In February 2015, the Government of Myanmar approved the *Myanmar Financial Inclusion Roadmap*, calling for a stronger financial sector and an increase in both the rate of people who use financial services and the quality of financial service products available. In particular, the Roadmap prioritizes the financial inclusion of poor and low-income households, micro-entrepreneurs, and small- and medium-sized businesses, with a special focus on women, young people and the agricultural sector.

Through the Expanding Financial Access (EFA) programme, the United Nations Capital Development Fund (UNCDF) will support the Government as it works to implement the Roadmap. Specifically, EFA Myanmar aims to achieve three main objectives by 2020:

- Increase the rate of financial inclusion among the country’s 53.7 million adults from 30 to 40 percent;
- Raise the number of financial service clients using more than one financial service from 6 percent to 15 percent of adults;
- Ensure that at least 830,000 poor or low income people—half of them women—benefit directly from the EFA programme with another 3 million benefitting indirectly.

EFA Myanmar’s long-term objective is to enable people in Myanmar to access a wide range of affordable and high-quality financial services that are provided by a diversity of sound and sustainable institutions operating in a competitive market environment.

**Context**

Myanmar is lagging behind its neighbors in the ASEAN region, both in terms of economic and social development. Tackling Myanmar’s high levels of financial exclusion will be necessary to halt and reverse this trend.

According to the 2013 UNCDF Making Access Possible (MAP) financial inclusion survey in Myanmar, over 70 percent of adults lack formal access to credit, deposit and other financial services like insurance and remittance channels. Of adults who do use these financial services, only 6 percent use more than one, with many of the available products unable to meet the client needs in terms of loan size, loan term, cost or quality. Only 5 percent of adults have a bank account in their name.

The majority of citizens rely on unregulated financial services—often at a substantially higher cost than those offered by regulated providers—or on family and friends to meet their money management needs. This means individual people, micro-entrepreneurs, and small- and medium-sized enterprises are denied the protection, choice and reliability of regulated financial services.

The unregulated financial service market is also larger and more prevalent than the regulated one. Currently, unregulated providers and moneylenders have loaned out to over 9 million adults in Myanmar an estimated US$9.6 billion.

The *Myanmar Financial Inclusion Roadmap* provides a framework to define, agree, coordinate, measure and track efforts to address these and other barriers to widespread financial inclusion in Myanmar.
Why EFA Myanmar

UNCDF’s significant knowledge of and experience with financial and consumer markets in least developed countries means the EFA programme will have a strong foundation upon which to operate. Its role as a neutral UN agency also means it can effectively negotiate and intermediate between Government agencies and regulators and private sector companies and investors.

In addition, UNCDF has been operating in Myanmar and administering other financial inclusion programmes in the country since 2012, including the MAP project. This two-year initiative surveyed and analyzed the supply and demand of financial services in Myanmar, providing the foundation for the Government’s Roadmap. UNCDF’s solid reputation in Myanmar means the EFA programme is already trusted and respected by policymakers and financial market leaders at the national and global levels.

How EFA Myanmar Works

EFA Myanmar is a $25.4 million programme that will work with the Government to achieve the Roadmap’s goal of transitioning 3.8 million people, micro-entrepreneurs, and small- and medium-sized businesses to formal, regulated and low-cost financial services in three main ways:

1) Strengthening the policy and regulatory environment in Myanmar. This will include improving the capacity of regulators to implement the Financial Inclusion Roadmap.

2) Improving the capacity of selected financial service market participants to meet global standards. EFA Myanmar will provide technical assistance as well as financial support to qualified financial service providers through a Market Development Facility.

3) Supporting the exchange of knowledge and learning. The goal is to encourage good practices in the regional financial inclusion agenda and contribute to the global financial inclusion agenda.

Specifically, EFA Myanmar will:

• Serve as Secretariat to the Government to support the Roadmap’s implementation, ensuring coordination between various initiatives and development partners. This will include developing key performance indicators to measure progress.

• Kick-start the implementation of Roadmap priorities by establishing a market development facility to fund the growth and capacity development of selected financial service providers.

• Ramp up support to specific market segments as outlined by the Roadmap, in particular small-scale farmers, micro-entrepreneurs, and small- and medium-sized enterprises.

• Advocate for common approaches to financial inclusion across Myanmar and the ASEAN region.

EFA Myanmar will work closely with the Government in addition to a range of development partners and UN agencies.

The United Nations Capital Development Fund (UNCDF) is the UN’s capital investment agency for the world’s 48 Least Developed Countries (LDCs). UNCDF uses its capital mandate to help LDCs pursue inclusive growth. UNCDF uses ‘smart’ Official Development Assistance (ODA) to unlock and leverage public and private domestic resources; it promotes financial inclusion, including through digital finance, as a key enabler of poverty reduction and inclusive growth; and it demonstrates how localizing finance outside the capital cities can accelerate growth in local economies, promote sustainable and climate resilient infrastructure development, and empower local communities.

For more information:
Paul Luchtenburg,
UNCDF Programme Specialist,
Inclusive Finance Myanmar
Contact: (+95) 1 542910 19-153
paul.luchtenburg@uncdf.org
www.uncdf.org