

# UNITED NATIONS CAPITAL DEVELOPMENT FUND

Myanmar



## June Quarter 2017 Newsletter Issue

*UNCDF Myanmar enjoyed a productive and eventful June Quarter, achieving a number of financial inclusion objectives.*

In Digital Financial Services (DFS), we continue to capacitate financial service providers and regulators, leading big data training workshops at the Financial Regulatory Department and Central Bank. UNCDF also led two workshops which saw marked progress in policy development of the universal "One Household, One Account".

In Gender, we developed a framework for assessment of barriers and enablers of women's economic empowerment (PoWER). Q2 also saw significant progress made toward additional MFI financing agreements through the Market Development Facility (MDF).

UNCDF's commitment toward Financial Inclusion Roadmap implementation also remains strong, reaffirmed in June by our delivery of the highly-anticipated Monitoring & Evaluation (M&E) framework. We continue to engage with stakeholders at every level to achieve our financial inclusion targets and create maximum impact.

### Q2 Results

- ✓ Microlead client numbers: ASA: 99,530; Alliance: 69,150; and ACCU 21,400 (exceeded 100,000 client target by 90,000 as of June quarter end)
- ✓ Q2 added +40,000 clients to Microlead
- ✓ Geographic cover across Yangon, Bago, Ayeyarwaddy, Mandalay, Mon State
- ✓ 2 MDF financing facilities in final approval

### Q2 Highlights

#### APRIL

- ✓ Data analytics orientation trainings held at Financial Regulatory Department (FRD) and Central Bank of Myanmar (CBM)

#### MAY

- ✓ Third SHIFT window opens on remittances and women's economic empowerment;
- ✓ ACCU Cooperatives Training
- ✓ Inter-ministerial Steering Committee Meeting

#### JUNE

- ✓ Financial Inclusion Roadmap Monitoring & Evaluation (M&E) framework workshop
- ✓ One Household One Account (OHOA) workshops



## UNCDF Financial Inclusion Targets

Indicator	Baseline	Target	Source
1. Percentage of the population with access to formal financial services supported by UNCDF's interventions in financial inclusion practice areas	<b>30% total</b> <b>32% men</b> <b>28% women</b>	<b>40% total</b> <b>41% men</b> <b>39% women</b>	<b>Finscope</b>
2. Population with improved financial services due to UNCDF interventions	<b>150,000</b>	<b>300,000</b>	<b>UNCDF</b>
3. Proportion of women in Myanmar who are financially included	<b>28%</b>	<b>39%</b>	<b>Finscope</b>
4. Number of women with mobile money accounts	<b>30,000</b>	<b>250,000</b>	<b>UNCDF</b>

## Customer Journey Action Research (Big Data)

As part of UNCDF's **Customer Journey Action Research** and building on the introduction workshop launched in January, trainings in big data analytics were organised at the Financial Regulatory Department (FRD) and Central Bank of Myanmar (CBM) and held on the 26<sup>th</sup> and 28<sup>th</sup> of April. UNCDF staff presented on the nature and value of big data, emphasising its value in expanding financial inclusion, promoting evidence-based policy-making and enhancing regulator capacity.

This was followed by 'hands-on' training in which FRD and CBM staff learned to build dashboards and pivot tables using Excel and apply a range of analytic techniques on Finscope data. UNCDF continues to engage regulators and a range of FSPs in this project, aiming to enhance capacity in data analytics across the financial sector and unlock the benefits in various stakeholders utilising data to its full potential.



## Opening of the Third SHIFT Window



On May 4, the UNCDF Shaping Inclusive Finance Transformations (SHIFT) Challenge Fund Facility launched its third Challenge Fund Window "Linking Remittances as a Catalyst for Financial Inclusion and Women's Economic Empowerment". The challenge fund aims to test and develop innovative, scalable business models that foster regulated remittances to Cambodia, Lao PDR, Myanmar and Vietnam (CLMV) for women and thereby improve their access to other financial services. The Challenge Fund Window will provide catalytic risk capital grants of up to USD 300,000 to successful models.

UNCDF Myanmar Country Coordinator Paul Luchtenburg and Department of Foreign Affairs and Trade (DFAT) Australia First Secretary Esther Sainsbury presented at the official launch at the Yangon Park Royal.

## ACCU Cooperatives Training

UNCDF representatives attended the ACCU 'Framework for Growth and Sustainability of Cooperatives in Myanmar' Training convened from May 2 to May 5 in Nay Pyi Taw. ACCU has been working in Myanmar since 1997 in partnership with the Cooperative Central Society (CCS), and has partnered with UNCDF to build capacity in the cooperative sector and provide technical support and training. The May workshop focused on four outputs: strategic strengthening, cooperative governance, financial management & accounting, and organisational development & operations. The training provided the foundations for developing a national guideline policy on cooperative development; emphasised principles of good governance; developed financial analysis skills and detailed a comprehensive policy on organisational management. The training was designed for higher-level cooperative staff.





## Inter-Ministerial Steering Committee Meeting

The 2nd Meeting of the Financial Inclusion Inter-Ministerial Steering Committee (IMSC) was convened on May 18 at the Ministry of Planning and Finance (MoPF) in Nay Pyi Taw. The meeting was chaired by the Deputy Minister of Planning and Finance. Reports from the Sub-Technical Working Groups (SWGs) were presented, future priorities were outlined and the 2017/18 Myanmar Financial Inclusion Roadmap Strategic Action Plan was reviewed and approved by the Chairman.



## PoWER Framework Development



According to a 2016 GIZ survey, women are currently three times more likely than men to remain economically inactive. Constraints on women's financial access not only have negative growth consequences, but also significant adverse effects on their economic empowerment. This is likely due to the limited scope of informal coping mechanisms and vicious debt cycles induced by money lenders.

In partnership with the Bill & Melinda Gates Foundation, UNCDF developed the PoWER (Participation of Women in the Economy Realised) strategy which seeks to drive women and girls' economic empowerment through improving their access to, usage of and agency over, financial services.

During May, Consultants from Dalberg Global Development, supported by Gender experts from UNCDF, conducted desk research, 20 key informant interviews, 5 focus group discussions and a survey of 400 women and girls in Myanmar. Focus groups were conducted with rural women of all ages, taking into account life-cycle considerations and their economic activities. The analysis sought to understand key constraints and enablers of women's access to finance across supply, demand and the enabling environment, in the contexts of access, usage and agency. In conjunction with a thorough stakeholder analysis, a series of recommendations was made in each of the thematic areas.

## One Household, One Account Workshops

Governments regularly route small value payments to millions of recipients, and the broad reach of such G2P payments makes them ideal for technological solutions to increase efficiency and expand financial inclusion. UNCDF is currently in the process of engaging Government and private sector players in the policy development of a universal, digital, interoperable account known as One Household, One Account (OHOA).

UNCDF Global Technical Specialist Ahmed Dermish led two workshops at the CBM and FRD: "Understanding Payments in a DFS Ecosystem" on June 19; and "OHOA: How to Effectively Implement it in Myanmar" on June 20. The former provided an overview of regulatory and policy architecture, yielded insights into how to build an appropriate digital payments system and identified areas in need of improvement. The latter explored the purpose and function of OHOA in Myanmar, outlined activities necessary for implementation, and analysed how OHOA fits into the DFS ecosystem, learning from international cases.

Following the workshops and discussions, the FRD Non-Bank Financial Services Committee agreed on a set of defining principles for the OHOA, including on accessibility, interoperability, limits and regulatory oversight. It has since begun to seek industry feedback on feasibility and definitional clarity.



## Investment Committee Meeting

The third UNCDF Myanmar Investment Committee (IC) Meeting was held on June 27. The meeting highlighted the success of the Market Development Facility (MDF) in impacting 3100 clients as of March, with its first loan disbursement to local MFI Pyae Mahar Services Ltd. It is hoped that another financing agreement with Entrepreneurs Du Monde Sont Oo Thetwin (EdM SOO) will impact an additional 5000 clients in 2017/18. MDF aims to impact 100,000 clients overall. The importance of technical assistance, based on individual FSP needs, to improve the quality and sustainability of FSPs was stressed as a key MDF intervention.

The IC meeting then confirmed the Secretariat's proposal to enter a funding agreement with Thitsar Ooyin LLC, an outgrowth of GRET Myanmar's microcredit programs in Chin State (operating for over 20 years) and Sagaing Division. The additional capital will enable Thitsar Ooyin to grow into new service areas in Kale as a first priority, targeting over 5,000 overwhelmingly rural-based clients. The meeting concluded with the Secretariat providing a pipeline of potential MDF financing candidates.

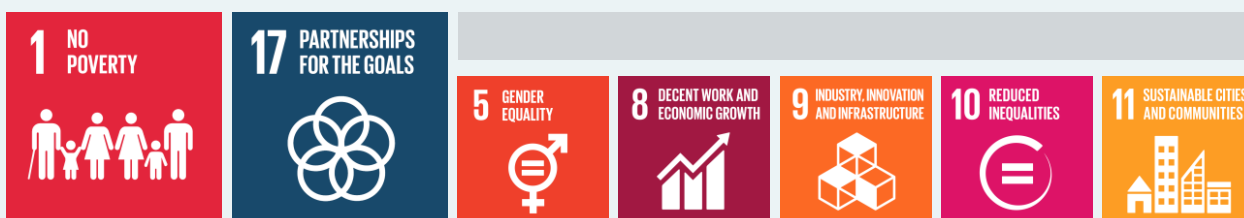
## Financial Inclusion Technical Working Group Meeting Workshop

The Myanmar Financial Inclusion Technical Working Group Meeting Workshop convened on June 29. Dr. Anthony Githiari, UNCDF Technical Advisor for Financial Inclusion, delivered the highly-anticipated Myanmar Monitoring & Evaluation (M&E) framework. The purpose of the M&E framework is to provide accountability in progress and results in Roadmap implementation and track improvement in financial inclusion at a national level. Six key indicators and 36 disaggregated indicators were analysed and reviewed in detail, including data collection processes. They spanned ownership, access points, SMEs, MFIs, cooperatives, insurance, savings and electronic payments, amongst others. The need for a simple, data-oriented, government-led and unambiguous framework with international and ASEAN alignment, was stressed. Mr. Brendon Pearce, Head of Programmes and Regional MAP Coordinator at Finmark Trust, also gave presentations on the South African M&E framework experience, and development of mobile money guidelines and KYC requirements.

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries (LDCs). With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. This last mile is where available resources for development are scarcest; where market failures are most pronounced; and where benefits from national growth tend to leave people excluded.

UNCDF's financing models work through two channels: savings-led financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. UNCDF financing models are applied in thematic areas where addressing barriers to finance at the local level can have a transformational effect for poor and excluded people and communities.

By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty with a focus on reaching the last mile and addressing exclusion and inequalities of access. At the same time, UNCDF deploys its capital finance mandate in line with SDG 17 on the means of implementation, to unlock public and private finance for the poor at the local level. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile, UNCDF contributes to a number of different SDGs and currently to 28 of 169 targets.



For more information, visit our website: [www.uncdf.org/myanmar](http://www.uncdf.org/myanmar) or contact UNCDF Myanmar Country Coordinator Paul Luchtenburg by writing to 6 Natmauk Road, Tamwe Township, Yangon 11211.