



Date: 16<sup>th</sup> August 2019

## Request for Proposals

### Assessment of Investment Opportunities in Myanmar Rubber and Rubber Based Industries

CARE International in Myanmar is a Non-Government Organization representing the CARE International network. CARE International in Myanmar has been operating in Myanmar since 1995, fighting global poverty, with a special focus on working with women and girls to bring lasting change to their communities. As a non-religious and non-political organisation, CARE works with communities to help overcome poverty by supporting development efforts and providing emergency assistance. We believe supporting women and girls is one of the most effective ways to create sustainable outcomes in poor communities.

CARE International in Myanmar is implementing the Generating Rubber Opportunities (GRO) Myanmar project, a mandated project of the Swiss Agency for Development and Cooperation (SDC). The project follows a market systems development approach; the project goal is to “Work towards a market system that is more resilient, competitive, environmentally sensitive and inclusive and where rubber businesses are able to use their land as a business asset.”

CARE started implementing GRO Phase II in January 2018. The project works through engagement with the public and private and civil society organizations, policy makers, international and national think tanks and research agencies and other relevant stakeholders. The project also focuses on Women’s Economic Empowerment and environmental sustainability. In Phase II the project will be implemented in Mon and Kayin states and Tanintharyi Region.

#### About the Rubber Sector in Myanmar

Although the British introduced rubber (*Hevea brasiliensis*) to Myanmar (then known as Burma) as early as 1876, rubber production did not take off in Myanmar for nearly two decades. Compared with neighbouring countries, the climate conditions were less favorable in Myanmar, and land markets and transport infrastructure were less developed. In addition to these limitations, smallholder farmers were unsure of the economic value of rubber and therefore hesitated to invest in the sector. Furthermore, Myanmar was unsuccessful in its attempt to develop large-scale rubber plantations.

There was a long period of stagnant rubber production after World War II, until the GoM introduced market liberalization in the 1990s. The opening of the rubber sector to private trade and foreign investment, combined with a rise in international rubber prices, led to an expansion of production in Mon State, Kayin State, and Tanintharyi Region. The expansion of rubber in Northern Myanmar mainly took the form of large-scale rubber concessions directly financed by Chinese investment. In Southern Myanmar, the smallholder model was more prevalent.

The nationwide production of natural rubber has more than tripled over the past decade. Ministry of Agriculture, Livestock and Irrigation (MoALI) estimates that in 2015–2016 total rubber planted area in Myanmar was 652,105 hectares and total harvested rubber area was 297,216 hectares. Total production was estimated at 227,533 tons (77% increase from 2010). Mainly the opening up of the economy in 2008 has driven this growth and the rapid

expansion of the total tapped area, over 80% of which is produced in Mon State, Tanintharyi Region and Kayin State collectively. Nevertheless, productivity of the Myanmar rubber sector is low by international standards and compared to that of neighbouring rubber-exporting countries. The sector is also affected by what could be called the 'Myanmar rubber discount', involving local producers getting paid less due to the substantially lower quality of rubber exported from Myanmar, the result of 20 years of underinvestment and a failure to keep up with other countries. The lower price at which Myanmar rubber is sold has a direct impact on reduced livelihoods and profits of actors across the entire rubber market value chain, from smallholder farmers and tappers, to suppliers and traders, and nursery and latex factory owners.

### About the assignment

As a result of recent political reforms, Myanmar has the opportunity to enact major policy changes to reinvigorate its agriculture sector. In this context, Myanmar's rubber sector has the potential to become an even greater source of export earnings and rural household incomes, but there are major challenges related to low rubber productivity and poor rubber quality. GRO is working with the value chain actors, public and private institutions to improve the quality of Myanmar rubber. However GRO hypothesizes that for gaining momentum in the rubber industry of Myanmar, investment in rubber production, processing and rubber based industries are critical. But there is a lack of organized data, information and investment propositions for the rubber sector in Myanmar. GRO through this assignment intends to analyze the opportunities, barriers and value proposition of investment in Rubber Processing and rubber based industries in Myanmar. The overall objective is to present the value proposition (if any) to the national and foreign entrepreneurs, investors, financial institutions and government, to raise awareness of the key investment opportunities and market trends for Myanmar rubber sector and for these actors to understand specific roles and responsibilities that they have to undertake to unlock the potential.

### Scope of the assignment:

1. Examine the scale, scope and linkages of investments in Myanmar based rubber processing (e.g RSS, TSR etc) and rubber based industries (e.g tyres, rubber based adhesive, medical gloves, condoms etc) with a focus on linkages to the relevant domestic, regional and international markets.
2. Investigate the motivations, priorities, resources, mode of operation, relationships and concerns of potential (national and international) investors and other important actors with regards to investing in the Myanmar rubber sector
3. Analyze challenges and opportunities with regards to investments in the Myanmar rubber sector.
4. Explore incentive-based approaches and other options that may encourage investments that minimize negative economic, social and environmental impacts of widespread rubber cultivation;
5. Provide policy recommendations for the relevant government departments of the Republic of the Union of Myanmar as well as other influential stakeholders in the business, academic and civil society sectors, regarding how to ensure that rubber development in Myanmar maximizes positive outcomes while minimizes negative social, economic and environmental impacts.

### Key Outcomes

The **consultant organization** is required to discuss with GRO staff, Private sector organizations, relevant public sector actors and other stakeholders, to produce a comprehensive report. The specific outcomes should be (but not limited to)

- a) Analysis to promote understanding of investment opportunities for the rubber processing and rubber based industries in Myanmar
- b) Mapping of potential investors and their priorities
- c) In-depth analyses and visualization of information on regional competitive analysis and investment scenario in the rubber sector

- d) Review relevant policies and initiatives and provide policy recommendation to unlock investment potential and attract investment in the rubber industry in Myanmar
- e) Documentation of the value proposition for investors to invest in the rubber industry in Myanmar
- f) Participate in a discussion/workshop organized by GRO to present the outcomes of the study.

### Selection Criteria

GRO is seeking a national or international consulting firm or research organization with demonstrated experience of conducting similar analyses in emerging markets contexts, preferably in Southeast Asia.

Interested organizations will be required to submit a detailed proposal as follows:

#### Technical 70%

- Professional capacity to carry out the assignment (relevant skills, available knowledge, sufficient time to commit to the assignment, etc.) within the given time- 20%
- Previous experience of developing sectorial investment proposition, guideline and recommendations preferably in South Asia -15%
- Exposure to / experience working within the private sector development -10%
- Experience of conducting qualitative research on a sample of diverse background - 10%
- Sufficient resource pool (human and financial), ability to mobilize additional resources- 5%
- Overall quality and cohesiveness of the technical elements - 10%

#### Financial 20%

- Competitiveness of the financial proposal.

#### Feasibility -10%

- Feasibility of financial proposal when considered in conjunction with the technical proposal

### Schedule / Timeline

The start time for the study is October 2019 and it is expected to be completed by December 31<sup>st</sup> 2019.

### Application process

**Submission for and address:** All technical and financial proposals must be accompanied a covering letter and signed by a competent authority of the applicant organization and CVs of proposed experts for the assignment. Organizations should send their submissions to [MMR.Recruitment1@careint.org](mailto:MMR.Recruitment1@careint.org) Please use "GRO Rubber Investment Opportunities" in the subject line.

### SUBMISSION DEADLINE

The deadline for submission of the proposals is: **9th September 2019, 5PM (Myanmar time)**