

Business for Shared Prosperity Annual Report 2017-18



BUILDING A PROSPEROUS, INCLUSIVE FUTURE
FOR ALL OF MYANMAR





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TOWARDS 2022

Foreword



Gail Marzetti
Head of DFID Burma

A more democratic, peaceful and prosperous Myanmar is in the best interest of all communities, including those living in conflict affected areas. The Business for Shared Prosperity's (BSP) programme's core mission is to support the transition of Myanmar's economy towards inclusive growth and job creation and this remains central to all it does. The need for the programme to continue to ensure that communities from across the country and from diverse ethnic groups are included in the growth and increased prosperity of Myanmar is more urgent than ever.

Given the challenges faced by Myanmar and its diverse populations in the last 18 months, the BSP programme has increased its support to reforms that focus on the poorest and most excluded in the country. This support has included a more specific focus on catalysing inclusive business models in Myanmar and the design of new projects focussed on improving access to finance and livelihoods in conflict affected areas.

In its second full year of operation, the BSP continues to deliver its objectives and DFID and the UK Government can be proud of the progress that has been made in challenging and often rapidly changing circumstances. It has continued to establish and support private sector development across all parts of Myanmar, supported continued reform of the business enabling environment and supported businesses, International NGO's, local associations and programmes in providing a sustainable route out of poverty, particularly for women and other excluded groups by increasing incomes and creating jobs.

Established and funded by DFID, the BSP has three core components. The DaNa Facility, launched in September 2016, was created to support the transformation of the Myanmar economy in becoming more inclusive and to serve the needs of women and previously excluded groups in the Myanmar economy. It is designed to work across sectors and regions within Myanmar to support and build inclusive growth. The Investment Climate and Competitiveness Programme (ICCP), co-funded with the Government of Australia, aims to improve the competitiveness and dynamism of the business environment and private sector to increase investment and create jobs. The Doing Business Reform Fund (DBRF), was designed to enable DFID to address key constraints to doing business effectively in Myanmar through working with multilateral development banks and similar institutions.

These three components are intended to work together to reform the public and private sector in Myanmar in a way that synergises and amplifies their work to achieve a greater effect than the sum of their parts. Despite the changing and challenging context within Myanmar, the last 12 months have seen success in key areas. In 2018 an estimated \$20 million of annual cost savings for businesses have been achieved by the BSP programme from reductions in business taxes and the number of items requiring export licenses. The programme has also seen the first direct beneficiaries of its work with over 16,000 individuals receiving support and the programme on course to see an estimated one million individuals directly benefiting by 2021.

This Annual Report sets out the progress made by the BSP in this challenging year. It details the main activities of the three streams within the programme, alongside their impact and future work. The strong foundations and flexibility of the BSP have enabled it to adapt and build towards its future success despite the difficulties and challenges Myanmar currently faces and I look forward to its continued success in the years to come.

INTRODUCTION

About the Business for Shared Prosperity Programme

The BSP is a £55 million programme funded by the United Kingdom (UK) Department for International Development (DFID) operating over seven years from 2015 to 2022. The programme's overarching objective is to provide a sustainable route out of poverty for people in Myanmar through increasing incomes and creating jobs. The programme will strive to make it easier for businesses and entrepreneurs to compete fairly and facilitate the participation of women and other previously excluded groups in business and economic growth.

Background

Myanmar's history, demography and geography create a unique set of development challenges and opportunities. The country is emerging from a long period of international isolation and suffers from widespread poverty, despite rich land, water and mineral resources. It does, however, hold a strategic location in the fastest-growing region in the world, and is the only country sharing borders with both India and China.

Despite these advantages, there are many areas of the economy that are still dominated by the military and associated groups, though this is slowly receding. The country is still deeply fragmented with diverse ethnic and religious groups and slow progress has been made towards a peace settlement.

The crisis in Rakhine State, deteriorations in security in other conflict affected states and the lessening of press and religious freedoms have had a negative impact upon the perception of Myanmar overseas, all of which are expected to impact foreign direct investment (FDI).

The private sector has historically been weak and vulnerable in Myanmar, dominated by a small number of large companies owned by wealthy businessmen with links to the previous military regime. Recent progress has, however, been considerable: gross domestic product (GDP) growth averaged 7% per year between 2011 and 2017; the poverty rate fell from 42% to 32% between 2010 and 2015; and currently four-fifths of households own at least one mobile phone, the majority with internet capacity.

These improvements were accompanied by a removal of economic sanctions, an increase in foreign investment into Myanmar, greater trade integration and steady deregulation of the domestic economy. Foreign investment increased from 5% to about 11% of GDP between 2011 and 2016, although this remains below other Association of South East Asian Nations (ASEAN) countries. The number of trading partners rose from 65 countries in 2007 to 111 countries in 2017, and significant legislation to promote private sector development (PSD), such as the Investment Law (2016 – supported by ICCP) and the Company Law (2017), have been approved by the Parliament. However, there is also considerable concern about the impact



The poverty rate fell from **42.2% to 32%** between 2010 and 2015.



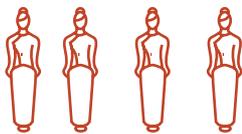
of the Rakhine crisis on future FDI, especially from businesses sensitive to the deteriorating public perception of Myanmar.

Generally, the medium-term economic outlook is also favourable with growth projected to even out at 6.8% in 2018/19. Economic growth is expected to be supported by a continued recovery in agricultural production, reinforced by investment, alongside growth in both domestic and external demand.

Private sector activity in Myanmar has increased. According to government data, the number of private firms registered through the Department of Investment and Company Administration (DICA) increased to 58,789 in 2015 from 30,407 in 2012. Official data also suggests that exports of goods almost doubled in value from \$6.8 billion in 2008 to \$12.5 billion in 2014, before decreasing to \$11.1 billion in 2015. Manufacturing has accounted for around 16% of exports in recent years, almost exclusively in garments and footwear.

Given this context, the BSP is specifically designed to increase prosperity in Myanmar by improving economic opportunities for the poorest and through unlocking the potential of business to reduce poverty. It does this through building a stronger business environment that helps businesses to be more productive, inclusive and innovative, and by equipping poor people with the tools to improve their productivity and resilience. The BSP supports:

- **Increased trade and more inclusive investment** in Myanmar, particularly in job creation and non-extractive sectors, through facilitating exports, improved investment regulation and policy reform to support more competitive markets that are responsive to the needs of the poor;



2,175 women

directly trained by the programme in 2017-18.

- **Improved financial regulation** that is conducive to increased lending, higher credit and more investment in Myanmar;
- **More accessible and relevant financial services for poor** and marginalised people; and
- **Greater participation of women and other excluded groups** in Myanmar's economic development, both through sensitisation and training of businesses and other organisations benefitting from the programme, and through grants and other initiatives designed to benefit women, those in conflict-affected areas, persons with disabilities, and other poor and vulnerable groups.

The Components

The programme has three components, ranging from private sector reforms, access to finance and trade and investment promotion.



The DaNa Facility, (£25 million) managed by DAI Europe and KPMG, is designed to support the transformation of the Myanmar economy in becoming more inclusive, with a focus on serving the needs of the poor and groups historically marginalised from the economy. It takes a responsive and flexible approach in its design, working across sectors, to respond to the needs and priorities of the private sector. In line with the overall BSP programme, it focuses on four themes: business environment reform; trade and investment; gender equality and social inclusion (including access to finance); and inclusive and responsible business. To support transformational change, the DaNa Facility has targeted three key sectors: agribusiness, textiles and financial services. The DaNa Facility utilises three instruments for delivery:

- Competitive calls** for innovative new projects to be implemented by businesses and not-for-profits that contribute to the objectives of the programme;
- Directly designed technical assistance and grants** in partnership with regional authorities, businesses, civil society and development partners; and
- A strategic response** facility to respond quickly to the private sector development needs of the business sector, NGO's and other partners.

The DaNa Facility also serves as the **Secretariat for the BSP programme**, providing: project coordination and monitoring and evaluation support; facilitating cohesion and collaboration within the portfolio; integrating cross-cutting themes, including gender, conflict and environmental sustainability; and providing technical briefing support. It also represents the programme externally leading the BSP's communications strategy and provides administrative and logistical support as needed.

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The Investment Climate and Competitiveness Programme (ICCP) (up to £10 million from DFID, plus up to £10 million from the Australian Department of Foreign Affairs and Trade) is a five-year programme, implemented by the International Finance Corporation (IFC), part of the World Bank Group. The programme aims to improve the competitiveness and dynamism of the private sector to increase investment and create jobs. The ICCP provides technical assistance across six PSD themes:

- Improving the business environment for increased private sector contribution to economic growth;
- Economic diversification to improve livelihoods and create jobs;
- Promoting inclusive trade;
- Increasing access to infrastructure;
- Improving access to finance for MSMEs and farmers; and
- Addressing cross-cutting issues such as environmental and social safeguards and standards, women's economic empowerment and corporate governance.

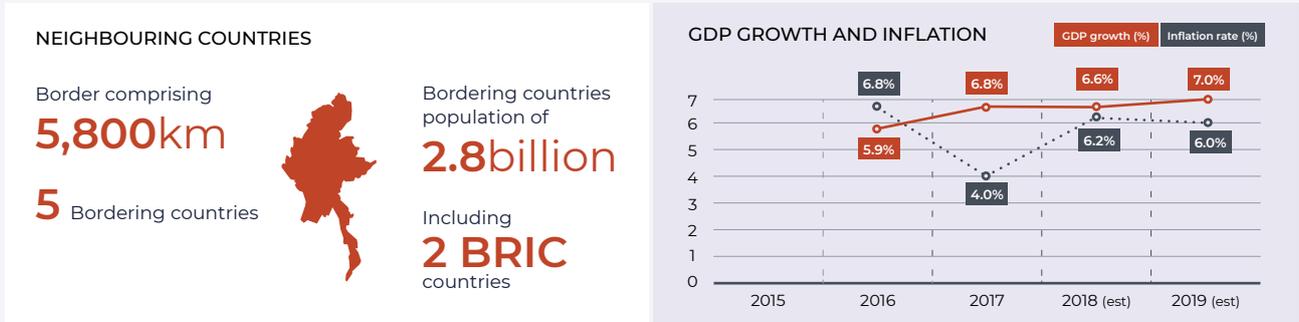
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The Doing Business Reform Fund (DBRF) (up to £20 million) enables DFID to address the key constraints to doing business effectively in Myanmar through working with multilateral development banks and similar institutions. There is currently one active project:

The Financial Sector Development Project (FSDP) (£5 million), delivered by the World Bank (WB), aims to expand access to finance for individuals and businesses across Myanmar as a first step towards reducing poverty and promoting shared prosperity. DFID's £5 million grant funding is providing catalytic technical support to the Ministry of Planning and Finance (MoPF) and Central Bank of Myanmar (CBM) targeted at modernising the CBM, restructuring state-owned banks, and building microfinance and insurance regulatory and supervisory capacity. The project leverages a \$100 million International Development Association (IDA) loan from the World Bank by setting the CBM and state-owned banks milestones for reform prior to receiving the next tranche of IDA assistance.

In addition, three new projects within the DBRF have been approved to begin in 2018/19. These projects will focus on improving access to finance for women and girls, improving Myanmar's capital markets development and supporting increased trade and investment in Myanmar.

Myanmar and the private sector at a glance



Source: Asian Development Bank, <https://www.adb.org/countries/myanmar/economy>

DEMOGRAPHICS



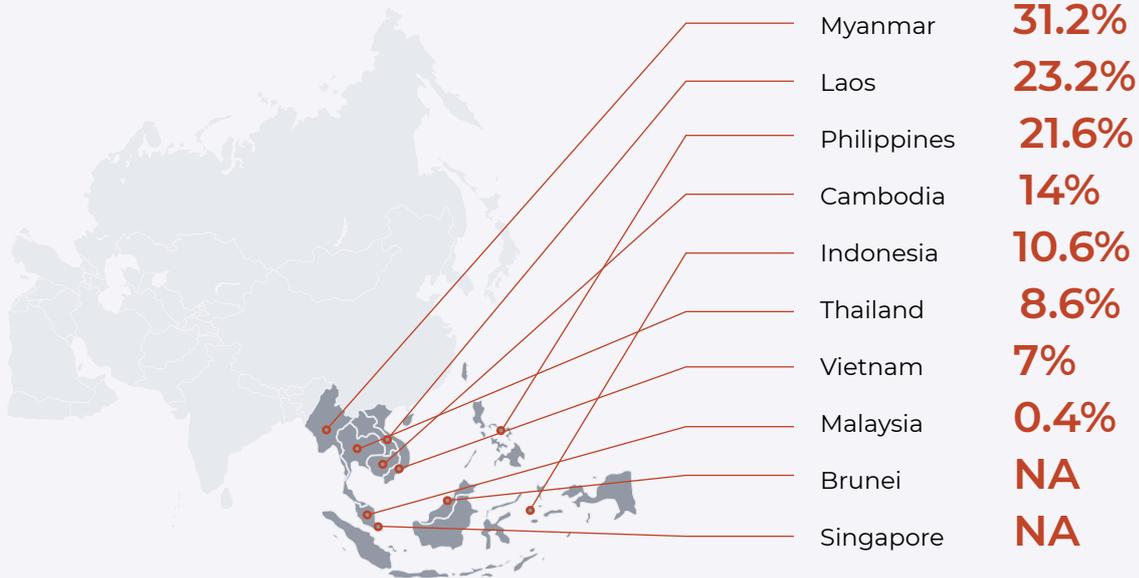
51.8% of the Myanmar population are female.



4.4 Average household size
4.2 in non conflict areas
4.7 in conflict-affected areas

Source: 2014 Myanmar Population and Housing Census, Thematic report on population projections

SHARE OF POPULATION BELOW THE NATIONAL POVERTY LINE: ASEAN MEMBERS



Source: ADB data library - Myanmar country profile

WORLD BANK DOING BUSINESS 2018 (SELECTED INDICATORS)



Source: World Bank Doing Business 2018: Country report Myanmar

TRADE AND ECONOMIC GROWTH

Export growth in non-extractive sectors is expected to increase to

\$7.7bn by 2020

with an expected increase of \$4.3 bn in approved foreign investment.

50% of the workforce works in agriculture (33% services, 17% industry).

48% of women work in agriculture (38% services, 14% industry).

(2017 World Bank estimates)

Employment in agriculture as % of total employment:



FINANCIAL INCLUSION

51% of people in Myanmar do not have access to the formal banking sector. Highest in Tanintharyi (71%), Shan (68%), and Kayin (68%).

85% of people in Myanmar do not have access to formal savings mechanisms. Highest in Rakhine (95%), Sagaing (95%), Bago (93%).

73% of people in Myanmar do not have access to formal credit mechanisms. Highest in Tanintharyi (90%), Shan (88%), Mon (84%).

85% of people in Myanmar do not have access to formal insurance products. Highest in Kachin (100%), Kayah, Kayin, Tanintharyi (all 98%).

Source: AITC projections, and calculations based on DICA FDI by country

BSP headline results



In 2018, an estimated

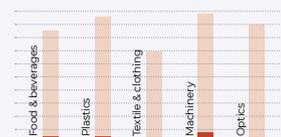
\$20M of annual cost savings

have been achieved through reducing business taxes and the number of items requiring export licenses.



During this programme year, the Ministry of Commerce reduced the number of product lines requiring an export license

from 71% to 31%.



Specific examples include:

Food & beverages **reduced from 87% to 5%**
 Plastics **reduced from 98% to 5%**
 Textile & clothing **reduced from 71% to 3%**
 Machinery **reduced from 100% to 8%**
 Optics **reduced from 92% to 3%**.

PROJECTED NUMBER OF DIRECT BENEFICIARIES BY YEAR (CUMULATIVE TOTALS)

Year	2017-18	2018-19	2019-20	2020-21
EEW (Economic Development)	2,422	3,628	8,507	13,426
BIW (Economic Development)	0	6,120	18,170	39,150
BIW (Access to Finance)	0	200,000	300,000	600,000
Lighting Myanmar (Economic Development)	13,800	25,360	92,910	213,750
UNCDF (Access to Finance)	0	25,000	100,000	200,000
Total	16,222	260,108	519,587	1,066,326

ACHIEVEMENTS

BSP Programme Achievements

During the year, the BSP has seen significant progress towards achieving its overarching goal of promoting inclusive economic growth and poverty reduction. Some of its key achievements are:



ICCP's Lighting Myanmar programme saw over **44,000 lighting units** sold by June 2018.

- The DaNa Facility reported its first results in improving jobs and income through its Economic Empowerment Window (EEW) projects, directly impacting almost 10,000 individuals across Myanmar.
- The ICCP's Lighting Myanmar programme has seen over 44,000 lighting units sold by June 2018, providing households with affordable and accessible lighting.
- To date, the BSP has seen total savings to the private sector of \$15.9 million dollars through the implementation of ICCP Investment Climate reforms, exceeding the projected target of \$13.6 million.
- The ICCP programme saw the Ministry of Commerce implement their project recommendations on the export licensing of products, reducing the number of products requiring an export license by 70%.
- Over the year, the DaNa Facility has held four trade and investment promotion events across three states and regions (Chin, Kachin and Sagaing) supporting them in attracting inward investment.
- The DaNa Facility launched the Making Access Possible (MAP) Refresh, a partnership between the DaNa Facility, the United Nations Capital Development Fund (UNCDF) and the Financial Regulatory Department (FRD). This project created MAP as a financial diagnostic which provides a composite profile of the access to and use of financial services nationwide and will now form the foundation of future work on economic inclusion across Myanmar.
- The DaNa Facility has invested in a diverse range of 15 inclusive business and not for profit interventions that will provide models for inclusive economic development across every region of Myanmar. These projects will start to establish a pipeline of potential investment opportunities for impact investors in Myanmar.

The different components of the BSP with active projects this year have also increased their collaboration. In particular:

- The ICCP and the DaNa Facility worked together to provide joint technical and financial support to establish the Myanmar Institute of Directors (MIoD); develop the Public Private Dialogue (PPD) mechanism; prepare and implement a respectful workplace research activity geared towards creating workplaces free from bullying and gender-based discrimination; and to enhance the value chain for swine production.

- The DaNa Facility collaborated on access to finance initiatives with FSDP and on raising awareness of trade policy reform activities with the ICCP.
- The DaNa Facility and ICCP also held joint meetings around the issue of trade to coordinate work supporting the National Export Strategy (NES) and the ICCP collaborated with the DaNa Facility in hosting events with DICA and sub-national investment committees.

Key targets moving forward

Moving forward, the BSP components will continue to scale up their existing interventions to increase the number of poor and disadvantaged people positively affected by their work. For example:

- In finalising project grants to inclusive businesses and NGOs, the DaNa Facility will improve jobs, incomes and livelihoods for 64,000 people and increase access to finance for 602,000 people.
- Through ICCP, Lighting Myanmar has a target of selling 590,000 solar lighting units, with 318,000 households benefitting from increased incomes or economic productivity.
- BSP components will stimulate broader access to financial services with a focus on poor women, small businesses and conflict-affected states. This includes facilitating the development of micro-insurance innovations for agribusiness, a key development to improve the resilience of poor farmers.
- The BSP is integrating gender, looking to maximise opportunities for women's economic empowerment throughout all activities.
- The DaNa Facility is reinvigorating the domestic textile, cotton and silk industry through investments in projects implemented by inclusive businesses such as Myanmar Artisans, Sense Organics and Pragma Ventures.
- Supporting the uptake of innovative financial technology solutions addressing financial exclusion, democratising access to finance across the remote regions of the country. The DaNa Facility has invested in three business ventures specifically designed for this purpose – with Vision Fund, Stonestep and Shwe Lan.
- The Myanmar Centre for Responsible Business (MCRB) is the leading resource organisation for the private sector on responsible business practices and will continue to play a critical role in supporting the adoption of business practices that protect human rights and prevent modern day slavery.
- BSP components will work to update and expand Myanmar's National Export Strategy (NES) to include a greater focus on States and Regions and investment dimensions, laying the foundation for subsequent project interventions at the state and regional level.
- BSP components will continue addressing critical policy and regulatory blockages to the development of the microfinance industry through building microfinance and insurance regulatory and supervisory capacity in Myanmar.

SUMMARY

Summary of BSP Component Activities for the Year



The DaNa Facility

The DaNa Facility worked with and provided financial support to UNCDF to refresh the MAP dataset providing data on access to finance in five key diagnostic areas and provides a snapshot by gender, state and region. The final report will be shared widely to inform design of access to finance interventions.

The MAP data found a significant increase in financial inclusion from previous findings. For example, adults with access to at least one formal financial product increased from 30% in 2013 to 48% today, almost doubling the initial target of a 10% increase. Adults using more than one formal financial product also increased to 17%. A key driver fuelling this growth was strong expansion within the microfinance and cooperative sectors.



Adults with access to at least one formal financial product increased from

30% in 2013
to **48% today.**

The study will now act as part of the foundation for future work of the DaNa Facility that intends to increase access to finance for 602,000 people in Myanmar by June 2021 and will also support other partners in promoting economic inclusion across the country.

The DaNa Facility has commissioned and supported the Myanmar Business Environment Index (MBEI) survey, to assess constraints affecting Myanmar's business environment at the subnational level and identify opportunities for reform. The survey collected data from all 14 states and regions, with the aim of enhancing regional competitiveness and improving the subnational business environment. The survey will be completed by the end of 2018 and the final report will be launched in early 2019.

The MCRB published their annual Pwint Thit Sa report, which measures corporate governance and responsible business, and delivered training on responsible business to 100 Myanmar companies. MCRB continues to provide high quality guidance and support to encourage responsible business practices, while engaging the government to increase their capacity to legislate for and regulate responsible business.

The DaNa Facility has been involved in trade and investment activities in Chin, Kayah and Kayah states. The DaNa Facility also produced a guide to investment opportunities in Chin State as well as an investment promotion and facilitation handbook in the Myanmar language.

The DaNa Facility completed two competitive grant processes, one for NGOs and one for inclusive businesses, awarding a total of 15 competitive grants – four to NGOs and eleven to businesses. The BIW assessed 78 proposals and selected 11

inclusive businesses for support in agribusiness, textiles and financial deepening. (see BIW box on page 12)

In November 2017, the DaNa Facility launched a pilot project to develop an Investment Promotion and Facilitation Strategy for Chin State in cooperation with the Chin State Government, the Chin Investment Committee, the Chin Chambers of Commerce and Industry and DICA. The DaNa Facility has also delivered high level technical assistance to DICA to strengthen the capacity of states and regions on investment promotion and facilitation.

Through the year the DaNa Facility continued to engage with the PSD Committee and the Cooperation Partners Group Private Sector Workstream. This committee and group provide a forum to share, discuss and coordinate issues of relevance to inclusive growth and PSD in Myanmar and have allowed the DaNa Facility to lead the discussion of PSD and PPD and provide high-level input into its direction and future development.



DFID-DaNu Facility Business Innovation Window (BIW)

The BIW programme seeks to promote and support transformative and inclusive businesses operating in Myanmar that are working in the DaNu Facility's priority sectors (agribusiness, textiles and financial services).

The businesses selected for investment by the BIW receive matched grant funding and technical assistance to undertake new innovative business projects or expand existing operations to further serve the needs of the poor and groups historically marginalised in the economy.

A total of 78 proposals were received under a competitive process. Following a competitive pitching process and business plan evaluation by an independent investment committee a total of 11 projects were selected. DFID's total funding commitment to these 11 projects is approximately £5 million. In addition, the projects have leveraged around £9 million of matched funding from partners.

In total, these projects will provide improved jobs, incomes and livelihoods for around 40,000 households and improve access to finance for around 600,000 people. Approximately 50% of beneficiaries are based in conflict-affected areas. Within the agribusiness and textile projects, it is estimated that 52% of beneficiaries are women, while access to finance projects will support 70% women.

The grants span a range of innovative new business ventures.

In the textile sector three grants were awarded. Myanmar Artisans will support Myanmar's diverse and rich textile producers to compete in international markets through training, marketing and improved quality control and production. Pragma Ventures will work to revitalise the Myanmar silk industry through the creation of a whole system approach to production from farm gate, to weaving studios through to design, branding and sales. And Sense Organic received a grant to support non-genetically modified, Global Organic Textile Standard certified organic cotton in Myanmar with the intention of selling it on to the international market.

Five projects were selected in the agribusiness sector including innovative business proposals to bring poor farmers into high value supply chains in chilli production and support for sustainable "Zero Deforestation" rubber production. Other projects include: interventions in pig production to bring the highest standards of cultivation and genetics to rural pig farmers; working to assist 10,000 farmers to improve their pig-rearing and management practices; improving coconut production and processing; and supporting 10,000 farmers by increasing access to quality seeds and agricultural inputs.

DaNu is also supporting three projects focused on access to finance. This includes a micro-insurance project which aims at increasing household resilience and financial inclusion by providing access to micro-insurance products for up to 600,000 Myanmar households. Support for a microfinance institution that is looking to use a mobile banking partnership to increase the range of financial services offered to clients beyond traditional loans, savings and insurance, to include top-ups, remittances and bill payment. The project is expected to provide mobile money service access to 500,000 people, with 250,000 using the service. The final project addresses financing constraints faced by MSMEs by introducing 'invoice factoring' (lending which uses moveable assets such as order books and invoices as collateral).

The grants, approved by the DaNu Facility in 2018, will create a powerful narrative about the positive impacts of their work and the real impact they will have on communities across the country.

2

Investment Climate and Competitiveness Programme (ICCP)

Promoting inclusive trade and reducing barriers to national exports

The ICCP worked towards supporting the implementation of the ASEAN Trade in Goods agreement and reforms in non-tariff measures. Particularly, the ICCP has helped to significantly reduce the number of goods that are subject to export licenses and has seen the Ministry of Commerce reduce the number of product lines requiring an export license from 71% to 31%. Specific examples include food and beverages, where the number of product lines were reduced from 87% to 5%, plastics which were reduced from 98% to 5%, textile and clothing reduced from 71% to 3%, machinery reduced from 100% to 8%, and optics reduced from 92% to 3%. This reduction in export licenses means lower costs for businesses, stimulating growth in the economy while increasing trade with other countries.



During this programme year, the Ministry of Commerce reduced the number of product lines requiring an export license **from 71% to 31%.**

Improving the business environment

The ICCP supported DICA and other government agencies in their work to advance business environment reforms in Myanmar. The project has achieved another \$3.7 million in cost savings, bringing the total Direct Compliance Cost Savings to date to \$15.9 million, exceeding the end of programme target of \$13.6 million. The additional Compliance Cost Savings are due to a reduction in business registration fees by 50% (from 500,000 Kyats to 250,000 Kyats), as announced by DICA in April 2018.

Supporting linkages in key value chains

Tourism

Last year, the ICCP helped establish a Destination Management Organisation (DMO) at Inle Lake in Shan State to improve coordination between the government and the private sector and work towards the development of a branding and marketing strategy for the region. The ICCP also supported the establishment of the Inle Lake Professional Women's Network (IPNET) to support women's businesses by educating and empowering women as individuals and leaders and building supportive professional relationships.

Agriculture

The ICCP continued to work with the Department of Agriculture to introduce Good Agricultural Practices (GAP) to tomato farmers in the Inle Lake region. Following a review of seed regulations, the Ministry of Agriculture (MoALI) implemented a new streamlined licensing process requiring only three different seed business licenses instead of the hundreds previously required and exempted four vegetable types from field testing requirements. In May 2018, a Memorandum of Understanding with the Myanmar Rice Federation (MRF) was signed to review and revise the Myanmar Rice Standards and support sustainable development of the Myanmar rice industry.



The ICCP has helped reduce the cost to register a business by two thirds.

Including private sector participation in development

Increasing access to infrastructure

ICCP's Lighting Myanmar project has worked with manufacturers and distributors to exceed its expected sales targets, with 44,490 units sold by June 2018, and is now expanding its pilot phase to five states and regions. One of its supported distributors, Solar Home, has also received \$1m of investment from the UK's CDC Group.

Corporate Governance

In March, in partnership with the DaNa Facility, the IFC supported the launch of the Myanmar Institute of Directors (MloD) and in June the MloD held its first briefing and training events on Family Business Governance and corporate governance for Micro Finance Institutions (MFI).



The Doing Business Reform Fund (DBRF)

In this programme year, the Financial Sector Development Programme (FSDP), implemented by the World Bank, is currently the only operational component of the DBRF. DFID funding of the FSDP has allowed the World Bank to provide focused technical support to the Central Bank of Myanmar (CBM) to help it achieve specific reform targets formed to leverage a \$100m IDA loan.

The FSDP has continued its support for restructuring of the four key state-owned banks. Special Diagnostic reports were completed in January 2018 and presented to the State-Owned Bank Reform Committee, receiving comments from the MoPF, CBM, and the state-owned banks themselves.

The World Bank also submitted a policy paper on strategic restructuring and a governance policy framework with recommendations clarifying the ownership function of the MoPF vis-à-vis state-owned banks.

The FSDP has also facilitated progress in liberalising the insurance sector through discussions on the roadmap for the insurance sector and holding capacity building sessions for over 90 participants in March 2018. The programme has also provided training to 50 supervisory staff from microfinance institutions on data analysis, on and off-site supervision and management.

PLANS

Planned activities for the next year (July 2018-June 2019)

The BSP

The BSP Secretariat, will support all BSP components to collaborate on key technical issues and to effectively mainstream cross cutting issues. As the BSP expands its activities in conflict-affected areas this year, for example through the BIW grants under the DaNa Facility and the new UNCDF Women's Economic and Financial Inclusion Project (WEFIP) focused on women's economic empowerment comes on stream, the Secretariat will ensure that these interventions are conflict sensitive. Within the BSP, work will start to explore how best to support internally displaced people to increase their access to markets, jobs and better incomes through private sector and market driven interventions. The BSP will also work to implement the recommendations of a report recently commissioned by DFID, by the Work and Opportunities for Women Helpdesk, which reviewed the BSP work on women's economic empowerment.



The DaNa Facility

The DaNa Facility will continue to oversee and manage projects receiving direct grant funding. This will include working with NGOs and inclusive businesses that have received grant funding to ensure that they are maximising opportunities to economically empower women. The DaNa Facility will also work with all grantees on modern day slavery and provide support to address any issues that may arise in their supply chains.

The DaNa Facility will strengthen its role as the BSP Secretariat including completing a comprehensive update of project monitoring and evaluation tools, enhanced communications activities, continued coordination among current and planned programme components and providing cross-cutting technical inputs. The DaNa Facility will also work on coordination mechanisms to support information exchange across all BSP components.

The DaNa Facility will intensify its work on Inclusive Business (IB) and impact investing through support to a high-level Inclusive Business and impact investing Steering Group and aims to guide reform and promotion through technical assistance and awarding grants to two organisations that will strengthen the ecosystem for inclusive business in Myanmar supporting 20 MSMEs. The DaNa Facility, MCRB and IFC will also collaborate to provide intensive support to the MloD as it reaches out to Myanmar's business community to promote improved corporate governance.

The DaNa Facility will disseminate the first MBEI study across all States and Regions to support regional business environment reform prior to commencing the second round of the survey. To complement this, the DaNa Facility will establish, with the IFC and International Trade Centre (ITC), an improved and more inclusive PPD advocacy mechanism enabling the needs and concerns of business to be more effectively communicated to government. These efforts will strongly support inclusive trade and investment policy reforms across Myanmar.

In collaboration with the IFC, the DaNa Facility will launch and take forwards the findings of a research project highlighting the need for respectful workplaces.

The DaNa Facility and UNCDF team will work to support the FRD and MoPF in developing a comprehensive update of the Financial Inclusion Road Map and press ahead with the implementation of key reforms and activities to increase financial literacy and support innovation in fintech. The DaNa Facility will also complete an innovative micro-insurance benchmarking study with Stonestep and Vision Fund Myanmar and disseminate the results to encourage policy reform.



Investment Climate and Competitiveness Programme

The ICCP will continue to deliver within its existing thematic areas, and start working in two new output areas: The Power Advisory, which seeks to catalyse private sector investment into the clean energy sector, especially in hydropower and solar power, by working to address barriers to private sector participation, and Public Private Partnerships (PPP), which will support infrastructure development, particularly in urban mobility, housing and energy.

The ICCP will continue its work to improve the business environment and reduce barriers to trade. It will support reform of the Construction Permit System of the Yangon City Development Corporation, work on an Investor Grievance Mechanism and the introduction of Standard Operating Procedures for investment endorsement at the subnational level and contribute to the development of a National Single Window (NSW) for trade. The ICCP will also work to simplify trade procedures at the border and support the Ministry of Natural Resources and Environmental Conservation to address issues with the Environmental Impact Assessments process, which has been a bottleneck to development.

The PPD process will continue to support the implementation of the Doing Business Action Plan. A Communications Plan and Doing Business website will be developed to engage and ensure the participation of the business community in the reforms process by prioritising issues, and supporting proposals for further reforms.

The ICCP will also support the creation of a second Destination Management Organisation in the Tanintharyi region and work towards the development of a Regional Tourism Development Strategy.



In the agricultural sector it will support the expansion of training and certification in GAP to more crops, and work towards a one-stop-shop to streamline registration, certification and licensing of agriculture inputs work to raise food safety awareness in Myanmar and help to build capacity in the agribusiness sector.

To increase private sector participation in development, the ICCP will scale up its successful pilot of the Lighting Myanmar project to five states and launch a consumer education campaign, “Htein Htein Thar”, to raise consumer awareness of the benefits and attributes of high quality solar products. A Myanmar Corporate Governance scorecard will be published and form a baseline to encourage improvements in corporate regulatory supervision as well as the capacity of Myanmar companies and stakeholders to improve their corporate governance practices.



Doing Business Reform Fund

Financial Sector Development Project

The FSDP will continue its support of modernising the CBM and reforming state-owned banks, including preparing a framework for corporatisation of the state-owned banks and improvement plans for corporate governance, risk management, accounting and auditing. This will enhance the transparency and accountability of state-owned banks and prepare them to compete with private banks. The FSDP will also continue laying the groundwork for the financial sector training centre that will be housed in the CBM and support the insurance and microfinance sectors through training and standardisation of reporting systems.

Three new projects under the DBRF will commence in 2018-2019:

- **The Trade and Investment Programme (TIP)**, (£4 million), is a three-year project delivered by the International Trade Centre (ITC). It aims to promote inclusive and sustainable economic growth and decent work for Myanmar citizens through increased trade and investment (in line with Sustainable Development Goal 8) and has a focus on improving trade capacity and investment in conflict-affected states.
- **The Women's Economic and Financial Inclusion Project (WEFIP)**, (£3 million), is a three-year project delivered by the United Nations Capital Development Fund (UNCDF). It aims to increase access to, awareness of, and agency over appropriate financial products and services for 200,000 women and girls. This will contribute to more inclusive financial markets that drive women's and girls' economic empowerment and participation across all Myanmar with a focus on conflict-affected areas. The project also has a component which will focus on increasing access to finance for disabled women and girls.
- **The Capital Markets Development Project (CMDP)**, (£4 million), is a three-year project delivered by the Asian Development Bank (ADB). The objective of the programme is to enhance private sector access to finance through the development of capital markets, including increased access for MSMEs. At the outcome level, the project is expected to increase business access to financial services, and improved rankings for Myanmar on the Doing Business Rankings and Global Competitiveness Index.

TOWARDS 2022

Supporting inclusive economic growth across all of Myanmar

While recognising the uncertainty around Myanmar's future and its relations with the international community the BSP will continue to increase its impact, building on and scaling up its existing achievements and proven interventions, and focusing on enhancing livelihoods, increasing jobs and incomes and enabling lasting systemic changes to the Myanmar economy.

Due to the flexibility of the programme it is well positioned to continue its work and meet its ambitious objectives. Focused on serving the needs of the poorest and most marginalised, in the past year it has shifted its emphasis to working more in the state and regions, specifically those effected by conflict, helping to ensure that it continues to be a transformative influence in the Myanmar economy while adapting to its changing context.

As part of this work, the BSP will continue its role creating and facilitating opportunities for the private sector and business leaders to advocate for needed policy reforms. It will work to reduce the costs and the risks of doing business, particularly for marginalised people, while working to ensure that the private sector increasingly serves as an engine for inclusive economic growth, supporting businesses that improve the livelihoods of the poor and marginalised groups.

Central to this work, the BSP will continue to support the private sector in contributing to the Myanmar Sustainable Development Plan which prioritises equitable and inclusive private sector development as a key strategy to achieve the national goal of sustainable and equitable development. The BSP will continue to make sure that women's economic empowerment is fully implemented across all interventions, ensuring women benefit from better incomes and jobs and that this contributes to greater gender equality. It will also work to prevent people from working under conditions of modern day slavery and to promote responsible business practices across Myanmar.

In its second full year of operation the BSP has adapted its programming and direction to the changing context within Myanmar and ensured that it continues to serve the interests of donors while addressing divergent needs among the different groups, ethnicities and States and Regions that it works. As the context within Myanmar continues to evolve, the programme has demonstrated the flexibility of its design will enable it to continue to work to serve the needs of the poorest and to act as a catalyst for long-term systemic change in the Myanmar economy.

About the programme partners



DFID

The Department for International Development (DFID) leads the UK's work to end extreme poverty. We are tackling the global challenges of our time including poverty and disease, mass migration, insecurity and conflict. Our work is building a safer, healthier, more prosperous world for people in developing countries and in the UK too. We are responsible for:

- Honouring the UK's international commitments and taking action to achieve the Sustainable Development Goals
- Making British aid more effective by improving transparency, openness and value for money.
- Targeting British international development policy on economic growth and wealth creation.
- Improving the coherence and performance of British international development policy in fragile and conflict-affected countries.
- Improving the lives of girls and women through better education and a greater choice on family planning.
- Preventing violence against girls and women in the developing world.
- Helping to prevent climate change and encouraging adaptation and low-carbon growth in developing countries.



DAI Europe and KPMG

The DaNa Facility is implemented by DAI Europe in partnership with KPMG.

For more than 40 years, DAI has worked on the frontlines of international development. We tackle fundamental social and economic development problems caused by inefficient markets, ineffective governance, and instability. We work with a wide range of clients, including national and local governments, bilateral and multilateral donors, private corporations, and philanthropies. We are currently implementing more than 100 programmes in more than 100 countries.

As a leading provider of professional services to the development sector, KPMG's International Development Assistance Services (IDAS) Practice brings its extensive cross-industry expertise in responding to these changes. Our professionals are dedicated to enhancing the capacity of all actors in the development space – government, civil society and the private sector – to maximise their impact in emerging economies. IDAS provides tailored services to help development actors achieve their goals in four major areas: enhancing impact, ensuring value-for-money, driving accountability, and advancing service delivery.



About the World Bank Group

The World Bank Group has set two goals for the world to achieve by 2030:

- End extreme poverty by decreasing the percentage of people living on less than \$1.90 a day to no more than 3%
- Promote shared prosperity by fostering the income growth of the bottom 40% for every country

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the ordinary sense but a unique partnership to reduce poverty and support development. The World Bank Group comprises five institutions managed by their member countries.

Established in 1944, the World Bank Group is headquartered in Washington, D.C. We have more than 10,000 employees in more than 120 offices worldwide.



About the IFC

The IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity.

List of acronyms

ADB	Asian Development Bank	IFC	International Finance Corporation
BIW	Business Innovation Window	IMF	International Monetary Fund
BSP	Business for Shared Prosperity	IPNET	Inle Lake Professional Women's Network
CBM	Central Bank of Myanmar	ITC	International Trade Centre
DBRF	Doing Business Reform Fund	MAP	Making Access Possible
DFID	Department for International Development	MBEI	Myanmar Business Environment Index
DICA	Directorate of Investment and Company Administration	MCRB	Myanmar Centre for Responsible Business
DMO	Destination Management Organisation	MIOD	Myanmar Institute of Directors
EEW	Economic Empowerment Window	MOC	Ministry of Commerce
FERD	Foreign Economic Relations Department	MOPF	Ministry of Planning and Finance
FRD	Financial Regulatory Department	NES	National Export Strategy
FSDP	Financial Sector Development Project	NLD	National League for Democracy
FI Law	Financial Institutions Law	PPD	Public-private Dialogue
GDP	Gross Domestic Product	PSD	Private Sector Development
IB	Inclusive Business	SECM	Securities Exchange Commission
ICCP	Investment Climate and Competitiveness Programme	UNCDF	United Nations Capital Development Fund
ICSB	International Council for Small Business	WB	World Bank
IDA	International Development Association	WEFIP	Women's Economic and Financial Inclusion Project

For more details on the programme please visit:
danafacility.com

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