

# “Emerging Microfinance Sector in Myanmar: Regional Lessons on Selected Issues”

9 - 10 May 2013



## Workshop Proceedings



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9 - 10 May 2013

MICC, Nay Pyi Taw

Co-organisers:



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## Acronyms and Abbreviations

CAGR	: Compound Annual Growth Rate
CCS	: Central Cooperative Society
CGAP	: Consultative Group to Assist the Poor
CLEARs	: Country Level Effectiveness Reviews
FIND	: Financial Inclusion for National Development
HDI	: Human Development Initiatives Programme
IFC	: International Finance Corporation
LIFT	: Livelihoods and Food Security Trust Fund
MADD	: Myanmar Agricultural Development Bank
MAP	: Making Access to Financial Services Possible
MEB	: Myanmar Economic Bank
MFI	: Microfinance Institution
MMSE	: Myanmar Microfinance Supervisory Enterprise
PKSF	: Palli Karma Sahayak Foundation (Bangladesh)
PAR	: Portfolio at Risk
SDC	: Swiss Agency for Development and Cooperation
SIDBI	: Small Industries Development Bank of India
SSID	: Small Scale Industries Department
UNCDF	: United Nations Capital Development Fund
UNDP	: United Nations Development Programme

## 1. An Overview of the Workshop

### 1.1 Background

Financial services play a critical role in enabling poor people to sustain livelihoods and improve living conditions by helping to stretch small, irregular and uncertain incomes to pay for expenses and secure investment opportunities.

There is great need to expand poor people’s access to financial services in Myanmar. As per recent surveys ( LIFT 2012 and IHLCA 2010), over 80% of potential clients are excluded from formal access to credit, deposit and other financial services such as insurances and remittances, and also it was found that the most common sources of loans are relatives, friends, traders and moneylenders.

The long term objective in Myanmar is achieving a high degree of financial inclusion, which is universal access to a wide range of financial services, at a reasonable cost, for everyone needing them, provided by a diversity of sound and sustainable institutions operating in a competitive market environment.

The microfinance sector in Myanmar 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) taking. Since then, 142 MFIs have been licensed. According to a recent IFC and CGAP sector assessment, NGO MFIs already reach over 460.000 clients, while cooperatives serve over 500, 000 members.

While the enactment of the Microfinance Business Law has formalised the sector, removing one of the central constraints on financial inclusion, 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 sustainable way in the future. There is no formal microfinance apex institution (although LIFT has provided funding to several MFIs). 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 constraints.

- *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, but also including 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.

## 1.2 Notable Recent and Forthcoming Donor Initiatives

Notable recent and forth coming donor initiatives in the Myanmar Microfinance Sector include the following:

- Sector Assessment carried out by IFC and CGAP was published in 2013. The report highlights key strengths, challenges and provides recommendations on the development of the microfinance sector.
- UNCDF had just launched its making Access to Financial Services Possible (MAP) process (funded by UNCDF and LIFT), which is an evidence based country diagnostic and stakeholder dialogue, that aims to help define the financial inclusion agenda in Myanmar and inform policy priorities.
- UNCDF is also implementing its Micro Lead programme in Myanmar (funded by LIFT), which provides loans and grants to leading regional MFIs on a competitive basis to facilitate their entry into underserved areas and expand the supply of inclusive financial services.
- World Bank has started its financial Inclusion for National Development (FIND) programme (funded by LIFT), which focuses on institution and capacity building for the MMSE to perform its supervisory functions.

- IFC has funded the expansion of ACLEDA bank to Myanmar and launched a call for proposal for other Greenfield initiatives. It will also support the MFI networks, build the capacity of several existing MFIs, explore the potential of branchless banking as well as promote responsible finance and global good practices in the sector.

### **1.3 Rationale of Organizing this Workshop**

In view of these developments, UNDP believes that it is the right time to introduce some of the experience and lessons from the recognized market leading countries. These can inform the whole range of stakeholders, including policy makers, service providers and donors in order to overcome the said challenges mentioned above, and to avoid past mistakes made in other countries, while adapting some of the proven approaches to the Myanmar context.

As a result, UNDP and the Microfinance Business Supervisory Committee representing the Ministry of Finance and Revenue had jointly organized a two day national Level Workshop on “Emerging Microfinance Sector in Myanmar: Regional Lessons on Selected Issues” on 9th – 10th May 2013 at the Myanmar International Convention Center (MICC), Nay Pyi Taw, in which speakers from well recognized market leading countries shared their experiences on microfinance sector. The profiles of all the speakers’ institutions are annexed. CGAP, a global knowledge center on financial inclusion, accepted to be a co-organizer to share global microfinance good practices and played a key role in selecting speakers from leading microfinance organizations in the region. The Ministry of Cooperatives was also a co-organizer.

The workshop was attended by 170 participants from Myanmar Government Institutions such as Myanmar Microfinance Supervisory Enterprise (MMSE), Ministry of Cooperatives, and Myanmar Central Bank etc; Myanmar Microfinance Institutions such as PACT, and licensed MFIs; local and international NGOs; bilateral donor agencies in Myanmar; multilateral international agencies such as World Bank and ADB; local banks such as MADB and CB Bank etc; and other stakeholders and actors. The list of participants is annexed.

### **1.4 Objectives and Expected Outputs of the Workshop**

The specific objectives of the workshop were:

- Explore the current overall trends in the microfinance sector in Myanmar,
- Share the regional experiences and best practices of microfinance sector development, and
- Consider the relevance of difference experiences to the Myanmar context and how they could contribute to the development of the microfinance sector.



The workshop aimed at producing the following outputs:

- Enhanced understanding on microfinance sector trends of Myanmar through stock taking of the institutional landscape of the microfinance sector in Myanmar
- Regional experiences of microfinance sector were explored especially on apex institution, deposit taking, sustainable business model, and smart subsidies.
- Identification of initial steps for integrating regional best practices into Myanmar micro finance sector context
- Capacity development for microfinance sector development in Myanmar

The outcomes of the workshop will also contribute to the development of the national financial inclusion roadmap to be formulated as part of MAP process.

### **1.5 Structure of the Workshop**

The two day workshop had eight sessions comprising of Six Panel Sessions plus Inauguration Session and Closing Session. Conceptually, Panel 1 was a ‘Setting the Context’ Session, Panels 2, 3, 4 and 5 were Technical Sessions which were followed by Q&A, and Panel 6 was a take away session. The Agenda of the Workshop is annexed. The inauguration session, and Panel sessions 1 to 3 were held on the first day of the workshop, while the rest of the sessions were held on the second day.

- Inauguration Session: This session included the Opening Speeches of H.E. Dr. Lin Aung, Deputy Minister, Ministry of Finance and Revenue, and H.E. U Than Tun, Deputy Minister, Ministry of Co-Operatives, the Opening Remarks by Mr. Toily Kurbanov, Country Director of UNDP, and Workshop Introduction by Mr. Heinz Willems, Microfinance Specialist of UNDP, Myanmar.
- Panel 1 Session - Setting the Context: this session was outlined in such way so that all workshop participants are thoroughly oriented on the Recent Developments in the Microfinance Sector in Myanmar, finally laying the foundation for the coming technical sessions namely Panel 2, 3, 4 and 5 sessions. The Panel 1 Session, chaired by U Thein Myint, Microfinance Expert, comprised of four presentations as follows:
  - Ms. Linda Ren, Senior Investment Officer, IFC made the first presentation on Recent Developments in Myanmar Microfinance Sector, which was about summary of sector assessment undertaken by IFC and CGAP in 2012.
  - As a second presentation of the Panel 1 Session, Mr. Neal Youngquist, Microfinance General Manager of World Vision, on behalf of Myanmar MFIs led a presentation on Myanmar Microfinance Practitioner Overview.

- Mr. Barclay O'Brien of LIFT led a presentation on the Future for Financial Inclusion in Myanmar
- As a final presentation of Panel 1, U Mya Than, Deputy Director General of Small Scale Industries Department, Ministry of Co-Operatives made a presentation on Role of Co-Operative Sector in Microfinance in Myanmar.
- Panel 2 Session - Role of Apex Institutions in supporting Market Development: this session was chaired by Mr. Eric Duflos, Regional Representative for East Asia and the Pacific, CGAP, and included four presentations followed by Q&A, as follows:
  - The presentation on Overview of International experience with Microfinance Apex Institutions was made by Mr. Eric Duflos, Regional Representative for East Asia and the Pacific, CGAP.
  - Mr. Vivek Kumar Malhotra, Deputy General Manager of SIDBI made a presentation on Experience of Small Industries Development Bank of India.
  - The presentation by Mr. Don Johnston, Chief risk Officer, Bank Andara (Indonesia) was about Bank Andara (Indonesia).
  - In the absence of Dr. Salehuddin Ahmed, MD of PKSF, Mr. Feisal Hussain, Senior Technical Advisor of UNCDF made a presentation on Experience of Palli Karma Sahayak Foundation (PKSF) of Bangladesh.
- Panel 3 Session - Challenge of deposit Taking: this session, chaired by Mr. Stuart Rutherford, Founder of SafeSave, consisted of three presentations followed by Q&A, as follows:
  - At first, Mr. Stuart Rutherford, Founder of SafeSave made a presentation on Saving from Clients Perspective.
  - Ms. Marivic Austria, Senior Vice President of CARD Bank shared the experience of CARD (Philippines).
  - Mr. A.K.M. Aminur Rashid Director (Program) of ASA shared the Experiences of ASA (Bangladesh).
- Panel 4 Session - Sustainable Business Models: this session, chaired by Mr. Barclay O'Brien, Programme Officer (Markets and Microfinance) of LIFT Fund, comprised of three presentations followed by Q&A, as follows:
  - Mr. Shameran Abed, Director Microfinance Program of BRAC shared the Experience of BRAC (Bangladesh) in aspect of Sustainable Business Models.
  - Mr. I. Channy, President and CEO of ACLEDA Bank shared the Experience of ACLEDA (Cambodia).
  - Mr. Atyab Tahir, Chief Strategy Officer of Tameer MF Bank shared the Experience of Tameer Microfinance Bank (Pakistan).

- Panel 5 Session - Smart Subsidies and Role of Donors: this session was chaired by Ms. Anthea Kerr, Livelihoods Adviser of DFID and Chair of LIFT Donor Consortium, and comprised of three presentations followed by Q&A, as follows:
  - Mr. Feisal Hussain, Senior Technical Advisor of UNCDF shared the Experience of UNCDF in aspect of the session theme, Smart Subsidies and Role of Donors.
  - Mr. Eric Duflos Regional Representative for East Asia and the Pacific at CGAP shared the Experience of CGAP.
  - Mr. Peter Tschumi, Director of Cooperation, SDC shared the Experience of Swiss Agency for Development and Cooperation (SDC).
- Panel 6 Session - Main Lessons for Myanmar: the session was chaired by Mr. Feisal Hussain, Senior Technical Advisor of UNCDF. Seven local microfinance experts discussed about the presentations of Panel 2, 3, 4 and 5 sessions and highlighted main lessons learnt which can be adapted in Myanmar. These seven local microfinance experts were
  - U Win Aung, General Manager of Myanmar Microfinance Supervisory Enterprise (MMSE),
  - U Ko Ko Maung, Manager of MMSE,
  - U Myint Maung Htun, Director General of CCS and Chairman of Union of Savings and Credit Federations,
  - U Thein Myint (Independent Microfinance Expert),
  - U Myint Swe (Independent Microfinance Expert),
  - U Maung Maung, General Manager of PACT, and
  - U Myint Kyaw, Business Development and Microfinance Officer of LIFT
- Closing Remarks were given by Mr. Toily Kurbanov, Country Director of UNDP Myanmar.

Daw Ohnmar Aung of UNDP performed as a Master of Ceremony, and as supporting materials, hard copies of workshop agenda and of panel sessions 1-5 power point presentations were provided. A CD which included soft copies of all the panel sessions' power point presentations was also provided.

## 2. Proceedings of the First Day of the Workshop

The first day of the workshop had four sessions, namely the inauguration session, and Panel sessions 1-3. The Panel 2 and 3 presentation sessions were followed by a Q&A sessions.

### 2.1 Inauguration Session

The Inauguration Session was led by H.E. Dr. Lin Aung, Deputy Minister, Ministry of Finance and Revenue, H.E. U Than Tun, Deputy Minister, Ministry of Co-Operatives, Mr. Toily Kurbanov, Country Director of UNDP Myanmar, and Mr. Heinz Willems, Microfinance Specialist of UNDP Myanmar.

H.E. Dr. Lin Aung, Deputy Minister, Ministry of Finance and Revenue gave the first Opening Speech. He welcomed all the workshop participants, and then briefly mentioned the themes and the objectives of the workshop. He further highlighted that the microfinance sector in Myanmar is at its infancy stage since Myanmar Microfinance Business Law was recently enacted. It was mentioned that after enactment of this Law, a total of 142 MFIs, comprising 6 INGOs, 1 local NGO, 68 Co-Operatives, 2 foreign companies and 53 local companies were licensed to operate microfinance, and these licensed MFIs had been operating in 165 townships, 1429 quarters, 2259 villages’ tracts and 6140 villages; with paid up capital of 20,977.17 million Kyats, loan outstanding of 63,180 million Kyats, and savings 9,411.29 million Kyats; serving 574,058 clients.



He emphasised that the objective of implementing microfinance was to contribute to rural development and poverty alleviation and it was reminded that MFIs should not disburse loans to SMEs without providing financial assistances to the lower income people and MFIs should not cluster around the more profitable urban areas. He mentioned the Making Access to Finance Possible (MAP) and Microlead programmes being implemented by UNCDF under the UNDP Country Programme and the Financial Inclusion for National Development (FIND) project of World Bank in the context of developing the sustainable microfinance sector.

He also mentioned that the outcomes of the workshop would contribute to the development of the national financial inclusion road map and urged participants to engage in discussion actively so that challenges, ways and means of other regional experiences were learnt. Finally he gave thanks to UNDP, Ministry of Co-Operatives and CGAP for organizing the workshop and also thanked the international experts who would be main speakers of the workshop, sharing their experiences. The full Opening Speech of H.E. Dr. Lin Aung, Deputy Minister, Ministry of Finance and Revenue is annexed.

H.E. U Than Tun, Deputy Minister, Ministry of Co-Operatives delivered the second Opening Speech. He mentioned that the Government of the Union of Myanmar had been undertaking political reforms, economic reforms, administrative reforms and social reforms step by step for the socio economic development of the people, for example the Framework for Economic and Social Reform (FESR) and National Comprehensive Development Plan (NCDP) were being laid down. It was mentioned that there were eight tasks defined for rural development and poverty reduction, and the development of Microfinance Industries was one of the eight tasks. He further urged MFIs to aim for sustainable development and not for business investment.



It was mentioned that the Ministry of Cooperatives had collaborated with UNDP and PACT in the implementation of a microfinance project in Myanmar. The project with UNDP since 1997 covered 376,000 clients from 6,183 villages, having loan portfolio of 51.8 billion Kyats and savings 13.5 billion Kyats, and the project with PACT would cover 74,000 clients from 19 townships using 6 million USD.

It was also mentioned that the microfinance programs of the Ministry of Cooperatives were covering 768,000 clients from 304 townships with outstanding loans of 44 billion Kyats and savings accounting to 30.6 billion Kyats. The plan of Ministry of Cooperatives for 2013-2014 is to form additional 5,000 societies and to provide 50 billion Kyats in loans.

He mentioned that Ministry of Co-Operatives was working to form Cooperative societies in over 60,000 villages and provide 100,000 Kyats per society as startup capital. To provide adequate capital for the societies there are plans to establish ‘Microfinance Bank’ and he hoped for cooperation in the field of financing, capacity building and training of trainers.

Finally, he mentioned that the workshop would greatly contribute to the successful development of Myanmar’s widening microfinance services and gave thanks to all workshop participants. The full Opening Speech of H.E. U Than Tun, Deputy Minister, Ministry of Co-Operatives is annexed.

Mr. Toily Kurbanov, Country Director of UNDP in his Opening Speech, at first welcomed present ministers, national and international microfinance experts, and representatives from Myanmar Microfinance institutions. He gave thanks to Ministry of Finance and Revenue, especially Myanmar Microfinance Business Supervisory Committee, Ministry of Co-Operatives, CGAP and UNCDF for their collaboration on the workshop. He further mentioned that the two-day workshop would offer a strategic opportunity to dialogue between national stakeholders and international experts on microfinance sector and the dialogue would offer contribution to the national policy and actions for the development and strengthening of the microfinance sector in Myanmar. He highlighted that the central topic for this dialogue was to learn from other countries and to deliberate on which practices did not work or will work for Myanmar.

It was highlighted that globally an estimated 2.5 billion adults, more than half of the total adult population, still live without or with very limited access to financial services. While the microcredit revolution showed that it is possible to provide loans to the poor in large numbers on a sustainable basis, poor households need access to the full range of financial services. He also emphasized the significant role played by the transformational nature of technology, such as mobile phone based business model.

He mentioned that the big issue behind the workshop was not only offering policy and institutional analysis but also offering meaningful contribution to the larger strategy of lifting millions out of poverty in Myanmar and shaping ecosystem of microfinance sector in Myanmar in decades to come. It was also mentioned that UNDP has been involved in microfinance in Myanmar since 1997 and was the microfinance pioneer in Myanmar, with PACT Institute as the main implementing partner.



It was offered that UNDP stood ready to assist the Microfinance Business Supervisory Committees as well as all other stakeholders in Myanmar in their effort to strengthen microfinance sector and promote financial inclusion, while contributing to the poverty alleviation of all Myanmar people.

Finally he wished that the two day workshop would offer constructive exchange on development of the microfinance sector in Myanmar and the recommendations gained would calls for action. The full Opening Speech of Mr. Toily Kurbanov, Country Director of UNDP is annexed.

Mr. Heinz Willems, Microfinance Specialist of UNDP gave a brief introduction and overview of the workshop, in his Opening Remarks. At first, he welcomed and gave thanks to all workshop participants on behalf of UNDP, especially representatives from government ministries, banks, Myanmar MFIs, and bilateral and multilateral agencies, and particularly mentioned thanks to distinguished guest speakers from eight countries for sharing their experiences. He also gave thanks to and briefly introduced about Myanmar Microfinance Business Supervisory Committee, Small-

Scale Industries Department of Ministry of Cooperatives, CGAP and UNCDF, and also mentioned that the workshop was organized with their close collaboration.



He highlighted that relevant themes and issues under Myanmar context were selected for workshop discussion and further explained about the structure of the workshop. He mentioned that the workshop would start by updating recent developments in the microfinance sector of Myanmar, in which presentations of IFC, and key actors such as MFIs, LIFT, and Small-Scale Industries Department would be presented as Panel 1 session. Panel 2 session would look at the Role of Apex Institution in Supporting Market Development, in which case studies from India, Indonesia, and Bangladesh would be shared, since identification of funding sources became important at the period of rapid microfinance growth in Myanmar.

He went on to say that a total of 142 MFIs received licenses to operate microfinance in Myanmar were allowed to accept deposits and the implication of deposit taking were wide ranging such as liquidity management to trust relationship and so on, and two large MFIs namely CARD bank and ASA would share their evidence-based experiences in respect of deposit taking at the Panel 3 session. It was also mentioned that sustainable delivery was the fundamental issues of MFIs, which cannot be achieved without long time access to financial services, and presentations from Bangladesh, Cambodia and Pakistan would highlight this sustainable business model issues in the Panel 4 session. It was evidenced that role donor played a major role in early stage of MF sector development, especially in terms of funding and capacity building, and the Panel 5 session would dwell upon the issues of smart subsidies and role of donor. He mentioned that the Panel 6 session would reflect on the earlier



sessions by the 6 local experts and they would highlight the relevance to the Myanmar context for take away recommendations.

Finally, he urged participants to pay close attention to the all presentations and to participate actively in all discussions so that your contributions would lay foundation for the future development of the Myanmar microfinance sector. The full Opening Speech of Mr. Heinz Willems, Microfinance Specialist of UNDP is annexed.

## 2.2 Panel 1 Session: Recent Developments in the Microfinance Sector in Myanmar

The theme of the first session was about Recent Developments in the Microfinance Sector in Myanmar and it was a session for setting the context, chaired and moderated by U Thein Myint, a local microfinance expert. Other panel members were Ms. Linda Ren Senior Investment Officer of IFC, Mr. Neal Youngquist, Microfinance General Manager of World Vision, Mr. Barclay O’Brien, Program Officer of LIFT, and U Myan Than, Deputy Director General of Small Scale Industries Department. At first, U Thein Myint, welcomed the participants and panel members, and also mentioned that the panel 1 session agenda consisted of three parts, namely the foreign view, practitioner view, and cooperative sector view. Particularly he mentioned the first presentation, about the recent microfinance sector assessment undertaken by IFC and CGAP through desk study and field visits and published in January 2013. He also mentioned that the sector assessment report highlighted the real situation since it was carried out by foreign independent organizations.



Ms. Linda Ren, Senior Investment Officer of IFC made a presentation titled “Recent Developments in the Microfinance Sector in Myanmar” which was a summary of the sector assessment undertaken jointly by IFC and CGAP in June 2012. The full presentation is annexed, and covered 8 topics as follows:

- 1) Background of IFC/CGAP *Sector Assessment* Report.
- 2) Macro Economic Context.
- 3) Financial Sector Overview.
- 4) Demand and Supply of Microfinance Services.
- 5) Policy and Regulatory Environment.
- 6) Meso-Level Institutions.
- 7) Recent Donor Initiatives.
- 8) Myanmar Microfinance Sector SWOT Analysis.

On behalf of Microfinance Working Group, Mr. Neal Youngquist, Microfinance General Manager of World Vision made a presentation titled Myanmar Microfinance Practitioner Overview which was brief microfinance profiles of GRET, PACT, Proximity, Save the Children, and World Vision. The brief microfinance profiles of GRET, PACT, Proximity, Save the Children, and World Vision were presented under three headings namely service areas and outreach, products and profile, and present or planned activities. The full Power Point Presentation is annexed.

Mr. Barclay O’Brien, Program Officer of LIFT made a presentation on The Future for Financial Inclusion in Myanmar, which was about LIFT and its work on financial inclusion.



The presentation had 6 headings namely:

- 1) LIFT and Financial Inclusion,
- 2) Key Baseline Data,
- 3) Rural Finance,
- 4) Future Priority Areas: Macro, Meso and Micro,
- 5) Branchless or Mobile Banking, and
- 6) Conclusions.

The full Power Point Presentation is annexed.

The presentation given by U Myan Than, Deputy Director General of Small Scale Industries Department, Ministry of Cooperatives was about the Role of Co-Operatives in Microfinance Sector in Myanmar. The full Power Point Presentation is annexed.



Firstly he introduced the organization structure of the Ministry of Co-Operatives which had two departments, one enterprise and one society; namely Co-Operative Department, Small Scale Industries Department, Co-Operative Export Import Enterprise, and Central Co-operative Society. It was mentioned that Co-Operative Department responsible for organizing, educating and regulating societies had 6000 staff, and Small Scale Industries Department was mainly responsible for giving technical assistance, and Co-Operative Export Import Enterprise, as the name went, was responsible for export and import activities, and Central Co-operative Society being a NGO had 20 union cooperative syndicates (region and state level), 459 cooperative syndicates (township level), and 20,658 primary cooperative societies (village level); totaling 21138 societies with 2,403,364 members; as on 6<sup>th</sup> May 2013.

He then talked about two objectives and five tasks of the Ministry of Cooperatives, and he also mentioned that not only microfinance but also cooperative became tasks of nation's rural development and poverty alleviation program. And also, main functions of cooperatives namely production, trade and services were detailed out.

Furthermore, cooperative philosophy behind microfinance programs and procedures for organizing the microfinance cooperative society were explained. And then, lending system mainly solidarity group lending system was also explained. And he also mentioned about project of loans disbursement which maximally aimed to give 50 million Kyats for one village cooperative covering 60000 villages amounting to 3000 billion Kyats. And also loan disbursement by cooperative department and central cooperative society as on 31<sup>st</sup> March 2014 were figured out. And then, he talked about ways for collecting money, and ways to disburse money, and also mentioned about interest rate fixed as per microfinance law (2.5% per month amounting 30% per year), and prevailing interest rate ( 3-5% per month with collateral, and 10-20% per month without collateral).

Later on, types of loans, and types of microfinance cooperative societies were mentioned, and also, how the budget for prevention of the unexpected loss set aside was explained. And then, auditing procedures for the cooperative society, benefits derived from microfinance for cooperative society and its members were listed out.

He also mentioned about UNDP microfinance project which was implemented since 1997 under UNDP's Human Development Initiatives Programme, in collaboration with Small Scale Industries Department, and the project implemented by GRET, Save the Children and PACT covered four regions namely Dry Zone (12 townships), Shan Zone (7 townships), Delta Zone (7 townships), Chin Zone (2 townships) totaling 28 townships. And he also mentioned about loan products namely regular loan, extra loan, micro enterprise loan, agriculture loan, wholesale loan, vulnerable loan, health care loan, and education loan.

It was also mentioned that microfinance project with PACT having contribution budget USD 6 million would cover 5 regions namely Irrawaddy (6 townships), Magway region (5 townships), Yangon region (3 townships), and Mandalay region (one township), for the period of 2013-2015, and loan products to be deployed were regular loan, extra loan, micro enterprise loan, agriculture loan, health care loan, and education loan.

## 2.3 Panel 2 Session: Role of Apex Institutions in Supporting Market Development

Role of apex Institutions in Supporting Market Development was the theme of the panel 2 session which was the First Evening Session of Day One and it was chaired and moderated by Mr. Eric Duflos, Regional Representative for East Asia and the Pacific of CGAP. At first, the chair gave thanks to participants for being here and introduced other panel members who were Mr. Vivek Kumar Malhotra, Deputy General Manager of SIDBI, Mr. Don Johnston, Chief Risk Officer of Bank Andara, and Mr. Feisal Hussain, Senior Technical Advisor of UNCDF who was presenting on behalf of Dr. Salehuddin Ahmed, former Managing Director of PKSF. He then started the session by presenting global findings on Apex based on CGAP research.



Mr. Eric Duflos, Regional Representative for East Asia and the Pacific of CGAP gave a presentation on global research findings on Apex which was carried out by CGAP between 2008 and 2012, and published in 2012. His presentation was sub-headed into:

1. Global picture of microfinance apexes,
2. Key issues across six case studies,
3. Recommendations on how to maximize chances of success, and
4. Considerations when thinking about an apex for Myanmar.

The full Power Point Presentation is annexed.

Mr. Vivek Kumar Malhotra, Deputy General Manager of SIDBI shared the experience of Small Industries Development Bank of India (SIDBI)'s interventions in Microfinance. The full Power Point Presentation is annexed.

Mr. Don Johnston, Chief Risk Officer of Bank Andara shared the experience of Bank of Andara (Indonesia) and his presentation was titled *“Bank Andara: Transforming Microfinance in Indonesia”*. The full Power Point Presentation is annexed.

On behalf of Dr. Salehuddin Ahmed, Mr. Feisal Hussain shared the experience of Palli Karma Sahayak Foundation, PKSF (Bangladesh). The full Power Point Presentation is annexed.

## 2.4 Q&A Session on Panel 2

Before opening Q&A session to the floor, Mr. Eric Duflos, Regional Representative for East Asia and the Pacific of CGAP, the chair of Panel 2 session put up four questions to panel members, as follows.

- The first question was particularly addressed to Mr. Vivek Kumar Malhotra, Deputy General Manager of SIDBI and Mr. Don Johnston, Chief Risk Officer of Bank Andara. The question put up was to give their opinion on the possibility of MFIs to finance themselves and evolution of MFI financing themselves in their market as per their experience of India and Indonesia.

Mr. Malhotra answered as follows: initially as mentioned in his presentation, SIDBI was the first funder for most MFIs in India and at that time, equity was not there but subsequently, once the viability of MFIs model was demonstrated by SIDBI, commercial banks came into the picture, and today there is lot of lending to MFIs by commercial banks, as well. Secondly, private equity came in and IFC also came in with major equity position in many MFIs and this showed trends of funding moving away from apex funding to commercial funding. And also Reserve Bank of India permitted MFIs’ external borrowing, meaning directly borrowing from foreign market. He also suggested that in any nascent microfinance sector, it is very important that those who take care of the microfinance sector, such as apex institutions or related government ministries or departments, must capitalise MFIs, since in initial years, MFIs do not have capacity to absorb losses and to expand their operation. Capitalising of MFIs brought multiple dividends in the long run since government or quasi government capital or donor capital could also attract private capital.

Mr. Johnston said that in Indonesia, the progression had been that of MFIs beginning with local equity and deposits from customers being able to access short and medium term commercial borrowing to finance rapid expansion and also they had balance of assets and liabilities. It was pointed out that for any financial institutions, including local MFIs, they had to be well aware of any mismatch between short term liabilities and assets they carried longer term. Any MFIs if they took deposits, also needed to borrow, even their overall

funding position was quite healthy, since they needed to balance out liabilities and assets. It was mentioned that microfinance sector development in Indonesia was rather different from India, since most MFIs from Indonesia were not able to take equity investment from abroad, whereas MFIs from India were permitted by Reserve Bank of India to take both equity investment and direct borrowing from abroad.

Furthermore, Mr. Duflos added that it was interesting to note the difference between India and Indonesia, as in India, MFIs did not raise significant deposits but when one looked at Asia overall through some recent reports and studies, one could find that large majority of MFIs from other parts of Asia were financed through deposits.

- The second question was to mention the critical steps they had experienced to build sustainable and responsible MFIs from apex perspective.

On the second question, Mr. Malhotra said that first critical step was to have law and regulation and second critical step for Myanmar would be capacity building, which could be given by government and international donor agencies. Another step was to set up active industry association since learning across MFIs was also important. He further pointed out that in Myanmar, there should be a simple legal structure for MFIs, and deposit taking institutions must be subjected to strict regulation. For responsible financing, MFIs and the government and regulators needed to ensure that poor, who were not financially literate, were not exploited.

On the second question, Mr. Johnston agreed to the views of Mr. Malhotra, and he further pointed out that strong capital was a must for MFIs in initial years to write off any difficulties that could arise. It was mentioned that financial transparency also played a key role, which was to make different institutions report the same way, and also coordination between regulators and supervisors played a key role

- Third question was to give their views on amount of funding for MFI capacity building by apex which was globally currently less than 4-5% as per CGAP research.

On that question, Mr. Malhotra said that capacity building on IT, management risk, and fraud control was a must and SIDBI invested USD 40-50 million for MFIs capacity building in initial years, while Mr. Johnston pointed out that capacity building incurred costs and most of these capacities could be built up by MFIs themselves through joint efforts.

- The last question asked by Mr. Duflos was that given the very early stage of development in microfinance sector in Myanmar, and from our perspective and experience in our own market, what would be needed here when we talked about apex.

On that question, Mr. Feisal Hussain (Senior Technical Advisor of UNCDF) responded that the ambition was the key, not how you served the current number of clients in the market. For example, if you wanted to reach out to an additional one million clients, the question was what that would mean in terms of refinancing and financing requirement. Then the question should be asked whether there would be private sector initiatives happening here which provided the refinancing needed, or whether investors would come in to offer equity into institutions which were currently very small. If private sector refinancing came in, there would be no need for an apex. It was also mentioned that in his opinion, there were two important things that had to happen in parallel: one was refinancing facilities (capitalization of apex) that allowed MFIs to be liquid and to lend quickly, and another was independent training facilities which did not exist right now in Myanmar. Finally he predicted that coming of private financing in Myanmar at least for the next 1 or 2 years was a remote possibility until things were settled down.

Mr. Malhotra also said that in setting up of apex, governance structure should be absolutely crucial and it should be run as a bank which focused on its own cost, its own risk management, and its own skills. Second issue he flagged was that apex should monitor MFIs' cost structure, and current operational cost of MFIs in Myanmar appeared to be a little bit higher than in India and unless this was controlled, the interest rates would not come down. Third issue he highlighted was that Apex would not be able to survive in the long run if MFIs were not viable and currently MFIs presence in Myanmar was still small and so perhaps, the question of viability was not brought up yet, especially for those MFIs operating in the remote and hilly areas. Fourth issue he mentioned was that sector was at nascent stage, and concept of credit should be promoted in which financial literacy and credit went hand and hand. Finally he suggested that apex should adopt commercial or semi commercial approach from the start so that it would be able to survive in the long run and the sector would be in a stable stage within in a period of 10-15 years.

Mr. Johnston also raised his thoughts saying that setting up apex was not appropriate yet in Myanmar since its market is too small. Certainly there should be refinancing facilities or medium term credit facilities available to local MFIs, and he recommended the possibility of looking at ways to combine local finance with partial guarantees or guarantee finance originated by one or



more international institutions to ease the process in the early years. He also mentioned that another key thing at beginning was about clarity in the equity and profitability in MFIs themselves and MFIs had to be able to lend and collect money back and make a profit, and then, option became clear to support them if they were able to show some level of skills. The last thing he suggested was not to think of apex too much, more focused on the role of the banks in microfinance, for instance Myanmar Agriculture Development Bank had been playing a big role in microfinance and the question would be engaging on policy dialogue for modification of interest policy, improvement of staff capacity and transparency etc. Mr. Malhotra also echoed the views of Mr. Johnston, and mentioned that having apex or not having apex was a choice that had to be made, and in Myanmar, existing MADB and MEB could play the role of apex. In India, SIDBI was set up as a bank for micro, small and medium enterprises, and entered microfinance and created the market as its own. Furthermore, he suggested that it was never too early for institutions working among themselves for business cooperation such as joint marketing, reputation development and joint approaches to problems they faced.

Mr. Duflos further added that microfinance did not look at only credit but also saving, not because of just refinancing strategy for MFIs, but because, the poor needed services and deposits as much as credit. As a result, funding trends of MFIs in the region came through deposits.

U Myint Swe (Microfinance technical Specialist), Mr. Stuart Rutherford of SaveSafe, U Myint Kyaw of LIFT, and Mr. Oo Thein Myint (Deputy General Manager of CB Bank) put up the following questions to panel members and Q&A were as follows.

- U Myint Swe would like to know Panel members' views on Regulatory Framework for apex under Myanmar context.

On that query, Mr. Duflos said that by listening to panel members' presentations and looking at CGAP research papers, regulatory framework as for microfinance needed to be looked at from different aspects, for instance, for MFIs, governments need to consider separate prudential regulation and supervision for Deposit Taking Institutions. He also said that consumer protection regulations (non-prudential regulations) are needed for both deposit and non-deposit taking institutions He further mentioned that World Bank's FIND project with MSE was obviously working on advising on this topic and he also referred to two documents, one about Recommendation on Microfinance written by Basel Committee and second one was CGAP's work, which was Guideline on Regulation and Supervision of Microfinance, available at CGAP website. He also suggested to look into Cambodia and Pakistan

practices which were considered as the best practices in the region. And also urged participants to talk to Ms. Nataliya Mylenko, Senior Financial Specialist of World Bank, and to the staff of FIND project.

Ms. Mylenko also said that the regulatory framework of Myanmar created a very enabling environment which licensed 142 MFIs within a year, and further suggested that it was important to learn from the success as well as failures of many apexes (refinancing facilities) in the region as there are many failure stories too.

- Another question put up U Myint Swe was about basic requirement to set up a microfinance (MF) bank in Myanmar.

On that question, Mr. Johnston gave his views and he said that one of the easiest ways to start an MF bank was by knowing who really has a large number of microfinance clients paying back loans, who has a large micro credit client base where you can start thinking of setting up MF bank or key micro finance activities. It was reminded that if starting from the scratch, overhead costs would be large and another question was how to build up necessary skills.

Mr. Hussain also said that the key interest was to look at what was our ambition, whether we were targeting 1 or 2 million clients, and then what was the refinancing needed, and then ask how we would secure that refinancing need, whether through commercial banks, which current regulation did not allow, or internal sources. He also mentioned that refinancing and interest rate had to do with policy regulation and hopefully MAP project would look at supply and demand and regulation to generate data that would be used as a basis to dialogue with the government and stakeholders very rationally regarding financing structure and pricing structure of this country which urgently needed to be sorted out.

Mr. Duflos also mentioned that as per six case studies of CGAP on pricing of apex, the lower one was PKSF which was the only one subsidized and charged around 4-5% and all the other apexes were lending at close to commercial rate that is around 11-12 % to MFIs.

- Mr. Stuart Rutherford, founder of SaveSafe put up two questions to Mr. Johnston, and the first question was about keeping mission of Bank Andara, whose sole lending was to MFIs because definitely there would be temptation to lend other sectors which were more profitable, not only to MFIs.

On that question, Mr. Johnston said that Bank Andara did have challenges since it totally focused on MFIs but he shared the way they guarded against mission drift, and their way was to keep the board satisfied by showing success. He also said that the minute Bank Andara started to show lack of achievements in either social or commercial respects, shareholders would wonder was whether there was something else that the Bank should be doing. It was also shared that Bank Andara’s struggle was to prove the mission and the business model workable, and if it was not able to show the achievement over time, the mission would be changed, because shareholders would mandate to change the mission.

- Another question asked by Mr. Rutherford to Mr. Johnston was about risks and advantages of being an intermediary bank, because most of Bank Andara’s funding came from MFIs and the Bank lent deposits of MFIs to other MFIs.

On that query, Mr. Johnston mentioned that above half of Bank Andara’s funding came from MFIs, and the Bank was exclusively lending to MFIs. That means that Bank Andara had some concentration risk and had to plan ahead for system wise changes, since the Bank could not avoid sector risk that other banks could. It was also mentioned that Bank Andara, being a special purpose bank, had very strong loyalty from MFI clients and as a result, their funding was stable, and it was said that MFIs knew that the Bank had recycled back their deposit to other MFIs, further adding customer loyalty, but the Bank had to carefully manage liability and assets gaps.

- A question of U Myint Kyaw of LIFT was about monitoring of MFIs especially in the case of overlapping activities by the apex.

On that query, Mr. Malhotra shared his Indian experience and said that as monitoring of MFIs was concerned, India is slightly ahead since concentration risk of MFIs in particular areas could be monitored through India Micro Finance Platform. He further mentioned that MFIs’ concentration at some places led to unsafe practices which ultimately created losses. He further mentioned about tools which were capacity rating of MFIs and code of conduct assessment and these tools were conducted by independent bodies on behalf of SIDBI, while for in-depth financial monitoring of MFIs, credit rating or bank loan rating were conducted.

- The question asked by Mr. Oo Thein Myint, Deputy General Manager of CB Bank was about what lending rate and deposit interest rate was prevailing in India and Indonesia, since in Myanmar, lending rate was 30% per year and

deposit interest rate was 15% per year for microfinance, but in commercial sector, lending rate was 13% and deposit interest rate was 8%.

On that question, Mr. Johnston shared his Indonesia experience and he said that in Indonesia there was no regulation that limited rate of lending rate and deposit interest rate, but it was automatically controlled by strong level of competition. He mentioned that the interest margin between lending rate and deposit interest rate for urban areas where MFIs competition was tough, was 10% or less, but the interest margin is 20% in rural areas where competition was not tough.

Mr. Malhotra also shared his India experience and said that Reserve Bank of India (RBI) had come out with guideline on MFIs interest rate, and as per that guideline, MFI could not charge above 12% as interest rate margin for those MFIs whose portfolios were less than USD 20 million, and 10% for above approximately USD 20 million portfolios MFIs. It was also mentioned that the cost of funding for MFIs in India was 12 % to 14% and it meant interest rate in India varied between 24%-28%. Further, the rates of MFIs across various products could move only in a band of 4%. Thus, there was both margin regulation and interest rate regulation in India.

Finally Mr. Duflos pointed out that still it was a bit unclear on what resolution Myanmar should opt for apex, and he further highlighted the need for some more research and comparison with global good practices to find out what was the best possible solution for Myanmar in terms of refinancing MFIs. He also concluded that it was essential to look at savings as a long term financing source for MFIs.

## **2.5 Panel 3 Session: Challenge of Deposit Taking**

The theme of the panel 3 session was about Challenge of Deposit Taking, and the session was chaired and moderated by Mr. Stuart Rutherford, Founder of SafeSave. At first, he introduced the session by saying it was a look from supply side, in other words, it was looking at what are the difficulties and challenges of setting up system for taking up microfinance clients' deposits.

He mentioned that an excellent team was assembled today to talk about the theme, and then he introduced other panel members who were Ms. Marivic Austria, Senior President of CARD Bank, and Mr. A.K.M. Aminur Rashid, Director (Program) of ASA, and the chair also invited Mr. Don Johnston (Chief Risk Officer of Bank Andara) to share saving mobilization experience of Bank Rakyat Indonesia (BRI, where he had previously worked), as a panel member. Mr. Rutherford said he would share about

saving mobilization from the perspective of clients and other panel members would talk about challenge of taking deposits.



Mr. Rutherford made a presentation on the Saving Challenges faced by Poor People. The full Power Point Presentation is annexed.

Ms. Austria shared CARD bank Inc. Experience on Challenges of Deposit Taking through a presentation. The full Power Point Presentation is annexed.

Mr. Rashid shared ASA Experience on Challenges of Deposit Taking through a presentation. The full Power Point Presentation is annexed.

### 2.6 Q&A Session on Panel 3

U Myint Swe (Microfinance technical Specialist), Mr. Fahmid Bhuiya of PACT, Mr. Eric Duflos (Regional Representative for East Asia and the Pacific of CGAP), Mr. Stuart Rutherford of SafeSave, U Ko Ko Maung (Manager of MMSE), and U Myint Kyaw of LIFT put up the following questions to panel members and Q&A were as follows.

- U Myint Swe put up three questions to panel members and the first question was particularly addressed to Mr. Rashid of ASA, the second to Ms. Austria of CARD Bank, and the third to Mr. Rutherford of SafeSave.

The first question was about safety measure, and on that question Mr. Rashid mentioned that there was in-built safety measure in ASA, and it was only allowed to mobilize saving from its members who are its borrowers also, and clients borrowed more than what they save. It was also mentioned that as for

institution level, there was strict internal control since maintaining reputation in public was prime importance for MFI and there were good practices also among staff for cross checking, while IT could also play an important role for accurate transaction, recording keeping and reporting etc.

Mr. Johnston also shared his thoughts on that question, and he mentioned that as for Bank Andara, saving balance was far exceeding loan amount, and number of people who saved were far exceeding people who borrowed in the ratio of 7 or 8 to 1. Demonstrating of giving loan and collecting back over the years successfully was the best client protection and the best safety that MFI could show to potential savers.

The second question was addressed to Ms. Austria of CARD Bank, and the question was about relation between savers and entry of other programs such as CARD Bank experience on making public as members of Bank through saving relationship. On that question, Ms. Austria mentioned that CARD bank was getting very hard time to get public buy in, and she further said that as mentioned in presentation, marketing unit of head office did really good job in terms of product development and positioning activities such as one page at glance for general public to see what type of saving suitable for them, pilot testing of product and if working, it was rolled out, and it was also highlighted that CARD Bank’s main market was people from villages and new members were accumulated starting from existing members and through their relatives.

The third question was addressed to Mr. Stuart Rutherford of SafeSave, and the question was to seek his views on client saving for local MFIs especially whether Myanmar MFIs should have saving or not now. Mr. Rutherford said that the question was not about not having saving, and it was about what the best way was of getting there, because MFIs could not successfully do financial intermediary development without involving saving, and that was why we here to discuss about it. And he further highlighted that some speakers of panel 2 suggested us to keep off saving and go on lending until system was well established but Mr. Duflos was very clear advocating on saving to give a sense of urgency. He further said that he did not want to make any comment on how far Myanmar should proceed for saving since he was new to Myanmar context.

- Mr. Fahmid Bhuiya of PACT asked Mr. Johnston, how Bank Andara was managing on saving balance for which banks have to pay interest since Bank Andara’s collected deposits/saving was more than the amount they could loan out.

As for the question, firstly, Ms. Mylenko of World Bank suggested to elaborate the term of deposit and saving because as per present Myanmar legal

framework, non deposit taking MFIs could take saving from its clients, and she further suggested that if saving and deposit were used interchangeably at here, it might cause confusion among participants, and as per her opinion, licensed bank which took deposit was different from MFIs’ mandatory saving.

And then, Mr. Johnston mentioned that in the case of Indonesia, saving means a form of passbook saving which was like a version of current account on which you deposited and received interest and withdraw any amount any time, and the term deposit was broader which he preferred to term as deposit saving. On the question, he said that as for Bank Andara, microfinance part was very small and access savings were absorbed by other parts of bank doing other business like infrastructure, commercial, etc.

Furthermore, Mr. Rutherford added that in late 1990s, Grameen Bank of Bangladesh believed saving and deposit were no use for poor people and what their need was, but later it became probably the best deposit and saving taker from poor people in Bangladesh. Its saving portfolio was far in excess of its loan portfolio, and those excess savings were largely placed with fixed deposit of other commercial bank accounts and happily at the moment interest rate paid for fixed deposit was large. But he confessed that he was no sure on what would happen if that rate was pushed down for some reasons.

- Mr. Duflos put up a question about the role of mobile phone technology in saving and the question was on how technology such as mobile phone financial services in the panel members’ countries was taking shape, especially helping poor people access to deposit services.

Ms. Austria of CARD Bank shared her experience by saying that much exposure on mobile financial services had been done in Kenya and CARD Bank had one pilot branch doing this. CARD Bank partnered with a company that was providing mobile services, and that company took care of infrastructure and CARD Bank supported with volume of clients. She further said that CARD Bank was giving mobile phones on loan especially in areas where CARD Bank targeted to provide mobile phone financial services, and orientation was going on. In terms of ATM, she mentioned that it was really working, and CARD Bank installed ATMs on the island where there was no ATM service available, and not only members but general public also were availing ATM services because they did not have prior experience on ATM.

On the question of role of mobile phone in saving, Mr. Johnston confessed that Bank Andara was quite slow in the areas of mobile phone financial services. He said one of the big advantages of Bank Andara was understanding of rural people’s thinking pattern and so it was assumed that rural people were not

ready yet for mobile financial services but Bank Andara was wrong in that aspect, and as a result, it lost some market share to other commercial banks. Now Bank Andara was trying hard along with local MFIs to come out with common platform and common product on such mobile phone financial services.

- Mr. Rutherford also put up a question and the question was about whether mobile phone financial services was used for generating loans and opening saving accounts or only for remittances.

On that query, Mr. Rashid of ASA said that long before, ASA used mobile channel for domestic money transfer which was later abandoned due to regulatory compliance, but in Philippine, ASA through SMS, produce account statement, and as per his opinion, government played crucial role and if IT infrastructure was not up to the mark, tradeoff between cost and benefit would not be viable.

- U Ko Ko Maung, Manager of MMSE said that in the past, in Myanmar some deposit taking entities ran away with deposit money, and he wanted to know how safeguarding should be done.

On that question, Ms. Austria shared her experience and she said that micro deposit was generated at village level and as mentioned at her presentation, pre-numbered deposit slip was given as soon as deposit was received, and at the time of receiving deposit at village, it was not posted in system, but as soon as the account officer reached at branch office, it was entered into the system and she said that that was one way CARD Bank followed to safeguard the depositor. She also mentioned that Unit Manager was tasked to interview at least two clients per day enquiring whether their transaction with the bank deposit was duly recorded or not, and the bank was also regularly conducting audit on saving and loan transactions, and also even senior staff including her were visiting field to interview clients.

Mr. O'Brien of LIFT clarified that the question of U Ko Ko Maung (Manager of MMSE) was more related to institutional fraud than internal employee fraud, and there were cases where entire institutions were shutting down and absconding with depositors' money. He further suggested that the possible answer to such situation was to raise the capital requirement for deposit taking institutions, which would be higher than for purely lending institution.

Mr. Rutherford also said that much human risk occurred in developed market, and one indicator was offering unusual higher return on deposit. And also, Ms. Linda Ren of IFC shared Chinese story which was that In China, capital



requirement of small banks operating especially in rural areas was very small but liability of shareholders of such banks was unlimited.

- U Myint Kyaw of LIFT put a question to Mr. Rashid and his question was how ASA’s advisory services especially agriculture trainings are funded. And Mr. Rashid said that they were funded out of ASA’s profit but it was not on large scale.

### 3. Proceedings of the Second Day of the Workshop

The second day of the workshop had four sessions on the agenda, which were a recap of the first day’s sessions, Panel sessions 4-6 with discussion, and a closing session.

#### 3.1 Recap of the First Day’s Sessions

Mr. Heinz Willems, Microfinance Specialist of UNDP recapped the first day’s discussions in which he outlined key points of the inauguration speeches and of the panel presentations and Q&A discussions.

Firstly he mentioned that he was glad to see most of participants back for Day Two and welcomed back participants, and also hoped that all participants rested well and digested the previous day’s messages. He mentioned that these key points which were going to be shared with participants did not aspire to be the full summary of everything from the first day, but just some of the things which stuck to his mind, that might be useful to participants.

#### Recap of the Inauguration Session

Firstly he shared some key messages of the opening speeches of two Deputy Ministers from Ministry of Finance and Revenue, and Ministry of Cooperatives, as well as Country Director of UNDP:

- Government of Myanmar was fully committed to develop microfinance sector in Myanmar, which is in its infancy stage.
- There is a need to ensure a sustainable but also responsible development of the sector so as to avoid problems such as over-indebtedness.
- Microfinance needs to be looked at as part of an ecosystem of institutions that provide access to finance to the poor, including a diversity of institutions (e.g. MNOs, Banks, MFIs, agents etc.) offering a variety of financial services such as mobile phone banking.
- UNDP Myanmar has played pioneer role in starting the sector.

#### Recap of the Panel 1 Session: Microfinance in Myanmar

There were four presentations in panel 1 and some take away points of all the presentations of Panel 1 session were mentioned as follows:

- The presentation on IFC-CGAP assessment highlighted a large gap between demand and supply for financial services.
  - There is strong political will and new MF regulation but need to review regulation such as interest rates and minimum capital for deposit taking

institutions, which were too low as pointed out by some microfinance experts.

- It is important to build supervisory capacity and there is a need to reduce fragmentation, since at present there were so many supervisory bodies for variety of MFIs.
- There are so many microfinance service providers but few have the potential to scale up in a sustainable and responsible way.
- There is a great need for capacity building, especially in terms of systems, staff, responsible finance etc.
- Many funders are supporting the sector, but there is scope to improve coordination among and between funders and implementers.
- The presentation of the Microfinance Working Group included information on key 5 INGOS who were driving the microfinance sector in Myanmar, namely Gret, PACT, Proximity, Save the Children and World Vision.
  - Microfinance working group has had ten years of operation in Myanmar, and is composed of key NGO MFIs.
  - Myanmar MFIs are very diverse with some serving 100% women, some specialized in agriculture lending etc.
  - Expanded outreach is being realized through the framework established by the new MF law.
  - Institution strengthening is occurring to support expansion of outreach.
- The presentation on LIFT mentioned that it is a trust funded by 10 different donors and established in 2009. Some key messages were:
  - Agriculture employs over 54% of population but accounts for a very tiny amount of 2.5% of outstanding loans, identifying a serious financing gap.
  - Savings are crucial but costs of savings are high since there due to the minimum interest rate level.
  - Many donors support access to finance but coordination could be a challenge.
  - It is important to go beyond microcredit. Branchless banking through mobile phone might improve financial access and regulation needs to be friendly to telecom companies.
  - There is a need to leverage global lessons & good practices to ensure the expansion of the sector.

- The presentation by Ministry of Cooperatives mentioned following key points:
  - Cooperatives are everywhere and were among the earliest providers of microfinance in the country.
  - There is a large variety of cooperative societies serving different sectors not only finance such as bazaar, agriculture, livestock etc.
  - They have 770,000 of clients in over 6,600 villages.
  - Interest rate is a critical issue.

### **Recap of the Panel 2 Session: Apexes**

The panel 2 session on Apexes included four presentations from CGAP, SIDBI (India), Bank Andara (Indonesia), and PKSF (Bangladesh), followed by Q&A session, and some take away points of all the presentations of Panel 2 session were mentioned as follows:

- Recent CGAP paper on apexes highlighted need for step by step approach in start-up microfinance markets, with significant capacity building.
- SIDBI (India), a leading global apex, had evolved from fueling growth of sustainable MFIs into improving practices and responsible finance.
- PKSF (Bangladesh) had significantly contributed to expansion of MFIs in Bangladesh but has had challenges in insulating the board from political interference.
- Bank Andara (Indonesia) is a rare example of a successful private apex. It took a significant number of MFIs to operate on a commercial basis.
- Among other issues one key question was whether there is a need for an apex in Myanmar:
  - It is unclear whether an apex is currently needed and if needed, what form it should take, for example, an existing bank, a funding facility or a standalone organization.
  - As starting point, a thorough analysis of financing needs and options for MFIs was required (e.g. equity, savings, international and national borrowing from banks and investors).
  - MFIs in Asia increasingly finance themselves through savings, which is also a key service for the poor.

### **Recap of the Panel 3 Session: Savings**

This panel 3 session on Savings included three presentations from SafeSave, CARD Bank (Philippine), and ASA (Bangladesh), followed by Q&A session, and some take away points of all the presentations of Panel 3 session were mentioned as follows:

- According to Mr. Stuart Rutherford, poor people needed large lump sums of money to manage their lives, and to deal with emergencies and long term needs but they usually did not have the right instruments like richer people have, which could be solved through having long term deposits which could be offered by MFIs. Without access to proper savings services, poor people managed their lives with a complex variety of informal financial relationships.
- CARD Bank has already 822,000 depositors and ASA has 4.7 million and both mentioned the challenges they faced in providing reliable savings services to the poor as follows:
  - Identifying which staff could be a savings officers
  - Training staff on new skills and attitudes
  - Informing clients about new products
  - Adapting systems to increasing number of transactions
  - Adapting the institution to new supervision
  - Creating trust through transparency
  - Easy access was fundamental
- There were several issues raised and deliberated in the following Q&A session and some of the discussion points were mentioned in below:
  - There are significant risks in providing voluntary savings services (e.g. fake schemes etc).
  - Protecting depositors through MFI internal controls and through good regulation and supervision is essential for a safe system.
  - Technology such as ATMs and mobile phones could help reduce some of the risks and the costs for clients.
  - Inspiring clients trust is an essential condition of success.
  - The question is not whether MFIs should provide savings which are important for clients, but how they could do it in the future.

### 3.2 Panel 4 Session: Sustainable Business Models

The theme of the Panel 4 session was sustainable business models, and the session was chaired and moderated by Mr. Barclay O’Brien, Programme Officer, Market and Microfinance Program of LIFT Fund. At first, he introduced himself, and then the other panel members: Mr. Shameran Abed, Director Microfinance Program of BRAC (Bangladesh), Mr. I. Channy, President & CEO of ACLEDA Bank (Cambodia), and Mr. Atyab Tahir, Chief Strategy Officer of Tameer MF Bank (Pakistan), who would share their respective experience on sustainable business models.



Mr. O’Brien briefly introduced the topic and pointed out that essentially, sustainable business model was a question of how we could make microfinance a long term and permanent intervention unlike other NGO activities, where the project had a specific time line. He further mentioned that microfinance sustainable business model was concerned with moving from a non-government and non-profit approach to a commercial and sustainable approach, and moving from one approach to another brought a wide range of issues, such as decision making in what model to head for and what products and services the institution should provide, and then carrying out the whole transformation process.

According to him, at the moment MFIs were limited in Myanmar in terms of taking deposits and giving loans, meaning that microfinance licenses were only in the form of deposit taking and non-deposit taking in Myanmar, which was relatively simple compared to other countries, where issued licenses varied between deposit and non-deposit taking and full banking licenses. Another issue he pointed out was what corporate structure it should operate through, and as it was well known that mostly

MFI started as NGOs and moved to company, that brought the issues of ownership among other things. It was mentioned that some of the reasons for moving toward formal MFI were: to extend a variety of financial services starting from saving, insurance etc. to large loans to SMEs; to increase outreach which helped in building sustainability; to gain legitimacy and credibility; to get equity since NGOs could not offer shares; and to reward employees through performance indicators. As for the other side of the same coin, some constraints that they might face were also mentioned, such as mission drift from being pro poor to profit orientation; limit of staff capacity to run formal MFIs; remaining influences by NGOs who set up the entity; difficulty in converting stakeholders to shareholders since informal microfinance institution had various stakeholders such as government, regulatory agencies, clients, people affected by the programs, and staff; and resistance to change.

Apart from these issues, he also mentioned that a lot of issues would still be involved in deciding on what kind of operating models should be used, and how we transform to it. He also said that he was glad for having a perfect panel today to deal with the issues which he mentioned above, with one panel member from an institution which had transformed from NGO to a formal MFI, another panel member from an institution which started as bank and moved to microfinance sector to serve the poor, and the last panel member from an NGO which became a new formal financial institution.

Mr. Shameran Abed shared about BRAC Microfinance Programme. The full Power Point Presentation is annexed.

Mr. I. Channy shared about ACLEDA Bank Sustainable Business Model. The full Power Point Presentation is annexed. His presentation covered 5 headings as follows:

- Background of ACLEDA.
- Transformation into a bank.
- Issues arose during the transformation process.
- The key lessons learnt.
- Conclusion.

Mr. Atyab Tahir shared about Tameer MF Bank Sustainable Business Model. The full Power Point Presentation is annexed. His presentation covered 5 headings as follows:

- Introduction to Microfinance in Pakistan.
- About Tameer MF Bank (Pakistan)
- Branchless Banking.
- Sustainable Business Model.
- Lessons for Myanmar.

### 3.3 Q&A Session on Panel 4

At first, Mr. O’Brien (chair of the Session) further pointed out the issues raised by Mr. I. Channy, which would be confronted in setting up microfinance bank, relating to regulatory, human resources, and coordination aspects etc.

- Mr. O’Brien requested Mr. Abed to talk about sustainability of BRAC business model.

On that request, Mr. Abed said that sustainability was less issue since BRAC was set up as a commercial bank, and he further mentioned that the only different thing between BRAC and other commercial banks within Bangladesh market was self imposed mandate which might make less profitability but ensured sustainability. He also highlighted that operating cost was higher in microfinance sector since one had to go out for collecting loans, therefore a wider spread was required.

- Mr. O’Brien also requested Mr. Atyab Tahir of Tameer MF Bank to speak on the issue of sustainability when a social organization working for poor wanted to set up a bank and the question of keeping mission intact and ensuring sustainability together.

On that request, Mr. Tahir said that social impact was their mission and they did not talk about working for the poor but working for the unbanked, and unbanked market was much bigger and much effective when someone worked with them to bring them into financial fore. Tameer Bank was very committed on that mission, and he also mentioned that recently concluded board meeting approved social impact as one of the key performance indicators, and staff commitment and management commitment who owned 20% of the bank made mission intact, and profitability always came second.

- Mr. Neal Youngquist, Microfinance General Manager of World Vision put up a question to Mr. I. Channy on what organizational culture challenges were experienced in moving ACLEDA from an NGO to a company, and how these issues were overcome.

On that question, Mr. I. Channy expressed that in NGOs, staff were the owners of the process, not the owner of NGO assets, and it was very important for management to listen to staff and have their buy-in and ownership in the process, and he suggested that one way for doing this was creating a framework for staff ownership of the emerging company through the association of staff.



Mr. O'Brien also added that there might be conflict of interest once employees became owners of the entity, which gave them dividends but some of the staff worked for mission not for returns.

- Mr. Feisal Hussain of UNCDF asked as per their experience, regarding mobile banking, what was the level of the sunk cost to be made, what is the payback period and how it was financed, through own equity, investors, subsidies or others.

Mr. Abed said that a lot of people thought that mobile banking was a technology business, but in fact, it was a distribution business. He further said that it was quite cheap in setting up of required technology and most of the money went for setting up of distribution channels. Overall, BRAC has spent USD 20 million and it was expected that break even would be reached in 2014.

Mr. Tahir also agreed with BRAC views, and he further said that initial investment was not huge, and the biggest investment was to get licenses for branches, while the other important issue was to get the right local partners.

Mr. I. Channy further added that foundation funds or donor funds were not used since mobile bank itself was a bank. The initial investment was around USD 2 million, the cost of connection was transferred to customers, and the payback period was expected to be 3 years, now already entering the second year.

- Ms. Pwint Htun (consultant of CGAP) put up a question to all panel members that as Myanmar started to open up the mobile market heading toward possibility of branchless banking, what they would advise to Myanmar regulators taking consideration of their experience.

On that question, Mr. I. Channy said that in Cambodia, the Central Bank regulated commercial banks, specialised banks and MFIs, and while the Central Bank's licenses for MFIs allowed them to provide micro and small business loans, for savings, there was a separate regulation. The minimum capital requirement for non-deposit-taking MFIs is USD 80,000 while for deposit-taking MFIs it is USD 2.5 million. He suggested that one specialised institution should regulate microfinance.

As for advice to Myanmar regarding mobile banking regulation, Mr. Abed suggested that Pakistan model was the best to follow, where both mobile companies and banks also could initiate the business, but ultimately licenses

were resting with banks and the central bank would hold the banks responsible.

Mr. Tahir of also gave thanks to Mr. Abed for appreciating Pakistan model for mobile banking regulation, and one suggestion he gave was that the regulator should not be overhasty about interoperability, which is the concept where any banks could work with any mobile companies or any agents, and the idea was first to develop a network of agents in the country.

- U Thurein of World Vision mentioned that Mr. Abed cited four aspects of sustainability in his presentation namely collecting savings, market interest rate, cross subsidies, and creating market linkages but Myanmar was just an emerging market, and his question was if there are any particular recommendations to Myanmar specifically, apart from the four aspects mentioned above.

Mr. Abed said that MFIs had three broad sources of costs, namely cost of funds, provision for bad debts, and operational costs where staff cost was 17 to 18% of the total costs. He mentioned that while cost control and productivity are important to reach sustainability, too much emphasis on reducing cost could cause loan officers to become over-burdened as per his experience, and ultimately cause problems such as over-indebtedness. .

Mr. I. Channy also mentioned that an industry level association, where information sharing took place, would help sustainability and variety of products also help grow together with customers.

Mr. Tahir added that believing the organisation’s mission and vision was very important and also suggested to see regulators as facilitators, not as impediment, since regulators were open to well thought out ideas. MFIs needed to learn how to work with regulators.

Finally, Mr. O’Brien reemphasised three important messages: know your clients, listen to your clients, and help your clients grow. There was scepticism of sustainable model among some people, concerned it would be too commercial, but at the end of the day, it could be communicated to clients that expansion of their financial service for growth required sustainable model. Also the social mission to serve unbanked people would be intact through the needs of clients conveyed to regulators.

### 3.4 Panel 5 Session: Smart Subsidies and Role of Donors

The theme of the Panel 5 session was Smart Subsidies and Role of Donors, and the session was chaired and moderated by Ms. Anthea Kerr, Livelihoods Adviser of DFID, and also Chair of LIFT Donor Consortium, where she took an active role especially in financial inclusion issues. At first, she introduced herself, and then the other panel members, namely Mr. Feisal Hussain, Senior Technical Advisor of UNCDF, Mr. Eric Duflos of CGAP, and Mr. Peter Tschumi, Deputy Head of Mission, and Director of Cooperation, Embassy of Switzerland, Myanmar, who would share their respective experience on Smart Subsidies and Role of Donors.



She further said that from UK point of view and as the largest bilateral donor to LIFT, UK had been proud with LIFT leadership role on coordination with 10 donors for microfinance sector, and UK had made sure that donors’ funding was coordinated with consistency. She said that the donors understood the needs of the situation for financial inclusion and the level of unmet demand in Myanmar.

She also reminded that the key to donors was that money that came from them was simply taxpayer money, and now there was a lot of economic tightening in those countries where aid money was coming from that gave us pressure to spend it well, focusing on high level of results.

She mentioned that if reflecting internationally, donors were becoming slightly risk averse or aware of some of limits within microfinance sector with references to problems of India and other countries. There was also a lot of questioning among the donor community on what we learnt in terms of consumer protection in microfinance sector. She said that another debate currently going on among international donor

group was regarding the role of government as regulators, and how to support that role, while preventing MFIs and banks from mission drift. She mentioned that setting up of MFIs itself was not the end result and the result was how unbanked people were served, thereby producing social impacts.

Furthermore, she mentioned that Myanmar was in transition and the market was underserved and the method of intervention needed to be discussed. She highlighted three key principles to be followed: do no harm, focus on capacity and policy issues, and if subsidizing, exit strategies should be in place.

Finally, she said that the key for donors was how to consolidate what they were all doing, making sure that information is shared and then to look for smart opportunities that could be found. She hoped that panel 5 speakers would start giving indicators on what smart opportunities would be.

Mr. Hussain shared the experience of UNCDF on Smart Subsidies and the Role of Donors. The full Power Point Presentation is annexed.



At first, he mentioned that he would go broader in the subsidies context, and said that normally we all (may be including Myanmar) tended to think that large volumes of aid that came in would have enormous impact in removing problems in terms of poverty reduction and contributing to development. He grew up in Bangladesh, where 100% of development budgets were purely funded by aid for many years, while now the proportion of foreign aid to Bangladesh GDP was very low. Still there is a sense of aid as absolutely essential for normal running of development projects for poor countries an. However we need to look at financial flows for subsidies in the context of global finance flows (not only microfinance flows) in and out of developing

countries. These amount to \$1.3tn in-flows, of which only 10% were public subsidies (aids, grants for public benefits, etc.) and 90% were private flows (FDI, remittances etc.), and \$1.8tn out-flows. These figures showed that the problem was not of enough money coming in but a lot of money going out, and one solution would be to figure out how to stop money going out. What we could also do was a question of how we harness the size and power of private finance in support of development or how we would use 10% of public subsidies to leverage 90% of private flows. That could be one agenda which we should start thinking about regarding microfinance and financial inclusion in Myanmar.

He also mentioned about the changing context of subsidies over the last 10 years, where in 2000, around 90% of financial flows came in the form of subsidies, while that shifted in 2009 to only around 50% of financial flows. It was predicted that over the coming 50 years, this would reduce further to 20-30% of financial flows. Other financial flows, apart from subsidies, would have a lot of national interests and some conditions attached; and in such situation, coordination would face tough challenges, that would also have implications for Myanmar. He further highlighted the need to shift the mind-set about the role of subsidies, from one of subsidies filling a financing gap to one of catalyzing private finance.

He further explained about evolving approach to subsidies, where differences between conventional subsidies and smart subsidies were studied under three characteristic namely interest focus, approach, and scale of change and sustainability.

Finally, he concluded that smart subsidies are not only a question of making resources more efficient, but it was also about the way we work, how different issues came together and the way people and the private sector engaged.

Mr. Duflos of CGAP shared the experience of CGAP on Smart Subsidies and Role of Donors. The full Power Point Presentation is annexed.



At first, he mentioned that his presentation would go beyond smart subsidies and would focus on smart aid for financial inclusion, and he further said that international donors and investors had globally played a very crucial role in developing microfinance in lots of countries, such as Bangladesh and Cambodia. In Myanmar, UNDP led the process and later on LIFT and its donors had played an essential role in microfinance.

He mentioned that cross border funding for microfinance from international development agencies was still growing globally according to CGAP research. He said that with the increase of technology and the increasing role of the private sector (like telecom companies), the microfinance sector had changed dramatically and the use of technology was also affecting the role of donors and investors globally.

He mentioned that as the bottom line of his presentation, there would be three take-aways: the first was that providing smart aid and smart subsidies was really for donors and investor to play a catalytic role in order for the private sector to emerge; the second was that donors and investors should work in the sector based on their comparative advantages; the third was the need of coordination for action, so that even though they worked based on their own strengths, we could get the result of one plus one being more than two.

He further mentioned that as per many case studies, more money from donors did not mean a better result. There were instances of a lot of waste in microfinance and financial inclusion, for example, a lot of post-tsunami funding poured into microfinance went to waste. He further emphasized that more money was not always better and what really matters is how these funds could really play a catalytic role.

He emphasized that there was a need to use lessons learned from failure and success in aid effectiveness to help Myanmar become a success story of aid effectiveness in financial inclusion.

Mr. Tschumi shared the experience of Swiss Agency for Development and Cooperation (SDC) on Smart Subsidies and Role of Donors. The full Power Point Presentation is annexed.

### 3.5 Q&A Session on Panel 5

- On the query of U Ye Htut, Translation Advisor on how Myanmar could be termed as the Donors’ Darling, Mr. Duflos responded that Donor’s Darling was the term used by international agencies to say that it was a country that donors like very much, and that Myanmar was a darling for many donor countries because of enthusiasm about the recent progress and orientation in the country. When it came to financial inclusion, the government of Myanmar had put microfinance as a key priority, and had issued a law and regulation very quickly, opening up the market for licenses for MFIs. The government had also

started to think more about how to capitalize on technology and mobile banking. He further emphasized that it would be good if subsidies played some role only at the development stage, but in the long run, it would be more appropriate if private and commercial entities play the role of funding to financial institutions.

- Mr. Rutherford of SafeSave sought clarification from Mr. Hussain of UNCDF on his statement in his presentation, that apart from donors’ subsidies, there were other sources of finance. On that query, Mr. Hussain said that there was a void of information with regard to this, and apart from donors, private and commercial financial institutions, even NGOs were ready to play the role of refinancing the microfinance sector.
- U Myint Swe (Freelance Consultant) was wondering whether money put into UNDP microfinance project would be taken by donors after project end, since they were doing microfinance project with UNDP. On that question, Ms. Kerr of DFID said that as far as UK was concerned, for other microfinance programmes they implement, the funding is not taken back but converted over to the Microfinance Institution that they partner with to continue lending, and that it must continue to be used in this way. On the UNDP programme she said she was aware that there are ongoing negotiations, so she could not comment specifically but from a donor side would expect the funding to continue to be used by the partner.
- Mr. Tschumi further pointed out that the need of trends was that if we were enough and looking for inclusive financial sector development, the kind of contribution from donor side would be much less grant prone and much more on facilitation and technical assistance to bring different partners together, and making the private sector play a crucial role and the government facilitating through rules and regulations, and other financial institutions were complimentary to that.

### **3.4 Panel 6 Session: Main Lessons for Myanmar**

The panel-6 session was a take-away session chaired by Mr. Feisal Hussain, who joined with seven local microfinance experts namely U Win Aung, General Manager of MMSE, U Ko Ko Maung, Manager of MMSE, U Myint Swe, independent expert, U Maung Maung, General Manager of PACT, U Myint Kyaw, Business Development Microfinance Officer of LIFT, U Myint Maung Htun, Director General of Central Cooperative Society (CCS) and Chairman of Union of Savings and Credit Association, and U Thein Myint, independent expert.

Firstly Mr. Hussain said that this session was where we would try to reflect on all the issues which had been highlighted over the last two days. He further clarified that this workshop was not meant for providing a clear set of answers for Myanmar, but rather for cross learning from international experts. The purpose was really to introduce good experience and new ideas for the panel members to reflect on and think about how they wanted to use that gained experience in the context of Myanmar. Then he introduced other panel members.



The seven panel members deliberated around three main questions as follows:

Questions and Answers	Responders
<b>What had you learnt from this workshop that you thought relevant in the context of Myanmar now or perhaps over five years time?</b>	
Firstly, the role of banks in microfinance sector was learnt since in Myanmar, banks could not be involved in microfinance sector as per regulation; secondly, the successful story of mobile banking from other countries was also widely learnt.	U Myint Maung Htun (DG of CCS and Chairman of Union of Savings and Credit Association)
The most relevant issue to Myanmar context was sustainable business models of microfinance since microfinance in Myanmar was in its infancy stage, and so sustainability was required to effectively implement one of the eight tasks of poverty alleviation, and also it would also call for technical assistance from donors and apex to support the market development.	U Ko Ko Maung (Manager of MMSE)



Questions and Answers	Responders
<p>In fact, all the themes and issues so far discussed over the last two days were relevant to Myanmar context but as per his views, particularly role of apex organization in promoting microfinance, and branchless banking were in urgent need.</p>	<p>U Thein Myint (Independent).</p>
<p>Microfinance Business Law was only one year old and they had progressed a lot within one year; even though the law permitted only credit and saving for MFIs for the time being, but step by step evolution to banking, mobile banking and establishing of MF association in very close consultation with MF players inside and outside the country were in the pipeline.</p>	<p>U Win Aung (GM of MMSE),</p>
<p>Apex which was not currently present in Myanmar and microfinance training center were the need of the moment.</p>	<p>U Myint Swe (Independent)</p>
<p>Services like credit and saving which should be accompanied by other services such as micro insurance which served as safety net for the poor people, and also building capacity of microfinance members were a must.</p>	<p>U Maung Maung (GM of PACT)</p>
<p>The issues of client protection from China experience and how voices of the masses were channeled to regulator from ACLEDA Bank were learnt.</p>	<p>U Myint Kyaw, Officer of LIFT</p>
<p><b>What was the one thing you would be personally taking up when you went back to your organization (except two independent panelists)?</b></p>	
<p>Right now they were trying to work as per rules and regulations laid down by the government and were well aware that they were catching up with international practices, and believed that inputs from this two day workshop would be incorporated into the system in near future.</p>	<p>U Win Aung (GM of MMSE),</p>
<p>He mentioned that he was just a newcomer to this field and joined microfinance field after the law was enacted, and there were lots of issues to be taken up and first most, what he would take up was amending and improving of current regulatory environment.</p>	<p>U Ko Ko Maung (Manager of MMSE)</p>
<p>Around 20,000 Cooperatives were doing microfinance as per Cooperative law but after microfinance business law, only 68 organizations were able to be registered, due to capital cap since most of cooperatives were operating with small amount of revolving funds. He also learnt that CARD Bank allowed newcomers to save and get shares and while local cooperatives required people to become members first and then avail other services.</p>	<p>U Myint Maung Htun (DG of CCS and Chairman of Union of Savings and Credit Association)</p>

Questions and Answers	Responders
PACT microfinance program would end in December 2013 and he was not sure what would happen to PACT after that.	U Maung Maung (GM of PACT)
He is a staff member from a donor and concerned about how to sustain the initiated activities, and would discuss apex mechanism in Myanmar.	U Myint Kyaw of LIFT
<b>Any big question that still remained with your mind?</b>	
<p>There are two types of organizations: old ones that already had lots of capacity, and others who were new, and there was still a large gap in reaching the poor who lived in far flung areas.</p> <p>How one would transfer UNDP project to local MFIs and how one would treat UNDP grants, since UNDP was supposed to end its project? Answer was that discussion was already in progress on that subject.</p>	U Myint Swe (Independent)

Additional discussion points were as follows:

- U Maung Maung of PACT wanted to know whether there was any arrangement to develop long term strategy for the development of sustainable microfinance institutions in Myanmar. On that question, U Myint Maung Htun of CCS said that as per government plan for rural development and poverty alleviation, there were eight tasks which included development of microfinance and cooperatives, and respective ministries were taking in charge and trying their best, for instance, Ministry of Finance and Revenue was responsible for the development of microfinance and so a lot of initiatives on microfinance, such as the law, were carried out so far.
- Mr. Timo Hogenhout of UNCDF briefed about MAP which was a set of diagnostics on supply and demand for microfinance and financial inclusion, and he also suggested that there was a need to identify those issues that are both important and urgent for setting priority on enhancing financial inclusion.
- Ms. Mylenko of World Bank suggested that we needed to come together for effective dialogue between the industry and regulators for continuous exchange, instead of trying to address individual issues and one thing she pointed out was there was more capacity on implementers’ side than on the regulator’s side.

On that issue, U Thein Myint (Independent) further added that everything was new in Myanmar since it just started and the law itself was one year old, and that there is a microfinance working group, even though it is informal, where

information could be exchanged. He also shared that the government was thinking about organizing a microfinance association which would act as a vehicle for all players. At least the government had a vision and totally accepted that the law should not be a rigid impediment. The law is just to enable the environment and such initiatives, and revision of rules and regulations would be initiated soon since it would not be required to go back to parliament.

- U Myint Swe (Independent) also highlighted that some of MFIs granted a license for microfinance purpose were eager to do SMEs loans, resulting in mission drift.
- U Myint Kyaw of LIFT further said that state-owned banks and institutions in Myanmar such as MADB and Cooperatives were accelerating their operation size through injecting state funds, but they were not fully autonomous like SIDBI from India, which has autonomous decision power in terms of staff recruitment, loan size, and raising its own capital. In Myanmar these banks are centralised and even decision making for loan disbursement had to be approved by high government level. The state-owned entities should be allowed to procure their capital on their own. He also mentioned about CGAP global good practices and the need to get CGAP publications translated into Myanmar language for better local dissemination.
- Ms. Marjorie Marasigan of CARD Bank also highlighted that there was an information gap on microfinance players and there was a need to compile 142 existing MFI profiles, mentioning who they were, what they were doing and where, and who funded them, etc.

### 3.6 Recap of the Second Day's Sessions

Mr. Duflos recapped discussion of the last day sessions in which he outlined key points of panels' presentations and of Q&A discussions.

At first, he recapped Panel 4 Sustainable Business Models Session, in which presentations from BRAC (Bangladesh), ACLEDA Bank (Cambodia), and Tameer MF Bank (Pakistan), followed by Q&A session were included. He highlighted some of recommendations which came out from panel 4 session:

- Sustainability is a means to an end not an end in itself
- MFIs should be allowed to cross subsidize to reach institutional sustainability and create market linkages
- Listening to clients is a key factor for being sustainable

- Huge diversity of possible services with phones and POS
- Too much emphasis on reducing cost with overloading staff leads to over-indebtedness
- Productivity and keeping costs down is important to reach the sustainability
- Sharing lessons among MFIs is also important to share information especially when competition starts

### **Recap of the Panel 5 Session: Smart Subsidies and Role of Donors**

- Pressure from donors to spend aid money well, focusing on high level of results
- Three key principles to be followed: do no harm, focus on capacity and policy issues, and if subsidizing, exit strategies should be in place
- 90% of international financial flows are private - how to leverage these with public funds?
- Most cross-border funding for microfinance is public - how to make this support more effective?
- Moving from subsidies filling a financing gap to catalyzing private finance
- Five elements of donors' aid effectiveness: strategic clarity, staff capacity, appropriate instruments, accountability for results, and knowledge management
- Common features of “bad” experiences: hasty implementation; no careful market analysis; donors' disbursement pressure; lack of effective monitoring; and absence of local ownership and involvement
- Possible opportunities for aid effectiveness in financial inclusion in Myanmar:
  - High level of commitment from all actors involved
  - Internal expertise available among funders
  - Several funding instruments available (grants/equity/loans)
  - Some coordination active thanks to LIFT
- Challenges:
  - Disbursement pressure given that Myanmar became a “donor darling”
  - Limited absorption capacity at all levels
- SDC's internal checklist (Dos and Don'ts) for smart subsidies:
  - Strengthen social capital & financial literacy
  - Capacity building

- Risk participation
- Self-contribution from actors
- No interest rate, excessive or long term subsidies
- Don't crowd out local commercial activities

### **Recap of the Panel 6 Session with the national experts**

What was the most relevant insight for Myanmar?

- Role of Apex – there may be a need for a structure for refinancing and capacity building.
- Mobile banking – there is high interest, need infrastructure and IT sector strategy and regulation.
- Sustainable business models – need to introduce best practices and build social and financial impact.
- Regulatory framework – international organizations can help in thinking of the new regulations for Myanmar.
- IFC-CGAP report gave a good overview – CGAP knowledge needs to be translated into Myanmar language.
- Diversity of financial services – need to think about the whole range of financial services.

When you go back to your organization what can you take on board from the discussion or what issue you need to think about?

- MMSE is only one year old – need to improve current regulatory environment.
- Cooperative sector is over 100 years now have a cooperative law – more will register as MFIs
- How can LIFT finance institutions? Want to discuss more about the experience of other countries to see what can work for Myanmar

What is the big remaining question I want to learn about in the next 6-12 months?

- How do we deal with grants? How is this relevant for organizations like ACLEDA
- How do you avoid mission drift?
- How can we learn from organizations like SIDBI and other regional success stories?

### 3.8 Closing Remarks

Mr. Toily Kurbanov, Country Director of UNDP gave the closing remarks. At first, he talked about UNDP’s HDI microfinance project which was going to end soon and he assured participants that all stakeholders would be consulted to make a final decision on how it would be transitioned and that the decision would be taken in the interest of microfinance sector in Myanmar.



Then he shared his take away points from the workshop, and what he would encourage was to work hard to build and design staircases (since there was no escalator). First you had to collect materials, then you had to design and construct, then climb up, and then you should have safety net in case of falling down. He further reminded that rushing to quick fix solutions might cause falling down, and that Myanmar was in the beginning of hard work. The solution would be developed in Myanmar ways and no single actor could propose the solutions on their own. He considered that the workshop unpacked the Myanmar microfinance agenda by suggesting what would be appropriate for Myanmar and the government. He said that the leadership of the government was required to steer the sector for the benefit of the people, especially for the poor who had no access to financial services.

He further said that the workshop did not result in clear answers but sought to clarify some of the questions, which would help the government for the role it would play for coming future. He said that he would be happy if one of the take away points was ownership of the process to be taken up for moving forward. He said that there would be a space such as in this workshop, where the participants could come back together for keeping the agenda moving forward.

Finally he gave thanks to the co-organizers of the workshop, Ministry of Finance and Revenue, Ministry of Cooperatives, CGAP and UNCDF for successfully co-organizing the workshop. He also thanked participants, saying that they were the workshop, and also mentioned his special thanks to all of the resource persons the moderators and the panelists. Also special thanks to support staff, translators and the MC.



## Appendix 1: Agenda of the Workshop

### Day 1: 9 May 2013 (Thursday)

<b>8:30 am</b>	<b>Registration</b>	<b>All participants</b>
<b>9:00 am</b>	<p><b>Welcome address:</b></p> <ul style="list-style-type: none"> <li>• H.E. Dr. Lin Aung, Deputy Minister Ministry of Finance &amp; Revenue</li> <li>• H. E. U Than Tun, Deputy Minister Ministry of Co-Operatives</li> <li>• Mr. Toily Kurbanov, Country Director United Nations Development Programme</li> </ul>	
<b>9:30 am</b>	<b>Group Photo</b>	<b>All participants</b>
<b>9:40 am</b>	<b>Tea Break</b>	
<b>10:00 am</b>	Workshop introduction & objectives	<b>Mr. Heinz Willems, Microfinance Specialist, UNDP</b>
<b>10:15 am</b>	<p><b>Panel 1: Recent developments in the microfinance sector in Myanmar</b></p> <p>Chair: <b>U Thein Myint</b></p> <p>Recent developments in the Myanmar microfinance sector (Summary of sector assessment)</p>	<b>Ms. Linda Ren, Senior Investment Officer, IFC</b>
<b>10:45 am</b>	<p>Main actors in the sector and their activities:</p> <p>Myanmar microfinance practitioner overview</p> <p>The future for financial inclusion in Myanmar</p>	<b>Myanmar MFIs, LIFT</b>
<b>11:30 am</b>	Role of co-operative sector in microfinance in Myanmar	<b>U Mya Than, Deputy Director General, Small Scale Industries Department, Ministry of Co-Operatives</b>
<b>12:00 pm</b>	<b>Lunch</b>	



<p><b>1:30 pm</b></p>	<p><b>Panel 2: Role of Apex Institutions in Supporting Market Development</b></p> <p>Chair and moderator: <b>Mr. Eric Duflos, Regional Representative for East Asia and the Pacific, CGAP</b></p> <p>Speakers (15 minutes for each presentation):</p> <ul style="list-style-type: none"> <li>– Overview of international experience with microfinance apex institutions</li> <li>– Experience of Small Industries Development Bank of India (SIDBI)</li> <li>– Bank Andara (Indonesia)</li> <li>– Experience of Palli Karma Sahayak Foundation (PKSF) (Bangladesh)</li> </ul> <p><b>Q &amp; A</b></p> <p><b>Main lessons</b></p>	<p><b>Mr. Eric Duflos, CGAP</b></p> <p><b>Mr. Vivek Kumar Malhotra, Deputy General Manager, SIDBI</b></p> <p><b>Mr. Don Johnston, Chief Risk Officer, Bank Andara</b></p> <p>Dr. Salehuddin Ahmed, MD, PKSF (1996-2005)</p>
<p><b>3:15 pm</b></p>	<p><b>Tea break</b></p>	
<p><b>3:30 pm</b></p>	<p><b>Panel 3: Challenge Of Deposit Taking</b></p> <p>Chair and moderator: <b>Mr. Stuart Rutherford, Founder, SafeSave</b></p> <p>Speakers (15 minutes for each presentation):</p> <ul style="list-style-type: none"> <li>– Saving from Clients’ Perspective</li> <li>– Experience of CARD (Philippines)</li> <li>– Experience of ASA (Bangladesh)</li> </ul> <p><b>Q &amp; A</b></p> <p><b>Main lessons</b></p>	<p><b>Mr. Stuart Rutherford, SafeSave</b></p> <p><b>Ms. Marivic Austria, Senior Vice President, CARD Bank</b></p> <p><b>Mr. A. K. M. Aminur Rashid, Director (Program), ASA</b></p>
<p><b>5:30 pm – 7:00 pm</b></p>	<p><b>Reception at MICC</b></p>	<p><b>All participants</b></p>

## Day 2: 10 May 2013 (Friday)

8:45 am	Review of day 1	UNDP/CGAP
9:00 am	<p><b>Panel 4: Sustainable Business Models</b></p> <p>Chair and moderator: <b>Mr. Barclay O’Brien, Programme Officer - Markets and Microfinance, LIFT Fund</b></p> <p>Speakers (15 minutes for each presentation):</p> <ul style="list-style-type: none"> <li>– Experience of BRAC (Bangladesh)</li> <li>– Experience of ACLEDA (Cambodia)</li> <li>– Experience of Tameer Microfinance Bank (Pakistan)</li> </ul> <p><b>Q &amp; A</b></p> <p><b>Main lessons</b></p>	<p><b>Mr. Shameran Abed</b> Director Microfinance Program, BRAC</p> <p><b>Mr. I. Channy, President &amp; CEO of ACLEDA Bank</b></p> <p><b>Mr. Atyab Tahir</b> Chief Strategy Officer, Tameer MF Bank</p>
11:00 am	Tea break	
11:15 pm	<p><b>Panel 5: Smart-Subsidies and Role Of Donors</b></p> <p>Chair and moderator: <b>Ms. Anthea Kerr, Livelihoods Adviser, DFID</b></p> <p>Speakers (15 minutes for each presentation):</p> <ul style="list-style-type: none"> <li>– Experience of UNCDF</li> <li>– Experience of CGAP</li> <li>– Experience of Swiss Agency for Development and Cooperation (SDC)</li> </ul> <p><b>Q &amp; A</b></p> <p><b>Main lessons</b></p>	<p><b>Mr. Feisal Hussain, Senior Technical Advisor, UNCDF</b></p> <p><b>Mr. Eric Duflos, CGAP</b></p> <p><b>Mr. Peter Tschumi, Director of Cooperation, SDC</b></p>
12:30 pm	Lunch	

<p><b>1:45 pm</b></p>	<p><b>Panel 6: Main Lessons for Myanmar</b></p> <p>Chair and moderator: <b>Mr. Feisal Hussain, Senior Technical Advisor, UNCDF</b></p> <p>Mixed panel of local experts:</p> <ul style="list-style-type: none"> <li>– U Ko Ko Maung (MMSE)</li> <li>– U Myint Maung Htun (Union of Savings and Credit Federations)</li> <li>– U Thein Myint (Independent)</li> <li>– U Myint Swe (Independent)</li> <li>– U Maung Maung (PACT)</li> <li>– U Myint Kyaw (LIFT)</li> </ul> <p><b>Q &amp; A</b></p>	
<p><b>3:45 am</b></p>	<p><b>Tea Break</b></p>	
<p><b>4:00 pm</b></p>	<p><b>Closing Remarks:</b></p> <ul style="list-style-type: none"> <li>• Mr. Toily Kurbanov, Country Director United Nations Development Programme</li> </ul>	
<p><b>4:15 pm</b></p>	<p><b>Closing</b></p>	

## **Appendix 2: Full Opening Speech of H.E. Dr. Lin Aung, Deputy Minister, Ministry of Finance and Revenue**

Good Morning Mingalabar! Be auspicious!

Deputy Ministers, Government department authorities, the Country Representative of UNDP, officials from the UNDP office, international experts, authorities concerned of international organizations, representatives of microfinance institutions and those present on the occasion of microfinance workshop, jointly organized by the Microfinance Business Supervisory Committee (MBSC) and UNDP. At the outset, I wish you all to be physically healthy and mentally peaceful and may I also extend my warm welcome to you all. The title of the Microfinance Workshop conducted today is “Emerging Microfinance Sector in Myanmar – Regional Lessons on Selected issues.”

The objectives of the Workshop are to explore the current overall trends in the microfinance sector in Myanmar, to share the regional experiences and best practices of microfinance sector development, and to consider the relevance of different experiences to the Myanmar context and how they could contribute to the development of the microfinance sector.

The workshop will be organized around four themes, namely: Role of Apex institutions in supporting market development, challenge of deposit taking, sustainable business models, and “smart - subsidies” and role of donors. These are the key lessons to be taken by Myanmar and there will be local and international presenters, contributing their diversity of experience on respective areas.

The objectives and the topics of the Workshop are inherently effective and valuable for the development of microfinance sector in Myanmar. The microfinance sector in Myanmar was initiated only within one year after the enactment of Myanmar Microfinance Business Law. A total of 142 microfinance institutions have been given licenses to operate microfinance, including 6 INGOs, 12 NGOs, 68 Cooperatives, 2 foreign companies, and 52 local companies.

In accord with the updated data of microfinance activities, the licensed MFIs are carrying out microfinance in 165 townships, 1429 quarters, 2259 villages’ tracks and 6140 villages. The total of paid-up capital is 20977.17 million Kyats, loan-out standings 63180.63 million Kyats and savings 9411.29 million Kyats. There are altogether 574058 clients. Looking at these figures mentioned, microfinance sector is said to be in progress to a certain extent. If these figures are compared with the population of the low-income households in Myanmar, it is found that there is still a large amount of population that cannot be made access to financial services. That also indicates that there is much more extensive market space for developing microfinance sector.

The objective of implementing microfinance is to contribute to rural development and poverty alleviation. It needs to be actually and effectively implemented to develop the social-economic life of the low-income people living in rural and urban areas. It is also be aware of the fact that microfinance institutions should not disburse loans only to Small and Medium Enterprises without providing financial assistance to the low-income people. Microfinance institutions should not cluster around the areas where there is a good urban life and a booming business. MFIs should not think of only making profit. Making access to finance possible (MAP) programme and Microlead programme, the integral part of the UNDP Normal Country Programme (2013-2015), are jointly implemented by the Government of the Union of (the Republic) of Myanmar and UNDP in order to develop the sustainable microfinance sector and make low-income people access to wider Financial inclusion.

For the purpose of effectively supervising MFIs and contributing to the sustainable development of microfinance sector in Myanmar, Financial Inclusion of National Development FIND project that has embarked on the World Bank programme, is giving technical assistance to make Microfinance Business Law, procedures, and directives to be in compliance with international best practices, to build capacity for microfinance supervisors and to increase financial awareness among the people.

At this workshop, I'm sure, the discussions will provide a great deal of enrichment from the regional experience of the experts including challenges, ways and means to overcome them, and the importance of the role of donors and their supply of inclusive financial services. By exploring the regional experiences on how microfinance has emerged in the region and what regional lessons to be shared, the outcomes of the workshop will contribute to the development of the national financial inclusion road map. I also urge you all to discuss more facts to be reapplied.

In conclusion, I wish to express my deep appreciation and sincere thanks to UNDP for organizing the National Microfinance Workshop, the ministry of Co-operatives and CGAP for co-organizing it, the international experts contributing their precious experiences, the international stake-holders and the representatives of MFIs. I believe valuable achievement will come out and will be of intrinsic value to the Myanmar context and the development of microfinance sector in Myanmar.

Thank you.

### **Appendix 3: Full Opening Speech of H.E. U Than Tun, Deputy Minister, Ministry of Cooperatives**

- 1) I would like to say Mingalarbar to all responsible personnel from UNDP and agencies and from the respective ministries, representatives from INGOs, NGOs and speakers from MFIs from various countries, by wishing for their happiness and to be able to carry out their endeavour for the benefit of their organizations and also that of the public in a balanced way.
- 2) As all of you know, the Union Government from the time it took responsibility has been making political reforms, economic reforms, administrative reforms and social reforms step by step for the socio-economic development of the people. Relating to the economy, the Frame work for Economic and Social Reform (FESR) and National Comprehensive Development Plan (NCDP) are being laid down. As of now the eight tasks for rural development and poverty reduction are also being laid down and the development of Microfinance Industries is being implemented as one of the eight tasks. In doing so, the microfinance organizations need to insure that the original objectives must not be forgotten and as the market expands it must aim for sustainable development and not for business investment.
- 3) As the Government has already announced the Microfinance Law and regulation, the MFIs must follow the interest ceiling as prescribed by the law at 2.5 % per month. They also need to keep in mind to reduce interest rate further at the suitable time to provide more support for rural development and poverty reduction.
- 4) It is learnt that 142 MFIs across the country has already been given license and there are more organizations willing to operate microfinance. It is important that because there are more than one MFI in the same area, they will become overlapping and microfinance clients will easily borrow from one MFI to pay another and become over burden with debt as they would spend the easy loans in the wasteful way. Therefore it is important to cultivate the Microfinance Mindset in the borrowers, such as to use the loan in the business investment, to increase income, not to misuse the loan and to repay regularly.
- 5) In giving microfinance Loans, it is needed to raise the socioeconomic development from the individual level to the sustainable development at the society level. I would like to mention as an example the programme of the Ministry of Cooperative under which joint liability groups of 5 to 10 like -minded people are formed into Cooperative society for taking loan.
- 6) The Ministry of Cooperative has collaborated with UNDP in implementing project since 1997 under which there are 376 thousand clients in 6,183 villages who have

K 51.8 billion loan and savings K 13.5 billion. The Ministry has also signed MOU with PACT Global Microfinance Fund (PGMF) under which US \$ 6-million will be used for Microfinance it has now covered 19 townships and over 74-thousand clients

- 7) The Ministry of Cooperatives is also implementing its own Microfinance Programme which covers 304 townships and over 768-thousand clients with outstanding loans K-44 billion and client's savings K-30.6 billion. It is planned from 2013-2014 FY to form additional 5,000 societies and to give K-50-billion in loans. In doing so the like minded group have to give joint guarantee to repay the loans as well as to strictly follow the iron discipline, such as not to make deductions from the loan amount for any reasons and not to accept the practice of taking new loans to repay old loan.
- 8) As of now, the Microfinance Project being implemented in collaboration with UNDP is being extended up to the end of December 2013 and will be handed over to a suitable organization under the UNDP New Programme formulation and the Ministry need to be involved in the process and kept informed of the status of progress.
- 9) Our Ministry is being also actively involved country wide in Microfinance sector for rural development and poverty reduction, in line with the reform process of the country. We are working to form Cooperative societies for over 60-thousand villages at a rate of one per village and provide K-100 thousand per society as startup capital. It is expected to provide up to 50-million per Co-op society when the villagers and the societies could make use of the loans and repay on time and it is expected that the need for capital could reach K-3,000- billion. Efforts would be made to build up the capital through the existing societies as well as to acquire aid, grants and concessional loans from international organizations. In order to get adequate capital for the societies, the Ministry is working to step up a Microfinance Bank (MB) like in other countries in order to build up strength and be more effective in implementing microfinance. We would like to cooperate in the field of financing, Capacity building and Training of Trainers and we are expecting to be included in the discussions.
- 10) I would like to conclude that we believe this Microfinance Workshop in which the experts and experienced organizations and technicians will present and discuss many topics relating to Microfinance will greatly support the successful development of Myanmar's widening microfinance services and I thank all responsible persons who are attending this workshop.

## **Appendix 4: Full Opening Speech of Mr. Toily Kurbanov, Country Director, UNDP Myanmar**

Your Excellencies,

Dr. Lin Aung, Deputy Minister of Finance & Revenue,

U Than Tun, Deputy Minister of Cooperative,

Excellencies, distinguished guests, ladies and gentlemen,

Mingalabar!

On behalf of the United Nations Development Programme, I would like to welcome you all to this workshop on Microfinance Sector Development and acknowledge our distinguished colleagues, both national and international some of whom have travelled far to be here today. It is an honour and a pleasure to be here this morning at this workshop on such an important topic.

Let me start by saying that UNDP has launched its new country programme 2013-2015 this year and this workshop is only the second that we are holding under our “normal” country programme. This workshop is an opportunity for a dialogue between government and national partners with international experts and development partners as a contribution to the national policy and actions for the development and strengthening of the Microfinance sector. In the respect, I hope that learning from others can bring about valuable lessons to be discussed and further researched for possible application in Myanmar.

One of the overall development priorities of the Myanmar government is Rural Development and Poverty Alleviation, with the goal to reduce the poverty rate to 16% by 2015. President Thein Sein in 2011 declared 8 tasks for Rural Development and Poverty Alleviation for Myanmar and one of these is the development of micro saving and credit enterprises. The overall UN Strategic Framework for Myanmar 2013-2015 supports work on microfinance development as part of its First Strategic Priority on Inclusive growth, including in the rural areas.

An estimated 2.5 billion adults-more than half of the total adult population still live without or with very limited access to financial services. The microcredit revolution showed that it is possible to provide to provide loans to the poor in large numbers on a sustainable basis. However over the past few decades we have learned that poor households need access to the full range of financial services to generate income, build asset, smooth consumption, and manage risks – financial services that a more limited microcredit model cannot provide.

The global financial inclusion agenda recognizes these broader needs of poor households for services such as savings remittances, insurance, and pensions. However it is also recognized that such products require different business models



and different types of providers. The transformational nature of technology has also played a significant role, for example leveraging mobile-phone based business models. What is therefore needed is an ecosystem of institutions that together offer the required services. Apart from microfinance institutions and banks, these include everything from small shops to community networks, to mobile operators.

Here in Myanmar, UNDP has played a groundbreaking role in supporting the Microfinance sector. UNDP has been involved in microfinance in Myanmar since 1997, when the project “Sustainable Microfinance to Improve the Livelihoods of the Poor” was initiated. With PACT Institute as the main implementing partner, it has become the largest provider of savings and loan services for the poor in Myanmar, with over 400,00 clients.

Further support for financial sector development in Myanmar comes through the “Making Access to Finance Possible” programme, implemented by UNCDF and co-funded by UNCDF and LIFT. It is a diagnostic supply, demand and regulatory analysis for the provision of financial services to low-income people, that seeks to identify key drivers of financial inclusion in order to determine a national financial inclusion roadmap.

The microfinance sector in Myanmar now stands at the start of a period of rapid growth and institutional development, especially after the enactment of the “Microfinance Business Law” in November 2011. UNDP, together with UNCDF, stand ready to assist the Microfinance Business Supervisory Committee as well as all other stakeholders in Myanmar in their important efforts to strengthen the Microfinance sector and promote financial inclusion, while contributing to the Poverty Alleviation of all Myanmar people.

I would like to thank the Myanmar Microfinance Business Supervisory Committee under the Ministry of Finance & Revenue as well as the Ministry of Cooperatives for their collaboration on this workshop. I would also like to thank CGAP and UNCDF for their support in organizing the workshop.

I thank all present for participating in this workshop and wish you two days of constructive exchange on development of the microfinance sector development in Myanmar. The recommendations coming from this workshop will, I hope, help inform national policies for action. Thank you!

## **Appendix 5: Full Introductory Remarks of Mr. Heinz Willems, Microfinance Specialist, UNDP Myanmar**

Distinguished Guests, Ladies and Gentlemen,

Mingalabar!

On behalf of UNDP, I would like to welcome you once again to this workshop on Microfinance Sector Development. What was originally conceived as a relatively modest workshop has ultimately become quite a major event, with about 150 participants from government ministries and departments, banks, microfinance institutions, multilateral agencies, and foreign missions.

I would like to give a particular welcome to our distinguished resource persons who have come from 8 different countries in the region to be here and share their wisdom and experience. Many are in Myanmar for the first time, so they also have the opportunity to learn more about this country.

We are happy to organise this workshop in cooperation with the Myanmar Microfinance Business Supervisory Committee, as well as the Small Scale Industries Department of the Ministry of Co-Operatives.

We are also very happy for the cooperation of CGAP. CGAP is an independent policy and research center dedicated to advancing financial access for the world's poor, and is supported by over 30 development agencies and private foundations. CGAP is housed at the World Bank, and provides market intelligence, promotes standards, develops innovative solutions and offers advisory services to governments, microfinance providers, donors, and investors. CGAP focuses on four core areas:

- Policies and regulations for financial inclusion
- Technology and branchless banking
- Improving aid effectiveness;
- Understanding clients' needs.

Last but by no means least I would like to express my appreciation for the support of UNCDF, a sister organisation of UNDP, mandated to assist primarily LDCs by supplementing existing sources of capital by means of grants and loans. As well as working to enhance financial inclusion of low income and poor people, and micro and small enterprises, UNCDF also supports the strengthening of public finance for local development.

In organising this workshop, we have considered the present situation of the Myanmar microfinance sector and selected a few issues which we regard as particularly relevant at this time.

We start with an overview of some recent developments in the sector, followed by the perspectives of some of the main actors, namely the largest MFIs, the LIFT fund and the cooperatives.

With the Myanmar microfinance sector likely at the start of a period of rapid growth, identifying sources of funding to drive this growth will become important. In Session 2 we will therefore look at the Role of Apex Institutions in Supporting Market Development, using case studies from India, Indonesia and Bangladesh. We deeply regret that one of our key resource persons, Dr. Salehuddin Ahmed, a former MD of PKSF, cannot be with us due to some personal reasons.

A significant number of the 148 institutions that to date has received a microfinance license, are allowed to accept deposits. For an MFI the implications of taking deposits are wide-ranging, from liquidity management to developing and maintaining a trust relationship with its depositors. In Session 3 we will have 2 very large MFIs share their experiences of meeting the challenge of deposit taking. We are also extremely pleased to have Mr. Stuart Rutherford, an eminent researcher, author and practitioner, review what he has learned from many years of studying *The Poor and Their Money*, to quote the title of his highly acclaimed book.

While the financial inclusion agenda places more emphasis on understanding clients' needs and providing a broad range of financial services, sustainable delivery is of course still a fundamental issue. Without it, long term access to financial services cannot be assured. This therefore is the subject of Session 4. We will have presentations from Bangladesh, Pakistan and Cambodia, and for the last one we are honoured to welcome Mr. Channy of ACLEDA Bank here.

At an early stage of microfinance sector development, donors typically play a significant role, in terms of funding, capacity building and other forms of support. Session 5 looks at how this support can be provided in such a way as to maximise its impact while also minimising market distortions. Two multilateral and one bilateral development agencies will share their insights.

The final Session 6 is however the most important one. We have invited 6 local experts with long experience in the sector to reflect on the earlier sessions. They will discuss the relevance to the Myanmar context of the different experiences presented and how they could contribute to the development of the local microfinance sector.

In conclusion I think we have a very interesting 2 day's programme ahead of us. I would urge you to pay close attention to the presentations and invite you to actively participate in the subsequent discussions, so that a wide range of views may be aired here. In that case, I am confident that we will have a very successful workshop which will provide some foundation for the future development of the Myanmar microfinance sector.

Thank you!

## **Appendix 6: Profile of Institutions**

### **1. ACLEDA**

ACLEDA Bank Plc. was licensed by the National Bank of Cambodia as a Commercial Bank in December 2003. Originally, it was founded in January 1993, as a national NGO for micro and small enterprises' development and credit.

ACLEDA Bank currently has more than 310,000 borrowing customers, of which 55% are women. The total number of all deposit account types is almost 960,000. It has 238 branches and offices in all provinces and towns in the Kingdom of Cambodia. ACLEDA Bank established its first international subsidiary commercial bank in Lao PDR and has recently opened its first branch in Myanmar.

### **2. Association for Social Advancement (ASA)**

Established in 1978 as a social NGO in Bangladesh, from 1992, ASA focused solely on microfinance as its tool in fighting poverty. At the core of its operations is the ASA "Cost Effective and Sustainable Services Model" and the organization declared itself a "donor free MFI" in 2001. It was licensed by the Bangladesh Microfinance Regulatory Authority in 2008. ASA is one of the most efficient MFIs in the world, offering credit, savings and insurance products to its clients. It currently has over 3,000 branches, some 4.1 million borrowers and 2.5 million long term savings accounts.

### **3. Bangladesh Rural Advancement Committee (BRAC)**

BRAC was founded in Bangladesh by Sir Fazle Hasan Abed in 1972 as a development organization dedicated to alleviating poverty. It is now the largest development NGO in the world, measured by the number of employees and the number of people it has helped. BRAC is present in all 64 districts of Bangladesh as well as in Afghanistan, Pakistan, Sri Lanka, Uganda, Tanzania, South Sudan, Sierra Leone, Liberia, Haiti and The Philippines as of 2012.

BRAC delivers its microfinance and other programs by organizing women into Village Organizations (VOs). It currently has some 6 million depositors, 4.3 million micro-borrowers and over 2,100 branches. In addition to providing loans, BRAC's 'credit plus' approach works through an integrated set of services that strengthens the supply chains of the enterprises that its members invest in. These services are provided by BRAC social enterprises.

BRAC Bank was formed in 2001 with the aim to serve small and medium enterprises (SMEs) in the country and serves more than 1.2 million clients through a network of 15 Branches and nearly 300 ATMs.

### **4. Bank Andara**

Bank Andara is the first wholesale bank for microfinance institutions - rural banks and cooperatives - in Indonesia. It was founded in 2009 by a consortium in the form of

a limited liability company. It has a commercial banking license and is supervised by Bank Indonesia. Its main shareholders include Mercy Corps, IFC and KfW. Through 220 MFI borrowers it reaches a total of over 900,000 clients.

#### **5. Bank Rakyat Indonesia (BRI)**

BRI is a state-owned bank in Indonesia, with an extensive branch network covering the entire nation. It also has an extensive network of more than 4,000 retail outlets at the sub-district level, known as BRI village units (Unit Desa). Each of these are microfinance profit centres, operating on a full commercial basis, serving micro and small customers, predominantly in rural areas. BRI offers loans, voluntary savings products, fund transfer services as well as training and consulting services. The Unit Desas currently have 4.5 million borrowers and 21 million depositors.

#### **6. CARD Bank**

CARD started in the Philippines in 1986 as a social NGO (Center for Agriculture and Rural Development) and in 1997 was licensed as a rural bank. CARD is the first microfinance NGO in the country to transform itself into a bank. CARD uses a modified Grameen Bank methodology to bring financial services to landless rural poor women. CARD Bank currently has almost 800,000 depositors and over 300,000 borrowers, of which almost all are women.

#### **7. Consultative Group to Assist the Poor (CGAP)**

CGAP develops innovative solutions for financial inclusion through practical research and active engagement with financial service providers, policy makers, and funders. Established in 1995 and housed at the World Bank, CGAP combines a pragmatic approach to market development with an evidence-based advocacy platform to advance poor people's access to finance. Its global network of members includes over 33 development agencies, private foundations, and national governments.

#### **8. International Finance Corporation (IFC)**

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. IFC helps developing countries achieve sustainable growth by financing investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments.

#### **9. Microfinance Investment Support Facility for Afghanistan (MISFA)**

MISFA is an independent apex organization set up in 2003 as a vehicle through which the Afghan Government and international donors could channel technical assistance and funding to facilitate the development and growth of the country's microfinance sector. It was registered as a limited liability non-profit company in 2006, its sole shareholder being the Ministry of Finance of the Islamic Republic of Afghanistan. MISFA's 6 MFI partners have a total of over 200,000 active borrowers.

## **10. Palli Karma-Sahayak Foundation (PKSF)**

PKSF was established in 1990 by the Government of Bangladesh as a ‘not-for-profit’ company. The principal objective of PKSF is to support the poor by providing microcredit funds to its Partner Organization (POs), which can be non-government, semi-government and government organizations; voluntary agencies and societies; local government bodies; institutions; groups and individuals.

PKSF, as the leading apex microcredit and capacity development organization in Bangladesh, has to date lent about US\$ 1,500 million to its 268 POs covering more than 8.2 million borrowers of which more than 91% are women. In the last few years, PKSF has diversified its focus on non-credit programmes to include such areas as training, education, health, awareness building, nutrition, direct employment linkages, and marketing supports with the objective to provide all-inclusive services for poverty alleviation.

## **11. Small Industries Development Bank of India (SIDBI)**

SIDBI was established in 1990 by an Act of Indian Parliament as the principal financial institution for the promotion, financing and development of industry in the small scale sector. It launched the SIDBI Foundation for Micro Credit (SFMC) in 1999 as an apex wholesaler for micro finance in India, providing a complete range of financial and non-financial services such as loan funds, grant support, equity and institution building support to some 140 retailing MFIs, to facilitate their development into financially sustainable entities. SFMC is also playing a significant role in advocating appropriate policies and regulations and acting as a platform for information exchange in the sector.

## **12. Tameer Microfinance Bank**

Tameer Microfinance Bank Ltd. is a private commercial microfinance bank licensed by the State Bank of Pakistan under the Microfinance Ordinance of 2001. Tameer is one of the first nationwide, private sector, non NGO-transformed, commercially sustainable microfinance institutions in Pakistan. It serves low-income, salaried and self-employed microentrepreneurs with a range of financial products. The bank provides loans to individuals as well as groups, and also provides savings, insurance and housing products to its clients. Tameer currently has over 300,000 regular depositors, over 400,000 branchless banking depositors and almost 150,000 borrowers.

## **13. United Nations Capital Development Fund (UNCDF)**

UNCDF is the capital development agency of the United Nations, mandated to assist primarily LDCs by supplementing existing sources of capital by means of grants and loans. UNCDF works both to strengthen public finance for local development and on enhancing financial inclusion of low income and poor people, and micro and small enterprises.

## Appendix 7: Feedback

Feedback forms were given to participants to seek their comments on the workshop, and out of a total of 160 participants, 73 filled out the form. The breakdown of the participants by institution as well as the quantitative workshop rating is shown in the table below.

<b>Institution</b>	<b>Nr.</b>	<b>%</b>
MMSE	14	19%
Ministry of Cooperative	6	8%
Ministry of National Planning	2	3%
Other Government Department	3	4%
State-owned or private bank	12	16%
Myanmar NGO MFI	14	19%
International NGO MFI	18	25%
Multilateral agency or DFI	4	5%
<b>Total</b>	<b>73</b>	<b>100%</b>
<b>Overall rating of the event</b>		
<b>Overall rating of the event</b>	<b>Nr.</b>	<b>%</b>
Excellent	12	16%
Good	57	78%
Fair	4	5%
Unsatisfactory	0	0%
<b>Total</b>	<b>73</b>	<b>100%</b>
<b>Did the event meet your expectation?</b>		
<b>Did the event meet your expectation?</b>	<b>Nr.</b>	<b>%</b>
Fully	27	39%
Partially	41	59%
Hardly	1	1%
<b>Total</b>	<b>69</b>	<b>100%</b>

The results show that 94% of the participants rated the workshop as positive, while 98% responded that it had met their expectations fully or partially.

Regarding the qualitative rating, the more frequent comments provided under the different headings were as follows:



	Nr. of Comments	
	Within sub-group	Total
<b>Rating of the event:</b>		
General comments were that all participants did appreciate the event since it brought all relevant stakeholders from inside and outside the country on one platform, where each other’s experiences were exchanged.	INGO MFI-20 LNGO MFI-8 Multilateral agency or DFI-4 Ministry of Cooperative-6 Ministry of National Planning-2 Bank-8 MMSE-6 Other Gov. Dept-3	57
<b>The parts that participants liked the most:</b>		
It was mentioned that all parts of the event were inter-related with each other, but about one fourth of the respondents gave preference to sustainable business models session;	MMSE-5 Other Gov. Dept-2 Stated-owned or private bank-3 Ministry of National Planning-1 Ministry of Cooperatives-1 LNGO MFI-3 INGO MFI-7	22
Mobile and branchless banking was also popular with 11 out of 73 respondents who mentioned their preference, mostly from MMSE.	MMSE-7 Ministry of Cooperatives-2 INGO MFI-2	11
The most popular subject among respondents next to sustainable business model was Panel 3, especially Saving from Clients’ Perspective	Other Gov. Dept-1 Stated-owned or private bank-3 Ministry of Cooperatives-1 LNGO MFI-2 INGO MFI-6	13
<b>The parts that participants liked the least:</b>		
Eleven out of 73 respondents liked session 5 about smart subsidies and role of donors the least, especially international NGOs.	Stated-owned or private bank-1 Ministry of National Planning-1 Ministry of Cooperatives-1 Multilateral agency or DFI-1 INGO MFI-7	11
<b>Level of expectation met:</b>		
Several respondents would have appreciated more presentations from local MFIs to learn local context.	INGO MFI-1 Stated-owned or private bank-3 MMSE-4 Ministry of Cooperatives-4 Other Gov. Dept-2 LNGO MFI-3	17
<b>Other comments:</b>		
Several respondents expected that Microfinance Workshops could be conducted yearly to build staff capacity for MFIs and disseminate microcredit methodology.	INGO MFI-5 LNGO MFI-2 Ministry of Cooperatives-1 Stated-owned or private bank-2	10

## Appendix 8: List of Participants

Sr.	Name	Position	Organization
<b>VIP</b>			
1	Dr. Lin Aung	Deputy Minister	Ministry Finance and Revenue
2	U Than Tun	Deputy Minister	Ministry of Cooperatives
3	Mr. Toily Kurbanov	Country Director	UNDP CO Myanmar
<b>Resource Persons &amp; Moderators</b>			
4	Mr. Vivek Kumar Malhotra	Deputy General Manager	Small Industries Development Bank of India (SIDBI)
5	Mr. Don Johnston	Business Development Director	Bank Andara (Indonesia)
6	Ms. Marivic Austria	Senior Vice President	CARD (Philippines)
7	Mr. A. K. M. Aminur Rashid	Director (Program)	ASA (Bangladesh)
8	Mr. Shameran Abed	Associate Director Microfinance	BRAC (Bangladesh)
9	Mr. I. Channy	President & CEO	ACLEDA Bank (Cambodia)
10	Mr. Atyab Tahir	Chief Strategy Officer	Tameer Microfinance Bank (Pakistan)
11	Mr. Stuart Rutherford	Founder	Safesave (Bangladesh)
12	Mr. Eric Duflos	Regional Representative for East Asia and Pacific	CGAP
13	Ms. Linda Ren	Senior Investment Officer	IFC
14	Mr. Feisal Hussain	Senior Regional Adviser	UNCDF
<b>Local Experts</b>			
15	U Thein Myint	Microfinance Consultant	
16	U Myint Swe	Microfinance Consultant	
17	U Maung Maung	General Manager	PACT
18	U Myint Kyaw	Microfinance Officer	UNOPS / LIFT
19	Pwint Htun	Consultant	CGAP
<b>Ministry of Finance and Revenue</b>			
20	U Ye Lwin Aung	Assistant Manager	Ministry of Finance and Revenue
21	U Htein Linn	Managing Director	Myanmar Microfinance Supervisory Enterprise
22	U Yee Thutut	Translator, Advisor	Myanmar Microfinance Supervisory Enterprise
23	U Win Aung	General Manager	Myanmar Microfinance Supervisory Enterprise
24	U Mg Mg Aye	D General Manager	Myanmar Microfinance Supervisory Enterprise
25	U Nyo Htay	Assistant General Manager	Myanmar Microfinance Supervisory Enterprise

<b>Sr.</b>	<b>Name</b>	<b>Position</b>	<b>Organization</b>
26	Daw Nwe Ni Soe	Assistant General Manager	Myanmar Microfinance Supervisory Enterprise
27	Daw Aye Aye Min	Assistant General Manager	Myanmar Microfinance Supervisory Enterprise
28	U Khin Myint	Assistant General Manager	Myanmar Microfinance Supervisory Enterprise
29	Daw Than Swe	Assistant General Manager	Myanmar Microfinance Supervisory Enterprise
30	U Sein Tint	Manager	Myanmar Microfinance Supervisory Enterprise
31	Daw Khin Ohm Myint	Manager	Myanmar Microfinance Supervisory Enterprise
32	Daw Khin San Myint	Manager	Myanmar Microfinance Supervisory Enterprise
33	U Aye Win	Manager	Myanmar Microfinance Supervisory Enterprise
34	U Thein Naing	Manager	Myanmar Microfinance Supervisory Enterprise
35	U Win Mg	Manager	Myanmar Microfinance Supervisory Enterprise
36	Daw Kyu Kyu Swe	Manager	Myanmar Microfinance Supervisory Enterprise
37	U Myint Thein	Manager	Myanmar Microfinance Supervisory Enterprise
38	Daw Thanda Thwe	Manager	Myanmar Microfinance Supervisory Enterprise
39	U Myo Myint	Manager	Myanmar Microfinance Supervisory Enterprise
40	U Kyaw Sein Lin	Manager	Myanmar Microfinance Supervisory Enterprise
41	U Wai Than	Manager	Myanmar Microfinance Supervisory Enterprise
42	U Ko Ko Latt	Manager	Myanmar Microfinance Supervisory Enterprise
43	U Ko Ko Maung	Manager	Myanmar Microfinance Supervisory Enterprise
44	U Myint Oo	Manager	Myanmar Microfinance Supervisory Enterprise
45	Daw Mya Mya Moe	Manager	Myanmar Microfinance Supervisory Enterprise
46	Daw Than Than Nyunt	Manager	Myanmar Microfinance Supervisory Enterprise
47	U Po Htay	Manager	Myanmar Microfinance Supervisory Enterprise

<b>Sr.</b>	<b>Name</b>	<b>Position</b>	<b>Organization</b>
48	U Myo Thi Ha	Assistant Manager	Myanmar Microfinance Supervisory Enterprise
49	U Kyaw Kyaw Lwin	Assistant Manager	Myanmar Microfinance Supervisory Enterprise
50	U Poe Shwe	Manager	Myanmar Microfinance Supervisory Enterprise
51	Daw Su Su Naing	Assistant Manager	Myanmar Microfinance Supervisory Enterprise
52	Daw Nyo Nyo Aung	Super	Myanmar Microfinance Supervisory Enterprise
53	Daw Nu Nu Lwin	Super	Myanmar Microfinance Supervisory Enterprise
54	Daw Khin Thuzar Lwin	Super	Myanmar Microfinance Supervisory Enterprise
55	Daw Ei Ei Khin	DS	Myanmar Microfinance Supervisory Enterprise
56	Daw Thandar Kyaw	UD	Myanmar Microfinance Supervisory Enterprise
<b>Ministry of Co-Operatives</b>			
57	Daw Khin Aye Maw	Deputy Director	Cooperative Department
58	Daw Hsu Yin Myint	Deputy Director	Cooperative Department
59	U Myint Aung	Director	Cooperative Department
60	U Nyan Win Maung	Assistant Director	Cooperative Department
61	U Aung Phyo Wai	Staff Officer	Cooperative Department
62	U Naing Aung	Assistant General Manager	Co-Operative Export & Import Enterprise
63	Daw Win Thandar Kyaw	Manager	Co-Operative Export & Import Enterprise
64	Daw Khin Htar Ei	Assistant Manager	Co-Operative Export & Import Enterprise
65	U Mya Than	Dy. D. G	Small Scale Industries Department
66	U Swet Tint	Director	Small Scale Industries Department
67	U Win Man	Deputy Director	Small Scale Industries Department
68	Daw Aye Kyawt Khine	Staff Officer	Small Scale Industries Department
69	U Win Maw	Deputy Director	Small Scale Industries Department
70	U Lin Htut Moe	Deputy Director	Small Scale Industries Department
71	Daw Khin Pa Pa Myo	Officer	Small Scale Industries Department

<b>Sr.</b>	<b>Name</b>	<b>Position</b>	<b>Organization</b>
72	Daw Thawdar Myo	Head of Branch	Small Scale Industries Department
73	Daw Khaing Khaing Win	Head of Staffs	Small Scale Industries Department
74	Daw Su Mon Oo	UDC	Small Scale Industries Department
75	Daw Khin Htarei	Assistant Manager	Small Scale Industries Department
<b>Ministry of Border Affair</b>			
76	Daw Su Su Than	Deputy Director	Department of Rural Development
77	U Hla Thein Aung	Deputy Chief Engineer	Department of Rural Development
78	U Than Naing Win	Assistant Engineer	Progress of Border Areas and National Races Department
<b>Ministry of National Planning and Economic Development</b>			
79	Daw Yin Yin Thet	Deputy Director	Foreign Economic Relations Dept
80	Daw Htay Htay Win	Director	Progress Appraisal & Progress Reporting Department
<b>Other government department</b>			
81	U Than Htun		
<b>Banks</b>			
82	U Sein Hla Tun	Deputy General Manager	MADB
83	Daw Ni Ni Saw	DGM	Yoma Bank
84	U Oo Thein Myint	Director General Manager	CB Bank
85	U Kyi Win	Director	Myanmar Bank Association
86	Ms. Myint Myint Cho	Senior General Manager	KBZ Bank
87	Ms. Khin Thida Maw	General Manager	KBZ Bank
88	U Chit Oo Maung	Deputy General Manager	MOB Bank
89	U Kyaw Kyaw Khine	Assistant General Manager	MOB Bank
<b>Central Cooperative Society</b>			
90	U Hoke Hlaing	Deputy General Manager	CCS
91	U Thein Zaw Tun	Assistant General Manager	CCS
92	U Myint Maung Htun	Chairman	Union of Monetary Cooperatives
<b>Microfinance Institutions</b>			
93	Mr. Neal Youngquist	General Manager	World Vision Myanmar
94	Thurein Htoo		World Vision Myanmar
95	Carolina Andino	Consultant	Socio-Lite Microfinance Foundation
96	Daw Yin Yin Aye	Director	Socio-Lite Microfinance Foundation

<b>Sr.</b>	<b>Name</b>	<b>Position</b>	<b>Organization</b>
97	Ms Gill Pattison	General Manager	Proximity Designs
98	Ms. Maria Fulwiler	Program Manager	Proximity Designs
99	Ko Kaung Set	Program Associate	Proximity Designs
100	Ms. Witt Gatchell	Consultant	Proximity Designs
101	Daw Naw Thet Thet Mar	Liaison officer	GRET
102	Phyu Yamin	Managing Director	MDP
103	Su Wai Phyo	Training Manager	MDP
104	Nu Nu New		MDP
105	Aung Aung	Manager	Dawn/Save the children
106	Phyu Phyu Zaw	Finance Manager	Dawn/Save the children
107	Aye Soe Hliang	Operations Manager	Dawn/Save the children
108	Myo Yarzar Thein	Internal Audit Manager	Dawn/Save the children
109	Khin Thida	Microfinance Program Officer	Dawn/Save the children
110	Ms. Janis Sabetta	International Thematic Advisor	Dawn/Save the children
111	Indrajith Wijesiriwardana	Financial Advisor	Dawn/Save the children
112	Mr. Fahmid Karim Bhuiya	Chief Operating Officer	Pact/PGMF
113	Mr. Jason Meikle	Deputy Director	Pact/PGMF
114	U Kyi Thar	Project Director, MARC	Pact/PGMF
115	Dr Kyaw Moe Hein	Project Coordinator	Pact/PGMF
116	U Htin Lin Maw	Asst. Project Coordinator	Pact/PGMF
117	U Maung Maung	Zonal Manager- Dry	Pact/PGMF
118	Daw Yin Yin Win	Zonal Manager-Shan	Pact/PGMF
119	U Min Min Zaw	Zonal Manager-Delta	Pact/PGMF
120	Daw Mi Mi Khaing	Program Manager-Dry	Pact/PGMF
121	U Aung Myo Lin	Program Manager-Shan	Pact/PGMF
122	U Aung Kyaw Lwin	Program Manager- Delta	Pact/PGMF
123	Ms. Yin Yin Myint	Director	Myanmar Finance
124	Mr. Pyae Phyo Lwin	Director	Myanmar Finance
125	Ms. Azusa Suzuki	Program Manager	AMDA
126	Ms. Thida	Project Coordinator	AMDA
127	Mr. Alexandre Goutchkoff	Myanmar Program Manager	EdM
128	U Aung Kyaw Tint	Focal Person	Border Areas Development Association (BDA)
129	Daw May Aye Shwe	General Secretary	Environmental Conservation and Livelihood Outreach Foundation (ECLOF)
130	U San Htoo	Joint Secretary	Ratana Metta Organization (RMO)

<b>Sr.</b>	<b>Name</b>	<b>Position</b>	<b>Organization</b>
131	Mr. Dominic Lian Za Pao	Program Coordinator	Ar Yone Oo Social Development Organization (AYO)
132	Jay Supetran	Program Manager	Planet Finance
133	Ron Bevacdua	ASIA Coordinator	Planet Finance
<b>Multilateral Agencies</b>			
134	Ms. Kelly Hattel	Financial Sector Specialist	ADB
135	Mr. Hasib Ahmed	Principal Investment Specialist	ADB Private Sector Financial Institutions Division
136	Mr. Siddhartha Shah	Principal Investment Specialist	ADB Infrastructure Finance Division
137	Mr. Thatha Hla	Financial Sector Economist	ADB
138	Mr. Ricardo Martin Garcia-Tafur	Operations Officer	IFC
139	Mr. Peter Tiong Chuan Lian	Consultant	World Bank
140	Ms. Nataliya Mylenko	Financial Sector Specialist	World Bank
141	Mr. Andrew Kirkwood	Director	UNOPS / LIFT
142	Mr. Barclay O'Brien	Programme Officer Markets and Microfinance	UNOPS / LIFT
<b>Bilateral Agencies</b>			
143	Anthea Kerr	Livelihoods Adviser	DFID
144	Joanna Rose Ribbens	Program Manager	USAID
145	Peter Tschumi	Director of Cooperation	SDC
146	Shunsuke Wariishi	Project Formulation Advisor	JICA
147	Mr. Kyosuke Inada	Senior Representative	JICA
<b>Other International Representatives</b>			
148	Mr. Peter Kooi		ACLEDA Bank (Cambodia)
149	Mr. Chhan Ponloeu		ACLEDA Bank (Cambodia)
150	Mr. Tauch NgamYoura		ACLEDA Bank (Cambodia)
151	Mr. Kazi Faisalbin Seraj	Country Representative Designate	BRAC Myanmar
152	Ms. Ujanga Erchembajar	Investment Officer	Access Holding
153	Mr. Dan Balke	Managing Director	LFS Consulting
154	Ms. Juvy V. Gacutan	Myanmar Liaison Office Manager	CARD Myanmar
155	Ms. Marjorie Marasigan	International Deputy Director	CARD Myanmar
156	Ms. Silvia Sturm	Country Representative	SBFIC
157	Mr. Timo H. Hogenhout	Consultant	UNCDF
<b>Media</b>			
158	Ma Maria	Reporter	Myanmar Times

<b>Sr.</b>	<b>Name</b>	<b>Position</b>	<b>Organization</b>
159	U Soe Than Lin	Reporter	Myanmar Times
160	Ko Ko Let	Reporter	Myanmar Times
161	Ko Htin Lin	Reporter	The Voice
162	U Myo Myint	Reporter	The news
163	U Swan Ye htut	Reporter	Pyidaungsu Daily
164	U Soe Min Htike	Reporter	Weekly Eleven
165	Ko Pyi Thein	Reporter	7 Days News Journal
166	Skynet	Press	Skynet
167	Skynet	Press	Skynet
168	MRTV4	Press	MRTV4
169	MRTV4	Press	MRTV4
<b>UNDP and Logistics</b>			
170	Mr.Heinz Willems	Microfinance Specialist	UNDP Myanmar
171	Daw Khin May Shin	Programme Analyst	UNDP Myanmar
172	U Thin Khaing	Programme Analyst	UNDP Myanmar
173	Alex Nyi Nyi Aung	Communication Analyst	UNDP Myanmar
174	Daw Ohnmar Aung	Executive Secretary	UNDP Myanmar
175	Wint Yee Nandar Lwin	Programme Associate	UNDP Myanmar
176	U Khaung Lwan	Note Taker	Freelance
177	Joshua Pyae Son Oo	Note Taker	Freelance
178	Saw Myat Min Zaw	IT Assistant	UNDP Myanmar
179	Min Thura Hlaing	Volunteer	