FAST UNCDF Myanmar Lu



UNCDF has been in Myanmar since 2012, with the Making Access Possible Financial Inclusion diagnostic and Financial Inclusion Roadmap providing the foundation for in-country interventions. The Roadmap was approved by the Government in 2015 and launched by the United Nations Special Advocate for inclusive finance for development, Queen Máxima of the Netherlands. Through the Roadmap, UNCDF identified the following targets: i) increase formal financial inclusion from 30% to 40%; and ii) increase the percentage of adults with access to more than one financial product from 6% to 15%, by 2020.

What is Financial Inclusion?

Financial inclusion means ensuring that all segments of the population have access to affordable and appropriate financial services. It has been recognized as a key tool to reduce poverty.

The Financial Inclusion Roadmap (FIRM)

The Challenge

Lack of financial inclusion diagnostics

No systematic financial inclusion strategy

Poor stakeholder coordination

Our Response

- ✓ Implemented the Making Access Possible <u>diagnostic</u>
- ✓ Developed the <u>Financial</u> Inclusion Roadmap
- ✓ Facilitated establishment of Inter-Ministerial Steering Committee (IMSC) to oversee Roadmap implementation



Queen Maxima speaks at the University of Yangon



Microlead in Myanmar has reached 200,000 mostly rural & women clients

Savings-led Financial Service Development (MicroLead)

The Challenge

Lack of international best practice organizations targeting poor and underserved clients

Regulatory constraints limit the provision of savings services from financial service providers

Our Response

- Microlead Expansion: kickstarted 2 Microfinance Institutions (ASA & Alliance) and 1 Credit Cooperative (ACCU)
- ✓ Reached <u>200,000 clients</u> (vs 100,000 target) & <u>90% women</u>
- Influencing national policy revisions and advocating for savings reforms

Market Development Facility (MDF)

The Challenge

Lack of local currency funding for financial service providers focused on last-mile clients

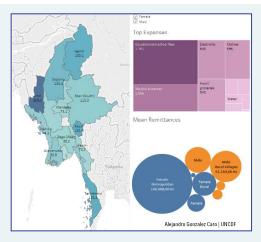
Commercial banks have liquid capital but Microfinance Institutions (MFIs) are undercapitalised

Our Response

- Providing local currency loans, loguarantees, & technical assistance & bridge funding shortfall
- ✓ Focusing on local MFIs
- ✓ Linking banks and MFIs
- ✓ Risk-mitigating opportunities for banks to test new markets
- ✓ 300M MMK loan given to local MFI Pyae Mahar
- √ 400M MMK convertible grant to EdM Soo MFI
- ✓ Two more in pipeline



UNCDF Myanmar Country Coordinator Paul Luchtenburg with Pyae Mahar Services Managing Director U Min Aung signing MDF loan agreement



UNCDF provides Big Data analytics and training through its Customer Journey Action Research programme in DFS

Digital Financial Services (DFS)

The Challenge

Physical solution not feasible for reaching remote areas, although mobile penetration is very high

Financial literacy is low

Limited institutional capacity in analytics

Our Response

- Private sector partnerships with Banks to develop new DFS and data analytics mechanisms
- Capacity building for regulators, commercial banks & Microfinance Institutions
- Big Data analytics & training
- Working to develop universal interoperable account (One Household, One Account)
- Creating a financial literacy mobile application
- Expanding <u>agent networks</u>

Gender and Women's Economic Empowerment

The Challenge

There are still barriers which prevent women from accessing formal financial services

Lack of institutional practices to enhance women's workforce participation

Our Response

- Having a cross-cutting gender theme in all projects
- Developed an analytical framework (PoWER) on women's economic empowerment to identify barriers and solutions
- Implementing this framework
- Providing gender-based institutional technical support
- Establishing partnerships to customise products
- Initiatives to increase women's financial literacy



UNCDF conducted gender focus groups with rural women to identify barriers to women's financial access



UNCDF provides funding for Greenlite Planet, which specialises in innovatively-financed rural solar solutions

Clean Energy Finance

The Challenge

Lack of scaling support for small renewable energy enterprises

Particularly into lowincome and rural segments

Our Response

- Initiatives through the "Access to Energy" UNCDF regional challenge fund window
- ✓ Funding for three institutions with a renewable energy-focus
- Brighterlite, Greenlite Planet & Biolite

UNCDF is the UN's capital investment agency for the world's 47 least developed countries. 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. UNCDF's financing models work through two channels: 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.

For more information, visit our website www.uncdf.org/myanmar or contact Paul Luchtenburg, UNCDF Myanmar Country Coordinator at No. 6, Natmauk Road, Tamwe Township, Yangon Region, 11211, Myanmar. Last updated October