



Unlocking Public and Private  
Finance for the Poor

# MID TERM EVALUATION OF EXPANDING FINANCIAL ACCESS IN MYANMAR (EFA)

*Inclusive microeconomics*





*Inclusive microeconomics*

2020

EVALUATION TEAM	
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## **MID TERM EVALUATION: EXPANDING FINANCIAL ACCESS (EFA) MYANMAR**

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## PROGRAMME DATA SHEET

Country:	<i>Myanmar</i>
Programme Title (long)	<i>Expanding Financial Access</i>

### Financial Breakdown (by donor, USD)

Donors	Commitments As per ProDoc	Actual project budget 2015-2020
UNCDF	300,000	100,000
PGMF (UNDP)	5,834,264	4,236,055
In kind contributions (UNCDF)	262,000	262,000 <sup>a</sup>
MAP Global	80,000	0
UKAID - WEFIP		1,682,331
NORAD		300,000
LIFT-LNB		345,635
LIFT - CB Bank		52,153
BMGF		300,500
Funding gap		18,135,377

[UNCDF ATLAS, 2020 revised and information from programme team for BMGF]

<sup>a</sup> Assumption, inkind contributions are not tracked

### Delivery to date (per donor)

Donor	2015	2016	2017	2018	2019	2020
UNCDF	100,000					
PGMF	83,926	820,370	1,090,243	1,091,843	528,824	620,849
UKAID - WEFIP				35,842	859,741	786,748
NORAD					22,250	277,750
LIFT-LNB						345,635
LIFT - CB Bank						52,153
BMGF						300,500
<b>Total project budget</b>	<b>183,926</b>	<b>820,370</b>	<b>1,090,243</b>	<b>1,127,685</b>	<b>1,410,815</b>	<b>2,383,635</b>

[as above]

Executing Agency	UNCDF
Implementing Agency	UNCDF
Key Project Partners	Financial Regulatory Department, in the Ministry of Planning, Finance and Industry, Government of Myanmar
Approval Date of Project	February 2015
Project Duration as per Project Document	5 years: 2015-2020
Project Amendment	Extended to end 2021
Evaluation Date	March-December 2020

Other current UNCDF projects in-country	SHIFT
Previous UNCDF projects (if relevant)	MAP, Microlead, Cleanstart
Previous evaluations (if relevant)	n/a
Dates of audits	None undertaken

## Table of Contents

Acronymns and Abbreviations.....	iv
Executive Summary .....	vi
1 Scope and Objectives of the Evaluation.....	1
1.1 Purpose and Objectives .....	1
1.2 Approach .....	1
1.3 Scope .....	2
2 Programme Profile .....	2
2.1 Programme description, strategy and background .....	2
2.2 Policy, institutional and broader funding environment.....	5
2.3 Current programme status .....	7
2.4 Current programme financial status.....	10
3 Evaluation Approach and Methodology .....	12
3.1 Evaluation framework .....	12
3.2 Lines of evidence .....	13
3.3 Sampling .....	13
3.4 Challenges and Limitations .....	14
4 Evaluation Findings .....	15
4.1 Relevance and quality of design .....	15
4.2 Efficiency.....	20
4.3 Effectiveness .....	25
4.4 (Likely) impact.....	29
4.5 (Likely) Sustainability of programme results .....	33
5 Gender and Human Rights .....	37
6 Conclusions and Recommendations .....	38
6.1 Overall assessment.....	38
6.2 Recommendations.....	41
6.3 Lessons.....	42
Annexes .....	44
Annex 1: Results and Resources Framework.....	45
Annex 2: Map of Myanmar.....	48
Annex 3. Theory of Change – original (ProDoc) and revised (2017).....	49
Annex 4. Programme targets and implementation to date, 2015-June 2020 .....	51
Annex 5: Funds allocation (USD), 2015-2020 .....	53
Annex 6: Evaluation Matrix .....	55
Annex 7: The AAER framework.....	62
Annex 8: Summary of the main results from the different lines of evidence.....	63
Annex 9: List of stakeholders interviewed.....	64
Annex 10: Gender disaggregated data on access to finance in Myanmar, Finscope and Findex ...	67
Annex 11: AAER mapping of Outputs 1 and 2 .....	68
Bibliography.....	70
Appendix Case study of the Market Development Facility Separate doc .....	72

## List of Tables

Table 2.1 Financial services, infrastructure and household access in Myanmar .....	6
Table 2.2 EFA outcome targets and their achievement.....	9
Table 2.3 EFA Funding and expenses by donor – up to June 2020 .....	10
Table 3.1 Stakeholders interviewed.....	14

## List of Figures

Figure 2.1 Annual EFA Budget and spend against ProDoc Targets, 2015-June 2020, USD mn .....	10
Figure 2.2 Donor funding by output .....	11
Figure 4.1 Resource allocation (USD mn) by programme outputs .....	21

Exchange rate applied: USD 1 = Myanmar Kyat 1,350

## Acronyms and Abbreviations

AAER	Adopt, Adapt, Expand, Respond
ACCU	Association of Asian Confederation of Credit Unions
ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
AWP	Annual Work Plans
BSP	Business for Shared Prosperity (FCDO programme)
BTCA	Better than Cash Alliance
CBM	Central Bank of Myanmar
CERP	COVID-10 Emergency Relief Plan (of the Government of Myanmar)
CGAP	Consultative Group to assist the Poor
CPAP	Country Programme Action Plan (of UNDP)
CSO	Central Statistical Organisation
DFAT	Department of Foreign Affairs and Trade (of the Australian Government)
DFLI	Digital and Financial Literacy Initiative
DFS	Digital Financial Services
DG	Director General
DGRV	‘German Cooperative and Raffeisen Confederation’
ET	Evaluation Team [for this MTE]
FCDO	Foreign, Commonwealth and Development Office (Government of UK), formerly UKAID
FI	Financial Inclusion
FIRM	Financial Inclusion Road Map
FRD	Financial Regulatory Department of the Ministry of Planning, Finance and Industry
FSDS	Financial Sector Development Strategy (of the World Bank)
FSP	Financial Service Provider
GE	Gender Equity
GEF	Gender Equity Fund (of DFAT)
GTI	Global Thematic Initiative (of UNCDF)
HR	Human Rights
IC	Investment Committee
IDE	Inclusive Digital Economy Practice Area (of UNCDF)
IF	Inclusive Finance
IFC	International Finance Corporation
IMF	International Monetary Fund
IMSC	Inter Ministerial Steering Committee
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
LDCIP	Least Developed Countries Investment Platform
LIFT	Livelihoods and Food Security Trust Fund
LNBI	Leaving No-one Behind in the Digital Era
M&E	Monitoring and Evaluation
MAP	Making Access Possible
MDF	Market Development Facility
MFI	Microfinance Institution
MFSP	Mobile Financial Services Provider

MIFS	Myanmar Inclusive Finance Strengthening
MMFA	Myanmar MicroFinance Association
MM4P	Mobile Money for the Poor [UNCDF programme]
Mn	million
MNO	Mobile Network Operator
MoPFI	Ministry of Planning, Finance and Industry
MSME	Micro, Small and Medium Enterprises
MTE	Mid Term Evaluation [this report]
NORAD	Norwegian Agency for Development Cooperation
NSPAW	National Strategic Plan for the Advancement of Women
OER	Operating Expense Ratio
OSS	Operational Self Sufficiency (or sustainability)
PAR	Portfolio at Risk
PGMF	PACT Global Microfinance
PoWER	Participation of Women in the Economy Realised [UNCDF tool]
PMF	Project Monitoring Framework
ProDoc	Programme Document
PSDA	Private Sector Development Activity (of USAID)
RRF	Results and Resources Framework
SDG	Sustainable Development Goal
SHIFT	Shaping Inclusive Finance Transformations [UNCDF programme]
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference [for this evaluation]
UNCDF	United Nations Capital Development Fund
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USD	US dollars
WB	World Bank
WEFIP	Women's Economic and Financial Inclusion Project
WG	Working Group

## Executive Summary

### **Background and brief explanation of the programme**

As a UNCDF country platform, linked in to other UNCDF initiatives, EFA aims at market systems development for inclusive finance in Myanmar. The programme advises and provides a support structure to the national government with respect to financial inclusion, whilst coordinating with other actors in the UN system and development partners in Myanmar so as to facilitate strategic initiatives for inclusive finance in the country.

EFA evolved from two UNCDF flagship programmes that had started in Myanmar: Making Access Possible (MAP) and Microlead. Expected outcomes of the programme were the financial inclusion targets of the Roadmap developed under MAP. EFA proposed activities were similarly aligned, aiming to strengthen the policy and regulatory environment (Output 1) as well as the capacity of selected market participants (Output 2), including a focus on microfinance and cooperatives that were a primary area for Microlead. An innovation under Output 2 was a Market Development Facility deploying different financial instruments to help develop sustainable practices for financial service providers (FSPs) targeting low income segments in Myanmar. The third output covers knowledge management and sharing to enable the project to adapt over time and to encourage good practices in the financial inclusion agenda, nationally, regionally and globally.

This evaluation covers the period from EFA project launch in 2015 to end September 2020, including the effects of COVID 19 during 2020.

### **Evaluation Objectives and Intended Audience**

This evaluation aims to assist UNCDF and its partners understand the relevance, efficiency, effectiveness, likely impact and sustainability of the programme; to understand the programme's results in financial inclusion to date: at both the direct investee level and the programme's current and likely contribution to market and policy development in Myanmar more generally, and this in line with UNCDF's development finance maturity model and in support of the SDGs; and to validate and/or suggest refinements to the programme's theory of change and the instruments and tools being deployed to meet the programme objectives. The evaluation approach is based on the programme's Theory of Change, assessing key stages of the results chain, testing the assumptions and considering alternative drivers of expected results.

Following best practice, this evaluation exercise has been undertaken independently, with a focus on methodologically credible findings that are relevant to support evidence-based programme management and broader strategic decision making. This MTE has applied mixed methods drawing on quantitative data from programme and national sources, and qualitative data from key informant interviews. A total 52 interviews were conducted (virtually, under COVID lockdown) with stakeholders at macro, meso and micro levels. Different sources of information are triangulated for contribution analysis; the Adopt, Adapt, Expand, Respond framework has been applied to explore market systems development. The methodology includes a case study of the Market Development Facility (in the Appendix) to explore in depth this key activity of the programme reflecting UNCDF's mandate to provide alternative financing mechanisms - loans and guarantees - in addition to grants and technical assistance. Gender and human rights are cross-cutting, underlying themes of the evaluation.

The evaluation findings are primarily directed to UNCDF/Inclusive Digital Economy (IDE) Directors, the EFA programme team and national counterparts in the Government of Myanmar Ministry of Planning, Finance and Industry (MoPFI). The findings would also be relevant to EFA funders and partners, and other stakeholders in financial inclusion in Myanmar.



## Current Implementation Status

EFA's activities have centred on:

- engagement with and support (trainings, exposure visits) to the Financial Regulatory Department (FRD) of the MoPFI and the Interministerial Steering Committee (IMSC) to coordinate implementation of the Financial Inclusion Roadmap (FIRM 2015-2020), including the placement of a technical consultant with FRD in 2016, involvement of donors (LIFT, UKAID, USAID) as members of the IMSC, other development partners attending consultation and some working group meetings aligned with the Roadmap. EFA was successful in managing funding to the MAP refresh and a new Roadmap (2019-2024) which was formally approved by the Government in February 2020, ie just before COVID lockdown which meant that the follow up activities could not be undertaken. Under **Output 1**, overall targets have been achieved – apart from Roadmap KPI monitoring and lower than expected implementation of Roadmap recommendations.
- the **Market Development Facility** which in partnership with UNCDF's Least Developed Countries Investment Platform (LDCIP) from 2017, has disbursed loans totalling USD 1.2 mn to 5 emerging, mainly local MFIs; and disbursement to another 7 small MFIs was approved during 2020.
- A major project, Women's Economic and Financial Inclusion Project (WEFIP) funded by UKAid from 2019 to strengthen the enabling environment to improve financial access and agency of women and girls, with a focus on rural, conflict affected areas. This included a Digital and Financial Literacy Innovation (DFLI) challenge fund awarded to five fintechs as well as qualitative research into women's financial needs.
- Digital initiatives have included contribution to a challenge fund grant to Wave Money to develop a financial literacy app targeting women garment workers; the DFLI, facilitating the digital financial services working group as part of the MAP refresh; and, in 2020, a pilot project to integrate MFIs into a digital payments system.

Other activities under **Output 2** (training to cooperatives, TA in agriculture and for uncollateralized loans for MSME, mobilizing savings) have not been taken forward since early research and proposals (including a broad based proposal to support digital financial services), did not obtain funding.

Under **Output 3**, Knowledge Management and Sharing, targets for workshops have been overachieved with a number of events organised on different themes in financial inclusion. The range of MAP documents have been produced along with other communication products; but there have not been articles or short blogs specifically on lessons learned or success stories.

Funds available to EFA during 2015-June 2020 totalled USD 6.7 mn, of which the programme spent USD 4.3 mn (expenditure was 70% of budget available up to December 2019). Part of the COVID effect from March 2020 was that two donors cut agreed project budgets (by nearly USD 2 mn, mainly UKAid – now renamed the Foreign and Commonwealth Development Office (FCDO)); two projects (including WEFIP) were terminated early. Repayments and interest on MDF loans of over USD 1.5 mn are expected by mid 2022. (Note these repayments are not included in ATLAS).

Funding raised during 2020 total USD 5.3 mn for new projects over the next 2-3 years.

## Main findings by evaluation criteria

### *Relevance*

EFA had an ambitious, comprehensive design grounded in, and taking forward, UNCDF's global initiatives – MAP and Microlead. It was fully aligned with key Government policies and priorities as

the country began to open up to global ideas and practices from 2011, following 50 years of military rule. The EFA programme is directly linked to the Financial Inclusion Roadmap (developed under MAP) as approved by the Government. However, selection (by the Government) of FRD as the main coordinating agency for FIRM and counterpart to UNCDF/EFA lacks coherence with the role of CBM as lead regulator for the financial sector. EFA design involves a range of different financial tools (including loans, support to bank guarantees apart from grants and TA) to be deployed across various institutions and FSPs, including digital and cooperatives.

There were early difficulties in the relationship with UNDP, despite overlap and potential synergies. These are now in the past; the UNCDF country office is currently an active member of the UN Country Team, leading to collaborations within the UN system. EFA has significantly supported the engagement of UNCDF's regional programme – SHIFT in the country. In the past few years (mainly since 2019) activities are well aligned with UNCDF's new strategy – Leaving No One Behind in the Digital Era (LNBIDE). EFA design is compatible with development partner programmes; implementation is indeed dependent on funding by development partners. Gender Equity (GE) is a clear cross cutting issue taken up under the programme. Typical of its time, the design does not include specific reference to Human Rights (HR) (disability, vulnerable communities) but EFA activities have included work in conflict affected zones.

### ***Efficiency***

In addition to programme funding, EFA was able to raise parallel funding USD 1.6 mn from UKAid (via DaNa) for the MAP refresh and there was a small amount of USD 0.05 TA to MDF investees funded by Cordaid. Including parallel funding, the total budget up to June 2020 amounts to USD 8.4 mn, just 33% of the Pro Doc 'required funds' of USD 25.4 mn. Allocation of this budget to project outputs was higher for Output 1 and Output 3 (22% and 21% respectively) compared to the ProDoc planned allocation (12% and 6%), and proportionately lower to Output 2 (55% compared to 75% in the ProDoc) for which various proposals to raise funding for different aspects of financial service delivery, including savings, cooperatives and digital finance, were not successful.

Activities have been high cost, including the MDF activities which were limited to loans to small MFIs, and amounted to 10% OER relative to the investment portfolio.

Governance takes place at a 'high level' with some support from the regional office. Deliverables have been of a high quality with good oversight by the small core team (3 permanent staff) who have managed activities well and diligently, but particularly in the early years seem to have lacked the capability to expand or initiate potential projects, for example to widen the scope of the MDF beyond loans and beyond microfinance; to figure out how to support cooperative development, and to follow up opportunities in the fast expanding digital space. The lack of a communications specialist has been a gap with the result that communication has not been as effective as it could have been, centralised UNCDF back up for this aspect notwithstanding. Probably with a view to overall efficiency within UNCDF, EFA is expected to draw on UNCDF's central units/teams for human resources, finance, administration – as well as communications on UNCDF's global website. In practice, the structure seems to lack coherence, accountability and timeliness, and does not support efficiency at the country level. Administrative requirements for staff procurement seem unnecessarily convoluted both for the programme team and for staff and consultants.

Monitoring (including of MDF investees) has been a weak area – with an M&E specialist only coming on board with WEFIP project funding in 2019. EFA has strongly engaged with, and supported other, UNCDF programmes. The initial relationship with LDCIP was not smooth but seems to be more streamlined this year.

The full budget under output 2 (52% of the total), as well as related events and publications under output 3, represent allocation to Gender Equality as a priority in the overall intervention budget. Human Rights are not a clear component of the programme. Nevertheless, work in conflict affected states - under WEFIP and for UN women research - (amounting to 14% of the total budget) is seen as contributing to HR. Within the overall programme, these resource allocations are efficient.

### ***Effectiveness***

EFA has not directly contributed to specific policy changes, but it has enhanced the capacity of the Financial Regulatory Department (FRD) to implement the FIRM through appropriate structures, to the extent possible with numerous staff changes within FRD. MDF loans have supported the strengthening and expansion of 5 small MFIs. This has not resulted in new product development (a key objective for EFA) apart from a small increase in the size of loans offered. Efforts towards a bank guarantee fund for lending to MFIs were not successful. EFA's grant support – under WEFIP - has enabled 3 (larger) MFIs to adapt their products to address barriers for women entrepreneurs; whilst pilots with fintechs for digital and financial literacy, targeting rural women in conflict areas, are likely to support deeper financial inclusion in these areas as three pilots are taken forward with established FSPs.

Whilst not having been actively involved in the fast growth of mobile money in Myanmar following CBM regulation for licensing in 2016, EFA projects since 2019 have engaged with a range of different players to support the expansion and deepening of DFS – including the DFLI pilots mentioned above, and the demonstration this year of MFI capability for integration with an interoperable payments switch.

EFA's/UNCDF's gender related policy research and recommendations are yet to be taken forward, though there is Government recognition with EFA's gender officer this year designated co-chair of the Technical Working Group for Women's Economic Participation as part of the National Strategic Plan for the Advancement of Women (NSPAW).

Knowledge products – MAP and WEFIP case studies – along with events to disseminate these have been promoted by EFA to engage and influence country and regional stakeholders. Results from the MAP refresh and the WEFIP case studies may develop after the pandemic.

### ***(Likely) impact***

Alongside a number of other contributing programmes and actors, EFA has been part of a process of accelerated market development for financial inclusion in Myanmar, with Finscope data showing significant increases in access (though not confirmed by other data sources) and FIRM 2 recording some key market developments that took place up to 2018. EFA's role has been in helping to establish the FIRMs as a frame of reference and engaging with the FRD on microfinance policies. Recent digital projects and gender smart product development are likely to contribute to improved credit for businesswomen and to DFS developments in future.

FRD capacity to support market-based increased financial inclusion continues to need resources and other support and will also need more effective engagement with the CBM as the higher authority on Financial Inclusion and DFS. MDF investment (along with some parallel TA from Cordaid) has contributed to bank or impact investor lending to 3 out of 5 MFI investees. 3 of the 5 fintech DFLI pilots have agreements for rollout with partner FSPs (MFI, Bank) with some continued external funding (by EFA or other).

The programme seems unlikely to generate negative higher-level effects. On the contrary it is designed to mitigate against possible risks such as the overheating of the microfinance market and exclusion from DFS. EFA has introduced some gender targeting and gender monitoring into FIRM 2 and is supporting the Government agenda for GE through active engagement with the NSPAW. The programme will be able to draw on its support for the development of 'gender smart products' by MFIs, to demonstrate practical measures to support women's access to financial services, though the new design does not address the underlying issue of women's lack of collateral.

### ***(Likely) sustainability***

At the macro-level - the government has endorsed a separate Secretariat unit within FRD so as to support capacity building for implementation of the current FIRM. However, there remains a question mark over funding and staffing for such a unit. There could be more engagement with the Central Statistical Organisation as part of a national partnership for financial inclusion data (along with UNDP and the World Bank). The demonstration of MFI capacity to link into a local interoperable payments system is likely to be a significant input to a national payments system to be authorised by the CBM.

EFA has put emphasis on capacity building around data analysis and use. But there is a continuing need for technical skill development and systems building within regulatory and policy making authorities. GE monitoring is likely to continue as part of monitoring implementation of FIRM 2; HR aspects have not been included.

At the micro-level, two MFI investees of MDF may emerge as market leaders among domestically sponsored and managed MFIs. Digital capacity building by EFA at different levels (FRD, fintechs, MFI interoperability) provides a useful base as EFA transitions under the IDE strategy to LNBIDE, seen as particularly relevant as the financial sector adjusts to post COVID norms. Monitoring of women's and girls' access to and use of digital financial services is likely to be a continuing challenge – which gsmi has started to address in Myanmar.

### **Key conclusions, recommendations and lessons**

EFA operates as a UNCDF country platform to enable and facilitate other UNCDF IDE projects/programmes alongside other projects that the team directly implements. The programme had an ambitious USD25 mn design of which a major portion (40%) was intended to support a range of different financial inclusion activities aligned to the recommendations of the first Roadmap. Broad based proposals for these activities (covering digital financial services, savings, training to cooperatives) were developed but did not obtain funding and therefore did not materialise. Within the budget available (35% of planned resources), EFA's main activities have been the Market Development Facility (40% of total actual budget) and capacity building of the regulators to implement the FIRM (22% of total actual budget).

Support to MAP was EFA's *raison d'être* – specifically to strengthen the regulatory environment for implementation of the resulting FIRM as well as a refresh of the MAP processes. EFA's engagement with the government – primarily the FRD within the MoPFI - has facilitated the establishment of a governance structure for FIRM implementation and enhanced capacity at the FRD senior leadership level.

The Market Development Facility (MDF) was a core programme for EFA, designed to address the capital needs of emerging financial and related institutions through a combination of debt, guarantees and TA. MDF timing coincided with UNCDF's launch of the LDCIP which was set up to develop a

standardised process of appraisal for any type of investment by UNCDF. The case study of the MDF (in the Appendix) highlights the achievements and some limitations.

A concern for gender equity is a consistently strong element across EFA's work as demonstrated in the gender focused research and capacity building (partly in partnership with the SHIFT team), the fintech pilots under WEFIP and the engagement of the (local) gender officer hired as part of the policy working group on livelihoods of the NSPAW.

Programme monitoring was well established under WEFIP whose budget enabled EFA to add a full time M&E specialist to the team. Monitoring of the other main activities – along with communications - has been added into the responsibilities of the EFA team. Communications events and publications have been of a high quality, contributing to sector knowledge on broader financial inclusion.

EFA fits well into IDE's new comprehensive approach at the country level for which the team has built a strong network of relationships across the financial sector, including the government. Whilst earlier attempts to explore funding opportunities in DFS were not successful, the Myanmar Leaving No-One Behind Strategy (2019-2024) has brought a new strategic focus on digital financial services. With the hiring of specialist staff from 2021 (with BMGF funding raised by EFA) the country programme will be strengthened to take the digital strategy forward – with opportunities to build on EFA's existing network and project experience, particularly with FRD, MFIs, fintechs, and digital financial literacy incorporating a focus on gender and outreach to underserved states and regions.

Continuing risks for the programme lie in: uncertainty in Myanmar related to the role of the military and the scope for democratic process to evolve effectively; limited resources (financial, technical) with the government for support to financial inclusion; insufficient resources mobilised to build a strong country team. All initiatives will now be affected by the very recent take-over of government by the military. UNCDF/EFA seems nevertheless well placed to continue to engage and to align with what is possible for financial inclusion. In particular, as and when the lockdown due to COVID is relaxed, the opportunities for digital financial services are likely to increase. Whilst EFA's existing commitments should continue.

#### Recommendations at the strategic level:

- i) LNBIDE will require closer engagement with key people - within the CBM, World Bank and GSMA
- ii) Revise the strategy of primary focus on FRD as the secretariat for the FIRM. UNCDF/EFA can act as a 'bridge' to enable different parts of the government including the CBM to play their mandated role effectively in contributing to financial inclusion.
- iii) Cooperatives remain an important potential sector for financial inclusion - pursue a more active and informed consultation so as to develop a practical plan to engage with cooperatives – digital and otherwise.
- iv) Before another refresh of the financial services demand survey becomes due, engage with the CSO and other key players supporting the CSO on related surveys (UNDP, World Bank) including digital surveys
- v) More efficient planning and management of the linkages for a local transaction team (EFA-MDF) with a centralized credit risk assessment (LDCIP). Consider the appropriate level of risk and costs as a venture capital type intervention.

#### Recommendations at the programmatic level:

- vi) Ensure that the local team has the technical skills, depth of understanding and the financial resources necessary to work with the range of institutions and breadth of support opportunities to fulfil the ambitions of programme design.
- vii) With the application of lending as a funding tool (as opposed to grants), there needs to be a clear and separate accounting system to capture repayments.
- viii) Follow up on the recommendations from the PoWER country assessment and SHIFT's analysis of regulatory enablers and constraints to women's financial inclusion. (which go beyond the framework of the gender sub-section of FIRM 2).
- ix) Do not treat staffing for M&E and communications as secondary or dispensable.
- x) Integrate a more detailed (by financial sector) but still legible Theory of Change into monitoring and planning.
- xi) Whilst acknowledging that decisions within UNCDF cannot be taken at the country level, the time needed for centralised decision making needs attention, as do the processes for staff and consultant procurement.
- xii) Review effectiveness of the current approach of a centralized resource (website) for communications.
- xiii) Employ a local counterpart for each international staff member – recognizing the language divide (English/Myanmar language) and opportunities for building language skills .

#### Lessons:

- a. UNCDF HQ could do better in listening to the in-country challenges, support the team on the ground to think through adjustments to the programme or alternative strategies if things are not progressing as planned.
- b. Participant feedback (workshops, training) can be better documented to facilitate management awareness and response.
- c. Continuing from other programme evaluations we see similar lack of cohesion between different GTIs, overambition of proposals which remain underfunded/lack technical resources, ineffective governance. These are Issues hopefully now being addressed under LNBIDE.

# Evaluation Report

## 1 Scope and Objectives of the Evaluation

### 1.1 Purpose and Objectives

As set out in the Terms of Reference (TORs), the purpose of this midterm evaluation (MTE) of the Expanding Financial Access programme in Myanmar (EFA) is to:

- 1) Allow UNCDF and its funding partners to meet their accountability and learning objectives for the programme;
- 2) Support ongoing attempts by the programmes and their funders to capture good practice and lessons to date in a sector which is evolving fast and appears increasingly relevant to meeting the objectives of the Sustainable Development Goals in Myanmar;
- 3) Guide and inform remaining implementation as well as – if appropriate – inform subsequent UNCDF programming;
- 4) Inform updating of UNCDF global strategies for financial inclusion – including its ‘leaving no one behind’ objectives - within the framework of its 2018-2021 Strategic Framework.

These purposes frame the following specific objectives of the evaluation:

- To assist UNCDF and its partners understand the relevance, efficiency, effectiveness, and likely impact and sustainability of the programme;
- To understand the programme’s results in financial inclusion to date: at both the direct investee level and the programme’s current and likely contribution to market and policy development in Myanmar more generally, in line with UNCDF’s development finance maturity model and in support of the SDGs;
- To validate and/or suggest refinements to the programme’s theory of change and the instruments and tools being deployed to meet the programme objectives.

As a UNCDF country platform, linked in to other UNCDF initiatives, EFA aims at market systems development for inclusive finance in Myanmar. The programme advises and provides a support structure to the national government with respect to financial inclusion, whilst coordinating with other actors in the UN system and development partners in Myanmar so as to facilitate strategic initiatives for inclusive finance in the country. The evaluation assesses EFA in terms of these roles, its design and relevance to the Myanmar context, perceptions of other stakeholders, the achievements, challenges and lessons. It also covers the effects this year of the global pandemic of COVID 19 which since February/March 2020 has led to massive disruption across the world, including in Myanmar.

The evaluation findings are primarily directed to UNCDF/Inclusive Digital Economy Practice Area (IDE) directors, the EFA programme team and national counterparts in the Government of Myanmar Ministry of Planning and Finance. The findings would also be relevant to EFA funders and partners, and other stakeholders in financial inclusion in Myanmar.

### 1.2 Approach

Following best practice, this evaluation exercise has been undertaken independently, with a focus on methodologically credible findings that are useful and relevant to support evidence-based programme management and broader strategic decision making. This MTE has applied mixed methods to test the

programme's Theory of Change (Annex 3).<sup>1</sup> It draws on quantitative data from programme and national sources, and qualitative data from key informant interviews. It includes a case study of the Market Development Facility, to explore this key activity of the programme reflecting UNCDF's mandate to provide to its partners alternative financing mechanisms - loans and guarantees - in addition to grants and technical assistance.<sup>2</sup> The evaluation questions (EQs) follow the UN/OECD/DAC evaluation criteria – *relevance, efficiency, effectiveness, (likely) impact and sustainability*. These provide the analytical framework within which to assess different levels of the programme's Theory of Change and intervention logic – and provide the structure for the evaluation findings in Section 4. The evaluation seeks to capture evidence for some direct programme results and through contribution analysis, assesses contributions to market development and systemic change, applying the Adopt, Adapt, Expand, Respond (AAER) framework.<sup>3</sup> Gender and human rights are cross-cutting, underlying themes.<sup>4</sup>

Due to the global COVID 19 pandemic all interviews have been undertaken virtually.

Details of the evaluation approach and methodology are provided in Section 3 below.

### 1.3 Scope

This evaluation covers:

- i. The period from EFA project launch in 2015 to end September 2020.
- ii. Implementation of different projects over this period.
- iii. The effects of COVID 19 during 2020.
- iv. The geographic area of Myanmar (Map of Myanmar in Annex 2).
- v. Stakeholder involvement at levels of the UN system in Myanmar, the Myanmar government, donors/development partners, financial service providers – including fintechs - and other programme initiatives within UNCDF.
- vi. Gender and human rights issues.

## 2 Programme Profile

### 2.1 Programme description, strategy and background<sup>5</sup>

Launched in 2015, EFA was designed as a UNCDF country programme to support the implementation of the government endorsed National Financial Inclusion Roadmap 2014–2020 (the Roadmap or FIRM). This was the first Roadmap developed under UNCDF's flagship programme at the time – Making Access Possible (MAP).<sup>6</sup> The Roadmap drew on the FinScope Survey of 2013 to analyse the financial inclusion market as having moderate but thin access: 30% of the population had an account but only 6% was using more than one financial product, Barriers to financial inclusion to be addressed were identified as follows: a regulatory environment that was yet to evolve fully to support financial

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<sup>1</sup> Theory based evaluation is recommended as the most appropriate approach for external evaluation of market system programmes. See CGAP, 2017. 'Measuring Market Development'. Fsd, Africa. 2016. 'Developing an Impact Oriented Measurement System. A guidance paper for financial sector deepening programmes'

<sup>2</sup> The case study of the MDF is part of a separate Appendix to this main report.

<sup>3</sup> Springfield Centre, 2014. Briefing paper. Adopt-Adapt-Expand-Respond: a framework for managing and measuring systemic change processes.

<sup>4</sup> As set out in UNCDF, 2013?, Guidelines for Integrating Gender Equality and Women's Economic Empowerment in UNCDF evaluations and UNEG, 2011. Human Rights and Gender Equity Handbook

<sup>5</sup> This section draws substantially on the EFA Programme Document (ProDoc), 2015

<sup>6</sup> The National Financial Inclusion Roadmap 2014-2020 - <https://www.uncdf.org/article/806/myanmar-financial-inclusion-roadmap-20142020-migration>



inclusion, limited supervisory capacity in general, limited meso level institutions and infrastructure, prevalence of un-scalable paper-based banking and payment systems, and capital constraints.

The Roadmap was approved by the National Cabinet of the Government of the Republic of the Union of Myanmar in February 2015, setting out priority areas and activities to strengthen and deepen financial inclusion in Myanmar. EFA – known in country as UNCDF Myanmar – was expected to align with and support the priority areas and activities identified in the Roadmap.

As set out in the Programme Document (ProDoc 2015, signed by the UNCDF Executive Secretary on 12 June), EFA was designed “with the primary focus to support the Myanmar government in creating an environment that promotes an accelerated market development for financial inclusion, contributing to sustainable financing for development, and to strengthen the private sector in providing appropriate and affordable services to the poor”.<sup>7</sup> The ProDoc Theory of Change (ToC, in Annex 3a) maps the results chain as follows: the programme **goal** is to expand financial inclusion and contribute to equitable, inclusive and sustainable growth and poverty reduction (in line with the Sustainable Development Goals agreed in 2015<sup>8</sup>). The expected **outcomes** reflected the Roadmap targets<sup>9</sup>: by year 2020, the financial sector is strengthened and is able to better support financial inclusion, with formal inclusion in Myanmar increasing from 30% to 40%, percent of adults with more than one product increasing from 6% to 15%, and a full range of affordable, quality, effective and responsible financial services being available to the target clients (MSME, small-scale farmers, women led enterprises, youth and low income) by getting all stakeholders to work together in an integrated manner.”

The **outputs** to achieve this were targeted in areas where “UNCDF was best positioned to deliver”, as follows:<sup>10</sup>

**Output 1: The policy and regulatory environment is strengthened**, including enhancing the capacity of the regulators to implement the Financial Inclusion Roadmap.

**Output 2: Strengthened capacity of selected market participants (FSPs and cooperatives)**, including through a Market Development Facility and targeted technical assistance to increase capacity to deliver financial services according to global standards; the market interventions will help develop sustainable practices for FSPs targeting the low income segments in Myanmar;

**Output 3: Knowledge Management and Sharing:** Learning and knowledge dissemination to dynamically adapt the project over time, and to encourage good practices in the regional financial inclusion agenda and hence contribute to the global financial inclusion agenda.

The original high level ToC (in the ProDoc, 2015, in Annex 3a) was later elaborated during a M&E internal review in 2017 to set out more of the details of the different steps of the results chain under each output and the interlinkages across the outputs (Annex 3b).

The programme aligns with UNCDF’s “maturity model” starting with the *innovation* of promoting government initiative and donor coordination with the Roadmap priorities, carrying the risk of deploying public money for MDF lending and other support in an unbanked/underbanked market as

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<sup>7</sup> ProDoc, p 22

<sup>8</sup> Superceding the Millennium Development Goals (2000-2015)

<sup>9</sup> ProDoc, Annexure A

<sup>10</sup> ProDoc, p 1

a means of leveraging additional private sector investments into selected FSPs and more broadly ‘unlocking’ public and private finance for the poor for scale-up.

Three key government counterparts were identified in the ProDoc for technical support and institutional capacity building under Output 1: the Ministry of Finance (now the **Ministry of Planning, Finance and Industry**, MoPFI), the **Financial Regulatory Department (FRD)** and the Ministry of Cooperatives. The FRD<sup>11</sup> - a department within the MoPFI, responsible for regulation of microfinance, state owned banks, insurance and pensions - became the focal point for Roadmap implementation, with the intended role of taking over all the coordinating activities for roadmap implementation, whilst reporting to the Interministerial Steering Committee (IMSC), chaired by the Deputy Minister (MoPFI), which has overall responsibility for financial policy. On the other hand, whilst cooperatives were intended to be a focus area for EFA, aligning with UNCDF’s Microlead programme,<sup>12</sup> this partnership did not develop as planned, although staff from the Department of Cooperatives have attended EFA meetings.

Under Output 2, key stakeholders are the investees under the MDF, who were intended to be able to leverage further funding for expansion, whilst also potentially building capacity and demonstrating innovation and good practices in policies, systems and products. Other FSPs receiving grants and technical assistance were also expected to build capacity and have a similar demonstration effect. The ultimate beneficiaries of the project are the unbanked and underbanked low income populations, especially small-scale farmers and the urban poor, with particular focus on women, youth involved in agriculture and MSME activities. There is no specific reference in the ProDoc to human rights or targeting minority groups or ethnic communities. It was expected that at least 830,000 low income people,<sup>13</sup> MSME and small-scale farmers would directly benefit (a minimum of 50% of them women) as a result of EFA. 3,000,000 previously excluded individuals would also benefit indirectly, as a result of EFA ensuring the Roadmap is successfully resourced and implemented.<sup>14</sup> In 2017, these numbers were revised downwards, in proportion to the reduced budget (see 2.3 below) to 64,000 directly benefitting, 593,000 indirectly benefitting.

EFA was designed to link in operationally to the Country Programme Action Plan (CPAP) of UNDP. Until the CPAP ended in 2017, EFA functioned under the UNDP CPAP governance mechanism - the “Output<sup>15</sup> board” - consisting of representatives from relevant Government ministries or departments engaged with UNDP and donors/selected development partners to EFA.<sup>16</sup> From 2018, this became a Project board with revised membership.<sup>17</sup>

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<sup>11</sup> Evolved/renamed in 2015 from the ‘Myanmar Microfinance Supervisory Enterprise’.

<sup>12</sup> MicroLead Expansion in Myanmar, a 4-year (2014–2017), USD7-million programme

<sup>13</sup> ProDoc p 28. As explained in the footnote there (fn21): Of this, the market facility is targeted to impact 100,000 clients, anticipating 50,000 loans of approximately USD 140 recycled 2 times. Cooperatives will impact at least 330,000 reached through 400 trainers targeted in the programme. The balance of 400,000 will be reached through digital financial services, being 26.5% of low income adults amongst a targeted national increase in the reach of digital financial services of 5%.

<sup>14</sup> ProDoc fn 22: based on the Roadmap goal and the diagnostic baseline, a 10% annual expansion in access as a result of Roadmap implementation could equate to 3 million clients indirectly benefitting from the EFA project.

<sup>15</sup> CPAP Pillar 1, Local Governance, Output 4 – reframed in 2015, reflecting UNCDF’s focus, as “Improved financial inclusion through support for national coordination, institutional and technical support for market development to improve peoples access to formal financial services”

<sup>16</sup> The Ministries represented were Finance and the Small Scale Industries Department and the Foreign Economic Relations department. The donor to EFA was the Livelihoods and Food Security Fund (LIFT)

<sup>17</sup> Department of Cooperatives, Myanmar Agriculture Development Bank, DaNa Facility and UKAID as donor to the new Myanmar Inclusive Finance Strengthening (MIFS) project.

## 2.2 Policy, institutional and broader funding environment

Following 50 years of military rule until 2011, Myanmar is a complex environment of gradual, often uncertain, political and economic reform amid continuing concerns on human rights. As noted in the current UNCDF Myanmar Country Strategy the country faces challenges of a ‘triple transition’ – from conflict to peace, from military rule to civilian democracy, from a closed to a more open market economy.<sup>18</sup> Democratization as well as national peace building and reconciliation have proven to be lengthy and challenging processes – as are the administrative and operational procedures for development assistance.<sup>19</sup> Myanmar remains one of the poorest countries in SE Asia and is still affected by conflict. Among its population now estimated at around 54mn<sup>20</sup> and 135 ethnic groups, 28% lived below the national poverty line in 2017<sup>21</sup> with serious regional disparities: the poverty headcount is significantly higher in rural areas (30%) than in urban areas (11%). Those residing in rural areas (72% of the population) make up 87% of the country’s poor.

Development activity in Myanmar is affected by continuing internal conflicts between the state military and different ethnic minority groups in 5 states.<sup>22</sup> The UN Office for the Coordination of Humanitarian Affairs (UNOCHA) estimates there are at least 240,000 refugees (77% women and children) or internally displaced people (IDP) who remain in camps or camp like situations after fleeing violence in Kachin, Kayin, Shan and Rakhine states. The government is under scrutiny for human rights violations, particularly against the minority Muslim Rohingya in northern Rakhine. The government does not allow direct external support to reach affected areas, but humanitarian efforts are attempting to move into a development phase in which financial inclusion is seen as a potential enabler.

With the country beginning to open up to global ideas, practices and funding, there has been a considerable, continuing international donor presence. All the international funding institutions along with country aid programmes and development NGOs have been active during the past decade. A leading player is the World Bank which as in other countries works alongside the IMF with the Central Bank to plan and implement a Financial Sector Development Strategy (FSDS). The FSDS 2015-2020 for Myanmar though not formally adopted by the Government, provides the framework for a comprehensive systems approach intended to “*develop a stable, efficient and inclusive financial sector that is supportive of inclusive growth*”. The World Bank Financial Sector Development Project runs during 2017-2022, with IDA concessionary credit of USD100 mn<sup>23</sup> and additional funding of USD6 mn under UKAID’s Business for Shared Prosperity Programme (BSP).<sup>24</sup> Other lead agencies providing funding and technical support for financial sector development are the International Monetary Fund (IMF), the Asian Development Bank (ADB), and Japan International Cooperation Agency (JICA). The China government through the Export Import (EXIM) bank of China provided USD400mn credit for loans to members of farmer cooperatives. USAID in 2015 started a USD23mn 5 year project for Private Sector Development Activity (PSDA) to increase access to finance for emerging economic actors

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<sup>18</sup> Leaving Noone Behind in the Digital Era: UNCDF Myanmar Country Strategy, 2019-2024.

<sup>19</sup> ADB, November 2019. ‘Myanmar: progress and remaining challenges’.

<sup>20</sup> Up from 51 mn in the 2014 Census

<sup>21</sup> Down from 31% in 2015 (adjusted to exclude the northern most parts of Rakhine which were not covered in the 2017 survey). A household is considered to be poor if its per adult equivalent consumption level in kyats falls below the threshold that is considered necessary to meet the basic minimum standard of living in Myanmar. An individual in Myanmar is considered to be poor if he or she lives in a household with consumption per adult equivalent per day of 1,590 kyat or less. Source: Central Statistical Office, 2019. ‘Myanmar Living Conditions Survey’. Conducted in partnership with UNDP and the World Bank, with funding from the Governments of Australia, Denmark, Finland, Ireland, Republic of Korea, Sweden and the UK.

<sup>22</sup> Kayin, Kayah, Mon, Rakhine, Shan (these states account for around 14% of the total population in Myanmar)

<sup>23</sup> <https://projects.worldbank.org/en/projects-operations/project-detail/P154389>

<sup>24</sup> UKAID, Business for Shared Prosperity (BSP) Annual Review 2020, and 2 pager flyer on the FSDP (from the UNCDF evaluation folder)

alongside more inclusive and transparent economic governance, rules and processes. Over a similar time frame, 2015-2022, UKAID allocated over USD40mn under the BSP to the DaNa facility to support private sector development in the emerging economy.

In the financial sector, over the past decade there have been several structural and legal reforms and directives for the financial sector. These include the licensing of for-profit microfinance institutions (MFIs) from 2011, allowing foreign banks to set up branches in Myanmar (2015), a new Companies Law (2017), mobile banking (2013) and mobile financial services from 2016. In terms of infrastructure (Table 2.1), four state owned banks (SOBs) have dominated the financial sector – particularly the Myanmar Agriculture Development Bank (MADB) and the Myanmar Economic Bank – accounting for substantial outreach particularly to rural areas. Cooperatives, under the Ministry of Agriculture, also have significant outreach across the country with 31,000 primary societies including 21,000 for agricultural production. The cooperative sector has strong government support, but is known to be dependent on government rules and funding, without member responsibility and participation. The microfinance sector has seen high growth, led by a dozen institutions set up by established MFIs from outside the country, including strong regional and global brands.<sup>25</sup> A large number of the nearly 200 licensed MFIs are small NGOs with under 1,000 clients each. In terms of access to financial services, data managed by the Central Statistics Office shows 14% of rural households and 25% of urban households had a bank account in 2017. Access to loans (both formal and informal) is considerably higher – 69% of rural household, 40% of urban. High rural borrowing in large part reflects the outreach of MADB, cooperatives and an increase in microfinance.

**Table 2.1 Financial services, infrastructure and household access in Myanmar**

<b>Infrastructure, 2019</b>			
<b>Formal finance – banking, non-banking<sup>a</sup></b>		<b>Digital financial services<sup>b</sup></b>	
State-owned banks	4	Mobile network operators	4
Banks – semi-govt, private	27	Banks	7
Foreign banks – local branches	13	Mobile financial services	5
Licensed MFIs	189	Agents/100,000 adults	291
<b>Household access, 2017<sup>c</sup></b>			
	<b>Bank account</b>	<b>Loan – formal and informal</b>	
<b>Rural</b>	14%	69%	
<b>Urban</b>	25%	40%	

[<sup>a</sup>Central Bank of Myanmar. Financial Regulatory Department. <sup>b</sup>UNCDF – Myanmar Inclusive Digital Economy Index <sup>c</sup>CSO, Myanmar Living Conditions Survey]

The development of digital financial services are a priority within the Government’s vision for digital transformation of government and all sectors of the economy, supporting digital innovation, connectivity, skills and inclusion – for which a Digital Economy Development Committee was set up in 2017, chaired by the Minister of the MoPFI.<sup>26</sup> This will build on the rapid growth of mobile phone ownership in the country. The FinScope survey in 2018 found 78% of the population owned a mobile phone, 63% had a smart phone; 46% were aware of mobile money, though at the time, only 4% reported making a digital transaction. The leading mobile financial services provider (MFSP in the country (Wave Money, the first to obtain a mobile money licence under the 2016 directive) estimated that by 2019, 26% of the population were making mobile money transactions.<sup>27</sup> Digital financial transactions increased by 4 times over the previous year, in the first six months of 2020, one of the COVID lockdown effects, as Government, humanitarian agencies and businesses have been able to use available digital platforms. The Government’s Covid-19 Economic Relief Plan (CERP) highlights the

<sup>25</sup> E.g. ACLEDA, ASA, BRAC, CARD, LOLC, Vision Fund, ECLIF

<sup>26</sup> <https://www.dedc.gov.mm>

<sup>27</sup> Estimated by the Wave Money CEO, personal interview with the ET in 2019.

promotion of mobile payments and to the extent feasible, the use of MFS transfers to vulnerable households in vulnerable areas., amongst other initiatives to ease the impact of COVID on different sectors of the economy and vulnerable households.

In response to the COVID pandemic, the country has been under two periods of emergency lockdown since March 2020. As elsewhere, operational and regulatory measures have suppressed much economic activity, disrupting supply chains and reducing household incomes. The effects on the economy are already significant – economic growth which was 6.8 percent in FY2018/19 is projected to drop to 0.5% or less in FY2019/20. Transport, trade and tourism related services have been particularly affected.<sup>28</sup> The government has been working at 50% capacity (two weeks a month in office for different staff in rotation). Development funding to many existing programmes has been reduced as available budgets have been adjusted to new priorities.

### 2.3 Current programme status

EFA implementation has covered Outputs 1 (policy and regulatory support) and 3 (knowledge management), and aspects of Output 2 (capacity development of market actors) for which funding could be raised. Details of achievements against ProDoc targets are contained in Annex 4.

**Output 1 strengthening the policy and regulatory environment:** activities were carried out in support of the Financial Regulatory Department (FRD) of the MoPFI and the Interministerial Steering Committee (IMSC) to coordinate implementation of the Financial inclusion Roadmap (FIRM 2015-2020), including the placement of a technical consultant with FRD for one year during 2016, involvement of donors (LIFT, UKAID, USAID) as members of the IMSC, other development partners attending consultation and some working group meetings aligned with the Roadmap. By 2019, 29% of the Roadmap's (98) planned actions had started.<sup>29</sup> With UNCDF support, the FRD began to function as Secretariat to the IMSC for implementation of the FIRM, and for various staff there have been 8 trainings (on FIRM, data analysis, digital finance) and 10 exposure visits (ASEAN, MAP workshops, M&E) – well above the target. The MAP refresh in 2018 was funded by UKAID and the new roadmap (2019-2023) was approved by the Government of Myanmar (the Government) in February 2020. With regard to strengthening cooperatives at the regulatory level, a few trainings and exposure visits for staff of the Department of cooperatives were organised, linking in to UNCDF's Microlead programme. *Overall targets have been achieved – apart from Roadmap KPI monitoring and lower than planned implementation of Roadmap recommendations.*

**Output 2 strengthening capacities of selected market participants:** a key activity has been the market development facility (MDF) under which loans have been disbursed to 5 MFIs – 1 in 2017, 4 in 2018.

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<sup>28</sup> World Bank, 2020. Myanmar Economic Monitor, June 2020. <https://www.worldbank.org/en/news/press-release/2020/06/25/myanmars-economy-severely-impacted-by-covid-19-report>. Partnering with the Central Statistical Organisation, the World Bank has since May this year established the Myanmar COVID-19 Monitoring Platform to provide accurate and timely economic data to inform and provide key insights to the Government of Myanmar, development partners and wider civil society. Data from the first three monthly rounds of 1500 household respondents randomly selected, 500 firms across all economic sectors and a community assessment conducted in all states and regions, has been analysed so far. Findings include: in May 54% of households' main workers reported not working, 16% of firms were not operating; 45% farmers were unable to perform their normal activities and the agriculture sector remains vulnerable due to unfavourable weather conditions in many areas and travel restrictions affecting marketing of produce. Persistent border closures mean that migrants who returned from Thailand and China (160,000 officially) remain in Myanmar intensifying competition for limited jobs. By August, 30% of households (reduced from around half in May) were reducing consumption as a coping strategy. By August, 18% of households were benefitting from government assistance, including a small top-up to existing cash transfers.

<sup>29</sup> Reported by the EFA team to a format developed as part of M-CRIL's MTE of the MAP programme conducted in 2019 – and analysed in the Myanmar country study appendix.

(just under the target of six).<sup>30</sup> TA was provided in parallel by CordAid to two of the investees. The first loan has been fully repaid. Another key project implemented by EFA has been the UKAID funded Women's Economic and Financial Inclusion Project (WEFIP, 2018-2021) – to strengthen the enabling environment to improve financial access and agency of women and girls, with a focus on rural, conflict affected areas. This project included an innovation challenge fund awarded to 5 fintechs in 2019, to develop (facebook/app) products for women's digital and financial literacy innovation (DFLI). EFA also contributed to a SHIFT challenge fund (Wave Money app targeting women garment workers) whilst SHIFT activities under a DFAT funded Gender Equity Fund were facilitated for institutional gender assessments and gender smart products training with 10 FSPs (MFIs and banks). In support of electronic payments, a pilot to integrate MFIs into a digital payments system has been completed by Modusbox with NORAD funding. EFA sees its facilitation of a working group for Digital Financial Services (DFS) linked to the MAP refresh (2 meetings in 2019) as a means to influence government support for digital tools and products. *Targets were partially achieved through the MDF and funding to support gender sensitive products and some digital developments. Other aspects (training to cooperatives, TA in agriculture and for uncollateralized loans for MSME, mobilizing savings) have not been taken forward since early research and proposals (including a broad based proposal to support digital financial services) did not obtain funding.*

**Output 3 knowledge management and sharing;** these have included all the MAP-related deliverables: the refresh Finscope survey, Financial inclusion dashboards at national and state levels, a Finscope Myanmar Gender Note,<sup>31</sup> the Diagnostic Report and Roadmap, and a national financial inclusion conference organised in 2018. A number of other knowledge sharing workshops (above the target) have been organised on different themes: digital tools for MFIs, gender, and since 2018, 2 national savings day events, a workshop on multiple borrowing and overindebtedness, four state level workshops (under WEFIP) and a national conference – Making Finance Work for Women. A quarterly newsletter was developed for four quarters in 2017-18, followed by a 'bi-annual' newsletter in 2020. Other communications products have included background/policy briefs (MFI debt financing, the MDF, MFIs and mobile phones) and two case studies developed under WEFIP. *Targets for workshops have been overachieved; the range of MAP documents have been produced along with some other communication products – but there have not been any articles or short blogs specifically on lessons learned or success stories.*

Outcome targets, as noted earlier, were aligned to the targets of the first Roadmap. FinScope survey data in 2018 indicates that the financial inclusion targets were more than achieved – as shown in Table 2.2 (next page).

Direct targets (in the table) have been reduced in proportion to allocation of funding (the budget shortfall is discussed in the next section). The revised targets and data on their achievement so far has been compiled from MDF investee data, estimated for DFS (users of the Wave Money app and expected for the roll out of DFLI apps); but is not relevant to estimate for cooperative training (that was conducted at the state/region and national level). It is to be noted that the development objectives in MDF were partially in terms of enhancing MFI investee capacity to provide larger loans to existing clients, not necessarily to expand the client base.

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<sup>30</sup> Loans to 7 very small MFIs have also been approved during 2020.

<sup>31</sup> This summarises the findings for women from the Finscope Survey refresh

**Table 2.2 EFA outcome targets and their achievement**

**a) Indirect outcomes – targets aligned with the Roadmap (2015-2020)**

Target indicators	Baseline (2013)	2020 Target	Progress by 2018
Financial inclusion	30%	40%	48%
Adults with more than one financial product	6%	15%	17%
Affordable and responsible financial services	Limited – some standard microcredit (too small), limited outreach; very few savings and insurance products	Full range of quality financial services	Gaps remain

ProDoc, 2015, Roadmap (refresh) 2019

**b) Direct outcomes**

Activities	Proposed target - end clients	Actual/. proposed budget	Revised target - proportionate to budget	Achieved (expected)	Achieved /revised target
<b>Overall</b>	<b>830,000</b>	<b>29%</b>	<b>173,975</b>	<b>37,000</b>	<b>21%</b>
MDF	100,000	35%	35,410	14,000	40%
DFS	400,000	35%	138,564	23,000	17%
Cooperatives	330,000	5%	?	?	

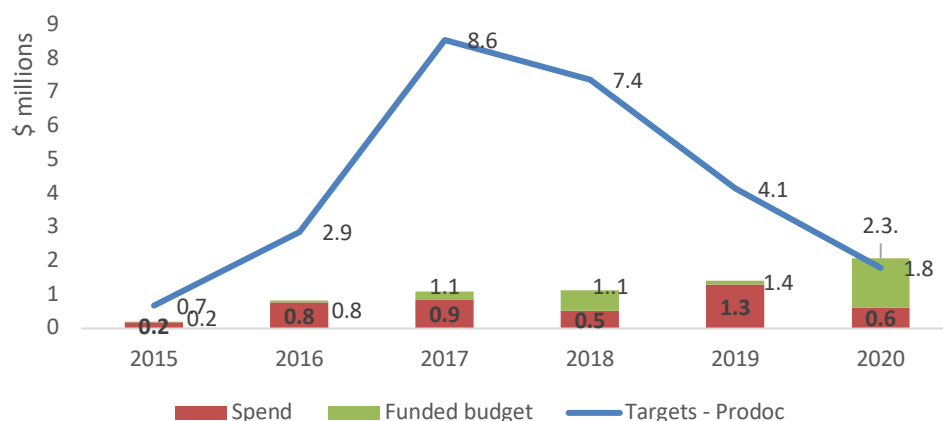
[ProDoc, 2015, UNCDF M&E internal review, 2018, ATLAS financials, Data provided by MDF investees, and DFS partners (Wave Money, DFLI Fintechs - targets for roll out)]

Activities this year have been affected by the COVID lockdown from March 2020. Under Output 1, the new roadmap (FIRM 2), just approved by the Government in February, could not be officially launched and follow-up activities were consequently delayed. The WEFIP project budget and timeframe was reduced, (now ending in March 2021 with a possible extension); two new projects to support DFS for rural women in partnership with CB bank, and a challenge fund to support women’s MSMEs – have not received funding as expected.

## 2.4 Current programme financial status<sup>32</sup>

The ATLAS accounts show funds available to EFA during 2015 - June 2020 totalled USD 6.7 mn, including USD 4.3 mn of the USD 6.1 mn committed funding from UNCDF and UNDP via PGMF.<sup>33</sup> The programme spent USD 4.3 mn up to June 2020. Expenditure up to end 2019 averaged 78% of the available funds, overall well short of ProDoc targets (Figure 2.1).

**Figure 2.1 Annual EFA Budget and spend against ProDoc Targets, 2015-June 2020, USD mn**



[2015 ProDoc, Results and Resources Framework (Annex 1), 2020 August ATLAS accounts]. Please see Annex 5 for year-wise funding by donor.

PGMF has been the main source of funding accounting for 63% of total funds raised overall, followed by UKAID contributing 25% of the total funds - for the WEFIP project (Table 2.3). Funder allocation was primarily (70%) for Output 2, as shown in Figure 2.2. (Further analysis including parallel funding is discussed in Section 4.2.1).

**Table 2.3 EFA Funding and expenses by donor – up to June 2020**

Donors	Budget	% by donor	Expended	% Expended
UNCDF	100,000	1%	99,956	100%
PGMF	4,236,055	63%	2,876,687	68%
UKAID - WEFIP	1,682,331	25%	1,155,453	69%
NORAD	300,000	4%	28,820	
LIFT-LNB	345,635	5%	81,513	
LIFT - CB Bank digitisation	52,153	1%	52,153	100%
<b>Total</b>	<b>67,16,174</b>	<b>100%</b>	<b>42,94,582</b>	<b>69%</b>

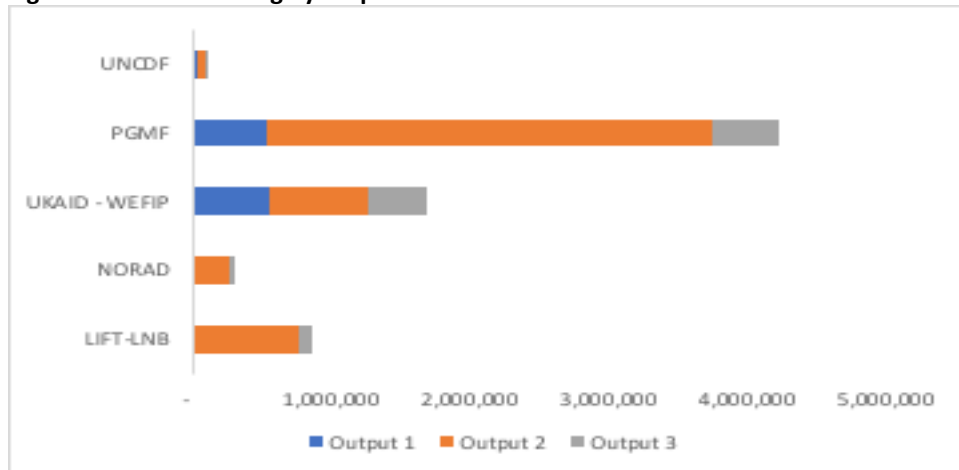
[2020 August, ATLAS accounts]

<sup>32</sup> ATLAS accounts details – actual budget and expenses by donor - are given in Annex 5.

<sup>33</sup> Part of a fund sharing agreement whereby UNDP funding in PGMF was divided between UNCDF EFA and LIFT.



**Figure 2.2 Donor funding by output**



[2020 August, ATLAS accounts]

As depicted in Figure 2.1, funding very slowly increased up to 2020, and was expected to grow this year by an additional USD 1.6 mn. However two donors cut project budgets, and there were two early project terminations, as noted in the previous section, largely due to COVID. Nevertheless, new projects generated during 2020 are expected to provide a further USD 5.3 mn for the next 2-3 years.

Repayments of the loans under the MDF are tracked by EFA, though not included in the ATLAS accounts. By October 2020, repayments and interest on MDF loans paid to UNCDF amounted to USD 0.5 mn, and further repayments with interest are expected to add over USD 1 mn by mid 2022.

## 3 Evaluation Approach and Methodology

### 3.1 Evaluation framework

The design of this MTE is based on the Theory of Change (ToC) for EFA, assessing key stages of the results chain - inputs, outputs and outcomes so far - and testing assumptions at different levels. As a country platform, EFA facilitates other UNCDF programmatic activities in Myanmar alongside its own projects. Whilst acknowledging the interlinkages, this evaluation focuses on EFA's role and own projects. It uses mixed methods, triangulating quantitative data from the programme, with secondary data from national and international sources and qualitative data from stakeholder interviews. The approach has been to try and be as inclusive and participatory as possible, whilst maintaining an independent perspective in the analysis.

The analysis follows the Evaluation Matrix and a set of Evaluation Questions (EQs) organised by OECD/DAC/UN evaluation criteria – *relevance and coherence, efficiency, effectiveness, (likely) impact and sustainability*. In line with accepted international standards of good quality international development evaluation, these criteria provide the framework within which to operationalize different levels of the programme's ToC and intervention logic. The Evaluation Matrix (in Annex 6) follows the revised OECD/DAC guidelines.<sup>34</sup> It was prepared on the basis of the review of documents and discussions at the inception phase with some adjustments as the evaluation process progressed. The matrix includes judgement criteria of what would constitute good performance for each EQ, and sets out the range of sources and means of verification to answer those questions along with the stakeholders to be approached. Gender equality, women's economic empowerment and access for rural and un(der) banked population segments (including people with disabilities, minorities and other vulnerable groups) are a core underlying theme and included in the analysis of findings, in line with the UN mandate<sup>35</sup>, UNCDF's Strategic Framework<sup>36</sup> and the UN Evaluation Group's gender-responsive evaluation guidelines<sup>37</sup> and apply across all the EQs.

Together with UNCDF's other initiatives, EFA aims to contribute to market systems development for financial inclusion. The complexity of market systems and engagement of different players means that it is seldom feasible to attribute results (outcomes and likely impact) specifically to a single programme or intervention. Drawing on project data as well as contribution analysis from stakeholder interviews, this MTE applies an AAER<sup>38</sup> lens to assess EFA's contribution to market systems development. Interviews were conducted at policy/sector and institution levels. For this mid-term evaluation, it was not feasible under the COVIFD lockdown to undertake field level interviews with users of financial services.

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<sup>34</sup> Revised Evaluation Criteria Definitions and Principles for Use - <https://www.oecd.org/dac/evaluation/revised-evaluation-criteria-dec-2019.pdf>

<sup>35</sup> Latest report by the UN Secretary General's High Level Panel on Women's Economic Empowerment: Leave No One Behind – Take Action for Transformational Change on Women's Economic Empowerment <http://hlp-wee.unwomen.org/>

<sup>36</sup> UNCDF Strategic Framework 2018-2021. Annex 3. 'Pathway to gender equality and women's economic empowerment' <https://www.uncdf.org/article/3205/pathway-to-gender-equality-and-womens-economic-empowerment>

<sup>37</sup> UNEG, 2017. 'Good practices for integrating gender equality and human rights in evaluation.' <http://uneval.org/document/detail/1616>

<sup>38</sup> **Adopt** - Partner(s) takes up/invests in a pro-poor change. The pro-poor change is viable, the partner is satisfied and has concrete plans to continue it in future. Target groups benefit. **Adapt** - Initial partner(s) has invested in the change adopted, independently of programme support. Target group benefits sustain (do not get diverted away) **Expand** - Similar or competing players 'crowd in': copy the pro-poor change or offer variants of it **Respond** - Other players adjust their own practices/rules in reaction to the presence of the new pro-poor change: new services/service providers/products emerge; regulators reconfigure policies; players take on new roles/responsibilities to fill gaps. (Ref as in fn 3). Graphic in Annex 7.

### 3.2 Lines of evidence

Various lines of evidence contribute to the evaluation, with both quantitative and qualitative tools employed, as follows:

- i) Desk review of programme documents, including: the ProDoc, annual reports, meeting minutes, project agreements and reports, presentations, published materials, focus notes (main documents are listed in the Bibliography)
- ii) Quantitative analysis of funding and implementation status
- iii) Structured interviews with a range of stakeholders (key informants, presented below) – including programme staff, country stakeholders at macro, meso and micro level, including from the UN and from UNCDF’s management and other programmes
- iv) Project time line mapping
- v) In depth case study of MDF implementation - processes and results – so as to assess and compare EFA’s use of alternative financial mechanisms as part of UNCDF’s mandate as a capital development fund. (The case study draws on the range of tools listed here).
- vi) Contribution analysis – involving ‘outward’ ie. programme focused and ‘inward’ ie. open-ended, sector-focused questions for direct programme partners and other stakeholders, respectively so as to explore both EFA’s contribution to market systems development and results, as well as the contribution of other drivers to these changes.

The data and information collected has been systematically documented (including summaries of key informant interviews). Data from different sources – programme records, secondary data, interviews with EFA and other stakeholders across the spectrum of programme engagement – have been triangulated and cross-verified within the two member evaluation team, to enrich the analysis, minimise potential bias and address the EQs. We have applied a gender lens to analyse programme strategies, data and results in terms not only of women’s access but addressing gender based norms.<sup>39</sup> This main evaluation report incorporates the key findings and conclusions of the MDF case study (presented in the Appendix). A summary of the main focus and results from the different lines of evidence is given in Annex 8.

We have drawn on baseline and follow up data for financial inclusion at the country level provided in the Finscope surveys (2013, 2018) and the MAP roadmaps (2015, 2019). National data is compared from Findex and household survey data generated by the Central Statistical Office (CSO). Some comparisons can be drawn with MAP implementation in other countries, covered in the MAP MTE (2019). However, there is no objective counterfactual as such in terms of what would have happened in Myanmar without EFA.

### 3.3 Sampling

Key informant interviews were conducted based on the list of stakeholders provided by the EFA project team. A total 52 interviews were conducted, across different levels of stakeholder engagement, as shown in Table 3.1 (over page). The ET was also able to draw on an additional 11 interviews conducted for the Myanmar country case study as part of the MAP MTE last year. The case study involved virtual interviews and follow up for data with all 5 investees of the MDF.

The evaluation approach recognises the principles of inclusive evaluation in the selection of informants for interview at different levels of the financial sector market system. Women were just 27% of the key stakeholders interviewed, reflecting a continuing imbalance of gender roles within the UN and financial market systems.

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<sup>39</sup> Fletcher, G. 2015. Addressing Gender in Impact Evaluation. A Methods Lab publication, by the Overseas Development Institute, UK, Better Evaluation and the Australian Department for Foreign Affairs and Trade (DFAT)

Key informants and organisations covered are listed in Annex 9. Views are anonymized in the report, to ensure confidentiality.

**Table 3.1 Stakeholders interviewed**

Level	Category	Organisations	Women	Men	Total
Macro	UN system	UNDP, UNRCHA, UN Women	1	3	4
	UNCDF	IDE HQ, LDCIP, Regional, SHIFT	2	8	10
		EFA team	2	3	5
	Government	Policy makers - FRD		2	2
	Development partners	EFA funders/parallel progs - FCDO, DaNa, Cordaid	2	3	5
Others - World Bank, IFC, IMF, JICA, DBGV		4	5	9	
meso	Networks	Myanmar Microfinance Association		1	1
	Technical experts	Independent consultants to EFA	1	3	4
		Other experts	1	1	2
micro	Banks	CB Bank, A bank		2	2
	MFIs	5 investees of MDF	1	5	6
	Fintechs	ONOW, Modusbox		2	2
			<b>14</b>	<b>38</b>	<b>52</b>

### 3.4 Challenges and Limitations

- This evaluation recognizes the complexity of trying to evaluate a programme working for market system development, when processes and results are driven by a variety of actors in ways that intersect and often overlap. We have tried to address this complexity through careful triangulation of the evidence, whilst focusing on analysis of contribution to processes of change.
- Part of the complexity for this MTE is that EFA operates as a country platform facilitating different UNCDF programmes/GTIs. As an MTE of EFA – not of UNCDF/other UNCDF programmes – we have focused on EFA projects, whilst recognizing the cross-programme synergies across UNCDF.
- Having to rely on virtual interviews due to the pandemic has been less of a challenge than anticipated as stakeholders - including the government - have become more accustomed to using skype and zoom. Many did find time to talk with the ET, despite the pressure of adapting programmes and activities to the effects of COVID. Nevertheless there were some gaps in responses within the Government (the CBM), donors and other stakeholders (ADB). Those more engaged with EFA seemed more likely to respond.
- Interviewing stakeholders who engaged with EFA in its early years was sometimes a challenge – particularly for the UN and among development partners who have a high rotation of staff. Whilst we have been able to review relevant documents (internal and external) across the period of EFA, we obtained fewer perspectives on decisions and processes at the start of the programme than on more recent developments, which have anyway been affected by the pandemic.
- At the inception stage, we anticipated a possible positive bias towards a programme such as UNCDF-EFA out of respect for the global UN mandate. We did not encounter this but rather the opposite to the extent as mentioned, that those less engaged with UNCDF, preferred not to answer a request for interview (or suggested a junior colleague, so as not to allocate their own time).

## 4 Evaluation Findings

### 4.1 Relevance and quality of design

Ambitious, comprehensive design grounded in and taking forward UNCDF's global initiatives – MAP and Microlead; fully aligned with key Government policies and priorities. The EFA programme is directly linked to the Financial Inclusion Roadmap (developed under MAP) as approved by the Government. However, selection (by the Government) of FRD as the main coordinating agency for FIRM and counterpart to UNCDF/EFA lacks coherence with the role of CBM as lead regulator for the financial sector. EFA design involves a range of different financial tools (including loans, support to bank guarantees apart from grants and TA) to be deployed across various institutions and Financial Service Providers, including digital and cooperatives. There were early difficulties in the relationship with UNDP, despite overlap and potential synergies. These are now in the past; the UNCDF country office is currently an active member of the UNCT, leading to collaborations within the UN system. EFA has significantly supported the engagement of UNCDF's regional programme – SHIFT in the country. In the past few years (mainly since 2019) activities are well aligned with UNCDF's new strategy – LNBIDE. EFA design is compatible with development partner programmes; implementation is indeed dependent on funding by development partners. Gender Equity (GE) is a clear cross cutting issue taken up under the programme. Typical of its time, the design does not include specific reference to Human Rights (HR) (disability, vulnerable communities) but EFA activities have included work in conflict affected zones.

#### 4.1.1 How relevant and how well designed is EFA's approach to Myanmar's needs, policies and priorities?

Financial inclusion was a key element of the new Government's reforms in 2011 to stimulate economic activity and reduce poverty in Myanmar. Four of eight development tasks identified for poverty reduction related to financial inclusion: Development of agricultural production sector, Development of rural productivity and cottage industries, Development of micro saving and credit enterprise, Development of rural cooperative tasks.<sup>40</sup> Two UNCDF programmes were already in place to support financial inclusion in the country. The Myanmar MAP project (2012-14) was designed to develop a robust evidence base (demand and supply side diagnostic) for a systematic development plan for financial inclusion in Myanmar (the Financial Inclusion Roadmap, FIRM, 2014-20). Whilst the Microlead project (2014-17), supported two well established international MFIs and the Association of Asian Cooperative Credit Unions (ACCU) to set up greenfield operations, contributing to the nascent microfinance sector and demonstrating a member-based cooperative structure as being more sustainable than the existing centralised (Government dependent) cooperative sector in Myanmar – so as to support long-term sustainable access to financial services by low income households.

As a country platform for UNCDF, EFA was designed to take forward these two existing programmes in Myanmar. Both programmes were in line with the Government's priorities and policies. Microfinance had been recognised as a distinct sector under the 2011 Microfinance law with the Myanmar Microfinance Supervisory Enterprise – since renamed the FRD - within the MoPFI, as the supervisory/regulatory agency. Cooperatives received strong Government support in driving rural outreach, with substantial funding from China and Japan.<sup>41</sup> As part of MAP, the MoPFI had endorsed the FIRM as the basis for financial inclusion and had designated the FRD as the government counterpart for financial inclusion. Overall, the FIRM underlined opportunities to increase and strengthen institutional diversity in the rural finance market – including through the digital technologies that were fast emerging in the country. Accordingly EFA was designed to “kick start” and

<sup>40</sup> Cited in UNCDF 2015, Myanmar Financial Inclusion Roadmap, 2015-2020.

<sup>41</sup> As noted earlier, by 2015 the cooperative sector in Myanmar received USD400mn credit through the EXIM Bank of China. A total of USD800mn was planned over 10 years. [UNCDF 2015, Report on the Cooperative Sector in Myanmar]

further support the implementation of FIRM<sup>42</sup>, to support the cooperative sector (regulatory and capacity building at primary society level) and to set up a Market Development Facility (MDF) so as to facilitate commercial lending for scaling up of financial services.

The intended support to FIRM targeted primarily the macro (Government/regulatory and policy) level: “with lack of skills and low efficiencies pervasive across institutions, there is a need to work on strengthening the supervisory, management and monitoring capacity of government departments involved in financial inclusion efforts.”<sup>43</sup> EFA design involved providing this support to FRD as the government counterpart for financial inclusion, and Secretariat for the roadmap to the IMSC. And also to the Ministry of Cooperatives – by 2015, designated a Department within the Ministry of Agriculture.<sup>44</sup> The approach and time frame for policy level support was optimistic given the limitations referred to in the quote above.

Intended support to FIRM also involved deploying resources in priority areas identified in the Roadmap mainly at micro/retail level – in areas where UNCDF capabilities and resources were aligned, and building on the lessons from Microlead. The rolling plan approach was a pragmatic design to enable EFA to align annual targets and priorities within this spectrum of activities in response to developments in the market, but would depend on the ability of the EFA team to identify opportunities and reach out to other UNCDF thematic initiatives with the appropriate skills – identified for digital, gender, clean energy, but not clear for cooperatives or for agricultural value chain.

The MDF was designed to provide local currency loans, technical assistance and risk capital grants to address the capital and capacity constraints faced by MFIs and other FSPs. The intention was to help to “open up a donor driven/grant dependent MFI sector to a more market driven sector of FSPs”. FSPs for the MDF were expected to include a range of institutions<sup>45</sup> that had scope for expansion, though this again represented a wide canvas of engagement across the different sectors of financial inclusion, requiring relevant skills and engagement in the EFA team to be able to identify potential.

Knowledge management and sharing was broadly framed with a range of methods (training, workshops, events) and communication materials to support multiple objectives – training and capacity building of internal staff, of national government counterparts, sharing ideas and lessons widely within the Myanmar stakeholder environment, as well as incorporating lessons into regional and global approaches for financial inclusion via feedback into UNCDF’s regional (SHIFT) and the global MAP programmes.

Support to financial inclusion in Myanmar was and continues to be in line with the regional priorities of the Association of South East Asian Nations (ASEAN) which Myanmar joined in 1997. Within the ASEAN regional Integration Framework, financial inclusion has become an important agenda in support of Equitable Economic Development.<sup>46</sup> This aligns too with the Sustainable Development Goals (SDGs) within which financial inclusion plays an important role. EFA has continued to be aligned with the Government’s evolving policies for Myanmar’s economic and social development, namely: the 12 point Economic Policy launched in 2016, point 8 on financial stability “through a financial

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<sup>42</sup> The ProDoc (p21) emphasized that EFA “has its foundation in the findings of the in-depth {MAP} 2013 assessment of the demand and supply of [all] financial services... and its raison d’etre in the FIRM”

<sup>43</sup> ProDoc page 31

<sup>44</sup> This was part of overall restructuring of agriculture related ministries.

<sup>45</sup> Including banks, NBFIs, Credit Unions, Cooperatives, NGO-MFIs, MNOs and savings groups. ProDoc p25, p32 fn 23

<sup>46</sup> For example, ‘ASEAN 2025: Forging Ahead together’ adopted by ASEAN leaders in 2015, includes strategic measures to promote financial access for underserved communities, highlighting financial education and consumer protection to encourage take up of financial services and digital payment services as cost-reducing technologies. In 2016, the Asian Working Committee on Financial Inclusion adopted the ASEAN Financial Inclusion Framework for advancing financial inclusion in the region.

system that can support the sustainable long-term development of households, farmers and business”; the Myanmar Sustainable Development Plan (MSDP) 2018-2030, strategy 3.5 which aims to “increase broad-based access to financial services and strengthen the financial system overall”);<sup>47</sup> and the Myanmar Agriculture Development Strategy and Investment Plan 2018-2022 which places significant emphasis on policy and regulation to support rural financial inclusion.<sup>48</sup>

The revised ToC (2017) depicts in more detail (though less legibly – see Annex 3b) than the original ToC (ProDoc) the interlinkages between the three outputs, in particular the role of the MAP products (diagnostic and FIRM) in providing the evidence base for national financial inclusion as well as the relevance of ongoing documentation and dissemination of lessons learned in both output 1 and output 2, contributing back in turn to FIRM implementation, increased regulatory capacity, stakeholder cooperation, the replication of new business models, with better communication, products and services for the target end clients. Critical assumptions at different levels are well set out in the original ToC including additional funding from local and international donors which did not materialise as targeted, and country stability, which has been affected by COVID and lockdowns during 2020 as well as the emergency now in 2021. If the pathway of change was delineated in terms of the different focus sectors of financial inclusion (digital, MFIs, cooperatives) and associated assumptions/risks, this would facilitate tracking the opportunities and roles for EFA (provided this can be done in legible font size).

#### **4.1.2 How relevant is the mix of EFA-deployed financial instruments (TA, Grants, Loans and mix of these three) to supporting UNCDF’s financial inclusion market development objectives**

The ‘mix’ of financial instruments and application for different types of institution was fully relevant to support UNCDF’s financial inclusion market development objectives, in the context of the developing financial sector in Myanmar at the time.

As part of its mandate as a capital development fund, UNCDF has the option to provide alternative types of financial support apart from grants. Loans are an efficient means of supporting sustainable businesses, with the return of the funds becoming available to UNCDF for further application. EFA design appropriately incorporates grant funding - as a direct grant or in the form of TA or research - to support innovation and capacity building of FSPs. The addition of interest bearing loans and guarantees for bank lending through the MDF was particularly relevant to support the expansion of emerging financial service players that were in need of capital in the developing economy of Myanmar. The due diligence for lending, subsequent repayments and monitoring in itself serves to strengthen investee capacity and operations, potentially paving the way for further funding. Providing guarantee to banks can be a critical tool to encourage bank lending into non-traditional sectors for banks.

At the time of EFA design, different UNCDF programmes were solely responsible for any loan appraisals and recommendations, applying local processes. The LDCIP facility was introduced in 2017 for UNCDF to apply a standardised approach to risk assessment across countries and sectors. This was not part of EFA design nor of MDF initial implementation even though LDCIP planning started in 2015.

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<sup>47</sup> MSDP: Under Pillar 2 - Prosperity and Partnership, Goal 3 – Job creation and private sector led growth, strategy 3.5 has the following subset of objectives – strengthen the capacity fo domestic financial institutions, strengthen and expand support to Non-Bank Financial Insitutions, and expand the scope of mobile and fintech services. [https://themimu.info/sites/themimu.info/files/documents/Core\\_Doc\\_Myanmar\\_Sustainable\\_Development\\_Plan\\_2018 - 2030\\_Aug2018.pdf](https://themimu.info/sites/themimu.info/files/documents/Core_Doc_Myanmar_Sustainable_Development_Plan_2018_-_2030_Aug2018.pdf)

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[https://themimu.info/sites/themimu.info/files/documents/Core\\_Doc\\_Strategic\\_Directions\\_for\\_Myanmar\\_Agriculture\\_Sec\\_tor\\_2018-2023\\_MOALI.pdf](https://themimu.info/sites/themimu.info/files/documents/Core_Doc_Strategic_Directions_for_Myanmar_Agriculture_Sec_tor_2018-2023_MOALI.pdf)

#### **4.1.3 Coherence within the UN system: has EFA design supported appropriate linkages with UNDP and other UN strategies?**

EFA is designed to create impact that contributes to *equitable and sustainable inclusive growth* in Myanmar, thereby supporting the achievement of Myanmar's Sustainable Development Goals (SDGs), particularly: No Poverty (SDG1), Gender Equality (SDG5), Decent Work and Economic Growth (SDG8), Industry Innovation and Infrastructure (SDG9), Reduced Inequality (SDG10) and Partnerships for the Goals (SDG17).

EFA was designed to be operational within UNDP's Country Programme Action Plan (CPAP) signed with the Government (2012-2015, extended up to 2017). It was decided by UNDP that EFA fitted under Pillar 1 (Local Governance) Output 4 (which was renamed to reflect EFA's strategy).<sup>49</sup> Accordingly, up to 2017, EFA functioned under the existing CPAP governance, coming under the relevant 'Output Board', chaired initially by the UNDP Pillar 1 Team Lead, with representatives from different departments of the Government as well as contributing donors. Although the ProDoc sets out a number of potential linkages between EFA and UNDP<sup>50</sup>, none of these materialized, there were some early challenges in the relationship between the two - and the governance link stopped from 2017 when financial inclusion was no longer included as part of the new UNDP country programme.

Whilst the UN Development Assistance Framework for Myanmar was drafted in 2017, it did not receive Government approval, and the UN is moving to an annual (ie. more adaptive) Country Catalytic Assessment approach. Nevertheless, the UN Country Team (UNCT) of representatives from different UN agencies in Myanmar has been meeting regularly, particularly during 2020 under the COVID pandemic. EFA's active engagement with the UNCT has helped to revive linkages with UNDP and with the UN system,<sup>51</sup> so that the potential role of financial inclusion for development to support UN humanitarian efforts is recognised.

#### **4.1.4. Coherence within UNCDF: To what extent is programme design in line with UNCDF's evolving strategy "Leaving No One Behind in the Digital Era" for financial inclusion? How well does the EFA approach support other initiatives supporting the strategy across UNCDF?**

EFA design was fully in line with UNCDF's Global Thematic Initiatives (GTIs) and strategy at the time (2014-2017).<sup>52</sup> As a country platform, EFA/UNCDF was expected to be able to draw on the experiences as well as facilitate synergies with all UNCDF programmes, particularly with SHIFT as the regional programme for ASEAN financial inclusion; and to incorporate UNCDF's cross-cutting agenda objectives around gender, digital finance, youth, clean energy and responsible finance. The ProDoc specifically recognises the important potential of digital financial services in driving down costs, and greatly increasing financial inclusion by reaching a broader coverage of clients. Savings and mobile payments

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<sup>49</sup> Output 4 was revised as 'Enhanced financial inclusion and entrepreneurship development for targeted households and businesses through the provision of technical support and the establishment of a market development facility for financial service providers'.

<sup>50</sup> ProDoc p16, including: financial support for TA to the Government for FIRM implementation, development and co-branding of knowledge management products, building on potential synergies for the empowerment of women and environmental work.

<sup>51</sup> Some senior staff who have joined different UN agencies in the past few years said they were not aware of UNCDF activities in Myanmar. UNCDF is not on the list of UN agencies operating in Myanmar on the website of the UN's Myanmar Management Information Unit. <http://themimu.info/united-nations> (accessed 26 October 2020). Though it is included in the geographical infographic: [http://themimu.info/sites/themimu.info/files/documents/Infographic\\_United\\_Nations\\_in\\_Myanmar\\_MIMU\\_IG003v04\\_09\\_Jan2020.pdf](http://themimu.info/sites/themimu.info/files/documents/Infographic_United_Nations_in_Myanmar_MIMU_IG003v04_09_Jan2020.pdf).

<sup>52</sup> ProDoc p48-49 sets out in detail how EFA aimed to address the three strategic objective around support to basic sustainable financial services, financial products that increase [poor people's] resilience to economic and environmental shocks, and fostering an appropriate policy environment.



were to be prioritized, involving “close collaboration with the global UNCDF expertise” to assist EFA to contribute to the debate on these areas in Myanmar, and helping FSPs launch new business models and products suitable for the target segments. Catalyzing digital financial services was one of the (6) areas of product development support under Output 2.<sup>53</sup>

In practice, the digital space has evolved as a focus area for EFA as part of UNCDF’s new strategy “Leaving No-one Behind in the Digital Era” (LNBIDE) and reflected in the Myanmar country strategy for 2019-2024. This has so far involved EFA activities both at the FIRM level (EFA works with the Government to coordinate the Digital Financial Services Working Group under the new Roadmap) and a number of projects funded in the past two years – leveraging EFA’s experience and engagement at different levels of the market ecosystem.

#### **4.1.5 Coherence with other initiatives – how compatible is EFA design with other national and international initiatives to support a healthy and inclusive financial sector in Myanmar?**

EFA design envisaged a comprehensive canvas of engagement across the financial sector in support of Government implementation of the FIRM. At policy, regulatory and supervisory level, work was to be undertaken with: the MoPFI, Central Bank of Myanmar (CBM), FRD, Ministry of Small Industries, Ministry of Rural Development, Department of Cooperatives.<sup>54</sup> The government selected FRD as the main Government counterpart for the overall FIRM effectively extending FRD’s role beyond its relatively minor mandate at the time (microfinance, the State owned Banks, insurance and pensions), lacking coherence with the CBM as the lead, independent regulator in the country.

Other initiatives for financial sector development and financial inclusion are complementary in that they address various activities identified in the FIRM. Initiatives by key stakeholders - the World Bank, IMF, ADB, JICA - have focused on the Central Bank (for banking, payments, MSME lending and related capacity building) whilst engaging with FRD on areas within its mandate.

The MDF, though designed to support a range of different FSPs and cooperatives, evolved quite early to focus on small, local MFIs to assist their expansion and transformation. This was complementary to IFC’s support to some larger, more established MFIs. It was fully compatible with other technical support to smaller MFIs – by Cordaid and LIFT.

The range of potential areas of intervention on different financial products and services were designed in terms of EFA being able to respond to emerging priorities and opportunities. This made EFA not just compatible with but entirely dependent on donor interests. The experience with UKAID for the WEFIP programme is an example of EFA having materially to revise and re-revise the scope of its work (a total of three times) to fit changing donor perspectives, so as to access funding. Much of EFA’s activity was directly compatible with the objectives of the Livelihoods and Food Security Fund (LIFT – representing a consortium of donors in Myanmar since 2009) – which funded the first MAP and Microlead. LIFT was targeted to fund EFA’s (2016) strategy to support the mobilisation of savings – but funding did not materialise, nor did EFA’s work on savings. More recent responses to LIFT requests for proposals have been successful.

#### **4.1.6 To what extent does EFA’s design incorporate gender equality (GE) and human rights (HR) dimensions, according to international norms and agreements and country policies? Has the programme been designed with a clear gender strategy? To what extent was it formulated**

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<sup>53</sup> A scoping and country strategy for digital finance was developed as planned in 2015/16, as well as in 2017 a concept note on DFS linked to women’s economic empowerment, but without funding these did not move forward.

<sup>54</sup> At the time of design there was a Ministry of Cooperatives. As part of a general restructuring, this became a department under agriculture, alongside irrigation, livestock.

**according to needs and interests of all stakeholder groups, and how were these needs assessed? Does it offer good quality information on the underlying causes of inequality and discrimination to inform the programme?**

EFA's design incorporates gender equality and women's economic empowerment as a cross cutting issue. Target end-clients are those identified as key segments in the FIRM – including poor and low income people, youth and financially excluded people in both rural and urban areas. The MAP process of field level enquiry for the Finscope survey, regular consultations with development partners and government ownership ensured that the needs and interests of different stakeholder groups were largely incorporated.

However, typical of its time, neither EFA design nor the FIRM refer to human rights or disability issues, but in line with UN concerns in Myanmar, the EFA has taken up projects in conflict affected states, aiming to serve refugees – IDPs, and women especially. Thus, the WEFIP project included a focus on rural women living in conflict zones, with field work to develop indepth understanding of women's priorities and life cycle needs in four conflict affected states (Kayah, Kayin, Rakhine, Kachin).

The programme aligns with three of the 12 critical areas identified in the National Strategic Plan for the Advancement of Women (NSPAW, 2013-2022) – women and livelihoods, women and the economy, women and decision-making – led by the Ministry of Social Welfare, Relief and Resettlement (MSWRR), with reference to the Beijing declaration, 1995. Each output under the EFA project aimed to mainstream gender into activities and data with a focus on addressing the issues that restrict women from accessing regulated financial services. Barriers were identified both on the supply side and the demand side in the ProDoc, and these were developed more deeply in UNCDF's Myanmar country study for the Participation of Women in the Economy Realised (PoWER) in 2017. Drawing on good quality secondary and primary information, including a quantitative field survey of women and girls (rural and urban) and focus groups, the PoWER study expanded the analysis not only on factors affecting access to financial services, but included the important concepts of use and agency to inform further work under the programme, such as WEFIP.<sup>55</sup>

#### 4.2 Efficiency

EFA's actual budget (including parallel funding) was just 35% of planned resources. Total resource allocation was proportionately higher to Outputs 1 and 3, compared to design – less to Output 2, for which various proposals to raise funding for different aspects of financial service delivery, including savings, cooperatives and digital finance, were not successful. Activities have been high cost, including the MDF where EFA activities were limited to loans to small MFIs, and amount to 10% OER relative to the investment portfolio. Governance takes place at a 'high level' with some support from the regional office. Deliverables have been of a high quality with good oversight by the small core team (3 permanent staff) who have managed activities well and diligently, but particularly in the early years seem to have lacked the capability to expand or initiate potential projects. The lack of a communications specialist has been a gap – centralised UNCDF support for this is not effective. Administrative requirements for staff procurement appear unnecessarily convoluted both for the programme team and for staff and consultants. Monitoring (including of MDF investees) has been a weak area – with an M&E specialist only coming on board with WEFIP project funding in 2019. EFA has strongly engaged with and supported other UNCDF programmes. The relationship with LDCIP was not well planned but seems to be more streamlined this year.

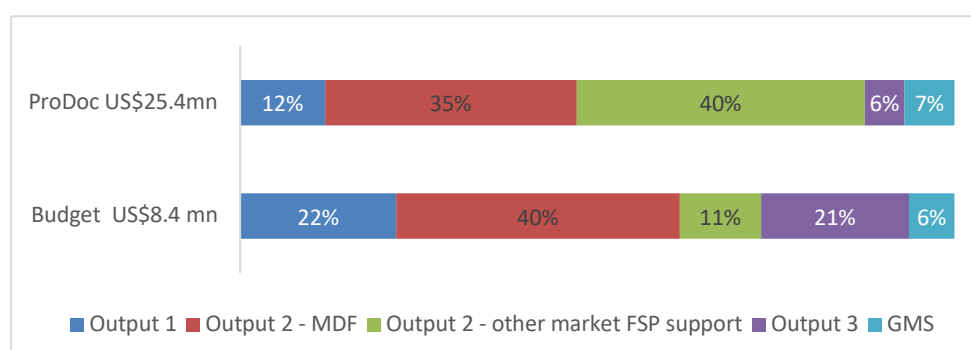
<sup>55</sup> UNCDF, 2017. PoWER Women and Girls Financial Inclusion Country Assessment, Myanmar.

#### 4.2.1. How well has EFA delivered its expected results to date, including in terms of budget allocation and cost-efficiency of activities?

Despite the ProDoc’s assumption that “the EFA project will be properly resourced to ensure an efficiently managed and evaluated project meeting or exceeding all targets”, EFA’s actual budget falls well short of the resources planned. Based on ATLAS accounts, EFA’s actual budget up to mid 2020 was USD 6.7 mn. Adding in the parallel funding (UKAID-DANA for the MAP refresh – USD 1.6 mn, Cordaid TA to MDF investees (USD 50,000) and UNWomen’s research (USD 50,000)), the total budget of USD 8.4 mn amounts to just 33% of the ProDoc ‘required’ resources.

Estimated allocation of budgets to different outputs (Figure 4.1) indicates higher proportions to Outputs 1 and 3 compared to the ProDoc.<sup>56</sup> This reflects the very significant costs of the MAP

**Figure 4.1 Resource allocation (USD mn) by programme outputs**



[ATLAS accounts, 2015-June 2020, and EFA accounts. (Includes parallel funding)]

refresh and associated documentation, as well as some allocation from both PGMF and the WEFIP budgets to Output 1.

Given an incompatibility of audit requirements between UNDP and UKAID, the EFA programme team was nevertheless successful in reaching an agreement for the MAP refresh budget to be channelled through DaNa. However, as a result, whilst this funding covered direct payments to MAP consultants, it did not include any amount for the time incurred by the EFA team to manage the project. This EFA management time had to be covered from other projects, likely affecting the efficiency of those projects, reflected in for example the limited scope of the MDF and delays in developing the WEFIP project. Both these project budgets were underutilized.

As discussed in the case study (Appendix), credit opinions on ~~a-of~~ four of the five MDF investments were conducted by the newly established Least Developed Countries Investment Platform (LDCIP). Whilst supporting the LDCIP mandate to develop a global standardised appraisal process, this led to a degree of inefficiencies (apparent duplication, delays) for EFA as the in-country transaction team. MDF costs were high in relation to the investment portfolio achieved – a 10% Operating Expense Ratio (without including the LDCIP costs). MDF investment was limited to MFIs and funding was not provided to other types of FSPs as envisaged in the design.

EFA has had a mutually enforcing partnership with SHIFT: part of the WEFIP budget was used to fund the involvement of SHIFT staff (for data training, gender assessments); whilst EFA local staff have facilitated SHIFT visits and activities in Myanmar. This year, EFA has successfully engaged with other UNCDF teams from the regional office to raise funds from the Bill and Melinda Gates Foundation to support staff and activities to take forward the new LNBIDE strategy in Myanmar.

<sup>56</sup> Budget allocation to different outputs is sometimes specific, otherwise when funding is across different output categories, the allocation has been roughly estimated. The MAP budget has been divided between output 1 and output 3 (publications/workshops/conference). Part of the WEFIP budget has been allocated to output 1.

#### **4.2.2. What is the quality of the programme's outputs (deliverables) provided to date and the programme's management system and governance arrangements to deliver these outputs?**

Workshops, conferences and publications have been of a high quality, appreciated by stakeholders. Training and support to FRD staff is well acknowledged by FRD leadership. However the placement of a technical resource person with FRD for a year in 2016 was not managed well for capacity building of FRD and support to FIRM implementation; the consultant's time was otherwise applied to develop policy notes and proposals. Support for different working groups under the first roadmap was not very successful, whilst a monitoring framework for roadmap implementation is still to be finalised – both activities affected by the lack of staff available from FRD as the UNCDF/EFA's counterpart in the Government for FIRM implementation. The MAP refresh (through consultants under a DaNa budget) was well managed with specific interventions by the EFA team to ensure the quality of the reports.

Government ownership of the FIRM is reflected in the governance structure for EFA's activities. Since 2016, FRD has chaired first the (UNDP) 'output board' then from 2018 a 'project board' linked to the MIFS. Both boards have involved representation from different government departments with regular meetings and comprehensive minutes, presenting and reviewing EFA's (and other UNCDF) action plans and activities. In practice, the meetings appear to be rather 'high-level', without indepth discussion of strategic issues and priorities, or monitoring. The UNCDF regional office in Bangkok is tasked in the ProDoc with primary responsibility for project assurance.<sup>57</sup> This has been carried out to some degree – with the IDE regional coordinator reviewing Board documents before meetings, and sometimes attending the board meeting, at least virtually. The regional coordinator has advised on support to EFA from the regional team – for example on programme monitoring and reporting - but without follow up on implementation.

EFA is managed by a small team of three main permanent staff – the country coordinator/technical lead, the national programme officer and the project associate. The country technical lead (with a specialist microfinance background as well as managerial) and the national programme officer (a financial inclusion generalist) have directly managed activities under Output 1 and the MDF. When resources were available, technical work in different sectors has been managed by hiring high quality international consultants – a total of seven working full time in different periods. These have been supported by (13) short term UN volunteers (UNVs) and interns, however these usually come with limited real experience, and pass through after a period of 6 months at most. This approach is determined partly by the resources available and also by administrative procedures for staff hire.

Additional staff were hired with WEFIP funding including a M&E analyst and a national gender officer. However, the delays in appointing the implementation team for WEFIP (supposed to begin in September 2018) led to a delayed start to the project, reducing the uptake of funds, and affecting the subsequent fund flow from UKAID. The EFA team report a significant time lag in obtaining the necessary approvals for staff hiring - from UNDP, or from UNCDF HQ, or sometimes the regional office gets involved.

A staff responsible for communications and knowledge management along with M&E (as planned in the ProDoc) has not been hired. Existing team members may try to handle this aspect in addition to existing responsibilities, working with temporary team members (UNVs), but this approach has limited the ability to put in place and take forward a knowledge management strategy – and represents a gap in the programme.<sup>58</sup>

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<sup>57</sup> ProDoc p 52: "The overall responsibility of Project Assurance is with each Project Board member. Project Assurance role is delegated primarily to the UNCDF Regional office in Bangkok".

<sup>58</sup> A communications strategy was drafted midway into the programme in 2017 then updated in 2020 by a UNV. This was comprehensive and well drafted but is yet to be implemented systematically.

The core EFA team has worked diligently and conscientiously, nurturing important relationships with the Government, fully involved with implementing different projects and providing effective quality oversight to activities and events, particularly the MAP refresh, and including facilitation of other UNCDF activities. Being a small permanent team, managing diverse activities (including quite a lot of unsuccessful proposal writing and follow up) translates into a sense of high work pressure. Particularly, in the early years of the programme, the team lacked ability/capacity to expand or initiate potential projects – for example to widen the scope of the MDF beyond loans and beyond microfinance; to figure out how to support cooperative development, and to explore opportunities in the fast expanding digital space.

Probably with a view to overall efficiency within UNCDF, EFA is expected to draw on UNCDF’s central units/teams for human resources, finance, administration – as well as communications on UNCDF’s global website. In practice, the structure seems to lack coherence, accountability and timeliness, and does not support efficiency at the country level. Not just for WEFIP, as just noted, there are continuing issues around staff procurement and hiring practices.<sup>59</sup>

#### **4.2.3. How appropriate is the programme’s monitoring system to track both direct programme results (outputs), the financial and development additionality of its investments, and the programme’s broader contribution to financial market system development?**

EFA does not have a strong monitoring system. Information is strongest on activities and some direct outputs – as contained in quarterly M&E formats (available in the evaluation folder for just two years, 2017 and 2018) and in the regular annual reports (apparently without the quarterly reports). A specialist M&E team from the UNCDF Bangkok regional office reviewed EFA’s monitoring system in 2017 and made substantive recommendations on the information formats and content, developing a new template to track project activities, and suggesting the AAER framework as a way to capture broader contribution to systemic change, alongside a revised Theory of Change and Results Chains for different streams of work. In the absence of an M&E analyst for EFA overall and management being busy with programme implementation, the M&E recommendations have not been followed up for the wider programme. The M&E analyst hired from 2019 for WEFIP has followed the systematic reporting required for that project – as well as otherwise supported EFA reporting.

As noted in the Appendix case study, for follow up of MDF investees, UNCDF/EFA does not have monthly or even quarterly review memos on the performance of the investees after loan disbursement, only tables of compiled monthly reports which are not always completed correctly (with a conflation of monthly and cumulative data). The annual financial statements of the investee companies (since investment) are also not available. Field visits have been sporadic, often undertaken by junior temporary staff – with limited follow up on development impact.

Implementation of FIRM (2015-2020) was not monitored. A framework developed by EFA with FRD – to reflect the new FIRM (2019-2023), also aligned to the Government’s National Indicator Framework (finalised during 2019), and the ASEAN financial inclusion indicators (still in development) - is “at an advanced development stage awaiting further stakeholder consultation, finalization and approval” and the data collection process is still to be worked out.<sup>60</sup>

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<sup>59</sup> One consultant to EFA described the procurement and hiring practices as “*abysmal and embarrassing*”.

<sup>60</sup> MOPFI, 2020. Financial Inclusion Roadmap Interministerial Steering Committee Annual Report April 2018-Sep 2019. Draft

#### **4.2.4 How well are partner contributions/involvement in the programme working? How well has EFA partnered with other UNCDF initiatives including the LDCIP, in support of UNCDF's new approach to mobilizing finance across the organization?**

EFA's key partnership with MoPFI through the FRD and the IMSC has evolved and strengthened over time. At the senior most level of FRD - the Director General (DG) and the Deputy DG - there is full understanding of their role as Secretariat to the IMSC, good engagement with the FIRM and willingness to work with the EFA team. Though the lack of dedicated staff for financial inclusion within FRD has limited effectiveness of the engagement so far (discussed in the next section). DaNa as the channel for UKAID's budget allocation to the MAP refresh, has been a supportive funding partner, relying on the EFA team to manage the MAP process.

Within UNCDF, the links in the early years with Microlead did not translate into technical engagement on how to take the work forward for cooperatives within the changing Government structure.<sup>61</sup> There was some early consultancy support from MM4P which, however, did not lead to funding. With the regional programme, SHIFT, on the other hand EFA has been able to facilitate substantial engagement: financial contribution to SHIFT challenge fund initiative (Wave Money); collaboration on remittances; and the Gender Equity Fund (GEF) for which funding from DFAT was based on EFA's good relations with DFAT in Myanmar. The GEF has included gender training of FSPs (contributing to the WEFIP project) and gender policy work.<sup>62</sup>

The partnership with LDCIP for MDF investment decisions introduced a new dynamic to a process already put in place by the EFA country team. After the approval of the first investee loan was completed in early 2017 by the country team, advised by a locally constituted investment committee (IC), additions to the appraisal process – both the Credit Opinion and a global Impact Investment Committee (IIC) – were introduced by UNCDF and executed by the the LDCIP . In comparison with the mechanism already in place, LDCIP appeared 'top heavy', time/energy-consuming, and not fully consultative with the local expertise. While recognising LDCIP's broader mandate (to develop a standardised risk assessment process across UNCDF with specified roles for the in-country transaction team), it is nevertheless the opinion of the evaluation team that there are implications in how a Facility [at the 'centre' of an organisation engages efficiently and effectively with an ongoing local programme](#). The process has been more streamlined with quicker/easier approvals during 2020.

#### **4.2.5. How well are resources (financial, time, people) allocated to integrate HR and GE in the design and implementation of EFA and to what extent are HR and GE a priority in the overall intervention budget? To what extent are such resources being used efficiently?**

EFA's mandate to incorporate gender equity in its activities is reflected in all its work under Output 2, whether in terms of different projects undertaken (such as WEFIP, Wave Money) or in support to microfinance institutions who primarily serve women clients. The programme hired a full time international gender consultant from 2016-2018, and another from 2019 under the WEFIP project as well as a national gender officer. Accordingly, the full budget under output 2 (52% of the total) as well as related events and publications under output 3 represent allocation to GE as a priority in the overall intervention budget. As noted earlier (4.1.6), HR is not a clear component of the programme. Nevertheless, work in conflict affected states - under WEFIP and for UN women research - (amounting to 14% of the total budget) is seen as contributing to HR. Within the overall programme, these resource allocations are efficient.

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<sup>61</sup> The Ministry of Cooperatives became a department within the Ministry of Agriculture, as part of broader streamlining of different ministries contributing to agricultural development.

<sup>62</sup> Policy and Regulatory Constraints and Enablers to Women's Financial Inclusion in Myanmar – public webinar in April 2020, full paper published in September 2020.

At the level of policy making/regulation and support to implementation of FIRM (Output 1), there has been no specific activity or budgeting by EFA on either GE or HR. HR is absent from both FIRMs, GE was absent from FIRM 1, is better integrated in FIRM 2 on which work has been stalled due to COVID. Nevertheless, UNCDF's PoWER case study of 2017 and the SHIFT/GEF webinar and publication referred to earlier provide an important framework for gender policy issues – that need to be taken forward. Funding for policy work originally intended under the WEFIP program was subsequently cut by UKAID/FCDO in the revised project.

### 4.3 Effectiveness

EFA has not directly contributed to specific policy changes, but it has enhanced the capacity of the Financial Regulatory Department (FRD) to implement the FIRM through appropriate structures, to the extent possible with numerous staff changes within FRD. MDF loans have supported the strengthening and expansion of 5 small MFIs. This has not resulted in new product development (a key objective for EFA) apart from a small increase in the size of loans offered. Efforts towards a bank guarantee fund for lending to MFIs were not successful. EFA's grant support – under WEFIP - has enabled 3 (larger) MFIs to adapt their products to address barriers for women entrepreneurs; whilst pilots with fintechs for digital and financial literacy, targeting rural women in conflict areas, are likely to support deeper financial inclusion in these areas as three pilots are taken forward with established FSPs. Whilst not having been actively involved in the fast growth of mobile money in Myanmar following CBM regulation for licensing in 2016, EFA projects since 2019 have engaged with a range of different players to support the expansion and deepening of DFS – including the DLFI pilots mentioned above, and the demonstration this year of MFI capability for integration with an interoperable payments switch. EFA's/UNCDF's gender related policy research and recommendations are yet to be taken forward, though there is Government recognition with EFA's gender officer this year designated co-chair of the Technical Working Group for Women's Economic Participation as part of the NSPAW. Knowledge products – MAP and WEFIP case studies – along with events to disseminate these have been promoted by EFA to engage and influence country and regional stakeholders. Results from the MAP refresh and the WEFIP case studies may develop after the pandemic.

#### 4.3.1 To what extent is EFA contributing to change in the regulatory environment, and to enhancing the capacity of the regulators to implement the financial inclusion roadmap?

Through its support to the Financial Regulatory Department (FRD), EFA has not directly contributed to specific policy changes, but it has enhanced capacity of FRD to implement the FIRM through appropriate structures, to the extent possible with numerous staff changes within FRD.

In taking forward the MAP process, EFA has raised policy maker/regulator awareness around the issues and potential of financial inclusion, the relevance and use of an evidence base for policy making and programming, and the linkages and synergies within the financial sector. The team has facilitated the structure (working groups on different aspects reporting to the IMSC) to support the MoPFI for decision making on financial inclusion. Approval of FIRM 2 with special mention by the State Counsellor in the Cabinet (in March 2020) signifies commitment from the highest level of government.

(FRD) as the designated government counterpart for EFA has been the focal point for capacity building for Roadmap implementation. Interactions and trainings by EFA over five years have helped to build FRD ownership of the process. Whilst the FRD leadership has been exposed to best global practices around financial inclusion, the efforts have not enhanced capacity sufficiently that FRD are able by themselves to undertake the role of Secretariat for FIRM 2 implementation. This was the feedback to the ET from the FRD leadership and is reflected in EFA's recent status note on MIFS completion, which states that, to implement FIRM 2: "there is a need for the FRD to be supported to manage the process holistically from a technical perspective, to facilitate the working group forums, to properly leverage Development partner support for Roadmap implementation, and to lay out and implement the longer

term program. Additionally, the action plan and M&E framework are living documents which need ongoing support and updates.”<sup>63</sup>

With changing leadership and staff within FRD, capacity building interventions can have only limited effectiveness. The technical full-time staff posted with FRD for a year in 2016 was barely able to engage at all, and the timing of this strategy was perhaps premature given the absence of counterpart staff with clear related responsibilities, or with time to spare alongside their existing mandates. The solution proposed by EFA is for there to be an independent unit within the FRD to be staffed and resourced as the FI Secretariat headed by a full time assistant director. This proposal was approved by the IMSC in 2019,<sup>64</sup> and endorsed by the cabinet and MoFPI early in 2020. Staff and resources are yet to be allocated.

Although the working groups set up under FIRM 1 did not function regularly, the structure has been endorsed by the IMSC following the suggestion by the FRD to set up 5 working groups in line with the 5 new pillars of FIRM 2. Indeed the Digital Financial Services Working Group was initiated earlier in 2019, when 2 meetings were held – with the CBM and FRD as co-chairs and UNCDF/EFA as coordinator. The working groups are intended to bring together government and private players to share issues and identify priorities, for input to the IMSC. As noted in the MAP MTE, the working group mechanisms require a systematic and sustained approach if they to be effective. It seems that the mechanism for coordinating the other (four) working groups is still to be planned

Annual action planning and monitoring of the roadmap are key requirements for effective implementation. During FIRM 1 this was not done and initial efforts at data collection from all the different departments found a number of gaps and issues in data quality. This is intended to be addressed for FIRM 2, with an M&E framework developed by FRD with the EFA team. This is still to be approved by the IMSC and MoPFI, and once approved will present a number of challenges, technically and managerially, given the different players involved.

#### **4.3.2. To what extent is EFA contributing to strengthening the capacity of selected market participants to create and increase the range of new affordable financial services to the unbanked/underbanked, including leveraging digital financial services to do so? What has been the relative contribution of loans, grants and TA to achieving this?**

MDF loans have supported the strengthening and expansion of small MFIs, combined with some parallel TA to 2 MFIs. This has not resulted in new product development (a key objective for EFA) apart from a small increase in the size of loans offered. EFA’s grant support has helped to widen the scope and capacity of selected digital financial service providers.

Through loans to five MFIs and parallel TA (from Cordaid) to two of these, the MDF has contributed to the capacity of these small MFIs to consolidate their existing operations with a small degree of expansion into new underserved areas.<sup>65</sup> The main contribution of MDF to increasing the range of financial services has been to enable investees to increase their loan size. Since all the investees work predominantly in underbanked areas amongst unbanked populations (including women) the provision of more useful lots of loan capital has been a benefit for borrowers from these communities. However, the small size of the MFI investees limited the potential for further product development support. Accordingly, the microcredit provided to end clients by these MFIs is still a relatively standard

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<sup>63</sup> UNCDF, 2020. Note on Financial Inclusion Roadmap Status and Next steps.

<sup>64</sup> IMSC July 2019, meeting minutes extract (translated from Myanmar)

<sup>65</sup> The underserved areas were: Kalay district of Sagaing Division, southern Shan State and Seik Phyu township of Magway Division. See Appendix case study of MDF



microcredit product,<sup>66</sup> complying with the regulator, FRD's pricing norms. And these MFIs were too small to be deposit taking entities since they did not satisfy the regulator's minimum capital (net worth) requirements of MMK300 mn (USD22 mn) for deposit taking institutions. A mix of different financial instruments could have been relevant in combination for the same FSPs, however provision of grants/direct TA was not considered for the MDF portfolio. MDF support could have been relevant too to larger MFIs – as also potentially to other FSPs as intended in the design - not in terms of financing, but in terms of product development (as has occurred under WEFIP) and application of the client protection principles.

For digital financial services, the EFA grant contribution (with SHIFT) to Wave Money led to the launch of a financial literacy gaming app targeting women to enhance their understanding and use of mobile money, including savings. The app is available for free download on Google Play (downloaded over 10,000 times) but is no longer (beginning of 2021) prominent on the Wave Money website. WEFIP had a digital focus with the pilot testing of 5 apps for digital and financial literacy for women in conflict affected states, and is now at the stage of roll out by 3 of the selected fintech providers in partnership with FSPs (1 bank, 2 MFIs) to support their digital financial services. Our interview with the leading fintech involved, underlined that the grant support has enabled them to test and now expand their services to a new target area and group – rural women – in 4 new languages for 4 new states, for a platform that was otherwise urban based and only in the Myanmar language. During 2020, grant funding has enabled Modusbox to pilot test the application of an interoperable integration platform with MFIs and other DFSPs. This project involving 5 MFIs and 2 digital financial services providers has successfully demonstrated capacity in the microfinance sector for interoperability on a common platform. This is a significant input to CBM's plan for national interoperability.

#### **4.3.3. To what extent is EFA facilitating an enabling environment for expanding and deepening financial inclusion in Myanmar? To what extent is EFA supporting digital financial services in Myanmar?**

Stakeholders interviewed all agreed that the MAP process (the data evidence base, consultations with government, development partners and the private sector for the diagnostic and roadmap) and the resultant FIRMs have provided a framework for financial systems market development. Whilst this has served to reinforce the momentum of financial inclusion activities, it is not seen as having triggered specific activities<sup>67</sup>. Many programmes and projects were already at various stages of implementation by key funders, without MAP and FIRM (for example: the World Bank's FSIDS – including support to CBM and the merging of two State Owned Banks; ADB support on microfinance regulation – to FRD, IFC's support to the development of a credit bureau, JICA's work with the CBM on payments).

Within the framework of the FIRM, an enabling environment for implementation through EFA's support to the government for its implementation would be represented by the extent to which the IMSC takes decisions, working group meetings actually take place, and financial inclusion activities are systematically tracked. This was not achieved under FIRM 1 and is yet to happen for FIRM 2 (once the pandemic lifts).

The MDF funding with some parallel TA, has led to some follow-on bank and impact investor lending (for 3 investees). Crowding in of funders has not been to the extent expected partly due to the challenges of setting up a bank guarantee fund, the reluctance of the banks to engage with MFIs of the size and type that are MDF investees, and some reluctance reported by MFIs to engage with MIVs.

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<sup>66</sup> Fixed loan sizes increasing by loan cycle with weekly or monthly instalments

<sup>67</sup> interviews with stakeholders for this evaluation confirmed the findings of the MAP MTE last year, that other programmes whilst aligned with the FIRM were mostly already planned or under way without the roadmap.

EFA-supported pilots for financial and digital literacy, targeting rural women in conflict areas, are likely to support deeper financial inclusion in these areas as two pilots are taken forward with established FSPs.

As noted in Section 2.1 digital financial services have seen high growth in Myanmar in the past few years, particularly through mobile money. This high growth started with policy support from CBM regulation In March 2016 allowing mobile network operators and non bank financial institutions to apply for a mobile financial services (MFS) licence to provide electronic money transfer and other technology based financial services. Wave Money was the first MFS operator to be granted the licence and has seen rapid growth to become the largest fintech in Myanmar, followed by a number of other players. EFA activities were not involved with this early growth with the focus of the programme during the period: 2016 – 2018 being on MAP and MicroLead. In 2016 EFA had developed a number of proposals linked to emerging opportunities for mobile money, but without funding, EFA could not hire the expertise to take this forward, As noted in the previous sub-section, EFA's first project for DFS (with SHIFT) was with Wave Money – for a gamification app to support financial literacy. However, projects since 2019 have involved engagement with a range of different players (the government – FRD, CBM, fintechs, MFIs, banks, and MFSPs) to support the expansion and particularly the deepening of digital financial services, in line with the new UNCDF LNBIDE strategy. EFA activities included coordination of the cross-sector DFS WG, and the demonstration this year of MFI capability for integration with a payments switch. A project with CB bank to support digital financial services for rural women, was unfortunately terminated due to the pandemic.

#### **4.3.4 To what extent is EFA on track towards progress on HR and GE? Are its results validating the HR and GE dimensions considered in its design? To what degree are the results achieved equitably distributed among the targeted [underserved] stakeholder groups?**

FIRM 2, like FIRM 1, does not have targets for women in financial inclusion. However FIRM 2 has added a section for gender sensitive implementation and monitoring, across different sectors, supported by a Gender Note by FMT noting trends since the FinScope 2013 data.<sup>68</sup> Surprisingly, this contains no reference to the extensive work on gender issues in the UNCDF PoWER report,<sup>69</sup> which has influenced EFA's WEFEIP work and is also being promoted by SHIFT.<sup>70</sup> Additionally, EFA's gender officer<sup>71</sup> is actively engaged with the government's NSPAW, being designated during 2020 as co-chair of the Technical Working Group for Women's Economic Participation.<sup>72</sup>

EFA's support to MFIs and to digital financial literacy apps for women is contributing to progress on GE, validating an approach that focuses on women for financial access and in product design, though outreach numbers so far are not very high. Part of the WEFEIP project identified barriers to financial access for women entrepreneurs which has resulted in two MFIs adapting a credit product, while a third MFI has piloted a new digital credit scoring model. These three MFIs have reported institutional shifts as a result of increased capacity in data analytics and increased focus to facilitate onboarding of women entrepreneurs through graduating clients from group to individual enterprise loans.

In both areas – policy and product uptake - the results are still to develop.

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<sup>68</sup> UNCDF/Finmark Trust, 2019. FinScope Myanmar Gender Note. Gender disaggregated data from Finscope and Findex is presented in Annex 10.

<sup>69</sup> UNCDF/Dalberg, 2017. op cit

<sup>70</sup> UNCDF SHIFT, 2020 op. cit.

<sup>71</sup> She was hired under WEFEIP in 2019, coming with 20 years of experience with international NGOs and the UN including a posting within the government

<sup>72</sup> The other co-Chair is from the Government – the Ministry of Rural Development. The Chair is the Ministry of Social Welfare, which has overall responsibility for implementation of the NSPAW.

#### 4.3.5. To what extent and with what results have knowledge management products/activities been used to engage and influence country and regional stakeholders in inclusive finance?

EFA has facilitated good quality products – mainly MAP related (Finscope survey, diagnostic, roadmap, and added for FIRM 2 a gender note and summaries of the Finscope data for different regions) and two case studies for WEFIP. Events to disseminate these have been well attended: a series of stakeholder consultations for MAP with a National Financial Inclusion Forum in March 2018 that included addresses by the Union Minister of the MoPFI, the Deputy Governor of the CBM and the FRD DG, and panel discussions with a range of development partners and private sector players (including World Bank, USAID, GIZ, A Bank and others); one-day events in each of the four States under WEFIP engaged with local representatives of government, FSPs, women’s associations and savings groups – often being the first opportunity for such interactions at the local level. Other national events organised in partnership with key development partners – such as with Cordaid (on overindebtedness), with Finequity and Women’s World Banking (Making Finance Work for Women), with JICA and GIZ (national savings day – annual events) – have been topical, engaging stakeholders from macro, meso and micro-levels.

From the WEFIP events useful participant feedback is documented – including some gaps, for example on the national conference ‘Making Finance Work for Women’, the comments that the government should be included on a panel relating to regulation for women, and the noted absence of the large fintechs.<sup>73</sup>

In terms of influence, the feedback from stakeholders – the FRD and several development partners – is that the MAP documents are an important reference and framework, even though most financial sector programmes (WB, ADB, etc) were already planned or under way, and would have happened without the roadmaps. Given the difference in financial inclusion findings between Finscope and World Bank’s Findex, with data for both collected in 2017, some key bilateral funders discount or are even not aware of Finscope. Nevertheless, the data and MAP impressed DaNa and UKAID to the extent that UKAID funding was provided for the MAP refresh, and for the new WEFIP project (the latter influenced too by the PoWER report).

EFA documentation was expected to feed into SHIFT at the regional level as well as the global MAP programme. Myanmar being the first country to undertake the MAP refresh, EFA along with the FRD leadership shared experience and lessons in MAP global meetings, whilst SHIFT has been able to pick up on the experience in its support to other countries – such as Cambodia - at the regional level.

#### 4.4 (Likely) impact

Alongside a number of other contributing programmes and actors, EFA has been part of a process of accelerated market development for financial inclusion in Myanmar, with Finscope data showing significant increases in access (though not confirmed by other data sources) and FIRM 2 recording some key market developments that took place up to 2018. EFA’s role has been in helping to establish the FIRMs as a frame of reference and engaging with the FRD on microfinance policies. Recent digital projects and gender smart product development are likely to contribute to improved credit for businesswomen and to DFS developments in future. FRD capacity to support market based increased financial inclusion continues to need resources and other support and will also need more effective engagement with the CBM as the higher authority on FI and DFS. MDF investment (along with some parallel TA from Cordaid) has contributed to bank or impact investor lending to 3 out of 5 MFI investees. 3 of the 5 fintech DFLI pilots have agreements for rollout with partner FSPs (MFI, Bank) with some continued external funding (by EFA or other). The programme seems unlikely to generate negative higher-level effects; on the contrary it is designed to mitigate against possible risks such as the overheating of the microfinance market and exclusion from DFS. EFA has introduced

<sup>73</sup> EFA M&E, 2019. Participant Evaluation Report

some gender targeting and gender monitoring into FIRM 2 and is supporting the Government agenda for GE through active engagement with the NSPAW. The programme will be able to draw on its support for the development of 'gender smart products' by MFIs, to demonstrate practical measures to support women's access to financial services, though the new design does not address the underlying issue of women's lack of collateral.

#### **4.4.1 To what extent are programme results likely to contribute to accelerated market development for financial inclusion in Myanmar? Where changes have occurred or are likely to occur in financial inclusion, is there evidence to support attribution to EFA or were other organisations/factors driving change?**

There are limitations to evaluating the *contribution* of a facilitating country programme like EFA to changes in market systems for financial inclusion and the results. Market systems tend to evolve in response to diverse trends in which multiple players at different levels play various roles, also making a contribution: different divisions of the government (the FRD and the CBM), multilaterals (World Bank, IMF, ADB) as well as bilateral agencies like UKAID/DFCO, USAID, JICA, GTZ – working across different aspects of financial sector development. In this context, whilst EFA programme results have contributed to market development in Myanmar, particularly in terms of awareness across stakeholders including the government of financial inclusion issues, the developments in financial inclusion are not directly attributable to EFA in so far as they reflect an existing momentum within the sector (microfinance, digital) as well as ongoing programmes. As recent digital pilot work is taken forward, there will be a more direct contribution to market development for financial inclusion through fintech partnerships with FSPs and MFI integration with an interoperable platform.

Financial inclusion data as part of the MAP refresh, comparing Finscope 2018 with the first Finscope in 2013, surpassed the key targets of FIRM1 (2015-20) by mid-2018: formal (bank and non-bank) financial access overall (30% in 2013, 48% in 2018, 2020 target - 40%), farmers (up from 43% in 2013 to 52% in 2018) and for low income households (increased from 15% in 2013 to 38% in 2018).<sup>74</sup> The main sectors of change have been in banking and microfinance: according to Finscope, banks served 3 mn more customers in 2018, ie 8.7 mn compared to 5.7 mn in 2013; MFI clients increased from 700,000 in 2013 to 3 mn in 2018.

FIRM 2 (2019-23) documents key market developments that had taken place up to 2018.<sup>75</sup> Nevertheless, as noted in the MAP MTE, of the 98 actions recommended under FIRM 1, just 29% had *or* started to be actioned, 47% were under discussion. FIRM 2 indeed sets out 111 actions, many of which were part of the earlier roadmap, but are now differently organised.

Of course, there is no exact science to setting FI targets, nor indeed in measuring the contribution to achieving those targets, but a higher than expected level of progress suggests a considerable momentum within the sector, which EFA along with other stakeholders has been a part of. This momentum is particularly evident in the expansion of mobile money – estimated in 2019 to have

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<sup>74</sup> Whilst recognising the robust basis for the Finscope Survey, it has to be noted that the Finscope findings in Myanmar (as in other MAP countries too) do not match the World Bank's Findex Survey which provides a global reference for trends in financial inclusion indicators over 3 year periods. On comparable indicators, (having an account (banking and non-formal)) Findex data shows FI levels in 2014 below FinScope 2013 and lower rates of increase on an annual basis up to 2017: from 23% overall, 17% women an increase of just 3 and 9 percentage points respectively over 3 years, compared to FinScope's 18 percentage point increase overall, 26 for women over 5 years. With different surveys showing positive trends, the broad conclusion is that there is progress, but the degree of progress varies depending on the FI definitions applied and the survey approach that was chosen.

<sup>75</sup> MAP Roadmap 2019-2023. Annexure 3: Progress Against Roadmap 2014-2020. Progress included: Microfinance directives, 2016, Mobile Financial Services Regulations, 2016, 6 MFI deposit taking licenses awarded, growth in bank branches, ATMs, mobile money agents, Exim bank loan of USD400 mn disbursed through cooperatives; diagnostic analysis of MEB and MADB completed as the basis for reform of these state owned banks, a National Financial Literacy strategy drafted

reached 26% of adults, well beyond the 2% level captured under FinScope 2018, and likely to have increased further in 2020, - in response to policy liberalisation and recognition by private players of the emerging potential of digital finance in the country.

EFA's contribution has been at the policy level through helping to establish the FIRMs as a frame of reference for FI development in the country, and engaging with the FRD on microfinance policies (along with other players – the ADB and IFC). MDF support to small MFIs has contributed to a small part of the increase in microfinance clients in the country, but not to significant product development. Recent digital projects supporting digital financial literacy (under WEFIP), gender smart product development and MFI payments interoperability are likely to contribute to DFS developments in future, particularly for women.

AAER analysis of Outputs 1 and 2 (in Annex 11) reflects the achievements under *Adopt* and *Adapt*, following the (revised) Theory of Change, and specifically attributable to EFA, as follows:

Output 1: Endorsement of the FIRM by the Government – the State Counsellor, and the MoPFI who have also endorsed a separate division of FRD to be the FIRM Secretariat. The FRD leadership, in their interview with the FRD, affirmed their intent to continue in their role to support FIRM implementation, and to organize effective working groups related to each pillar. Development partners have participated in consultations and joint workshops, but funding for further capacity building of FRD may not be forthcoming.

Output 2: Five MFI investees of the MDF have had some expansion in underserved areas, with some strengthening of operations (with parallel TA). Investees and other partners have at least stated a commitment to the client protection principles. Wave Money (supported by EFA with SHIFT) is maintaining the new gamification app on its website – and by 2019 there were some 6,000 users who had completed the game. Pilot activities – for women's enterprise product development by 3 MFIs and by 5 fintechs for DFLI apps – are to be taken forward.

#### **4.4.2. What is the capacity of stakeholders at the meso/macro level to support market-based increased financial inclusion? What are the gaps, if any, that need attention to support programmatic impacts.**

The MAP reports and endorsement by the Government at the most senior level of the Roadmap, have established for the first time a comprehensive frame of reference for financial inclusion. The funding of the MAP refresh by UKAID and implementation by DANA, represented strong appreciation by these development partners, and a direct contribution to *Expansion* of the MAP initiative (part of AAER analysis, Annex 11). However, it is widely agreed (including by the FRD leadership) that the capacity of a secretariat division within FRD needs further support - indeed is yet to be established as a separate division, as approved by the MoPFI. The gap lies not only in the lack of resources for this, but also in the need to engage more effectively with the CBM who has clear authority – above FRD – on many aspects of financial inclusion, including bank links with MFIs and digitization of payments, as well as its own challenges in technical capacity.

Under output 2, there has been some success in terms of *Expansion* (AAER analysis, Annex 11): 2 of the 5 MDF supported MFIs have raised funds from commercial banks representing increased credit supply to these FSPs; 3 of the 5 fintech initiatives for DFLI piloted under WEFIP have agreements for rollout with partner FSPs (MFI and bank), with some continuing funding by EFA alongside a contribution by the FSPs. It will be useful to track the extent to which the DFLI partnerships contribute to additional financial accounts, and whether there is take-up by more FSPs. For both programme strands, the development of appropriate financial products remains a gap, though this has been

addressed on a limited scale so far, through the ‘gender smart’ pilots with BRAC, LOLC and Hana Microfinance.

In the microfinance sector, for larger MFIs there are now a number of examples of bank lending<sup>76</sup>, whilst the IFC’s current support to CB bank is intended to open up the possibility of a guarantee fund for these (larger) MFIs. The MDF was not successful in promoting a guarantee fund for bank lending to the smaller MFIs. Challenges remain for the small MFIs that have been the target market for the MDF – including this year the additional 5 MFIs being funded and supported under the LIFT-Leaving No One Behind project. The banks still seem unwilling to take the risk of lending to such MFIs, that are themselves are not always willing to go through the due diligence process involved in accessing debt funding from banks or indeed from social investors

#### **4.4.3. To what extent is the programme likely to generate unintended negative higher-level effects and how should the programme mitigate this going forward**

The ET has not come across any evidence that the programme in itself is likely to generate negative higher-level effects – on the contrary it is designed to mitigate the type of negative effects that have been observed in other countries: for example, very high growth of microcredit leading to overheating of the market and multiple borrowing and expansion of DFS without mechanisms for inclusion of the underserved.

Increasing competition between MFIs leading to overindebtedness amongst MFI borrowers has emerged as a risk with the growth of the larger MFIs particularly those with concentrated operations in central/urban areas. Other development partners – such as IFC, UNOPS (LIFT), and USAID - have supported larger MFIs, and are now actively trying to set up a Credit Bureau to address the risk. A concern with the emerging issues was the rationale for the conference EFA organized with Cordaid in 2018 on ‘Overindebtedness of microcredit borrowers’. A commitment to the client protection principles is expected for all MDF investees and other technical partners, and forms part of the partnership agreements. This has been acted on in some cases, but not in all, and requires technical follow up to support implementation.

#### **4.4.4 To what extent are EFA’s results contributing to changing attitudes and behaviours towards HR & GE in the various stakeholder groups? To what extent are EFA’s results in HR &GE influencing the work of other programmes and organisations? To what extent are EFA’s results contributing to reducing underlying causes of inequality and discrimination?**

An ADB publication on gender in Myanmar<sup>77</sup> mentioned in 2016 “the pervasive assumption in official circles that the ‘equal status of men and women is a unique trait of Myanmar society’ and that ‘Myanmar women enjoy a good life and rights’. Even today, stakeholder interviews suggest that gender issues may be seen by the Government mostly in terms of welfare, with the Ministry of Social Welfare having responsibility for NSPAW (2013-2022) although this covers a range of social, economic and governance issues in gender equity.<sup>78</sup> Nevertheless, the NSPAW is an important reference on different aspects of women’s inequality and what can be done and indicates that action to support

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<sup>76</sup> By Yomo Bank, CB Bank, A Bank – in the past 3 years.

<sup>77</sup> ADB, 2016 ‘Gender Equality and Women’s Rights in Myanmar. A Situation Analysis’. Coordinated with the Ministry of Social Welfare, Relief and Resettlement; and Department of Social Welfare; and UN Women. Additional funding by UNDP, UNFPA, UNICEF. Quote is from page 20.

<sup>78</sup> The NSPAW has 12 priority areas reflecting the priority areas in the Beijing Platform for Action, including: women’s livelihoods, educations, health, elimination of violence, access to credit, resources and assets, engaging women in decision-making processes.

gender equity is on the government agenda, supported by a range of development institutions, with technical working groups and regular 6 monthly reporting on actions taken.

It is perhaps not surprising that in 2015 a target for women's access for financial services was absent from FIRM 1 in 2015. But in FIRM 2 (2019-2023) 'gender focus and monitoring' is introduced with a target to equalize women's access to formal banking. (This addresses the continuing, albeit reduced, gender gap for formal services – 29% men, 22% women in the FinScope 2018 data showing women to be more dependent than men on non-formal (microfinance) and informal financial mechanisms. Nevertheless, as noted earlier, the picture is different in the World Bank Findex 2017 data which does not show any gender gap: 26% of both women and men had an account, 16% of women, 17% of men had an active account, 19% of women and men borrowed from a financial institution).

Gender is a small sub-section of FIRM2<sup>79</sup> but includes some significant pointers that have been a focus of EFA's work: notably, the development of women-centric financial products and services (digital, MSME, financial literacy). Government approval of these recommendations as part of the roadmap is quite a significant endorsement, whilst the FRD leadership – as Chair of the EFA/MIFS project board is fully supportive of UNCDF/EFA's projects for women's empowerment.

The MDF whilst supporting MFIs who target only women clients, has not involved any specific gender work (e.g. related to products, client feedback, staff gender ratio). EFA's work under WEFIP has focused on women in conflict affected states - exploring barriers to women's financial inclusions in these areas, whilst serving to demonstrate the role for financial inclusion in supporting humanitarian efforts and building development opportunities in these areas. The engagement with fintechs on DFII issues for women in these states is enabling at least 3 of these fintechs to build their business model – with a gender focus, and in the local languages - with new FSP partners, two with EFA funding under phase 2 and one with funding from alternative sources. MFIs (whose main constituency is women, though not with a transformative mandate) and other players are yet to take forward the gender assessments undertaken with SHIFT. Apart from BRAC, LOLC and Hana, which are using EFA's research and support (under WEFIP) to adapt individual enterprise product to address the barriers that women entrepreneurs face in accessing credit. To the extent that this successfully addresses a key barrier for women entrepreneurs, this will represent a sound demonstration to other FSPs and policy makers of a practical measure to support women's access, though it does not address the underlying issue of women's lack of access to land and property titles.

#### 4.5 (Likely) Sustainability of programme results

At the macro-level - the government has endorsed a separate Secretariat unit within FRD so as to support capacity building for implementation of the current FIRM. However, there is a question mark over funding and staffing. There could be more engagement with the CSO as part of a national partnership for financial inclusion data. The demonstration of MFI capacity to link into a local interoperable payments system is likely to be a significant input to a nation payments system to be authorised by the CBM. EFA has put emphasis on capacity building around data analysis and use. But there is a continuing need for technical skill development and systems building within regulatory and policy making authorities. GE monitoring is likely to continue as part of monitoring implementation of FIRM 2; HR aspects have not been included. At the micro-level, two MFI investees of MDF may emerge as market leaders among domestically sponsored and managed MFIs. Digital capacity building by EFA at different levels (FRD, fintechs, MFI interoperability) provides a useful base as EFA transitions under the IDE Practice Area strategy to LNBIDE, seen as particularly relevant as the financial sector adjusts to post COVID norms. Monitoring of women's and girls' access to and use of digital financial services is likely to be a continuing challenge – which gsma has started to address in Myanmar.

<sup>79</sup> 5.3 under Pillar 5: Financial Capability, Consumer Protection, Responsible Finance

#### **4.5.1. To what extent are changes in capacity at the level of market participants likely to continue? To what extent were national and local partners involved in different aspects of EFA's implementation?**

Support to the implementation of FIRM has centred on engagement with government counterparts, specifically with the FRD designated (by the Government) as the focal point for financial inclusion. FRD has played a key role, with EFA support, as Secretariat to the IMSC, managing IMSC meetings, and to an extent taking responsibility for coordination of working groups for different sectors (mainly so far under FIRM 1, apart from the WG for DFS under FIRM 2). Continuing involvement is supported by the MoPFI as part of the Government endorsement of the Roadmap, but there is a question mark over funding and capacity (as discussed in the next sub-sections).

The Central Statistical Office (CSO) was involved in vetting the Finscope survey questionnaire and execution in 2018. There could have been an opportunity for (reciprocal) involvement by Finscope – or EFA/UNCDF – to introduce FI related questions into the Myanmar Living Conditions Survey (MLCS) questionnaire (2017) that was implemented by the CSO with the financial and technical support of UNDP and the World Bank.<sup>80</sup> This would have enabled a broader national partnership for financial inclusion data in future.

Local fintech partners (Wave Money – gamification app, and 5 pilots) have developed capacity for digital financial literacy methods primarily targeting women in local languages, and as noted at least 3 of the pilots are continuing in new partnerships with FSPs. The demonstration of MFI capacity to link into a local interoperable payments system (Mojaloop under the Modusbox project) is likely to be a significant input to a national interoperable payments system to be authorised by the CBM, whether to continue as a stand-alone network linked into a new national system, or providing a stepping stone towards a new national system that includes MFIs.

#### **4.5.2. To what extent are changes in inclusive finance systems supported directly and indirectly by EFA likely to be sustainable over time?**

A scored assessment (from 9 interviews) of key stakeholder perceptions of Government commitment and capacity to take forward the roadmap, conducted as part of the MAP MTE in 2019, indicates a quite high degree of commitment (2.2/3.0) but lower capacity (skills/resources 1.3) around the average for the four countries covered as case studies.<sup>81</sup> Institutional structures being in place and effective for coordination around FI scored a lower 1.3 (also at par with other countries studied) and have stalled during 2020 due to the COVID lockdown and the delay in formal launch of FIRM2. FRD leadership in our interview indicated considerable intent to run an efficient coordination mechanism for FIRM2 for which a separate division within FRD has been approved by the MoPFI. Nevertheless, the government, whilst allocating some token funds (USD1,000) is still to designate the staff, is looking for development partner funding (hoping that FCDO might continue) and FRD continues to see UNCDF as an essential technical partner for financial inclusion. This is reflected in EFA's own proposal to FCDO<sup>82</sup> which notes the reputation risk of withdrawing technical and funding support for a current initiative (FIRM runs up to end 2023), given that a dedicated unit within FRD “still has a long way to go”.... “There is a need for the FRD to be supported to manage the process holistically from a technical perspective,

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<sup>80</sup> The MLCS is a household survey, and includes questions on account ownership (reported as 17% in 2017, 25% urban, 14% rural) and borrowing from formal and informal sources (reported as 40% urban, 69% rural). The CSO also implemented in 2019 a Microenterprises Monitoring System (MEMS) project, funded by the Government of Denmark, coordinated with the United Nations University and the University of Copenhagen.

<sup>81</sup> UNCDF, 2019. Midterm Evaluation of the Making Access Possible (MAP) Programme. Myanmar was one of the four country case studies. The other countries were from different geographical regions: Nepal, Malawi and Burkina Faso.

<sup>82</sup> 'Financial Inclusion Roadmap Status and Next Steps'. August 2020.



to facilitate the working group forums, to properly leverage development partner support for Roadmap implementation, and to lay out and implement the longer term program. Additionally the action plan and M&E framework need ongoing support and updates.”

FRD as secretariat intends to coordinate 5 working groups – one for each pillar of the roadmap – as a part of the FI inclusion infrastructure, to coordinate on initiatives and issues across government, meso level and private players. A DFS WG was already set up in 2019 when 2 meetings were held – involving both the CBM and FRD as co-chairs, and UNCDF/EFA as secretariat. However, activities for this and other WGs are still to pick up in 2020 after COVID-19, as planned by FRD.

Apart from the (as yet unresolved) question of resources, continuity will depend on the ability of FRD to engage effectively with CBM. Joint chairing of a WG (as in the DFS WG) is one way to do this. For the reasons noted earlier in terms of coherence within the regulatory structure (4.1.5) an alternative approach to overall coordination on FI which divides responsibilities between FRD and CBM depending on their areas of focus, may be more sustainable than expecting an FRD division to take overall responsibility.

The range of challenges raised by the FRD Director General in a presentation to the IMSC in 2019 reflects the sustainability issues that need to be addressed:

- i. A need for closer coordination between government departments and other initiatives
- ii. Regular availability of relevant M&E data
- iii. Ensuring adequate awareness around the Roadmap process
- iv. Optimizing the involvement of working groups in implementation
- v. Government capacity and dedicated staffing of the Secretariat (financial inclusion focal point).

#### **4.5.3. How sustainable is the knowledge and capacity building that has been transferred at the macro, meso and micro levels over time? What are the challenges to this end? What efforts are being pursued to overcome these challenges?**

Much of EFA’s activities have supported knowledge transfer around financial inclusion based on the MAP reports as well as some key aspects of financial inclusion (potential overindebtedness, the role of savings) through various multi-level workshops. These have been well acknowledged and appreciated by stakeholders at macro, meso and micro levels.

Nevertheless, in terms of capacity building, at the macro level, a number of stakeholders active in the financial sector commented on the continuing need for technical skill development and systems building within the designated regulatory and policy making authorities, including the CBM and particularly FRD. EFA has put substantial emphasis on capacity building around data analysis and use linked to Finscope, M&E linked to the roadmap, and in 2018/19 there has been an emphasis on training on digital financial services for the FRD. Basic data management and interpretation remains a challenge, including for the CBM. Overall, the quite intensive hand-holding by EFA and workshop/exposure visits for FRD staff have been successful in capacity building of the FRD leadership which has been stable for the past 2-3 years and is likely to continue. The challenge has been the high turnover of the FRD leadership in the initial years of the programme, and throughout the programme period the lack of dedicated staff for financial inclusion. The proposal to have a separate division within FRD for financial inclusion will be a positive step if resources can be raised for this, with an effective team. As noted, a further need will be stronger engagement with the CBM, particularly on digital financial services, for which a start has been made through collaboration in the DFS WG. Though, even within the CBM there are ongoing transfers of senior staff, affecting focus and stability.

At the micro-level, the experience of formal debt has supported the strengthening of management systems of the 5 MDF investees, in two cases it has supported local management (in place of expat staff) as well as strengthening the board. One MFI has taken a follow-up loan from a local bank, another MFI is in discussions for this. As discussed in the Appendix case study, these two MFIs may emerge as market leaders amongst domestically sponsored and managed MFIs. A third MFI has substantial potential to build on international links through its INGO shareholder.

Under the WEFIP project, the facilitation of digital and financial literacy tools in different languages and in rural areas targeting women has helped to build the capacity of 5 fintechs to adjust their content and business model for deeper outreach, and at least 3 of these are continuing and likely to sustain new linkages with FSPs in underserved areas. The work with Modusbox during 2020 has laid the groundwork for MFI capacity to integrate with an interoperable payments system (at least for loan repayments). Other components – for example for loan disbursements – are still to be tested).

The COVID-19 lockdown has been an unavoidable challenge for all activities but one which has underlined the opportunity and relevance of digital payments and financial services. The digital capacity building at different levels – with FRD, and under the WEFIP and Modusbox projects - is particularly relevant as the financial sector adjusts to post-COVID norms, and provides a useful base as EFA transitions under the IDE strategy to ‘leave no one behind in the digital era’.

#### **4.5.4. To what extent does EFA’s design include an appropriate sustainability and exit strategy to support positive changes in HR & GE after the end of the intervention?**

EFA’s exit strategy was designed on the assumption of achieving full government ownership of the FIRM and process, along with the capacity and tools to coordinate and monitor roadmap implementation. The MDF was expected to be a short-term measure which would no longer be required after confidence was built in the market. Recovered funds could be deployed for non-lending market development activities.

EFA’s sustainability and exit strategy does not include reference to any HR and GE changes. Nevertheless, in practice, in terms of monitoring, changes in women’s access to financial services – separate to men’s - have been well captured in the followup Finscope survey with a separate gender note, and such gender disaggregated data is likely to continue and be included in the recommended KPIs for monitoring implementation of FIRM 2, in line with FIRM and the regional consensus on FI indicators within ASEAN (FI working group). The Finscope gender data has been the basis for the FIRM 2 target, approved by the government, to reduce the gender gap in access to banking services. It is not clear whether tracking of HR aspects have been included, since these are also not part of FIRM.

The (WEFIP) DFLI pilot and gender smart product development with three MFIs has supported a change in attitude – and potentially in the business model – of the participating fintechs and MFIs, to address the needs of women – and will be taken forward in the rollouts (at least two of the fintechs) and with the launch of adapted financial products for women with the three MFI partners.. The earlier Wave Money gamification app targeting women is continuing prominently on Wave Money’s website though it is not advertised as targeting women (which has led to some rather disparaging online remarks by male users) and uptake has not been monitored. Monitoring of women’s and girl’s access to and use of digital financial services is likely to be a continuing challenge – though Wave Money (with GSMA support under its Connected Women programme) has begun to put systems in place to include gender disaggregation of their user and agent data.

The GEF gender analysis work, building on the earlier PoWER country assessment, both facilitated by EFA, covers the policies and socio-cultural attitudes and practices that limit opportunities for women. The gender assessment tool has been applied in 11 FSPs (MFIs and one bank) and represents a useful

reference for these FSPs to adjust their systems and products in future. The recent research with BRAC (under EFA's WEFIP project) has led to this MFI removing the collateral requirement from its enterprise loan for women and eliminating the need for business registration, thus allowing more women to graduate from group to individual enterprise loans.. Whilst being pragmatic and relatively quick to introduce to circumvent an existing barrier to women's access to these loans, this change nevertheless leaves untouched the underlying disempowerment of women's lack of title to land and property. This latter type of transformative change could perhaps be introduced through the structure in place to implement the NSPAW - under which EFA/UNCDF is currently co-chair of the technical WG on the theme of women's economic and political participation.<sup>83</sup>

## 5 Gender and Human Rights

The concept of inclusion – financial or other – incorporates the concern that there be no discrimination based on differences of gender, age, ethnicity, disability, race or religion. EFA's end goal of expanded financial inclusion leading to equitable and inclusive growth, is expected to contribute to SDG 5 ("Achieve gender equality and empower all women and girls") and to SDG10 ("Reduced inequality"). The EFA target groups for financial services are in line with the FIRM targets, including women-led enterprises, youth, poor and low income. EFA projects for low income end clients were expected to target a minimum 50% women. The ProDoc sets out gender specific barriers to financial inclusion, supply and demand side, within a framework of capacity, resources, connections, and culture/norms, as interconnected and mutually reinforcing barriers to women's access and use of financial services.

In terms of policy work, we have noted that whilst FIRM 1 did not have any gender specific objectives, these have been included in FIRM 2, with a target to reduce the 7 percentage point gender gap in access to banking and a subsection that includes gender disaggregation of data, and product design to take into account the needs of women across sectors, particularly in digital, MSME credit, and in financial education programmes. In addition to a MAP Gender note based on the 2018 Finscope data (on different aspects of women's livelihoods and access to financial services), work under other UNCDF programmes – PoWER (in 2017) and SHIFT (current) – has provided an indepth analysis of underlying and regulatory issues that need to be addressed to support women's empowerment through financial services. Action is yet to be taken on the recommendations which represent salient action points in the context of the findings from the Findex data – that whilst digital finance may increase inclusion overall, it does so with an increasing gender gap.

The Finscope data (2018) shows an increase in women's access to financial services, primarily due to the expansion of microfinance which directly targets women though with standardised credit products. EFA's support to products and services designed to meet women's needs has not engaged with these MFIs (who as very small MFIs had other operational priorities) but has been the focus of the WEFIP project piloting fintech applications for digital and financial literacy for women, and research for 'gender smart products' with BRAC, LOLC and Hana Microfinance. As a result of the research, all three MFI partners are introducing a focused effort to graduate women from group to individual loans targeting women entrepreneurs. BRAC is this year adjusting its individual loan for women entrepreneurs by waiving the collateral requirement and the need for a business licence, and expects to increase their individual loan portfolio to 30-40% of their entire loan portfolio by 2024 (up from the current 5%). This approach is both pragmatic and also indicates an institutional shift by

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<sup>83</sup> This WG aims at Enabling policies, legislations and environment in place to increase in women's economic and political participation. One of its 5 strategic objectives is to: recognize rural women's issues, their contribution to economy and help improve their livelihood opportunities and access to services

partners to addressing key constraints for women through improved product design and enhanced capacity in data analytics but leaves unaddressed the underlying disempowerment to women of their lack of title to land and property. EFA/UNCDF – being the current co-chair of the NSPAW WG for women’s economic and political participation – is well placed to introduce this type of transformative change for gender equity at the national level.

The EFA design is typical of its time in not including a specific reference to human rights or disabilities. In practice nevertheless, the programme has under the WEFIP project undertaken the challenging task of focusing activities in post conflict areas, to understand the financial needs of Internally displaced persons (IDPs) in a manner which will be able to provide development support to humanitarian initiatives.

## 6 Conclusions and Recommendations

### 6.1 Overall assessment

**EFA is a UNCDF country platform** that was intended to enable and facilitate other UNCDF IDE projects/programmes alongside projects that the team directly implements. The design was a strategic extension of two UNCDF global programmes that had begun in Myanmar – Microlead (2014-17) focused on strengthened savings-led financial inclusion and the Making Access Possible (MAP) programme which had the objective of helping Government develop and implement national Financial Inclusion Roadmaps (the first Finscope Survey and diagnostic were undertaken in 2013-14) – just before EFA started in 2015. This evaluation focuses on activities and projects that are directly part of EFA design (including support to MAP) whilst acknowledging the facilitation role that EFA has played for other UNCDF programmes (Microlead, Cleanstart, SHIFT).

EFA had an **ambitious USD25 mn design** of which a major portion (40%) was intended to support a range of different financial inclusion activities aligned to the recommendations of the first national Financial Inclusion Roadmap (FIRM). Broad-based proposals for these activities (covering digital financial services, savings, training to cooperatives) were developed but did not obtain funding and therefore did not materialise. With an actual budget of USD 6.7 mn (26% of the expectation) plus USD1.7 mn parallel funding (mainly for the MAP refresh), EFA’s main activities have been the Market Development Facility (40% of total actual budget) and capacity building of the regulators to implement the FIRM (22% of total actual budget). We here summarise our assessment of these activities, and some new projects that EFA implemented mainly in the past two years, along with effects of the COVID lockdown.

**Support to MAP was EFA’s raison d’être** – specifically to strengthen the regulatory environment for implementation of the resulting FIRM as well as a refresh of the MAP processes. The programme has applied key aspects of MAP – a quality evidence base for a comprehensive national financial inclusion plan, government ownership of implementation, coordination with development partners. It has also demonstrated the challenges involved: the very high costs of adhering to a specific primary survey model, variance in survey results with a global benchmark (Findex), the complex process of building government ownership, technical challenges in establishing a good monitoring system for implementation of the roadmap across different agencies, and the fact that multilateral and bilateral agencies already have their own programmes for financial sector development and financial inclusion (with or without a national roadmap). The Finscope survey in 2018 indicated that the 2020 FI targets of FIRM 1 were already reached by 2018, though we infer that this was due mainly to a natural momentum of growth within the financial sector rather than to the roadmap per se.

**EFA's engagement with the government – primarily the FRD within the MoPFI** - has been through a range of activities from training, workshops, exposure visits to ongoing handholding, technical support and coordination. (Capacity building for the cooperative sector has not been undertaken as planned). Key successes have been the establishment of a governance structure for FIRM implementation (the IMSC, planning for focused working groups to bring together government, meso and micro level stakeholders) and enhanced capacity at the FRD senior leadership level – as well as the mobilisation of funding from UKAID to support the MAP refresh and a second Roadmap. Government approval to set up a separate financial inclusion secretariat unit within FRD reflects the challenges so far for a department that has limited bandwidth outside its other mandated areas (microfinance, insurance, pensions) and is continuing to build capacity within those areas. The separate unit is yet to be established and resourced - with activities even to launch FIRM 2 stalled by the COVID lockdown, just after Government approval in March 2020. Funding and staffing is likely to be a challenge, though the Government is looking to UNCDF/EFA for continuing technical support. Apart from the question of resources, engagement with CBM as the main independent authority for banking and digital payments will need more attention.

The **Market Development Facility (MDF)** was a key programme for EFA, **designed to address the capital needs of emerging financial and related institutions** – including MFIs, cooperatives (building on Microlead's experience) and digital service providers – through a combination of debt, guarantees and TA. The MDF timing coincided with UNCDF's launch of the LDCIP which was set up to develop a standardised process of appraisal for any type of returnable investment by UNCDF. Accordingly, the MDF was included as a case study for indepth analysis as part of this MTE (in Appendix). The case study highlights achievements of the Facility in terms of enhancing depth of outreach to underserved areas, to women and minorities and in providing larger appropriate loan sizes to MFI borrowers. In terms of market development 2 out of 5 investees have accessed additional debt (from a local bank, from social investors) and 1 more is in active discussions with a local bank. There have been limitations: in the scope of the facility relative to the design (a focus on small MFIs, no bank guarantee, no direct TA, no new product development). Whilst recognising the mandate of the LDC IP as an organisation-wide facility, the processes with the LDCIP appeared top-heavy and inefficient without mechanisms to engage effectively with the expertise of the in-country mechanisms that EFA had put in place. This year, the process to approve loans to 5 very small local MFIs has been more streamlined though the issues just referred to, remain.

Another key project for EFA has been the Women's Economic and Financial Inclusion Project (WEFIP) which was funded by UKAID in 2018 with an initial budget of USD3.9 mn for 3 years, up to September 2021. **An innovative project, located in four conflict affected states, WEFIP** involved a number of components: primary research into women's demand for financial services in these states, a digital and financial literacy fintech challenge fund which supported 5 fintechs to pilot their products targeting women in these states, as well as a separate component on research for women-centric microfinance products, conducted for BRAC with SHIFT and students from Columbia University, USA. Case studies based on the two sets of research have been well produced. Information/experience sharing workshops have been held in the 4 project states with local stakeholders from all levels, including local government and representatives from women's savings groups. Despite very promising gender focused work in difficult conditions, the WEFIP project is being terminated early and its budget reduced – a casualty not only of COVID induced streamlining and budget reductions but also of shifting priorities of the funder since the project began.

The EFA team has been actively engaged with the UN country team (UNCT) over the past couple of years, particularly this year, contributing to the **OneUN** and collaborating with UNDP, UNWomen and the ILO. In earlier years there was less engagement, and the relationship with UNDP to start with was not as mutually supportive as it could have been, affecting some administrative decisions (no

contribution to cost of technical consultant embedded with FRD, some staff hire delays – delaying the start of the WEFIP project for example, whether to initiate a process for a separate UNCDF/MDF bank account). The governance process for EFA has not been efficient.

A concern for **gender equity is a consistently strong element across EFA’s work** as demonstrated in the gender focused research and fintech pilots under WEFIP. MFIs are a key constituency which primarily targets women whilst the (DFAT funded) work being conducted by SHIFT, facilitated by the EFA team, is designed to support MFIs to address gender equity issues in their operations both for clients and for staff. EFA’s concern with gender disaggregated data, development of women centric products, services (including digital) and financial literacy are reflected in FIRM 2. At the policy level, the EFA gender officer (a national staff member hired under WEFIP) represents UNCDF as co-chair on the working group for women’s livelihoods under the National Strategic Plan for the Advancement of Women (NSPAW) whilst key analysis and recommendations have emerged through UNCDF’s PoWER country assessment and SHIFT’s analysis of regulatory enablers and constraints to women’s financial inclusion.

A **human rights** perspective – to include disadvantaged communities or people with disability – was not specifically part of EFA’s design, but is reflected in targeting poor and low income people, particularly women for financial services. It is also reflected in EFA’s focus on women in conflict affected states in the WEFIP project as an appropriate response to current issues in Myanmar.

Programme **monitoring** was well established under WEFIP whose budget enabled EFA to add a full time M&E specialist to the team. WEFIP programmes have been well monitored and quite well documented. Monitoring of the other main activities – along with communications - has been added into the responsibilities of the EFA team or UNVs who come and go. **Communications events and publications** have been of a high quality, **contributing to sector knowledge** on broader financial inclusion (through MAP publications and workshops), and selected issues (various policy papers in 2016/17, Overindebtedness workshop, Savings Day events, Making Finance Work for Women conference – events all in partnership with different development partners). EFA newsletters and briefs have promoted awareness of UNCDF activities in Myanmar. Although knowledge management and sharing was a key element of EFA’s Theory of Change, and two communications strategy documents were drafted (in 2017, again this year), a systematic approach for communications building on UNCDF’s/EFA’s considerable expertise (globally, regionally and in Myanmar) is still to be developed, using available social media, including short articles/blogs on lessons and practical issues, and in the local language. The centralised UNCDF (Myanmar) website is not as effective as it could be – either for supplying material or for users.

The new IDE strategy – LNBIDE – now articulates a ‘single’ UNCDF approach, without separate thematic initiatives. EFA fits well into a comprehensive approach at the country level for which the team has built a strong network of relationships across the financial sector – particularly with government and FRD within the government – including regionally, to some extent with the CBM, with development partners (multilateral and bilateral) and with financial service providers including fintechs, focusing on those with potential for outreach to rural and underserved areas and women. In line with IDE’s new emphasis on digital financial services, EFA developed a Myanmar Leaving No-One Behind Strategy (2019-2024) and mainly since 2019 (apart from the Wave Money grant with SHIFT in 2018) has incorporated a new focus on digital financial services - part of WEFIP, coordinating the DFS Working Group; the ModusBox project this year for payments interoperability of MFIs; and a project for digital services in partnership with CB Bank which was approved for funding by LIFT, but was cancelled with a COVID related shift in the strategy of the donor to fund more humanitarian action. With the new hiring of specialist staff from 2021 (with Bill and Melinda Gates Foundation funding raised by EFA ) the country programme will be strengthened to take the digital strategy forward – with

opportunities to build on EFA's existing network and project experience, particularly with FRD, MFIs, fintechs, and digital financial literacy incorporating a focus on gender and outreach to underserved states and regions.

## 6.2 Recommendations

Continuing risks for the programme lie in: uncertainty in Myanmar related to the role of the military and the scope for democratic process to evolve effectively; limited resources (financial, technical) with the government for support to financial inclusion; insufficient resources mobilised to build a strong UNCDF country team. All initiatives will now be affected by the very recent take-over of government by the military.<sup>84</sup> UNCDF/EFA seems nevertheless well placed to continue to engage and to align with what is possible for financial inclusion. In particular, as and when the lockdown due to COVID is relaxed, the opportunities for digital financial services are likely to increase. Whilst EFA's existing commitments should continue.

At the strategic level -

- i. The LNBIDE focus on digital financial services will require close engagement with the key people within the CBM, and coordination with other major stakeholders, particularly the World Bank (already working closely with the CBM), and GSMA that is working directly with fintechs and MNOs. Data management and reporting on supply, access and use of digital financial services, including disaggregation (by key segments – geographic, gender, age) will be an important area to support.
- ii. There may be scope for reviewing the strategy of focusing only on FRD as the secretariat for the FIRM. Whilst recognizing that the Government has designated FRD in this role, perhaps directly linking microfinance - and the state owned banks - to the concept of financial inclusion, it is clear that financial inclusion is much wider than this. The CBM as a strong independent authority in the financial sector should have an independent role (coordinating, reporting) in the areas for which it is directly responsible. UNCDF/EFA can act as a 'bridge' through engagement, communication and messaging to reinforce the roles of different parts of the government to play their mandated role effectively in contributing to the overall goal of financial inclusion and quality services for the unserved,
- iii. Cooperatives remain an important potential sector for financial inclusion and interesting work is under way by different agencies. Pursue a more active and informed consultation so as to develop a practical plan to engage with cooperatives – digital and otherwise.
- iv. Before another refresh of the financial services demand survey becomes due, engage with the CSO and other key players supporting the CSO on related surveys (UNDP, World Bank) including digital surveys, to explore the possibility of integrating FI questions within existing household surveys, including how a perspective on individual intra-household financial inclusion and decision making might be introduced.
- v. Whilst UNCDF has a duty of care to avoid the waste of public resources, it needs to consider whether too much caution (in applying a MDF) undermines the development objectives and enhances the cost of its intervention. Consider how a global standardised intervention process (LDCIP) is best applied to a local venture capital type intervention, building appropriately on local expertise. A focus on minimizing risk moves the development returns towards zero on any risk-return continuum.

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<sup>84</sup> At the time of finalising this report, on 1 February 2021, the newly elected parliament was suspended.

At the programmatic level -

- vi. Ensure that the local team has the technical skills, depth of understanding and the financial resources necessary to work with the range of institutions (in this case range of FSPs in terms of type and size) and breadth of support opportunities (grants, suitably crafted TA) to fulfil the ambitions of programme design.
- vii. With the application of lending as a funding tool (as opposed to grants), there needs to be a clear and separate accounting system to capture repayments.
- viii. Follow up on the recommendations from the PoWER country assessment and SHIFT's analysis of regulatory enablers and constraints to women's financial inclusion. (which go beyond the framework of the gender sub-section of FIRM 2).
- ix. Do not treat M&E and communications as dispensable. Under pressure of limited resources for staff, EFA lacked a specialist for M&E and communications, and these functions were added (or not) to the responsibilities of staff who have little spare time from their existing responsibilities. As a result, M&E and systematic communications do not happen or may get delegated to anyone available – such as UN volunteers who often lack both relevant expertise and continuity. WEFIP funding enabled the hiring of an M&E specialist for the project – who has well demonstrated the relevance and utility of, for example, capturing feedback from trainings/workshops.
- x. Integrate a more detailed but still legible Theory of Change (organized by financial sector) into monitoring and planning.
- xi. Review the current process of centralized management of communications – specifically the UNCDF (Myanmar) website. It may be efficient to have a single specialist resource across UNCDF's different activities but the processes are not working well either for the suppliers of material or the (potential) users of the website.
- xii. Whilst acknowledging that decisions within UNCDF cannot be solely taken at the country level, the time needed for centralised decision making needs attention, as do the processes for staff and consultant procurement.
- xiii. Pay attention to the language divide: much Government activity (particularly outside Yangon) and of course other local interactions, involve the Myanmar language – spoken and written. We recommend that for each international/foreign staff member there might be a local counterpart – to work together to enhance each other's expertise and language skills whilst also supporting local capacity development. This is particularly relevant for communications. At the least, there could be an attempt to enhance the English skills of national staff, as seems appropriate, whilst facilitating international staff to take lessons in the Myanmar language.

### 6.3 Lessons

- a) Senior management/colleagues within the Inclusive Digital Economy (IDE) Practice should be open need to be able to listen to 'real challenges' and support the local team to think through adjustments to the programme or alternative strategies if things are not progressing as planned.
- b) Whenever there is participant feedback (for example on workshops, trainings) – this can be better documented in terms of how the issues are presented (what is significant, the implications) so as to facilitate management awareness of the feedback and an appropriate response.



- c) Other lessons are similar to those we have seen in earlier MTEs (for MAP and SHIFT) relating to the lack of cohesion between different GTIs within UNCDF and the overambition and complexity of proposals which remain underfunded and lacking the technical resources to fulfil the scope of the design objectives. These aspects may be addressed through the more comprehensive approach of the LNBIDE strategy.

## Annexes

Annex 1: Results and Resources Framework [ProDoc Table 4, pp43-45]

<p><b>Development Outcome:</b> Equitable and sustainable inclusive growth, contributing to the achievement of Myanmar’s, post-2015 Sustainable Development Goals (SDGs) (particularly on poverty alleviation, inclusive growth and on reducing inequality), and national poverty alleviation goals, by supporting the implementation of the Financial Inclusion Roadmap and particularly two of the priorities identified therein, institution building and addressing critical market barriers.</p> <p><b>Project Outcome:</b> By year 2020, the financial sector is strengthened and is able to better support financial inclusion, with formal inclusion in Myanmar increasing from 30% to 40%, percent of adults with more than one product increasing from 6% to 15%, and a full range of affordable, quality, effective and responsible financial services being available to the target clients (MSME, small-scale farmers, women-led enterprises, youth, poor and low income) by getting all stakeholders to work together in an integrated manner: at least 830,000 low income beneficiaries (50% women) directly benefit as a result of the project, and at least 3,000,000 indirectly.</p>										
Project Outputs	Implementing Agency	Activities for each output	Resource Allocation and Indicative Timeframe						Total Budget (USD)	Secured Budget (USD)
			2015	2016	2017	2018	2019	2020		
<p><b>Output 1:</b> Policy and regulatory environment is strengthened.</p> <p><b>Targets:</b> Roadmap is successfully implemented; Institutional capacity of government counterparts strengthened, resulting in an enabling regulatory environment.</p>	UNCDF	1.1 Support to implement Financial Inclusion Roadmap	45,000	52,000	532,000	32,000	32,000	22,000	715,000	126,000
		1.2 Supportive regulatory environment	60,000	50,000	190,000	120,000	70,000	20,000	510,000	116,000
		1.3 Staff overheads	140,734	347,158	313,658	313,658	313,658	313,658	1,742,522	572,721
		<b>Subtotal Output 1</b>	245,734	449,158	1,035,658	465,658	415,658	355,658	2,967,522	814,721
<p><b>Output 2:</b> Strengthened capacity of Market participants.</p> <p><b>Targets:</b> Strengthened FSPs; Increased access to and usage of products; Increased range of affordable, quality and Effective financial services; Crowding in of</p>	UNCDF / Project Board	2.1 Market Development Facility	75,000	670,000	3,275,000	3,320,000	1,320,000	260,000	8,920,000	3,123,806
		2.2 Capacity of cooperatives to deliver financial services	65,000	295,000	910,000	760,000	760,000	120,000	2,910,000	145,000
		2.3 Mobilize savings	-	160,000	410,000	380,000	100,000	-	1,050,000	85,000
		2.4 Catalyse payments	45,000	180,000	730,000	740,000	500,000	200,000	2,395,000	75,000

**Development Outcome:** Equitable and sustainable inclusive growth, contributing to the achievement of Myanmar’s, post-2015 Sustainable Development Goals (SDGs) (particularly on poverty alleviation, inclusive growth and on reducing inequality), and national poverty alleviation goals, by supporting the implementation of the Financial Inclusion Roadmap and particularly two of the priorities identified therein, institution building and addressing critical market barriers.

**Project Outcome:** By year 2020, the financial sector is strengthened and is able to better support financial inclusion, with formal inclusion in Myanmar increasing from 30% to 40%, percent of adults with more than one product increasing from 6% to 15%, and a full range of affordable, quality, effective and responsible financial services being available to the target clients (MSME, small-scale farmers, women-led enterprises, youth, poor and low income) by getting all stakeholders to work together in an integrated manner: at least 830,000 low income beneficiaries (50% women) directly benefit as a result of the project, and at least 3,000,000 indirectly.

Project Outputs	Implementing Agency	Activities for each output	Resource Allocation and Indicative Timeframe					Total Budget (USD)	Secured Budget (USD)			
			2015	2016	2017	2018	2019			2020		
investment in value chain finance; FSPs able to deliver high volumes of un-collateralized MSME loans.		2.5 Support to regulators to encourage new products	-	115,000	115,000	65,000	35,000	-	330,000	-		
		2.6 Consumer capability to access & use financial services	-	55,000	125,000	55,000	-	-	235,000	-		
		2.7 Targeted TA in agriculture	-	60,000	202,000	160,000	90,000	40,000	552,000	-		
		2.8 Capacity support for FSPs to better serve MSMEs	-	60,000	350,000	250,000	-	-	660,000	-		
		2.9 Staff overheads	22,580	398,174	398,174	398,174	398,174	398,174	2,013,452	873,180		
		2.10 Other Technical Expertise	-	30,000	30,000	30,000	-	-	90,000	-		
		<b>Subtotal Output 2</b>	207,580	2,023,174	6,545,174	6,158,174	3,203,174	1,018,174	19,155,452	4,301,986		
		<b>Output 3:</b> Knowledge and Learning	UNCDF	3.1 Sharing, learning and knowledge incl translations	40,000	40,000	55,000	50,000	50,000	50,000	285,000	120,000
				3.2 Project formulation and research	130,000	75,000	110,000	110,000	110,000	60,000	595,000	195,000
3.3 Research/data analysis for policy advocacy	-			30,000	-	-	-	-	30,000	-		
<b>Targets:</b> Effective and efficiently targeted project; Regional and Global impact; Effective												

**Development Outcome:** Equitable and sustainable inclusive growth, contributing to the achievement of Myanmar’s, post-2015 Sustainable Development Goals (SDGs) (particularly on poverty alleviation, inclusive growth and on reducing inequality), and national poverty alleviation goals, by supporting the implementation of the Financial Inclusion Roadmap and particularly two of the priorities identified therein, institution building and addressing critical market barriers.

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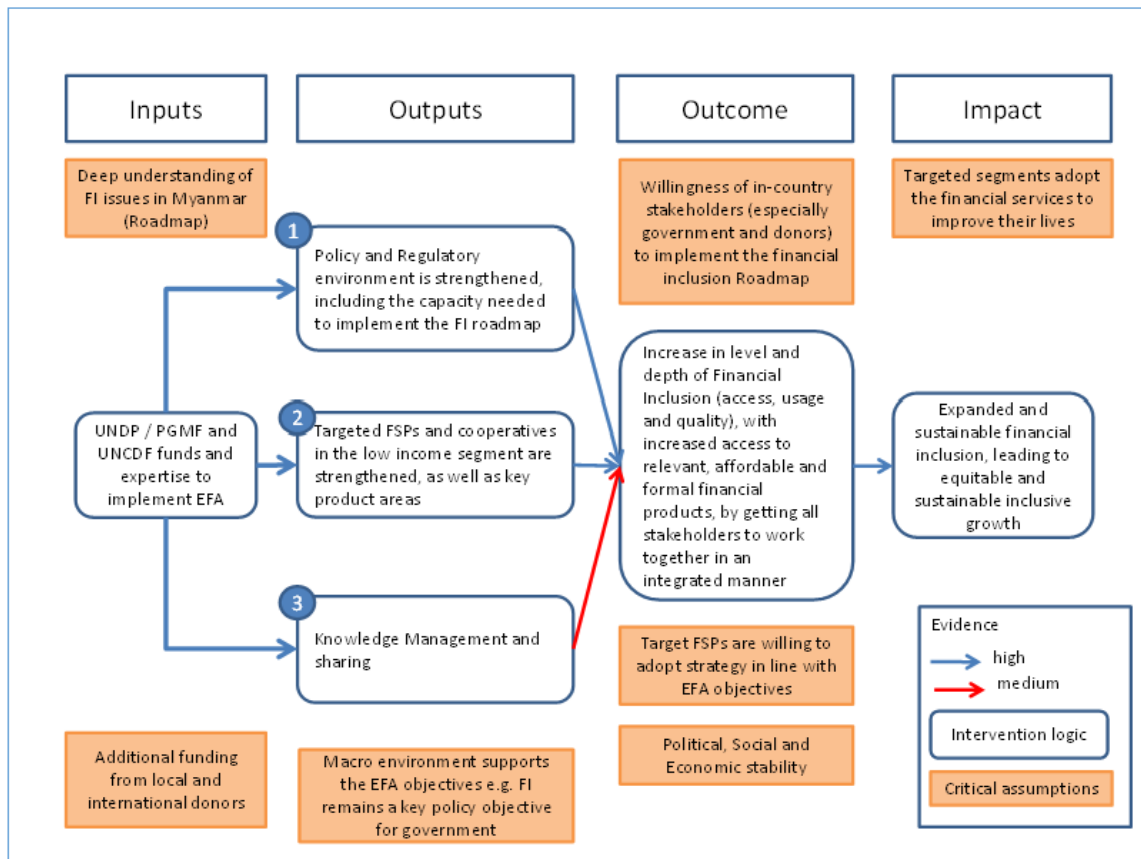
Project Outputs	Implementing Agency	Activities for each output	Resource Allocation and Indicative Timeframe						Total Budget (USD)	Secured Budget (USD)
			2015	2016	2017	2018	2019	2020		
partnerships and synergies with other projects.		3.4 Staff overhead	16,411	44,823	54,886	54,886	54,886	54,886	280,777	104,574
		3.5 Monitoring and evaluation	-	-	120,000	-	-	120,000	240,000	165,815
		<b>Subtotal Output 3</b>	186,411	189,823	339,886	214,886	214,886	284,886	1,430,777	585,389
		<b>Subtotal Outputs</b>	639,725	2,662,155	7,920,718	6,838,718	3,833,718	1,658,718	23,553,752	5,702,096
<b>GMS</b>		<b>8%</b>	39,178	205,772	630,457	545,497	306,697	132,697	1,860,300	432,168
<b>Total Funding</b>		<b>USD</b>	678,903	2,867,927	8,551,175	7,384,215	4,140,415	1,791,415	<b>25,414,052</b>	6,134,264

Annex 2: Map of Myanmar



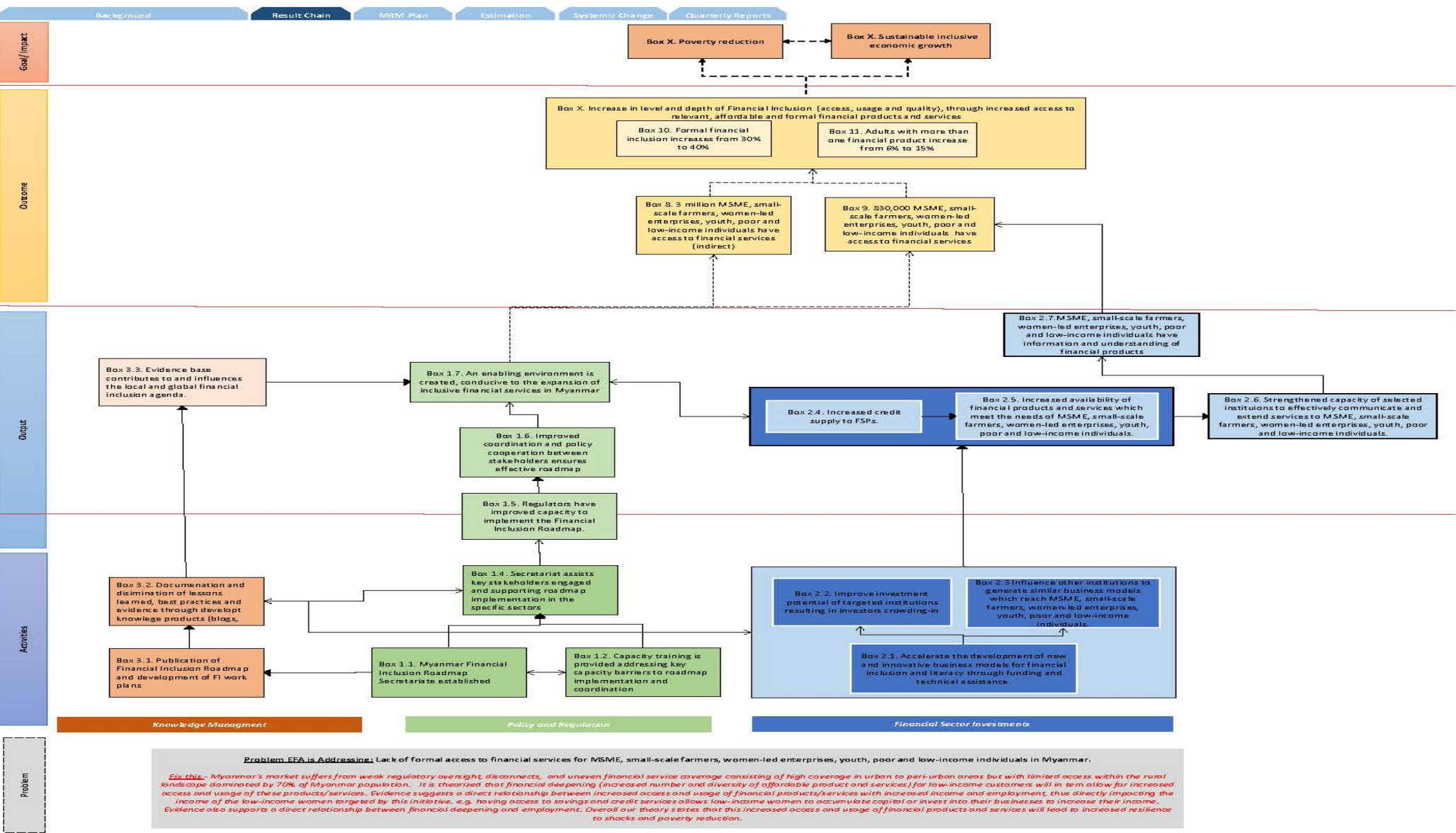
CSO, 2019

**3a. High level Theory of change (ProDoc , Figure 4, P 27)**



**3b. Revised Theory of Change**

- Next page



Most people in rural areas - low literacy and no access to finance. We will allow existing large number of MFIs to target this base - particularly in agriculture. Key constraints of MFI is liquidity constraint. Capacity building needed on commercial bank and literacy side. Effective demand needs to be created - through work with DFS, wave money, etc. Government support needed - policies, etc. - this needs government training and mobilization of effective policies. Sensitization about innovative approaches (i.e. big data analysis)



Annex 4. Programme targets and implementation to date, 2015-June 2020

Indicators - EFA Programme Monitoring Framework <sup>a</sup>	Targets <sup>a</sup>	Status <sup>b</sup> Jun-20
<b>OUTPUT 1: The policy and regulatory environment is strengthened</b>		
<b>1.1 Roadmap Secretariat</b>		
The Secretariat Terms of Reference are signed off, and it is operational	>70%	Still WIP
Roadmap action plan developed (2015)		Yes
A consultant is hired to support the Govt in implementation (2015)		Yes
Progress against the Roadmap plan (2015-20)		29% <sup>c</sup>
# of donors supporting the Roadmap		3
Roadmap monitoring and tracking KPIs signed off by Steering committee 2016		No
Roadmap implementation has commenced, with Steering committee reviews - 2016		Yes
Sectt. effectively offering ongoing project management support to government- 2016		StillWIP
MAP refresh completed (2017) – started 2018, Roadmap approved 2020		Yes
<b>1.2 Capacity building for Government counterparts</b>		
# of trainings to FRD	5	7
# of exposure visits in which FRD is participating	2	10
# of trainings to Ministry/[Department] of Cooperatives	1	1 <sup>d</sup>
# of exposure visits in which Ministry/[Department] of Cooperatives is participating	1	3 <sup>d</sup>
<b>OUTPUT 2 Strengthened capacity of selected market participants (FSPs and Coops)</b>		
<b>2.1 Market development facility (MDF)</b>		
The Market Facility is designed (2015) –was subsequently linked to LDCIP	-	Yes
# of FSPs receiving loans - (1-2/yr)	6	5
# FSPs signing up to SMART client protection principles	6	2
# of FSPs receiving technical assistance - 3 (1/yr)	3	[2]
# of new clients - total - at least 20,000/yr	80,000	12,872
women - at least 50%	40,000	11,800
<b>2.2 Capacity support for cooperatives</b>		
Capacity building and grant targeting assessment completed (2015)		Yes
<b>2.3 Mobilize savings</b>		
Research completed on opportunities to mobilize savings including by gender (2016)	-	Yes
Value of savings portfolio of EFA-supported FSPs		-
# of FSPs receiving technical assistance to enhance savings - (2017/18)	2	0
# of projects funded with a focus on women, youth or clean energy	2	1 <sup>e</sup>
# of clients (total and women/youth) 10,000	10,000	2,456/686 <sup>e</sup>
<b>2.4 Catalyze electronic payments</b>		
Scoping analysis completed – 2015		Yes
<b>2.5 Assist regulators to encourage new product categories</b>		
	-	
<b>2.6 Improved capacities of target population to access and use financial services</b>		
Research completed, including a focus on gender issues, (2016). 2017, 2019	-	Yes
<i>Innovation funding and TA to develop gender-sensitive products, services and delivery channels for specific segments. # pilots [new]. WEFIP/ SHIFT-GEF</i>		5/15
# of product improvements as a result of the research	2	1
<b>2.7 Targeted TA in agriculture</b>		

Indicators - EFA Programme Monitoring Framework <sup>a</sup>	Targets <sup>a</sup>	Status <sup>b</sup> Jun-20
2.8 TA to help FSPs deliver un-collateralized loans to MSMEs		
<b>OUTPUT 3. Knowledge management and sharing</b>		
<b>3.1 Sharing, learning and knowledge</b>		
# of sharing workshops organized - at least 1/yr	6	16
<i># participants at events, disaggregated by sex [new]</i>		25-150 <sup>f</sup>
# articles/blogs on lessons learned/success stories per year - at least 2/yr	12	0
<i># people accessing digital materials [new]</i>		?
<i>MAP products – Finscope survey, state dashboards, gender note, Diagnostic, Roadmap</i>		6
# of [other] communications products elaborated and disseminated - at least 1/yr	6	7

<sup>a</sup> EFA ProDoc Annexure E, Project Monitoring Framework. *New indicators* suggested during an internal M&E review in 2017 are added *in italics*.

<sup>b</sup> Status derived from EFA Annual Reports 2015-2019, 2020 newsletter, data collected for the MDF case study and discussion with the project team

<sup>c</sup> Based on format and findings from the MAP MTE, 2019

<sup>d</sup> Work under Microlead

<sup>e</sup> Project funded under Cleanstart

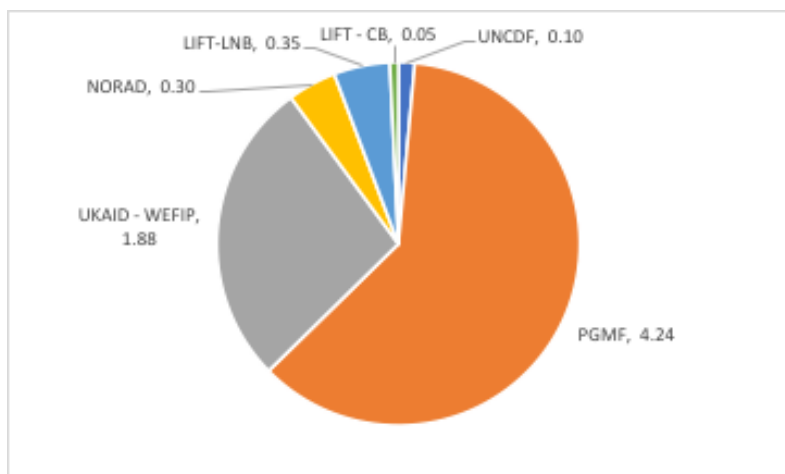
<sup>f</sup> Estimated range per event

Annex 5: Funds allocation (USD), 2015-2020

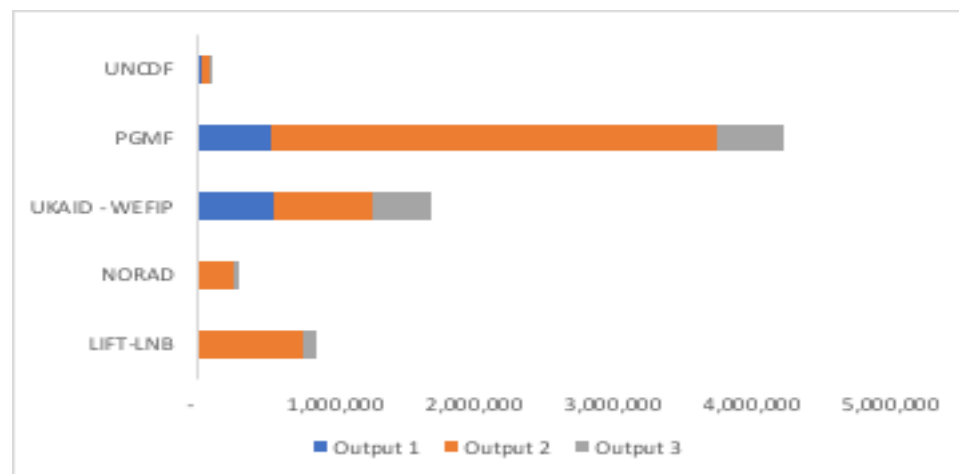
a) Actual Budget and expenses

Donor	Actual budget						TOTAL	Expenses						TOTAL	Percent expended						TOTAL		
	2015	2016	2017	2018	2019	2020		2015	2016	2017	2018	2019	2020		2015	2016	2017	2018	2019	2020			
UNCDF	100,000						100,000	99,956							99,956	100%							100%
PGMF	83,926	820,370	1,090,243	1,091,843	528,824	620,849	4,236,055	76,420	774,769	851,394	489,211	477,461	207,432	2,876,687	91%	94%	78%	45%	90%	33%	68%		
UKAID - WEFIP				35,842	859,741	786,748	1,682,331				31,598	796,993	326,862	1,155,453				88%	93%	42%	69%		
NORAD					22,250	277,750	300,000					21,800	7,020	28,820					98%	3%			
LIFT-LNB						345,635	345,635						81,513	81,513							24%		
LIFT - CB Bank digitisation						52,153	52,153						52,153	52,153							100%		
<b>Total</b>	<b>183,926</b>	<b>820,370</b>	<b>1,090,243</b>	<b>1,127,685</b>	<b>1,410,815</b>	<b>2,083,135</b>	<b>6,716,174</b>	<b>176,375</b>	<b>774,769</b>	<b>851,394</b>	<b>520,808</b>	<b>1,296,255</b>	<b>674,980</b>	<b>4,294,582</b>	<b>96%</b>	<b>94%</b>	<b>78%</b>	<b>46%</b>	<b>92%</b>	<b>32%</b>			

b) Actual budget USD6.72 mn by donor



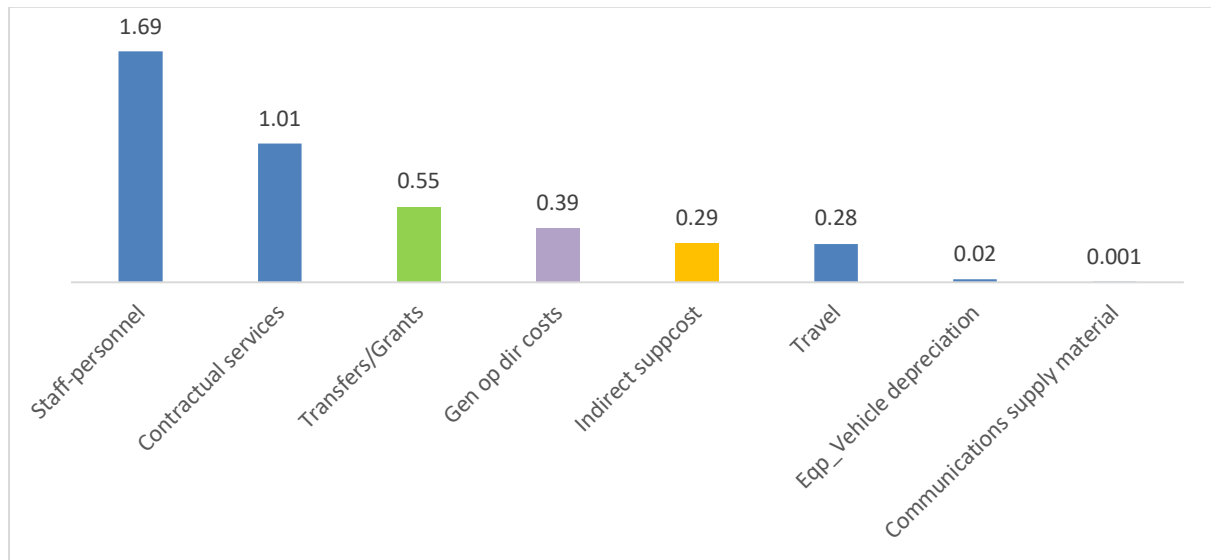
c) Actual budget allocation to MAP outputs



[UNCDF ATLAS]

Annex 5 contd

d) Allocation of expenses to budget lines (USD4.24 mn)



## Annex 6: Evaluation Matrix

Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
<p><b>Question 1: Relevance and quality of design and coherence: is the intervention doing the right things? How well does the intervention fit?</b>  <i>The extent to which the intervention objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.</i>  <b>And The compatibility of the intervention with other interventions in a country, sector or institution "internally" and "externally"<sup>85</sup></b></p>		
<p>1.1. How relevant and how well designed is EFA's approach to Myanmar's needs, policies and priorities? considering</p> <ul style="list-style-type: none"> <li>a) EFA's intended support to the FIRM</li> <li>b) the Market Development Facility</li> <li>c) Knowledge management</li> </ul>	<ul style="list-style-type: none"> <li>• EFA's design responded to areas of support for inclusive finance identified as priorities by in-country stakeholders, particularly the Government, and relevant to the Myanmar context</li> <li>• MDF was well designed, in line with UNCDF's graduation model (for expansion, replication), to enable Market Development in the context of Myanmar</li> <li>• EFA's design has enabled the programme to adapt over time to emerging priorities within a changing environment, including the role of knowledge management in capturing change opportunities and identifying good practices</li> <li>• Assessment of ToC</li> </ul>	<ul style="list-style-type: none"> <li>➤ Programme documents: <ul style="list-style-type: none"> <li>• ProDoc, 2015</li> <li>• Concept papers</li> </ul> </li> <li>➤ MAP diagnostic and the FIRM</li> <li>❖ Structured Interviews with : <ul style="list-style-type: none"> <li>• EFA programme team, UNCDF staff (regional, SHIFT, GTIs)</li> <li>Other stakeholders: funders/donors, macro level</li> </ul> </li> </ul>
<p>1.2 How relevant is the mix of EFA-deployed financial instruments (TA, Grants, Loans and mixture of those three) to supporting UNCDF's financial inclusion market development objectives?</p>	<ul style="list-style-type: none"> <li>• Analysis of the design of different financial instruments applied and their combination (including MDF) with reference to: a) needs and priorities of different financial service providers, b) enhancing the objective of expanding financial access amongst previously excluded sections of the population of Myanmar</li> </ul>	<ul style="list-style-type: none"> <li>➤ LDCIP</li> </ul>
<p>1.3 Coherence within the UN system: has EFA design supported appropriate linkages with UNDP/UNDAP/other UN strategies?</p>	<ul style="list-style-type: none"> <li>• EFA design has supported appropriate linkages to UNDP Country Programme/strategy and UNDAF as well as other relevant country strategies or any regional strategies</li> </ul>	<ul style="list-style-type: none"> <li>➤ UNDP country strategy</li> </ul>

<sup>85</sup> The extent to which other interventions (particularly policies) support or undermine the intervention and vice versa. This includes internal coherence which should address the synergies the interlinkages between the intervention and other interventions carried out by the same institution/government, as well as the consistency of the intervention with the relevant international norms and standards to which that institution/government adheres. External coherence considers the consistency of the intervention with other actors' interventions in the same context, including complementarity, harmonization and coordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
<p>1.4. Coherence within UNCDF: To what extent is programme design in line with UNCDF’s strategy “Leaving No One Behind in the Digital Era” for financial inclusion? How well does the EFA approach support other initiatives supporting the strategy across UNCDF?</p>	<ul style="list-style-type: none"> <li>• EFA design supported synergies with other UNCDF programmes in Myanmar</li> <li>• EFA design is in line with UNCDF’s current strategy for an inclusive digital economy, as relevant to the context of Myanmar, or needs to be adapted to this</li> <li>• The EFA country approach facilitates other UNCDF initiatives supporting the new strategy</li> </ul>	<ul style="list-style-type: none"> <li>➤ UNCDF strategy documents – Leaving Noone Behind</li> <li>❖ Stakeholder analysis</li> <li>❖ Structured Interviews with : <ul style="list-style-type: none"> <li>• EFA programme team, UN affiliates, UNCDF staff and other stakeholders, including other FI players in country – WB/IFC, ADB, WB</li> </ul> </li> </ul>
<p>1.5 Coherence – how compatible is EFA design with other national and international initiatives to support a healthy and inclusive financial sector in Myanmar?</p>	<ul style="list-style-type: none"> <li>• EFA’s approach is compatible with other interventions in country, sector and at institution level. The programme design represents significant additionality to other FI programmes and initiatives whilst also being able to leverage complimentarity to support inclusive finance in Myanmar</li> </ul>	
<p>1.6 To what extent does EFA’s design incorporate gender equality (GE) and human rights (HR) dimensions, according to international norms and agreements and country policies? Has the programme been designed with a clear gender strategy? To what extent was it formulated according to needs and interests of all stakeholder groups, and how were these needs assessed? Does it offer good quality information on the underlying causes of inequality and discrimination to inform the programme?</p>	<ul style="list-style-type: none"> <li>• The programme is formulated according to international norms and agreements on HR &amp; GE including age, disability, migration, displacement and vulnerability.</li> <li>• EFA design was formulated in line with/taking into account national policies and strategies to advance HR &amp; GE</li> <li>• EFA design involved a response to the needs assessed for different stakeholder groups; the needs were well assessed</li> <li>• EFA design incorporates a clear gender strategy</li> <li>• EFA design incorporates good quality information on underlying causes of inequality and discrimination to inform the programme.</li> </ul>	<ul style="list-style-type: none"> <li>➤ International agreements on HR &amp; GE, eg. The Convention on the Elimination of all Forms of Discrimination Against Women; the Universal Declaration of Human Rights; Convention on the Rights of Persons with Disabilities</li> <li>➤ MAP diagnostic and the FIRM</li> </ul>

Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
<b>Question 2: Efficiency. How well are resources being leveraged and used?</b> ➤ <i>Extent to which the programme is delivering, or is likely to deliver, results in an economic and timely way.</i>		
2.1 How well has EFA delivered its expected results to date, including in terms of budget allocation and cost-effectiveness of activities? How well has EFA partnered with other UNCDF initiatives, including the LDCIP, in support of UNCDF's new approach to mobilizing finance across the organization?	<ul style="list-style-type: none"> <li>• Analysis of EFA results to date – including facilitation of other UNCDF programmes</li> <li>• Analysis of programme budgets– planned vs actual</li> <li>• Analysis of programme funding – HQ managed and <u>leverage</u> from other players (Parallel)</li> <li>• Analysis of LDCIP funding</li> <li>• Timeliness in availability of funding and human resources</li> </ul>	<ul style="list-style-type: none"> <li>➤ Programme documents:               <ul style="list-style-type: none"> <li>○ Pro Doc - Results and Resources Framework (RRF)</li> <li>○ Annual budgets - consolidated</li> <li>○ Annual reports – consolidated</li> <li>○ Board presentations and minutes</li> <li>○ MDF financial and results reports</li> <li>○ Partner agreements</li> </ul> </li> <li>➤ Timeline mapping</li> <li>➤ Quantitative analysis of funding, and outputs vs deliverables</li> <li>❖ Structured Interviews with stakeholders</li> </ul>
2.2 What is the quality of the programme's delivery of outputs to date? and the programme's management and governance system to deliver these outputs?	<ul style="list-style-type: none"> <li>• Analysis of governance and management systems</li> <li>• Programme management and delivery of outputs meet stakeholders' expectations</li> <li>• Inputs have been managed cost-effectively and within the expected time frame?</li> </ul>	
2.3 How appropriate is the programme's monitoring system to track direct programme results, the financial and development additionality of its investments, the programme's broader contribution to policy and financial market system development?	<ul style="list-style-type: none"> <li>• Analysis of the scope of data collected through the programme's monitoring system to track outputs and outcomes, direct and indirect, including contribution to policy and financial market system development</li> <li>• Specific quantitative and qualitative indicators on HR &amp; GE have been baselined and are tracked over time</li> <li>• Decision making is based on evidence generated by programme monitoring data</li> </ul>	
2.4 How well are partner contributions/involvement in the programme working?	<ul style="list-style-type: none"> <li>• Analysis of partner engagement and contributions to EFA activities (LIFT, DaNa, DFID, SHIFT)</li> </ul>	
2.5 How well are resources (financial, time, people) allocated to integrate HR & GE in the design and implementation of EFA, and to what extent are HR & GE a priority in the overall intervention budget? To what extent are such resources being used efficiently?	<ul style="list-style-type: none"> <li>• Plan and budget for HR&amp; GE related activities</li> </ul>	

Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
<b>Question 3: Effectiveness (organizational and policy change): Is the programme achieving its objectives?</b> <b><i>Extent to which the programme has achieved or is on track to achieving the various objectives and results set, including any differential results across groups.</i></b>		
3.1 To what extent is EFA contributing to change in the regulatory environment, and to enhancing the capacity of the regulators to implement the financial inclusion roadmap?	<ul style="list-style-type: none"> <li>• Evidence of change in the regulatory environment</li> <li>• Regulators claim and provide evidence for any increased capacity to implement, coordinate and monitor FIRM, and acknowledge the role of EFA (through training and/or knowledge management) and/or other players/programmes in this process.</li> <li>• Regulators understand the role and use of data for FI planning, including the relevance of a gender lens and other market segmentation to ensure ‘no-one is left behind’</li> <li>• Stakeholders acknowledge the changes and the role of EFA/UNCDF (through training and/or knowledge management)</li> </ul>	<ul style="list-style-type: none"> <li>❖ Contribution analysis, including:               <ul style="list-style-type: none"> <li>→ interviews with FRD, CBM and other stakeholders</li> <li>→ Triangulation with programme monitoring reports/activities and interviews with programme team</li> </ul> </li> </ul>
3.2 To what extent is EFA contributing to strengthening the capacity of selected market participants to create and increase the range of new affordable financial services to the unbanked/underbanked, including leveraging digital financial services to do so? What has been the relative contribution of loans, grants and TA to achieving this?	<ul style="list-style-type: none"> <li>• Targeted FSPs (particularly MDF partners) have been strengthened to cater to the low income segment, with new/improved affordable and responsible financial services, including scaling up of viable business models and the introduction of digital financial services.</li> <li>• Analysis of the relative contribution of loans, grants and TA</li> <li>• Evidence of crowding in of funders (to MDF partners) or replication – demonstration effect and scaling up</li> </ul>	<ul style="list-style-type: none"> <li>❖ Case study – of the MDF: analysis of support provided to selected partners; partner operational performance, product development and feedback on the support provided</li> </ul>
3.3 To what extent is EFA facilitating an enabling environment for expanding and deepening financial inclusion in Myanmar? To what extent is EFA support digital financial services in Myanmar?	<ul style="list-style-type: none"> <li>• Evidence of change in the market/business environment</li> <li>• Donors/bilaterals and international funders are “working together in an integrated manner” to support the FIRM, with a specified commitment to not only expanding but also deepening financial inclusion in Myanmar, across different types of financial service, including digital, defining and ensuring inclusion of excluded/underserved segments</li> <li>• EFA’s contribution to this integration is identified and acknowledged by different stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>❖ Contribution analysis - Structured interviews with FI stakeholders</li> </ul>



Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
3.4 To what extent is EFA on track towards progress on HR & GE? Are its results validating the HR & GE dimensions considered in its design? To what degree are the results achieved equitably distributed among the targeted [underserved] stakeholder groups?	<ul style="list-style-type: none"> <li>• Progress of FIRM initiatives and EFA programmes on HR and GE consistent with programme design.</li> <li>• Direct programme results for different targeted stakeholder groups in Myanmar</li> </ul>	➤ As above – with a focus on HR & GE
3.5 To what extent and with what results have knowledge management products/activities been used to engage and influence country and regional stakeholders in inclusive finance?	<ul style="list-style-type: none"> <li>• Stakeholders have noticed and read or participated in EFA knowledge management products/activities; feedback and evidence of how they have been used/applied</li> </ul>	➤ Analysis of programme documentation under output 3, and stakeholder feedback
<b>Question 4: Likely Impact. What difference does the programme make?</b> <i>Programme impact in terms of contribution to market development for financial inclusion, including higher-level (transformative) effects – intended and unintended</i>		
4.1. To what extent are programme results likely to contribute to accelerated market development for financial inclusion in Myanmar? Where changes have occurred/or are likely to occur in financial inclusion, is there evidence to support attribution to EFA, or were other organisations/factors driving change?	<ul style="list-style-type: none"> <li>• Trends in level and depth of FI in Myanmar from the available data</li> <li>• Policies/regulation/organisations/programmes that have contributed to this change, including the role of EFA through supporting regulators, selected FSP partners and other programmes</li> <li>• Changes under way in market systems and likely trends over the next few years – key players/factors that are likely to drive change</li> </ul>	❖ Contribution analysis: FI data for Myanmar, structured interviews around this data and role of regulators and different players/programmes
4.2 What is the capacity of stakeholders at the meso/macro-level to support market-based increased financial inclusion. What are the gaps, if any, that need attention to support programmatic impacts?	<ul style="list-style-type: none"> <li>• Policy makers/regulators and other stakeholders have clear, practical plans further to support FI, to build on current practice, and are able to identify gaps/challenges and recommend solutions</li> <li>• Any gaps that need attention</li> </ul>	❖ Case study of MDF
4.3 To what extent is the programme likely to generate unintended negative higher-level effects and how should the programme mitigate this going forward?	<ul style="list-style-type: none"> <li>• Evidence of possible negative higher-level effects (e.g. very high growth in microcredit, high growth of digital finance without strong mechanism for inclusion of the underserved)</li> </ul>	❖ Stakeholder interviews

Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
4.4 To what extent are EFA's results contributing to changing attitudes and behaviors towards HR & GE in the various stakeholder groups? To what extent are EFA's results in HR & GE influencing the work of other programmes and organizations? To what extent are EFA's results contributing to reducing underlying causes of inequality and discrimination?	<ul style="list-style-type: none"> <li>• Evidence of change in norms/approach to HR &amp; GE – at macro, meso and micro levels</li> <li>• EFA progress on HR&amp;GE has influenced the work of other programmes/organizations.</li> <li>• Evidence of changes in underlying causes of inequality and discrimination – and EFA's contribution to identified changes</li> </ul>	➤ Secondary literature on trends in inequality/discrimination in Myanmar; other FI programmes and their approach on HR&GE
<b>Question 5: Sustainability – Will the benefits last?</b> <i>Sustainability of programme results within the broader policy environment/ extent to which the net benefits of the intervention are likely to continue beyond the life of the intervention</i>		
5.1 To what extent are changes in capacity at the level of market participants likely to continue over time? To what extent were national and local partners involved in different aspects of EFA's implementation?	<ul style="list-style-type: none"> <li>• New structures and practices – at meso and micro level - are likely to continue</li> <li>• Likely continuation of the involvement of national and local partners in EFA implementation</li> </ul>	As for EQ 4
5.2 To what extent are changes in inclusive finance systems supported directly and indirectly by EFA likely to be sustainable over time?	<ul style="list-style-type: none"> <li>• Government/policy makers, regulators are able to identify and leverage local resources for future support to financial inclusion. There is a fully resourced mechanism within the FRD/government to ensure continuity</li> <li>• Mechanisms for identification of FI (including DFS) initiatives and coordination on FI are in place and sufficiently institutionalised and resourced to continue</li> </ul>	
5.3 How sustainable is the knowledge and capacity building that has been transferred at the macro, meso and micro levels over time? What are the challenges to this end? What efforts are being pursued to overcome these challenges?	<ul style="list-style-type: none"> <li>• Stakeholders (macro/meso-level) are committed to continuing and improving current practices.</li> <li>• What are the challenges? How are these challenges being addressed – or how may they be addressed in future?</li> </ul>	

Evaluation criteria/Questions	Indicators/judgement criteria	Sources/means for verification
5.4 To what extent does EFA's design include an appropriate sustainability and exit strategy to support positive changes in HR & GE after the end of the intervention?	<ul style="list-style-type: none"> <li>• Did EFA aim at promoting sustainable changes in attitudes, behaviors and power relations between the different stakeholder groups?</li> <li>• How was monitoring data on HR &amp; GE used to enhance sustainable change on these issues?</li> <li>• To what degree are stakeholders changing their policies or practices to improve progress on HR &amp; GE?</li> </ul>	

Annex 7: The AAER framework

		SCALE	
		ADOPT	EXPAND
S			
U	Partner(s) takes up/invests in a pro-poor change. The	Similar or competing players 'crowd in': copy the pro-poor change or offer variants of it	
S	pro-poor change is viable, the partner is satisfied and		
T	has concrete plans to continue it in future.		
A			
I	Target groups benefit		
N		ADAPT	RESPOND
A	Initial partner(s) has invested in the change adopted,	Other players adjust their own practices/rules in reaction to the presence of the new pro-poor change: new services/service providers/products emerge; regulators reconfigure policies; players take on new roles/responsibilities to fill gaps	
B	independently of programme support. Target group		
I	benefits sustain (do not get diverted away)		
L			
I			
T	These actions, independent of the programme,	Adopters' able to cope with shocks (such as adverse	
Y	constitute an 'acid test' for whether pro-poor	events, indifferent/negative reactions from other	
	outcomes will sustain at any level.	players)	
		The response enables pro-poor behaviour/practice	
		changes to develop further, or evolve, and indicates a	
		new capability within the system, suggesting that it	
		can and wants to support pro-poor solutions to	
		emerge and grow.	
		Pilot phase	Crowding in phase

[Adapted from Springfield, 2014]

## Annex 8: Summary of the main results from the different lines of evidence

	Lines of evidence	Summary of main results
1	Desk review of programme documents	Programme level understanding of inputs, processes, activities, progress, outputs, and potential outcomes. The document review also provided secondary understanding of decision making and implementation challenges.
2	Analysis of funding and achievements vs targets	Specific quantified programme performance measured against budget and plan
3	Stakeholder interviews	In-depth know-how on context, perception on issues and implementation, and broader understanding of the programme within financial markets ecosystems
4	Timeline of activities	Mapping the sequence of different activities to verify programme performance and contribution analysis
5	Contribution analysis	Triangulation of assessment of programme impact grounded in context of other programmes and ongoing systems and policies
6	Case study	Indepth descriptive analysis of a key component of the programme to assess processes and results, incorporating the other 5 lines of evidence.

## Annex 9: List of stakeholders interviewed

Name	Title	Area/Organisation
<b>UN System - Myanmar</b>		
Ola Almgren	UN Resident and Humanitarian Coordinator in Myanmar	UNRC
Biplove Choudhary	Chief, Sustainable and Inclusive Growth Unit	UNDP
Khin May Shin	2012-2017 - worked on FIRM	
Nicolas Burniat	Country lead	UNWomen
<b>UNCDF HQ</b>		
Judith Karl	Executive Secretary	UNCDF HQ
Xavier Michon	Deputy Executive Secretary	
Henri Dommel	IDE Director	
Nazim khizar	Head of Management Support	
Abdul-Rahman Lediju	Risk Lead	LDCIP
Anders Berlin	Unit Head	
Francois Coupienne	Technical Specialist - digital agenda - Kuala Lumpur	UNCDF regional
Francesca Cioni	Monitoring & Evaluation Analyst, Bangkok	
Vincent Wierda	Regional Manager, Bangkok	
Rajeev Kumar Gupta	SHIFT Programme Manager , Bangkok	
<b>UNCDF EFA</b>		
Paul Luchtenburg	Myanmar Country Coordinator, Technical Lead	UNCDF Myanmar
William Naing	National Financial Inclusion Officer	
Aye Su Hlaing	Project Associate	
Su Su Mar	Gender Officer	
Alejandro Gonzalez Caro	Data Analysis Consultant (full-time)	
<b>Government</b>		
U Zaw Naing	Director General	FRD, MoPFI
U Ko Ko Maung	Deputy Director General	
<b>Development partners - EFA Donors/parallel programmes</b>		
Fahmid Bhuiya	President & Chief Operating Officer	Pact Global Microfinance Fund (PGMF)
Su Wint Wah	Private sector policy officer and financial sector lead	FCDO
Sandar Aung	Rural Finance and Private Sector Partnership Officer	LIFT
Tom Moyes	Consultant	DaNa
Jan Postmus	Senior Investment Manager	Cordaid
<b>Other Development Partners</b>		
Smita Wagh	FSDS - lead	World Bank
U Myint Kyaw	Operations officer - ex-LIFT (member of early MDF IC)	
Daw Khin Thida Maw	Country Officer	IFC
Vanessa Vizcarra	Lead, FIG Advisory Services	IFC
Ito Koji	CBM relationship manager	JICA
Kabawata Hiroshi	Technical and policy advisor with CBM	
Yeemon Myothein	Head of lending - MSMEs, Housing, Agriculture	
Niel Saker	Resident Representative	IMF
Marc-Andre Zach	Country lead	DGRV (Cooperatives)

Name	Title	Area/Organisation
<b>Networks</b>		
Nay Lwin	Chief of Staff	Myanmar MicroFinance Association
<b>Technical experts - consultants to EFA</b>		
Neal Youngquist	Consultant to MDF	Independent
Timo Hogenhout	Former Technical specialist for EFA with FRD	
Thurein Htoo	Consultant (earlier member of MDF investment committee)	
Sophie Waldschmidt	Project manager - earlier member of MDF IC	AHK
Cavelle Dove	Women's Economic Empowerment and Financial Inclusion Lead	
<b>Other consultants</b>		
Dave Grace	Consultant with ADB to FRD	Dave Grace Associates
<b>Banks</b>		
Dino Ku	Executive (former position at A-Bank )	Ayeyawaddy Farmers Development Bank (A-Bank)
Thein Zaw Tun (Don)	Managing Director	CB Bank
<b>MDF Partner MFIs</b>		
U Minn Aung	Founder and CEO	Pyae Mahar Services
Sandar Kyaw	CEO	Entrepreneurs du Monde – Sont Oo Thetwin
Lai Uk Nawl	CEO	Thitsar Ooyin LLC
Baptiste Larnaudie	GRET Project Manager, Sagaing project	
Win Htet Maung Maung	Co founder and CEO	Unique Quality Microfinance and Development LLC
Daw May Aye Shwe	General Secretary	ECLOF Myanmar
<b>FinTech</b>		
Steve Haley	Economic Development Manager /Consultant to UNCDF Myanmar	Modus Box
Matt Wallace	CEO - co-promoter	ONOW

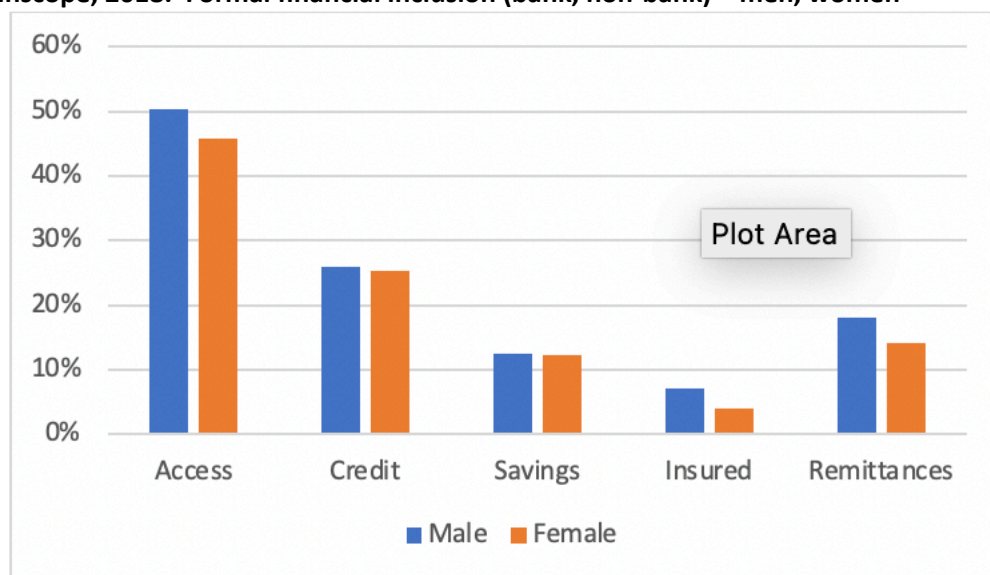
#### Interviewed for the MAP MTE, 2019 - and relevant for EFA

<b>Government</b>		
U Thaug Naing	Deputy Director General	Department of Cooperatives, Ministry of Agriculture
Daw Sandar Oo	Managing Director (previously DG of FRD)	Myanma Insurance
<b>Development partners - EFA Donors/parallel programmes</b>		
Curtis Slover	Programme specialist	LIFT
Tom Coward	Leader of Inclusive Growth & Livelihoods	UKAID/FCDO
Priti Prajapati	Private Sector Development Adviser	
Peter Brimble	Senior Technical Adviser	DaNa
<b>Other Development Partners</b>		
Mary Miller	Team Lead, PSDA	USAID/Nathan Associates
Andreas Ruepp	Program manager - SME finance and capacity development	
		GIZ

Name	Title	Area/Organisation
<b>Technical partner/ consultants to EFA</b>		
Anthony Githiari	Consultant - Roadmap Expert	Independent [ZA]
Brendan Pearce	CEO	FinMark Trust
<b>FinTech</b>		
Brad Jones	CEO	Wave Money

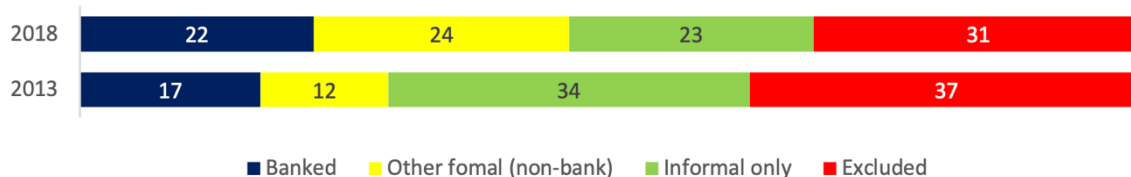


**Finscope, 2018. Formal financial inclusion (bank, non-bank) – men, women**

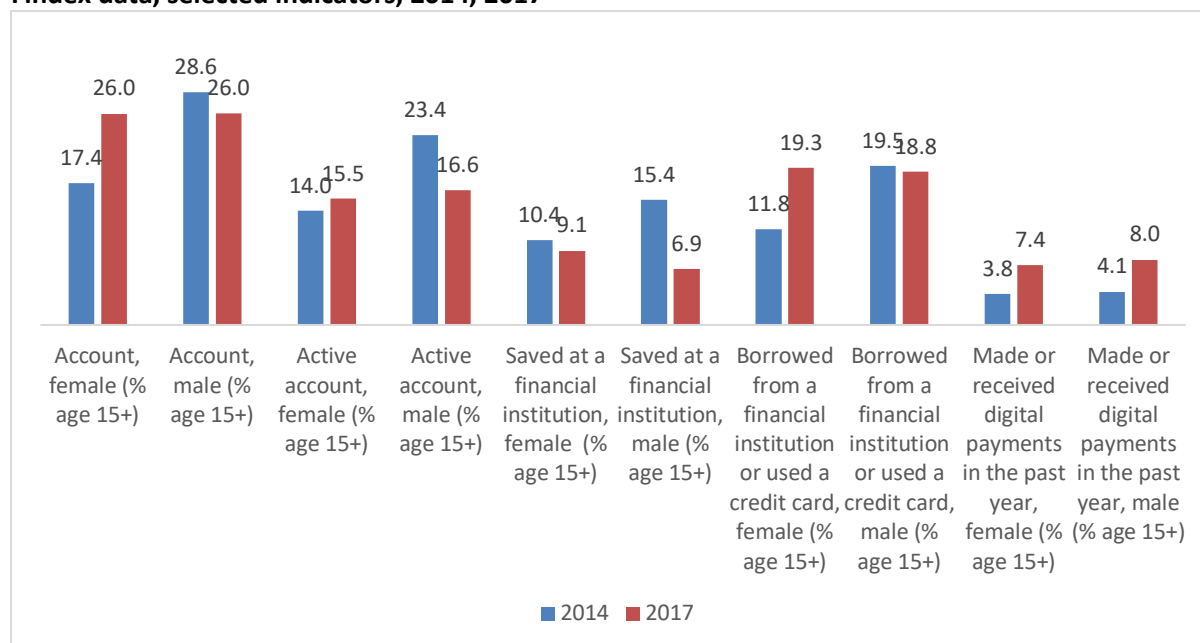


**FinScope, 2013-2018**

**Financial Access Strand - Females**



**Index data, selected indicators, 2014, 2017**




Annex 11: AAER mapping of Outputs 1 and 2

11.1. AAER analysis of Output 1

		SCALE <span style="font-size: 2em;">→</span>	
SUSTAINABILITY ↓		<b>Adopt</b>	<b>Expand</b>
	Govt	<ul style="list-style-type: none"> <li>√ MoPFI structure - IMSC - in place to implement FIRM endorsement of FIRM by MoPFI, state counsellor</li> <li>√ FRD functions as Sectt. to IMSC , receives training/capacity building; intends to continue as Sectt.</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Effective coordination of different FI players through WGs. Question mark on resources to establish/support FI coordination, further capacity building</i></li> </ul>
	CBM	<ul style="list-style-type: none"> <li>√ engages with FIRM on areas relevant to its mandate</li> </ul>	
	DPs	<ul style="list-style-type: none"> <li>√ participate in FIRM consultations, joint workshops</li> </ul>	<ul style="list-style-type: none"> <li>√ FCDO/DANA investment in MAP refresh</li> <li>√ Programmes aligned with FIRM but mostly already planned/under way (without FIRM)</li> </ul>
		<b>Adapt</b>	<b>Respond</b>
	Govt	<ul style="list-style-type: none"> <li>○ endorses separate division of FRD for Sectt. - <i>still to allocate staff/resources</i>. Seeks DP resources to continue Sectt. work and capacity building</li> <li>○ FRD plans for focused WGs - <i>aims to manage WGs effectively</i></li> </ul>	<ul style="list-style-type: none"> <li>○ <i>[CSO - surveys for FI]</i></li> <li>√ An enabling environment: roadmap actions [partially] implemented across financial sector, including new regulation/policies,</li> </ul>
	DPs	<ul style="list-style-type: none"> <li>○ <i>willing to/continue to participate in WGs</i></li> </ul>	<ul style="list-style-type: none"> <li>○ <i>coordination and monitoring</i></li> </ul>

11.2 AAER analysis of Output 2

Output 2		SCALE 	
		Adopt	Expand
MDF	MFIs	<ul style="list-style-type: none"> <li>√ 5 investees (MDF) - small MFIs - expand in underserved areas, strengthen operations</li> <li>• 2 commit to client protection practices</li> </ul>	<ul style="list-style-type: none"> <li>√ 2 investees attract bank debt</li> <li>○ <i>social investors invest in small MFIs</i></li> </ul>
	DFS	<ul style="list-style-type: none"> <li>√ Wave Money app - developed</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>other MM/NGOs adopt or copy the app</i></li> </ul>
WEFIP	MFIs	<ul style="list-style-type: none"> <li>√ 1 MFI pilot to adapt enterprise product targeting women</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Other MFIs/FSPs copy the new enterprise product</i></li> </ul>
	DFS	<ul style="list-style-type: none"> <li>√ 5 Fintechs pilot DFLI apps</li> </ul>	<ul style="list-style-type: none"> <li>√ 3 FSPs commit to using Fintechs' services for assessing and onboarding clients</li> </ul>
		Adapt	Respond
MDF	MFIs	<ul style="list-style-type: none"> <li>○ investees continue to expand in underserved areas</li> <li>• <i>larger loan sizes but no actual new products</i></li> </ul>	<ul style="list-style-type: none"> <li>○ <i>banks change policies/adjust procedures to invest in (small) MFIs</i></li> <li>○ <i>other FSPs adjust their practices to copy new products/services</i></li> </ul>
	DFS	<ul style="list-style-type: none"> <li>○ Wave Money maintains the new app, link on the website</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Other DFSPs utilize part of the material as open source. Wave Money updates the current content and makes it an acquisition channel</i></li> </ul>
WEFIP	MFIs	<ul style="list-style-type: none"> <li>○ <i>MFI builds the new enterprise product portfolio</i></li> </ul>	<ul style="list-style-type: none"> <li>○ <i>regulation to remove barriers to enterprise loans for women</i></li> </ul>
	DFS	<ul style="list-style-type: none"> <li>○ Fintechs improve their offering on the basis of the pilot</li> </ul>	

SUSTAINABILITY 

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<sup>86</sup> Additional documents consulted for the case study are listed at the end of the Appendix

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## Appendix Case study of the Market Development Facility

Separate doc

