

Republic of the Union of Myanmar

**Data Collection Survey
on Women's Economic Activities
in Myanmar**

Final Report

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JAPAN INTERNATIONAL COOPERATION AGENCY

IMG Inc.

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Map



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Acronyms

ADA	Appui au Développement Autonome
ADB	Asian Development Bank
AFD	Agence Française de Développement
ASEAN	Association of South-East Asian Nations
AYA	Ayeyarwady Bank
BDS	Business Development Services
CBM	Central Bank of Myanmar
CDC	City Development Committee
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CGAP	Consultative Group to Assist the Poor
CGI	Credit Guarantee Insurance
CMA	Cambodian Microfinance Association
CPP	Client Protection Principle
CSO	Civil Society Organizations
DEval	German Institute for Development Evaluation
DFID	Department for International Development
DICA	Directorate of Investment and Company
DSW	Department of Social Welfare
EDNA	Entrepreneurship Development Network Asia Myanmar Co., Ltd.
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization
FGD	Focus Group Discussions
FI	Financial Inclusion
FRD	Financial Regulatory Department
FSD	Financial Sector Development
FSP	Financial Service Provider
GDP	Gross Domestic Product
GEN	Gender Equality Network
GII	Gender Inequality Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IML	Informal Money Lender
ITC	Industrial Training Center
JICA	Japan International Cooperation Agency
KBC	Karen Baptist Convention

KBZ	Kanbawza Bank
LIFT	Livelihoods and Food Security Trust Fund
MADB	Myanmar Agricultural Development Bank
MDG	Millennium Development Goal
MEB	Myanmar Economic Bank
MEDA	Mennonite Economic Development Associate
MFI	Microfinance Institution
MFTB	Myanmar Foreign Trade Bank
MGMA	Myanmar Garment Manufacturers Association
MICB	Myanmar Investment and Commercial Bank
MIS	Management Information System
MIV	Microfinance Investment Vehicles
MMB	Myanmar Microfinance Bank
MMFA	Myanmar Microfinance Association
MMK	Myanmar Kyat
MNCWA	Myanmar National Committee for Women's Affairs
MoALI	Ministry of Agriculture, Livestock and Irrigation
MoLAP	Ministry of Labor, Immigration and Population
MoLES	Ministry of Labour, Employment and Social Security
MoSWRR	Ministry of Social Welfare, Relief and Resettlement
MSC	Microfinance Supervisory Committee
MSLE	Myanmar Small Loans Enterprise
MSME	Micro, Small and Medium Enterprise
MWAF	Myanmar Women's Affairs Federation
MWEA	Myanmar Women Entrepreneurs Association
MYEA	Myanmar Youth Entrepreneurial Society
NFE	Non-Formal Education
NLD	National League for Democracy
NLUP	National Land Use Policy
NSPAW	National Strategic Plan for the Advancement of Women
NSSA	National Skills Standards Authority
ONOW	Opportunities NOW
PGMF	Pact Global Microfinance Fund
PS	Precious Stone
PSD	Private Sector Development
ROSCA	Rotating Savings and Credit Association
SHG	Self Help Groups
SHIFT	Shaping Inclusive Finance Transformations in the ASEAN region
SME	Small and Medium Enterprise
SMIDB	Small and Medium Industrial Development Bank

SPM	Social Performance Management
SRG	Self-Reliance Group
TA	Technical Assistance
ToT	Training of Trainers
TSL	Two Step Loan
TVET	Technical and Vocational Education and Training
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
WfW	Women for the World
WON	Women's Organizations Network of Myanmar
YWCA	Young Women's Christian Association

Summary

Introduction

JICA contracted IMG Inc. (the Study Team) to carry out the “Data Collection Survey on Women’s Economic Activities in Myanmar” (the Study) with a view to drawing up an effective proposal for assistance that contributes to women’s economic empowerment in Myanmar. The Study will clarify the challenges and needs concerning women’s economic activities (including businesses, agriculture, and temporary and factory labor), examine the on-going and planned services of financial service providers (FSP), including those of microfinance institutions (MFIs) and other service providers that are aimed at women’s empowerment, and investigate the existence of culture-based barriers to employment and business start-ups. Through this, the Study Team will identify the gender issues to be addressed and present ideas for JICA’s support.

The Study was conducted on the basis of a literature review and information collected through field surveys on women’s economic activities, microfinance, and micro, small and medium enterprises (MSMEs) in Myanmar with a special focus on gender-related issues. Individual interviews and focus group discussions (FGD) were also conducted to obtain additional information relating to women’s economic activities in Yangon Region, Bago Region, Karen State and Mon State.

1. Gender Issues in Myanmar

Even though there are different figures on the labor force participation of women and men in Myanmar, the rate of employed men is consistently higher than that of women in both rural and urban settings. According to the 2014 national census, roughly half of women are unemployed.

The agricultural sector is the largest employer of women, followed by services and then manufacturing. Other than agriculture, women are particularly active in the service sector, especially in wholesale and retail trades, which is the largest contributor to the economy within the sector.¹ Women’s representation is particularly high in textiles and retail. Besides service, women have a strong presence in the garment industry, which is the main manufacturing industry with the workforce being predominantly women wage workers.

Stereotypes against women are becoming less distinct, especially in large cities and among the middle to upper classes where men and women’s opportunities are becoming equalized. However, non-governmental organizations (NGOs), civil society organizations (CSOs) and donors working on gender issues in Myanmar tend to declare that the gender disparity in economic terms still holds and is a strong concern, especially among poor societies in rural areas. The reasons for this belief can be summarized into four main points: (1) many women, unlike men, are faced with the “double labor burden” where they take on two jobs, one outside of their home and the other within; (2) due to gender stereotypes concerning different types of jobs, women work for jobs that are paid less than men; (3) women have

¹ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women’s Rights in Myanmar

less access to assets such as land and equipment; and (4) women have fewer opportunities to gain practical knowledge and skills related to work through education and training. The norms and traditions related to men's and women's roles in the household and across communities are central to understanding these challenges women face.

2. Finance and Microfinance in Myanmar

Although reliable national data on the state of financial access is scant, recent research concludes that Myanmar lags behind neighboring ASEAN countries in the quest for Financial Inclusion (FI). The most widely available forms of formal financial services are those provided by the Myanmar Agricultural Development Bank (MADB), cooperatives and pawn shops. Yet the use of these sources is limited compared to the large, informal financial pool with an estimated value of USD 3.9 billion; equivalent to 80% of the sum of the formal commercial bank loans in the country.² Informal financial services are offered by families and friends, community savings and/or credit groups, unregistered pawn shops, and money lenders. It is widely acknowledged that women comprise a high percentage of users of these informal financial services.

In Myanmar, household borrowing and savings have traditionally been the responsibility of women. To protect their families from financial distress, more women are entering the labor force and earning additional income for the families. It is commonly understood that women engaged in economic activities struggle to access useful and reliable financial tools.³ The threshold for women to access loans from banks remains high. When women decide to launch or expand their businesses, they turn to savings; either those of their own or of their families or relatives.⁴ When savings from these sources are not sufficient, women resort to borrowing from a range of different sources such as community-based platforms, pawn shops (formal and informal), informal money lenders (IMLs) and MFIs. Women without proper financial and business knowledge are sometimes subject to risks of usurious interest rates or over-indebtedness when accessing these services. Affordable and useful financial services designed to address women's needs, as well as the means to deliver information and knowledge to women, are central to women's economic empowerment.

With a large majority of its clients in Myanmar being women (80% to 90%),⁵ microfinance is perceived as a means to drive women's business startups and expansions, generate employment and alleviate poverty; but it also significantly influences, either directly or indirectly, the way women deal with gender issues. It has the potential to alleviate women's stress from the "double labor burden" when having to deal with financial decisions not only at the business level but also at the household level. The combination of microfinance with training and "microfinance plus"⁶ products and services may also address gender disparities. A Myanmar-based MFI has made farm machinery available for women

² UNCDF. 2015. Project Document Expanding Financial Access in Myanmar 2015-2020

³ FGDs conducted by the Research Team in June 2016 and UNCDF. 2013 Myanmar Financial Inclusion Road Map 2014-2020

⁴ USAID. 2016. Ecosystem for Women's Entrepreneurship-Myanmar 2016; UNCDF. 2015. Myanmar Financial Diaries

⁵ Interview with MMFA in June 2016

⁶ Microfinance Plus refers to products or services related to health, education, energy, or environmental programs. CGAP.

engaged in agriculture by inventing the world's smallest affordable solar irrigation pump and sells them under its microfinance scheme.⁷ Also, many MFIs strive to provide their female clients with useful education and training to enable business start-up and scale-up. Meanwhile, studies suggest that microfinance also has non-financial implications such as higher household decision-making power, confidence building and social-networking.

There is tremendous room for improvement in Myanmar's microfinance sector towards the realization of women's economic empowerment. The challenges for the microfinance sector can be assessed from the perspective of women's economic empowerment at three different levels: Macro (policy, regulatory framework and supervision), Meso (supporter of service providers) and Micro (financial service providers). At the Macro level, law and regulation on microfinance needs further revision to fit the context of the current microfinance status. The MFI inspection processes administered by the Financial Regulatory Department (FRD) also needs improvement. At the Meso level, an institution or infrastructure that sustains the development of MFI, such as the microfinance association and IT system and tools, is still premature. At the Micro level, there are hundreds of local MFIs that are out of touch with international practices and trainings, limiting their ability to be able to improve their services.

3. Capacity Building Needs for Women's Economic Activities

The opportunity to access education and training in order to gain new skills and knowledge for running a business may be offered more to men than to women, especially at the grassroots level and in the rural areas of Myanmar. An increased opportunity for capacity building to women is conducive to close the gender gap on knowledge, skills, and self-confidence, which will provide opportunities for women to be equally active in the labor force as men.

A number of local and international NGOs and private organizations promote women's economic activities to build up women's capacity. Services provided by these organizations can be categorized into business skills offering entrepreneurship training and business training such as the preparation of business plans, business management, accounting, human resource management and marketing; technical skills such as Technical and Vocational Education and Training (TVET) agencies providing trainees with technical skills to produce and improve products, and self-help mindset development which encourages self-help by empowering women at the grassroots level through different trainings. Trainings may include gender awareness, leadership, and women's rights; and financial literacy that deepens women's understanding on how to invest, manage budgets, mitigate risks associated with borrowing money, etc. Their targets range from formal and established enterprises to the grassroots level that microfinance clients usually belong to, and some organizations provide multiple types of support.

Although there are many such service providers offering non-financial services for women's economic empowerment, survey results show that a majority of women are not receiving the training needed to obtain these skills. Some of the factors hindering the effective delivery of training are: limited number of service providers especially in rural areas; information about trainings not readily available; gaps

⁷ TEDxInyaLake. 2016. Designing for People Living on A Dollar A Day: Debbie Aung Din

between the training content and trainees' needs; gaps between the level of training and the trainees' expectations; and less access to training for women than for men.

4. MSMEs in Myanmar

MSMEs in Myanmar play a pivotal role as the backbone of the national economy in the same manner demonstrated in other countries. MSMEs contribute to the growth of the Gross Domestic Product (GDP); creating employment opportunities, generating incomes and alleviating poverty. It is important to understand the outline of the MSME sector in order to address the challenges of working women in Myanmar, since a considerable number of women are engaged in informal economic activities that mostly fall into the micro and small enterprise category. However, apart from community-based activities or religion-related self-help group activities, a majority of women's economic activities, which are categorized as "informal businesses" without registration, are excluded from the target beneficiaries of these interventions.

With a view to addressing the issues that hinder the growth of the MSME sector, the SME Development Law was enacted in April 2015. The SME Development Policy was also formulated in 2015. The policy strategy specifies three pillars to achieve the aforementioned objectives, namely: 1) human resource development; 2) technological development and innovation; and 3) provision of financial resources. Yet none of these initiatives include a clear gender dimension, and most of the existing trainings to companies and business owners are not designed to cater to women's needs. The government and related ministries have not reviewed gender based research, nor have they conducted a gender disaggregated analysis on existing company data to understand gender issues that may inhibit MSME development.

5. Donors' Support on Women's Economic Empowerment, Finance, and MSME in Myanmar

Different donors have been active in solving issues enumerated earlier on gender, the financial sector, entrepreneurship, and MSMEs. All of the gender-related projects incorporate a microfinance dimension, while microfinance or FI projects do not necessarily bring gender issues to the forefront.

The Asian Development Bank (ADB), Mennonite Economic Development Associate (MEDA) and United Nations Development Programme (UNDP) have carried out projects on promoting grassroots women's economic activities, where microfinance is placed as one of the important components to women's empowerment. One of the approaches the projects take to empower women and tackle gender issues is to improve the value chains for tourism, production of handcrafts and value added agricultural products (e.g. tea and mangoes) that are primarily engaged in by women. Some of these women will need access to reliable financial services in order to invest in the production and delivery of these products and services. Donors believe that microfinance is not the sole solution to the gender related problems identified among their project beneficiaries, but that it is part of the puzzle that enables women's economic empowerment and gender equality. They also believe that microfinance comes in different forms, and can be provided not only through MFIs, but also through Self-Help Groups (SHGs), cooperatives, and other service providers.

Major donors that support the Myanmar microfinance sector include the United Nations Capital Development Fund (UNCDF), the World Bank / International Financial Corporation (IFC), the United States Agency for International Development (USAID), ADB and the Livelihoods and Food Security Trust Fund (LIFT). The primary issue these donors wish to solve through their support for microfinance is not gender issues, but rather the fact that Myanmar's population is still largely financially unserved. With data showing that women with access to formal financial services are fewer than those of men, women are inevitably the target of FI projects supported by donors. The majority of donors see microfinance as one of the many services that realize FI, thus many of their projects financially include both the grassroots people (through microfinance) and the middle class and SMEs (primarily through commercial banks).

6. JICA Project Proposal on Gender Issues in Myanmar

Women at the grassroots level or in rural areas are subject to the issues of the “double labor burden”, gender stereotypes on the types of jobs, and a lack of access to useful assets and training for businesses. Microfinance precisely targets the grassroots and rural women, and has the potential to economically empower those who face such gender issues.

Microfinance can alleviate women's “double labor burden” that can be seen for all types and status of work. Women at the grassroots level or in rural areas of Myanmar are often overburdened with the responsibility to make the best choices with limited available resources and services. They need the right financial tools at a fair price and at the right time to maximize their potential to overcome the aforementioned difficulties at their homes as well as their workplaces, and microfinance cannot only help start and expand businesses, but can alleviate women's distress from fears relating to the health and education expenses of their family members.⁸

Microfinance can bring positive effects to women users when combined with services such as education and vending equipment. Since securing the wellbeing of their clients is in MFIs' interest, MFIs are open and flexible to offering not only financial services, but non-financial services to improve their clients' working and livelihood conditions. For example, MFIs can sell equipment and facilities that were previously inaccessible to women, and receive the payment in installments through microfinance. If women are barred from accessing training, MFIs can arrange for learning opportunities, either using in-house staff or external trainers. These and other non-financial interventions will mitigate gender inequality in the access to equipment/facilities and education faced by grassroots and rural-based women, and broaden their job options. Moreover, much evidence shows that microfinance has indirect educational implications such as women becoming more knowledgeable and confident through networking with other microfinance clients.⁹ To economically empower the grassroots and rural-based women of Myanmar, it is essential that microfinance services of improved quality be promoted to a

⁸ FGD conducted by Research Team in June 2016; Interviews with MFIs in June and October 2016; UNCDF. 2015. Myanmar Financial Diaries

⁹ Pact. 2015. Results from Pact's Microfinance Projects in Myanmar; University of Lund. 2013. Women's Empowerment through Microfinance: A case study on Burma; UNDP. 2011. Sustainable Microfinance to Improve the Livelihoods of the Poor Project Proposal for United States Agency for International Development Funding

greater number of women. The advancement of FI and a long-term and sustainable development of the overall microfinance sector would be key drivers to achieve this objective. In order to enhance this movement, developing capacity building programs for the Meso level (supporters of MFIs), so as to better support MFIs, and fostering a sound environment at the Macro level (policies and regulations to govern MFIs) would be important elements. Realizing these can also accelerate holistic market growth by creating a favorable environment for donors and Microfinance Investment Vehicles (MIV) to invest. Such a change is also in line with the National Strategic Plan for the Advancement of Women 2013-2022 (NSPAW)'s goal of empowering women through improving their access to credit, assets, training and other resources. Thus, it is recommended that JICA develop and deploy two interventions to foster a healthy market system; strengthening of Myanmar's microfinance platform, and strengthening the capacity of the MFI inspectors.

Introduction

1 Background and Outline of the Study

The advancement of gender equality and the empowerment of women are necessary steps for poverty reduction and sustainable development. In October 2013, Myanmar's first policy on gender equality, NSPAW, was launched. Meanwhile the newly elected government, the National League for Democracy (NLD), which came into power in 2016, has also commented on women's rights in its manifesto. This could indicate that the movement for empowerment of women may well be accelerated in the near future in Myanmar.

Faced with less job opportunities and poorer labor conditions than those provided to men, women at the rural and grassroots level in Myanmar are obliged to initiate new businesses on their own or engage themselves in multiple jobs to maintain their households. In addition, women are in most cases entrusted to manage all family incomes and expenditures, including those relating to their husbands and children. In these circumstances, the utilization of different financing sources, such as IMLs, pawn shops, SHGs and MFIs, which requires certain skills and knowledge, is often shouldered by women. Women therefore need to be equipped with knowledge in bookkeeping, finance and business management; though they do not have sufficient opportunities to obtain such knowledge. There is also the possibility of a gender gap in access to business-related assets.

In this light, JICA contracted IMG Inc. (the Study Team) to carry out the "Data Collection and Analysis on Women's Economic Activities in Myanmar" (the Study) with a view to drawing up an effective proposal for assistance that contributes to women's economic empowerment in Myanmar. The Study will clarify the challenges and needs concerning women's economic activities (including businesses, agriculture, and temporary and factory labor), examine the on-going and planned services of FSPs, including those of MFIs and other service providers that are aimed at women's empowerment, and investigate the existence of culture-based barriers to employment and business start-ups. Through this, the Study Team will identify the gender issues to be addressed and present ideas for JICA's support.

2 Field Research

With a view to understanding the challenges of women's economic activities, field research was carried out across four areas: Yangon Region, Bago Region, Karen State and Mon State. These research areas outside of Yangon were selected out of areas where the population of women was high yet their employment rates remained low so as to capture the broad characteristics of women's economic activities as well as the support needs. The population of women in Bago District is the third largest after North and East Yangon Districts, but its unemployment rate ranks 15th among 74 districts according to the national census in 2014; this connotes a discrepancy between the needs of women and the available services. There are also a large number of women in Hpa-an District in Karen State; its unemployment rate amongst women is high, ranking 6th among 74 districts. The population of women

is also large in Mawlamyine District in Mon State while the district's unemployment rate ranks 9th among 74 districts.

3 Study Team Members

Responsibilities	Name
Team Leader/Gender	Shinichi MORI
Financial Sector	Akiko YONEYAMA
MSME Management	Toshihiro SHIMIZU

4 Study Methodology

The Study was conducted on the basis of a literature review and information collected through field surveys on women's economic activities, microfinance, and MSMEs in Myanmar with a special focus on gender-related issues. Individual interviews and FGDs were also conducted to obtain additional information relating to women's economic activities.

In June 2016, the Study Team visited the following relevant agencies in Myanmar and collected information on the current state of women's economic activities, the microfinance and MSME sectors and the activities of donor agencies:

- Relevant government agencies, such as the Ministry of Planning and Finance- FRD, Myanmar Economic Bank (MEB), MADB, Ministry of Commerce, Ministry of Industry- SME Development Department, and Ministry of Social Welfare, Relief and Resettlement (MoSWRR)- Department of Social Welfare (DSW);
- Banks and MFIs that were providing or planning to provide loans to women entrepreneurs;
- Private institutions and NGOs providing support for women's economic activities such as the Republic of Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), Myanmar Women Entrepreneurs Association (MWEA), Entrepreneurship Development Network Asia Myanmar Co., Ltd. (EDNA), and Gender Equality Network (GEN); and
- Donors working in the area of microfinance, MSMEs and women's economic empowerment, such as UNCDF, World Bank, USAID, ADB, and LIFT.

The Study Team also conducted a workshop on the 6th of July 2016 with the objective of discussing among the participants invited from the above organizations the concrete ideas proposed by the Study Team for assisting Myanmar women engaged in economic activities while also confirming the participants' understanding of the working conditions of Myanmar women, the challenges faced by them, and the condition and challenges of financial services in Myanmar. The feedback from the workshop was incorporated into the proposed JICA project.

Chapter 1 Gender Issues in Myanmar

1.1 Government's Approach to Mainstreaming Gender in Policies

1.1.1 Government Policies and Activities on Gender Equality

To promote women's rights and economic advancement, Myanmar attended the fourth World Conference on Women held in Beijing in 1995 and signed the Beijing Platform for Action. In 1997, Myanmar also ratified the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); a convention aimed at achieving full equality between men and women. Also in October 2013, the country's first policy on gender equality, NSPAW, was launched. Women's economy is listed as one of the 12 priority areas stated in this Plan with the main objective being to strengthen mechanisms to establish women's equal access to fair employment practices, credit, assets, training and economic benefits. It emphasizes the need for research on the actual conditions and issues among different ethnic groups and areas across the country, and for the budgetary resources required for implementation.

However, at the moment it is hard to say that NSPAW is being effectively implemented. Myanmar's ranking in the Gender Inequality Index (GII), which was 85th in 2014, is not only lower than that of other ASEAN countries (like Malaysia, Thailand, and Singapore); but it has gone down from 83rd in 2013's GII.¹⁰ A CEDAW report assessing NSPAW severely criticized the failure to implement Myanmar's declaration on gender equality.¹¹ This failure could be due to the low level of awareness of gender equality in most parts of the government.¹²

One of the reasons for the lack of commitment in the implementation of NSPAW could be the fact that in Myanmar there is no particular government ministry in charge of gender equality issues. Meanwhile, gender related activities (but not those addressing gender equality nor women's economic empowerment) are carried out by DSW of the Ministry of Social Welfare, Relief and Rehabilitation in cooperation with academia, CSOs, the international community and other government bodies.¹³ DSW has assigned 21 staff to activities relating to women's empowerment and gender with a focus on providing psychosocial counseling, training and repairing family bonds for women who have been involved in crime or were victims of human trafficking. DSW has 4 vocational training centers in Yangon, Mandalay, Myeik and Kyaine Tong; where women receive training (i.e. sewing, embroidery, knitting, tapestry) and social reintegration support. Apart from dealing with gender issues, DSW is also responsible for providing social protection to other vulnerable groups such as children, the elderly and disabled persons. DSW is allocated a very small amount of funds. In FY 2012-13, the Ministry of Social

¹⁰ UNDP. 2014, 2015. Human Development Reports

¹¹ Global Justice Center & Leitner Center for International Law and Justice. 2015. PROMISES NOT PROGRESS: Burma's National Plan for Women Falls Short of Gender Equality and CEDAW

¹² UN Women. CEDAW and women's human rights; Interviews with DSW, other ministries and current MP of NLD in June 2016

¹³ USAID. 2016. The Ecosystem for Women's Entrepreneurship in Myanmar

Welfare, Relief and Rehabilitation was allocated MMK19.6 billion in total, which was merely 0.29% of the total budget for ministries and departments (MMK 6,833,362 million).¹⁴

On the other hand, a government-appointed network, the Myanmar National Committee for Women's Affairs (MNCWA), uses the main document adopted at the Beijing Conference on women as its Platform for Action and has identified "women and economy" as one of the eight areas of concern.¹⁵ To help MNCWA implement its tasks, the Myanmar Women's Affairs Federation (MWAFF), a government-established NGO, was formed in 2003. MWAFF is a federation of women's organizations covering all levels, from the state to ward/village levels, that carry out activities throughout the country.¹⁶ DSW also utilizes MWAFF's network to develop and expand their services for women. MWAFF offers grassroots women events and training related to human trafficking, health, environment, income generation, and provides microcredit services. However, MWAFF has not been able to fully carry out MNCWA's agenda, due to limited budget and the staff's limited knowledge and expertise in gender issues.¹⁷

1.1.2 New government's Approach to Gender Equality

While most of the NSPAW's activities have not been implemented, the new government formed by NLD, which came into power in 2016, has commented on women's rights in its manifesto, indicating that the movement for empowerment of women may well be accelerated in the near future. The government presented a report on the country's implementation of gender equality and women's rights to CEDAW at its session held in Geneva, Switzerland in July 2016. At the time the Committee heard comments from NGOs and women's rights advocates with issues on NSPAW and its progress being examined, which involved a discussion on laws and policies that need to be amended or drafted to improve gender equality.¹⁸

In addition, DSW is planning on carrying out a 3-month survey in order to compile a report that will shed light on the current situation surrounding gender equality in the government.¹⁹ On-site reviews will be conducted, starting in November 2016, covering 18 ministries (all ministries except for the Ministry of Foreign Affairs, Ministry of Defense and Ministry of President Office²⁰). These ministries are expected to play a supporting role in mainstreaming gender in national policies, plans, and programs. DSW is planning on cooperating with the Ministry of Commerce in vocational training for women and also with the Ministry of Planning and Finance to secure funds for its activities.²¹ Through these efforts,

¹⁴ UNICEF. 2013. Snapshot of Social Sector Public Budget Allocations and Spending in Myanmar

¹⁵ USAID. 2016. The Ecosystem for Women's Entrepreneurship in Myanmar

¹⁶ MWAFF is being reformed under the new government. Interview with DSW in June 2016.

¹⁷ Women's League of Burma 2016. Shadow Report on Burma for the 64th Session of the Committee on the Elimination of Discrimination Against Women; Interview with MWAFF and DSW in October 2016.

¹⁸ SAN YAMIN AUNG. 2016. Burma's Gender Issues to Take Center Stage in Geneva

¹⁹ Interview with DSW in June 2016

²⁰ These Ministries see gender issues to be beyond their prescribed scope. Interview with DSW in October 2016.

²¹ Ibid

Myanmar may be able to move up the ladder in the gender equality index; yet how this will be achieved, especially for the women's economy, is still unclear.

1.2 Women's Participation in Economic Activities

In Myanmar, women are the driving force of economic growth, making huge contributions to the economy as farmers, entrepreneurs and wage workers, or through their work within households and communities. Investing in gender equality and women's economic advancement enhances economic productivity, and leads to positive intergenerational impacts and optimized development outcomes.²²

There are different figures on the labor force participation of women and men in Myanmar. UNDP's GII for 2014 has estimated that 75.2% of women are economically active,²³ not far from men's participation rate of 82.3%, placing Myanmar ahead of other ASEAN countries in terms of women's willingness to participate in the labor force.²⁴ In addition, women who participated in the FGD did not feel that they had less opportunities for employment than men simply due to the fact that they were women. However, the 2014 national census revealed that the rate of employment amongst men of working age (ages 15-64) was 81.9%,²⁵ while that of women was only 48.4%. This figure suggests that there may be a sizable number of women who are economically active but not "employed".²⁶ This illustrates how the understanding of working Myanmar women's characteristics must go beyond simply studying national statistics, and that the needs and challenges of working women differ according to factors such as geographical area, age and type of employment.

Thus, an analysis of Myanmar women according to each of these different spheres is essential. As stated earlier, the rate of employed men is higher than that of women in both rural and urban settings (Figure 1-1), suggesting that roughly half of women are unemployed. The graph also shows that the working age population is higher in rural areas, representing 68% of the total; implying that women's economic empowerment cannot be discussed without understanding the rural context.

²² ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

²³ Includes workers and job-seekers of the working population. ILO. 2016. Key Indicators of the Labour Market 2015 KILM

²⁴ UNDP. 2015. Human Development Reports

²⁵ Includes employed workers, self-employed workers, and workers engaged in family businesses

²⁶ "Employed" is a status where the person either worked for more than 6 months during 12 months before the day of the census or worked during the week before the day of the census.



Figure 1-1 Employed Population in Myanmar

Source: National Census 2014

The below graph illustrating the employment to population ratio for males and females by age group (Figure 1-2) shows that the rate of employment amongst men remains at 90% from the age of 20 to approximately 60, while the rate for women has a tendency to gradually decline after the age of 20. This could suggest that women are leaving the labor force due to reasons such as marriage, child-bearing and child-care. That 44.7% of Myanmar's population is under the age of 24 highlights the fact that young women make up a large share of the female work force.²⁷

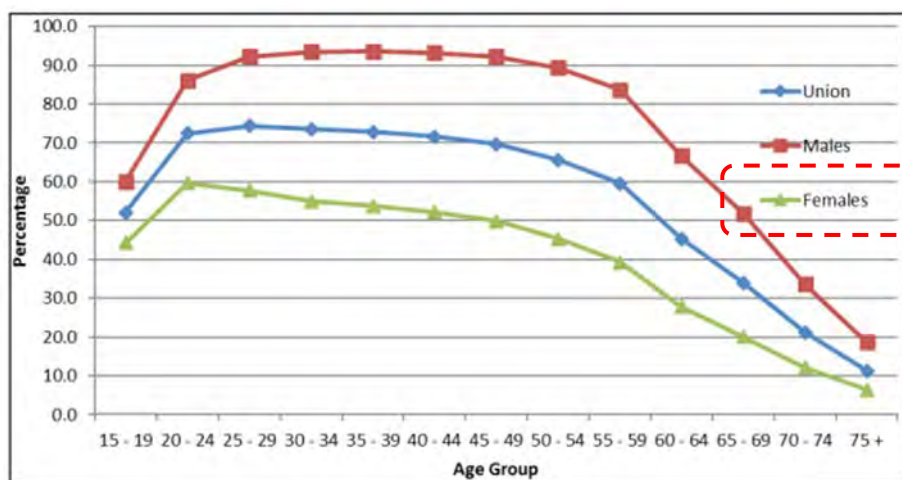


Figure 1-2 Labor Force Participation Rate by Age Group

Source: National Census 2014

It is not an easy task to categorize a woman's job into a single type of economic activity since many normally carry out multiple jobs simultaneously. Yet a rough trend can be derived from Table 1-1, which sets out employment by sector for women and men. The agricultural sector is the largest employer of women, followed by services and then manufacturing.²⁸

²⁷ CIA. 2014. World Fact Book

²⁸ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

Table 1-1 Industrial Classification of Economically Active Population, 2010 (%)

Industries	Female	Male
Agriculture, hunting, and forestry	47	52
Wholesale and retail trade	14	8
Real estate, renting, and business activities	11	4
Activities of private household as employers	9	7
Manufacturing	7	5
Education	5	1
Others	7	22
Total	100	100

Source: ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

With the agricultural sector employing 52% of the workforce and generating almost 37% of GDP, agriculture plays a dominant role in Myanmar's economy.²⁹ Agriculture in Myanmar largely consists of farming, livestock production, forestry and fisheries with women playing an important role in each of these areas, accounting for approximately half of the agricultural workforce.³⁰ Some figures suggest as much as 70% of the total female workforce is involved in agricultural work; this ratio is slightly higher than that of the male workforce.³¹

Other than agriculture, women are particularly active in the service sector, especially in wholesale and retail trades, which is the largest contributor to the economy within the service sector.³² According to the 2013 Millennium Development Goals report, the share of women in paid employment outside of the agricultural sector is on the increase with the figure reaching 44.7% in 2010.³³ Women's representation is particularly high in textiles and retail.

Women also have a strong presence in the garment industry, which is the main manufacturing industry with the workforce being predominantly women wage workers. Young women make up approximately 90% of the workforce, residing mostly in industrial zones around Yangon city.³⁴ Outside of Yangon, there are a few other factories located in Thilawa, Mandalay, Bago and Patheingyi.³⁵ With an average of two new garment factories opening every week in 2014, international brand representatives and Myanmar Garment Manufacturers Association (MGMA) members have projected that the garment industry's sales will grow from USD 912 million in 2012 to USD 8-10 billion in 2022; employing up to 1.5 million workers.³⁶ Thus, the number of young women working in garment factories is expected to consistently increase.

²⁹ WB. 2015. Myanmar: Empowering People for Inclusive Growth

³⁰ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

³¹ FAO. 2011. The State of Food and Agriculture: Women in Agriculture

³² ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

³³ Ibid

³⁴ Oxfam. 2015. Made in Myanmar: Entrenched poverty or decent jobs for garment workers?

³⁵ Ibid

³⁶ MGMA. 2015. Myanmar Garment Industry: 10-year Strategy 2015-2024

In Myanmar, the education sector is dominated by women with more than 80% of teachers at all levels being women.³⁷ As shown in Figure 1-3, the figure for secondary and tertiary education places Myanmar at the top in ASEAN. This high number of women in the teaching profession may be explained by looking at gender norms that consider the profession to be appropriate for women, which allows them to have a respected professional career especially in smaller cities and rural areas where there are fewer professional opportunities.³⁸

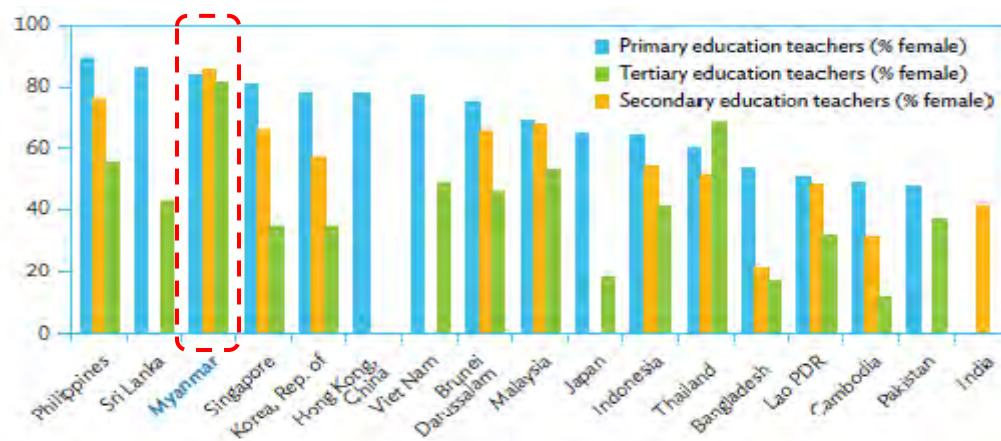


Figure 1-3 Percentage of Female Teachers

Source: World Bank, World Development Indicators (accessed May 2014)

1.3 Gender Issues in Economic Activities

When the Research Team asked Myanmar people whether they found gender disparities in Myanmar's economy, most answered "No".³⁹ To back this opinion, some would refer to the fact that Myanmar has accomplished gender parity in education with the number of female students being equal to or above that of male students.⁴⁰ Others mentioned established women leaders, such as Aung San Suu Kyi, the first incumbent female state counselor, as examples of gender equality. MWEA has approximately 1,700 registered members,⁴¹ which is an indication of societal acknowledgement and encouragement of women leaders. It is perceived that stereotypes against women are becoming less distinct, especially in large cities and among the middle to upper classes where men and women's opportunities are becoming equalized.

However, NGOs, CSOs and donor organizations working on gender issues in Myanmar tend to declare that the gender disparity in economic terms still holds and is a strong concern, especially among poor societies and in rural areas. The reasons for this belief can be summarized into four main points: (1) many women, unlike men, take on two jobs, one outside of their home and the other within; (2) due to gender stereotypes concerning the types of jobs, women work for jobs that are paid less than men; (3)

³⁷ ADB. 2014. Myanmar: Unlocking the Potential

³⁸ Local Resource Centre. 2015. Gender Equality and Cultural Norms in Myanmar

³⁹ Focus Group Discussion conducted by the Research Team in June 2016

⁴⁰ ADB. 2014. Interim Country Partnership Strategy: Myanmar, 2012-2014

⁴¹ Interview with MWEA in June 2016.

women have less access to assets such as land, equipment; and (4) women have fewer opportunities to gain practical knowledge and skills related to work through education and training. It should be noted, however, that there are no national statistics to show how common the above-mentioned trends are, and that these patterns differ across cultures, religions and geographical areas. Still, the norms and traditions related to men's and women's roles in the household and across communities are central to understanding the challenges women face on such gender issues; although such norms and traditions are becoming less predominant with the modernizing of the society.

1.3.1 The Double Labor Burden of Women

Women are commonly forced to deal with a “double labor burden” of work: household chores and caretaking, and their income generating work. Women must also look after household finances, making sure that they can pay the daily expenses of their family (see Chapter 2 - 2.4 “Situation and Challenges of Women's Access to Finance” for more details). Some women have described drug and alcohol use by men to be a problem as such men stop bringing income to the household,⁴² adding more stress to women's “double labor burden”. Naturally under these conditions, women's daily earnings are smaller than those of men who are able to work on paid full-time jobs though women may still be working the same hours or more comparatively. This story is well illustrated by the fact that many women opt to establish their own businesses instead of working at factories with fixed working hours, because they must balance the responsibilities of homecare with those outside of the home.⁴³

At the same time, infrastructure limitations, such as access to electricity and water supply, intensify women's time burden from domestic work. Although Myanmar is a country with abundant energy resources, it is estimated that only a quarter of the population currently has access to a regular supply of electricity; the poorest level of energy access in the Asia–Pacific region.⁴⁴ According to Myanmar's 2014 census, only 16% of rural households use electricity for cooking with a large majority of households relying on firewood (69%).⁴⁵ The census also revealed that only 6.2% of rural households have access to tap water.⁴⁶ Although the lack of access to energy and a water supply affects the entire household, the impairment is particularly grave for women due to their responsibilities for food preparation, cooking and cleaning. With limited access to energy and water, women need to spend a substantial amount of time collecting fuelwood and water for household use. It has been estimated that the time spent in transporting fuel and water by women are three times the amount of time spent for the same tasks by men.⁴⁷ Poor infrastructure is another reason why women struggle to manage both their housework and business.

As such, regardless of the type of economic activities women are engaged in, women are increasingly faced with multiple roles in society. They are often portrayed as homemakers as well as preservers of

⁴² Gender Equality Network. 2015. Behind the Silence: Violence Against Women and their Resilience

⁴³ Focus Group Discussion conducted by the Research Team in June 2016

⁴⁴ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

⁴⁵ Ministry of Immigration and Population. 2014. The 2014 Myanmar Population and Housing Census

⁴⁶ Ibid

⁴⁷ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

culture and tradition, thus most household chores are the responsibility of women.⁴⁸ At the same time, more women, especially at the grassroots level, are encouraged to work outside of their homes to generate income for their families, and with the addition of housework, the “double labor burden” weighs heavily on these women. The “double labor burden” can impede women’s contribution to the country’s economic growth, unless proper interventions to mitigate their burden are put in place.

1.3.2 Gender Stereotypes on Types of Jobs

Parts of Myanmar still believe that low value work that does not yield income should be performed by women rather than men. Men are traditionally not required to help with household work even if women’s workloads have increased due to their engagement in paid work.⁴⁹ It is often said that as breadwinners, decision makers and leaders, men’s work is regarded as being more valuable while lesser value is placed on women’s work of managing household chores since it brings neither status nor income.⁵⁰ For this reason, large part of those people engaged in unpaid work as household workers or working for family-owned businesses are women (Figure 1-4).

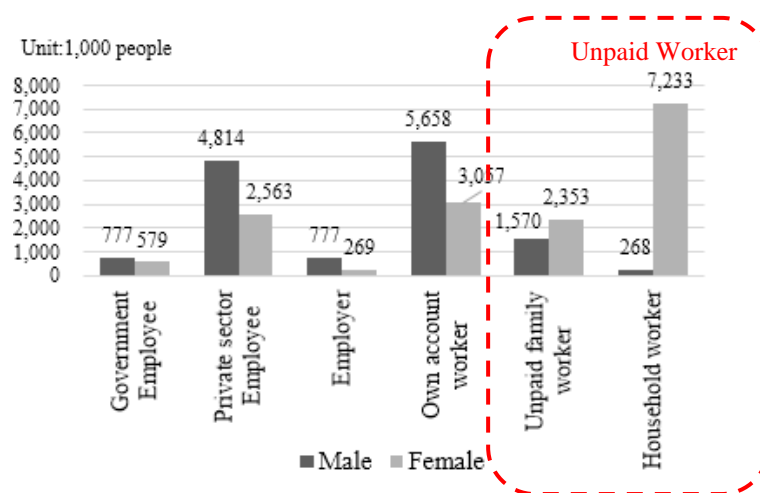


Figure 1-4 Gender Disaggregated Population over Age 10 per Work Activities⁵¹

Source: National Census 2014

Moreover, the gender stereotypes that women should take on manual labor because they are more meticulous and careful, and that men perform better on jobs that involve heavy machinery because of their physical strength and stamina, still prevail. In the forestry sector, men dominate the timber industry, which requires using heavy machinery and equipment, but women also play an active role as collectors, producers and users of non-timber forest products, such as bamboo and rattan, mushrooms, nuts and medicinal plants, that are handled manually.⁵² On-farm work is also commonly based on gender-

⁴⁸ Oxfam, CARE, Trócaire, ActionAid. 2012. Women & Leadership

⁴⁹ Gender Equality Network. 2015. Raising the Curtain: Cultural Norms, Social Practices and Gender Equality in Myanmar

⁵⁰ Local Resource Centre. 2015. Gender Equality and Cultural Norms in Myanmar

⁵¹ “Own account worker”: self-employed persons who worked in their own business or worked in their own/family business for family gain and did not have any employees.

“Unpaid family worker”: persons who worked in a business, farm, trade or professional enterprise operated by a member of the household/family and received no pay. National Census 2014

⁵² ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women’s Rights in Myanmar

differentiated tasks with women performing most manual tasks related to crop cultivation such as planting and harvesting. Women tend to be the main actors of such manual work as they are perceived to be more careful and precise than men.⁵³ In comparison, men's on-farm tasks are mainly concentrated on mechanized or animal-powered plowing, administering agro-chemicals and carrying heavy loads of produce.

Due to such gender biases on the types of jobs women and men undertake, many studies suggest that wage disparities exist between female and male workers. On top of the fact that women must spend time on unpaid house work, they may be underpaid in the jobs they undertake in society. Myanmar's national constitution of 2008, which requires equal pay for equal work for men and women⁵⁴ is respected to some degree. Women working for factories or at farms as day laborers claimed during the FGDs that they had not experienced wage disparity for being women. That said, FGD participants testified that some women are paid less than men, especially in jobs such as day labor at construction sites.⁵⁵ There is also a claim that women working at construction sites as day-workers are paid only a small amount, which is often less than what men receive.⁵⁶ Many studies also suggest that wage disparities exist between female and male hired workers, which could be due to men and women having different tasks. For the above-mentioned work related to forestry and farming, despite women's manual work being, both timewise and physically, more exhausting than men's work using machinery, men are likely to earn more than women; possibly because men's jobs are valued more than those carried out manually by women. Moreover, women are often ready to work for less pay than men. For these reasons, in some rural areas, women account for the majority of hired agricultural workers.⁵⁷ Some findings warn that these women are being placed in vulnerable positions with the threat of poor earnings, lack of social protection and harsh working conditions.⁵⁸

Another study made by the International Labour Organization (ILO) in 2015 asserts that there is wage discrimination among migrants.⁵⁹ Myanmar's 2014 census showed that the migration rate of men and women within Myanmar was almost equal with 53% of all persons who moved from their usual place of residence being women. Women were more likely to follow their families, whilst men migrated more for reasons of employment.⁶⁰ Some studies suggest that the high demand for labor in garment factories and the declining standards of living in rural areas could be reasons for the increasing migration of women and girls.⁶¹ The studies also revealed that female migrants are likely to earn less than men across all industries except hotels.⁶² Findings also show that most common work opportunities for girls and

⁵³ Ibid

⁵⁴ GEN. 2013. Myanmar Laws And CEDAW: The Case for Anti-Violence Against Women Laws

⁵⁵ Focus Group Discussion conducted by the Research Team in June 2016

⁵⁶ The Guardian. 2016. On the road with the women building Myanmar

⁵⁷ Results from the study conducted in Southern Shan and Karen States, MEDA. 2015. Value Chain Assessments for Southern Shan and Karen States

⁵⁸ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

⁵⁹ An internal labour migrant is a person who migrates or who has migrated from one place to another inside the country with a view to being employed. ILO. 2015. Internal Labour Migration in Myanmar: Building an evidence-base on patterns in migration, human trafficking and forced labour

⁶⁰ Ministry of Immigration and Population. 2014. The 2014 Myanmar Population and Housing Census

⁶¹ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

⁶² USAID. 2016. The Ecosystem for Women's Entrepreneurship in Myanmar

young women who migrate are factory work and domestic work, often putting them at increased risk of exploitation such as violations of the minimum wage law.⁶³

New minimum wage and issues faced by garment factory workers in Myanmar

The new minimum wage was introduced in September 2015 after mass strikes and more than two years of negotiations between unions, employers and the Government of Myanmar. The new minimum wage was set at USD 2.80 (MMK 3,600) per day for all industries with employers legally required to pay this daily rate based on a work week of 5.5 days, translating to approximately USD 83 (MMK 108,000) per month. Before the new minimum wage, workers were earning as little as USD 0.60 a day. Although the new minimum wage may have increased earnings for workers, Myanmar still has the lowest minimum wage of any garment-producing country in the world apart from Bangladesh (USD 68 per month).

Despite the new minimum wage, the income earned by garment workers (a majority of whom are young women) is not sufficient to support themselves and their families. Even after working 6 days a week and doing overtime of approximately 10.5 hours per week, workers are not able to pay for basic needs like food, medicine, transport and housing; on which the majority of their salary is spent. This has forced many workers into borrowing money, and a survey has indicated that approximately half of the workers are trapped in debt with more than half facing difficulties repaying it. Moreover, almost 90 percent of workers reported that they had not been able to save any of their earnings. This is a major issue as approximately 25% of workers are said to be the sole income earner for their family with family members depending on their earnings. These young women workers contribute to the family's income, and at the same time traditional family values in Myanmar expect them to take care of their parents.⁶⁴ On the other hand, older women (over the age of 25) and women with children face discrimination by factory employers, making it harder for them to find employment.

Source: Oxfam. 2015. *Made in Myanmar: Entrenched poverty or decent jobs for garment workers?*

As such, women may be confined to low-paying jobs as they face difficulties when trying to engage in jobs that are understood to be more fitting to men. Manual work, domestic work and family owned businesses are jobs that are often taken up by women, and could well be underpaid in spite of their intensiveness. Although it seems over recent years in Myanmar that gender biases on the types of jobs and wage disparities are being gradually dispelled especially in urban cities as the opinions of the FGD participants show, in communities and regions where gender biases still remain, efforts must be made to eliminate wage differences between men and women by providing women with the same opportunities as men in gaining higher paid jobs.

⁶³ The Gender Equality Network. 2015. *Raising the Curtain: Cultural Norms, Social Practices and Gender Equality in Myanmar*

⁶⁴ Ibid

1.3.3 Women's Access to Work Related Assets

The use of equipment, technology and assets, such as property, is vital to achieving business efficiency; however, land and property that are valuable assets to businesses are mostly registered under a man's name.⁶⁵ As a result, women entrepreneurs face difficulty in financing their businesses since they must often depend on male family members for the provision of collateral to obtain a loan or are unable to use their property or run their businesses on their own terms.⁶⁶ Land is also an important asset for female farmers. Yet, research conducted in 2010 (Table 1-2) revealed that while approximately 92% of agricultural households had ownership of agricultural land (90% of them were male-headed and 10% were female-headed), 98% of the male-headed households had ownership of agricultural land as opposed to only 61% of the female-headed households.⁶⁷

Table 1-2 Number and Percentage of Households with Land Holdings by Household Type, 2010

Household Type	Total Number	Number with Land Holdings	%
Male headed	4,604,072	4,489,986	97.5
Female headed	815,685	496,701	60.9
All households	5,419,757	4,986,687	92.0

Source: Ministry of Agriculture. 2010. Myanmar Census of Agriculture of 2010 Supplementary Module SLRD. Nay Pyi Taw.

Moreover, there was inequality in the size of land holdings between male-headed and female-headed households with the average area per parcel for male-headed households being 6.5 acres per holding in contrast to 5.3 acres per holding for female-headed households.⁶⁸ Smaller farm land not only implies less annual crop yield, but it also limits the size of any loan the owner can receive from banks on account of the loan size usually being in proportion to the land size.⁶⁹

⁶⁵ The laws in Myanmar do not prohibit women from registering land or properties under their names (see the boxed article on "National Land Use Policy").

⁶⁶ UNIDO. 2015. Access to finance for youth and women entrepreneurs in Myanmar

⁶⁷ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

⁶⁸ Ibid

⁶⁹ WB. 2015. Myanmar: Empowering People for Inclusive Growth

National Land Use Policy

In January 2016, Myanmar's new National Land Use Policy (NLUP) was adopted. The policy includes one full section on gender equality in relation to land. This section states that in accordance with CEDAW, both men and women should be given the right to land allocation and land management, to inherit and succeed land, and to participate in community discussions concerning land.⁷⁰

Despite the passage of several gender-neutral land laws in 2012, it has been predominantly men who apply for the certificates, which are the strongest form of land ownership for farmers in the country. One of the reasons for the gender gap is seen to be the absence of female officials in Myanmar's land governance, especially at the village tract and township levels where the government officials engage most closely with communities on land issues.⁷¹ Women represent only 42 out of 16,758 village tract administrators, and there is not a single female Township Administrator among the 330 townships in Myanmar.⁷²

To ensure that these rights become a reality in practice, NLUP needs to provide clear guidelines on necessary steps and actions for achieving gender equality in land ownership, including presenting specific strategies for women to own and register land.⁷³

As illustrated in 1.3.2 "Gender Stereotypes on Types of Jobs", in some rural areas, women are often restricted from using vehicles and machinery. Men tend to still be the ones in control with access to resources that are mechanical or technological in nature. Owners of repair and machinery businesses are usually men, and representation of female business owners in this sector is the lowest.⁷⁴ Men normally receive training on how to use the technology, but few women are given that chance to learn, resulting in women having low technological literacy and confidence.⁷⁵ With a low supply of machinery across Myanmar, women must conduct household chores, sell goods and perform on-farm tasks through labor intensive traditional techniques without the help of time and labor saving technologies, which also leads to women earning less income than men.

Rural women are usually not seen driving automobiles, but rather rely more on non-motorized transport and intermediate modes of transport such as bicycles or animal-drawn carts. These transport restrictions can cause difficulties for female traders and farmers since the transportation of large amounts of produce is required. The timing of sales activities may also pose concerns for female traders and sellers since in some areas social norms still restrict women from travelling alone at night.⁷⁶ Due to restrictions on mobility and transportation, women in rural areas travel mainly by foot and are more likely to work

⁷⁰ National Land Resource Management Central Committee. 2016. National Land Use Policy

⁷¹ The Diplomat. 2016. Myanmar Risks Leaving Women Behind

⁷² Ibid

⁷³ Transnational Institute. 2015. Linking Women and Land in Myanmar

⁷⁴ DEval. 2015. Small and Medium Enterprise Survey Myanmar 2015

⁷⁵ Results from the survey conducted in Southern Shan and Kayin State. MEDA. 2015. Value Chain Assessments for Southern Shan and Kayin States

⁷⁶ Ibid

locally or in off-corridor locations.⁷⁷

A recent study on mobile phones and internet use revealed that the rate of women owning a mobile phone in Myanmar was 29 percentage points lower than that of men.⁷⁸ This gap between men's and women's mobile phone ownership was larger among low income households. Most women who attended the FGDs of this Study had their own phones although among them poorer women had lower rates of mobile phone ownership. There were some women who were unfamiliar with how to use a mobile phone and needed their husbands and/or children to teach them how to use the phone's extra features such as internet.⁷⁹ Several used phones to contact buyers and sellers as well as check market prices.⁸⁰ However, the usage of mobile phones for business is likely uncommon if the user finds it difficult to afford top-ups, or in remote areas where the telecommunications infrastructure is still poor.

As described, conventional gender roles marginalize women's access to productive assets such as land, vehicles, equipment, and mobile phones and other communication tools. While the regional and demographic pervasiveness of these traditional gender stereotypes is unknown, such differences may not be as conspicuous as in the past according to the results of the FGDs. In fact, the gender gap in land ownership may be diminishing as some women in Mon state reported that their husbands have handed them their land titles. Still, given the existence of evidence of such gender gaps, efforts to empower women economically should include facilitating women to obtain and use assets that are predominately held and used by men.

1.3.4 Women's Opportunities for Education and Training

Although there are more women in post-secondary education than men according to national statistics, there are a number of findings that suggest that gender disparities in education still exist in some of the poorest rural areas of the country, where the economic situation of the family particularly affects decisions concerning the education of their children. There are traditional practices in rural areas whereby the eldest daughter is required to give up school in order to stay home and help with domestic work.⁸¹ Girls are usually expected to take care of their parents, which can lead to limitations on their educational opportunities. Traditional norms also oblige many women to become housewives after marriage, restricting them to stay at home and preventing them from pursuing employment following their education.⁸² In addition, career opportunities are further reduced for women with children as gender discrimination influences employers to doubt their performance on the job.⁸³

⁷⁷ ADB, UNDP, UNFPA, UN-Women. 2016. Gender Equality and Women's Rights in Myanmar

⁷⁸ GSM Association. 2015. Mobile phones, internet, and gender in Myanmar

⁷⁹ Focus Group Discussion conducted by the Research Team in June 2016

⁸⁰ As for market information, both women and men have access to government-controlled agriculture-oriented local broadcast media via television or radio. MEDA. 2015. Value Chain Assessments for Southern Shan and Kayin States

⁸¹ Ibid

⁸² Gender Equality Network. 2015. Raising the Curtain: Cultural Norms, Social Practices and Gender Equality in Myanmar

⁸³ A woman along with her husband applied for the same job where she was declined for being the mother of an 8-year-old son and her husband was accepted instead. Ibid

Moreover, high educational status for women is not a golden ticket to a promising job with their presence in the workforce remaining low. This could indicate an imbalance between the knowledge gained in school and labor market needs.⁸⁴ Non-Formal Education (NFE) and TVET may contain more practical skills used in the work place, yet gender disparities in accessibility of these services remain an issue. Women, especially in rural areas, have very limited access to training in the foundational skills needed for sectors such as industry, construction and agriculture. In rural areas, women are almost always excluded from extension services provided by the government and rarely receive technical assistance from non-governmental actors such as input supply shops, religious groups and informal trainers among community members.⁸⁵ During an FGD in one of the rural villages, women recalled that only men attended the agriculture workshop provided by a private fertilizer and pesticide wholesale company.⁸⁶ The Ministry of Agriculture, Livestock and Irrigation (MoALI) carries out training and education on model farms and the use of seeds and machinery, but these services are provided only to those who have land permits, normally the heads of household, meaning that a majority of women producers are excluded.⁸⁷

Although Myanmar in recent years has seen more women seeking degrees in engineering and architecture, which were fields traditionally dominated by men, gender stereotypes concerning the types of jobs still play a substantial role in the design and planning of these courses, restricting women and men from trying out new and different productive roles.⁸⁸ Women are usually associated with courses such as sewing, flower arranging, cooking, knitting and handicrafts. It could be said that these courses are offered specifically to women because they fit with women's life-styles, but others argue that these courses reinforce gender stereotypes by supporting the idea of a woman's work place being the home and also of women being secondary earners.⁸⁹ These stereotypes may be well embedded in the society as women from the FGDs of the Study also cited weaving, sewing and make-up art as their preferred types of training.⁹⁰

The fact that there is gender inequality in the access to education is troubling since women see education as a means for gaining better employment opportunities that would boost their social power and economic control within the husband and wife relationship, leading to more autonomy in decision-making in the household.⁹¹ There are findings that show decision-making is more or less shared equally among women and men in Myanmar. At the household level, women are usually responsible for financial management, having some autonomy in decision-making.⁹² From a study carried out by UNDP in 2011, it can be inferred that women's decision making power on purchasing assets, sending children to school and arranging the marriage of children is quite high as the figures show that more

⁸⁴ ADB. 2014. Interim Country Partnership Strategy: Myanmar, 2012-2014

⁸⁵ MEDA. 2015. Value Chain Assessments for Southern Shan and Kayin States

⁸⁶ Focus Group Discussion conducted by the Research Team in June 2016

⁸⁷ MEDA. 2015. Value Chain Assessments for Southern Shan and Kayin States

⁸⁸ Ibid

⁸⁹ Gender Equality Network. 2015. Raising the Curtain: Cultural Norms, Social Practices and Gender Equality in Myanmar

⁹⁰ Focus Group Discussion conducted by the Research Team in June 2016

⁹¹ Gender Equality Network. 2015. Behind the Silence: Violence Against Women and their Resilience

⁹² Gender Equality Network. 2015. Raising the Curtain: Cultural Norms, Social Practices and Gender Equality in Myanmar

than 88% of women can make decisions on these topics.⁹³ However, some studies claim that in cases where disagreement occurs, women usually must defer to the final decision of men.⁹⁴

In addition, women's decision-making at community meetings and social gatherings are even more limited. Even though these community activities provide spaces where women can learn and gain new knowledge by communicating and interacting with others, women's attendance is said to be low, especially in rural areas of Myanmar. A study made in Southern Shan and Karen States shows that for this reason women's involvement as leaders or decision-makers in village administration groups is rarely seen, and that women often do not voice their opinions, needs or interests in meetings; especially where men are present.⁹⁵ Women's participation in community affairs are understood to be limited to religious, social and cultural affairs, where they generally hold the roles of accountant, secretary or treasurer, or to women-only groups. On rare occasions where women took on community leadership roles, such roles are often restricted in terms of their decision-making authority.⁹⁶

In Myanmar, educational materials still include representations of stereotypical gender roles, which have been shown to have a negative impact on the confidence of women as leaders, making women feel uncomfortable in leadership roles or with the title of leader. Women are overly worried about not being able to fulfil expectations, and this stress sometimes causes the leadership role to become disempowering. Gender rights advocates have warned that stereotypes on the roles of men and women also have an impact on the perception of women's capacity, causing people to have low confidence in women's abilities simply because they are women.⁹⁷ Gender discrimination stemming from religious beliefs can also restrict women's participation and leadership in the public sphere. In Buddhism, which is the predominant religion in Myanmar, there is the idea of male superiority that gives higher authority and status to men, defining men as natural leaders and decision-makers. This idea is reinforced and reflected in societal and cultural practices, which could be one of the factors causing difficulties for women in holding leadership positions in religious, social and political institutions.⁹⁸

As shown in the example above, in some cases not only are women who are engaged in economic activities in rural areas barred from education and training useful for economic activities, but education in itself may be creating gender roles and stereotypes leading to limitations in women's positions and the types of work they engage in. Not only do government and stakeholders need to improve women's access to education and training, but they must allow women the same opportunities as men to all types of education; even those which are culturally considered to be for men.

⁹³ Pact. 2015. Results from Pact's Microfinance Projects in Myanmar

⁹⁴ Results from the survey conducted in Southern Shan and Kayin State. MEDA. 2015. Value Chain Assessments for Southern Shan and Kayin States

⁹⁵ Ibid

⁹⁶ Oxfam, CARE, Trócaire, ActionAid. 2012. Women & Leadership

⁹⁷ Ibid

⁹⁸ Gender Equality Network. 2015. Raising the Curtain: Cultural Norms, Social Practices and Gender Equality in Myanmar

Chapter 2 Finance and Microfinance in Myanmar

2.1 Access to Financial Services

Although reliable national data on the state of financial access is scant, recent research concludes that Myanmar lags behind neighboring ASEAN countries in the quest for Financial Inclusion (FI). A 2013 study revealed that bank account holders stand at only 5% of the adult population⁹⁹ (women account for less than 1.5%)¹⁰⁰ due to public mistrust of banks and the cumbersome processes required for using bank services.¹⁰¹ The ratio of the Myanmar population with access to formal financial services, which stands at approximately 30% (Figure 2-1), is on par with that of countries such as the Philippines, Laos, Viet Nam and Indonesia, but the majority of them are assumed to be male farmers with an account at a government owned MADB.¹⁰² The approximately 19% loan uptake over the past year is also largely the result of the agricultural seasonal loans made by MADB. Agricultural loans reach more than 2 million farmers,¹⁰³ although most of the loans are small, inflexible,¹⁰⁴ and granted to men.

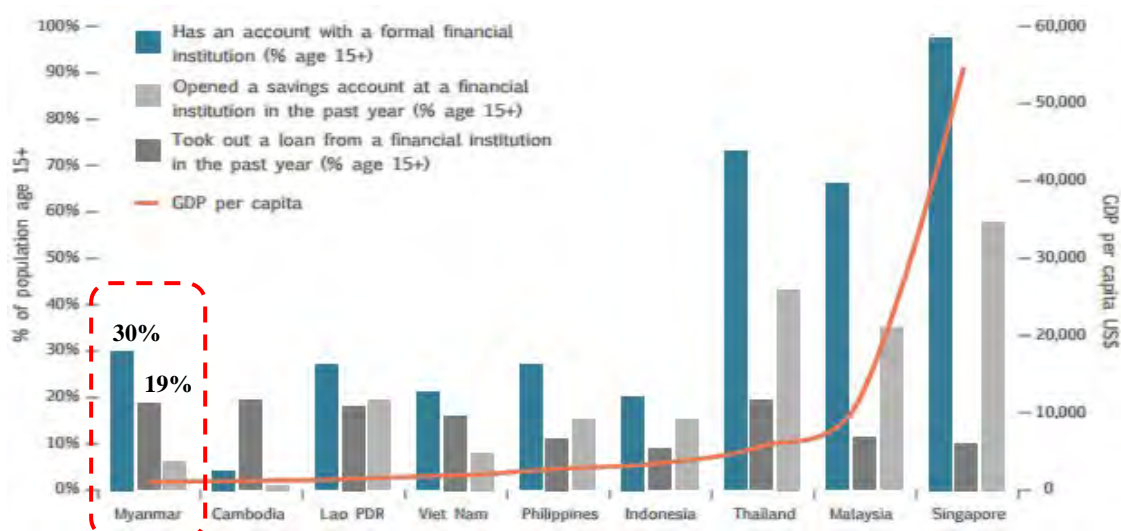


Figure 2-1 Population using Financial Services vs GDP per capita in ASEAN Countries

Source: Source: UNCDF. 2015. ASEAN Financial Inclusion for What?

Aside from MADB loans, the most widely available forms of formal financial services are those provided by cooperatives and pawn shops (Figure 2-2). Yet the use of these sources is limited compared to the large, informal financial pool with an estimated value of USD 3.9 billion; equivalent to 80% of the sum of the formal commercial bank loans in the country.¹⁰⁵ Informal financial services

⁹⁹ UNCDF. 2014. Myanmar Financial Inclusion Road Map

¹⁰⁰ Sandar Oo. 2014. The role of finance in women's economic empowerment in the ASEAN region

¹⁰¹ ADB. 2015. Developing Myanmar's Finance Sector to Support Rapid, Inclusive, and Sustainable Economic Growth; GIZ. 2013. Myanmar's Financial Sector; KPMG. 2013. The Banking & Financial Services Sector in Myanmar

¹⁰² UNCDF. 2013. FinScope Myanmar: Survey Highlights

¹⁰³ MADB; UNCDF. 2014. Myanmar Financial Inclusion Road Map

¹⁰⁴ Farmers would like to use loans to purchase farm inputs, but MADB loans are issued weeks after this period. Also, farmers must repay loans just after harvest when crop prices are at the lowest; they would like to wait for the prices to rise before they start selling their farm produce. Proximity Design. 2013. Afford TWO, Eat ONE

¹⁰⁵ UNCDF. 2015. Project Document Expanding Financial Access in Myanmar 2015-2020

are offered by families and friends, community savings and/or credit groups, unregistered pawn shops, and money lenders. It is widely acknowledged that women comprise a high percentage of users of these informal financial services. There is a large untapped market potential for formal financial institutions to replace these informal systems.

Against this backdrop, the Myanmar government adopted the Myanmar Financial Inclusion Roadmap 2014 – 2020, which was drafted and endorsed by local and international stakeholders. The roadmap is largely underpinned by the ambition to increase the population with access to formal financial services (FI from 30% to 40% and adults with more than one formal financial service from 6% to 15%) through the development of affordable, quality and effective services, and to improve the quality and effectiveness of financial services. Strengthening the financial sector and ensuring FI in the government's priority segments (agriculture, MSME and low income households) are outcomes to be pursued in order to realize this roadmap (Table2-1). The FI inter-ministerial steering committee¹⁰⁶ holds monthly meetings to execute the roadmap.¹⁰⁷ Currently, the committee is being reorganized so that it functions in accordance with the new administration. The goals of the roadmap were reemphasized at the second committee meeting held in September 2015,¹⁰⁸ yet the degree to which the goal has been achieved is unknown as necessary data has yet to be collected.

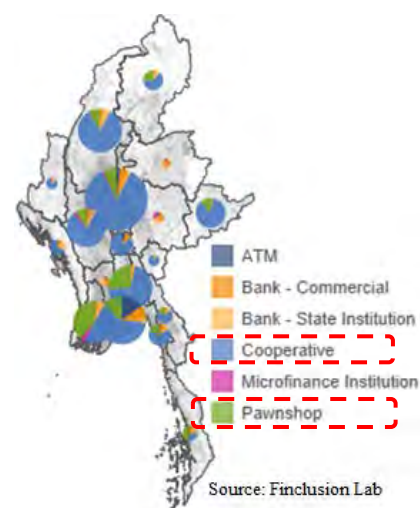


Figure 2-2 Total Number of Type of Access Points against Population Density

Source: Finclusion Lab

¹⁰⁶ Members included representatives of Ministry of Finance, Ministry of Cooperatives, Ministry of Agriculture and Irrigation, Ministry of Industry – SME development, MEB, CBM, UMFCFI, FRD, MFI etc.

¹⁰⁷ Interview with UNCDF in June 2016

¹⁰⁸ Former Ministry of Finance Home Page; Interview with UNCDF in October 2016

Table 2-1 Myanmar Financial Inclusion Roadmap 2014 – 2020 Overview

Outcomes	Outputs	Activities
The financial sector is strengthened and is able to support FI	Institutions critical to financial inclusion are strengthened or created where they do not exist	<ul style="list-style-type: none"> • Reform the regulatory and structural environment to ensure that it is sound and fully supports the sector players in achieving their goals towards financial inclusion • Ensure that commercial banks are fully enabled to serve the mass market as well as to provide services to other players in the low-income market • Develop and support MFIs and Cooperatives so that they are fully able to complement the banks and other players across all market segments, especially the low income • Reform and strengthen key SFIs (MEB and MFTB) affecting other players in the financial inclusion value chain • Establish a consumer credit bureau to serve all service providers in the retail space
	Current market barriers across product categories and the ecosystem in which they operate are addressed to grow formal intermediation	<ul style="list-style-type: none"> • Increase credit supply • Mobilize savings • Introduce and expand e-payment • Catalyze insurance sector development • Expand distribution footprint • Improve product design • Promote financial education and responsible finance
Increased and improved quality of financial inclusion is achieved in the three priority segments chosen in line with government policy and objectives.	Improved financial access in agriculture, livestock and fisheries by increasing the quality and diversity of products available to farmers	<ul style="list-style-type: none"> • Improve MADB's outreach, quality and diversity • Enable multiple financial service providers in agriculture • Promote agricultural value chain interventions to support farmers
	Increased financial access to MSME by strengthening institutions best positioned to serve them	<ul style="list-style-type: none"> • Support existing government initiatives to increase finance to MSMEs • Support expansion of asset finance by commercial banks and other players • Enable a wider range of providers to provide services to MSMEs
	Better financial inclusion and resilience to low income households by creating and incentivizing business models and partnerships that are best positioned to provide the services, especially in rural areas	<ul style="list-style-type: none"> • Enable actors in the low-income segment to implement broader support

Source: UNCDF 2013. Myanmar Financial Inclusion Road Map 2014-2020

2.2 Financial Landscape

Myanmar's financial sector is highly opaque (with little publicly available information) and fragmented, yet some inferences can be drawn from piecing together what is available from existing sources. Since the 2003 financial crisis, the country has set stringent financial policies and a strict banking system. Yet some deregulations and policy revisions have been seen over the last years. Myanmar's financial sector is at a very nascent stage, but does exhibit promising prospects as evidenced by its recent growth.

Although Myanmar's domestic credit to private sector GDP in 2013 is the lowest out of other ASEAN countries at 14% (Figure 2-3), the figure has been increasing incrementally since the opening of the economy in 2011. Assets held by banks have quadrupled since 2011 attended by the growing amount of loans extended. The increase is driven primarily by the private banks, which occupy roughly half of the total banking sector assets in 2014/15.¹⁰⁹

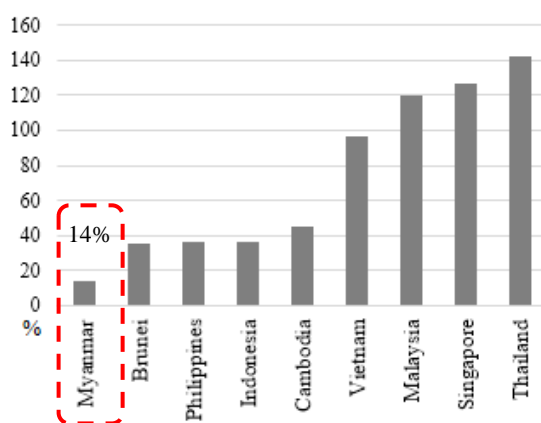


Figure 2-3 Domestic Credit to Private Sector GDP (2013)

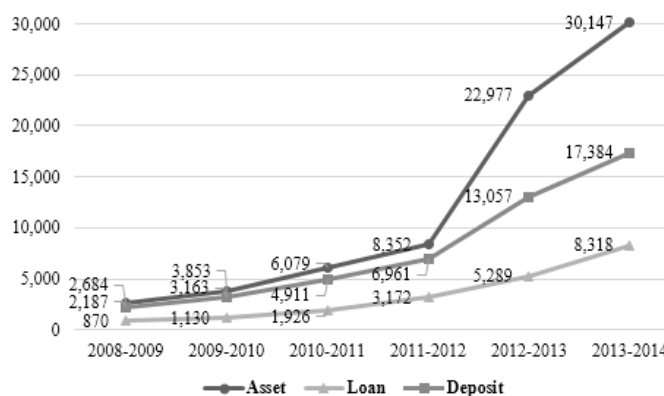


Figure 2-4 Myanmar's Financial Sector Growth (2008-2014) (MMK Billion)

Source: Created by Study Team based on GIZ (2015) Myanmar's Financial Sector

Private banks show a strong appetite for lending, whereas the government-owned banks' lending practices are rather timid.¹¹⁰ Government-owned banks are reluctant to disburse loans due to their rather irrational interest rates regulated by the Central Bank of Myanmar (CBM). For example, under the Central Bank policy, private banks can set their annual loan interest rates between 10% and 13%, and their annual deposit interest rates between 8.25% and 10%.¹¹¹ Yet the state-owned banks have less flexibility in interest rate setting and thus smaller profit margins. The bulk of the state-owned MEB credit is channeled to other state-owned enterprises with a fixed annual interest rate (4% for MADB and 9.5% for Myanmar Small Loans Enterprise (MSLE)),¹¹² while its deposit interest rate's lower bound is 8% per annum. MEB therefore has lost its incentive to collect deposits and operates at a loss, relying heavily on government subsidies. For the same reason, MADB also reported a loss in 2016 due to the fact that agriculture loan's interest rate to farmers was as low as 5%.¹¹³ Now, donors and CBM is taking steps to improve the operational sustainability (e.g. by changing interest rates) of these state-owned banks.

¹⁰⁹ IMF. 2015. Country Report

¹¹⁰ GIZ. 2013. Myanmar's Financial Sector

¹¹¹ Myanmar Ministry of Finance. <http://www.mof.gov.mm/en/content/myanma-economic-bank> Accessed in June 2016.

¹¹² MSLE is a state-owned financial institution that supervises licensed pawn shops and other semi-formal financial entities.

Source: OECD. 2014. Development Pathways Multi-dimensional Review of Myanmar

¹¹³ Interview with MADB in June 2016.

2.3 SME Finance

Myanmar's private banks are becoming increasingly bullish on enterprise lending and are now reaching out to the SME sector. Yet the banks' capacity to serve SMEs is limited since loans to SMEs are often identical to regular loan products and not designed for SMEs' needs and limits, requiring only physical assets such as property and buildings as collateral.¹¹⁴ It is believed that many SMEs in Myanmar do not have sufficient collateral to obtain bank loans. Paired with hurdles such as the lack of a formal company status and the capacity to prepare necessary documents, SMEs commonly cannot resort to banks for financing.

The government endeavors to fill SME funding gaps through the Small and Medium Industrial Development Bank (SMIDB); a private bank created by the Ministry of Industry. However, some private banks see this act as crowding out their incentives to invest in SMEs, since SMIDB can mobilize capital by borrowing from MEB at an interest rate of 4% per annum.¹¹⁵

The government and related ministries have welcomed donor assistance to enhance SME financing. GIZ provides technical support to the Kanbawza Bank (KBZ), Yoma Bank, and SMIDB to improve services to SMEs and increase their SME loan portfolios.¹¹⁶ JICA launched two tranches of the Two Step Loan (TSL) to SMEs, which was distributed to private companies through local banks.¹¹⁷ A credit guarantee system is catching the attention of donors and the government as a breakthrough to non-collateralized loans to SMEs. The SME Development Department of the Ministry of Industry began experimenting with Credit Guarantee Insurance (CGI) funded by the Ministry of Planning and Finance, offering collateral-free loans at a guarantee fee of 3%.¹¹⁸ There have been no gender specific approaches from either the government-led banks or private banks in the provision of SME loans.

2.4 Situation and Challenges of Women's Access to Finance

In Myanmar, household borrowing and savings have traditionally been the responsibility of women. It is also commonly perceived that FSPs prefer lending to women due to their trustworthiness, which results in women having wide networks with various FSPs.¹¹⁹ Recently, more women have been utilizing this prerogative to start or grow their businesses with loans from FSPs. Especially low-income and poor households find it increasingly difficult to be solely dependent on men's income due to inflation and rises in commodity prices.¹²⁰ To protect their families from financial distress, more women are entering the labor force and earning additional income for the families. It can be said that the modern

¹¹⁴ GIZ. 2015. Myanmar's Financial Sector

¹¹⁵ ADB. 2015. Developing Myanmar's Finance Sector to Support Rapid, Inclusive, and Sustainable Economic Growth

¹¹⁶ GIZ. 2016. Financial Sector Development in Myanmar – Promotion of SME Finance in Partner Bank.

¹¹⁷ SMIDB is currently the only participating bank in the TSL. Other banks have not participated presumably because loans are restricted to the companies registered at DICA.

¹¹⁸ Interview with the Ministry of Industry, Department of SME Development in June 2016. SME registration at the Department of SME Development is a precondition for the application.

¹¹⁹ Interview with IFC in June 2016; Myanmar Survey Research. 2013. Summary Report Making Access to Financial Services Possible (MAP) in Myanmar

¹²⁰ FGDs conducted by the Research Team in June 2016

day woman in Myanmar at the grassroots level uses financial tools for two reasons: to protect her household budget, and to establish and sustain her business.

That said, it is commonly understood that women engaged in economic activities struggle to access useful and reliable financial tools.¹²¹ The threshold for women to access loans from banks remains high. Most bank loans require collateral in the form of land or property, which is in most cases registered under the name of male members rather than their wives, mothers or daughters.¹²² When women decide to launch or expand their businesses, they turn to savings; either those of their own or of their families or relatives.¹²³ Household savings are the preferred source for working capital in business. When savings from these sources are not sufficient, women resort to borrowing from a range of different sources. Some community-based platforms, such as religious or village-level associations and funds, often called “Mae Sue” or “Su Kye”,¹²⁴ provide financial support for women’s livelihoods and businesses. Pawn shops (formal and informal) and IMLs are often the last resort for women due to high interest rates and are used to acquire quick cash. MFIs became an alternative to pawn shops and IMLs because of their lower interest rates. Remittance and insurance services are also in demand. Remittances from families and relatives also play a significant role to women as another source of family income.¹²⁵ Formal insurance services are largely alien to low-income women (as well as men), yet MFIs and cooperatives offer unregulated quasi-insurance services to address women’s needs.¹²⁶

¹²¹ FGDs conducted by the Research Team in June 2016 and UNCDF. 2013 Myanmar Financial Inclusion Road Map 2014-2020

¹²² ADB. 2016. Gender equality and women’s rights in Myanmar: A situation analysis; MEDA.

¹²³ USAID. 2016. Ecosystem for Women's Entrepreneurship-Myanmar 2016; UNCDF. 2015. Myanmar Financial Diaries

¹²⁴ FGDs conducted by the Research Team in June 2016

¹²⁵ Cross border remittance to Myanmar totaled USD1.3 billion in 2014/15 which is 2% plus of the country’s total GDP: IMF 2015. Country Report

¹²⁶ UNCDF. 2014. Financial Inclusion Country Report

Table 2-2 Women's Use of Financial Sources

FSPs	Women's use of the financial sources
Banks	The process to obtain a bank loan is often protracted and cumbersome. To top it off, women struggle to receive bank loans since banks require collateral in the form of titled land, which is mostly under a man's names. Even though half of women in Myanmar are estimated to be engaged in agricultural activities, ¹²⁷ banks, such as MADB, mainly serve male farmers because agricultural land is normally held by men. Due to a general distrust of banks triggered by multiple financial crises after 2003, women prefer savings in the form of assets, such as gold or property, as opposed to holding a savings account in a bank. Bank accounts are often merely a means to receive payments and remittances, which are then likely to be withdrawn soon after the transfers are made.
MFIs	The majority of MFI clients are women from low-income households. Women can borrow up to MMK 5,000,000 at an interest rate of up to 30% per annum, depending on the policy of each MFI. ¹²⁸ Clients must comply with the rules and procedures set by each MFI, which in most cases include the requirement to form a group among themselves and attend regular center meetings. Still, many microfinance loans offer little flexibility such as the tolerance to adjust the size, timing and repayment schedule according to the client's needs. This makes it difficult for women to procure cash for farming activities and sudden calamities in which timing and the size of loans are critical.
Cooperatives	Myanmar has thousands of formally registered cooperatives that function as a deposit taking and credit issuing mechanism for their members. China Exim Bank commenced funding to cooperatives through the Myanmar Microfinance Bank (MMB) in order to extend micro-agri-loans to farmers since 2013. Although there is no reliable data on women's use of financial services offered by formal cooperatives, the number is thought to be insignificant. The cooperatives' loan interest rates are legally set at 18% per annum, which is more favorable than MFI loans. Deposits yield interests of 12% per annum. ¹²⁹
Savings and/or Credit Groups	Savings clubs and SHGs create a useful lump-sum for the members who lack access to other means. Rotating Savings and Credit Associations (ROSCA) help the community access affordable loans (interest rates are approximately 3% per annum) in addition to savings services. Members are often bound by common interests such as the sharing of religious beliefs or economic and social dividends. Women belonging to a group can draw sums of money to invest in their businesses. Some groups offer social safety nets for members and families by compensating and providing stipends for events such as illnesses and injuries, weddings and funerals, and children's education. Such groups are informal and thus are unprotected by law.
Pawn Shops	With roughly 2,000 registered brokers (licensed by MSLE) and thousands of informal agencies nationwide, pawn shops provide quick and ready loans for gold and jewelry. ¹³⁰ Women are well aware of where pawn shops are located in their neighborhoods and how they operate. ¹³¹ Women are likely to resort to pawn shops more for emergency cases than for creating or developing their businesses, as interest rates can sometimes range up to 200% per annum (the interest rate on loans from formal pawn shops is set at maximum 36% per annum).
Informal Money Lenders (IMLs)	IMLs come in various forms; landowners, merchants, specialists and others. Women take loans from IMLs for their speed, simplicity and proximity but pay a high premium for the service with interest rates commonly ranging between 100% and 200% per annum. ¹³² Loans are often short-term as interest rates are high and thus unfit for business investment purposes.
Hundis	Hundis are merchants and commodity dealers with a wide national and international network and are a popular informal mechanism for the transfer of cash between individuals. The system is well known and highly used among internal and international migrants. The service fee is as low as USD 1 per remittance, ¹³³ which results in people preferring Hundis to banks due as well to their ease of use and readiness.

¹²⁷ ADB. 2014. Interim Country Partnership Strategy: Myanmar, 2012-2014

¹²⁸ Government of Myanmar. 2011. The Microfinance law

¹²⁹ Interview with Ministry of Agriculture, Livestock and Irrigation, Department of Cooperative in June 2016

¹³⁰ UNCDF. 2014. Financial Inclusion Country Report

¹³¹ UNCDF. 2013. Making Access to Financial Services Possible (MAP)

¹³² GIZ. 2015. Myanmar's Financial Sector; FGD conducted by Research Team in June 2016

¹³³ Myanmar Survey Research. 2013. Summary Report Making Access to Financial Services Possible (MAP) in Myanmar

Although women are surrounded by a veritable smorgasbord of financial tools, women without proper financial and business knowledge are sometimes subject to risks of usurious interest rates or over-indebtedness by accessing these services. Women can fall into a debt trap unless they understand the nature and consequences of each of the financial tools. Once a woman is over-indebted, managing her business becomes increasingly difficult as she will be busy juggling multiple loans every day. Due to the informality of some of these financial sources, women who face difficulties managing the loans often go unnoticed and are unprotected. Women's businesses at the grassroots level are also particularly vulnerable to sudden calamities, such as theft, fire, drought and floods (some of which affect agricultural output); unless adequate financial safety nets are in place. This implies that affordable and useful financial services designed to address women's needs, as well as the means to deliver information and knowledge to women, are central to women's economic empowerment.

2.5 Microfinance's Impact on Gender Issues

With a large majority of its clients in Myanmar being women (80 to 90%),¹³⁴ microfinance is perceived as a means to drive women's business startups and expansions, generate employment and alleviate poverty; but it also significantly influences, either directly or indirectly, the way women deal with gender issues.

First, microfinance alleviates the "double labor burden" of women mentioned in Chapter 1. Women can be consumed by the stress of dealing with financial decisions, not only at the business level but also at the household level, when they are deprived of access to the right coping mechanisms. MFI clients in the FGD almost unanimously agreed that microcredit decreased the overall level of household debt because the interest rates on loans were cheaper than those they had accessed before. Moreover, studies conducted in other countries conclude that women given access to micro-savings services invested more in their businesses, spent more on consumption, and had higher decision making power as compared with those who did not have such access.¹³⁵ It is fair to expect that these services will have the same effect in Myanmar. Voluntary micro-savings services, wherein the deposit and withdrawal transactions are made freely by the client, are not widespread in Myanmar as of yet; but will experience steady growth over the coming years.¹³⁶ A well-designed microfinance service that is tailored to women's activity patterns can free women from the burden of money shortages, expensive financial products and the complicated money transactions of other sources.

Although MFIs operating in Myanmar rarely directly address the type of gender issues raised in Chapter 1, including the differences in wages and access to machinery and education, seen between women and men; the combination of microfinance with training and "microfinance plus" products and services may mitigate gender disparities.¹³⁷ For example, a Myanmar-based MFI has made farm machinery available

¹³⁴ Interview with MMFA in June 2016

¹³⁵ Jake Kendall, Bill & Melinda Gates Foundation.2010. Improving People's Lives Through Savings

¹³⁶ UNCDF as well as other donors are engaged in activities to encourage MFIs to mobilize savings and to promote the importance of savings to FSP and the Government.

¹³⁷ Micorfinance Plus refers to products or services related to health, education, energy or environmental programs. CGAP.

for women engaged in agriculture. The MFI invented the world's smallest affordable (USD350) solar irrigation pumps that women can carry and use with ease, and sells them under its microfinance scheme.¹³⁸ Once women acquire the equipment through MFIs, their labor productivity improves and the wage gap between men and women diminishes. Another MFI would like to offer easy-to-use solar household home appliances, such as refrigerators and cooking stoves, through microfinance to reduce the time spent by women on unpaid housework and to ease the "double labor burden".¹³⁹ In addition, many MFIs strive to provide their female clients with useful education and training that enable business start-ups and scale-up. These learning opportunities mitigate the gender inequality in education faced by grassroots and rural-based women.

Meanwhile, studies suggest that microfinance also has other non-financial implications. Research indicates that female MFI clients have a slightly higher household decision-making power on purchasing assets (95%), sending children to school (97%) and arranging the marriage of children (96%) than women who are not members of MFIs (88%, 93% and 93% respectively).¹⁴⁰ Other research shows that the number of years women have been members of an MFI is correlated to their household decision making power, and this correlation is stronger for poorer households.¹⁴¹ A further hypothesis can be drawn from these study results that it is not the financial services alone that create this paradigm, but that the social-networking effect through microfinancing influences women's behavior. UNDP also issued a report suggesting other positive impacts that microfinance brings to beneficiaries such as confidence building and social-networking.¹⁴² MFI clients who attended FGDs also feel that becoming a member has helped build their confidence at the household level as well as in society.¹⁴³

2.6 Microfinance Status and Challenges

Since most of MFI clients are women, microfinance is portrayed by practitioners and donors as one of the agents to realize women's economic empowerment. In order to have a real impact on women's livelihoods in Myanmar, microfinance practitioners must set the right formulae. Yet there is tremendous room for improvement in Myanmar's microfinance sector. The challenges for the microfinance sector can be assessed from the perspective of three different levels: Macro (policy, regulatory framework and supervision), Meso (supporter of service providers) and Micro (financial service providers).

2.6.1 Macro Level: Policy, Regulatory Framework and Supervision

The 2011 Microfinance Law (The Pyidaungsu Hluttaw Law No.13) and a number of subsequent provisions drew substantive criticism that it impedes market development rather than enhancing it. MFIs operating in Myanmar had difficulties in securing working capital due to restrictions on savings

¹³⁸ TEDxInyaLake. 2016. Designing for People Living on A Dollar A Day: Debbie Aung Din

¹³⁹ Interview with Vision Fund Myanmar in June 2016

¹⁴⁰ Women's decision making power is high across the board in Myanmar. Pact. 2015. Results from Pact's Microfinance Projects in Myanmar

¹⁴¹ University of Lund. 2013. Women's Empowerment through Microfinance: A case study on Burma

¹⁴² UNDP. 2011. Sustainable Microfinance to Improve the Livelihoods of the Poor Project Proposal for United States Agency for International Development Funding

¹⁴³ FGD with MFI clients in June 2016

mobilization and external borrowing.¹⁴⁴ The regulations placed a heavy burden on MFIs by making it mandatory for MFIs to maintain a rural to urban client ratio of 50 percent and to conduct annual client data collection.¹⁴⁵ However, these regulations have been amended have been in effect from Aug 29th 2016 (Table 2-3). In July 2016, an amendment to the Regulatory Framework for Microfinance Business was drafted based on the policy reform recommendations submitted by the Myanmar Microfinance Association (MMFA) in early 2016. Although microfinance practitioners and stakeholders commended the Microfinance Supervisory Committee (MSC) and FRD that inspect and supervise MFIs for their flexible response,¹⁴⁶ apprehending the Myanmar microfinance context and reviewing and updating the law and regulations are a continuous process for which the government is responsible. Such a process is yet to be institutionalized in the government's operations.¹⁴⁷

Table 2-3 Summary of the Amendment of the Microfinance Law and Regulations on Aug 2016

Issue	Before	After
Fund borrowing	Local MFIs were prohibited from borrowing from overseas, while international MFIs were prohibited from borrowing locally.	With the approval of MSC, all MFIs can borrow both locally and from overseas (Requires CBM's approval if the borrowing is in a foreign currency).
Rural activities	50% of clients must be based in rural areas.	Although operations in rural areas are encouraged, MFIs may carry out microfinance activities in any area.
Deposit taking	Neither compulsory nor voluntary savings may exceed 5% of loan size, and the interest rate must be no less than 15%.	The share of total voluntary savings cannot exceed the prescribed solvency ratio, and the interest rate floor is set at 10%. The conditions for compulsory savings remain the same. ¹⁴⁸
Paid-up Capital	A minimum of MMK 30 million for deposit taking MFIs and MMK 15 million for non-deposit taking MFIs.	The minimum has increased to MMK 300 million for deposit taking MFIs and MMK 100 million for non-deposit taking MFIs.
Solvency ratio, liquidity ratio, loan categories and Loan loss provision	The solvency ratio must be more than 15%, and the liquidity ratio must be more than 30%.	The minimum solvency ratio has decreased to 12%, the liquidity ratio to 25%, and loan loss provision must be made according to days past due of loans.
Client base-line data	MFIs must collect and submit data which measures the socioeconomic development of clients.	MFIs need not collect and submit client base-line data.
Client Protection	None stated	MFIs must comply with Smart Campaign's Client Protection Principles ¹⁴⁹

Source: Unofficial Translation: Government of the Republic of the Union of Myanmar Microfinance Supervisory Committee Notification No. (1/2016)

¹⁴⁴ The current law and regulation limits MFIs voluntary and compulsory savings take-up at 5% each against total loans outstanding. Local MFIs are not allowed to mobilize foreign funds while international MFIs are not allowed to borrow from local financial institutions in Myanmar. Source: The Government of Myanmar. 2011. The Microfinance law

¹⁴⁵ Interview with MFIs in Myanmar in June 2016.

¹⁴⁶ Microfinance workshop carried out in July 2016

¹⁴⁷ Interview with multiple donors in Oct 2016

¹⁴⁸ Deposit taking MFIs must meet requirements such as a having minimum of 300 million MMK in paid-up capital balance and a minimum of 300 million MMK in total equity, having a minimum of 3 years' experience in carrying out microfinance activities in Myanmar, having profits made for a minimum of 2 consecutive year, and having properly operating MIS.

¹⁴⁹ Smart Campaign is a global campaign that measures financial institutions' level of care for their clients according to set standards.

Currently, FRD collects MFI data on a monthly basis for the purpose of supervising MFI operations. The data is later double-checked by FRD at the state and regional office levels twice a year through direct visits to MFIs.¹⁵⁰ Yet the MFI supervisory procedures conducted by FRD are time-consuming, costly, and inefficient. Approximately 100 FRD staff members, who are responsible for MFI inspection out of a total of 300 FRD staff members, have little knowledge of microfinance and are likely to be carrying out inefficient inspections. FRD collects and verifies income statements and balance sheet reports as well as information on portfolios, including the number of clients and the repayment rate from MFIs, every month;¹⁵¹ though these are not being put to use in an effective and efficient manner as they are not fully stored and managed within an IT system. It has also been reported that FRD often overlooks MFI activities that are non-compliant with the law and regulations. As such, improvements in FRD's microfinance inspection methodologies is called for.

FRD has consultants from the World Bank, ADB and UNCDF working on the improvement of its supervisory operations. The reviewing and revising of microfinance policies and laws have received support from donors, including the World Bank, ADB and UNCDF. UNCDF remains a strong supporter of the implementation of the FI Roadmap and has participated in the monthly inter-ministerial steering committee meetings. The World Bank and ADB consultants have conducted onsite and offsite trainings to FRD inspectors and Training of Trainers (ToT) to selected FRD personnel. FRD will receive support on the revision of the microfinance's legal framework under the World Bank's upcoming project, and on the application of and training on a database system from USAID.¹⁵²

2.6.2 Meso Level: Supporters of Financial Service Providers

Myanmar's microfinance blossomed under the auspices of donors and international organizations. The first MFI to operate in the country was a multi-donor funded Pact (now known as Pact Global Microfinance Fund: PGMF), which is still the largest MFI in terms of loans-outstanding and number of clients. In addition to running its own microfinance business, PGMF disseminates its methodologies to local MFIs.¹⁵³ In 2015, PGMF trained 9 local MFIs under the Myanmar Access to Rural Credit (MARC) project funded by LIFT (Livelihoods and Food Security Trust Fund).¹⁵⁴ PGMF has had a large impact in shaping microfinance in Myanmar with many local MFIs being formed from former PGMF staff or trainees.

Although Myanmar would like to see the breadth of microfinance outreach grow, there is substantial unmet demand for financial and technical support for the MFIs that is needed to be able to undertake this ambition. International microfinance funds and MIV were reluctant to invest in international MFIs operating in Myanmar as the interest rate for local currency loans was capped at between 8 to 13% per

¹⁵⁰ Interview with FRD and MFIs in June 2016

¹⁵¹ MFIs are obligated to submit to FRD the population of the townships they operate. MFIs see it as bizarre since these statistics are gathered and managed by the government.

¹⁵² Interview with UNCDF Sep 2016

¹⁵³ Policy makers and stakeholders often make a distinction between local MFIs and international MFIs as the features are quite distinct between the two categories.

¹⁵⁴ LIFT. LIFT Annual Report 2015.

annum¹⁵⁵, which barely covers foreign currency risks. As for local MFIs, the majority are self-financed, since the Microfinance Law and regulations prohibited local MFIs from accessing foreign funding and local banks are generally an unpopular source for funding though the law allows local MFIs to borrow from MMB and MEB.¹⁵⁶ The new microfinance directives adopted in August 2016 removed the major funding barriers, allowing both local and international MFIs to receive funds whether locally or from overseas. It is also worth noting that Myanmar has not seen the development of a microfinance apex organization that sources funds to MFIs.

Access to technology is an important factor that determines microfinance efficiency, yet it has not had momentum in Myanmar. Most MFIs (apart from international organizations) as well as FRD do not use Management Information Systems (MIS) that could facilitate and speed up the processing and analysis of microfinance client data. MIS are not only expensive for most small MFIs but may be unfamiliar for most employees. Currently, MFI officers spend considerable time on paper-based recordkeeping and inputting that data on to office computers. Most MFIs are keen on reducing this manual work through IT tools but do not have sufficient in-house knowledge.¹⁵⁷ For the same reasons, MFIs' adaptation of mobile banking, branchless banking and payment systems is a slow process, and it will take many years for Myanmar to be able to see a full-scale credit bureau system.¹⁵⁸

In other countries, microfinance platforms have played important roles in surmounting some of these obstacles. MMFA has only recently been formed but is now developing into a viable hub through which MFIs can convene and connect.¹⁵⁹ The 15 MMFA executive committee members, chosen in 2013, carry out periodic meetings to discuss microfinance issues and MMFA roles. Their midterm goal is to enhance advocacy activities, gather and impart information and knowledge, provide training and capacity building activities, and promote better access to financial resources for MFIs. MMFA has organized several ad-hoc trainings for MFIs (for people of an executive level) with the assistance of IFC and USAID. ADB supported MFI trainings organized by MMFA on Smart Campaign, client protection and code of conduct. Yet MMFA still has a long way until it develops in to a full-fledged microfinance platform due to the shortage of funds, human resources, and technical capacity. International organizations, such as Appui au Développement Autonome (ADA), are expressing interest in supporting the development of MMFA.¹⁶⁰

2.6.3 Micro Level: Financial Service Providers

In July 2016, FRD acknowledged 167 licensed MFIs in Myanmar (in July 2016, 77 cooperative MFIs returned their licenses as they will continue their operations under the Cooperatives Law) (Table 2-4).

¹⁵⁵ Interview with LOLC and BOPA in October 2016

¹⁵⁶ Interview with FRD in June 2016; MMFA. 2016. Policy Reform Recommendations to Accelerate Microfinance in Myanmar

¹⁵⁷ Interview with MMFA in June 2016.

¹⁵⁸ IFC and CBM will complete the development of a credit bureau by 2016, yet the application of the system to microfinance will take further time.

¹⁵⁹ Microfinance Working Group (another MFI platform in Myanmar) mainly networks international MFIs, thus MMFA would be in a better position to network all MFIs operating in the country.

¹⁶⁰ Interview with MMFA in June 2016

FRD recently released aggregated market data on the number of clients, loans outstanding, total savings, and capital and assets; but disaggregated data for each of the MFIs was not provided. Estimates suggest that PGMF dominates approximately 50% of the market in terms of loans outstanding, followed by international MFIs such as Vision Fund and ACLEDA (Table 2-4). In contrast to these international MFIs, local MFIs are operating at a smaller scale with fewer branches in selected regions. Although no reliable gender-disaggregated data is available, it is estimated that approximately 80 to 90% of clients are women.¹⁶¹ Myanmar microfinance has been deemed successful for its high loan repayment rate with some MFIs professing to have a near 100% repayment rate.

Since PGFM has the largest outreach and is set as an example for local MFIs, most microfinance clients of local institutions receive joint-liability group loans, which are the main service offered by PGMF. Although several MFIs are experimenting with individual large loans based on clients' needs, there is seemingly little variation in the types of services most MFIs offer. Extending microfinance services to unserved populations is essential, but improving the quality of the microfinance services, so as to reflect the constantly changing demands of clients for their services, must also be integral to MFIs' regular operations.¹⁶² Microfinance should be promoted among women who are engaged in farming in rural areas or are of young age, which comprise a large portion of working women as mentioned in Chapter 1. Yet many MFIs struggle with this process partly due to local microfinance practitioners' dearth of experience and knowledge. For example, financial literacy training offered by MFIs should provide clients with practical tips and guidance on financial management to enhance their businesses, yet some MFIs only provide presentations on the different types of products they offer, claiming it to be financial literacy training. Staff cannot offer useful proactive suggestions to clients without having the opportunities to learn and adapt new and better practices. Furthermore, the hiring and training of local staff with the aptitude to deliver quality services is one of the biggest challenges faced by most MFIs.

As discussed in the previous section, the lack of funds for MFIs is stark. MFIs do not have sufficient capital to serve the growing geographic and demographic demand, or invest in innovative tools such as MIS. Having been barred from taking loans from abroad or even from local banks (although MMB and MEB are listed as de jure funders for local MFIs), local MFIs were only able to resort to self-financing. On the other hand, international MFIs can access foreign funds but were ruled out from domestic borrowing. The 2016 microfinance directives may offset the industry's capital shortage as all MFIs are now free to borrow from local and foreign funds with MSC's prior approval.

Technological adaptation is another area of concern for MFIs. MFIs carry out cash transactions with clients and periodically collect client data, yet such operations are mostly done manually. MFI staff take a significant amount of time recording information into their books, inputting it into computers, and preparing reports for submission to FRD. MFIs without the IT tools and knowledge to alleviate this process, especially those institutions that have not realized economies of scale, struggle to improve their

¹⁶¹ Interview with MMFA in June 2016

¹⁶² Ibid

operational efficiency. As noted earlier, MIS, the price for which can range from USD15,000 up to USD70,000, are often not affordable for local MFIs.¹⁶³

Social Performance Management (SPM) has caught worldwide attention as a tool to prevent MFIs from drifting from their core mission of alleviating poverty. Yet most MFIs operating in Myanmar, be it international or local, have not been able to institutionalize SPM. Vision Fund's use of the Progress out of Poverty Index (PPI), a component of the SPM, to make corporate decisions is not a common practice among other MFIs.¹⁶⁴ FRD and MMFA have yet to promote and carry out trainings for MFIs on the subject.¹⁶⁵

Attuning to Client's Needs: Microfinance Good Practices in Myanmar

Most MFIs in Myanmar share the same group lending methodology for increasing access to formal financial services so as to meet the goals set out in the FI Roadmap. Yet some MFIs that have concerns about the quality of the services that they deliver to their clients put a priority on the development of innovative services over simply setting the number of clients as their benchmark for success.

One MFI with a strong desire to understand and attend to individual needs meets with their clients 3 to 4 times before issuing a loan. This MFI thus does not require women to attend center meetings, but rather sends its field officers to visit their clients instead. Each field officer looks after 150 clients, which is smaller than that of other MFIs where the number is often in the order of 400-500. This MFI takes pride in the establishment of the client-to-field officer relationships.

Another MFI takes financial literacy training very seriously. They use picture stories depicting real-life critical situations that resonates with women and that they can deliberate on for better decision making in their workplaces and in their households. The MFI pairs this training with express loans that can be disbursed in a few days and used for emergencies such as illness and injury.

Innovation in agriculture related microfinance products is gradually emerging. One MFI developed the world's smallest irrigation pump, which can be used with ease by women, and sells it through microcredit. These innovative tools help improve agriculture yields and sustain farmer livelihoods. There is also a rural village based MFI that does not provide pre-fixed loan products, but decides the loan size, the disbursement timing and the repayment schedule only after meeting with their farmer clients.

Although there are such microfinance good practices emerging from Myanmar-based MFIs, the act of sharing, disseminating and building on the examples has not begun. Microfinance practitioners in Myanmar would like to see an effective structure that takes up such roles for MFIs.

Source: Interviews with MFIs and FRD carried out in June 2016

¹⁶³ Interview with Linklusion in June 2016

¹⁶⁴ Interview with Vision Fund in June 2016

¹⁶⁵ Interview with MMFA in June 2016

Table 2-4 Banking Sector in Myanmar (unit: MMK million)

Financial Institutions		Asset	Loan	Saving	Remarks
Government owned (4)	Myanmar Economic Bank (MEB)	22,203,500	1,881,653	7,902,941	Largest government-owned bank with 85% of loans allocated to other government related accounts. ¹⁶⁶
	Myanmar Agricultural Development Bank (MADB)				With MEB as the primary source of funds, the bank issues micro-agri-loans to approximately 2 million farmers.
	Myanmar Foreign Trade Bank (MFTB)				The only banks that were allowed to carry out foreign currency operations until 2011.
	Myanmar Investment and Commercial Bank (MICB)				
Semi-private banks (9)		21,827,169	11,666,246	16,182,212	Rural Development Bank, Myanmar Citizens Bank, Construction and Housing Development Bank, and 4 municipal banks
Private banks (15)					Larger banks in asset terms include Kanbawza Bank (KBZ), Ayarwaddy Bank (AYA), Co-operative Bank (CB), and Myawaddy Bank
Private MFI(167)	International NGO (5)	357,600	290,945	96,104	Although reliable data is limited, it is estimated that PACT Global Microfinance Fund (PGMF), Vision Fund Myanmar, ACLEDA Myanmar, Early Dawn and Proximity Finance tops the chart in active portfolio terms; all of which are international MFIs (Table 2-5).
	International Bank (22)				
	Local NGO (24)				
	Local Bank (112)				
	Joint Venture (4)				

Source: IMF. Country Report; GIZ. Myanmar's Financial Sector; FRD

Table 2-5 Top 5 MFIs in Myanmar

MFI	Features	Active Borrowers	Percentage of women borrowers	Active Portfolio (1,000 USD)	Average loan size (USD)	Active savers	Saving balance (1,000 USD)	Average savings (USD)	No of loan officers	Number of Branches	PAR30 ¹⁶⁷
PGMF	First MFI to operate in the country funded primarily by LIFT	645,110	98%	117,512	182	657,760	39,846	61	1,762	159	0.04%
Vision Fund	An international NGO operating in 30+ countries	77,781	87%	12,414	160	N/A	N/A	N/A	N/A	N/A	0.2%
ACLEDA	Cambodian based MFI	31,772	60%	8,753	275	49,695	361	7	54	145	0.01%
Early Dawn	Formerly known as Save the Children	60,778	100%	8,000	132	54,163	497	9	200	19	0%
Proximity Finance	Focuses on agricultural microloans	34,673	35%	7,200	208	0	0	0	136	9	0.02%

Source: Interview with each MFI carried out in June 2016

¹⁶⁶ IMF. 2015. Country Report¹⁶⁷ Portfolio at Risk (PAR) 30 is the percentage of loan amount which is more than 30 days overdue to active portfolio.

Chapter 3 Capacity Building for Women's Economic Activities in Myanmar

3.1 Women's Needs and Access to Capacity Building Programs

Chapter 2 - 2.4 "Situation and Challenges of Women's Access to Finance" discussed the importance of women accessing financing for their economic activities. However, even if women have access to loans and savings, they cannot be fully empowered without the technical and business skills to make use of these financial resources. Women who are engaged in business can be classified into "aspirationalists" and "survivalists"¹⁶⁸ with the former already being equipped with the acumen and skillsets for business, and the latter engaged in business out of the necessity to make ends meet. Universally, "aspirationalists" tend to be successful in their business, receiving high returns on their investments, but it is predicted that only a small percentage of entrepreneurs are classified in this group.¹⁶⁹ In contrast, "survivalists" have a larger chance of failing in their business. Under these conditions, credit may not help the "survivalists", but rather put them into a state of debt.¹⁷⁰ Thus, it is extremely important for the "survivalists" microfinance clients to have the capacity to be able to handle financial tools and run a sustainable business before taking on loans. Yet, as discussed in Chapter 1, the opportunity to access education and training in order to gain new skills and knowledge on running a business may be offered more to men than women, especially at the grassroots level and in the rural areas of Myanmar. Increased opportunities for women to receive capacity building would be conducive to closing the gender gap in knowledge, skills and self-confidence; which would then provide opportunities for women to be as equally active in the labor force as men.

3.2 Service Providers for Women's Economic Activities

A number of local and international NGOs and private organizations promote women's economic activities to build up women's capacity. Services provided by these organizations can be categorized into business skills, technical skills, self-help mindset and financial literacy with some organizations providing multiple types of support (Table 3-1). Their targets range from formal and established enterprises to the grassroots level that microfinance clients usually belong to.

¹⁶⁸ IFC. 2013. Investment Climate

¹⁶⁹ UNCDF. 2015. Decoding the customer MAP Global Insights series: Note 1 First impressions from a more granular approach to client typology.

¹⁷⁰ Ibid

Table 3-1 Summary of Service Providers for Women's Economic Activities

Types of Trainings	Characteristics	Organizations
Business Training	Organizations of this type offer entrepreneurship training and business training such as the preparation of business plans, business management, accounting, human resource management and marketing. UMFCCI's training is mostly targeted towards formal and established enterprises. EDNA and Opportunities Now (ONOW) offers training for the grassroots level.	UMFCCI, MWEA, EDNA, ONOW
Technical Skills Development	These organizations provide trainees with technical skills to produce and improve products; they are mainly TVET agencies (public and private institutions). Some of the TVET agencies target women at the grassroots level. Since this type focuses on "hard skills", it is recommended that the training be offered in combination with the above Business Type training.	TVET agencies
Self-help Mindset Development	Organizations of this type try to encourage self-help by empowering women at the grassroots level through various trainings. Trainings may include gender awareness, leadership, and women's rights. They tend to target low income families and women in the community. They often also provide simple business training and technical skills training, such as sewing and the production of liquid soaps, which are helpful for women to start up a new business at home.	THIRIMAY, YWCA, PS, WfW, WON, GEN, Metta Foundation
Financial Literacy Training	Mostly offered by MFIs. Organizations should provide clients with financial literacy so that clients understand how to invest, manage budgets, mitigate risks associated with borrowing money, and other important issues. However, most MFIs tend to explain only their products but do not enrich clients' knowledge on finance. Besides MFIs, other organizations also teach financial literacy.	MFIs

3.2.1 Business Training

Business training generally consists of business planning, marketing, accounting, and other relevant topics. Although there are several organizations providing training on these subjects, such as UMFCCI of which two-thirds of the trainees are women, they are mostly serving a group of women who belong to the middle to upper income levels; more specifically those who have finished at least secondary education and can afford the training fee. Thus, women at the grassroots level, especially those in poor communities or rural areas, have limited access to such business training; because most of them cannot meet these criteria. In addition, as women are overloaded with house chores, women entrepreneurs cannot easily find time to attend training, since the training schedule is not adapted to their daily activities. These constraints need to be taken into consideration when designing the training for women and its modalities.

While several of MWEA' members do conduct one-on-one mentoring on business tactics with women, it is not implemented on a strategic or national scale but rather in a non-strategic and individual-based manner, since the trainers themselves are busy women entrepreneurs. Thus the number of women that can be trained by MWEA is extremely limited. EDNA and ONOW are some of the organizations trying to fill the gap by providing easier access for grassroots women to business training, such as by providing training at places close to the women's domicile. ONOW trains women at places such as the village monastery, and EDNA has 10 branches across the country to accommodate women from all states and regions. While training supported by external funds or donations is provided (to both men and women)

free of charge,¹⁷¹ the problem with training for grassroots women is its limited outreach; ONOW has only been able to train 250 women since 2012. EDNA aims at training 9,000 entrepreneurs (which also includes men) within 3 years, but there are many women who are still unserved. Given the limited number of service providers, conducting ToT to increase mentors, as EDNA does, could be effective in reaching more women entrepreneurs.¹⁷² In terms of the training duration, EDNA's training continues for up to 6 months, including the classroom and mentoring period, while most business training providers only offer short term training for less than a week without a mentoring phase. EDNA believes that such long-term engagement with their trainees is necessary to ensure the building of entrepreneurs' skills.

3.2.2 Technical Skills Development

The TVET system in Myanmar is fragmented; a JICA study report indicates that 19 ministries were engaged in providing TVET as of 2013.¹⁷³ TVET outreach is also limited. According to a survey by DEval, most MSMEs are not familiar with the services provided as vocational training. The survey indicated that more than 80% of micro enterprises and 70% of small enterprises do not know about the TVET system.¹⁷⁴ This also implies that most women entrepreneurs, whether large or small, are unfamiliar with the service.

There are two types of formal and informal, public and private TVET. The most common type is training programs (an extension of school education) conducted at accredited schools, whereby official certificates are issued, with technological colleges and universities and technical high schools under the Ministry of Education (MoE) offering such programs. Public vocational training schools also fall into this category. The other type of TVET is a skill-up training for existing workers offered by informal (and some formal) and private institutions. Because of their flexibility in scheduling, skill-up training is in general more suitable for women who run their own businesses and at the same time have to take care of their families. It is not an easy task to map out what TVET providers are located where. While 490 public TVET institutions are listed in the JICA study, there is no consolidated data about the number and locations of private (and informal) training institutions. It is reported that at least one informal-type training center is found in each village and township. Since there is no clear demand and supply information on informal service providers, the former Ministry of Labor Employment and Social Security requested local governments to list the informal service providers. However, due to the limited manpower of local governments, the survey on demand and supply has not been completed.¹⁷⁵ More importantly, while there are many TVET institutions, gender disaggregated data on the number of women trainees, their background and the type of courses they have received does not exist, and thus it is not known how effective these trainings are in leveraging the technical skills of the women in

¹⁷¹ EDNA's project has been funded by LIFT, but EDNA would like to eventually self-finance their services.

¹⁷² EDNA hires and trains mentors in their localities. This helps enhance local entrepreneurship capacity.

¹⁷³ The number of relevant engaged in TVET has been reduced due to the restructuring of ministries after the forming of the new administration in 2016. JICA. Data Collection Survey on the Education Sector in Myanmar Final Report, 2013.

¹⁷⁴ DEval. 2015. Small and Medium Enterprise Survey Myanmar 2015.

¹⁷⁵ ILO. Assessment study of technical and training (TVET) in Myanmar. 2014.

Myanmar.

3.2.3 Self-help Mindset Development

There are organizations that specifically focus on the empowerment of vulnerable people in low-income groups, who are often marginalized from opportunities to be trained and educated. Some specifically target women and tackle gender issues, and many operate in areas that are poor and remote, or are still recovering from the scourge of conflict. Organizations take different approaches to deliver their services effectively: Precious Stone (PS) supports women to create Self Help Groups; and THIRIMAY has developed 18 women's cooperatives. Others provide services through village communities to anyone who lives therein.

The content of the training ranges from leadership skills and business mindset development to issues of peace and conflict, and gender. For example, THIRIMAY, Women for the World (WfW), YWCA, Metta Foundation and WON train women to become leaders not just through training but also by assigning them as project managers or leaders of community initiatives. Under WON's program, some women are assigned as steering committee members or secretariat staff, who are then engaged in networking among member organizations, advocating for the rights of women towards the government and providing women's leadership training.

Gender mainstreaming and peace and conflict issues are other popular topics the organizations bring to the target communities. PS and Metta Foundation provide women with opportunities to reexamine their roles as women and the difference between men and women. Seeing that some husbands do not allow their wives to attend its activities, THIRIMAY involves men in the process to let them understand what gender equality means and how important its activities are. Creating peace requires bringing a democratic process into societal decision making, which PS, Metta Foundation and THIRIMAY endeavor to develop.

Some organizations add vocational training, microfinance schemes, and business related education to their self-help training menu. THIRIMAY and PS provide training on income generating activities such as producing and selling liquid soap or small accessories made of beads. At least 12 member organizations out of the 43 organizations supported by WON are engaged in income generation activities that empower women, such as the production of coffee, housewares, women's clothing and accessories, and organic soap and shampoo.¹⁷⁶ YWCA provided approximately 200 series of vocational training, such as sewing, in 2015. KBC trains women on jobs related to agriculture. These activities do not only help women earn income but also improve women's techniques for conducting their businesses. These organizations are striving to empower women (and men) by engaging them in different projects and activities, yet outreach is limited since it takes time and effort to train people at the grassroots level. Thus, most projects rely heavily on donor funds.

¹⁷⁶ USAID. 2016. *The Ecosystem for Women's Entrepreneurship in Myanmar*.

There are several religious-based organizations in this category such as YWCA and KBC. YWCA targets not only Christians but also any other religious groups as their church networks are the advantage in using such religious organizations. Religious networks can help these support organizations reach a wider range of beneficiaries compared to single project interventions.

3.2.4 Financial Literacy Training

Most microfinance practitioners agree that financial literacy training should be customized with the clients' financial knowledge; however, the majority of MFIs in Myanmar only provide explanation on their financial products without assessing the client's level of understanding of money management.¹⁷⁷ That said, some MFIs are making efforts to bring quality to their financial literacy training. Loan officers of Hana Microfinance, which emphasizes the importance of building trust with clients, visit clients three to four times before signing a loan agreement and discuss business plans thoroughly with them to ensure the plans' viability.¹⁷⁸ Vision Fund developed its own financial literacy training materials (such as a picture story show), and conducts seven different trainings for clients; clients learn various issues through case studies such as the risk of multiple debts, what to prepare and where to borrow the money from in case of sickness.¹⁷⁹ Alliance, an MFI operating in Myanmar since 2014, provides different training customized to the needs of group clients and individual clients with the former receiving basic financial education and the latter introduced to a more business-oriented training. It also uses in-house developed training materials, such as picture stories, to deliver messages to their clients.¹⁸⁰

While microfinance is primarily a tool to financially support women at the grassroots level, many practitioners suggest that MFIs should also be concerned with their clients' business management capacity. Since MFI's loan officers closely work with women entrepreneurs and understand their needs, strengthening the linkages between capacity building service providers and MFIs will lead to an increase in the efficiency and effectiveness of their support.

3.3 Challenges in Women's Access to Capacity Building Programs

Although these service providers offer a range of non-financial services, they are not without their limitations. The following are some factors that are hindering the effective delivery of capacity building opportunities:

- Limited number of service providers, especially in rural areas;
- Information about trainings is not readily available;
- Gaps between the training content and trainees' needs;
- Gaps between the level of training and the trainees' expectations; and

¹⁷⁷ Interview with Vision Fund in June 2016.

¹⁷⁸ Interview with Hana Microfinance Ltd. in June 2016.

¹⁷⁹ Interview with Vision Fund in June 2016.

¹⁸⁰ Interview with Alliance in October 2016.

- Less access for women to the training than men;
- Training fees can be a burden, especially for low-income women.

Both DEval and ILO surveys found that approximately 20% to 25% of the interviewed MSMEs had used BDS.¹⁸¹¹⁸² According to the United Nations Industrial Development Organization's (UNIDO) assessment on available business development services (BDS) for MSMEs in Myanmar, most BDS providers are located in Yangon Region and the national capital district; entrepreneurs in rural areas have limited training opportunities.¹⁸³ Lack of information about BDS is also a hindering factor to BDS' effective delivery. According to the DEval survey, only 43% of SMEs have some knowledge about BDS,¹⁸⁴ and microenterprises seem to know even less about the service. Although many MSMEs expressed their need for business training, their participation in training was constrained due to the fact that they often did not know where such training was offered or could not find training suitable to them; MSMEs' participation does not materialize when they feel that the training content is irrelevant to their work or that the transaction cost to attend such training is too high.

The results of FGD conducted in this Study revealed that while many women wished to attend training, such as youth leadership, marketing, accounting, computer, English, business proposal writing, sewing, baking or make-up art; only a limited number of women had the opportunity to partake in such training. Some women also stated that the training course they had attended did not meet their expectations due to irrelevancy to their work or the low technical level compared to their skills. Moreover, when there are training opportunities for households, men are usually given priority in attending such training. There are also cases where women are not able to attend training because the schedule conflicts with their work, since women are normally busy with house chores, taking care of their family and children, and income generating activities. Although details on training should be disclosed and made accessible to all target women, some women raised the issue that information on training cannot easily be reached.

¹⁸¹ ILO. 2014. Assessment of the business service and training market in Myanmar 2014

¹⁸² DEval. 2015. Small and Medium Enterprise Survey Myanmar 2015

¹⁸³ UNIDO. 2015. Scoping Study to Assess the Business Development Services Available in Myanmar for Micro Small & Medium Enterprises (MSME).

¹⁸⁴ DEval. 2015. Small and Medium Enterprise Survey Myanmar 2015.

Chapter 4 MSMEs in Myanmar

4.1 Overview of the MSME Sector in Myanmar

MSMEs in Myanmar play a pivotal role as the backbone of the national economy in the same manner demonstrated in other countries. MSMEs contribute to the growth of GDP; creating employment opportunities, generating incomes and alleviating poverty. There are no comprehensive statistics on MSMEs in Myanmar although international organizations have conducted various surveys on the sector. ILO report estimates that there are about 2.8 million micro and small enterprises in Myanmar,¹⁸⁵ while an ESCAP report states that there were 126,237 registered SMEs in 2013 and an estimated over 620,000 informal (un-registered) business entities in Myanmar.¹⁸⁶ There is no doubt that a huge portion of the labor force is absorbed by the MSME sector of which a significant portion is represented by the informal sector to which women and microfinance clients belong. It is important to understand the outline of the MSME sector in order to address the challenges of working women in Myanmar, since a considerable number of women are engaged in informal economic activities that mostly fall into the micro and small enterprise category.

4.2 Definition of SMEs

The Small and Medium Enterprises Development Law (SME Development Law) enacted in April 2015 (Pyidaungsu Hluttaw Law No. 23, 2015)¹⁸⁷ defines SMEs by the number of employees, sector, and capital or turnover of the enterprises. No specific definition for microenterprise is provided in this law; microenterprises are apparently included in “small” enterprises. The table below shows the definition of SMEs in Myanmar stated in the SME Development Law.

Table 4-1 Definition of SMEs Provided in the SME Development Law

Size	Sector	Number of Employees	Capital (a and b) Turnover (c-f) (MMK Million)
SMALL	a) Manufacturing sector, Mining sector, Construction sector	Up to 50	Up to 500
	b) Labor intensive manufacturing sector	Up to 300	Up to 500
	c) Wholesale business	Up to 30	Up to 100
	d) Retail business	Up to 30	Up to 500
	e) Service business	Up to 30	Up to 100
	f) Other than the above business	Up to 30	Up to 50
MEDIUM	a) Manufacturing sector, Mining sector, Construction sector	Up to 300	More than 500 up to 1,000
	b) Labor intensive manufacturing sector	Up to 600	More than 500 up to 1,000
	c) Wholesale business	Up to 60	More than 100 up to 300
	d) Retail business	Up to 60	More than 50 up to 100
	e) Servicing business	Up to 100	More than 100 up to 200
	f) Other than the above business	Up to 60	More than 50 up to 100

Source: The Small and Medium Enterprises Development Law, 2015.

¹⁸⁵ ILO. 2014. Assessment of the business service and training market in Myanmar 2014.

¹⁸⁶ OECD/UNESCAP. 2014. OECD/UNESCAP-UMFCCI Business Survey 2014.

¹⁸⁷ Pyidaungsu Hluttaw means Federal Parliament in Burmese.

4.3 Legal Status of Enterprises

In many countries being a “formal” enterprise means having a legal status of a “company” or of another type of business. While an enterprise usually would like to obtain the legal status of a company in order to become eligible for bank loans or government tenders, to have transactions with other formal companies, to be engaged in export or other reasons; this is not necessarily the case in Myanmar. The number of enterprises that are registered as companies is still relatively small (less than 130,000 enterprises as mentioned earlier), apparently due to the fact that the registration of a company costs as much as USD 2,000, while businesses without any specific legal status are still eligible for government tenders and commercial bank loans in Myanmar.

That said, most donors and the Myanmar Government interventions for MSMEs are designed to support “formal” (i.e. registered) enterprises. Apart from community-based activities or religion-related self-help group activities, a majority of women’s economic activities, which are categorized as “informal businesses” without registration, are excluded from the target beneficiaries of these interventions.

Company Registration and Permission to Do Business

In Myanmar, enterprises need to fulfill different government requirements to conduct business. The Directorate of Investment and Company (DICA) registers companies based on the Company Act. According to DICA, some types of local businesses (such as single-owner restaurants, small shops, small department stores, individual trading, small service providers and law firms) do not need to register at DICA. All enterprises, excluding small businesses, must obtain from relevant ministries permits to operate in their respective sectors. Apart from company registration and permits, most enterprises must also obtain a business license from CDC (City Development Committee). Yangon City has started an online application with licenses issued within one week if all requirements are met. According to a Yangon CDC official, street vendors and small businesses operating at their own houses (e.g. tailors) do not need to have a business license from CDC.

4.4 MSME Challenges

Recent studies on enterprises in Myanmar indicate that a major challenge faced by MSMEs is access to financial services and capital; this applies to both men and women (Table 4-2). The majority of Myanmar companies (92%) use their own funds for business operations; the highest ratio among ASEAN countries. This implies that the use of loans by Myanmar companies remains considerably low.¹⁸⁸ Other challenges underscored by many MSMEs are access to land and business sites, and a lack of skilled workers. Myanmar ranks 151st out of 189 countries on the ease to access land for business operations with access to land being an obstacle to Myanmar companies in starting and expanding their business.¹⁸⁹ Data shows that relatively few Myanmar companies in the manufacturing sector conduct

¹⁸⁸ World Bank. 2014. Myanmar Enterprises Survey 2014

¹⁸⁹ ESCAP. 2015. Business and development in Myanmar a policy handbook for private sector development

in-house training compared to other ASEAN countries (only 31% of large scale companies in Myanmar conduct in-house training).¹⁹⁰ This indicates that there are limited opportunities for employees to improve their skills and capacities. Thus, several donors have proposed to support the development of training or BDS systems for Myanmar companies.¹⁹¹

Table 4-2 Obstacles to Operating a Business for Myanmar Companies

Items	Institutions¹⁹² (Year)	World Bank (2014)	ESCAP (2014)	Deval (2015)
Number of Samples		1,392	3,000 plus	2,241
Lack of access to financial services and capital		23%	18%	62%
Lack of access to land and business sites		21%	19%	64%
Lack of skilled workers		9%	21%	67%
Tax		5%	10%	52%
Lack of access to technologies		2%	19%	58%
Business license		2%	N.A.	46%
Corruption		1%	21%	64%

Source: World Bank, ESCAP, and DEval

Apart from obstacles listed in Table 4-2, the study by ESCAP also emphasized weak marketing and lack of access to the market as issues hindering Myanmar's economic development and ASEAN economic integration.¹⁹³ The share of exporter companies in Myanmar is only 4.8% while the average for countries in the East Asia and Pacific region is 14.7%. The share of companies having their own website in Myanmar is 14.8% while the average for nations in the East Asia and Pacific region is 37.9%.¹⁹⁴ Based on these indications, it is assumed that Myanmar companies may be missing opportunities for business and trade.

4.5 Small and Medium Enterprises Development Law and Policy

With a view to addressing the issues that hinder the growth of the MSME sector, the SME Development Law was enacted in April 2015 to achieve the following objectives:

- Make information related to business, technical assistance and financial aid accessible to SMEs;
- Reach out to local and international markets, and enhance the competitiveness of SMEs;
- Create new employment opportunities and increase people's income through the development of SMEs; and
- Reduce the difficulties of and obstacles to the business operations of SMEs.

¹⁹⁰ Ibid.

¹⁹¹ ESCAP. 2014. New Policy Framework for Myanmar SME

¹⁹² Multiple choices for studies by ESCAP and DEval. A single answer for the World Bank study.

¹⁹³ ESCAP. 2014. New Policy Framework for Myanmar SME

¹⁹⁴ IFC. 2014. Enterprise Surveys: Myanmar Country Profile 2014

The SME Development Policy was also formulated in 2015. The policy states in its introduction that Myanmar is striving to rise up from an agro-based country to an industrial country. The policy also aims to achieve SME sustainable growth by preparing SMEs for taking advantage of the benefits and opportunities that the ASEAN Economic Community provides while also confronting the challenge of an influx of cheap imports. The policy strategy specifies three pillars to achieve the aforementioned objectives, namely: 1) human resource development; 2) technological development and innovation; and 3) provision of financial resources.¹⁹⁵ For human resource development, the policy seeks to develop the capacity of SMEs and business development service providers. SME skill development can be attained by opening new technical schools and enhancing existing vocational training schools. For the technological development and innovation aspect, the policy promotes initiatives including the development of appropriate technology, the provision of technical advice for modern equipment, and technology exchanges between private and public organizations. For financial resource provision, the policy refers to the provision of low interest rate loans. The SME loans funded by JICA, which offers an 8.5% annual interest rate, is part of this initiative (see Chapter 2 – 2.3 “SME Finance”).

The SME Development Department of the Ministry of Industry was originally established as the SME Development Center in 2012, which was later reorganized into a department in 2014.¹⁹⁶ The department is composed of three divisions; namely the Policy and International Affairs Division, the Technology and Market Promotion Division, and the Investment & Cooperation Division. There are 50 branches under the department with 15 branches under States and Regions and 35 branches under districts.

The Policy and International Affairs Division is in charge of reviewing the SME law and policies, and coordinating donors that support SMEs in Myanmar. The Technology and Market Promotion Division organizes exhibitions to expand markets for SMEs as well as training and business matching. Since 2012, more than 2,000 trainings have been implemented with support from different donors and relevant institutions. For example, welding training was conducted in collaboration with a TVET agency, and entrepreneurship trainings have been supported by GIZ.

The Investment and Cooperation Division is currently in charge of the registration of SMEs following the definition in the SME Development Law.¹⁹⁷ Eligibility to apply for the government-subsidized loans is currently the only benefit from registering as an SME (see Chapter 2 -2.3 “SME Finance” for details),¹⁹⁸ and as of April 2016, 6,007 SMEs have been registered. Obtaining necessary permits from relevant authorities/ministries is a prerequisite for SME registration. With 141,986 licenses/permits

¹⁹⁵ Central Department of Small and Medium Enterprises Development Homepage.

¹⁹⁶ Ibid.

¹⁹⁷ Before the enactment of SME Development Law, the Ministry of Industry only administered the registration of Small and Medium Industries (SMIs) according to the Private Industrial Enterprise Law (No.20/1990), as SMIs mainly represent the manufacturing sector. The SME Development Law mandated the Ministry to administer the registration of all SMEs including those in the trade and service sectors.

¹⁹⁸ SMIDB provides SMEs with subsidized loans, of which the interest rate (8.5% per annum) is much lower than SMIDB's usual commercial loans (13% per annum).

having been issued to enterprises by ministries and local governments, the Department expects these enterprises to register as SMEs.¹⁹⁹

4.6 Gender Perspective on MSME Development

The government promotes the development of the MSME sector by adopting new policies and cooperating with international donors, yet none of these initiatives include a clear gender dimension. Similarly, few of the existing trainings for companies and business owners are designed to cater to women's needs. Policies and educational institutions do not reflect the fact that income and wage differences exist between men and women working in the MSME sector; 20% of the 3,000 firms surveyed by ESCAP reported that wage gaps between men and women of the same position exist.²⁰⁰ It is likely that women face grater challenges than men in the MSME sector, judging from the survey results showing that fewer female business owners were represented in the sector,²⁰¹ and that approximately half of the surveyed people believe that women have more difficulties in running a business than men.²⁰² Yet the government and the policy makers do not address the issues of women entrepreneurs and business owners; e.g. by improving women's access to assets and opportunities for education. The government and related ministries have not reviewed gender based research, nor have they conducted a gender disaggregated analysis on existing company data to understand gender issues that may inhibit MSME development.

¹⁹⁹ Interview. Yangon. 2016. The Small and Medium Enterprise Development Department.

²⁰⁰ ESCAP. 2015. Business and development in Myanmar a policy handbook for private sector development

²⁰¹ DEval. 2015. Small and Medium Enterprise Survey Myanmar 2015

²⁰² ESCAP. 2015. Business and development in Myanmar a policy handbook for private sector development

Chapter 5 Donors' Support on Women's Economic Empowerment, Finance and MSME in Myanmar

5.1 Relationship between Gender Issues and Microfinance under Donor Projects

As discussed earlier, different donors have been active in solving issues concerning gender, the financial sector, entrepreneurship and MSMEs. All of the gender-related projects incorporate a microfinance dimension, while microfinance or FI projects do not necessarily bring gender issues to the forefront.

ADB, MEDA and UNDP have carried out projects on promoting women's economic activities at the grassroots level (Table 5-1), where microfinance is placed as one of the important components for women's empowerment. One of the approaches these projects take to empower women and tackle gender issues is to improve the value chains for tourism, production of handcrafts and value added agricultural products that are primarily engaged in by women. Some of these women need access to reliable financial services in order to invest in the production and delivery of these products and services. Donors believe that microfinance is not the sole solution to the gender related problems identified among their project beneficiaries, but that it is a piece of the puzzle that enables women's economic empowerment and gender equality. They also believe that microfinance comes in different forms and can be provided not only through MFIs, but also through SHGs, cooperatives and other service providers.

Major donors that support the Myanmar microfinance sector include UNCDF, the World Bank/IFC, USAID, ADB and LIFT. The primary issue these donors wish to solve through their support for microfinance is not gender issues, but rather the fact that Myanmar's population is still largely financially unserved as explained in Chapter 2. With data showing that women with access to formal financial services are fewer than men, women are inevitably the target of FI projects supported by donors. The majority of donors see microfinance as one of the many services that realize FI, thus many of their projects financially include both the grassroots people (through microfinance), and the middle class and SMEs (primarily through commercial banks).

Table 5-1 Overview of Donors' Supports

Implementing Agency	Micro finance Component	Gender Component	Target Level	Contents of Supports
UNCDF	Yes	Partially yes	Medium/ Small/ Micro	Formulated a FI roadmap for the development of the financial sector. Implementing holistic support according to the FI roadmap. Its current focus is MFI financing (with some emphasis on FI of women).
World Bank	Yes	No	Medium/ Small/ Micro	Supported the revision of the microfinance law and regulations and trained FRD microfinance inspectors. Planned to provide USD 100 million soft loan to the Myanmar financial sector.
IFC	Yes	No	Medium/ Small/ Micro	Implementing capacity building and financial support for banks and MFIs to solve the problem of inadequate financing and capacity in the sector.
USAID	Yes	No	Medium/ Small/ Micro	Promote SME lending to banks, and individual lending to MFIs. Introduced a credit guarantee scheme for selected MFIs.
LIFT	Yes	Partially yes	Medium/ Small/ Micro	Implemented 64 projects (agriculture, health, environment, food security, marketing & value chains, FI, etc.) as of 2015.
ADB	Yes	No	Medium/ Small/ Micro	Trained FRD microfinance inspectors. Promoted the concept of social performance and client protection among FRD staff and MFIs.
	Yes	Yes	Medium/ Small/ Micro	Providing BDS, linking women with MFIs, and building agro-processing facilities for women in association with the East-West Economic Corridor Development with the aim to create jobs.
MEDA	Yes	Yes	Medium/ Small/ Micro	Improving market opportunities for women in Shan State and Karen State focusing on increasing their income and status, and improving goods and service delivery.
UNDP	Yes	Yes	Micro	Formulated women's self- help groups (5,474 groups) and carried out policy advocacy activities through them.
ILO	No	No	Medium/ Small	Providing BDS mainly for the tourism sector.
GIZ	No	No	Medium/ Small	Supporting SME development through banks, the private sector and TVET.
UNIDO	No	Partially yes	Medium/ Small/ Micro	Improving SMEs' access to BDS and financial services.

5.2 Donor Projects

5.2.1 Donor Projects on Microfinance and FI

- UNCDF

UNCDF conducts microfinance and FI related projects around the world and has had a strong presence in Myanmar since 2008. It laid the foundations for the development of microfinance by formulating a FI roadmap with the Ministry of Finance in 2013. It has been successful in instilling savings mobilization initiatives among Myanmar MFIs with the support of Bangladesh-based MFIs such as ASA and BASIX (MicroLead Project).

It now primarily operates 2 projects: EFA (Expand Financial Access) and SHIFT (Shaping Inclusive Finance Transformations in the ASEAN region). One of the EFA' objectives is to encourage MFIs to develop and deliver innovative loan products, which will be backed by UNCDF funding and technical assistance. 18 MFIs (9 international and 9 local) have applied for the project with the motivation to adopt unconventional methods and serve their clients with individual loans or venture into serving clients in rural remote regions. One component of SHIFT is to develop a Challenge Fund Facility to foster innovative business models for women's financial inclusion. 20 MFIs have submitted proposals with innovative ideas to extend financial services to women. 6 have been shortlisted by UNCDF, yet due to fund limits, some MFIs will be dropped from the list. In the future, UNCDF will focus on two areas: providing secretariat support to realize the plans laid out under the FI road map, and raising awareness on the values and importance of savings among financial sector practitioners.

- World Bank and IFC

The World Bank carried out a project called FIND (Financial Inclusion for National Development) from 2012 to 2014, supporting the Ministry of Finance, CBM and FRD in reviewing and revising laws and regulations to promote financial inclusion in Myanmar. These activities included the development of MFI capacity to deliver financial literacy training to their clients as well as consultations and the development of training contents for enhancing the capacity of FRD inspectors in cooperation with ADB. The World Bank will initiate a new project that is aimed at overseeing the entire financial sector, including microfinance, through financial and technical assistance.

IFC offers direct support to the microfinance private sector. It has issued loans to ACLEDA Myanmar in the amount of USD 2 million. In addition, IFC provided loans to Yoma Bank and Oriental Bank (USD 5 million each) to enhance their SME lending. These financial institutions receive training from IFC on issues relating to financial accounting and reporting and business planning.

- USAID

USAID launched the Private Sector Development Activity (PSDA) project in 2015. It supports policy statements and law revisions on critical economic areas such as trade, intellectual property and food. For the financial sector, USAID helps 3 banks in the establishment of an SME department and offers training on SME lending. Five MFIs (PGMF, ASA, LOLC, MDP, and Proximity Finance) receive training on developing individual loans and other innovative services, and is also backed up by USAID's credit guarantee schemes. USAID is a major contributor to the recent microfinance directives issued by MSC and FRD since it helped MMFA hold MFI workshops and draft the white paper submitted to FRD. In 2017, USAID will provide funding and training to support FRD to install a microfinance system.

- LIFT

LIFT started in 2010 with support from 14 donors.²⁰³ A total of 64 projects have been implemented in

²⁰³ LIFT is scheduled to be completed in the end of 2018 but may be extended.

157 townships across the country through LIFT (USD 450 million). Project formulation starts with a project proposal submitted by implementing organizations (donors, the private sector, NGOs/CSOs) to LIFT. Projects under LIFT include a wide range of areas such as agriculture, health, environment, food security, marketing & value chain, vocational training, and FI.²⁰⁴ In the past, MFIs, including PGMF and Early Dawn, have received loans totaling USD 12 million. LIFT has also funded IFC to support MMFA in implementing training courses for MFI in microfinance concepts and tools, financial management and auditing, risk management, and human resource management. LIFT has been financially supporting the fostering of the microfinance sector in Myanmar; yet due to the recent development of the industry, its intervention in microfinance is planned to shift from financial assistance to support on regulations for achieving FI. Apart from MFIs, some NGOs and CSOs have used LIFT funds to conduct financial literacy training for savings groups.²⁰⁵ The training included the rights and obligations of borrowers, interest rates, and the types of financial services available.

- ADB

An ADB consultant along with a World Bank consultant supported FRD for the past 3 years by training the MFI inspectors and improving their inspection processes. ADB has promoted the client protection principles standardized in the Smart Campaign by providing trainings to MFIs on the topic and adding client protection indicators to the data collected from MFIs by FRD.

5.2.2 Donor Projects on Gender Issues

- ADB

ADB's activities in Myanmar include electricity, road construction, vocational training and private sector development with its main focus being infrastructure development.²⁰⁶ The Economic Empowerment of the Poor and Women in the East-West Economic Corridor Project (USD 3.45 million), for which the grant agreement was signed in May 2016, strengthens the technical skills and management capacity of women's micro and small enterprises (especially those that are producing crafts and local foods for tourists and local residents) in four townships in Mon State (Chaungzon Island, Kyaikhto, Mawlamyine and Mudon) as well as their access to business services, microfinance and commercial networks. A public market for traders and retailers will be built in Mawlamyine.

- MEDA

MEDA is an international economic development organization founded in 1953 by a group of Mennonite business professionals with the mission of creating business solutions to poverty.^{207,208} MEDA began a project entitled "Improving Market Opportunities for Women" in 2015 in Myanmar with funds from the Government of Canada. The project will continue for 5 years until 2020, covering Shan State (40 villages

²⁰⁴ Interview with LIFT in June 2016.

²⁰⁵ Women represent 92% of the entire clients who have received financial literacy training. LIFT Annual Report 2015.

²⁰⁶ Homepage of ADB's project

²⁰⁷ Homepage of MEDA's project

²⁰⁸ The Mennonites are Christian groups.

in 4 townships) and Karen State (29 villages in 3 townships).²⁰⁹ MEDA aims at improving agricultural value chains (agriculture represents 70% of the economic activities promoted at the project sites), targeting 25,000 women and their families. The project addresses a wide range of issues such as land titles, financial management, leadership skills, communication skills, technology, health, education and access to safe water and food. The capacity of local partners, such as land owners and agriculture input suppliers, is also strengthened under the project. The project also provides microfinance (group loans) to women involved in agriculture production. MEDA plans to expand the loans to micro businesses.

- UNDP

UNDP has been conducting a project entitled “Promoting Gender Equality in Rural Communities through the Human Development Initiative”, in which 5,474 self-reliance groups (SRGs) were formed by 2012.²¹⁰ Each group is composed of 13-15 women. SRGs identify their own problems and needs, and then involve other non-member residents (men and women) or private organizations in their communities to discuss issues on land titles, human trafficking and women’s low enrollment in schools. Each SRG member is required to save his/her money, and then the SRG conducts community activities or provides loans to members using their own funds and a grant provided by UNDP that ranges from USD 5,000 to 50,000.²¹¹

5.2.3 Donors Projects on SME Development

- ILO

Since 2014 ILO has been supporting tourism business conducted by SMEs in Myanmar through business management training.²¹² The project, which is scheduled to be completed in June 2017, is conducting ToT in Start and Improve Your Business (SIYB) and has so far trained 250 trainers. These trainers have themselves trained 2,000 trainees. The training covers six to seven subjects, including marketing, accounting and human resource management; each one of which takes one week.

- GIZ

After more than 20 years of intermission, GIZ resumed their technical cooperation in Myanmar.²¹³ GIZ currently implements three projects: (1) Technical and Vocational Education and Training; (2) Private Sector Development; and (3) Financial Sector Development. GIZ’s interventions (direct and indirect) are mostly focused on formal and established businesses without any special attention to gender issues.

GIZ’s TVET program has supported the improvement of curriculum and facilities of one of the six

²⁰⁹ Interview with MEDA in June 2016.

²¹⁰ Interview with UNDP in June 2016.

²¹¹ SRGs prohibit member from accessing to microfinance. Although UNDP will not implement any project related to microfinance, UNDP plan to enhance financial services to women and empower women through SRG. Some SRG member felt threatening against MFI because some member left SRG to move to MFI. From this experience, if a new project starts at a specific site, UNDP recommends that the new project should understand any on-going activities to avoid any conflict.

²¹² Homepage on ILO’s project

²¹³ Homepage on GIZ’s project

Industrial Training Centers (ITC) located in Sinde Township of Bago Region. Most alumni of ITC are expected to work at formal companies after completing their course. The second phase of the GIZ's TVET program, which is expected to start in 2017, is planned to support the implementation of short training courses in more remote areas. The TVET program has also supported the National Skills Standards Authority (NSSA) of the Ministry of Labour, Immigration, and Population Employment and Social Security (MoLIP).²¹⁴

Through its Private Sector Development (PSD) program, GIZ has been working with the SME Development Department (GIZ supported the formulation of the SME Development Law), DICA, and UMFCCI. GIZ has also supported SMEs in rural areas in Shan State to enhance the value chains of tea, mango and tourism. GIZ's Financial Sector Development (FSD) program aims at promoting SME financing with partner banks. Since microfinance clients usually do not have access to bank loans due to their lack of business registration and collateral, they may not be beneficiaries of this program.

- UNIDO

UNIDO has been conducting a project entitled "Fostering Pro-poor and Inclusive MSMEs Development" in Myanmar with support from the Government of Italy with the main counterpart for the project being the SME Development Department.²¹⁵ The project has raised awareness about cluster development and contributed to the formulation of the SME Development Law, particularly from the perspectives of women and youth. Under the project UNIDO also provides formal and established MSMEs with BDS training on marketing, finance and business planning; a four-day short course was conducted 5 times and 180 MSMEs were trained for three years. 159 officers of government agencies were also trained with COMFAR, a software developed by UNIDO to assess the feasibility of business plans.²¹⁶

²¹⁴ Interview with GIZ in June 2016.

²¹⁵ Homepage on UNIDO's project

²¹⁶ Interview with UNIDO in June 2016.

Chapter 6 JICA Project Proposal on Gender Issues in Myanmar

6.1 Microfinance as a Tool to Alleviate Gender Issues

Chapter 1 touched on gender concerns by summarizing that women at the grassroots level or in rural areas are subject to the issues of the “double labor burden”, gender stereotypes on the types of jobs, and a lack of access to useful assets and training for businesses. Microfinance precisely targets the grassroots and rural women, and has the potential to economically empower those who face such gender issues as stated in Chapter 2 - 2.5 “Microfinance’s Impact on Gender Issues”.

Firstly, microfinance can alleviate women’s “double labor burden” that can be seen for all types and status of work. Women at the grassroots level or in rural areas in Myanmar play indispensable roles as mothers, wives, and the breadwinners of their families. Yet the environment in which these women live is not always apt, often overburdening them with the responsibility to make the best choices with limited available resources and services. They need the right financial tools at a fair price and at the right time to maximize their potential to overcome the aforementioned difficulties at their homes as well as their workplaces. Research underscores how microfinance helps grassroots women in Myanmar of all ages start and expand all types of businesses from wholesale and retail trade to agriculture in both rural and urban settings. It is also important to highlight how microfinance alleviates women’s distress from fears relating to the health and education expenses of their family members.²¹⁷ Microfinance is a means to reduce the financial anxieties arising from the “double labor burden”.

Secondly, microfinance can bring positive effects to women users when combined with services such as education and vending equipment. Since securing the wellbeing of their clients is in MFIs’ interest, MFIs are open and flexible to offering not only financial services, but non-financial services to improve their clients’ working and livelihood conditions. For example, MFIs can sell equipment and facilities that were previously inaccessible to women, and receive the payment in installments through microfinance. If women are barred from accessing training, MFIs can arrange for learning opportunities, either using in-house staff or external trainers. These and other non-financial interventions will mitigate gender inequality in the access to equipment/facilities and education faced by grassroots and rural-based women, and broaden their job options. Moreover, much evidence shows that microfinance has indirect educational implications such as women becoming more knowledgeable and confident through networking with other microfinance clients.²¹⁸

To economically empower the grassroots and rural-based women of Myanmar, it is essential that microfinance services of improved quality be delivered to a greater number of women. The advancement of FI and a long-term and sustainable development of the overall microfinance sector would be key drivers to achieve this objective. In order to enhance this movement, developing capacity building

²¹⁷ FGD conducted by the research team in June 2016; Interviews with MFIs in June and October 2016; UNCDF. 2015. Myanmar Financial Diaries

²¹⁸ Pact. 2015. Results from Pact’s Microfinance Projects in Myanmar; University of Lund. 2013. Women’s Empowerment through Microfinance: A case study on Burma; UNDP. 2011. Sustainable Microfinance to Improve the Livelihoods of the Poor Project Proposal for United States Agency for International Development Funding

programs for the Meso level (supporters of MFIs), so as to better support MFIs, and fostering a sound environment at the Macro level (policies and regulations to govern MFIs) would be important elements. Realizing these can also accelerate holistic market growth by creating a favorable environment for donors and MIV to invest. Such a change is also in line with NSPAW's goal of empowering women through improving access to credit, assets, training and other resources. Thus, it is recommended that JICA develop and deploy two interventions to foster a healthy market system: strengthening of Myanmar's microfinance platform, and strengthening the capacity of the MFI inspectors.

6.2 JICA Project Proposal on Microfinance

6.2.1 Strengthen the Microfinance Platform

MMFA has become an established platform for the MFIs operating in Myanmar, and is a plausible candidate to run and administer training programs and consulting services for MFIs (Figure 6-1: A).²¹⁹ The organization has only recently become an active focal point for MFIs (i.e. carrying out advocacy on the microfinance law and regulations and organizing ad-hoc microfinance training), but yet has demonstrated a strong determination to accelerate its activities in promoting Myanmar's microfinance sector. Developing MMFA into a sound microfinance platform with the ability to carry out trainings, advocacy activities, and other support programs as expected by the MFIs and FRD would require increased funds and manpower, which at the moment cannot be derived from MMFA alone.²²⁰ The Study Team therefore proposes JICA to assist MMFA to achieve its plan and mission in pursuit of enabling MFIs to develop and promote wider and better services for the grassroots and rural women of Myanmar.²²¹ ADA, which has a plan to launch a project in 2017 to support MMFA, welcomes JICA's engagement in this domain.²²² The following two activities will form the centerpiece of the project that would likely bring a positive systemic and behavior change to MFIs.

- **Develop a Training Program for the MFIs**

Given its nature to serve women at the grassroots level, microfinance is an appropriate vehicle to economically empower women across Myanmar. However, the services currently offered by MFIs do not fully reflect women's needs and thus leave tremendous room for improvement as has been discussed in earlier sections. For example, many Myanmar women who live in rural areas may still have no alternative but to use informal and expensive financial tools due to MFIs' limited outreach in these regions; adding weight to the double financial burden of work and home. Voluntary savings services also have implications for alleviating this burden, but these services are not readily available in Myanmar as of yet. Landless women who are engaged in agriculture in rural villages still have limited access to financing or can only access poorly designed services that are not fit to their economic activities, thus

²¹⁹ Countries, such as Cambodia, Ghana, Uganda, and Ethiopia, have a microfinance association that allows members to access news and information, attend conferences, trainings and seminars, receive consultancy services, and build relationships.

²²⁰ MMFA operations currently run on donor grants and have not developed a self-financing mechanism.

²²¹ ADA and USAID have proposed to support MMFA. Details of the assistance are being studied.

²²² Interview with ADA in Sep 2016

creating gender gaps between them and men working in the agriculture sector. As the analysis shows in Chapter 1, younger generations make up a large share of Myanmar's women employees, yet microfinance may not be designed to reach this segment with only 35% of the MFI clients interviewed at the FGD being below the age of 40.

Increased opportunities to access worldwide microfinance industry information, learn new methodologies, and discuss matters with practitioners will enable MFIs to tackle the above issue and create better services tailored for women. The microfinance platform is a place to make this possible. Through the platform, MFIs will be able to request and receive training, learn and borrow from international practices, access funding, connect and partner with non-financial service providers, including BDS providers, to deliver better services for women clients. The platform can become a space to foster peer learning and sharing of best practices presented in Chapter 2. The concept of client protection²²³ and SPM, which is still unfamiliar to many MFIs, can also be promoted through the platform.²²⁴ The internationally standardized indexes under Universal Standards for Social Performance Management (USSPM) include “disaggregation of clients by gender” and “addressing risk of gender inequalities and/or discrimination” as social performance indicators,²²⁵ thus prompting SPM-applied MFIs to conduct gender based analysis and to develop women-friendly services.

The platform can also facilitate MFIs joining hands with organizations that offer BDS and other non-financial services. Organizations mentioned in Chapter 3, such as DSW, NGOs, CSOs and private entities that offer training to women on leadership, business planning, marketing, accounting and other key topics, are capable of sharing their insights on the important elements of women's entrepreneurship and their methods for enhancing their quality, which would enable MFIs to address non-financial issues that especially their “survivalists” women clients face. MFIs can also create a synergy between financial and non-financial services by requesting these organizations to offer their services to the MFI clients.

- **Accelerate Advocacy Activities on Microfinance Related Laws and Regulations**

Each MFI is determined to improve the depth and breadth of outreach towards women, yet playing by the government's opaque rules has made this endeavor difficult. Many MFIs are troubled by their limited access to information about the changes in the microfinance legal framework. On top of this, there still remain regulations that may be hindering the development of the sector such as MFIs' obligation to submit financial reports (balance sheets and income statements) and client portfolios every month. The platform can serve to advocate for the compilation and publication of all information pertinent to microfinance law and regulations. Gathering opinions and requests on law and regulation reforms from MFIs is another crucial role of the platform.

²²³ The August 2016 microfinance directives requires MFIs to comply with the Client Protection Principle. MMFA. Unofficial Translation: Government of the Republic of the Union of Myanmar Microfinance Supervisory Committee Notification No. (1/2016)

²²⁴ Supported by ADB, MMFA has carried out a MFI training on topics on client protection and Smart Campaign.

²²⁵ Microfinance Network. 2014. USSPM Mapping Exercise Summary Report; Social Performance Task Force, CERISE, Universal Standards for Social Performance Management: standards, essential practices, and indicators in the SPI 4

MMFA has already played a vital role in communicating with MFIs and FRD to revise parts of the 2011 microfinance law and to elaborate the new directives that came into effect in August 2016. Influencing the process for revisiting and revising microfinance rules and regulations on a continuous basis can be one of the activities organized by the platform. For example, MFIs can lobby for changes in the law, regulations and processes relating to the mobilization of funds through the platform, and call for the development of a more investor-friendly environment for MIVs. It is also the role of the platform to bring transparency to the current legal framework on microfinance in cooperation with FRD. In due course, the platform will be able to identify MFIs that are currently unable to meet the regulation criteria and offer consulting services to them, which leads to an increase in the number of rule-compliant MFIs.

- **Collect, Analyze, and Disclose Microfinance Information and Data**

Local MFIs in Myanmar are especially reluctant to disclose their information. This could lead to a loss of valuable funding opportunities. MMFA would like to address the benefits of information disclosure to the MFIs and gather, analyze and publicly disseminate MFI information while bringing transparency to the industry. Local MFIs that are currently struggling to earn funds are especially in need of support in the data gathering and performance reporting demanded by donors and MIVs.

The nature of closed MFIs also makes it difficult to conduct comprehensive data collection and analysis on gender issues and microfinance impacts on women, who form the majority of the MFI clients. If MFIs apply an SPM, MMFA will be able to conduct nationwide gender analysis with the information collected. The information could further be used to design services to tackle gender issues. Moreover, the data presented by the MFIs will enable the platform to track the progress of the actions set out under the FI roadmap and make adjustments to goals accordingly; an undertaking which has not been made to date due to a lack of reliable data.

A Case of Cambodian Microfinance Association (CMA)

CMA was created in 2004 and received an NGO license from the Ministry of Interior in the same year. It has the mission to facilitate microfinance operations and strengthen communication among authorities, national and international donors, and creditors and investors. It had 7 MFI members at inception, which grew to 39 licensed MFIs and 6 NGOs. The association's operations launched with funds from Agence Française de Développement (AFD) and ADA. ADA has been providing technical support to CMA from 2007 to present.

Now, the bulk of CMA's financial resources is derived from membership fees. After registering as a member, an MFI can receive training and workshop opportunities, network with microfinance practitioners and stakeholders, receive advisory services on microfinance issues, and join in lobbying and advocacy activities. In 2014 CMA carried out 15 public trainings and 9 customized and in-house trainings for MFIs as well as various workshops and meetings. It also serves as a focal point to raise awareness on microfinance's social impacts and promote the implementation of Client Protection Principles (CPPs) to member MFIs.

Much like Myanmar, Cambodia has a high uptake rate by women of its microfinance services; approximately 80% of clients are women. CMA thus perceives women's empowerment through microfinance as an important research topic and has funded a local research institute to run a survey on the relationship between the two elements. It now has hired 8 staff to run its operations.

Source: CMA Annual Report 2014

6.2.2 Strengthen the MFI Inspection Capacity

Only commercially and socially viable MFIs can be effective agents for women's economic empowerment. FRD is the body that ensures the organizations' soundness and adherence to government laws and regulations; yet as previously discussed, FRD still lacks the capacity to be able to carry out this task in an efficient manner. The FI roadmap points to the limited supervisory capacity of government bodies and suggests the transforming of its operations from a rigid rule-based system to a risk-based system. CGAP suggests that standard bank audits and inspections do not assure MFIs portfolio quality; rather that a close look at internal policies and controls provides a better picture of MFI financial wellbeing.²²⁶ It further asserts that inspectors must have sufficient knowledge on microfinance to be able to assess the MFIs capacity and prospects. For this reason, World Bank and ADB have conducted ToT to selected FRD staff, and on-site and off-site training to FRD inspectors over the last three years; FRD inspectors are now able to carry out their work according to standardized instructions. However, among the FRD inspectors are those who still lack the knowledge, practice and a full understanding of the objectives and significance of their operations, which is apparently the reason for the inconsistency

²²⁶ CGAP. 2013. A Guide to Regulation and Supervision of Microfinance

in MFI inspections.²²⁷

The Study Team thus believes that the capacity building of FRD inspectors should be continued (Figure 6-1: B).²²⁸ The Team suggests that assistance be provided, in cooperation with other donors, to create additional training modules and to continuously deliver ToT to FRD staff. At the same time, FRD inspectors should receive training from the platform, as suggested in the previous section and organized by MMFA, in order to learn the microfinance theory as well as the issues Myanmar MFIs face. FRD inspectors would not only attend trainings on topics such as over-indebtedness or client protection, but would discuss with MFIs the measures to ensure the sustainability of the MFIs and the market in which they operate. FRD inspectors must be instilled with the understanding that they too carry an important role in delivering quality financial services to the grassroots people, especially women, and protecting them from any harmful or abusive practices.

It is also important that FRD's current operations relating to data collection and processing be rationalized so that they are aligned with FRD's responsibilities while ensuring the good health of the MFIs. It is reported that the World Bank and USAID are currently preparing to provide FRD with support in this area, including the installation of a new MIS. JICA is expected to design the FRD training content to complement their interventions in this domain.

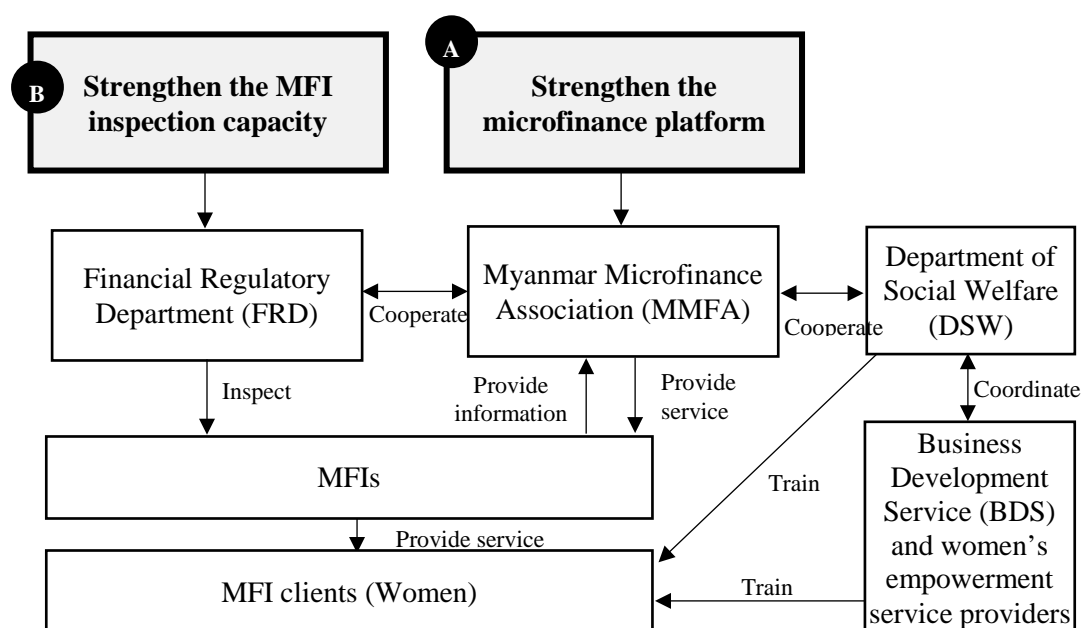


Figure 6-1 Proposed JICA Project Implementation Framework

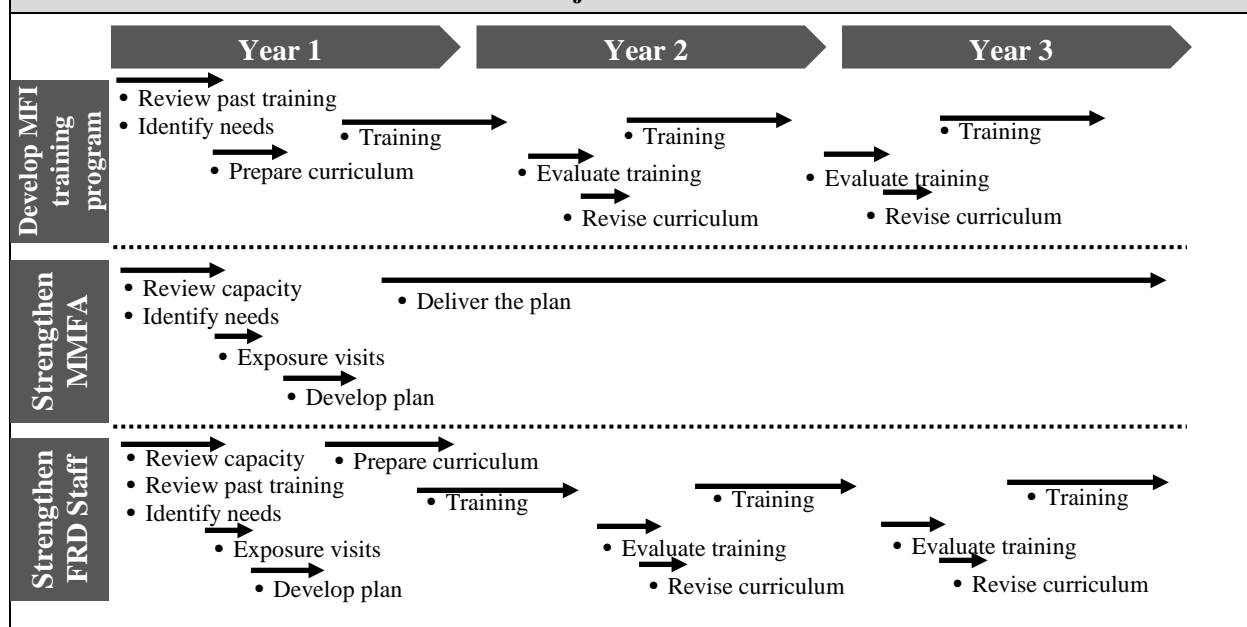
²²⁷ Interview with the MFIs in June and October 2016

²²⁸ The content of inspection criteria is subject to change as the law and regulations are being reviewed.

Table 6-1 Proposed Project Summary

Purpose	Outputs	Activities	Counterpart	Duration
A mechanism and structure to strengthen the capacity of Microfinance Institutions (MFIs) and Financial Regulatory Department (FRD) staffs is established, with the number of women in Myanmar with access to quality microfinance services being increased.	Strengthen the microfinance platform	Develop a microfinance training program for MFIs (especially the local MFIs) <ul style="list-style-type: none"> • Research MFIs capacity development needs • Review existing MFI training curriculums and materials • Support the development of training curriculums referring to the information collected from the research and review • Prepare related materials • Provide the training • Support the evaluation and review of the training • Support the revising of the plan and training programs 	MMFA	Expert:9 months, Assistant:9 months
		Strengthen MMFA as a platform for the MFIs <ul style="list-style-type: none"> • Review resource, capacity, business plan, TOR and past activities • Research MFI needs • Study microfinance associations in other countries • Support develop a detailed action plan based on research and review • Support deliver the plan 	MMFA	Expert:9 months, Assistant:9 months
	Strengthen the MFI inspection capacity	Strengthen the FRD staffs' MFI inspection capacity <ul style="list-style-type: none"> • Review existing MFI inspection training curriculum and materials • Investigate inspectors' understanding of the law and regulations on microfinance, their capacity to inspect, and needs for further training and capacity building • Study the MFI inspector training methods in other countries • Develop a plan to improve the capacity of FRD inspectors referring to the learning from investigation and review • Develop training programs and prepare related materials • Provide the training • Evaluate and review the training • Revise the plan and training programs 	FRD	Expert:6 months, Assistant:6 months

Project Schedule



Annex 1 Focus Group Discussion (FGD) Results

The 12 FGDs carried out in Yangon (3 groups), Bago (2 groups), Karen (4 groups), Mon (3 groups) in June 2016 (Table A-1) corroborate the findings from the secondary information the Study Team gathered from interviews and literature reviews on Myanmar's working women. One of the major findings is that women in Myanmar at the grassroots level bear the double burden of work outside and inside of the home in the informal sector. The participants were convened by MFIs and NGOs operating in these areas. A total of 136 working-age, low-income women (80 were MFI clients and 56 were not) joined the discussions. Participant demographics are shown in Figure A-1. The Team asked questions on women's access to financial and business services and information as well as their challenges and needs in economic activities (Annex 2 FGD Questions). The questions included their opinions on the differences between them and men.

Table A-1 FGD Attendance Profile

Region	Place	Number of women	Characteristics of women
Yangon	North Okkalar Industrial Zone	12 MFI clients	Most women ran retail businesses by selling clothes and agriculture products.
	North Okkalar Industrial Zone	11 MFI clients	The group of women were mostly tailors who have fixed clients.
	Hlaing Thar Yar Township	10 MFI clients	The women lived in squatter houses and had a relatively lower education level than the other groups.
	Hlaing Thar Yar Township	12 who are not MFI clients	Some women were factory workers; others owned retail businesses.
Bago	Dike U village	10 MFI clients	Women participated in family (mainly rice) and community farming as well as engaged in retail business.
	Dike U village	10 who are not MFI clients	Women participated in family (mainly rice) and community farming as well as engaged in retail business.
Karen	Downtown Hpa-an	9 MFI clients	Women owned small stores or are wholesale distributors or retail business owners.
	Downtown Hpa-an	8 MFI clients	Women owned small stores or are wholesale distributors or retail business owners.
	Bishop Kone	11 who are not MFI clients	Some were university students and B.A. holders. Others were farmers.
	Bishop Kone	10 who are not MFI clients	Some were university students and B.A. holders. Well educated women engaged in community work.
Mon	Downtown Mawlamyine	10 MFI clients	Most had businesses relating to fishery. Others owned grocery stores and sold noodles.
	Downtown Mawlamyine	9 MFI clients	Women were venders of rice, vegetables, clothes, water and hair.
	Downtown Mawlamyine	14 who are not MFI clients	The participants were a mix of housewives, grocery store owners, small restaurant owners, retail business owners, and a pensioner.

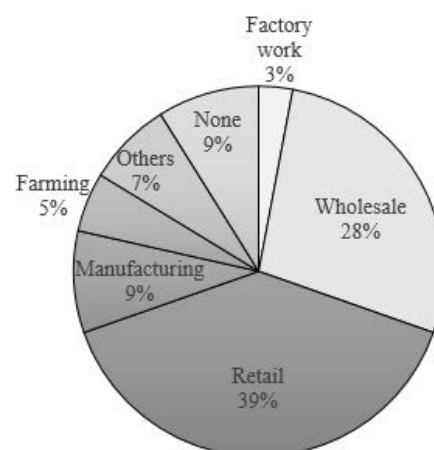
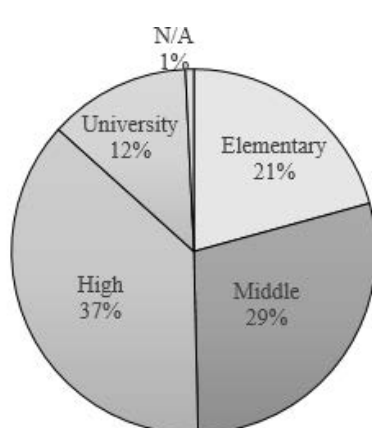
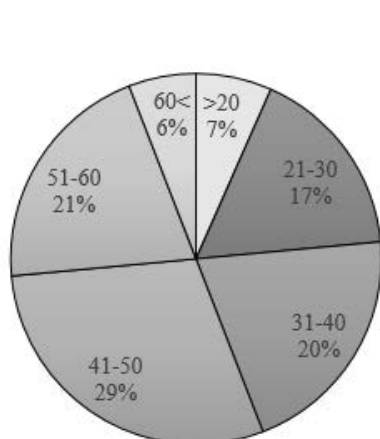


Figure A-1 FGD Participants by Age

Figure A-2 FGD Participants by Level of Education

Figure A-3 FGD Participants by Type of Business

(1) Financial Services Access and Needs

Women must rely on financial tools to manage their way through different challenges. Business, health, and children's education are the top reasons women borrow and save. Women in retail and wholesale businesses, who represented 66% of the FGD participants, reported that their clients often do not pay on-the-spot; some payments are made weeks after the commodities were handed over to the clients. This stifles the cash flow of women's businesses and their household finances. Women's distress is intensified when the husband cannot bring income for the family, or when a family member falls ill or is injured. Education for the children is another expensive undertaking women do not wish to compromise. A woman from Mon explained that it costs mothers MMK 700,000 annually to send their children to a cram school.²²⁹

Women are lucky if they can borrow from close friends and relatives interest-free, but in many cases they resort to IMLs and pawn shops for loans at interest rates ranging from 3% to 20% per month. Microfinance only recently joined the line of financial resources available to women, either supplanting or supplementing the aforementioned sources due mainly to the lower interest rates incurred (2.5% per month). Women in Yangon believe that they see less local pawn shops since the proliferation of microfinance in their neighborhood. Microfinance, however, has not entirely crowded out the other financial services, mainly due to the limited size of its loans. MFIs' average loan size is MMK 100,000 to MMK 300,000, but most women would like to see this amount increased to MMK 500,000. While women in a rural village of Bago continue borrowing from IMLs to invest in agriculture during the planting season, despite high interest rates unfit for agriculture, MFI members in Mon considered switching to other MFIs that may potentially offer them better services (i.e. larger loans).²³⁰

Irrespective of whether women are microfinance clients or not, most save at home (in the form of gold, jewelry or cash) or in savings clubs, called "Mae Sue", to cope with their daily financial needs. Yet this

²²⁹ It is a normal practice in Myanmar that families (except very poor families) send their children to a cram school.

²³⁰ Although not all MFI clients are able to choose out of the many MFIs. Women in Yangon said that they know of only one MFI, the one to which they belong.

form of savings is prone to risks; in several FGDs it was mentioned that women had witnessed incidents where one of the members ran off with the group's money. It was also revealed from discussions that women are comfortable converting idle cash into livestock such as oxen and pigs. None of the women regularly saved through banks, and only visited banks to receive salary payments and remittances. None had taken out any form of insurance to protect her family or her business from unintended events.

(2) Women's Capacity Development Needs and Training Opportunities

MFI clients have all received lectures from MFIs on topics relating to the use of loans and the importance of savings. Some have received cash (MMK 4,000/day) from attending a training provided by an MFI. In other cases, women have paid to attend trainings (MMK 20,000 for a business training). Several women from each of the FGDs have received training from CSOs and donors on youth leadership, marketing, accounting, computer, English, business proposal writing (offered by UNDP) and other topics. Some of these trainings catered solely to women, although in Yangon it was mentioned that men generally have better and easier access to trainings. Women from a rural farm town in Bago recalled that a private enterprise that sells fertilizers and pesticides invited only men to their workshop. Participants also talked about government-organized trainings on topics such as business, marketing, and technical skills (e.g. baking, sewing, make-up art). It was stated that such public services are at times rife with nepotism or of low quality.

Women tend to express their interest in trainings that would equip them with the technical skills that will allow them to start up their own business. Sewing and tailoring were the most common answers to the type of training women would like to receive. Due to the multiple roles women perform, they prefer running their own businesses rather than engaging in salaried work (i.e. factory work) as they can earn a daily income, do not have to wait for monthly payments, and at the same time can tend to their children and household chores. The desire to attain soft skills, such as business and marketing skills, was also mentioned, although one woman claimed that the computer and English trainings she had attended were not particularly useful for her work. For many, making time to attend trainings is a challenge owing to their busy schedule.

80% of the women who participated in the FGDs owned mobile phones of their own. Women reported that they use their phones to check the market prices of the commodities they buy and sell in their businesses. They share the knowledge and teach among themselves how mobile phones can help improve their businesses. Women who lived in the squatter areas of Yangon were less likely to have their own mobile phones, although their children do teach them about how these devices work. Several women stated that their husbands had taught them how to use their mobile phones such as for accessing Facebook. During the discussions on mobile banking, which is a service accessible via mobile phones, women were keen on knowing how the system worked.

(3) Virtues and Challenges of Microfinance

Most women who were members of MFIs answered that microfinance had helped them move out of poverty and a state of chronic debt. One woman exulted “I can wear earrings again”, which implied that she now had the extra money to save in the form of jewelry. Women also enjoyed the microfinance plus services relating to family health and education for children that were offered by MFIs. Women feel empowered and confident after having become a member of an MFI. One woman expressed her gratitude to the MFI for having faith in a poor widow like her. Some women suggested that microfinance services be extended to areas where women still suffer from the burden of usurious loans.

Reasons not to become an MFI client came in different forms. Some women cannot or do not want to attend regular meetings, which are often a prerequisite to receiving a loan. Fear of not being able to repay their loan on time is another reason for hesitating to approach an MFI. Many microfinance clients confessed that women sometimes face difficulties repaying microfinance loans and take loans from IMLs to repay the MFIs. In some of the FGDs concerns were raised for women who cannot find others to form a group of five, which is often mandatory for becoming a member of an MFI. A rather well-educated woman from Karen has decided to leave an MFI because she had enough money to get by on her own. Another woman from the same village depends on a Christian community to receive financial services and avoids using other sources.

(4) Gender Analysis

There was no mention of women who were deprived of the opportunity to work because of the fact that they were women. In terms of gender disparities in income, the results were mixed. In some cases, women make less money than men because they can only engage in lighter and less productive work. For example, plowing a field, which is often a man's job, tends to earn more income than selling vegetables, which is largely taken up by women. On the other hand, the Study Team found that hourly wages for farm work in Bago are equally set between men and women (MMK 3,500 half-day). Factory workers claimed that they receive the same salaries and benefits as men, but added that such equity is sometimes not found in informal jobs and businesses. No significant gender gaps on access to financial services were raised, although women had the impression that cooperatives tend to prioritize male farmers when they give out loans in spite of the fact that women are also engaged in farming. Although some women claimed in an FGD in Yangon that men are having better chances of receiving training, the majority did not feel the same way, possibly from the fact that women targeted trainings are increasingly common in Myanmar. Most women mentioned that they have considerable discretion at the household level, although they often voluntarily consult their husbands. Some MFIs make it mandatory for women to obtain the consent of their spouse upon becoming a member, which they usually do not find difficult. It is not uncommon either to find women who owned property under their own names rather than their male counterparts.

Some relatively well educated women raised the concern that men and the society take it for granted that women run both productive and reproductive labor. Many women who participated in the FGDs

must earn an income for their family because their husbands have migrated to seek jobs elsewhere, fallen ill and thus are not in the condition to be able to work, or acquired the habit of drinking instead of bringing in money for their family. They argued that women, as multitaskers, need useful tools and practical skills to overcome these challenges.

Annex 2 FGD Questions

<p>Questions about loans</p> <ol style="list-style-type: none"> 1. From what sources have you received loans? Are they generally for business, consumption, or emergency? 2. Why did you choose these sources as a means to finance your activities? 3. What obstacles do you face in obtaining a loan? How do you overcome these obstacles? 4. Can you usually obtain a sufficient amount of loans? 5. Do you face challenges in repaying your loan? What do you do when you face a problem in doing so? 6. Do you know how much interest you are paying for your loan? Do you think that the interest rate is fair or too high? 7. Do you think that there is a difference between women and men in regards to access to a loan and its conditions? If so, in what way?
<p>Questions about savings</p> <ol style="list-style-type: none"> 1. Do you regularly save? If so, why did you decide to save and how do you save? 2. Why did you choose this entity/person/means to entrust your savings? 3. Do you want to save more? What inhibits you from doing so? 4. Have your savings helped you solve your problems in the past? If so, what are they? 5. Do you think that there is a difference between women and men in regards to saving habits and the available tools? If so, in what way?
<p>Questions about remittance</p> <ol style="list-style-type: none"> 1. Have you ever used a service to send or receive money? Who was it from and what was it for? 2. What remittance service have you used? How much was the service charge? 3. What problems do you face when you want to send or receive money to/from other cities and countries? 4. Do you think that there is a difference between women and men in regards to using a remittance service? If so, in what way?
<p>Questions about insurance</p> <ol style="list-style-type: none"> 1. Have you faced any financial problems caused by a severe health issue, injury, accident, natural disaster calamity in the past? What were they? How did you overcome this problem? 2. Are you familiar with the concept of insurance? Where did you learn about it? 3. Have you use insurance services? Have you ever been compensated from these services? 4. Do you think that there is a difference between women and men in regards to using insurance services? If so, in what way?
<p>Questions about training services</p> <ol style="list-style-type: none"> 1. Have you ever received vocational or work-related trainings? If so, what are the topics, periods (from when to when) and total hours, providers and locations. 2. How did you come across these training opportunities? 3. How much did you pay to receive the services? Do you think that the investment was worthwhile? 4. How did you find the features (topic, depth, length, frequency, timing etc.) of the trainings, and how should they be improved? 5. Is it difficult to receive trainings which are useful to your job? What are the obstacles to receiving necessary trainings? 6. What trainings would you like to receive to enhance your work skills? 7. Do you know anything about TVET services? What is your impression on them? 8. Do you think that there is a difference between women and men in regards to access to training? If so, in what way?
<p>Questions about access to IT</p> <ol style="list-style-type: none"> 1. Do you use your mobile phone for anything apart from personal conversations? If so, what do you use it for? 2. Do you have access to internet? If yes, what do you use it for? If not, why don't you use it? 3. Have you heard of the mobile banking service? Have you ever used it? If so, for what purpose did you use it? 4. What do you think about the concept of having a bank account and sending and receiving money virtually through your mobile phone? 5. Have you ever used the mobile phone or internet to obtain information that is useful to your job or business? 6. Do you think that there is a difference between women and men in regards to the use of a mobile phone or internet? If so, in what way?
<p>General Questions on working conditions</p> <ol style="list-style-type: none"> 1. What other work-related difficulties do you face? How will you be able to overcome these difficulties? 2. Have you had any difficulties, compared to men, in preparing yourself to work outside the house? If so, what have restrained you from working outside the house (your roles in the family, education, perception, etc.) 3. Are you treated fairly compared to men in regards to salary/income, working conditions (working hours, working environment, etc.), job opportunities (finding, maintaining), etc.? If not, what are the differences between women and men and what do you think causes such differences?
<p>*Questions for MFI clients</p> <ol style="list-style-type: none"> 1. How has becoming a MFI client changed you or the people around you? 2. How do men in your family or your society see the change?