

**Annual Report 2013**

ANNUAL REPORT TO OUTPUT BOARD

JANUARY 2014



Pillar 1/Output 4:

Strengthening Institutional Capacity to Support Sustainable Livelihoods

**1. OVERVIEW**

|  |  |
| --- | --- |
| EXPECTED OUTPUT | 1. Increased institutional capacity to promote inclusive rural financial services. 2. Enhanced institutional capacity to create employment opportunities particularly for women and youth 3. Enhanced institutional capacity to foster entrepreneurship (on farm and off-farm) |
| EXPECTED RESULTS | 1. National diagnostic of inclusive financial services completed and submitted (MAP). 2. At least 2 new leading micro-finance service providers from Asia Region have been introduced (MicroLead) leading to foundations for a financial inclusion road map. 3. Financial diaries research programme initiated. 4. Micro-finance operations and ownership transferred to the selected financial intermediary. 5. Mapping of public and private vocational training institutions completed. 6. Capacity assessment and strengthening of one vocational training institution. |
| LOCATIONS | MAP: nationwide; MicroLead & microfinance: selected regions; TVET: Mandalay Region |
| 2013 BUDGET | USD 13,753,727 |

**2. PROGRESS AND RESULTS TO DATE**

1. **National diagnostic of inclusive financial services “Making Access to Finance Possible” (MAP)**

Preparatory Stages

1. Established Steering Committee (designed ToR, identified members, consulted with government and stakeholders);
2. In-country visit in Myanmar of MAP team for consultation and preparation (explanation of and consultation sessions on MAP with government and stakeholders, catalog information sources for diagnostics, consult on questionnaire with government and stakeholders, meet research house).

Technical Implementation MAP

1. Implementation Finscope (fieldwork, quality control, data capture, data entry and weighing, field and technical reporting, data set creation, analyses and report writing);
2. Supply side and regulatory diagnostic implementation (document reading, interview processing, analyses, report writing – 1st draft);
3. Data cleaning, coding and processing of data, website design, preview and processing of weighted data set, arrange hosting configuration, present first results for feedback and improvement.

Stakeholder engagement

1. Supply and demand side survey field work completed;
2. Co-ordination of analyses and preparation of stakeholder meeting by MAP team;
3. Three steering committee meetings held;
4. Finalized first draft of diagnostic report translated and sent to Steering Committee for feedback.
5. **MicroLead programme: Expand supply of inclusive financial services through leading regional practitioners of microfinance**

* Government and steering committee approval
* Programme staff in place.
* Select grantees:
  + Request for Expression of Interest (ROI) issued.
  + Request for Proposal (RFP) issued to short listed organizations.
  + Applications reviewed, on-site due diligence conducted and applications ranked for Investment Committee approval.
  + Grants approved for two leading regional microfinance providers who have started implementing:
    - BASIX based in India
    - ACCU based in Thailand
* Financial Diaries
  + RFP issued for research firm.
  + Applications reviewed and research firm selected.

1. **Transition of UNDP’s current retail microfinance portfolio in support of a competitive and effective microfinance sector**

* The MoU between the Foreign Economic Relations Department, Ministry of National Planning and Economic Development and UNDP was extended until end of 2013, to allow the transition arrangements to be developed and implemented.
* A national microfinance workshop was held in May to provide the necessary context for the transition and to raise awareness of related issues by sharing experiences from regional MFIs.
* Three rounds of donor consultations and three rounds of consultations with Ministry of Co-operatives to discuss transition options were held.
* An international legal consultant was contracted to review all project documents, provide a legal assessment report to UNDP and prepare a draft transfer agreement.
* Transition proposal was submitted to Ministry of Co-operatives in October and upon acceptance, the proposed project asset transfer MoU to be signed between the Ministry and UNDP was submitted in early December.
* Retail microfinance is ongoing since 1997 and currently 3 INGOs, are providing microfinance services under UNDP contractual agreements in 4 regions: Shan, Dry, Delta, and Chin.
* Microfinance services have been provided in totally 30 townships to over 380,000 active borrowers in over 6,300 villages as of November 2013. The total outstanding amount is over USD 76 million. Totally almost 600,000 clients have been reached during the course of the project. Active savers total 420,000 with the total saved over USD 16 million. Beneficiary welfare services are delivered together with financial services to strengthen clients’ safety net in times of emergency.

1. **Enhanced institutional capacity to create employment opportunities**
2. **Enhanced institutional capacity to foster entrepreneurship**

* Participation in Technical and Vocational Education and Training (TVET) technical working group under Comprehensive Education Sector Review (CESR).
* Based on discussion with Small Scale Industry Department (SSID), Ministry of Co-operatives in September 2013, UNDP agreed to provide support in the following areas:
  + to conduct mapping of vocational institutions in Mandalay Region;
  + to conduct institutional assessment of Saung Darr Vocational Institution; and
  + to provide vocational trainings in UNDP targeted 7 States via SSID’s technical team.
* Through a recruitment process in December a consultant was identified to carry out the institutional assessment of Saung Darr Vocational Institution.

**3. CHALLENGES AND LEARNING**

MAP

* Systematic and regular communication, such as bi-weekly group call, is necessary to coordinate the various stakeholders for the MAP project.
* Necessary to take into account potential obstacles – various issues hampered gathering of survey information (monsoon season; insurgent issues; religious tensions).
* Getting detailed supply-side information is challenging.

MicroLead

* The time required to get staff in place and approve implementers was underestimated.
* Finalizing performance-based agreements time consuming due to negotiation process on legal details.

Microfinance transition

* The key challenge of the transition was to come to an agreement with all stakeholders and actors, namely the project donors, the government counterpart, SSID, UNDP HQ and the main implementing partner Pact, on the option to be pursued and subsequently to complete all the relevant documentation, procedures and approvals within the specified timeframe, i.e. by the end of the year. In the event, the deadline could not be met due to an extended consultation process with all parties, involving mainly clarification and agreement on legal details of the transfer of project assets.

**4. LOOKING AHEAD**

MAP

* Fourth Steering committee will be held in January to review the diagnostic findings.
* Subsequently broader stakeholder feedback will be obtained.
* Present results from the MAP survey at a major conference in March and begin the development of a road map for financial inclusion to be presented to the government.

MicroLead

* Support and oversee BASIX and ACCU set-up of operations.
* Develop performance based indicators for one additional grantee (ASA based in Bangladesh).
* Secure research firm and begin survey process for financial diaries.

Microfinance transition

* The government will carry out a review and approval process for the MoU.
* Subsequently, a project conclusion workshop is planned in late January, to be attended by all project stakeholders, at which the MoU and the transfer agreement will be signed and a brief review of the project conducted.

TVET

* Institutional assessment of Saung Darr Vocational Institution will be carried out in first quarter of 2014.
* Based on this a capacity building action plan will be developed to build capacities in employable skill development of selected institutions at township level
* Consultants will be recruited to carry out both mapping of employable skill development institutions and programmes, and demand side survey in Mandalay Region.

**5. FINANCIAL PROGRESS (AS AT DECEMBER 2013)**

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| --- | --- | --- |
| **Project** | **2013 Budget** | **Expenditure** |
| MAP | 375,000 | 253,190 |
| Microlead | 3,780,000 | 1,124,157 |
| Microfinance Transition | 180,066 | 127,598 |
| Microfinance Retailing | 9,213,972 | 7,917,828 |
| Institutional Capacity Enhancement | 60,580 | 39,117 |
| **Total** | **13,609,618** | **9,461,890** |

*Ref: Jan 10 PBB*