

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Myanmar



September Quarter 2017 Newsletter Issue

UNCDF Myanmar had an eventful 3rd quarter as it continues to work toward its financial inclusion targets: 40% formal financial inclusion and 15% of the population using more than one financial product, by 2020.

UNCDF's Market Development Facility signed another financing agreement with *Entrepreneurs du Monde*, and strives toward enabling a market-driven Microfinance funding environment. In Digital Financial Services, the *One Household, One Account* policy was refined and is beginning to take shape. Progress was also made in Gender, with UNCDF hosting a workshop on the Women's Market and Workforce Gender Diversity for Financial Service Providers. UNCDF staff spoke at a number of high-level events, including Programme Specialist Rajeev Kumar Gupta at the Myanmar Banking & Payments Conference, and Myanmar Country Coordinator Paul Luchtenburg at the ACCU Regional Forum in Colombo. We conducted quarterly monitoring visits to our MicroLead partners ASA, ACCU and Alliance, and held preparatory consultations for the Refresh of the Making Access Possible (MAP) Financial Inclusion Diagnostic planned for early 2018.

Q3 Results

- ✓ MicroLead client numbers: ASA 110,906; Alliance 71,720; and ACCU 26,373 (total 208,999)
- ✓ Women constitute 85% of total MicroLead clients
- ✓ Q3 added +31,000 clients to MicroLead
- ✓ Signed convertible grant agreement with MFI Entrepreneurs du Monde Sont Oo Tehtwin
- ✓ 2 MFI financing facilities in final approval

Q3 Highlights

JULY

- ✓ Myanmar Banking & Payments Conference
- ✓ Women's Market and Workforce Gender Diversity workshop for FSPs
- ✓ *One Household, One Account* Industry Consult

AUGUST

- ✓ Gender Equality & Women's Empowerment Meeting
- ✓ Semi-annual Output Board Meeting
- ✓ Monitoring Visits to MicroLead Partners

SEPTEMBER

- ✓ ACCU Regional Forum
- ✓ Market Development Facility: Convertible Grant signed with Entrepreneurs du Monde



UNCDF and the SDGs – Why Financial Inclusion?

Financial inclusion is a cross cutting theme as it is more a means to an end (or to many ends) than an end in itself. By pursuing its rigorous agenda to expand financial inclusion in Myanmar, UNCDF contributes to a number of the 2030 Sustainable Development Goals. By enabling the most vulnerable populations to access formal financial services, driving generation of additional income, increasing resilience to shocks and empowering the poor to take control of their financial futures, UNCDF contributes to SDG 1 *Ending Poverty*. UNCDF also contributes strongly to SDG 5 *Gender Equality*, having conducted a country assessment to assess barriers and solutions to women's financial access in Myanmar, and in supporting the implementation of the National Strategic Plan for the Advancement of Women (NSPAW). We also make important contributions to SDG 8 *Inclusive & Sustainable Economic Growth* in formulating the Financial Inclusion Roadmap and MAP Financial Inclusion Diagnostic, and providing a full range of affordable, quality, effective and responsible financial services to MSME, small-scale farmers, women-led enterprises, youth, poor and low-income clients to improve their economic opportunities. SDG 7 *Affordable & Clean Energy*, SDG 9 *Sustainable Industrialisation & Fostering Innovation*, and SDG 10 *Reduced Inequalities* are additional areas in which UNCDF plays a role. On implementation of our programmes, we maintain our contribution to SDG 17 *Partnerships*, drawing on the competencies and experience of our partners to create synergies and enhance delivery.



Myanmar Banking & Payments Conference

The 5th Myanmar Banking & Payments Conference was held on the 24th and 25th of July, 2017 at the PARKROYAL Yangon. More than 210 Myanmar financial sector stakeholders from 12 countries attended to discuss the challenges and opportunities in banking and payments, digital transformations, regulatory reforms and financial inclusion. UNCDF Program Specialist Rajeev Kumar Gupta delivered the closing keynote 'What Lies on the Road Ahead' – highlighting financial inclusion as a priority for Myanmar and SEA banking sector development. Digital Financial Services was a hot topic of discussion and recognised as a key driver of financial inclusion. IT security, tailored products, blockchain innovations, mobile money, bank-fintech cooperation and consumer acceptance were all explored as DFS enablers. UNCDF is currently in the concept development phase of several new DFS initiatives that resonated deeply at the conference.



Workshop on Women's Market and Workforce Gender Diversity



Evidence shows that women can provide a more diversified and stable retail deposit base to financial service providers as women are stronger savers than men, have lower rates of non-performing loans, and exhibit high levels of loyalty. Despite this, women face a range of constraints to their access and usage of financial products and services.

The workshop 'Targeting the Women's Market and Promoting Workforce Gender Diversity: *The Untapped Market Opportunity for Financial Service Providers*' was held on July 24 in Yangon. The aim of the workshop was to share valuable insights from stakeholders on the key actions needed to increase FSPs' outreach to women clients and to promote gender diversity in FSP's workforce. The workshop was attended by 28 participants, including two representatives from DFAT and four UNCDF staff.

The group discussions highlighted the importance of client segmentation, customised product design and distribution strategies, while acknowledging the importance of the unique Myanmar cultural context. Furthermore, the participants identified a number of actions that Myanmar FSPs can take to enhance workforce and leadership gender diversity. A follow-up workshop will be held next year.

One Household, One Account – Industry Consultation

The draft definition of the *One Household, One Account (OHOA)* policy was developed in June, with the Non-Bank Financial Services Committee convening to discuss how such a policy could create an interoperable account available to all people in Myanmar. OHOA is designed to catalyse the transformation of retail financial services in Myanmar by providing a safe, convenient way to save money and make payments, linked to a broader digital infrastructure. On 31 July the Financial Regulatory Department (FRD) of the Ministry of Planning and Finance, supported by UNCDF, hosted a meeting to present and discuss the results of its Industry Consultation. This helped to further refine the policy definition and establish a work plan for stakeholder engagement moving forward. Industry was also asked to give feedback on feasibility, technical requirements and regulatory issues. Several challenges were identified for industry to address, including interoperability, Know Your Customer (KYC) requirements and deposit guarantees. A timeline was set for future meetings and a potential OHOA pilot.

Gender Equality & Women's Empowerment Coordination Group Meeting

On August 22 UNCDF participated in the Gender Equality and Women's Empowerment (GEWE) Sector Coordination Group meeting at the Ministry of Social Welfare, Relief and Resettlement. The meeting included presentations on operationalising the National Strategic Plan for the Advancement of Women (NSPAW), the establishment of four Technical Working Groups and updates on the organisation of a high-level workshop on SDG 5 (gender equality).

Semi-annual Output Board Meeting

On August 25 the Financial Regulatory Department hosted the 2017 Semi-annual Output Board Meeting – for Pillar 1 Output 4: Improved financial inclusion and entrepreneurship development through support for national coordination and sustainable market development. Here UNCDF/UNDP reviewed results for the period January – August 2017 and presented the outlook for Q3 and Q4. There was discussion of capped MFI loan sizes, over indebtedness amongst MFI clients and the need for information sharing, and interest rate liberalisation. The FRD also noted the increased role played by Digital Financial Services and the need for clearer regulation. UNCDF shared results from its country programmes and highlighted its planned refresh of the Making Access Possible Financial Inclusion Diagnostic and Roadmap in 2018.

Monitoring Visits to MicroLead Partners

MicroLead Expansion Myanmar is a 7-million-dollar programme bringing leading financial service providers to Myanmar, where they become market leaders, crowd-in additional investment and positively influence the development of the microfinance and cooperative sectors. The project has exceeded its outreach target by nearly 100% and is currently reaching more than 200,000 clients across 6 states & regions - the overwhelming majority of whom are women in rural areas.

In Q3 the UNCDF Myanmar team conducted monitoring visits to each of its MicroLead partners (ASA, Alliance and ACCU). The team travelled to Mawlamyine and Chaungzone in Mon State to which ASA has recently expanded. It is projecting to expand operations into more regions using its proven, successful model. UNCDF also visited the Association of Asian Confederation of Credit Unions (ACCU) in Bago. ACCU has facilitated the establishment of 37 savings and credit cooperatives (SCCs), providing support in capacity building and effective governance. Finally, the team travelled to Mandalay region to visit Alliance Microfinance Myanmar, which is now expanding its agricultural lending portfolio and expanding rurally. In addition to branch and headquarters-level monitoring, UNCDF team members participated in savings group meetings and collections, engaging in discussion with clients and soliciting their feedback. We also visited clients' houses and workplaces to learn more about their businesses and loan utilisation.



Market Development Facility Agreement Signing with EdM



On Monday, 18 September UNCDF's Market Development Facility (MDF) successfully signed its second financing agreement in the form of a convertible grant with *Entrepreneurs du Monde (EdM) Sont Oo Tehtwin*, a Microfinance Institution operating in Dala, Twante and Kawmhu Townships in Yangon Region. EdM is a non-government organisation established in 1998 in France. Currently it has programs in 12 developing countries with an aim to provide financial services and training to vulnerable families. A 2010 feasibility study identified Southern Yangon as a priority area according to key socioeconomic and demographic factors, highlighting the need for access to social microfinance services. EdM's Myanmar program, *Sont Oo Tehtwin* or *SOO* in Myanmar language, began a pilot program in Dala Township in April 2014, and received its permanent microfinance license in November 2015. The MDF financing facility will enable SOO to strengthen and scale its operations, and establish formal risk management functions and system wide information management processes as it transitions from non-governmental organisation to private company status.

ACCU Asian Credit Cooperatives Regional Forum 2017

Established in 1971, the Association of Asian Confederation of Credit Unions (ACCU) is the regional trade and development organisation for credit unions representing 32 million individual members from 22 countries. As one of UNCDF MicroLead Expansion partners, ACCU has facilitated the establishment of 37 financially sustainable Savings and Credit Cooperatives (SCCs) in Myanmar. SCCs are absolute member-owned and democratically-controlled financial cooperatives providing loans from the savings pooled by members.

From September 19 to 21, ACCU hosted its regional forum entitled "Credit Union Networks Building Bridges Together to Create Value for People and Communities" in Colombo, Sri Lanka. UNCDF Myanmar Country Coordinator Paul Luchtenburg delivered a presentation on the unique role of cooperatives in realising the 2030 Sustainable Development Goals (SDGs), especially in the context of financial inclusion. He noted that cooperatives contribute to many SDGs, including eliminating poverty, eradicating hunger, promoting inclusive growth & decent work, and reducing inequalities.



2nd General Meeting of the Glory Savings & Credit Cooperative Federation



With only 6 months until the end of the MicroLead programme, the Association of Asian Confederation of Credit Unions (ACCU) is divesting leadership of 36 Savings & Credit Cooperatives (SCCs) which will federate to become the self-managed Glory Microfinance Federation. At the 2nd General Meeting of the Glory Federation, the Central Cooperative Society expressed positive sentiment toward Glory as the only standardised federation managed according to international protocols. At the meeting, further training on the management and role of SCCs was provided by ACCU. The meeting also reviewed the PEARLS monitoring framework and introduced a solar product from UNCDF's Cleanstart partner Greenlight.

Support to Wave Money for Organisation of Sunday Focus Groups

In Q3 UNCDF team members supported Wave Money during its Sunday Group Discussion with Hlaing Tha Ya Garment Factory Workers. The venue for this focus group discussion was the Sunday Café set up by the Tone Pan Hla development program for women garment workers. The discussion sought to understand the financial needs, risks and challenges faced by garment sector workers to inform the development of content for a financial literacy gamification tool. It also mapped garment workers' monthly financial journeys including cash in, cash out and influences on decision making – and provided participants with training to build one aspect of their financial competence.

Consultation on MAP Refresh with FinMark Trust

On 28 September, UNCDF held a meeting at the Parkroyal Yangon with FinMark Trust and the DaNa facility. Participants discussed the survey design and implementation of the Making Access Possible (MAP) Refresh scheduled for 2018 and funded in parallel by DaNa. The Refresh targets 5100 households in a country-wide, nationally-representative survey to reassess the state of financial inclusion in Myanmar, leading to an update of the Financial Inclusion Roadmap and guiding financial inclusion initiatives to 2020 and beyond.



Upcoming: 2017 Mondato Summit Asia (28th & 29th November)



[Mondato Summit Asia](#), "Of Titans & Trailblazers: Emerging Asia's Digital Finance & Commerce Moment" is an executive thought leadership conference that delivers indispensable knowledge, practical solutions, stimulating engagement, and invaluable networking. Sitting at the crossroads of a diverse set of industries – from tech to financial services, telecom to retail, Mondato Summits occupy a unique space, creating a space for stakeholders to better understand and engage the multifaceted and evolving digital finance and commerce (DFC) ecosystem. Join us on the 28th and 29th November at the Sule Shangri La, Yangon!

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 UNCDF Myanmar Country Coordinator Paul Luchtenburg by writing to 6 Natmuk Road, Tamwe Township, Yangon 11211.