertaining to me will be destroyed or erased after they are transcribed;
(ix) though I may be quoted, the quotations will not be linked personally to me or my business; most of the information I provide will be discussed and mentioned in aggregate form, in the final report (and other academic articles and papers that may be published);
(x) a pseudonym will be used if my spoken words are quoted in the final report (and other academic articles and papers that may be published); and
(xi) after the final report is submitted to the YWDP and to the University of New Brunswick, the code connecting me to my KII transcript will be destroyed, and the information sheet of code with identifying information will be destroyed/deleted.

I understand that after I agree to participate, I may refrain from answering any questions asked in the KII, that I may ask the research not to audio-record my KII, and that I may withdraw at any time prior to the completion of the KII. I have been assured that if I withdraw from the research project, any KII material pertaining to me will be destroyed.

I agree to take part in one interview with Ye Min Thant as part of the study described above. I also agree to allow notes to be taken of this interview and/or to have the interview audio-records to be retained by Ye Min Thant by the above mentioned activities and procedures, and to be used
for academic/scholarly purposes only. Ye Min Thant may retain the notes and transcribed interviews (that do not include identifying information). He may use these for writing reports for the YWDP, and for writing papers for presentation at academic or professional meetings and publication in scholarly or professional journals.

I understand that upon my request (by providing the mailing address to Ye Min Thant), summary paper(s) in English and/or Burmese of the major findings of this research project, will be made available to me. If I have any questions, concerns or complaints about the research procedures, I can contact Ye Min Thant or his supervisors or other personnel who are not directly involved in this research study (whose contacts are provided below).

**Persons who are not directly involved in the study:**

Dr. R. Steven Turner, Chair  
Research Ethics Board  
Sir Howard Douglas Hall, Room 212  
University of New Brunswick  
Tel: +1-506-4535189; Fax: +1-506-4533522  
Email: ethics@unb.ca

Dr. John Valk, Director  
Master of Philosophy Program  
Renaissance College  
University of New Brunswick  
Tel: +1-506-4473341; Fax: +1-506-4473224  
Email: Valk@unb.ca

**Supervisors:**

Dr. Ian Methven, Dean Emeritus;  
Forestry & Environmental Management;  
c/o Renaissance College;  
University of New Brunswick;  
Email: methven@unb.ca

Dr. Maria Torri, Professor;  
Department of Sociology, Carleton Hall, 133;  
University of New Brunswick;  
Tel: +1-506-4535147  
Email: mc.torri@unb.ca

I acknowledge that this informed consent form that outlines the research project has been read aloud to me by the researcher, been provided to me for my reference, and/or been read by myself. There are two copies of the consent form, one of which is mine to keep.

**Participant's name & signature:** (name & signature)  
**Date:** (Date)

**Researcher's name & signature:** (name & signature)  
**Date:** (Date)
Appendix 11. Discussion of services commonly provided by different types of ME development service-delivery-approaches and programmes

The microcredit and ME development movement has come to be divided by two broad approaches (regarding the best way to help the poor through access to financial services), known as (i) integrated service delivery approach and (ii) minimalist service delivery approach (Bhatt & Tang, 2001). The "main premise" of ME programmes, that utilize an integrated approach, is that "financial services need to be integrated" with relevant nonfinancial services and assistance "to achieve their maximum effect" (Woller & Woodworth, 2001, 277). This is not to imply that ME programmes, which use minimalist programmes, completely ignore the importance of nonfinancial services and support, but that they "largely assume" that improvement in access to other required nonfinancial resources and capabilities will "result as an indirect product of access to financial services" (Woller & Woodworth, 2001, 277).

The debate between whether to apply a minimalist or integrated approach, in fact, centers on the cost of providing services (Woller & Woodworth, 2001). The cost of service delivery tends to be higher for ME programmes that use an integrated service delivery approach. That is why advocates of the minimalist approach raises their concern and argument of whether integrated programmes can and should be made to pay for themselves (amidst the scarce development resources from donors) (Woller & Woodworth, 2001).

After discussing the two broadly defined approaches used by ME programmes, different types of ME programmes are discussed below. Based on which household
income group(s)/poverty level(s) it targets and on whether it focuses on a livelihood or growth-oriented ME-population, an ME development programme may be divided into one of the three following ME programme types, namely:

1. livelihood ME programme for middle-poor;
2. livelihood ME programme for poorest-of-the-poor; and
3. growth-oriented ME programme.

The first type of ME programme commonly tends to use a minimalist approach, and the second and third types use an integrated approach. In other words, most 'livelihood ME programmes targeting middle-poor' provide only credit (which is why they are characterized as being 'minimalist'). On the other hand, typical 'growth-oriented ME programmes' and 'livelihood ME programmes focusing on the poorest segments of the population' usually seek to provide a comprehensive range of services, including credit, training, technical assistance, social support, and the "inculcation of business skills" (which is why their financial services are regarded as being 'integrated' with other nonfinancial services) (Asian Development Bank, 2007, p. 36; Ledgerwood, 2000). Being more staff intensive and entailing multiple forms of services, 'integrated' poorest-of-the-poor livelihood ME programmes and growth-oriented ME programmes need more programme resources (that is why most integrated programs entail donor funding) and a longer time to deliver and yet can only reach a much smaller number of MEs than 'minimalist' middle-poor ME programmes. Some important attributes of each type of ME service-delivery-approach and programme are elaborated in Table 16:
Table 16. Key attributes of different types of ME development service-delivery-approaches and programmes

<table>
<thead>
<tr>
<th>Type of ME Programme</th>
<th>Minimalist approach</th>
<th>Integrated approach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Livelihood ME Programme for Middle-poor</td>
<td>Livelihood ME Programme for Poorest-of-the-poor</td>
</tr>
<tr>
<td>Objectives</td>
<td>'Poverty reduction' by helping:</td>
<td>'Private sector development' by</td>
</tr>
<tr>
<td></td>
<td>• economically inactive poor to do income</td>
<td>lifting existing MEs to a qualitatively</td>
</tr>
<tr>
<td></td>
<td>generating ME activities; and/or</td>
<td>higher level of sustainability,</td>
</tr>
<tr>
<td></td>
<td>• existing livelihood MEs to improve the</td>
<td>setting them on the path to long-term</td>
</tr>
<tr>
<td></td>
<td>productivity or increase the turnover of</td>
<td>growth</td>
</tr>
<tr>
<td></td>
<td>their business activities</td>
<td></td>
</tr>
<tr>
<td>Target income-group(s) (who</td>
<td>-'non-poor', 'near-poor', and upper end of</td>
<td>-'non-poor', 'near-poor' and upper end of</td>
</tr>
<tr>
<td>operate following target</td>
<td>'poor', who are operating or want to</td>
<td>'poor', who are operating or want to</td>
</tr>
<tr>
<td>ME types)</td>
<td>operate livelihood MEs</td>
<td>operate growth-oriented MEs</td>
</tr>
<tr>
<td>Target ME type(s) (currently</td>
<td>-existing livelihood MEs</td>
<td>-existing livelihood MEs</td>
</tr>
<tr>
<td>operated, or to be operated</td>
<td>-start-up livelihood MEs (to be operated by</td>
<td>-existing growth-oriented MEs</td>
</tr>
<tr>
<td>by abovementioned target</td>
<td>women, who do not operate an ME as an</td>
<td></td>
</tr>
<tr>
<td>income-groups)</td>
<td>income-generation activity,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>mainly/only due to difficulties in obtaining</td>
<td></td>
</tr>
<tr>
<td></td>
<td>working capital and/or fixed capital)</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>-ME-related financial services only</td>
<td>-ME-related financial and nonfinancial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-ME-related financial and nonfinancial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>services</td>
</tr>
</tbody>
</table>
### Example of financial services

| -credit and savings (mostly to fulfill the working capital needs of MEs) | -grants for ME purposes and social purposes (e.g. education, health, debt relief, etc.) | -lowered interest rate (subsidized by donor funds) | -credit and savings (large amounts) -micro-equity or capital (i.e. an ME programme invest, not lending, capital in a given ME) |

### Example of nonfinancial services

<table>
<thead>
<tr>
<th>-financial management skill training (credit oriented)</th>
<th>-general community development or pre-entrepreneurship training</th>
<th>-production oriented technical skills training and vocational training</th>
<th>-production oriented technical skills training and vocational training</th>
</tr>
</thead>
<tbody>
<tr>
<td>-services or facilities for health, education and broader community development purposes</td>
<td>-entrepreneurial development training</td>
<td>-business or management oriented training</td>
<td>-one-to-one business mentoring</td>
</tr>
<tr>
<td>-insurance or other social safety net arrangement(s)</td>
<td>-networking with other governmental and/or non-governmental SME development agencies (for graduating MEs)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


The selection of whether to choose an integrative approach or a minimalist approach should be made based on the goals and objectives of an ME programme, the needs and characteristics of potential target ME segment and the feasibility of targeting and serving particular segment(s) by using either approach, and not on the approaches

---

121 e.g. literacy, numeracy, hygiene, leadership, basic debt and financial management, family planning, etc.  
122 e.g. running health clinics and schools/classes, improving community infrastructure, establishing community based organizations and networks, lobbying local authorities, etc.  
123 focusing upon the motivational, attitudinal, and behavioral aspects of entrepreneurship  
124 in skills such as bookkeeping, business plan preparation, budgeting, etc., and basic marketing concepts such as market identification and analysis, value chain or supply chain, etc.  
125 i.e. a given ME grows or expands to the size of SMEs.
themselves. The effectiveness of an ME programme, similarly, should also be measured by monitoring (on an ongoing basis) and evaluating whether— to what degree—the programme services fulfill the needs of the MEs in the targeted segment(s) and fit with the context dynamics (culture, tradition, politics, social structure, gender relations, family dynamics, etc.) and overall whether the ME programme in question is efficient (in terms of cost-benefit (and harm) analysis) enough in attempting to achieve its specified pursued social goals and objectives (Simanowitz, 2003).
CURRICULUM VITAE

Candidate's full name: Ye Min Thant

Universities attended:

- **Nanyang Institute of Management**, Singapore
  
  Diploma in Tourism and Hospitality Management, 2009

- **University of New Brunswick**, Canada
  
  - Bachelor of Business Administration, 2012
  - Diploma in University Teaching, 2013
  - MPhil in Policy Studies, 2014